

## **Exploring the Concept of Financial Planning from the Perspective of *Maqāṣid al-Sharī'ah***

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### **Abstract**

Financial planning is commonly associated with the management of debt. In reality, financial planning also includes money management, emergency planning, investments, and estate planning among others. Muslims in Malaysia generally lack of involvement in the matters concerning financial planning. It is evident when the majority of those

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who are declared bankrupt are Muslims. Lack of Muslims' participation in *takāful* and matters pertaining to Muslim inheritance is also worrying. Hence, this study is aimed at exploring the concept of financial planning from the perspective of the Objectives of the *Sharī'ah* (*Maqāṣid al-Sharī'ah*). The methodology of this study involves an in-depth interview with selected experts in the area of *Maqāṣid al-Sharī'ah* and Islamic financial planning. The results indicate the elements involved in financial planning concept are in accordance with the guidelines provided by Islam and the concept of financial planning is related to all the elements in *Maqāṣid al-Sharī'ah*, particularly on wealth protection.

### Keywords

Financial Planning, Inheritance, *Maqāṣid al-Sharī'ah*

## Introduction

Financial planning is becoming important nowadays due to the increase of people's income and longer lifespan, as well as the increasing complexity of financial systems.<sup>1</sup> Before the 1970s, financial planning was simple and only applied to the rich, however, after the 1970s, as the middle-income class rose to a higher standard of living, the demands for conventional financial planning increase.<sup>2</sup> Furthermore, Ahmed and Alwee indicate that the Islamic financial industry started to develop in the 1970s when the conventional financial demands increase.<sup>3</sup> With higher income than before even for the middle-income class, the need for financial planning consultancy increases as

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1. Habib Ahmed, and Hasnol Alwee. "Inclusive Islamic Financial Planning: A Conceptual Framework." *International Journal of Islamic and Middle Eastern Finance and Management* 9, no. 2 (2016): 170–89. <https://doi.org/10.1108/mf.2008.00934jaa.001>.
  2. Ibid.
  3. Ibid.

*Exploring the Concept of Financial Planning*

the financial product and services become complex.<sup>4</sup> Certified Financial Planner Board of Standards Inc. defines personal financial planning as a process of determining one's financial goal and the method of achieving it through proper financial resources management.<sup>5</sup>

The expansion of the debt financing and loan availability in the household sector has increased the household debt.<sup>6</sup> Previously, the household debt in Malaysia has been increasing from RM952.7 billion in 2014 to RM1,187.36 billion in 2018.<sup>7</sup> Also, Malaysia's household debt to GDP ratio increased to 83% in 2018, from 66.26% in 2006.<sup>8</sup> BNM (2019) reported an increasing pattern in financial market stress in March 2020 and household debt to gross domestic product (GDP) ratio of 82.7%.<sup>9</sup> Currently, The Edge Markets (2021) stated that BNM had indicated the household debt to GDP ratio increased in December 2020 to be at 93.3%.<sup>10</sup> Hence, the figure implied the important of right financing planning knowledge and awareness to be known to the public.

Raj, Yusof, Rahayu and Husna indicated that the household debt to GDP ratio of Malaysia is the highest among

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4. Lewis Altfest, "Personal Financial Planning: Origins, Development and Plan for Future Direction." *The American Economist* 48, no. 2 (2004): 53–60. <https://doi.org/10.1098/rstb.2011.0050>.
  5. Certified Financial Planner Board of Standards Inc. "Consumer Surveys - CFP Board." 2009. <https://www.cfp.net/news-events/research-facts-figures/cfp-board-research/consumer-surveys>.
  6. Sharezan Rahman, and Mansur Masih. "Increasing Household Debts and Its Relation to GDP, Interest Rate and House Price: Malaysia's Perspective," 2014 (August 2014), <https://mpr.ub.uni-muenchen.de/62365/>. (accessed 29th Nov. 2022)
  7. BNM. "Financial Stability and Payment Systems Report 2018," 2018.
  8. Ibid.
  9. BNM. "Financial Stability Review Second Half 2019." Retrieved from <https://www.bnm.gov.my/ar2019/>. (accessed 29th Nov 2022)
  10. The Edge Markets. "Malaysia's Household Debt-to-GDP Ratio Surges to New Peak of 93.3%." 2021. <https://www.theedgemarkets.com/article/malysias-household-debtto-gdp-ratio-surges-new-peak-933>. (accessed 29th Nov. 2022).

the developing and developed countries in Asia.<sup>11</sup> The highest ratio is about similar as compared to the household debt to GDP ratio for other countries such as Thailand at 86.6%, Indonesia at 10.4%, Hong Kong at 87.7%, Japan at 64.3%, Taiwan at 92.8% and Singapore at 67.1%.<sup>12</sup> Furthermore, the countries such as Australia, New Zealand, and the United Kingdom have a higher household debt to GDP ratio with 128.1%, 95.0%, and 95.8%, respectively.<sup>13</sup> On average, the household income in Malaysia has also been reported to be slow as the increment is only 6.6% per year.<sup>14</sup>

Sabri described that the situation of over indebtedness has escalated due to more innovative banking products easier offer and easier access such as personal financing, overdraft and credit card, thus causing an increase in bankruptcy cases among Muslims in Malaysia.<sup>15</sup> Furthermore, the Malaysian Department of Insolvency reported in 2018 many young adults were declared bankrupt due to the inability of debt repayment with the age of between 35 to 44 years old to be the highest with the percentage of 34.64%, followed by the age range of 25 to 34 years old and 45 to 54 years old each reported to be 24.79% and 22.85%, respectively.<sup>16</sup>

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11. Paul Selva Raj, Mohd Yusof, Siti Rahayu, and Nurul Husna. “Memperkokuh Amalan Pembiayaan Yang Bertanggungjawab.” *Pusat Penyelidikan Dan Sumber Pengguna (CRRC)*, 2013, 2–3. <http://www.bnm.gov.my/index.php?ch=109&pg=824&ac=60&bb=file> (accessed 29th Nov. 2022).
  12. CEIC. “Malaysia Household Debt: % of GDP, 2002 – 2021 Data.” 2020. <https://www.ceicdata.com/en/indicator/malaysia/household-debt--of-nominal-gdp> (accessed 29th Nov. 2022).
  13. Ibid.
  14. Department of Statistics Malaysia. “Report of Household Income And Basic Amenities Survey,” 2016, [https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=120&bul\\_id=RUZ5REwveU1ra1hGL21JWVlPRmU2Zz09&menu\\_id=amVoWU54UTl0a21NWmdhMjFMMWcyZz09](https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=120&bul_id=RUZ5REwveU1ra1hGL21JWVlPRmU2Zz09&menu_id=amVoWU54UTl0a21NWmdhMjFMMWcyZz09) (accessed 29th Nov. 2022).
  15. Mohamad Fazli Sabri, “Beban Hutang Isi Rumah: Isu dan Penyelesaian.” (paper presented at Seminar Beban Hutang Isirumah: Punca Dan Penyelesaian), Institutusi Kefahaman Islam Malaysia, Kuala Lumpur, 25–26 September 2014).
  16. Malaysian Department of Insolvency. “Bankruptcy Statistic Disember 2018.” Kuala Lumpur. <http://www.mdi.gov.my/index.php/about-us/resources/statistics/bankruptcy/1390-,2018> (accessed 29th Nov. 2022).

