News & Comment

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Tabung Haji: A Crisis Beyond Bad Investments

News:

For years, the findings were out of public view. Now the Royal Commission of Inquiry report into Tabung Haji Malaysia (TH) has finally been released - and its findings are troubling. The RCI, which examined TH's management and operations between 2014 and 2020, identified serious weaknesses in governance and investment decision-making, including political interference. Parliament was subsequently told that seven of 14 troubled investments suffered total losses, while billions of ringgit were ultimately absorbed through restructuring and impairments. The report was completed and presented in 2022 but only declassified and released publicly on 29 July 2026. Its publication has now reopened questions about how an institution entrusted with the savings of millions of Muslims was managed. But perhaps there is an even more fundamental question: Was this merely a story of bad investments - or should we also be asking more fundamental questions such as what an "Islamic investment" actually means?

Comment:

The revelations naturally invite anger. Who approved these investments? Were decisions politically influenced? Where were the safeguards? Who should be held accountable? These are legitimate questions, and they must be answered. But if our conclusion is simply that Tabung Haji made bad investments, we risk missing a much deeper issue.

What exactly constitutes an investment from an Islamic perspective?

This question is important because modern Islamic finance largely operates within an economic ecosystem that was not constructed from Islamic principles. Much of its development has therefore concentrated on making activities within that existing system 'Shariah-compliant'. This is where contractual matters become relevant - not as the entire problem, but as an indication of it.

Islam has its own rules of contracts, ownership, trade, risk, responsibility and entitlement to profit. Yet modern Islamic finance sometimes begins with a financial activity already familiar to the capitalist system and then asks how contracts such as *murabahah*, *ijarah*, *wakalah*, *musharakah* and others can be structured around it to make the transaction 'Shariah-compliant'. There is already extensive scholarship on contemporary Islamic finance, and genuine differences of jurisprudential opinion must be respected. The issue is not about simply declaring these arrangements un-Islamic - the question is one of direction. Do we begin with Islam and allow its principles to determine what an investment should look like? Or do we begin with the modern capitalist conception of investment and then attempt to make it 'Islamic'?

That distinction is fundamental.

If our starting assumptions about capital, investment, ownership, returns and economic activity remain largely unchanged, then even highly sophisticated 'Shariah-compliant' contracts may ultimately operate within an economic logic that did not originate from Islam. And this is precisely why the Tabung Haji controversy should lead us somewhere deeper.

Tabung Haji is not simply another investment corporation. It is an institution created to serve Muslims in fulfilling one of the pillars of Islam. Surely, therefore, the question should not merely be whether its investments were profitable, professionally managed or technically 'Shariah-compliant'. We should also ask whether our very understanding of **investment** reflects the Islamic economic conception in the first place.

The RCI can tell us much about what went wrong: governance failures, political influence, questionable decisions and financial losses. But correcting those failures without examining the underlying economic framework may simply produce a better-managed version of the same system.

Perhaps the real lesson from Tabung Haji is larger than Tabung Haji itself. Perhaps it is time to face a more difficult scenario - freeing ourselves from the shackles of the capitalist economic ecosystem - not by endlessly asking how it can be made more 'Islamic', but by returning to a more fundamental question; what does Islam itself require of an economy, and are we prepared to build our institutions according to it?

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