
EBOOK

Islam emphasizes a holistic economic system. It also renders business as one of the most important activities in such a system



Islamic Business

A N O V E R V I E W

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KEYWORD



economic development ba'i istaraq
 ukhuwah production
 goals riba ethics entrepreneurs marketing
 islamic business
 trusteeship business attitude
 tasks maysir finance halal aqad case
 fiqh muamalah islamic beliefs
 tawheed NUSSA ZISWAQ society
 alchemiya employess istisna' mudarabah startup maysir
 gharar





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ISLAMIC BUSINESS

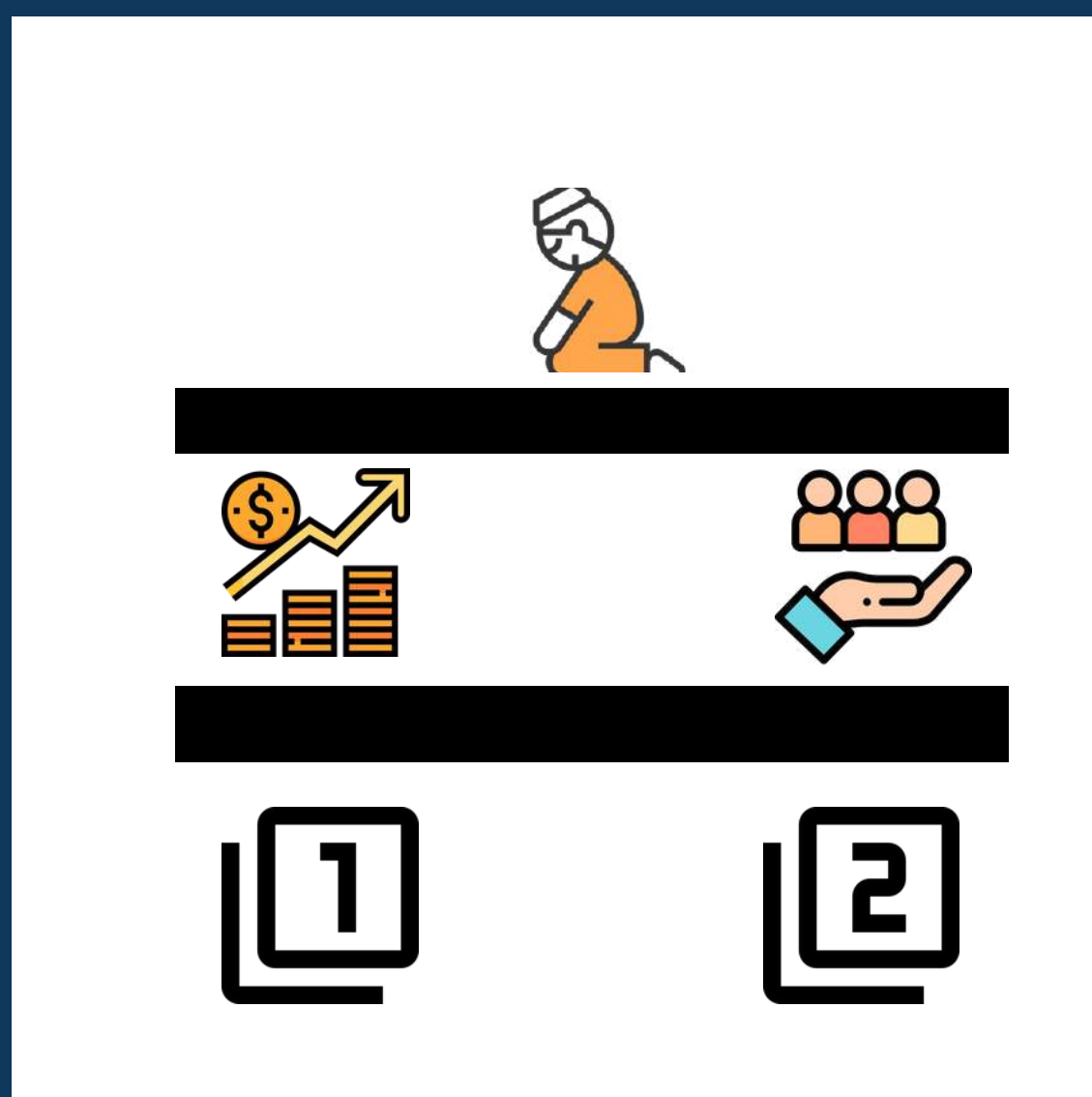
Islamic business is business-economy activity with many **unlimited forms in the matter of wealth ownership**, either goods or a services, **however it is limited by its way to earn and utilize the wealth** because the law according to Islam (Widjajakusuma, 2002: 18).

El-Asker (1987:69), Khan Nyazee (1998: 19) said that business forms and formulations in modern Islamic era is based on **Islamic rule principle fiqh muamalah**.

El-Ashker (1987:115-121) stated that the main grounding of all activity in human life is the foundation of tawhid, including in business activities, where the business goals of Islam should have **two main pillars :business activities and social activities**.

Pilar business activity constructed from elements of the company's business functions that **generate profits** in the form of fund-raising activities, services and investment activities. While the company's social activity is a social purpose built from **ZISWAQ (Zakat, Infaq, Shadaqah) fund** companies as a form of concern for the welfare of the people.

Muslim businessmen who conduct their business honestly not only create economic prosperity and social harmony but also **bring them closer to Allah**



BUSINESS GOALS CASE

Not only is business a part of fard kifayah which is compulsory for a Muslim community to undertake, but also that Islam promises the largest income for businessmen.

Business is therefore a legitimate means of acquiring wealth, attaining high status of social life and great respectability. Islamic business was a form of an activity that its main purpose was to gain benefits to those who worked inside the business activities based on Islamic values. The business itself and its benefit, the purpose of a business companies was shown from various interests such as owner, business rivals, suppliers, workers, consumers, public society, and governor.



Emanating from the Islamic encouragement of profit as opposed to interest, profit is acknowledged as a major objective of the enterprises in the Islamic model. The Islamic enterprise and business is still regarded as a profit seeker.

However, profit maximization as a prime objective is not identified in the Islamic model. The concept of "sufficient" or "reasonable" profit seem to be replacing the concept of "maximization".

Business is part of the achievement of the 'maslahan ammah' (goodness for society rather than profit motive, and material rentability only, but business activity is viewed as an activity that contains benefits and avoiding harm, damage and misery

There are common goals in Islamic business:

- 1) Benefit (Profit and non Profit/Social Impact)**
- 2) Business Growth**
- 3) Continuity (sustainability)**
- 4) Blessing (Ibadah)**





CASE: PT AMMANA FINTECH

<https://ammaana.id/>



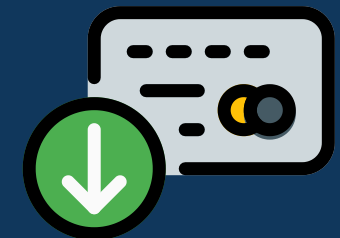
PT Ammana Fintech Syariah has been operating since March 2018. It Established as the first Islamic technology (fintech) predicate registered and licensed by the OJK to conduct capital activities for Micro, Small and Medium Enterprises (MSMEs) with Islamic principles (Shariah peer to peer lending).

The main objective of Ammana being present in Indonesia, among others, is to serve MSMEs and people who have productive activities, creative and innovative businesses.

Ammana aims are to support the progress and development MSMEs to face global competition through financial technology services based on Sharia principles to save the community and MSMEs players in Indonesia from the riba activities.



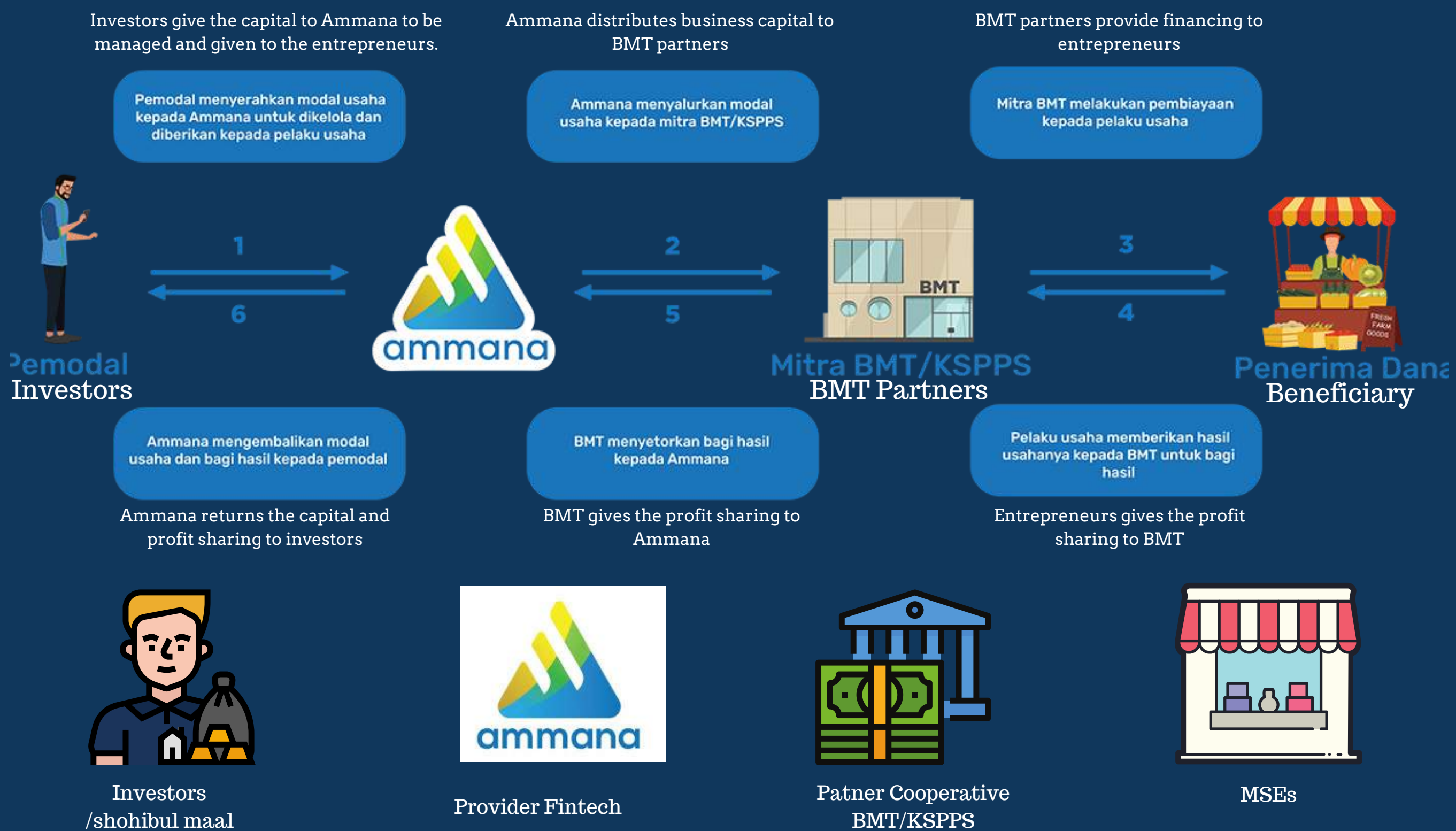
DONATING



FUNDING



FINANCING











TASKS



1. Discuss about PT Ammana Fintech Syariah, Discuss the background and goals of PT Ammana's establishment in detail, as well as its business aspirations.
2. Identify the verses in the Qur'an that stated and covers business goals about Create The Purposes Driven Business Canvas to describe PT Ammana Fintech Syariah
3. Fullfill and arrange The Purpose Driven Business Canva that conducted by Ammana.

