

Ethical Values in Islamic Financial Planning (Nilai-nilai Etika dalam Rancangan Kewangan Islam)

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ABSTRACT

Muslims are encouraged to plan their lives economically and financially in order to achieve the objectives of *Shariah* (i.e. *Maqasid As-Shariah*). The intention to conduct Islamic financial planning must be aligned with the application of *Maqasid As-Shariah*, which emphasizes on the protection of essential needs of Muslims that include preservation of wealth. Financial planning provides direction and meaning for every financial decision. This study examines the basic theories, concepts and practices of Islamic financial planning and the emphasis of ethical conduct in financial planning. The practice of Islamic financial planning must be based on ethical values from Islamic theoretical framework.

Keywords: Financial planning; ethical values; *Shariah*; *Maqasid As-Shariah*

ABSTRAK

Umat Islam digalakkan untuk merancang kehidupan mereka dari sudut ekonomi dan kewangan untuk mencapai objektif *Shariah* (i.e., *Maqasid Shariah*). Niat untuk melaksanakan perancangan kewangan mestilah selari dengan aplikasi *Maqasid Shariah*, yang menekankan tentang perlindungan ke atas keperluan utama seseorang Islam termasuk pengurusan kekayaan. Perancangan kewangan memberikan panduan dan maksud untuk setiap keputusan yang dibuat. Kajian ini mengkaji teori-teori asas, konsep dan amalan perancangan kewangan Islam dan penekanan ke atas tatacara etika dalam merancang kewangan. Pelaksanaan perancangan kewangan Islam mesti diasaskan kepada nilai-nilai etika yang bersumberkan kerangka teori Islam.

Kata kunci: Rancangan kewangan; nilai-nilai etika; *Shariah*; objektif *Shariah*

INTRODUCTION

Financial planning is vital for the well-being of individuals and family in their daily lives as the financial decision has consequences in their life and family. Muslims are encouraged to plan their lives economically and financially in order to achieve the objectives of *Shariah* (i.e. *Maqasid Shariah*). The intention to conduct Islamic financial planning must be aligned with the application of *Maqasid Shariah*, which emphasizes on protection of essential needs of Muslims that include preservation of wealth.

Financial Planning Association of Malaysia and Islamic Banking and Finance Malaysia (FPAM 2009), stated that the foundation of Islamic financial planning is *Shariah* as the complete guide for Muslims to live their lives in this world and for salvation in the Hereafter. *Shariah* is the guide in creating strategies to achieve life goals. In Arabic language, literally *Shariah* means 'the path to the water source' is filled with moral purpose and lessons on the truth and is more than just a set of legal rules. *Shariah* defines duties that man should adopt on the righteous path towards Allah the Glorified and the Exalted (subhanahu wataalla, SWT) *Shariah* is the Islamic law that consists of commands, prohibitions, encouragements and principles that Allah SWT has provided through the Holy Quran and His Messenger, Prophet Muhammad peace and blessing be upon him (sallallahu alaihi wasallam,

SAW). The four fundamental sources of *Shariah* are the Quran, *Sunnah* (traditions of the Prophet Muhammad (SAW), *Ijma* (consensus) and *Qiyas* (analogy), respectively. Both the Quran and Sunnah are divinely inspired (Iqbal & Mirakhor 2007).

Effective on January 5, 2004, all financial planners in Malaysia are required by the Securities Commission of Malaysia to be licensed and must have the recognized qualifications of Certified Financial Planner (CFP). CFP practitioners must take the extra steps to demonstrate their professionalism by voluntarily submitting to the rigorous CFP certification process. In addition to significant education and experience requirements, they must pass a comprehensive exam that tests their personal financial planning knowledge and skills, continually update their abilities and abide by CFP Board's Code of Ethics and Professional Responsibility (Code of Ethics) and Financial Planning Practice Standards (Practice Standards) (FPAM 2009). In Malaysia, through the Code of Ethics, CFP practitioners agree to act fairly and diligently when providing the clients with financial planning advice and services, always putting their interests first. The Code of Ethics states that CFP practitioners are to act with integrity, offering professional services that are objective and based on the clients' needs. They are required to provide the clients with information about their sources of compensation and conflicts of interest in writing, and

must keep personal details obtained while working with confidentiality.

