TENDENCY AMONG PUBLIC AND STUDENTS FOR THE
ESTABLISHMENT OF ISLAMIC WAQF BANK

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ABSTRACT

Islamic waqf bank is a special designed financial institution in Islam. This bank will benefit
the students and also their parents, due to its unique structure that could finance student’s
education in term of fees and cost of living. Islamic waqf bank uses the concept of cash waqf
in term of funding the education. Cash waqf is a trust fund established with money to support
services for mankind’s benefits in the name of Allah. It is recognized that there is no ample
study in the area of cash waqf especially for managing Islamic waqf bank institution.
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 paper is to examine the tendency among public and
students for the establishment of Islamic waqf bank. The methodology of research in this
paper is a quantitative research based on 210 students and 287 Muslim public. The general
finding of this paper shows that there is a high tendency among public and students towards
the establishment of Islamic waqf bank.

Keywords: Waqf, Islamic Waqf Bank And Cash Waqf

1. INTRODUCTION

There are many verses which discuss and encourage Muslims to donate and give charity such
of wealth is a key issue in the modern economy to make it more dynamic, prejudice free and
entrepreneurial. In fact, a hadith narrated by Abu Hurairah [May Allah be pleased with him
(Ra)] is considered as the origin of this institution in the world of Islam. “Abu Hurairah (Ra)
reported Prophet Mohammad [Peace be upon him (Pbuh)] as saying: “when a man dies, all
his acts come to an end, but three; recurring charity (sadaqahjariyah) or knowledge (by
which people are benefited), or a pious offspring, who prays for him” (Reported by Muslim,
No. 4223).

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. (Monzer Kahf, 1998). The contemporary jurists also justify the
validity of the cashwaqf, because it is in the interest of the waqif (the donor), its beneficiaries
and the society (Tahir, 2011).

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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 (Cizakca, 2004, 2010).

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 (Chowdhury et al., 2011). Anyone, subject to certain Shariah conditions, can be al-waqif (donor) through cash waqf.

2. LITERATURE REVIEW

The study of cash waqf was done by several researchers in recently time. Murat Çizakça (1998) explains that 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. Cengiz Toraman et al. (n.d.), conclude that 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.

Islahi (1992), stated that the internationalization of the voluntary institution of waqf is needed nowadays, by setting up a non-government Muslim foundation which should provide public goods on large scale and attempt to combat illiteracy, sickness and lack of technical know-how. Monzer Kahf (1998), explain the importance of waqf for socioeconomic development, which is consists of creating and developing a third sector distinct from the profit-motivated private sector and the authority-based public sector, and changing this third sector with the responsibility of performing a group of tasks whose nature will make them better achieved. This third sector assigned in education, health, social and environmental welfare. Furthermore, it can provide defense services and public utilities in many instances.

Chowdhury et al. (2011) explain that cash waqf would also help to reform the present institutional setup and their networking throughout the country with a view of increasing their performances. According to Muhammad Ridhwan Ab. Aziz et al. (2012), waqf in education is not a new development in Islam. Looking at the history, it can be observed that since the beginning of Islam, in the early seventh century, many educational activities were financed by waqf and voluntary contributions. It is a historical fact that Muslim society depended considerably on waqf for the funding of education at all levels. For instance, it is reported that, under the Islamic rule, the island of Sicily had 300 elementary schools. All of them are built by waqf and all of them are provided with waqf revenues for payment of teachers and school supplies.

In fact, the provision of waqf for education is probably responsible for the usually common independent mentality noted in scholars that kept them away from being influenced and
manipulated by certain quarters. This has contributed in enhancing the integrity of the scholars and academia as a whole and also contributed to reduce the socio-economic differences by offering education to those who can take it in merit basis, rather than on ability to pay educational services. Therefore, the economically poor people in the society will be assisted to reach the socioeconomic pathway faster. In order to advance in the educational field and revive the glory of the Muslim society, the International Islamic University Malaysia (IIUM) for instance, has established the IIUM Endowment Fund (IEF) since 1999 (Muhammad Ridhwan Ab. Aziz, 2012).

Moreover, Tahir (2010) explains that 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. Tahir & Hamid (2006) explain that the new formulation of waqf may be realized by making a distinction between the perpetuity of the physical being of the object and a ‘dedication’ of benefit. New form of waqf can be declared in the non-traditional way. Old waqf, however, may still remain subject to the old conditions as long the greater interests of the waqf are not threatened by these conditions.