The Purpose Driven Business Canvas

Passion (Problem) 	Purpose (Moonshot) 	Motivation (Why) 	Vision (Impact) 	Mission (How/value) 
What's the problem or the just cause that you are passionate about, that you want to solve in a transformative way to make the world a better place?	What does your project aspire to become in the next 20 years? What's the impossible dream you want your entrepreneurial project to achieve?	What does the project achieve through its scope or purpose?	What will be the impact in the world if in the next 15-20 years the project will achieve its scope?	How do you apply your vision to create value? How does the scope or purpose of your project create value?
Project manifesto - Combine the 5 answers in a flowing text. 				

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Designed by: Luca Leonardini
The Business Innovation Architect - www.lucaleonardini.com



TIJARAH

BUSINESS IN QURAN



Disclosure of trade in the Qur'an found in three forms, namely **tijārah** (trade), **bai'** (selling), and **isytarā** (buying). The word **tijārah** is mentioned eight times in the Koran which distributed in seven surahs, namely sura Al-Baqarah: 16 and 282, An-nisā: 29, At-Taubah: 24, An-nūr: 37, Fathir: 29, Aş-şāff: 10 and Al-Jumu'ah: 11.

In Surah Al-Baqarah it is mentioned twice, whereas in other surahs, said once each. Among the eight verses, only five verses connote business. Whereas three more verses meaning **tijārah** does not connote business (trade) literally, but rather the meaning of *majazi*, namely Al-Baqarah: 16, Fathir: 29 and Aş-şāff: 10.

TIJARAH

The definition of "business" based on English-Arabic dictionary, Modern Dictionary were using words "amālun-syuglūn, syana'āhu, hirfatun, tijāratun-'āmalun, maslaḥatun-sya'nun, and jadwalun-'āmalun (Muhammad, 2004:11).

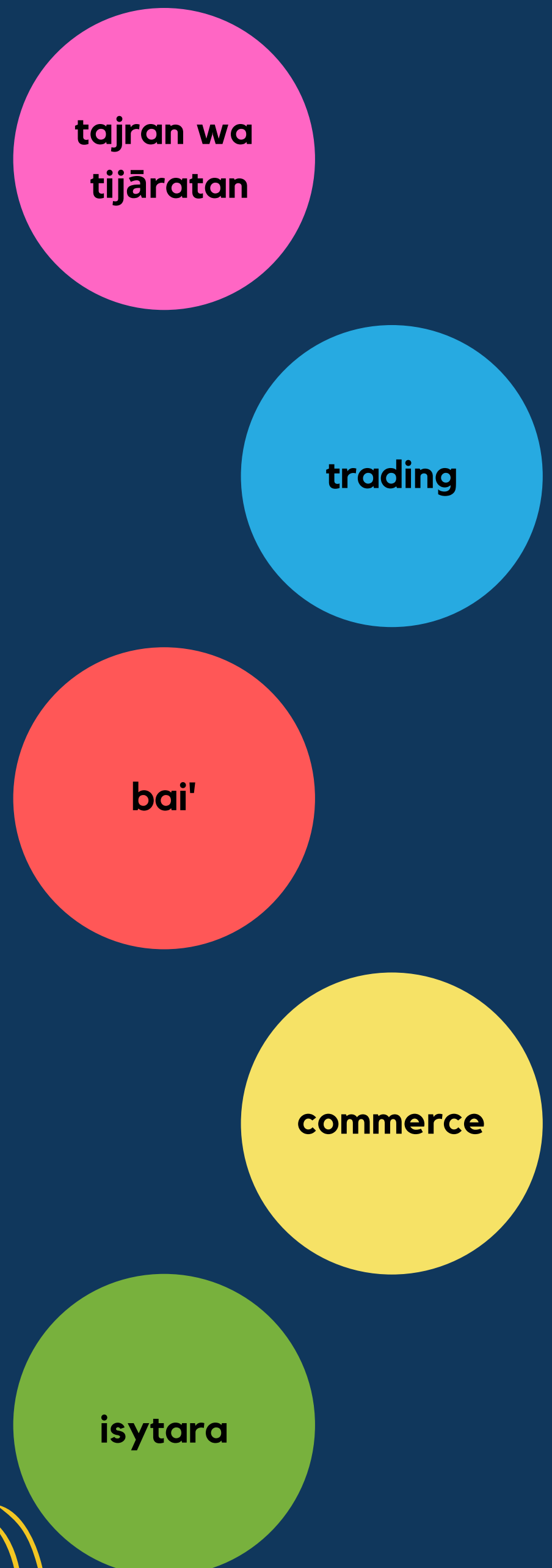
The term **tijārah** were often mentioned in Quran to define the word business (Muhammad, 2004:11). The word **tijārah** could also mean business (Muhammad, 2004:11).

Tijārah derived from t-j-r, *tajara*, *tajran wa tijāratan*, which means trading or commerce. *At-tijāratun walmutjar*; trading, commerce, *atti-jāriyy wal mutjāriyy*; related to trading and commerce (Warson, 1986: 139).

TIJARAH

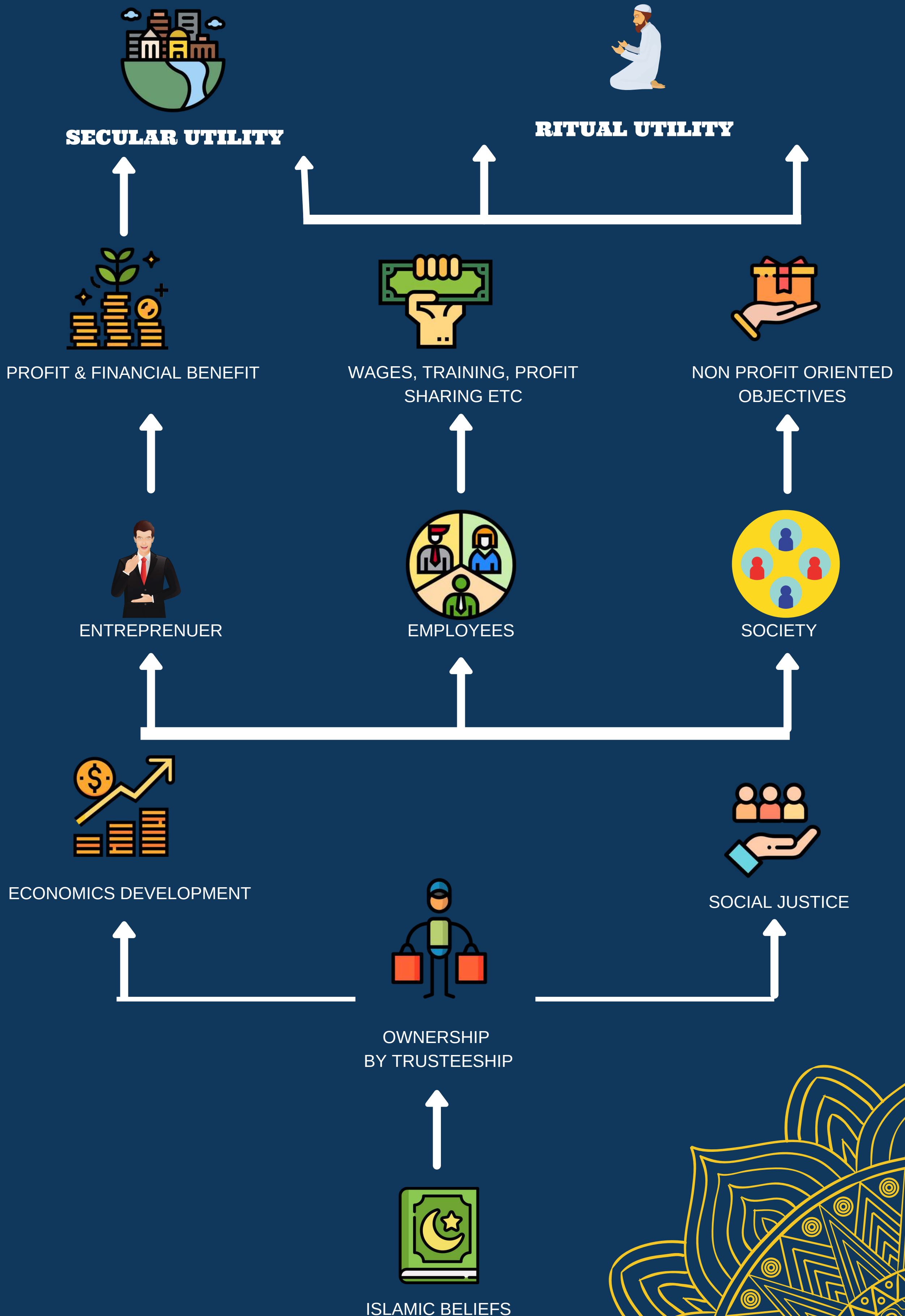
The word **tijārah** / commerce uses by the Qur'an as an expression of the mutual relationship between Allah and humankind.

The Qur'an uses the logic of business people to offer their teachings, namely by providing a variety of human motivations in worshipping Allah. In terms of business people always take into account the profit and loss so that God uses the hope of gains that obtained the intention of worshipping Allah (Shihab, 2002n: 65-66)





ISLAMIC BUSINESS FRAMEWORK





Islam emphasizes a holistic economic system. It also renders business as one of the most important activities in such a system

ISLAMIC BUSINESS FRAMEWORK

Based from Business Framework El Asker, here the framework of muslim businessman shaped:

ISLAMIC BELIEFS

Islam's beliefs became the main foundation in every aspect of human activities, including business activities. All activities are done in this world should be done for the hereafter without abandoning worldly needs.

TRUSTEESHIP



Ownership by trusteeship means that a faithful and pious Muslim managed their business as a manifestation of trusteeship. A holder of trusteeship implies that they could **manage resources wisely** according to Islam law and Sunatullah (Muslich, 2007:3).

Managing resources wisely according to Islam law and Sunatullah , to reach economic development and social justice



Economic development means that every business did not only to seek financial benefits but also to **manage how to preserve business continuity for the long term.**

To achieve it, how to gain optimum advantages, and by optimum means that the **exploitation of economic resources should be done responsibly.**



Social justice means that in all business activities with the foundation of **trust, maintain customers' trust, and create fairness.**

Islam also explained muslim should acknowledge others' rights and to share Allah's blessings with form of **levy, infaq, and shadaqah.**



Islam emphasizes a holistic economic system. It also renders business as one of the most important activities in such a system

Entrepreneurs, Employess and Society



There are three actors in business activities, namely **entrepreneurs as business people** , **employees are all human resources involved in business operations** and, subsequently is **society as benefits taker**.

Business obtains the main target of **financial benefits and profits**. At the same time, workers are entitled to a decent **salary, training to profit sharing**. Then the business implications for stakeholders are the benefits that are not financial only. For example, customers able to create customer value well through excellent service, the presence of a business could be the **problem solver for unemployment** in society. Running business in Islamic perspective consider as ummah problem solver dan have strong impact to sociesty.

PROFIT & FINANCIAL BENEFIT



WAGES, TRAINING, PROFIT SHARING ETC



NON PROFIT ORIENTED OBJECTIVES, SOCIAL IMPACT



Islamic business entity has two utility functions, secular utility and ritual utility. **Secular utility is more focused on the material and nonmaterial benefits**, while the ritual utility is more to the purpose of the ibada or relation with Allah.

In the course of maximizing the utility, Islamic business **balance and harmonize** those utility relationship, and optimize the benefits to be obtained by all parties involved in the business.

Business activity in islamic perspective is a comprehensive activity that is not only ways and methods of how a businessman creates value on his business, either the value of profit or other advantages, but also on how he will execute the business to not only be about worldly activities, but also about hereafter activities. The manifestation should be shown in businessmen's behavior over the rules settled in sharia.





HOW NUSSA CREATES VALUE & MAKE PROFIT?

NUSSA



Nussa is a series of Indonesian animation produced by the animation studio The Little Giantz and 4Stripe Productions. This animation has been airing on YouTube video sharing service since November 2018. This animation also airs through both Indonesian free-to-air television channels NET during Ramadan 1440 H/2019 M, Indosiar in October 2019 M, and paid channel Malaysia Astro Ceria in the same year.

