

Examining the Relationship between Level of Income and Appointment of Agent in Collecting *Waqf* Fund

Muhammad Ridhwan Ab. Aziz and Mohd Asyraf Yusof

Abstract—The institution of *waqf* has played its role in poverty alleviation and socioeconomic development through history, especially in the Islamic history. Until today, this institution still plays an important role especially in Muslim countries. Still, there are many potential mechanisms in order to make it more effective to alleviate poverty. Cash *waqf* is a trust fund established with money to support services for mankind's benefits in the name of Allah. The gifted capital was "transferred" to borrowers for certain period, which was then spent for all sorts of pious and social purposes inclusive for the investment objectives. It is recognized that there is no ample study in the area of cash *waqf* especially for managing the *waqf* fund. Therefore, the study for the management of cash *waqf* fund is essential in order for the fund to be use efficiently. The objective of this article is to examine relationship between level of income and appointment of agent in collecting *waqf* fund. The methodology of this research is a quantitative research towards 231 respondents among Muslim public in Malaysia. The general finding of this article shows that, with proper contribution method and the appointment of Islamic *waqf* bank an agent in collecting the cash *waqf* fund, there is a strong tendency that the Islamic *waqf* bank's operation will be run effectively.

Index Terms—*Waqf*, cash *Waqf*, Islamic *Waqf* bank, *Waqf* management.

I. INTRODUCTION

From *Shariah* point of view, *waqf* may be defined as holding a *mal* (an asset) and preventing its consumption for the purpose of repeatedly extracting its usufruct for the benefit of an objective representing righteousness or philanthropy. This definition also covers several new forms of *waqf* that were not discussed in the classical literatures, such as the *waqf* of financial rights and *waqf* of usufruct [1]. The contemporary jurists also justify the validity of the cash *waqf*, because it is in the interest of the *waqif* (the donor), its beneficiaries and the society [2].

In addition, *waqf* assets can also be immovable or moveable (e.g. cash *waqf*). In cash *waqf*, *al-Waqif* (donor) endowed cash instead of real estate. Cash *waqf* begin in primeval Mesopotamia, Greece and the Roman Empire. In fact, in the eighth century, Imam Zufar had approved cash *waqf* in the Islamic World for the first time. According to him cash *waqf* would be invested through *Mudarabah* and profits would be spent for charity. Nevertheless, cash *waqf* did not expand and mature until the 16th century and after

that century, it became popular, especially among the Ottomans. Although there was controversy on the legality of cash *waqf* among the Muslim scholars but thousands of cash *waqf* continued to be endowed. In particular, cash *waqf* was supported by the Ottoman Sultans, because funds were financed in the expansion of Islam in Europe [3].

Furthermore, cash *waqf* is far more important since it is more productive compared to land, buildings, books, cattle and so on, as it is testified by the existing research studies and have been found profitable in the practices of modern Islamic financial system. In fact, in cash *waqf* the amount or value of the *waqf* is not an important issue, rather it is worthy to involve whole *ummah* in the process of *waqf*, so that everyone irrespective of financial condition could be involved by contributing as little as a cent within the prescribed systems of institutionalizing the concepts under government or private initiatives and guidelines provided by Islamic doctrines, since it is not only the preserve of the wealthy [4]. Anyone, subject to certain *Shariah* conditions, can be *al-waqif* (donor) through cash *waqf*.

II. LITERATURE REVIEW

The study of cash *waqf* was done by several researchers in recently time. The historical evidence indicates that the real exiting potential lies in the cash *waqf*. The *waqf* system has provided throughout Islamic history all the essential services at no cost to the state and a successful modernization of the system implies a significant cut in government expenditure and all the associated benefits including downsizing the state sector and a reduction or elimination of *riba* [3]. In a society where health, education and welfare were entirely financed by gifts and endowments, the cash *waqf* carried serious implications for the very survival of the Ottoman empire [5].

Moreover, the *waqf* bank can be applied as the bank of the poor. It is permissible in Islam based on the validity of cash *waqf* and the need of *waqf*, its beneficiaries as well as the society. But, if there is favorable political will and strong support from the government, the institution of *waqf* through the establishment of *waqf* bank will contribute significantly to the society [2].

In a survey, there is a strong willingness to contribute for *waqf* bank from all level of incomes. The only reasons that they did not want to contribute for Islamic *waqf* bank is lack of knowledge about *waqf* and lack of trust for the people who represent as an agent for Islamic *waqf* bank to collect *waqf* donation. Thus, the study about *waqf* collection instrument has to be made in order to solve the problem. Also, institute of higher learnings have to provide reading

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material regarding *waqf* for public to understand the concept of *waqf* [6]. In addition, the *waqf* bank models that can be apply for Islamic *waqf* bank and there is possible structure for *waqf* model and instrument that can be implemented in the future for the financing in education [7].

III. RESEARCH METHODOLOGY

The research methodology used by the researchers is quantitative method. The method used throughout the research is through the questionnaires since the use of questionnaires allow us to get information in the most accurate. Questionnaire forms have been printed and distributed directly to each of the targeted respondents which are living in Klang Valley area, amounting of 231 respondents. Each respondent must answer all the questions in the form in less than 10 minutes. Researcher would randomly choose assigned respondents from various related parties. After a thorough survey, data from respondents' answers are analyzed statistically through the use of SPSS version 17. This study will analyze the frequency of each variable in the survey questions, since each respondent has their own evaluation on the issue, which is useful in this analysis. Results of the analysis will determine the level of assessment of each respondent on various aspects of this study. The reliability of the scale was tested using the *Cronbach alpha*. A coefficient alpha that is higher than 0.7 was considered to be good.

