

CHAPTER 3

OVERVIEW OF ISLAMIC WEALTH MANAGEMENT IN MALAYSIA

3.1. Introduction

Since the inception of the Global Islamic Economic Indicator (GIEI), Malaysia has claimed first position, achieved a first-place ranking in Islamic finance, halal food and media and recreation (SGIE Report 2023/24: 67). The Malaysian Islamic finance sector has shown continued growth, with a 9% increase in Islamic finance assets and a 20% growth in the values of Islamic funds (Ibid: 67). This achievement underscores its robust Islamic economic ecosystem and its commitment to promoting Islamic finance and other related industries, including Islamic wealth management.

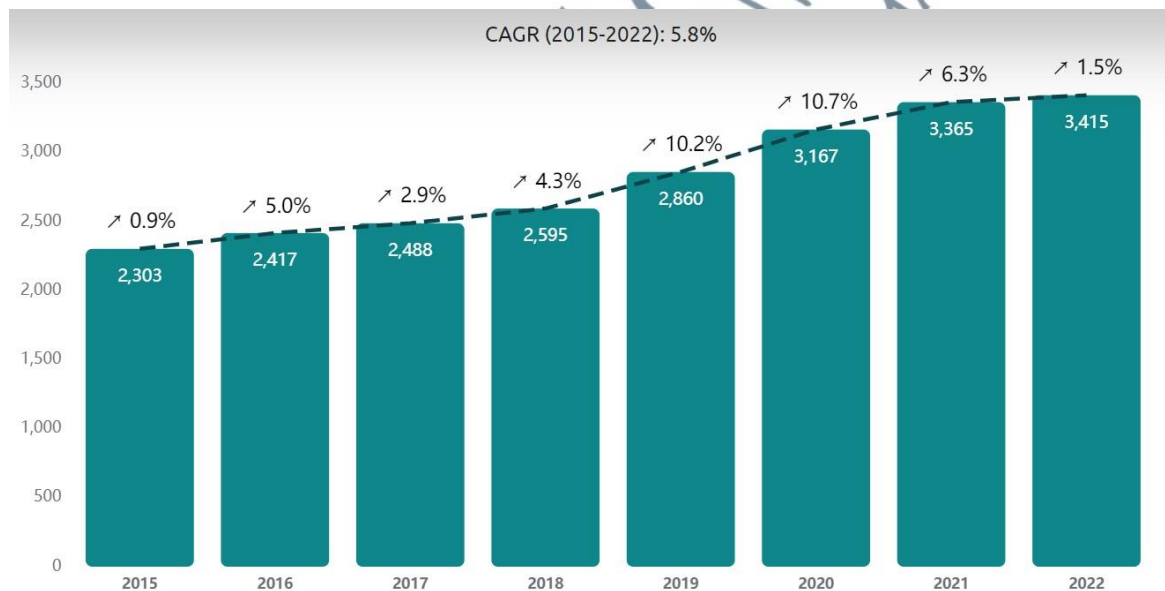
However, Malaysia as one of the leading Islamic financial industries that has various Islamic financial institutions and products can be easy to develop Islamic wealth management in its country. To Othman (2014), the potential for the growth of Islamic wealth management in Malaysia is huge, with the number, size, and strength of Islamic banks and Takaful companies increasing. It is supported by the Economic Transformation Programme (ETP) report, none of the global top 10 wealth management institutions have full-fledged wealth management operations either conventional and Islamic in Malaysia (Annual Report Economic Transformation Programme (ETP), 2014): 229).

Indeed, Islamic wealth management is a largely underserved market today that represents a unique opportunity for Malaysia, requiring specialized knowledge such as Shari'ah compliant in wills and estate planning (Ibid: 229). It can be said that it is

required holistic knowledge to cover the clients' need. By then, it is needed to clarify the current development of Islamic wealth management theoretically and practically in Islamic banking and finance in Malaysia.

3.2. Islamic Wealth Management in Global Context

Challenging macroeconomic and geopolitical conditions led to a prolonged decline in investment, with several global stock indexes experiencing market declines. Globally, wealth and the population of High-Net-Worth Individuals (HNWIs) recorded the steepest decline in the last 10 years.

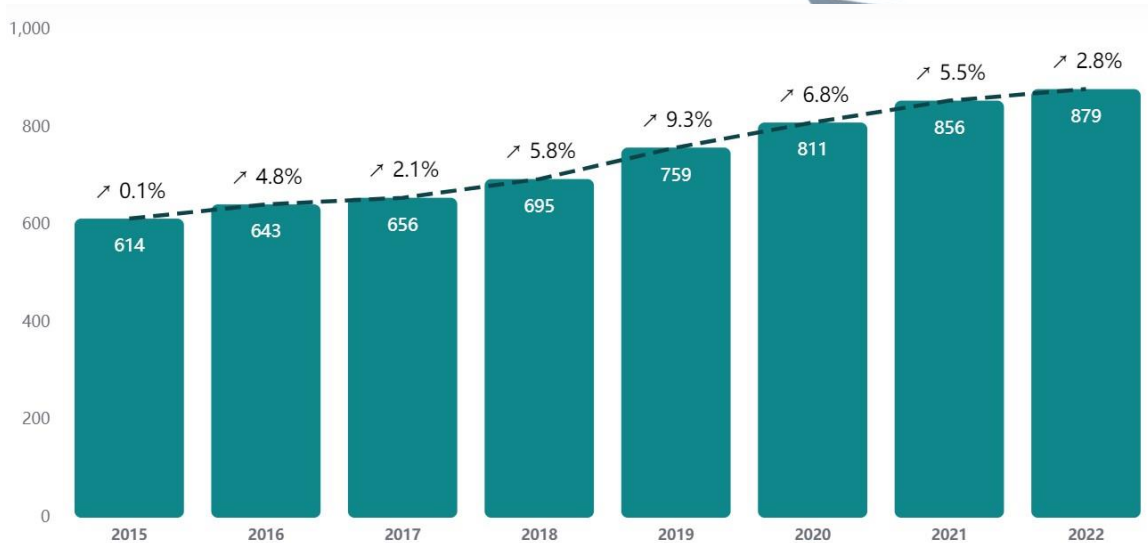


Source: Capgemini Research Institute for Financial Services Analysis (2023)

Figure 2: HNWI population declined in Europe, APAC, and North America

However, it is not the Middle East region where the majority of the Muslim population shows an upward trend in the HNWI population. Obviously, a noticeable trend toward values-based investing is taking place, particularly among HNWI investors in the

Middle East region, which is influenced by the enduring presence of strong religion, cultural, and social values, as indicated by a survey conducted by the global wealth and asset management firm Lombard Odier (<https://www.arabianbusiness.com/>). To date, the global Islamic fund and wealth management sector are on the rise, supported by strong demand from Muslim and non-Muslim investors.



Source: Capgemini Research Institute for Financial Services Analysis (2023)

Figure 3: HNWI population Increased in Middle East Region

The core sectors of the Islamic economy represent an aggregate consumer spend opportunity of \$2.2 trillion in 2018, projected to grow to \$3.2 trillion by 2024, with Islamic Finance assets estimated at \$2.5 trillion in 2018, and projected to grow to \$3.5 trillion by 2024 (GIER 2019/2020: 9). Islamic finance conditions that continue to grow positively will increase the Islamic wealth management sector in the world. A wide range of Islamic investments, Islamic social finance, and Islamic insurance facilitates the accessibility of wealth management products in Islamic finance for individuals.

