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Islamic Tools of Risk Assessment

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Abstract

One of the major items of the Islamic financial industry is known to be Islamic instruments. Given the supreme value of instruments all over the world, the risk of these instruments has to be tackled by Islamic financial engineering. As a result of this issue, this research aims at understanding and understanding Islamic instruments. It will look at their definitions, attributes, styles, threats, and the types and resources of these risks.

Keywords: Financ , Islamic ,Risks .

ملخص البحث

من المعروف أن أحد العناصر الرئيسية في الصناعة المالية الإسلامية هو الأدوات الإسلامية. نظرًا للقيمة العليا للأدوات في جميع أنحاء العالم، يجب معالجة مخاطر هذه الأدوات من خلال الهندسة المالية الإسلامية. نتيجة لهذا الموضوع، يهدف هذا البحث إلى فهم وفهم الأدوات الإسلامية. وسوف ينظر في تعريفاتهم، وصفاتهم، وأنماطهم، وتهديداتهم، وأنواع وموارد هذه المخاطر.
الكلمات المفتاحية: تمويل ، إسلامي ، المخاطر.



Introduction

Praise be to God in the name of Allah, prayer and grace be upon the Messenger of Allah and his allies... During and after

The Islamic instruments of the leading Islamic financial industry goods have seen tremendous development in the last six years, even the fastest slide has been growth in the Islamic financial market, hitting global versions of Islamic instruments sizes amounted to 97.3 billion dollars at the end of 2007, came primarily from Malaysia and Arabia. In Europe, The Middle East, Africa and Asia grew by 71% to \$32.65 billion in 2007 relative to 2006 and the number of versions of instruments increased from 109 in 2006 to 119 in 2007, while the overall size of transactions increased by \$175 million in 2006 to \$269.8 billion in 2007, with the highest share of instruments in the financial services industry accounted for 31% of the total size of transactions. At the same moment, Time Strengthened the composition of the position instruments with dominant instruments in terms of version value, versions amounted to \$12.9 billion, followed by versions amounted to \$10.13 billion, but export transactions hit 54 compared to 22 issues of the instruments concerned. Global instrument development is projected to continue to rise at an annual pace estimated at 30 to 35 per cent in 2008, and is likely to acquire common sovereign instruments with versions from Japan, Thailand, and the United Kingdom.¹

Instruments Islamic exports is not limited to corporations alone but expanded to include states, for instance, who have both Malaysia and Sudan to issue public treasury funding instruments and to issue instruments on the treasury.

The Arab and Islamic countries are limited but spread to some Western countries, such as the state of Saxony-Anhalt, which released Islamic bonds worth EUR 100 million in the first non-Muslim country in 2004. Most individuals Islamic instruments have been given in recent years to businesses in the United Kingdom and the United States. Similarly, the World Bank released in 2005 first-denominated local currency Islamic bonds worth 760 million Malaysian ringgit (US\$ 200 million), is expected to expand the growth of the high-demand Islamic instruments industry and unify Islamic securities requirements to meet the expected size of the Islamic instruments market.

¹ See, Andy Jobst, et al., Securities compliant with Sharia, Islamic finance is rapidly expanding, published by the International Monetary Fund, financial systems and capital markets, management of the International Monetary Fund, September 19, 2007, p. 5.



From US \$ 150 billion in 2010 to further instruments. All of these statistics reflect the global movement towards Islamic instruments, which is focused on their work to engage in the sheep and pay, bearing the risk against risk by bearers. Return entitlement, an approach that ultimately achieves fairness for the parties to the arrangement.

Find an Issue:

The global movement towards Islamic instruments highlights the emphasis put on the role of Islamic financial engineering in coping with the issue of whether the risks of such instruments are avoided or transmitted or Accepted as money for the purposes of investment in Islamic law to sustain and establish an important destination.

Hypotheses from research:

The test seeks to select the health of the following hypothesis on the basis of the study problem:

Islamic financial innovation instruments are capable of addressing the dangers of Islamic instruments by preventing, transmitting or accepting them. Targets of research:

The purpose of the research is:

1. Identify Islamic tools in terms of definitions, functions, and styles.
2. Identify the risks, forms and origins of such risks from Islamic instruments.
3. The development of mechanisms focused on Islamic financial engineering tools to address the dangers of Islamic instruments.

