

## CHAPTER 7

### CONCLUSIONS AND RECOMMENDATIONS

#### 7.1. Concluding Remarks

The study focuses on the ideas of Islamic wealth management as outlined by early Muslim scholars, as well as the factors influencing the adoption of Islamic wealth management in Malaysia. Islam is a universal and comprehensive Dīn, governs all aspects of human life, drawing its guidance from the Qur'an and the Sunna. Islamic wealth management is pivotal aspects of Islam, allowing Muslims can manage their wealth in accordance with the principles and values of Shari'ah. The terms *al-kasb* (earning) and *infāq* (spending) are frequently mentioned together in numerous verses of the Qur'an and the Hadith, serving as fundamental concepts in the development of Islamic wealth management.

The concept is further elucidated by prominent Muslim scholars such as al-Syaibāni, Ibn Sina, and al-Dimasqī. They expound upon the fundamental principles of Islamic wealth management from the Qur'an and the Sunnah, drawing from diverse field of knowledge such as fiqh, philosophy, and commerce. While al-Syaibāni and al-Dimasqī focus on defining wealth, and Ibn Sina delved into the notion of the human beings and their needs. Al-Syaibāni provides a more comprehensive definition by elaborating on each term's meaning, particularly emphasizing the synonyms of wealth mentioned in the Qur'an, namely *fadl* and *khayran*, which enriches the understanding of Islamic wealth management.

Al-Dimasqī's explanation of the classification of wealth is more comprehensive compare to the other two scholars. This thoroughness may stem from his background as a merchant, as he aimed to provide readers with a clear understanding of the various type of wealth, namely (i) inarticulate (*ṣāmit*); (ii) merchandise (*al-'ard*); (iii) real estate (*al-'iqar*); and (iv) animals (*al-hayawān*) that are also known as articulate wealth (*al-māl al-nātiq*). On the other hands, al-Syaibāni's focus is primarily on wealth that directly support human needs, such as food, beverages, clothing, and shelter.

There are both similarities and differences among these three early Muslim scholars in their approach to managing Islamic wealth. All three Islamic scholars agree that wealth creation is achieved through *al-kasb* (earning), albeit with slightly different classification. It could be argued that al-Syaibāni classification of wealth creation is more general compared to that of Ibn Sina and al-Dimasqī. For example, Ibn Sina and al-Dimasqī consider inheritance (*al-mawāriṭh*) as a component of wealth creation.

In Islamic wealth accumulation, Ibn Sina discusses some matters about saving in the expenditure section. Al-Dimasqī and al-Syaibāni go into detail about the accumulation of wealth. Al-Syaibāni recommends moderate wealth accumulation in accordance with Islamic principles and values, while Al-Dimasqī is quite different from discussing the accumulation of wealth that partners with merchants to earn profit properly. In their opinion, the accumulation of wealth should moderately increase its value with the correct Shari'ah ethics to obtain blessings of wealth. Knowledge, moderate profits, prudence, trust, honesty, and other Islamic morals are essential elements in Islamic wealth accumulation.

In the components of Islamic wealth distribution, al-Syaibāni and Ibn Sina have the same idea, namely the existence of a priority scale in distributing the wealth obtained. The two of them divide them into three allocations: spending allocations for fulfilling personal and family mandatory needs, meeting the needs of close relatives and others through grants, alms, and endowments, and fulfilling future needs through saving and investment or something that is permissible. In contrast to al-Syaibāni and Ibn Sina, al-Dīmasqī focuses more on the issue of prudence in the distribution of wealth, which consists of five, namely niggardliness (al-lu'm), tightfistedness (al-Taqrīr), intemperance (al-saraf), ostentatiousness (al-badhakh), and bad management (sū' al-tadbīr). Concerning the morality of the distribution of wealth, al-Dīmasqī, Ibn Sinā, and al-Syaibāni state that extravagance, temperance, and narrowness in satisfying basic needs such as food, drinks, clothes, and lodgings are prohibited in Islam. In the Islamic manner, the fulfillment of needs and desires must be moderate.

Moreover, in the components of Islamic wealth protection, only al-Dīmasqī discussed the issue of preserving wealth, and Ibn Sina discussed it somewhat. There are five-factor according to him, to preserve wealth in order to be good management, namely: expenses should not exceed earnings, not be equal to earnings, never bite off more than you can chew, avoiding ventures with slow return on investment, and swift in selling merchandise but unhurried in selling real estate. Ibn Sina only mentions the saving aspect (al-iddikhār) as property protection to cope with the uncertain future. However, al-Syaibāni's work does not explicitly address this components.