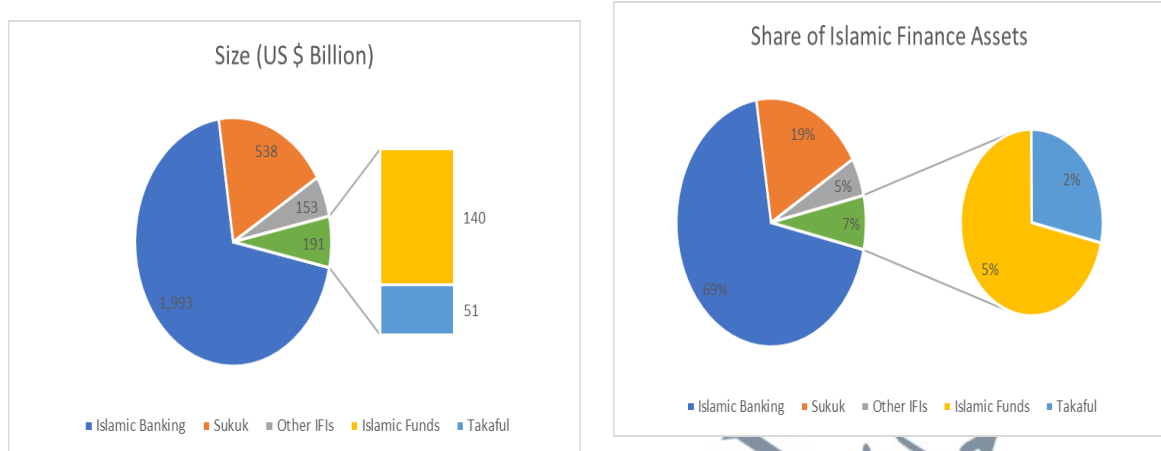


Figure 4: Distribution of Global Islamic Finance Assets (2019)

European countries have been one of the first movers in Islamic wealth management via financial institutions that many HNW clients have used them for Shari'ah-compliant of wealth management services such as UBS, BNP Paribas and Dar al Maal al Islami based in Geneva and Islamic Finance House Universal Holding in Luxembourg (Hashim & Hasan, 2013). Islamic Finance House Universal Holding was established in 1978, is an Islamic banking system with the purpose of serving high net worth individuals in a Shariah-compliant way (Shiblaq, 2009).

Hence, Dar Al-Maal Al-Islami Trust (DMI), which incorporated in Switzerland in 1982, was the major shareholder of Faisal Private Bank in 2006 (Al-Harbi, 2016: 121; Wilson, 2007: 431). Furthermore, it caters largely for Arab clients based in the Middle East, and some wealthy Arab temporary residents of Geneva, but not for the needs of Switzerland's small Muslim community, the majority of whom are of Turkish or North African origin and have rather menial jobs (Ibid: 431).

Moving to the Middle East that the intermediate wealth group also encompasses the increasing number of millionaires such as Bahrain, Lebanon, Oman, and Saudi Arabia. Naturally, the region's significant wealth, coupled with its religious demographics, have created a demand for Islamic wealth management services (Lalandre, 2017). Islamic wealth management investment solutions have been strengthened as a result of strong performances from the regional equity markets, global commodity markets, growing regional liquidity, and the growing importance of retail fees-based earning (Ahmed, 2019: 149-150).

Some Islamic banks in the Middle East that offers the service of Islamic wealth management such as Dubai Islamic Bank, Commercial Bank of Dubai, Qatar Islamic Bank and Ahli United Bank. For the IWM portfolios, Dubai Islamic Bank is offering its services through a brand-name Wajaha, which encompasses not only private banking, but a range of financial planning services (www.dib.ae/wealth-management/wajaha/overview). Hence, existing clients with a minimum of AED 3.5 million (\$US 953,000) held on deposit with Dubai Islamic Bank for three consecutive months are invited to become Wajaha customers (Wilson, Retrieved from <https://www.faa.org.my>). Conventional Commercial Bank of Dubai offers IWM services under its Al-Dana Wealth Management (<http://www.mifc.com/index.php?ch=28&pg=72&ac=166&bb=uploadpdf>).

In Ahli United Bank, Private Banking Wealth Management also offered various types of global bond issues, providing investors with enhanced security compared to direct equity and other forms of equity-related investments (http://www.ahliunited.com/pdfs/ar/AUB_AnnualReport_2010.pdf).

The opportunity to develop the products and services of Islamic wealth in the global market is widely open supported by several factors. Hence, IWM involves a variety of financial institutions, including banks that are regulated by their central banks and asset and fund management companies that are regulated by institutions such as the Securities Commission of Malaysia or the Capital Market Authority of Saudi Arabia. The two main markets in which Islamic banks have flourished are the Middle East and Asia. In the Middle East, major Islamic finance players include the UAE, Kuwait, Qatar, Bahrain, and Saudi Arabia, while in Asia are Malaysia Indonesia and Brunei Darussalam. At present, Singapore is quickly turning out to be an interesting proposition for Islamic finance in Asia.

Beside the Islamic financial institutions, Islamic philanthropy and estate institutions must be available to give comprehensive financial planning and advise about the client's wealth. In the side of IFIs, the prospect to offer the products and service is completely ready, but some countries are not ready to offer Islamic state planning.

In term of the regulatory framework, The development of Islamic wealth management in Malaysia is supported by comprehensive regulation from Bank Negara Malaysia, Securities Commission of Malaysia that provides acts and blueprint about Islamic fund and management. Indeed, Malaysia is the most developed jurisdiction for IWM, with a comprehensive regulatory framework for IBF, including a special focus on Islamic asset management (EdBiz Consulting Report, 2016: 25). The regulatory landscape in the Middle East has witnessed significant transformation in recent years that governments across the region are actively working to enhance transparency, investor protection, and adherence to international standards

<https://www.financialservicesreview.com/news/navigating-the-evolving-landscape-of-wealth-management-in-the-middle-east-nwid-1380.html>).

Another challenge faced in the development of IWM is market segmentation. To Giorgio, the characteristic of an investor in the Middle East and Southeast Asia are completely different (<http://islamicfinancenews.com>). For example, the Middle East has been growing tremendously over the past few years, especially the equity market, but the people are having a much higher propensity to save. It will impact the product and service to be developed in the industry of IWM in various countries. It might be said that the market segmentation of Islamic wealth management among the regions will vary and then will impact its products and services.

The challenges are also well known to include a lack of understanding of Islamic financial services by potential clients; a shortage of scholars who are suitably qualified to sit on Sharia boards; the underdevelopment of Sharia-compliant capital markets; and the general underdevelopment of financial services in several of the countries that have the largest Muslim populations (The EY GCC Wealth and Asset Management Report, 2017: 23). The fact, many individuals may not familiar with the principles and product of Islamic wealth management.

All the challenges should be taken into consideration for all countries to develop Islamic wealth management that will give the holistic product to all clients. As for the important aspects to highlight regarding the development of Islamic wealth management is the region's strong religious and cultures values, value-based investing is becoming more prominent among HNWIs and lack of understanding of Islamic wealth management. Because the region's strong religious and cultural values and knowledge

related to Islamic wealth management will shape market dynamics, influence investor preference, and present the opportunity for growth and development in Islamic wealth management sectors.

3.3. The Development of Islamic Wealth Management in Malaysia

The development of Islamic wealth management is related to several factors such as the development of Islamic financial planning (IFP), Islamic finance and supporting regulation of government in Malaysia. The development of Islamic financial planning is linked to Conventional financial planning (Shafi'I et.al., 2013: 133).

3.3.1. The Development of Financial Planning Industry in Malaysia

The financial planning concept in Malaysia was initially related to the insurance sector, before developing into its own individual field (Ibid). In 1996, The National Association of Malaysian Life Insurance and Financial Advisors (NAMLIFA) which is known as National Association of Malaysian Life Insurance Agents (NAMLIA) introduced the first course of Chartered Financial Practitioner (ChFP) to its members (Shafi'I et.al., 2013: 4).

In 1997, the Malaysia Insurance Institute (MIIO) introduced the second program, known as the Chartered Financial Consultant (ChFC). Mainly these two programs were designed for insurance agents and insurance sectors. However, to broaden the scope of financial planning beyond the insurance sector and encompass other financial services such as unit trusts, stock-broking, law and accounting, the Financial Planning Association of Malaysia (FPAM) was established in 1999.

Moreover, FPAM as a nonprofit organization is formed by a group of like-minded individuals who wanted to see growth and development in the Malaysian financial planning industry, with a mission to raise the standards of competency and ethical practice of qualified financial planners in Malaysia and to educate the public on the benefits of financial planning (www.fpam.org.my).

