

# Insight Bulletin

For People Who Want to Know

REGISTERED AT THE G.P.O. AS A NEWSPAPER • THIRTY EIGHTH EDITION • AUGUST 2018

FREE COPY

## RELATIONSHIP BETWEEN PRESIDENT AND HIS VICE IN MALAWI



It all started with the first President of the Republic of Malawi Hastings Kamuzu Banda who opted not to have a vice with powerful and senior ministerial positions heaped on himself. However, it so happened that at some point in time a particular minister would pose to be second in command which always led to the downfall of such a government official as no one was supposed to be seen as vice in line of authority to Dr Banda.

Then with the dawn of democracy it was made a constitutional requirement that there shall be vice president of the Republic of Malawi. Justine Malewezi who fell out of grace as Secretary to the President and Cabinet became the first to occupy the office of the Vice President with Bakili Muluzi as President of the Republic of Malawi. The two had a cordial working relationship both in the first term and a larger part of the second term of the United Democratic Front - UDF rule.

Their working relationship became sour towards the end of the second five year term mainly because Malewezi was not named as a preferred candidate to succeed Muluzi. In 2004 elections UDF picked Bingu wa Mutharika as its presidential

TO PAGE 4>>

# Contents

My Guess in 2019 Running Mates Where Will a Muslim Vote Go?

3

Chilumpha Speaks

6

Malawi Eletoral Commission Impressed with Voter Registration

7

Palestinians in Gaza Strip Participate in Non-violent Protests

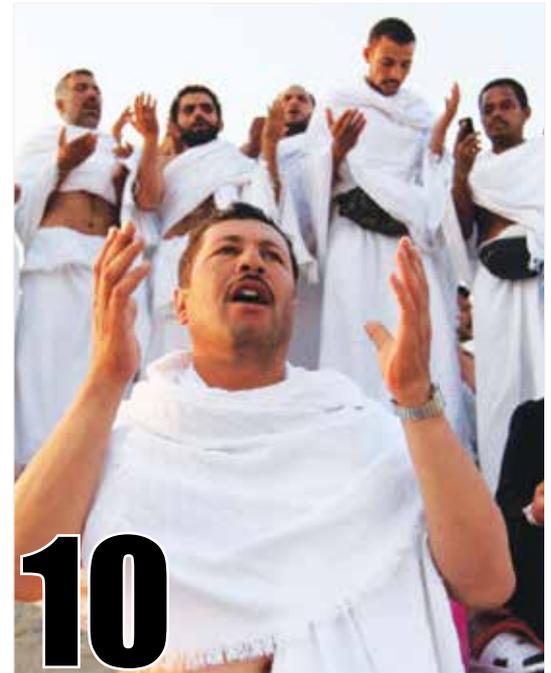
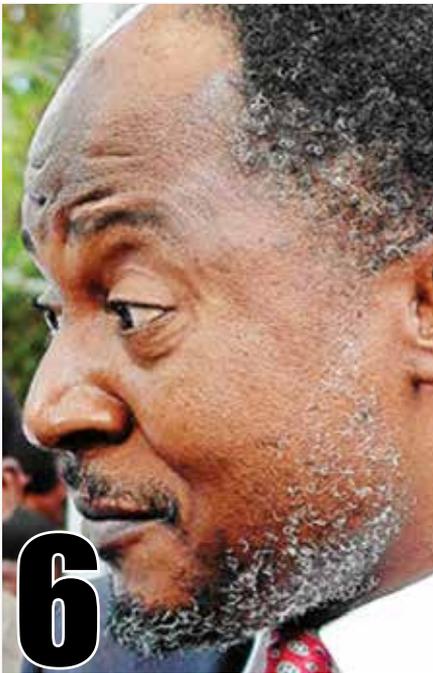
8

Significance of hajj (pilgrims)

10

Shari'ah Supervisory Board (Religious Board)

13



## Editorial

**PUBLISHER**  
ULAMA COUNCIL OF MALAWI

**MANAGING EDITOR**  
Abdullah .O. Mdala

**DESIGNER**  
Josiah Banda  
josiah.b62@gmail.com

**PRINTERS**  
Kris Offset & Screen Printers Ltd  
graphics@krisoffset.com

Insight Bulletin, is a monthly publication which analyzes and promotes good governance, and policies that will further the creation of an absolute free society in Malawi. It is a news leader in opinion and analysis on Malawi's socio-political, religious and economic development.

### DISCLAIMER

All editorial correspondence in form of articles and letters should be addressed to the editor. All published articles bear the author's names. Unsigned contributions represent

views of the editorial staff. Letters must include writers' full names and addresses, and may be edited for clarity.

