

ZAKAT AND HOPE MODEL: CASE OF UNIVERSITI SAINS MALAYSIA

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Abstract: *The government has reduced budget allocation to the Ministry of Higher Education (MOHE) due to the inconsistency of government income. This imposed various challenges to the management of public institutions of higher learning (IPTA) to manage university expenses and generate income. For the past 22 years, the Malaysia government provide a loan to finance tertiary students expenses known as National Education Fund Corporation (PTPTN), however, due to systematic risk, PTPTN faced financial difficulties because of "non-performing loan (NPL)" which means the borrower does not pay within the specified timeframe and borrower has not paid yet. Various methods have been taken by PTPTN, but the models introduced received a negative response from the borrowers and the public. To address the issue, the study was conducted in Universiti Sains Malaysia (USM), which has the capability and capacity to finance bottom 40 (B40) students by using the HOPE model. USM Zakat, Waqf and Infaq (ZAWAIN) is focusing on this national agenda and aiming to propose the HOPE model to Penang State Islamic Religious Council (SIRC). This model is inspired based on the Zakat Model which address the Asnaf (recipients of Zakat). Based on the secondary data, the findings show that HOPE model able to finance at least 600 students from B40 family which can cover the fee, accommodation and food of the students. We believe that the HOPE model will be the alternative strategies to achieve the national agenda by provide free education to needy students. Furthermore, the HOPE model also in-line with the United Nation (UN) which promote Sustainability Development Goals (SDG).*

Keywords: Zakat, HOPE Model, USM, SDG

INTRODUCTION

The world financial crisis has affected many governments in estimating their country's budget. Malaysia is an oil producing country that faces high deficit budget due to unstable oil prices as well as other domestic challenges. Unsatisfactory state revenues led to the Malaysian government reducing the allocation of funds to be channelled to the ministry's operations. This paper mainly focuses on public education budgets. Figure 1 shows that actual expenditure and

allocation from government to the Ministry of Higher Education (MOHE)¹ from year 2012 till 2018. Starting from 2014, the allocation is starting to decrease for four consecutive years until 2017. This scenario has led to various challenges to the management of public institutions of higher learning (IPTA) in order to manage university expenses and generate income. There are various ways to generate income such as a strong relationship with the industry, finding local/international sponsorships, grants, and others. In addition, government institutions that help to finance IPTA / IPTS student loans, such as the National Education Fund Corporation (PTPTN), also face financial difficulties due to "non-performing loan (NPL)" which means the borrower does not pay within the specified timeframe and borrower has not paid yet.

Various initiatives have been taken by the PTPTN such as employer will be offered tax break if they are willing to help their employees to settle their PTPTN loan and will only apply for loan that can be settled before end of 2019. Other initiatives are by giving discount up to 20 percent and also loan rebate if graduate with First Class. But this initiatives which are offered and introduced have not received a positive response to the borrowers. These things have become a long term problem for the country in general and the government is, in particular, looking for other smart solution and models to overcome this problem. Social funds such as Waqf and Zakat are now given concerned by government and encourage public education providers to find social funds and support universities financially. The glorious era of Islam can be an evidence that the cost of education can be fully funded by using social funds such as Waqf and Zakat.