The Malaysian Financial Planning Council (MFPC) was formed in 2002, with a view to representing the financial planning profession in Malaysia and developing a professional program members (Shafi'I et.al., 2013: 134).

Malaysia is still new in the industry of financial planning, and the year 2008 Ministry of Higher Education has launched the Shariah Registered Financial Planner Program. The main concern of this program is to equip a professional financial planner with not only general financial planning but also Takaful and Islamic financial planning principles and knowledge (<http://www.mfpc.org.my/index.php/news-events>).

3.3.2. Supported System of Islamic Wealth Management in Malaysia

Islamic wealth management involves a variety of financial institutions, including banks that are regulated by their central banks and asset and fund management companies that are regulated by institutions such as the Securities Commission of (Wilson, 2016: <http://www.faa.org.my>). It is followed by a regulatory framework; the product of wealth management are regulated both in the Central Bank of Malaysia and Securities Commission (SC) of Malaysia. In related to Islamic wealth management, there are some products such as unit trust, bond, and structured product have been regulated by SC. In general, data shows in SC that there are 750 launched Funds of unit trust fund approved

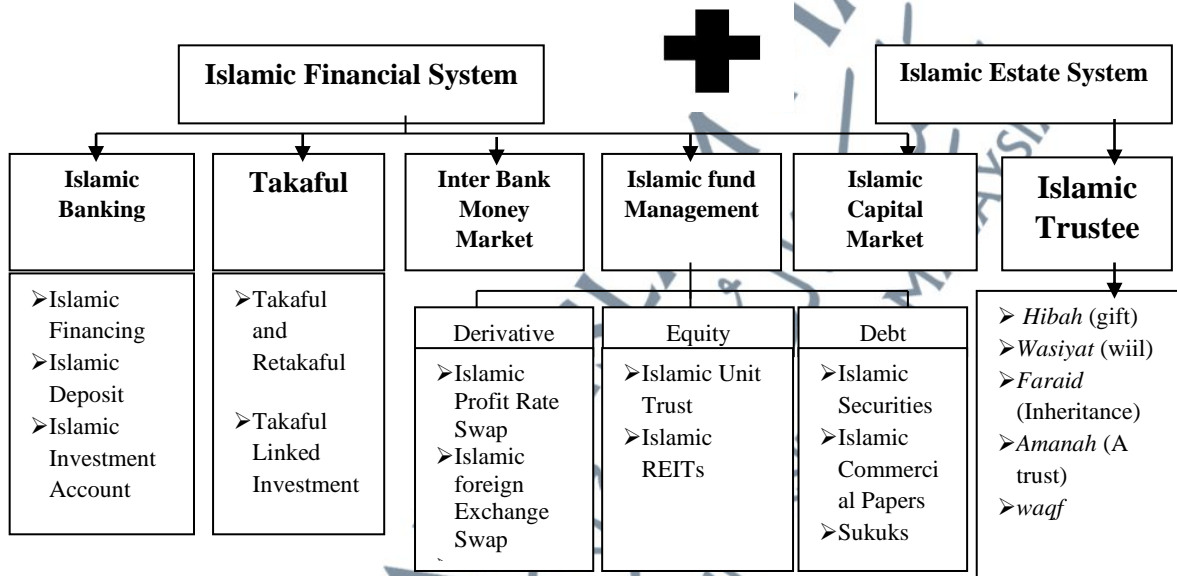
as at per 30 September 2022 (<https://www.sc.com.my/api/documentms/download>). Specifically, 283 launched Funds of Islamic unit trust at per 30 September 2022 (Ibid). Other products such as Islamic saving and deposit are regulated by the central bank of Malaysia.

This combination can be traced to section 126 of banking and Financial Institutions Act 1989, Bank Negara Malaysia (BNM) and section 185 of the Securities Commission Act 1983 are jointly issuing the guidelines on investment bank. By this act, investment banks will also be allowed to undertake fund management and unit trust businesses in line with securities laws and guidelines issued by the SC. It is clear that wealth management can be operationalized under the act made jointly by BNM and SC. Another regulated activity (related but not exactly financial planning) is financial for insurance products that license issued by BNM called as Financial Adviser's License under the Insurance Act 1996 (Shafii et al., 2013:155). SC provided a license on Shari'ah advisor for the Islamic Unit Trust. By then, Islamic wealth management is a controlled industry in Malaysia, which BNM approves financial adviser firms and SC Malaysia issues the license to financial planning firm to practice IMW Business (Shuib, 2014: 43).

It is also supported by Financial Sector BluePrint 2011-2020, Bank Negara Malaysia that one of the landscapes of the financial system in 2020 is characterized by Expanded dimension of Islamic financial activity with greater emphasis on the management of Islamic funds in Malaysia through the advent of Islamic investment banks, fund managers and wealth advisory service providers with global reach and stature and Enhanced role of the Labuan International Business and Financial Centre as a

premier integrated business and financial center with financial institutions focused on wealth management (Financial Sector BluePrint 2011-2002:50-51).

In term of estate planning, civil law regulates the procedures of estate administration and settlement which brings significant impacts on estate planning in Malaysia (Al-Ma'amun, 2010).



Source: Ismail (2024)

Figure 5: Support System in Islamic Wealth Management

Islamic wealth management is a very holistic product that combines various product of Islamic finance, banking, insurance and estate that are regulated by the multi-legal framework. The industry of Islamic wealth management can develop rapidly in Malaysia supported by product, service, and regulation available as described in the figure above.

By then chapter aims to analyze the current practice of Islamic wealth management in Malaysia.

3.3.3. Product Development of Islamic Wealth Management in Malaysia

As known before that Islamic wealth management is a type of financial service that provides holistic financial advisory by using Shari'ah compliant products. Its product involves many Islamic financial institutions and regulations made the government. The historical concept of Islamic wealth management can be traced from the primary (Qur'an and Sunnah) and secondary source of Islam. Many verses in the Qur'an and texts in the hadiths that express the idea of wealth management.

Another side that supports the development of Islamic wealth management in Malaysia is the existence of Islamic economics and finance. Islamic wealth management is getting greater attention recently, a new market in the development of Islamic finance. In the early stage, Islamic finance offered retail such as savings in the bank in 1960 up to 1990s. The second stage, Islamic wealth management via Islamic bank does provide not only the saving but also investment product such as equities and unit trust in 2000. The third stage, Islamic wealth management covers most needs of HNWI's over wealth cycle.

There are several Islamic banks in Malaysia offer the product of Islamic wealth management such as Affin Islamic Bank, AmIslamic Bank, CIMB Islamic Bank, Hong Leong Islamic, Maybank Islamic, RHB Islamic Bank, and Public Islamic Bank, etc. They have begun to offer Shari'ah based wealth management to get an early advantage in the segment of the market that the demand for it is increasing now. The product of Islamic wealth management can be classified into four categories, namely: 1) Islamic banking and finance; 2) Islamic capital market; 3) Takaful; and Islamic estate products.

3.3.3.1. Islamic Banking

The development of Islamic banking in Malaysia can be divided into two phases: the first phase from the 1960s to 1990s and second phase from 1990s to present. Firstly, Islamic banking in Malaysia can be traced in 1963, that was year Lembaga Tabung Haji or Pilgrimage Fund Board after five years of independence (Haron, et.al., 2007: 269). Lembaga Tabung Haji is a financial institution developed for Malaysian Muslims to set aside regular funds to cover the cost of performing the haj. This idea was initiated by Royal Professor Dr. Ungku Ungku Abdul Hamid Abdul Aziz who carried out to settle this issue, and he realized that Muslim community in this country only see their money for one reason, namely to perform haj (Aziz, 2012: 182).

After being approved by Sheikh Mahmud al-Shaltut, Rector of University of al-Azhar that the proposal was not againsts the Islamic principle, thus the Perbadanan Wang Simpanan Bakal-Bakal Haji was formed in 1962 and then it was combined with Pejabat Urusan Haji in 1969 (Ibid: 182). This is the first product of banking complied to Shari'ah to cater to saving the funds from Malaysian society to perform the haj.

