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Ujrah Credit Card from Malaysia Perspective: A Hidden Narrative

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Abstract
Islamic Credit Card (ICC) has seen a profound increased in its uptake of which its financing has grown to a whopping 37.5% Year-on-Year (YoY) growth in 2023. Although the ICC market remains pleasing, it is not without setbacks and challenges. The conundrum of the underlying contracts in particular *ujrah* has induced an egregious reveal of the difficulty for the establishment of an appropriate contract which goes in tandem with the Islamic principles. This phenomenon has caused an appreciable concerned on the legal execution vis-à-vis suitability of the contract which may benefit consumers in accordance to the Divine law. This study employed qualitative research design in which case study is analysed via content analysis through authentic sources namely the Holy Quran and hadiths including relevant literatures, policy documents by the Bank Negara Malaysia (BNM), issuers' fine prints and financial statements, articles and books to fully comprehend the meaning of *ujrah* and its application on the ICC. In addition, the researcher has also conducted observation through current practice by the issuers for the far-reaching comprehension of the *ujrah* application in the ICC. The *ujrah* contract appears to have some lingering issues and doubts which gravely require an intervention by the regulator for the restructuring and revamping its formation. Nevertheless, this study has limitations particularly in obtaining issuers' *shariah* committees for the enunciation of the *ujrah* ICC application. Subsequently, for future studies, it is highly advisable to procure direct clarification of the *ujrah* application in the ICC from the Shariah Advisory Council (SAC) of the BNM following the allowability and endorsement of the contract.
Keywords: ICC, Ujrah, Underlying Contract, Islamic Banking, Malaysia

Introduction
A celebrated Islamic scholar Mufti Taqi Usmani has asserted that credit cards alleviated one's payment method without having to carry a significant amount of cash in which the fundamental is devoid of *riba*. Islamic banks (IBs) have made a significant initiative by developing ICC in order to seize the advantages of reaping the upside potential of the plastic cards which have been monopolizing by the interest-bearing cards since the formation of the financial institutions in Malaysia (Noor & Azli, 2009). The uptick in the ICC has shown a

favourable demand by cardholders in particular the Muslims as the cardinal concern remains with the attachment to the shariah law in which the ICC utilization improves and facilitates the conditions of people in their daily routines. In spite of the advantages rendered by the ICC, shariah issues perpetually remain the core impediments for the credibility and advancement of the riba-free card as the application, contract and paradigm, to name but a few, remain incompatible with the shariah principles (Abd Razak, 2014; Tektona, 2018). Even if the underlying contract is in tandem with the *shariah* laws and principles, a *shariah* non-compliant case may nonetheless arise if the product in question is executed improperly (Ab. aziz & Rahman, 2023).

Islamic banking in Malaysia debuted its operation in 1983 with the establishment of Bank Islam Malaysia Berhad (BIMB). The bank was launched with the aim of promoting products and services sans prohibited elements namely *riba* (usury), *gharar* (uncertainty) and *maysir* (gambling) which run parallelly as an alternative to the interest-bearing bank (Mahdzan et al., 2024). After a decade of successfully having a full-fledged Islamic bank, the Bank Negara Malaysia (BNM) which is the highest regulator in supervising Islamic banks' (IBs) operations has introduced Islamic Banking Window (IBW) framework in 1993 with the objective of permitting mainstream financial institutions to conduct Islamic banking operations with the aims of compliancy with *shariah* (BNM, 2024). The Islamic banking industry in Malaysia continued to propel amid intense competition by its mainstream counterpart under which the former's financing grew by 7.7% year-on-year (YoY) in 2023 (BNM, 2023a). Additionally, the Islamic banking industry's total share of financing has grown by 1.1 percentage point in 2023 (BNM, 2023a). This in turn, has reflected the vibrancy of Islamic banking products and services that operate as an alternative to the interest-bearing banks which has seen a meagre increase of 3.5% YoY in 2023 (RAM Rating [RAM], 2024). According to RAM Rating's Co-Head of Financial Institution Ratings, Ms Sophia Lee, as a result of 'Islamic First' strategy coined by the BNM, Islamic financing has commendably contributed an average of 75% of the financing growth for the past five years (RAM, 2024). Truth be told, the penetration rate for Islamic financing was virtually 20% in the past decade and is expected to accomplish half of its banking assets with *shariah*-compliant products in 2030 (Association of Islamic Banking and Financial Institutions Malaysia [AIBIM], n.d.).

Table 1
Financing Disbursed by ICC and CCC

Year	Total Financing/loan (RM Billion)	Conventional Credit Card (RM Billion)	Market Penetration (%)	Yearly Growth	Islamic Credit Card (RM Billion)	Market Penetration	Yearly Growth
						(%)	(%)
2018	143,537.00	135,077.00	94	-	8,460.00	6	-
2019	150,702.70	140,922.70	94	4.33	9,780.00	6	15.6
2020	133,212.90	123,247.90	93	-12.5	9,965.00	7	1.89
2021	146,299.90	134,365.80	92	9.02	11,934.10	8	19.8
2022	213,487.10	197,884.50	93	47.3	15,602.60	7	30.7
2023	230,411.30	208,953.40	91	5.6	21,457.90	9	37.5

Source: BNM, 2023b

Table 1 denotes the ICC and the Conventional Credit Card (CCC) total financing of which the former accounted for 9% of market share as opposed to the latter with a staggering 91%

market share at the back of RM230 billion worth of financing in 2023. The growth for ICC remains positive YoY albeit a meagre increased. Moreover, the ICC has surged by a staggering 37.5% YoY in 2023 as opposed to the CCC with a paltry 5.6%. As such, the progress of the ICC is arguably in sync with the expectation of IBs in adapting the 'Islamic First' strategy with the aims of having half of their financings to be *shariah*-compliant albeit monumental task needs to be prioritized for the sustainability of the ICC particularly in competing for the market share wherein has been long monopolized by the CCC.

Literature Review

Islamic Credit Card

Credit card made its entrance in Malaysia market in 1970s with the establishment of *riba*-based card (Loke, 2007; Hussin, 2011). Initially, the CCC typified a symbol of affluence for the cardholders as it required a great amount of screening before being granted following stringent requisites by the regulator (Ahmad & Omar, 2013). Fast forward, the requirements have been ratcheted down to facilitate consumers in applying the credit card albeit in a limited condition (Hussin, 2011). In the realm of economy, credit card assists in elevating exuberance economic condition by which a higher level of consumption leads to a higher output level and seemingly increase in income thereby resulting in job creation (Shaikh, 2023).

ICC made its debut in Malaysia market arguably in 1992 with the emergence of Ambank's Al-Taslif credit card (Billah, 2003) and followed by BIMB and Bank Simpanan Nasional (BSN) in 2002 and 2006 respectively. The ICC is principally known as an instrument for payment via card-present and card-not-present for which the alignment with the Islamic principles is solid and unyielding where the prohibited elements namely *riba*, *gharar* and *maysir* are glaringly detached. According to the BNM (2019), there are two underlying contracts used for the ICC namely *ujrah* and *tawarruq*. Presently, seven issuers apply *ujrah* for their ICC's underlying contract which translated into the most used contract for the ICC facility.

Table 2
Ujrah ICC Issuers

No	Licensed Islamic Banks, International Islamic Bank and DFIs in Malaysia	Ownership: Local (L) Foreign(F)	ICC underlying contract
1	AmBank Islamic Berhad	L	*Ujrah*
2	CIMB Islamic Bank Berhad	L	*Ujrah*
3	HSBC Amanah Malaysia Berhad	F	*Ujrah*
4	Maybank Islamic Berhad	L	*Ujrah*
5	Public Islamic Bank Berhad	L	*Ujrah*
6	RHB Islamic Bank Berhad	L	*Ujrah*
7	Bank Simpanan Nasional	L	*Ujrah*

Source: BNM, n.d.

