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أثر متطلبات السيولة التي يفرضها بنك الكويت المركزي على الوعاء الزكوي للبنك الإسلامي

د. محمد عود الفزيع

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account balances are zakatable in the same way as other current accounts. Investment accounts murabaha operations are zakatable in the same way as other investment accounts. Sukuk in these balances are zakatable in the same way as other sukuk.

3. Shariah Supervisory Boards in ICBs should analyze the components of their zakat bases in light of the Sharia requirements on the one hand, and the regulatory and accounting requirements on the other.

Recommendations:

1. Further jurisprudential studies are required for research into the concepts of (full ownership) and (growth) to study their effect on calculating the zakat of commercial establishments.

2. Jurisprudence specialized studies in monetary policy tools should be pursued in light of the regulatory requirements.

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accounting effort.

1.4 Is the zakat treatment different in case the CBK obligates the ICB to invest in instruments prohibited by Shariah?

Based on what was explained in the introduction, the CBK invests the balances of ICB in legally acceptable instruments, especially since the CBK has a supreme body for Sharia supervision that supervises its work. If, presumably, it obligates ICBs to invest in prohibited instruments by Shariah, such as Government bonds or treasury bills, the question in this case is how is zakat calculated?

In principle, it is not permissible for the ICB to invest in bonds. If it is obligated to invest in them by the supervisory authorities, in this case the bonds are recognized in its zakat base according to their cost to the ICB according to what was detailed in the introduction, while their interests are not recognized in the zakat base, as this would be forbidden income, and it is not considered money from a Shariah point of view(1).

5.Conclusion and Findings

1. Zakat is not obligatory in the (*legal deposit*).

2. The (ICB) recognizes in its zakat base (the cash liquidity and the like) at the (CBK) which consists of: current account balances, short-term murabaha transactions, murabaha profits which increase or decrease according to the discount rate, murabaha transactions, certificates of deposit, and sukuk, according to the established jurisprudential opinion on its zakat without changing the ruling of its zakat due to being deposited at the CBK. Current

(1) Bayt al-zakāh : Aḥkām wa-fatāwá al-zakāh, p. 81.

the benefit of its owner, then this balance becomes a zakat asset because “their retention does not prevent their development, so the condition of full ownership is fulfilled in it”. If they are not invested for the benefit of their owners, they are not considered a zakat asset due to the lack of full ownership due to the inability of the ICB to use these balances(1). This method of differentiating between the balances that are invested and the balances that are not invested observes Sharia standards in cash balances withheld from contracts to ensure achievement, as it was stipulated that “if the institution is not able to invest these balances, it does not pay zakat...unless when it holds it completely, it pays zakat on it for one year(2)”.

The researcher believes that this differentiation in zakat is not to be taken into account, because if the balances are invested for the benefit of the bank, growth will be achieved, as evidenced by the fact that contemporary jurisprudence requires zakat on the balances that the ICB reserves against the letter of covered guarantee, without differentiating between whether this balance is in a current account or an investment account as was mentioned in the first section. In addition, practically it is difficult to apply this method in the case of the State of Kuwait, in which bank balances consist of non-profitable balances and other profitable balances, in light of what was mentioned in the third subsection in the introduction, since its application requires further investigation into the components of these balances, and this requires a great

(1) Yūsuf al-Shubaylī: al-Marji‘ al-sābiq (2/374).

(2) Ref: Hay’at al-muḥāsabah wa-al-murāja‘ah lil-mu’assasāt al-mālīyah al-Islāmīyah: Al-Marji‘ al-sābiq, p. 869.

conditions in which there is unfairness for the observing party.

4.2 **The effect of lower profit compared to the commercial profit rate due to the compliance of the ICB:**

The CBK may invest the ICB balances in short-term murabaha operations. In this case, the attained profits may be very low. If the ICB invested these balances in murabaha operations with other banks, the profit that can be achieved may be more that with the CBK.

The researcher believes that the decrease in profit in these operations does not affect the ruling on their zakat, because whether or not a profit is attained has no effect on calculating the zakat of commercial activities. Zakat may not be due in a commercial activity that made a profit, and zakat may be due in an activity that made a loss. It was stated in the decision issued by the seventh symposium on contemporary zakat issues for calculating zakat on trade, taking into consideration the zakat assets through sorting out and valuation of them on the day zakat is due, regardless of profit or loss. According to the instructions guide: "profit and loss are not considered in the zakat budget, because zakat is obligatory on actual assets whose place is in the balance sheet"(1).

1.3 In the zakat treatment of (the liquidity at the CBK and the like), is there a difference between liquidity that is invested and liquidity that is not invested?

Some contemporaries differentiate between the retained money invested for the benefit of its owner during its confiscation, and money that is not invested. If these balances are invested for

(1) Bayt al-zakāh: Dalīl al'rshādāt, p.78.

4.1 Is this a case of chained hand in every aspect?

It was stated in the introduction that among the functions of these balances is to support the business of the ICB in the event of an increase in emergency monetization requests, to provide it with the necessary credit facilities when needed, and to enable it to conduct clearing operations with other banks. This means that the hand of the ICB is not completely chained regarding these balances, especially since there is no explicit text from the CBK prohibiting any bank from withdrawing these balances. For the penal violation on the bank, it is intended for the protection of the bank from any defect in its cash flow.

The inability of the ICB to act on these balances freely based on the instructions of the CBK can be considered in ruling as the contracts of Compliance [(4)]. These are valid contracts that have legal effects - according to many contemporaries - with a difference among them in expanding or narrowing their forms. The Islamic Fiqh Academy stated in its Act No. 132 that contracts of compliance are sound and valid if they are subject to state control, intended to establish what is just, and to amend or cancel what is unfair to the observing party in accordance with what Sharia requires, the price is just, and the contract does not include

(4) Compliance contract: a contract where one of its parties - the stronger one- imposes their conditions on the counterparty (called the acquiescent party). This part has nothing but to submit to these conditions, without discussing, bargaining, or modifying them. It may relate to a legal good or service conflict in a necessary service that falls under a legal or actual monopoly. This includes public service contracts, bank account opening contracts, credit card issuance contracts, and work contracts. ʻAbd al-Razzāq al-Sanhūrī: Al-Wasīṭ fī sharḥ al-qānūn al-madanī, Naẓarīyat al-iltizām (1/78, 230).

them as mentioned above[1].