The successful of Tabung Haji has prompted several organizations and individuals have initiated action toward the formation of Islamic banking in Malaysia since 1980 (Ibid: 48; Yatim & Nasir, 2007: 4). Following this, on 30th July 1981, the government has established and appointed some experts as a committee know as Jawatan Kuasa Pemandu Kebangsaan Bank Islam chaired by Y.M. Raja Tan Sri Mohar bin Raja Badiozaman and Lembaga Urusan Tabung Haji (LUTH) as its secretary (Yatim & Nasir, 2007: 5).

Then, Islamic banking made its debut in Malaysia in 1983 with the establishment of Bank Islam Malaysia Berhad as the first fully fledged commercial Islamic bank in

Malaysia (Habib, 2018: 13). The increase in Muslim populations and awareness of Islamic values has led to greater demand for Islamic bank interest-free products. Moreover, objectives of the establishment of Islamic banking is to strive in its operation as a commercial bank based on Shari'ah laws in facilitating facilities and banking services to both Muslim and non-Muslim societies in Malaysia by achieving strength and capacity to develop from time to time (Ibid: 5).

The Islamic Banking Act 1983 (IBA) was enacted to allow the Islamic banking system to operate side by side with the conventional banking system, offering a product similar to those of the conventional banks, and abiding by the regulations and supervision of Bank Negara Malaysia (BNM) (Aziz, 2012: 49). According to IBA 1983, an Islamic bank is "...a company which carries on Islamic banking business. Islamic banking business means banking business who aims and operations do not involve any element which is not approved by the religion of Islam...". Then, IBA is replaced by the Banking and Financial Institution Act (BAFIA) in 1989, which conventional bank can open Islamic window operation. This phase can be stated the monopoly stage from 1983 to 1990. During this stage, Malaysia had a single Islamic Bank (BIMB) giving it the opportunity to operate smoothly to ensure an ongoing development by Bank Negara Malaysia (Habib, 2018: 86).

Second phase from 1990 to 1994, BNM began with the announcement of the governor of Bank Negara Malaysia to establish a parallel Islamic financial system alongside the conventional bank system (Habib, 2018: 86). The third is the takeoff phase from 1994 upto now. It has decided several initiation such as the establishment of the Islamic money market in 1994 and the harmonization of Shari'ah issues via the formation

of the central Shari'ah Advisory Council at Bank Negara Malaysia in 1997. In 1999, the second Islamic bank was established namely Bank Muamalat Malaysia Berhad (BMMB) that merging Bank Bumi Putera Malaysia (BBMB) and Bank of Commerce (Malaysia) Berhad (BOCB) (Aziz, 2012: 49).

In 2013, Malaysia enacted the Islamic Financial Service Act (IFSA), which incorporates four other Acts that remain fully operational to this day. This law establishes a comprehensive regulatory framework for the operations of Islamic Bank in Malaysia. IFSA 2023 facilitates the transformation of Islamic banks from traditional financial intermediaries focusing on risk-transfer paradigm. This allows Islamic banks to investment intermediaries operating under a risk-sharing paradigm, which allows Islamic banks to segregate the money placed by customers into either Islamic deposits or investment account (Othman, et.al., 2017: 256-257).

As Islamic banking grows in Malaysia, the range of products and services offered expands rapidly to meet the needs of its customers. For the products and services are offered by Islamic banks can be detailed as follows:

Table 3: Islamic Banking Products offered by Islamic Banks in Malaysia

No	Customer Segment	Product Name	Contract Used
1.	Deposit	Current account Saving account	Wadi'ah Yad Dhamanah, Mudharabah, Qard
		Commodity Murabahah-i	Murabahah/Tawarruq
2.	Investment	General Investment Account-i	Mudrabahah, Qard
		Special Investment Account-i	Mudharabah
		House financing	Bai Bitsaman Ajil (BBA)

3.	Financing		Musharakah Mutanaqisah (diminishing partnership)
		Personal financing	Murabahah (cost plus) BBA (Deferred payment) Bai Inah (Deferred payment sale)
		Vehicle financing	BBA (Deferred payment)
		Staff financing	Qardhul hasan
	Corporate Segment	Product Name	Contract Used
4.	Trade financing	Accept Bills-i Bank Guarantee-i Bills of Exchange-i Export Credit Refinancing-i Letter of Credit-i Shipping Guarantee-i Trust Receipt-i	Wakalah Kafalah Mudharabah Murabahah BBA (Deferred payment) Bai Dayn
5.		Asset based financing	Ijarah (leasing) Istisnah (purchase order)
6.		Corporate Investment	BBA (Deferred payment) Ijarah (leasing) Istisnah (purchase order) Mudharabah (Profit Sharing) Bai Bitsaman Ajil (BBA) Musharakah (Profit Sharing)

Source: Mohammad and Kim-Soon (2016)

Currently, Islamic banks set up the unit to cater the clients of Islamic wealth management as conventional banks are already present in the wealth management market, Islamic banks are gradually looking at this segment as another source of growth. Products and services of Islamic wealth management combine banking product, estate planning, and Islamic capital market holistically to help the customers managing their wealth.

3.3.3.2. Islamic Capital Market

Malaysia is a pioneer in the development of the Islamic capital market (ICM), which the first sukuk issuance in 1990 was made by Shell MDS (Malaysia) Sdn Bhd can be regarded as its milestones (Securities Commission Malaysia Islamic Fund and Wealth Management Blueprint. 2017: 3). After that, it was followed by the establishment of securities commission in 1993 marked a major milestone in the regulation and development of the ICM. The Commission has identified the development of the Islamic capital market as one of its main agendas that were later incorporated into the Malaysian Capital Market Masterplan, launched on 22 February 2001 (https://www.sc.com.my/wp-content/uploads/eng/html/icm/Resolutions_SAC_2ndedition.pdf).

In its effort to develop the Islamic capital market, the Commission established a department under the Market Policy and Development Division called the Islamic Capital Market Department (ICMD) and the Shariah Advisory Council (SAC) in 1996 (Securities Commission Malaysia Islamic Fund and Wealth Management Blueprint. 2017: 4-5). ICMD is responsible for conducting research and developing Islamic capital market products in the equity, debt and derivative sectors, as well as analyzing the securities of listed companies, where SAC assists ICMD to ensure that the implementation of the Islamic capital market complied with Shariah principles.

By SC development and supported by industry have resulted in a comprehensive offering of Islamic investment and financing products for retail and institutional participants such as sukuk, Shari'ah-compliant equities, Islamic fund, and other capital market services. The sukuk market is an important platform to support Shariah-compliant long-term financing. It also contributes significantly to economic development. A variety

of Shariah principles such as murabahah, istisna`, ijarah, musharakah, mudharabah, and wakalah is applied in the structuring of sukuk, which provides greater financing flexibility to sukuk issuers and adds depth to the range of Islamic instruments available to investors.

Shari'ah-compliant is one of the first initiatives in developing this segment of investment in Malaysia. Hence, a screening methodology was introduced in 1995 to determine the Shari'ah status of securities listed at the stock exchange. A typical Shari'ah screening components will involve two stages: A qualitative and quantitative screening components (IFSB: 20). The screening methodology has now been revised in november 2013 and still by adopting a two-tier approach to the quantitative assessment which applies the business activity benchmarks and the newly-introduced financial ratio benchmarks while at the same time maintaining the qualitative assessment. The revised methodology is an effort to expand the Islamic capital market's (ICM) international reach which is in line with the SC initiatives (Nor, et al., 2019: 19).

Table 4: Shari'ah Screening Assesment of Securities Commission of Malaysia

Quantitative Assesment	Benchmark	Activity
Business activity benchmarks	5%	Conventional banking; Conventional insurance; Gambling; Liquor and liquor-related activities; Pork and pork-related activities; non-halal food and beverages; Shariah non-compliant entertainment; interest income from conventional accounts and instruments, including dividends from investment in Shariah non-compliant instruments and interest income awarded arising from a judgement of a court or arbitrator; tobacco and tobacco-related activities;

		and other activities deemed non-compliant according to Shariah
	20%	Share trading; stockbroking business; rental received from Shari'ah non-compliant activities; and other activities deemed non-compliant according to Shari'ah principles as determined by SAC.
Financial ratio benchmarks	Cash over Total Assets is lower than 33%	Cash will only include cash placed in conventional accounts and instruments, whereas cash placed in Islamic accounts and instruments will be excluded from the calculation.
	Debt over Total Assets is lower than 33%	The debt will only include interest-bearing debt whereas Islamic debt/financing or <i>sukuk</i> will be excluded from the calculation.