Table 2 denotes seven IBs including BSN which is known as Development Financial Institutions (DFIs) that offer *ujrah* based ICC. Surprisingly, HSBC Amanah is the only foreign bank that operates ICC within its Islamic banking arm and none of the full-fledged IBs use *ujrah* as their

ICC's contract. It merits a mention that HSBC Amanah was the first IB using *ujrah* model since the contract inception in 2008 (Noor & Azli, 2009). Subsequently, the contract started to gain traction and catapulted more IBs into the same endeavoured.

Riba

Riba derives from an Arabic word which literally means expand, excess, inflate and addition (Chapra, 2008; Ayub, 2021). According to Chapra (2008); and Ahmad and Hassan (2007), technically *riba* defines as a premium that must be paid by a debtor to a creditor paired with the principal amount which considered as a prerequisite for the loan extension. *Riba* has been condemned severely by Allah (s.w.t) since antiquity even during the era of Prophet Moses (as) in which Bani Israel who were professing Islam were precluded from taking *riba* (Abdul Rahman, 2014). The interdiction of *riba* was continued during Prophet Isa (as) as stated in the Injeel (bible) and remains prohibited during Prophet Muhammad (saw) and his ummah (society). In general, there are two types of *riba* namely *riba an-nasi'ah* (usury in loan contract) and *riba al-fadl* (usury in sale and exchange contract) (Mebarki & Mohamed, 2022). *Riba an-nasi'ah* is also known as *riba al-Quran*, *riba al-Duyun*, *riba al-Qard* and *riba al-Jahiliah* whilst *riba al-fadl* is known as *riba as-Sunnah* and *riba al-Buyu'* (Mohd Shahidin et al., 2014). The interdiction of *riba* is indicated in the Holy Quran in four different revelations namely in verses (30:39), (4:161), (3:130) and (2:275-276) (Chapra, 2008). The prohibition made by the Quranic verses is basically related to the loan contract. Additionally, there are various prophetic narrations vis-à-vis prohibition of *riba* particularly on the sale and exchange contract including loan contract wherein the Prophet (saw) said: "Gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, and salt for salt, like for like, and hand-to-hand. Whoever pays more or takes more has indulged in *riba*. The taker and the giver are alike (in guilt)" (reported by Muslim).

"Stay away from these seven major sins (things that destroy). The companions asked: what are they O Messenger of Allah? Rasulullah SAW said: Shirk with Allah SWT, witchcraft, killing a soul that Allah SWT has forbidden except with the truth, consuming usury, consuming the property of orphans, fleeing from war and accusing believing women of adultery*" (*reported by Bukhari and Muslim).

One dirham of usury eaten by a man of whom he knows, his sin is worse than 36adultery. (reported by Ahmad).
Therefore, *riba* employs by the mainstream banks is categorically prohibited according to the *shariah* law and must be severely condemned as it precipitated inequitable wealth distribution and unjust socioeconomic justice.

Ujrah Meaning

Given the aforesaid, *ujrah* is the highest contract use by the IBs for their ICC operation. The word *ujrah* is an Arabic word which means fees and wages (Yanthiani, 2020). In actuality, *bay' al-ujrah* is commonly used in two scenarios for which the first is related to employment purpose where the employer is known as '*mustajjir*' and the employee is known as '*ajir*' and the wages paid to the latter is known as '*ujrah*' (Usmani, n.d.; Yanthiani, 2020). Conversely, the second scenario is related to *manfa'ah* (usufruct) of assets or properties in which the right to use the usufruct is transferred to another person for fee (Usmani, n.d.). Hence, if Ahmad (lessor) leases his property to Mirza (lessee), the former is known as '*mujir/mua'jjir*' and the latter is known as '*musta'jir*' and the rent is called '*ujrah*'. As such, in a *muamalat* (transaction) point of view, the two scenarios are known as *ijarah* wherein *ujrah* becomes the fee or remuneration in return for services or *manfa'ah* (Yanthiani, 2020). Therefore, in contract, ijarah terminology is always associated with *ujrah* as according to Yanthiani (2020), if '*ijarah is an activity, then ujrah is the result or reward for the activity*'.

Legality of Ujrah

In Islamic scholarship, an explicit guideline vis-à-vis fee upon completion of a work is justified and endorsed by the Quranic verses and Prophetic narrations. The Holy Quran stipulates in the verse (28:26-27) "One of the two women said, 'Dear father, hire him as indeed the best man you can hire is someone is strong, trustworthy'. He (the father) said (to prophet Musa) 'I wish to marry to you one of these two daughters of mine on condition that you act as my employee for eight years…". Additionally, in the verse (18:77) "…He (Prophet Musa) said, if you wished, you could have charged a fee for this". In addition to the Quranic verses, narrations of the Prophet (saw) endorsing a fee are manifested explicitly in various hadiths to which he (saw) said "A man who hired a worker to carry out some work for him, but did not give him his wage, shall be my enemy during doomsday" (reported by Al-Bukhari). As such, *ujrah* (fee) can be executed in numerous forms including organization or institution for its services, efforts and performances (Julita & Hasibuan, 2022). Nonetheless, the terms for the imposition of *ujrah* in a contract must be made cleared for all the contracting parties particularly in eliminating the element of *gharar* (Julita & Hasibuan, 2022).

Ujrah Application in ICC

According to BNM (2019), the definition of *ujrah* in ICC is "*An issuer shall provide a cardholder identified services, benefits and privileges in exchange for fee*". The *ujrah* must be imposed in a fixed amount which is inalienably connected to the type of ICC i.e. silver, gold and platinum, to name but a few, and must not be tied with the credit limit (BNM, 2019). In view of the structure of *ujrah* where trade financing does not utterly discernible, *ujrah* contract has gained traction by the IBs notably on the ICC facility and the ICC based on *ujrah* contract is a good case in point. This is in part, a direction made by the BNM to deviate from over-concentrating on a single contract (BNM, 2022a). Given the aforesaid, the *ujrah model* is a fee imposed by the issuers in return for services, benefits and privileges.

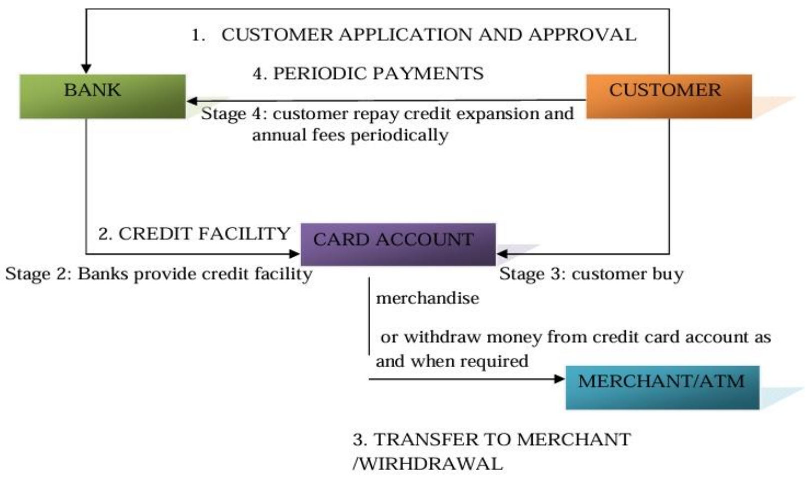

Figure 1. Ujrah model (Jamaan et al., 2014)

The mechanism of the *ujrah* ICC is to be enunciated as follows:

1- A customer walks in to CIMB Islamic for a Platinum ICC card. The officer in charge helps explained the requirement and the terms associated.
2- The bank provides the customer with an ICC of RM10,000 facility limit upon approval of the card a few days later.
3- The cardholder (customer) proceeds to AEON hypermarket to purchase a new set of refrigerator worths RM2500 with the ICC. In this regard, the money is transferred to the merchant and the cardholder has 20 days grace period to settle the amount in full.
4- The cardholder pays a minimum payment instead a full payment by the due date and the *ujrah* incurred in view of the minimum payment becomes a profit for the bank. The profit as in this case is the *ujrah* in return for the services, benefits and privileges.

