

# An Initial Study on Student's Need towards Islamic *Waqf* Bank for Education

Muhammad Ridhwan Ab. Aziz, and Mohd Asyraf Yusof

**Abstract**— Education and learning is one of the most important processes in today's society. Today's youth are tomorrow's teachers. The importance of education is undeniable for every single person. It is understood that education has a positive effect on human life and all people need to study. Only with the advent of education can people gain knowledge and enlarge their view over the world. Education is the key that allows people to move up in the world, seek better jobs, and ultimately succeed fully in life. Education is very important, and no one should be deprived of it. On the other hand, 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 funding the education. Therefore, the initial study on students' needs towards Islamic *waqf* bank is essential in order for the fund to be use efficiently. The objective of this paper is to explore the needs towards Islamic *waqf* bank for education. The methodology of this research is a quantitative research towards 210 respondents among Muslim students in Malaysia. The general finding of this paper shows that, the demand of the establishing Islamic *waqf* bank is extremely high among Malaysian students.

**Keywords**—*Waqf*, Cash *Waqf*, Islamic *Waqf* Bank

## I. INTRODUCTION

**W**AQF 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].

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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 [3].

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

## II. LITERATURE REVIEW

Several researchers did the study of cash *waqf* 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* [3]. 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].

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 [1].

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 [5]. 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].

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].

Besides, Mohd Asyraf and Muhammad Ridhwan Ab. Aziz (2013) conclude that there is strong willingness to contribute for *waqf* bank from all level of incomes either low income or high income levels. The only reasons that they did not want to contribute for Islamic *waqf* bank is the lack of knowledge about *waqf* and lack of trust for the people who represents as an agent for Islamic *waqf* bank to collect *waqf* donation [10].

In addition, Muhammad Ridhwan Ab. Aziz *et.al.* (2013) explain about the *waqf* bank models that can be applied for Islamic *waqf* bank and also conclude that there is possible structure for *waqf* bank model and instrument that can be implemented in the future for the financing in education [11].

Based on a survey conducted by Muhammad Ridhwan Ab. Aziz *et.al.* (2013), it shows that 78 respondents out of 125 of total respondents were strongly agreed with the establishment of Islamic *waqf* bank as an alternative for education loan [12].

### III. RESEARCH 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 the researchers to get information in the most accurate manner. Questionnaire forms have been printed and distributed

directly to each of the targeted respondents from selected universities in Selangor and Negeri Sembilan, Malaysia. Each respondent must answer all the questions in less than 10 minutes. Researcher would randomly choose assigned respondents from various related parties. After a thorough survey, data from respondents' answers are analyzed statistically with 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. Table 1 below shows the *Cronbach alpha* for all scales; this to confirm the internal consistency of the instrument. On the other hand, standard deviation is commonly used to measure confidence in statistical conclusions. The standard deviation shows how much variation or dispersion from the average exists. A high standard deviation indicates that the data points are spread out over a large range of values. Table 1 below shows the *Cronbach alpha* and standard deviation for all scales; this to confirm the internal consistency of the instrument and to measure the confidence level of the data collected [13].

TABLE I  
EXPLORATORY FACTOR ANALYSIS

No	Item	Standard Deviat
Cronbach Alfa 0.786		
1	I agree that Islamic <i>waqf</i> bank is alternative for education loan	0.65663
2	I will be more motivated if get fi education	0.75858
3	The assistance from Islamic <i>waqf</i> ba will ease the burden of my parent	0.63583

### IV. DISCUSSION AND FINDINGS

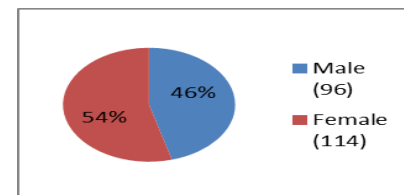


Fig. 1 Gender

From the survey, this is the descriptive analysis of the respondents. The data of this research had been gathered from 96 male and 114 female respondents, so the total numbers of respondents involved are 210.