Source: <https://www.sc.com.my/> and Nor, et al. (2019)

In November 2023, there were 808 Shari'ah compliant securities listed on Bursa Malaysia, with the highest number belonging to industrial products and services at 243 securities and the lowest is financial services at 5 (Securities Commission Malaysia, 2023: 27).

3.3.3.3. Takaful

The word takaful is derived from an Arabic word that means “guaranteeing each other.” The term takaful is a masdar (infinite noun), which is derived from the root word *ka-fa-la* that means guaranteed. Technically, from the economic point of view, it means mutual guarantee provided by a group of people living in the same society against a defined risk or catastrophe befalling one's life, property or any form of valuable things (Aziz, 2021: 63).

The first Islamic insurance company was established in Sudan in 1979 and then it was followed by other countries to open it such as Islamic Arab Insurance in Jeddah (1979), Dar al-Mal al-Islami in Geneva (1979), Islamic Takaful Co in Luxembourg (1983), Islamic Takaful in Bahrain (1983), Bayt al-Tamwil in Turkey (1986), USA Takaful in United States of America (1990), IBB Takaful in Brunei (1995). Moreover, the first establishment of takaful in Malaysia was in 1985.

Accordingly, the Takaful Act introduced by the Malaysian Government in 1984, was enacted to provide for registration and regulation of Takaful business in Malaysia and for other purposes relating to or connected with takaful. Hence, in developing of takaful industry, BNM has adopted a gradual approach which can be divided into three phases (Shafi'i, et.al., 2013: 191):

Table 5: The Phase of Takaful Industry Development in Malaysia

<p>Phase II (1984-1992)</p>	<p>Started with the enactment of a dedicated regulatory law, i.e., the Takaful Act 1984 and the establishment of the first takaful operator took place in 1984. The primary focus during this period was the establishment of the basic infrastructure for the industry.</p> <p>This Act which is still in use is enacted to govern the conduct of takaful business and requires registration of takaful operators. It also provides for the establishment of Shari'ah Committee to ensure that the business operations of a takaful operator comply with Shari'ah principles at all times.</p>
<p>Phase II (1993-2000)</p>	<p>it marked the introduction of competition with the entry of another takaful operator. During this period also, greater cooperation among takaful operators in the region was achieved including the formation of the ASEAN Takaful group in 1995 and the establishment of ASEAN Re-Takaful International (L) Ltd, in 1997.</p> <p>This has facilitated Re-Takaful arrangements among takaful operators in Malaysia and the region, namely</p>

	<p>Brunei, Indonesia, and Singapore.</p> <p>It began with the introduction of the Financial Sector Master Plan (FSMP) in 2001 which, among its other objectives, is to enhance the capacity of the takaful operators and strengthen the legal, Shari'ah and regulatory framework.</p>
<p>Phase III (2001-2010)</p>	<p>The section of the FSMP which relates to Islamic banking and Takaful is a road map towards realizing the aspiration of Malaysia of becoming an International Center for Islamic Finance. This period has so far witnessed an increasing pace of development and competition with the licensing of three new operators.</p>

Source: Shafi'i et al. (2013)

With the Islamic Financial Services Act (IFSA) 2013, it reflects the transformation of takaful operator in Malaysia. Several changes has been seen compared to Takaful Act 1984 in term of definition, inclusion of participants risk fund, inclusion of the beneficiaries, single liseded takaful business, minimum capital requirements, Shari'ah governance, and payment of takaful business (Jamil and Jamal, 2016).

Currently, takaful becomes one of the important instruments in wealth management business in the protection of wealth, and it differs from other conventional wealth management products since it has been constructed based on shariah (Azhar & Arshad, 2012: 102). In Islamic banks, Takaful operators maximize the opportunities through Bancatakaful arrangements to reach out to segments that are not captured by the traditional agency forces.

3.3.3.4. Islamic Estate Planning

Estate planning is the activity of planning by the individual for the transfer of their wealth or their estate to others (Rasban, 2006: 191). In the Islamic point of view, the

estate planning must ensure some objectives such as the means of transfer and just or equitable distribution must comply with Shari'ah. To Shafi'i et, al. (2013), it can be regarded as the final stage of wealth planning and management where the distribution of wealth upon one's death is planned according to one's objective and wishes using the Shari'ah guidelines (Shafi'I et.al. 2013: 348). It is associated with the concept of wealth distribution.

Moreover, the main features and application of Islamic estate planning in Malaysia are related to Islamic wealth distribution. It can be divided into three categories from the side of discretion, namely: 1) Allah's discretion, 2) Prophet discretion and 3) human discretion. The first category is zakah and farāid that portion and allocation are from the discretion of Allah such as the portion one second, one third and one fourth in farāid and eight ashnaf in zakah.

The second category is *wassiyah* that exist when the Prophet Muhammad pbuh visited Sa'd bin Waqqas during his illness as reported by Ibn Sa'd that his father as saying: Allah's Apostle (may peace be upon him) visited me during my illness. I said: I am willing away the whole of my property. He said: No. I said: Then half ? He said: No. I said: Should I will away one-third? He said: Yes, and even one-third is enough. The concept of *wassiyah* is mentioned in the Qur'an, and the Prophet pbuh through his hadith set the portion of it which is one third. The third category is *hibah*, *waqf*, *nazar*, and trust that their amount to be distributed or transferred to others depends on human discretion.

Hence, it is also divided into two categories from the side of time. First, wealth transfer while alive that instruments can be used such as *hibah*, *sadaqah*, *waqf*, *trust*, and *nazar*. Second, estate distribution upon death *wassiyah*, *farāid*, and *hibah*.

Table 6: Instruments of Wealth/Estate Transfers for Muslims

Wealth Transfer While Alive	Wealth Distribution Upon Death
Instruments: 1) <i>Hibah</i> 2) <i>Sadaqah</i> 3) <i>Waqf</i> 4) Trust 5) <i>Nazar</i> 6) <i>Iqrar</i> 7) Jointly acquired property	Instruments which are subject to: bequest rules: 1) <i>Hibah</i> 2) <i>Sadaqah</i> 3) <i>Waqf</i> 4) Trust 5) <i>Nazar</i> 6) Bequest 7) Obligatory bequest (<i>Wasiyyah wajibah</i>)
There is no limit on shares imposed on any of the instruments above	Instruments which are not subject to <i>wasiyyah</i> (bequest) rules: 1) Statutory disposition 2) <i>Farāid</i> 3) <i>Iqrar</i> 4) Jointly acquired property

Source: Alma'mun (2010)

From its objective, it has three, namely: family and society purposes. Firstly, it is for individual purposes that transfer of wealth to others either family or society is to obtain the reward in the hereafter. Secondly, the transfer of wealth for family purposes to sustain the needs of the family by using some instruments such as *wassiyah*, *farāid*, *hibah*, and *waqf*.

In term of the regulatory framework, *wasiyyah* jurisdiction is subjected to the Ninth Schedule, List II, State List, Malaysian Federal Constitution, which means the jurisdiction to amend and implement *wasiyyah* is the State Authorities. Each state in Malaysia has one provision that includes the Syariah Court jurisdiction related to *wasiyyah* through Islamic Religious Administration (in states that do not have any special statute provision of Syariah Court) and Syariah Court Statutes (Kamaruddin & Nor

Muhamad, 2018: 11). For determination of estate, distribution is enacted in Law of Malaysia Act 1998, Small Estate (Distribution) Act 1995.