The value of looking for and the risks that may be exposed to the plurality and renewal and growth of Islamic instruments and the risks that may be exposed to them and of setting in place structures to cope with those risks by balancing economic performance and prestige with legitimacy.

Methodology of Research:

In order to validate the study hypothesis and accomplish its aims, study has been performed The following two methods were relied on:

1. Inductive approach: to assess the origins and forms by the extrapolation of risks to Islamic instruments.
2. Deductive approach: by establishing frameworks for coping with the risks of Islamic financial engineering-based instruments.



The Study Plan:

Searching is consisting of an introduction and three parts accompanied by a conclusion. The first section deals with the description of Islamic instruments and the second section deals with the concept of the risks of Islamic instruments, dealing with the third section and the latter with the methods for handling the possibility of Islamic instruments, and ends with respect to the main findings.

The first theme

What are Islamic tools?

First / Vocabulary of Design Instruments:

The language set of instruments says: a novel, cheques are of Persian origin . Cash imprisoned on the sense and paper identification, or document right in the king and the like. The livelihoods are named because they are written down, and it is a text, and the paper here is supposed to be that he graduated from a guardian because of the sustenance he wrote for a citizen of such or other food or other food.²

Second / Idiomatic Definition of Islamic Tools:

Launched regulatory requirements for the naming of Islamic instruments (investment instruments) by the Accounting and Auditing Body for Islamic Financial Institutions to differentiate it from a stock and bond loan. And defined as: fair value documentation reflecting common shares in the ownership of or ownership of, items or benefits or resources of a specific project or. Private asset investment operation, after gathering useful instruments and locking the door and beginning to use the IPO issued in it.

And described by the International Islamic Fiqh Academy as an investment instrument based on the segmentation of capital into equal shares by issuing equity financial instruments on the basis of units of equal value and registered in the names of its owners as having the common shares in the capital and what makes it the property of all the shares in that capital.

Third / Attributes of Islamic tools:

It may be argued, based on the idea of idiomatic Islamic instruments, that the most significant features of Islamic instruments are as follows:

1. Represents equal-value papers.
2. Ownership represents the common income shares, and the root of edema has been money.
3. Involvement in the sheep and pay.

² Almariaat 0.29.



4. Operation from an area of law.

Fourth / The styles of Islamic tools:

Because the method for the issuing of Islamic instruments is in compliance with the Islamic modes of finance, it can be divided into the following instruments:

1. Leasing instruments: This reflects the ownership of leased goods or advantages or facilities and is split into:

1/1 Names properties leased:

The records issued by the owner of the eye or eye are of equivalent worth and are leased

The eye becomes the property of the instrument holders, promised to be leased, or given by a broker working on behalf of the owner for the purpose of selling them and meeting the price of the proceeds of the IPO.

1/2-Instruments for ownership advantages, which are classified into:

A definition of the advantages of existing objects: there are two types:

A/A of equivalent value and documentation issued for the purpose of leasing benefits by the actual owner of the eye or by a financial intermediary and fulfilled by the owner of the eye For the intention of leasing incentives and meeting the proceeds from the IPO, or by a financial broker, and being an eye-owned utility for campaign instruments.

There are A/B of equivalent value and documentation provided by the owner of the eye benefit (tenant) in person or by a financial agent for the purpose of releasing and collecting the IPO proceeds and being an eye-owned person.

Utility to the tools in initiatives.

(b) possession of the tools of artifacts listed in the disclosure benefits:

They are of fair worth and documents are released for the purpose of leasing items specified in the disclosure and to meet the IPO proceeds rate and become an eye gain described in the disclosure of instruments held by the campaign.³

1/3- Instruments for ownership services, of which there are two types:

(a) Possession of such service instruments by:

They are of fair worth and documents are released for the purpose of supplying a party's service (education from the University of Unnamed) and taxis are retrieved from the proceeds of the IPO and services are turned into campaign instruments.

³ For more details see, legal standards, accounting, auditing, financial and Islamic Institutions, op. Cit., Standard No. 17, S288-289, d. Muhyiddin on Qara Dagi, legitimate alternatives to public and private bonds the Treasury, of the third symposium jurisprudence, Kuwait Finance House 0.1993, p. 235-248.



(b) Possession of the service instruments mentioned in the disclosure to the party:

Documents are of equal value and are provided for the purpose of delivering the service specified in the source of disclosure (university education is decided without renaming the specifications) and taxes are met from the proceeds of the IPO and the services become tools owned by the initiative.