8. The majority of jurists from the Hanafi, Maliki, Shafi'i and Hanbali schools are of the view that zakat on the deposit is obligatory - in its jurisprudential sense[2]. The Hanafi, Maliki and Hanbali jurists obligated zakat on the borrowed property[3]. In both cases, the owner may not be able to hold his property if he asks for it immediately, as it may be delayed for any reason, such as the travel of the holder of this money.

4.Fight issues arising from the ruling that zakat is obligatory in (the liquidity at the CBK and the like)

Some researchers may pose some problematic issues regarding what the researcher decided concerning the ruling on recognizing (the liquidity at the CBK and the like) in the zakat base. In this section, we will discuss these problems.

(1) Al-Ghazālī, ibid. (2/441)

(2) Yanẓur / al-Samarqandī : 'Uyūn al-masā'il, taḥqīq : D. Ṣalāḥ alddīn Nāhī, Maṭba'at As'ad, bi-Baghdād, 1386h, p.43., Ibn bzyzh: Rawḍat almstbyn fī sharḥ Kitāb al-talqīn, taḥqīq : 'Abd al-Laṭīf zkāgh, Dār Ibn Ḥazm, al-Ṭab'ah al-ūlá, 2010 (1/444). Ibn Rushd : al-Bayān wa-al-taḥṣīl wa-al-sharḥ wa-al-tawjīh wa-al-ta'līl li-masā'il al-mustakhrajah, taḥqīq : D Muḥammad Ḥajjī wa-ākharūn, Dār al-Gharb al-Islāmī, Bayrūt, Lubnān, al-Ṭab'ah al-thāniyah, 1988 (2/373). al-Māwardī: al-Marji' al-sābiq (3/263). Ibn Ḥajar al-Haytamī: Tuḥfat al-muḥtāj fī sharḥ al-Minhāj, al-Maktabah al-Tijārīyah al-Kubrá bi-Miṣr li-ṣāḥibihā Muṣṭafá Muḥammad, 1983 M (3/232). Ibn Qudāmah: al-Mughnī, Maktabat al-Qāhirah, 1968m (3/71). al-Buhūtī: al-Marji' al-sābiq (2/175).

(3) Ref/ Al-Kāsānī: al-Marji' al-sābiq (2/70). al-Wansharīsī : 'iddat al-burūq fī jam' mā fī al-madhhab min al-jumū' wa-al-furūq, taḥqīq: Ḥamzah Abū Fāris, Dār al-Gharb al-Islāmī, Bayrūt, Lubnān, al-Ṭab'ah al-ūlá, 1990, p.147. al-sharḥ al-mumti' 'alá Zād al-mustaqni', Ibn 'Uthaymīn, Dār Ibn al-Jawzī, al-Ṭab'ah al-ūlá, 1428 H (6/25).

when someone is withheld from his money and when someone is indebted to others. This description does not apply to the ICB that deposited these balances at the CBK. Inaccessibility can also be related to the nature of the money, such as when it is the object is sold before taking possession of it if one lunar year has passed, the mortgaged object if a lunar year passed on it, the usurped, lost and the denied money that is not supported with evidence. These are examples of *Damar* (inaccessible property), which does not apply to the balances in question[(1)].

6. The description of (the control of others on the property) does not apply to these balances as it is included under (the incomplete ownership). It includes cases such as: revocable ownership, the found item after the second year if the collector does not possess it, and if the lender has a loan that remained with him for over a year. The control of others over the property differs from the case with *the liquidity at the CBK and the like* because it is still the property of the ICB and it can request its liquidation in certain cases, as it is a trust with the CBK for the benefit of the ICB[(2)].

7. These balances do not meet the description of (instability of ownership) which is included in (the incomplete ownership of the property), because the forms that are included under it are different. Examples include: if a lunar year has passed on the spoils before distribution, and the unreceived expedited wage. The (liquidity at the CBK and the like) is different as the ICB realizes the ownership of these balances and it can disperse of

(1) Al-Ghazālī: Al-Marji‘ al-sābiq (2/437). D. ‘Alī Muḥammad Nūr : fiqh al-taqdīr fī ḥisāb Zakāt sharikāt al-musāhamah, p. 231.

(2) Al-Ghazālī, ibid. (2/438)

governmental sukuk is not the same or similar to the liquidation of non-governmental sukuk. In addition, Sharia standards obligated zakat in the seriousness margin[(1)] unless the facility engaged into a purchase contract, and it was agreed between the facility and the seller that the ownership of the seriousness margin would be transferred to the seller. The seriousness margin could not often be liquidated unless the two parties agreed not to complete the contract[(2)].

5. The description of these balances does not apply to the concept of (inaccessibility of dispersing) that Al-Ghazali mentioned as a form of full ownership, because the cases that Al-Ghazali mentioned, such as: the object sold before receiving the price if one lunar year has passed, the mortgaged object if a lunar year has passed, the usurped, lost and denied money where there is no supporting evidence for it, the person who is withheld from his money, and the person who is indebted to others. All these cases are controversial among jurists. However, (the liquidity of at the CBK and the like) differs from these cases in the ability of the bank to disperse of these balances, invest them for the benefit of the ICB and enable it to use these balances in some cases in light of what the CBK decides. The inaccessibility of dispersing these balances is either due to the owner of the money as is the case

(1) Margin of Seriousness: The amount that the facility pays with the intention of confirming its binding promise to cover the cost of damage to the one promised to buy from him in the event that the promise is not implemented, and the same as what the facility pays to a party in an agreement that precedes the conclusion of the sales contract. Ref/ Muhammad Al-Fazi': Opicit, p. 91.

(2) Hay'at al-muḥāsabah wa-al-murāja'ah lil-mu'assasāt al-mālīyah al-Islāmīyah: al-Marji' al-sābiq, p. 863, 1231.

2. The (liquidity with the CBK and the like) is part of the general base of the ICB, whose components are the basis of the recruitment and investment operations carried out by the bank. It follows that the owners of these balances deserve a percentage of the profits, and this means the achievement of growth in them.

3. Most of the non-fixed assets of the (ICB) are financed by the current accounts and deposits (external sources of financing). They are among the zakat deductions made to the zakat base of the ICB, as stipulated in the *Guidelines* in articles (105, 106, and 107), and what was issued by the twenty-seventh symposium on contemporary issues of Zakat, because they are the zakat assets in the zakat base for their owners (depositors). The lack of recognition of the bank's liquidity at the CBK and the like in the zakat base of the ICB requires it to be deducted twice in the zakat base.

4. To say that zakat is obligatory in these balances is analogous to similar cases in old Islamic jurisprudence. For example, jurists unanimously agreed that zakat is obligatory on the money of an insane adult interdicted because of insanity. Interdiction on his money does not require a complete lack of ownership.

