



**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

# ***Hibah***

## Concept Paper

Applicable to:

1. Licensed Islamic banks (including licensed international Islamic banks)
2. Licensed takaful operators
3. Licensed banks and licensed investment banks carrying on Islamic banking business
4. Prescribed institutions carrying on Islamic financial business

Issued on: 22 January 2016

BNM/RH/CP 028-17

As part of the objective to strengthen the Shariah-compliance practices among Islamic financial institutions (IFIs), Bank Negara Malaysia (the Bank) is developing a Shariah-based regulatory policy with the objective to provide a comprehensive guidance to the Islamic financial industry with respect to end-to-end compliance with Shariah.

This concept paper (CP) consists of two components, Shariah and operational requirements with respect to the operationalisation of *hibah* arrangement. The Shariah requirements highlight the salient features and optional practices of a valid Shariah contract to facilitate sound understanding of a particular contract by the IFI. The operational requirements outline the regulatory expectations with respect to the governance and oversight function, risk management, documentation as well as business and market conduct.

The Bank invites written feedback and comments on **Part C** (operational requirements relating to *hibah* and its arrangement with other Shariah contracts or concepts), including suggestions for particular issues or areas to be clarified or elaborated further and any alternative proposals that the Bank should consider. The Shariah requirements in Part B serves as reference to facilitate IFIs in providing feedback and comments on operational aspects of *hibah* in line with the Shariah requirements. To facilitate the Bank's assessment, please support each comment with a clear rationale, accompanying evidence or illustration, as appropriate.

Responses shall be submitted to the Bank by **23 February 2016** to:

Pengarah  
Jabatan Perbankan Islam dan Takaful  
Bank Negara Malaysia  
Jalan Dato' Onn  
50480 Kuala Lumpur

Electronic submission is encouraged. Submissions received may be made public unless confidentiality is specifically requested for the whole or part of the submission.

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## PART A OVERVIEW

### 1. Introduction

- 1.1 Compliance with Shariah requirement is a prerequisite for ensuring the legitimacy and integrity of Islamic financial products and services. It is essential for an Islamic financial institution (IFI) to establish sound operational framework and infrastructure to ensure that the conduct of the IFI is consistent with Shariah.
- 1.2 The Shariah contract-based regulatory policy is intended to promote consistency of Shariah contract application in Islamic financial products and services. This policy is envisaged to strengthen legal certainty and Shariah compliance practices by IFIs.
- 1.3 *Hibah* is a benevolent contract for the unilateral transfer of ownership of an asset, hereinafter referred to as a *hibah* asset from a donor to a recipient without any consideration. In the context of the Islamic financial transaction, *hibah* may be arranged with other Shariah contracts, namely *ijarah*, *mudarabah*, *musyarakah*, *wakalah* and *qard*, referred to as *hibah* arrangements in Part B. An IFI may give *hibah* to its customer at its own discretion but subject to conditions specified by Shariah requirements.
- 1.4 In the case of a family takaful certificate and a personal accident takaful certificate effected by a takaful participant upon his life providing for the payment of takaful benefits upon his death, a takaful participant may nominate an individual to receive takaful benefits upon his death under the takaful certificate as a beneficiary under a conditional *hibah*, if the takaful participant wishes to do so in accordance with the requirements in Schedule 10 of Islamic Financial Services Act 2013 (IFSA).
- 1.5 This policy document aims to—
  - (a) provide reference on the Shariah rulings applicable to *hibah*;
  - (b) set out key operational requirements for the implementation of *hibah*; and
  - (c) promote end-to-end compliance with Shariah requirements, which further promote sound banking practices and safeguard consumer interests.
- 1.6 This policy document sets out the following:
  - (a) salient features and essential conditions of *hibah* in Part B;
  - (b) regulatory and supervisory expectations for the operational requirements on governance and oversight, documentation, risk management, as well as business and market conduct in Part C.

