

## **Does ‘Wadi’ah’ Follow Islamic Principles in Islamic Banks?**

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**Abstract:** *The knowledge of the present Islamic banking is an alternative solution to the Muslim civilization from the conventional banks in the practices. One of the products of Islamic banking is “Wadi’ah” account. Therefore, this paper targets at clarifying the perception of its application of “Wadi’ah” in Islamic bank. The motive of this paper is through qualitative research based on relevant literatures on “Wadi’ah” in Islamic bank. This paper will try to find out that “Are the principles of “Wadi’ah” really practiced in the present Islamic banking system?” This paper will also try to find out the reliability of “Wadi’ah” and its applications according to the Islamic perspective practicing in the present Islamic banking system.*

**Keywords:** *Deposit, Islamic banking and finance, Wadi’ah Yad Damanah, Wadi’ah Yad Amanah*

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### **I. Introduction**

In the financial development of Muslim nations today, the part of Islamic banks is extremely huge, particularly, when the banks' non-Islamic saving money exchanges are not permitted on the premise of Islam. Obviously, the Islamic banks are exceptionally frightened halal segment in this store contract. This paper intends to clarify what precisely it is protected, and in addition the conclusions of researchers on the admissible premise to permit it. Furthermore, most unmistakably, it is its own type of stores in Islamic managing an account and also any agreement that maintains this store exchange. Actually, Al Wadi'ah implies safe keeping. In the legitimate sense, it is an agreement whereby a man leaves his property for safe insurance of someone else. Store alludes to the property that is focused on the trust and care of the depositary.

### **II. Literature review**

Lawfully, the Hanafi researchers characterize it as a strengthening to somebody for keeping the proprietor's property unequivocally and certainly. Though as indicated by Shafi'i and Maliki researchers, Wadi'ah is displayed in keeping ownership of respectable private merchandise specifically. Hanbali researchers include the component of philanthropy when they characterize Wadi'ah as representation in keeping (other's property) and it is done (by the guardian) as a philanthropy.

Adam, I.K(1983) expressed al-Wadi'ah is continuing something from somebody to another, either from an individual or association that must be protected safe and give back on the interest. This is the mix between protection (al Wadi) and insurance (Daman). This sort store office's more extensive application in the Islamic managing an account framework, especially where the stores are the wellsprings of assets for banks. A portion of the components: the overseer is qualified for utilize the store property for exchanging or whatever other purposes. Along these lines, has right to increase some benefit got from the use of the property and at some point he is completely in charge of the harm (Adam, I.K, 2012).

Zuhaili, W. (1985) expressed that perform the trust to the individuals who depended you and don't deceive the individuals who sold out you" (Abu Daud) notwithstanding the confirmation from the Quran and Sunnah, all Muslim researchers consistently concur on the passability of Wadi'ah. This sort of exchange is a need and an essential for securing humankind and such ought to be permitted (Zuhaili, W. 1985).

The proprietor of the thing is known as media (contributor). The individual endowed with is known as the Wadi or Mustawda' (custauda') and saved resource is Wadi'ah. It is empowered for any individual who has trust in himself to take the Wadi'ah to help other people.

The historical backdrop of the Prophet (peace be upon him) additionally demonstrates that the Wadi'ah is permitted. When he relocated to Medina, he requested that Ali Ibn Talib stay behind Mecca to give back the products under his depositary. Notwithstanding when the contributors turned into the adversary, the store was returned safe. Legal scholars have concurred all through the historical backdrop of Islam that the store contract is passable in view of the (need) of approaching others to hold one's property for protection.

As per Haron and Wan-Azmi (2008), investors of bank account hold cash as a result of preparatory thought processes while are all the while instigated by their speculation intentions. Bank account offers Muslims the capacity to activate their assets for gainful purposes, for example, to back tasks and different business exchanges. In the meantime, such record is of significance for unexpected circumstances.

This is seen correspondingly by Azhar Rosly, S., & Ashadi Mohd. Zaini, M. (2008) who clarify that an Islamic bank holds privilege on benefit appropriation strategy as blessing (Hiba) for this kind of record. It is so

basic for every bank offering investment account to give Hiba as a motivator to pull in clients to pick its Islamic managing an account items. In the event that the bank produces more benefit from its keeping money business, more prominent measure of Hiba is given and is credited to the client's investment account. In the event that the bank is running at a misfortune, no Hiba is allotted, and the client does not lose any of the cash they have kept inside of the bank. This clarification in this manner exhibits how the investment account is in accordance with Shariah Islamiyah interestingly of the enthusiasm bearing investment accounts offered by traditional banks.