### MAIN EDITORIAL OFFICE

1st Floor, Globe Chambers, Masauko  
Chipembere Highway, Blantyre, Malawi.

Tel: 01 848 059  
Cell: 0994 292 015

Email: [abdullahmdala@gmail.com](mailto:abdullahmdala@gmail.com)

[www.insightbulletin.org](http://www.insightbulletin.org)

# My Guess in 2019 Running Mates Where Will a Muslim Vote Go?



**A**lthough there has not been any official communication on possible candidates who will pair with who in the 2019 tripartite elections from a number of parties including the United Democratic Front (UDF), Democratic Progressive Party (DPP), Peoples' Party (PP), Alliance for Democracy (AFORD) and United Transformation Movement (UTM), my guess just like that of many of you is that there will be a ballot marriage between the Ruling DPP and UDF and another marriage between Transformation Alliance Movement and People's Party which has formed alliance with some other parties because of a number of reasons.

Firstly, although choosing a running mate is a prerogative of a torch-bearer of the party who is also in most cases the president of the party who chooses his or her running mate at the very last moment leaving no room for arguments. This will also happen when Peter Mutharika leader of the party may happen to choose Atupele Muluzi as his runningmate

just because Muluzi has a number of qualities which Peter would like to be associated with, among them are: Muluzi has remained loyal to the DPP leader despite other party members feeding bad and unfounded information relating to the relationship of the two leaders.

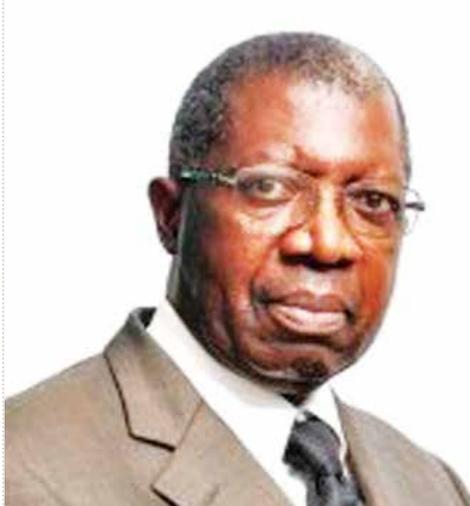
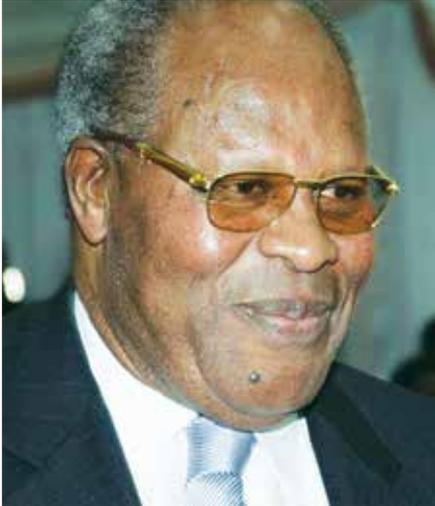
Muluzi is also likely to be picked as Peter's running mate because he has two types of followers, Muslim voters who are mostly from the southern and eastern regions the home of his father as well as non-Muslims who are from the central region where his mother comes from.

The other marriage that Malawians are expecting to see is the marriage ballot between the former president Joyce Banda with her alliance and the Transformation Movement of Saulosi Chilima.

With the above suggestions, it is hoped that the 2019 tripartite elections will have high competitions as well as expectations. However in this entire situation where will Muslims go? Will Muslims go for Atupele Muluzi and Uladi Mussa if the UDF/DPP marriage materialises? In case UDF goes alone and Atupele Muluzi will be the only Muslim candidate, will Muslims go for a Muslim presidential candidate or they would rather go for other parties where Muslims are either running mates or mere party members? Or Will Muslims go for Muhammad Sidik Mia under the MCP? Or will they leave their Muslim candidates and go for Joyce Banda/Chilima who is not a Muslim but has a traditional Yao roots as voting through tribes is taking shape in Malawi politics? Or will they follow Assembly for Democracy and Development leader, a devoted Muslim Dr. Cassim Chilumpha whether in alliance or not?

**In case UDF goes alone and Atupele Muluzi will be the only Muslim candidate, will Muslims go for a Muslim presidential candidate or they would rather go for other parties where Muslims are either running mates or mere party members?**

# RELATIONSHIP BETWEEN PRESIDENT AND HIS VICE IN MALAWI



candidate who many described as an outsider the result of which saw the likes of Aleke Banda and Malewezi withdrawing their membership from the party.