2-Peace instruments:

They are of equal worth, and certificates are issued to raise the revenue, and harmony becomes an asset owned by the holders of the instruments.

3-Equal value instruments:

It is fair worth and documents are released to use the proceeds from the IPO in the produce of goods to becoming the property of instruments produced by the movement.

4-Common Benefit instruments:

They are of fair worth and certificates are issued to fund the procurement of a profit from a commodity and become campaign instruments held by a profit from a commodity.

5-Instruments of popular involvement:

They are of equal value and documents are released for the use of the proceeds for the construction of a project or for the advancement of an established project or for the funding of an operation, project or asset to become the property of the instruments of campaign operations under the limits of their shares and of the instruments managed to nominate one of the partners or others to be managed.

6-Speculative tools:

On the basis of legitimate conjecture, records of similar importance representing programs or operations are handled.

7-Farming tools:

They are of equal value and documents are released for the purpose of using the IPO to fund the project on the basis of the farmer's performance, and become instruments for the share of the crop in the campaign as specified by the contract.

8-Irrigation instruments:

They are of fair value and documents are given on the basis of their sponsorship contract for the use of proceeds in watering fruit trees and investment, and share the crop as specified by the contract with campaign tools.



9-Implantation instruments:

They are of equal importance and papers are given on the basis of implantation for the use of proceeds in planting trees and planting as required by this work and expenditures, and making the campaign instruments participate in soil and planting.

10-Instruments from the Agency:

Are records of equivalent importance describing programs or events are handled on the basis of the investment of the agency assigning a proxy tools to handle the campaign.

The Second Theme

The danger of Islamic resources

First / Vulnerability Concept:

As the most vector yield, the factors of a risk investment judgment and the risk idiomatic context and legal economic definition do not differ from the vocabulary in which they are prone to loss or uncertainty in the predicted return.

Second / Risk Types:

Can the overall Cumulative Risk risk ranking be split into two major types:

Form I: general risks: applies to that portion of the total danger reflecting a systemic risk that cannot be eliminated through diversification, where certain risks impact all returns of shares irrespective of the company selling those securities, the so-called Business Risk Interference.

Form II: Unusual risks: applies to that portion of the total risk that constitutes irregular threats, where this type of risk can be eliminated or minimized by diversification due to the circumstances of the entity or the requirements of the market that are part of the company's particular risk defined.

Third / assessment of risk:

The risk raises the predicted value by the most likely dispersion variance yield, and either dispersion variance or standard deviation may be quantitatively calculated to quantify this risk. And the standard deviation of the absolute size of the risk involved in investment, defined as the absolute risk indicator, is calculated.

It should be remembered that the standard deviation is not sufficient to quantify risk in a particular case and that the coefficient of variance as a relative measure of risk is the relative measure of risk if the estimated cash flows of the assets given equal value, but in the case of inequality, including the required risk calculation.⁴

⁴ For more details on these measures see, *ibid.*, S251-255.



Fourth / Risk of Islamic Tools:

Islamic instruments as representing properties include a mixture of currency, debt and assets and advantages, or any of these individual components, are exposed to the risks faced by Islamic investment ventures due to the structures issued on the basis of Islamic funding modes, and by looking at the sources of risk in general, we find that Islamic instruments are exposed to many of the ove

1-Chance of Credit:

This form of risk, due to the absence of complete and timely customer fulfillment of contractual obligations, may be the source of these risks due to poor customer choice, whether failure to fulfill the obligations of the job allocated to him for participation in investment instruments and speculation and sharecropping and irrigation and implantation, or unwillingness to obtain the purchased item

Non-binding - for investments of common value, or lack of intention to obtain investment instruments - if the arrangement allows non-binding, or refuses or fails to pay the commitments for investments of common benefit and instruments, or fails to comply with the provision of products agreed upon for the definition of the goods and goods for the instruments of peace investment.

These risks are attributed to the lack of productivity of the client or to his notoriety and inability to pay, or to the lack of capacity to reimburse, and all this is ultimately the liability of the exporter instruments and donor credit established for the customer, and adversely affects the income, such that these risks are beyond the particular risks.

2-Danger in the market:

These risks come under the general risks where fiscal, social or political influences, whether real equity markets or stock markets, which are itself composed of the Monetary and Capital Markets markets, are increasing and falling due to trends in the labor market: version market and share exchange.