Since financial planning is being practiced by institutions, not just by individual advisor, Smith et al. (2007) argue that little focus is given within the legislation on the ethical obligations and decision making of the individual advisor. There is a current public perception that financial planners are unethical and incompetent with their professional role being shaped by scams and scandals (Bruining 2004; Brown 2003; Smith et al. 2007). The perceived integrity of a financial adviser is dependent upon the perceived ethical standards of the adviser, and although good intentions are necessary for ethical behavior, they are not sufficient (Redhead 2010).

This study discusses the basic theories, concepts and practices of Islamic financial planning and the emphasis of ethical conduct in financial planning. The Islamic financial planners need to have high ethical values when preparing the financial planning to the public. The practice of Islamic financial planning must be based on ethical values from Islamic theoretical framework. The theories, concepts and practices of Islamic financial planning are discussed in this study as it is obligatory upon Muslims and Islamic financial planners in particular, to fully understand Islamic financial planning and its practices. This study will enhance the individual's perception on the importance of financial planning, relevant theories, concepts and ethical principles from Islamic perspective. In addition, this study can enhance public understanding on the role of financial planner and encourage Muslims to manage their own personal finance according to Islamic principles as required by the *Shariah*.

ISLAMIC FINANCIAL PLANNING

Islam is a comprehensive and holistic religion that governs all aspects of life, personal and social, spiritual and materialistic and relates this worldly life to the Hereafter. This means that we all human beings need to practice Islam while perform our business and economic activities. Muslims are encouraged to plan for their life and put efforts to achieve the goal setting, and consistently asking help from Allah SWT.

The final stage is *tawakkal* for what the result and takes it as the destiny bestows by Allah SWT. Financial planning takes into account the principle that Allah is the sole giver of "bounty" to every living creature on this planet including Muslims and non-Muslims, human beings and animals and other creators that Allah SWT only knows. Thus, wealth is a trust to be managed and planned according to *Shariah* "For Allah is He Who Gives (all) sustenance (*Al-Dhariyat* 51: 58). Islamic financial planning or *Shariah* financial planning could be defined as: *a process of assisting clients in determining their financial goals and priorities and the resources to meet them optimally within the parameters of the Shariah*. It is also *the process of meeting life goals through the*

management of finances in accordance with the Shariah (Lahsasna 2010: 40)."

According to this concept the services provided to the customer must be *Shariah* compliant in its concept, criteria, and structure which satisfy the client needs and *Shariah* rules and requirement. *Shariah* is very concern about the financial planning due to its financial implication on the family and society at large. Therefore, Muslims are encouraged and urged to plan their lives economically and financially as well in order to achieve the objectives of *Shariah* in society, business and finance which bring prosperity and happiness to every individual in the *ummah*. In surah Yusuf (verses 46-49), Allah SWT stresses the importance of good financial planning where people must keep and save their abundant wealth in the seven period of good harvest and be prepared for the seven periods of dreadful years. Hence, *Shariah* decree has to be observed and adhered throughout the process. The crux of Islamic financial planning is the planning itself is to meet the goals of the individuals through execution of the financial plan and monitoring of it. Islamic teachings always urge Muslims to plan and take necessary actions to ensure success in life (Lahsasna 2010).

The goal in the life of a Muslim, based on *Shariah*, is to worship Allah (God) in His Oneness. Hence, in all aspects of human life, the element of worship to God is the main pillar and non-observance from the rightful path is a wrongful act. In addition, Muslims have to enter Islam wholeheartedly and submit to Islamic teachings in totality. Muslims' life goal is to achieve success in this world and in the Hereafter or known as *Al-Falah*. The concept of *Al-Falah* takes place in the form of attaining good life (*hayattayyibah*) in this world and paradise (*jannah*). The concept of good life comes in the following *Quranic* verse (Surah al-Nahl: 97)

Whoever works righteousness, whether male or female, and is a believer verily, to him We will give 'hayattayyibah' (in this world with respect, contentment and lawful provisions), and We shall pay them certainly reward in proportion to the best of what they used to do (i.e. paradise in the Hereafter).

According to Jaafar (2002), wealth is recognized by *Shariah* as the basic for meaningful life and prerequisite for human beings to execute their dual functions as servants to Allah and vicegerent of mankind. In Islam, a good life is attained through the balanced satisfaction of material and spiritual needs of man. "*Muslim must strive in Allah's cause with his wealth and his self*" (Surah As-Saff 61: 11).

