UNIVERSITI TEKNOLOGI MARA

SHARIAH NON COMPLIANCE RISK IN
BANK ISLAM MALAYSIA BERHAD

WAN NUR AISYAH BINTI WAN ADNAN

ACADEMY OF CONTEMPORARY
ISLAMIC STUDIES

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AUTHOR’S DECLARATION

I declare that the work in this thesis 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 thesis 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 diploma, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student : Wan Nur Aisyah binti Wan Adnan

Student ID : 2015602232

Programme : Diploma in Muamalat

Faculty : Academy of Contemporary Islamic Studies

Thesis Title : Shariah Non Compliance Risk in Bank Islam Malaysia Berhad

Signature of Student :

Date : January 2018
ABSTRACT

We live in a constantly changing environment. The changes happen without our own control. This applied to the Shariah non compliance risk in Bank Islam Malaysia Berhad. We will identify on how this risk happened. Is it because of the contracts and also to analyse on how Bank Islam Malaysia Berhad eliminates the risk? The objectives are to identify the guidelines that have been set by the Islamic scholars and analyse the strategies that used by Bank Islam Malaysia Berhad in managing Shariah non compliance risk. Next is to investigate the factors that can lead to this risk. Research methodology used in this research is qualitative research methodology includes interview. The basic guideline must be followed by Islamic Financial Institutions is must be issuance of relevant Shariah updates. This refers to a juristic opinion on financial issues given by the Shariah Board. These are steps taken by Bank Islam Malaysia Berhad when the risk occurs. First is to stop any operations or doubtful transactions. Next is reporting this Shariah matter and refers to Shariah Risk Management Department. The institution experienced Shariah non compliance risk because internal factors include internal process, people and system while external factor is external events.
# TABLE OF CONTENT

<table>
<thead>
<tr>
<th>Chapter/Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUTHOR’S DECLARATION</td>
<td>i</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>iii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>iv</td>
</tr>
<tr>
<td>TABLE OF CONTENT</td>
<td>v</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>vi</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>vii</td>
</tr>
<tr>
<td>LIST OF ABBREVIATIONS</td>
<td>ix</td>
</tr>
<tr>
<td>LIST OF ABBREVIATIONS</td>
<td>x</td>
</tr>
</tbody>
</table>

## CHAPTER 1: INTRODUCTION

1.1 Introduction                       | 1    |
1.2 Background of Study                | 2    |
1.3 Problem Statement                  | 3    |
1.4 Research Questions                 | 3    |
1.5 Research Objectives                | 3    |
1.6 Scope of Research                  | 4    |
1.7 Significant of Research            | 4    |
1.8 Research Methodology               | 5    |
1.9 Literature Review                  | 7    |
CHAPTER 2: LITERATURE REVIEW

2.1 Definition of Risk 9

2.2 Risks in Islamic Bank 10

2.2.1 Operational Risk 14

2.2.2 Market Risk 16

2.2.3 Liquidity Risk 17

2.2.4 Credit Risk 19

2.3 Shariah Governance Framework 20

2.3.1 Shariah Risk Management Control 22

2.3.2 Shariah Review 23

2.3.3 Shariah Audit 24

2.3.4 Shariah Research 27

2.4 Islamic Financial Services Act 2013 28

2.4.1 Part IV in Islamic Financial Services Act 2013:

- Shariah Requirements 28

2.5 Shariah Non Compliance Risk 30

2.6 Shariah Non Compliance Risk: Contractual Aspects 31

2.6.1 Bay’ Bithamin Ajil (BBA) 32

2.6.2 Tawarruq 34

2.6.3 Bay’ Al- Inah 35