2-1- Business Risk for Real Estate:⁵

These risks contribute to the essence of Islamic instruments, from where they constitute a common share of asset ownership, and that the actual goods and services offered in asset markets are likely to be subjected to a valuation deficit due to factors of supply and demand, economic policies of the government and other market factors.

⁵Ibid., P. 258 (Adapted).



2-2- Risk from the Stock Market:

It is possible to identify these threats according to the following:

2-2-1 Chance of Exchange Rate:

As a result of currency fluctuations in exchange rate derivatives contracts, these uncertainties occur in the money market. In the case of sales of goods in a foreign currency and lowering the price of that currency, the resultant losses of a lower foreign exchange rate relative to other currencies and the cost of the exchange rate often arise as the instruments issued in that currency are purchased and the foreign exchange rate is decreased. Proceeds in other currencies or where the selling instrument facility reserves an open space for certain foreign exchange or reimbursement commitments, in particular general revenues and international trading activities.⁶

2-2-2 Chance of Interest Rate:

These risks occur as a result of changes in the level of interest rates on the economy in general, which, irrespective of the type and circumstances of the investment, influence all investments. As a general rule, although other considerations remain the same the higher interest rates on the market have increased, the lower the market value of the shares exchanged, and vice versa, which has an impact on the rate of return on investment.

While there is no room for interest rates to be concerned with or in their operations and fields of investment, Islamic instruments can be influenced by the interest rate if the reference price is used to fund common income. Unfortunately, the interest rate as a mechanism underlying the monetary and banking structure in most Islamic countries is undeniably affecting Islamic instruments, especially if you are not religiously inspired by the troubling position of investors.

Guide that legalized the interest rate as opposed to scholars' consensus.

2-2-3-Risk of Securities Rates:

And this risk was generated as a result of volatility in securities rates on the financial markets, whether these fluctuations be due to actual causes or monopolies of artificial and unethical reasons, gambling and trading humiliation, buying and selling the picture, and so on, impacting the market value of Islamic bonds.

⁶See, d. Tarek Abdel-Al Hammad, risk management (individuals - Administrations - Companies - Banks), University House, Alexandria 0.2003, p. 51.

Son Jawziyyah, recycled increased in the teachings of the good of mankind, Dar Al Taqwa, Cairo, without the date of publication, c 5, p. 418.



2-2-4. Chance of Inflation:

This threats exist because higher costs are the product of the decreased buying power of money, which means that the money spent is vulnerable to a decline in actual value. Islamic instruments as a variable return and connected directly to the cash and debt components, dignitaries and gains of inflation caused by the rise in cash and debt components were directly proportionate.⁷

3- Service Hazard:

These risks occur as a result of human or mechanical failures or injuries, and these risks come into the general danger spectrum, whether as a result of external causes such as natural disasters, such as disasters or incidents triggered by the loss of the implant in the farmer's investment instrument or the destruction of the rented asset in the farmer's investment instrument, leasing, etc.

These risks are at risk whether they are the product of internal causes such as inadequate equipment or technological means or human capital skilled and educated, or the theft of receivables or the ineligibility of administrative (administrative efficiency) capable of carrying out the agency for the owners and profiting from potential development and prosperity and the preservation of competence. This is a flaw that has a negative effect on consumer trust and the prestige they have built that would have left remnants of the market value of Islamic bonds.

4- Irregularities in the legality of risk:

These threats come under the risk of taboos, whether the same taboos as goods and forbidden services, or taboos to achieve usury, cheating, bribery, fraud, and deception, and treason, owing to the use of funds in instruments... etc.

⁷ See, d. Tarek Abdel-Al Hammad, risk management (individuals - Administrations - Companies - Banks), University House, Alexandria 0.2003, p. 51.

Son Jawziyyah, recycled increased in the teachings of the good of mankind, Dar Al Taqwa, Cairo, without the date of publication, c 5, p. 418.



The Third Theme

Mechanisms of risk assessment of Islamic instruments⁸

First / Islamic definition of methods for risk management:

Perceived risk management as a technical methodology or entry-level approach to dealing with solely risk by forecasting crossbar future losses and designing and enforcing steps that mitigate the probability of failure or the financial effect of reduced losses.

And investment in Islam is focused on the risk of engaging in sheep and paying, unlike gambling on campus Islam, which is based on the party's achievement at the cost of the other party's fondness, the risk of trade, which is to buy my plan to sell and win and place his faith in God in it and the second risk of gambling involving eating money unjustly robbed it of God and Hi.