But if the interdiction is imposed on him because of debtors, then zakat is obligatory on his money according to the majority of jurists(1). In contemporary jurisprudence, no one among the jurists - according to the researcher's knowledge - differentiated between governmental and other sukuk in zakat, if the sukuk represent zakat assets, bearing in mind that the liquidation of

Zakat Issues: "The Zakat assets are added each year to the desired debts of the Zakat payer, whether available or deferred, after excluding the deferred profits".

(1) Wizārat al-Awqāf wa-al-Shu'ūn al-Islāmīyah : al-Mawsū'ah al-fiqhīyah (25/58).

like) that is not liquefied except in certain cases as stated in the introduction.

d. (The liquidity at the CBK and the like) takes the ruling of bank accounts in zakat:

It is also possible that the zakat treatment of these balances be based on the established legal opinion in the ruling on their zakat. So that, current account balances are zakatable in the same way as other current accounts. The murabah-based investment accounts are zakatable in the same way as investment accounts. The sukuk in these balances are zakatable as is followed with other sukuk. The cash distributions on investment accounts are zakatable in the same way as cash distributions. This is the zakat treatment that was adopted by the Zakat House as detailed in the *Guide* for calculating corporate zakat(1).

The researcher believes that the first three possibilities are inaccurate, while the fourth possibility that (the liquidity at the CBK and the like) is recognized in the zakat base according to their nature is the soundest possibility, for the following reasons:

1. Explaining full ownership through realizing the ability to disperse of the property and its benefit, as stated above, does not necessitate the possibility of dispersing of the property immediately. This behavior may be acceptable in the property and its benefit, but it is a subsequent behavior and not an immediate one. Based on this, according to many contemporaries, zakat is obligatory on deferred debts. This is also the decision of the nineteenth symposium held by the Zakat House(2).

(1) Bayt al-zakāh : Dalīl al'rshādāt, p. 83.

(2) It was stated in the resolution of the Nineteenth Symposium on Contemporary

ICB[1].

c. (the liquidity at the CBK and the like) is analogous to cash balance with the letter of covered guarantee:

It is possible to draw analogy between these balances and the cash balance with a letter of covered guarantee[2], as the cash balance in both cases belongs to the customer, but he is not allowed to disperse of it for a temporary period. Since the cash balance with a letter of covered guarantee is zakatable according to the decision issued by the fourteenth seminar Contemporary Zakat Issues[3], the balances in question are a zakat asset that must be recognized in the zakat base of the ICB.

However, the researcher believes that analogy between (the liquidity at the CBK and the like) and the cash balance with the letter of covered guarantee is incorrect, because the cash balance held in the letter of covered guarantee will be liquidated later, even after a long-term, unlike (the liquidity at the KCB and the

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(1) Hay'at al-muḥāsabah wa-al-murājaʻah lil-mu'assasāt al-mālīyah al-Islāmīyah : al-Marjiʻ al-sābiq, p. 963.

(2) In the letter of covered guarantee, the customer pays the entire balance of the letter of guarantee to the bank that holds this balance until the procedures for issuing the covered letter are completed, and the balance remains reserved until the end of the validity period of the letter of guarantee. In this case, the cash balance subject to coverage is considered a good loan [qardh hasan] from the customer to the bank. Kuwait Finance House: Sharia Fatwas on Economic Issues (2/193).

(3) The resolution issued by the Fourteenth Symposium on Contemporary Zakat Issues stated that: (If the letter of guarantee is covered by the customer, then it remains from his zakat assets until the letter is liquidated, and the amount is paid to the beneficiary of the letter of guarantee, then it is removed from the zakat base).

these balances are recognized in the zakat base of the ICB.

However, the researcher sees that the analogy between (the liquidity at the central bank and the like) and the pledged money is incorrect, because of the following:

a. The origin of pledged money is that it is offset by a current or subsequent debt, and in these balances, the ICB is a creditor to the CBK not a debtor in order to provide a pawn.

b. Part of these balances constitute a current account for the ICB with the CBK. If the current account is a qard-hassan (literally good loan) - according to the opinion of the contemporaries, in this case the CBK is a borrower and a mortgagee at the same time, and it is not permissible in Shariah to combine them (in the case of mortgaging a current account with the institution for its own benefit, it must not use it for the benefit of the institution... in order to avoid that the institution benefits from it)[1].

c. Sharia standards stipulated that the mortgagee may not use the mortgaged property without compensation at all, while parts of these balances are invested by the CBK for the benefit of the

(1) Ref: Ibn Nujaym : al-nahr al-fā'iq sharḥ Kanz al-daqā'iq, taḥqīq : Aḥmad 'Izzū 'Ināyat, Dār al-Kutub al-'Ilmīyah, al-Ṭab'ah al-ūlá, 2002M (1/413). al-Kāsānī : Badā'i' al-ṣanā'i' fī tartīb al-sharā'i', Dār al-Kutub al-'Ilmīyah, al-Ṭab'ah al-thāniyah, 1986m (2/9). Aḥmad Salāmah al-Qalyūbī wa-Aḥmad al-Burullusī 'Umayrah : ḥāshiyatā Qalyūbī w'myrh, Dār al-Fikr, Bayrūt, 1995m (2/51). al-Buhūtī : al-Marji' al-sābiq (2/173). Al-Ghazālī : al-Marji' al-sābiq (2/437). Hay'at al-muḥāsabah wa-al-murāja'ah lil-mu'assasāt al-mālīyah al-Islāmīyah : al-Marji' al-sābiq, ṣ965. D. Yūsuf al-Shubaylī : al-Marji' al-sābiq (2/374). al-wadī'ah al-niẓāmīyah fī al-bunūk al-Markazīyah : mafhūmuhā, ahammīyatuhā, tkyyfhā al-fiqhī. D. Aḥmad al-Shithrī, Majallat Bayt almshwrh, 2014, al-'adad al-Awwal, p.75.

presented in the previous section. Consequently, these balances are not recognized in the zakat base of the ICB except when they are liquidated by the CBK. Only then, they will be recognized by the ICB in cash and cash equivalents or in other assets of the ICB, and their nature and zakat treatment will change accordingly.