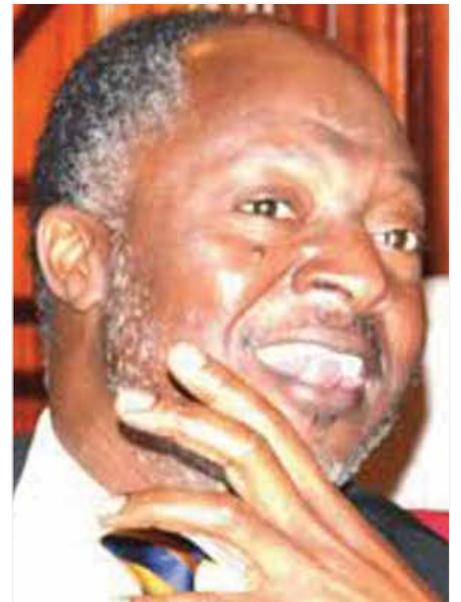
In these 2004 elections, Mutharika went into the ballot with Dr Cassim Chilumpha and won the elections under the UDF ticket, however in the turn of events, Mutharika announced the formation of his own party therefore he was no longer belonging to UDF the party that ushered him to the hot sit.

That's where the second experience of relationship between the President and his Vice extended since Dr Chilumpha remained UDF while the President was now with his own party DPP. Such a sour relationship prolonged until the five year term ended when Mutharika

resolved to have Dr Joyce Banda as runningmate in his second term of office in 2009 Elections.

Following the past trend, the relationship between Mutharika and Banda did not end well until unfortunately Mutharika passed on as Banda took over to finish the term as per constitutional requirements. Just as Bingu Mutharika formed his own party while serving as head of state, Joyce Banda also formed her own party while serving as vice president.

The trend continued in 2014 elections when Joyce Banda as a ruling party presidential candidate left out Khumbo Kachali for running mate position and opted for Sosten Gwengwe since the then country's Vice President, Kachali endorsed DPP Presidential candidate



Prof. Peter Mutharika (now state President) having been left out as a running mate to Joyce Banda.



The rest is history, now comes 2019 elections when history has repeated itself in that the incumbent Vice President Dr Saulosi Chilima has formed his own party cementing the trend that has been in the books of history in Malawi that Presidents never repeat their deputies from one election to the other. The trend seems not to leave out all political parties that have always gone to the polls with a new running mate.

# NIRMA SOAP

best for your laundry  
good for your pocket



Rely on the Product of



P.O. Box 30019, Plot No. 156  
Kidney Crescent Road, Blantyre 3, Malawi (C.Africa)  
Tel: +265 1 874 622 • Fax: +265 1 873 649  
Cell: +265 888 827 541

# Chilumpha Speaks

**F**ormer Malawi's vice-president Cassim Chilumpha has come openly after forming his Assembly For Democracy and Development (ADD) Party saying nepotism has engulfed the country

Chilumpha was speaking this on Radio Islam inside The Boiling Pot Program saying ADD is the party that can develop the country through working together as the nation

Chilumpha said through the research that ADD conducted has proofed that 70% is composed of youths below 40 years but have no positions in governing the country

"Time has come now for Malawians to take part in transforming the nation, we have skilled people who can take part in developing the nation but they are not given a chance just because of their tribe or the region they are coming from," he said

On Agriculture, Chilumpha said the country is failing to grow as the government is failing to provide modern farming technology and ADD will focus on that area.

The former lawmaker for Nkhotakota South said corruption which is rampant in the country has also prompted them to contest in 2019 as he said corruption is the greatest enemy of every nation.

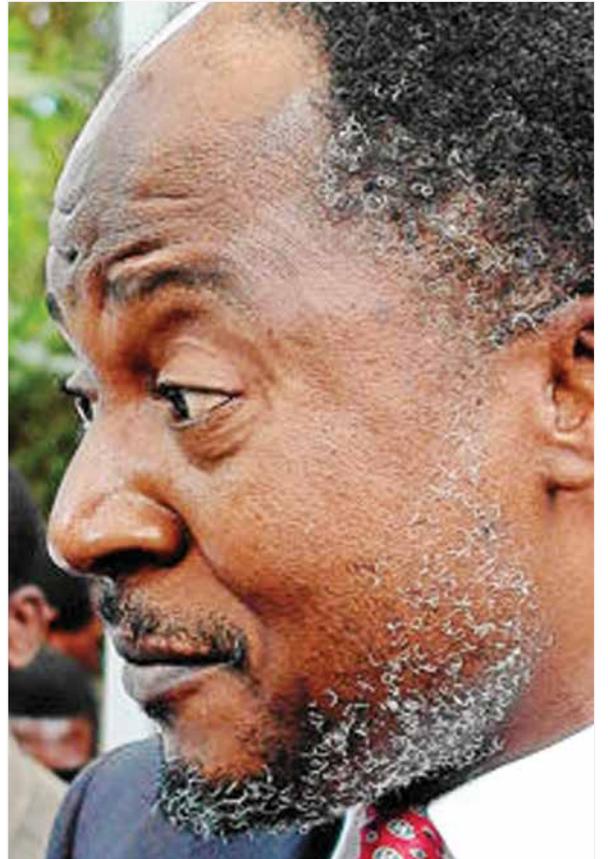
"I was given powers as the vice president and people trusted me that I will deliver, unfortunately I finished my term while in prison that really disturbed my plans on how I wanted to serve the nation."