*Exploring the Concept of Financial Planning*

With respect to protection, Siti Hanifah, Sheng Ling, and Muhammad Khairul Muizz pointed out that only 35% of Malaysians possess a family *takāful* or life insurance policy.<sup>17</sup> Furthermore, the president of As-Salihin Trustees Bhd, Abdul Aziz Peru Mohamed, states that an estimated amount of RM60 billion worth of Muslims' inheritance asset in Malaysia are frozen.<sup>18</sup> This situation indirectly shows the needs of understanding the root of financial planning from the objectives of *Shārī'ah*.

Hence, the objective of this paper is to explore the concept of financial planning from the perspective of *Maqāsid al-Shārī'ah*. For this purpose, this paper is divided into five parts. The first part is the introduction to the paper and the necessity of financial planning based on current situation, followed by an explanation of the review of literature and research methodology in the second and third parts, respectively. The fourth part of this paper examines the financial planning from *Maqāsid al-Shārī'ah* perspective, while the final part is the conclusion.

### **Financial Planning from the Islamic Perspective**

The story of Prophet Yūsuf (as) recorded in the Qur'ān provides a sound basis to show the perspective of Islam towards proper planning in the economy or financial related matter.<sup>19</sup> Abdullah and Muḥammad emphasizes that Allah stresses the importance of proper planning where harvested crops were preserved as a contingency plan in case of emergency as in *Sūrah Yūsuf* (12): 47 to 49 of the Qur'ān.<sup>20</sup>

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17. Siti Hanifah, Borhan Nordin, Lim Sheng Ling, and Abd Aziz Muhammad Khairul Muizz. "Indebted to Debt: An Assessment of Debt Levels and Financial Buffers of Households," 2018 (March 2018). [www.bnm.gov.my](http://www.bnm.gov.my). (accessed 29th Nov. 2022).

18. Siti Rohana Idris. "Lebih RM60 Bilion Harta Orang Islam Terbeku." 2019. <https://www.hmetro.com.my/mutakhir/2019/02/427566/lebih-rm60-bilion-harta-orang-islam-terbeku> (accessed 29th Nov. 2022).

19. Amalina Abdullah, and Junaina Muhammad. "Ethical Values in Islamic Financial Planning." *Jurnal Pengurusan* 38, (2013): 133–140.

20. Ibid.

Also, another verse of the Qurʾān related to financial planning is in *Sūrah al-Hashr* (59): 18. This verse cautions about human limitation of knowledge where only Allah knows about the future; therefore, we must always be in a prepared state.<sup>21</sup> The preparation normally includes financial planning, and we must always be aware of anything that follows is according to Allah's will.

#### *Guidelines Provided by Islam on Financial Planning*

Financial planning relates closely to the concept of piety (*taqwā*), righteousness or devotion.<sup>22</sup> The component in financial planning among others, wealth accumulation like savings, wealth protection like *takāful*, wealth purification like *zakāh*, *waqf*, *wasiyyah*, *hibah*, *sadaqah*, *farā'id*, etc., if appropriately done, increase *taqwa* and closeness to Allah. Azhar and Arshad (2012)<sup>23</sup> for instance, relates the indication of *hibah*, *sadaqah*, and *zakāh* with *taqwa* stated in the Qurʾān of *Sūrah al-Baqarah*, (2): 177.

Furthermore, the most extended verse in the *al-Baqarah* chapter of the Qurʾān is related to financial planning.<sup>24</sup> The verse, which is from *Sūrah al-Baqarah* (2): 282, explains that for each debt made, a contract must be written. The purpose is to ensure that each party involved should be aware of their commitments and obligations to pay the debt as well as to prevent fraud.<sup>25</sup> Hence, this situation shown that debt financing is permissible, however,

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21. Nejatullah Siddiqi, "Objectives of Syariah." Islamabad, Pakistan, 2010.
  22. Emrullah Ali, and Muhammad Hadimi. *Ethics of Islam*. 3rd ed. (Istanbul: Waqf Ikhlas Publication, 2001).
  23. Alias Azhar, and Noraziah Che Arshad. "Takaful as a Risk Management Tool in Islamic Estate Planning." *Journal of Business Management and Accounting* 2 (2012): 101–116. <https://doi.org/10.1158/0008-5472.CAN-09-3112>. (accessed 29th Nov. 2022).
  24. Zairani Zainol, Aini Nur Hajjar Khairol Nizam, and Rosemaliza Ab Rashid. 2016. "Exploring the Concept of Debt from the Perspective of the Objectives of the Shariah." *International Journal of Economics and Financial Issues* 6, no. 7S (2016): 304–312.
  25. Syahnaz Sulaiman, "Konsep Pinjaman Menurut Perspektif Islam." *Jurnal Penyelidikan Islam* 22, (2009): 167–88.

*Exploring the Concept of Financial Planning*

it is crucial to manage debt as required by the *Sharī'ah*, and this required further understanding about financial planning from *Maqāṣid al-Sharī'ah* perspective.

*Prohibition on Excessive Spending*

It is a disturbing reality in Malaysia today where the trend for a high percentage of financing is for luxury spending.<sup>26</sup> Mokhtar and Ismail concurred that apart from necessities, and individuals also incur debt for the embellishment and lavishness and a means to accumulate wealth.<sup>27</sup> This trend is prohibited, as stated in *Sūrah al-A'raf* (7): 31 of the Qur'ān.

Although debt is allowed in Islam, it is not encouraging to involve in excessive debt as it will hinder from achieving the objectives of the *Sharī'ah*.<sup>28</sup> Zainol, Nizam and Ab Rashid also indicated that it is crucial to prioritise debt according to the purpose, which is necessity, complementary or solely for embellishment (*tahṣīniyyāt*)<sup>29</sup>. Part of financial planning, is to identify the priority and to ensure if debt is needed, it is used for the utilization of wealth and not for the consumptive purposes.

*The Concept of Ta'āwun and Ḥuqūq al-'Ibād*

According to Bhat, Islam has set two types of rights (*huqūq*): first, rights of God (*huqūq Allah*), and the latter is the rights of the fellow woeshippers (*huqūq al-'Ibād*).<sup>30</sup> The financial planning is about the rights of other people. In other words, these rights

26. Mohammad Firdaus Mohammad Hatta, and Mawil Izzī Dien. "Examining the Dominance of Islamic Debt-Based Products in the Economy." *International Journal of Arts and Commerce* 3, no. 6 (2014): 51–68.

27. Maznita Mokhtar, and Azman Ismail. "Shariah Issues in Managing Household Debt: The Case of Malaysia." *Jurnal Pengurusan* 37, (2013): 63–76. <http://journalarticle.ukm.my/6959/>. (accessed 29th Nov. 2022).

