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Restructuring of 'Ain Waqf in Corporate Waqf Model for Boosting the Nation's Economic Prosperity

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ABSTRACT

Background: Practitioners in the Islamic finance industry have been overlooked the potential of corporate waqf as a source of funding. Waqf is one of financial instruments which has been applied since the early Islamic period in Madinah in addressing issues related to economic development in the community. This is because waqf has been successful in encouraging economic development through various aspects of welfare. **Objective:** Purpose of this article is to determine the uniqueness of corporate endowments featured by Maybank Islamic Berhad and to view its contribution to the economic development and community's economic prosperity. **Results:** The general findings of this study indicate that systematic implementation of corporate endowments is very useful in developing the nation's economic prosperity. **Conclusion:** The innovation of 'ain corporate endowments that been introduced by Maybank Islamic Berhad is very suitable to be practiced as it was in line with the modernization of the today's financial system.

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INTRODUCTION

Development and prosperity of economic activity in a country is very important to lead people to a way of balanced and orderly life. Nonetheless, if you see the economic system adopted today is obvious that it is the capitalist system which often leads to the occurrence of injustice, usury, fraud, corruption, unbalanced monopoly, market manipulation and so on. Consequently, the current system will lead to people being oppressed and still plagued by poverty and face the miseries of life and definitely lead to huge gap between rich and poor.

If certain parties, particularly the government did not take any action to solve this problem, of course the group of poor is increasing and the rich seem more prevalent. In order to eradicate this problem, the social welfare practices is one of the potential way because it can be implemented in various forms. This social welfare practices actually has long been advocated by Islam and should be continued its practice particularly those involving the government and private agencies. Thus, the practice of corporate social welfare that is durable ie waqf because it has elements of perpetuity.

Waqf as an essential instrument in order to prevent poverty among community and generate people's economic prosperity. This is because it is a fund that cannot be withdrawn or disappear and must be dealt with honestly and trust. It also cannot be traded for the sake of greed and the desire to earn excessive money. Hence, it became the permanent assets in the interest of ummah at all times. If development and economic prosperity of the people can be established, of course there are no gaps between the group of rich and poor and everyone is on the the same level in life. Waqf role has a similar as *infaq*, *sedekah jariyah* and *hibah* (Abd. Shakor, 2011) and it is an essential instrument to help the needy.

Today, an involvement of big conglomerate body like Maybank Islamic Berhad in corporate waqf activities in Malaysia has been assumed as paradigm displacement in the development of waqf. Cash waqf as an innovative instrument in waqf development introduced by Maybank Islamic Berhad will attract and attention of big corporate bodies to participate in the corporate waqf activities. This instrument is closely related to previous concept of the cash waqf where it is increasingly popular concept of waqf and become the easiest medium for Muslims to carry out

charitable activities by using cash in contrast to the waqf current method which involving land and buildings (Magda, 2009)

This article will explore the waqf concept in Section 2 and uniqueness of corporate waqf which offers by Maybank Islamic Berhad in Section 3. This article also will display the role of corporate waqf as an instrument to develop economic and community prosperity and conclusion, respectively in Section 4 and 5.

Waqf Concept:

2.1 Waqf Definition:

According to *al-Quran* or *al-hadith*, there are no exact meaning of waqf. According to Islamic jurists, sadaqah jariyah defined as donation made by someone. If someone donate some possession during his lifetime, the donation must be perpetual once it is created. This guarantees that it will benefit generation after generation and also prohibits it from being confiscated. (Abd. Shakor, 2011). Literally, endowments derived from an Arabic word which means detention (*al-habs*) or prevention (*al-man'*) (Siti Mashitoh, 2007). Technically, waqf means detention of a person's property that can be utilized with the permanent existence of its corpus in order to fulfill specific needs regarding to conditions made by *al-waqif* or property owner (Muhammad Ridhwan, 2012).