Table I below shows the *Cronbach alpha* for all scales; this to confirm the internal consistency of the instrument [8], [9].

TABLE I: EXPLORATORY FACTOR ANALYSES

No	Item
<i>Cronbach Alpha</i> =0.908	
1	<i>Waqf</i> bank operation must be transparent and accessible by public
2	Individual with stable income contribute <i>waqf</i>
3	Direct debit method appropriate to corporate contributor for continuous contribution
4	Appointment of agents for <i>waqf</i> bank would be needed for public
5	Government should give incentives in assisting establishment of <i>waqf</i> bank
6	Establishment <i>waqf</i> bank should be implemented as soon as possible
7	<i>Waqf</i> bank should invest its fund for multiplying its economic value
8	I am willing to donate to Islamic <i>waqf</i> bank

IV. DISCUSSION AND FINDINGS

Based on Fig. 1 below, the majority of respondents have income less than *RM3000* per month which is 64% out of 231 total respondents, followed by respondents who have income between *RM3001* to *RM5000* comprising of 20% from the total respondents. Next is respondents who have income between *RM5001* to *RM8000* and respondent who have income more than *RM8000*, both are 8%.

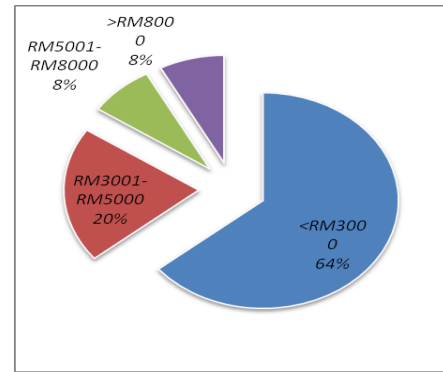


Fig. 1. Income.

The below Fig. 2 reveals that there are strong willingness to appoint an agent for collecting *waqf* funds and it is crucial in meeting public needs. Respondents who have income less than *RM3000* show strong willingness to appoint an agent for collecting *waqf* funds. There are only two participants who strongly disagree to appoint an agent for collecting *waqf* funds and five respondents who are disagree to appoint an agent for collecting *waqf* funds perhaps, they did not trust the agent that the bank hire for collecting the funds. There are twenty five respondents who are not sure whether to appoint an agent for collecting *waqf* funds possibly because they do not have sufficient knowledge about *waqf* and how does the Islamic *waqf* bank operate. There are seventy six respondents who agreed and forty respondents who strongly agree to appoint an agent for collecting *waqf* funds.

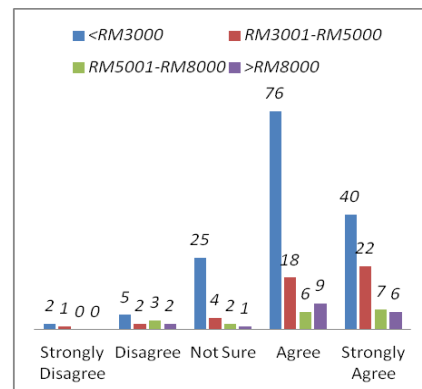


Fig. 2. Income vs appointing an agents for *waqf* bank is crucial in meeting public needs.

Moreover, respondents with income between *RM3001* to *RM5000* also show strong willingness to appoint an agent for collecting *waqf* funds. There is only one person who strongly disagree and two persons who disagree to appoint an agent for collecting *waqf* funds. Possibly they confuse about the mechanism for collecting the fund. There are four respondents who not sure whether to appoint an agent for collecting *waqf* funds maybe because some of them are more comfortable to give donation directly to the poor. There are eighteen respondents who agree and twenty two respondents who strongly agree to appoint an agent for collecting *waqf* funds.

In addition, respondents with income between *RM5001* and *RM8000* also have strong willingness to appoint an agent for collecting *waqf* funds. There are only three respondents who disagree to appoint an agent for collecting *waqf* funds. There are two respondents who are not sure to

appoint an agent for collecting *waqf* funds, maybe because they would like to use electronic banking thus, it is easier for them to contribute for the funds. The other six respondents are agreed and seven of respondents are strongly agree to appoint an agent for collecting *waqf* funds.

Furthermore, respondent with income more than RM8000 almost all are agreed to appoint an agent for collecting *waqf* funds. Perhaps two of the respondents who disagree and one of the respondents who is not sure to appoint an agent for collecting *waqf* fund is because of security purposes.

V. CONCLUSION

From the above discussion, the general finding of this article shows that managing cash *waqf* in terms of contribution method and appointment of agent is crucial to facilitate proper Islamic banking system especially in the area of Islamic *waqf* bank. There is possible contribution method and structure for Islamic *waqf* bank that can be implemented in the future for the success of Islamic *waqf* bank. Again, the discussion regarding cash *waqf* needs to be more extensive in order to find out the best method and structure of administration to be established. The permissibility of cash *waqf* and suitability of capital structure of Islamic bank can be considered as *waqf* instrument in solving the financing problem for the needy.

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