

Field Research Report

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Place of fieldwork: Malaysia

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Malaysia has led other South East Asian countries in the field of Islamic finance. Since the launch, in the 1960s, of Lembaga Tabung Haji (an institutional fund for Muslim pilgrims) that operates using Islamic finance practices, Islamic finance has expanded its influence in Malaysia.

Between July and September 2013, I conducted field research on Islamic finance in Malaysia as follows. I visited three Islamic financial institutions. The first one was Bank Islam Malaysia Berhad (BIMB), where I interviewed Mr. Mohd. Nazri Chik (assistant general manager and head—Shari'a (Islamic law) division) about the role of the division in product development at BIMB. He said that the division worked to ensure the compliance of Islamic financial products with Shari'a at the conceptual level.

The second institution I visited was Lembaga Tabung Haji, also known as Tabung Haji. Ms. Azila Abdul Hamid (strategic manager—Corporate Finance & Services Department) explained the objective and importance of Shari'a



finance for Muslims in Malaysia. I learned that Tabung Haji manages the fund through Mudaraba (an investment trust). Modern Islamic economists consider the fund an ideal financial investment.

The final institution I visited was Bank Rakyat that is a cooperative bank in Malaysia. Mr. Mohd. Nashi Abdullah (an executive in this bank's Syariah Supervision Department) explained the rahn product, a form of Islamic pawn broking in Malaysia. He said that the product played an important role in economic development in Malaysia because it could deter loan sharks in the consumer-loan sector. I became interested in this financial product after his explanation.

In addition to interviews with Islamic financial institutions, I attended Malay language classes in order to read Malay material, and collected English and Malay material about Islamic finance from

bookstores. I believe that the assortment of books on Islamic finance available in bookstores reflects an intention to educate people on Islamic finance in Malaysia.