# When Halal Becomes a Trap: How to Spot Shariah Gold Investment Scams and What Malaysia Can Learn from Indonesia

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## ABSTRACT

Fraudulent investment schemes in Malaysia involve using shariah-compliant terminology as a bait to lure investors into fake investment schemes. This study was conducted based on the reported cases of investment fraud in Malaysia. Based on case studies provided by stakeholders, we document how fraudsters have exploited Islamic finance terminology and promoted their deceptive schemes using false promises of high investment returns via various unregistered investment channels including online platforms and social media. In Malaysia, there are existing Islamic finance regulations under the Islamic Financial Services Act (IFSA) 2013 and the Capital Market and Service Act (CMSA) 2007. However, their main focus are only on licensed financial institutions and investment products. Hence, this leaves significant loopholes for the use of shariah-related mislabelling in fraudulent schemes. Key gaps in current Malaysian regulation include the absence of preventive controls over Shariah-related investment advertising and weak monitoring of digital promotions are key weaknesses. Enforcement is mainly reactive, meaning action is taken only after financial losses occur. Comparatively, Indonesia faces the same problem hence, but Indonesia's system is more fragmented, with religious and financial institutions working separately. To combat such fraud, this paper recommends better enforcement measures, increased oversight, greater public investor awareness and enhanced institutional coordination within Malaysia.

**Keywords:** Shariah-compliant gold investment; investment fraud; Shariah governance; Malaysia; Indonesia comparative study

## INTRODUCTION

For centuries, gold has played a significant role in Islamic civilisation, serving as both a trusted store of wealth and a recognised medium of exchange. Today, it continues to attract Muslim investors who wish to preserve their wealth while ensuring that their investments comply with Shariah principles. As demand for Shariah-compliant gold investments has increased, so too has the number of fraudulent schemes marketed using labels such as "Islamic", "Shariah-compliant", and "halal". These labels often create a false sense of security, leading investors to assume that a scheme is legitimate without first verifying its legal and Shariah compliance. In such circumstances, the very concept of "halal", which is intended to inspire confidence, may instead become a means of deception.

Malaysia and Indonesia provide useful case studies because both have large Muslim populations, well-established Islamic finance industries, and active markets for gold investment. At the same time, both jurisdictions have experienced a number of high-profile investment scams involving gold trading and purported Shariah-compliant investment schemes. In Malaysia, the collapse of Genneva Malaysia Sdn Bhd remains one of the country's most significant investment scandals, affecting approximately 35,000 investors and resulting in estimated losses of RM10 billion. The decision in *Public Prosecutor v Genneva Malaysia Sdn Bhd & Ors* [2021] 9 MLJ 288, in which the accused were convicted of illegal deposit-taking and money laundering, demonstrates that the mere existence of gold as an underlying asset is insufficient to establish the legality or Shariah compliance of an investment scheme. Similar patterns have emerged in Indonesia. Cases involving PT Golden Traders Indonesia Syariah (GTIS), PT Cakrabuana Sukses Indonesia (CSI), Dream for Freedom (D4F), and PT First Travel reveal how operators exploited halal branding and religious endorsements to gain the confidence of investors while concealing fraudulent business activities.

From the standpoint of Shariah, the use of Islamic branding alone is insufficient to establish that a gold investment is genuinely Shariah-compliant. Under classical Islamic commercial law, gold is recognised as a *ribawi* asset (*mal ribawi*), and transactions involving gold must satisfy several fundamental requirements. These include genuine ownership (*milkiyyah*), actual or constructive possession (*qabd*), transparency in the transaction, and the absence of *riba* and *gharar*. As noted by Engku Rabiah Adawiah Engku Ali and Mohamad Akram Laldin, Shariah compliance should not be determined solely by the legal form of a transaction but must also be evaluated in light of its substance and its consistency with the objectives of Shariah (*maqasid al-Shariah*). Many fraudulent gold investment schemes fail to meet these basic requirements because investors receive nothing more than contractual promises, certificates, or assurances of future delivery instead of acquiring ownership of identifiable gold. The increasing use of digital investment platforms, social media advertising, WhatsApp investment groups, and cross-border transactions has made the problem even more difficult to detect, allowing fraudulent operators to create an appearance of legitimacy while concealing the absence of genuine assets and the lack of regulatory approval.

