

# DETERMINANTS OF CASH WAQF GIVING IN MALAYSIA: SURVEY OF SELECTED WORKS

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## ABSTRACT

Cash *waqf* means a movable *waqf* that has been established with liquid money or in other word *waqf* by using a cash or money. Cash *waqf* carries several advantages which give great benefit to all parties, including the financial institutions, investor and societies. Typically, *waqf* usually focused on the land or building, but not many people or the donors have the asset to do *waqf* and therefore, cash *waqf* has come as a great alternative for individual who do not have an immovable asset but rather have movable assets i.e cash for donating. Thus, everyone can do a charity in form of cash *waqf* as long as they want to do it voluntary only for the sake of Allah s.w.t blessing. However, awareness and understanding of public about cash *waqf* is still low. The amount of cash *waqf* collected still at infancy level and do not generate sufficient funds of scale to carry out program with impact as compared with Singapore that has shown significant amount of collection though ruled by a secular government. By population, Malaysia is leading in term of number of population where the Muslim people consist of 61.3% from the 28.3 billions of population at 2010. Selangor state is the largest populations by 5.43 millions. Therefore, motivation of the public towards the contribution of cash *waqf* is something interesting to look at. Several potential determinants have been identified. There are i) religious satisfaction ii) literacy of *waqf* iii) trustworthiness iv) demographic factor v) efficient management and vi) tax incentive. The preliminary study is considered important to develop a clear understanding with regard to further development of cash *waqf* particularly in Malaysia.

**Keywords:** Waqf, Cash Waqaf, and Giving Determinants

## 1.0 INTRODUCTION

Despite the global economic turmoil, the world is giving more. The proportion of the global community engaged in giving behavior has increased between 2010 and 2011. In 2010, the global average of the three<sup>4</sup> giving behavior was increased 31.6%. By 2011 this had risen to 32.4 %. The list of the World Giving Index top 20 countries shows that the USA is now measured as being the most charitable country globally with a world giving index score of 60% (World Giving Index, 2011). Whereas, Malaysia

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<sup>4</sup> World Giving Index considers three behaviors of giving which are i) giving money ii)helping stranger and iii)volunteering time

is in the rank 87 of the world giving index ranking where giving index score 29% consist of 37% of giving money, 20% of volunteering time and 30% of helping stranger. In term of giving money, Thailand is a top country for this giving behavior at 85% of scores (World Giving Index, 2011).

Notwithstanding with the trend of giving around the world, Islam has teach its *ummah* to give or donate for charitable purposes for about a thousand four hundreds years ago. In fact, in the al-Quran, giving financially for charitable purposes is treated as spending (*infaq*). It is a basically pious spending in the way of Allah. It has a significant important in Islamic economic principles with reference to redistribution of wealth and elimination of poverty. There are several verses in the al Quran has explains that such spending has an expansionary or multiplying effect to the economy (al *Baqarah* 2:261). Prayer and charitable behavior are often enjoined simultaneously (al *Baqarah* 2:110 & al *Muzammil* 73 :20). Charitable behavior is considered variously as religious duty or worship (al *Baqarah* 2:43), a purification of the soul (al *Baqarah* 2:267), a spiritual discipline (Ali- *Imran* 3:92), and an assistance to fellow human beings ( al *Baqarah* 2:273).

There are also hosts of the Prophet's *hadith* encouraging charitable giving. "*Guard yourself against hellfire even by giving half of a date, and if you have none to give, speak a kindly word*" (Sahih al Bukhari, n.d-a) and "*a single sadaqa closes seventy gates of evil* (al-Ghazali, n-d).

The tools for wealth distribution in Islam can be divided into two categories i.e obligatory and non obligatory. The former are *zakat*, *khums*, *kharaj* and *jizyah*. Whereas the latter consist of *waqf*, *wasiyah*, *sadaqa* and *qard hassan*. These are basically voluntary giving to get the consent of Allah s.w.t (Aziz, Mahmud & Karim, 2008).