Based on the definitions above, we found that although the benefits of the donation are beneficial to man, the property itself is considered to be returned to God. No person can ever become the owner, so the waqf becomes a 'common asset', thus it shall not be involve in trading business. At the same time, waqf benefits can be used accordance to Shariah so that waqf can last for a long time and can be enjoyed by Muslim people community (Muhammad Ridhwan, 2012). Besides that, they also can enjoy the benefit from waqf properties without being bound to a particular period and follow to an agreement which has been agreed

2.2 Waqf Foundation:

As stated, there are no precise meaning for waqf in *al-Quran* and *al-hadith*. However, the existence of waqf in Islam is based on three foundations (Dahlia & Haslindar, 2013).

First, the Messenger of Allah SAW said, "When a man dies, his deeds come to an end except for three things: Sadaqah Jariyah (ceaseless charity); a knowledge which is beneficial, or a virtuous descendant who prays for him (for the deceased)." (reported by Muslim, Tarmidhi, Abu Dawud, Nasa'i and Ibn Majah).

Second, Ibn Umar reported: Umar acquired a land at Khaibar. He came to Allah's Apostle (may peace be upon him) and sought his advice in regard to it. He said:

"Allah's Messenger, I have acquired land in Khaibar. I have never acquired property more valuable for me than this, so what do you command me to do with it? Thereupon he (Allah's Apostle) said: If you like, you may keep the corpus intact and give its produce as Sadaqa"

The land cannot be sold, mortgaged, gifted or inherited. However, it also can be used in reasonable way by waqf properties manager. For example, become one of recipient's without make it as source of income".

Third, all the companions of the Prophet (SAW) declared their land as waqf land. This is proved through narrations and reports by Thabit bin Anas Jabir bin Abdullah and Ibn Hazm.

Implementation of waqf through al-Quran has been strengthened based on a few verses:

"The parable of those who spend their wealth in the way of Allah, is that of a grain (of corn); it grows seven ears, and each ear has a hundred grains. Allah gives manifold increase to whom He wills. And Allah is All-Sufficient for His creatures' needs, All-Knower." (al-Baqarah: 261)

"If you practise charity publicly, it is good; but if you give charity secretly to the needy, it is much better for you, for this will expiate many of your sins. Anyhow, Allah is well aware of whatever you do". (al-Baqarah: 271)

"By no means shall you attain Al-Birr, unless you spend of that which you love; and whatever of good you spend, Allah knows it well." (al-Imran: 92)

"Who giveth his wealth that he may grow (in goodness). And none hath with him any favour for reward. Except as seeking (to fulfil) the purpose of his Lord Most High. He verily will be content". (al-Lail: 18 – 21)

"Lo! those who give alms, both men and women, and lend unto Allah a goodly loan, it will be doubled for them, and theirs will be a rich reward". (al-Hadid: 18)

Based on these principles, it clearly shows that the endowments play an important role especially in improving the economy of ummah and generally stabilizing the country. Moreover, all Muslims are encouraged to maximize their wealth according to the shariah and also encouraged them to create the new waqf in this country because the foundation of waqf is based on the concept of *ta'awun*.

2.3 Types of Waqf:

Generally, *waqf* was categorized into two category which are *waqf Khairi* (charitable purpose) and *waqf zurri* (family) (Abd. Shakor, 2011). *Waqf Khairi* divided into two which are *waqf am* for charitable purposes without prescribing motives, conditions and beneficiaries, meanwhile *waqf khas* for charitable purposes with objectives, conditions and beneficiaries has been determined. While *waqf*

zurri is, the benefit is for the purpose of family. However, some scholars assumed that this type of waqf is *bid'ah* and not in line with Shariah rules.

Other than that, endowments also can be categorized into waqf *musytarak* and waqf *irsad* (Abd. Shakor, 2011). Waqf *musytarak* is a combination of two types of endowments which are waqf *khairi* and waqf *zurri*. It means some benefit from waqf is special for family and others for public use. Waqf *musytarak* is part of the waqf *istibdal* and share waqf. While waqf *irsad* also is another type of endowment established by the authority or government who endowed Baitulmal properties whether the property is movable or immovable.