28. Zairani Zainol, et al., "Exploring the Concept of Debt"

29. Ibid.

30. Samee-Ullah Bhat, "Human Rights in Islamic Tradition : An Overview." *Journal of Advanced in Humanities and Social Science* 5, no. 5 (2018): 12–16.

must complement each other in the sense that in order to obtain the pleasure of God, one must not only put forth the spiritual devotion but also honour the rights of others which include the financial right. This is true in the form of wealth purification that requires the individuals to pay *zakāh* and encourages them to give *sadaqah*. From the beginning stage of lending, debtors should have strong determination to repay the debt and should consult the lenders for options if the repayment is halted due to certain constraints.<sup>31</sup>

Bensaid further added that indebtedness for a Muslim from the Islamic ethical perspective is allowable provided that it is coupled with accountability and responsibility.<sup>32</sup> As a debtee, debt should not be given to gain profitability instead is to help each other as indicated in the Islamic concept of cooperation (*ta'āwun*) and to gain the pleasure of Allah.<sup>33</sup> The concept of *ta'āwun* is based on *Sūrah al-Mā'idah* verse two of the Qur'ān. This concept is vital in financial planning practices because it involves relationship between man to God and man to man. Man to God relationship for example, will manifest the rights of Allah on mankind as mentioned earlier.

### *Transparency*

Ahcene states that transparency in a contract protects a free market system from the elements of manipulation and fraud.<sup>34</sup> Chapra states that any gain from Islamic fixed-income securities is

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31. B. Bensaid, Grine et al., Enduring Financial Debt : An Islamic Perspective. *Middle-East Journal of Scientific Research*, 2013, 13(2), 162–170. <https://doi.org/10.5829/idosi.mejsr.2013.13.2.1790>Bhat, Samee-Ullah. “Human Rights in Islamic Tradition : An Overview.” *Journal of Advanced in Humanities and Social Science* 5, no. 3 (2018): 12–16
  32. Ibid.
  33. Zairani Zainol et al., “Exploring the Concept of Debt”
  34. Lahsasna Ahcene, *Maqasid Al Shariah in Islamic Finance*. Malaysia: IBFIM Publication. [https://www.researchgate.net/publication/321333441\\_Maqasid\\_al\\_Shariah\\_in\\_Islamic\\_Finance\\_2013\\_IBFIM\\_Publication\\_Malaysia](https://www.researchgate.net/publication/321333441_Maqasid_al_Shariah_in_Islamic_Finance_2013_IBFIM_Publication_Malaysia), 2013. (accessed 29th Nov. 2022).



*Exploring the Concept of Financial Planning*

related to the purpose of funding because financial relationships under Islamic law are not based on interest but shared business risk and returns with clear and transparent rights and obligations to the investors.<sup>35</sup> The statements are in line with Islam where it does not allow any oppression as in the verses from *Sūrah al-Mā'idah* (5): 1 and *al-Nisā'* (4): 29 of the Qur'ān. In the financial planning aspects, this element is associated with the wealth accumulation and wealth generation. All the cumulative wealth that is obtained shall be transparent in the term of return, profit and loss and not associated with the elements of *gharar* (uncertainty, hazards, riots). Hence, this is associated the financial planning in order to achieve *Maqāṣid al-Sharī'ah*, repelling harms (*dar' al-mafāsīd*).

*Profit-Sharing*

According to Hanif, Islamic finance is based on the principle of profit and loss sharing.<sup>36</sup> Ahmad Ghazi states that according to this, the parties involved in a contract should also anticipate the possibility of suffering a loss rather than only obtaining profit.<sup>37</sup> Furthermore, any profit-sharing ratio is allowed among the partners in Islamic law except for the sleeping partner whose ratio cannot exceed the equity stake.<sup>38</sup> However, Hanif adds, the loss-sharing is restricted to the ratio of equity of

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35. Muhammad Umer Chapra, "The Nature of Riba in Islam." *The Journal of Islamic Economics and Finance* (Bangladesh) 2, no. 1 (2006): 7–25.
  36. Muhammad Hanif, "Economic Substance or Legal Form: An Evaluation of Islamic Finance Practice." *International Journal of Islamic and Middle Eastern Finance and Management* 9, no. 2 (2016): 277–95. <https://doi.org/10.1108/IMEFM-07-2014-0078>. (accessed 29th Nov. 2022).
  37. Mahmood Ahmad Ghazi, *Muhazirat e Maeeshat o Tijarat*. (Lahore, Pakistan: Alfaisal, 2010), [http://www.genrica.com/books\\_download.aspx?titleID=183&metaID=0&volumes=0](http://www.genrica.com/books_download.aspx?titleID=183&metaID=0&volumes=0) (accessed 29th Nov. 2022).
  38. Muhammad Hanif, "Differences and Similarities in Islamic and Conventional Banking." *International Journal of Business and Social Sciences* 2, (2014): 25. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1712184](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1712184). (accessed 29th Nov. 2022).

*Fadillah, Ahmad Naim, Zairani / TAFHIM 15 No. 2 (Dec 2022): 27–61*

each partner.<sup>39</sup> Qian and Velayutham state that as Malaysia is a country that implements a dual banking system, it is clear that the income for conventional banks comes from interest while Islamic banks earn from profit sharing.<sup>40</sup> Profit sharing is encouraged in the wealth accumulation, due to its association with greater benefits to the individual and institution's wealth, while attaining greater benefits (*jalb al-maṣāliḥ*) is also one of the aims in *Maqāṣid al-Sharī'ah*.

*Prohibition of Non-Ḥalāl Activities, Ribā, Gharar and Maysir*

Moraru explains that the main principles of ruling in Islam are either based on the Qurʾān, the hadith of the Prophet Muhammad PBUH or the Islamic Jurisprudence developed by Muslim scholars.<sup>41</sup> Nothing is *ḥarām* (prohibited) except those specifically stated in the explicit *nass* (statement), which is either in the Qurʾān or the authentic Ḥadith of the Prophet Muhammad PBUH.<sup>42</sup> Islam only allows Islamic financing for a *ḥalāl* (permissible) business.

Islamic Fiqh Academy of Organisation of the Islamic Conference issued a verdict in its Resolution No. 10 (10/2), keeping the consensus of the classical scholars on the prohibition of *ribā*.<sup>43</sup> Aziz and Adnan (2017) stated that Islam prohibits extra

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39. Ibid.

40. Da Jia Qian, and Sivakumar Velayutham. "Conventional Banking and Islamic Banking : Do the Different Philosophies Lead to Different Financial Outcomes ?". 2017, 4 (June): 3–14. [http://mfpc.org.my/wp-content/uploads/2017/05/3-14\\_Original-Research\\_Paper-1\\_Conventional-Banking-Islamic-Banking.pdf](http://mfpc.org.my/wp-content/uploads/2017/05/3-14_Original-Research_Paper-1_Conventional-Banking-Islamic-Banking.pdf)

41. Mariana Moraru, "Debt and Religion: Are Religious People More Debt Averse and Have High Willingness to Pay Their Debts Off?", 2012, 62. <https://brage.bibsys.no/xmlui/handle/11250/183950> (accessed 29th Nov. 2022).