Figure 1 exhibits the *ujrah* mechanism by the issuers. Generally, the issuers derive profits from the *ujrah* imposition in return for the services, benefits and privileges should the cardholder make a minimum payment by the due date. In the realm of ICC, the cardholder is given 20 days to settle the balance in full by the due date provided there is no outstanding balances in the prior month. The grace period is only applicable for the retail transaction. Had the cardholders fail to furnish the full payment by the due date, there is a three- tiered pricing structure impose by the BNM ranging from 15% to 18% per annum (pa). In merits a mention that in the realm of *ujrah* ICC, there are two contracts available namely *ujrah* and *qard* (loan) for which the latter is associated with the retail transaction and cash withdrawal services (BNM, 2019).

Fixed Ujrah

In actuality, the *ujrah* is predetermined at the onset of the ICC application based on the card types. This type of *ujrah* is known as Fixed *ujrah* or Fixed Management Fee (FMF) (the term varies among the issuers). This is to be explained as follows:

Table 3
AmBank fixed ujrah

ICC type	Fixed *ujrah*/ Yearly FMF
Gold	RM 10,800
Platinum	RM 45,000
Visa Signature/World Mastercard/Visa Infinite	RM 180,000

Source: AmBank Islamic, 2024

Table 4
Maybank Islamic fixed ujrah

ICC type	Fixed *ujrah*/ Yearly FMF
Gold	RM 90,000
Platinum	RM 180,000
Infinite/World	RM 360,000

Source: Maybank Islamic, 2024

Table 3 and table 4 exhibit two issuers' FMF for their respective cards. Apparently, the FMF is varied among the issuers. It typifies a fee that a customer has to pay regardless of the usage of the card. For perspective, if a customer applies for a platinum card, AmBank Islamic imposes the *ujrah* of RM45000 pa which translated into RM3750 monthly FMF in return for services, benefits and privileges to the former. Since the intervention by the BNM which acts as a regulator for the Islamic banking matters with the aims of protecting the contracting parties, the customer, however, does not have to pay the FMF in full following *ibra'*(rebate) formulation. This is to be explained as follows:

Table 5
Rebate calculation

Facility Limit	RM10000
Fixed Management Fee (FMF)	RM45000
Fixed Monthly Management Fee (FMMF)	RM3750
Actual Management Charge	18%
Outstanding Balance	RM1000
Ujrah Calculation Method	RM1000 x 30/365 x 18% = RM14.80
Rebate	RM3750 – RM14.80 = RM3735.20

Source: Author's own

Table 5 denotes the amount that has been rebated by the issuer following the BNM ruling of which the cardholder is merely paying the *ujrah* of RM14.80 at the back of RM3750 FMMF. It is pertinent to note that the FMF is inextricably linked to the card types of which the higher the card types the higher the FMF. The explanation is detailed as follows:

Table 6
HSBC fixed ujrah

Fixed Monthly Management Fee Card Type	Fee (RM)	Maximum Credit Limit (RM)
HSBC Amanah MPower Credit Card-i	1125	75000
HSBC Amanah MPower Platinum Credit Card-i	2250	150000
HSBC Amanah Premier World Mastercard® Credit Card-i	2250	150000

Source: HSBC Amanah, 2023

Table 6 exhibits the variation of HSBC Amanah FMMF based on the card types where the Platinum and World card are distinctively formulated against the Amanah MPower card. The derivation of RM150000 for the Platinum and World card is determined as follows:

Maximum Credit Limit X Highest Tiered Profit RM150000 x 18% = RM27,000 (2250 x 12) Apparently, the formulation of the FMF is predicated upon maximum credit limit of the card types. In this regard, HSBC Amanah is allowed to offer up to the maximum of RM150000 worth of credit limit to the customers should the customers opt for the Platinum or World card which is ultimately depend on the validity of the customers' credit scoring and by contrast the maximum credit limit for Amanah MPower is RM75000. Truth be told, each of the card types has different benefits, facilities and privileges. This is in sync with the BNM pronouncements on *qard* Policy Document (PD) guideline that stipulates in paragraph 15.6 "*The amount of ujrah may vary according to the value of different types of the identified services, benefits, facilities or privileges*". (BNM, 2018). In actuality, the cardholder must pay the FMMF irrespective of the card usage. Nonetheless, the BNM has ordained that the issuer must give rebate to the cardholder in two conditions namely for the unutilised portion of the FMMF and if the cardholder has not utilised the card at all.

Actual Ujrah

Actual *ujrah* is a fee payable by a cardholder predicated upon three-tiered pricing structure (15% to 18%) determined by the BNM should the former not fully settle the outstanding balance in full by the due date. The term actual *ujrah* varies among the issuers as some issuers label it as Actual Management Fee (AMF), Effective Management Fee (EMF) and Payable Facility Charges (PYC). The highest *ujrah* is capped at 18% pa and by default the lowest *ujrah* is 15% pa.

Profit or fee rate for retail transactions shall be capped as follows:

(i) Tier-I: Maximum of 1.25% per month, which is equivalent to 15% per annum of the total outstanding balance;

(ii) Tier-II: Maximum of 1.42% per month, which is equivalent to 17% per annum of the total outstanding balance; and

(iii) Tier-III: Maximum of 1.5% per month, which is equivalent to 18% per annum of the total outstanding balance.

Profit or fee rate for cash withdrawal transactions shall be capped at a maximum of 1.5% per month, which is equivalent to 18% per annum.

Figure 2. Three-tiered pricing structure (BNM, 2019)

Figure 2 denotes three-tiered pricing structure which is known as actual *ujrah* where the cardholder pays the outstanding balances based on the actual *ujrah* calculation. According to the BNM (2019), "*The actual ujrah (fee) must be based on the utilization by the cardholder and the issuer must grant ibra' (rebate) to the cardholder for the unutilized portion of the total ujrah (fee)*". Since rebate has been mandatorily given by the issuer, the cardholder is merely paying the utilised portion of the FMF together with the actual *ujrah* of 15% to 18% pa depending upon tiers should the cardholder having outstanding balances. The three tiered-pricing is formulated based on the cardholder's risk assessment profile. According to the BNM (2019), the cardholder's risk assessment shall be categorised based on the three-tiered pricing mechanism which is illustrated as follows:

a) Tier 1: Cardholders who promptly settle the minimum payment amount due for 12 consecutive months;
b) Tier-2: Cardholders who promptly settle the minimum payment amount due for 10 months or more in a 12-month cycle; and
c) Tier 3: Cardholders who do not fall within the above categories.

It is pertinent to note that, the three-tiered pricing is only applicable to the retail transactions and not to the cash withdrawal service to which the latter is capped at 18% pa sans grace period (BNM, 2019). The three-tiered pricing structure is unequivocally similar to the interest-bearing bank's CCC by which the latter is glaringly engulfed with *riba* and embedded compounding element (Abd Razak, 2016). Moreover, the three-tiered pricing structure (15% to 18%) for the credit card facility is by far the highest profit/fee for the financing (Zinman, 2015; Zainudin et al., 2019). Notwithstanding, the BNM has stipulated that based on the risk assessment of the cardholders in particular for Tier-1 and Tier-2 profit/fee structure, the issuers are allowed to impose less stringent requirements (BNM, 2019). Seemingly, the issuers may reduce the existing profit/fee for the aforementioned cardholders lesser than the default rates based on their risk assessments. In this regard, most of the issuers comply with the requirement aforesaid without reducing the profit/fee based on the cardholders' risk assessments except for BSN, BIMB and Bank Rakyat. The BSN is offering an impressive fee of 8.88% per annum for selected customers segmentation namely 'Teacher's Card' and 'G-Card' for eligible government officers for cardholders who promptly settle their minimum payment due for 12 consecutive months. Further, it extends the lower fee of 9.95% pa to the University Utara Malaysia (UUM) staffs and alumnus with the similar terms. Evidently, the banks are capable of reducing such an 'unfeeling' rate without having to adhere to the three-tiered price mechanism structure developed by the BNM. According to Rosly (2010), IBs' fundamentals are unique and indefatigably prone to social agenda as opposed to the interest-bearing banks of which profit maximization is their ultimate agenda.