Wafa (2010) explains that the impact of developing waqf for education in Malaysia not only promoting the significant rule of waqf towards the country, but also will (1) promote the third sector of Islamic economic, (2) establish economic activities through several projects, and business, (3) complement the government aid, benevolent and educational programs, and (4) promote the oneness of society.

In addition Muhammad Ridhwan Ab. Aziz et al. (2013) explain about the waqf bank models that can be apply for Islamic waqf bank and also conclude that there is possible structure for waqf model and instrument that can be implemented in the future for the financing in education. Other than that, Mohd Asyraf Yusof (2013) concludes that there are strong willingness to contribute for waqf bank from any level of income despite the low income level as well the high income level. 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 learning have to provide reading material regarding waqf for public to understand the concept of waqf.

Moreover, Muhammad Ridhwan Ab. Aziz et al. (2013) stated that students will be more motivated if they get free education from Islamic waqf bank thus it will ease the burden of their parent. Islamic waqf bank is an alternative for education loan and a replacement for PTPTN. Also, there is high demand on the establishment of Islamic waqf bank among Muslim public and student.

3. RESEARCH METHOD

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. There are two set of questionnaire. The first set is among Muslim public and distributed directly to each of the targeted respondents which are living in Klang Valley area, amounting of 287 respondents. Second set of questionnaire is for
Muslim student and distributed to the selected university in Selangor and Negeri Sembilan which amounting to 210 students.

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 20. 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 and reliable data Table 3.1 below shows the Cronbach alpha, this to confirm the internal consistency of the data collected (Nunnaly,1987).

Table 1: The tendency among student to establish Islamic *waqf* bank

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cronbach Alpha=0.786</td>
</tr>
<tr>
<td>1</td>
<td>I agree that Islamic <em>waqf</em> bank is an alternative for education loan</td>
</tr>
<tr>
<td>2</td>
<td>I will be more motivated if get free education</td>
</tr>
<tr>
<td>3</td>
<td>The assistance from Islamic <em>waqf</em> bank will ease the burden of my parent</td>
</tr>
</tbody>
</table>

Table 2: The tendency among public to establish Islamic *waqf* bank

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Cronbach Alpha=0.737</td>
</tr>
<tr>
<td>1</td>
<td>Agree <em>waqf</em> for student Higher Education</td>
</tr>
<tr>
<td>2</td>
<td>Establishment <em>waqf</em> bank boost economics as individual have free education</td>
</tr>
<tr>
<td>3</td>
<td>Individual with stable income should contribute <em>waqf</em></td>
</tr>
</tbody>
</table>

4. RESULTS

This study is being divided in to two sections which are the tendency among student to establish Islamic *waqf* bank and the tendency among public to establish Islamic *waqf* bank. This research is aim to find the needs of the establishment of Islamic *waqf* bank in financing the education in Malaysia.

4.1. The Tendency among Student to Establish Islamic *Waqf* Bank

This study is being further classified in to three sections. The first section is to examine the Islamic *waqf* bank as an alternative for education loan such as PTPTN, MARA and etc. Second is to examine students view whether students’ will be more motivated if get free education. The last is to analyze the needs of the establishment of Islamic *waqf* bank in financing the education will ease the burden of students’ parent. The demography of this study is students’ period of study. The data of this research had been gathered from 89 first year students, 66 second years students, 37 third years students and 18 forth years students, so the total number of respondents involved is 210.
From the survey, this is the descriptive analyses of the respondents. The Pie chart reveals that first year students are the majority respondent which is 42% out of total respondents. Followed by second year student that is 31% out of total respondents. The rest is third and fourth year’s student which are 18% and 9% out of total respondents.

Based on figure 2, the result shows that majority of respondents of first year students which is 56 respondents strongly agree with the establishment of Islamic waqf bank as an alternative for education loan. Moreover, most second years students 42 respondents strongly agree and third year’s students 23 students also strongly agree with the same statement. On the other hand, most of fourth year’s students 10 students agreed with the same argument and eight students strongly agreed with this statement. This makes up into 129 respondents who strongly agreed with the statement which proves that majority of respondents from all levels strongly agreed with the statement.

However, the numbers of students who were disagreed and strongly disagreed with the statement are almost next to none – there is only one first year student who was strongly disagreed and also one first year student who disagreed with the same statement, but none from second years, third years and fourth year respondents. In conclusion, the needs of Islamic waqf bank as an alternative for student loan is overwhelming.
According to figure 3, the result also shows that majority of respondents of first year student which is 54 respondents were strongly agreed that they will be more motivated if they are able to receive free education. Majority of second year and third year which is 39 and 20 students also strongly agreed with the same statement. In addition, there were 13 out of 18 fourth year student who also strongly agree with this argument.