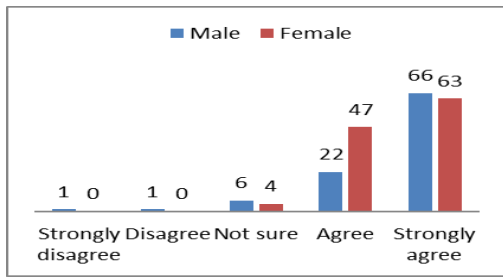


Fig. 2 Gender Vs Islamic Waqf Bank is an Alternative for Education Loan

Figure 2 shows that majority of male respondents were strongly agreed with the statement of Islamic *waqf* bank is an alternative for education loan. There were 66 male respondents who strongly agreed and 22 male respondents who agreed with this statement. In contrast, there were only 6 male who not sure with the same statement and the number of male respondents who were disagreed and strongly disagreed were almost next to none that is one respondent each.

Further more, there were 63 out of 114 female respondents were strongly agreed and 47 female respondents were agreed with the statement of Islamic *waqf* bank is an alternative for education loan. On the other hand, there were only 4 female respondents who not sure and none of female who disagreed and strongly disagreed with the same statement.

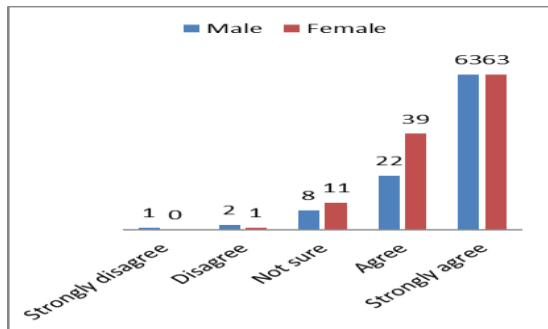


Fig. 3 Gender Vs Students Will be More Motivated if They Get Free Education

Figure 3 shows almost the same result. It shows that there were 63 male respondents who strongly agreed and 22 male respondents who agreed with the statement of students will be motivated if they get free education. In contrast, there were only 8 male who not sure with the similar statement and the number of male respondents who were disagreed and strongly disagreed were almost next to zero that is 2 disagreed and one respondent who strongly disagreed.

Further more, there were 63 out of 114 female respondents were strongly agreed and 39 female respondents were agreed with the statement they will be more motivated if they get free education. On the other hand, there were only 11 female respondents who not sure and only 1 female who disagreed and none of female who strongly disagreed with the statement.

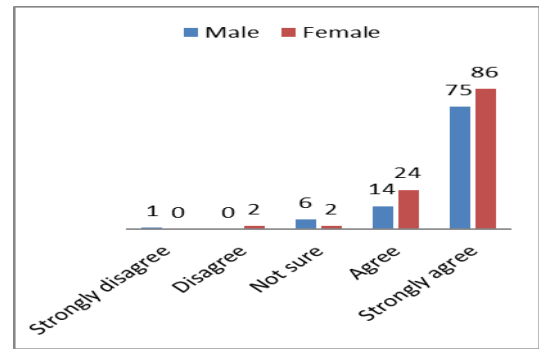


Fig. 4 Gender Vs The Assistance From Islamic *Waqf* Bank Will Ease the Burden of my Parent

Figure 4 also indicated the similar results. It shows that there were 75 male respondents who strongly agreed and 14 male respondents who agreed with the statement of the assistance from Islamic *waqf* bank will ease the burden of their parent. In contrast, there were only 6 male who not sure with the same statement and the number of male respondents who were disagreed and strongly disagreed were almost next to none that is none of them were disagreed and only one respondent who strongly disagreed.

In addition, there were 86 out of 114 female respondents were strongly agreed and 24 female respondents were agreed with the same statement. On the other hand, there were only 2 female respondents who not sure and only 2 female who disagreed and none of female who strongly disagreed with the statement.

## 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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