



Guest Editors' Notes: COVID-19: The Pandemic's Impacts on the Economy and Realization of Maqasid Al-Shariah and Islamic Finance

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The COVID-19 pandemic have a sudden and significant impacts to the economies globally. It changes the business landscape and how and what consumers buy dramatically. During the enforcement of lockdown, businesses particularly in airline and tourism sectors experienced sharp fall of demand and services. In Malaysia, it is reported that a total of 170,084 hotel room bookings during the period 11 January 2020 until 16 March 2020 had been cancelled, which caused a loss of revenue amounting to RM68,190,364 (Foo et al., 2020). The phenomenon has affected gross domestic product (GDP) growth, household consumption, inflation and unemployment rates. A substantial numbers of small and medium enterprises (SME) face difficult times to survive which resulted many employees have lost jobs or to accept salary cut. It is anticipated that the COVID-19 pandemic will lead to another global economic crisis. Hence, governments had taken specific intervention policies to sustain the domestic markets during the full swing of the pandemic and during the post-war recovery to boost back the economy into the right track. The policies aimed at preventing employees from losing their jobs, securing renters and homeowners from evicting properties, avoiding companies from bankruptcy, and maintaining business and trade networks. Central banks across the globe have cut profit and interest rates in providing liquidity to keep moving the business sectors and household spending. In addition, some governments in emerging economies have granted moratorium to assist people who are affected by the pandemic. Nevertheless, the domestic policies will have their own challenges including high level of public debt. Thus, the government and central banks have critical roles to play in formulating the right monetary, fiscal and financial policies for their respective countries.

The COVID-19 pandemic has changed consumer spending patterns and behaviour. While most industries suffered from decline demand, there are industries which benefit from the pandemic outbreak. Cloud computing, video conferencing, electronic payments, online food delivery, frozen foods and beverages (F&B) businesses are experiencing rapid growth. The COVID-19 is pushing companies to swiftly operate in new ways by accelerating digital transformation. Another impact brought by the pandemic is workforce disruption. COVID-19 has made working from home as a new normal. The notion of traditional working environment in an office eight hours a day, five days a week has suddenly become obsolete. Employees now has the flexibility of remote working which help in reducing the traffic congestion. However, as some employers consider to make working from home a permanent arrangement it would significantly affect office commercial space sector.

Based on these economic impacts of COVID-19, the special edition of Journal of Muamalat and Islamic Finance Research (JMIFR) aims at documenting current research and academic works related to the topics. This special edition intends to demonstrate how Islamic financial industry react and overcome the new challenges during the pandemic. In doing so, the objective of Shariah (Maqasid al-Shariah) is adopted as the guiding principle in assessing any issues or measures taken for the benefits of various industry's stakeholders. With a total asset of

more than USD2 trillion globally, Islamic finance industry has contributed significantly to the development of Muslim communities in many parts of the world. Thus, it is interesting to examine how the Islamic finance industry's stakeholders including regulators, Shariah fraternity, industry practitioners and customers act to remain resilient under the adverse economic scenarios.

The realization of the principle of Maqasid al-Shariah in Islamic banking operations is an on-going project. The Maqasid al-Shariah principles necessitate that Islamic banking and financial institutions to safeguard the wealth of all different stakeholders with fair business dealings. The COVID-19 pandemic presents a true test to the Islamic financial institutions on how they apply the concept of Maqasid al-Shariah in their decisions to achieve a balanced and win-win situation during the challenging times. Islamic financial institutions are expected to take more responsible approach in supporting those who are affected by the pandemic.