

NEWSLETTER

Shariah Newsletter of GA Skylight Berhad

AN OVERVIEW MUDHARABAH AND MUSYARAKAH

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Hi Assalamualaikum everyone! Hope everyone doing well.

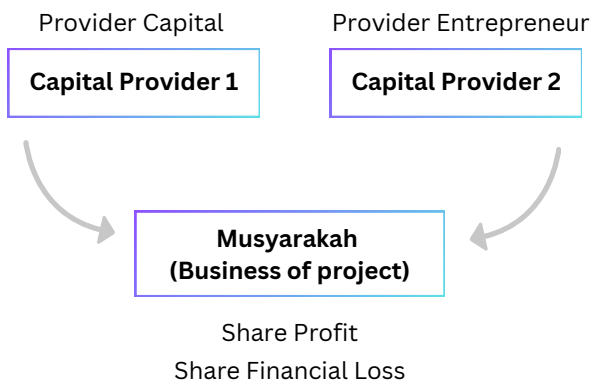
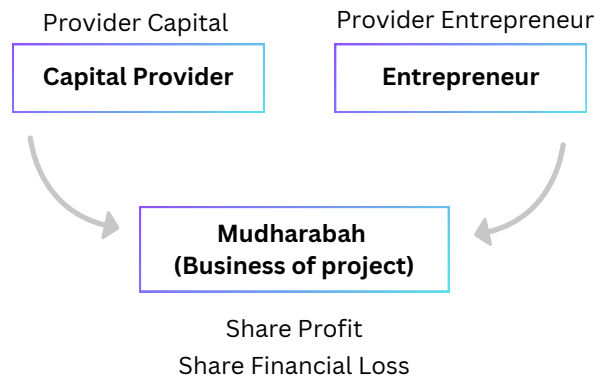
For this month's newsletter, we will be talking about Mudharabah and Musyarakah. Let us understand first what is Mudharabah and Musyarakah and we will appreciate the application of these contracts in Islamic financial products.

Mudharabah

Mudharabah is a contract where the capital provider (known as rabbul mal), provides capital to the entrepreneur (known as mudarib) who can contribute their skills in a business.

Under this arrangement, the capital provider and the entrepreneur share the profits generated from the business.

The profit-sharing allocation between the capital provider and entrepreneur is determined and agreed upon at the contract inception.



Musyarakah

Musyarakah is an Islamic contract where two or more parties contribute capital to the business because all the parties arrangement contribute capital to the business, the partners will share any profit or loss arising from the business or arrangement.