This article examines the growing problem of Shariah gold investment scams and considers why the use of Islamic branding should not be treated as proof of legitimacy. It begins by examining the Shariah principles governing gold investment together with the regulatory framework in Malaysia before identifying the common characteristics and warning signs of fraudulent schemes. The discussion then compares the Malaysian and Indonesian approaches to regulating Shariah gold investments in order to identify weaknesses in the existing framework and consider whether Malaysia can benefit from Indonesia's regulatory experience. It is argued that stronger investor education, more effective Shariah governance, and enhanced regulatory enforcement are necessary to reduce the risk of such scams. The article concludes that genuine Shariah compliance depends not on the use of Islamic terminology or religious branding, but on substantive adherence to Islamic commercial principles, regulatory requirements, and ethical business practices.

## LITERATURE REVIEW

### Shariah Gold Investment Scam: Case studies in Malaysia

Genneva Malaysia Sdn. Bhd.'s downfall is still the most important example of gold investment scam occurring in Malaysia. The investment managed to attract attention from academics and regulators. Before the company's operation was put to stop in 2012, the company attracted around RM10 billion from more than 35,000 investors. According to Bank Negara Malaysia and reports from The Star, New Straits Times, and The Edge, Genneva has marketed its products as gold investments, supported by a buy-back arrangement that promised attractive returns while disguising itself as a legitimate gold trading business. The company was finally charged at the court. In *Public Prosecutor v Genneva Malaysia Sdn Bhd & Ors and Another Appeal* [2021] 9 MLJ 288, where the company was convicted for illegal deposit-taking and money laundering activities. The case shows that the presence of gold as a business asset is not enough to establish a Shariah compliance investment scheme.

Genneva's case is not the only case. The Malaysian authorities have encountered similar investment cases that depend on comparable marketing strategies. For instance, SwissCash was one of the earliest cross-border schemes, claiming to generate high returns from investment and precious metals and other assets. Investigation by Bank Negara and Securities Commission of Malaysia concluded that the scheme has similar characteristics with Ponzi and pyramid schemes, which include unrealistic projection of profits, dependence on the recruitment of new participants, less transparency, and absence of regulatory approval. Throughout the year 2000 until 2010, several other companies like Caesar Gold Sdn. Bhd, Pageantry Gold Berhad, and Worldwide Far East Berhad were also involved with gold investment programmes based on similar business models which promoted gold trading and gold buy-back arrangements that promised attractive profits, including fixed profits. As regulatory scrutiny increased, concerns emerged regarding the sustainability of these business models and their compliance with Malaysian financial laws, leading to investigations by the relevant authorities.

Reports published by The Star, New Straits Times, The Edge Malaysia, Malay Mail, Berita Harian, and Utusan Malaysia conclude that the repeating characteristics common to many unauthorised investment programmes as mentioned, including heavy reliance on religious branding and Shariah compliance, representations that investments are backed by physical gold, promises of attractive returns, inadequate disclosure of risks and eventual liquidity difficulties.

**Discussion on Shariah Gold Compliant Investment**

The permissibility of gold investment originates from the general principle in Islamic commercial law that trade and commercial transactions are permissible unless specifically prohibited by Shariah. The Qur'an expressly states "*Allah has permitted trade and prohibited riba*." (Surah Al-Baqarah, 2:275). Classical jurists regarded gold as a ribawi item (mal ribawi) and therefore subjected transactions involving gold to specific rules designed to prevent riba, gharar (excessive uncertainty) and injustice. Although trade in gold is generally permissible, Islamic law treats gold differently from ordinary commodities because it is classified as a ribawi item (mal ribawi). According to Imam Al-Nawawi in Al-Majmu' Sharh Al-Muhadhdhab, transactions involving gold must satisfy strict requirements concerning exchange, ownership and possession. Imam Al-Nawawi explains that where gold is exchanged for gold, the transaction must satisfy two requirements which are equality of quantity (tamathul). And Immediate possession (taqabud). The legal treatment of gold originates from the well-known hadith narrated by Abu Sa'id al-Khudri, in which the Prophet Muhammad SAW stated *"Gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates and salt for salt; equal for equal and hand to hand. Whoever increases or seeks an increase has engaged in riba."* (Sahih Muslim).

*Mohammad Hashim Kamali (2000)* commented that gold has a unique position under the law since it was classified as a ribawi asset. Unlike ordinary items and goods, gold transactions are within the Shariah law’s control, designed to prohibit riba and uncertainty. *Kamali* further explains that the legal restrictions imposed on gold transactions stem from its monetary characteristics. A repeating issue discussed in the academic concerns the requirement of genuine ownership (milkiyyyah) and actual possession (qabd). *Engku Rabiah Adawiah Engku Ali (2014)* said that actual ownership and identifiability of the gold is one of the most important requirements for Shariah-compliant gold investment. *Muhammad Taqi Usmani (2002)* emphasises that Islamic finance requires transfer of ownership of the gold and asset-backed transaction rather than merely creating debt obligations disguised as investments.

