

Summary Paper to

Corporate Governance and firm management: Challenges to Waqf banking model in the case of Islamic Relief

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Context

Islamic Relief Worldwide is currently exploring the possibility of a feasible Waqf banking model in the United Kingdom. *Waqf* is employed to generate a return while the original investment remains intact, the *Waqf* returns will be used to cater for long-term projects. The Waqf bank model would aim to cater to the needs of the minority Muslim community within the UK, as presently traditional banking models fails to do so. Currently the *Waqf* system in IRW has a total of 10 sections.

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| (1) General Waqf | (6) Health Waqf |
| (2) Emergency Waqf | (7) Qurbani Waqf |
| (3) Orphans Waqf | (8) Income generation Waqf |
| (4) Water Waqf | (9) Sadaqa Waqf |
| (5) Education Waqf | 10) Orphan- Endowment Waqf fund (South Africa) |

Aims

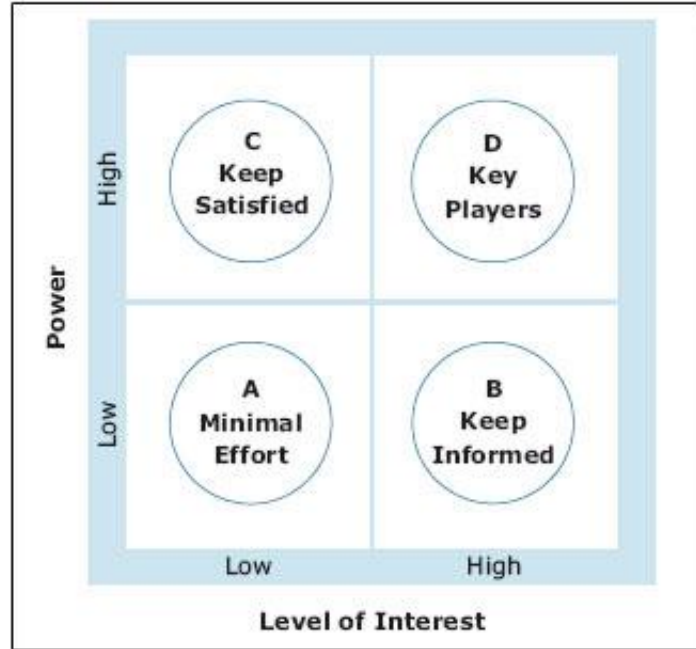
The overall aim of the research is to determine an appropriate corporate governance and firm management structure suited for Islamic relief worldwide to implement the proposed Waqf bank model.

Findings

- The study finds that employing qualified managers is crucial to the governance of the proposed Waqf model. Hiring qualified managers would result in the management of expectations and concerns of stakeholders.
- Fundamental to this is a good stakeholder relations management. The nature of a stakeholder relationship is to get them engaged. This would occur through dialogues and meetings. The extent of the dialogues and meetings

would depend on the power and the interest of the stakeholders. The Mendelow Matrix below illustrates this dynamic.

Mendelow Matrix



- The study also highlights and recommends for the Waqf bank model to function, a corporate governance process involving a firm management structure is necessary. This would require Islamic relief demarcate clear segregation of duties within the organisation, coupled with the employment of qualified individuals.
- Finally, the study also recommends Islamic relief create manuals, providing guidelines in relations to the maintenance of Waqf assets and Waqf accountant, as a necessary measure in employing a firm management structure. The manual should be appropriate for all staffs involved to understand, which would enable continuous Waqf accounting and reporting process.

For access to the complete paper, please contact Research & Development at Humanitarian Academy for Development (HAD) at: research@had-int.org