The institution of *waqf* was developed throughout the Islamic history, since its commencement during the time of Prophet Muhammad (s.a.w) until today. The first Islamic *waqf* is the Mosque of Quba' in Madinah al Munawwarah, which was built upon the arrival of the Prophet Muhammad (s.a.w) to this town in 622 A.D (Laldin, 2005). This was followed by many other *waqf* activities during the time of the Prophet (s.a.w) and was further developed during the reign of the *Khulafa' al-Rashidin* and subsequent period of Islamic ruling. The above kinds of *waqf* normally referred as the religious *waqf* and there are other kinds of *waqf* such as philanthropic *waqf* which also include the *waqf* for educational purposes and posterity of family *waqf* ( Laldin, 2005).

From the 10<sup>th</sup> centuries, private *awqaf* had replaced *zakat* as the vehicle for financing Islam as a society (Hogson, 1974). Since the beginning, education had been financed through the *waqf* institution and as an example according to Kahf (2003) in Palestine there were 60 *awqaf* schools supported by *awqaf* properties in Palestine, Turkiye and Syria (of which 40 had been established by Ayubite governors. The University of al-Azhar in Cairo alone is financed by hundreds of *awqaf* (Crecelius, 1971, 1986).

*Waqf* is always associated with poverty alleviation i.e. in serving the poor in particular and enhancing the welfare in general. Various kinds of *awqaf* were established including those for public utilities, education and healthcare (Ahmed, 2007). *Waqf* also provides the material foundation for supporting religious, social, culture and economic activities (Alina, 2011). According to Islahi (1996) the

scope, effect, magnitude and viability of *waqf* is much greater than any other voluntary institution in Islam such as *sadaqah*, *hibah*, *wasiyah*, *qard* and cooperative association.

Economically speaking, *waqf* system offers a numerous of essential services such as health, education, municipal, etc., have historically been provided at no cost at all to the government (Cizacka, 2000). According to Cizacka (2000) the *waqf* system can contribute significantly towards that ultimate goal of so many modern economists i.e. massive reduction in government expenditure, which leads to smaller budget deficit, which in turn lowers the need for regime borrowing thus lead to a reduction in the rate of interest, consequently reining in a basic impediment to private investment and growth. The *waqf* system does not only help reduce government expenditure and consequently the rate of interest and pave the way for growth, it is also achieve another modern economic goal i.e. a better distribution of income in the economy essentially through voluntary donations i.e. *waqf* . *Waqf* also could reducing a tax which means an enhancement in the consumers' and producers' surpluses and a decrease in the tax which consequently, would have a positive impact on aggregate production while at the same time reducing costs. Furthermore, the *waqf* definitely solves the problem of the under supply of public goods. The services offered by the *waqf* constitute public goods, the consumption of which is non-rivalries and the provision thereof non-excludable (Cizacka, 2000).

Historically, the institution of *waqf* had achieved its peak during the Ottoman Sultanate in terms of numbers, assets and the services it was rendering to the citizens ranging from municipal services to education, health, culture and religion. During this time, cash *waqf* had also served the role financier, granting loans to people in need of them (Cizacka, 2000). The returns obtained by the cash *waqf* were in turn channeled to the public purposes determined by the founder ranging from education to food support for the poor (Cizacka, 2006). It is estimated by scholars that during the Ottoman era, more than 35,000 *awqaf* (real estate and cash) had been established throughout the empire, whereby between 1530-1540 AD, 17 % of tax revenue collected in Western Anatolia were from real estate *awqaf* and in other provinces, taxes from real estate *awqaf* varied between 5% to 16 % of total tax revenue (Barkan & Arverdi, 1970).

Realization of the great historical role which the institution of *waqf* had played in the Islamic civilization in the 21<sup>st</sup> century that has witnesses the revival of this institution especially in the creation of movable *waqf* i.e. cash *waqf* , many Muslim countries including Malaysia had been followed the similar act in order to generate the socio economic of *ummah* in particular and the state in general (Mohsin, 2009).

