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**SCHOLARS REVIEW OF
TAYYIB CONCEPT**

Discussion Paper

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DISCLAIMER

The Discussion Paper on the Scholars Review of Tayyib Concept, is a work commissioned by MIFC Leadership Council to ISRA Research Management of INCEIF, which aims to thoroughly elucidate the essence of Tayyib and explore practical applications, ultimately serving as a reference for understanding and implementing the Tayyib concept.

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Foreword

It is a fundamental axiom in finance that the role of finance is to first of all support the proper functioning of the real economy and businesses that in turn is among the key building blocks to help build a more inclusive, sustainable, progressive, and ultimately just society. Sadly, there is an increasingly strong case to be made that this fundamental axiom has been broken, inverted or at least fractured.

While there has indeed been much progress in the post-war period in terms of economic and human development indicators, the evidence over the last several decades is increasingly mounting that significant parts of these developmental gains are reversing as the poly-crises of our times intensify in terms of the complex and interrelated issues of inequality, sustainability and humanitarian crises.

Both academic and popular commentary has increasingly pointed to finance and financialisation being at the heart of these issues, as powerful transmission channels through debt, consumption, speculative and predatory financial practices, and unusual and loose monetary policy conditions, are often identified as the root causes of such deleterious economic and social outcomes. While there have been commendable efforts in both thought and practice in global finance's response through the development and application of SDG (Sustainable Development Goals), ESG (Environment, Social and Governance) practices and Sustainable Finance, there are indeed strong headwinds as economies and societies grapple with the issues of measurement, standards, "greenwashing", and even the politicisation of these practices in so-called culture wars.

Islam and Islamic finance, with a clear, divinely guided ethical framework and a rich tradition in applying these principles of a more humane financial and economic system should in theory at least, not suffer from some of the dissonance and moral relativity plaguing global finance. Nonetheless, in acknowledging the many gaps and weaknesses in many Muslim nations of the Ummah in terms of economic, social and human development indicators, we can also recognise the opportunity and indeed the duty to better understand our own *Deen* and to apply its rich and powerful ideas and principles better.

This study aims to explore the potentially powerful concept of *Tayyib*, with a focus on operationalising and applying it to business and Islamic finance practices. It delves deeply into the guidance, wisdom, and historical practices from our rich history of developing economic and financial practices for the benefit of all. *Tayyib*, linguistically, means to be of a pure and wholesome constitution, to be better than being merely permissible. In the context of Islamic finance and business practices, *Tayyib* essentially implies that practices should not only be Shariah-compliant (*halal*), but also strive to surpass this level of compliance, adhere to a higher standard, be Shariah-based, and be closer to achieving the higher objectives of the Maqasid Al-Shariah.

In this regard, I wish to congratulate ISRA and INCEIF for undertaking this fresh, original and potentially ground-breaking study on behalf of the MIFC Leadership Council (MLC), of which I am also privileged to chair, which commissioned this review as part of its efforts to chart out the next phase of development for Islamic finance in Malaysia and beyond. The scholars involved in this study, I am made to understand, have reviewed no less than 300 significant texts and publications running the full gamut of over one thousand years of Islamic scholarship and history through to contemporary times. It has also undertaken a comprehensive benchmarking against current practices in both the Islamic and global financial system.

Its emerging conclusions that the application of the *Tayyib* concept to drive a higher standard of practice in finance and business is indeed an exciting and promising one that portends a potential injection of renewed dynamism into the industry to *insha-Allah* herald a new wave of good innovation in terms of products, policies and practices to ultimately reclaim, restore and reform financial and business practices to its original and fundamental function to be of service to society, to be a steward for the planet and, ultimately as a good servant and *khalifah* for the *redha* of our Creator.

We hope that this discussion paper will spark further good consultation, analysis and insights as part of the collective *ijtihadi* process which is so required to take the industry and indeed our nations, the Ummah and the world out of the fog of the mind, and the shackles of practice – actual or imagined – that is often currently facing us. In operationalising the next phases of this research encapsulated in this Discussion Paper, to my mind, several action agenda is already emerging that would include inter alia:

- Further scholarly discussions to deepen and sharpen the research around this Discussion Paper with academicians, think tanks and scholars.
- Further discussion and consultation with industry regulators, industry players and financial intermediaries, in particular to chart out practical pathways of synthesising the *Tayyib* concept within existing well-crafted and functioning policy frameworks and initiatives such as the VBI Framework of Bank Negara Malaysia and the Maqasid Al-Shariah Guidance Islamic Capital Market by the Securities Commission.
- A development of a measurement and scorecard mechanism and system
- The development of a Stewardship Code and Investment Policies that would encapsulate not only shariah compliant (i.e. *halal*) practices but more than that a shariah based and *Maqasid* Shariah outcome-based practices (ie *Tayyib*)
- A collaboration and exchange with other jurisdictions and thought systems in the world (in the West and the East) of Islamic finance and non-Islamic finance, in the spirit of pathfinding mutually beneficial and universally applicable and complementary methodologies for our common prosperity and well-being.

We hope that this piece of scholarship will be useful as one of the enabling building blocks as we chart the next wave of development for the Islamic finance industry in Malaysia and beyond. May we join forces and develop this together *insha-Allah*.

وَبِاللَّهِ التَّوْفِيقِ وَالْهُدَايَةِ وَالسَّلَامَ عَلَيْكُمْ وَرَحْمَةَ اللَّهِ وَبَرَكَاتُهُ

Tan Sri Azman Hj. Mokhtar
Chairman
INCEIF University

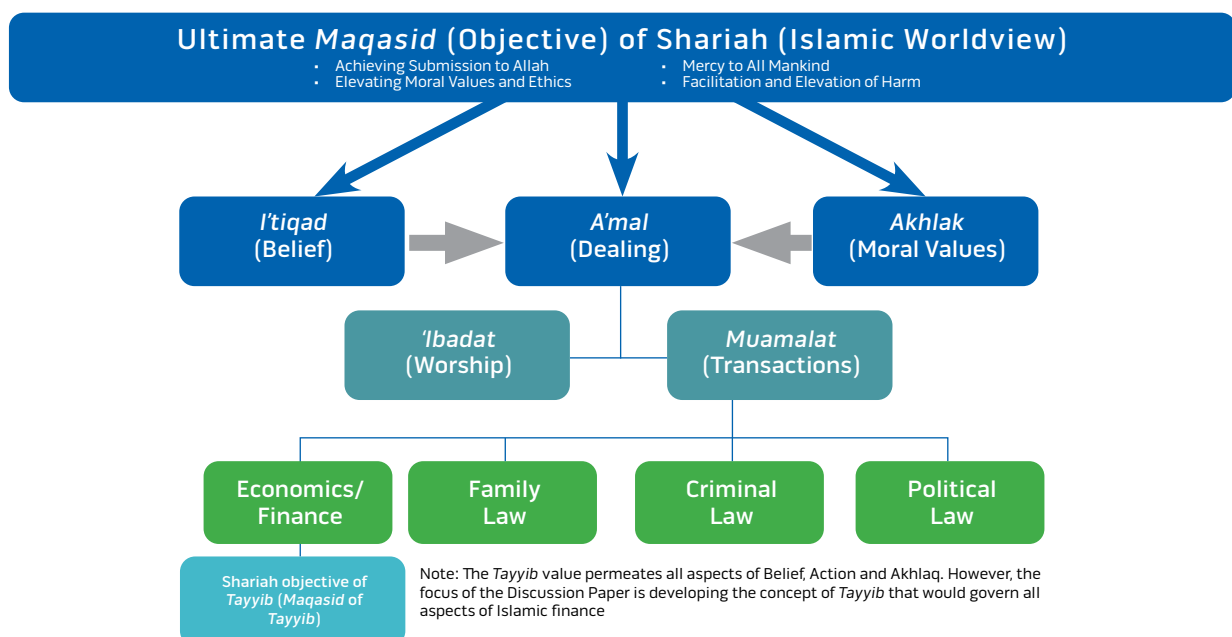
Executive Summary

The contemporary landscape of global finance is witnessing a paradigm shift towards ethical practices, and *Tayyib* stands as the Islamic finance industry's answer to this call. With an increasing global focus on sustainability, the *Tayyib* Concept positions itself as the pathway through which Islamic finance expands beyond Shariah compliance (Halal), to reach the heights of socially, environmentally, and economically beneficial (*Tayyib*). It not only answers the need for ethical financing but sets a precedent for the Islamic finance industry to emerge as a global leader in responsible financial practices.

The *Tayyib* Concept emerges as a timely response to the global imperative for the Islamic finance industry to pivot towards ethical financing, aligning seamlessly with the growing interest in sustainability. Positioned as a catalyst for Malaysia to take a global lead in the Islamic finance sector, *Tayyib* serves as a unifying force for countries and jurisdictions engaged in Islamic finance.

The conceptualisation of *Tayyib* was grounded in an exhaustive analysis of the references to *Tayyib* in the Qur'an and Sunnah. Defined as a *Maqsid*—an objective of Shariah—in Islamic finance, the *Tayyib* Core Values were directly derived from their Qur'anic and Sunnah mentions. Once established, these values were contextualised into five thrusts to resonate with the operational realities of the Islamic finance industry, resulting in a concept that is not only operational but also centered around key measurable aspects.

Tayyib is a status that is not only permitted (halal) but also ethically excellent, balanced, and wholesome across the entire financing process - from the means of acquisition to the resulting outcomes, taking into consideration immediate and future impact on individuals, institutions, society, and the environment. Tayyib emphasises moral soundness, fairness, transparency and quality in Islamic financial dealings.



However, beyond being a national initiative, *Tayyib* serves as a rallying call for collaboration on a global scale. It calls for all Islamic financial markets globally to join hands in elevating the industry to new heights through a fundamental shift in the ethos centered around achieving the *Maqasid* of Shariah, creating a financial landscape where *Tayyib* considerations are integral to every financial decision.

The *Tayyib* Concept

Shariah Objective of *Tayyib* (*Maqasid* of *Tayyib*)

Tayyib Core Values



Prioritising
Transitive
Benefits



Fairness &
Reciprocity



Impact
Consideration



'*Adl* and '*Ihsan*



Self-Accountability

Operationalising *Tayyib*

THRUST 5: Financial Ecosystem Stewardship

- Analysis of Externalities
- Sustainable Investments
- Sustainability Practices
- Consideration of established frameworks

THRUST 4: Stakeholders Fairness

- Staff Well-being and Fair Treatment
- Customer Experience Enhancement
- Knowledge Sharing
- Capacity Building-Upskilling & Upscalling

**Tayyib
Core
Values**

THRUST 1: Pure Wealth-for- Shared Prosperity

- Wealth Creation
- Mobilisation
- Allocation
- Preservation

THRUST 2: Purpose-Driven Business Offerings

- Product Structure
- Purpose
- End-Effect
- Real Sector bases
- Substantive undertaking

THRUST 3: Good Self- Governance

- Proactive Disclosures
- Ethical Conduct and Integrity
- Transparent Disclosures Practices
- Individual Accountability

In conclusion, as countries and jurisdictions worldwide embrace *Tayyib*, there is a unique opportunity for global collaboration to ensure Islamic finance becomes a leading model for ethical, sustainable, and responsible financial best practices. This alignment not only strengthens the industry's credibility but also paves the way for a future where Islamic finance stands as a beacon for financial integrity. We call upon regulators and policymakers to champion this *Tayyib* Concept as a defining milestone, aligning us with the true *Maqasid* of Shariah for the evolution of Islamic finance.

This document lays forth the conceptual foundations for the *Tayyib* Concept. Operationalising *Tayyib* requires a joint taskforce to adopt and integrate these guidelines into practice across Islamic financial institutions regionally and globally. By collectively embracing *Tayyib*, we can fulfill the promise of Islamic finance in advancing welfare for all.

**DEVELOPING
THE CONCEPT
OF *TAYYIB***



1. Introduction

In recent years, there has been an increasing worldwide focus on sustainability and regulations concerning environmental, social, and governance issues (ESG) due to the increasingly materialising risks that have highlighted the absence of sustainability considerations in the existing financial system. This has urged the international financial community to bring in sustainability considerations and to create a subset of financial assets that are aligned with sustainability targets.

A key entity in this regard is the International Sustainability Standards Board (ISSB) under the IFRS Foundation, which was created to develop the IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2). Also significant are the industry-based SASB Standards as well as those of the European Financial Reporting Advisory Group (EFRAG), the Task Force on Climate-related Financial Disclosures (TCFD), and other organisations that have set standards and guidelines for climate-related financial disclosure. The OECD in its 2019 report of the Secretary General's Advisory Group "Beyond Growth: Towards a New Economic Approach" suggested "redefining the growth narrative to put the well-being of people at the centre of OECD efforts". The organisation proposed a transformation in economic goals, analysis, and policy making, focusing on well-being, sustainability, tackling inequalities, and improving economic analysis to overcome contemporary challenges and achieve more equitable and sustainable growth (OECD, 2020).

The momentum for ESG and sustainability regulations is likewise growing in the Asia-Pacific region. There has been a significant rise in such initiatives, including the actions of the Monetary Authority of Singapore to address greenwashing among listed companies, the corporate compliance guide released by the Hong Kong Stock Exchange, the Australian government's consultation paper that lays out a framework for disclosing climate risks and the Malaysian Securities Commission's Simplified ESG Disclosure Guide to SMEs in supply chains.

The significance of incorporating sustainability and adhering to ESG-related regulations within Islamic finance institutions (IFIs) is evident in their evolving business practices. Reporting by IFIs is becoming more comprehensive, encompassing ESG, PRI, and SDG concerns. There is a growing expectation that investors and financial institutions with exclusively Shariah-compliant mandates will integrate ESG considerations into their decision-making processes, achieving alignment with Shariah principles while also addressing purely financial considerations.

The existing sustainability frameworks lack standardised data collection processes and consistent data disclosure, leading to market confusion, as shown in a survey conducted by Capital Group ESG Global Study in 2022. Over 1,000 global investors highlighted the lack of consistency in ESG scoring as the primary challenge in implementing ESG investment strategies (Capital Group, 2022). The ERM in its report 'ESG Ratings at a Crossroads' further emphasised that the absence of consistency and comparability are the major issues causing anxiety among corporate issuers and investors, who eagerly await a solution (The Sustainability Institute by ERM, 2023).

For IFIs, the inclusion of ESG considerations in the business practices primarily follows a risk and opportunity perspective, similar to that of conventional institutions. While financial relevance operates through similar channels for both, the baseline developed from a conventional perspective may not fully meet the unique needs of investors and stakeholders in the Islamic finance industry, and it may overlook salient features that constitute the essence of Shariah and its *Maqasid* (objectives).

Operating in a conventional financial world has historically posed a challenge for IFIs to embrace the true essence of Shariah. Great efforts have been exerted to create and consolidate markets where Islamic finance can operate in a halal, Shariah-compliant way while maintaining economic viability. Significant progress has been made, leading to a standardised understanding of Islamic financial products that compete with, and in some respects surpass, conventional products.

Having established a well-developed halal ecosystem, it is time for us to take the industry to the next level: *Tayyib*. This involves exploring the distinctive values and features of Shariah and its *Maqasid*, going beyond mere Shariah compliance to embrace goodness for the environment and the society. The shift towards sustainability presents the opportunity that many have been trying

to create. The natural synergies between Islamic finance and the sustainability proposition put IFIs in a position to lead, provided the matter is approached correctly. The globally pursued shift offers a chance to revisit the operational framework, aligning it with the essence of Shariah, whereby the environment and society are considered in all aspects of financing.