There are two forms of property that can be endowed of immovable property such as land and buildings, and movable property such as cash and shares. For immovable property, Islamic scholars agree that it is valid in practice waqf because it meets the main principles of waqf which perpetuity. This is based on the endowments made by the Prophet (SAW) and his companions (Abd. Shakor, 2011).

Another form of property is movable property. For this type of waqf, There are differences opinion among Islamic scholars because it is not permanent and perishable or destroyed. However, according to *jumhur ulama'* likes Imam al- Syafie, Imam Malik and Imam Ahmad bin Hanbal, movable property can be endowed provided it is not depleted when used. (Asmak, 2009). According to the view of Imam Hanafi, movable property can be endowed if it is accompanied by immovable property because it will also contribute to charitable purposes. One of the movable properties has been practiced today is share waqf. From a legal perspective, shares was endowed is recommended (Mustahab) in Shariah because it is consistent with the principles and concepts of the Islamic waqf. The next section will look at the

concept of corporate waqf introduced by Maybank Islamic Berhad.

Corporate Waqf - Maybank Islamic Berhad:

The contemporary concept of cash waqf is very popular and has been practiced in some countries has motivate's authorities to launch various forms of waqf that enable individuals and organizations to contribute to waqf with a very minimum rate. In Malaysia, the involvement of corporate entities in the management of waqf is known as endowments corporate was established to raise awareness, foster interest and attention of society in order to get involved in charitable activities, especially activities to develop the waqf properties. (Mohd Ali Hashim, 1996 & WAN Corp Annual Report 2013)

Initiatives and ideas made by Maybank Islamic Berhad with collaboration of Majlis Agama Islam Wilayah Persekutuan are a wise move and worth for Muslims throughout. Unknowingly, this cooperation will foster and build positive values in the corporate world in the management of waqf and will improve public confidence in waqf institutions and as the result increase the waqf fund for the 'ummah' benefit. This collaboration will prove the important of muamalat instrument in contribution to national prosperity through waqf. This collaboration is also responding to the government's call that is to increase the efforts for the waqf asset development.

Through the involvement of Maybank Islamic Berhad, corporate waqf is believed to be the model selection to perform 'ain cash waqf in the big conglomerate companies in the country to strengthen the existing system. Ain' cash waqf will be used to give good profit to waqf recipients (*mauqufalaih*) that has been targeted. Besides, it also can provide endowment funds with large volumes and continuing to create a profitable positive impact.

Table 1: Elements of Corporate Waqf Model- Maybank Islamic Berhad.

ELEMENTS	EXPLANATION
Waqf asset	Cash
Waqf Founder (waqif)	Islamic Maybank - provide initial funds of RM20 million while in following phasa will involve individual or companies that want to contribute to endowment funds and become waqf founder subsequently.
Beneficiaries (mauquf alaih)	MAIWP - as sole trustee for state waqf assets as enshrined in Administration of Islamic Law(Federa Territories) Act 1993, Section 61 and 62(1), (2)
Waqf Manager (Nazir)	Maybank Islamic - who will manage the funds and charitable projects that have been designed in the early stages onwards.
Beneficiaries	Whole community
Goals of Benefit Distribution	Developing education infrastructure, health care and also entrepreneur's development.

From the table above, it can be concluded that the concept of corporate waqf organized by Maybank Islamic Berhad has complied with the waqf tenets outlined and fulfill the Islamic legislation requirements which are *waqif*, *mauquf*, *mauquf alaih* and *sighah*. Therefore, issues related to shariah in corporate endowments can be reduced thereby encouraging growth in the future.

An awareness of Maybank Islamic Berhad's top management in order to directly involve in this corporate waqf practice should be praised and emulated by others company like GLC in Malaysia. This is because this extensive involvement from this reputable company is believed to be able led a lucrative outcome which can provide great benefits

for our country in general and Islamic society in specifically.