The cash *waqf* was a special type of endowment which differed from the ordinary real estate *waqf* in that its original capital, *asl al-mal* or *corpus*, consisted purely or partially, of cash (Cizacka, 2000). Many Muslim countries has been practiced the current application of cash *waqf* including Malaysia (Mohsin, 2009). Among the current application of cash *waqf* was the application of *waqf* shares model, *waqf* takaful model, direct cash *waqf* model, mobile cash *waqf* model, corporate cash *waqf* model, deposit cash *waqf* model, co-operative cash *waqf* model and *waqf* mutual fund model (Mohsin, 2009).

According to Ismail (2009) cash *waqf* carries several advantages which give great benefit to all parties, including the financial institutions, investor and societies. Typically, *waqf* usually focused on the

land or building, but not many people or the donors have the asset to do *waqf* and therefore, cash *waqf* has come as a great alternative for individual who do not have a movable asset but rather have immovable assets i.e cash for donating. Thus, everyone can do a charity in form of cash *waqf* as long as they want to do it voluntary only for the sake of Allah s.w.t blessing. Antonio Shafii (2002) further explains that cash *waqf* is easy and does not require a lot of wealth, and is therefore suitable for the poor. Consequently everybody can contribute to cash *waqf*. In addition, *waqf* through cash money could generate more funds, which could be used to develop asset such as undeveloped *waqf* land and other abandoned land for business and agricultural purposes.

## 2.0 ISSUES RELATED TO CASH WAQF

Though, cash *waqf* has successfully proven during the Ottoman time (Cizacka, 2000) and has long been introduced in Malaysia since 1959 under the rules of *waqf* control Perak Islamic State Religious Council (Mahamood, 2007). The cash *waqf* schemes of general purpose (*waqf al am*) have still not generated sufficient funds of scale to carry out program with impact (Alina, 2011). All in all it can be said that cash *waqf* development at Malaysia is still at infancy level.

There are several issues pertaining to *waqf* management in Malaysia in general and cash *waqf* in specific. Generally, *waqf* administration in Malaysia is regulated and managed under different laws and regulations within the purview of the States Islamic Religious Council (SIRC) consisting of thirteen states and federal territories (Mahamood, 2006). As *waqf* institutions are governed by different laws and regulations, the nature of the administration of these institutions may differ from one state to another and may lead to administrative problems (Hassan, 2008). This might lead to the cause of inefficiency if cash *waqf* collection in Malaysia.

The *waqf* in Malaysia has had no rights and its stakeholders even less. There is no legitimate resources for any party, whether a beneficiary or interested third party to inquire into the management of *waqf* by any particular SIRC. This right should be entrenched in the legislation, as any party should be allowed to revert to Qadi (under Islamic law) should there be any question that might arise pertaining to the management of a *waqf* by the *mutawalli*. (Alina, 2011)

Misconception of cash *waqf* application is also an impediment of cash *waqf* development. Another misunderstood of cash *waqf* development is the prohibition of endowing more than 1/3<sup>rd</sup> of the total assets to *waqf* during lifetime (Alina, 2011). The fiqh only places this restriction on endowments by bequest or *maraad-al-maut* endowment. Otherwise, a person is not restricted from making a gift (*hibah*) or giving charity or alms (al-Zuhayli, 2003). It has also been established that inter vivos endowment (other than made via bequest or on death bed) are clearly not subject to *faraid* laws (Hennigan, 2004). According to Cizacka (2002) Shariah compliant *waqf* carry a little difference characteristic from “Shariah-based” *waqf* where the former is an irrevocable endowment to benefit family or public good which may be managed by the *waqif* or another person as a trustee.

According to Alina (2011) there are limited types of *waqf* in Malaysia. The community and SIRC have only known real estate *waqf*. However there is a host of other types of assets and properties such as appreciated or company shares or stock and intellectual property rights that can be endowed

which would require the trustee or mutawalli to possess wealth management expertise. Further, there are also no awqaf endowed by companies (corporate *waqf* ) or waqf operating hospitals, museum, zoos, medical and research institutes or institutions of higher learning. There is no impediment to the *waqf* adopting such purposes where there is a need. Alina (2011) further explained the community foundation in United States have been encouraging donor-advised funds in order to grow philanthropy into the community, therefore the SIRC's have similar ability to grow waqif-advised *awqaf*.