Shahir (2002) has suggested some basic worldly needs that Muslims have to consider such as providing for education, marriage, savings and investment, household needs, new birth, obligations to parents, *takaful* (Islamic Insurance), purchase of vehicle and home or properties, retirement, zakat and tax and voluntary charity. The spiritual needs to be included in the financial plan are performing pilgrimage, paying obligatory alms (zakat), charity (*infaq*) and Islamic distribution of estate (*faraid*). Hence, the life goals for Muslims include both

requirements of material and additional element of spiritual needs. These goals are translated into financial goals and form the basis of the financial plan.

CONCEPTS OF ISLAMIC FINANCIAL PLANNING

Islamic financial planning is grounded on the Islamic concepts and theoretical framework. The following section examines some of the underlying key concepts of Islamic financial planning which must be observed particularly by Muslim financial planners in giving advice to their clients.

WEALTH IS A TRUST

Islam views that Allah SWT is the provider of bounties and all resources and that wealth belongs to Allah SWT. Lahasna (2010) assures that Islamic financial planning takes into account the principle that Allah is the sole provider to all His creations on this planet “*For Allah is He who gives (all) sustenance....*” (Al-Dharyyat 51: 5). The Muslim needs to follow *Shariah* rules because on the judgment day, he shall be asked regarding his wealth how he earned and spent it (as provided in a *Hadith* related by *Tirmidzi*). *Hadith* records the saying and behavior of Prophet Muhammad SAW. According to Nik Yusoff (2001), Allah SWT bestows abundance of wealth on individuals who Allah chooses entirely at His discretion or will, as mentioned in Al-Quran in surah Al-Baqarah, verse 212.

Beautiful is the life of this world for those who disbelieve, and they mock at those who believe. But those who obey Allah’s orders and keep away from what He has forbidden, will be above them on the Day of Resurrection. And Allah gives (of His Bounty, Blessings, Favors, Honors, etc. on the Day of Resurrection) to whom He wills without limit.

Allah SWT provides His bounty to those who earn it and who are willing to work in seeking the bounties of Allah SWT. Man must seek the wealth and Allah’s bounty. Hence, wealth is considered as a trust from Allah SWT. Man as the vicegerent of Allah SWT, enjoys the right of ownership only as a trustee (Ahmad 1982). In addition, man is bound by conditions of moral values of Islam, social and economic justice, equitable distribution of income and wealth and brotherhood in Islam. Muslims have to acquire wealth in accordance to Islamic teachings and should use wealth for the right objectives.

FINANCIAL PLANNING AS AN ACT OF WORSHIP (IBADAH)

One of the primary concepts of Islamic financial planning is that it is regarded as an act of worship (*ibadah*). Man has to plan in order to face adverse events in life. In Al-Quran, there are planning verses in *Surah Yusuf*: 47-49 which depict the certainty of seven years of good harvest to be followed by seven years of drought in society.

He (Yusuf) said: You shall sow for seven years continuously, then, what you reap leave it in its ear except a little of which you eat. Then, there shall come after that seven years of hardship which shall eat away all that you have beforehand laid up in store for them, except a little of what you shall have preserved. Then there will come after that a year in which people shall have rain and in which they shall press (grapes).

Muslims need to save during good times such as a good harvest in preparation for bad times such as the drought period. As for individuals, an event that is certain to happen is death. Hence, a proper planning is required to alleviate hardship to the surviving family members and the deceased in his afterlife. As such, it is in the context of avoiding hardship that planning becomes part of worship (Financial Planning Association of Malaysia and Islamic Banking and Finance Malaysia 2009). A Muslim is exhorted to be proactive in anticipating future problems.

MAN’S TIME HORIZON

In Islam, there is an eternal life after death and every Muslim will be judged by his Creator in determining how he or she lives in the Hereafter. This is referred to as man’s time horizon. Hence, Muslims need to make sufficient preparation while they live in this world, and satisfy the spiritual needs, in order to accomplish the good life in the Hereafter. Muslims and their Islamic financial planners would have to plan for the success in this world and Hereafter (Financial Planning Association of Malaysia and Islamic Banking and Finance Malaysia 2009). Islam promotes a proper balance between the fulfillment of spiritual and worldly obligations. This is evidenced in the *Hadith* as narrated by Al Dailami:

A Muslim should prepare himself for the next world as if he is going to die tomorrow, but at the same time work hard to improve all his worldly comforts as if he is going to live forever.

