

UNIVERSITI TEKNOLOGI MARA

**A COMPARATIVE ANALYSIS OF THE HIRE
PURCHASE ACT 1967 AND THE AL- IJARAH
THUMMA AL BAY' (AITAB) TRANSACTIONS**

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AUTHOR'S DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This dissertation has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby acknowledge that I have been supplied with the Academic Rules and Regulations for the Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

Islamic Banking is fast growing business in Malaysia since inception in 1983. *Al-Ijarah Thumma al-Bay'* (AITAB) for vehicle financing has become one of its main products. However, there is no specific law to address and govern the *Al-Ijarah Thumma al-Bay'* transactions in Malaysia. Currently issue pertaining to *Al-Ijarah Thumma al-Bay'* is being referred to Hire Purchase Act 1967 (Act 212) as the governing framework. However, the Hire Purchase Act 1967, though were amended few times, was enacted to cater for conventional transaction thus certain conflict pertaining to *shariah* issues were not accounted for inside the Act. The newly introduced Islamic Financial Services Act 2013 is a regulatory and procedural law in nature and do not act as specific law for *Al-Ijarah Thumma al-Bay'*. This study suggests that a separated procedural and substantive law should be gazette for *Al-Ijarah Thumma al-Bay'*. This is due to the fact the current Hire Purchase Act 1967 is not fully *Shariah* compliant. There should be a separate Act is enacted and is urgently required for the industry. The Act should be handy in clarifying and addressing certain weaknesses, ambiguity and unclear interpretation in the question of law in the current Hire Purchase Act 1967. Alternatively, the current Hire Purchase Act 1967 is amended by inserting certain provision as to make it in accordance with *Shariah* requirement of the *Al-Ijarah Thumma al-Bay'*.

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