Beside that, limited programs scope conducted by SIRCS in Malaysia where there its only focus on programs involves religious activities and the traditional charitable avenues of orphanage and relief to the poor whereas the awareness and education of *waqf* especially cash *waqf* are very few except in Selangor where it has involved in education (building a computer lab for a national school) thus benefiting a wider portion of community (Alina, 2011).

The response of the Malaysia public towards cash *waqf* is still lacking. Mohsin (2009) reported even though the amount of cash *waqf* collected is quiet considerable the response received is still not there. This view is shared with Wafa (2007) where according to him cash *waqf* collected from *waqf* shares are leverage to buy a property and other approved project. Although have shown some development but it still need more effort because a goal to strengthen a *waqf* as a third sector in Islamic economy still at low level. Response is always associated with understanding and awareness. According to Arshad (2011) the understanding of Malaysia public toward *waqf* is too narrow where they only linked it with the construction of mosque and *waqf* land for cemetery despite a wider function and roles of *waqf* itself. Alina (2011) stated the local preference i.e. Malaysia of *waqf* only for religious purposes. This is supported by Laldin (2005) that was stated the understanding of Malaysian on *waqf* is only for donation for the purposes of building mosque and sites for graveyard. Furthermore, the donors are not aware of diversifying their contribution under *waqf* properties are wider compared to *zakah* and *sadaqah*.

### **3.0 SURVEY ON SELECTED WORKS ON CASH WAQF**

It has been said that cash *waqf* have a big potential that could be used as a financial tools for a development of Muslim countries. In fact, the historical factor have proof that cash *waqf* has contributed a lot to the development of Muslim societies. The cash *waqf* system has provided throughout the Islamic history all the essential services at no cost to the state, historical indicate that the real exiting potential lies in the cash *waqf* (Cizacka, 2000). Research has revealed that in the Ottoman economy, more than a quarter of the cash *waqf* established in the city of Bursa survived for more than a century and 81% of these surviving *waqf* owed their resilience to capital enhancement realized either by reinvestment of profit or receiving further donations from various other smaller cash *waqf* (Cizacka, 2000)

In Singapore, cash *waqf* instrument is looking more significant thought ruled by a secular government. Islamic Religious Council of Singapore (MUIS) successfully implemented a collection of about \$ 6 million dollars a year through salary deductions of Muslim citizens in the country. It is About 250,000 contributors from a minimum \$ 2 dollars up to a maximum of \$ 11 dollars per month (Kamsari, 2009). In Singapore, each Muslims employee is required to contribute a stipulated amount to the fund on a monthly basis (Karim, 2007). The contribution of cash *waqf* is made compulsory, known as compulsory cash *waqf* model (Mohsin, 2009). The contribution made the national social security organization, under

the Administration of Muslim Law Act AMLA, as the body to handle and manage the affairs of Muslims in Singapore, including matters related to *waqf* (Karim, 2007). Eventhough in Singapore there is no tax incentive being given to the donor except for income receives from the qualifying debt securities (Karim, 2007) the amount of cash *waqf* collection is quiet considerable.

Indonesia is a world largest Muslims population, posses a huge potential of *waqf*. According to Nasution (2005), the potential of cash *waqf* in Indonesia could reach three trillion per year. The existence and implementation of cash *waqf* has been implemented since 2004. However, the government agreed and inaugurated the act in 2004 by releasing act no 41 2004 pertaining to *waqf* which also comprises of tangible *waqf* such money, stock and securities. Until today, there are many *waqf* institutions established in Indonesia such as Indonesian *waqf* deposit , Center for Justice and Caring for Ummah, Caring for Ummah Daarut Tauhid and many more other cash *waqf* institutions (Affandi & Nufus, 2010). The most aggressive institution that has been collecting *waqf* fund in Indonesia is Tabung *Waqf* Indonesia. The institution was established under Dompot Dhuafa.