The story of Nussa and Rara is also very simple following the role of children in everyday life. Nussa is a boy who has a younger sister named Rara. They live with their mother called Umma.



Uniquely, one episode of the Nussa and Rara cartoons only lasts 3-5 minutes. Mothers and children can watch their actions on their official Youtube account, Nussa Official. Because they are relate and very educational for children, Nussa and Rara's popularity occurred in a short time. In just 2 months, this character is selling well in Indonesia. Not only teaching in the form of actions in cartoons, Nussa and Rara's songs are also pleasant and inspiring for children.



Source:
<https://www.nussaofficial.com/>



HOW ALCHEMIYA CREATES VALUE & MAKE PROFIT?



ALCHEMIYA

Startup founded in 2013, a new video-on-demand platform, will work like Netflix with a catch: it plans to showcase content about Muslim life aimed at urban Muslims.

Alchemiya Media is a new online, subscription-based, video-on-demand platform that aims to present the world's best content about Muslim life.

The channel aims to counter the negative portrayal of Islam and Muslims in mainstream media and shows Islam and Muslims in a positive light, covering art, culture, history, heritage, travel, lifestyle, spirituality and children's programs

Alchemiya Media differentiates itself from other Islamic channels by focusing on lifestyle, rather than news and politics. The channel says it has 5,000 registered users in 40 countries. You can subscribe this channel for a free seven-day trial, after which a two-year package costs £100.

With a subscription model and digitally driven international reach, it's clear why Alchemiya is being compared to Netflix. But The Founder has a different way of thinking about what the company is trying to achieve. This is the Monocle [a news and lifestyle magazine] for Muslims he explains, sitting on a brown leather sofa in an office lined with bookshelves and walls covered with geometric Islamic-inspired art. Alchemiya is targeting the global urban Muslim: the professionals, the highly educated, English speaking, digitally connected who buy cars and go on holidays. But they also practise and care about the image of Islam.

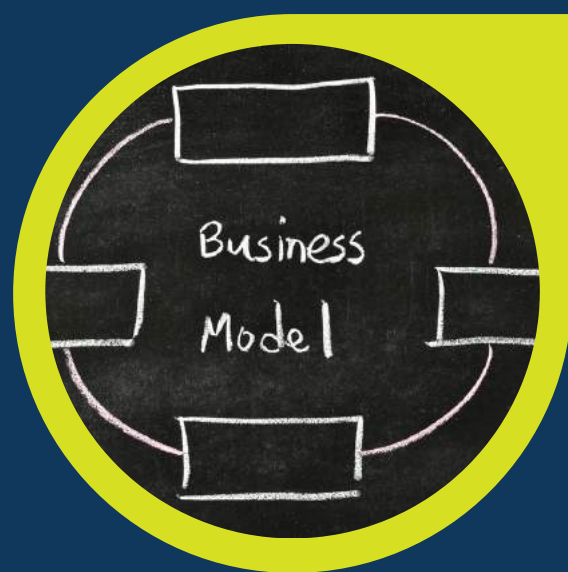


Source:

<https://www.alchemiya.com/>



TASKS



Discuss, describe and analysis about how NUSSA & ALCHEMIYA creates valued & make profit?





ISLAMIC BUSINESS MODEL

MODEL BUSINESS PERSPECTIVE

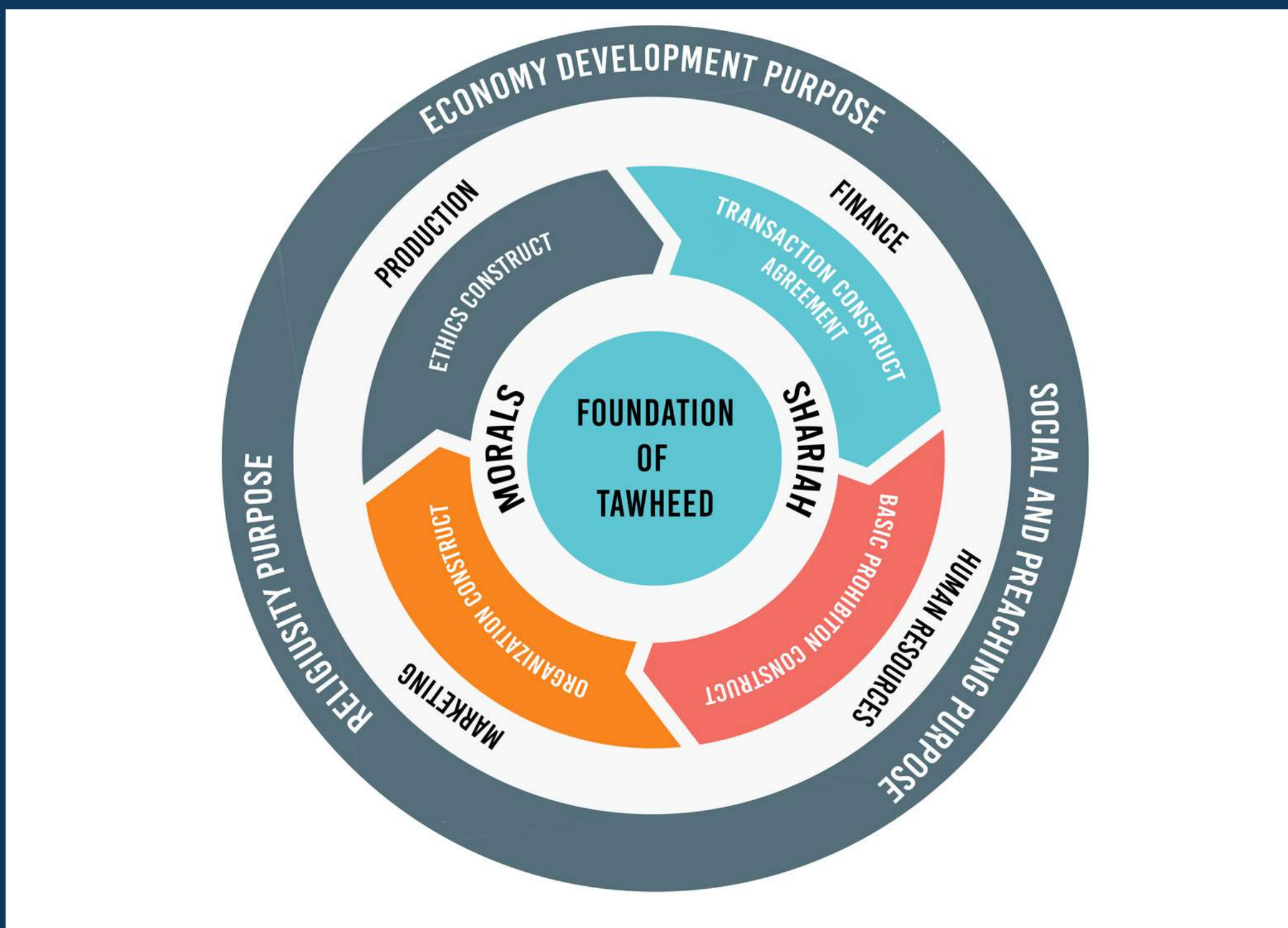


One of the elements of business in real practice perspective is business model, business model (in definition of conventional) is a whole business logic applied in relationship with customers, chain of value owned, resources, operational management, up to earning designs or profit and business entities' continuity (Osterwalder, 2004:14).

Business within Islam perspective has different dimension from business in general which is free from values. Islam has its own values, in which Islam controls all aspects of an individual's life, from daily activities until business activity.

Business model displayed a concept of how business organization could create values (economy and social) and realize it in their whole business. Based on business in Islamic perspective model concept, the main focus was how the value system that underlying business entity, built by knowledge, understanding, obedience towards Sharia, and businessmen behavior in their business activities.

Islamic business model was a conception with a set of elements that were connected to each other and integrated, which depicted **Islamic values and business logic** built from Islamic business framework perspective with **tawhid value as its foundation** and aims for economy development, social purpose, and preaching, and also religiosity benefits as a form of trust as a "caliphate", a treasure manager, resources, and the universe. (Hendrtami, 2016).



Source : Islamic Model Business (Hendratmi,2016)



HOW A MUSLIM BUSINESSMAN STARTS A BUSINESS?

FOUNDATION OF TAWHEED



STARTS WITH TAWHEED

It should be based on **Tawheed** for business foundation. Mean all business activities should be sourced from Allah's teachings, done with ways of Allah, and lastly, done for Allah.

Tawheed as foundation build the **morality (values) based quran hadits**, and also as foundation in term of **syariah rule** in business.

Doing business is a practice that will be rewarded by Allah SWT. To make the transaction legal & accordance with the Syariah Law, commandment and requirement of sales must be 100% fulfill.

ISLAMIC BUSINESS : 4 BASIC ELEMENTS



BUILD MAIN COMPONENTS OF BUSINESS

The components as **fundamental guidelines** used by muslim businessman for starting business activities.



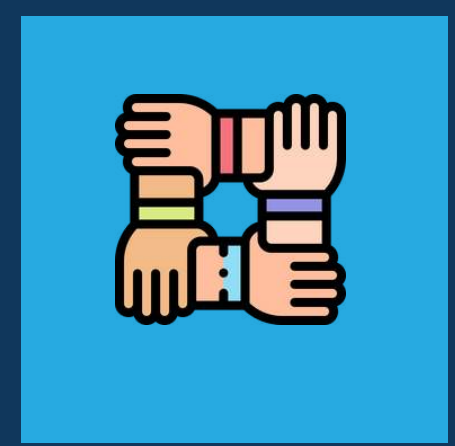
contract
/aqad



Basic
prohibition



Ethics rules



Ukhuwah/
Brotherhood
networking



CONTRACT & TRANSACTION : CASE MASRAF AL RAYAN

CASE



Masraf Al Rayan is engaged in Banking, Financing and Investment activities in conformity with the Principles of Islamic Shari'ah. They provide financing products with Murabaha, Ijarah, Ijarah Muntahia Bittamleek, Istisna'a, and Mudaraba. The financing products can be used for personal finance (completing a home renovation, making a major purchase, paying for kids' tuitions), car finance, home finance,

Murabahah

The type of transaction, which involves the customer's promise to purchase the item from the institution, is called Murabaha to the purchase orderer. By this it is distinguished from the normal type of Murabaha which does not involve such a promise by the customer. The Murabaha to the purchase orderer is the sale of an item by the institution to a customer (the purchase orderer) for a pre-agreed selling price which includes a pre-agreed profit mark-up over its cost price, this having been specified in the customer's promise to purchase. Normally, a Murabaha to the purchase orderer transaction involves the institution granting the customer a Murabaha credit facility. A Murabaha to the purchase orderer transaction typically involves deferred payment terms, but such deferred payment is not one of the essential conditions of such transactions. A Murabaha can be arranged with no deferral of payment. In this case, the mark-up will only include the profit the institution will receive for a spot sale and not the extra charge it will receive for deferral of payment.

Ijarah

The term Ijarah means the leasing of property pursuant to a contract under which a specified permissible benefit in the form of a usufruct is obtained for a specified period in return for a specified permissible consideration.

Ijarah Muntahia Bittamleek

One of the forms of Ijarah used by Islamic financial institutions is Ijarah Muntahia Bittamleek. This is a form of leasing contract which includes a promise by the lessor to transfer the ownership in the leased property to the lessee, either at the end of the term of the Ijarah period or by stages during the term of the contract.

Istisna'a

Istisna'a is a contract of sale of specified items to be manufactured or constructed, with an obligation on the part of the manufacturer or builder (contractor) to deliver them to the customer upon completion.

FINANCIAL CALCULATORS

Simplify your finances by using our handy calculator below.