42. Yusuf Al-Qaradawi, *The Lawful and Prohibited in Islam* (Chicago : American Trust Publications, 1999).

43. IFA-OIC. Resolutions and Recommendations of the Council of the Islamic Fiqh Academy 1985–2000. Islamic Development Bank & Islamic Research and Training Institute. International Islamic Fiqh Academy of the Organisation of Islamic Cooperation, 2000.

*Exploring the Concept of Financial Planning*

charge on top of debt, which is known as *ribā*. They added that regardless whatever terms used, such as interest, dividend or premium, the extra charge falls into the category of *ribā* as long as it fits the definition of *ribā*.<sup>44</sup>

Ahmad Ghazi<sup>45</sup> and Ayub<sup>46</sup> regard the avoidance of *gharar* (uncertainty) in any business transaction as a principle in Islamic finance. Ayub defines *gharar* as entering into a contract in absolute risk or uncertainty with regards to the nature, quality, specifications of the subject matter and the rights and obligations of the parties involved as well as the result of the contract.<sup>47</sup> Moreover, Abdullah and Muhammad states that *gharar* implies deception and cause injustice to any of the parties, and uncontrollable risks in *gharar* may lead to *maysir* (gambling).<sup>48</sup>

Ahmad Ghazi stated that one of the principles in Islamic finance is the avoidance of *maysir* (gambling).<sup>49</sup> *Maysir* includes games of chances, betting money, borrowing money to invest in speculative currency exchange, as well as price manipulation, which is prohibited in Islam.<sup>50</sup> Ayub explains *maysir* as readily available wealth and acquisition of wealth by chance in which deprives the rights of the parties involved. Mansoori<sup>51</sup> stated that *maysir* is prohibited in the Qur'an in *Sūrah al-Mā'idah* (5): 90 and *Sūrah al-Baqarah* (2): 219.

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44. Izzuddin Abdul Aziz, and Ahmad Azrin Adnan. "Fenomena Keberhutangan Di Zaman Rasulullah." *Uluw's Journal*, 2017, Jilid 1: 143–177.

45. Mahmood Ahmad Ghazi, *Muhazirah e Maeshat o Tjariat* (Lahore, Pakistan: Alfaisal, 2010).

46. Muhammad Ayub, "Understanding Islamic Finance." *Understanding Islamic Finance*, 2015, <https://doi.org/10.1002/9781119209096> (accessed 29th Nov. 2022).

47. Ibid.

48. Amalina Abdullah, and Junaina Muhammad. "Ethical Values in Islamic Financial Planning." *Jurnal Pengurusan* 38, (2013): 133–140

49. Ahmad Ghazi, *Muhazirah*.

50. Daud Vicary Abdullah, and Keon Chee. *Islamic Finance : Why It Makes Sense*. Marshall Cavendish Business, 2010.

51. Muhammad Tahir Mansoori, "Shari'ah Maxims: Modern Applications in Islamic Finance." Islamabad, Pakistan, 2012.

*Concept of Maqāṣid al-Sharī'ah in Islamic Financial Planning*

Financial and wealth management from the Islamic perspective is an important aspect, not only to individuals but also the society. Having knowledge and skills in financial management is necessary on top of being responsible and sensible as explained in *Sūrah al-Nīsā'* (4): 5 to 6.

Based on the conventional economic theory, sources are scarce while human wants are limitless. On the other hand, in the Islamic economic theory, sources are not scarce since Allah has promised to provide sustenance. In Islam, sustenance (*riḥq*) is a means to live, and the household wealth should always adhere to the *Sharī'ah*, not only from where it came but also the accumulation or generation of wealth, spending, and even saving decisions.<sup>52</sup>

Part of financial planning is managing debt. Debt, if wisely used, would lead to achieving the goals and objective of the *Sharī'ah* (*Maqāṣid al-Sharī'ah*). The term *Maqāṣid al-Sharī'ah* is a two separate word in Arabic, which means the objectives of the law of Islam. *Maqāṣid* means objectives or aims, while *Sharī'ah* means Islamic law.<sup>53</sup> As cited by Hatta and Dien, also Khan state both the classical and contemporary scholars of Islam unanimously view that incurring excessive indebtedness prevents the fulfilment of the *Maqāṣid al-Sharī'ah*.<sup>54</sup>

Ibn 'Ashūr states that as explained by the Muslim scholars such as al-Ghazālī, ibn al-Hājib, al-Qarāfi and al-Shāṭibī, the concept of *Maqāṣid al-Sharī'ah* is essentially the protection of religion, life, intellect, lineage and wealth.<sup>55</sup> Moreover, human

52. Maznita Mokhtar, "Shariah Issues."

53. Asmadi Mohamed Naim, "Maqasid Syariah Dan Pemikiran Pengurusan Islam." Universiti Utara Malaysia., 2003. [https://www.researchgate.net/publication/280830338\\_Maqasid\\_syariah\\_dan\\_pemikiran\\_pengurusan\\_Islam](https://www.researchgate.net/publication/280830338_Maqasid_syariah_dan_pemikiran_pengurusan_Islam). (accessed 29th Nov. 2022).

54. Mohammad Firdaus Mohammad Hatta, and Mawil Izzu Dien. "Examining the Dominance of Islamic Debt-Based Products in the Economy." *International Journal of Arts and Commerce*, 2014, 3(6): 51–68.

55. Muhammad al-Tahir Ibn Ashur, *Tafsir Al-Tahrir Wa'l-Tanwir*. (Dar Ihya' al-Turath al-'Arabi, 2001).

*Exploring the Concept of Financial Planning*

life would be incomplete if the fundamental aspects in the objectives of *Sharī'ah* which are the protection of religion, life, intellect, lineage and wealth, are not fulfilled.<sup>56</sup> Therefore, Islam emphasises the concept of *Maqāṣid al-Sharī'ah* in our daily lives. In this article, however, we will focus only to matters of *Maqāṣid al-Sharī'ah* related to financial well-being and wealth protection.

Imām al-Shāṭibī, after deducing the concept of *Maqāṣid al-Sharī'ah*, also divided the category of *Maqāṣid al-Sharī'ah* into three levels of need, namely necessity (*darūriyyāt*), complementary (*ḥajjiyyāt*) and the embellishment (*taḥsīniyyāt*).<sup>57</sup> Therefore, in order to fulfil the *Maqāṣid al-Sharī'ah*, one need to plan their finances well and to prioritise based on whether it falls under *darūriyyāt*, *ḥajjiyyāt* or *taḥsīniyyāt*. Zainol, Nizam, and Ab Rashid state that sound financial management is essential for an individual to achieve pleasant and tranquil life.<sup>58</sup> They also add that proper financial planning has to be appropriately planned through savings and investments for future use to achieve happiness (*al-falāḥ*), both in the world and hereafter.<sup>59</sup>

## Methodology

This research uses the qualitative method to explore the concept of financial planning from the *Maqāṣid al-Sharī'ah*. The research objectives are achieved by interviewing a focus group comprising of five informants who were selected based on their expertise in the Islamic finance including the financial planning and the *Sharī'ah* experts.