To Razimi (2016), there are four institutions regulated by law to handle the distribution of the estate. Firstly, Amanah Raya Berhad (ARB), which duty is to control the deceased's estate which is left the only moveable property and its value does not exceed RM 600.000 according to the Akta Perbadanan Amanah Raya Berhad (Act 532). Secondly, Seksyen Pembahagian Pusaka/Pejabat Tanah (Small Inheritance), which handle property of deceased who left immovable property (land) or moveable property such as money bank deposits and so on and its value does not exceed RM 600.000 and intestate according to the Will Act 1959 and Law of Malaysia Act 1998, Small Estate (Distribution) Act 1995.

Thirdly, Mahkamah Tinggi, which control the deceased who left property whether the immovable property (land) or personal property worth more than RM 600.000 or property intestate (for non-Muslims) through its value is less than Rm 600.000. Fourthly, Mahkamah Shari'ah, which handles determining heirs and part of everyone's heir issued the certificate of inheritance based on the enactment administration of Muslim states or the administration Act Islam (Federal Territories) Act 1993 (Act 1955).

Another important regulatory framework related to estate planning is *waqf*. It is also subjected to the Ninth Schedule to the Federal Constitution that gives the exclusive powers of the state government to legislate laws on the administration of *waqf*. Section 25 of the Civil Law Act 1956 specifically recognizes the disposal of property according to Islamic law and thus, the administration of waqf properties by the powers of the State Islamic Religious Councils in all states (Kader & Zubaidah, 2013: 2).

Table 7: Provisions relating to Waqf in the Respective States' Administration of Islamic Law Enactments

State	Enactment	Sections
Perlis	Administration of the Religion of Islam Enactment 2006	ss 89-95
Kedah	Administration of Islamic Law (Kedah Darul Aman) Enactment 2008	ss 51-58
Penang	Administration of the Religion of Islam (State of Penang) Enactment 2004	ss 89-95
Perak	Administration of the Religion of Islam (Perak) Enactment 2004	ss 78-84
Federal Territories	Administration of Islamic Law (Federal Territories) Act 1993 (Act 505)	ss 61-68
Selangor	Administration of the Religion of Islam (State of Selangor) Enactment 2003	ss 89-95
Kelantan	Council of the Religion of Islam and Malay Custom Kelantan Enactment 1994	ss 61-66
Terengganu	Administration of Islamic Religious Affairs (Terengganu) Enactment 1422 H	ss 63-69
Pahang	Administration of Islamic Law Enactment 1991	ss 70-78
Malaka	Administration of the Religion of Islam (State of Malacca) Enactment 2002	ss 77-83
Negeri Sembilan	Administration of the Religion of Islam (Negeri Sembilan) Enactment 2003	ss 89-95
Johor	Administration of the Religion of Islam (State of Johor) Enactment 2003	ss 89-95
Sabah	Majlis Ugama Islam Negeri Sabah Enactment 2004	ss.51-57
Sarawak	Majlis Islam Sarawak Ordinance 2001 (Chap. 41)	s.43, ss. 51-54

Source: Sharifah Zubaidah and Syed Abdul Kader (2013)

Another importance of Islamic estate planning that cannot be denied in economic development and the living standards of the Muslim community is *hibah* (Said & Saad, 2016: 18). In the view of Muda (2008) stressed that *hibah* is an important tool and should be implemented in order to avoid disputation over inheritance that can lead to frozen estate problems. To ensure the practice of *hibah* giving goes smoothly, the state must

have law provision. Generally, hibah giving is subjected to the Ninth Schedule, List II, State List, Federal Constitution (Abdul Rashid & Yaakub, 2010; Md Yunus, 2015). The product of conditional hibah has been offered by related institutions such as Amanah Raya Berhad (ARB), Wasiyyah Shoppe Berhad, as-Salihin Trustee Berhad, CIMB, Tabung Haji, Amanah Saham Nasional Berhad (ASNB) and Prudential BSN Takaful Berhad, as Islamic estate planning.

3.3.3.5. Zakah Institutions

In Malaysia, though Islam the official religion, The Federal Government does not have full authority in religious affairs (Shafi'I et.al., 2013: 276). There are four distinct types of zakah organizations involved in zakah management in Malaysia (Ab Rahman, et.al., 2012: 38-40). First type is zakah organization which manages the collection and distribution of zakah independently from the State administration of Islamic law enactment such as Jabatan Zakat Negeri Kedah established under the Kedah Zakat Enactment 1995 and Tabung Baitul Mal Sarawak established under the Sarawak Council Corporation 1984. Second type is zakah organization has been established under the state administration of Islamic law enactment such as Lembaga Zakat Selangor (LAZ) that manages the zakah fund under trustee (Corporation) Act 1952 and Pusat Urus Zakat Pulau Pinang (PUZ) as subsidiary of Majelis Agama Islam Pulau Pinang and is established under the Companies Act 1965.

Third type is a zakah organization established under an Act or the State administration of Islamic law with the sole responsibility of collectiong zakah. All zakah

collection are the directed to MAIN (Majelis Agama Islam Negeri), which distributes the zakah collected to the appropriate beneficiaries such as PPZMAIWP (Harta Suci Sdn. Bhd.); PZM–MAIM (Pusat Zakat Melaka Sdn. Bhd.); PZNS–MAINS (Pusat Zakat Negeri Sembilan Sdn. Bhd.); PKZ–MAIP (Pusat Kutipan Zakat Pahang Sdn. Bhd.). This is call privatization of zakah management. Privatization means the components of transfer of government services or assets to the private sector to improve the quality and performance significantly (Hairunnizam & Kader, 2010). The policy on privatization of the zakah administration are as follows: 1) to provide specific officers, offices or counter for collection of zakah separately from MAIN; 2) to utilize the state-of-the-art in computer technology in all zakah related dealings; 3) and to set up corporate working system which is not bound by bureaucracy Ab Rahman et.al., 2012: 38).

Table 8: Name of Zakah Center in Malaysia

State	Year of Privatization	Name of Center
The Federal Territory of Kuala Lumpur	1991	Pusat Pungutan Zakat
Pahang	1991	Pusat Kutipan Zakat Pahang
Selangor	1995	Lembaga Zakat Selangor
Pulang Pinang	1995	Pusat Unit Zakat
Negeri Sembilan	2000	Pusat Zakat Negeri Sembilan
Melaka	2000	Pusat Zakat Melaka

Four type is that MAIN handles the collection and distribution of zakah through its own unit or department of baitulmal, as well as through zakat centers such as Majlis Agama Islam Johor; Majlis Agama Islam Perlis; Majlis Agama Islam and Adat Melayu

Perak; Majlis Agama Islam and Adat Istiadat Melayu Kelantan; Majlis Agama Islam and Adat Istiadat Melayu Terengganu and Majlis Ugama Islam Sabah. Labuan Federal Territory has not privatized either zakah collection or distribution where MAIN is the only institution manage the zakah totally significantly (Hairunnizam & Kader, 2010: 5).

Regarding the type of zakah is divided into two, namely the zakah of wealth (*māl*) and the body (*fitriah*). It is well understood in Shari'ah that zakatable items such as livestock, gold and silver, agriculture crops, business assets, idle money, minerals, and treasure troves. However, the list of zakah is expanded to cover: saving (including deposit, trust funds, and employee provident funds (EPF)), wages, business, and shares (Ismail et, al., 2013: 3). In Malaysia, the payment of zakah does not only via the counter of zakah provided by all zakah centers in each state but also via banks.

3.4. Islamic Banking and Islamic Wealth Management in Malaysia

An increasing number of Islamic banks have already started offering Islamic wealth management solutions to their high net worth clients (EdBiz Consulting, 2016: 17) which many Islamic banks have started to offer Islamic wealth management service by giving advice and managing costumers' fund (Dusuki & Abdullah, 2011: 131), which is offered as part of private banking services (Alam, 2017: 452). For instances, Bank Islam Malaysia Berhad (BIMB), Bank Muamalat Malaysia, CIMB Islamic bank, Maybank Islamic, Affin Bank, Hong Leong Islamic bank, Al-Rajhi Bank, Alliance Bank, and AM Islamic bank.