Islam calls for the implementation of explanations for dealing with risks, and then for financial institutions to build strategies to deal with what the post-identified danger poses, whether to stop or to spread it if necessary, and to recognize and accommodate coexistence of them by effective control of the risks they can not get rid of.

Second/Steps of Islamic Instruments Risk Management:

The scientific method includes the following steps to be taken in the risk assessment of Islamic instruments:

1- Identifying risk:

The first steps in handling the danger of Islamic instruments are to define the threats that are likely to be exposed to Islamic instruments, whether in terms of public risk or special risk quality, and to identify the cause of these risks, whether in terms of credit or market risk, the risks of products and services and the exchange rate and interest rate and the risk of inflation or the risk run or the risk of credibility.

Irregularities, as well as the origins of such threats. Noting the value of the process of continuing the risk identification process, recognizing the risks at the level of each investment job and at the level of the company as a whole.⁹

⁸ See, Ibrahim Alkrasna, basic and contemporary frameworks in banking supervision and risk management, the Arab Monetary Fund, the Economic Policy Institute, Abu Dhabi, March 2006, p. 57.

⁹for more details see, the researcher, about an Islamic study the feasibility of the project, Dar es Salaam, Cairo, 2008, S103-124.



2- Danger evaluation:

As a preparation technique, risk management is used which can provide a detailed image of risks. Once the risks of Islamic instruments have been established, they should be measured and analyzed to assess the possibility of failure and organized according to their gravity to take the appropriate steps to cope with them in terms of high risk, medium or moderate risk or low risk.

3- Analysis and selection of effective risk-coping alternatives:

Through the analysis of alternatives to deal with each form of danger Islamic instruments and by taking the requisite decision to select an acceptable alternative whether to prevent or to allocate such risks, or to embrace them and to deal with them in particular in the case of good risk management, and in any case by comparing the cost of benefits as a result of these risks, the appropriate norm is developed.

According to the acceptable risk assessment process, the gains should outweigh the costs of the risks of Islamic instruments.

4- Decision implementation:

And by developing the appropriate processes in order to incorporate adequate alternatives to cope with risk.

Third / Frameworks for Risk Control Islamic instruments:

Islamic instruments control systems have various and varying risks, including the following:

1- Analysis of Feasibility:

The analysis of the feasibility of the projects leading to the result of the instruments is an important way of minimizing or even eliminating the risk to the fullest degree possible, because the calculation of the feasibility of the project is based on an Islamic assessment.

Perspective governed by what may be called "Islamic profitability" by funding directed towards activities dedicated to Islamic legitimacy initiatives, as well as economic productivity to achieve the optimum allocation of capital through saving money and growth, and compliance with Islamic investment priorities, according to requirements and needs and needs and compliance with Islamic investment priorities Improvements and the sustainability of consumer follow-up, as well as the social skill and social responsibility aspect of the finance and net social gains accruing to the profit and goodness of society and the adherence to Islamic ethics, will all lead to reducing the risk of Islamic instruments in general.¹⁰

¹⁰ See *ibid.*, Standard No. 5, p. 59.



2- Management and control efficiently:

Islamic instruments have urged Islam to efficiently handle the mystery of profitability and development and to manage productivity in order to gather these resources between the dilemmas of profitability, liquidity and stability and to take ethical concerns and social obligations into account, and to combine the Director between ethical and technical aspects. Make me healthy Earth, also urged a strong selection of professional and productive partners and speculators and employees and are known for their good moral character, Almighty says: a better than a hired force.¹¹

It also risks granting, through the General Assembly, the right to campaign instruments in management control, expressed by taking into account the reduction factors that could interfere in the administration of the instruments of speculation, not of campaign instruments, and that it was their right to obey the acts of the speculator to ensure that he is committed to speculative terms and by them.

3- Warranties:

In Islamic economic thinking, there are many forms of collateral that can deal with the dangers of Islamic instruments, and the most relevant of these protections include:

3-1-Warranty:

Via the determination of the group to bear another party 's responsibility for Donation and to ensure that the participant is full of good courtesy and successful ways to minimize the risk of the employment of Islamic instruments, in particular the risk of credit risk and the risk of legal breaches, as well as the risk of properties and profits.¹²

3-2-Hypothecary:

Mortgage protection mechanisms against private credit risk The system of mortgage protection mechanisms against private credit risk is needed to mandate the selling of the debtor's mortgage without recourse to justice whether there is a confidence in alternatives to reach the price. It may be purchased and sold in order for the capital to be mortgaged, and it may have a certain reference or mark or definition and be able to deliver and may be able to With deciding the ratio mortgaged it, according to commons.