Qatari National Expatriate

Date of Birth



Loan Tenure (1-25 Years)

Length of Service (1-25 Years)

Existing Commitments - Loan (Total EMI)

Existing Commitments - Credit Cards (Total Limi

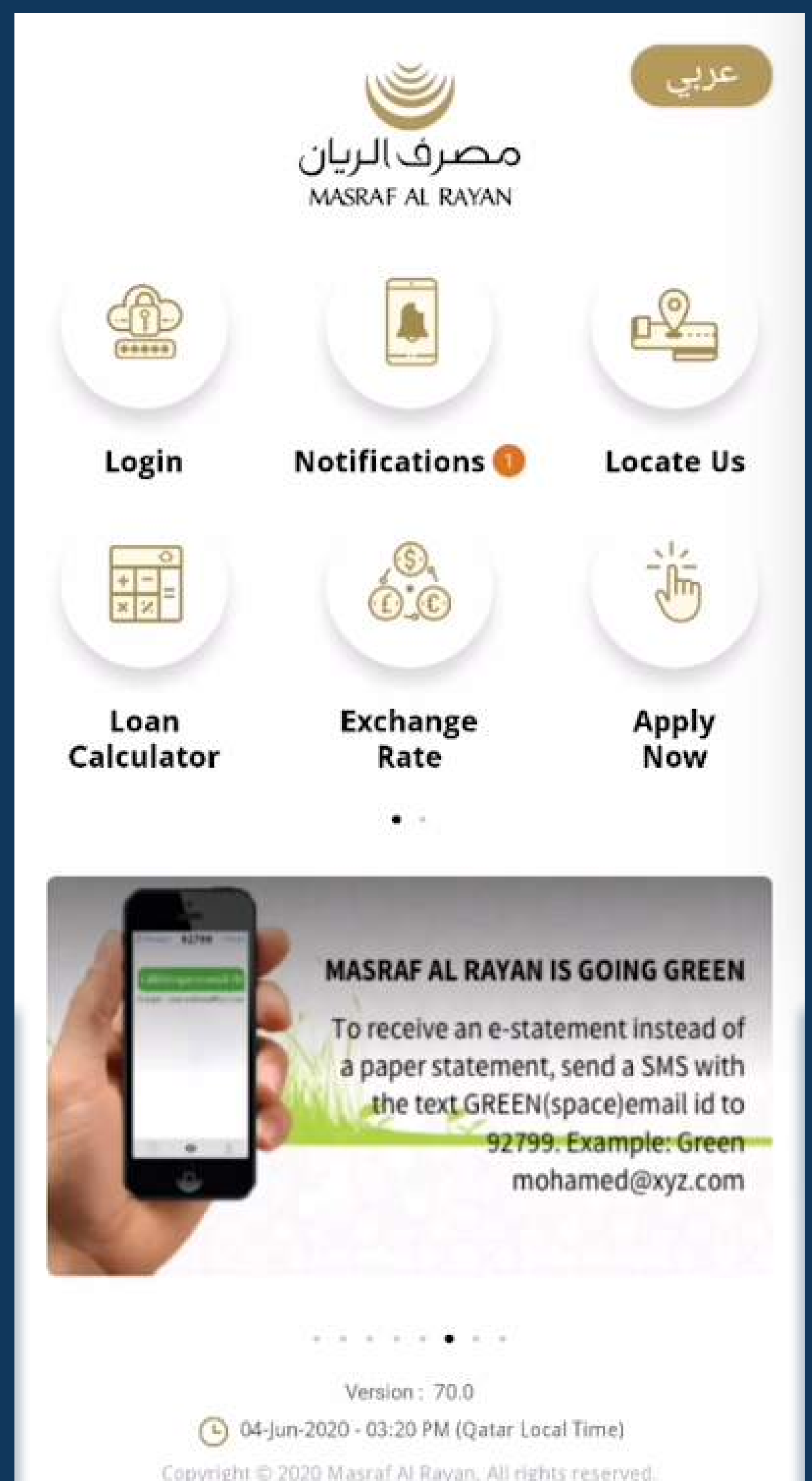
Monthly Salary



Mudarabah

To understand Mudaraba, one must first define Sharika (Musharaka), which is an agreement between two or more parties to merge their assets or to combine their services, obligations, and liabilities with the aim of making profit. A Mudaraba contract is distinguished from a Sharika (Musharaka) contract by the following:

- The basis for earning a share of profit in the Sharika is the required capital contribution of all parties, whether in the form of cash, commodities, services, or liability in the case of a reputation partnership and that the subject of the contract is based on a single element, i.e. capital. The basis for earning profit in a Mudaraba, on the other hand, comes from two elements. The first element is the existence of capital that is subject to, and similar to, the conditions of Sharika capital. The second element is the work done by the Mudarib that is different from the capital of the venture.
- In Sharika, the work, as a general rule, is to be jointly by the parties, whereas in Mudaraba it is the Mudarib who works.



1

Transaction or agreement component (aqad/contract)



contract
/aqad

"O you who believe! Fulfill contractual obligation"
(Al-Maidah verse 1)

Aqad or **contract** is the basis of an agreement with a specific purpose. Akad" or Contract Ceremony is a symbol of willingness between the party that involve.

Aqad" in arabic means bonding or tie. **Aqad** is an agreement between 1 st & 2 nd party through " **ijab & qabul**" where it is a endeavor of bonding an agreement. The reason of having aqad is to clarify & produce willingness between both party who is in contract & knowing it's implication.

Doing business is a practice that will be rewarded by Allah SWT, to make the transaction legal & accordance with the Syariah Law, commandment and requirement of sales must be 100% fulfill.

There are many transaction in business such as: **1) Sales/purchases either in cash or credit; 2) Loaning and borrowing; 3) Leasing ; 4) Cooperation agreement.**

The business contracts must pay attention to justice for the wider community and the transactions have different implications for the transfer of **ownership, risks, and liabilities.**





TYPES OF CONTRACTS

MUDHARABAH

In mudharaba (partnership), one party (rab al mal) **gives money to another party** (mudharib), which then **invests the money into a business/economic activity**.

Both parties share any profit from the investment based on pre-agreed ratio.

Equivalent with : Trust fund agreement

IJARA

In Ijara, **one party use another party's property** and earn profits from it for a set of payments made to the owner for a specific period of time.

If the owner lets other party uses his property free of charge, the contract becomes Ariyah contract.

Conventional equivalent: Lease / rental

BAY AL MUAJIL

Bay al Muajil is simply a deferred payment sale, in which **a buyer buys goods from a seller but defers its payment to some extended period, either installment or lump sum.**

Both parties must agree on the price at the time of trade..

Conventional equivalent: Deferred payment

SALAM

In Salam, a **buyer pays for goods upfront**, and the goods is **delivered in the future.**

- The product must be physically exist at the time of sale
- The seller must have the ownership of the product
- Full payment must be made in advance.
- The products quality & quantity must be specified in the contract.

Conventional equivalent: Forward contract

MURABAHAH

In Murabaha, an institution **buys a commodity on behalf of another party** (who is the one really needing the commodity), and then sells the commodity to the buyer party for the cost plus some profit margin.

Both parties know and agree upon the cost and profit. The buyer can either pay in lump-sum or in installments.

MUSHARAKAH

in Musyaraka all parties contribute both capital, skills, and labors needed in its venture.

Any profit/loss made will be shared among all partners.

Conventional equivalent: Joint Venture





TYPES OF CONTRACTS

HIWALA

In Hiwala, **debt is transferred from one debtor to another.**

the debt is transferred to the second debtor, the first one is free from his obligation. Islamic banks use this contract to **remit money between depositors.**

RAHN

- In Rahn, **a property is pledged against an obligation.**
- Islamic banks use this Rahn contract when receiving collateral for loans made to its customers or when seeking loans from other banks.

KAFALAH

In Kafala, a third party accepts an existing obligation and becomes responsible for the **fulfillment of someone's liability to another.**

The third party may receive some fees for upholding the responsibility.

Islamic banks use Kafala contracts to issue bank guarantee on a project, or to issue Letter of Credit (LoC) needed in export/import transactions.

WADIAH

Wadiah property gives his property to another party for safeguarding.

The owner then pays some fees to the safeguarding party.

ISTISNA'

In Istisna, the Islamic bank agrees to **buy a project on behalf of a buyer that is still under construction and will be completed and delivered in the future.**

Istisna contract does not require full payment to be made upfront, and the exact time for delivery is not specified either (although there is a clause for the maximum time needed to complete the project).

Conventional equivalent:
Forward contract on a project

BAI' AL DAYN

The sale of debt arising from trade and service transaction or payable right in the form a deferred payment sale either to the debtor himself or to other third party



2

Basic prohibition in Islamic Business

Basic Prohibition



"... and their taking of Riba though they were forbidden from taking it and their devouring of men's substance wrongfully.... and we have prepared... a painful torment." (Surah An-Nisa'4:160 – 161)

O you who believe, Eat not Riba doubled or multiplied, but fear Allah that you may be successful." (Surah al-Imran 3:130)

Islam is not limited to specific acts of worship alone but all that is done solely for Allah is considered as worship, including business. That takes business must be **to comply with god's commands and prohibitions leave**



RIBA

Riba is **every excess in return** of which no reward or equivalent counter value is paid, in short, every unjust enrichment is riba Any unjustified excess above and over the capital, whether in loans (between creditor and debtor) or in trade (with similar commodities).

Under Islamic law, riba can occur in two main situations:

Riba al duyun (loan): the riba or excess which occurs in debt and loan transactions because of **extension/delay in repayment**

- The debtor borrowed money to be paid in certain time, and the amount is more than the amount borrowed
- A creditor gives a periodic loan and takes monthly interest.
- The capital sum lasts until the expiration of the period. Upon expiry, if the debtor cannot pay, the period to pay back the capital will be extended and interest will be charged
- Arising out of exchange contract, a buyer must pay a consideration. If he failed to settle on time, the period will be extended by increasing the amount (principle + interest)

Riba al buyu' (exchange): the riba or excess which occurs in **trading transactions** involving the exchange of riba bearing commodities without observing the required rules

- Mainly based on the saying of the Prophet: "Gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, and salt for salt; like for like, hand to hand, in equal amounts; and any increase is riba'



Sunnah of the prophet:

Gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, salt for salt - like for like, equal for equal, and hand-to-hand (spot); if the commodities differ, then you may sell as you wish, provided that the exchange is hand-to-hand or spot transaction.



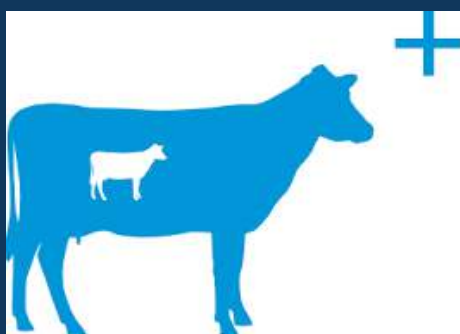
**Basic
Prohibition**

Basic prohibition in Islamic Business

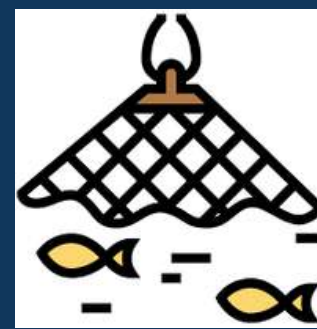
GHARAR

Gharar in Islam refers to any transaction of probable objects whose **existence or description are not certain, due to lack of information and knowledge** of the ultimate outcome of the contract or the nature and quality of the subject matter of it.

