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THE APPLICATION OF FINTECH IN THE OPERATION OF ISLAMIC BANKING FOCUSSING ON ISLAMIC DOCUMENTATION: POST-COVID-19

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ABSTRACT

FinTech is innovation, and it is developing rapidly as part of current human need dealing with financial transactions in daily life, embracing the banking industry as convenience instruments to the consumers. Adapting FinTech in Islamic banking is challenges in terms of Shariah-compliant as the essential elements of riba',maysir, and gharar prohibited from forming part of the FinTech component. Islamic finance institutions in the world face problem in dealing with financial transactions as well as saviour during pandemic COVID 19, where most countries in the world are affected and declared lockdown as an emergency solution to cut the chain of COVID 19. Concerning the pandemic crisis, problems on the operation of Islamic banking adopted Islamic Fintech need to explore, which also concerning the conduct of legal firms in managing Islamic banking documentation. The objective of this paper is to identify the application of Islamic fintech in Islamic banking, the legal framework of Islamic fintech, issues in managing the operation and Islamic banking documentation at legal firms, and analyse the suitability of Islamic fintech in the service of Islamic banking during the Movement Control Order. The methodology used in attaining the objectives is qualitative by utilizing the library as the data centre, review the journals and articles, including collecting data from books and available reports. As a result of the study, the paper suggested new norms need a new approach by Islamic finance and any legal institution since the operation heavily relies on the adherence to Syariah requirements and guidelines issued by Bank Negara Malaysia and Security Commission. The support from the government in providing an adequate legal framework for fintech's instrument to operate needs attention, and consultation among the experts is much welcome by the fintech community.

Keywords: *FinTech, Islamic Banking, COVID 19, Islamic documentation, shariah-compliant.*

Introduction

Evolvement of Fintech

A smartphone is an invention in telecommunication technology that later become a trend. The trend then becomes essential to human beings since the features allow people not only to communicate but also to make other activities such as finding information, interaction with social media, recording essential events, and not to forget banking transaction. According to the internet users survey released in the year 2018, the smartphone remains the most prevalent means of Internet access for consumers, with nine out of ten Internet users using the app online (93.1 percent), up 3.7 percentage points from 89.4 percent in 2016. (MCMC,2018), Over half of internet users use online banking (54.2%), compared to 41.7% in 2016, increased their participation in online banking and finance. Consumers ' preference for physical ATM and banking and lack of trust or expertise were the key barriers to online banking adoption. The most popular online banking activities were checking account/statement and transfer funds.

Internet banking usage getting expands by the introduction of more sophisticated technology that later creates competition but, at the same time, facilitates the bank system in many transactions. Financial Technology or FinTech as a disruptive technology that transforms stakeholder banking behaviour and indicates the development of FinTech is influencing not only conventional finance but also Islamic finance (Abdul Rafay et.al, 2019). Historically, FinTech begins by Barclays Bank's creation of the Automatic Teller Machine (ATM) in 1967. (Arner et.al, 2016). However, it is arguably the beginning of the current development of FinTech today. The effect of the ATM prompted Paul Volcker, former US Federal Reserve Chairman (1979-1987), to point out that the most significant financial breakthrough seen is the automatic teller machine, which benefits people and reduces bank visits and is a real convenience. In other words, FinTech is like the modern union between financial services and information technology, which the interlinkage, has a long history and developed over three distinct periods that are FinTech 1.0, Fintech 2.0, FinTech 3.0 and FinTech 3.5. (D-Arner,2016) These stages of development propelled the core enabling technologies during FinTech 1.0 included Trans-Atlantic communication cable and mainframe computers. (K.Leong & A.Sung, 2018) These innovations develop financial infrastructure-related goods such as SWIFT and ATMs. Under FinTech 2.0, the related technologies included the Internet and the Internet of Things, while more and more data technologies built during FinTech 3.0 and now in a transition phase from FinTech 2.0 to FinTech 3.0.