However, although there are many cash *waqf* fund bodies, but the system and its allocation still need to be rejuvenated to reach the desired goals in an effective and efficient. This is evidenced by small amount of cash *waqf* collection and effectiveness of distributions and allocation. The awareness of people, government regulatory framework and the management of *waqf* institutions are primary indicators of the allocation of cash *waqf* remains an obstacle of *waqf* development in Indonesia (Affandi & Nufus, 2010). According to Siswantoro & Dewi (2002) the main constraint to raise a cash *waqf* is its unpopularity of cash *waqf* among Muslims in Indonesia. There are at least two reasons why the *waqf* institution in Indonesia has not been effective. First, the government does not perceive that *waqf* fund can be potential source of income to support high economy growth. Second, most Indonesian people still assume that *waqf* is only limited in the form of fixed assets such as land and building, without knowing that actually there is cash *waqf* that is based on cash certification, as other variety of *waqf* (Siswantoro & Dewi, 2002).

Malaysia is leading in term of number of population compared to Singapore where the Muslim people consist of 61.3% from the 28.3 billions of population at 2010. Selangor state is the largest populations by 5.43 millions (Statistic Department, 2012). The cash *waqf* in Malaysia has a potential to develop. Muhammad Salleh (2009) estimated that the cash *waqf* collection in Malaysia could reach RM4.3 billion a year if each Muslim adult Malaysian citizen donated RM1 a day or RM30 a month to the cash *waqf* fund. Furthermore, Penang state has a very high potential to develop a cash *waqf* funds because of its planning and marketing strategy that are used for the promotion of the cash *waqf* funds (Amir, Masron & Ibrahim, 2010). In addition, Baharuddin Sayyin, et al. (2006), corroborated the cash *waqf* implementation through Selangor Waqf Shares Scheme, which has a high potential growth.

According to Mahamood (2007) *waqf* in form of cash in Malaysia is not very popular. Nevertheless, Perak state Islamic religious council has in fact has executed cash *waqf* in their respective council quiet long time ago under the rules 18 (2) Waqf Regulation Control 1959 and followed by Pulau Pinang Islamic state religious council in July 2005. Cash *waqf* model has been supported by seven of the nine State Islamic Religious Council (SIRC). All of which are in Peninsular Malaysia, such as Selangor, Johor, Melaka, Pulau Pinang, Pahang, Perak and Negeri Sembilan (Mohsin, 2009).

The establishment of Yayasan Wakaf Malaysia (YWM) in July 2008 is to focus on the accumulation and mobilization of *waqf* fund. The reason behind the establishment of this entity is because the awareness among the members of the importance and the potential of the development of cash *waqf* fund. Fund collected will be accumulated in a trust fund under the YWM management before it will be transferred into a perpetual asset so that the benefit remains extended to the Muslim repeatedly. Among the major aims of the YWM are i) to accumulate *waqf* fund for generating the economic of *ummah* ii) to develop *waqf* properties which will be conducted through research and cooperation with SIRC and universities to expand the *waqf* function, iii) to invest in Shariah compliance stock to generate more fund to be use for the purpose of economic development, iv) social and charity program such as scholarship for the poor, iv) promotion and publication through conducted a conference and publication of the articles.<sup>5</sup>

Yayasan Wakaf Malaysia will manage to facilitate method of contribution of cash *waqf* including through salary deduction. YWM will work with bank such as Bank Rakyat and Bank Islam to make deductions from salary and use the money to finance the project. Vision and mission of the organization is to focus on the strengthening the *ummah* agendas through enhancement of the *waqf* instrument.<sup>6</sup>