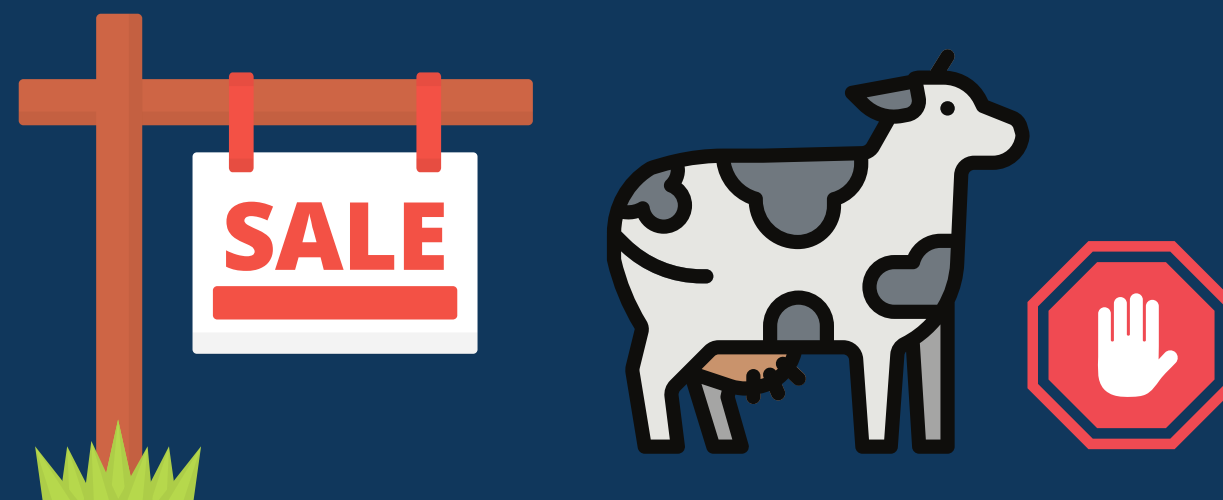
The Prophet (pbuh) has forbidden the **purchase of the unborn animal in the mother's womb.**
mother's



The Prophet (pbuh) has forbidden the **purchase of the catch of a diver**



The sale of the milk in the udder **without measurement**



The prohibition of Gharar is to ensure full consent and satisfaction of the parties in a contract. Full approval can only be achieved in full disclosure and transparency and through **perfect knowledge** from contracting parties of the counter values intended to be exchanged.

The prohibition of Gharar protects against unexpected losses and **the possible disagreements regarding qualities or incompleteness of information.**

The prohibited speculation under the Shari'ah is not that, which relies on the analysis of a lot of economic and financial data and which involves the investment of assets, skills and labour.

Rather, it is one involving an effortless gain similar to a gambling scheme or activity. This is because the buyer is engaged in a transaction aimed at making profit through trading and not through dishonest appropriation of the property of others.



Basic Prohibition

Basic prohibition in Islamic Business

"O believers! Wine and gambling, idols and divining arrows are (all of them) abomination devised by satan. Avoid them, so that you may prosper." (Surah Al Maidah: 90)



MAYSIR

Maysir refers to the **easy acquisition of wealth by chance**, whether or not it deprives the other's right.

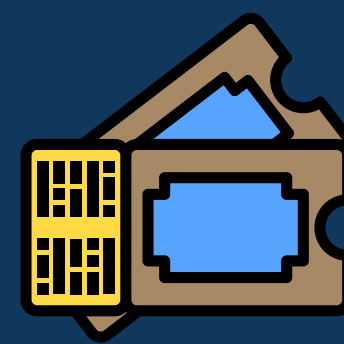
Maysir means any activities which involve betting, whereby the winner will take the entire bet and the loser will lose his bet. Maysir defined as "acquiring wealth by the means of merely putting properties at risk."

Maysir is regarded by most Islamic scholars as gambling or any games of chance (including lotteries, lotto, casino-type games and betting on the outcomes of animal races).

Maysir refers to avoidance uncertainty as it involves taking risk that is created in the contract itself (contractual risk, as opposed to trade risk) in the sense that the parties involved are taking unnecessary uncertainties which is not part of everyday life. **Maysir is a game of chance which operates on the basis of speculation.**

WHY MAYSIR FORBIDDEN?

Maysir is prohibited because of the **uncertainty involved**, the possibility of deception as well as the enmity that may arise between the parties if the expectation of any of them is not met.

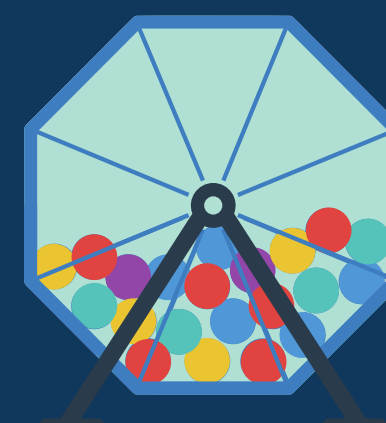


Casinos are a common example of Maysir, where simply transfer of wealth take place from losers to winner without creating a new stock of wealth.

A raffle is a gambling competition in which people obtain numbered tickets, each ticket having the chance of winning a prize.



One of the most popular forms of gambling is betting. Sports such as football, cricket, horse-racing etc, have become a favorite subject for professional gamblers.

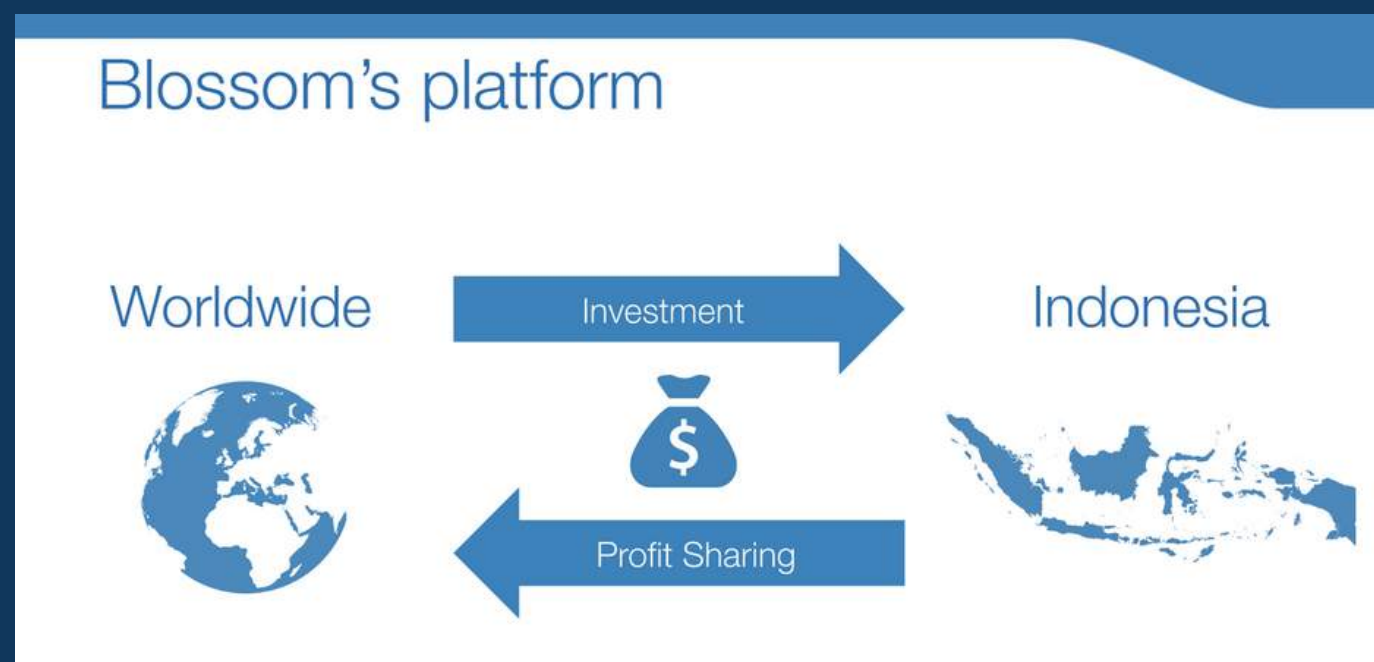


Raising money by selling numbered tickets and giving prizes to the holders of numbers drawn at random..

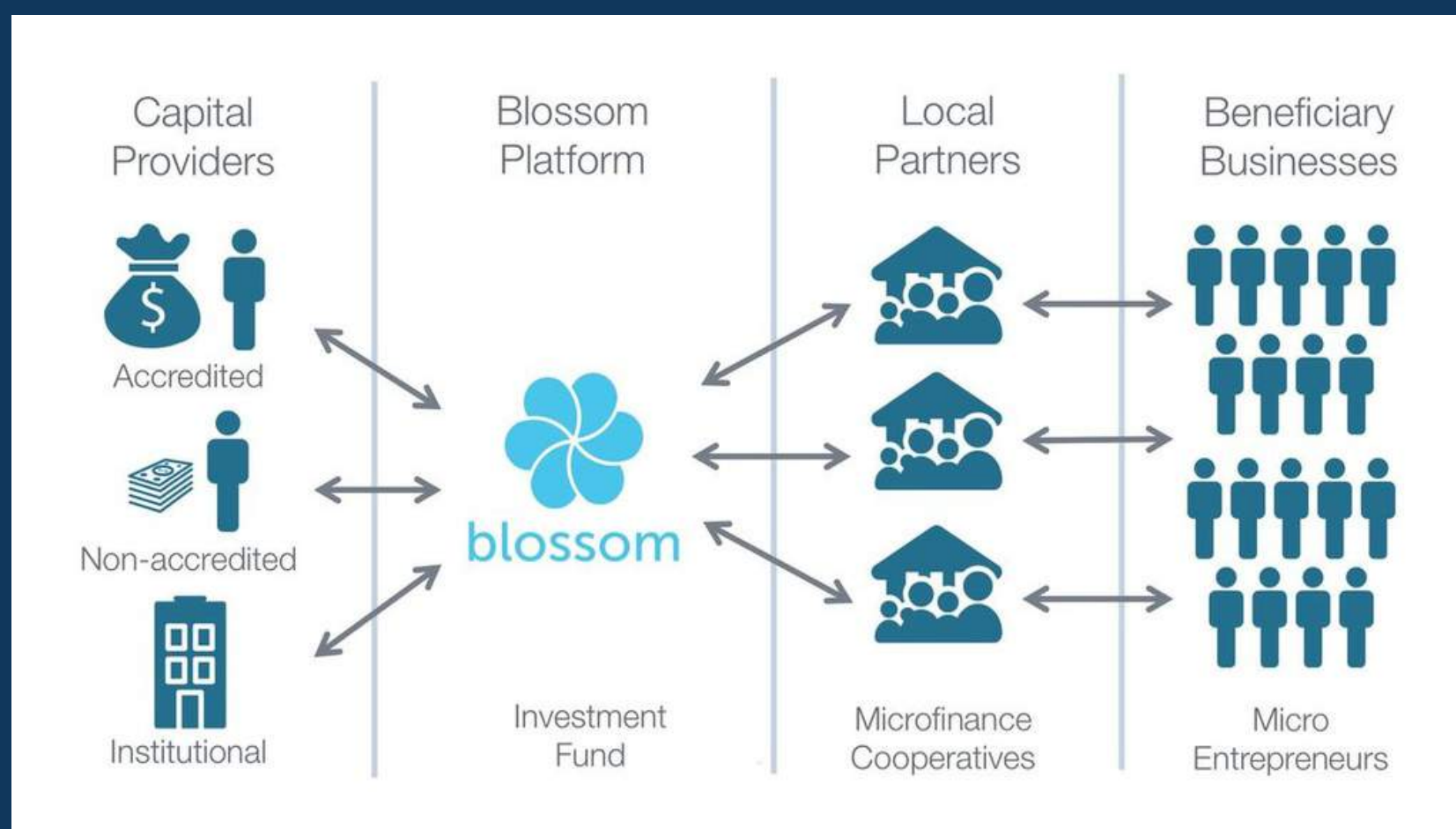


BLOSSOM FINANCE

CASE



Blossom Finance, a micro-financing platform, especially for social causes through the use of Sharia models, is issuing a blockchain-based sukuk. Blossom has two key features that set it apart from other micro-financing schemes. First, all of its money transfers are based on Bitcoin. Using Bitcoin, fees for international transfers are lower, and all Bitcoin transfers can be monitored in real-time via the Bitcoin Blockchain. This creates transparency and trust between investors and the fund recipients. Second, Blossom chooses its investors and microfinance institution partners based on Islamic principles. This means it won't take capital investment that is derived, for instance, from margin trading or alcohol, both of which are prohibited under Sharia law. And Blossom will only give out money to microfinance institutions which operate on a profit-and-loss sharing principle called Musharakah and Mudharabah instead of interest-bearing loans.