Past exploration done by Haron and Ahmad (2000) examined the relationship between rates of profit for stores. However, this paper incorporates two different variables that were Gross Domestic Product (GDP) and Inflation Rate (INF) to analyses the relationship.

This paper is additionally diverse to the study done by Kasri and Kassim (2009) in which they concentrated on the relationship by utilizing Mudharabah speculation store while this study tries to utilize Wadiah store to be as indigent variable. Moreover, Kasri and Kassim (2009) concentrated on the relationship between genuine rate of return, financing cost, genuine wage, number of Islamic bank offices and Islamic store in Indonesia. The outcome demonstrated that mudharabah venture store had positive association with the genuine rate of return and negative association with the genuine loan fee. This suggested higher rate of return and lower financing cost were connected with more elevated amount of the Islamic stores. Despite the fact that the arrival to sparing was a huge deciding variable to spare in Islamic banks, two different components in particular Islamic bank offices and genuine pay were observed to be immaterial in influencing the level of Islamic store over the long haul.

### **III. Pillars of Wadi'ah**

According to Hanafi School of thoughts, there are two pillars of Wadi'ah contract; offer and acceptance. Hanafi's stipulate that the parties must be sane, but they do not stipulate the legal age as a condition. The majority of scholars says Wadi'ah has three pillars; expression (offer and acceptance), the parties (depositor and depositary) and the deposited property. The conditions of the Wadi'ah contract include:

- i) Both parties should have legal capacity. A child or an insane person cannot take or give a deposit. However, the guardian can do so.
- ii) The object should be a storable property. It cannot be perishable goods, like fruits. The reason is perishable goods cannot be kept for a long time. It will damage very soon. So it cannot be returned later.
- iii) The benefits derived from the deposited property belong to the owner. For example, if a deposited house if rented, the revenue must be returned to the owner, unless the owner gives the return to the depositary. This case applies to any benefit derived from a deposited property, because the owner is a trustee. He just safeguards the property. He did not bring the property for business.
- iv) Any suitable condition set by the depositor should be followed by the depositary. For example, if the owner asks the depositary to take the deposited car to a garage for washing monthly, the depositary must do it. But the car washing fee must be paid by the depositor (the owner). Any cost incurred to handle the deposited property should be incurred by the owner.
- v) Both the parties have the right to cancel the contract at any time. They do not need to wait until the agreed period is over. For example, when I go back to my country for the holiday, I gave my laptop as Wadi'ah to my friend. The understanding was that I will come after one month. But I came two weeks early. I can cancel the contract as soon as I come. I do not need to wait for another two weeks to complete the 1 month.

#### **Relationship between the parties**

The depositary is a trustee, not a guarantor. A trustee is a person who takes care of another person's property. He is not liable for the damage to the property, unless the damaged is caused due to his negligence. He has to look after the property as if it is his own property. On the other hand, a guarantor is responsible for the loss/damage of the property under his care regardless of the reason.

The pillars also differ between them. The pillars given above are the pillars as a trustee. There are things that the depositary is allowed to do, with some limitations. For example, the depositary can rent the deposited car, but the profit must be given to the owner. He cannot use the deposited money for business. Some modern banks claim that the normal saving bank accounts are acting as trustee. However, they do guarantee the amount deposited. The trustee is not liable for the loss unless the loss is caused due to his negligence, so the western concept of deposit is not Wadi'ah. They also give a predetermined profit percentage of the deposited amount, regardless whether the bank makes any profit or not. This is interesting. Not a percentage of profit. Interest is prohibited in Islam.

#### **Joint Depositors**

If two depositors make a joint deposit, and one depositor comes alone to withdraw the deposit, the depositary is not allowed to give it to him in the absence of the other depositor according to Abu Hanifa. He

considers that the deposit is a common property of the two depositors. Each depositor's right can be separated by dividing the deposit. The depositary is not allowed to divide the deposit. He is considered as an agent of the two depositors.

### **Joint Depositaries**

If a depositor makes a deposit to two depositaries and if the deposit is divisible, then each of them may take half of the deposit for safekeeping. Abu Hanifa specifies that if one of the depositaries keeps the entire deposit, then the other depositary still guarantees half. Even if one of them delegates the other safekeeping all of the deposit, he still guarantees half of the deposit. However, if the depositor agrees to make the deposit exclusively to the one depositor, the other person is not responsible.