In terms of wealth purification, the three Muslim scholars agree that some excess spending should be allocated to various charities. Ibn Sinā says that zakat should come

first when surplus spending exists, while al-Syaibāni and al-Dīmaṣḥqī do not explain that zakat should come first to be spent after spending all basic needs. However, the element of wealth purification does not explain the detail, but it is most related to wealth distribution and is discussed in their works.

The components of Islamic wealth management conceptualized by these three scholars includes aspects of Tawhīd in the istikhlaf concept, which believes that wealth is absolute and belongs to Allah and humans are the holders of the mandate to manage it. In addition, the Shari'ah aspect governs the management of wealth in terms of rules and its halal from the Qur'an and the Sunna. Furthermore, Islamic moral values (*akhlāq*) regulate how humans should manage their wealth with Islamic ethical values such as trust, honesty, moderation, generosity, and qana'ah, all of which are done to achieve blessings in this world and the hereafter.

Discuss the objectives of Islamic wealth management; three things must be achieved: First, individual purposes such as sustaining life on earth, improving knowledge, and strengthening the faith. Second, family purposes include meeting the family's needs, spending wealth on education, and saving for planned events. Third, social objectives promote growth, provide social activities, and reduce income inequality. These three things must be done to attain happiness and well-being through His blessing (*barakah*) here and in the afterlife. From all the explanations about the contribution of the three early Muslim scholars in Islamic wealth management, it can be said that their thoughts are very relevant to be developed and studied by the Muslim community in particular and the general public.

The development of Islamic wealth management practice in Malaysia cannot be separated from the support of several supporting aspects such as the establishment of the Association of Financial Planning Industry in Malaysia in 2002, the regulatory framework provided by the government such as the Central Bank of Malaysia, Securities Commission, Malaysian Federal Constitution, and zakah. The law through religious affairs in all states and certain Islamic financial institutions such as Islamic banks, the Islamic capital market, takaful, Islamic property planning, and zakah.

In addition to Islamic financial institutions that have long developed in Malaysia, several institutions specially formed to support Islamic wealth management are the Labuan of International Business and Financial Center (IBFC) and the Labuan of International Waqf Foundation (IWF). In promoting the growth of Islamic wealth management, Labuan IBFC also offers a conducive environment for global Islamic banking and takaful players to operate, as well as the Labuan IWF a vehicle to hold and manage waqf assets for identified beneficiaries and purposes based on the Shariah principles on waqf.

In Malaysia, Islamic wealth management services are generally offered by Islamic banking institutions in management services and by Islamic financial planners and advisors. Islamic banks are one of the Islamic financial institutions that deliver holistic Islamic wealth management products and services in Malaysia, including 3, namely wealth accumulation, protection, and distribution. Offering holistic products and services of Islamic wealth management, Islamic banking in Malaysia in collaboration with the Islamic capital market, takaful institutions, and Islamic estate planning regarding wealth accumulation, protection, distribution, and purification products and services.

Partially, Islamic wealth management products and services are provided by each Islamic economic and financial institution. Malaysia offers them separately, such as saving products in Islamic banking, investments such as Islamic unit trust, structured products in asset management institutions, hibah, wassiyah, farāid and waqf in Islamic estate planning institutes, and waqf and zakah institutions. Thus, it can be said that Islamic Wealth Management Products and Services in Malaysia are offered holistically and partially to their customers.

Knowledge of the theory and practice of the components of Islamic wealth management is important if it is to be adopted by the community. Knowledge of Islamic wealth management components and religiosity are significant factors in implementing Islamic wealth management in Malaysia. Knowledge is an essential need for everyone to avoid the problems of life. For Imam Ghazali, knowledge is an indispensable condition for his livelihood. This chapter contains several findings. Firstly, knowledge of Islamic wealth management components has a positive and significant impact at the 5% level on implementing Islamic wealth management in Malaysia. It is therefore important to increase knowledge of Islamic wealth management components to increase the uptake of Islamic wealth management in Malaysia. However, only wealth protection, distribution, and purification are performed for testing purposes. The other two were not selected because their load factor was below 0.6, namely wealth creation and accumulation.

Second, knowledge of the Islamic wealth management components has a positive and significant 5% impact on religiosity. Imam al-Ghazali says that knowledge is the foundation of religion. For him, if a man seeks religious knowledge or what is enough for him to perfect his religion, he will be among the disciples of the path to the hereafter.

Knowledge about the Islamic wealth management components of early Muslim scholars such as Imam Hassan al-Syaibani, Ibn Sina, and Al-Dimasqi is always related to religious knowledge because the foundation of knowledge when they developed their works related to the management of Islamic wealth was the Quran and the Sunnah. As Imam Hassan al-Syaibani in his al-Iktisab, seeking knowledge is obligatory as a means to earn a living (kasb), which is also an obligation for Muslims.