To this end, this report presents the foundational work of *Tayyib*, setting out the cornerstones and pillars upon which the framework, and consequently, the IFIs' activities can be built. Tremendous efforts went into arriving at a clear picture of the concept of *Tayyib* found in the Qur'an and Sunnah of the Prophet Muhammad (p.b.u.h.). A comprehensive definition of *Tayyib* and its values have been elucidated, as well as its position within the tenets of Shariah and existing frameworks. Based upon that, the *Tayyib* Concept was developed and contextualised for the Islamic finance industry.

2. Why *Tayyib*?

The Islamic financial industry is at a crucial juncture, presenting a unique opportunity for leadership and progress. For more than half a century tremendous efforts have been made to establish an Islamic finance that is Shariah compliant—i.e., halal—yet economically viable in a conventional global system. The time has come to take the industry to the next level: *Tayyib*. While halal is permissible in the sense of abiding by the minimal requirements of Islamic law and jurisprudence, *Tayyib* ensures goodness and excellence, being wholesome and closer to the ideals of the objectives of Shariah. This strategic evolution aligns with the current global discourse centred around sustainability values. The natural synergy with Islamic values gives Islamic finance the opportunity to lead and achieve its unfulfilled potential.

The aim of the *Tayyib* Concept is to transform the financial sector from a system in which sustainability values comprise a subset to a system inherently grounded in *Maqasidi* values and principles that permeate all phases of the decision-making process. This involves using *Maqasid* as a catalyst to standardise and harmonise Islamic finance, impact assessment, and contemporary sustainability practices. The concept addresses issues by eliminating market confusion and ensuring authenticity, aligning the industry with *Maqasid* and upholding adherence to Islamic principles. Consequently, it enhances Islamic finance's contribution to sustainability and societal development globally.

The *Tayyib* Concept stands out from other existing frameworks for the following reasons:

- 1. A unifying concept that harmonises and integrates the existing frameworks:** The *Tayyib* Concept unifies recent efforts in Islamic finance that aim to facilitate industry expansion and increase its global market share. The introduction of the VBI Framework by BNM and the consequent VBIT Framework by Malaysian Takaful Association (MTA) marked a turning point, emphasising implementation of the *Maqasid* of Shariah in Islamic finance. The Framework, as highlighted by BNM, is 'consistent with Shariah objectives (*Maqasid al-Shariah*) of promoting wealth sharing'. Likewise, the Securities Commission Malaysia (SC) recently introduced the principles-based "Maqasid Al-Shariah Guidance Islamic Capital Market (ICM)" to serve as a solution to various challenges and to capitalise on opportunities identified in elevating and charting the next phase of ICM development.
- 2. A globally applicable concept for Islamic financial institutions.** While most sustainable Islamic finance efforts have primarily focused on institutional or national contexts, the *Tayyib* Concept, rooted in the Shariah, offers a universal foundation that can speak to the realities of all Islamic financial institutions in all jurisdictions and national frameworks. It provides institutions with an easily applicable operational concept and offers regulators guidance for formulating policies for the Islamic finance industry.
- 3. A concept that is deeply rooted in the Shariah, whose values echo across every building block rather than functioning as add-ons.** The *Tayyib* Concept will provide a unified understanding of the essence of Shariah and its application across all market segments, including Islamic banks, capital markets, Takaful, and fintech. By doing so it will foster harmony and collective progress towards achieving common goals.

Every aspect of the *Tayyib* Concept was built to ensure capturing the essence of Shariah, and leveraging it to unlock the tremendous unfulfilled potentials of Islamic finance. The upcoming sections will focus on the concept of '*Tayyib*' in primary and secondary Islamic sources to validate that it goes beyond its literal definitions of goodness and purity to serve as a fundamental principle that establishes Islamic values, beliefs, and behaviour. We will also explore how the concept of *Tayyib* aligns with the principles of the ultimate *Maqasid al-Shariah*. Moreover, we will examine its relationship with *Maqasid al-tashri'* (the objectives of legislating) as explained by *usuli* jurists, in order to establish *Tayyib* core values and to explore its role within both local and global contexts. Ultimately, our goal is to uncover the core values and underlying principles of *Tayyib* in Islamic finance as depicted in the primary and secondary sources. This will help validate the importance of *Tayyib* as a unifying concept that harmonises and integrates existing frameworks.

3. *Tayyib* vs Halal

In regards to the terms “*Tayyib*” and “halal,” there are two views:

The first view, led by al-Imam Malik and supported by some scholars, states that “*Tayyib*” is synonymous with “halal.” According to this view, there is no difference between them. The term “*Tayyib*” is considered an attribute of what is lawful or permissible. Thus, anything that is halal is automatically *Tayyib*, and vice versa. Al-Maturidi (333 AH) in presenting this first view said, “Some scholars argue that ‘halal and *Tayyib*’ refer to the same thing. Every halal is *Tayyib*, and every haram is impure (*khabiṭh*). An impure (*khabiṭh*) thing becomes pure when it is allowed, and impure when it is forbidden.”

The second view, led by Imam al-Shafi’i and supported by some companions and numerous scholars, holds that “halal” and “*Tayyib*” are not synonymous. According to this view, there are differences between the two terms. They stress that *Tayyib* is used more specifically to refer to something not just as permissible (halal) but as pure without any suspicion or as stated by Imam al-maturidi without incurring negative consequences.

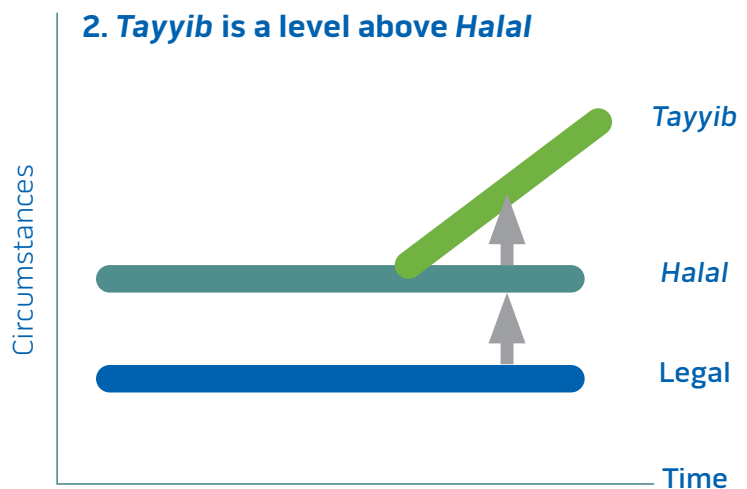
After thoroughly examining the Qur’anic texts, the Sunnah, and scholarly interpretations, we have reached a clear conclusion: there is a distinct difference between halal and *Tayyib*. *Tayyib* is considered a higher level than halal, as every *Tayyib* is classified as halal, but not every halal is necessarily *Tayyib*. The following section will provide a detailed explanation of this distinction.

Figure 1: *Halal* vs. *Tayyib*

1. Halal is synonymous to *Tayyib*



2. *Tayyib* is a level above Halal



4. The Concept of *Tayyib* in the Primary and Secondary Sources

The concept of *Tayyib* is evident in many themes of the Qur'an and Sunnah. This includes the themes of values and beliefs, wholesome food, and the best of wealth. In the finance-related themes, the position of *Tayyib* stands higher than merely halal, one that makes the pursuit of benevolence and perfection an ultimate goal. The concept is also reflected in secondary sources such as *maslahah mursalah*, *istihsan*, *sadd al-dhara'i*, and *ijtihad* in the formulation of juristic opinions. These dimensions of *Tayyib* in the primary and secondary Shariah sources will be elaborated in the present section of the *Tayyib* Concept.

The Concept of *Tayyib* in the Qur'an and Sunnah

1. *Tayyib* and Values & Beliefs

In Shariah, the term *Tayyib* transcends its literal meanings of goodness and purity and emerges as a profound principle that anchors Islamic values and beliefs. Shariah employs *Tayyib* as a moral compass that guides a believer's actions and intentions, aligning them with the divine will. The Qur'an repeatedly emphasises the distinction between *Tayyib* and its antithesis in various contexts, imbuing the term with a spiritual significance that resonates with the believer's quest for ethical excellence.

The Qur'an underscores the transformative journey of faith, wherein Allah (s.w.t.) distinguishes the *Tayyib* from the evil. Allah (s.w.t.) says: 'Allah would not leave the believers in the condition you were in, until He distinguished the *Tayyib* (good) from the evil 'among you'. Nor would Allah 'directly' reveal to you the unseen, but He chooses whoever He wills as a messenger. So, believe in Allah and His messengers. And if you are faithful and mindful 'of Allah', you will receive a great reward' (Qur'an 3:179).

This verse encapsulates the essence of divine wisdom that segregates pure beliefs from corrupt ones. It implies that the path of *Tayyib* is not merely a static state but a dynamic progression towards spiritual elevation. The purification process is a divine intervention that sifts through the human soul, reaffirming the values and beliefs that align with righteousness.

Further expanding on the metaphorical use of *Tayyib*, the Qur'an draws a parallel between the fertility of the land and the fertility of the human heart. Just as the fertile land produces abundantly by the Will of its Lord, a heart imbued with *Tayyib* values yields a rich harvest of virtuous deeds and benevolence. Allah says: 'The *Tayyib* (fertile) land produces abundantly by the Will of its Lord, whereas the infertile land hardly produces anything. This is how We vary 'Our' lessons to those who are thankful' (Qur'an 7:59).

This verse subtly teaches that the condition of people's external environment is a reflection of their internal spiritual state. Gratitude for Allah's bounties is a marker of a *Tayyib*-oriented belief system, manifesting in a productive and proactive attitude towards life's trials and blessings.

2. *Tayyib* and Good Speech & Communication

Qur'an speaks of the believers being 'guided to the *Tayyib* of speech'. Allah says: 'For they have been guided to the *Tayyib* (best) of speech, and they have been guided to the Commendable Path' (Qur'an 22:24).

This verse emphasises that good speech is not merely about eloquence but also about the intrinsic goodness and truthfulness of what is being said. *Tayyib* speech, therefore, is characterised by its purity and its freedom from falsehood, slander, and malice. It is constructive, aimed at edifying the listener and bringing them closer to the divine message.

Qur'an further illuminates the concept of *Tayyib* speech by asserting that to Allah ascend the 'good words'. Allah says: 'Whoever seeks honour and power, then 'let them know that' all honour and power belong to Allah. To Him 'alone' *Tayyib* (good) words ascend, and righteous deeds are raised up by Him. As for those who plot evil, they will suffer a severe punishment. And the plotting of such 'people' is doomed 'to fail' (Qur'an 35:10).

This verse alludes to the spiritual elevation that good speech can achieve. Words spoken in truth and kindness are not lost in the ether but reach Allah, indicative of their inherent value and impact. The verse also issues a stark warning against plotting evil, equating it with speech that is the antithesis of *Tayyib*. Such speech leads to nothing but failure and ruin, both in this world and the hereafter.

This emphasis on *Tayyib* speech is not a mere suggestion but a directive for all forms of communication, whether it be the spoken word, written text, or digital communication.

3. *Tayyib* and Wholesome Food

The Qur'an associates *Tayyib* with wholesome food. Allah says: And 'remember when' We shaded you with clouds and sent down to you manna and quails, 'saying', "Eat from the *Tayyib* (good) things We have provided for you." The evildoers 'certainly' did not wrong Us but wronged themselves' (Qur'an 2:57).

The verse implies a spiritual dimension to food; consuming what is *Tayyib* is an act of worship, a submission to divine wisdom that ordains what is beneficial for both body and soul.

In another verse, Allah (s.w.t.) says: 'O humanity! Eat from what is lawful and *Tayyib* (good) on the earth and do not follow Satan's footsteps. He is truly your sworn enemy' (Qur'an 2:168).

In this verse, the Qur'an provides timeless guidance for all of humanity. It expands the concept of *Tayyib* by exhorting humanity to consume lawful and good things from the earth. This command encompasses all aspects of food—its source, the manner of its production, and its consumption. The term *Tayyib* here is indicative of a holistic approach to food that includes ethical farming, humane treatment of animals, and the avoidance of harmful substances. The verse also cautions against following Satan's footsteps, associating non-*Tayyib* consumption with transgression and moral decline. It is a reminder that food is not merely sustenance but also a means of sustaining virtue and ethics.

4. *Tayyib* and the Best of Wealth

The Islamic concept of wealth is deeply intertwined with the principle of *Tayyib*, which refers to that which is pure, good, and beneficial. This principle extends to every aspect of a Muslim's life, including their financial dealings and the nature of the wealth they accumulate. In Islam, wealth is not merely a means of personal enrichment; it is a trust from Allah, and its value is determined not just by its quantity but also by its quality and the means through which it is obtained and used.

In fact, the concept of *Tayyib*, as elucidated in the Qur'an text, places more emphasis on the notion of wealth earning and spending than other notions. Ibn Sa'd narrates that the khalif 'Umar bin 'Abdul Aziz corrected the narrow association of *Tayyib* to food, citing his statement, "I ate chickpeas and lentils, and they gave me flatulence." Some people said to him, "O Amir al-Mumineen, Allah

says in His book, 'Eat of the *tayyib* things We have provided for you.'" "You have misunderstood its meaning," replied 'Umar. The term refers to earning and spending, not food. Ibn Abbas said in commenting on the verse, "O believers! Donate from the *Tayyib* (best) of what you have earned." "Allah Almighty has commanded them to spend on the finest of their wealth, the most refined and abundant." And He has forbidden them from giving charity with something of low value, meanness, or wickedness, for indeed, Allah is pure (*tayyib*) and accepts nothing but the pure (*tayyib*)."

The Qur'an imparts profound wisdom on the ethical acquisition and utilisation of wealth through the concept of *Tayyib*. Allah (s.w.t.) says: 'Give orphans their wealth 'when they reach maturity', and do not exchange your worthless possessions for their *Tayyib* (valuables), nor cheat them by mixing their wealth with your own. For this would indeed be a great sin' (Qur'an 4:2).

This verse emphasises the purity of wealth in two dimensions: the legitimacy of its acquisition and the intention behind its use. The wealth that is *Tayyib* is that which is earned without deceit, manipulation or exploitation. It is wealth that upholds the principles of fairness and justice, especially towards those who are vulnerable, such as orphans mentioned in this particular context.

The Qur'an further elaborates on the concept of *Tayyib* wealth by focusing on its utilisation, especially in the context of charitable giving. Allah says: 'O believers! Donate from the *Tayyib* (best) of what you have earned and of what We have produced for you from the earth. Do not pick out worthless things for donation, which you yourselves would only accept with closed eyes. And know that Allah is Self-Sufficient, Praiseworthy' (Qur'an 2:267).

The verse encourages the believers to donate from the best of what they have earned and from what Allah has produced for them from the earth. This verse prompts a reflection on the quality of what is given in charity, suggesting that the act of giving is not merely a transfer of wealth but a moral statement. The *Tayyib* wealth is what one would readily accept for oneself, not the substandard or unwanted. The ethos here is that the purity of wealth is not diminished when it is shared but is instead elevated.

The teachings of the Prophet Muhammad (p.b.u.h.) reinforce this Qur'anic perspective. The Prophet Muhammad (p.b.u.h.) was asked, 'What type of earning is the most *Tayyib*?' He replied, 'A man's work with his hand, and every transaction that is free from cheating or deception' (Al-Bayhaqi).