Chilumpha who also served as minister of energy under Joyce Banda administration said his party cannot win elections on its own and is ready to have an alliance with other political parties.

He said to remove the current government in power, there is a need of having an alliance in order to have a strong opposition

"I don't need to be the president of the Alliance that can be formed but what I want is to be part of that alliance so that we can remove the current government and we as ADD will support the one who will lead the alliance."

In 2006 Cassim Chilumpha was arrested together with the businessman Yusuf Matumula on allegations that they were planning to assassinate the late Bingu Wa Mutharika using hired assassins from South Africa a case which he believes was politically motivated.



**"I don't need to be the president of the Alliance that can be formed but what I want is to be part of that alliance so that we can remove the current government and we as ADD will support the one who will lead the alliance."**

# MALAWI ELECTORAL COMMISSION IMPRESSED WITH VOTER REGISTRATION

**W**hen the voter registration exercise for the May 21<sup>st</sup> 2019 tripartite elections entered phase five, Malawi Electoral Commission (MEC) says the process will continue going on very smoothly, a development which is also motivating the electoral body.

Speaking during the Press Briefing in Blantyre Malawi Electoral Commission (MEC) Chairperson Justice Dr Jane Ansah Expressed optimism that phases are going on smoothly including the just ended phase four of voter registration covering three districts in the South namely Blantyre, Mwanza and Chikhwawa and one central region district of Ntcheu.

She further asked people to register in large numbers in order to take part as the phases continue in many other districts.

MEC Chairperson said the exercises are running without facing the challenges they encountered in previous phases.

"It has been amazing in the previous phases, we can't deny as we registered some challenges and the most serious one was the issue to do with solar panels but they were replaced by the powerful solar panels" she said.

She however expressed concern over the low turnout of voters and she was quick to say they cannot promise

people that the period will be extended to allow those who failed to register during the period of their district.

"The figures that are presented in the previous phases reflect a good registration that people have really participated although they are not uniform in all the districts."

"As we have been saying that look at the figures at the end of all phases that we have carried out, we can say it has dropped but we have to understand the fact that vote participation is not compulsory so as registration," She concluded.

Phase 5 of voter registration is currently running from 2<sup>nd</sup> – 15<sup>th</sup> September 2018 in Balaka; Neno; Thyolo; Luchenza Municipal; Phalombe and Mulanje District.

Phase 6 will run from 19<sup>th</sup> September to 2<sup>nd</sup> October in Mangochi Zomba and Nsanje Districts. Phase 7 will run from 8<sup>th</sup> October to 21<sup>st</sup> October in Chitipa Karonga, Rumphi, Machinga and Chiradzulu Districts, Phase 8 will run from 27<sup>th</sup> October to 9<sup>th</sup> November 2018 in Nkhata Bay Likoma, Mzuzu and Mzimba Districts.

Currently, Malawi Electoral Commission (MEC) has adopted the use of biometric registration supported by the National Registration Bureau (NRB) with data captured in the ongoing citizen registration.



**...exercises are running without facing the challenges they encountered in previous phases.**



## Palestinians in Gaza Strip participate in Non-violent Protests

**O**n Friday, as Jewish people prepared to celebrate Passover and Christians gathered for Easter, tens of thousands of Palestinians in the Gaza Strip participated in largely non-violent protests as part of the Great Return March. Palestinian participants began walking towards the fence that separates the strip from Israel and were met with live fire that saw hundreds of people injured and 16 killed.

The protests were held to commemorate Land Day and demonstrate for the rights of Palestinian refugees to be resettled in Israel. Israel's response was that Hamas, which controls the strip, had "cynically" sent women and children to the fence as a human shield. Rather than expressing the grievances of Palestinians at large, then, the protests were to be seen in the context of long-standing tensions between Hamas and the Palestinian Authority in the West Bank.

The ever-deteriorating humanitarian situation in Gaza and the stagnation of negotiations for a lasting solution for peace in the region, Israel argued, were less relevant.

The Israeli response drew widespread criticism around the world, with UN Secretary General Antonio Guterres calling for an independent inquiry into Friday's events. But Israel has already hardened itself against such international attention. As a focus on Hamas in its narrative of the march shows, the Israeli right constantly strives to portray a naive international community that fails to appreciate the existential threat the country must face.

