

UNIVERSITI TEKNOLOGI MARA

**RISK MANAGEMENT IN ISLAMIC
INSTITUTIONS:
A CASE STUDY AT LEMBAGA ZAKAT
SELANGOR**

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Academic Writing submitted in partial fulfilment of the
requirements for the **Bachelor of Muamalat (Hons.)**

Academy of Contemporary Islamic Studies

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AUTHOR'S DECLARATION

I declare that the work in this academic writing 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 indicate or acknowledged as referenced work. This academy writing 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 Under Graduate, University Teknologi Mara, regulating the conduct of my study and research.

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ABSTRACT

Globally, there has been significant interest in literature on risk analysis and management in the past decade or so. However, all these developments revolved around the banking and financial institution, due to extensive research, development and innovation of its institution and services. While Islamic institution like Lembaga Zakat Selangor (MAIS) has grown substantively in the last few years, research and studies of its risk character and profile is still low. Effective management of risk is fundamental to the proper functioning of any institution. As for Islamic institution like Lembaga Zakat Selangor, risk is come across in many different ways; financial, personnel, program and capital expenditure decisions due to interactions with economic, political and social environments. Islamic institutions faced unique risk as a result of special characteristic of the operational structures of the institutions such as operational risk, reputational risk, financial risk and shariah non-compliance risk. This study aims to conduct risk assessment to identify and explain potential risk in the Islamic institutions at Lembaga Zakat Selangor with the main objectives to identify, explain and suggest a risk management framework of Lembaga Zakat Selangor (MAIS). Although potential risk is difficult to be identify, Islamic institutions must explore ways to manage the potential risk as it might significantly damage their reputation and credibility.

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TABLE OF CONTENTS

	Page
CONFIRMATION BY PANEL OF EXAMINERS	ii
AUTHOR'S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF TABLE	vii
LIST OF FIGURES	viii
LIST OF ABBREVIATIONS / NOMECLATURE	ix
 CHAPTER 1 : INTRODUCTION OF THE RESEARCH	
1.1 INTRODUCTION	1
1.2 BACKGROUND OF STUDY	1
1.3 PROBLEM STATEMENT	3
1.4 RESEARCH QUESTION	4
1.5 OBJECTIVE OF STUDY	5
1.6 SCOPE OF STUDY	5
1.7 SIGNIFICANT CONTRIBUTION OF STUDY	5
1.8 LIMITATION OF STUDY	7
1.9 OPERATIONAL DEFINITION OF TERM	7
1.10 ORGANIZATION OF STUDY	9