Islamic Fintech

Although fintech generally began to show its success in conventional banking, there is an obstacle to effective Fintech incorporation because many Islamic scholars believe that Fintech bitcoin and other cryptocurrencies fail to comply with Shari'ah (Hassan et.al, 2020). The successful inclusion into the Islamic Finance industry of Fintech technology would, therefore, entail the implementation of a set of standards to ensure the Shari'ah compliance nature of the offered goods. The details of the Syariah compliance issues of fintech are related to products and innovations that seem to be not in full harmony (compliance) with requirements of Islamic contract law in general, and Shariah nominates contracts in particular (Djafri, F., 2017).

During the pandemic COVID 19 outbreaks, the reliance on the usage of smartphones and the internet becomes fundamental. Data showed that total internet usage by world population surged at 50% and 70% while streaming jumped to 12%. (Forbes, 2020) E-commerce shows increasing and sees as a revenue boost due to the pandemic, adding $175 billion in revenue in 2020, which represents a 5% increase. Government efforts in combatting COVID19 by enforcing lockdown urge peoples to adapt to new norms such as social distancing and stay at home primarily to protect the vulnerable groups like elders, dangerous illness patients, and children. One of the impacts of COVID 19 forces peoples to use an online banking platform as a new way to transact with the bank, which the bank encourages the option while they limit their time of operation daily. (Mitek,2020) Another impact on COVID 19 is the dismissal of employees due to the closedown of the company creates a financial burden to consumers on paying debts, and the financial institution will get the impact. UNDP of the opinion that Islamic finance can help people by providing zakat as short-term relief and impact investing-private investment prioritizing businesses with social impact. In the meantime, Sukuk can be a source of long-term capital for governments and companies, along with the waqf endowments able to be a contributor to long-term resilience. Despite the unknown of the disappearance of COVID 19, fintech expected to continue to accelerate the Islamic banking in the coming years by improving access to financial services and transforming Islamic social finance (JakartaPost, 2020).

Application of Islamic fintech in Islamic banking

Fintech has accepted as a new technology that helps the financial transaction between the financial institution and its customers. Its emergence that also considered by some party as the third party between financial institutions and consumers makes a competition to improve and innovate better business. The question arises as to one description on Islamic Fintech technically, which seem to rely on the existence of Islamic Fintech definition to get the answer.

Defining of Islamic Fintech

It is hard to define fintech generally as public acceptance towards it is low due to lack of awareness and not realize that the existing financial system is changing rapidly because of FinTech innovations. According to (K.Leong &A.Sung,2018) Efforts was made to define Islamic Fintech as a combination of the word that is finance and technology, which need to fulfil and observe the Syariah guidelines that seem familiar as now the Islamic finance assimilated the digitalization era. (Ilyas & el, 2019) Another reference made as to the meaning of Islamic Fintech is, it different than conventional fintech due to the requirements of Shari'ah compliance, which refers to the Syariah permitted Fintech products (Hasan et.al,2020). Besides, Islamic financial technology, or Islamic Fintech, is any technology that allows or supports new Islamic finance products or services in much the same way as traditional fintech allows and supports new conventional finance products. (Salmaan,2017) Some researchers studying Islamic Fintech concluded that Financial technology is nearer to the essence of sharia as it removes leverage (Firmansyah and Anwar, 2019). Besides, (Umar & Nazim,2019) do not agree as to the term Islamic Fintech and preferable to use the words "Sharī'ah-compliant Fintech" or only "Fintech solutions in Islamic finance" by reason that it needs a formal Sharī'ah approval. As of that, it is adapting FinTech in Islamic banking challenges in terms of Shariah-compliant as the essential elements of riba',maysir, and gharar prohibited from forming part of the FinTech component. Thus, it can sum up that there is no clear definition of Islamic Fintech, which portrays the idea that Islamic Fintech could be a mirror of the conventional fintech currently adopted by conventional banking.