Domestically, too, the hardline Israeli coalition led by Prime Minister Benjamin Netanyahu was able to absorb criticism on the political front through a time-honoured taboo: do not criticise Israeli military (IDF) confrontations with Palestine.

If there is one fact to take away from the recent antisemitism scandal that has wracked the Labour Party, it is that the line between criticism of Israel and prejudice against Jews is both fine and blurred. In Israel too, these accusations are weaponised against politicians and activists that step out of line.

Tamar Zandberg, the brand new leader of Israel's leftist Meretz party, criticised the "trigger happy" response to the marches by the Israeli military, and called for an internal inquiry in a message to her Twitter followers. The tweet attracted responses that saw Zandberg dubbed Tamar "Abu" Zandberg, arabising her name and implying she could not be Jewish (or Israeli) while holding anti-government views. Other comments depicted Zandberg not as a politician attempting to legitimately guide her state, but as part of an international campaign to humiliate Israel and undermine the legitimacy of its existence.

Minister for Strategic Affairs Gilad Erdan replied that he regretted that the Israeli left “cannot even provide essential support to the IDF against an organisation that desires the destruction of Israel”.

Hamas is far from innocent in its handling of Gaza and its espousing of inflammatory anti-Israel messages, with a history of torture and public executions of Palestinians under its watch. Still, understanding the Great Return March as an expression of Hamas organs alone is clearly deflection.

What we see here is a kind of domestic feedback loop for anti-Israeli criticism that ingeniously renders the Israeli right not only immune to, but strengthened by domestic and foreign criticism of Israel.

Though Israel is clearly the dominant power between the two, it sees itself as in need of constant protection. Every military encounter with Palestinians, then, is said to be about the existence of Israel itself, and not the specific context in which events occur. Dismissing the plight of the Palestinians, even to the very basic extent of ignoring crises in basic amenities like electricity, helps to reinforce this.

Criticism falls on deaf ears, then, because of a kind of moral exceptionalism: when Israel is under threat, politicians and activists alike must accept the army doing whatever it takes to ensure the state’s existence. There is no space on the Israeli right, as Zandberg’s tweet shows, for an argument claiming that mutual prosperity is a better guarantor of peace than live fire.

The chief of the United Nations is “deeply concerned” with the clashes between Palestinians and Israeli security forces that have left at least 15 people dead along the Gaza fence, and has called on an independent investigation.



A spokesperson for UN Secretary-General António Guterres said that the top UN diplomat is concerned that violence might escalate, and urged nations to avoid further casualties.

“The Secretary-General calls for an independent and transparent investigation into these incidents,” Farhan Haq, the deputy spokesman for Mr Guterres, said in a statement.

“He also appeals to those concerned to refrain from any act that could lead to further casualties and in particular any measures that could place civilians in harm’s way,” he continued.

The statement came after calls for an emergency United Nations meeting Friday with the UN security council, where nations were expected to try and hammer out a response to the violence.

At least 15 were killed and more than 1,000 more were injured during the violence, which erupted Friday as Palestinians gathered along the Gaza fence for a sit-in to honour the anniversary of Palestinian “Land Day”,

which marks the start of a month and a half’s worth of demonstrations over lost land in Gaza.

The Palestinian health ministry said that the injuries were sustained through a combination of tear gas, rubber-coated steel pellets, and live rounds. The demonstrations were called for by Gaza’s militant Hamas rulers, prompting Israeli security forces to double its standard troop levels on the border with more snipers, special forces, and paramilitary border police units that specialise in riot control.

The violence marked the deadliest day of demonstrations there since conflict autumn of last year.

As Friday wore on, the closed-door security council meeting began to appear as though it would be unable to come to consensus on a response, leading Kuwait to call for a public forum on the issue.

One top UN diplomat said that they were concerned the situation in Gaza “might deteriorate in the coming days”,

“Israel must uphold its responsibilities under international human rights and humanitarian law. Lethal force should only be used as a last resort with any resulting fatalities properly investigated by authorities,” Taye-Brook Zerihoun, the UN deputy of political affairs, said.

The timing of the meeting caused the United States to lament that Israel was unable to attend the Friday meeting because of the holiday Passover.

“We are deeply saddened by the loss of life today. We urge those involved to take steps to lower tensions and reduce the risk of new clashes. Bad actors who use protests as a cover to incite violence endanger innocent lives,” US diplomat Walter Miller told the council.

# Significance of Hajj (Pilgrim)



Over two million Muslims from across the world had the five-day Hajj pilgrimage this year. They circled Islam's most sacred site, the cube-shaped Kaaba in the Saudi Arabian city of Mecca, and took part in a series of rituals intended to bring about greater humility and unity among Muslims.