Qard

The Holy Quran stipulates in the verse (2:275) *"…But Allah has permitted trading and forbidden riba….*" Hence, *qard* (benevolent loan) must be given in a good manner (interest free) without any countervalue following its cardinal objective particularly in assisting a person who direly need of cash (Saleem, 2013). In addition to the Quranic verse, the Prophet (saw) said in a hadith narrated by Abu Hurairah (peace be upon him) "*Whoever relieves a Muslim believer from one of the hardships in this worldly life, Allah will relieve him of one of the hardships of the day of resurrection…*" (reported by Muslim). *Qard* is a loan contract wherein it is given in view of the humanity concern notably in repudiating one's financial hardships (Saleem, 2016; Abikan, 2017). Literally, *qard* means cutting off where a portion of a lender's property is taken away and given to a borrower (Saleem, 2013). *Qard* contract is unanimity agreed by the scholars irrespective of classical or contemporary (BNM, 2018).

Qard contract is running parallelly with *ujrah* contract in the *ujrah* based ICC. The BNM (2019), has explicitly enunciated that "*The credit limit of the credit card-I may be assigned on the basis of qard (loan), e.g. for retail purchase or cash withdrawal or any mode of utilization as determined by the issuer from time to time*". Further, the BNM (2018), has defined *qard* as "*A contract of lending money by a lender to a borrower where the latter is bound to repay an equivalent replacement amount to the lender, and the money may include cash in any currency, gold or silver*".

Given the aforesaid, the retail transaction and cash withdrawal services are primarily tied to the *qard* contract for which the cardholders must pay the similar values without having imposed with any fees by the issuers. The BNM (2019) has stipulated that

"…For services related to provision of loan, delay in loan settlement and cashback services, the issuer is only allowed to charge the direct costs incurred in providing such services. Among the

services in this category are cash withdrawal and retail services". Therefore, it begs the question of how does the issuer generate a fee or *ujrah* for the ICC since the cardholder is paying the equivalent amount of financing as a result of consumptions by way of retail transaction and cash withdrawal.

Despite the approval given by the SAC of the BNM in executing *ujrah* based ICC, a litany of issues has arisen as a result of a fundamental flawed embedded within its structure such as *bay' wa salaf*, accounting treatment, exchanging different countervalues and direct costs, to name but a few.

Methodology

This study employed qualitative research approach in which case study has been designed for the research to investigate the phenomena. Qualitative content analysis (QCA) was used as a research tool by virtue of conceptual, meanings and texts. Hsieh and Shannon (2005, p.1278) defined QCA as "a research method for the subjective interpretation of the content of text data…". QCA is used to analyse multifaceted types of data which has been transfigured into written text (Zhang & Wildemuth, 2009). According to Patton (2002), should the data come from the existing texts, the preference of the content has to be justified by what a researcher wants to know. In this regard, this study employed relational analysis which falls under the orbit of content analysis as according to Robinson (2011), it examines the relationships among concepts, themes or categories in a text into coherent combination. The categories or concepts were combined for exploring the relationships among them for the meaningful and lucid representation of the phenomena under investigation. Based on the literature reviews aforesaid, the following categories appeared as core features for the relational analysis purpose:

Table 7
Relational analysis

No.	Category	Source
1	*Ujrah*	BNM Policy Document
2	*Qard*	BNM Policy Document
3	*Riba*	Quranic verse, Ahadith,
4	*Hibah*	BNM Policy Document
5	*Ibra'*	BNM Policy Document
6	Cashback	BNM Policy Document, Issuers' fine prints
7	Reward point	Issuers' fine prints
8	Accounting treatment	MASB reporting

Source: Author's own

Table 7 exhibits the categories used for the relational analysis by examining the relationships among concepts. Each category would then be cross-examined to further understand the relationships for the extensive comprehension of the *ujrah* application in the ICC.

Result and Analysis

Issue of Bay' Wa Salaf

Given the aforesaid, two contracts are running simultaneously in the *ujrah* ICC namely *ujrah* contract and *qard* contract of which the former is known as *bay'* (sale) where it falls within the ambit of *'uqud al-mu'awadhat* (exchange-based contract) (ISRA, 2015; Alamad, 2019) and the latter is known as loan which falls within the ambit of debt-based contract (Alamad, 2019). Nonetheless, the *qard* contract does not permit any countervalue as it is intended in consideration of compassion or charity for a specified time Alamad, (2019) and ISRA (2015), considered a *qard* contract as *'uqud al-tabarru'at* (charity-based contract). Despite the classification by ISRA (2015), the *qard* contract is still known as a debt-based contract which is non-exchange in nature as the borrower has to settle the amount owed within the stipulated time without a countervalue.

Contract	Explanation
Bay'	Fixed fee paid by the customer for the services, benefits and privileges provided under the card. *Relationship between the bank and customer in bay'* Bank: Seller Customer: Buyer
Salaf	Advances by the bank to be used upon retail purchases, cash withdrawals, balance transfer, among others. *Relationship between the bank and customer in salaf* Bank: Lender Customer: Borrower

Figure 3. *Bay wa-salaf* (Mahmud et al., 2018)

Figure 4 exhibits *ujrah* and *qard* in which both contracts undesirably intertwine in the *ujrah* ICC. Truth be told, services such as retail transaction, cash withdrawal, balance transfer and cash-related are based on *qard* contract which is loan in nature and by contrast the fee which the cardholder is paying in return for benefits and privileges is unequivocally based on ujrah that has been predetermined at the outset of the contract during application stage. Since *ibra'* (rebate) has become a mandatory element which is ordained by the BNM in waiving the FMF, the cardholder is merely paying the amount of consumption without extra charges being imposed (in the case of no outstanding balance). *Bay' wa salaf* triggers when the cardholder is not paying the amount in full by the due date in which the cardholder has to pay the EMF based on the three-tiered pricing (15% to 18%). Given the aforementioned, the consumption made by the cardholder by way of retail transaction and cash withdrawal is *qard* in nature and simultaneously the EMF which the cardholder needs to pay as a result of not paying the amount in full is calculated based on the rebate given for the FMF. As such, the EMF charge is imposed against *qard* contract and eventually both contracts are surreptitiously intertwined. Abd Razak (2015), argued that the EMF is an additional money that the cardholder must pay as a result of not paying the card in full and it translated into *riba al-qard*. Although one might argue that the EMF is used as a method for the rebate calculation as a means of waiving the FMF, the interconnectedness between the two contracts is undeniably perceptible for which the *qard* contract by way of retail transaction and cash withdrawal is intertwined with the *ujrah* calculation in determining the *ujrah* for the cardholders should they have outstanding balances.

The combination of sale and loan in a single contract is prohibited in which the Messenger of Allah (saw) said "*It is not permissible to arrange a loan with a sale contract, or to stipulate two conditions in a sale, or to make a profit on something that for which you assume no liability, or to sell something that you do not possess*" (reported by Abu Dawud). The prohibition is inevitable as the two contracts namely loan and sale are made conditional upon each other and rendered the contract void (Mahmud et al., 2018). The hadith refers to the prohibition of using *hilah* (legal trick) to obtain *riba* by imposing an extra amount from the loan by converging it with the *dhaman* (price) of the sale (Rahman & Osmani, 2021). In addition to that, the loan contract is embedded in the sale contract with the sole aim of making additional amount out of lending, which is categorically impossible without the combination of loan (al-Qaradaghi, 2001). Apparently, it brings benefit to the lender and falls under the prohibition by the hadith in which the Prophet (saw) said "*any loan that begets benefit is riba*" (reported by al-Baihaqi).