AAOIFI Shariah Standard No. 57 on Gold emphasizes the ownership of gold assets, actual possession, identifiability of the gold, and enforceable delivery rights which developed in collaboration with the World Gold Council. This standard explained the permissibility of modern gold investment products and established important requirements which are in compliance with the Shariah principles. Besides AAOIFI and World Gold Council, the standard was also developed with the contributions from leading Shariah scholars and industry practitioners. This collaboration is important because it combines traditional Islamic legal analysis with practical knowledge of global gold investments.

Malaysian literature always emphasizes that gold investment not only requires compliance with Shariah principles but also compliance with the existing laws such as Islamic Financial Services Act 2013, Bank Negara Malaysia Shariah Standards, and SAC Resolutions. These laws are built and function as a dual-layer compliance system, which acts as a statutory regulatory requirement under financial services law, and as a Shariah governance instrument issued by Bank Negara Malaysia (BNM) and its Shariah Advisory Council (SAC). These two layers operate together to ensure that gold investment products are both legally valid and Shariah compliant throughout their lifecycle. Any Islamic gold product (e.g., gold savings accounts, gold-backed financing, or gold trading via tawarruq structures) must ensure ownership (milkiyyah) of gold is real and identifiable, no riba-based return structures, proper possession (qabd) according to Shariah standards, and continuous Shariah governance and audit mechanisms The Shariah Advisory Council (SAC) of Bank Negara Malaysia has also issued rulings relating to gold transactions and Islamic investment including gold is a ribawi item meaning exchange of gold must follow strict Shariah rules, must be exchanged hand-to-hand (taqabudh) and in equal or spot terms when traded for gold-for-gold transactions.

**The Exploitation of Shariah Labelling in Investment Fraud**

The growing demand for shariah-compliant services or products in the financial market have created the opportunities for scammers to exploit religious sentiments in order to gain consumer trust. While genuine-shariah-compliant products and investments exists, the misuse of terms such as “shariah-compliant”, “halal” and “Islamic” have become a common feature of scamming tactic as it attracts investors who are seeking for investment market that offers attractive financial returns while still observing the shariah requirement.

Scammers frequently employ the shariah label as a marketing tool rather than as an indication of genuine compliance with shariah principles. Analysis by Setiawan & Ardison (2021) on investment scam cases in Indonesia shows that victims of investment scams often fall for the scam due to promotional materials that highlighted Islamic terminologies, references to religious values, endorsement by prominent figures of religious authorities and assurances that the investment has been vetted and regulated by the shariah regulatory bodies. Such features give credibility to the investment which attracts the public to invest.

A study by Nathie et. al (2012) suggested that the use of Islamic branding enhances consumer trust and confidence in financial products often reducing the level of scrutiny exercised by the consumer before investing. Representations of shariah compliance reduce the scepticism and circumvent the exercise of due diligence as the potential investors who are inclined to the shariah appeal tend to regard such products as credible and legally sound.

Other literatures also observed that halal and shariah label serves as powerful attraction and marketing factor in the investment market and this reliance on religious credentials create opportunities for investment scammers to exploit the halal and shariah label and disguise the fraudulent nature of the investment schemes (Fattah & Meriska, 2025, Afifatul Munawiroh & Rumawi, 2022; Soenjoto & Fuadi, 2020).

Soenjoto & Fuadi (2020) also suggests that the growing trend of halal certification and shariah-compliant claims in business operations were actually a mere marketing strategy. The halal label is easily misrepresented to attract consumers into assuming that the products or schemes are fully shariah compliant even when its underlying operations do not meet such Islamic requirements. The halal branding becomes a mere formal representation rather than a substantive guarantee of shariah adherence which is concerning for muslim consumers who are obligated to observe islamic rules in all aspects of life.

**The Misrepresented Shariah-compliant Investment: Case studies from Indonesia**

A prominent case of the misuse of shariah labelling in investment scam is the case of PT Golden Traders Indonesia Syariah (“GTIS”). Established in 2011 initially as a gold trading company, GTIS with the approval from Indonesia’s authority, *Badan Konsultasi Penanaman Modal (BKPM),* to operate their business in Indonesia. Later, GTIS expanded their business into investment services and brand itself as a shariah-compliant corporation. Its Islamic branding was reinforced through marketing that its business operation was halal-certificated and shariah-compliant.