Majlis Agama Islam Selangor (MAIS) among the advance council in managing cash *waqf* with the establishment of Perbadanan Wakaf Selangor (PBW). MAIS was organized on 1<sup>st</sup> March 2005 pursuant to Administration of the Religion of Islam (State of Selangor) Enactment 2003 (the ARI enactment) and took over the functions of the earlier Majlis Agama Islam dan Adat Istiadat Melayu Selangor that had been in existence since 1952 pursuant to the Administration of Muslim Law Enactment 1952, an early predecessor of the ARI Enactment (Alina, 2011)

Pulau Pinang State Islamic Religious Council has introduced *waqf* fund scheme on its own on July 2005 corresponding to 10 Jamadil Akhir 1426H. Majlis Agama Islam Negeri Pulau Pinang (MAINPP) is a statutory body established pursuant to the Administration of the Religion of Islam (Penang) Enactment 2004 ( the Enactment). Its purpose is aiding and advising DYMM Seri Paduka Baginda Yang di Pertuan Agong in respect of all matters relating to the religion of Islam in Penang except matters of Hukum Syarak and those relating to the administration of justice (Alina, 2011). Below is the table of *waqf* fund collection from year 2002 until 2009.

Table 1: Waqf Fund Collection in Pulau Pinang

Year	Waqf Fund Collection RM	Income From Renting Waqf Asset RM
2009	73,481.00	56,400.00
2008	50,932.23	56,400.00
2007	13,671.65	61,100.00
2006	37,608.65	51,700.00
2005	465,448.76	56,400.00
2004	5,503.12	58,800.00
2003	34,118.39	63,500.00
2002	7,353.00	57,800.00

<sup>5</sup> <http://ywm.org.my/profil-ywm/matlamat-teras/>

<sup>6</sup> Ibid

Total	563,859.57	349,300.00
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The amount of cash *waqf* collection in Pulau Pinang show its peak in year 2005 with amount collection RM465,448.76, however, this amount is decreasing at the following year.

Perak State Islamic Religious Council (MAIAMP) has in fact implemented *waqf* in the form of cash with cooperation with mosque trust board Perak state. Statutory provision have been long completed under regulation 18 (2) *waqf* control regulation that stated; the committee controls of the state *waqf* can accept any cash from anyone who wish to keep the corpus (*waqf*) of general interest by just filling in a form prescribed (Mahamood, 2007)

Johor Corporation through the Masjid An nur has collaborated with Johor Islamic State Religious Council (MAIJ) by creating a *waqf* An-Nur clinics has promoted product that involves contribution of *waqf* fund<sup>7</sup>. On December 1, 1999, the State Inland Revenue Board has provided tax relief to the donors of *waqf* fund An-Nur Clinic in accordance with section 44 (6) income tax act 1967 (act 53) (Mahamood, 2007). According to Mahamood (2007) through tax relief it has motivates the donors to contribute to the *waqf* fund.

*Waqf* in a form of cash also can be done through shares or stock where several states in Malaysia have established this kind of *waqf* which is called *waqf* shares. For example in section 2 (Selangor) *waqf* enactment 1999 (no.7 1999) has stated “the creation of *waqf* through shares which has offered and then been *waqf* by the buyer to the Council. The implementation specified under section 17 (1). Under the same enactment also stated : the council can offer *waqf* shares of any property acquired or to be acquired to any person for the shares to be purchased and subsequently endowed (*waqf*) to the council (Mahamood, 2007).

#### **4.0 SURVEY ON SELECTED WORKS ON POTENTIAL DETERMINANTS OF CASH WAQF GIVING**

It is important to know the motive of people donating a *waqf*. According to Alina (2011), in Malaysia the motives for creating *waqf* are simple. Most specific purpose *waqf* are created for mosques, suraus, cemeteries and religious schools to promote the religions. All in all is based on the religiosity purposes or religious satisfaction. If this is the motive it is commendable, however, the implementation is not well thought out (Alina, 2011). Despite the Quran<sup>8</sup> exhorting that endowments should be of assets that one loves, *waqif* in Malaysia choose assets of least value to endow (Salleh & Muhammad, 2008). Therefore, the author is in interest to identify the factors or motive that influence the donor or *waqif* especially in Malaysia to contribute/donate in form of cash *waqf*. Preliminary study has done to identify the potential determinants of cash *waqf* giving. Among others is as follows;

