

Abstract

This dissertation investigates the legal causes of the difference in rulings on tawarruq, a controversial product used in contemporary Islamic finance practice. The research examines the diversity of rulings on tawarruq and explores the underlying reasons on which these are based upon. Rulings of Islamic law are generally influenced by four factors: time, place, customs and circumstances. These elements have an impact either individually or collectively on rulings. The aim of the dissertation is to study the differences in tawarruq rulings in light of these four factors. The aim of the dissertation is accomplished by analysing historical evolution of the rulings on tawarruq over five stages: the first Islamic era, the age of the *tabi'een* (followers), the age of the *mujtahids* (qualified jurists), period after the age of the *mujtahids* and contemporary times. This thesis then examines the current rulings and forms of tawarruq as applied in Malaysia and Gulf Countries (Saudi Arabia, United Arab of Emiratis, Qatar, Bahrain and Kuwait) in the light of four factors identified above. The findings of this study underline the fact that the four factors (time, place, customs and circumstances) have an important influence on the rulings on tawarruq, both in the past and the present.