

Proclivity among Students for the Establishment of Islamic *Waqf* Bank

Muhammad Ridhwan Ab Aziz, Mohd Asyraf Yusof, and Fuadah Johari

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 use 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. The gifted capital was "transferred" to borrowers for certain period, which was then spent for all sorts of pious and social purposes inclusive for the investment objectives. It is recognized that there is no ample study in the area of cash *waqf* especially for managing 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 proclivity among students for the establishment of Islamic *waqf* bank.

Keywords—*Waqf*, Islamic *waqf* bank, cash *waqf*, *waqf* for education.

I. INTRODUCTION

THE word *waqf* is derived from the Arabic root verb "waqafa" means 'causing a thing to stop and standstill'.

It also takes the meanings of 'detention', 'holding' or keeping. *Waqf* which (pl. *Awqaf*) is called *Boniyad* in Iran and *Habs* (pl. *Ahbas*) in North and West Africa. However, by taking its different meanings into consideration, *waqf* can be applied to non-perishable property whose benefit is extracted without consuming the property itself. Although *waqf* is not specifically mentioned in the Holy Quran, the concept of wealth distribution is strongly emphasized therein (Chowdhury *et al.*, 2011).

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).

According to Monzer Khaf (1998), from *Shariah* point of view, *waqf* may be defined as holding a *mal* (an asset) and preventing its consumption for the purpose of repeatedly extracting its usufruct for the benefit of an objective representing righteousness or philanthropy. This definition also covers several new forms of *waqf* that were not discussed in the classical literatures, such as the *waqf* of financial rights and *waqf* of usufruct [1]. The contemporary jurists also justify the validity of the cash *waqf*, because it is in the interest of the *waqif* (the donor), its beneficiaries and the society [2].

In addition, *waqf* assets can also be immovable or moveable (e.g. cash *waqf*). In cash *waqf*, *al-Waqif* (donor) endowed cash instead of real estate. Cash *waqf* begin in primeval Mesopotamia, Greece and the Roman Empire. In fact, in the eighth century, Imam Zufar had approved cash *waqf* in the Islamic World for the first time. According to him cash *waqf* would be invested through *Mudarabah* and profits would be spent for charity. Nevertheless, cash *waqf* did not expand and mature until the 16th century and after that century, it became popular, especially among the Ottomans. Although there was controversy on the legality of cash *waqf* among the Muslim scholars but thousands of cash *waqf* continued to be endowed. In particular, cash *waqf* was supported by the Ottoman Sultans, because funds were financed in the expansion of Islam in Europe [3].

Many Muslims did not get chance to participate in *waqf* endowment because there is a wrong perception among Muslims that there may be *waqf* endowment through only land not in cash. They believed that land can fulfill the three conditions of *waqf* such as perpetuity, irrevocability and inalienability. However, land may be subject to demolition, destruction due to the natural calamity and *waqf* will only last till its value exist [4]. Through proper cash *waqf* management, it is easily possible to hold *waqf* value as well as value enhancement. As a result, those who do not have land can participate in endowment through cash *waqf*. Nowadays, people have more choices for *waqf* by including cash into *waqf*.

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

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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 [5]. Anyone, subject to certain *Shariah* conditions, can be *al-waqif* (donor) through cash *waqf*.

II. LITERATURE REVIEW

The study of cash *waqf* was done by several researchers in recently time. 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 [6].

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 [7].

According to Muhammad Ridhwan Ab. Aziz (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 [8].

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).

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 benefits. 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 [9].

In addition, Muhammad Ridhwan *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 [10].

Other than that, Mohd Asyraf (2013) concludes that there is 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* [11].

Moreover, Muhammad Ridhwan *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 [12].

III. METHODOLOGY

The research methodology used by the researchers is quantitative method. The method used throughout the research is through the questionnaires since the use of questionnaires allow us to get information in the most accurate. The questionnaire is for Muslim student and distributed to the selected universities 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 (Nunnally, 1978) [13].

Exploratory Factor Analysis: The needs among student to establish Islamic *waqf* bank

TABLE 1
THE NEEDS AMONG STUDENT TO ESTABLISH ISLAMIC *WAQF* BANK

No	Item	Standard Deviation
	Cronbach Alpha=0,786	
1	I agree that Islamic <i>waqf</i> bank is an alternative for education loan	0,6566
2	I will be more motivated if get free education	0,7586
3	The assistance from Islamic <i>waqf</i> bank will ease the burden of my parent	0,6358

IV. FINDINGS

The Proclivity among Student to Establish Islamic *Waqf* Bank

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 fourth years students, so the total number of respondents involved is 210.