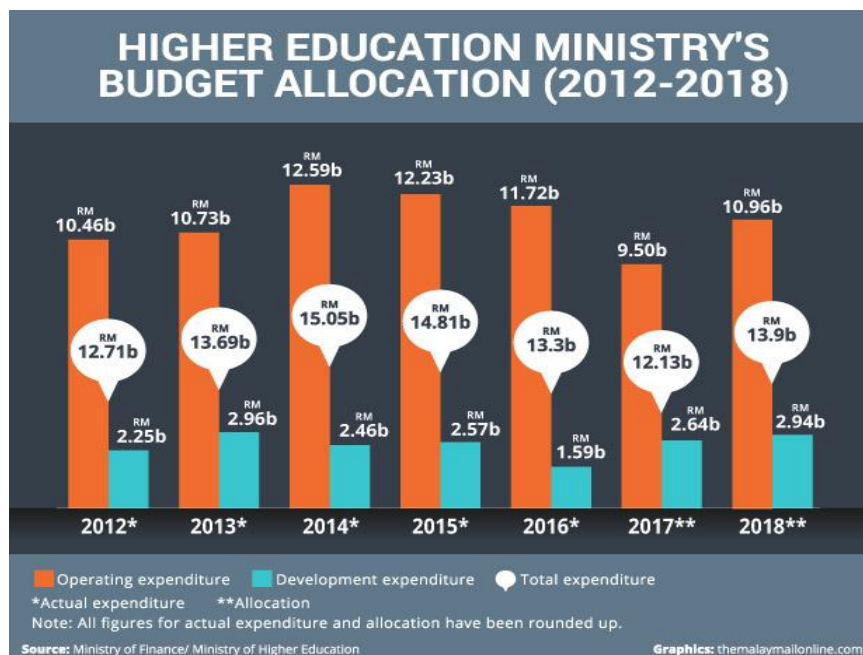


Figure 1. Higher Education Ministry's Budget Allocation from 2012-2018

Zakat, Waqf and Infaq (ZAWAIN)

The aims of the present study are to conduct a case study of Zakat management in Universiti Sains Malaysia (USM), which is one of the oldest and top-ranking university in the world. Universiti Sains Malaysia (USM) through its 93rd Management Committee Meeting (JKPU)

¹ Currently, is known as the Ministry of Education (MOE), under the new government of Pakatan Harapan.

dated March 8, 2017, has agreed to set up a Waqf Office at Universiti Sains Malaysia. The main purpose of establishing the Waqf Office at the time was to strengthen the role of waqf institutions in USM. This is in line with the decision of the Implementation of the Higher Education Wakf University Higher Education Meeting on June 9, 2016 which had joint resolutions for each public university to establish Council of Zakat, Waqf and Infaq (MAZWIN) as the supreme body enacting policies and regulations on the management of zakat, waqf and infaq in their respective universities. On 21 March 2018, the JKPU Meeting to 129 No. 9/2018 has approved the change of the Waqf Office's name to Zakat, Waqf and Infaq USM Office which was made a one-stop centre for managing Islamic funds comprising zakat, waqf, infaq and others. Now the Zakat, Waqf & Infaq Office or ZAWAIN (ذوين) which means 'owner' is responsible for coordinating all affairs related to zakat, waqf and infaq systematically and professionally.

There are various strategies have been practised by ZAWAIN. For example, established a collaboration between the Penang Islamic Religious Council (MAINPP) and ZAWAIN to help USM students who are financially needed by using Zakat funds. ZAWAIN is responsible to promote and collect Zakat from USM's staff and the total amount of Zakat will be channelled to Zakat Pulau Pinang (ZPP). Thus, the agreement between ZAWAIN and ZPP as percentage of 37.5% (3 out of 8 asnaf) will be given back to ZAWAIN and the Zakat fund will be distributed to the students according to the three (3) Asnaf categories i.e. Fakir, Poor and Fisabililah. The type of assistance is a living allowance of RM600.00 to Asnaf Fakir, RM 500.00 to Asnaf Poor and RM 400.00 to Asnaf Fisabililah once a semester. Based on the further investigation, we find that USM has more than three (3) recognized Asnaf such as Gharimin (the debtor), Ibn Sabil (stranded in a path), Amil (ZAWAIN) and Mualaf (a person who inclined to Islam).

First, in the case of Gharimin, the bursary of USM reported that a huge number of students are unable to pay their study loan which are offered to them due to financial problem. Most of the students are fall under bottom 40 (B40) get financial assistant from USM to settle hostel fee, education fee and support daily expenses. Unfortunately, the total amount of unpaid loan has reached to RM2.8 million and some of the students could not pay, thus, the scenario reveals that Asnaf Gharimin exists in USM.