The digitalisation of Islamic Banking Products and Services

Modern institutions of Islamic finance faced with more intense markets with fintech sharing their feet. It may end up with a reduced deposit and investment portfolio and face requests for digital channels for transactions (Global Islamic Finance Report,2017). The important part is to deliver Islamic financial services digitally in simplicity manner. Despite recent studies that have explored fintech's computability problems in Islamic finance, the growth has opened the way for the production of creative, Islamic market Shari'a compliant goods to pave the way for a more durable competitive advantage for the Islamic finance sector (Hasan et.al 2020). The report provided by Dinar Standard Dubai in term of numbers Islamic Fintech Startup are increasing with the statistics base on countries as Indonesia-31, US-12, UAE-11, UK-10, Malaysia-7, and others-22. The sectors involved in implementing the Islamic Fintech Startup have included business and consumer financing, wealth management, deposits and transfers, and others. Fintech impacted the Islamic finance services segments, which consist of 12 categories that correspond to the six specific areas of services. The services segment are the investment account, Sukuk, ijarah financing, Islamic private equities, musharakah and mudarabah, Murabaha working capital, wakalah LOC, bank treasury, Islamic retail, private wealth, Islamic institutional fund, takaful, and Re-Takaful. Indeed, Islamic fintech firms have developed and provided services in various fields (Islamic Fintech Report,2018).

Regulating the FinTech in banking industries

Since Islamic banking conduct on the control environment as to its adherence to Islam, an analysis shall make as to its compliance with the basic Syariah requirements. Dalila and Nazatul (2017) pointed out the challenges face by Islamic finance is to familiarise the financial services products of the agnostic tools of fintech to meet the Shariah guidelines and compliances considering the Shariah governance structure in fintech is not similar (Hasnan Baber, 2019). suggests the credibility of the Shariah values should be constructive and innovative in time, like crowdfunding if fintech replaces the traditional business model. Apart from the Shariah-compliant concern, emphasis on the regulatory aspect that should get attention as it can lead to missed opportunities in FinTech investments. (Saba et.al,2019) Islamic financial institutions and technology players could be seeking regulators as heading for direction towards FinTech for investment. Therefore, the need for standardization of contracts and practices underlined by virtually all experts in Islamic finance by developing regulations, standards, and supervisory networks (Sidlo, K.W.,2017). Until today, Shariah laws interpreted differently across the globe, it is hard to create the common frameworks and rulings which resulted in investors' lacking certainty, and clarity thus prevents the industry from integrating and growing into a truly global one. Fintech is seen as an injection of Shariah elements to make compatible with Islamic banking and create Islamic Fintech so that it can work within the Islamic banking's framework. However, a few issues need to solve for the Islamic Fintech to become reliable and computable into Islamic banking and finance.

Islamic Fintech legal frameworks

Fintech is a new technology that affects wide-ranging financial services, including payment, market infrastructures, distributed ledger, deposit, lending, capital raising, investment, authentication, know your customer (KYC) utilities, alternative data, and Artificial Intelligence. All of the services are similarly offered by Islamic fintech, which challenges Islamic banking as it needs regulatory works to ensure compliance with Shariah law. World Bank has initiated 12 elements at Bali Fintech Agenda in coordinating and policing fintech across the globe (Worldbank, 2018). Among the elements are adapting regulatory framework and supervisory practices for orderly development and stability of the financial system together to modernize legal frameworks to provide an enabling legal landscape. It was suggested creating a legal framework to protect consumers and promote the innovation of the Fintech activities in financial services by having specific regulations in which most countries apply existing banking laws and regulations to digital banking (J. Ehrentraud et.al, 2020).

Malaysian Digital Economy Corporation (MDEC)

Malaysia is very receptive to fintech innovation and technologies, where MDEC, as a government agency, entrusted to develop, coordinate, and promoter's Malaysia's digital economy. In regulating the Fintech in Malaysia, Bank Negara, as a central bank in Malaysia together with the Security Commission, issued legislation to follow by fintech player. The applicable laws regulating banking and banking activities are the Financial Services Act 2013 for conventional and Islamic Financial Services Act 2013 for Islamic banking. On the other hand, the Security Commission issued regulations on Capital Market and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019, Guideline on Recognized Markets, and Guidelines on Digital Assets. At the same time, Bank Negara Malaysia issued a Regulatory Sandbox Framework to enable experimentation of fintech solution in a live environment, subject to appropriate safeguards and regulatory requirements. To further enhance the regulation on Fintech in Malaysia, BNM issued the latest regulation that is Licensing Framework for Digital Bank as a licensing framework for digital banks to offer conventional and Islamic banking products and services.