However, the researcher believes that the statement that (the liquidity at the CBK and the like) is *Damar* money [inaccessible property] is inaccurate, because a *Damar* money - in the terminology of the jurists - is not accessible by its owner, and he is unable to invest it, which negates full ownership. As for these balances, they are suspended for the benefit of the bank's business and for its growth. In addition, it can be withdrawn when needed, and a profit is gained for it from murabaha operations. These specifications do not characterize *Damar* money(1).

b.(The liquidity at the CBK and the like) is analogous to pawn:

Some contemporary studies made an analogy between (the liquidity at the CBK and the like) and pledged money, as the owner of both funds cannot disperse of them. Zakat is obligatory on pledged money according to the Shafi'is and Hanbalis, and the Malikis in one opinion, but not the Hanafis. This is also what is observed in the legal standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, because pledging this money does not prevent its development(2). Therefore,

(1) Yūsuf al-Shubaylī: Sharṭ al-Malik al-tāmm fī al-zakāh wa-atharuhu fī ba'ḍ al-taṭbīqāt al-fiqhīyah al-mu'āṣirah, al-Ṭab'ah al-ūlá, 2020, Bank al-bilād (2/373).

(2) (Yūsuf al-Shubaylī : sharṭ al-Malik al-tāmm fī al-zakāh wa-atharuhu fī ba'ḍ al-taṭbīqāt al-fiqhīyah al-mu'āṣirah, al-Ṭab'ah al-ūlá, 2020, Bank al-bilād (2/373).

conceptualization. The jurisprudential conceptualization for the purposes of zakat, in this case, has the following possibilities:

3.2.1 Explaining the difference between (legal deposit) and (the liquidity at theCBK and the like)

The (*liquidity at the CBK and the like*) differs from the (*legal deposit*) in the following aspects:

a. The ICB may request the withdrawal of part of (*the bank's liquidity at the CBK and the like*) when urgent withdrawals from its clients rise, according to what was stated in the introduction.

b. Part of (the bank's liquidity at the CBK and the like) is invested by the CBK in murabaha operations for the benefit of the ICB, and this investment is entitled to a profit to be paid by the CBK.

Based on these two influential differences, from the researcher's point of view, the zakat treatment for (the liquidity at the CBK and the like) should differ from the zakat treatment for the (legal deposit).

3.2.2 The ruling on recognizing (the liquidity at the CBK and the like) in the zakat base.

The recognition of (the bank's liquidity at the CBK and the like) in the zakat base of the ICB has the following possibilities:

a.(The liquidity at the CBK and the like) is an inaccessible property:

Since the ICB does not have the right to disperse it completely and does not have the right to grow and invest it except according to what is authorized by the CBK, the ICB does not have full control over it. *Damar* money (inaccessible property) is money on which there is no zakat according to the majority of jurists as to the majority of jurists from the Hanafi, Maliki, Shafi'i and Hanbalis' schools of thought[(1)] as long as the owner [the ICB in this case] does not have access to it. Not recognizing this deposit in the zakat base is according to the general contemporary jurists, such as the Islamic Fiqh Academy in its resolution No. 143 and the Sharia standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions as well as the Guidelines for Calculating Zakat on Companies issued by the House of Zakat[(2)].

3.2 The ruling of zakat on (the liquidity at the CBK and the like).

The second section of the ICB's balances with the CBK is represented in the rest of the balance components (*the liquidity of the bank at the CBK and the like*), which consists of: current account balances, balances of short-term murabaha operations, profits of murabaha operations which increase and decrease according to the discount rate, murabaha operations, certificates of deposit, and sukuk. In this section, we review the ruling on recognizing these balances in the zakat base in the light of the jurisprudential

(1) Ref: al-'Aynī : al-Marji' al-sābiq (3/304) Ibn Rushd : al-Bayān wa-al-taḥṣīl wa-al-sharḥ wa-al-tawjīh wa-al-ta'līl li-masā'il al-mustakhrajah, taḥqīq: D Muḥammad Ḥajjī wa-ākharūn, Dār al-Gharb al-Islāmī, Bayrūt, Lubnān, al-Ṭab'ah al-thāniyah, 1988 (2/372). Al-Nawawī : Rawḍat al-ṭālibīn wa-'umdat al-muftīn, taḥqīq : Zuhayr al-Shāwīsh, al-Maktab al-Islāmī, Bayrūt, al-Ṭab'ah al-thālithah, 1991m (2/192, 194). al-Buhūtī : Kashshāf al-qinā' 'an matn al-Iqnā', Dār al-Kutub al-'Ilmīyah (2/174).

(2) Hay'at al-muḥāsabah wa-al-murāja'ah lil-mu'assasāt al-mālīyah al-Islāmīyah: Al-Marji' al-sābiq, p. 863. Bayt al-zakāh : Dalīl al'rshādāt, marji' sābiq, al-māddah 51.

balances in question stems from the conceptualization of whether the ICB fully owns them or not.

iii. Explaining the meaning of growth according to jurists:

Growth in the science of zakat refers to the zakatable asset capability of legitimate growth, whether the asset grows by itself, such as crops and fruits, or whether its growth does not complete until a certain period has passed after its ownership, such as cattle, or when the asset is set and prepared for growth, (as it does not grow except by trading), such as monetary assets, or those that devolve into cash, such as receivables and inventory(1).

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3.1 Ruling on the zakat of *legal deposit*:

The first part of the ICB balances with the CBK is represented in the *legal deposit*, which is a cash balance that the ICB is obligated to deposit in its account with the CBK for obtaining the legal license from the CBK to operate. This balance cannot be liquidated or disposed of, nor is it entitled to a profit as long as the ICB's license is valid(2).

Based on this description; this balance is considered *[mal Damar]* inaccessible property(3), which is not zakatable according

(1) Al-Māwardī: Al-Ḥāwī al-kabīr, taḥqīq : ʻAlī Muḥammad Muʻawwaḍ, ʻĀdil Aḥmad ʻAbd al-Mawjūd, Dār al-Kutub al-ʻIlmīyah, Bayrūt, Lubnān, 1999 (3/88).

(2) Bayt al-zakāh: Dalīl al'rshādāt li-ḥisāb Zakāt al-sharikāt, al-māddah (51 added).

(3) Mal Damar: money or property that's not available or expected to be available. Ref: Al-Nasafī: ṭalabat al-ṭalabah, al-Maṭbaʻah al-ʻĀmirah, Maktabat al-Muthanná, Baghdād, 1311h, p.19. Al-ʻAynī: albnāyh sharḥ al-Hidāyah, Dār al-Kutub al-ʻIlmīyah, Bayrūt, Lubnān, al-Ṭabʻah al-ūlá, 2000 (3/304). Al-Lakhmī: Al-Tabṣirah, dirāsah wa-taḥqīq: Al-Duktūr Aḥmad ʻAbd al-Karīm Najīb, Wizārat al-Awqāf wa-al-Shu'ūn al-Islāmīyah, Qaṭar, al-Ṭabʻah al-ūlá, 2011 (2/915).