BMT Bina Ummah 2 Variable Profit Rate Sukuk arranged by Blossom Finance



Gross AROI
12.94% Annualized
(13.15% as USD)

Tenure
12 Months
(matures Oct 2020)

Jurisdiction
Indonesia
(Rupiah IDR)

Structure
Mudharabah
(profit sharing)

Issuer
BMT Bina Ummah
(KSPPS)

Issuance Size
Rp 715 Million
(\$50,476 USD)

Visit: blossomfinance.com/reports





3

The Foundation of Business Ethics:

Allah describes people who attain success as those who are "inviting to all that is good (khayr), enjoining what is right (ma'ruf) and forbidding what is wrong (munkar)." ⁴ Within a business context, however,

Business ethics are defined as tools about the goodness, badness, correctness and the wrongdoings in business world based on morality principles (Beekun, 1997:15). Business ethics have an important role to run the business. Yusuf Qardhawi (2001:57) explained that the difference between Islamic system and the other religions system is economy and attitude never separate at all, just like between knowledge and attitude, politics and akhlak (moral) and war and moral. Akhlak or moral is the flesh and veins in Islamic life

Islamic business ethics construct is a set of values about good, bad, right and wrong in business activities based on morality principles in which behaviors and ethics values should be based on criterions mentioned in Holy Quran and Hadith.

Islamic trading attitude is a trade based on Islamic norms, such as (Qardhawi, 1990:171-199 in Jusmaliani, 2008:43): Upholding trades for legal goods; behaving good value, trusted and honest; upholding justice and bans interest; upholding love, advices and bans monopoly to multiply someone's benefit; upholding tolerance and brotherhood; and taking stand that trades are what we have to prepare for the afterlife.





BUSINESS ETHICS



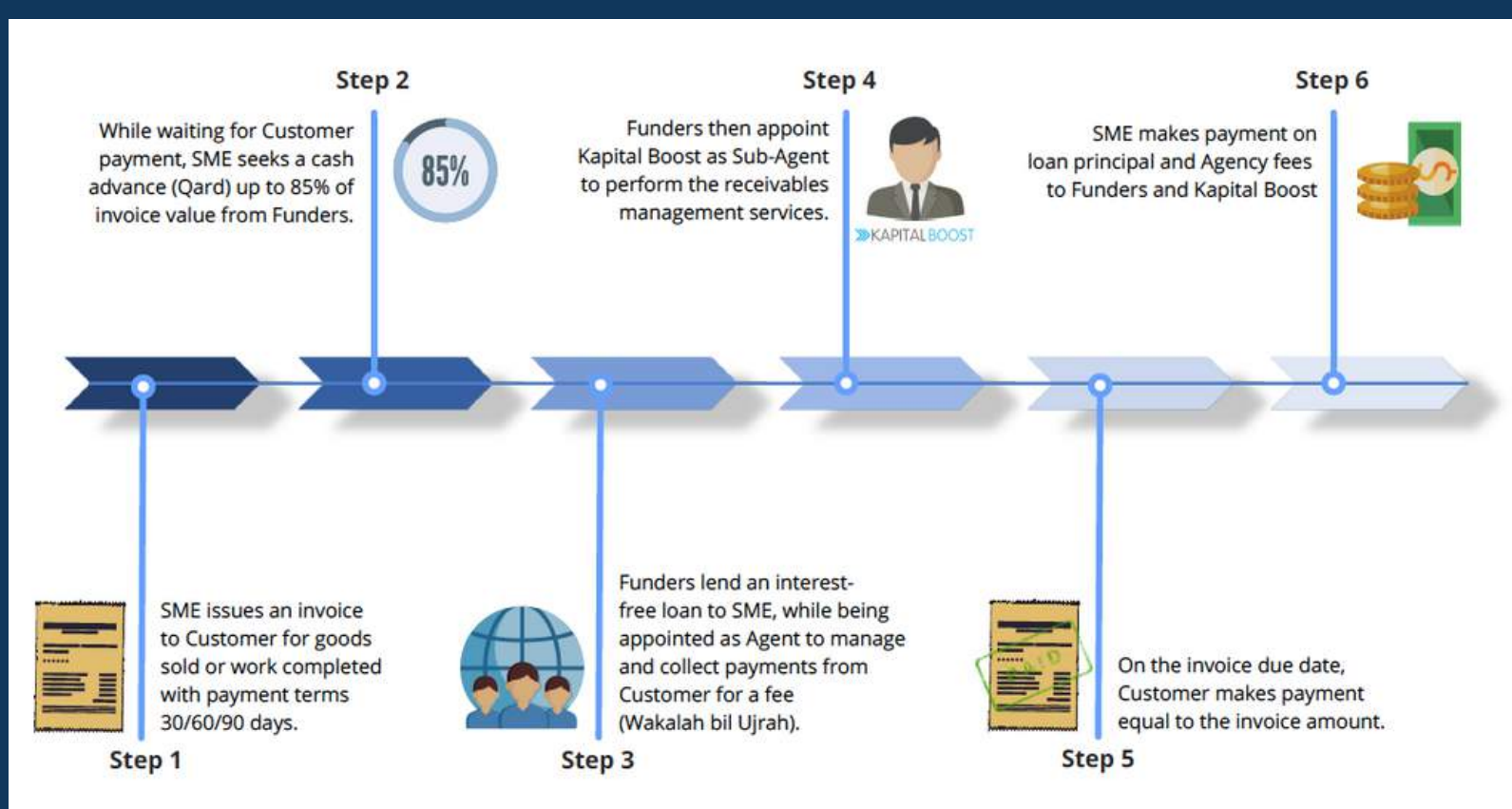
CASE

Kapital Boost, a Singapore-based hybrid crowdfunding platform allows the members to invest or donate in a way that is ethical and Shariah-focused. It is helping small businesses grow big or protecting the social welfare of less-privileged communities.

SMEs are often disadvantaged in their access to funds for business expansion. Kapital Boost addresses this problem by offering small businesses short-term financing alternatives with fast and friendly approval process and at competitive rates. Via a Murabaha (cost plus profit) structure, SMEs can raise financing for asset purchases. They may also raise financing through the Qard and Wakalah structure, or invoice financing, to seek cash advance on unpaid invoices to meet immediate working capital needs.

In return, Kapital Boost gives the members the opportunity to invest and earn attractive returns through temporary financing of small businesses. These investments are ethical and have quick turnaround of 90 to 360 days. They focus on risk reduction and employ a robust Due Diligence & Screening Process - analysing operating and credit history, past cash flow, corporate governance, counterparty risk, and assess social media mileage - to determine the best funding opportunities for their members.

Investing is not only for financial returns. Kapital Boost offers members the opportunity to invest for the Akhirah (hereafter). The Donation Crowdfunding platform allows members to support non-profit, social-based projects in less-privileged communities within the region. While financial returns are not expected, the reward for helping those in need will be multifold in the hereafter. Improving the social welfare is also a means of accelerating community growth in future.



KAPITAL BOOST

How Mudharabah (Profit-Sharing) Crowdfunding works?

THE EXPERT

After Kapital Boost members (investors) commit to a crowdfunding campaign, a Mudharabah agreement is signed between each investor and the small business.

The agreement clearly states the role of small business as an expert in managing the capital and the role of investors as provider of capital.

55% Profit

45% Profit

The profit sharing ratio is determined based on the credit assessment and financial forecast of the project.

DIY

\$500,000

The investment principal is returned to investors and whatever profits earned from the project are divided between the investors and small business based on the agreed profit sharing ratio.

KAPITAL BOOST Visit www.kapitalboost.com for more information. All Rights Reserved.

4

Ukhuwah/ Brotherhood Networking



Ukhuwah is not only for brotherhood but a socio-economic bond that is understood together as the achievement of common welfare as the primary goal of business from an Islamic perspective.

Ukhuwah Stages

1. Ta'aruf: know each other based on brotherhood through a process of "melting pot" mixing without looking at the type of business & the social or religious background
2. Tafahum: pay attention to the brother's condition so that he can immediately give help before the brother asks
3. Ta'awun: the mutual understanding that makes Muslims help each other instead of a help to get the same profit
4. The concept of takaful will then complement the internal and external value chains and networking based on ukhuwah.

The Principle of Ukhuwah in Business

1. Intent to eliminate negative stereotypes
2. The commitment of amanah and mutual trust
3. Cooperate with the transaction agreement (aqad)
4. Based on the intention to go forward and profit together





LAUNCHGOOD



CASE



LaunchGood is a global crowdfunding platform to support Muslims Launching good all across the world by helping them raise funds for their campaigns. LaunchGood was started as a community and ecosystem to revive that spirit of creativity and entrepreneurship that elevated Muslims globally for centuries.

How to Get Started

Let's activate your network



1. Start & Submit Campaign
Create your campaign, fill out the necessary information and hit "submit for review"




2. Go Live & LaunchGood!
Start raising money toward your goal and make a difference in the world!

The LaunchGood Difference


The Obvious Choice for Campaign Creators




Dedicated Support Team
Raising funds can be scary. Our support team makes it easier.



Offline Donations
Easily factor in offline pledges, like checks, in your total raised.



Flexible
Plans change, we can extend your campaign and change your goal.



Supporters Can Cover Fees
More than 70% of supporters cover fees.




Community of supporters
Access to a community of supporters who care.




Be Part of the Story
Change the narrative of who Muslims are.


For Supporters



Trusted & Secure
We take supporters' trust seriously. Every campaign on the site is vetted.




Force for Good
Be part of our global community to launch great campaigns. Read more about our vision [here](#).




Fast Checkout
Securely and easily support campaigns in seconds.


For Organizations



Community Pages
Showcase and run multiple campaigns and challenges in one place.



Fundraising Dinners
Bring your fundraising dinner into the 21st century and instantly collect and process pledges. Read more [here](#).

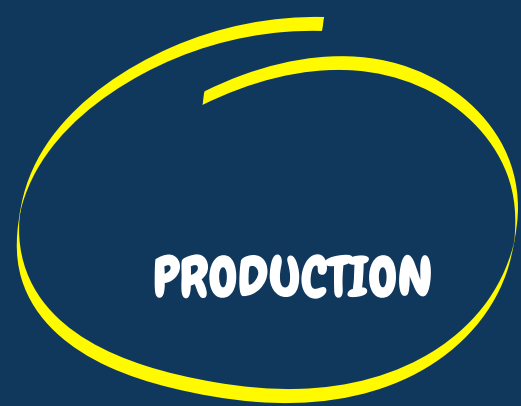


Challenges
Activate your network through challenges and match grants. See more [here](#).





Business Key Activities



PRODUCTION

FINANCE

HUMAN RESOURCES

MARKETING

The key activities of business should be based main element of Islamic business that consist of :
The transaction (aqad), the basic prohibition , the ethical , and the ukhuwah.

PRODUCTION

According to Arabic, production is al-intaj which is literally translated into ijadusil'atin which means actualizing (conducting) something. There is also islahiddunya (improving property), kasab (trying), 'imarah (prosperity), and ikhtiyar (working) (Nawawi, 2013:325).