In other hand, Abu Yusuf and Muhammad ruled that the depositary who delegates to the other is absolved from guaranty. They ruled that the deposit is not guaranteed by either.

### **General**

Hanafi and Hanbali ruled that the depositary should keep the deposit as if it is his own property. In this regard, he can leave it in the possession of any of his dependents, like wife, children or servant. If the depositary is to keep the deposit under anyone's possession other than his dependents, he should get approval from the depositor. Otherwise, he will be held liable for the property if damaged. He will be a guarantor.

Maliki's allow the deposit to be kept with the trustworthy long-term dependents and long-term employees. Thus a newly married wife and lessee are excluded.

Safi does not allow the deposit to be left with anyone. The deposit must be kept with him.

He cannot leave the property, even with his wife and children without the depositor's permission. If he gives the deposit to another person, the depositary becomes a guarantor. He must be responsible for any loss or damage of the property. Some of the valid excuse to keep the deposit with another person, include; sickness and travel.

### **When the depositary is held liable**

In some certain situations, the depositary is held liable for any damage or loss of the deposit.

Sometimes the depositary's position is changed to the guarantor. These situations are discussed below:

The depositary is accountable for the protection of the deposited property. The depositary has to take care of the deposited things in such a way so that the deposited property is safe from destructions, fire, damage etc. This is why he is a depositary.

However, if the deposit is damaged due to negligence or carelessness of the depositary, then the depositary is held liable for the damage of the property. In such case, the depositary's position will be changed to the guarantor. So, as a guarantor, the depositary would be liable for the compensation and damages to the property. For example, let us consider that Ameen is a depositary. One of the deposits got damaged and is proving that to the authority that the deposit was damaged due to negligence. So, Ameen would be held liable for damaging the property intentionally and for the compensation.

If the depositary invests the deposited money in business without depositor's permission and suffers from losses from the invested business, then the depositary is held liable for the damage and compensation for the deposited money. This is because; the depositary has used the money of the depositor to run the depositary's business and got loss from the business. The depositor has the full right to get his money back. And thus the depositary is held liable for the total payment of the deposited money to the depositor. Example: Suppose, Ameen invested the money deposited by Mr. Azim in business without

Azim's permission and has suffered loss. Mr. Azim has the absolute right to get his money back. Therefore, Ameen is liable to pay the deposited money to Mr. Azim even though Ameen has suffered from loss from the business venture it has invested in.

Sometimes a depositor makes it a condition that the depositary holds the deposit in a specific place (e.g. a particular house, or a particular box). Then, if the depositary places the deposit in a different place without the depositor's permission, most jurists agree that he guarantees it.

The Hanafi's, Maliki's and Safi's ruled in this case that the restriction to a specific place does not serve any purpose. Thus, they ruled in this case as well that the depositary guarantees the deposit if he places it in a less secure place, but does not guarantee it if he places it in an equally secure or more secure place. The Maliki's added that the depositary guarantees the deposit if he moved it from one city to another. The Hanafi's explicitly stated that the depositary does not guarantee the deposit if he violates a depositor condition, not to move the object and not to give it to his wife. They argued that the depositary has no option but to leave the object with his wife if he needs to leave the house. Thus, even if the condition can be beneficial to the depositor, it cannot be met by the depositary, and hence he does not guarantee the deposit in this case.

Example: Suppose, Ameen has got some instructions regarding the safekeeping of the property deposited by Ms. Fatima. But the Ameen neglected Ms. Fatima's instructions and applied his own techniques in safekeeping of the deposited property. But the property got damaged. So in this case, Ameen is liable for the damage and has to compensate Ms. Fatima, because of not following Ms. Fatima's instructions to take care of the property.

The depositor should not deposit the deposited property with another person. If he entrusts the deposit with another person without the depositor's permission, his position is changed to a guarantor. He is liable for any damage or loss to the property.

E.g. Suppose, Ameen has got a property from Ismail to deposit. Ismail has deposited the property so that Ameen deposits the property in his own custody. But the Ameen wants to deposit the property with a friend. In such case, Ameen must seek for Ismail's permission regarding the safekeeping of the property by another person. Otherwise, Ameen would be changed from the position of a depositary to a guarantor and would be liable for any loss or damage to the property.

If the depositor demands the return of his deposit, but the depositary denies having received it, or refuses to deliver it despite his ability to do so, he is thus considered as usurp. Thus, by demanding the right of his deposit, the depositor denied the depositary's right to possess the item and the depositary becomes as usurp if the depositor's claim is accepted. Thus the depositary guarantees the item in one of the three cases:

- i. If the depositor supports his claim with an oath.
- ii. If the depositary admits that the depositor's claim is valid or
- iii. If the depositary refuses to take an oath supporting his own claim.

