

**International Team Project: United Arab Emirates, Spring 2011**

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**Shari'ah Boards, Islamic Finance, and the UAE:****Companions of the Fire**

Abstract:

Part I of this paper will explore the role that Shari'ah boards play within the Islamic financial structures of MENA countries in general and the UAE in particular. To begin, the definition of Shari'ah compliance and its Islamic origin will be analyzed. Next, how Shari'ah boards came into existence will be reviewed. Lastly, Shari'ah board legal requirements will be briefly canvassed.

Part II of this paper will focus on the role of Shari'ah boards and scholars within the UAE today. Section B of Part II, will discuss the typical profile of a Shari'ah scholar within the UAE today. Specifically, his level of education, background, philosophy, and methodology. Section C will discuss how a typical transaction gets Shari'ah approval, as well as some interviewee perspectives of the approval process. Section D will discuss some practical tips and best practices our interviewees shared regarding the role of Shari'ah boards and scholars within the UAE. Section E will discuss the growing flexibility within the Shari'ah community for certain -- previously haram -- transactions, and the reasons for this. Section F will discuss the current challenges facing Shari'ah boards seen from the prospective of our interviewees. Lastly, Section G will conclude by examining the future of Islamic Finance within the UAE.

It is important to mention that any discussion of Shari'ah boards, scholars, and our interviewee's perspective on these topics is only relevant within the UAE. Shari'ah boards and scholars outside the UAE -- although similar on many levels -- operate fundamentally differently than those within the UAE. Thus, any inferences, conclusions, and predictions drawn from Part II of this paper should not be applied to Shari'ah boards and scholars outside the UAE.