This hadith encapsulates the Islamic ethic that dignifies manual work and honest trade, and it points to a socioeconomic system where the circulation of wealth is not tainted by fraudulent practices.

5. *Tayyib* and Inner Satisfaction

Shariah emphasizes the importance of considering inner satisfaction (*Ridha*) in a contractual relationship. It cautions against pressuring one party to accept unfair terms and conditions, considering this a contradiction of the concept of *Tayyib*.

In the verse of Surah al-Nisa', the significance of inner satisfaction is underscored. It states, "Give women their bridal-due in good cheer (considering it a duty); but if they willingly (Tibna from *Tayyib*) [with inner satisfaction and free will] remit any part of it, consume it with good pleasure" (Qur'an: 4:4). The word "*tibna*" emphasizes the importance of "*Rida*," which is defined as the intention directed towards establishing an obligation, without it being marred coercion or undue pressure. Some scholars consider contracts that lack such voluntarily given consent as invalid. This view aligns with 'Umar Ibn al-Khataab's and the *tabi'i* Judge Shurayh's belief that if a woman relinquishes the entire or a part of her bridal-due (*mahr*) in favour of her husband, and then later demands it back, he is obligated to pay. The woman's claim reflects her unwillingness to give up the bridal-due, either wholly or partially.

6. *Tayyib* and Fairness and Reciprocity

Fairness and justice, although often used interchangeably, are actually two separate and distinct concepts. The Arabic word *insaf* (fairness) is derived from the word *nisf* (half), which means giving half and taking half to reflect fairness. It is defined in some Arabic writings as “giving someone else the right that you would [wish to] take [if you were in his position]” (Al-Khalil, n.d.: 7/133). Muslim scholars argued that making decisions based on external standards and laws constitutes justice. Conversely, we refer to decisions made by an individual without the involvement of multiple parties as fairness. When interacting with individuals or groups who possess less power and authority than oneself, one commonly employs fairness, which requires a sense of self-awareness and accountability to treat them fairly. This distinction is supported by some contemporary scholarly western writings that stress that “while justice usually has been used with reference to a standard of rightness, fairness often has been used with regard to an ability to judge without reference to one’s feelings or interests; fairness has also been used to refer to the ability to make judgments that are not overly general but that are concrete and specific to a particular case” (Manuel Velasquez et al., 2014).

Qur’an goes beyond commanding for justice to command fairness in all dealings. The first three verses of Surah al-Mutaffifin (Defrauders) vilify those who are unfair to others in dealings. Allah says: “Woe to the defrauders, those who when they take the measure from mankind demand it in full but give less than they should when it is they who weigh or measure for others! Do they not think that they will be called to account?” (al-Qur’an, 83:1-4). The verses stipulate the intrinsic nature of contractual relationships, that fairness must be fully instituted within them. As for the Sunnah, we have the famous hadith that says: “None of you is a true believer unless he loves for his brother what he loves for himself” (Bukhari, 2001: 1/12).

When Allah commanded believers to donate from the *Tayyib*: “O believers! Donate from the *Tayyib* (best) of what you have earned and of what We have produced for you from the earth. Do not pick out worthless things for donation, which you yourselves would only accept with closed eyes. And know that Allah is Self-Sufficient, Praiseworthy. (Qur’an 2:267), The Qur’an clearly discourages giving away worthless things that one would only accept with discontent. It highlights fairness and reciprocity in these instructions, reminding us that Allah is self-sufficient and deserving of praise

The Prophet Muhammad (p.b.u.h.) was once asked, “What is the best kind of earning?” His response was, “Earning through one’s own labor and engaging in transactions that adhere to honesty and fairness.” Cheating and dishonesty exemplify the unfairness and imbalance within transactions.

7. *Tayyib* and Purity

The concept of *Tayyib* in Islamic jurisprudence is not limited to the moral or spiritual realms; it also encompasses the physical aspects of purity and cleanliness, which are considered intrinsic to the practice of faith. *Tayyib* represents cleanliness that is not just superficial but one that resonates with the inner sanctity of an individual, mirroring the purity of the soul with the purity of the body.

Qur’an 4:43 addresses an essential aspect of Islamic worship: the state of purity required to perform prayers. Allah says: ‘[If you] cannot find water, then purify yourselves with *Tayyib* (clean) earth, wiping your faces and hands. And Allah is Ever-Pardoning, All-Forgiving’ (Qur’an 4:43).

The verse lays down an alternative for ablution when water is not available, known as *tayammum*, which involves using clean earth to purify oneself. This directive encapsulates the flexibility and ease of Islamic practices, ensuring that the pursuit of cleanliness—*Tayyib*—is achievable in various circumstances. The use of the word *Tayyib* in this context signifies that cleanliness is not merely about the removal of physical impurities but is also an act of spiritual purification. It reinforces the principle that the quest for purity is a key component of a Muslim’s life, even when conventional means are not available.

The application of *Tayyib* earth as a means of purification is a profound demonstration of the symbiotic relationship between humans and nature in Islam. It acknowledges the inherent purity present in the earth, a substance created by Allah, which can be used to maintain personal hygiene. This act of using the earth to purify oneself is a reminder that cleanliness is not a state reserved for the wealthy or those with abundant resources; it is a fundamental aspect of human dignity that is accessible to all, irrespective of their social or economic status.

The Concept of *Tayyib* in the Secondary Sources of Shariah

1. *Tayyib* and *Maslahah Mursalah*

In Islamic jurisprudence, *maslahah mursalah* refers to the principle of considering public benefit in the formulation of Shariah rulings and ethical decisions. This concept acknowledges that Shariah rulings and decisions must serve the common good and promote welfare, justice, and public interest. In this sense, *Tayyib*, with its broad implications for purity and goodness, aligns intrinsically with the objectives of *maslahah mursalah*. It endorses actions and policies that enhance the quality of life and spiritual well-being of individuals and communities. For example, environmental conservation laws can be seen as an application of *maslahah mursalah* that aligns with *Tayyib*. These laws protect natural resources and ensure a clean environment, thereby preserving the Earth's purity for the benefit of all. By upholding *Tayyib* in such a context, these laws not only safeguard the physical health of the community but also its spiritual health, reflecting the deep interconnection between environmental stewardship and ethical living in Islam. Through *maslahah mursalah*, the concept of *Tayyib* is thus elevated from individual practice to a community-wide ethos, promoting a holistic approach to public welfare.

2. *Tayyib* and *Istihsan* (Juristic Preferences)

In Islamic jurisprudence, *istihsan*, often translated as juridical preference, is a principle that allows Muslim jurists and lawmakers to depart from a strict legal analogy for a ruling better suited to achieving justice and public welfare. It involves prioritising the most just and beneficial outcome in situations where rigid application of the law may lead to hardship or unfairness. This concept plays a vital role in ensuring that Islamic law remains adaptable and relevant to changing circumstances.

The concept of *Tayyib*, which encompasses purity, wholesomeness, and goodness, significantly influences juridical preferences under *istihsan*. *Tayyib* represents a fundamental Islamic value that seeks to enhance the quality of life and spiritual well-being. In the application of *istihsan*, jurists often consider what is *Tayyib*, seeking outcomes that align with the spirit of Shariah law to promote overall societal well-being and moral integrity.

For instance, in environmental legislation, where strict adherence to traditional legal rulings might not address contemporary ecological challenges, *istihsan* allows for the incorporation of *Tayyib* by considering the broader impact on community health and the preservation of natural resources. Similarly, in financial matters, *istihsan* can guide the adaptation of Islamic banking principles in modern contexts, ensuring that transactions remain pure (*Tayyib*) by avoiding exploitation and promoting equitable financial practices.

3. *Tayyib* and *Sadd al-Dhara'i* (Blocking the Means)

Sadd al-dhara'i, or 'blocking the means', is a pivotal concept in Islamic jurisprudence that seeks to prevent harm by prohibiting actions that could lead to undesirable or sinful outcomes. This principle adopts a preventive approach, addressing the root causes that might lead to moral or ethical transgressions. It is a proactive stance in Islamic law aimed at safeguarding the integrity and well-being of the community by curtailing the avenues that lead to harm.

The concept of *Tayyib*, which embodies purity, wholesomeness, and goodness, intersects significantly with *sadd al-dhara'i*. *Tayyib* not only pertains to personal purity and ethical conduct but also extends to creating an environment that nurtures and maintains these values. By applying *Tayyib* in conjunction with *sadd al-dhara'i*, Islamic law forms a protective boundary around societal and moral well-being, ensuring that actions and policies do not inadvertently lead to harmful consequences.

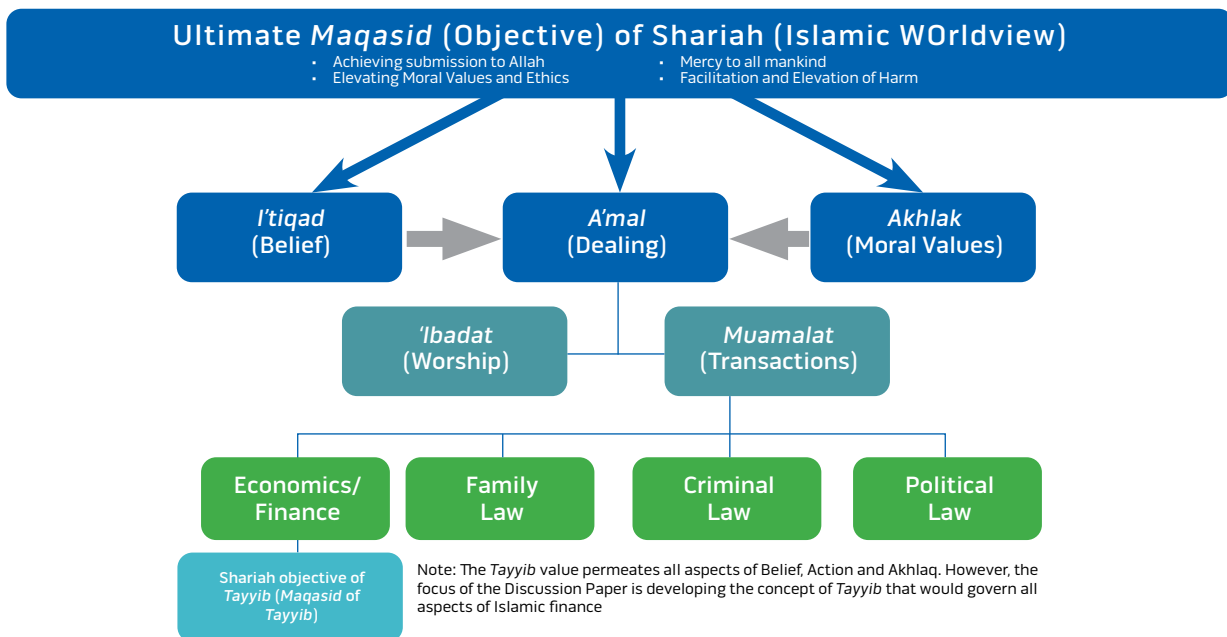
A pertinent example is in environmental legislation, where regulations that prohibit polluting activities are based on *sadd al-dhara'i*. These laws prevent environmental degradation, aligning with the concept of *Tayyib* by ensuring a clean and healthy environment, thus safeguarding the community's physical and moral health.

The synergy between *Tayyib* and *sadd al-dhara'i* in Islamic law highlights a comprehensive and preventive approach to maintaining societal welfare and moral integrity. This partnership between the two concepts demonstrates the depth and foresight of Islamic jurisprudence in fostering a society that is not only ethically sound but also resilient against potential sources of harm.

As a summary of the various meanings of '*Tayyib*' in the Qur'an, the Sunnah, and secondary sources, *Tayyib* extends beyond its literal definitions of goodness and purity. It serves as a fundamental principle that establishes Islamic values, beliefs, and behaviour. *Tayyib* functions as a moral compass within Shariah, guiding the actions and intentions of believers, bringing them in line with the divine will. In the domain of Islamic finance (*muamalat*), the concept of *Tayyib* denotes a superior level compared to simply being halal (permissible). It refers to the highest kind of wealth acquired through fair and equitable contracts that adhere to permissible fair practices. Such transactions do not infringe upon the rights of others—neither presently nor in the future. Furthermore, *Tayyib muamalat* exclude any involvement of dubious methods or excessive personal or organisational advantages that may lead to negative consequences. In conclusion, it can be stated that while every *Tayyib* is regarded as halal, not every halal is necessarily *Tayyib*.

5. The Position of *Tayyib* within the Tenets of Shariah

Figure 2: The Position of *Tayyib* within the Tenets of Islam



5.1 The Position of *Tayyib* within the Ultimate *Maqasid* al-Shariah

The *Tayyib* value permeates all aspects of belief, action, and ethics, as stated in the earlier section on *Tayyib* in the Primary and Secondary Sources of Shariah. However, the focus of this report is the development of the concept of *Tayyib*, which would govern all aspects of Islamic finance.

The *Tayyib* Concept is firmly rooted in the tenets of Shariah. It finds its foundation in the ultimate objectives of Shariah (*Ghayat al-Shariah*), which refers to what Allah has ordained for His servants in terms of doctrinal, practical, or moral rulings. It is known by contemporary scholars as the Islamic worldview that shapes our understanding of the universe, humanity, and our connection with Allah.

In positioning *Tayyib* within *Maqasid*, Muslim jurists stressed the importance of being guided by the ultimate objectives of Shariah that serve as an epistemological (*aqa'idi*) framework guiding our actions, especially financial transactions, whose impact extends to others. Among the first scholars to emphasise the epistemological *Maqasidi* dimension was Al-Shatibi. He established that the objective (*Maqsid*) of the Shariah is 'to free man from the grip of his own whims and fancies, so that he may be the servant of Allah by choice, just as he is in matters where he has no choice'.

This definition lays down the first ultimate objective of Shariah, which is the total purposeful submission (*Tasleem*) to the will of Allah. This ultimate objective and characteristic is articulated in the divine call by Allah to His Messenger to declare his full submission to the will of Allah by saying: "Say, My prayers and sacrifice, my life and death, are all for Allah, Lord of all the Worlds; He has no partner. This is what I am commanded, and I am the first to devote myself to Him" (Qur'an 6:162-163). Believers are similarly reminded that once Allah and His Messenger have decided a matter, there is no room for personal choice: "It is not for a believing man or a believing woman, when Allah and His Messenger have decided a matter, that they should [thereafter] have any choice about their affair. And whoever disobeys Allah and His Messenger has certainly strayed into clear error" (Qur'an 33:36). Hence the total submission to the will

of Allah manifested in His command and prohibition is an ultimate *Maqsid* by itself. However, embracing this *Maqsid* is a purposeful act resulting from a rationally founded belief that this Shariah is sent as a mercy for mankind: “And We have not sent you, [O Muhammad], except as a mercy to the worlds” (Qur’an, 21: 107).

Ibn al-Qayyim elucidates this ultimate *Maqsid* by saying: “Shariah is based on wisdom and achieving people’s welfare in this life and in the hereafter. Shariah is all about justice, mercy, wisdom, and good. Thus, any ruling that replaces justice with injustice, mercy with its opposite, common good with mischief, or wisdom with nonsense, is a ruling that does not belong to the Shariah even if it is claimed to be so according to some interpretations”. On the other hand, Ibn ‘Ashur (1973) defined *Maqasid* from a broader dimension stating: “The all-purpose principle (*maqсад ‘amm*) of Islamic legislation is to preserve the social order or the community and ensure its healthy progress by promoting the well-being and righteousness (*Salah*) of human beings. The well-being and virtue of human beings lies in the soundness of their intellects and the righteousness of their deeds, as well as the goodness of the things of the world where they live that are put at their disposal”.