## 2. Applicability

- 2.1 This policy document is applicable to all IFIs as defined in paragraph 5.2.
- 2.2 This policy document complements and does not derogate from the requirements of Schedule 10 IFSA with regards to a nomination made by a takaful participant for an individual to receive takaful benefits as a beneficiary under a conditional *hibah*.

## 3. Legal provisions

- 3.1 The requirements in this policy document are specified pursuant to–
- (a) sections 29, 57 and 135 of the Islamic Financial Services Act 2013 (IFSA); and
  - (b) section 41(1) of the Development Financial Institutions Act 2002 (DFIA), which constitutes a direction pursuant to section 129(3) of DFIA.
- 3.2 The guidance in this policy document is issued pursuant to section 277 of the IFSA and section 126 of the DFIA.

## 4. Effective date

- 4.1 This policy document comes into effect upon issuance of the final document.

## 5. Interpretation

- 5.1 The terms and expressions used in this policy document must have the same meanings as assigned under the Financial Services Act 2013 (FSA), IFSA and DFIA, as the case may be, unless otherwise defined in this policy document.
- 5.2 For the purpose of this policy document–
- “**S**” denotes a standard, an obligation, a requirement, specification, direction, condition and any interpretative, supplemental and transitional provisions that must be complied with. Non-compliance may result in enforcement actions;
- “**G**” denotes guidance which may consist of statements or information, intended to promote common understanding and advice or recommendations that are encouraged to be adopted;
- “**Islamic financial institution**” or “**IFI**” means–
- (a) licensed Islamic banks;
  - (b) licensed takaful operators and professional retakaful operators;
  - (c) licensed banks and licensed investment banks approved under section 15(1)(a) of the FSA to carry on Islamic banking business; and
  - (d) prescribed institutions approved under section 129(1) of the DFIA to carry on Islamic banking business or Islamic financial business.

5.3 A glossary of terms used in this policy document is set out in Appendix 2.

## **6. Related legal instruments and policy documents**

6.1 This policy document must be read together with other relevant legal instruments and policy documents that have been issued by the Bank.

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## PART B SHARIAH REQUIREMENTS AND OPTIONAL PRACTICES

### 7. Definition

- S 7.1 *Hibah* refers to a transfer of ownership of an asset from a donor (*wahib*) to a recipient (*mawhub lahu*) without any consideration.

### 8. Nature

- S 8.1 *Hibah*, from a Shariah perspective, is a benevolent (*tabarru`*) contract. The specific inherent nature of a *hibah* is the unilateral transfer of ownership of a *hibah* asset from the donor to the recipient without any consideration.
- S 8.2 A *hibah* is a unilateral contract which is revocable by the donor prior to the recipient taking possession of the *hibah* asset. Once the recipient takes possession, the *hibah* must be unilaterally irrevocable.
- S 8.3 Notwithstanding paragraph 8.2, a *hibah* which is given by a father to his child is revocable except in the following circumstances:
- (a) ownership of the *hibah* asset has been transferred to a third party; or
  - (b) the *hibah* asset is encumbered or subject to claim by a third party.

### 9. Components of *hibah*

- S 9.1 *Hibah* arrangement must consist of the following components:
- (a) parties involved, comprising donor and recipient;
  - (b) offer (*ijab*) of *hibah*; and
  - (c) *hibah* asset.

### 10. Parties involved

- S 10.1 The parties to a *hibah* arrangement must be a donor and a recipient.
- S 10.2 The donor must have the legal capacity<sup>1</sup> to perform a benevolent act (*ahl li al-tabarru`*).
- G 10.3 In the event that a recipient has no legal capacity, a parent or legal guardian of the recipient may accept and take possession of the *hibah* asset on behalf of the recipient.

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<sup>1</sup> Legal capacity of a person, from Shariah perspective, is defined as the capacity to assume rights and responsibilities and capacity to give legal effect to his action. Among the important conditions are that the person must possess sound mind and the capacity to distinguish between what is harmful or beneficial to one's interests. Legal capacity of a legal entity is defined as eligibility of an entity to acquire rights and assume responsibilities.

