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Islamic Finance

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Shariah Supervision: The Need To Certify Shariah Scholars

Shariah supervision plays a vital role in the development of Islamic banking and finance. It denotes that the management of the Islamic financial institutions' commitment in the matter of transparency and accountability in the matter of Shariah compliance. Shariah supervision is a process taken by the scholars who is responsible to determine whether certain products in Islamic Banking and Finance are Shariah-compliant. The supervision begins from the development of the Islamic financial product (the product), until it is launched and throughout the period the said product is offered.

The primary objective of having the Shariah supervision in Islamic banking and finance is to ensure that a financial product or service complies with Islamic legal precepts, either by its compliance to a recognised legal norm or by it not violating the same.

In the view of the importance of Shariah supervision in Islamic banking and finance, the International Shariah Research Academy for Islamic Finance (ISRA) has recently initiated a move to appoint board of regulators for the certification of qualified Shariah scholars to sit on Shariah board by the end of this year. It is the first international official recognition for Shariah scholars even though there were several failed attempts to set up an organization to certify these experts previously due to the different interpretation of Shariah Law by Shariah scholars all around the globe.

The main aim of certification is to reinforce the industry's reputation and make it easier for banks and financial institutions to find qualified advisers in Islamic banking and finance. Another objective is to strengthen the confidence in the industry by making the Shariah scholars truly professional. The Islamic finance industry is in need of competent Shariah scholars to advise on the issue of compliance of the products. This certification will be one of ways to avoid the selection of inept person as the Shariah advisers by Islamic financial institutions.

ISRA also mentioned that there is a need of centralizing the organization to certify these scholars as it will increase investment because banks would save time in selecting the expert to ensure the products are permissible according to Shariah.

Hence, it is hoped that the certification of the scholars will be an advantage to the Islamic banking and finance sector as the certification will provide a common platform with a global mandate.



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