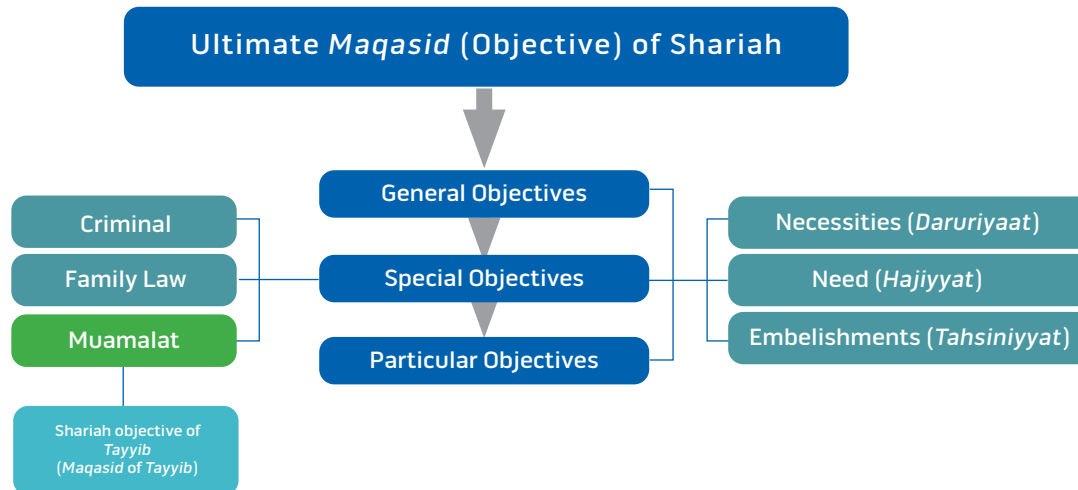
Another ultimate objective highlighted by Muslim jurists is facilitation and removal of harm (*al-yusr wa raf’ al-haraj*). This fundamental principle is deeply embedded in the fabric of Islamic jurisprudence, emphasising on fostering an environment where hardship is mitigated and difficulties are lifted, aiming at the overall betterment of individuals and society. Allah says in Surah al-Baqarah: “Allah intends for you ease and does not intend for you hardship” (Qur’an: 2: 185), and He said in Surah al-Hajj: “And strive hard in Allah’s cause as you ought to strive. He has chosen you and has not laid upon you in religion any hardship: it is the religion of your father Ibrahim. He has named you Muslims” (Qur’an: 22:78). The objective of facilitation and removal of difficulty encapsulates a profound and comprehensive principle that shapes the ethos of Islamic law. It serves as a moral compass, guiding Muslims towards actions that contribute to the greater good, promote harmony, and uplift the broader community.

Scholars in emphasising the above-mentioned objectives stressed that the fundamental ultimate objectives include the primordial nature of human (*fitrah*) and the elevation of moral values and ethics, (*samahah*). The Qur’an, in elucidating these objectives, expounds the purpose behind sending the Prophet Muhammad (p.b.u.h.) to humankind. Surah Al-A’raf, verse 157, states: “Those who follow the Messenger, the unlettered prophet, whom they find written in what they have of the Torah and the Gospel, who enjoins upon them what is right and forbids them what is wrong and makes lawful for them the good things (*tayyib*) and prohibits for them the evil (*khabith*) and relieves them of their burden and the shackles which were upon them. So, they who have believed in him, honoured him, supported him, and followed the light which was sent down with him—it is those who will be successful”. The verse underscores that the Prophet Muhammad (p.b.u.h.) only advocates for what is good and discourages what is evil. The intention behind lightening the burden and adopting leniency in legislation is to facilitate and show generosity towards the community. In this context, the Prophet Muhammad (p.b.u.h.) stated in one hadith: “I have been sent with the easy and lenient religion (*al-hanifiyah al-samha*)”. When sending his companions Mu’adh Ibn Jabal and Abu Musa Al-Ash’ari to Yemen, the Prophet Muhammad (p.b.u.h.) advised them: “Give good tidings; do not create aversion. Facilitate; do not complicate. Cooperate; do not conflict.” The companion Abu Burzah Al-Aslami attested: “I accompanied the Messenger of Allah and witnessed his facilitation”.

These general *Maqasid* present the main guiding principles which the secondary *Maqasid* fall under. Muslim jurists divided these *Maqasid* based on different considerations. The final and ultimate *Maqsid* that Muslim jurists considered is securing benefits and preventing harms (*jalb al-masalih wa dar’ al-mafasid*). This ultimate *Maqsid* is considered to be the overarching purpose of all these objectives in how it manifest in people’s lives.

5.2 The Position of *Tayyib* within *Maqasid* of Legislation (*Tashri'*)

Figure 3: Position of *Tayyib* within the *Maqasid* of *Tashri'*



Under the ultimate *Maqasid*, there are *Maqasid* of legislation (*tashri'*), which are the *Maqasid* concerned with the conduct of the competent persons by way of command, option and declaration. Muslim Jurists divided this level of *Maqasid* of legislation into three main categories:

First, the general objectives (*Maqasid Aamah*): They are the deeper meanings and underlying wisdom that the Lawgiver (*al-Shari'*) considers in various legislative contexts. These objectives are not specific to a particular type of Shariah ruling. Muslim Jurists further categorise the general objectives, also known as *Masalih*, into three sub-categories: the essentials (*Daruriyyaat*), the complementary (*Hajiyyat*), and the embellishments (*Tahsiniyyat*).

Essentials, refer to the fundamental interests necessary for human life. These essentials revolve around the five central elements of Shariah: religion (*Deen*), life (*Nafs*), intellect (*Aql*), posterity (*Nasl*), and wealth (*Mal*). These essentials serve as the foundation for establishing well-being and prosperity in both this world and the hereafter. Ignoring these essentials would result in the breakdown of coherence, order, and the prevalence of chaos and disorder, leading to evident loss in the hereafter.

Complimentary needs are additional interests that support the essential interests. They are interests that people need "in terms of expansion and to remove the hurdle often leading to severity and hardship which cause the loss of the intended objective" (Al-Shatibi, 1997). These are needs, which lie one level below the five essentials, aim to alleviate hardships, and ensure a life free from distress and challenges. They are evident in provisions that aim to remove hardships and facilitate life. For example, within the realm of financial transactions, the Shariah validates certain contracts like *Salam* sale and lease and hire contracts (*Ijarah*) due to the people's need for them, despite certain inherent anomalies.

Embellishments, focus on interests that, when realised, bring about refinement and perfection in people's behavior and conduct at every level of achievement. For instance, the Shariah encourages acts of charity to assist those in need, beyond the obligatory Zakah. When it comes to customary matters and people's relationships, the Shariah promotes gentleness, pleasant speech, and good manners. Examples also include the permission to enjoy beautiful and comfortable things, savor delicious food, and wear fine clothing, among others.

In terms of Essentials, Complimentary, and Embellishments, al-Shatibi and other scholars emphasised the following points/fundamentals:

- Essentials form the basis for complimentary and embellishments.
- If there is a lack in essentials, it will inevitably lead to a deficiency in complimentary and embellishments.
- The absence of complimentary and embellishments does not necessarily affect essentials.
- However, a complete absence of complimentary and embellishments may somewhat impact essentials.
- It is desirable to maintain complimentary and embellishments to properly preserve essentials. (al-Shatibi, 2:31).

Muslim Jurists also stressed that the five essentials are interrelated, therefore, should be approach holistically. They also emphasised that the objectives of Shariah including the five necessities of Shariah can be applied interchangeably in many cases. This means that one Shariah objective say “Life” can be related to other objectives and associated to their establishment. Al-Shatibi in stressing on this important point says: “If there were no religion, the expectation of reward disappears; and if there were no *mukallaf* (morally responsible individual), there would be no one to live by the religion; and if there were no intellect, religious responsibility would be annulled; and if there were no reproduction, by the normal state of affairs [humanity] would not continue; and if there were no wealth, life would not go on....All of this is well known. No one doubts it who knows the way the circumstances of the world are arranged and that it is provision for the hereafter” (al-Shatibi, 2:32). Nonetheless, Muslim jurists are in consensus that all objectives of Shariah including the five necessities fall under the overall objective of Shariah of establishing Religion.

Second, the specific objectives (*Maqasid Khasah*): the intents and wisdoms considered by the Lawgiver (Allah) in a specific area of legislation, or in a group of interconnected and similar areas, such as the objectives of the Lawgiver in punishments, **financial transactions**, establishing the family system, and others.

When discussing the fifth essential of Shariah concerning the preservation of wealth, Shariah scholars examined Islamic legal texts and formulated the following objectives within the context of the specific Objectives:

- Preservation of wealth through the protection of ownership.
- Preservation of wealth through its acquisition and development.
- Preservation of wealth from damage.
- Protection of wealth through its circulation.
- Preservation of wealth through protection of its value.

Third, the Partial objectives (*Maqasid Juz'iyah*): They are the wisdoms and secrets that the Lawgiver observed in every ruling related to the specifics, such as the objective of marriage, the objective of divorce, and the objective of trust-based contracts. For instance, Shariah scholars strictly prohibit *Gharar*, which refers to gross uncertainty, in exchange (*Mua'wadha*) contracts, since the objective of these contracts is to prevent disputes, oppression, and fulfill the mutual needs of the parties involved. On the other hand, charitable (*Tabarru'*) contracts are designed for benevolence, grace, and achieving specific objectives. Therefore, the rules governing these contracts are less strict, and some level of uncertainty (*Gharar*) is allowed to encourage people to engage in more acts of goodness.

Regarding the position of *Tayyib* within *Maqasid* al-Shariah, scholars define *Tayyib* as an interconnected objective in Islamic finance. Additionally, *Tayyib* acts as a means (*Wasilah*) to preserve wealth in its broader perspective. Tahir Ibn Ashur, one of the eminent scholars who established the *Maqasid* of wealth preservation, explains that the term “*Tayyib*” refers to the highest quality of wealth or assets. It signifies excellence and being the finest in its category. *Tayyib* also relates to acquiring wealth through lawful means, without any taint of injustice or deception. This illustrates that scholars consider *Tayyib* both an objective and a means. *Tayyib* in Ibn Ashur's definition is an overarching objective (*Maqsid*), or rather, a connecting objective that revolves around the concept of achieving the preservation of wealth in both acquisition and utilisation.

With respects to *Tayyib* as objective and mean (*Wasilah*), Muslim jurist established two main parameters pertaining to the relationship between objectives and means of Shariah (*Maqasid and Wasa'il*). Firstly, a means (*Wasilah*) has a dual nature, whereas an objective (*Maqasid*) has only a single nature. Every means serves an objective, yet it can also be recognised as an objective itself. Consequently, a means is not considered a separate objective but rather provides the path to achieving a higher objective. Secondly, certain acts complement others. For instance, *Maqasid Hajiyyat* (needs) complement *Maqasid Daruriyat* (essentials). Similarly, *Maqasid Tahsiniyyat* (embellishments) complement *Maqasid Hajiyyat*. Hence, these objectives are regarded as means (*Wasa'il*) to what is higher.

In summary, *Tayyib* holds a significant position in Islamic finance as an established objective. It is supported by various Islamic legal texts and validated by the interpretations of notable scholars. Moreover, it remains consistent with the established parameters set by *Maqasid* scholars.

The position of *Tayyib* within Islamic maxims

Islamic maxims were established to guide *Mujtahids* in deducting Shariah rulings. These maxims are derived directly from the Qur'an, Sunnah, as well as a wide range of Shariah principles and specific Shariah rulings established by esteemed Muslim scholars, including the four great imams. Muslim Jurists categorized these Islamic maxims into three types: maqasidi maxims (*qawa'id maqasidiyyah*), Principle of jurisprudence maxims (*qawa'id usuliyyah*), and legal maxims (*qawa'id fihiyyah*). The maqasidi maxims are comprehensive statements that express Allah's will in the legislation of laws and are derived from various sources of Shariah law. On the other hand, the *usuli* maxims form a detailed framework through which a jurist deduces the Shariah rulings from specific evidence such as the default Shariah implication of command, prohibition, general and specific (*amr, Nahi 'aam and khaass*). The fihi maxims, in turn, encompass comprehensive matters that apply to various specific cases, helping to comprehend their respective rulings.

Muslim jurists are in consensus that the *maqasid* maxim has a greater significance and rank higher than the *fihi* maxim, mainly because of the subjects they address. While the *fihi* maxim outlines a comprehensive legal ruling, the *maqasid* maxim represents a broader legislative goal. Since the rulings serve as the means to achieve these objectives and determine the methods for their attainment, it is evident that the maqasid maxim should be prioritized over the *fihi* maxim. This preference stems from the *maqasid* maxim that says: "the objectives take precedence over the means".

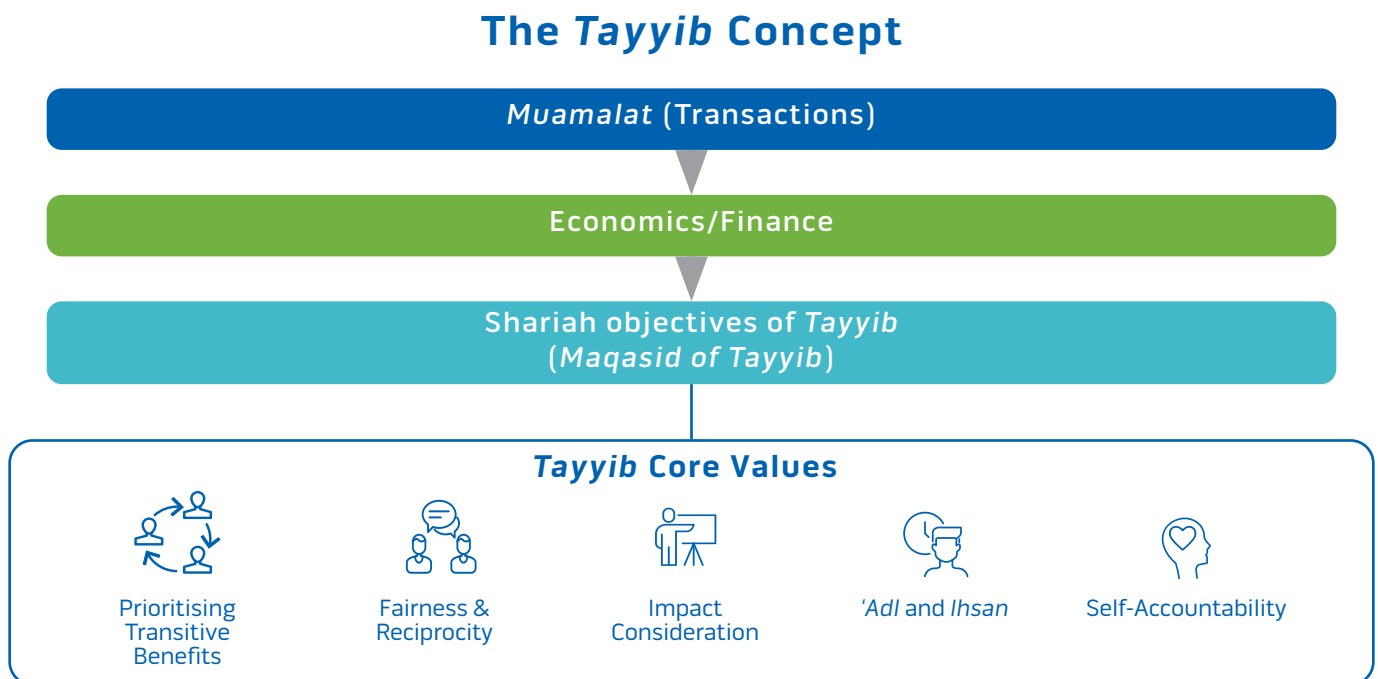
With respect to the concept of "*Tayyib*" as an objective and its position within the maqasid maxims of *muamalat*, the relationship is well-established. For instance, the *maqasidi* maxim that states, "The fundamental requirement in every contract is justice" clearly highlights the objective of justice, which is one of the core values of the *Tayyib* concept that will be illustrated in the next section. Additionally, the maxim emphasizes the importance of intent and purpose over mere words and forms. This underscores the significance of "purpose-driven business" related to the preference of transitive motivated by self-accountability. Similarly, the maxims stating that "Acts of those with authority over people must take their interests into account" and "entitlement to gain is accompanied by assumed liability", represent the core value of fairness and reciprocity. We can draw the same conclusions with the maxim that asserts that: "transactions should revolve around public interests (*masalih*)", as this directly relates to the core value of "impact consideration" and achieving people's welfare.