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56. Asyraf Wajdi Dusuki, and Said Bouheraoua. "The Framework of Maqasid Al-Shariah and Its Implication for Islamic Finance." *ICR-Islamic Civilization and Renewal Journal* 2, no. 2 (2011): 316–336

57. Ibid.

58. Zairani Zainol, et al, "Exploring the Concept of Debt"

59. Ibid.

Creswell and Plano Clark<sup>60</sup> identify that a phenomenological study involves a lengthy interview with up to a sample size of ten people, whereas Mansoori states that interviews that are analysed creatively and interpretively although with a smaller number of respondents are acceptable.<sup>61</sup> However, Patton and Cochran point out that the result of the interview determines the sample size; it stops at the point of information saturation where no new information is received.<sup>62</sup>

In this study, five informants were selected based on their expertise for the interviews as the saturation point of information was achieved. They are the Islamic scholars in Penang State Mufti Office and Penang State Islamic Religious Affair Council, as well as *Shari'ah* and financial planning experts in Universiti Sains Malaysia (USM), As-Salihin Trustees Berhad, and Agensi Kaunseling dan Pengurusan Kredit or Credit Counselling and Debt Management Agency (AKPK).

Ramesh states that the qualitative research method developed in the area of social sciences enables researchers to study phenomena related to feelings, thoughts, behaviours and believe of society and culture.<sup>63</sup> Philip and Cunningham,<sup>64</sup> Rammal and Zurbruegg<sup>65</sup> state that the quantitative method

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60. John W. Creswell, and Vicki L. Plano Clark. "Principles of Qualitative Research: Designing a Qualitative Study", 2004, <http://leaderpart.andrews.edu/RoundTable/2004/workshops/2b/AU-Qual-071504-jwc-vpc.pdf>.

61. Mansoori, "*Shari'ah Maxims*".

62. Michael Quinn Patton, and Michael Cochran. "A Guide to Using Qualitative Research Methodology." *Medicins San Frontieres*, 2002, 1–36. <https://doi.org/10.1109/PROC.1978.11033>.

63. Babu G. Ramesh, *Research Methodology in Social Sciences*. (New Delhi, India: Concept Publishing Company Pvt. Ltd., 2008).

64. Gerrard Philip, and J Barton Cunningham. "Islamic Banking: A Study in Singapore." *International Journal of Bank Marketing* 15, no. 6 (1997): 204–216. <http://dx.doi.org/10.1108/02652329710184433>.

65. Hussain Gulzar Rammal, and Ralf Zurbruegg. "Awareness of Islamic Banking Products among Muslims: The Case of Australia." *Journal of Financial Services Marketing* 12, no. 1 (2007): 65–74. <https://doi.org/10.1057/palgrave.fsm.4760060>.

*Exploring the Concept of Financial Planning*

had been the common research approach in Islamic finance and banking. However, the researcher intended a different method for collecting primary data due to the reason that interview deals with human interaction in which interviewees are perceived to give honest answers, varying perspective and opinions. Fraenkel, Wallen, and Hyun further state that interview enables the researcher to indulge in the subject's mind on what they think and how they feel.<sup>66</sup>

According to Palys<sup>67</sup> and Teddlie and Yu<sup>68</sup> purposive sampling is also referred to as non-probability sampling or purposeful sampling. Palys adds that it is widely used in qualitative research.<sup>69</sup> Sekaran and Bougie<sup>70</sup> and Teddlie<sup>71</sup> state that a purposive sample is a subgroup or subset of a population which is determined by specific criteria rather than random selection. Since the researcher needs to verify the respondents' criteria to be the sample before collecting the data in this research, purposive sampling is chosen.

Turner asserts that developing the interview protocol is one of the most crucial components for the interview design.<sup>72</sup> Additionally, in order to obtain reliable data, various forms of interview designs as highlighted by Creswell and Plano

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66. Jack R. Fraenkel, Norman E. Wallen, and Helen Hyun. *How to Design and Evaluate Research in Education*. 8th ed. (New York, NY: McGraw-Hill Education, 2011).
  67. Ted Palys, "Purposive Sampling." *The Sage Encyclopedia of Qualitative Research Methods* 2, (2008): 697–698.
  68. Charles Teddlie, and Fen Yu. "Mixed Methods Sampling: A Typology With Examples." *Journal of Mixed Methods Research* 1, no.1 (2007): 77–100. <https://doi.org/10.1177/2345678906292430>.
  69. Palys, "Purposive Sampling."
  70. Uma Sekaran, and Roger Bougie. *Research Methods for Business—A Skill Building Approach*. 6th ed. (West Sussex: John Wiley and Sons, 2013).
  71. Abbas Tashakkori, and Charles Teddlie. *Handbook of Mixed Methods in Social & Behavioral Research*. (New York, NY: SAGE Publication Ltd., 2003).
  72. Daniel W. Turner, "Qualitative Interview Design: A Practical Guide to Novice Investigators." *The Qualitative Report* 15, no. 3 (2010): 754–760. <https://nsuworks.nova.edu/tqr/vol15/iss3/19>.

Clark can be adopted by utilising a qualitative investigational perspective.<sup>73</sup> As this study uses a standardised open-ended semi-structured interview; therefore, the terms and words of the interview protocol were structured based on the research objective. This research applied open-ended semi-structured interviews for an estimated time of 30 minutes. The interview protocol developed was reviewed by two academic experts to ensure that the questions to be used in the interview is valid for achieving the research objective. By reviewing the questions, the clarity and flow of the question can be ensured. The interview was done face-to-face between the researcher and the informants using the same set of interview questions. During these sessions, clarifications on further questions were also acquired on the spot. The interview sessions were recorded both by writing and voice recorder, transcribed and then interpreted for analysing purpose. All the four steps which are data condensation, data display, data conclusion, and verification step have been implemented in the data analysis.

## **Results And Discussion**

### *Financial Planning Concept from the Islamic Perspective*

Based on the primary data collected from the interview sessions, the following are the financial planning concept from the Islamic perspective. The informants are respectively coded as respondents I1, I2, I3, I4, and I5 to facilitate understanding.

All the informants agree that Islam does accept financial planning as necessary as other aspects of religion. Respondent I1 stated that Islam emphasises financial planning as he said:

Islam emphasises the issue regarding financial planning. Otherwise, there would not be verses of the Qur'an and hadiths regarding debt, will,

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73. Creswell et al, "Principles of Qualitative Research."



*Exploring the Concept of Financial Planning*

and inheritance. These are parts of the financial planning that Islam emphasises.

Respondent I2 also stated similarly with respondent I1 when he said: “The Qur’ān, hadiths, and jurisprudence’s books show that Islam recognises financial planning.” Furthermore, respondent I2 relates to the story of Prophet Yūsuf PBUH, as stated in the Qur’ān and other indications towards the seriousness of Islam regarding financial planning. He said:

The example is the story of Prophet Yūsuf PBUH in the Qur’ān that prophesies the dream of a king to keep and save the crops for seven years and to be used on the coming arid years. It means that we have to plan for emergencies. An example, regarding the hadith of remembering five things before five things, where one of them is the wealthy before poverty. This hadith shows how Islam views financial planning very seriously. The law regarding *zakāh* (obligatory alms) is also a lead that Islam wants his followers to find wealth and also to share it.