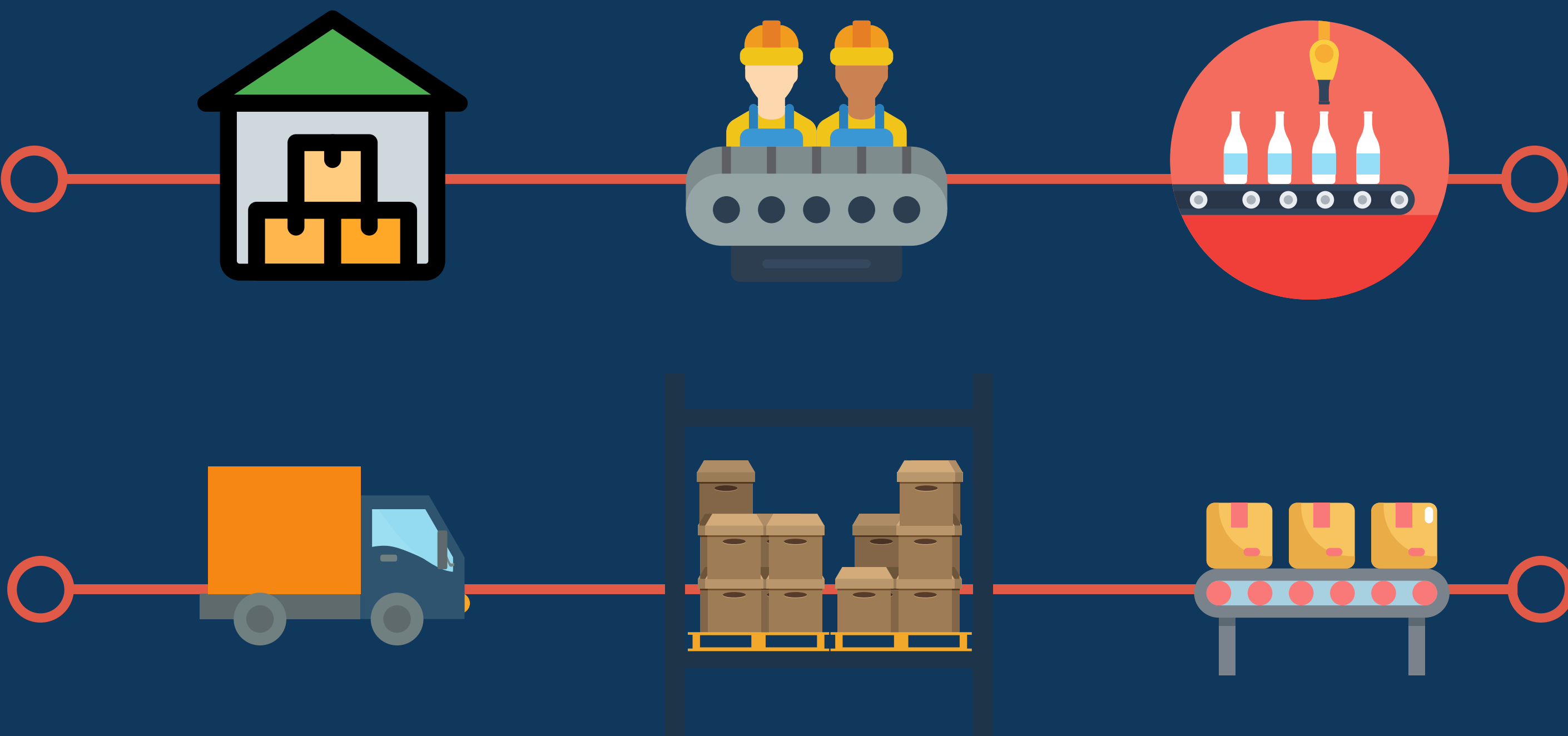
Al-Ghazali mentioned that many production factors as follows: land, labor, fund, production management, technology, and staples covering:

1. The fulfillment of human needs at moderate level, that producer produces goods and services which becomes necessity (needs) even though it not necessarily is a will (wants).
2. Goods and services produced should have real advantages for Islamic life, not only gives maximum satisfaction to customers.
3. Goods and services production cannot be excessive, it should be normal, because it can cause misallocation with a goal to prepare the goods and service stock in the future and to prevent damage in the environment.
4. Producer should be proactive, creative, and innovative to find and deliver the goods and services needed. Proactive, which means they should see the future which is producing useful goods and services for now and the future.
5. The orientation for the future will also encourage the production process to do more research and development to find many kinds of needs, technology used in accordance with the future needs.
6. Product efficiency through goods and services production process with sustainability goals can be reached.



PRODUCTION

- Production methods and materials used in production should not contain anything that forbidden according to basic prohibition constructs and must be based on compliance with varous transaction construct (aqad)
- The ethical element is the basis of how the right behavior in interacting with production partners and all stakeholder.
- The ukhuwah element is an awareness to build business relations with fellow Muslim business people to start building partnerships, especially in production. Ukhuwah t is an awareness to build business relations with fellow Muslim business people to start building partnerships, especially in production.





Business Key Activities

PRODUCTION

FINANCE

HUMAN RESOURCES

MARKETING

All the business aspect must be based on the transaction construct (aqad), the basic prohibition construct, the ethical construct, and the ukhuwah construct.

FINANCE

Financial activity is a whole company's activities linked to the effort to earn the needed funds using minimal cost and the most profitable requirements alongside with the effort to utilize the funds as efficient as possible



- Transaction (aqad) related to the acquisition of funds in Islam come in various forms from mudaraba, musharaka or syirkah. Business transactions also should be based on compliance with transaction rules that use trustworthiness, virtue, and profit-sharing principle.
- Basic prohibition used in anything that should not be done related to the method of obtaining funds. This is in line with the financial management by Rasulullah in business, that financial management aimed at utilizing financial resources both in the short and long term by upholding financial policies which based on compliance with basic prohibitions like the elimination of usury, speculation and gambling (maysir) (Suyanto, 2008: 241-243).
- Ethical element is the basis of how the right or incorrect behavior to manage finance.
- The ukhuwah construct is a pattern of businessman's awareness to build a business relationship (silaturahmi) with fellow businessmen to start building partnerships, especially in the funding and investment.





Business Key Activities

PRODUCTION

FINANCE

HUMAN RESOURCES

MARKETING

All the business aspect must be based on the transaction construct (aqad), the basic prohibition construct, the ethical construct, and the ukhuwah construct.

HUMAN RESOURCES

Suyanto (2008: 223-226) said that human resource management covers planning and recruiting qualified human resources, developing, doing the work, encourage, motivating, maintaining qualified human resource who are all involved in the entire business activities or business entity

1. All human resources planning activities, qualified human resources recruitment, development, work assessment for salary and compensation, should be based on the obedience of consent and settlement, paying attention to many contracts/transactions linked to the activities.
2. Basic prohibition elements which are not allowed to be done in human resources planning activity, qualified human resource recruitment, development, work assessment for salary and compensation for example unfair treatment, rasis, under waged and etc.
3. Ethical element is a base that rule of conduct to behave in organization
4. Ukhuwah construction is the pattern of consciousness of the businessmen to build relationships in leaderships and inter relation communication within organization.





Business Key Activities

PRODUCTION

FINANCE

HUMAN RESOURCES

MARKETING

All the business aspect must be based on the transaction construct (aqad), the basic prohibition construct, the ethical construct, and the ukhuwah construct.

MARKETING

Islamic marketing can be defined as the process and strategy (Hikmah) of fulfilling need through Halal (Tayyibat) products and services with the mutual consent and welfare (Falah) of both parties i.e. buyers and sellers for the purpose of achieving material and spiritual wellbeing in the world here and the hereafter (Alom and Haque, 2011).

From its definition, the core aspects of Islamic marketing are strategy (hikmah), need, halal (tayyibat), mutual consent, and welfare (falah).

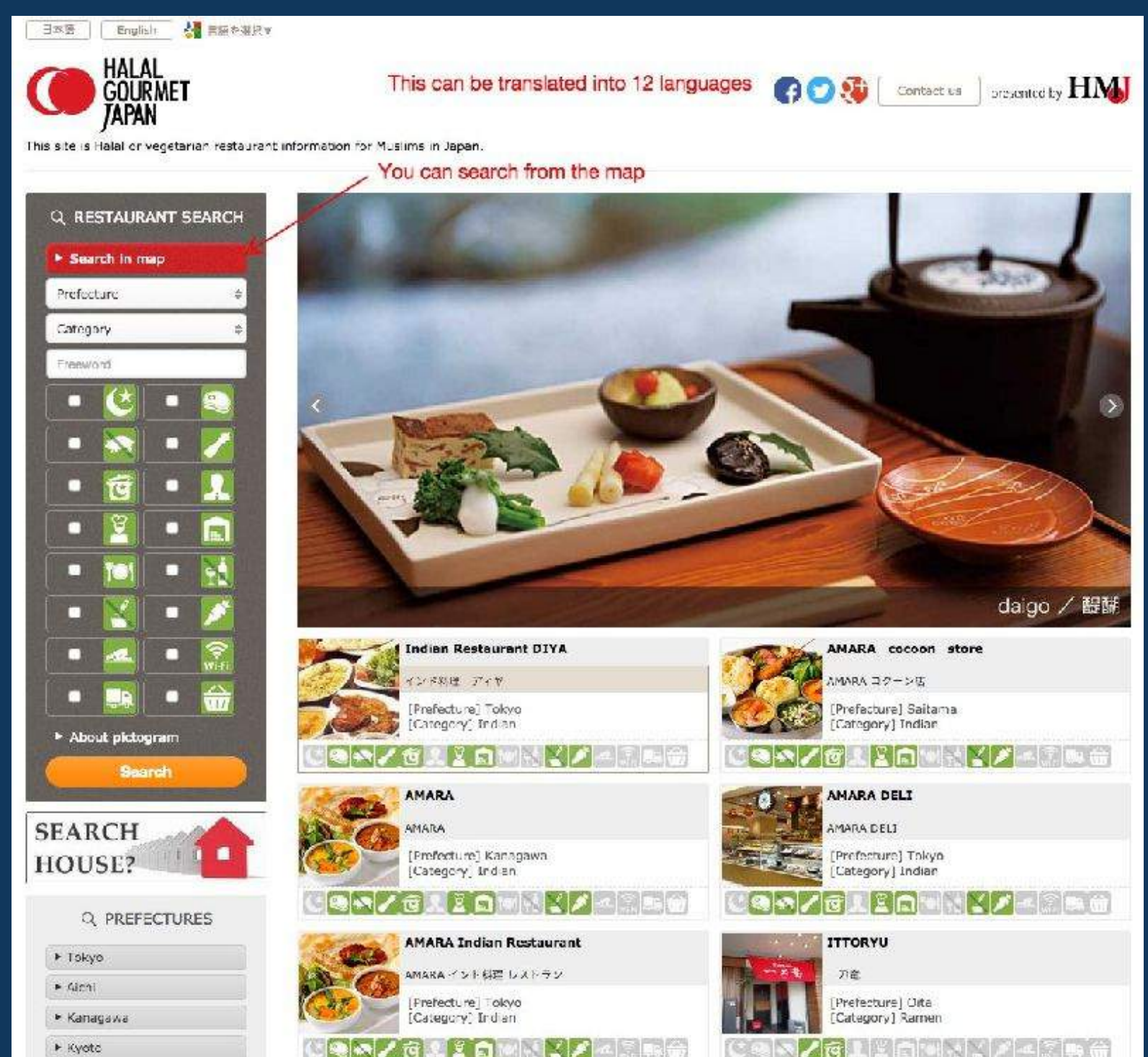
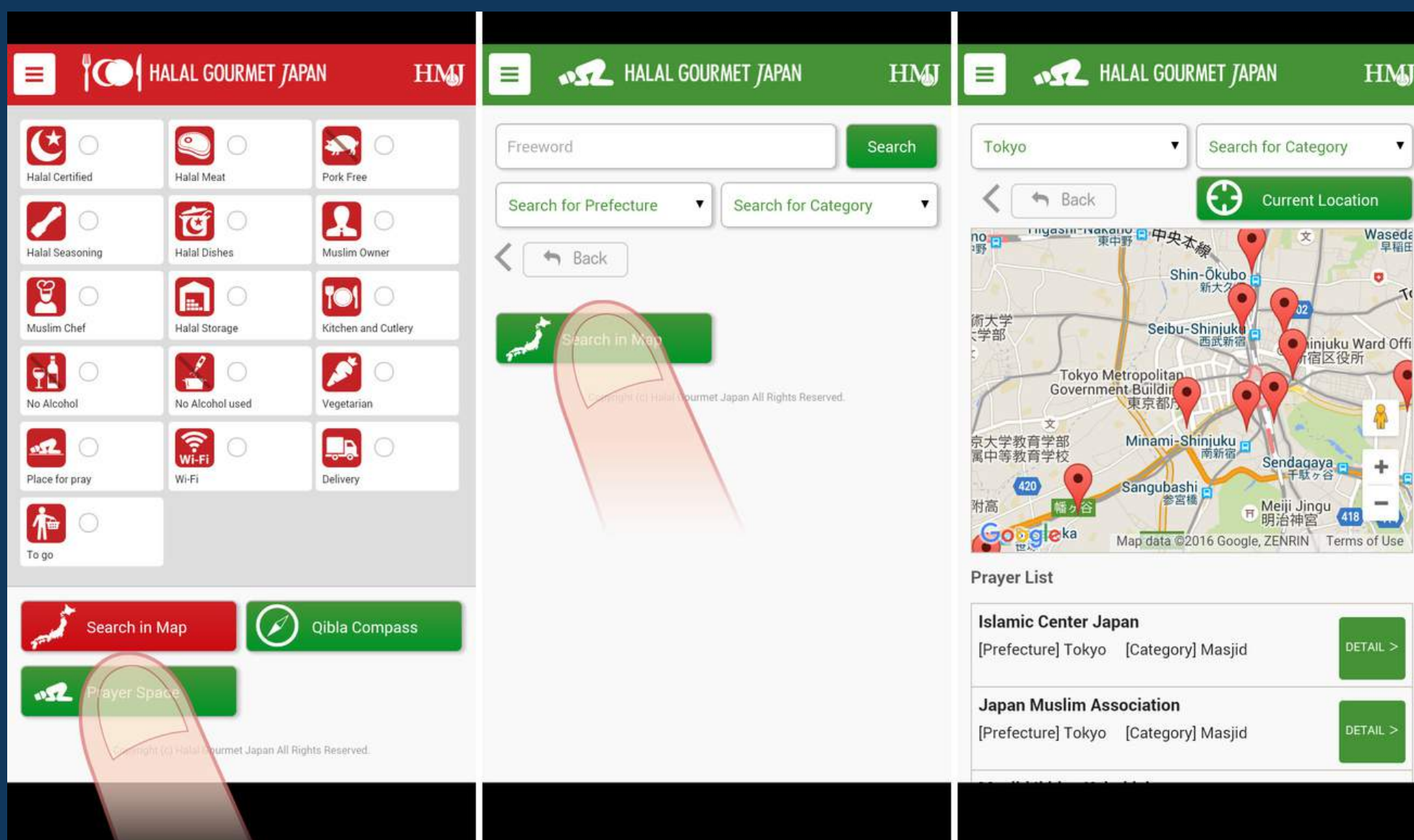
- Transaction agreement (aqad) should relate to all agreements activities with various parties in marketing.
- The basic prohibition is the basis to consider in product strategy, pricing, and taking various approaches to obtain customer acquisition. Compliance with the prohibition basis will keep marketing activities away from creating products that bring moral damage, pricing that is unclear and does not create customer interest in vague ways.
- The ethicalelement is the basis of how the right behavior by Islamic business ethics rules in conveying and spreading the benefits or values offered until after-sales services build and bond with customers.
- The ukhuwah element is a business awareness to build relationships (silaturrahim), an Islamic relations with those who play a role in marketing activities.





