



UNIVERSITI TEKNOLOGI MARA

**APPLICATION OF *TAWARRUQ MUNAZZAM* IN
MALAYSIA**

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AUTHOR'S DECLARATION

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ABSTRACT

Nowadays, the development of Islamic Financial Institutions has given positive impact towards Islamic bank industry. Many new contracts have been introduced as an alternative to conventional bank products. *Tawarruq munazzam* or known as commodity murabahah is one of the contracts. In this study, the author has set several objectives which are to explain the concept of *tawarruq munazzam*, discussing the *fuqaha's* opinions on this contract and explain the modus operandi of *tawarruq munazzam* implements in Malaysia. The study finds that *tawarruq munazzam* is a contract that practice by Islamic bank to provide financing towards customers. The practice of this contract is contrary to the conventional bank's financing products. This is because the features of both contracts are different. In fact, *tawarruq munazzam* is a contract based on the trading transaction, meanwhile, the financing product offered by conventional banks is based on loans which containing *riba*. Majority of contemporary *fuqaha* permit the practice of *tawarruq munazzam* based on their *ijtihad* to provide *maslahah* among the society. Meanwhile, there are also *fuqaha* who prohibited this practice because it seems like a *hilah* to permit *riba*. Lastly, an Every Islamic bank in Malaysia is using a platform such as as-Sidq, London Metal Exchange, and Bursa Suq al-Sila to trade the commodity while practicing *tawarruq munazzam*.

Keyword: Bursa Suq al-Sila, commodity murabahah, *hilah*, *tawarruq fardi*, *tawarruq munazzam*.

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