- S 10.4 The parties to a *hibah* arrangement must be a natural person or a legal entity.
- G 10.5 A party to a *hibah* arrangement may act through an agent (*wakil*).

### 11. Offer (*ijab*) of *hibah*

- S 11.1 A *hibah* arrangement must be entered into through an offer of a *hibah* by the donor.
- G 11.2 The offer may be expressed orally, in writing or by any other methods which could be evidenced by appropriate documentation or record.

### 12. *Hibah* asset

- S 12.1 An asset in a *hibah* arrangement must meet the following conditions:  
(a) the asset must be recognised by Shariah, valuable, identifiable and deliverable; and  
(b) the asset must already in existence and owned by the donor.
- S 12.2 Notwithstanding paragraph 12.1(b), an asset to be received in the future by the donor is allowed to be given as a *hibah*.
- G 12.3 A *hibah* asset may be in the form of–  
(a) a tangible or intangible<sup>2</sup>;  
(b) a movable or immovable; or  
(c) a share or an undivided interest in an asset<sup>3</sup>.
- S 12.4 An asset belonging to a minor<sup>4</sup> must not be qualified as a *hibah* asset.

### 13. Ownership of *hibah* asset

- S 13.1 *Hibah* must take effect upon the recipient taking possession of the *hibah* asset at which point ownership of a *hibah* asset must transfer from the donor to the recipient.
- S 13.2 Possession of a *hibah* asset must take effect by the donor releasing ownership the asset (*takhliyah*) to the recipient through any mechanism permitted by Shariah including customary business practice (*`urf tijari*) so that the recipient would have an access to the asset (*tamkin*) and would have

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<sup>2</sup> Intangible asset may include intellectual property (e.g. patents, copyrights and trademark), goodwill and services.

<sup>3</sup> An undivided interest in a *hibah* asset may include interest in immovable or movable property such as land or shares in a corporation.

<sup>4</sup> Definition of a minor is subject to provision specified in IFSA or any provision in any other relevant laws.



assumed its ownership risk.

- S 13.3 Possession of the *hibah* asset must either be in the form of physical possession (*qabd haqiqi*) or constructive possession (*qabd hukmi*).
- S 13.4 Upon the recipient taking possession of the *hibah* asset, the donor must cease to have a right to unilaterally revoke or to withdraw the *hibah*.

#### 14. Features of *hibah*

- G 14.1 A *hibah* arrangement must take effect upon the recipient taking possession of the *hibah* asset.
- S 14.2 In the event of demise of either party involved in a *hibah* arrangement before the recipient takes possession of the *hibah* asset, the *hibah* must not take effect and the asset must remain with the donor or the donor's legal heirs.
- S 14.3 The effect of a *hibah* is permanent. Any condition that limits the period of a *hibah* must be void and must not affect the validity of the *hibah*.

#### 15. Conditional *hibah*

- G 15.1 A donor may offer *hibah* contingent upon a certain condition or event in the future.
- S 15.2 In relation to paragraph 15.1, such condition or event must be Shariah compliant.

### ARRANGEMENT OF *HIBAH* WITH OTHER CONTRACTS OR CONCEPTS

#### 16. Arrangement of *hibah* with *ijarah* contract

- G 16.1 A *hibah* may be arranged alongside with an *ijarah* contract, whereby the lessor (donor) may transfer ownership of the leased asset to the lessee (recipient) upon settlement of all obligations under the *ijarah* contract in accordance with the following methods:
- (a) to give the *ijarah* asset as *hibah* based on a binding promise (*wa`d mulzim*); or
  - (b) a conditional *hibah* which is contingent upon full settlement of all obligations under the *ijarah* contract.
- S 16.2 Where the transfer of ownership under an *ijarah* contract is by way of a binding promise as stipulated in paragraph 16.1(a), the *hibah* arrangement must be entered into after full settlement of all obligations under the *ijarah* contract.

