

# Foreword

---

The University Putra Malaysia (UPM) is known as a multi-faculty international research university of excellence in several academic disciplines. The literature the UPM scientists have produced in such diverse fields as tropical agriculture, meat science, tropical biology and marine biology is well recognized as authentic studies in respective fields of inquiry. UPM is also home to the Graduate School of Management (GSM) which is increasingly an international player in business training and research. Its thesis-based research activities and course work masters in business are greatly in demand.

In line with its reputation as a research university, the GSM's researchers have pioneered an effort to add authentic literature to the newly emerging sub-discipline, Islamic finance. As the academic head of the UPM, I have encouraged the entry of the GSM into research on business-related fields to enrich its literature. A commitment has been made by the university to encourage research over the next 10 years, and possibly beyond, to create literature that is produced as joint efforts of eminent scholars and experienced industry professionals. This must result in producing sound literature for the continued progress of Islamic finance. Islamic finance has established itself as a viable niche industry with banking, insurance, investment and debt instruments (*sukuk*) as well as Islamic capital markets that are designed to avoid interest-based transactions, as mandated by Islam. Islamic financial products are priced through (a) profit-sharing, (b) risk-sharing and (c) asset-backing principles, all of which are decidedly risk-reducing principles that make financial transactions of ordinary citizens safer for both demanders and issuers of financial securities.

This book on *sukuk* securities lays the essential principles of how these rediscovered debt-like instruments are designed on sound ethical principles of avoiding interest rate-based transactions in favour of risk-sharing, profit-sharing and asset-backing. The chapters of the book are written by eminent scholars and experienced industry professionals as commissioned papers, which were edited to shape as an authoritative book for the fast-developing Islamic debt instrument markets in about 12 locations around the world: Kuala Lumpur alone has 65 per cent of the market share. The only aim of this effort is to provide a well-researched book to serve the

readers, be they in the universities or in the industry, as a guide for future reference.

I commend this effort, hopeful that this endeavour will lead in the longer run to a collection of authentic volumes of studies in the best tradition of modern scholarship and professionalism of serious researchers.

Prof. Tan Sri Datuk Dr. Nik Mustapha Raja Abdullah  
Vice Chancellor, University Putra Malaysia