Based on these sources and foundations for *Tayyib*, the following section outlines the *Tayyib* Core Values applicable to Islamic finance.

6. *Tayyib* Core Values

Through a comprehensive analysis of references to *Tayyib* across primary sources (Qur'an and Sunnah) and secondary jurisprudential sources, the Five Core Values of *Tayyib* were established. Namely, (1) Prioritising Transitive Benefit, (2) Fairness & Reciprocity, (3) Impact Consideration, (4) 'Adl & Ihsan, and (5) Self-Accountability. These values distill the essence of *Tayyib* from Qur'anic verses and prophetic traditions. When evaluated within the practical context of Islamic financial dealings, they serve as the bedrock of the *Tayyib* Concept for the Islamic finance industry. Firmly rooted in Shariah doctrine, these *Tayyib* Core Values seamlessly flow through and inform the Operational Thrusts of the Concept, ensuring a continuous alignment with the objectives of Shariah to advance economic, societal, and environmental interests.

Figure 4: *Tayyib* Core Values



1. Prioritising Transitive Benefit

Prioritising transitive benefit is the preference of benefits that pass along to others over benefits limited to one's own self.

The Qur'anic guidance underscores this principle, urging believers to consider the recipients of their benevolence carefully. In response to queries about charitable spending, the Qur'an advises, "They ask you, [O Muhammad], what they should spend. Say, whatever you spend of good is [to be] for parents and relatives and orphans and the needy and the traveler. And whatever you do of good—indeed, Allah is Knowing of it" (Qur'an 2: 245).

The response redirects the question from focusing on what is spent to focusing on the recipients of the expenditure. Note that the reward of spending on parents and relatives is given priority over spending on the poor and needy.

A profound hadith echoes this value, shedding light on the elevated status of those who actively contribute to the well-being of others.

'The most beloved of people to Allah are those who are most beneficial to people. The most beloved of deeds to Allah are to make a Muslim happy, or to remove one of his hardships, or to settle his debt, or to satisfy his hunger. That I walk with a brother in seeing to a need is more beloved to me than secluding myself in this mosque (i.e., the Mosque of Madinah) for a month' (*Al-Tabarani, Al-Mu'jam al-Kabir*). This hadith reinforces the idea that acts of kindness, whether big or small, directed toward others' well-being hold a special place in the sight of Allah. The focus is not merely on individual *ibadah* or seclusion but on actively engaging with fellow human beings to fulfill their needs, creating a ripple effect of positivity and goodwill in society.

Prioritising others' benefits is governed by certain Shariah parameters, considering the effect of prioritisation on the person who gives priority to others. This point has been meticulously addressed under the topic of altruism (*ithar*), which basically means prioritising others' benefits. Ibn Qayyim commended the pursuit of altruism provided it does not lead to negative consequences. He highlighted the main parameters of altruism as follows:

"Altruism can either relate to people or to the Creator. If it relates to people, its perfection lies in preferring others over oneself in a way that does not waste your time, harm your well-being, jeopardise your religion, block your path, or prevent opportunities for you. If any of these negative consequences are present in prioritising others, then prioritising oneself is more appropriate" (Ibn Qayyim, *Tariq al-Hijratayn*, 2\648).

From a pure Islamic legal perspective, altruism is not always commendable. Ibn Uthaymeen categorised preference (*ithar*) into three types: forbidden (*haram*), disliked (*makruh*), or permissible. The forbidden category involves prioritising others in religious obligations, which is not allowed as it implies neglecting one's own duties. The second category, disliked, relates to giving preference in recommended matters, with some scholars disapproving and others permitting it. However, abstaining from it is considered better for a beneficial reason. The permissible category allows giving preference to others in non-religious matters (Ibn Uthaymeen, *Al-Sharh al-Mumti'*, 5\100).

A broader parameter of altruism was given by Imam Al-Shatibi in his *Al-Muwafaqat*. To him, compliance to the objectives of Shariah is what should govern the practice of *ithar*. He states: "Altruism (*ithar*) is based on relinquishing immediate interests, and any subsequent harm resulting from it is not reproachable if it does not violate an objective of Shariah. If it contradicts an objective of Shariah, then it is not considered a waiver of one's interests [for the benefit of others], and it is not commendable from a Shariah perspective" (Al-Shatibi, *Al-Muwafaqat*, 3\71).

2. Fairness & Reciprocity

Fairness, as stated earlier, is used with regard to the ability to judge without reference to one's feelings or interests. Reciprocity entails swapping things with others for shared benefits and the building of trust and social ties.

The verse of Surah Al Imran says: "You will never achieve righteousness until you donate some of what you cherish. And whatever you give is certainly well known to Allah" (Qur'an, 3:92). It highlights that true righteousness is intertwined with the willingness to give away some of what is cherished, emphasising that every contribution is well-known to Allah.

The Qur'an also stresses the pivotal concept of treating others as one would like to be treated: "You who believe, give charitably from the *Tayyib* things you have acquired and that We have produced for you from the earth. Do not give away the *khabith* (antonym of *Tayyib*) that you yourself would only accept with your eyes closed: remember that Allah is self-sufficient, worthy of all praise" (Qur'an 2: 267).

In Surah Al-Mutaffifin, the Qur'an issues a stern warning: "Woe to the defrauders! Those who take full measure 'when they buy' from people but give less when they measure or weigh for buyers" (Qur'an 83:1-3). This serves as a reminder of the moral obligations tied to fair dealings, stressing the significance of integrity and honesty in all transactions. A significant hadith from the Prophet asserts, "The servant does not reach the reality of faith until he loves for the people what he loves for himself of goodness" (*Sahih Ibn Hibban*, no. 238, Grade: sahih). Al-Nawawi emphasised the profound value of this hadith, stating that it forms the foundation of all good character and manners, echoing the principles of fairness and reciprocity.

3. Impact Consideration

Consideration of impact is a proactive approach to *ijtihad*, characterised by thoughtful deliberation that envisions and assesses potential outcomes before finalising decisions. This methodology finds its roots in the insights of Muslim scholars, exemplified by figures like al-Maturidi (d. 330H) and al-Raghib al-Asfahani (d. 502H). Their teachings underline the profound importance of *Tayyib*, representing items that can be consumed or expended without resulting in negative consequences. A closer examination of their works reveals that the emphasis on *Tayyib* signifies a nuanced comprehension, recognising that apprehension about adverse consequences not only affects tangible results but also diminishes the overall satisfaction and joys linked to the consumption or use of resources. Fundamentally, these scholars advocate for a mindful contemplation of the broader implications, encouraging individuals to carefully weigh potential drawbacks and advantages before arriving at decisions.

4. 'Adl & Ihsan

Delving deeper into the significance of the term *Tayyib*, as elucidated by Tahir Ibn Ashour and other scholars, it becomes evident that it denotes the epitome of quality in one's wealth or assets. *Tayyib* signifies the finest and best in its category, encompassing earnings acquired through halal means that are untainted by injustice or deception. Such wealth is not merely material but is spiritually enriching, deemed pleasing and acceptable to Allah. A profound hadith of Prophet Muhammad (p.b.u.h.)—reinforces this concept, stating, "When someone gives charity from their *Tayyib* earnings—and Allah, the Most Merciful, accepts only what is *Tayyib*—Allah receives it in His right hand".

The Qur'an, a timeless guide for righteous living, further emphasises the interconnected virtues of justice, *ihsan* (excellence in conduct), and generosity to close relatives, urging adherents to uphold these values for the sake of mindfulness and ethical living. The divine directive in Qur'an 16:90 succinctly encapsulates this guidance: "Surely, Allah commands justice, *ihsan*, as well as generosity to close relatives. He forbids indecency, wickedness, and aggression. He instructs you so perhaps you will be mindful".

According to Tahir Ibn Ashour, "the term '*Tayyib*' refers to the best quality of wealth or assets. Tahir Ibn Ashour uses the term to describe an individual's earnings derived from halal practices, free from any corruption or dishonesty. Associating *ihsan* with justice is crucial, as it mitigates the harsh yet just application of standards and laws, thereby allowing for some flexibility and a touch of *ihsan*. Such wealth with a touch of justice and *ihsan* is considered pleasing and acceptable to Allah, as mentioned in a hadith of the Prophet Muhammad (p.b.u.h.), which states: "When someone gives charity from their *Tayyib* earnings, Allah, the Most Merciful, accepts only what is *Tayyib*, Allah receiving it in His right hand."

5. Self-Accountability

According to the insights of Al-Raghib Al-Isfahani (d. 502H), the essence of *Tayyib* is rooted in its ability to bring pleasure to the senses and the individual. In the realm of Islamic law, the classification of *Tayyib* food extends to that which aligns with the guidelines of permissibility: consumed in accordance with what is allowed, from a permissible source, and to the permissible extent. This nuanced perspective ensures that, when adhering to these criteria, the nature of the consumption remains *Tayyib* not only in the present but also in the future, devoid of any harmful consequences

Al-Maturidi offered further clarification, characterising *Tayyib* as that which is consumed without incurring negative consequences. The significance lies in the absence of apprehension about detrimental effects, ensuring that the consumption experience is untainted by concerns, allowing for the full enjoyment of its pleasures. This emphasis on the absence of adverse outcomes adds a layer of assurance and peace of mind to the concept of *Tayyib*, underlining its capacity to bring about not only immediate sensory satisfaction but also long-term well-being.

Having a strong sense of self-accountability—accountability that originates from within oneself, not from the fear of an external party—motivates this standard of ethics and values. This notion is emphasized in the hadith of Wabisah bin Ma'bad (may Allah be pleased with him). I replied in the affirmative. Then he said, "Ask your heart about it." Piety is that which contents the soul and comforts the heart, and sin is that which causes doubts and perturbs the heart, even if people pronounce it lawful and give you verdicts on such matters again and again." (Ahmad and Ad-Darmi).

7. The Position of the *Tayyib* Concept within Existing Frameworks

Adopting sustainable and responsible investment initiatives at the level of Islamic finance institutions (IFIs) is fast becoming a trend. This is clearly shown in IFIs way of business whereby reporting is becoming more comprehensive covering ESG issues, Principles for Responsible Investment (PRI) and the Sustainable Development Goals (SDGs). Investors and financial institutions with purely Shariah-compliant mandates are increasingly expected to incorporate sustainable and responsible investment considerations into their decision making, both to better align with Shariah principles and for purely financial reasons.

For IFIs, the integration of sustainable and responsible investment principles such as ESG considerations into business practices is typically done from a risk and opportunity perspective that largely reflects the conventional approach. Financial relevance operates through similar channels for conventional and IFIs; hence, both types of financial institutions are expected to respond in the same way (Refinitiv and RFI Foundation, 2023). However, because the baseline was developed from a conventional perspective—and more importantly, based on issues that are financially related to investors—it may not provide a complete framework that fully meets the needs of investors and stakeholders interested in the Islamic finance industry and may also overlook the unique features of Islamic finance.

Furthermore, the prioritisation of ESG issues may also depend on their compatibility with the ethical values propagated by Islam and Maqasid al-Shariah which have emerged in the contemporary Islamic financial discourses and practices.

Because of these challenges, the worldwide shift towards the incorporation of ESG criteria, which consider non-financial factors in decision making, offers a significant opportunity for the Islamic industry to introduce its own version of ESG, shaped by the objectives of Shariah. Initial attempts to seize this opportunity were impeded by the implementation of solutions that merely satisfied Shariah apparent legal requirements. Additionally, there was a tendency to embrace interpretations of Shariah rulings that would ease the industry's expansion and increase its share in the global financial market. However, the introduction of the VBI Framework by BNM marked a turning point towards the implementation of Maqasid al-Shariah in Islamic finance.

Following the issuance of the VBI Framework, the Takaful industry keyed into the framework and has since issued the Takaful version of the Framework—"Value-based Intermediation for Takaful (VBIT)"—which provides a comprehensive strategic plan for the achievement of the Maqasid of Shariah—and by extension, sustainability—in the operations of the Takaful industry (Malaysia Takaful Association, 2022). In the same way, the Securities Commission Malaysia (SC) recently introduced the principles-based "Maqasid Al-Shariah Guidance Islamic Capital Market Malaysia". The main objective of Maqasid Al-Shariah Guidance is to serve as a solution to various challenges and opportunities identified in elevating and charting the next phase of development of the ICM (Securities Commission Malaysia, 2023).

All these efforts have been lauded by experts and industry players for maximising *Maqasid* of Shariah as they resonate deeply with the principles of sustainability and revolve around justice (*'adl*), benefit (*maslahah*), and wisdom (*hikmah*). Nevertheless, the issue of divergence in *Maqasidi*-driven frameworks across different sectors has highlighted the need for a comprehensive *Maqasid* framework for the Islamic finance industry. To elaborate, the development of VBI and VBIT has been essential to promote sustainable and responsible financing in line with *Maqasid*. However, they were developed for specific sectors of the industry. For instance, VBI aims at creating an enabling environment for Islamic banking institutions by focusing on the sustainable impact on the economy, community and environment. While VBIT caters for the Takaful industry.

From this juncture, the *Tayyib* Concept was developed to ensure that the principles of Islamic finance are consistently applied, fostering ethical practices and sustainable outcomes across all segments of the financial industry, namely Islamic banking, Takaful, Islamic capital markets and Islamic social finance. In other words, the *Tayyib* Concept, with its universal Maqasidi building blocks stemming from the Islamic worldview, overarches not only existing frameworks but also the global frameworks, with which it harmonises, providing a bridge between sustainability and Shariah concepts in a coherent and direct way. In addition, the *Tayyib* Concept is grounded in the Islamic worldview, which gives us guidance on morality and social interactions, and influences our behaviour and decision making, which should be based on the foundational Islamic principles of *istikhlaf* (stewardship) and *i'mar* (making the earth flourish).

In addition, the *Tayyib* Concept is a measurement-centric concept, and its core thrusts are designed to serve the whole industry. Therefore, the establishment of a standardised scoring system that is in line with Maqasid al-Shariah will certainly enable regulators and stakeholders to quantify and analyse financial institutions' performance and will allow them to develop better strategies for meeting the social and environmental targets on institutional, national, and international levels.

