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 a 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 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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DOI: 10.7763/IJTEF.2014.V5.363
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>
<thead>
<tr>
<th>No</th>
<th>Item</th>
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<tbody>
<tr>
<td>1</td>
<td><em>Waqf</em> bank operation must be transparent and accessible by public</td>
</tr>
<tr>
<td>2</td>
<td>Individual with stable income contribute <em>waqf</em></td>
</tr>
<tr>
<td>3</td>
<td>Direct debit method appropriate to corporate contributor for continuous contribution</td>
</tr>
<tr>
<td>4</td>
<td>Appointment of agents for <em>waqf</em> bank would be needed for public</td>
</tr>
<tr>
<td>5</td>
<td>Government should give incentives in assisting establishment of <em>waqf</em> bank</td>
</tr>
<tr>
<td>6</td>
<td>Establishment <em>waqf</em> bank should be implemented as soon as possible</td>
</tr>
<tr>
<td>7</td>
<td><em>Waqf</em> bank should invest its fund for multiplying its economic value</td>
</tr>
<tr>
<td>8</td>
<td>I am willing to donate to Islamic <em>waqf</em> bank</td>
</tr>
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</table>

Cronbach Alpha=0.908

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%.

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 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.

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. There are only three respondents who strongly agree to appoint an agent for collecting *waqf* funds.

In addition, respondents with income between RM5001 and RM8000 also show 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.

ACKNOWLEDGEMENT

This research is benefited from the funding of the Exploratory Research Grant Scheme (ERGS) of the Ministry of Education, Malaysia (The Establishment of Islamic Waqf Bank Model For Financing in Education)(JPT:ERGS/1/2012/SS07/USIM/02/2, USIM: USIM/ERGS-FEM-33-50212).

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