Issue of Accounting Treatment

Shariah-compliant products and services offer by the IBs must not only in congruence with the *shariah* principles, they must be in compliance with the Malaysian Financial Reporting Standards (MFRS) framework as well (Abdul Rahman et al., 2023). The MFRS framework is introduced by the Malaysia Accounting Standards Board (MASB) with the aim of reporting a transparency and reliability financial statement (MASB, n.d.-a). The adherence to the MFRS framework by the IBs signifies the higher quality financial reporting standards that inextricably in compliance with the International Accounting Standards Board (IASB) (MASB, n.d.-a). Hence, the financial reporting for the *ujrah* based ICC must be inalienably in congruence with the said standard for the harmonization of the reporting.

Under the MFRS 9 framework, financial instruments are divided into three broad categories namely amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) (PricewaterhouseCoopers [PwC], 2015). According to Alamad (2019), the ultimate aim for the IBs to employ the MFRS 9 framework is for the reliability and credibility of information dissemination of financial statements to the general or specific users for their evaluation of the entity's future cash flows. The MFRS 9 framework is formulated for the estimation of expected credit losses (ECL) throughout the lifetime of the loan/financing exposure for which banks are compel to make provisions for the ECL in the future (Raj, 2017). Nonetheless, an exception is given to the revolving financial instrument such as credit cards and overdraft/cash line in which the lifetime of these facilities is restricted against its behavioural life instead of contractual life (Maybank, 2024). In general, a financial asset or instrument shall classify and measure using amortized cost if it meets two criteria in which the business model of the IBs' financial asset is guided by contractual cash flows and it must constitute an element of solely payments of principal and interest (SPPI) on the principal amount outstanding (PwC, 2015). Apparently, the word 'interest' typifies a basic lending arrangement wherein time value of money and credit risk are the two most crucial elements in consideration of realizing the SPPI test (Earnst & Young [EY], 2015). However, in Islamic term, the SPPI is translated into solely payments of principal and profit (SPPP).

The Working Group (WG) of MASB has reviewed the BNM *shariah* PD related to *qard* guideline from the financial reporting perspective and has concluded that the contractual cash flows for the *ujrah* ICC is commensurate to the principal (amount paid by the cardholder) and time where the current imposition of *ujrah* will be accumulated with future charges as a total financing due by the cardholder (MASB, n.d.-b). Therefore, the WG remained of the view that "*Ujrah in this case is integral to the effective profit rate, which is applied to calculate finance income on the financing amount and therefore, qard contract that is used as financing with ujrah may meet the SPPI test for the amortized cost measurement under MFRS 9*" (MASB, n.d.-b). In this regard, the contractual cash flows derive from the *ujrah* ICC commensurate with the SPPI test by which the repayment is composed of the principal which is the fair value (amount paid by the cardholder for the drawdowns of the credit limit which are among others utilized for retail transactions and cash withdrawals) and interest (profit paid by the cardholders for not paying in full by the due date which is also known as future charges) only. Nevertheless, the interest or profit used in this context is not compounded as it is an Islamic product. In addition to that, paragraph S.14.10 of the *qard* PD stipulates "*The money borrowed under the qard contract must be repaid according to the agreed term of the qard contract or, in the event there is no such term, at the request of the lender*" (BNM, 2018). According to the WG of the MASB, "*If a qard contract stipulates repayment terms, it may pass the SPPI test because there is a repayment of principal amount and such an arrangement could constitute a basic lending arrangement*" (MASB, n.d.-b). It merits a mention that the WG of the MASB are of the view that based on the MFRS 9 requirement, *ujrah* ICC is indeed pass the SPPI test and its financial income reporting must be measured at amortized cost as it constitutes a basic lending arrangement. Ergo, since *ujrah* ICC commensurate with the contractual cash flows measurement for the amortized cost, its financial income or profit is essential to effective profit rate calculation (MASB, n.d.-b).

Given the aforesaid, the *qard* extends to the cardholder is in a form of retail transaction, cash withdrawal and balance transfer, just to name a few. Based on the report submitted by the MASB, it merits a mention that the *ujrah* ICC is indeed resulted in benefitting the lender (issuer) by meeting the SPPP test and thereby promulgating the forbidden element of *riba an-nasiah.* Imam Abu Bakar Hassas Razi has enunciated the meaning of *riba an-nasiah* as "*That kind of loan where specified repayment period and an amount in excess of capital is predetermined*" (Usmani, 2015). The Prophet (saw) said "*Every loan that draws benefit is riba*" (reported by al-Baihaqi). The *ujrah* ICC has unequivocally passed the SPPI test by which the element of time value of money which is categorically synonymous to *riba* is indeed exist and it must be measured at amortized cost which is integral to the effective profit rate as well as constitutes a basic lending arrangement. As such, the *qard* which is extended in consideration of direct costs is not in line with the operational of the *ujrah* application in the ICC.

The element of time value of money in the basic lending arrangement for the calculation based on amortized cost is categorically *riba* (Usmani, 2002). According to Usmani (2002), "*as money can only be traded in at par value, any excess claimed in a credit transaction (of money in exchange of money) is against nothing but time*". By contrast, in a credit sale of a commodity, time is not the exclusive consideration for the price fixing but purely acts as an ancillary factor for the price determination as the real determination is based on the commodity following its embedded intrinsic value (Usmani, 2002). According to Kamal (2021), the notion of time value of money in charitable or benevolent transactions such *qard* is utterly condemned in the realm of Islamic banking. In this regard, *ujrah* ICC which is based on *qard* for the retail services and cash withdrawals including balance transfer and credit related services is classified and measured using amortized cost and subsequently the time value of money which is part of the profit element would be tantamount to *riba* following exchanging money with money albeit direct costs are being used for such services. In addition, the WG of the MASB did not allude the review of the PD to *ujrah* for the SPPI/SPPP test but strictly on *qard*. Apparently, in recognizing income for the *ujrah* ICC for the financial reporting is solely based on *qard* for the fee and not based on *ujrah* for the fee albeit HSBC Amanah (2022) in particular specified in its financial report that the income derived from *ujrah* ICC is recognized based on the identified services, benefits and privileges in exchange of a fee. Besides, Public Islamic (2023) specified profit for its *ujrah* ICC as "*Financing income is recognized on profit charged on the utilization of the credit card by the customer that has not been settled in full on or before the due date*".

According to BNM (2022), the PD for Financial Reporting for Islamic Banking Institutions, in paragraph S.9.3 stipulates "*an Islamic financial institution shall comply with the rulings of the Shariah Advisory Council of Bank Negara Malaysia (SAC) on the applicability of the following accounting principles adopted in the MFRS as being consistent with the broader view of shariah principles*", among others:

- *"Substance over form", where the "form" and "substance" of the transaction must be consistent and shall not contradict one another. In the event of inconsistency between "substance" and "form", the Shariah places greater importance on "substance" rather than "form*
- *Time value of money, where a transaction involves time deferment, the asset (liability) is carried at the present discounted value of the future net cash inflows (outflows) that the transaction is expected to generate in the normal course of business. The application of time value of money is permissible only in determining the selling price for exchange contracts that involve deferred payment and is strictly prohibited in debt-based transactions (qard).*