Corporate Waqf As Instruments For Nation's Economic Prosperity:

History have proved that the waqf legislation has plays a very important role in the economic development of a country. Waqf activities have become the distribution tool of wealth to achieve economic development in the whole aspect. This article believes that there will be a lot of benefits if any waqf model successfully implemented in our economy system. As an example, in the time of Prophet Muhammad (saw), Uthman bin 'Affan was endowed a wells known as al-Raumah which became the main source of water supply for Muslims on that time.

Other example is a cash waqf. This instrument is also being done during the Ottoman period that helps in providing a multiple of community economic development activities such as education, health, welfare and other activities that give benefit to the community (Asmak, 2009).

Accordingly referring to the objective of this article, corporate waqf that have been implemented by Maybank Islamic Berhad can provide substantial capital injection to the developing of economy activities when it is functioning systematically and properly. Through the distribution of the benefits of the proposed corporate waqf model which includes the education sector, health and young entrepreneurs development, it is believed will contributes to the communities regardless of religion and races background. Indirectly, it will improve a community economic prosperity and living cost comprehensively.

For a better understanding about the above scenarios, this reseach highlights the simulation approach on RM20 million of total corporate waqf fund as a starting point. As example if the amount of RM20 million is manage to invest in the investment instruments and we are expecting a lower of 4% profit to be derived as a result of these investments.

Therefore, through this corporate waqf fund, there will be RM800,000.00 of profit gain and will be distributed to the waqf benefits (education sector, health and young entrepreneurs development) established by Maybank Islamic Berhad. As a result, all of these three groups of waqf recipients are benefited from waqf activities. As a result, it can accelerate the development and economic prosperity of the community regardless of race or religion.

This paper also expecting to gain lot of advantages to the various aspects of the developing of economy activities if corporate waqf can attract more conglomerates companies such as GLCs in Malaysia. Nowadays, there are 17 companies that are categorized as GLCs in Malaysia. If all of these companies can be directly involved in corporate waqf activities and spend only RM20 million to waqf cash

fund for corporate waqf, the fund will reached RM340 million.

Again, if we assumed that a lower of 4% of profit gained from investments made so, the total amount of RM13.6 million can be utilized through this corporate waqf. Just imagine how this Islamic finance instrument will generate the economic activities such as infrastructure development, health, education and development, etc. in the country and at the same time helping government in their yearly budgeting. This is consistent with Khairi et. al. (2014) where the have proposed of involving the GLC in corporate waqf because these companies have greater financial resources and its management is under the monitor of the government.

Therefore, through the above simulation it can be stated that corporate waqf can contribute in achieving macroeconomic objectives where equality in income distribution and reduce the tax function as the main sources of national income that burdensome to civilian. At the same time, country spending will also become deficit and reduce loan consumption as funds for development projects. Through the implementation of this corporate waqf, people and organizations are able to provide assistance in achieving community's economic prosperity by donating their cash into the corporate waqf funds.

Conclusion:

As the conclusion, the innovation of 'ain corporate waqf that been introduced by Maybank Islamic Berhad is very suitable to be practiced as it was in line with the modernization of the financial system today. In addition, corporate waqf practice can encourage larger conglomerates and communities to participate because it is very easy to practice and also lead to enormous benefits that will be donated. Through corporate waqf, profit from investments that have been endowed will be contribute to meet the needs of the community as was highlighted by the Maybank Islamic Berhad

Maybank Islamic Berhad approach is actually encouraging to corporate social responsibility (CSR) which should serve as main agenda of conglomerates in Malaysia. Through early analysis made to waqf corporate model adopted by MaybankIslamic Berhad is actually show to other conglomerates companies especially GLCs to get involved because 'ain waqf seen more easily used for practice compare to previous model of corporate waqf.

Besides, this research proposing to the government to provide several of attractive incentives including tax incentives to companies that are directly involved in the practice of corporate waqf as was done to *zakah*. Thus, it is believed that larger companies will be more inclined to allocate their annual expenses through corporate waqf. The impact of waqf corporate funds that were implemented in the present can contribute to the

development and economic prosperity and promote the equal distribution among the people.

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