- S 16.3 Where the transfer of ownership under an *ijarah* contract is by way of a conditional *hibah* as stipulated in paragraph 16.1(b), the ownership of the leased asset must be transferred to the lessee once the conditions are fulfilled.
- S 16.4 A *hibah* arrangement under paragraph 16.1 must be entered into separately from the *ijarah* contract.
- G 16.5 A lessor (donor) may give *hibah* to a lessee (recipient) who fulfils certain agreed terms and conditions such as payment of the rental on schedule.

### **17. Arrangement of *hibah* with *mudarabah* contract**

- G 17.1 A *hibah* may be arranged alongside with a *mudarabah* contract where a *mudarib* (donor) gives *hibah* to a *rabbul mal* (recipient).
- S 17.2 A *hibah* arrangement referred to in paragraph 17.1 must satisfy the following conditions:
- (a) the *hibah* must not be sourced from the *mudarabah* capital or the *rabbul mal*'s (recipient's) portion of the profit; and
  - (b) the *hibah* must not have the effect of a guarantee of *mudarabah* capital or profit by the *mudarib* (donor).

### **18. Arrangement of *hibah* with *musyarakah* contract**

- G 18.1 A *hibah* may be arranged alongside with a *musyarakah* contract where a partner (donor) gives *hibah* to partner(s) (recipient).
- S 18.2 In relation to paragraph 18.1, the *hibah* must not have the effect of a guarantee of *musyarakah* capital or *musyarakah* profit by the partner who is the donor.

### **19. Arrangement of *hibah* with *wakalah* contract**

- G 19.1 A *hibah* may be arranged alongside with a *wakalah* contract.
- G 19.2 Under an arrangement of *wakalah bi al-istithmar*, the *wakil* (donor) may give *hibah* to the *muwakkil* (recipient).
- S 19.3 A *hibah* arrangement referred to in paragraph 19.2 must be subject to the following conditions:
- (a) the source of *hibah* must not be from the *wakalah* capital or the profit payable to the *muwakkil* (recipient); and
  - (b) the *hibah* must not have the effect of a guarantee of *wakalah* capital or *wakalah* profit payable to the *muwakkil* (recipient).

- G 19.4 A donor may appoint a wakil to manage the *hibah* asset prior to the recipient taking possession of the *hibah* asset.

## **20. Arrangement of *hibah* with *qard* contract**

- G 20.1 A donor may be a borrower and a recipient may be a lender under a *qard* contract.
- S 20.2 The borrower under a *qard* contract must not give *hibah* to a lender, in the form of cash, in kind or benefit that is conditional to the *qard* contract.
- G 20.3 The granting of *hibah* by the borrower to the lender is only allowed when it is solely based on the borrower's discretion.
- S 20.4 The borrower must not disclose, promote or market the indicative rate or prospective payment of *hibah*.
- S 20.5 The borrower must not use historical information on the payment of *hibah* to promote or market *qard*.
- G 20.6 The borrower may disclose historical information on the payment of *hibah* for the purpose of market transparency.

## **21. Completion (*intiha'*) of *hibah***

- S 21.1 A *hibah* completes upon the recipient, his guardian (in respect of the recipient who is a minor) or his agent (*wakil*) as the case may be, taking possession of the *hibah* asset.

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## PART C OPERATIONAL REQUIREMENTS

### 22. Governance and oversight

- S 22.1 The IFI must establish sound governance structure to facilitate effective oversight on the implementation of *hibah* arrangements.