Respondent I3 agrees that Islam emphasises financial planning; furthermore, respondent I3 relates financial planning with *taqwa* (piety). He said:

The Islamic view is that in every deed that wants to be performed, the foundation is piety. Understanding the term *tawhid* (oneness) paradigm is very important for someone to become pious; this includes financial planning. In *Sūrah al-Qaṣaṣ*, verse 77, Allah characterises a pious person as seeking wealth in an ethical manner, which shows the importance of having a good relationship with Allah. Next is to do good with others by sharing the wealth, which means the relationship with the human. While the last is not to make mischief on the earth, which means having a good relationship with the universe. Allah added in *Sūrah al-Anfāl*, verse 2 to 4, which regards to the characteristic of pious

*Fadillah, Ahmad Naim, Zairani / TAFHIM 15 No. 2 (Dec 2022): 27-61*

person are those who give charity from the wealth. Allah repeats the pious person characteristic in *Sūrah al-Hujurat*, verse 15 regarding the person who strives with their wealth as a pious person. These verses show the need to have proper financial planning and to acquire wealth according to the *Shari'ah* law before serving society to achieve piety status.

The relation of financial planning with the element of piety also was agreed by respondent I4 when he said:

Islam is a religion that recognises financial planning. Nowadays, Malaysia has Islamic banking, and we cannot in any way plan our finances with the conventional product; this is where piety plays a very crucial role.

Furthermore, respondent I5 also agrees that Islam recognises financial planning. He said:

Firstly, Islam indeed recognises financial planning, and Islam encourages Muslim to plan in every single thing. Planning is to prepare for unprecedented future circumstances, to overcome the unknown risk. For instance, in the Qur'an, Allah ordered Prophet Muhammad to plan appropriately before facing the enemy by planning for armament and soldiers. Also, the migration of Prophet Muhammad PBUH and his companion to Madinah and the Opening of Mecca with such thorough planning and administration as an important source of inspiration for proper planning.

Moreover, respondent I5 related the story of Prophet Joseph in *Sūrah Yūsuf* similarly to respondent I2 as follow:

Moreover, the story of Prophet Yūsuf PBUH in the *Sūrah Yūsuf* verse 47 to 49 of the Qur'an. In this verse, the Egyptian king had a dream, and Prophet Yūsuf PBUH translated the dream. Prophet Yūsuf

*Exploring the Concept of Financial Planning*

PBUH did not only translate the dream but gave a solution in term of planning for the crops. This story of Prophet Yūsuf PBUH taking a proactive measure by planning for the future is the source of inspiration for us in financial planning.

The importance of financial planning is also mentioned in the *Sunnah*. Accordingly, respondent I5 related the Ḥadīth regarding Sa‘ad bin Abī Waqqās as he said:

Another example regarding financial planning can be seen from the dialogue between the Prophet Muhammad PBUH and his companion, Sa‘ad bin Abī Waqqās regarding his intention to give away his wealth to the Muslim but was disapproved by the Prophet. The Prophet stated that Sa‘ad should not give his wealth more than one third so that his family members would not have to be begging from others after his death. Although this incident happens to an individual, the implication of the ruling and the guidance is for all of us, the Muslim. So, in order to reach the financial aim, financial planning must be done. Without proper financial planning, the expenditure might exceed income.

Therefore, it is clear that Islam acknowledges financial planning as one of the vital substances in the religion. Many writings by Islamic scholars regarding financial planning can be found in the jurisprudence of Islam. Financial planning in many places in the Qur‘ān has been incorporated with piety, such as helping those in need. It is only with proper financial planning that a person will be able to help others in need.

*Guidelines Provided by Islam on Financial Planning*

Islam is a religion that encompasses the way of life. As a result, financial planning is also accepted by Islam as an essential area to be looked into. Whenever Islam instructs its follower of something, guidelines are always present to be followed.

*Fadillah, Ahmad Naim, Zairani / TAFHIM 15 No. 2 (Dec 2022): 27–61*

All the informants agreed that the *Sharī'ah* serves as the basis for developing financial planning from Islamic perspective. Respondent I1 said:

Islamic view in financial planning is that it must adhere to the *Sharī'ah*'s will. Also, in these modern days, contemporary Muslim scholars view the importance of adhering to the will of a country's leader in the financial planning administration.

Similarly, respondent I2 shares the same view regarding *Sharī'ah* law when he said:

Unlike conventional financial planning, we have rules to be followed. What I mean is that conventional financial planning is not restricted by any Godly laws, but we have the *Sharī'ah* law that must be obeyed.

Moreover, respondent I2 went a step ahead by adding the concept of *ta'āwun* as he said:

The example that can be given here is the concept of *ta'āwun*, which means helping each other. For instance, if someone needs financing, we lend them money, and if the person is not able to pay, he must be given an opportunity and also some space.

Respondent I3 also stated the importance of adhering to *Sharī'ah* law as he said: "Wealth in Islam belongs to Allah, and we are the keeper, where we plan and manage finances according to Allah's commandment." Furthermore, respondent I3 also include piety and its relation to the hereafter when he speaks about the concept of *ta'āwun*. He said:

The Islamic view is that in every deed that wants to be performed, the foundation is piety. This includes financial planning. Islam looks at financial planning not only from the worldly aspect but

*Exploring the Concept of Financial Planning*

also the hereafter. It means, whenever we have an excess of wealth after managing ourselves and our dependents, subsequently we give our wealth as charity and alms to others; this is the real wealth in the hereafter, yet it will also be doubled in this world. Allah speaks in *Sūrah Ibrāhīm*, verse 7, regarding the grateful people will have their sustenance increase. Therefore, one of the characteristics of a grateful person is who gives a lot to others.

Therefore, respondent I3's statements indicate a person who is a giver is a person who is grateful to God; thus, the person would have his or her sustenance increase in this world. Although it may seem that wealth is decreasing, in reality, it is doubled by God in ways unimaginable. The concept of *ta'āwun* relating to piety and hereafter has its basis when Allah says help each other in righteousness and piety as well as fearing Allah's punishment in *Sūrah (5): 2* which says: "... and cooperate in righteousness and piety, but do not cooperate in sin and aggression..." In addition, respondent I3 explained the elements of Islamic financial planning. He said: "The wealth also needs to be *waqf* (endowments), *hibah* (present), *wasīyyah* (will) and *farā'id* (Islamic distribution) in which are parts of financial planning." In Islam, debt is also an essential element to be planned and managed. Both debtor and debtee have responsibilities to be performed in order to be pious. The debtee must always be open-hearted to give space for the debtor to pay the debt. On the other hand, the debtor also is responsible for categorised the reason to incur debt from the aspects of *darūriyyāt*, *hajjīyāt* and *tahṣīniyyāt*. Also, he has to prioritise paying the debt; thus, it will bring harmony to both sides. *Zakāh* is an example that Islam wants proper financial planning due to the reason that the revenue from the *zakāh* can be useful in helping the *ghārimīn* (poor) from indebtedness.