Tayyib and ESG

The *Tayyib* Concept encompasses various aspects related to society, the environment, and governance that aim to achieve the well-being of individuals and the larger community. Preserving the environment, for instance, is classified by scholars as an auxiliary objective (*maqсад taba'i*) to the objective of preserving wealth. However, they emphasise that, from a certain perspective, it transcends all the essential objectives of the Shariah. Similarly, the preservation of religion is based on the principle of stewardship and maintenance of the earth, and the first degree of this stewardship is to make the earth flourish with civilisation and make it physically sound by preserving the environment on which humans carry out their activities. The definition of Allal al-Fassi highlights this comprehensive interrelatedness of preserving the environment with society and with the five essential objectives. According to Allal al-Fassi:

The overall objective of the Shari'ah is to make the earth flourish [with civilisation], to maintain the system of collective livelihood upon it, and to sustain its goodness by making good those who were placed upon it to carry out God's will, so that they will accomplish the duty assigned to them of [establishing] justice and integrity, properly [developing and using] the intellect, improving the world, discovering and extracting its resources, and administering [all that] for the benefit of everyone (Al-Fasi, 1993).

Approach to Accomplish the *Tayyib* ESG Goals.

There are undoubtedly significant similarities between the *Tayyib* Concept and the ESG when it comes to achieving a comprehensive sustainability for the environment, society, and overall well-being. However, the *Tayyib* Concept takes a distinct approach, setting it apart from existing frameworks in terms of achieving sustainability and establishing ESG. The following explanation outlines the approach of the *Tayyib* Concept in attaining sustainability and ESG goals

First: Establishing the Islamic worldview by promoting ESG and linking it with the concept of harnessing (*taskhir*).

Islam has established a clear worldview on the environment. It promotes a comprehensive and harmonious notion of the environment and links it with the concept of harnessing (*taskhir*). The Qur'an emphasises that the environment includes everything in the heavens and the earth. Allah says:

"He has subjugated for you whatever there is in the heavens and whatever there is in the earth" (al-Qur'an 45:13).

This implies that all the natural elements are harnessed and directed to serve human beings in their journey towards their Creator. In addition, the environment is created by Allah to serve the human race and to enable them to serve the duty of stewardship. This is what is meant by deployment and harnessing (*taskhir*). Various verses have shown how heavenly bodies are subjected in their movements to serve humans. The Qur'an says:

"Have you not considered that Allah has subjugated for you what is in the heavens and what is on the earth, and has perfected His blessings on you, both outward and inward?" (al-Qur'an 31:20).

Second: Linking ESG to the principle of caliphhood "*istikhlaf*" and reform "*Islah*".

The environment is created by Allah to serve the human race and to enable them to serve the duty of caliphhood. Many verses have shown how plants are subjected in their movements to serve humans. The Qur'an says:

"Allah has subjugated for you what is in the heavens and what is on the earth, and has perfected His blessings on you, both outward and inward" (al-Qur'an 31:20).

As a vicegerent of Allah, the core obligation of human being with regard to environment is to do good and avoid harm. It is "to make the earth flourish [with civilisation], to maintain the system of collective livelihood upon it, and to sustain its goodness by making good those who were placed upon it to carry out God's will...". The Qur'an in several places give clear instruction not to destroy the planet. For example:

*"Do not make mischief on the earth after it has been set in order" (al-Qur'an 7:56),
"Do not seek to make mischief (Fasad) in the land" (al-Qur'an 28:77).*

Fasad which can be translated as chaotic disorder includes all acts committed towards the natural environment. The Qur'an says:

"Eat and drink of what Allah has provided, and do not go about the earth spreading disorder" (al-Qur'an 1:60).

Third: Linking ESG to the Shariah objective of making earth flourish with civilisation (I'maar).

Islam has directed humanity to use what Allah's bounties in a balanced manner without parsimony or extravagance. This is to ensure there is no transgression on the rights of future generations and no depletion of the natural resources that make up the environment. The Qur'an says:

*"... and eat and drink [as We have permitted], but do not be extravagant..." (al-Qur'an, 7:31).
"Children of Adam, dress well whenever you are at worship, and eat and drink [as We have permitted], but do not be extravagant. God does not like extravagant people" (al-Qur'an, 7:31) and says: "Do not be tight-fisted, nor so open-handed that you end up blamed and overwhelmed with regret" (al-Qur'an, 17:29).*

Moreover, Shariah clearly prohibits excessive emission of pollutants into the air. This proscription is supported by core Islamic legal maxims, namely:

"Harm shall neither be inflicted nor reciprocated."

This maxim prohibits inflicting harm of any kind, including damage to the environment. Likewise, the International Islamic Fiqh Academy issued its Resolution No. 185 (11/19) on “The Environment and Its Protection from the Islamic Perspective” condemns any harm inflicted on the environment and further states:

“All acts and behaviours that entail any harm to the environment or abuse thereof are prohibited; for example, acts and behaviours that lead to the disruption of environmental balance, or that target or use resources unfairly without regard to the interests of future generations. [This judgment is] in accordance with the Shariah maxims on the necessity of eliminating harm”.

Based on the above premise, Shariah has legislated a number of rules and ethical codes that aim to make earth flourish with civilisation and achieve broader sustainability goals as mandated by the objective of Shariah (*Maqasid* al-Shariah) which aims at realising human wellbeing and prevent harm and difficulties to the general public.

Fourth: Establishing commands and prohibitions that ensures the achievement of the ESG and sustainability goals is in line with the Shariah principles.

In this respect, Shariah has established a number of rules and principles aimed at ensuring fairness and equitable treatment, enhancing transparency and disclosure, as well as establishing clear responsibilities. For instance, there are ample items of evidence that demonstrate Shariah’s emphasis on justice and equitable treatment. The Qur’an states:

“...Be just: That is next to Piety: and fear Allah. For Allah is well-acquainted with all that ye do” (al- Qur’an 5:8)”

Similarly, Islam emphasises the concept of responsibility and accountability, where individual is responsible for their own actions and will be held accountable for them on the Day of Judgment. The Qur’an says:

“...but ye Shall certainly be called to account for all your actions” (al-Qur’an 16:93)

There are also many specific commands and prohibitions that relate to the environment, society, and governance. The figure below shows a sample of these examples.

Figure 5: Evidence of ESG from the Qur’an and Sunnah

Environment	Social	Governance
<ul style="list-style-type: none"> Air Emissions: Harm is to be eliminated, purifying the atmosphere to prevent epidemics (Muhammad al-Tamimi, died 370 AH/980 CE) Environmental Management: Do not make mischief on the earth after it has been set in order” (al-Qur’an 7:56) Water Resources Management: “... and eat and drink [as We have permitted], but do not be extravagant..” (al-Qur’ān, 7:31) Habitat Protection: Ibn `Umar said, “The Prophet (ﷺ) forbade beating (animals) on the face.” (Bukhari). 	<ul style="list-style-type: none"> Community development: “Help ye one another in righteousness and piety but help ye not one another in sin” (al-Qur’an 5:2). Human Capital: Hadith: “Give the worker his wages before his sweat dries” (Ibn Majah) Consumer rights protection: The Prophet (ﷺ) says:“Seek help for success or victory of your needs by being quiet” (Tabarani & Bayhaqi). 	<ul style="list-style-type: none"> Anti-competitive/Anti-trust: “then strive together (as in a race) toward all that is good”) (al-Qur’an 2: 148) Anti-Corruption: “ Allah does not like corrupters” (al-Qur’an 5:64). Transparency and disclosure: “Conceal not evidence; for whoever conceals it his heart is tainted with sin. And God knoweth all that ye do”. (al-Qur’an 2:283). Responsibility and Accountability: “but ye Shall certainly be called to account For all your actions” (al-Qur’an 16:93) Justice and equitable treatment: “...Be just: that is next to Piety: and fear God for God is well-acquainted with all that ye do” (al-Qur’an 5:8)” Independence: Prophet (ﷺ)says: no one shall judge between two people when he is angry” (Muslim, 1327H).

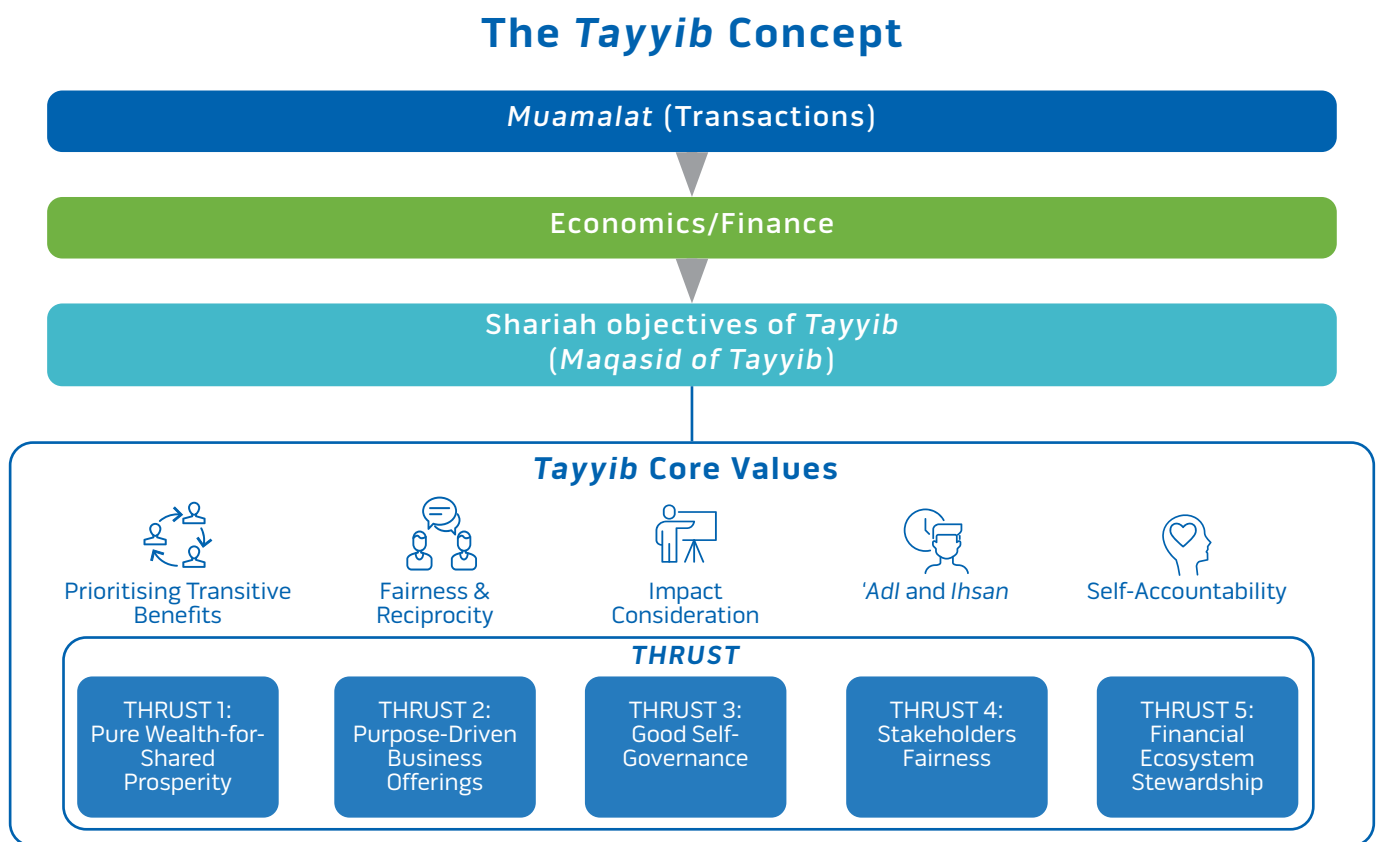


OPERATIONALISING THE *TAYYIB* CONCEPT

8. *Tayyib* Thrusts and Sub-Thrusts

In navigating the contemporary financial landscape, the *Tayyib* Concept harmonises the ethical underpinnings of Maqasidi values with the pragmatic demands of the financial industry. This section delves into the operationalisation of *Tayyib* values, exploring the thrusts that align these Maqasid principles with the realities of financial practices. The development of these thrusts serves as a roadmap for financial institutions to understand and adapt *Tayyib* values.

Figure 6 *Tayyib* Concept



THRUST 1: Pure Wealth for Shared Prosperity

1. Definition:

Pure wealth for shared prosperity involves ensuring its purity in creating, mobilising, and allocating funds with a focus on addressing social and economic needs, promoting fairness, and maximising transitive benefits.

Financial institutions, being the primary network connecting all economic agents, shoulder the critical responsibility of wealth preservation. This obligation goes beyond the mere accumulation of wealth; it demands a commitment to equitable distribution and social responsibility. The thrust emphasises the multifaceted approach financial institutions should adopt to ensure the purity of wealth for shared prosperity. To this end, this thrust has four main sub-thrusts through which it is operationalised and assessed; namely: wealth creation, mobilisation, allocation, and preservation. Those aspects were carefully chosen to comprehensively cover all aspects of financial institution operations which *Tayyib* can guide with regards to wealth.

2. Sub-thrusts: Achieving Pure Wealth for Shared Prosperity includes four sub-thrusts as follows.

Wealth Creation: Financial institutions are urged to transcend the conventional profit-centric approach. Creating value involves developing financial products and services that not only generate profits but also contribute to the overall well-being of society. This might include products that support sustainable business practices, social enterprises, or initiatives promoting environmental responsibility.

Mobilisation: Equitable wealth distribution starts with expanding financial access to marginalised and unbanked communities. Financial institutions play a crucial role in this process by implementing initiatives to increase financial literacy, providing accessible banking services, and fostering a supportive environment for entrepreneurship. Mobilising wealth ensures that prosperity reaches all segments of society.

The focus here is on breaking down barriers that hinder certain communities' participation in wealth creation. Financial institutions are encouraged to actively promote and facilitate the involvement of underserved communities in economic activities. This might involve targeted financial education, preferential lending terms, or specialised financial products designed to uplift these communities.

Achieving shared prosperity necessitates extending financial services to those traditionally excluded by the conventional banking system. Financial inclusion is not just about access but also about tailoring services to meet the unique needs of diverse communities. It involves reaching out to the unbanked, providing them with tools for financial management, and fostering a sense of economic empowerment.

Allocation: Wealth, when allocated strategically, can address pressing economic and social challenges. Financial institutions are urged to prioritise resources towards projects that contribute to the well-being of society. This includes investments in areas such as education, healthcare, infrastructure, and other initiatives that foster community development.

Similarly, financial institutions are encouraged to prioritise impact investments—those that contribute not only to financial growth but also address pressing social and environmental challenges. This involves actively seeking out opportunities that align with sustainable development goals and have a positive impact on society.

Preservation: Preserving wealth involves comprehensive risk management efforts. Financial institutions should identify and manage various risks, including environmental, social, governance, and Shariah risks. By incorporating these considerations into risk management practices, institutions ensure the longevity and sustainability of wealth.

Moreover, while extending credit is fundamental, it should be done responsibly. Financial institutions should exercise caution in providing financial resources, ensuring that clients are not over-leveraged and are likely to meet their financial obligations. This approach protects customers from potential defaults and safeguards against the risk of property loss.

THRUST 2: Purpose-driven Business Offerings

1. Definition:

Value-driven product development emphasises the genuine creation and offering of real-economy-based products designed to meet specific market needs while considering consequences of acts. This means maximising economic, social, and environmental benefits while minimising and eliminating any harm to any of the aspects, with a focus on transitive advantages for the benefit of all.