Although all the guidelines and regulations issued to fill in the gaps in fintech, many opinions arise on the inadequacy of the legal frameworks for Islamic fintech. It was commented on two clauses in the Fintech Regulatory Framework that did not compliment Islamic Fintech since it is missing on provision about prevailing Syariah standard and Syariah governance as they are a challenge for small startups that are not familiar with Syariah requirements (Othman Abdullah, 2017). The existing framework does not address the fintech issue of Shariah compliance in the operations and practices such as reasonable standards of service and transparency, together with the supervision to Syariah compliant over funding and reporting requirements (Akram Laldin, 2017). Lack of a legal framework for Islamic Fintech, particularly smart contracts, and suggested on Shariah screening over business activities and financial ratio similarly applied by the Securities Commission (Norafni, Hariri & Norbaya,2020). The government needs to provide supportive legislations for the Islamic Fintech sector, which are not too loose until neglecting customer protection and privacy or too strict that hamper the development of Islamic Fintech (Egi Arvian Firmansyah,2018).

Going through pandemic COVID 19 with the new norm and financially affected consumers are no easy way out for financial institution, including Islamic banking. The financial institution without digital ability would face difficulty as it presumed the adaption of blockchain and all digital instruments for a paperless transaction (Euromoney, 2020). Fintech shows an advantage by being flexible, particularly in the event of COVID 19, where creative solutions are crafted (Deloitte,2020).

Law firms managing on legal documentation during Movement Control Order (MCO)

Bar Council, on their press release dated 27 April 2020, urge the government to allow law firms to operate as lawyers play a critical and irreplaceable role in the economy by supporting and enabling the real property and banking sectors. The operations also include contracts and transactions, capital markets, debt recovery, insolvency, and intellectual property protection. Concerning that, the government should allow the Land Offices, commissioners for oaths, Inland Revenue Board offices, Companies Commission of Malaysia, and various local authorities and government agencies to operate as well as they are in the chain. In accessing the impact of legal firms on contract performance documents, an internet survey over law firms to know challenges during the MCO which are inability to perform contractual obligations (tenancy agreement, employment contracts, and legal services contracts with clients), hard to access files to enable remote working due to movement restrictions and insufficient access to facilities and technology to allow remote working (computer, laptop, highspeed Internet access, law technology (law-related technologies tools). (Bar Council,2020)

This challenge is more burdensome to legal firms as some of the financial institutions enforced legal firms to strict timelines on the completion of tasks without the privilege of having the physical files and other facilities usually available to them. (NST,2020) The suggestion made by the Bar Council of amendment of the law to provide lawyers and law firms as suppliers that enable the delivery of essential services. (Hafiz,2020)

Besides on allow the legal firms to keep operating during MCO, fintech inclusion to the legal firm can help to sustain the legal firm operation. Base on a survey made by Bar Council, it is admitting the most significant challenges are the facility, including the internet, gadgets such as computers or laptops and digital systems embedded in the legal firm information technology system. During the pandemic COVID 19, the business runs as usual that sometimes need to a new contract which suggests using electronic agreements and signatures that require varying degrees of legal formality when it comes to the types of arrangements allowed and automatic signature thresholds to meet. (herbertsmithfreehills.com,2020). The idea is to use a smart legal contract. The contract embedded in supply chains and digitally connected into identified data sources (mainly where those data sources are machines - think robotics, internet of things devices, sensors, drones, or as is more likely, the back end systems that manage them). Financial systems continue to operate, notwithstanding the time of crisis such as mortgage and online shopping payments can still process even in a time of the pandemic. The same continuity of business in payments should also play out in our contractual networks but requires investment in secure Smart Legal Contract digital infrastructure, as well as new tools and smarts to draft digitized contracts.

Effects of COVID 19 on the service of Islamic banking

Movement Control Order enforced by the government to limit the movement of the peoples means less contact with other peoples, thus restrict the traditional transaction involved with banking. An extended period of MCO making peoples lost jobs, and lost source of earning thus has caused financial uneasiness among the people to pay loans. The Prime Minister announced planned that is call moratorium on loan repayment for six months by restructuring or rescheduling effectively on 1 April 2020. (NST,2020)

Responded to the plan and initiative, banks announce automatic withhold the payment unless the customer informed to pay the loan as usual. In facilitating the arrangement, most of the banks do not require consumers to come and make a new arrangement on loan but executed the agreement via the internet.