Second, in the case of Ibn Sabil, we find that USM has many foreign students who face financial constraint due to a limited source of funds. Some of the students begged for financial assistance at USM to support them to go back for good indicating that Asnaf Ibn Sabil exists in USM. Third, ZAWAIN is doing the collection of Zakat in USM and we find the increasing numbers of staff that pay Zakat through salary deduction and at the end of this year (2019), the collection is expected to reach RM2.3 million. Thus, this is an opportunity for ZAWAIN to uplift their operation effectively if they received the portion of Amil.

Fourth, we find Asnaf Mualaf is relevant to USM as now USM Islamic Center is conducting a various religious-based program to students including mualaf and the outside community. Thus, we believe that if this portion is given, then ZPP may have an expert from USM Islamic Center to assist them in organizing the program for the Mualaf. This shows that there is a potential to provide a broader benefit to the beneficiaries among USM students. The synergy collaboration between ZAWAIN and ZPP offers a new perspective in the present study

to initiate a Zakat distribution model known as Holistic and Prosperous Education (HOPE) model.

LITERATURE REVIEW

Various studies have been conducted in the area of Zakat which basically focuses on many perspectives such as administrative and management of Zakat, collection and distribution, economic development and implication of Zakat, and eradication of poverty. A study by Mohd Rais (2016) on the development of zakat institutions in Malaysia shows that the practice of zakat in Malaysia had begun before the colonial period, where the zakat pays to the religion teachers at that time to be distributed to the zakat recipients. Through ages, the practice of zakat had been evolved where the zakat institutions were introduced in 1990 as a corporate institution to increase the quality of its management. The study shows that the progress made by zakat institutions are very flourishing where the zakat funds are increasing from years to years.

Muhsin (2016) investigate the objectives of zakat's collection institutions in Malaysia. To complete the study, the author used secondary data and focused his study on Wilayah Persekutuan, Negeri Sembilan and Melaka. The study shows that the objectives of zakat's collections are to collect zakat funds, preaching on the importance of zakat to the people and help the benefactors of zakat fulfilling their responsibility as a Muslim. The study also found that the objectives are important, so the execution can be conducted successfully. The author suggested, all the institutions should have clear objectives so, the preparation and the execution can be made successfully. Secondly, the author suggested the collection should focus more on the wealthy because it is prior for the rich to pay zakat. The author also suggested, the amount of zakat to be collected should not be targeted as primary objectives as it is an inconvenience. Finally, the author suggested that zakat's collection institutions should emphasize more on the transparency and accountability to guarantee the effectiveness of zakat management.

Nor Aini et. al, (2016) investigate the indebtedness problem among households and the role of zakat in helping the al-gharimin asnaf. The data is obtained from surveys of some groups of people. The bankruptcy problem is a serious problem in Malaysia. The study founds the household involved in bankruptcy is increasing from year to year which is very concerning. The study also found most of the debts applied by the household is to fulfil their life needs. The authors criticized some zakat institutions for not giving the priority to the al-gharimin group of asnaf which can be helped through zakat funds distribution. Thus, the author suggested more study should be conducted to identify the al-gharimin group and the distribution towards al-gharimin can be taken seriously to help the needy.

Azman and Norlina (2016) study the distribution scheme from zakat funds toward asnaf mualaf in Negeri Sembilan. This study founds there are 11 schemes provided by Majlis Agama Islam Negeri Sembilan to the Mualaf group. The study also found that the schemes provided fulfilled Islam requirement based on Maqasid Shariah by focusing on protecting lives, religion, ancestry, property and brains or intellectual. The authors suggest that the studies about the priority of asnaf based on Maqasid Shariah should be conducted so that the distribution is distributed according to Shariah law.