Organization for Islamic Financial Institutions chose the method of the Shafiyah and Hanbaliyah, as it stipulated that full ownership is achieved in everything that is not related to the right of others, can be dispersed of according to will, and its benefit or growth accrues to its owner. The Shariah Committee in the House of Zakat, likewise, decided that full ownership is achieved in the owner's ability to disperse of what their possession completely without entitlement to others(1).

The term (full ownership) is related to another term represented by (incomplete ownership) which is achieved in one of the following cases:

1. Inability to disperse. Examples of this among jurists include the zakat of a sold object before receiving its price if a lunar year has passed, and the zakat of the mortgaged- in one opinion- if a lunar year has passed on it.

2. The authority of others over a person's property. Examples include the opinion of some jurists on the ruling of zakat on the sale of an object in the time of free returnability, and the like.

3. The instability of property ownership. Examples according to some jurists include the saying that zakat on spoils is not obligatory if one lunar year has passed before they are divided(2).

The conceptualization of the ruling concerning the cash

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(1) Hay'at al-muḥāsabah wa-al-murāja'ah lil-mu'assasāt al-mālīyah al-Islāmīyah : al-Marji' al-sābiq, Ṣ 857. Bayt al-zakāh: Aḥkām wa-fatāwá al-zakāh, p.13. Muḥammad Abū Zahrah: Al-Malakīyah wa-naẓarīyat al-'Iqd fī al-sharī'ah al-Islāmīyah, Dār al-Fikr al-'Arabī, p.74, 75.

(2) Al-Ghazālī: Al-Wasīṭ fī al-madhhab, al-muḥaqqiq : Aḥmad Maḥmūd Ibrāhīm Muḥammad Muḥammad Tāmir, Dār al-Salām, al-Qāhirah, al-Ṭab'ah al-ūlá, 1417 (2/437).

Based on this; these assets are jurisprudentially considered as zakat assets. However, being deposited by the ICB at the CBK according to what was explained in the introduction, they may lead to a change in its zakat treatment based on the (in)ability of the ICB to act in them in light of the instructions issued by the CBK.

ii.The of concept of full ownership according to Jurists:

The conceptualization of the ruling of zakat on these balances is based on the interpretation of *full ownership*, which is a controversial issue among the jurists due to their difference in the method of explaining it. The Hanafis see that *full ownership* in zakat is achieved through possession of the object and its benefits(1). As for the Malikis, full ownership is achieved through the ability to grow the object(2). As for the Shafi'is and Hanbalis, full ownership is in the ability to disperse of the object(3).

The Shariah Standard issued by the Accounting and Auditing

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2. 3- If its assets represent debts, such as Murabaha, Salam and Istisna'a sukuks; zakat is due on debts.

2. 4- If its assets represent shares in irrigation or farming contracts; zakat is due on the corps of the land.

In all of the above, if the sukuk assets include cash surpluses or debts, then they are included in the zakat base.

(1) Al-ʻAbbādī: al-Jawharah al-nayyirah, al-Maṭbaʻah al-Khayrīyah, Al-Ṭabʻah al-ūlá, 1322h (1/114). Ibn Nujaym Al-Baḥr al-rā'iq sharḥ Kanz al-daqā'iq, Dār al-Kitāb al-Islāmī, Al-Ṭabʻah al-thāniyah (2/218).

(2) Al-Bājī : al-Muntaqá sharḥ al-Muwaṭṭa', Maṭbaʻat al-Saʻādah, Miṣr, al-Ṭabʻah al-ūlá, 1332h (2/12).

(3) Al-Nawawī: al-Majmūʻ sharḥ al-Muhadhdhab, Dār al-Fikr (5/327). Al-Buhūtī : daqā'iq ūlī al-nuhá li-sharḥ al-Muntahá al-maʻrūf bi-sharḥ Muntahá al-irādāt, ʻĀlam al-Kutub, al-Ṭabʻah al-ūlá, 1993M (1/392).

c. Short-term Murabaha operations represent debit, and they represent zakat assets as decided by the Nineteenth Symposium on Contemporary Zakat Issues[1].

d. The short-term securities - including sukuk - are also considered zakat assets, as decided by the twenty-first symposium on contemporary zakat issues[2].

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is obligatory on the holders of these accounts on investment balances, and their profits, whether long-term or short-term, even if it is not possible to withdraw from their balances by way of a restriction on the investment, or a restriction on the account holder. If the accounts are legitimately invested, the value of the invested assets is considered, and not the invested amounts, and therefore the nature of the assets to which the deposited amounts have been transferred must be taken into consideration". Ref/ Hay'at al-muḥāsabah wa-al-murājaʻah lil-mu'assasāt al-mālīyah al-Islāmīyah: Ibid., p861.

(1) The Nineteenth Symposium on Contemporary Zakat Issues held by the Zakat House decided that: "every year, the expected debts of the Zakat payer are added to the Zakat assets, current or deferred, after excluding the deferred profits. Deferred profits refer to profits calculated for the Zakat payer (creditor) that pertain to the years following the Zakat year in deferred transactions.

(2) According to the Twenty-first Symposium on Contemporary Zakat Issues which was held by the Zakat House, Zakat is obligatory on investment instruments as follows:

1- If it is owned for the purpose of trading; Zakat is due on trade merchandise, according to their market value.

2- If it is owned for the purpose of investment; Zakat is due on it according to its zakat assets, taking into account the following:

2. 1- If its assets represent ownership of leased objects or ownership of benefits or services, such as Ijarah Sukuk. In such case, zakat is due on the exploited goods, by taking out a quarter of a tenth of the net yield after about a year has passed since the beginning of the activity.

2. 2- If its assets represent a common share in commercial activities, by purchasing commodities and then selling them, such as Musharaka, Mudaraba, and Wakala in Investment. In such case, zakat is due on merchandise.

cash assets, and they are considered zakat assets according to the consensus of the Islamic jurists[1].

b. Certificates of deposit represent a share in the general base[2] of the ICB, and therefore they represent zakat assets, as decided by the twenty-seventh symposium on contemporary zakat issues, as well as Sharia standards[3].

(1) Bayt al-zakāh: Aḥkām wa-fatāwá al-zakāh, 2019, p. 19.