The BNM has enunciated that the application of time value of money is applicable for *uqud al-mua'wadat* (exchange contracts) in formulating the selling price for *'ajal* (deferment) payment and is downrightly restricted in debt-based transactions such as *qard*. The Council remained of the view that anything relates to a *qard* transaction must be solely based on cost and not related to time value of money. Nonetheless, the MFRS 9 framework has stated that a financial instrument must be measured and classified either at amortized cost or fair value (MASB, n.d.-b). Therefore, as per the report made by the WG of the MASB, *qard* contract for the *ujrah* ICC has passed the SPPI test which falls under the scope of amortized cost and thus, contrary to the BNM directive. Besides, the Council continues in the same PD in paragraph S.11.6 that "*An Islamic financial institution shall disclose financing, receivables and other qard loans with a breakdown by:*

a) Measurement Basis (e.g. amortized cost, fair value)
(i) for fair value through profit or loss, show separately those designated as fair value upon initial recognition; types of financing (e.g. overdrafts, revolving financing, hire purchase, mortgage financing) and further breakdown by main Shariah contracts in table format (refer to Illustration 1 in Appendix 5):

> *(ii) an Islamic financial institution shall disclose the significant 16 subclasses of the main contracts; and (iii) the classification of main Shariah contracts and their subclasses shall at minimum follow the guidance…*

As far as financing disclosure is concerned, none of the issuers have followed the guideline put forward by the Council matters related to *qard* contract using amortized cost for the *ujrah* ICC income recognition despite the WG of the MASB has alluded *qard* to the SPPI test for amortized cost classification. Besides, some of the issuers did not classify the products based on the contracts applied such as *ujrah* ICC was not mentioned in the financial report as *ujrah* contract but others. Apparently, the act of non-disclosure might cause the reporting to be *gharar* and inconsistent with the directive made by the BNM. In addition, the Council did mention in the PD on the matter of 'substance over form' of which both of the terms must be in consistence and must not be inharmony to one another. In the event of mutually inclusive, the shariah places a great emphasis on the 'substance' instead of 'form'. This is in consonance with *shariah* legal maxims which state "*matters are determined according to intentions*" and "*al-ibrah bi al-ma'ani la bil alfadh*" where "*in contracts, effect is given to intention and meaning and neither words nor forms"*. Dusuki (2009) asserted that by overemphasis on the form over substance, it will lead to a violation of *shariah* principles as contracts that are not in tandem with the *shariah* are being robustly used by the IBs in consideration of hidden intentions which eventually undermines the *maqasid* of its existence. As such, in *ujrah* ICC where both contracts (*ujrah* and *qard*) are mutually inclusive, the substances must be given priority rather than the form and thus, based on the report by the WG of the MASB, *ujrah* ICC is inextricably connected to *qard* contract where the *qard* contract passes the SPPI test for amortized cost classification in which the element of time value of money is inalienably embedded and the element of *riba* is pervasively presented. As the *qard* is benevolent in nature, the time value of money is strictly prohibited in the loan amount for the *ujrah* ICC. Hence, by adhering *ujrah* ICC to amortized cost for the accounting treatment, the underlying contract is inalienably connected to *riba*.

Issue of Cashback

Cashback credit cards have long been marketed by the CCC as a means of capturing payment cards market with a special benefit that provides an added value to a cardholder (Kahf & Mohomed, 2016). Cashback is a facility offered by an issuer to a cardholder in the form of rebate for the latter in view of a spending requirement at selected participating merchants (RinggitPlus, 2017). The cashback gives the cardholder a rebate in the form of cash that will provide an instant gratification by way of savings and concomitantly whipping up interest in using credit cards (RinggitPlus, 2017). Of late, ICC is producing more cashback-related with the aim of gaining market share for the riba-free card. There are multifaceted ICC cashback cards that allow a significant amount of saving by the cardholder particularly for foods and beverages, hotels and resorts, airline tickets, petrol stations, groceries and online purchasing, just to name a few (Fozi, 2020).

In respect to *ujrah* ICC, cashback services must not be rendered in return for *ujrah* as it may tantamount to *riba al-fadl* (interest in excess) (Fozi, 2020). The Prophet (saw) has prohibited the exchange of a *ribawi* item with a different counter value as narrated by Ubaidah ibn samit (r.a) "*Gold is to be paid for by gold, silver by silver, wheat by wheat, barley by barley, dates by dates and salt by salt, like for like and equal for equal, payment being made hand to hand. If* *these classes differ, then sell as you wish if payment is made hand to hand*" (reported by Muslim). In this regard, silver for instance, must be traded with the same amount and value and on the spot exchange. Had the exchange not be on the spot or with a different counter value, obviously there is an excess in interest which may be tantamount to *riba* as mentioned by the hadith. Similarly, money or currency that acts as a medium of exchange and as a measure of value is also treated as a *ribawi* item (SC, 2014). As such, money must be exchanged on the spot and with the same countervalue and amount. In relation to the cashback service for instance, the issuer is issuing a rebate for specified terms and the cardholder must meet the requirements and terms before being granted with the such rebate. Seemingly, there is an element of *riba al-fadl* as both monies namely *ujrah* is payable by the cardholder and the cashback or rebate granted by the issuer are unequivocally related with a different countervalues. Furthermore, the BNM in its 77th meeting on 3rd July 2008 has decreed that IFIs must not grant cashback service to their cardholders notably for the *ujrah* ICC except as a *hibah* (gift) (Bakar & Rahim, 2021). By the same token, Fozi (2020), and Bakar and Rahim (2021), argued that issuers that offer cashback service including takaful coverage to the cardholders either in the form of personal accident or any other means are generally extend on the basis of *hibah* and not as a countervalue. In addition, the annual fee for the ICC must also be given as a form of *hibah* and not in the form of cashback following some issuers have set conditions for the ICC for the annual fee waiver eligibility which may resort to *riba al-fadl* (Abd Razak, 2016; Bakar & Rahim, 2021). Do issuers really provide *hibah* for the services and privileges aforesaid in *ujrah* ICC or the cashback is arguably derived from the cardholders' consumption?

According to RAM Rating Services Bhd, Malaysian's banks would largely be impacted by the implementation of interchange fee's ceiling for which the industry may see its revenue notably credit card, tapering off in the long run (Yin-Lyn, 2016). In addition to that, a vast majority of banks would encounter a margin squeeze ranging from hundred thousand to hundred million as a result of the new interchange's ceiling regime by the BNM and those gravely affected would likely rachet down their rewards and loyalty programs to cushion the consequences (Goh, 2014). Nevertheless, the BNM has issued a new Payment Cards Framework (PCF) in 2022 which seemingly superseded the PCRF as a means of determining a new interchange fee for payment cards including credit card where the new interchange fee is ceilinged at 0.60% of the value of the transaction as a result of current cost components starting 1st January 2023 (BNM, 2022b). The prime objective of the PCF is to curb any indiscriminate increase of interchange fees by the issuer which ultimately led to a higher MDR imposes by the acquirer to the merchants and would likely risk credit card particularly less desirable as well as discourage petty merchants from accepting credit card as a payment card (BNM, 2022b). Besides, with the higher MDR incurred by the merchants, it is likely the higher price will be diffused towards the cardholders by escalating the prices of items and services or by imposing a surcharge to the cardholders (BNM, 2022b). It is worth noting that by reducing the interchange fee, banks, in actuality are not affected as the fee is mainly used to fund cardholder's rewards and loyalty programs including cashback services (BNM, 2022b). Moreover, as the interchange fee becomes cheaper, more merchants are willing to accept credit card as a payment card transaction and it would translate into cost efficiency benefits via a reduction in the cash handling cost for the banks (BNM, 2022b).