In Purpose-driven Business Offerings, the emphasis lies on the authenticity of the development and offering of financial products grounded in the real economy. This approach ensures that products are not just profit-centric but are crafted with a deep understanding of market needs, considering ethical consequences, and maximising positive impacts on economic, social, and environmental facets. The overarching goal is to create offerings whose results transcend short-term gains, to be far-sighted in considering the products' service to the broader socioeconomic well-being and that embody a commitment to transitive advantages.

2. Sub-thrusts: Achieving purpose-driven business offerings includes three sub-thrusts as follows.

Product Structure: Purpose-driven business offering starts from product structuring that ensures genuinely Shariah-compliant structures with real economic linkage and value addition. The anchoring of products in the real sectors of the economy establishes a strong linkage between financial instruments and tangible economic activities.

In addition, a key aspect of purpose-driven product structures is the integration of non-financial services beyond traditional financial offerings in financial institutions. The integration of non-financial services should be explored to enhance financial intermediation to include financial empowerment to customers, providing added value to clients and contributing to holistic economic development.

Purpose: Looking into the purpose of financing to ensure a substantive undertaking with real socioeconomic value-addition. There should be a meticulous examination of the purpose behind financing, ensuring that it aligns with beneficial undertakings contributing to genuine socioeconomic benefits.

End-effect: Financial institutions have long focused on the creditworthiness of clients as the key driver in decision making about financing. However, there is a growing need to consider the end-effect and consequences of business offerings. This is what is attempted by the increasing ESG and other sustainability considerations that are being considered by financial institutions. This consideration is multifaceted and includes the following aspects:

- i. Stakeholder value consideration: The end-effect of business offerings should be evaluated based on the consideration of stakeholder value, ensuring that the benefits extend beyond mere short-term, financial gains.
- ii. Innovative products for the underserved: Innovation should partially be directed towards developing products specifically tailored to the needs of underserved communities, fostering inclusivity, and addressing specific socioeconomic challenges.
- iii. Long-term social finance commitment: Commitment to long-term social finance initiatives should be prioritised, ensuring sustained positive impacts on society.

THRUST 3: Good Self-Governance

1. Definition:

Good self-governance requires financial institutions to proactively hold themselves accountable in both internal operations and external interactions. It aims to promote effective and responsible self-governance within the organisation. It involves the responsible management and administration of resources, decision-making processes, and the protection of individual rights and the common good.

In the domain of good self-governance, financial institutions are called to proactively take responsibility for their actions, both internally and externally. This goes beyond mere compliance with regulations; it demands a commitment to effective, proactive, and responsible self-governance. This includes judicious management of resources, ethical decision-making processes, and a dedication to safeguarding individual rights and the collective welfare of society.

2. Sub-thrusts: Achieving good self-governance includes four sub-thrusts as follows.

Proactive Disclosures: Disclosing what is material beyond regulatory requirements, in a way that ensures clarity and transparency to relevant stakeholders. Financial institutions should go beyond minimum regulatory requirements in disclosing important information. This involves a commitment to clarity and transparency, ensuring stakeholders are well-informed.

Ethical Conduct and Integrity: This includes whistleblowing policies and procedures, establishing clear policies and procedures for whistleblowing, and encouraging employees to report unethical practices without fear of reprisal.

Transparent Disclosure Practices: Emphasises financial institutions' commitment to transparent communication. It entails surpassing regulatory expectations by providing clear, comprehensive, and timely information to stakeholders. This involves ensuring clarity in disclosures, sharing a holistic view of operations, utilising technology for efficient communication, and actively engaging with stakeholders for valuable feedback. The focus is on cultivating a culture of openness that goes beyond regulatory mandates, fostering trust and accountability.

Individual Accountability: Developing clear governance roadmaps and frameworks that guide the institution in maintaining high standards of accountability. In addition, this includes regularly monitoring internal processes and progress to identify areas of improvement and ensure ongoing adherence to governance principles.

THRUST 4: Fairness to Stakeholders

1. Definition:

Fairness to stakeholders embodies reciprocity, ihsan, and equitable dealing with all stakeholders of a financial institution including, customers, employees, and the broader society. It involves offering products and services while ensuring benefits to customers.

Financial institutions are tasked with fostering fair and equitable relationships with all stakeholders, acknowledging the interconnectedness of their roles in the larger societal framework. This requires not only meeting regulatory standards but going beyond to ensure that the interests of customers, employees, and society at large are given due consideration.

2. Sub-thrusts: Achieving fairness to stakeholders includes four sub-thrusts as follows:

Staff Well-being and Fair Treatment: Ensuring the well-being and fair treatment of staff members is a fundamental aspect of fairness to stakeholders. Financial institutions should adopt policies that prioritise the physical and mental health of employees and provide fair compensation and opportunities for professional growth. Attracting talent to an interconnected ecosystem involves implementing practices that create an appealing work environment, attracting skilled professionals who contribute to a collaborative and interconnected ecosystem.

Customer Experience Enhancement: Fairness to stakeholders extends to customers through an emphasis on enhancing their overall experience. Financial institutions achieve this by continuously improving services and interactions.

To this end, infrastructure enhancement for customer access to financial services is integral, requiring investments in technology and physical infrastructure to ensure equitable access to financial services for all customers.

Knowledge Sharing: A part of achieving stakeholder fairness lies in fostering a culture of knowledge sharing and financial empowerment. This involves the development of knowledge repositories, encouraging the sharing of insights within the institution and with stakeholders. This approach ensures that information is transparently disseminated, benefiting both internal operations and external stakeholders.

Capacity Building—Upskilling & Upscaling: Capacity building is a vital component of fairness to stakeholders, focusing on the continuous improvement of skills within the institution. Upskilling and upscaling programmes should be implemented to empower employees, ensuring they are well-equipped to meet evolving challenges and contribute meaningfully to the institution's success and the overall sustainability of human capital. This commitment to employee development aligns with the principles of fairness and reciprocity.

THRUST 5: Financial Ecosystem Stewardship

1. Definition:

Financial ecosystem stewardship requires financial institutions to be proactive participants in the broader economic ecosystem, connecting economic sectors, and fostering fairness, accountability, and resource optimisation for the benefit of society, the economy, and the environment.

As stewards of the financial ecosystem, financial institutions have a responsibility to go beyond self-interest and take a proactive role in contributing to societal, economic, and environmental well-being. This involves connecting different economic sectors through their financial dealings and operations to ensure efficient allocation of capital and flow of funds. Additionally, it requires promoting fair and ethical practices, ensuring accountability in how financial resources are managed, and optimising capital deployment to balance both profit motives and collective benefits. By serving the interests of communities, the real economy, and nature along with shareholders, financial institutions can uphold their stewardship obligations across the interconnected financial, economic, and social systems.

2. Sub-thrusts: Achieving financial ecosystem stewardship includes four sub-thrusts as follows:

Analysis of Externalities: Financial institutions have historically overlooked the societal impact of their operations, often leading to adverse consequences such as income inequality and financial crises. The concept of *ma'alat* in *fiqh al-muamalat* emphasises the importance of internalising externalities and consequences of financial products, encouraging institutions to comprehensively evaluate the short, medium, and long-term consequences of their financial actions. This involves a granular analysis of transactions and dealings to understand and mitigate potential socioeconomic repercussions.

Sustainable Investments: Financial institutions are urged to consider sustainable investments that not only preserve the environment but also contribute to the just transition. Particularly crucial for developing Muslim countries, this sub-thrust emphasises the need for investments that extend beyond carbon credits to generate transitive benefits. The focus is on fostering economies that align with environmental preservation while supporting social and economic development.

Sustainability Practices: Financial institutions are encouraged to adopt circular and regenerative economy practices, minimising waste and promoting recycling. This sub-thrust seeks a balance between social, commercial, and environmental objectives, aligning financial activities with sustainability goals. The aim is to design systems that ensure the longevity of resources and contribute to the overall well-being of society.

Consideration of established frameworks: Financial institutions should adopt sustainability practices guided by established frameworks. This involves incorporating principles and guidelines that promote ESG and sustainable financial activities. By adhering to recognised frameworks, institutions can ensure consistency, accountability, and alignment with global sustainability goals.

9. Catalysing *Tayyib* via Islamic Finance National Developmental Agendas

Tayyib and Islamic Finance: The Genesis

The term *Tayyib* was spotlighted by the Malaysian Prime Minister Datuk Seri Anwar Ibrahim during the launch of the 'MADANI Economy: Empowering the People'¹ on 27 July 2023. The MADANI Economy envisaged Malaysia taking the leadership position in the global Islamic economy. To do so, Islamic finance must play a critical role, and this requires further enhancement to the system. Acknowledging the impressive growth of the Malaysian Islamic finance industry and its long establishment, the Prime Minister highlighted the need for the Islamic finance system to raise the standard beyond halal (PMO, 2023).

“The Islamic finance system needs to raise the standard beyond Halal (being permissible and lawful according to Islamic law and jurisprudence), to Tayyib (being pure and wholesome and closer to the ideals of the purpose or Maqasid al-Shariah of Islamic law²). Holistic and MADANI national development efforts can only be achieved with a financial system that is fair, courteous, and based on Maqasid al-Shariah.”

– Prime Minister Datuk Seri Anwar Ibrahim

His Royal Highness Sultan Nazrin Muizzudin Shah, the Sultan of Perak, has consistently stressed the shift from Halal to *Tayyib* and the significance of continuous endeavors in this matter in his speeches. He expressed that:

“To make Islamic Finance 2.0 a reality, therefore, we must also strive to be more authentic to the true spirit of Islamic law, the maqasid... How can we interpret and articulate this traditional, sacred framework into practical, measurable and trackable solutions to address today's disruptive shocks? How can we ensure that the fiqh, the jurisprudence of Islam, has caught up sufficiently with the rigorous requirements of modern-day finance? And, as you explore these questions in your future studies and research, I urge you to consider this: to fulfil the Shariah authentically, and to manifest the aspirations to achieve these goals in reality, we have to go beyond what is simply Halal, to achieve something closer to Tayyib.”

– His Royal Highness Sultan Nazrin Muizzuddin Shah
(In aguration address at the launch of INCIEF University new campus, 27 October 2022)

These inspiring speeches and strategic guidance on Islamic finance are to encourage efforts towards “striving for an economic future that is not merely Halal but *Tayyib*—sustainable, inclusive, and equitable” (Securities Commission, 2024).

The call for the Islamic finance industry to transition and pursue the *Tayyib* and Maqasid al-Shariah was incredibly timely as the country is beset with global and domestic challenges. Global challenges include geopolitical tensions, disruptions of global trade and supply chains, as well as higher commodity prices and inflation. Meanwhile, major domestic economic challenges include disparities in development and income, limited fiscal space, and slow structural transition of the economy (MOE, 2023). Transitioning to *Tayyib* is hoped to be another beacon of light in the government's efforts to strengthen economic resilience through the implementation of various measures set out in the MADANI Economy.

In reality, the country has been at the forefront in positioning Maqasid al-Shariah as well as sustainability as the new frontier in the global Islamic finance market. The call for Islamic finance to move towards *Tayyib* and Maqasid al-Shariah blends well with the existing efforts and initiatives of the Islamic finance regulators in Malaysia and globally. This is perspicuous in the concerns and motivation of

¹ The MADANI Economy is an economic framework covering various elements of socio-economic planning including steps to enhance economic growth, promote investment, and strengthen local industries to become more innovative, competitive, and capable of expanding into the global market.

² Imam Abu Hamid Al-Ghazali, a great Islamic scholar from the early centuries, in his illustration of Maqasid's holistic approach stated: 'The very objective of the Shariah is to promote the well-being of the people, which lies in safeguarding their faith (d n), their lives (nafs), their intellect ('aql), their posterity (nasl), and their wealth (m l). Whatever ensures the safeguarding of these five serves public interest and is desirable, and whatever hurts them is against public interest, and its removal is desirable.'

the regulators in framing the key national agendas for the future development of Islamic finance. These are clearly reflected in the Bank Negara Malaysia (BNM)'s Financial Sector Blueprint 2022-2026 and the Securities Commission of Malaysia (SC)'s Capital Market Masterplan 3 (2021-2025).

The Financial Sector Blueprint 2022-2026

The Financial Sector Blueprint sets out the BNM's development priorities for the financial sector over the next five years from 2022 to 2026. It is anchored on efforts to foster market dynamism and support sustainable development objectives, with a continued focus on its monetary and financial stability mandates. Realising that the health and fortunes of the financial sector are closely intertwined with the wider economy, as well as the natural environment, the Blueprint emphasises the need for the industry to be more effective in serving the economy, and in particular, helping to support the nation in transitioning to its next stage of development.

In light of the need to develop economic growth that is balanced, progressive, sustainable and inclusive, the Blueprint laid out five strategic thrusts, one of which is to advance value-based finance through Islamic finance leadership. To advance this thrust, the following measures have been set for the regulator and industry stakeholder to adopt that would involve strengthening policy enablers of value-based finance for greater impact, namely:

1. Developing a more conducive regulatory environment to facilitate the application of diverse Shariah contracts;
2. Supporting the industry's innovation efforts in developing new value-based business models, solutions, and practices; and
3. Facilitating greater stakeholder activism through higher quality disclosures.

In executing these measures, the *Tayyib* core values together with the *Tayyib* thrusts as illustrated in the previous section can play a key guiding role. *Tayyib* emphasises the importance of pure wealth for shared prosperity. This requires that the wealth and its source both be pure at all its stages including its creation, mobilisation, and allocation. By incorporating these requirements, a more conducive regulatory environment to facilitate the application of diverse Shariah contracts, as envisaged by the Blueprint, can be developed. This will also ensure that funds are allocated with the focus to address the social and economic needs, promoting fairness, and maximising transitive benefits.

In addition, *Tayyib* promotes purpose-driven business offerings that emphasise authenticity of intent and purpose when creating value-driven products. Therefore, by supporting the industry's innovation efforts in developing new value-based business models, solutions, and practices, *Tayyib* requires these offerings to be of real-economy-based products designed to meet specific market needs. The industry must also take into consideration the consequences of acts as well as maximising economic, social, and environmental benefits, with a focus on transitive advantages. The genuine value-based initiatives that incorporate the *Tayyib* features would greatly facilitate the development of better-quality disclosures as demanded by the Blueprint.

The Capital Market Masterplan 3 (2021-2025)

The SC's Capital Market Masterplan 3 aspires for a capital market and a supportive ecosystem that work for the collective benefit of all. It paves the way for the wider population to participate in the sustainable and productive growth of the nation and the broader accumulation of wealth for all. Creating greater value for both investors and issuers would require the domestic capital market to be more efficient in mobilising capital into productive sectors of the economy, to encourage greater diversity in the market—a multi-layered market—that is supported by a competitive and technology-enabled intermediation landscape.

To build such an ecosystem, the Masterplan underlines three key development thrusts, one of which aims at facilitating a capital market that would shape a stakeholder economy with effective capital mobilisation through Sustainable and Responsible Investment (SRI) and Islamic capital market (ICM) solutions to sustainable, responsible, and stakeholder-oriented businesses. The stakeholder economy emphasises long-term value creation – one where businesses assume greater responsibilities beyond short-term profits and account for the needs of stakeholders, ranging from shareholders, employees and business partners and also including the environment, society, and community.