To attract investors, aside from promising exceptionally high returns on its gold investment schemes, GTIS heavily marketed their investment schemes through promotional materials that featured halal certification and endorsement associated with the Majelis Ulama Indonesia (MUI), a religious authority of Indonesia. Such promotional tactics increased the credibility of the company’s shariah-compliant claims and increased the investors’ trust in the legitimacy of the investment scheme (Setiawan & Ardison, 2021). The combination of promised high returns and shariah labelling enabled GTIS to attract a large number of investors before its fraudulent nature came to light in 2013 following numerous complaints from investors who were unable to recover their investments, prompting investigations by the Indonesian authorities.

Other cases of fraudulent investment schemes falsely presented as shariah-compliant can be illustrated by the scam cases of PT Cakrabuana Sukses Indonesia (“CSI”) and Dream for Freedom (“D4F”). Both corporations’ business operations involved investment packages that promised high fixed returns, gold savings plans and deposit schemes. The marketing of their investment schemes were built on claims of shariah compliance to attract and reassure the public despite their operations being not licensed by the Indonesian Financial Services Authority (Fattah & Meriska, 2025). This shows how Islamic branding is influential in encouraging investors participation.

Another case that further highlights a scam disguised as a shariah-compliant scheme, although not involving financial investment activities, is the case of PT First Travel ("FT"). FT was a Hajj and Umrah travel agency and in conducting their business, they offered unusually low prices umrah packages, significantly below the market price set by Indonesia's religious authorities, which attracts the public to engage in their services. FT was also licensed as official Umrah Travel Organizer by the Indonesian Ministry of Religious Affairs which further enhanced the perceived legitimacy of their operations (Setiawan & Ardison, 2021).

Problems emerged when many customers who had purchased their packages did not depart as scheduled. In some instances, customers were even required to make additional payments under the pretext of increased operational costs. Ultimately, more than 63,000 thousand customers were affected with losses estimated at 905.3 billion rupiah as result of the shariah-framed services offered by FT which concealed the fraudulent nature of the scheme.

Cases discussed herein illustrate how fraudulent schemes were structured around legitimate financial schemes and then reinforced by shariah-compliant claims thereby strengthening public trust and reducing scrutiny. Islamic labelling is deliberately used in cultivating the public's trust thus concealing underlying fraudulent intentions rather than reflecting genuine shariah compliance as required under the Islamic principles.

## METHODOLOGY

This study adopts a qualitative doctrinal legal research methodology. This methodology is appropriate for this research as the study focuses on examining the phenomenon of Shariah gold investment cases in Malaysia and the lack of a legal framework to draw comparative lessons from Indonesia's regulatory experience. Primary and secondary legal sources are analysed to examine the phenomenon of Shariah-labelled investment fraud in Malaysia and to identify gaps in the existing regulatory framework, drawing comparative lessons from Indonesia's regulatory experience.

Primary sources relied upon include Malaysian legislation, namely the Capital Markets and Services Act 2007 (CMSA 2007) and the Islamic Financial Services Act 2013 (IFSA 2013) and guidelines and investor alerts issued by the Securities Commission Malaysia (SC) and Bank Negara Malaysia (BNM). These statutes are read alongside Shariah governance instruments issued by Bank Negara Malaysia (BNM) and its Shariah Advisory Council (SAC), including the Shariah Governance Policy Document (2019) and SAC resolutions on gold transactions, ownership, and possession. The Securities Commission Malaysia's Guidelines on Islamic Capital Market Products and Services (2023) as well as the AAOIFI Shariah Standard No. 57 were also examined as a standard guide for a Shariah-compliant gold investment.

Secondary sources that were referred to in this research are academic journal articles and studies on Islamic finance and also investment fraud, such as the articles written by *Engku Rabiah Adawiah Engku Ali, Mohamad Akram Laldin and Hafas Furqani, Muhammad Taqi Usmani*, and *Mohammad Hashim Kamali,* reference were also made to Imam Al-Nawawi and Ibn Qudamah, particularly on the matter of bay' al-sarf and gharar. In order to analyse the Malaysian experience on the pattern of misusing the 'religious branding' in the context of Shariah-compliant on gold investment as part of our important point to dissect in our literature review, references were also made to articles written by *Setiawan and Ardison, Nathie et al., Fattah and Meriska, Afifatul Munawiroh and Rumawi, and Soenjoto and Fuadi*.