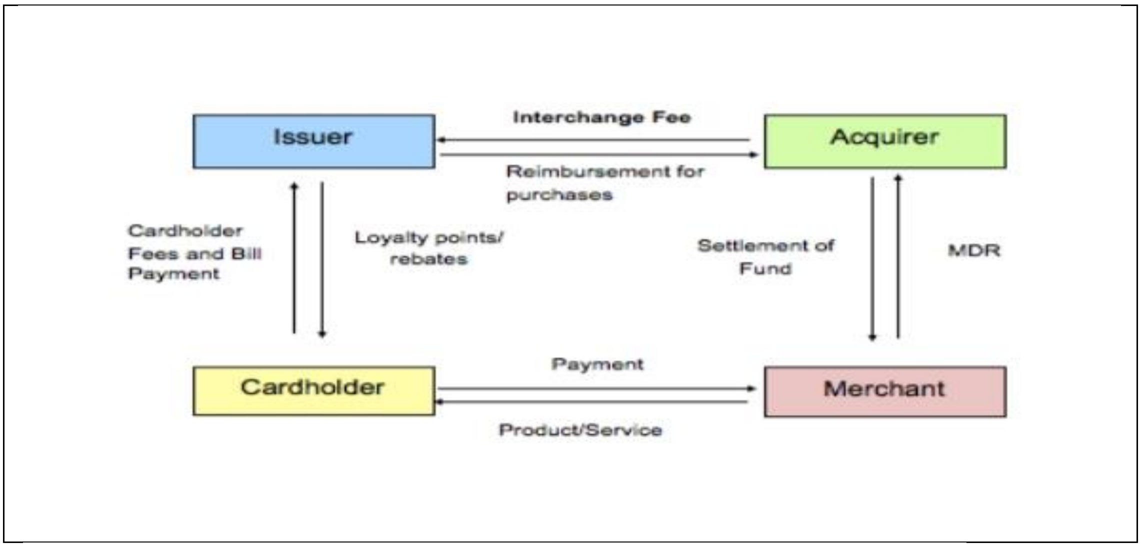

Figure 4. Transaction Flow of a Payment Card Transaction (BNM, 2022b)

Figure 4 exhibits a payment card transaction's flow whereby an interchange fee is procured by an issuer from an acquirer as part of the MDR paid by a merchant in return for services rendered such as authorization, security, funding, clearing and settlement, to name a few and the interchange fee revenue will be used to fund loyalty points and rewards including cashback services after deducting the embedded cost for the transaction in consideration of the cardholder consumption. However, a caveat applies, by which interchange fee is just a component of the overall MDR paid by the merchant to the acquirer as aforesaid. In 2023, there were a staggering 825.5 million credit card transactions of which cash withdrawals accounted for circa 2% and a-back-of-the-envelope calculation for the interchange fee alone was circa RM 5 million that banks irrespective of IBs or CBs earned as part of a fee-based income.

Mohammed Shaarani (n.d.) asserted that *hibah* refers to "*giving one's wealth to others voluntarily without the expectation of any replacement or exchange with the transferring effect on the ownership during lifetime*". The key word is unconditionally made by the donor or IBs in this regard. Additionally, Asni and Sulong (2021), asserted that *hibah* is a form of gift which is charitable in nature and thus must be executed sans duration and condition. Nonetheless, *hibah* has been classified into two forms namely conditional *hibah* and unconditional *hibah* (Said et al., 2012). According to the BNM (2016) "*A donor may offer hibah contingent upon a certain condition or event in the future*". In Asni and Sulong (2021), the report has it that regarding to conditional *hibah*, scholars have two diametrically opposed viewpoints in which the first view categorically rejected the *hibah* that embedded with a condition and the second view endorsed the *hibah* as valid but the condition is null. According to them, a vast majority of the traditional scholars namely Hanafi, Maliki, Shafie and Hanbali were critically against conditional *hibah* following its nature and considered it as exchange-based contract and thus tying the terms to the latter's framework (Said et al., 2012).

Hassan and Zaizi (2020), stated that the practice by the IBs in granting *hibah* is deemed as an incentive to motivate customers using their products and services. They also asserted that the practice of granting *hibah* must be unilaterally in nature and discretionary basis and not benefiting the IBs. Despite arguments made by Fozi (2020), and Bakar and Rahim (2021), that the cashback service given to the cardholders is discretional in nature and as a form of *hibah,* the statements made by the BNM (2022b) proving the contrary. Besides, according to the former CEO of Alliance Bank Mr Joel Konreich "*The group also reported lower credit card income by RM7.2 million because of lower interchange fees and higher redemption from the improved rewards programs proposition*" (Alliance Bank, 2019). As such, it is pertinent to note that banks generally cover the cashback costs through interchange fees which predominantly gained from merchants as a result of credit cards utilization. According to Mohamed Shaarani (n.d.), the cardinal matter of *hibah* relies on the existence of *mauhub* (object of *hibah*), halal and solely possessed by the donor. In regard to the cashback by way of *hibah*, the mechanism used by the issuers are possibly iffy as the cashback granted to the cardholder is contingent upon the latter's utilization for the obtaining of the interchange fees and not possessed by the donors (issuers) at the outset of the contract and thus violating one of the pillars of *hibah*.

Eligible Spend Category	Statement Balance*		Monthly Capping
	RM1,500 – RM3,999	RM4,000 & above	
PETRONAS service stations ("PETRONAS") and Setel	6%	12%	RM60
Groceries	3%	6%	RM60
Dining			
Parking			
Overseas	1%	1%	Unlimited

Figure 5. Cashback capping (CIMB Islamic, 2023)

The cashback service is given to a cardholder in view of utilization of the cards on selected products or services at any participating merchants with a special discount or rebate. Some of the issuers have imposed a capping mechanism for the cashback utilization predicated upon monthly consumption and indirectly induced a bewildered scenario for the cardholder as it may precipitate *gharar* (Susilawati & Hartawan, 2023). Fozi (2020), argued that the cashback service based on *ujrah* is prohibited as it will constitute *riba al fadl* (exchanging of cash at a different countervalue) of which the cardholder is paying *ujrah* for a different counter value. According to Susilawati and Hartawan (2023), cashback services offer by the ICC is a form of reduction in the price of the items purchased which significantly correlated to *gharar* as the mechanism of the price is vague. Moreover, the BNM (2019), has pronounced in the guideline that *"ujrah (fee) must not be imposed on extension granted for loan payment, delay in loan payment or exchange of cash with cash at a different value (cashback service)*" as it may amount to *riba*. The BNM (2019), has also stipulated in the credit card-I PD that "*The credit limit of the credit card-i may be assigned on the basis of qard (loan), e.g. for retail purchase or cash withdrawal or any other mode of utilisation as determined by the issuer from time to time*". Hence, based on Table 8 the cardholder is paying for the groceries, dining, parking, petrol and overseas spending via *qard* contract and the issuer is prohibited to grant *hibah* to the debtor (cardholder) for extending the loan. According to Kureshi and Hayat (2015), the payment of *hibah* is at the discretion of a debtor and cannot be made a condition by a creditor for granting the loan. Had the loan be made condition upon *hibah*, the loan is considered *riba* and categorically forbidden (Kureshi & Hayat, 2015). In this regard, CIMB Islamic has made the outstanding balances of the cardholder as a prerequisite for the extension of *hibah* which is capped at RM60 monthly with an exception for overseas spending which has an unlimited capping. Ergo, the extension of *hibah* by the issuer is considered dubious.