#### Board of Directors

- S 22.2 The Board of Directors (the Board) has the responsibility for Shariah governance and Shariah compliance of the IFI. As such, the Board of IFI must–
- (a) approve the business strategy and risk appetite of the IFI with regard to the arrangement of *hibah*;
  - (b) approve and oversee the implementation of policies and procedures governing the arrangement of *hibah*, which must include the following aspects:
    - (i) applicability of *hibah* in Islamic financial products, services or corporate social responsibility programs;
    - (ii) types of eligible assets or sources of *hibah*;
    - (iii) process to determine, allocate and distribute *hibah*; and
    - (iv) risk management;
  - (c) ensure all Shariah related matters are endorsed by the Shariah Committee (SC);
  - (d) ensure that appropriate internal controls, systems and infrastructure are in place to implement *hibah* in accordance with Shariah requirements;
  - (e) ensure that sufficient resources are in place, and that the IFI has adequate and qualified personnel with sufficient knowledge and competency on the concept, application and risks associated with the *hibah* arrangement; and
  - (f) ensure that independent reviews are conducted regularly to assess compliance with the policy documents issued by the Bank and internal policies established by the IFI.

#### Shariah Committee

- S 22.3 The Shariah Committee has the responsibility to advise the IFI in ensuring its business, affairs and activities comply with Shariah, which includes activities involving a *hibah* arrangement. As such, the Shariah Committee must–
- (a) endorse the application of Shariah requirements in the relevant policies and procedures governing the *hibah* arrangement;
  - (b) review the terms and conditions stipulated in the legal documentation and other documents such as information published on promotional materials, product manuals or other publications, and endorse that the terms and conditions are in compliance with Shariah;
  - (c) advise and provide clarification on relevant Shariah rulings, decisions or guidelines on Shariah matters issued by the Bank, and if relevant, any other authorities; and

- (d) assess the work carried out by Shariah review and Shariah audit and endorse any rectification measures that are needed to ensure that the *qard* complies with Shariah requirements.

### Senior Management

- S 22.4 The senior management has the responsibility to ensure the business and operations of the IFI comply with Shariah requirements. As such, the senior management must–
  - (a) develop and implement internal policies and procedures relating to *hibah* arrangements. At a minimum, the internal policies must:
    - (i) identify the relevant procedures and legal documentation in a *hibah* arrangement, wherever applicable;
    - (ii) identify the assets that are eligible for *hibah*;
    - (iii) identify the persons who are eligible for *hibah*;
    - (iv) establish operational parameters for the allocation and distribution of *hibah*, which include computation methodology, settlement mechanism and information disclosure;
    - (v) assign the accountabilities for the approval, compliance, monitoring and review function;
    - (vi) outline risk management processes for the identification, measurement, monitoring and mitigation of risks inherent in *hibah* arrangements;
    - (vii) provide reference to applicable Shariah rulings<sup>5</sup>; and
    - (viii) provide reference to relevant policies, such as policies on risk management and corporate governance;
  - (b) ensure adequate system and infrastructure to support *hibah* implementation, Shariah audit and Shariah compliance;
  - (c) clearly communicate the approved internal policies and procedures to the internal stakeholders to facilitate effective implementation; and
  - (d) undertake regular review and monitor compliance with the approved internal policies; and
  - (e) ensure timely disclosure of relevant information to the Board and the Shariah committee.

## 23. Documentation

- S 23.1 The IFI must establish documentation to ensure the validity of the *hibah* arrangements.
- S 23.2 The IFI must develop a complete set of legally enforceable document that complies with Shariah requirements as provided in Part B. At minimum, the document must clearly stipulate–
  - (a) terms and conditions of *hibah*;
  - (b) rights, duties and obligations of the parties involved in *hibah*;

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<sup>5</sup> Refers to rulings issued by the Shariah Advisory Council (SAC) of the Bank and Shariah Committee of the IFI.