CASE

Halal Gourmet Japan offers information on restaurants and food shops to Muslims visiting Japan and Muslims living in Japan. Halal Gourmet Japan discloses information using pictograms to show what kind of correspondences each store is implementing, and consideration is given to the Muslim customers themselves. Customers can consider where to eat according to the icons such as "Halal certified" "No offering pork dishes" "Halal seasoning", also look for prayer room (not only mosques but also facilities equipped with prayer room) is added to this app in addition to restaurant search.





TASKS



1. Discuss about Key activities that conducted by Halal Gourmet Japan in their business.
2. Identify each of Key Activities
3. Explain how the key activities is in according 4 elements as main basic foundation when running Islamic Business.



Business Purpose

ECONOMY DEVELOPMENT PURPOSE

SOCIAL AND PREACHING PURPOSE

RELIGIOSITY PURPOSE

ECONOMY DEVELOPMENT PURPOSE

Business is not only looking for financial benefits, but it is about economic development, how to maintain the continuity and existence of the business sustainable for the long term. In Islam, ownership of assets is intended for mutual benefit (maslahah), so that the existence of these assets can increase economic growth, both individually and together. So, if Muslims can improve their economic lives individually, it can have an impact on the growth of individuals and even other groups because in Islam there is an obligation to pay zakat. This can increase economic growth together.



SOCIAL AND PREACHING PURPOSE

The purpose of preaching (da'wah) means that business or trading is an effective way of disseminating Islamic teachings. This can be seen from the history of the Prophet Muhammad, who had traded from the age of 12 years. Islam is a religion of da'wah, that is, the religion that assigns its people to spread and broadcast Islam to all humanity as rahmatan lil 'ālāmīn.



Social purpose is the ability of business entities or business people to provide financial and non-financial benefits to society. Social financial purposes are infaq, shādaqh, qard, and waqf. Social justice means that in business activities based on the trust of holding the mandate as khalīfah on earth, Islam says that humans must recognize the rights of other human beings to be involved, and recognize other humans who are not involved directly still have the right to enjoy the gift of Allah SWT.





Islam emphasizes a holistic economic system. It also renders business as one of the most important activities in such a system

RELIGIOSITY PURPOSE

Achieving profits in Islamic business is with the aim of not just profit but obtaining blessings (a higher divine reward). In Islam profit is not only limited to world profits such as profits derived from the business but also the afterlife benefits as promised by Allah in His words in the Qur'an include the promise of heaven and the elimination of the torment of the grave and so on.





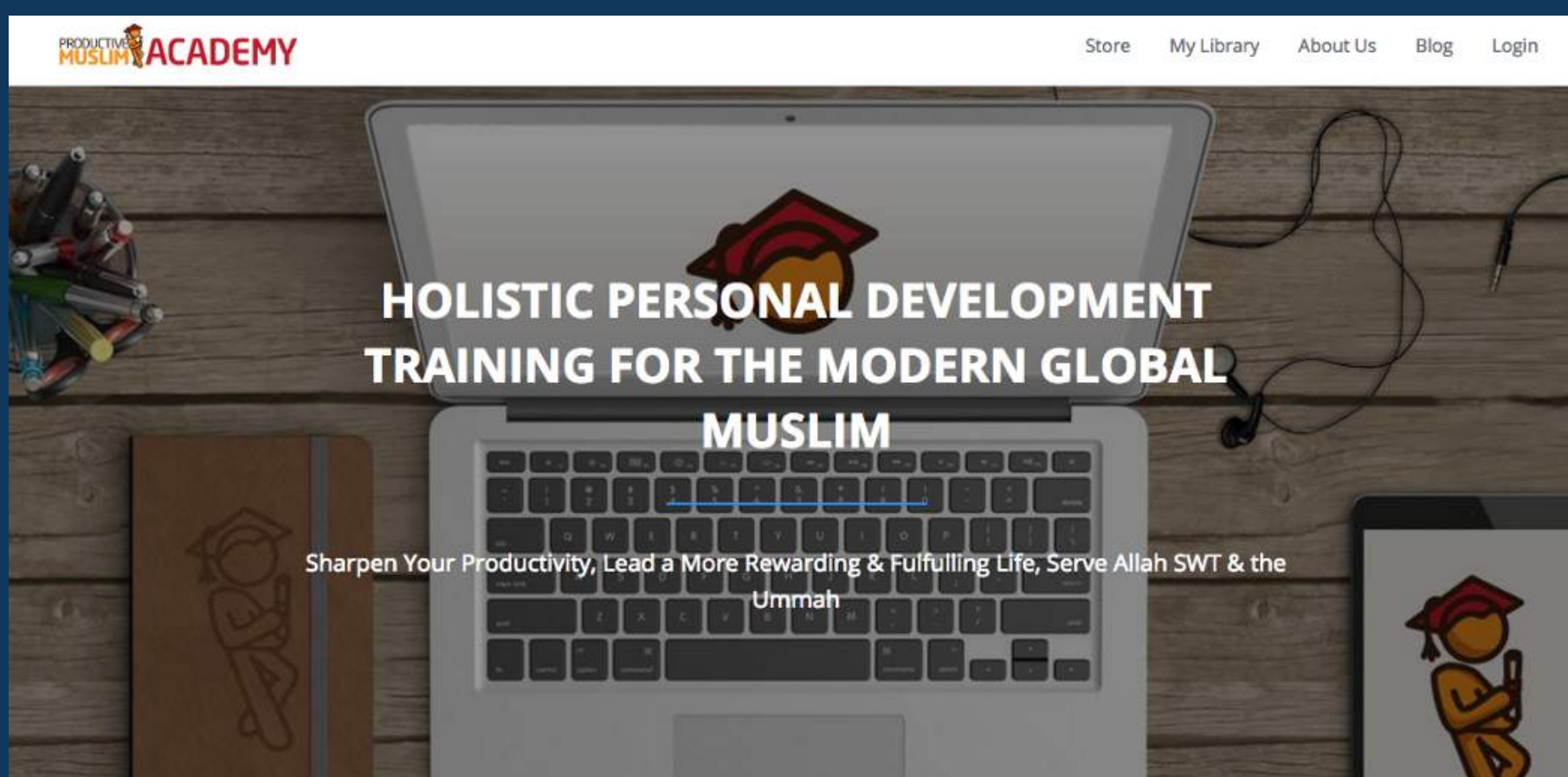
Islam emphasizes a holistic economic system. It also renders business as one of the most important activities in such a system



Productive Muslim is an online platform that aims to boost productivity amongst Muslims around the world. It started as a blog in 2007, and grew to become a media/training company that offers online classes & courses, live workshops, 1:1 coaching and group coaching, as well as a continuous stream of articles, videos, infographics, animations, worksheets, and webinars that help spread its message of the link between faith and productivity.

ProductiveMuslim.com pioneered a new paradigm of productivity that was inspired by the timeless guidance of Quranic teachings and Prophetic practice and synthesized with the best of contemporary thinking around productivity. In January 2016, the founder of Productive Muslim Mohammed Faris, published his first book via Awakening Worldwide called The Productive Muslim: Where Faith Meets Productivity.

Their goal is to introduce a modern understanding of the link between faith and personal development that helps individuals and teams become a better version of themselves: spiritually, physically, and socially. This virtual organization and a website specializes in providing materials for the Muslim Ummah combining teachings of Islam with contemporary productivity tips and advice.





BUSINESS ATTITUDE

Based on Nawawi (2011:288-289) there are two understandings related to business doer, which are: "Business attitude can be seen from its business characteristics, covering how it started, how it grows and develops and how it affects towards the community as a person, owners group, facing the business environment. It is the business attitude which is seen from humans attitude aspect within the business that uses the knowledge how to act in the business

Islamic trading attitude is a trade based on Islamic norms, such as (Qardhawi, 1990:171-199 in Jusmaliani, 2008:43): Upholding trades for legal goods; behaving good value, trusted and honest; upholding justice and bans interest; upholding love, advices and bans monopoly to multiply someone's benefit; upholding tolerance and brotherhood; and taking stand that trades are what we have to prepare for the afterlife.

OBEDIENCE IN ISLAMIC BUSINESS

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