<sup>7</sup> Contribution of cash is called as *Waqf* An-Nur Clinic fund which can be done through cheque or money order

<sup>8</sup> al-Quran Verse Ahl Imran 3:92: By no means shall you attain righteousness unless you give (freely) of that which you love, and what you give, of a truth Allah knows well



#### 4.1 Religious Satisfaction

Research examining the role of religion in determining attitudes suggests that religious orientation and the level of commitment values or practiced cannot be ignored as a potentially salient factor in social related behavior. Ferm (1963) contended that an acceptable definition of religion refers to “set of behaviors or meanings which are connected to the action of a religious person. Individual characterized as religious are not only those who hold particular religious beliefs but also practice them in day to day life (Morgan & Lawton, 1996). For example, religious people pray, attend place worship, in some cases fast and engage in social beneficial action (e.g charity and volunteer work) as directed by their religion.

We estimates the religiosity has a potential that affects cash *waqf* giving, which can be define as the intrinsic motivation to the *waqif*. Islamic view sees religion as faith “*iman*”, action “*amal*”, and worship “*ibadah*” triple mandate (Pargament et al., 1990). Koenig et al. (2000) defines religiosity is an organized system of beliefs, practices, rituals and symbols designed (a) to facilitate closeness to the sacred or transcendent (God, higher power, or ultimate truth/reality), and (b) to foster understanding of one’s relations and responsibility to others in living together in community.

#### 4.2 Literacy of Waqf

*Waqf* literacy is a very crucial part that needs to be highlighted. Some Muslim is not really aware of the *awqaf* system and its functions in this country. The importance of improving *waqf* literacy is due to the factors of the growth of the *waqf* instrument and the essential of development of the *waqf* institution in stimulating the economic of *ummah* in particular and the State in general. As reported by Siswantoro & Dewi (2002) that the ineffective of cash *waqf* fund raising in Indonesia is because among other lack of *waqf* literacy among people. Indonesian public still assume that *waqf* is only limited in the form of fixed asset such as land and building. Same goes to Malaysia where Laldin (2005) and Asyraf (2011) mentioned the understanding of *waqf* among Malaysian people is too narrow. Their understanding is only limited for donation for the purpose of building mosque and sites for graveyard. Furthermore, the donors are not aware of diversifying their contribution under *waqf* are wider compared to *zakah* and *sadaqah*.

#### 4.3 Trustworthiness

According Sabatini (Sabatini, 2009), the three determinants for transforming particularized trust (*al-theqah*) into a generalized social trust (*amanah*) should be present in any community in order to arouse economic activity namely, the existence of business and corporate ties, reliable and positive public institutions and perception of the community as *umanaa* (plural of *ameen* meaning trustworthy ) and safe. (Alina, 2011).

In Malaysia, all *waqf* properties including cash *waqf* is under the administration of a appointed trustee ie. The State Islamic Religious Council (SIRC), the *waqif* or donor do not have a right to manage their own *waqf* properties (Mahamood, 2007). The stakeholders of *waqf* properties has had no right, there is no legitimate resources for any party to inquire into the management of *waqf* by the SIRC (Alina, 2011).

Therefore, the question of trustworthiness will come to the place. How trust the stakeholders to the trustee that has been appointed i.e. SIRC. This is very crucial issues that need to be address because some said that they do not trust to the SIRC because several issues pertaining to *waqf* administration and management.

Hosmer (1995) characterized trust as “the expectation of ethical justifiable behavior that is morally correct decisions and actions based upon ethical principles of analysis. Trust has been defined in terms of several interrelated cognitive processes and orientations. First and foremost, trust entails a state of perceived vulnerability or risk that is derived from individual’s uncertainty regarding the motives, intentions, and prospective actions of others on whom they depend (Kramer, 1999) For example, Lewis & Weight (1985) characterized trust as the “undertaking of a risky course of action on the confident expectation that all persons involved in the action will act competently and dutifully”. Similarly (Robinson 1996) defined trust as a person’s “expectation, assumptions, or beliefs about the likelihood that another’s future actions will be beneficial, favorable, or at least not detrimental to one’s interest.