- (c) description of *hibah* asset in the *hibah* arrangements; and
  - (d) where applicable, the method, condition and timing for the effecting the *hibah*.
- S 23.3 Where *hibah* arrangement is undertaken with other Shariah contracts or concepts under a product or services, the IFI must ensure the documentation of *hibah* specify the following arrangements:
- (a) if a *hibah* arrangement is adopted in an *ijarah* contract, the terms and conditions must clearly stipulate the obligation of the lessor (donor) to transfer the ownership of the *ijarah* assets to the lessee (donee) upon full settlement of the outstanding rental obligation;
  - (b) if *hibah* is employed in *qard* contract, the documentations must clearly stipulate that the borrower is not obligated to compensate the lender with *hibah* and any provision of *hibah* is accorded based on the discretion of the borrower; and
  - (c) the documentation evidencing the transfer of ownership associated with the *ijarah* or takaful contract must be prepared separately from the *ijarah* or takaful contract.

## 24. Risk management

- S 24.1 The IFI must institute and implement sound and integrated risk management framework to effectively manage risks associated with *hibah* arrangements.

### Risk management policies

- S 24.2 The IFI must establish risk management policies associated with *hibah*.
- S 24.3 At a minimum, the risk management policies must include the following:
- (a) processes and procedures for the identification, assessment, measurement, monitoring, reporting and control of all risk exposures associated with *hibah* arrangements;
  - (b) appropriate control and risk mitigation measures, including Shariah screening to minimise risks exposures arising from *hibah* arrangements;
  - (c) reporting requirements, including the type, nature and frequency of reporting to the Board, senior management and Shariah committee; and
  - (d) periodic review of requirements on risk management policies to update any new potential risk and the appropriate risk management mechanism arising from new approaches or best practices in *hibah* implementation.
- S 24.4 The IFI must conduct regular assessment and monitoring to ensure the implementation of *hibah* is consistent with Shariah requirements and internal policies, especially in ensuring that–
- (a) the assets are sufficient and in acceptable condition for the execution of *hibah*;

- (b) the methodology adopted to determine and distribute *hibah* to *qard* depositors is relevant; and
- (c) information technology or system adopted for *hibah* is reliable.

## 25. Business and market conduct

- S 25.1 The IFI must conduct its business in a transparent, responsible and professional manner in line with Shariah requirements.
- S 25.2 The IFI must provide clear, accurate and timely information pertaining to *hibah* arrangements in promotional or marketing materials or product disclosure sheet to customers or prospective customers. At minimum, the information must clarify the following:
  - (a) concept and application of *hibah* in Islamic financial products and services;
  - (b) rights and obligations of parties involved in *hibah* arrangements;
  - (c) where applicable, the rights of the IFI to exercise its discretion to give the *hibah* to customer;
  - (d) mechanism adopted to transfer the assets or terms of payment under *hibah* arrangements;
  - (e) where applicable, specific conditions that must be satisfied prior to the execution of *hibah*; and
  - (f) translations of Arabic terminology used in the financial products and services.
- S 25.3 In relation to paragraph 20.6, in the event where IFI discloses historical information on the payment of *hibah*, the IFI must explicitly provide a disclaimer that the historical information is not to be construed as an indicative or prospective rate of return, a guarantee or a legally-binding promise that *hibah* will be granted on placement of *qard* deposits.

### Questions

- (a) Would the requirement to establish a specific internal policy on the conduct of *hibah* will facilitate effective provision of *hibah* in relevant activities of the IFI. Please provide comments and suggestions.
- (b) Would a non-disclosure of historical payment of *hibah* impact the product structure and effectiveness of intermediation to customers or create uncompetitive position to your institution. Please provide comments and disclose possible mitigation measures that may be undertaken to address the issues.
- (c) What are the key challenges that your institution may encounter in the implementation of *hibah* arrangements as set out in this policy document and suggestion for improvements.
- (d) In relation to Schedule 10 of IFSA, would takaful operators foresee other potential issues in the implementation of *hibah* requirements.
- (e) Please share your institution's proposed transitional strategy and estimated timeframe to implement the policy document.

