Islamic Wealth Redistribution and Management in Malaysia

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Wealth management, both conventional and Islamic, is usually associated with private banking that serves the financial needs of the relatively wealthy. Maude (2006) defines it as “financial services provided to wealthy clients, mainly individuals and their families”, while Mindel and Sleight (2010) look at four key areas of wealth management, namely investments and wealth accumulation, retirement and retirement income, wealth and lifestyle protection, and wealth inheritance. Wealth management to an individual is simply looking at it as a science or art of solving and enhancing one’s own financial position, be it doing personally or through the assistance of financial advisers. Looking at the complexity of current business dealings and markets, the services of the financial adviser are commonly sought, as individuals would not be able to keep pace with the ever-changing landscape of finance and its intricacies. Therefore, we can define Islamic wealth management basically as one that provides services to the ultra-high-net-worth and high-net-worth individuals, using the most sophisticated tools and recommending the appropriate financial products and services available in the industry to help them achieve the desired returns and financial enhancement in accordance with the requirements of the Shari’ah. Among those people on Forbes’ top 50 richest list in Malaysia, nine are Muslims with an average wealth of US$924 million. They are involved in diversified businesses such as oil and gas, manufacturing and distribution. Malaysia’s wealth per adult stands at around US$28,000, way below that of the Asia-Pacific region, while its financial wealth is considerably lower, about US$18,000 per adult (Figure 9.1).

The goal of Islamic wealth management

In the Islamic perspective, all wealth ultimately belongs to God and man is only a trustee. The Qur’an says, “To Him (God) belongs what is in the heavens and what is on the earth, and all that is between them, and all that is beneath the soil” (Al-Qur’an: 20:6). The Qur’an further commands, “... and give them something out of the wealth that God has bestowed upon you” (Al-Qur’an: 24:33). These verses explain that God is the absolute owner of wealth, who has the unquestionable right to bestow it on whomever He pleases. Man’s role as a trustee, holding