Commonly, the product and service of Islamic wealth management offered by Islamic banks in Malaysia are in three wealth allocation: 1) Investment/asset allocation;

2) Bancatakaful, and 3) Wealth Distribution. First is investment allocation. Dusuki and Abdullah (2011) explain in brief various asset classes in the Islamic wealth management such as in sukuk, real estates (I-REITS), Islamic private equity, Islamic hedge fund, Islamic ETFs, Unit Trust, Commodities, and Islamic Structured Instruments.

Sukuk (plural of *sakk*) is defined as certificates with each sakk representing proportional undivided ownership right intangible assets, or a pool of predominantly tangible assets, or a business venture (such as a *muārabah*) (IFSB, 2017). The investment sukuk under AAOIFI's definition is the representation of undivided shares in ownership of tangible assets; usufruct; services; assets of particular projects; or special investment activity.

Islamic Real Estate Investment Trust (I-REITS) is an investment vehicle that proposes to invest at least 50% of its total assets in real estate, whether through direct ownership or through a single purpose company whose principal asset comprise real asset.

The product and service of Islamic wealth management in Islamic bank are currently used widely in Malaysia. For instance, Bank Islam Malaysia Berhad (BIMB), which began operations as Malaysia's first full-fledged Islamic banks, on July 1, 1983. Its establishment was primarily to cater to the financial needs of Muslim in the country, and to extend its services to the whole population at large further (Rahman, 2000). Therefore, this study will intentionally examine the implementation of Islamic wealth management at Bank Islam Malaysia Berhad (BIMB) and Bank Muamalat Malaysia Berhad (BMMB), which are leading Islamic banks in Malaysia with fully Islamic fledged.

In BIMB, Islamic wealth management is under the unit of personal banking. So, its products are only focusing on Islamic unit trust and BancaTakaful. BIMB does not distinguish between wealth protection and distribution, because it can be assumed that will is one of the wealth preservations toward the love's one by transferring the wealth upon death. It can be said that BIMB does only focuses on wealth accumulation and protection product to provides financial needs on Islamic wealth management.

Bank Muamalat Malaysia Berhad (BMMB) is the 2nd full-fledged Islamic bank in Malaysia established in 1999 as a result of the merger between Bank Bumi Putera Malaysia Berhad (BBMB) and Bank of Commerce (Malaysia) Berhad (BOC). The development of Islamic wealth management in the case of BMMB has several activities and achievements. For example, Bank of London and The Middle East plc (BLME), Europe's largest Islamic bank, signed a Memorandum of Understanding (MoU) with Bank Muamalat Malaysia Berhad (Bank Muamalat) for the development of a collaborative Shari'a-compliant private banking offering in Malaysia to meet the demands of High Net Worth Individuals (HNWIs), domestically and globally, by providing a wide range of Islamic Wealth Management products and services (<https://www.blme.com>).

The aims of MoU is to enhance Islamic banking values through the development of a competitive Islamic Private Banking platform which will bridge the UK, Middle East, and Asian Islamic financial markets as known today that Islamic wealth management is becoming more international in scope (Ibid). In wealth management achievement, BMMB was awarded by Wealth Briefing Asia Singapore as the best private bank in Malaysia in 2016.

The first procedure used by BMMB in Islamic wealth management for its clients are known as Know Your Customer Profile (KYCP), background check, need analysis, investment horizon and risk profile.

About the product and service of Islamic wealth management, it divides into three products namely banca-takaful, investment and wealth purification. Ramli (2017) said that Islamic banks in Islamic wealth management are the third-party agent from takaful of the investment company. In bancatakal, Malaysia Berhad (Bank Muamalat) signed an agreement with Bank Muamalat Great Eastern Takaful Berhad (GETB) to enter into a strategic alliance to distribute Banca-takaful products (<https://www.themalaysianreserve.com>). BMMB as a partner in banca-takaful for GETB only offers family takaful for its client, whereas for general takaful uses Zurich Takaful (Ramli, 2017). Hence, general takaful covers M-Tiara East Pa Takaful, M-Tiara Householder Takaful, and M-Tiara Ihram Travel Pa Hajj. For the family, takaful covers M-Tiara Hajj (The first Family Takaful plan offered under the partnership with GETB), Hire Purchase Reducing Term Takaful, M-Tiara Education, M-Tiara Iltizam and M-Tiara Link.

M-Tiara Hajj provides a range of protection and financial assistance benefits to Muslims who are preparing to perform their pilgrimage to Mecca. Contribution rate starts as low as RM100 per month, thus making this product highly accessible to all. In addition to these benefits, M-Tiara Hajj also offers the Adha Benefit. Through this benefit, customers will receive a maximum of RM500 in cash from the Takaful Operator's Fund. The payment can be used towards financing the cost for a Qurban during Eid-ul-Adha.

Customers will be given the option to perform the deed themselves or appoint Great Eastern Takaful as the agent (<https://www.greateastertakaful.com>).

Muamalat Gold-i (MGi) is the latest initiative to bolster the Bank's Wealth Management products and services which includes Takaful, Investment and Will Writing (<http://www.4-traders.com>). This product was launched on April 12, 2016, an alternative investment vehicle to complement the existing investment products that the Bank currently has on it's shelved. The Bank is an agent via The Perth Mint Australia's authorized distributor for the supply of the fineness (99.99%) London Bullion Market Association (LBMA) accredited gold bar (Ibid).

It can be stated that the products and services of Islamic wealth management offered by Islamic banks in Malaysia include three components, namely wealth accumulation, protection and distribution. Islamic banks in Malaysia offer Islamic wealth management products and services holistically in collaboration with takaful institutions and Islamic estate planning in terms of wealth protection, distribution and purification products and services.

Islamic banks, in their capacity as providers of Islamic wealth management products and services, can offer a holistic approach to managing clients' wealth that should encompass both worldly (*dunya*) and hereafter (*akhirah*) aspects in order to achieve *falah* (Ismail and Cahyo, 2017: 49). To achieve the goal of *falah*, Islamic banks, as providers of inclusive Islamic wealth management products and services, can assist net-deficit (low-income and poor), not just focusing on wealthy people. One of the critics is that Islamic wealth management has been targeting affluent people, as mentioned by Syed Othman Al-Habsyi in BNP Paribas-INCEIF Centre for Islamic Wealth

Management's inaugural colloquium. He said that wealth management is not confined to only rich people but also includes the poor that should focus more on distribution besides other stages (<https://www.thestar.com.my/business/business-news/2013/12/20/islamic-wealth-management-needs-to-develop-further>).

To Ahmed and Shalleh (2016), the application of the inclusive Islamic financial planning framework would, however, require institutional development of a social planner or manager to serve the financial needs of the poor. That is what distinguishes the characteristics of Islamic wealth management from conventional wealth management. With inclusive Islamic wealth management carried out by Islamic banks, specific wealth management for each household can be developed to their financial and needs at different levels of the hierarchy.

In figure 6 can be explained that the role of inclusive of Islamic wealth management by Islamic banks is as follows.