¹¹ Journal of the International Islamic Fiqh Academy, op. Cit., Fourth Session, Vol. III, p. 2146.

¹² Journal of the International Islamic Fiqh Academy, op. Cit., Fourth Session, Vol. III, p. 2164.

See, legal standards, Accounting and Auditing Organization for Islamic Financial Institutions, op. Cit., Standard No. 5, p. 62.

See, d. Abdul Sattar Abu gland, the risk of Islamic instruments, op. Cit., S17- 18 (Adapted).



Taking into account that the promise to ensure whether or not the subject does not treat it as an investment or speculative tool of the Agency in the Secretariat for decades or to participate unless the agent or speculator or individual abuses or omits or violates the terms. "The decision of the International Islamic Fiqh Academy came, the same specific "may not be the bonds and investment Prospectus or investment tools provide text to ensure a speculative capital element or promise lump profit or capital liable if the text is signed, directly or indirectly promotes the security condition and deserving values of speculator value speculation. "

3-3- Make sure that the third party:

Whether it is lawfully accepted, it will not be the issuer of the instruments of speculation or participation or the organization to guarantee the nominal value of the holders because this is such a capital guarantee because I do not diligently mind the hand of the Secretariat that an impartial third party guarantees the nominal value of instruments spe for the administration and the initiative.¹³

This promise is in effect, a contractual duty to include a gift equal to the nominal value of the securities in the case of a loss of some purpose, even though the violation results from the Director's default if the bondholders were unable to have him pay compensation and that obligation has a priority rule that is valid.¹⁴

The pledge is also a project of my contract engagement. Similarly, the decision of the International Islamic Fiqh Academy on bonds and investment came: "There is nothing to religiously prevent the text in the prospectus or tools on the promise of a third party separately in its prospectus or tools on the promise of a third party separately in its own right"

Financial and discharged from the parties to the contract to contribute without exchange for custom sum to redress losers in the project sure to be independent of the commitment of the investment deal, in the sense that fulfilling his commitment is not a prerequisite between the parties in the contract in effect and consequent clauses, and then not to campaign instruments or speculative facto Commitments out regardless of the donor's inability to fulfill, like contributing, claiming that this obligation was the focus of the contract's concern.

¹³ See, accounting, auditing and controls for Islamic Financial Institutions standards, Accounting and Auditing Organization for Islamic Financial Institutions, Bahrain, 2008, Standard No. 11, p. 392 (Adapted).

Journal of the International Islamic Fiqh Academy, op. Cit., Fourth Session, Vol. III, p. 2164.

¹⁴ See, Andy Jobst, et al., Securities compliant with Sharia, Islamic finance is rapidly expanding, published by te International Monetary Fund, financial systems and capital markets, management of the International Monetary Fund, September 19, 2007, p. 5.



"As specified in the Accounting and Auditing credibility requirements, "a third party can be an undertaking by an investment speculator or agent and is one of the parties to donate to pay for the failure without relating the undertaking and the funding arrangement to a speculative or investment agency contract."

If the contractor's point of view is different from that of the administration, he may promise to repay the face value of the instrument, either by a binding arrangement or undertaking, to find a contractor to retrieve the instruments. If the contractor is healing, the Director would not only guarantee them a market value recovery, which will raise or decrease the nominal value... And the occupant may undertake to lease or purchase it on nominal terms to be agreed upon,

Include software and promise that what asset tools are done... As long as the list of instruments and associated third parties guarantees that the finances of the instruments are appropriate for guaranteeing a guaranteed return of the instrument, since it is based on the same concept of asset and revenue protection.¹⁵

4- Insurance cooperative:

In view of the existence of cooperative insurance agencies, this insurance is the system of Islamic mechanisms to cover private credit liability and risk assets against the risk of Islamic instruments, under which insurance investment assets can be protected against all losses of those assets.¹⁶

5- The Reserves:

If the composition of the reserves of the structures that are appropriate for dealing with all the risks of the system of Islamic instruments and the composition of the profit-making reserves, the profit rate of speculative funds income formation can be allocated until the share speculator is truncated to ensure a certain amount of return on the instrument level, the investment risk reserve formation can also be The aim is to protect against potential damages that could be influenced by equipment. "There is nothing to prevent religiously from the text in the prospectus to deduct a certain percentage at the end of each session either share bondholders in profits in case there is League, and either of their shares in revenue or yield distributed under the account and put it in a special reserve to counter the risk of loss of capital.

