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PERSPECTIVE (OCTAFX)**

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STUDENT DECLARATION

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

We hereby acknowledge that in fact all the work in the preparation of this academic work is the result of our own efforts and works except as expressly stated.

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1.0 INTRODUCTION

Online trading is the act of purchasing and selling financial products on the Internet. The trader buys and sells using an online trading platform. Online trading may include trading in bonds, stocks (shares), futures, international currencies, and other financial instruments.

Most people trade online through an online broker. An online broker is a brokerage firm that offers its services on the Internet. Unlike traditional brokers, the investor does not meet the broker face-to-face or via the telephone. Everything happens on the web.

Online trading such as OctaFX. According to (Hatzakis et al., 2022), OctaFX was founded in 2011, OctaFX is part of a group of global entities, which include Octa Markets Incorporated (based in Saint Vincent and the Grenadines) and Octa Markets Cyprus Ltd (based in Cyprus). OctaFX has 229 tradeable symbols and a minimum deposit as low as \$25 when funding with Visa/Mastercard.

Reviewing OctaFX over the past three years on ForexBrokers.com, I have found that OctaFX offers a basic, low-cost MetaTrader platform experience alongside its proprietary web and social copy-trading platform.

It has made great strides with its pricing options for traders but suffers from a limited range of tradeable instruments and a lack of variety in its educational content.

According to (Investing, 2023), OctaFX is based in the Caribbean nation of St. Vincent and the Grenadines. The company's OctaFX.com site is regulated by the financial authorities of that nation. The OctaFX.eu site is regulated by CySec.

Unlike some trading platforms that severely restrict foreign nationals from using their services, OctaFX is open to citizens of over 180 countries. You'll most likely find your country's name on the drop-down menu used during account registration. Note that US clients are currently not permitted to register with OctaFX.

2.0 ISSUES

2.1 The concept of gharar regarding issue in octa fx and the sharia perspective:

One issue regarding Octa FX and the sharia perspective is the concept of gharar, which is uncertainty or speculation in a contract. In contrast to English contract law, gharar, or misrepresentation, is not clearly classified as innocent, negligent, or fraudulent. Islamic law does not address little or excessive gharar as fraud or deception since it is viewed as a "serious moral wrong" (Nehad & A, 2016).

Excessive gharar, according to Islamic financial principles, can cause economic instability and social injustice. As a result, transactions should be based on specific terms and conditions that support social welfare and economic progress while minimising needless risk.

In order to minimise the risk of gharar in their contracts, it is crucial for forex brokers like Octa FX to make sure that their trading practises comply with Islamic finance standards(Akther, 2015) Islamic financial principles underline the significance of honesty, justice, and sharing risks in financial transactions and prohibit any contract or transaction that involves unnecessary confuse or speculation (gharar)(Khanfar, 2016).

However, the forex market is very volatile and the currencies can fluctuate quickly and unpredictably, creating a high degree of risk and uncertainty (Khanfar, 2016). Due to the high level of risk and confusion in currency trading brought on by the market's unstable character, this poses a danger since it might result in excessive speculating and contract uncertainty, both of which are against Islamic finance's principles.

Therefore, emphasised the significance of transparent and clear contracts in currency trading to prevent excessive gharar and guarantee adherence to Islamic financial rules(Wae, A. S. M., & Abdul-Rahman, A. R,2016). Gharar related financial losses are avoided through transparent and clear foreign trade contracts, which also guarantee adhere ce o Islamic

financial laws prohibiting interest and speculation. This encourages moral and responsible financial conduct.

According to Islamic law, Muslims are permitted to trade as long as they follow specific tenets, such as staying away from deals that involve a lot of danger (gharar) or interest (riba). As a result, in order for forex brokers like Octa FX to conduct business in line with Islamic financial principles, companies must offer trading accounts that are consistent with Sharia law and free from interest and other hidden costs. Additionally, they want to make sure that their trading platform is open and simple to use for their Muslim customers who want to practise forex trading while upholding their moral principles.

How to solve that issues :

To address this issue, some Islamic scholars argue that forex trading should only be permissible if the transaction is done on a spot basis, meaning the exchange of currencies occurs immediately or within a short period of time. This would eliminate the element of uncertainty and speculation in the contract (Ahmad & Sobri, 2022)

However, there is debate among Islamic scholars on the permissibility of forex trading, and the interpretation of the principles of Sharia can vary. Some argue that forex trading is permissible as long as certain conditions are met, such as the absence of riba (interest) and the absence of maysir (gambling) (Adam , 2016).

According to (Islamic Financial News, 2015), to avoid gharar in OctaFX from a Shariah perspective, traders should stick to fundamental analysis, such as analysing economic indicators, company financial statements, and geopolitical events to make informed decisions based on market realities rather than speculation. Traders can adhere to the guidelines of Shariah-compliant investing by thoroughly analysing these variables to help them make