Thirdly, it turns out that religiosity and the adoption of Islamic wealth management in Malaysia have a positive relation, but the level of importance is at 10%. This explains that the religiosity of some people has not fully covered the aspects of the world and the hereafter, or they tend to think that the religion of Islam is only to achieve the hereafter matters, not worldly matters. Nevertheless, it is clear in Surah al-Qasas, 77: "Rather, seek the reward' of the Hereafter by means of what Allah has granted you, without forgetting your share of this world." It is in line with the previous explanation that people mostly acquire knowledge about components of Islamic wealth management is related to the afterlife matters such as wassiyah, sadaqah, grant, trust, waqf and zakat.

Fourth, from the previous explanation that knowledge has a positive and significant relationship with religion, but when religion is used as a moderating variable in this study, it can be seen that there is a gap between knowledge about the components of Islamic wealth management and religiosity on the adoption of Islamic wealth management because the findings are not significantly related to the adoption of Islamic wealth management in Malaysia. Knowledge about Islamic wealth management is always focused on the following issues. Although wealth creation and accumulation are related to worldly aspects, if it is intended to worship Allah and is carried out in ways that are

pleasing to Him will also have an impact on aspects of the hereafter. Perhaps searching for wealth by working and investing is a simple business for some people. Thus, secular understanding attempts to separate aspects of the world and the hereafter into human activities.

Therefore, knowledge about the components of Islamic wealth management, namely wealth creation, accumulation, protection, distribution, and purification, must be directed at the orientation of fulfilling life in this world and the hereafter. The point of view of Islam is not only partial to the aspect of religion but also the implementation of mu amalah. There is a knowledge integration between naqli (revealed) and naqli (rationally). Thus, if this is done, the community should welcome the adoption of Islamic wealth management.

## **7.2. Recommendations**

To improve the adoption of the components of Islamic wealth management in Malaysia, there are a few measures that might be useful and be considered by all parties related to the practice of Islamic wealth management in Malaysia:

1. For academicians: It is essential to conduct further research to explore the integration of Islamic revealed knowledge and modern knowledge related to Islamic wealth management, sourced from the Qur'an and Sunnah, but also the sciences that the scholars have developed are fundamental because they have taken the essence of knowledge when developing a concept of science from Al-Qur'an and Sunnah. Also, it is important to develop interdisciplinary courses that combine the ideas from early Islamic heritage with contemporary

wealth management theories. Lastly, it is encouraged the collaboration between Islamic scholars and experts in Islamic finance to enrich the understanding of Islamic wealth management.

2. For practitioners: advocate for the development of comprehensive Islamic wealth management products and services within their respective institutions. It is necessary to collaborate with other Islamic financial institutions such as Islamic Banks, Islamic capital markets, Islamic estate planning, and zakah and waqf institutions, creating synergies and enhance the effectiveness of wealth management strategies. Furthermore, it is encourage to promote awarness and understanding of Islamic wealth management holistically among clients and stakeholders. On the other words, There is a need for awareness about the importance of the Islamic wealth management components and its products to the people in Malaysia so that they understand and want to use it. The qualification competency related to the components of Islamic wealth management to cover talented human resources in the academic and practical sphere.
3. For regulators: It is needed to establish guideliness and standards for Islamic wealth management practice to ensure compliance with Shari'ah principles. They also provide incentives and support for the education and training of professionals in Islamic finance and wealth management.

Some of the above recommendations are very important and should be considered by the respective government and relevant institutions or industries linked to the development of Islamic wealth management in Malaysia. Without their support, this

could not have been achieved so well. In addition, other researchers can conduct further research on complex variables influencing the adoption of Islamic wealth management in Malaysia. This study contributes to the advancement of Islamic wealth management adoption in Malaysia by providing recommendations for academics, practitioners, and regulators. It emphasizes the importance further research, interdisciplinary education, and development among stakeholders to enhance awareness, understanding, and compliance with Islamic principles in the Islamic financial sectors.

Key components such as wealth creation, accumulation, protection, distribution, and purification are elucidated through the perspectives of figures like al-Syaibāni, Ibn Sina, and al-Dimasqī. Furthermore, emphasis is placed on the importance of sound understanding of Islamic principles and their application in the context of Islamic wealth management. Additionally, the study identifies the support provided by various aspects including Islamic financial institutions and regulatory frameworks established by the Malaysian government. Thus, the contribution of this study is crucial in reinforcing the role and the effectiveness of Islamic wealth management in Malaysia and globally.