Moratorium refers to deferment of payment instalment by customers to banks, without any charges or penalty, which in line to Paragraph 3, Appendix 1 of Credit Risk policy document issued by Bank Negara Malaysia ("BNM") dated 27 September 2019 (Syahir et.al.,2020). For moratorium to execute, rescheduling the agreement is suggest, which means modify the loan agreement by extended the duration of payment, lowering the interest but raising the monthly payment, or arranging a new deal. Another way of opting for the moratorium is by way of restructuring the loan agreement by lengthening the due date for the principal payment or modifying the frequencies of interest payments (Investopedia,2020). Changing the deal is affect the Islamic loan agreement since the principle of Islamic law on any changes needs a new contract because the terms and conditions now change. The previous agreement needs to terminate, which cause additional costs to be borne by the Islamic financing customers in terms of new legal fee and stamp duty for the latest legal documents.

In contrast to the practice of conventional loans, the contracting parties simply need to conclude a supplementary agreement to reschedule or restructure the loan. Base on that issue, the Shariah Advisory Council decided that rescheduling and restructuring Islamic financing agreement permitted by cross-referring to original agreement to avoid the payment of stamp duty with the condition the original agreement terminated. (SAC,2002) For restructuring, the SAC has recognized the cross-reference method on the ground of maslahah, which is, to avoid double payment of stamp duty. Then, it was decided on permitted the extension of time for financing without a new contract, provided that both parties satisfy all concluded promises, and the price imposed on the customer does not exceed the original sale price. (SAC,2003). Islamic financing can be arranged based on sale contracts, ijarah, musyarakah, mudharabah, and others. (R Markom et.al). In this regard, any changes to the duties of the financing receiver and financier must refer to the concluded original agreement.

(Muneem et.al., 2020) stated that in practising restructuring and rescheduling of financing facility, Islamic bank should examine the eligibility of the debtor that include in awarded moratorium for six months before the unfaithful event. In this case, Malaysia's government suggest the moratorium due to COVID 19 pandemic that effects live of all Malaysian citizen. If the debtor is insolvent, the Shariah urges the creditor, as much as possible, without inflicting an excessive burden on him to grant the extra debtor time till he can pay the debt. (Aznan Hassan,2018) A few methodologies for rescheduling and restructuring the debt, according to Shariah law, are identified, such as maturity extension, converting debt into salam capital, and sale with the condition to purchase. Also, the conclusion of new murābaḥah using the proceed to settle the existing mortgage, renewal of ijārah contract by increasing the amount of rental, converting debt into muḍārabah capital and debt to equity swap also among the suggested methods. It was also suggested shariah parameters to observe in implementing the restructuring and rescheduling, which include separation of contracts (existing financing facility and the new facility). (Aznan Hassan,2018). The new contract (for the financing facility) should not stipulate to settle the existing contract; that is, the current debt and the debtor should freely entertain the proceeds of a new contract without any conditions.

In response to the moratorium because of the COVID 19 pandemic, on 22 May 2020, Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) has published a statement "Accounting implications of the impact of COVID-19 pandemic". The objective of this statement is to provide clarifications to Islamic financial institutions for the application of AAOIFI financial accounting standards (FASs) and the AAOIFI's Conceptual Framework on various payment moratorium legislation by the different jurisdictions. Base on the statement, it understands that AAOFI recognized the rescheduling and restructuring of financing provided that the extended the contractual repayment period without an increase in profit, amortized the remaining amount of deferred profit over the extended period and no increase in profit and contractual term. AAOIFI further clarified that the expected contractual period in respect of an Islamic finance transaction considered to be modified (extended) in the circumstances that there is a regulation enacted on mandatory payment of moratorium by the regulator. The regulator should provide an option to the amount of moratorium, and depends on the consent of the counterparty.

Indeed, the moratorium given to the debtor by rescheduling or refinancing the Islamic law agreement does not violate any of the shariah requirements hence permits with the condition. Islamic banking needs to follow the requirements and acts as required by the regulations.