## APPENDICES

### Appendix 1 Legitimacy of *hibah*

1. The legitimacy of *hibah* is derived from the *Quran* and founded on *Sunnah* of the Prophet Muhammad (peace be upon him), and consensus of the muslim jurists (*ijma`*).

#### The *Quran*

2. The following verse of the *Quran* implies the general permissibility of the *hibah*:

فَإِنْ طِبْنَ لَكُمْ عَنْ شَيْءٍ مِّنْهُ نَفْسًا فَكُلُوهُ هَنِيئًا مَّرِيئًا.

“...but if they choose of their own accord to make over to you a part of it, then you may enjoy it with pleasure and good cheer.”<sup>6</sup>

#### *Sunnah* of the Prophet Muhammad (peace be upon)

3. The following *hadith* implies the permissibility of *hibah*:

عن أبي هريرة عن النبي صلى الله عليه و سلم قال : تهادوا تحابوا.

“Abu Hurayrah reported that Allah’s Messenger (peace be upon him) said: Exchange gifts (among yourselves); you will love one another.”<sup>7</sup>

#### Consensus of the muslim jurists (*ijma`*)

4. Muslim jurists have reached *ijma`* on the permissibility of *hibah*.

<sup>6</sup> *Surah al-Nisa'*, verse 4.

<sup>7</sup> Al-Baihaqi, *Sunan al-Baihaqi*, hadith no. 11726.



## Appendix 2 Glossary

Terms	Definition
<i>Ahl li al-tabarru`</i>	Legal capacity to perform a benevolent act
<i>Ijarah</i>	An <i>ijarah</i> refers to a lease contract that transfers the ownership of a usufruct attached to an asset for a specified period in exchange for a specified consideration; or a contract for hiring of services of a person for a specified period in exchange for a specified consideration
<i>Ijma`</i>	Consensus of the muslim jurists
<i>Mawhub lahu</i>	Recipient
<i>Mudarabah</i>	A contract between a capital provider ( <i>rabbul mal</i> ) and an entrepreneur ( <i>mudarib</i> ) under which the <i>rabbul mal</i> provides capital to be managed by the <i>mudarib</i> and any profit generated from the capital is shared between the <i>rabbul mal</i> and the <i>mudarib</i> according to mutually agreed profit sharing ratio (PSR) whilst financial losses are borne by the <i>rabbul mal</i> provided that such losses are not due to the <i>mudarib</i> 's misconduct, negligence or breach of specified terms
<i>Mudarib</i>	Entrepreneur of a <i>mudarabah</i> venture
<i>Mukhalafah al-shurut</i>	Breach of specified terms
<i>Muwakkil</i>	Principal
<i>Qabd haqiqi</i>	Physical possession. It refers to a state where a person has actual possession and the rights to control an asset
<i>Qabd hukmi</i>	Constructive possession. It does not refer to actual possession, but it is based on presumptive possession based on the right of the owner towards an asset
<i>Qard</i>	A contract of lending money by a lender to a borrower where the latter is bound to return an equivalent replacement amount to the lender. Money may include cash, all forms of currency, gold and silver
<i>Rabbul mal</i>	Capital provider
Takaful	An arrangement based on mutual assistance under which takaful participants agree to contribute to a common fund providing for mutual financial benefits payable to the takaful participants or their beneficiaries on the occurrence of pre-agreed events
<i>Takhliyah</i>	Relinquishing the possession of an asset and enabling others to take possession
<i>Tamkin</i>	Enabling the person who has the ownership of an asset transferred to him to make full use and assume liability of the asset
<i>`Urf tijari</i>	Common business practice which is acceptable by the community and does not contradict the Shariah rulings

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<i>Wa`d mulzim</i>	Binding promise
<i>Wahib</i>	Donor
<i>Wakalah</i>	A contract in which a party, as principal authorises another party as his agent to perform a particular task in matters that may be delegated, with or without imposition of a fee
<i>Wakalah bi al-istithmar</i>	An agency contract for investment
<i>Wakil</i>	Agent