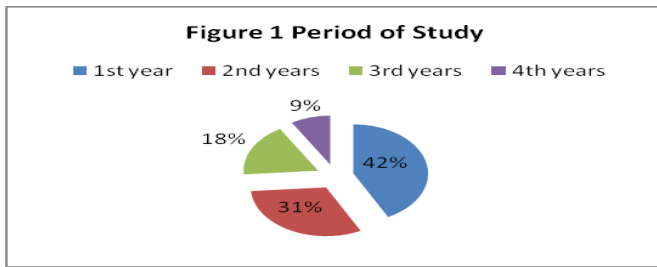


Fig. 1 Period of Study

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.

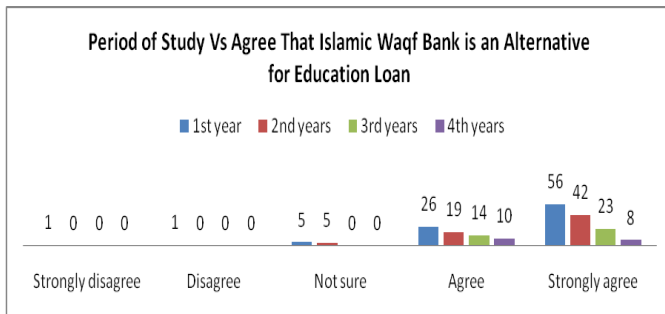


Fig. 2 Period of Study Vs Agree That Islamic Waqf Bank is an Alternative for Education Loan

Based on fig. 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 agree with the same argument and eight students strongly agree with this statement. This makes up into 129 respondents who strongly agree with the statement which proves that majority of respondents from all levels strongly agree with the statement.

However, the numbers of students who were disagreeing and strongly disagreeing with the statement are almost next to none – there is only one first year student who was strongly disagree and also one first year student who disagrees with the same statement, but none from second years, third years and fourth years respondents. In conclusion the needs of Islamic *waqf* bank as an alternative for student loan is overwhelming.

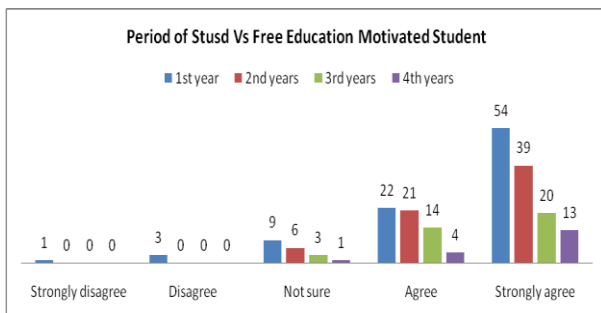


Fig. 3 Period of Study Vs Free Education Motivate Students

Based on figure 3, the result also shows that majority of respondents of first year student which is 54 respondents were strongly agree 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 agree 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 of free 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 agree with this statement.

Surprisingly the numbers of students who were disagreeing and strongly disagreeing 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 disagree and disagree 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.

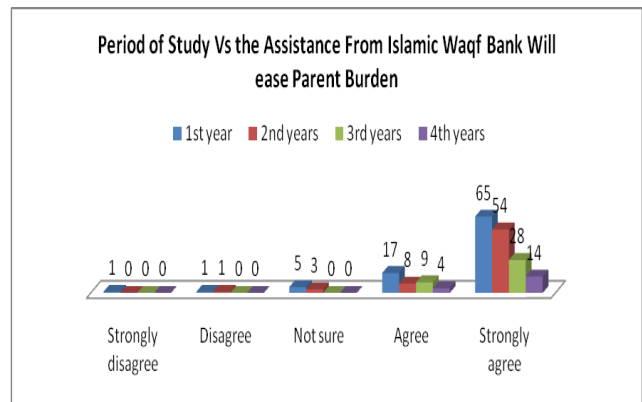


Fig. 4 Period of Study Vs the Assistance from Islamic Waqf Bank Will ease Parent Burden

Based on fig. 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 disagree and 1 person from the first year student who strongly disagree. Others are at a zero point of person corresponds to disagreeing and strongly disagreeing.

V. CONCLUSION

This paper discussed about the needs of student towards the establishment of Islamic *waqf* bank for education. The result of this paper shows that there were strong demands for the establishment of Islamic *waqf* bank. In this research, the

establishment of Islamic *waqf* bank is proposed to finance students' education. Islamic *waqf* bank model applies the concept of cash *waqf* in their operations in order to provide educational funding. The permissibility of cash *waqf* and suitability of capital structure of Islamic bank can be considered as *waqf* instrument in solving the financing problem among student.

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