In this regard, even if the depositary first denies having received a deposit, and then he admits having received it, the initial contract is no longer in effect, and the depositary's contract remains in place. On the other hand, if the depositary first denies that he had ever received the deposit, and then he proves that he had received it but that it perished, we need to consider three cases: If his proof shows that the deposit perished after he had denied receiving it, his proof is ignored. In this case, the initial contract ceased to exist at the moment of his denial, and thus his guarantee remains in place. If the proof shows that the deposit had perished before his denial, then the proof is accepted, and he is not responsible to guarantee the object. If he claims that it had perished before his denial, but fails to produce a proof, then he may demand that the depositor take an oath. In this case, the judge has to demand to oath from the depositor that the deposit perished after the depositary's denial. Then, the depositary becomes a guarantor of the deposit if and only if the depositor takes that oath.

Example: Suppose the Ameen refused the existence of the property deposited by Mr. Azim and therefore refuses to return the property to Mr. Azim. Meanwhile, the property has got destroyed or stolen. Therefore, the Ameen would be held liable for the damage of the property and for the compensation to Mr. Azim. To avoid denial, it is important to have a written contract.

A depositary should not travel with the property deposited with him. Jurists differed in their rulings regarding the depositary's right to travel with the deposit, and the resulting rulings if he does. In what follows, we present the different opinion in some detail:

Abu Hanifa ruled that a depositary has the right to travel with the deposit, provided that the depositary did not explicitly forbid him from doing so, and as long as the travel route is safe. Thus he ruled that the deposit contract was unrestricted by any geographic area, and such restrictions require explicit proof. Thus, if the depositary travels with the deposit, and it is adversely affected by a natural cause, the depositary is not liable.

Abu Yusuf and Muhammad ruled that the depositary is not allowed to travel with the deposit if its transportation is difficult or costly. In this regard, they ruled that the depositor may be exposed to an additional cost of retrieving his property if the depositary were to die while travelling with his deposit. However, if the deposit can be transported with minimal effort and cost, the depositary is permitted to take it on travel.

The Maliki's ruled categorically that a depositary may not travel with a deposit, unless he receives it while travelling. Thus, they ruled that under normal circumstances, the depositary must keep the deposit in the same city. In this case, he is permitted to redeposit it with a trustworthy resident of the city, and he bears no guaranty for the object, whether or not he has the ability to deliver it to legal authorities.

The Safi and Hanbali also ruled categorically that a depositary is not allowed to travel with a deposit. However, they ruled that if he needs to travel, then he must return it to its owner, his legal agent, or legal authorities, in that order. The ruling is based on the view that the depositary holds the deposit as a voluntary uncompensated act, and thus he is not bound to keep it. In this regard, if he cannot deliver the deposit to its owner or his legal agents, legal authorities can play the role of the factor legal agents of the owner. If the depositary were to travel with the deposit, they ruled that he would thus guarantee it, since travel adds a risk factor to his possession, whether or not the travel route is considered safe. The face that all types of travel involve additional risk is supported by the Hadith. The traveler and his property are exposed to the risk of perishing, except to the extent that Allah protects them.

Example: Suppose, Ameen has travelled with the property deposited by Mr. Azim and has got the property damaged. Therefore, Ameen would be held liable for the damage of the deposited property and for the compensation of the damaged property.

When a depositary mixes the deposited property with other properties without the approval of the depositor and where separation of the properties is not possible, he is held liable if the deposited property is damaged or stolen. All jurists agree that the depositary assumes guaranty of the deposit if he utilizes deposit (e.g. wearing a deposited dress, or riding a deposited riding animal). However, jurists differed in their rulings if the depositary ceases to utilize the deposit: As we have already seen, the majority of Hanafi's ruled in this case that the reason for establishing guaranty had ceased to exist, and the depositaries possession continues to be in effect with the depositor's permission. Thus, they ruled that the guaranty is dropped, in analogy to the status of the contract prior to his utilization of the deposit.

The Maliki's, Safi's and Han Bali's ruled that the depositary guarantees the deposit after its use, even against the effects of natural causes. Thus, their ruling is based on the view that once the depositary utilized the deposit, his possession ceased to be a possession of trust. As we have seen, his action in this case to be analogous to denying having received a deposit and then admitting it. Therefore, the depositary may only be absolved of the guarantee in this case by returning the deposit to its owner.