#### **4.4 Demographic Factors**

Demographic factor is considered essential in determining the factor of people giving a cash *waqf*. Among demographic variables that going to be study is gender, age, marital status, employment, income and education. Literatures suggest socio demographic variables are important factors influencing donors’ behavior (Sargeant, 1999; Schegelmish, 1988). There has been substantial academic research on the relevance of personal characteristic as determinants of donating. The influence of age, gender, education and income on individual charitable giving has been particularly examined in the literature (Shelley & Polonsky, 2002; Chua and Wong, 1999; Sargeant 1999). Socio demographic donor characteristic although evaluated as ineffective by some academics (e.g Newman, 1996; Schlegemilch, 1988) Haibaeh (1998), for instance, based on an analysis of empirical studies conducted in Germany and USA, argued that the propensity to donate increases with age and education, also stated that that woman tend to give more often than men and amount donated are positively related to income. The positive association between age, education, income and the propensity to donate, as well as finding that females donates more than males are generally supported statistics to segment the target market for tax-exempt non-profit agencies. Shelly and Polonsky (2002) pointed out that in the giving literature some research has suggested demographic factors might actually serve as appropriate bases of segmentation.

#### **4.5 Efficient Management**

From the stakeholders perceived how they look the efficiency of the *waqf* institution because it’s also influence the donor or *waqif* to donate. Some saying they were not efficient at all. Many *waqf* asset and land just abandoned without any development.

There was agreement that potential donors to non profit organization rely on efficiency measures to a certain extent when determining which organization to fund (Beatty, 2007; Frumkin & Kim, 2001). Individual would give more to non-profit organization if more accountability for administrative cost were present and if organizations could better demonstrate the impact of donations (Beatty, 2007). Therefore,

the critical review by potential donors of efficiency measures could prompt nonprofit organizations to investigate opportunities to increase their efficiency (Durst & Newell, 2001). Wong et al. (1998) were employed factors such as the type of services provided; efficiency in charitable output; organizational history and size were considered in attraction donation to charities.

#### **4.6 Tax Incentive**

Chua & Wong, (1999) who did study on tax incentive, individual characteristic and charitable charity in Singapore has found that tax incentive is among the important determinants of charitable giving by individual. Donations are found to be income –inelastic but highly price-elastic. Thus, lowering the price of giving through tax incentive can be very effective in encouraging private donations to charity whereas in Austria tax incentive have been found to represent a major determinant of donations to charity (Chua & Wong, 1999; Wong et al.1998).

#### **5.0 CONCLUSION**

In conclusion, attempt has made by Malaysia in establishment of cash *waqf* development. In fact rulings has made by the National Council Ruling (Majlis Fatwa Kebangsaan Hal Ehwal Agama Islam Malaysia) has agreed to allow the practices of cash *waqf* and followed by several states that has implemented cash *waqf* in their respective Islamic council.

Cash *waqf* has a variety of benefits due to its flexibility. The minimum price offered could involve many Muslims contributing to the cash *waqf*. Through cash *waqf* fund, the abandoned assets which lack financial support could be developed for the sake of the Islamic economy. The cash *waqf* fund could also support Islamic religious schools and institutions of education that are experiencing liquidity as well as maintain other Islamic assets.

Therefore, it is commendable to note that the motivation factors of the *waqif* or donor in contributing their money to the respective council as the donor or *waqif* is not allowed to manage their own *waqf* in Malaysia. Hence, the determinants of cash *waqf* giving among people particularly in Malaysia is considered significant to be identified in order to recognized which factor most influence public of Malaysia to contribute or to donate in cash *waqf*. Consequently, all necessary action would be taken to enhance the institutions of *waqf* generally and to increase the amount of cash *waqf* collection specifically and eventually improve the socio economic of *ummah* in general and in the state in particular.

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