Issue of Reward Points

Maybank Islamic | **STATEMENT OF CREDIT CARD ACCOUNT**
PENYATA AKAUN KAD KREDIT

Maybank Islamic Berhad (787435-M)

Page/*Halaman*	003 OF 003

Maybank Card TreatsPoints earned for the month ***Mata Ganjaran Kad Maybank yang dikumpul untuk bulan ini***	**3,343**

Multiple TreatsPoints earned at Participating Partners for the month ***Mata Ganjaran Berganda yang dikumpul daripada Rakan Kongsi terbabit untuk bulan ini***	
VISA PLATINUM BONUS TREATS 308	
Total Multiple TreatsPoints earned for the month ***Jumlah Mata Ganjaran Berganda yang dikumpul bulan ini***	**309**

TreatsPoints Account Details / *Butiran Akaun Mata Ganjaran*

Card No/*Nombor Kad*	Previous Points/ *Mata Ganjaran Terkumpul*	Points Earned/ *Mata Ganjaran Diperolehi*	Points Used/ *Mata Ganjaran Digunakan*	Points Adjusted/ *Mata Ganjaran Dikemaskini*	Current Points/ *Mata Ganjaran Terkini*
[redacted]	31,763	3,652	0	0	35,416
Total TreatsPoints ***Jumlah Mata Ganjaran***	**31,763**	**3,652**	**0**	**0**	**35,416**

Posting Date / *Tarikh Pos*	Transaction Date / *Tarikh Transaksi*	Transaction Description / *Huraian Transaksi*		Amount(RM) / *Amaun(RM)*
		[redacted]		
		VISA IKHWAN PLATINUM : [redacted]		
		VISA IKHWAN PLATINUM		
		YOUR COMBINED FACILITY LIMIT (RM) KOMBINASI HAD KEMUDAHAN ANDA (RM)	**10,000**	
		YOUR PREVIOUS STATEMENT BALANCE JUMLAH PENYATA TERAKHIR		**1,932.83**
15/05	15/05	RTL MGMT CHRG RATE = 18.00%		
24/05	24/05	PYMT@MAYBANK2U.COM		1,932.83CR
26/05	25/05	PETRON TT ITN SHAFINAZ	JITRA MY	109.04
26/05	25/05	BONZON AIR COND	KEDAH MY	1,500.00
28/05	28/05	M&N UNIC S/B - JITRA	JITRA MY	1,410.00
29/05	29/05	Traveloka3DS*1147815403	KUALA LUMPUR MY	273.97
29/05	29/05	M&N UNIC S/B - JITRA	JITRA MY	160.00
30/05	29/05	CTRIP INTERNATIONAL TR	KUALA LUMPUR MY	264.84
30/05	30/05	PYMT@MAYBANK2U.COM		1,932.83CR
01/06	31/05	CTRIP INTERNATIONAL TR	KUALA LUMPUR MY	264.84CR
01/06	01/06	PETRONAS PARIT BUNTAR	PERAK MY	105.89
02/06	29/05	AGODA.COM CASUARINA@	Internet SG	299.90
09/06	08/06	MICROSOFT*MICROSOFT 365 B	MSBILL.INFO SG	9.00
		TOTAL CREDIT THIS MONTH (JUMLAH KREDIT)	**4,130.50**	

PLATINUM

Figure 6. Maybank Islamic credit card statement (Author’s own)

Figure 6 denotes Maybank *ujrah* ICC’s statement of June 2024 by which a total of 3652 reward points had been accumulated as a result of direct utilization of the card. The calculation of the reward points is to be explained as follows:

Table 8
Credit card transactions

Transaction	Classification	Amount (RM)	Reward Point
Bonzon Air Cond	Retail	1500	1500
M&N UNIC	Education	1410	1410
Traveloka	Hotel	273.97	273.97
M&N UNIC	Education	160	160
Agoda	Hotel	299.90	299.90
Microsoft	Retail	9.00	9.00
Total		3652.87	3652.87

Source: Author's own

Table 8 denotes reward points of 3652 which is likely resulted in view of RM3652.87 spending by a cardholder. Nevertheless, payments through 'Petron' and 'Petronas' were not considered as according to Maybank Islamic' fine print, "*Transactions for utilities, education, EZYPAY -I and takaful transaction will earn 1x Treat points and no Treat points will be awarded for spend on government bodies, petrol, any reloads e-wallets, payment via JOMPAY and FPX*" (Maybank Islamic, 2024). Ergo, utilization for any petrol station other than 'Petronas' will not be given a reward point. Further, utilization at 'Petronas' will entitle the cardholder a special rebate in which the reward point will automatically be denied. In addition to that, payment through JOMPAY, FPX, government bodies and e-wallet reload as well as services such as EPP, IPP and the likes are not entitled for the reward points as the issuer is either procured very low interchange fee or completely none. The payment through JOMPAY and FPX which is operated by Payments Network Malaysia Sdn Bhd (PayNet), a subsidiary of BNM and participated by almost all the banks in Malaysia has no transaction fees and thus giving no revenue to the banks. On the other hand, transactions through government bodies cause a scarce interchange fee to the banks as compared to the non-government bodies (Visa, 2023).

Apparently, the whole episode of the reward points is based on the utilization of the card by the cardholder. Had the card not be utilized, the cardholder would not be given *hibah* by the issuer. Given the aforesaid, the reward points which are purportedly given as *hibah* are arguably risen from the cardholder's consumption wherein the issuer will forego its small portion of interchange fees arising from the card's utilizations for the extension of the reward points. According to ISRA (2015), *hibah* is a charitable contract which "*effected by someone on the basis of ihsan (benevolence) and ta'awun (cooperation) which does not require the exchange of something for another thing*". *Hibah* as in the case of *ujrah* ICC must be given voluntarily without any countervalue as to avoid the existence of *riba* but the actual matter is utterly confusing and contrasting. Further, the *hibah* must be solely owned by the issuer without having relied to the fees stemming from the card utilization and the issuer (creditor) must not in any circumstances extending *hibah* for *qard* contract. Therefore, the arguments expounded by Fozi (2020) and Bakar and Rahim (2021) that cashback services are given in consideration of *hibah* and is discretionary in nature are seemingly debunked by the explanation aforesaid.

Conclusion and Contribution

The fundamental of Islamic banking rests on the elements of justice, fairness, transparency and social solidarity, just to name a few and by contrast the interest-bearing banks predominantly focus on profit maximization (Mahdzan et al., 2024). It is unbecoming for IBs not to immerse with the notion of profiting as the objective of *tijari* (business) is about earing profits (Rosly, 2022). However, the execution must be superbly corresponded with the aforesaid elements in view of the principal existed within. The IBs' products and services must be well developed according to the *shariah* principles within the ambit of *maqasid al-shariah* (higher objective of shariah) and not merely imitating the mainstream banks albeit the debt financing structure uphold by the former is identical to the latter (Rosly, 2022). Given the aforesaid, the *ujrah* ICC is not align with the *shariah* laws despite approval has been endorsed by the Council. As such, the ICC needs to reform its fundamental operational by adhering to its intention *qasd* (intention) rather than 'Islamizing' or imitating interest-bearing banks' products as the connotation of the *shariah* legal maxim "*al-umur bi-maqasidiha"* (matters are determined according to intention) relates to the function of intention in *shariah* (Lahsasna, 2013; Abd Razak, 2014).

This study will contribute immensely toward the knowledge of the current practice of the *ujrah* ICC which critically necessitated a review by the stakeholders in particular the SAC of the BNM, the IBs' board of directors and the managements of the IBs for the appropriate underlying contracts which unequivocally in sync with the *shariah* principles. In addition to that, other stakeholder namely cardholders, would have a different perspective against the *ujrah* ICC in which the former would be able to have a complete comprehension on the latter's structure and operational that will precipitate an impact on the consumption of the latter. By having extensive views on the latter which greatly benefit the stakeholders, the lengthy descriptions will also benefit consumers at large and would-be-cardholders in redefining their intentions to have the *ujrah* ICC which is being promoted by a vast majority of issuers running on IBW model.

This study posits the issuers to restructure the *ujrah* contract which is hinged upon *qard* contract with the appropriate contract that has entirely no conflict with the *shariah* principles and thus posing no threat to the ICC's existence. Moreover, this study has proven that the *ujrah* contract does not underpin the ICC's underlying features and thus causing the ICC to be similar to the CCC's operational in which the endgame is to reap profit in the face of interest. Undoubtedly, the *ujrah* ICC does not intermesh with the 'interest' similarly to the CCC but it acts as a *hilah* to legalize the profit which is deemed deplorable and utterly a corrupt practice made by the issuers. Nonetheless, there is a limitation with regard to the acknowledgement by the issuers' *shariah* advisors and *shariah* committees in particular, as well as IBs in general, pertaining to the *ujrah* issues aforesaid. As such, future researchers may delve into this parameter extensively for the explicit understanding of the *ujrah* issues embedded in the ICC.

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