(2) The bank deposits in the general base: the current accounts, the investment account by way of speculation, the investment account by way of agency, and the additional capital instruments, then it employs the assets of the general base and its investment output to be distributed to the participants in the base, each according to their percentage. This includes the ICB as it entered in the general base from two sides: the first is that it is a partner, and the second is that it is a speculator or investment agent. The same rules apply to its share in the profit as is applied to the rest of the investment account holders, except for the current accounts for which the customer is not entitled to profit. In case this base encounters a loss without transgression or negligence by the ICB, the shareholders and investment account holders shall share in the loss, each according to their percentage. If the loss is due to transgression, negligence or violation of the conditions on the part of the ICB, then the bank shall bear it without affecting the investment account holders.

Ref/ Hay'at al-muḥāsabah wa-al-murāja'ah lil-mu'assasāt al-mālīyah al-Islāmīyah: Opcit, p.375, 1122. Hay'at al-muḥāsabah wa-al-murāja'ah lil-mu'assasāt al-mālīyah al-Islāmīyah: ma'āyīr al-muḥāsabah wa-al-murāja'ah wa-al-ḥawkamah wa-al-akhlāqīyāt, 1437h, p.89. Al-Usus al-shar'īyah wa-al-muḥāsabīyah li-Tawzī' al-arbāḥ fī al-maṣārif al-Islāmīyah, by Muḥammad 'Abd al-Ḥalīm 'Umar, baḥth ghayr manshūr, p.5. al-Takyīf al-shar'ī lil-ḥisāb al-jārī wa-al-āthār al-mutarattibah 'alayhi, (1/22).

(3) According to what the Twenty-seventh Symposium on Contemporary Zakat Issues decided, the principle in absolute investment accounts is that the monetary origin (the account balance) is to be zakatable with its profit. If it is possible to know what is related to these accounts of zakat assets, then they are also zakatable according to what they represent. In the Sharia standards: "Zakat

zakat assets[1]. Therefore, the balances in question must be well conceptualized in a zakat treatment method that suits them, in order to decide whether they should be recognized[2] in the zakat base or not.

The ICBs' balances at the CBK consist of (legal deposits) and (the bank's liquidity at the CBK and the like). This section deals with the ruling regarding recognizing the two parts of this cash liquidity into the zakat base of ICBs in light of the following premises and considerations:

i.The components of these balances are genuinely an asset of zakat:

As stated in the introduction, the balances in question consist of several parts, which are all considered zakat assets, as follows:

a. Licensing fees for the ICB, checking accounts, and cash profits obtained from Murabaha operations represent genuine

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Saʻūdīyah, al-Ṭabʻah al-ūlá, 2020, p.326. ʻIṣām Abū al-Naṣr: al-Iṭār al-fiqhī wal-muḥāsabī lil-zakāt, Dār al-Nashr lil-Jāmiʻāt, 2010, p.58.

(1) This is the most well-known method for calculating zakat on establishments and commercial activities. It is based on the following steps:

1. Recognizing zakat assets only, excluding non-zakat assets.
2. Re-calculating zakat assets according to calculation standards accepted by Sharia.
3. Recognizing zakat liabilities only, excluding non-zakat liabilities.
4. Subtracting the zakat liabilities from the zakat assets results in the zakat base for the facility.
5. The zakat balance is extracted from the zakat base at a rate of 2.577%.

Ref/ Muḥammad al-Fazīʻ : Asāsīyāt ḥisāb Zakāt al-anshiṭah wa-al-munshaʼāt al-Tijārīyah, al-Ṭabʻah al-ūlá, 2022, Dār Ibn al-Jawzī, p.57.

(2) The term (recognition) for the purposes of calculating zakat refers to the acknowledgment by the person charged with zakat of his zakat assets and liabilities in his zakat base, excluding the non-zakat assets and liabilities; In light of what is decided by Islamic Sharia. Ref/ Muhammad Al-Fazi'. Ibid. p.20.

less than six months issued by first-class banks.

C - A percentage of certificates of deposit issued by first-class banks and governments of the Gulf Cooperation Council (GCC) or the Organization for Economic Cooperation and Development (OECD) with a period of more than five years.

D- A percentage of the sukuk issued by governments of the GCC, provided that they are tradable and that their credit rating is not less than (A-3) for short term sukuk and (BBB) for long term ones.

E- A percentage of the sukuk issued by the Islamic Development Bank and the sukuk issued by the International Islamic Institution for Liquidity Management (IILM), provided that its credit rating is not less than (A-3) for short term sukuk and (BBB) for long term ones(1).

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3. The Ruling regarding recognizing these balances in the zakat base of the ICB

ICBs' Shariah Supervisory Boards in the State of Kuwait are known to estimate the zakat base(2) according to the method of net

(1) Central Bank of Kuwait: Act of the Board of Directors of the Central Bank of Kuwait on 1/5/2005. Central Bank of Kuwait: Circular issued by the Central Bank of Kuwait No. (2/RB A/319/2013).

(2) Zakat base: The net Zakat assets owned by a Zakat payer, to be calculated by the methods established and accepted by Islamic Sharia after deduction of zakat liabilities. Ref/ ʻAlī Muḥammad Nūr: Fiqh al-taqdīr fī ḥisāb Zakāt sharikāt al-musāhamah, al-Hay'ah al-ʻĀmmah lil-zakāt wa-al-dakhl, al-Mamlakah al-ʻArabīyah al-Saʻūdīyah, 1441h, p. 381. Khālid Alfiqī: Muḥāsabat al-zakāh wa-al-ḍarībah, Maktabat al-Mutanabbī, al-Dammām, al-Mamlakah al-ʻArabīyah al-

with the CBK instead of investing them with other parties.

2.3The components of the ICBs' balance at the CBK:

The balances deposited by the ICB at the CBK are recognized by the ICB as part of the assets of its financial position under the label (deposit at the CBK). These balances represent a set of items as stipulated by the CBK and can be divided into two parts, namely:

I. Cash fees in exchange for the CBK's license for the ICB to operate. It is labeled as (*the legal deposit*).

II. The rest of the balance components(1), which consist of:

1. A percentage of the current account balances of the ICB's customers.

2. A percentage of the investment account balances of the ICB's clients that the CBK invests in short-term Murabaha operations.

3. Profits of Murabaha operations mentioned in (2) which increase and decrease according to the discount rate.

4. The ICB may add any of the following to this balance to fulfill the regulatory requirements:

A- A percentage of short-term Murabaha operations conducted by the ICB with other banks whose credit rating is not below the level of (BBB).

B - A percentage of certificates of deposit(2) with a period of

(1) These components will be called in the present study (the ICB's liquidity at the CBK and the like).

