

A Shariah-Compliant Digital Economy, In Your Pocket

Why waqf, faraid, wassiyah, and hibah were never meant to need a bank — and how modern tools can restore them to what they originally were: direct, witnessed, and accessible to every Muslim family.

RM 70–90 billion

in Muslim-owned estates currently frozen in Malaysia alone — and growing every year a family dies without a plan.

1. Executive Summary

Islamic inheritance and endowment instruments were never designed to require a bank, a notary, or a state land registry. Modern bureaucracy filled a gap left by the erosion of local community trust — and in Malaysia alone, that gap now holds an estimated RM70–90 billion in frozen Muslim family wealth. Nur Falaah's premise is simple: build the tools that restore directness to faraid, wassiyah, hibah, and waqf, starting with prevention and building toward the harder work of unlocking what's already frozen.

This paper lays out the problem as we understand it, the two-horizon roadmap we're building toward, where blockchain and tokenization genuinely apply (and where they don't), how we intend to enter Malaysia, the UK, and the Gulf, and the working prototype tools that exist today.

RM 90B

Frozen Muslim-owned estates in Malaysia, up from RM15B in 2004

#1

Malaysia's global rank in the 2025 Islamic Finance Development Indicator

14

Separate state jurisdictions administering land and Islamic law in Malaysia

2. The Problem: Bureaucracy Mistaken for Complexity

It is easy to assume that waqf, faraid, and wassiyah are complicated because Islamic law itself is complicated. It isn't, at least not in the way modern administration has made it feel. Stripped back to their classical form, each of these instruments was designed to work without any institution standing between a Muslim and their obligation.

Waqf

A person dedicates an asset "for the sake of Allah." Ownership effectively leaves human hands; a trustee (mutawalli) — often the founder or a family member — manages it for the stated cause. Uthman ibn Affan bought and dedicated the well of Ruma with a declaration, not a charter.

Faraid

The Qur'an hands down fixed inheritance fractions directly (4:11–12, 4:176). It is arithmetic — precise, deterministic, and historically taught as its own discipline (ilm al-faraid) — not a discretionary process requiring a tribunal.

Wassiyah

A declaration, witnessed by two people, of how a discretionary third of the estate should be distributed to non-heirs. The witnesses are the entire enforcement mechanism — no notary state apparatus required.

Hibah

A lifetime gift, completed by offer, acceptance, and possession. Historically settled without any court involvement at all.

What actually introduced complexity was modernity, not fiqh. Two structural shifts did the damage. First, assets stopped being physical and local — land, gold, and livestock that could simply be handed over gave way to bank balances, securities, and state-registered titles, all requiring institutional custodianship. Second, the community trust networks that once supplied witnesses and trustees fragmented under urbanization and diaspora; there is rarely a village elder left who can adjudicate a family's affairs from memory and standing. The bank, the notary, and the land registry stepped into that vacuum — not because the instruments needed them, but because the social fabric that used to perform their function quietly dissolved.

The freeze isn't a faraid problem. Faraid is arithmetic. The freeze is a coordination problem, created by institutions that didn't exist when these instruments were designed.

3. The Malaysia Case Study: RM90 Billion and Growing

Malaysia is the clearest, best-documented illustration of what happens when classical instruments meet fragmented modern administration. According to tracking by As-Salihin Trustee Berhad, cited across Malaysian outlets including Utusan Malaysia, Malay Mail, and MalaysiaNow, the value of frozen Muslim-owned estates has grown steadily for two decades:

YEAR	FROZEN ESTATE VALUE
2004	RM 15 billion
2014	RM 66.6 billion
2020	RM 70–90 billion

Roughly 90% of this wealth is Malay-owned. The causes cited most often are not disputes over how faraid shares should be calculated — they are, in order of frequency: no will existing at the time of death; heirs unaware of what assets even exist, because owners kept them undisclosed; jurisdiction split across at least four separate bodies — the civil High Court, the Department of Lands and Mines, Amanah Raya Berhad (the public trustee), and the Shariah Court — none of which owns the end-to-end outcome; and poor or unconfirmed documentation that invites challenge from other heirs after death.

Because land administration and Islamic family law are constitutionally *state*, not federal, matters in Malaysia, there are effectively fourteen separate jurisdictions running this process in parallel, each with its own Land Office and its own Islamic religious council. An estate can receive a fully correct Shariah Court faraid ruling and still sit frozen for a decade because the Land Office requires unanimous heir consent to transfer title — and by the time that consent might be gathered, some of the original heirs have died too, adding their own children to an already sprawling consent pool. The backlog compounds by design, not by accident.