Similarly, respondent I4 confirmed that *Sharī'ah* law is the basis for financial planning and its relation with the concept of *ta'āwun* and the hereafter. He said:

It must be kept in mind; the differences between Islamic financial planning and conventional financial planning are at its aim and concept. The aim of conventional financial planning is solely for worldly purpose, whereas financial planning for Muslim aims for both the world and hereafter. In order for a person to reach the hereafter, he must go through life in this world. Therefore, financial planning, according to the will of Allah, is vital. It goes the same as *takāful* which concept is saving money base on the concept of helping each other in emergencies, which is very much required by Islam.

Additionally, respondent I4 also stated another guideline of the *Sharī'ah* law, which is avoiding interest, uncertainty and gambling. He said:

Also, the concept is that financial planning must be free of the three main elements, which are *ribā* (interest), *gharar* (uncertainty) and *maysir* (gambling).

Furthermore, respondent I4 also added the elements of financial planning that conform to Islamic teaching. He said:

Financial planning has few branches, so-called tools; amongst them are *zakāh* and taxation, debt, investment, *takāful*, *wasīyyah*, *hibah*, *waqf* and *amānah* (trust). For instance, Islam is very particular about the debt process, such as the need to record even the smallest debt transaction so it could be paid by family members in case of death, thus easing the burden of the debtor in the hereafter. Also, the need for distribution of inheritance according to the religion, such as *farā'id*, which is the best inheritance distribution method.

Similar to other informants, respondent I5 also included adhering to *Sharī'ah* as the basis for financial planning when he said:

*Exploring the Concept of Financial Planning*

The adherence to *Sharī'ah* is fundamental in financial planning. Islam has put forth guidelines in order for us to practice proper Islamic financial planning. Among the guidelines are the prohibition of wasting as in the Qur'ān in *Sūrah al-Furqān* when Allah stated the person who wastes is the friend to Satan, and also the prohibition of extravagance spending as in the Qur'ān in *Sūrah al-A'raf* verse 31. Also, the prohibition that is common to us, which is the prohibition of *ribā*, *gharar* and *maysir*.

Similar to respondent I2, respondent I5 has also stated the prohibition of keeping wealth without benefiting others. He said:

Moreover, Islam prohibits the wealth to be kept only for their use and not to be beneficial to others as mention in the Qur'ān in *Sūrah al-Taubah* verse 24 when Allah slander the person who loves their wealth more than Allah, the Messenger and for *Jihād*. Moreover, Islam also prohibits the circulation of wealth among the wealthy and not being given to the needy to increase the quality of life as in the Qur'ān in *Sūrah al-Hashr* verse 7.

Furthermore, respondent I5 added few other guidelines to be followed when he said:

We must also bear in mind that Islam prohibits monopoly as in the hadith narrated by Muslim, Ahmad and Abū Dāwūd regarding a person who monopolises will be given disease in this world and face bankruptcy. Other than that, which is common is that Islam does not allow us to gain wealth by fraud and theft. Corruption and misleading the judge is also a guideline that we tend to ignore, as in the Qur'ān in *Sūrah al-Baqarah* verse 188. It is evident that the verse speaks about misleading the judge in order to take the property of others.

*Fadillah, Ahmad Naim, Zairani / TAFHIM 15 No. 2 (Dec 2022): 27–61*

Moreover, respondent I5 has also stated about the instruments in financial planning that follows the guideline that Islam has provided, including the concept of *ta'awun*. He said:

There are few instruments of financial planning that follow the *Sharī'ah* guidelines, such as *takāful* which is based on the concept of *ta'awun* among Muslim. Also, the *waqf* system that we have is to help and benefits other Muslim in the future. Islam has also provided a debt system named *qard al-hasan*, in which the debtee would not take any extra charges from the debt given, and even the debtee is advised to make the debt as alms in case the debtor cannot repay. Other than that, Islam has also put specific guideline about *hibah* and *wasīyyah* for us to follow.

Therefore, it is crucial to adhere to the guidelines that Islam has provided. The guidelines not only prevent from oppressing each other but also for the afterlife rewards from Allah.

#### *Concept of Maqāṣid al-Sharī'ah in Financial Planning*

*Maqāṣid al-Sharī'ah* is the objective of the *Sharī'ah*. Based on the primary data collected from the interview, the informants have agreed on the importance of financial planning from the aspects of *Maqāṣid al-Sharī'ah*. Furthermore, respondents I1, I3, and I4 have stated that financial planning is inclusive in all of the five aspects of *Maqāṣid al-Sharī'ah*.

Respondent I1 has linked three elements of *Maqāṣid al-Sharī'ah* to financial planning, namely, *hifz al-māl*, *hifz al-'aql*, and *hifz al-nasl*. He said:

Looking from the aspects of *Maqāṣid al-Sharī'ah*, financial planning cover the whole aspects of it. For instance, relating to intellect (*'aql*), there would be a sense of insecurity when a person is burdened with the debt's load. Another example is if we have written a will and has appointed an executor to manage the



*Exploring the Concept of Financial Planning*

wealth after death, we have taken care of the wealth (*māl*) and lineage (*nasl*); the family would not quarrel with each other, and family members would not be having a hard time living because the property is not frozen.

Furthermore, respondent I2 related a hadith reiterating the importance of taking care of the well-being of the family. He said:

There is a hadith that the Prophet says it is better to leave your children rich than to leave them poor and begging to others.

Respondent I2 has related *ḥifẓ al-māl* with the *ḥifẓ al-nasl* by stating that the wealth must be beneficial to other people. He said:

Wealth from the Islamic point of view is to be governed by human and to be beneficial not only to own self and family but also to others. Therefore, from the perspective of *Maqāṣid al-Sharī'ah*, *ḥifẓ al-māl*, which means the protection of wealth is very important as it changes ownership when we die. For instance, *zakāh* needs to be paid so that it benefits others, presenting wealth as a gift while alive, and writing a will in advance so that family members could use the inheritance.

Also, respondent I2 related the hadith mentioned by respondent I1 to the case where Muslim inheritance in Malaysia is frozen by the government due to improper financial planning. Just look into the hadith regarding the instruction of the Prophet Muhammad PBUH to leave family members in rich condition rather than begging. If proper financial planning is done, the case of RM 60 billion frozen Muslim inheritance would not have occurred.

Although respondent I1 stated that financial planning is related to all five elements of *Maqāṣid al-Sharī'ah*, he only

*Fadillah, Ahmad Naim, Zairani / TAFHIM 15 No. 2 (Dec 2022): 27–61*

relates three elements in his statement. However, respondent I3 has explained the importance of all the elements of *Maqāṣid al-Sharīʿah* with financial planning. He said:

There is only four per cent of land in Penang own by Muslim. If we do not have land, how is it possible for us to endow it for the benefits of Muslim? I see that financial planning is not only related to *ḥifẓ al-māl* because it is obvious; however, it covers the whole aspect of *Maqāṣid al-Sharīʿah*. The main reason we plan our finances is to protect religion itself, *ḥifẓ al-dīn*, meaning that we draw ourselves closer to Allah with the wealth we acquire in the *ḥalāl* (permissible) way. Preaching towards Islam also requires proper financial planning, not only these days but also in the time of the Prophet Muhammad PBUH, where funds were needed for preaching as well as to expand Islam. The aspects of *ḥifẓ al-nafs* and *ḥifẓ al-ʿaql* also relates to financial planning. It is so that human do not take wrong moves which could endanger life and intellect due to failure in planning finances such as becoming mentally ill, suicide, and blackmails from the illegal money lenders. Last but not least, *ḥifẓ al-nasl*; because financial planning relates closely with leaving an inheritance for the heir.