(2) Certificates of Deposit: A document issued by the bank that proves the deposit of a cash balance for a specific period, with a specific interest, and may be tradable in some cases. Ref / Aḥmad Zakī Badawī, Ṣadīqah Yūsuf Maḥmūd: Mu‘jam al-muṣṭalaḥāt al-Tijārīyah wa-al-mālīyah wa-al-maṣrifīyah, Dār al-Kitāb al-‘Arabī, al-Ṭab‘ah al-ūlá, 1994, p.61.

2008, it was reduced to 18% and in 2020 it was reduced again to 15% due to the Corona pandemic.

2. There is no explicit text from the CBK that prohibits any bank from withdrawing these balances. However, a penal is entailed upon violating the liquidity requirements, which practically means that the bank will not withdraw any balance from its account if withdrawal leads to the falling of the balance below the percentage specified by the CBK.

3. The CBK invests part of the ICB's liquidity in *Murabaha* operations for the benefit of the ICB for short-term periods not exceeding seven days, for which a profit is due, deposited in its account with the CBK. The ICB may request the liquidation of the profit provided that the liquidation request does not lead to a decrease in the liquidity ratio below the specified percentage.

4. In light of the ICB's need for cash in some cases, it may withdraw cash from its balance at the CBK which leads to a drop in its balance below the cash liquidity percentage specified by the CBK. However, the ICB is obligated to provide the required liquidity later to be deposited in its account at the CBK within a specific period to be determined by the CBK(1).

5. It appears that the CBK does not prevent any ICBs if they decide to increase this percentage, as some banks in some periods had a 30% liquidity at the CBK, and in other cases it was 32%. This can be understood when we know that a bank may decide to invest its surplus liquidity in different prospects that suit it. In certain cases, the bank may choose to invest these surplus amounts

(1) 'Abduh 'Ajlān Bābakr Salāmah. OpCit., p. 101.

2. Supporting the business of the ICB in case of high requests for emergency monetization, providing it with the necessary credit facilities when needed, as well as managing the volume of the bank credit, controlling the money supply, and managing clearing operations with other banks. This sustains for the CBK a measure of banking risk management. The CBK expressed the means to achieve this goal by: "Monitoring the ability of banks subject to its control to fulfill their obligations when their deadlines are due, urging them to enhance their capabilities to face any emergency conditions resulting from abnormal conditions. Therefore, banks subject to supervision are obligated to maintain a minimum amount of liquid or liquefiable funds, or to obtain financing in exchange for them to meet immediate obligations, and in particular: contingent ones, as well as maintaining a minimum balance between the maturity of assets and liabilities, taking into account the distribution of risks in assets"(1).

In order to implement this regulatory requirement, the CBK issued a set of instructions for this liquidity, including:

1. An ICB's account balance at the CBK must not be less than 18% of its clients' deposits, bearing in mind that this percentage may change from time to time as determined by the CBK. In the State of Kuwait, for example, the percentage was 20% in 2005. In

(1) Bank al-Kuwait al-Markazī : al-taʻmīm raqm (2 / RBU / 149/2003). See: ʻAbduh ʻAjlān Bābakr Salāmah : al-Marjiʻ al-sābiq, p.137., Ashraf Dawābah: ʻalāqat al-Bank al-Markazī bi-al-bunūk al-Islāmīyah, dirāsah taṭbīqīyah ʻalá Miṣr, p.13., Nawwāf Mālik al-Ṣabāḥ : Athar adawāt al-naqd allatī ystkhdmhā al-Bank al-Markazī al-Kuwaitī fī irsā' al-siyāsah al-naqdīyah li-tashjīʻ al-bunūk ʻalá Daʻm al-istithmār, Risālat mājistīr, Jāmiʻat al-Sharq al-Awsaṭ, 2013, p. 2, 18.

its monetary obligations towards other parties, with no need to undergo financing from other parties. In addition, an ICB can then pay its pledges represented by letters of guarantee in the case of failure of its customers and pay its customers' obligations in credit card operations. As for the ICB's assets, achieving this compatibility can increase its ability to grant the necessary credit facilities, especially since the bank depends for its credit facilities on its cash liquidity[1].

2.1Regulatory requirements for ICBs' balances at the CBK:

The CBK obliges each ICB to open a bank account in its name with the CBK in which it deposits some cash balances and investments that will be detailed in the next section, to achieve two goals, namely:

1. Ensuring the implementation of the monetary policy[2] according to the regulatory requirements that protect the stability of the monetary system, so that this policy controls the creation of credit money in a way that reduces inflation and the deficits in the balance of payments[3].

(1) ʻAbd al-Ḥamīd al-Maghribī : al-Idārah al-Istirātījīyah fī al-bunūk al-Islāmīyah, al-Bank al-Islāmī lil-Tanmiyah, 2004, p. 141. Bank al-Kuwait al-Markazī : al-taʻmīm raqm (2 / RB U / 149/2003). See also: ʻAbduh ʻAjlān Bābakr Salāmah: Idārat al-Khazīnah fī al-bunūk, al-Ṭabʻah al-ūlá, 2021, p.125. Hay'at al-muḥāsabah wa-al-murājaʻah lil-mu'assasāt al-mālīyah al-Islāmīyah: al-maʻāyīr al-sharʻīyah, 2018, p.1081.

(2) Monetary Policy: The set of procedures and regulations used by the Central Bank to influence the monetary liquidity available for circulation in the national economy. Ḥamdī ʻAbd al-ʻAẓīm : al-Siyāsāt al-mālīyah wa-al-naqdīyah fī al-mīzān, al-Ṭabʻah al-ūlá, 1986, Maktabat al-Nahḍah al-Miṣrīyah, p. 338.

(3) Bārī Segal: al-nuqūd wa-al-bunūk wa-al-iqtiṣād wijhat naẓar alnqdyin, Dār al-Mirrīkh, 1987, p. 661.

2.The identification of ICBs' balances with the CBK:

The conceptualization of the ruling on ICBs' balances with the CBK in the zakat base requires an identification of the meaning of cash liquidity from the point of view of the CBK, in addition to identifying the regulatory requirements stipulated by the CBK in this regard.