Afifah and Luqman (2016) investigate the distribution of zakat toward muallaf group from Maqasid Shariah perspectives. The study is conducted by using secondary data from library and interviewing session with Majlis Agama Islam Wilayah Persekutuan officers in

Wilayah Persekutuan Kuala Lumpur. The study found that the method of zakat distribution towards muallaf groups in Wilayah Persekutuan Kuala Lumpur is divided into two (2), i.e., directly and indirectly. Direct distribution is a distribution that contains schemes which are given in term of cash and capital while indirectly distribution is the distribution which consists of spiritually such as the shelter known as Darul Hidayah. Both distributions complied with Maqasid ta'lif qulub in terms of strengthening their faith in Islam.

Based on the effort of past studies in Zakat, the present study extends the coverage of the contribution by focusing on the contribution of Zakat in the context of higher education in Malaysia.

METHODOLOGY

The methodology of the study is comprised of multiple methods; primary and secondary approaches. First, we conducted series of interviews with the bursary of Universiti Sains Malaysia (USM), the head of ZAWAIN Universiti Sains Malaysia (USM) which aims to investigate the current practiced of Zakat in USM. The focus of this interview is to investigate in details on the method of collaboration, legal implication and, collection and distribution of Zakat between ZAWAIN and ZPP. Second, we also integrate the secondary data such as the amount of collection and distribution of Zakat in USM which to enhance the discussion and related the output with the proposed model HOPE. Third, the proposed Model HOPE is inspired based on the original model of Zakat in the context of USM.

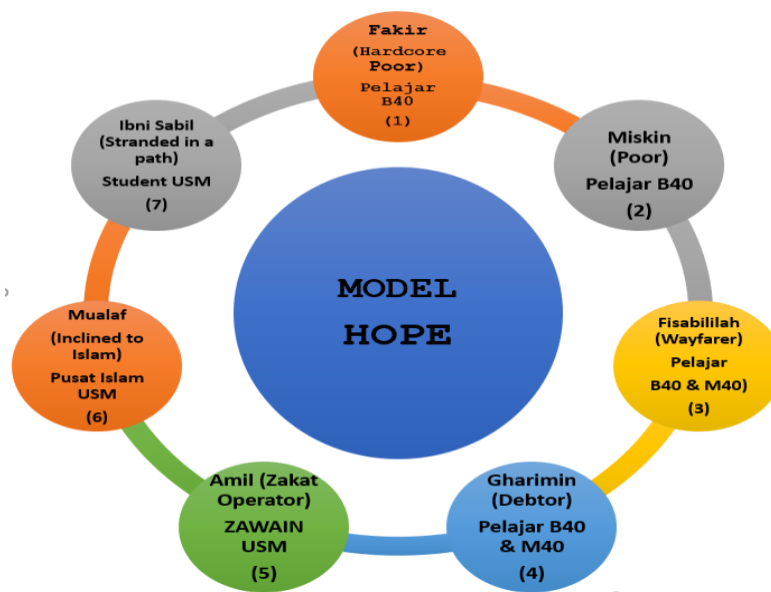


Figure 1: Model HOPE

The Proposed Holistic and Prosperous (HOPE) Model

The proposed "HOPE" model as shown in Figure 1 covers all seven (7) proposed Asnaf namely Fakir, Poor, Fisabilillah, Gharimin, Amil, Mualaf, and Ibni Sabil. The name of "HOPE" is representing a new hope for public higher education institutions, as Universiti Sains Malaysia (USM) will be the pioneer public higher education to help and make it turn to new era of free education especially to students from the "Bottom" family 40 (B40). According to the 2019