## WHAT IS THE PURPOSE OF THE HAJJ?

Hajj is one of the five pillars of Islam, and all able-bodied Muslims are required to perform it once in their lifetime. The Hajj is seen as a chance to wipe clean past sins and start fresh. Many seek to deepen their faith on the Hajj, with women taking on the Islamic hair covering known as "hijab" upon returning from the pilgrimage.

Despite the physical challenges of the hajj, many people rely on canes or crutches and insist on walking the routes. Those who cannot afford the Hajj are sometimes financed by charities or community leaders. Others save their entire lives to make the journey. A few even walk thousands of miles by foot to Saudi Arabia, taking months to arrive.

While following a route the Prophet Muhammad once walked, the rites of Hajj are believed to ultimately trace the footsteps of the prophets Ibrahim and Ismail, or Abraham and Ishmael as they are named in the Bible.

Muslims believe Ibrahim's faith was tested when God commanded him to sacrifice his only son Ismail. Ibrahim was prepared to submit to the

command, but then God stayed his hand, sparing his son. Pilgrims also trace the path of Ibrahim's wife, Hagar, who Muslims believe ran between two hills seven times searching for water for her dying son. Tradition holds that God then brought forth a spring that runs to this day. That spring, known as the sacred well of Zamzam, is believed to possess healing powers and pilgrims often return from the Hajj with bottles of its water as gifts.

## WHY IS THE KAABA SO IMPORTANT TO MUSLIMS?

Islamic tradition holds that the Kaaba was built by Ibrahim and Ismail as a house of monotheistic worship thousands of years ago. Over the years, the Kaaba was reconstructed and attracted different kinds of pilgrims,

**TO PAGE 12>>**



**The home of all plastic products**  
—— UV protected tanks ——



**CONTACTS**

Tel: 0211 870 800/01/02/03  
Email: [sales@enterprisemw.com](mailto:sales@enterprisemw.com)

FROM PAGE 10&lt;&lt;

# SIGNIFICANCE OF HAJJ (PILGRIM)

including early Christians who once lived in the Arabian Peninsula. In pre-Islamic times, the Kaaba was used to house pagan idols worshipped by local tribes.

Muslims do not worship the Kaaba, but it is Islam's most sacred site because it represents the metaphorical house of God and the oneness of God in Islam. Observant Muslims around the world face toward the Kaaba during the five daily prayers.

## WHAT ARE THE RITUALS PERFORMED DURING THE HAJJ?

Pilgrims enter into a state of spiritual purity known as "ihram" that is aimed at shedding symbols of materialism, giving up worldly pleasures and focusing on the inner self over outward appearance.

Women forgo makeup and perfume and wear loose-fitting clothing and a head covering, while men dress in seamless, white terrycloth garments. The white garments are forbidden to contain any stitching – a restriction meant to emphasize the equality of all Muslims and prevent wealthier pilgrims from differentiating themselves with more elaborate garments.

## TREASURES MAKE PILGRIMAGE FOR HAJJ EXHIBITION

Muslims are forbidden from engaging in sexual intercourse, cutting their hair or trimming nails while in ihram. It is also forbidden for pilgrims to argue, fight or lose their tempers during the

hajj. Inevitably, though, the massive crowds and physical exhaustion of the journey test pilgrims' patience and tolerance.

## THE FIRST DAY OF HAJJ

The Hajj traditionally begins in Mecca, with a smaller pilgrimage called the "umrah", which can be performed year-round. To perform the umrah, Muslims circle the Kaaba counter-clockwise seven times while reciting supplications to God, then walk between the two hills traveled by Hagar. Mecca's Grand Mosque, the world's largest, encompasses the Kaaba and the two hills.

## THE SECOND DAY OF HAJJ

After spending the night in the massive valley of Mina, where 160,000 tents are set up to house them, the pilgrims head to Mount Arafat, some 20 kilometers (12 miles) east of Mecca, for the pinnacle of the pilgrimage.

The Prophet Muhammad is believed to have said that Hajj is Arafat, in reference to the day spent there and its importance. Pilgrims are packed shoulder to shoulder, with some men and women openly weeping and praying.

Tens of thousands scale a hill called Jabal al-Rahma, or mountain of mercy, in Arafat. It is here where Muhammad delivered his final sermon, calling for equality and for Muslim unity. He reminded his followers of women's rights and that every Muslim life and property is sacred.

Around sunset, pilgrims head to an area called Muzdalifa, nine kilometers (5.5 miles) west of Arafat. Many walk, while others use buses. They spend the night there and pick up pebbles along the way that will be used in a symbolic stoning of the devil back in Mina, where Muslims believe the devil tried to talk Ibrahim out of submitting to God's will.