The belief in the Hereafter shapes a Muslim conduct in this world and how they prepare for the world after death. Thus, Muslims must do things that will be of benefit to them in this world and the Hereafter. In Islam, these good deeds are known as *Ibadah*. The act of worshiping Allah is an *Ibadah* and financial planning is an example of an act of *Ibadah* because the intention and practices are following *Shariah* guidelines. Muslims are required to do specific good deeds such as performing daily prayer, fasting and contributing for charity and zakat, while they are also encouraged to do all kinds of good deeds from helping and loving other human beings to the smallest action that benefit any living thing in this world. At the same time, they must prevent themselves from the hell punishment of the wrongdoings.

Lahasna (2010) also has highlighted that the need to balance between the material and spiritual needs in life, warrants individuals to monitor and regulate the acquisition of wealth and the spending (the flow of fund) according to *Shariah* principles.

MAQASID SHARIAH

Maqasid Shariah means the objective of *Shariah*, the Islamic law. Ibn Ashur (2006), one of the great Islamic scholars, mentions that the ultimate objective of *Shariah* is to preserve the order of the world and regulate the conduct of human beings by acquiring what is good and beneficial (*masalih*) and safeguarding them from what is evil and harmful (*mafasid*). Hence, the objective of *Shariah* is to cater for the interest of people and relieve them from hardship. Ibn Qayyim in Ahmad (1982) emphasizes that the basis of *Shariah* is wisdom and the welfare of the people in this world and the Hereafter. This welfare lies in complete justice, mercy, welfare and wisdom; anything that departs from justice to oppression, from mercy to harshness, from welfare to misery and from wisdom to folly, has nothing to do with the *Shariah* (Ahmad 1982).

According to Dusuki and Bouheraoua (2011: 3), Abu Hamid al-Ghazali, a great philosopher and Islamic scholar who was also known as Imam Al-Ghazali, defines *Maqasid Shariah* by the significance of *Shariah* in safeguarding five basic objectives:

The very objective of the *Shariah* is to promote the well-being of the people, which lies in safeguarding their faith (*din*), their lives (*nafs*), their intellect (*'aql*), their posterity (*nasl*) and their wealth (*mal*). Whatever ensures the safeguarding of these five serves public interest and is desirable, and whatever hurt them is against public interest and its removal is desirable.

The social community will not function properly if there is any defect in these five essential values. The five fundamental values of faith, life, intellect, posterity or lineage, and wealth, also known as the essential benefits, must be protected and safeguarded by the individual, community and legal system (Ibn Ashur 2006). The five values are the essentials or basic (*daruriyyah*) needs that a man depends upon and therefore has to protect. The objective of *Shariah* is to protect these values for all human beings. For example, preservation of properties includes protecting private wealth that leads to preservation of the wealth of the whole community. These essential needs are supplemented by complementary interest (*hajiyyah*) which refers to interests that can lead to attainment of good life and free of distress and predicament. Another higher level of objectives is attainment on embellishments (*tahsiniyyah*) which refer to interest which realization leads to refinement and perfection in the customs and conduct of people at all levels of achievement. These are the three levels of general objectives (*maslahah*) of *Shariah* that would secure benefit and prevent harm to the people (Ibn Ashur 2006).

Islamic scholars have divided *Maqasid Shariah* into another category that is specific objectives (*maqasid khassah*) which consist of the specific objectives of Islamic legislation (*al-maqasid al-khassah*), where the area of concern is a specific discipline, such as financial transactions or family law or private conduct. Both categories serve as the main framework governing human lives in this world to achieve the ultimate happiness in

the Hereafter (Dusuki & Bouheraoua 2011). In addition, Sulaiman (2011) suggests that the above levels in *Maqasid Shariah* must be upheld at all times including in classifying and prioritizing the needs of Muslim in his financial plan. The basic needs have to be fulfilled and only then complete it with the complementary and embellishment needs. Consequently, the five levels of essentials provide the main dimensions of financial planning.