statistics in Malaysia, our government classified our population into three main groups based on their household income: Bottom (low income), Medium (average income), and Top (high income). These three groups had a percentage of 40%, 40% and 20% respectively, thus creating the terms B40 (Bottom tier families have an income of less than RM4850), M40 (Medium tier families have an income of between RM4,850 to RM10,959) and T20 (Top tier families have an income higher than RM10,959)². This model is adopted and adapted from the Zakat Model that provides assistance to 8 Asnaf groups (Fakir, Poor, Fisabililla, Gharimin, Amil, Mualaf, Ibni Sabil and Al Riqab). However, in the context of Universiti Sains Malaysia (USM), proposed seven (7) Asnaf groups are identified and relevant to be introduced under the USM HOPE model. The HOPE model is able to overcome the problem of current students at least by reducing the cost of education and the cost of living for students. The following Figure 2 demonstrates the distribution and allocation of Zakat according to four (4) different categories.

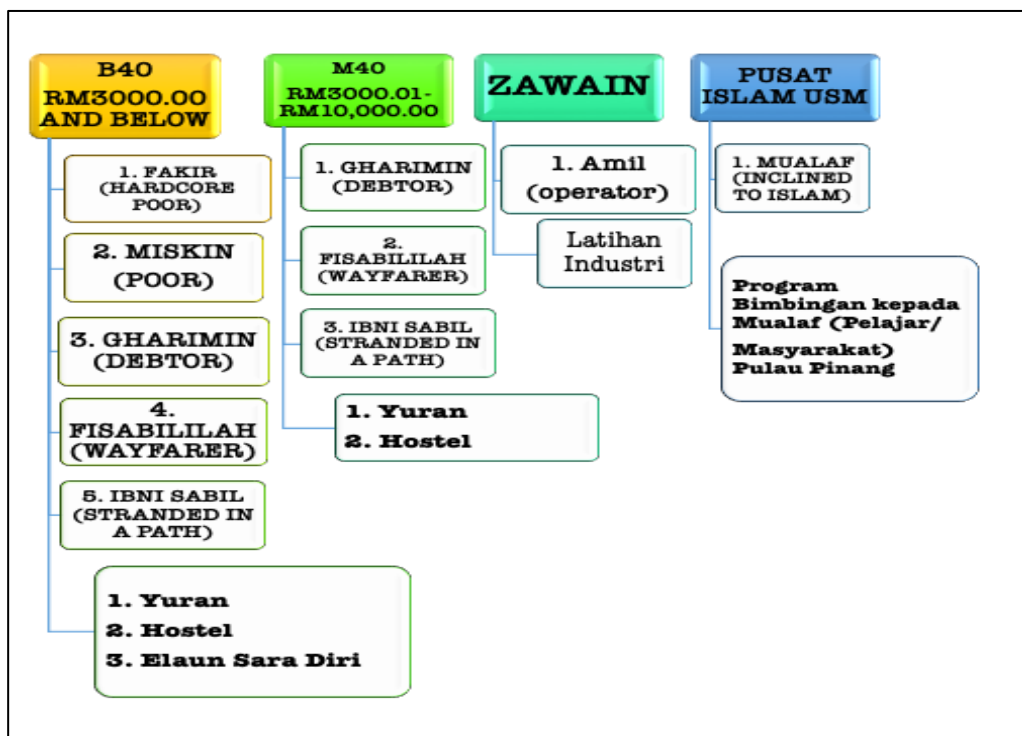


Figure 2: Distribution and Allocation of Zakat

Below is the details explanation based on the distribution and allocation of Zakat.

1. Parents earning RM3000.00 and below (B40) will be given priority. Among the categories of Asnaf belonging to this group are Fakir, Poor, Gharimin, Fisabilillah and Ibni Sabil. Assistance to be provided is a fee, hostel, and self-support allowance.
2. Parents earning between RM3000.00 and below RM10,000.00 (M40) are the second most important Asnaf. Among the Asnaf categories belonging to this group are Gharimin, Fisabilillah and Ibni Sabil. Assistance to be provided is a fee and a hostel.
3. ZAWAIN USM will use Amil's funds to increase management levels towards more efficient and able to provide job opportunities to industrial training students.

