



Evolution in Waqf Jurisprudence and Islamic Financial Innovation

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**PROPOSING A MODEL FOR ENTREPRENEURSHIP DEVELOPMENT:
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Sherifah Oshioke Musa and Marhanum Che Mohd Salleh

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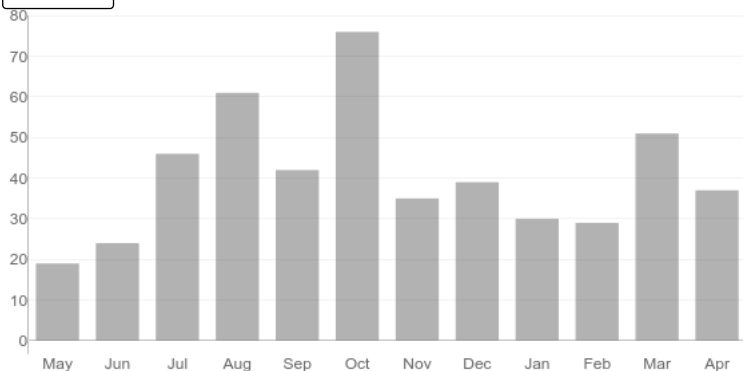
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FAB, Siraj, United Arab Emirates

Abstract

This paper aims to analyse the evolutionary process in the jurisprudential structure of modern *waqf* (Islamic endowment) and underlines the scope of Islamic financial innovation through the mechanism of *waqf*. The paper proposes the innovative models of parallel *waqf*, *waqf*-based social and financial instruments, *waqf*-based *shukūk*, micro-*takāful*, and *waqf*-based commodity bank. The research adopts the qualitative approach and employs socio-legal research methodology for the analysis. The paper relies on desk-based research. Compared to the classical structure of *waqf* which was confined within the domain of a perpetual charitable institution, this paper finds that modern *waqf* has ushered in several new dimensions into its fold. Modern *waqf* is in the process of re-evolution. *Waqf*, in the current scenario, has evolved into a financial product, a property-conveyance tool, an instrument of contract, an investment tool, a risk mitigation mechanism and an incorporated entity. The scope of this paper is limited to analysing the jurisprudential evolution of *waqf* and its impact on the Islamic finance industry. It does not seek to discuss the overall role or impact of *waqf* on the society as a whole. This paper also does not endeavor to compare and contrast the mechanism and modalities of other philanthropic institutions vis-à-vis *waqf*. This paper examines the jurisprudential underpinnings of *waqf* and their implications and applicability to the Islamic finance industry. The paper draws on the process of how the mechanism of *waqf* has already been employed to develop various innovative Islamic financial products and how this process can be a catalyst for further innovation in the Islamic finance industry. The main contribution of the paper is encapsulated in the analysis of how the jurisprudential structure of the modern *waqf* has been evolving in the last few decades to accommodate the modern needs of Islamic finance. It further enumerates a few innovative Islamic financial products which can be developed by exploiting the available flexibility in the evolved version of modern *waqf*.

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AUTHOR BIOGRAPHY

Mohammad Abdullah, FAB, Siraj, United Arab Emirates

Analyst (Shariah Department), FAB, Siraj (the Islamic Window of First Abu Dhabi Bank), United Arab Emirates

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Jl. M.H. Thamrin No.2, Jakarta, 10350

Phone: +62-21-29817335

Principal Contact

Prof. Mansor H. Ibrahim

mansorhi@inceif.edu.my (<mailto:Mansorhi@inceif.edu.my>)

journal.jimf@gmail.com (<mailto:Journal.jimf@gmail.com>)

Support Contact

Jimmy Kathon (Management Team)

Phone. +62-21 29816702

jimf@bi.go.id (<mailto:Jimf@bi.go.id>)

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