



**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 :

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## **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

	<b>Page</b>
AUTHOR'S DECLARATION	i
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF TABLES	vii
LIST OF FIGURES	ix
LIST OF ABBREVIATIONS	x
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