PRESERVATION OF WEALTH

Islamic finance and financial planning aim to preserve one of the five essentials needs namely the preservation of wealth, which is interrelated to preservation of religion. According to Dusuki and Bouheraoua (2011), the preservation of wealth is to be achieved in at least five main dimensions;

1. Preservation of wealth through protection and ownership,
2. Preservation of wealth through its acquisition and development,
3. Preservation of wealth from damage,
4. Protection of wealth through its circulation, and
5. Preservation of wealth through protection of its value.

Dusuki and Bouheraoua (2011) explain that Islam recognizes the natural desire of mankind to own good things by providing clear parameters on how to own, use and protect wealth. In addition, Islam affirms the call for acquisition of wealth through Quranic verse 62:10, *And when the prayer is finished, then you may disperse through the land and seek of the bounty of Allah*. In a Hadith by Prophet Muhammad SAW, as narrated by Bukhari, *there is nothing wrong in wealth for him who fears God*.

The requirement for a Muslim to pay *zakat* implies the need to develop and grow the wealth such as through investment in order for the asset to continuously grow and not be depleted. *Shariah* also emphasizes the need to preserve the wealth from damage or exposure to risk. Hence, risk management is important and necessary actions must be taken to handle risk efficiently and promptly. Circulation of wealth guarantees balanced and sustainable economic development. Islam promotes investment and prohibits hoarding of wealth, manipulation and monopolization that restrict wealth to small segment of people. *Shariah* has incorporated measures such as *zakat*, i.e. *kaffarah* (redemption) to maintain a balanced society and *waqf* (*public usage*), *hibah* (*gift*), *wasiyyah* (*bequest*) to ensure healthy circulation of wealth. Preservation of wealth through its value protection includes the prohibition of usury or *riba*, devaluing or overpricing of commodities.

PROHIBITION FROM ENGAGING IN RIBA, MAISIR AND GHARAR

Three fundamental prohibitions of Islamic finance are prohibition of interest (*riba*), uncertainty (*gharar*)

and gambling (*maisir*). *Riba* in *Shariah* refers to the predetermined interest that must be paid together with the principal amount as a condition for loan or for use on money such as in investment. *Riba* or interest is severely prohibited by Islam because of it reinforces the tendency for wealth to accumulate in the hands of a few and thereby diminishes human beings concern over their fellow men. In addition, Islam does not allow any gain from financial activity unless the beneficiary is subject to potential loss. Any profit should be through man's own exertions and not through exploitation of others (Ahmad & Hassan 2007). *Riba* is considered unfair and exploitative.

Uncertainty (*gharar*) implies deceit and it causes injustice of any form to any of the parties and uncontrollable risks in *gharar* lead to speculation and gambling. Hence, major *gharar* is prohibited such as uncertainty of ownership or possession and inadequate information. Gambling (*maisir*) includes games of chance, betting money or borrowing money to speculate on currency movements is also prohibited in Islam. In addition to these three fundamental prohibitions, price manipulation is also prohibited (Abdullah & Chee 2010).

TIME VALUE OF MONEY IN ISLAM

Islam views money as something that cannot be hoarded and wasted in large quantities. Money is a means of exchange and treated as a unit of account and not as a store of value. Ahmad and Hassan (2006) view that money represents purchasing power to purchase something and it cannot be used to increase purchasing power without undergoing an intermediate step of being used to purchase goods and services. Life-cycle theory (in early 1950s) posits that individuals plan and build up a store of wealth during their younger working lives to consume during their old age or retirement (Modigliani & Ando 1963). People make consumption decisions based on the resources available to them over their lifetime and on the stage of life they are currently at. Thus, in Islam the way assets or wealth are built up must be based on Islamic financial planning and planning for the current and future consumption is strongly encouraged as stated in surah Yusuf: 46-49.

And when he came to Joseph in the prison, he exclaimed: Joseph! O thou truthful one! Expound for us the seven fat kine which seven lean were eating and the seven green ears of corn and other (seven) dry, that I may return unto the people, so that they may know. He said: Ye shall sow seven years as usual, but that which ye reap, leave it in the ear, all save a little which ye eat. Then after that will come seven hard years which will devour all that ye have prepared for them, save a little of that which ye have stored. Then, after that, will come a year when the people will have plenteous crops and when they will press (wine and oil).

Money is recognized as capital only when it joins with other resources to undertake productive activity. Islam recognizes time value only when it acts as capital. *Shariah* prohibits making money's time value an

element in lending relationship that considers it to have a predetermined value. Islam prohibits interest or *riba* and therefore denies the recognition of time value of money.