Islamic Fintech accelerating Islamic banking amidst pandemic of COVID 19

During this pandemic hour, the operation of Islamic banking dealing with banking transactions using paperwork needs to minimize because of the restriction due to the infection ability of the pandemic. So, another option for Islamic banking to depart from the traditional transaction and allow Islamic fintech is a digital platform to replace the usual operation. Whether Islamic fintech can help Islamic banking sustaining the shariah-compliant toward the benefit to the consumer?

Islamic finance combined with Financial Technology (FinTech) is a viable solution to help these small businesses and individuals through a combination of Zakat and Qard Hassan. (Shahnawaz & Mustafa,2020). The usage of this platform will allow the two functions of funds that are to pay zakat by distributing to the eligible recipient and by qard hassan to facilitate the needed debtor. The eligibility will be screen by the platform using audio or video. The lender who contributed will select the intended transaction either to pay zakat or to be a lender to a borrower. If the contributor chooses to be a lender, all information on the borrower will transparent to the lender. All the agreements will execute according to Syariah. On the part of the eligible zakat receiver, payment will make to the bank that links to the platform or by e-wallet. This model portrays the combination of people, processes, and data that utilize fintech in terms of Artificial Intelligent in helping the needy, poor, and the person in need.

Peer to Peer (P2P) lending As Platform of Investment

Peer to peer (P2P) lending is a good investment during the pandemic COVID 19 as a diversification strategy for an investor since there is uncertainty on the market. (Malaymail,2020). There is a high volume of non-performing loans used P2P platform due to pandemic COVID 19 while the borrower does not offer the restructuring of the borrowing. (JakartaPost,2020). The platform request capital to allow for an increase in the amount of funding to cater to the issues while the P2P platform omitted the late payment charge to the borrower. MDEC through its website promoting the P2P lending as an alternative to companies affected by pandemic COVID 19. (MDEC,2020). Peer to Peer lending allows the person with a surplus to finance the borrower via an online platform without intermediaries (M.Piskin, M.C.Kus,2019) They consider Islamic peer to peer lending model is different from the credit model with interest in conventional banking. Requirements for P2P are in line with shariah, where there is a product of financing to trade, physical good, or a service, which based on profit-loss partnership. Then transaction not concluded before the funding and a trade agreement prepared based on power of attorney. With the platform implemented, P2P lending operated digitilized so that all processes are performed automatically on this platform. It was suggested the two contracts implemented in P2P is Mudarabah and Murabaha (Buerhan et.al ,2018) Mudarabah, where all capital is unguaranteed and in the case of default, all the materials in the business will be liquidated and returned to the investor. The other contract is Murabaha, where capital from the crowd will collect as the fund to buy all assets necessary to establish the campaigner's business and sell it to campaigners with the cost-plus methodology. In Malaysia, P2P activities governed under the Security Commission, which is the Guidelines on Recognized Markets issued to regulate the P2P in Malaysia. It also stated that in the event of an Islamic investment note is executed on a P2P platform, and the P2P operator must ensure that the trust account is Shariah-compliant. Furthermore, a P2P operator must adopt a risk-scoring system, which rates all issues, offers, or invitations to subscribe or purchase investment notes or Islamic investment on the platform. The guidelines also set the limits on investments on the platform (Conventuslaw.com, 2018).

Smart Contract as Instrument of Islamic FinTech

Besides, a smart contract is another instrument of Islamic fintech that used to record transactions between parties in financial dealing. This instrument can be seen in line with the encouragement of shariah to record transactions in debt. A smart contract is defined as a set of promise, specified in digital form, including protocols within which the parties perform on these promises. It is created between two users. Then the terms and conditions of the contract are written as code. The smart contract then placed in blockchain, and after that, the smart contract will execute itself upon the triggering event. The operation of a smart contract as a self-execute program when predetermined conditions are triggered. The deployed smart contract on a distributed ledger could make contractual relationships more efficient and economical with potentially fewer opportunities for error. The operation of the smart contract can be in the form of musharakah mutanaqisah, where in obligation to transfer rental proceeds and equity purchase to a partner bank. The smart contract then separated the rental and equity from monthly payments and executed it in real-time manner transfer of share between customer and bank, diminished ownership to consumer. Smart contracts deliver Islamic principles and spirits in Islamic banking, thus adopting it as an advantage to Islamic banking (Aishath Muneeza and Zakariya Mustapha,2019).