## THE FINAL THREE DAYS OF HAJJ

The last three days of the Hajj are marked by three events: a final circling of the Kaaba, casting stones in Mina and removing the ihram. Men often shave their heads at the end in a sign of renewal.

The final days of Hajj coincide with Eid al-Adha, or the festival of sacrifice, celebrated by Muslims around the world to commemorate Ibrahim's test of faith. During the three-day Eid, Muslims slaughter livestock and distribute the meat to the poor.

**The Prophet Muhammad is believed to have said that Hajj is Arafat, in reference to the day spent there and its importance. Pilgrims are packed shoulder to shoulder, with some men and women openly weeping and praying.**

# SHARI'AH SUPERVISORY BOARD (RELIGIOUS BOARD)

Islamic financial institutions must adhere to the best practices of corporate governance however they have one extra layer of supervision in the form of religious boards. The religious boards have both supervisory and consultative functions. Since the Shari'h scholars on the religious boards carry great responsibility, it is important that only high calibre scholars are appointed to the religious boards.

An Islamic financial institution is required to establish operating procedures to ensure that no form of investment or business activity is undertaken that has not been approved in advance by the religious board. The management is also required to periodically report and certify to the religious board that the actual investments and business activities undertaken by the institution conform to forms previously approved by the religious board.

Islamic financial institutions that offer products and services conforming to Islamic principles must, therefore, be governed by a religious board that act as an independent Shari'ah Supervisory Board comprising of at least three Shari'ah scholars with specialised knowledge of the Islamic laws for transacting, fiqh al mu'amalat, in addition to knowledge of modern business, finance and economics.

They are responsible primarily to give approval that banking and other financial products and services offered comply with the Shari'ah and subsequent verification that of the operations and activities of the financial institutions have complied with the Shari'ah principles (a form of post Shari'ah audit). The Shari'ah Supervisory Board is required to issue independently a certificate of Shari'ah compliance.

The day-to-day application of Shari'ah by the Shari'ah Supervisory Boards is two-

fold. First, in the increasingly complex and sophisticated world of modern finance they endeavours to answer the question on whether or not proposals for new transactions or products conform to the Shari'ah. Second, they act to a large extent in an investigatory role in reviewing the operations of the financial institution to ensure that they comply with the Shari'ah.

The concept of collective decision-making, in other words, decisions made by more than one scholar, is especially important. Shari'ah Supervisory Boards function is to ensure that decisions are not unilateral, and that difficult issues of finance receive adequate consideration by a number of qualified people.

Shaikh Yusuf Talal DeLorenzo, Islamic scholar, position is that unless a financial product or service can be certified as Shari'ah compliant by a competent Shari'ah supervisory board, that product's authenticity is dubious. At that point, it will be the responsibility of the individual investor or consumer to determine on his or her own that the product complies with the principles and precepts of the Shari'ah.

It is the role of the Supervisory Boards to supervise the activities of Islamic banks. To this end, several of them have drafted out model agreements for the modes of financing mentioned above and the banks concerned are bound to follow these forms in all their transactions.

Whenever a case arises where there are difficulties in applying any of these forms, the management of the bank is expected to bring the problem to the notice of its Supervisory Board, who will look into it, come to a decision and issue a decree (fatwa), which the management must obey. A large number of these decrees now exist, covering many of the current practical

problems of Islamic banks.

Because today's problems do not appear in the original sources of classical Islamic financial law, dealing with problems has required innovative thinking by Supervisory Boards. This sometimes leads to differences of opinion, since the members of the boards specialise in different areas of Islamic learning. These differences are settled by discussion or, if necessary, further research may be undertaken. This process leads to valuable additions being made to the body of the law.

## THE IMPORTANCE OF RELIGION IN ISLAMIC BANKING

Islam is a total way of life. Its system of laws permeates social, economic, political and cultural life. Islamic banks are thus one of the direct consequences of the resurgence of interest in Islam.

The primary source of all Islamic jurisprudence, the body of which is known as the Shari'ah, is the Qur'an and Sunnah. Thus it is the Quranic scholars to whom the leaders of Islamic economics and banking turn for guidance in setting up their internal compliance systems and processes.

## CONFORMITY TO THE SHARI'AH

The Advisory Board (also known as the Religious Board) of an Islamic bank looks into the day-to-day running of the bank to check its conformity to the Shari'ah and also decides whether proposals for new varieties of transactions conform to the Shari'ah. It offers constructive advice as to how to address the integration of an Islamic bank's operations into today's world of financial information and technology.

Bringing uniformity to the practices of all Islamic banks would contribute much to the progress of interest-free banking in the world.