CODE OF ETHICS IN FINANCIAL PLANNING

The Financial Planning Association of Malaysia (FPAM) includes a mandate that members (financial planners) adhere to a Code of Ethics that reflects their commitment to help clients achieve their life goals (<http://www.fpam.org.my>). FPAM's Ethics Committee is monitored by the Board of Directors who will review the alleged violations to the Code of Ethics and advise the members on ways to enhance ethical behavior and ethics awareness by all FPAM members. The summary of the Code includes:

1. Client First – members have to act honestly and not place personal gain or advantage before the client's interests.
2. Integrity – members may be placed by clients in positions of trust and confidence. The ultimate source of such public trust is the member's personal integrity
3. Objectivity – objectivity requires intellectual honesty and impartiality. A member should protect the integrity of his or her work and maintain objectivity.
4. Competence – members must provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which the designee is engaged.
5. Fairness – members must perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers and shall disclose conflict(s) of interest(s) in providing such services.
6. Confidentiality – members shall not disclose any confidential client information without the specific consent of the client unless in response to proper legal process, to defend against charges of wrongdoing by the member or in connection with a civil dispute between the member and client.
7. Professionalism – members are responsible to behave with dignity and courtesy to all those who use those services, fellow professionals, and those in related professions.
8. Diligence – members shall act diligently in providing professional services. Diligence is the provision of services in a reasonably prompt and thorough manner. Diligence also includes proper planning for and supervision of the rendering of professional services.

As Islamic financial planners, they are bound to follow the above code of ethics in financial planning which is provided by the association. In addition, they also need to observe the ethical values in Islam which is needed to be practiced when dealing with clients and when dealing with matters which are in conflicts. The Islamic ethical

system substantially differs from the so-called secular ethical systems as well as from the moral code advocated by other religions and societies. In Islam, adherence to moral code and ethical behaviour is a part of *Iman* (faith) itself (Sabahuddin 2005).

ETHICAL VALUES IN ISLAMIC FINANCIAL PLANNING

Ethics is defined as the set of moral principles that distinguish what is right from what is wrong (Sabahuddin 2011). Islam places the highest emphasis on ethical values in all aspects of human life. In Islam, ethics govern all aspects of life. Ethical norms and moral codes discernible from the verses of the Holy Qur'an and the teachings of the Prophet SAW are numerous, far reaching and comprehensive (Sabahuddin 2011). Islamic teachings strongly stress the observance of ethical and moral code in human behaviour and repeatedly stressed in Al-Quran and Al-Hadith. In Surah Al Imran (110), Allah SWT states You are the best nation that has been raised up for mankind. You enjoin right conduct, forbid evil and believe in Allah. The Prophet SAW also says: I have been sent for the purpose of perfecting good morals (Ibn Hambal No: 8595).

Islam requires the believers to observe certain norms and moral codes in their family affairs; in dealings with relatives, with neighbours and friends; in their business transactions; in their social affairs, and all private and public life. Islam has its own distinctive value-based ethical system for business dealings. It prescribes certain specific guidelines for governing business ethics. It (1) enumerates the general ethical rules of business conduct, (2) identifies ethically desirable forms of business, and, (3) specifies the undesirable modes of transactions.

In the theoretical framework of Islam, ethics deals with relationships between man and Allah, man and his fellowmen, man and other elements and creatures of the universe, and man with his innermost self. In addition, the goals of Islam itself are not primarily materialistic or only for making profits. They are based on Islamic concepts of human well-being and good life that emphasize brotherhood and socio-economic justice and require a balanced satisfaction of both material and spiritual needs of all humans. Ethical system in Islam is derived from the teachings of the Quran and from the Hadith. In financial planning, Islam gives more priority to avoid harmful elements or conditions than the benefits, thus a good ethical conduct by a financial planner is demanded to protect the rights of the clients in getting the right advice according to the teaching of Islam.

Beekun (1996) states that the term most closely related to ethics in the Al-Quran is *khuluq*. This term is also known as *akhlak*, a set of Islamic moral values prescribed in the Al-Quran and implemented by Prophet Muhammad SAW during his life. Allah SWT says in the Quran (Surah Al-Qalam: 4):

And thou (standest) on an exalted standard of character.