¹⁵ The audience sees the need the need to accelerate the delivery of the contract price in the Council before parting, and the opinion of Maaliki closer to apply hedge in Islamic instruments, see, Ibn Rushd, the beginning and the end of the industrious Savin, Islamic Library, Cairo, 1983, c 2, p. 323.

¹⁶ The audience sees the need the need to accelerate the delivery of the contract price in the Council before parting, and the opinion of Maaliki closer to apply hedge in Islamic instruments, see, Ibn Rushd, the beginning and the end of the industrious Savin, Islamic Library, Cairo, 1983, c 2, p. 323.



"There is nothing to prevent religiously from deducting a certain percentage at the end of each session from the text in the prospectus, either share bondholders in profits in the case of a League and either their shares in income or yield distributed under the account and put it in a special.

6- Hedging.

You are a framework for the security of Islamic private investment instruments in stock markets, and the volatility of the stock markets can be applied against the risks of such a mechanism, provided that the price does not postpone allowances and that the appraiser is not even strictly prevented from selling them. It can be secured on its own terms by a legal peace, which allows it to be

In the opinion of Maliki, a certain quantity of purchases and details which pay the price for up to a limit of three days can also be protected by forward sales which postpone the price and accelerate.

Can derivatives of futures and futures options contracts not be legitimized and the swap picture currently applied in the claims of Western capital markets that Allah sent down by the Sultan should not be legitimized, the method of systematically working is based on the Settlement centers without distribution or detained for goods not paying for the amount, and the aim is to pass risk to the party in check gains the threat to the other party the opportunity to become a source of risk in trade and a hotbed of gambling admittedly many Western writers themselves first and foremost pioneer of modern Austrian writer Peter Darker's management.

It can also be used as a legal alternative to hedge against the possibility of the purchaser's Item typical benefit inability to satisfy the guarantee by an arrangement with the vendor the commodity choice details about when you buy them, known as the option clause longer than period or a short time, as well as hedge against interest rate by taking normal incentive yield or rate of return on I.

It may also hedge against exchange-rate risk by operating, as far as practicable, to unify the currency of jobs with the issuance of currency instruments, the option of secure currency handling, as well as' mutual loans in different currencies without taking interest or giving it a condition of relation between the two loans and the purchase of goods or the completion of common transactions i. Installments such as traditional benefit transfers to reimburse on the day to meet another currency rate. "¹⁷

¹⁷ ee, legal standards, Accounting and Auditing Organization for Islamic Financial Institutions, op. Cit., Standard number: 1, S4-5.



7- Diversification: Diversification

Such a mechanism is based on the diversification of the types of Islamic instruments with a view to reducing the degree of risk without negatively impacting earnings, known as successful diversification. Different bases exist for diversification of the issuer's most relevant diversification, and for diversification of maturity dates, and for diversification of the industry, for foreign diversification.

7-1- The issuer's diversification:

By diversification of issuers, and in this regard, two methods are common:

Simple or naive diversification or naive diversification: quick or naive diversification
The definition is based on the proverb "Do not put all of your egg holdings in one basket" "Do not put all eggs in one basket" or publish Risk Spread the Risk."

Because of its many shortcomings, which are at the forefront of the challenge of investment management and the high expense of looking for new assets, and the scope for investment choices, rational and high overall acquisition prices, diversification relies naively on diversifying issuers without exaggeration in it.

B- Markowitz Diversify:

The diversification of Markowitz on the basis of the basic principle that the risk is not only the risk of stopping investments, but also depends on the relationship between the returns of those investments, and this ensures that the careful selection of the investments that go to the outcome of the instruments, taking into account the existence of the interaction between the income produced by those investments, because there is a clear connection between the returns of Having an inverse relationship, returns do not connect them, or do not, and this form of diversification will not only get rid of the risk and also get rid of some of the risk.

7-2- Diversify the dates for maturity:

Islamic bonds can be issued for short, medium- or long-term terms, and the goal of this diversification as a long-term maturity is to face the possibility of inflation.