THE LEADERSHIP PARADOX

Malaysia has held the #1 spot in the LSEG/ICD Islamic Finance Development Indicator for years running, including 2025 — a genuine, earned position built on sukuk market dominance, a mature regulatory framework (IFSA 2013), and hosting the Islamic Financial Services Board. That leadership is real, and it sits at the capital-markets and regulatory layer. The RM90 billion problem lives at the opposite end of the stack — household-level execution — and institutional excellence at the top has not yet reached the grassroots. Closing that gap, not disputing the leadership claim, is the opportunity.

4. Our Approach: Two Horizons

We treat prevention and resolution as two different products solving two different problems, sequenced deliberately rather than pursued simultaneously.

Horizon 1 — Prevention

Make it effortless, during a person's lifetime, to write a faraid-aware wassiyah, execute a hibah, and maintain a living registry of what assets actually exist. This directly attacks the two most commonly cited causes of the freeze: no will, and heirs left in the dark. It requires no institutional partnership, no government approval, and no change to existing law — a properly witnessed will is valid the moment it's signed. This is the fastest path to shipping, and every family who completes one is a family who never adds to next year's frozen-estate total.

Horizon 2 — Unlock

Address the estates already frozen. The core insight: most of the RM90 billion isn't stuck because dividing it is legally unclear — it's stuck because dividing or selling a physical asset requires unanimous consent from a heir pool that keeps growing across generations. Representing each heir's faraid-verified share as a transferable digital beneficial claim removes that requirement. Heirs who want liquidity can transfer their claim; heirs who want to hold their inheritance don't have to force a sale. This horizon requires genuine institutional partnership — Land Offices, Amanah Raya, Shariah Courts — and is a multi-year undertaking. Horizon 1's user base and trust record is the credibility path into that conversation, not a separate initiative.

5. Where Blockchain Actually Fits — and Where It Doesn't

We are deliberately narrow about where distributed-ledger technology adds real value here, rather than treating it as a label. The fit is instrument-specific:

INSTRUMENT	WHY IT FITS
Waqf	The defining fiqh requirement — <i>habs al-asl</i> , the corpus permanently "detained" with only yield distributed — is close to a literal specification for a smart contract: principal locked at the code level, yield distributed programmatically. Strongest fit of the four.
Wassiyah	The two-witness requirement maps onto multi-signature cryptographic attestation. We describe this publicly as <i>cryptographic witnessing</i> , not "blockchain," since the underlying mechanism doesn't require a public token or speculative asset at all.
Faraid execution	The calculation is perfect smart-contract material — deterministic, rule-based. The trigger is not: death isn't a native on-chain event, so an off-chain attestation is still required. Meaningfully automatable today only for the growing slice of wealth that's already digital.
Sadaqah	Full donor-to-impact traceability. The lowest-controversy, easiest-to-demonstrate use case.

We hold three guardrails non-negotiable. Any digital claim we issue is a non-transferable-as-security proof of beneficial interest, not a tradeable token — the moment it can be freely traded, it risks reading as *gharar* or *maysir*, exactly the controversy that has damaged other "Islamic crypto" projects. Tokenizing a real-world asset does not remove the need for a legal wrapper recognized by courts and land registries; the ledger is a transparency and immutability layer sitting on top of legal title, not a replacement for it. And given our users are not a crypto-native population and the acts involved are irrevocable, we favor a permissioned ledger with real custody-recovery paths over public-chain purity — a lost seed phrase should never be able to erase a family's inheritance.

THIS IS NOT HYPOTHETICAL

Dubai Land Department launched the pilot phase of its Real Estate Tokenisation Project in March 2025 — government-run, tied directly to the Dubai Economic Agenda D33 and Real Estate Sector Strategy 2033, with a public target of AED 60 billion (about 7% of all Dubai real estate transactions) tokenized by 2033. The infrastructure category we describe for Horizon 2 is not speculative; a major government has already committed budget and policy to it, for entirely different reasons.

6. Market Sequencing: Three Markets, Three Roles

"Global" does not mean simultaneous. Each market we've identified plays a distinct role, chosen for what it can prove fastest.

MARKET	ROLE	WHY
United Kingdom	Fastest Horizon 1 launch	No legal recognition of Sharia councils for inheritance — without a will, faraid simply does not happen; civil intestacy applies by default. Zero institutional dependency; a properly witnessed will is valid immediately under existing law.
UAE / GCC	Horizon 2 proof of concept	Government appetite and infrastructure for real-estate tokenization already exist (see Dubai Land Department, above). Best fast path to proving the harder technology with a willing institutional partner.
Malaysia	The mission	The RM90 billion, the moral core, and the hardest institutional climb. Approached as a neutral tools provider, not a reformer — see Section 7 — with Horizon 1 and Horizon 2 proof from other markets serving as credibility, not an ultimatum.