TO PAGE 14 >>

FROM PAGE 13&lt;&lt;

## SHARI'AH SUPERVISORY BOARD (RELIGIOUS BOARD)

Preferably, members of Shari'ah boards should also have some knowledge about the law system within which their Islamic bank operates.

The Religious Board both protects the interests of investors in ensuring that their profits are legitimate according to the Shari'ah and helps the management to adapt its operations to today's financial world. The latter role, which is either to issue fatwas (decrees) on specific investment proposals or give precautionary advice, makes it an unwavering foundation supporting the very nature of the Group.

To some it may seem that the role of Supervisory Boards is solely prohibitive in that it proscribes certain forms of activity, yet the part played by them is really one of assistance and contribution. Just as the Shari'ah does not confine itself to what a Muslim may not do, the Advisory Boards of Islamic banks do not limit their role to prohibiting certain transactions, but play a large part in innovation, while still respecting all aspects of Islam itself.

### THE INNOVATIVE ROLE OF THE SUPERVISORY BOARD

It was the ability of religious scholars and Islamic jurors to use the Shari'ah adaptability to develop an alternative to interest-oriented financial transactions that laid the foundation for the first Islamic banks. Islamic scholars and intellectuals from the world of Islamic law worked closely with entrepreneurs, businessmen, prominent Muslims and others and ultimately created a mechanism of finance which was completely different from the West's interest-based one.

Since the beginning of this alternative financing mechanism, development and refinement have never ceased. The methods and instruments of Islamic finance, being based upon risk and profit-sharing, require an ever-evolving

adaptation within the pattern of economic relationships which are defined by the Shari'ah.

The present forms of financial transactions used by Islamic banks, such as mudarabah, musharakah, murabaha, ijarah and ijarah wa iqtina are concepts born of the past thinking of religious scholars and jurists.

So while the definition of the Islamic framework of economics does not change, the types of financial instruments required for the survival of Islamic banks necessitates the constant involvement of religious scholars.

The ideal way for Islamic banks and financiers to operate is to set up partnerships with entrepreneurs on a profit-and-loss-sharing (PLS) basis. This avoids the injustice of interest-based transactions, since, by this system, the profits are divided by agreement between the bank, the entrepreneur and the depositor.

For Islamic banks to be able to operate fully according to the Shari'ah, it is necessary for the interest-free Islamic economic system to be recognised by the state. Meanwhile, the Shari'ah Supervisory Boards have allowed the use of two instruments by which Islamic banks can exist in the present conventional banking environment without charging or receiving interest.

These two instruments are cost-plus sales (where the bank buys an asset required by the customer and sells it to him for a profit, by instalments) and leasing, which, although not the best Islamic means, are at least acceptable in that they are devoid of interest.

First, cost-plus and leasing can only serve their true purpose if the requirements of the Shari'ah are strictly observed. It must not be merely a matter of new names for conventional transactions. With cost-plus

transactions, there must be a definite period during which the financier is the legal owner, bearing all the risks, liabilities and benefits of that position. He is then the genuine seller of the commodity to the buyer and is entitled to make a profit on the sale.

Second, these two types of transactions are not to be thought of as ideal Islamic modes. On the contrary, the goal of Islamic banks is to move towards PLS modes, that is, musharakah and mudarabah partnerships.

These two instruments have been criticised as being so similar to the interest-based instruments of conventional banks that they have not brought much real change to the banking system and this is true, as far as it goes. Yet their use does carry an element of risk for the financier and it is this element which makes them acceptable to the Shari'ah, for the Qur'an says that "God has permitted trade and forbidden usury" (2:275), and both cost-plus sales and leasing are forms of trade.

It is the risk in trading which makes it an acceptable way of making profit. Fixed interest, on the other hand, carries no risk for the bank and is therefore against Islamic principles as a way of making money, since it is the entrepreneur who takes all the risk of loss, while still having to pay back his loan.

**For Islamic banks to be able to operate fully according to the Shari'ah, it is necessary for the interest-free Islamic economic system to be recognised by the state.**

**NEW**

# nourishing ALOE VERA

*Hand &  
body lotion*

with  
Vitamin E+A



P.O. Box 5121,  
Limbe, Malawi.  
Tel: 01 877 803  
Fax: 01 878 080



*Committed to your skin!*



Stocks available in all leading  
wholesalers throughout the country.





TRANQUIL COLOURS FOR BEAUTIFUL HOMES

# HIGH GLOSS ENAMEL

Rainbow High Gloss Enamel Paint transforms your walls beauty and protects it for longer when used on the interior or exterior. It's true beauty inside out. Settle for the best.

Available in all Rainbow Paints outlets and dealers nationwide.

