

Islamic worldviews of financial planning

By Mahadzir Ahmad

“Is there a need to plan finances and is this addressed in Islam?”, asked the Editor. The answers are yes and yes, of course. The fact of the matter is that everybody needs to plan their finances, regardless of creed and religion. “So, what is the difference between Islamic and conventional financial planning?” The differences are many. “In what way?” shoots the curious.

Basically, some technical knowledge has to be introduced to truly appreciate the subject, and it is the aim of this series of article by FPAM to satisfy the curious of Islamic financial planning.

We shall begin by looking at the Islamic worldview of financial planning. All Islamic worldviews are derived from the Quran and the Hadith (collection of Prophet Muhammad’s sayings). It is utmost important to learn from these two primary sources when learning about anything Islamic, simply because they are divine. Those who excel in their learning (by obtaining doctoral degree in Shariah from Islamic universities) become Shariah scholars. For the many, we would just become more literate.

We now go into the Islamic worldviews.

Financial planning is Worship (*Ibadah*)

He (Yusuf) said: You shall sow for seven years continuously, then what you reap leave it in its ear except a little of which you eat. Then there shall come after that seven years of hardship which shall eat away all that you have beforehand laid up in store for them, except a little of what you shall have preserved. Then there will come after that a year in which people shall have rain and in which they shall press (grapes) (Quran, 12: 47-49).

The above verses – commonly referred to as the Planning verses – underscore the need to plan for an individual or society when faced with the certainty of a crucial event.

For the ancient Egyptian society, the certainty of 7 years of good harvest to be followed by 7 years of drought was foretold by Prophet Yusuf, upon him be peace. Subsequently, the king of Egypt believed Yusuf’s interpretation of his dream and made Yusuf in-charge of the state treasury. An action plan was executed and the society survived the hard times when it came to pass.

For an individual, an event that is certain to happen is death. This is such a crucial event as many matters will come to a halt and without proper planning, hardship is a certainty; to the deceased in his afterlife and to the surviving family members as well.

It is in this context of avoiding hardship that planning becomes a form of Worship. Without a doubt financial planning is Worship because not only hardship can be avoided but *al-Falah* can be achieved through proper planning and execution.

Coming back to the Planning verses, the lessons that can be learnt, in essence, are: Work to earn i.e. sow before reaping, spend wisely and save for the future.

Wealth is a Trust (*Amanah*) from Allah that must be administered properly

Wealth and children are the adornment of the life of this world. But the good righteous deeds that last, are better with your Lord for rewards and better in respect of hope (Quran, 18:46).

The concept of wealth as belonging to Allah has been well written by Islamic scholars. How mankind utilises the wealth under his care is the cause of all frictions between men. This is because of the power and influence that comes along with wealth. The conventional men are forever attracted to wealth because of the power and influence.

For the Muslims, wealth under his care means nothing of the sorts because he knows that *to Allah belong all glory and power (Quran, 35:10)*. The Muslim knows that he is accountable and will have to answer Allah directly on how wealth under his care had been administered in this world.

Islam demands that wealth be spent prudently. While spending on the family is urged, wastages are abhorred. Exercising prudence in spending wealth requires many branches of knowledge.

Proper wealth management for the individual Muslim is not as complicated as for a Muslim society. Nevertheless, as in all cases, proper management requires mastery of a fair amount of knowledge. Perhaps in this regards, the Prophet's saying, peace be upon him, that *seeking knowledge is obligatory upon every Muslim* can be best understood.

In another Hadith, the Prophet said, *it is better to leave your heirs rich rather than poor, begging of others*. While this saying is specific to a companion who had wished to give away all his wealth for the cause of Allah but agreed to limit it to one-third only, it also implies that Muslims are encouraged to seek wealth and be engaged in wealth creation activities. With the guidance of Shariah (Islamic rules), the Muslim's endeavours will be richly rewarded – materially and spiritually – in this world, and in the Hereafter.

And seek, with that (wealth) which Allah has bestowed on you, the home of the Hereafter, and forget not your portion of good and lawful enjoyment in this world; and do good as Allah has been good to you, and seek not mischief in the land. Verily, Allah likes not those who are corrupt (Quran, 28:77).

Wealth is a major means to achieve *al-Falah*

Al-Falah is being successful in this world and in the Hereafter. In simple terms, this concept takes the forms of a Good life (*Hayat tayyibah*) and Paradise (*Jannah*).

The concept of a Good life comes from the following verse: “*Whoever works righteousness, whether male or female, and is a believer verily, to him We will give hayat tayyibah (in this world with respect, contentment and lawful provision), and We shall pay them certainly a reward in proportion to the best of what they used to do (i.e. Paradise in the Hereafter) (Quran, 16:97).*”

It must be noted that the Islamic good life has nothing to do with wealth, women and wine as engaged by the extravagant and party-going cultures, but is attained through the balanced satisfaction of material and spiritual needs of man.

The verses below, perhaps, are the boldest guidance from Allah that Muslims must heed in relation to wealth management to attain life goals.

O you who believe! Shall I show you a commerce that will save you from a painful doom?

You should believe in Allah and His messenger, and should strive for the cause of Allah with your wealth and your lives. That is better for you, if you did but know. He will forgive you your sins and bring you into Gardens underneath which rivers flow, and pleasant dwellings in Gardens of Eden. That is the supreme triumph (Quran, 61: 10-12).

To concise the message further, basically Allah is offering unimaginable rewards to those who strive with their wealth and lives for Allah. As such, with the guidance of Shariah, pursuing wealth is quite a noble endeavour for the Muslim as it will lead to al-Falah.

The Islamic worldviews that we have discussed above are by no means exhaustive but three of the main ones. These worldviews form the basis of technical knowledge relating to Islamic financial planning. The technical knowledge are divided into 4 major areas – also known as the Islamic financial planning components – namely, Risk Management & Takaful, Islamic Investment, Zakat & Tax, and Islamic Estate & Waqf.

In the coming articles, we shall discuss each of the Islamic financial planning components respectively.

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