Example: let us consider that, the Ameen used the property deposited by Ms. Fatima without getting permission from her and got the property damaged while using the property. Therefore, the Ameen would be held liable for the damage and compensation, because, Ameen used the deposited property without getting permission from Ms. Fatima.

### **Using deposited money for investment**

After the money has been deposited, a depositary may invest the money in any trusted financial intermediaries or businesses. However, the depositary has to guarantee the return of the deposit at any time when demanded. In the other word, we can say that the depositary, which is the person to whom the money is lodged in trust, has the liability of the money. Thus, any kinds of profit and loss that may be generated from the investment are fully belongs to the depositary. The depositor cannot claim for any portion unless he or she was willing to involve suffering losses in the investment that has been made. In this case, the transaction could convert into another type, which is mudharabah and the deposit ceases to exist. As an analogy, when person

'A' deposits money to person 'B' for business, person 'B' can do whatever he wants about the money deposited, and this includes investment. Person 'A' and person 'B' should first clarify their sharing towards the investment. If person 'A' is not willing to take any risk regarding the investment, he also is not entitled for the profit gain from the investment. So, person 'B' will own any loss or revenue generated from the investment. If a person 'A' would like to participate in the investment, he should bear the risk of losing thus he will be entitled towards the profits from the investment according to specific amount agreed by both parties.

Mudharabah within Islamic law indicates the payment of a specific amount of money to a person who uses it for business and makes a profit from it. Wisdom approves the permissibility of mudharabah in wealth, because people are in need of it and money does not grow except through circulation and trade. Ibnul Qayyim said, "The mudharib is a trustee, an employee, a deputy and a partner. He is a trustee when he takes the money; a deputy when he uses it, an employee in the work that he executes, and a partner in the profit. For Mudharabah to be valid, the share of the worker should be named." In detail, using mudharabah, the profit generated would be divided based on an agreed percentage, and the parties who have contributed the capital would together suffer the losses that may occur in the future. This is one good measure to encourage people to work together in order to fulfill their goals and objectives. By working together hand in hand, complicated or difficult work can be done or solved and these may save us a lot of time, money and also energy. Strength and weaknesses of both parties then can be identified, and appropriate actions or corrections can be taken to improve the quality of the businesses in the future.

There are many types of investment available for a depositary to invest the money, but one thing to make sure is choosing the right investment. Investment made have to be Shariah compliant, which means its concept and aspect has to be according to Shariah. One of the investment products that we have in the market nowadays is a unit trust. The Islamic Unit Trust will combine three important factors, which are western investment expertise, Islamic finance expertise, and also Shariah guidelines provided by Islamic religious scholars. By combining all those three factors, we can say that is a good product for our investment because is Shariah compliant, and includes murabahah, mudharabah, and also musharakah in the transactions being made. Islamic unit trust also has a special risk managing capability, which can calculate and measure the risk that may occur, thus guiding investors to make the wisest decision possible.

In addition, there are many other investment products we have in the market today to invest the money and take part in the business cycle. Again, we must always identify whether the product is good and suitable for us, so it will not cause waste to the money being invested. Other Islamic investment that we may involve in is

property investment, and this includes property investment bonds. Taking person 'C' and person 'D' as an analogy, where person 'C' is a depositor and person 'D' is a depositary. When person 'C' deposit his money to person 'D', and he agreed to let person 'D' invests the money and willing to take the risk from the investment. Thus, the money will be invested in the property bond market, and all the cash flows or future profits that generated by the bond will be divided between person 'C' and person 'D' referring to agreeable portions.

When the deposited money was used for investment, the depositary may not require any fees in return for keeping the deposit. This is normally practiced by the society and this additional charge often called service charge. Fees for keeping deposit can be permissible only when there are expenses involving the accommodation and also the safekeeping of the deposit. Taking expensive item, let say rare diamond for instance, it does need extra special care to ensure the quality and condition of the diamond. Thus, additional expense will incur during the process and the depositary has to pay for it. In this condition, it is not wrong if the depositary charged an extra fee for holding and taking care of the deposit. Let's take person 'X' and person 'Y', where person 'X' is a depositor and person 'Y' is a depositary in this transaction. When person 'X' deposited a really expensive art of work, let say, the portrait of Mona Lisa, which is really famous and difficult to find. Person 'Y' will be responsible to keep and preserve the portrait in the best condition possible. In order to fulfill this, person 'Y' will incur a lot of expenses of keeping the portrait such as cleaning, security, storage, and also the maintenance if something happens to the deposited item. Thus, person 'Y' may charge person 'X' reasonable fees or service charge along for all the expenses that occur along the process of keeping the portrait in good condition.