The number of agree respondents with the statement offree education will motivate student also shows a positive result. There were 22 students from the first year, 21 students from the second year, 14 from the third year and 4 from the fourth year students who agreed with this statement. Surprisingly the numbers of students who were disagreed and strongly disagreed with the statement are almost next to none. There were only 1 student from first year and 3 students also from first year who strongly disagreed and disagreed with the same statement. The total numbers of respondent who were not sure whether free education will motivate the students were only 19 of them. There were 9 students from first year, 6 students from second year, 3 students from third year and only 1 student from fourth year who were not sure with this statement.

From figure 4, majority of the respondents had strongly agreed with the statement that the assistance from Islamic waqf bank will ease their parents’ burden. There were 65 people of first year students, 54 people of second year students, 28 people of third year students and 14 people of fourth year students that strongly agreed. While there were 17 people of first year students, 8 people from the second year, 9 people in the third and 4 people in fourth year who agreed. At the same time there were only 5 people and 3 people from the first and second year students who were not sure of it and none from the third and fourth year. There were 1 person from the first and second year students who disagreed and 1 person from the first year student who strongly disagreed. Others are at a zero point of person corresponds to disagreed and strongly disagreed.

4.2. The Tendency among Muslim public to Establish Islamic Waqf Bank

This study is also being further classified into three sections. The first section is to examine the possibility of the Muslim public in accepting waqf for student higher education. Second section is to examine the establishment of Islamic waqf bank to boost the economy. The last is to analyze the individual with stable income should contribute to Islamic waqf bank. The demography of this study is gender. The data of this research had been gathered from 176 male and 111 female respondents, so the total number of respondents is 287.
The above pie chart shows the gender percentage of male respondent superior to female respondent. There were 61% of male respondents involved while only 39% of female respondents answering the questionnaires. Thus the difference is at about 22% of it. The numbers of a total 100% respondent which includes both genders were at 287 with the amount of 111 female respondents and 176 male respondents.

Based on figure 6, the result shows that majority of male respondents which is 77 respondents strongly agree with the establishment of Islamic waqf for financing student higher education. In addition there are 60 of male respondents who agreed with this argument. Moreover most female respondents strongly agreed and agreed with the same statement which is 33 and 48 respondents each.

However, the numbers of respondents who were disagreed and strongly disagreed with the statement are the minority – there are only 7 and 13 of male respondents who strongly disagreed and disagreed with this statement. Moreover the numbers of female who strongly disagreed and disagreed are 6 and 7 each. On the other hand there are a few of respondents who not sure about the same statement which is 19 male and 17 female.
According to figure 7, the result shows that majority of male respondent which is 70 and 69 respondents who strongly agreed and agreed with the establishment of Islamic waqf may boost the economy. Most female respondent who strongly agreed and agreed with the same statement were 32 and 52 respondents each.

In contrast, the numbers of respondents who were disagreed and strongly disagreed with the statement are the minority – there is only 1 and 8 of male respondents who strongly disagreed and disagreed with this statement. Moreover, the numbers of female who strongly disagreed and disagreed are 4 respondents each. On the other hand, there are a few of respondents who not sure about the same statement which is 28 male and 19 female.

According to figure 8, the result shows 85 males strongly agreed, 64 males agree, 20 males were not sure of, 7 males disagreed and no males that strongly disagreed with the statement above. Whereas, 37 females strongly agreed, 54 females agreed, 17 females were not sure, no females disagreed, but 3 of them strongly disagreed.

5. CONCLUSION

To conclude, the establishment of Islamic waqf bank is an essence as summarized from the survey results. From the above survey, it shows that the student are inclined to have Islamic waqf bank because of the financing situation they are dealing with. Furthermore, using waqf as the alternative to loan apparently is the best solution for them. For the public view, male respondents agreed more than females for the establishment of Islamic waqf bank because of their responsibilities towards their children. Nevertheless, the inclination of both gender towards the suggestion are exceptionally high. They also agreed that a stable income will allow them to contribute more on waqf. Thus, the proposal for the establishment of Islamic waqf bank is timely and it requires an ample study regarding cash waqf. This research would be essential in order to find the best mechanism in improving waqf collection for the establishment of Islamic waqf bank.

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: USIM/ERGS-FEM-33-50212).
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