Under this developmental thrust, the CMP3 laid out the several development priorities for SRI and the ICM to ensure the expansion of ICM to the broader economic stakeholders, namely through:

1. Enabling greater access to Shariah-compliant fundraising for micro, small, and medium enterprises (MSMEs), focusing on those in the halal economy.
2. Developing guidance to facilitate assessment of unlisted companies for Islamic fundraising activities.
3. Developing guidance to incorporate Shariah requirements and ESG best practices for private limited corporations.
4. Leveraging and strengthening relevant ICM frameworks to enhance the Islamic social finance ecosystem.

Echoing what has been mentioned earlier, the *Tayyib* core values together with the *Tayyib* thrusts can play a key guiding role in developing these initiatives. In addition to Pure Wealth for Shared Prosperity and Purpose-Driven Business Offerings as described earlier, *Tayyib* emphasises Good Self-Governance which requires financial institutions to proactively hold themselves accountable in both internal operations and external interactions. It aims to promote effective and responsible self-governance within the organisation. These criteria are important to be incorporated while developing guidance to facilitate assessment of unlisted companies for Islamic fundraising activities and to incorporate Shariah requirements and ESG best practices for private limited corporations. This helps in creating responsible management and administration of resources, decision-making processes, and the protection of individual rights and the common good.

Furthermore, *Tayyib* promotes Fairness to Stakeholders and Financial Ecosystem Stewardship. Fairness to Stakeholders entails reciprocity, *ihsan*, and justice in dealings with all stakeholders. This criterion is indispensable, as part of the Masterplan strategy is to enable greater access to Shariah-compliant fundraising for the underserved sector, particularly the MSMEs and the halal economy, one of the country's key economic sectors. Internalising this criterion ensures that ICM products and service offerings will benefit the ICM customers, particularly the underserved and unserved. Meanwhile Financial Ecosystem Stewardship requires financial institutions to be proactive participants in the broader economic ecosystem, connecting economic sectors, and fostering fairness, accountability, and resource optimisation for the benefit of society, the economy, and the environment. This blends well with the initiatives laid out in the Masterplan to spur the growth of the Islamic social finance ecosystem by incorporating *Tayyib* requirements during the process of strengthening the relevant ICM frameworks.

What Lies Ahead

The MADANI Economy, the Financial Sector Blueprint, and the Capital Market Masterplan 3 set a clear expectation for the *Tayyib* transition in the Islamic finance sector. The end game is a financial system that is fair, courteous, and based on Maqasid al-Shariah. While that notion used to be perceived as ambitious and academic in nature, in light of the above discussion, this may no longer be the case. There is discernible, real, and pressing need to adopt *Tayyib* in the Islamic finance sector.

For all intents and purposes, *Tayyib* transition fosters a more responsible and inclusive financial ecosystem. By means of this, the Islamic finance sector can play a greater role in facilitating sustainable and equitable growth in the country's economy. This is crucial for Malaysia to provide leadership in shaping the future global landscape of Islamic finance, particularly meeting the ambition of positioning Malaysia as the global Islamic finance centre as visualised in the MADANI Economy.

10. The Way Forward

Tayyib Implementation Plan: Translating the *Tayyib* Concept into Action

The success of the *Tayyib* Concept lies in translating the *Tayyib* values and principles into effective action. In this respect, the Malaysian Islamic finance industry is advantageously placed as it already has in place infrastructure, policies and initiatives driving action related to VBI, VBIT and SRI on the ground. While this ecosystem is still a work in progress, the industry stakeholders, including regulators, continue to work together to mainstream this sector in line with the Financial Sector Blueprint and Capital Market Masterplan. Capitalising on the key lessons learnt from the existing industry efforts to implement the VBI, VBIT and SRI initiatives, and drawing on the *Tayyib* Concept and its operationalisation outlined earlier, this section sets out a *Tayyib* Implementation Plan. The Plan envisaged that for the Islamic financial industry to transition into *Tayyib*, a three-pronged approach can be adopted. The short-term approach involves stakeholder engagement, positioning *Tayyib* within existing frameworks and developing implementation tools. The mid-term approach entails implementing *Tayyib* Awareness, *Tayyib* Assessment and the *Tayyib* Implementation Roadmap, while the long-term approach involves developing the *Tayyib* Measurement, *Tayyib*-based Disclosure, *Tayyib* Innovative Solutions, and *Tayyib* Practitioners' Activism. The details of the implementation plan are as follows:

1. Short-term Strategy:

Stakeholder Engagement:

- Further deliberation amongst stakeholders regarding the *Tayyib* concept is required to establish a common understanding and obtain agreement. This can be accomplished by organising workshops, forums, and roundtable discussions involving industry stakeholders, including regulators, financial institutions, and academia, to explore and deepen the understanding of *Tayyib* principles and their practical implementation.

Positioning *Tayyib* within Existing Frameworks:

- Positioning *Tayyib* within existing systems and Maqasid frameworks such as Value-based Intermediation (VBI) by Bank Negara Malaysia, Maqasid Al-Shariah Guidance by the Securities Commission, as well as other national development plans including the National Transformation 2050 (TN50), Shared Prosperity Vision 2030, and the 12th Malaysia Plan. This will guarantee coherence and conformity with existing initiatives.

Development of Implementation Tools:

- Developing a comprehensive measurement and scorecard framework that incorporate precise indicators and metrics to assess *Tayyib* compliance and performance. Additionally, establish stewardship codes to guide industry practices, ensuring they align with *Tayyib* principles and contribute to sustainable and ethical growth.

2. Mid-term Strategy:

***Tayyib* awareness:**

- Create awareness of the *Tayyib* Concept through nationwide outreach flagship events, Islamic finance periodical campaigns, Islamic finance education programmes, and leveraging on digital platform and resources.
- Scale-up collaborations and partnerships with domestic, regional and international stakeholders, media and key opinion leaders to heighten *Tayyib* awareness.

***Tayyib* assessment:**

- Conduct an industry survey to assess existing VBI, VBIT and SRI initiatives and identify 'low hanging fruit' in the existing ecosystem.
- Conduct industry engagement to identify any gaps, limitations, issues, and challenges in the VBI, VBIT and SRI implementation and identify their solutions.

***Tayyib* Implementation Roadmap::**

- Develop a *Tayyib* Implementation Roadmap to project the *Tayyib* transition plan for the Islamic finance industry. The roadmap that is developed from the findings of the industry survey and engagement will outline the said findings, the strategic planning that addresses the identified gaps, issues, and challenges, as well as a set of pragmatic milestones and a timeline.

3. Long-term Strategy:

Tayyib Measurement:

- Develop annual *Tayyib* Key Performance Indicators (KPIs) based on the *Tayyib* Core Values and Thrusts as described in the earlier section. The *Tayyib* KPIs will measure and track the impact of *Tayyib* initiatives more effectively.
- Develop a scoring or rating mechanism for *Tayyib* application. The sample of *Tayyib* scoring laid out in the earlier section may be a good reference.

Tayyib-based disclosure:

- Enhance existing disclosure practice to ensure greater quality and integrity in the disclosure in line with the *Tayyib* Core Values and Thrusts. This creates greater visibility of *Tayyib* initiatives to the domestic and international financial markets.

Tayyib innovative solutions:

- Develop *Tayyib* innovative solutions and refine the existing VBI, VBIT and SRI practices towards greater adoption of *Tayyib* Core Values and Thrusts, underpinned by more refined measures of value and impact.

Tayyib Practitioners' Activism:

- Engage *Tayyib* practitioners through periodic industry meetings, discussions, and events for the purpose of learning, sharing and exchanging ideas across the banking and non-banking industries on their experience implementing and expanding *Tayyib* initiatives.

Tayyib Global Engagement :

- Advancing a strategic lead in promoting *Tayyib* through engagements with leading international sustainable-related organizations to gain more visibility and create awareness of *Tayyib* concept globally.

The success of this implementation plan will largely depend on effective communication of the subject to the industry that imparts a deep understanding of it before transition to *Tayyib* can be effectively implemented. Effective leadership with effective communication strategies will help minimise the comprehension gap of the *Tayyib* subject in the industry. Apart from that, regulators—i.e., BNM and SC—have a key role to play in facilitating smooth implementation of *Tayyib*. This can be done through a more conducive regulatory environment that facilitates *Tayyib*'s application, supports the industry's innovation efforts in developing innovative *Tayyib* solutions and practices, and introduces greater incentives for *Tayyib* adoption at the industry scale. These form the key building blocks for a conducive and vibrant *Tayyib* ecosystem.

Implementing *Tayyib* will add value to the existing efforts of the Islamic finance industry. With Islamic finance industry growing more mature and the rapid evolving landscape of global opportunities, greater industry stewardship is needed going forward. Promoting *Tayyib* will indeed further strengthen Malaysia's position as the leading Islamic financial centre in the region.

11. Conclusion

The *Tayyib* Concept marks a pivotal shift in the financial landscape, transcending traditional boundaries by integrating the *Tayyib* values not just as a subset but as a fundamental ethos. This concept, deeply rooted in the Holy Qur'an, the Sunnah and the principles of *Maqasid*, pioneers a harmonious blend with contemporary sustainability practices and impact assessment. It stands as a beacon of innovation, elevating the financial sector to a realm where ethical, financial, environmental, social and spiritual considerations are not merely adjuncts but are integral to every financial decision and product assessment.

The essence of *Tayyib* extends far beyond compliance at the level of halal, embedding a *Maqasidi* value approach that synergises worldly gains with spiritual fulfilment. This unique perspective ensures that every financial endeavour under *Tayyib* is scrutinised not just for its economic merits but also for its broader impact on society and the environment. In doing so, *Tayyib* eradicates market confusion, fosters authenticity, and ensures unwavering adherence to Islamic principles.

At the heart of *Tayyib* lie its core values – Prioritising Transitive Benefits, Fairness & Reciprocity, Impact Consideration, 'Adl & Ihsan (benevolence), and Self-Accountability. These values are the guiding lights that steer *Tayyib* towards its noble directives: Pure Wealth for Shared Prosperity, Purpose-Driven Business Offerings, Good Self-Governance, Fairness to Stakeholders, and Financial Ecosystem Stewardship. Each thrust embodies a commitment to not just profit but equitable prosperity and responsible stewardship of the financial ecosystem.

The *Tayyib* Concept, therefore, is more than a set of guidelines; it is a paradigm shift, a vision for a financial world where integrity, fairness, and sustainability are not just ideals but the very foundation upon which every financial action is built. It is a call to action for the industry to rise to this new standard, one that honours the rich heritage of Islamic finance while boldly embracing the challenges of the contemporary world.

As we embark on this transformative journey with the *Tayyib* Concept, we are navigating a dynamic and promising landscape. The process of adapting *Tayyib* to a variety of markets is not just a challenge but an exciting opportunity to demonstrate the concept's versatility and its relevance in diverse cultural and regulatory environments. This adaptability speaks volumes about *Tayyib*'s robust design and its potential to resonate on a global scale. Moreover, *Tayyib*'s pursuit of harmonising profit with ethical mandates offers a unique platform for financial institutions. This alignment of business objectives with ethical and sustainable practices not only bolsters corporate responsibility but also paves the way for enhanced customer trust and loyalty.

The true key to *Tayyib*'s success, however, lies in the collective understanding and commitment of all stakeholders involved. The growing enthusiasm and eagerness among industry professionals, investors, and consumers to learn and embrace *Tayyib*'s principles is a testament to the increasing interest in ethical and sustainable finance. Additionally, the development of mechanisms to measure the impact of *Tayyib*'s principles presents an innovative opportunity in the field of financial assessment and compliance. Such a forward-thinking approach is poised to establish new benchmarks in transparency and accountability, which is crucial for building and maintaining stakeholder confidence in this evolving financial landscape.

To fully harness the potential of *Tayyib*, a strategy of phased and customised implementation can be employed, underscoring the concept's flexibility and relevance. Encouraging ethical investments through incentives can further align financial goals with the concept's ethical aspirations. Comprehensive educational initiatives will deepen the stakeholders' understanding and commitment, fostering a community of informed participants. Collaborative efforts between regulatory bodies, financial institutions, academia, and community organisations will be pivotal in nurturing the growth and adoption of the *Tayyib* Concept. These partnerships will not only support the concept's implementation but also contribute to its continuous evolution.

The *Tayyib* Concept stands as a beacon for an industry seeking to balance financial success with moral integrity. Its adoption signifies a shift towards a more equitable, responsible, and value-driven financial world, promising a future where finance serves the greater good without compromising on profitability.

Glossary

Term	Definition
'Adl	Justice
Al-yusr wa raf' al-haraj	Facilitation and removal of harm
Daruriyaat	Essentials
Fasād	Mischief
Fitrah	The primordial nature of humans
Gharar	Uncertainty
Ghayat al-Shariah	Ultimate objectives of Shariah
Hajiyyat	Complementary
Halal	Permissible
Hikmah	Wisdom
Ihsan	Excellence in conduct
I'mar	Making the earth flourish with civilisation
Inṣāf	Fairness
Islaah	Reform
Istihsan	Juristic preferences
Istikhlaf	Stewardship
Ithar	Altruism/Prioritising others' benefits
Jalb al-masalih wa dar' al-mafasid	Securing benefits and preventing harm
Khabith	Impure
Mal	Wealth
Masalih	Interests
Maslahah	Benefit
Maqasid Aamah	General objectives
Maqasid al-tashri'	The objectives of legislating
Maqasid Juz'iyah	Partial objectives
Maqasid Khasah	Specific objectives
Maqasid of Shariah	Objective of Shariah
Maqsad taba'i	Auxiliary objective
Maslahah mursalah	It refers to the principle of considering public benefit in the formulation of Shariah rulings and ethical decisions.
Muamalat	Transactions
Mua'wadhah Contract	Exchange Contract
Qawa'd usuliyah	Jurisprudence maxims
Qawa'id fiqhiyyah	Legal maxims
Qawa'id maqasidiyyah	Maqasidi maxims
Sadd al-dhara'i	Maqasidi maxims
Samahah	Elevation of moral values and ethics
Tabarru' Contract	Charitable contract
Tahsiniyyat	Embellishments
Taskhīr	Harnessing
Tasleem	Purposeful submission
Tayyib	Tayyib is a status that is not only permitted (halal) but also ethically excellent, balanced, and wholesome across the entire financing process.
Wasa'il	Means

Abbreviations

Abbreviations`	Definition
BNM	Bank Negara Malaysia
EFRAG	The European Financial Reporting Advisory Group
ESG	Environmental, Social and Governance
ICM	Islamic Capital Market
IFIs	Islamic Finance Institutions
IFRS	International Financial Reporting Standards
ISRA RMC	The International Shari'ah Research Academy for Islamic Finance (ISRA) Research Management Centre (RMC)
ISSB	The International Sustainability Standards Board
KPIs	Key Performance Indicators
MIFC	The Malaysia International Islamic Financial Centre
MSMEs	Micro, Small, and Medium Enterprises
MTA	Malaysia Takaful Association
OECD	Organisation for Economic Co-operation and Development
PRI	Principles for Responsible Investment
SC	Securities Commission Malaysia
SDGs	Sustainable Development Goals
TCFD	The Task Force on Climate-related Financial Disclosures
VBI	Value-Based Intermediation
VBIT	Value-based Intermediation for Takaful

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Research Team

Name	Role
Prof. Dr. Said Bouheraoua	Principal Researcher
Prof. Dr. Younes Soualhi	Member
Dr. Fares Djafri	Member
Dr. Noor Suhaida Kasri	Member
Dr. Fares Djafri	Member
Dr. Imene Tabet	Member
Dr. Kinan Salim	Member

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