We take a deliberate lesson from Grab's own history here. Grab moved its holding company to Singapore in 2014 for capital access, tax treatment, and regulatory predictability — reasons common to any startup, not specific to ride-hailing — while continuing to operate deeply in Malaysia as one of its largest markets. Domicile and mission are separable decisions. We intend to make the same separation: incorporate and raise capital where it is easiest, and build and operate where the actual problem and the actual mission live.

7. Our Posture: Infrastructure, Not Advocacy

We build tools. We do not lobby for land code reform, do not take a public position on any institution's competence, and do not position ourselves as a political actor. The closest comparison is a company like a tax-preparation platform: it never campaigned to simplify the tax code, never accused a tax authority of failure, and became essential infrastructure precisely because it made compliance instant and correct for anyone, anywhere the code applies, without taking a side in the argument over whether the code is fair.

We calculate faraid correctly. We make a wassiyah legally sound in minutes. We represent a beneficial claim as a clean, verifiable digital record. Whether a given institution chooses to act on what we hand them is that institution's decision. This posture is not passive by accident — it is the position that lets the moral weight of continued delay fall entirely on whoever chooses not to use a tool that already exists, rather than on us for building it.

This posture is complete for Horizon 1, which needs no one's permission. It is necessary but not sufficient for Horizon 2, where a correctly engineered claim still needs an institution with legal authority to recognize it — meaning relationship-building continues quietly, as a vendor offering capability, never as an activist demanding reform.

8. The Tools We're Building

A working prototype exists today, covering both horizons:

- **Faraid Calculator (Horizon 1).** Computes fixed Islamic inheritance shares for spouse(s), sons, daughters, father, mother, and full siblings, correctly applying 'awl (proportional reduction when fixed shares exceed the estate) and radd (returning leftover residue when no residuary heir exists). Verified against classical textbook cases, including the umariyyatayn ruling.
- **Wassiyah Generator (Horizon 1).** Guided drafting of a discretionary-third will, with a live limit meter, two-witness fields standing in for the shuhud requirement, and a downloadable draft.
- **Frozen Estate Unlock Simulator (Horizon 2).** Issues each heir a digital beneficial claim from computed faraid shares against a named frozen asset, and demonstrates a heir transferring part of their claim without requiring the consent of co-heirs — the mechanism that could, with institutional recognition, begin to address the RM90 billion backlog.

Every tool carries an explicit disclaimer on scope and the need for qualified Shariah and legal review — consistent with the posture described in Section 7. None of these outputs are represented as a fatwa or as legal advice.

9. The Moral Case

The Qur'an is unusually severe on this specific point relative to most areas of fiqh. Surah An-Nisa does not merely recommend the inheritance shares — it calls them *hudud Allah*, the limits set by Allah, and warns that transgressing them leads to grave consequence (4:13–14). Separately, 4:10 condemns the unjust consumption of orphans' wealth in the starkest terms in the Qur'an. Denying an heir their due, whether through neglect or through a system that has no urgency to resolve it, is not a minor administrative failing in the textual tradition — it is treated as among the gravest matters a Muslim can be party to.

We hold this conviction, and we are precise about where we say it. To families, it is direct: every year an inheritance sits frozen is a year someone is denied what was already decided for them, and the RM15 billion to RM90 billion trend line is the empirical proof that this is getting worse, not better, with time. To institutions, we do not accuse — we invite, because the tool to end an documented, self-acknowledged injustice should not sit unused for lack of an offer.

10. Open Questions & Next Steps

- Confirm whether prolonged estate administration creates a financial incentive for licensed trustees, which would clarify whether Horizon 2 institutional friction is negligence or a misaligned incentive worth designing around.
- Decide product architecture: direct-to-consumer application versus an API-first, embeddable platform that a Land Office, a UK solicitor, or Dubai Land Department could integrate on their own terms.
- Identify the first institutional ally in Malaysia — a religious authority for legitimacy, a single state's Land Office for a pilot, or Amanah Raya directly, given its existing relationship to the backlog.
- Complete jurisdiction-specific legal research ahead of UK and UAE builds, including will-validity requirements and digital-asset regulatory posture in each.

This document is a strategic positioning paper, not a legal, financial, or religious ruling. Figures on frozen Malaysian estates are drawn from public reporting citing As-Salihin Trustee Berhad; all calculations and document drafts produced by the accompanying prototype require review by a qualified Shariah advisor and licensed legal counsel before any real-world reliance.

11. References

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