² <https://www.iqiglobal.com/blog/malaysia-income-what-is-b40-m40-t20-are-you-qualified-for-kita-prihatin>

4. The USM Islamic Center will be responsible for helping MAINPP provide guidance to Mualaf / Students / Penangians who want to know and study the Islamic religion.

DISCUSSION ON SIGNIFICANT OF THE HOLISTIC AND PROSPEROUS EDUCATION (HOPE) MODEL

Table 1 below shows the collection and distribution statistics of Zakat managed by ZPP. The ZPP policy has set a total of 37.5% (equivalent to 3 Asnaf / 8 Asnaf = 37.5%) which will be redistributed to ZAWAIN for assistance purposes of students that classified as Asnaf Fakir, Poor and Fisabilillah. Based on our study, we found currently, 10% of USM staff have paid Zakat through salary deductions and according to the Manager of ZAWAIN, the number of staff contribute through salary deduction will increase this year due to the continuous awareness programs. The HOPE model suggests that MAINPP and ZPP should consider and increase the percentage rate to 87.5% (equivalent to 7 Asnaf / 8 Asnaf = 87.5%) in 2019. The increased of the Asnaf to seven (7) Asnaf is based on the argument of other four (4) Asnaf such as Gharimin, Ibn Sabil, Amil and Mualaf are significant and relevant to be implemented in USM.

Table 1: Collection and Distribution of Zakat

	2017		2018		2019 (MODEL HOPE)	
Collection	100 %	RM 2,688,576.39	100 %	RM 2,678,812.09	100 %	RM 2,644,984.23
& Distribution of Zakat	37.5%	RM 1,008,216.15	37.5%	RM 1,004,554.53	87.5 %	RM 2,314,361.20

Thus, this new broader coverage allows USM to receive an estimate of RM2,314,361.20 and it will increase assistance with more holistic in terms of funding of student studies without being burdened by large debts, especially students from the B40 family. The number of Muslim students in all USM Campuses is 9,925 students and 40% of the students are from the B40 family. This means there are 3,970 students from low-income families with household income of RM3000.00 and below. Therefore, the HOPE model can be a new initiative and be able to provide full support for the students who are from the B40 family. For example, the cost of study per student is RM1700.00³ (Fee + Hostel + Substance) per semester. We expect by applying this HOPE model, it can provide free education to 600 B40 students (who receive no help other than Zakat money) based on the percentage of 87.5%. The effectiveness of the HOPE model will be based on the current position of Zakat money and the ZAWAIN will examine the essential needs of each B40 student and also identify the appropriate requirements that will be given to the student. For example, if the student lives with the family, then the ZAWAIN will provide assistance in paying tuition fees only.

CONCLUSION

The increase in percentage from 37.5% to 87.5% will have a significant impact on the students of Universiti Sains Malaysia. The HOPE model will realize the country's agenda to provide free education to students especially those with income earning B40. Hence, the cooperation between ZPP, MAINPP and ZAWAIN USM can further enhance the pace of innovation and

³ RM1700.00 is the estimation cost per student for a semester. This data is based on the interview has been conducted from six (6) students. The RM1700.00 is comprised of (RM600.00 study free), Hostel (RM550.00) dan Substance (RM400.00).

enact policies set to more effective policy and achieve the goals of religion, nation and nation. Furthermore, this model can be implemented successfully by close monitoring and continuously giving the knowledge of the important of Zakat for the benefit of ummah to achieve the Maqasid Shariah. Besides, the HOPE model also in-line with the United Nation model of Sustainable Development Goal (SDG) which emphasize on 17 goals. In the context of model HOPE, we find that at least four (4) SDG such as; first, no poverty; second, zero hunger; third, quality education and fourth, partnership for goal. These four (4) SDG are significant to HOPE model output as shown in Figure 3.



Figure 3. Four SDG significant to HOPE Model⁴

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⁴ <https://sdgs.un.org/goals>