Blockchain

Furthermore, another fintech that can benefit is blockchain. By definition, it is an expanding list of blocks that contains transaction data, a timestamp, and a cryptographic hash code of the previous block that its feature is resistant to data modification and trackable transactions (M.R. Rabbani, S. Khan, E.I. Thalassinos, 2020). Blockchain may use in any kind of transaction that involves value like goods, money, and property, but the creation of money that is cryptocurrency still debated among shariah scholars. (Aishath Muneeza and Zakariya Mustapha,2019) It was suggested that the blockchain data, in principle, replace public documents such as deeds and titles by used a "smart long-term ijarah-thummal-bai" or lease-purchase contract. It allows the use of the bitcoin blockchain. It automates the periodic payment streams, as well as the change in title of leased assets at the end of the lease period, becomes a self-paying and self-executing instrument (Iibf.com). Blockchain creates a low-cost application, avoids intermediaries, and efficiently able to help the impoverished country as evident in the Syrian refugee camp in the usage of e-coupon for buying necessities (Farrukh Habib & Moutaz Abojeib,2018). The refugees need to eye scanning for identities verification, and the aid disbursed to the refugees by redeeming the coupons. The transaction then recorded in the blockchain. Islamic finance upheld the right behaviour, and the application of blockchain is about "coding" those behaviours onto a full system of Artificial Intelligence, which would then ensure that those behaviours adhered to autonomously, without further interference of another party (Hussein,2019).

E-Wallet

E-wallet is another product of fintech that attracts the attention of users across the country as it features easy to use and convenience. The usage is like to replace the physical wallet by a card to buy groceries, car park payment, entrance payment for the amusement park, and others. The e-wallet is a financial network where an online site or software helps users to manage information in a single location that is like a physical wallet for transactions, loyalty, membership, and banking records (Uddin & 3 els.,2014). The E-wallet can divide into two that are bank and non-bank e-wallet (Hisyam,2019). The bank e-wallet is a virtual wallet provided by commercial banks, which linked to the customer's debit or credit account maintained with the bank. The money load through a bank as a platform before it can use by apps that require users to enter passcode or fingerprint to log in and no sensitive information will store on the device. This type of e-wallet safer in the sense if the device is stolen or lost, the bank can remotely disable the account from unauthorized use by the perpetrator. On the other hand, non-bank e-wallet provided by a non-bank issuer. However, issues arise in terms of shariah-compliant transaction and payment of bonus as riba'. The e-wallet linked to the user's respective debit or credit account with the bank, there are non-issues to shariah-compliant if it is an Islamic account. There might be some shariah concerns on the non-established bank since the issuer relies on the commission of transaction from advertising or marketing fees for promoting merchants and businesses as to whether the activities relate to non-Syariah promotion and advertisement. There is no riba' involve in e-wallet if the aqad is not for financing, and the issuer provides a bonus from their surplus (Azrul Azlan,e-muamalat).

Making a digital system in banking and finance is a massive opportunity in dealing with business and transactions during the period of Movement Control Order. Fintech shows their ability during the pandemic time by assisting banks and consumers to meet their needs while restriction in the movement still imposes.

Conclusion

It is essential to realize the fintech's ability and grab the advantages offered by fintech products in rapidly boost up the Islamic financial services during the pandemic COVID 19. At the same time, it helps the legal firms to continue their works during the Movement Control Order. Although it suggests in amending the laws to insert legal services as essential during a pandemic, the perspective needs to change to adapt to able resolving the issues faced by legal firms. New norms need a new approach by Islamic finance and any legal institution since the operation heavily relies on the adherence to Syariah requirements and guidelines issued by Bank Negara Malaysia and Security Commission. The support from the government in providing an adequate legal framework for fintech's instrument to operate needs attention, and consultation among the experts is much welcome by the fintech community.

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