In the case of short-term asset instruments, instruments are more vulnerable to inflation exposure, while Islamic instruments are less likely to be exposed to inflation risk compared to conventional instruments due to the design of the components and their presence in sheep and herds.



7-3-Diversification of sectors:

The aim of this diversification is to reduce the likelihood of Islamic instruments being based on It follows from the theory that the reaction of the economic sectors differs according to the economic cycles and that successful diversification must take the form of a relation between Islamic instruments and the market in general. The diversity of the issuing of Islamic bonds to be applied to all fields of economic operation is also intended to diversify risk and safeguard risk.¹⁸

7-4- Diversifying internationally:

With the growth of global capital markets, diversification has become more available, financial institutions that issue Islamic bonds in more than one Muslim country and every state in the same currency will contribute to hedge against exchange-rate risks, and foreign diversification is intended to reduce the overall risk.

¹⁸ See, d. Munir Indian, modern thought in the field of investment, knowledge facility, Alexandria 0.1999 m, S283-284.



Results:

The research found a set of results including the following:

1. Islamic instruments ranging from peace instruments, equal value, common profit, participation, irrigation, implantation and the agency.
2. The risk of instruments investment decision variables as the other variable yield, and risk idiomatic sense legitimate economic and does not depart from the concept of linguistic they are vulnerable to loss or volatility in the expected return.
3. Can the overall risk rating to two main types: general risks: refers to that part of the overall risk, which represents a systematic risk can not be avoided diversification, so-called exceeded market risks, and risks: refers to that part of the overall risk, which represents risk irregular can be avoided or reduced diversification, where this kind of risk due to the circumstances of the entity, or to industry conditions to which they belong established.
4. Islamic instruments as representing the assets contain a mixture of cash and debt, dignitaries and benefits, or some of these individual components, due to the mechanisms issued based on the Islamic modes of financing, they are exposed to the risks faced by the Islamic investment projects.
5. under Islamic instruments for many of overall risk, which is the primary source in: credit risk, and operational risk, and the risk of legal violations, and market risks as contained in the risk of asset market, and the risk capital market, which includes exchange rate risk, interest rate risk and price risk stock, and the risk of inflation.
6. Islam is seen as a risk of the elements of the Islamic investment approach in terms of postulates participate in sheep and pays. The Islamic view of risk does not preclude the development of a scientific approach to deal with the risks through a number of steps by which is determined by the risk of Islamic instruments, then evaluated, then study and selection of appropriate alternatives to deal with risk, then the implementation of the resolution depending on the number of Islamic financial engineering mechanisms that aim to avoid risk, distribution or acceptance.



7. There are several Islamic financial engineering mechanisms to manage the risks of Islamic instruments, and these mechanisms feasibility study, and management efficiency and control, and guarantees as contained in the guarantee and mortgage guarantee third party, and that these mechanisms are also cooperative insurance, and reserves, and hedging In the introduction to the use of contract peace on his own terms legitimacy legitimate option, as well as the diversification of these mechanisms either relates to the diversification of the issuer or the diversification of maturity dates, or sector diversification, or international diversification.

8. owns Islam means of dealing with risk is to achieve justice for the parties to the deal and not achieve party on fond account to another party, as is the case in Western hedging instruments contemporary heresies financial derivatives based on the sale of religion to religion is forbidden in Islam, when is not delivered nor received no catch or the price of goods and delays in both price and appraiser.

Recommendations:

In light of the outcome of the results of this research can provide a set of recommendations that may contribute to the risk of Islamic instruments management efficiency.

It is recommended to observe the Islamic financial institutions issuing Islamic bonds of legitimacy for the issuance and trading of those instruments, controls, it is a safety valve for the proper management of the risks of those instruments. Also, no field to legitimize derivatives to manage the risks of Islamic instruments, then derivatives based mainly on trafficking in risk, and in the Arab sings about falling into the land, and even falling in suspicion.

Furthermore, there is a necessity to benefit from the experiences of others to create a financial risk management tools that do not solve, and combine the right between legitimacy and efficiency of economic credibility.

Finally, it is important to invite the Islamic financial institutions interesting scientific research which combines theoretical field jurisprudence at both the legitimate and economic innovation of financial tools that enhance the Islamic financial engineering in risk management, particularly the risk of Islamic instruments.



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