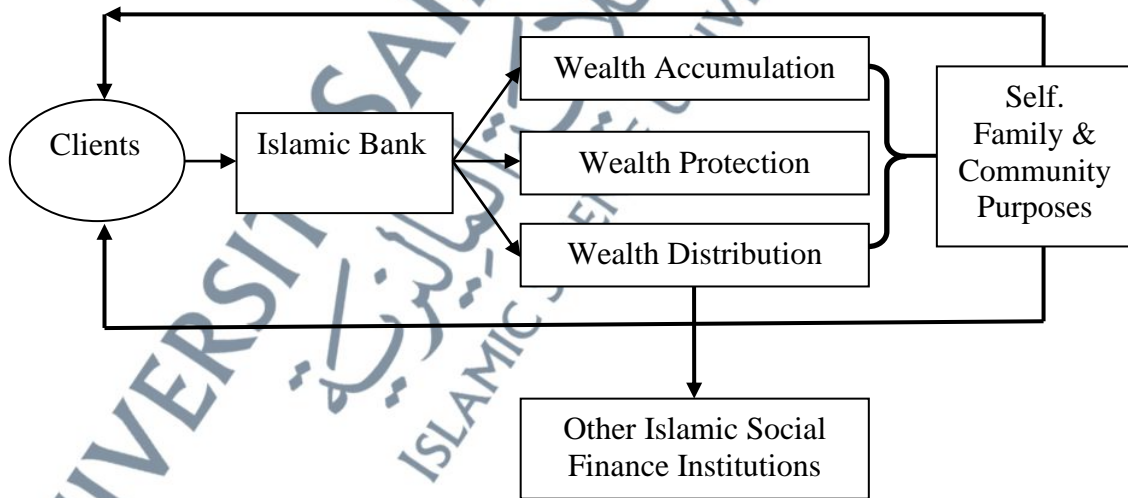


Figure 6: The Holistic Role of Islamic Bank in Islamic Wealth Management

The explanation of above figure is:

1. The clients approach Islamic bank seeking optimal financial product and service for their assets.
2. As providers of Islamic wealth management products and services, Islamic banks need to comprehend the needs and aspirations of their client based on their level assets by knowing your customer profile (KYCP). Relation managers will assess the optimal investment solutions for each client, considering their individual requirement and risk/reward preferences. Additionally, the relation manager will offer various products and services, including investment, trust and estate planning, tax planning, cash-flow management, accounting report and legal advice. However, the range of products and services provided by Islamic bank can be categorized into three main areas: wealth accumulation, banca-takaful, and wealth distribution. A competent relation manager or wealth management at an Islamic bank should not only focus on offering investment and takaful product (worldly matters) that increase and protect the values of wealth but also advise clients to invest their wealth in akhirah investments that generate spiritual reward.
3. The clients will receive tangible returns from their selected investments, along with asset protection and a guaranteed assurance for the transfer of ownership both during their lifetime and after their passing to their family through inheritance, will, hibah, and waqf family.
4. As for wealth distribution that will impact the reward for the clients in the hereafter such as zakah, infaq, sadaqah, and waqf, Islamic banks collaborate

with Islamic social financial institutions such Islamic micro finance, and zakah and waqf organization, to help their clients creating and enhancing the value of their wealth through capital assistance programs for business with *qard al-hasan* and micro-takaful subsidies in the form of gift (*hibah*).

3.5. Islamic Estate Planning and Wealth Management in Malaysia

Islamic estate planning is an important institution in Islamic wealth management. Amanah Raya Berhad is the pioneer estate planning institutions, which practically halve of the Islamic finance period in Malaysia (Hassan & Abdul Rahman, 2020: 67). For Muslims, Islamic estate planning is crucially needed to ensure a smooth distribution of wealth amongst heirs and loved ones (Wahab, et, al., 2021: 225). It is useful for a person to plan distribution of his wealth after death, in addition to the rules of farā'id (Shafii, et.al., 2013: 353). Also, it can be said that Islamic estate planning is linked to Islamic wealth distribution especially the distribution of wealth amongst heirs and loved ones upon life and after death.

In term of legal ownership, the rights of Farā'id heirs would not be automatically transferred. However, such rights and portions must be claimed and vested through the legal components, or the estate will remain frozen under the name of the deceased and would not be of any benefit to the heirs. Therefore, the Islamic wealth management components is important so that the property to be given or bequeathed to his family or loved ones is in accordance with the principles and teachings of Islam (Fazillah, 2022).

The major instruments offered by Islamic estate planning institutions in Malaysia are *hibah*, *wasiyyah farā'idm* and *waqf*. Amanah Raya Berhad, MyPusaka, Wasiyyah

Shopper, As-Shalihin Berhad are some providers in estate planning in Malaysia. In its implementation Islamic estate planning falls within jurisdiction of two courts and two administrative agencies (Md Azmi & Sabit Mohammad, 2011). There are three type of Islamic estate planning institutions, namely: Public, private, and religious council. The followings are the list of estate planning institutions in Malaysia:

Table 9: Institutions of Islamic Estate Planning Industry in Malaysia

No/Item	Institution	Operational Nature	Year of Establishment
1.	Amanah Raya Berhad	Public Trustee	1921 (Corporatized in 1995)
2.	As-Salihin Trustee Berhad	Private Trustee	2004
3.	Wassiyah Shopper	Private Trustee	2004
4.	MyAngkasa Warisan Berhad	Private trustee	2014
5.	Selangor Islamic Religious Council	Religious Council	2008
6.	Pacific Trustee Berhad	Private Trustee Berhad	1994
7.	Maybank Trustee Berhad	Private Trustee	1963
8.	CIMB Islamic Trustee Berhad	Private Trustee	1988
9.	RHB Trustee Berhad	Private Trustee	2002
10.	PB Trustee Service Berhad	Private Trustee	1968
11.	Affin Hwang Trustee Berhad	Private Trustee	1990

Source: Abdul Rahman & Hassan (2021)

Corresponding to Section 25 of the Civil Law Act 1956, the administration of Muslim's estate shall be in accordance with the Islamic law. However, Article 74 (1) of

Malaysian Federal Constitution read with Ninth Schedule Paragraph 4 (e) (i), provides that the Civil High Court has the jurisdiction over matters relating to succession, testate and intestate, probate and letters of administration. This has implications for the practice of Islamic estate planning in Malaysia. It is not only about the legal landscape, but also fatwa standardization, extended procedures, grant applications, governing law, Shari'ah compliant status, knowledge on the Islamic inheritance concepts. and beneficiaries' conduct (Abdul Rahman & Hassan, 2021: 251).

3.6. Conclusion

The development of Islamic wealth management has been supported by several factors. In global scope, the expected growth of world Muslim HNWIs in the future, who wish to manage their funds in Shari'ah-compliant wealth management product and service, encourage all Islamic finance institutions in the world to offer the products and services of Islamic wealth management including Malaysia.

Malaysia is one of the countries that attempts to be the hub of Islamic wealth management in the world. It is seen the government supporting by providing the infrastructure such as financial sector blue-print 2011-2022 that focuses to improve the role of the Labuan International Business and Financial Center as a premier as integrated business and financial center with financial institutions focused on wealth management, and Islamic fund and wealth management in Malaysia Blue-Print that is made to achieve the vision for Malaysia to be leading international center for Islamic fund and wealth management.

Moreover, the industry of Islamic wealth management can grow rapidly in Malaysia because the institutions, regulations, and products and services are established very well. Overall, the growth prospects for the Islamic fund and wealth management industry in Malaysia will be driven primarily by higher demand for Shariah-compliant products and services. By then, the ecosystem of Islamic economic and finance either partly and fully offer the products and services of Islamic wealth management in Malaysia.

It can be summarized that in the early stage of Islamic wealth management in Malaysia begin with the existence of Islamic economics and finance. The second stage, Islamic wealth management via Islamic banking does provide not only the saving but also investment product such as equities and unit trust in 2000. The third stage, Islamic wealth management covers most needs of HNWI's over wealth cycle, which are linked to all components of Islamic wealth management. However, The Malaysia Financial Planning Council (MFPC) that was formed in 2002 is one of the institutions that play the role to establish Islamic wealth management in Malaysia.

Table 10: The Stages of the Development Islamic Wealth Management in Malaysia

No	Phase	Explanation
1.	Phase I: Foundation of Islamic wealth management (1960-2000)	<ol style="list-style-type: none"> 1. The existence of Islamic economics and finance institutions such as Tabung Haji, Bank Islam Malaysia Berhad, and Islamic estate institutions. 2. The establishment of Islamic economics and finance studies at several university in Malaysia.
2.	Phase II: Development of Islamic wealth management (Early 2000s)	<ol style="list-style-type: none"> 1. Islamic banking begun offering savings and investment products, including equities and unit trusts. 2. This phase marked the initial steps towards

		providing Islamic wealth management products and services by offering such as saving account, investment funds and banca-takaful to the customers.
3.	Phase III: Post-2000	<ol style="list-style-type: none"> 1. The Malaysia Financial Planning Council (MFPC) that was formed in 2002. 2. Dikeluarkannya the Islamic Financial Service Act 2013. 3. The securities commission launched Islamic fund and wealth management blue print in 2017.

Source: Author (2024)

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