
Advanced Certificate in Islamic Estate Planning and Wealth Management

Unit 5: Islamic Investment and Financial Planning

Al-Bai' Bithaman Ajil (BBA) – A cost-plus financing arrangement in Islamic finance where the financier purchases an asset at its current price and sells it to the customer at a marked-up price, allowing the customer to pay for the asset in installments. The marked-up price includes a profit margin for the financier.

Ijarah – A leasing arrangement in Islamic finance where the owner of an asset (the lessor) leases it to a user (the lessee) for a specified period in exchange for rent. The lessor retains ownership of the asset, and the lessee acquires the right to use the asset for the lease period.

Mudarabah – A partnership arrangement in Islamic finance where one party (the rab-ul-mal) provides the capital, and the other party (the mudarib) manages the investment and shares in the profits. The mudarib does not share in the losses, which are borne solely by the rab-ul-mal.

Musharakah – A joint venture arrangement in Islamic finance where two or more parties contribute capital to a business or project and share in the profits and losses according to a pre-agreed ratio.

Murabahah – A cost-plus financing arrangement in Islamic finance where the financier purchases an asset at the request of a customer and sells it to the customer at a marked-up price. The marked-up price includes a profit margin for the financier.

Qard Hasan – An interest-free loan in Islamic finance where the borrower is obligated to repay only the principal amount borrowed, without any additional charges or fees.

Sukuk – Islamic bonds that represent ownership in an asset or pool of assets. Sukuk holders are entitled to a share of the income generated by the assets and may also receive a share of the assets' residual value upon maturity.

Takaful – An Islamic insurance arrangement where participants contribute to a pool of funds that is used to provide mutual assistance and support in the event of a loss or damage. Takaful operators charge a fee for managing the pool of funds, but do not earn any interest or profit from the arrangement.

Wadiah Yad Dhamanah – A safekeeping arrangement in Islamic finance where a customer deposits money or assets with a financial institution, which assumes responsibility for safeguarding the deposited items and returning them to the customer upon request. The financial institution may also use the deposited funds to generate income, but must share any profits with the customer.

Wakalah – An agency arrangement in Islamic finance where one party (the principal) appoints another party (the agent) to manage an investment or conduct a transaction on its behalf. The agent is compensated for its services through a fee or commission, but does not share in the profits or losses of the investment.

Zakat – An obligatory charity in Islamic finance where Muslims are required to donate a fixed percentage of

their wealth to the poor and needy. Zakat is considered a religious duty and is one of the five pillars of Islam.

Islamic Financial Planning – The process of managing and planning one's finances in accordance with the principles of Islamic finance. This includes avoiding interest (riba), speculation (gharar), and uncertainty (maisir), as well as engaging in charitable giving (zakat) and investing in halal (permissible) assets.

Islamic Estate Planning – The process of planning for the distribution of one's assets upon death in accordance with the principles of Islamic inheritance law (faraid). This includes ensuring that the distribution of assets is fair and equitable, and that any debts or obligations are settled in accordance with Islamic principles.

Halal Investments – Investments that are permissible under Islamic law, which prohibits the earning of interest and the investment in certain industries, such as alcohol, pork, and gambling. Halal investments must also adhere to Islamic principles of fairness, transparency, and ethical conduct.

Islamic Wealth Management – The process of managing and growing one's wealth in accordance with the principles of Islamic finance. This includes investing in halal assets, avoiding interest and speculation, and engaging in charitable giving. Islamic wealth management may also involve the use of Shariah-compliant financial products, such as sukuk, mudarabah, and wadiah yad dhamanah.

Islamic Investment Accounts – Savings or investment accounts offered by Islamic financial institutions that comply with the principles of Islamic finance. These accounts may offer a return based on the performance of a pool of assets, rather than a fixed interest rate. Islamic investment accounts may also involve the sharing of risks and rewards between the financial institution and the account holder.

Islamic Real Estate Investment – Investment in real estate properties that comply with the principles of Islamic finance, such as properties that are free from interest, uncertainty, and speculation. Islamic real estate investment may involve the use of ijarah, murabahah, or musharakah financing arrangements.

Islamic Microfinance – The provision of small-scale financial services, such as loans and savings accounts, to low-income individuals and communities in accordance with the principles of Islamic finance. Islamic microfinance may involve the use of qard hasan (interest-free loans), mudarabah (profit-sharing partnerships), and wadiah yad dhamanah (safekeeping) arrangements.

Islamic Cooperative Finance – A financial system based on the principles of cooperation and mutual assistance, where members contribute to a common pool of funds and share in the risks and rewards of investment. Islamic cooperative finance may involve the use of mudarabah, musharakah, and wakalah (agency) arrangements.

Islamic Social Finance – A financial system that seeks to promote social welfare and development, in accordance with the principles of Islamic finance. Islamic social finance may involve the use of zakat (charitable giving), sadaqah (voluntary charity), and waqf (endowment) arrangements.

Islamic Finance and Technology – The application of technology to Islamic finance, such as the use of

blockchain and smart contracts to facilitate Islamic financial transactions. Islamic finance and technology may also involve the development of Shariah-compliant financial products and services, such as mobile banking apps and robo-advisors.

Islamic Finance and Sustainability – The integration of sustainability principles into Islamic finance, such as the promotion of renewable energy, environmental protection, and social responsibility. Islamic finance and sustainability may involve the use of green sukuk (Islamic bonds) and socially responsible investment (SRI) strategies.

Islamic Finance and Risk Management – The management of risks in Islamic finance, such as credit risk, market risk, and operational risk. Islamic finance and risk management may involve the use of risk management tools and techniques, such as hedging, diversification, and contingency planning.

Islamic Finance and Regulation – The regulation and supervision of Islamic finance, to ensure compliance with Shariah principles and to promote stability and transparency in the Islamic financial system. Islamic finance and regulation may involve the establishment of Islamic finance regulatory bodies, the development of Shariah-compliant accounting standards, and the implementation of anti-money laundering and counterterrorism financing (AML/CFT) measures.

Islamic Finance and Legal Issues – The legal issues and challenges associated with Islamic finance, such as the interpretation and application of Shariah principles in a legal context, and the resolution of disputes in Islamic finance. Islamic finance and legal issues may involve the development of Islamic finance-specific legal frameworks, the establishment of Islamic finance arbitration tribunals, and the provision of legal advice and representation to Islamic financial institutions and their customers.

Islamic Finance and Taxation – The taxation of Islamic finance transactions and instruments, to ensure compliance with Shariah principles and to promote fairness and transparency in the Islamic financial system. Islamic finance and taxation may involve the development of Islamic finance-specific tax rules and regulations, the provision of tax advice and planning services to Islamic financial institutions and their customers, and the resolution of tax disputes involving Islamic finance.

Islamic Finance and Accounting – The accounting and financial reporting of Islamic finance transactions and instruments, to ensure compliance with Shariah principles and to promote transparency and comparability in the Islamic financial system.