2.1The nature of liquidity and its importance in the business of ICBs:

Cash Liquidity: refers to the cash and semi-cash balances maintained by an ICB, which enable it to finance its operations and meet its obligations(1). An ICB assesses its need for liquidity so as to enable it to achieve compatibility between the maturity dates of its obligations - especially short-term ones - and the maturity dates of its assets - especially long-term ones - in a way that protects it from facing immediate or future financing pressures. If an ICB manages to achieve this compatibility, it can sustain the management of its obligations to meet the regular and exceptional cash flow requirements made by clients, and to pay

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(1) Obligations of a ICB consist of:

1. Deposits of all kinds (on-call, saving accounts, investment accounts, certificates of deposit).
2. Specific commitments made to sustain the cash balances necessary to meet the commitments to implement financing operations previously concluded with clients.
3. Unspecified obligations that are due at unknown dates, including: commitments that were preliminarily made with clients but were not concluded.
4. Contingent obligations, such as letters of guarantee that have been liquidated, and court rulings which obligate the bank to pay a specific cash balance.

Ref/ Central Bank of Kuwait: Circular No. (2/Rb/49/1997). Circular No. (2/RBA/149/2003).

regulatory authorities in their instructions. An example of such studies is the one done by Yūssuf Al-Shubailī entitled: *The Condition of Full Ownership in Zakat and Its Impact on Some Applications in Contemporary Jurisprudence*, published in a book by the author entitled *Studies in Contemporary Financial Issues*. Another example is the study that Sālih Al-Fawzān presented in the thirty-second symposium held by *Dallah Al-Baraka* entitled *The Condition of Full Ownership and Its Impact on Contemporary Zakat Issues*.

3. Other studies focused on the zakat of suspended funds, such as the study by ʿAjīl al-Nashmī which was presented to the Islamic Fiqh Academy, where he reviewed a number of jurisprudential applications of suspended funds, with a statement of the ruling on their zakat. The issue in question was limited to the zakat analysis that was stipulated by the *Guide* for calculating corporate zakat that was issued by the Zakat House, without handling the components of the balances in question.

Accordingly, the issue under discussion, with its details contained in the instructions issued by the CBK, has not been singled out in research as the present study attempts to do.

1.3 Methodology of the study:

Cash liquidity deposited by ICBs with the CBK will be divided into two parts: the bank's licensing fees and this will be referred to in the study as *the legal deposit*, and the rest of the cash and semi-cash balances will be called *ICBs' liquidity at the CBK and the like*.

Warba Bank	437,043,000	3,580,212,000	12.2٪
Total		40,428,827,000	6.5٪

These balances constitute a legal problem to the Sharia supervisory boards in ICBs when calculating the bank zakat, as these balances are subject to two opposing principles. The first is that the bigger part of the components of this liquidity are assets in which growth is sustained, thus fulfilling one of the conditions for the obligation of zakat. The second principle is the uncertainty regarding the full ownership of these balances by the ICBs; as ICBs are not able to dispose of them except in the light of what is decided by the CBK. Hence the necessity of studying this problem from a jurisprudential point of view in order to clarify the nature of these balances in light of what was decided by the CBK.

1.2 Literature Review:

To the researcher's knowledge, this issue was not discussed through as an independent jurisprudential study. The reviewed studies that handled this issue focused on certain other aspects as follows:

1. Studies that handled the jurisprudential conceptualization of these balances in general without dealing with their zakat treatment. Of these is the study entitled *The Regulatory Deposit in Central Banks: Concept, Importance, and Jurisprudential Conceptualization* by Ahmed Al-Shathri, published in the journal of Bayt Al-Mashūrah, vol 1, in 2014.

2. Studies that focused on the applications of zakat based on the condition of full ownership, and referred to the issue under discussion without handling the details stipulated by the

One of the most important functions of central banks is to set standards and supervisory instructions that protect the banking system from any monetary imbalances at the state level. Among these standards are the standards set for liquidity instruments, which consist of quantitative regulatory tools that oblige banks to deposit a percentage of their cash liquidity with the Central Bank of Kuwait (henceforth CBK), similar to the rest of central banks. The CBK also issues a set of instructions related to this liquidity while differentiating between what is related to the ICBs and what is related to other financing institutions.

1.1Research Problem:

In light of the instructions issued by the CBK regarding liquidity management tools for ICBs, an ICB must commit to depositing a percentage of its cash and semi-cash liquidity(1) in its bank account at the CBK. A financial fine may incur in case of violating this regulatory requirement. Due to the commitment of ICBs in the State of Kuwait to this regulatory requirement, the size of their balances with the (CBK) at the end of the fiscal year on December 31, 2021 amounted to 2,830,699,000, representing 6.5% of the assets of ICBs in the State of Kuwait.

ICB	Balance	Total assets	Percetnage
Kuwaiti Finanace House	1,822,231,000	21,788,212,000	8,3%
Boubyan Bank	222,858.000	7,351,899,000	3.03%
United National Bank	184,270,000	4,573,435,000	4.02%
Kuwait Int’l Bank	164,297,000	3,135,069,000	5.2%

(1) Semi-cash includes savings and term deposits in local or foreign currencies.

The present study discusses whether the Islamic banks recognize this liquidity in their zakat base. The need for this study stems from the fact that this liquidity is problematic regarding the bank's full ownership of it due to the bank's inability to dispose of it in certain cases, although growth is sustained in it. This issue was not singled out in an in-depth theological study through linking it to the relevant regulatory requirements. The study concluded that part of these balances cannot be disposed of by the bank, so zakat is not obligatory in it. Another part can be disposed of on certain conditions so that it remains on its original status subject to the obligatory zakat.

Keywards:

Central Bank of Kuwait - zakat basethe legal deposit

1.Introduction

Allah (SWT) says in the Quran: "*O mankind! Be dutiful to your Lord, Who created you from a single person (Adam), and from him (Adam) He created his wife, and from them both He created many men and women and fear Allah through Whom you demand your mutual (rights), and (do not cut the relations of) the wombs (kinship). Surely, Allah is Ever an AllWatcher over you.* [Q: 04:01]

Islamic Commercial Banks (henceforth ICBs) have become a reality in the Islamic world and elsewhere and have become an integral part of the banking system in many countries. This motivated the central banks to single out these banks with special supervisory instructions in line with the nature of the work of these banks that adhere to the provisions of the Islamic Sharia.

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Impact of Liquidity Requirements imposed by the Central Bank of Kuwait On the Zakat base of the Islamic Banks

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Abstract

Among the instructions issued by the Central Bank of Kuwait to Islamic banks in the State of Kuwait are the ones related to liquidity restrictions, which obligate banks to deposit a percentage of their cash liquidity with the Central Bank. Part of this liquidity is not allowed to be disposed of by the bank as long as the bank's license is valid. Another part is allowed to be disposed of by the bank in specific cases according to certain regulatory requirements. The balance of this liquidity in the State of Kuwait reached (2,830,699,000) by the end of the fiscal year on December 31, 2021

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