From the respondent I3's statement above regarding only four per cent land in Penang is owned by Muslim, respondent I3 would like to impose the importance of proper financial planning that would enable Muslim to be economically strong; thus protect all the elements in *Maqāṣid al-Sharīʿah*.

Similar to respondent I3, respondent I4 also explains the importance of financial planning to all the five pillars in *Maqāṣid al-Sharīʿah*. He said:

There are five pillars of *Maqāṣid al-Sharīʿah*, which are the protection of religion, life, lineage, intellect and wealth. I observe that financial planning helps in the protection of the whole aspects of *Maqāṣid al-Sharīʿah*. In order to expand religion, financial

*Exploring the Concept of Financial Planning*

strength is crucial; hence, proper financial planning is essential. Without wealthy Muslims, there would not be anyone to pay the *zakāh*. Thus, the poor amongst Muslim would not be able to be helped, consequently forcing them to acquire financial aid from others, such as from the church. Indirectly, Islam would be seen as weak and causes its followers to approach another religion and the possibility to leave Islam due to uncertainty occurs. The second aspect, which is life, is also closely related because many suicide cases happen due to depression caused by indebtedness and also murder cases due to unjust inheritance distribution. Next, lineage is an aspect of *Maqāṣid al-Sharī'ah* relating to inheritance such as will, present and *farā'id*. The lineage elements will be protected if proper financial planning is carried out, justly, and following the rules that Allah has ordained. The protection of intellect relates to thinking to acquire wealth from what kind of sources, to be used by family members and the effects to them. Wealth from the permissible sources would bear lineage fine in every aspect, including intellectual, whereas wealth from prohibited sources would bear lineage that would have lousy intellectual. The last aspect, which is wealth, is directly related to financial planning, and this aspect is the one that contributes to the other aspects of *Maqāṣid al-Sharī'ah*.

Respondent I3 explains that the primary importance of financial planning is towards realization of *ḥifẓ al-dīn*, while I4 explains that financial planning has the importance of *ḥifẓ al-māl*, which then leads to other aspects in *Maqāṣid al-Sharī'ah*.

Respondent I5 also agrees that financial planning led to the fulfilment of *Maqāṣid al-Sharī'ah* when he said:

*Maqāṣid al-Sharī'ah* is a significant concept that has been introduced by Imām al-Shātībī and popularised by ibn 'Ashūr, a former Tunisian Muftī. The objectives are as of this sequence; *ḥifẓ al-dīn*, *ḥifẓ al-nafs*, *ḥifẓ al-nasl*, *ḥifẓ al-'aql*, and *ḥifẓ al-māl*. Amongst this, *ḥifẓ al-māl* is closely related to

financial planning without denying the relationship with other elements involved in *Maqāsid al-Sharī‘ah*. Proper financial planning will protect the wealth directly while the families and religion indirectly.

Therefore, proper financial planning is deemed essential in the five aspects of *Maqāsid al-Sharī‘ah*, which will help in protecting not only the wealth but also the religion, life, lineage and intellect. The below Figure 4.1 summarises the research findings.

Figure 4.1 Summary of the Research Findings

Research Objectives	Findings	
Concept of Financial Planning from the Islamic Perspective and Its Relation to <i>Maqāsid al-Sharī‘ah</i>	Financial Planning from the Islamic Perspective	<ul style="list-style-type: none"> <li>• Islamic recognises financial planning</li> <li>• Financial planning is a necessary aspect of Islam</li> <li>• Pious Muslim must plan financial properly using Islamic product</li> </ul>
	Guidelines Provided by Islam on Financial Planning	<ul style="list-style-type: none"> <li>• Muslim must follow <i>Sharī‘ah</i> Law related to financial planning</li> <li>• Financial planning is based on the concept of <i>ta‘ūwun</i></li> <li>• Acquiring wealth in a permissible manner</li> <li>• Prohibition of <i>ribā</i>, <i>gharar</i> and <i>maysir</i></li> <li>• Prohibition of acquiring wealth through monopoly, corruption, fraud, and theft</li> <li>• Prohibition of keeping wealth without benefitting others</li> <li>• Financial planning includes debt, investment, <i>zakāh</i>, <i>waqf</i>, <i>hibah</i>, <i>wasiyyah</i>, <i>farāid</i> dan <i>amānah</i></li> </ul>
	Concept <i>Maqāsid al-Sharī‘ah</i> in Islamic Financial Planning	<ul style="list-style-type: none"> <li>• Financial planning relates to all aspects of <i>Maqāsid al-Sharī‘ah</i>, especially <i>hifz al-māl</i></li> <li>• Financial planning must be segregated according the necessity level, <i>darūriyyāt</i>, <i>hajjiyāt</i>, <i>tahsinīyyāt</i></li> </ul>

## Conclusion

As stated in the introduction, the objective of this paper is to explore the concept of financial planning from the perspective of *Maqāṣid al-Sharī'ah*, and identify its relationship. So far this paper has shown a clear view of Islam on the necessity of financial planning. Based on the findings, the Qur'ān, Ḥādith and also views from the Islamic scholars also indicate recognition of the importance of financial planning. There is a clear linkage between financial planning and piety as a pious person would plan using the Islamic financing product and also plan their wealth properly to serve the society.

Additionally, Islam has provided the guidelines to be followed. Among the main guidelines is to understand that human, as the guardian of wealth, must manage it with the law provided by Allah, which is *Sharī'ah*. This includes avoiding *ribā*, *gharar* and *maysir*. Also, the concept of *ta'awun*, which is to help each other, is among the guidelines that need adherence. This is due to the fact that wealth used for the benefits of others is the real wealth in the hereafter. Moreover, wealth must be acquired in a permissible manner and legitimate, not through monopoly business, corruption, fraud and theft.

Furthermore, financial planning concept is related to the *Maqāṣid al-Sharī'ah*, including all the aspects which are particularly in *ḥifẓ al-māl*, and others in *ḥifẓ al-dīn*, *ḥifẓ al-nafs*, *ḥifẓ al-aql*, and *ḥifẓ al-nasl*. Also, the levels of necessity in the *Maqāṣid al-Sharī'ah*, which are the *darūriyyāt*, *ḥajjiyyāt*, and *tahsīniyyāt*, plays a vital role in achieving *ḥayātan toyyibah*. By applying *Maqāṣid al-Sharī'ah*, this concept of financial planning can be implemented clearly in order to protect wealth and achieve financial well-being as a whole. As the main finding has revealed, *Sharī'ah* and moral values principles can serve as an essential basis for the developing concept of holistic financial planning.

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