A Muslim who has good morals and is advanced in the scientific knowledge of his time is called a civilized or a progressive Muslim. Alternately, a person who is advanced in scientific knowledge and has established basic industries, and yet who has poor morals is called a tyrant, a regressive person, a bandit, or a dictator (Ali & Muhammad 2001). Prophet Muhammad SAW emphasized the teaching of ethics in business and economics activities. Thus, Muslim financial planners must observe the following examples when dealing with clients:

1. No fraud or deceit in dealing with business or sale activities. It is reported by Prophet Muhammad SAW. "When a sale is held, say, "There's no cheating"" (Al-Bukhari). In this case, when there is a contract or agreement between financial planner and the client, both parties must act in good faith and be honest to each other.
2. Mutual consent is necessary by both parties, i.e. the financial planner and the client. The Prophet SAW is reported to have said, "The sale is complete when the two involved depart with mutual consent" (Al-Bukhari). In the case of financial planning, this is referred to as the agreement between the two parties, which must be disclosed in truthful and trustworthiness.
3. Be strict in regard to weights and measures. The Prophet SAW is reported to have said, "When people cheat in weight and measures, their provision is cut off from them" (Al-Muwatta). He told the owners of measures and weights, "You have been entrusted with affairs over which some nations before you were destroyed" (Al-Tirmidhi). Allah SWT curses those who cheat in weight and measures as stated in surah Al-Mutafifin, verses 1 to 3. The financial planners should clearly state and disclose their fees for consultations and advice given to clients.
4. The Prophet SAW forbids monopolies, "Whoever monopolizes is a sinner" (Abu Dawud). There should be many institutions which can give advice on financial planning to public such that the service should not be monopolized by the government or one institution only. This is to allow a free trade and free enterprise among the public.

In addition, Ali and Muhammad (2001) discuss twelve virtues that will help and encourage individual Muslim financial planners to build ethical practices and values in their good selves and the organization:

1. Feel of shame when committing evil deeds or doing things which are wrong.
2. Obedience to the rules of Islam and helping others.
3. Striving to be a good-natured Muslim person in the right path.
4. In times of altercation and turmoil, a Muslim financial planner should be peaceful, agreeable and does not want to argue or be harsh.

5. Tranquility and control the desire.
6. Fortitude and be patience.
7. To be content with the minimum with respect to the necessities of life. Contentment is a good virtue or habit. Boasting is a grave sin.
8. To act with dignity, calmness and not to act with rashness while trying to obtain necessities and other valuables. It means dignified behavior. It does not mean to act so slowly as to miss opportunities or to act in such a way that others will seize one's benefits or opportunities.
9. Be a piety person who is to abstain from committing prohibited actions as well as abstaining from things that are doubtful, i.e., things that could be forbidden in Islam. It is also doing good deeds and other actions which are useful to others. It is to avoid inadequate and negligent attitude.
10. Orderliness or do one's work in an order or discipline or method.
11. To earn money by permissible means (*halal*) and to spend for good causes.
12. Be generous to people and spend lovingly for the causes which Islam dictates.

As a competent and qualified Muslim financial planner, he or she must also possess good ethical behavior and ethical values in order to increase the quality of financial advice to the clients in all aspects of financial planning.

CONCLUSION

Islamic Financial Planning represents an important aspect in everyone's life as a prudent financial management would help lighten financial burden and ease human life in this world so that we can live our life according to our wishes and utilize our wealth for the enjoyment of this life. The purpose of life for Muslims is for higher intention that Muslims are required not only to seek material pleasure but to seek the pleasure of his Creator in order to attain success in this world and Hereafter. Muslims are compelled to adopt Islamic financial planning as it is part of the *Shariah* requirements. As individuals, Muslims are required to enter Islam in totality. Hence, understanding the concept of Islamic financial planning becomes more important as the Muslims have to embrace Islam in its totality and abide to the *Shariah* principles in their financial decision making.

The financial planners with qualified Islamic financial planning training and education must observe and practice the principles of Islamic ethical values in giving advice to the clients. Future study should explore on the perception of Malaysian public towards the integrity and ethical behavioral practices among the financial planner in Malaysia with the perception on financial planners in the West whose conducts are thought to be of scam and scandals (Bruining 2004; Brown 2003; Smith et al.

2007). The credibility and integrity of financial planner will enhance the public confidence and trust on Muslim financial planners in the future.

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