We adopted the comparative approach together with the doctrinal analysis and Indonesia was chosen as a reference point for our research for the reasons that we shared similar Islamic legal heritage, both Malaysia and Indonesia are Muslim-majority nations with dual financial systems that recognize Islamic finance, and also, both countries have documented cases pertaining to the misuse of Shariah labelling in investment fraud. The comparison is made for the sole reason to identify vulnerabilities that are common to both jurisdictions and most importantly, for us to evaluate whether Indonesia's regulatory responses offer lessons for Malaysia to strengthen its own framework.

The geographical scope of this research is primarily limited to Malaysia, and with Indonesia as a comparative jurisdiction as our reference point and the scope of research circles on reported cases, as well as regulatory developments up to the date of writing this legal article. It is important to note that this research however, does not intend at all to assess the psychological or sociological dimensions of investors.

# FINDINGS AND DISCUSSION

Based on the above discussion, it can be said that most of the words like "Shariah- compliant", "Islamic investment", "halal returns"are used by the scammers in Malaysian investment fraud case (Setiawan & Ardison, 2021; Soenjoto & Fuadi, 2020; Fattah & Meriska, 2025). As a result, religious branding may substitute for proper financial due diligence and weaken investor caution (Nathie et al, 2012) .

The same view was illustrated in the case of Public Prosecutor v Genneva Malaysia Sdn Bhd & Ors and Another Appeal [20l1] 9 MLJ 288 (High Court). In this case, even though the investment scheme promised to utilize physical assets of gold as an underlying asset for the investment, the investment was declared unlawful due to the absence of the required licenses and approvals. In other words, the fact that the investment scheme relied on the genuine asset which is gold did not make it Shariah compliant. What makes it Shariah compliant is the substance of the transaction which must meet legal requirements under Islamic law.

From the Shariah perspective, this distinction is also essential. It should be understood that Shariah-compliant investments should satisfy certain substantive criteria, such as , actual ownership of assets, full disclosure, and the absence of gharar. Thus, using Islamic terms or an asset-based approach does not necessarily make an investment scheme Shariah compliant. The Genneva case thus illustrates that investors can be misled into believing that an investment product is Shariah-compliant simply because it uses Islamic terms and is asset-based when in fact it may contain elements that is prohibited in Islamic law Shariah.

On the other hand, even though Malaysia has a well-established Islamic finance system, it was found that the legal system in the country is not yet fully prepared to handle the Shariah-labelled frauds effectively. This is because, although the laws are present, it only applies to financial institutions and not to unlicensed investment schemes. Hence, this creates a gap where fraudsters can operate outside the system.

Firstly, it should be noted that Malaysia's system is essentially institution-based as opposed to being activity-based. The Islamic Financial Services Act 2013 (IFSA 2013) requires continual Shariah-compliance by virtue of section 28(1), while the Capital Markets and Services Act 2007 (CMSA 2007) regulate capital market services and their intermediaries. As a result, the unlicensed schemes are not explicitly prohibited and thus there is a "regulatory gap" in which these unlicensed schemes may exploit Islamic labels and not be covered by any supervisory authority. Compared to Indonesia, Indonesia has a broader spectrum to religious branding across sectors, but its regulation is more fragmented and less consistent.

Secondly, the study finds that in Malaysia, only regulated Islamic financial products are required to comply with statutory Shariah governance requirements and be supervised by authoritative Shariah institutions. However, these safeguards do not generally extend to unregulated investment schemes (Islamic Financial Services Act 2013, s. 28- s. 38; Bank Negara Malaysia, 2019; Securities Commission Malaysia, 2023). Therefore, the unregulated schemes can still use Islamic terms such as "Islamic" or "Shariah-compliant" without approval, creating a loophole that enables misuse of the Shariah brand. Similarly in Indonesia, halal and religious certification is more widely used, but it is not well connected to financial regulation, which also leads to weak control.

Thirdly, the enforcement in Malaysia is mostly reactive. Authoritative bodies such as the Securities Commission Malaysia (SC) and Bank Negara Malaysia (BNM) only take action when theres complaints and losses arise. While legal actions are appropriate, it is difficult to recover losses by then. In the case of Shariah-labelled fraud, this is even more serious, as the investors are guided by religious trust rather than financial analysis. A similar problem also happens in Indonesia but the enforcement delays are more aggravated.