By referring to the points above, we can stress out that investment is one of the best methods that one can gain profit from. When using deposited money for investment, the most important thing for the depositary is his liability towards the deposit, and he should return the deposit to the depositor when requested without any excuse. The depositor may only benefit from the profit generate by the investment of deposit, if only he also shares the risk of losing from the deposit which is through a profit loss and loss sharing transaction under the concept of mudharabah. By this transaction, both depositor and depositary may gain benefit or incur loss from the investment of deposit. Islam also stressed that purely from a Shariah perspective, investment is strongly encouraged. Islam normally favors the middle-path and therefore the extremes of hoarding wealth and consumption are clearly undesirable from a Shariah viewpoint. The Shariah prefers the balance between these extremes, which is achieved via a diligently prepared Shariah compliant investment strategy. Moreover, investment usually stimulates economic growth and collective prosperity.

### **Wadi'ah and Islamic banks**

In the Prophet (saw's) age, Islamic keeping money was as a straightforward investment account. Amid the medieval times, it is guaranteed that numerous ideas and practices of Islamic keeping money and fund were embraced by European agents and financiers. Just up to this point Islamic saving money and account is being used and acclimatized into cutting edge needs, getting to be one of the world real players. At the Organization of Islamic Conference in Jeddah 1973, "discourse in regards to the Islamization of managing an account framework was completed, which brought about a few banks to change to benefit and misfortune sharing framework from the premium framework." There are two types of Wadi'ah.

### **Wadi'ah Yad Damanah**

This is a trust assertion, where the financier looks for clients who wish to put their assets under safe guardianship. The clients may pull back whenever, with a probability of gaining a few benefits. As Wadi'ah is a trust, the bank turns into the underwriter or caretaker and subsequently ensures the sum's reimbursement. The bank furnishes the client with a passbook. The bank asks for the client's authorization to make utilization of the assets the length of the assets are with the bank. All benefits created from the utilization of the assets fit in with the bank. On the other hand, the bank might, at its total prudence, compensate the client by giving back a bit of the benefits created from the utilization of his asset.

### **Wadi'ah Yad Amanah**

Like reserve funds store, the bank furnishes its clients with check books as in traditional keeping money. The bank asks for the clients' consent to make utilization of the assets the length of these assets stay with the bank. All benefits created are imparted to the contributors.

Initially Wadi'ah is of Yad Amanah where the caretaker has the obligation to secure the property by:

- Not blending or pooling the properties (cash) under his care.
- Not utilizing the properties.
- Not charging any expenses for safe authority.

In the event that he/she fizzled in any of the above Wadi'ah changes to Yad Dhamanah where he/she needs to return (supplant) the properties to the proprietors on the off chance that they were lost or wrecked.

An Al-Wadi'ah Savings or Current Account is an option depositary represent Muslims or non-Muslims since Islam does not permit the paying and getting of hobby. The current customary bank investment account pays premium. The Al-Wadi'ah records are produced under the Shariah idea of Al-Wadi'ah Yad Dhamanah (Guaranteed Safe Custody). The client's stores are overseen as per the rules affirmed by the Shariah Advisory Council. Rather than premium, the Bank's benefits may be granted to the record holders, subject to the caution of the Bank.

#### IV. Conclusion

Although in practice the Islamic banking, Al-Wadi'ah is much like the conventional ones, it is different. Wadi'ah do not give interest. Sometimes a percentage of profit is given from investments.

We have to remember that in Islam, everything starts with intention. If we have good intentions, we will be rewarded for it, however if we have bad intentions and actually put it into practice, we will face the consequences later in al Akhirah.

All the profits generated by the Islamic bank from the use of these funds belong to the bank. However, the bank at its own discretion may from time to time reward the customers or may give them gift (hibah) from the profits generated from the use of their deposited funds. This implies the importance of having more than one Islamic bank, so that they will compete and provide better service.

Islamic banking is so successful that more and more conventional banks are setting up Islamic windows to serve the increasing demands. So Al-Wadi'ah is one of the secure savings account for the human being specially for the Muslims those who fear to Allah and get rid of any types of interest (riba). If the Islamic bank be more conscious about the interest and they practice Islamic Shariah completely then the objective of this Wadi'ah will be fulfilled.

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