Fourthly, there is a gap between financial regulators and religious authorities. Financial regulators control investment activities, while religious authorities deal with Shariah matters. However, neither has full authority to control false Shariah claims in unregulated investment promotions hence, creates an enforcement gap where misleading Islamic claims can be used without early detection or punishment.

From a Shariah law perspective, many of these schemes also fail to satisfy fundamental Shariah requirements. As explained by Engku Rabiah Adawiah Engku Ali, a valid Shariah-compliant gold investment must involve genuine ownership and possession of the physical asset (Engku Ali, 2015). If there is no ownership of the physical asset but merely some kind of contractual relationship, then the transaction would not comply with Shariah. These schemes may also entail gharar which is considered a prohibited practice in Islamic commercial transactions. Moreover, it should be noted that, according to Shariah scholars, the Shariah compliance of an investment should be judged on the basis of its nature and substance rather than on its outward appearance or marketing terms. According to Laldin and Furqani, Shariah compliance can only be obtained through adherence to Islamic legal requirements, and not just Islamic terminology per se (Laldin & Furqani, 2018).

A comparison with Indonesia supports these findings. Cases such as GTIS, CSI, D4F, and First Travel demonstrate how perpetrators have used the Islamic branding in fraudulent schemes.Besides that, it should be noted that unlike Malaysia, Indonesia's system is more fragmented, with religious and financial institutions working separately. This leads to weaker coordination and inconsistent control. Malaysia, in contrast, has a stronger and more centralised Shariah governance system in regulated finance, but its weakness lies in unregulated schemes.

Therefore, the study identifies three main legal gaps in Malaysia. Firstly, there is no rule requiring Shariah verification for investment schemes outside regulated finance. Secondly, unlicensed schemes can still use Islamic terms without approval. Thirdly, there is no system linking financial regulators and religious authorities to check Shariah claims in promotions. These gaps allow misuse of Islamic language in investment marketing.

On the other hand, there are three important lessons to be learned from Indonesia. Firstly, having a religious brand name does not ensure security or legality. Secondly, inadequate coordination among the institutions results in high levels of fraud. Thirdly, waiting for problems to happen before acting is not effective. Hence, it can be said that the financial system of Malaysia is more robust, whereas that of Indonesia exhibits lack of coordination.

Although Malaysia has a well-developed Islamic finance regulatory system, it offers limited investor protection as it mainly applies to regulated financial institutions, not on the unregulated investment scheme which leads them to utilise Shariah-related terminology freely without prior verification. To address this gap, Malaysia needs earlier stage regulatory intervention, improved inter-agency co-ordination, and provide greater clarity regarding the regulation of the use of Shariah related terms in relation to investments. This will increase investor protection and bring Malaysian law more closely into line with the objective of Shariah to preserve wealth (ḥifẓ al-māl), while at the same time preventing misrepresentation through deceptive practices.

## CONCLUSION AND RECOMMENDATIONS

Based on the research above, we conclude that the misuse of Shariah labelling in gold investment fraud poses a serious threat in Malaysia and that the labels or terminology used does not at all reflect any genuine Shariah compliance, instead, it was purposely framed that way by irresponsible parties to attract investors to put trust their business and to avoid any due diligence on their part. This is evidenced by the reported cases such as the Genneva Malaysia, GTIS, CSI, D4F, and PT First Travel that we have discussed in our literature review.

Despite Malaysia's regulatory framework providing a strong foundation for licensed institutions, there are still gaps such as unlicensed schemes that fall outside this framework and they freely misuse Shariah claims in their promotional activities to attract particularly Islam investors as one of their strategies. Based on the comparative analysis with Indonesia, it was found that weak coordination between financial regulators and religious authorities further increased exposure to Shariah-labelled fraud in both Malaysia and Indonesia, thus causing fraud occurrences, leaving victims as the consequence of such fraud.

It was highlighted in the findings of the three lessons learned from Indonesia such as religious brand name is not an assurance of security or legality, inadequate coordination among institutions resulting in high levels of fraud and that it is not advised for us to sit on a known problem until it hatches before actions can be taken which is deemed to be too late and therefore not effective, and in this case, reference were made on the misuse of Shariah labelling in gold investment fraud. It was further recommended for Malaysia to practice earlier regulatory intervention, better coordination on inter-agency and to provide clear regulation pertaining to the use of Shariah related terms in relation to investments in order to increase investor protection and to close the gap and to fulfill one of maqasid al-Shariah objective which is to preserve health, and preventing the practice of misrepresentation through fraudulent practices that are considered as unethical and dishonest.

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