



Zakah Collection and Distribution Management: A Case Study of MAIDAM in Terengganu

¹Shahirah binti Mat Shaari, ^{2*} Md. Habibur Rahman

^{1,2}Faculty of Business and Management (FPP), Universiti Sultan Zainal Abidin (UniSZA) Kampus Gong Badak, 21300, Kuala Nerus, Terengganu, Malaysia

*Corresponding Author Email: habiburrahman@unisza.edu.my

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ABSTRACT

Zakah is one of the systems to promote wealth-sharing among the Muslims in assuring a minimum standard of living for them. The problems associated with the distribution of zakah and poverty are damaging the performance and achievement of the zakah institution itself. The statistics on the distribution of zakah shows that the poor and extreme poor in Terengganu has been increased over the last few years. In addition, there are people who pay zakah directly to the asnaf while such payments of zakah are not being recorded. Thus, an efficient management for zakah in terms of collection and distribution can contribute to the achievement of the utmost objective of zakah. This qualitative mode of study investigates the activities of zakah collection and distribution that are being practiced by MAIDAM. This study uses the semi-structured interviews to collect the primary data. The study interviews the staff from the Majlis Agama Islam Dan Adat Melayu (Islamic Religious Council and Malay Customs), known as MAIDAM, whereby several issues have been asked and discussed to achieve the objectives. MAIDAM is the only organization that collects and distributes zakah in Terengganu. The study finds that MAIDAM has been using several channels for the zakah payers to make direct payments to MAIDAM. Besides, MAIDAM has collaborations with other organizations to distribute the funds effectively. The study posits that zakah is to be distributed in sustainable modes such as in a form of small financing for needy SMEs to achieve the objective of eradicating poverty line and minimizing income inequality.

Keywords: Zakah, Collection, Distribution, MAIDAM, Terengganu

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INTRODUCTION

Zakah is the fourth pillar in the pillars of Islam, which is obligated towards all Muslims. The Malaysia's government as a medium had appointed Zakah institutions in collecting and distributing zakah efficiently. There are several mechanisms for zakah collection and distribution practiced by Zakah Institution in Malaysia. Based on MAIDAM website, zakah had been distributed in various ways as financial support to the recipient in Terengganu but most of zakah's consumption by recipients in short term only. Zakah is one of the systems that promote the wealth-sharing with Muslims in assuring a comfortable standard of living for the Muslims. The aim of zakah is to discourage the concentration of wealth towards the rich people and to eradicate the poverty among of the poor people (Rahman and Et Al, 2012). So, the proper and transparent zakah distribution will contribute to the direct impact on the distribution of fair society wealth. It reflects on the meaning of zakah to improve, offering security, to cleanse and grow (Al-Ayni, 1972). Even though, the collection of zakah is increasing but the issue of distribution of zakah still raises many debates and problems. The problems that relate with the distribution of zakah and poverty defame the performance and achievement of the zakat institution itself. It happens because the method of the distribution of zakah is still not proper. This is because the methods of zakah distribution is still ineffective and also the dissemination of information on zakah distribution

is insufficient (Hassan et.al, 2012). This study will focus only in the area of Terengganu state. In Terengganu, MAIDAM is the only organization that collects and distributes zakah. There have several methods to distribute zakah in Terengganu which are towards sector of social and humanity, education and Institution of highest education, economy and entrepreneurship, and assistant for muallaf. Most of the methods above are based on financial support. However, the main method is just to give the money as a financial support to the poor people and there is no effort to assist for improving the poor people's standard of living. MAIDAM also had distributed zakah for the asnaf who want to run the business and also for asnaf entrepreneur's course for economy and entrepreneurship. However, the distribution of zakah statistics in JAWHAR shows, the destitute and poorest of poor in Terengganu has been increased over the last few years (jawhar.gov.my,2018). Despite the increment on the collection of *zakah*, the issue remains unsettled. For example, the non-compliance of some individuals in paying *zakah* particularly *zakah* property, and the occurrence of information leakage for individuals who pays *zakah*, the payment not being channeled through the religious department and being paid directly to *asnaf*. This action resulted in the payment of *zakah* not being recorded and excluded from the quote amount in the religious department. (Ahmad & Wahid, 2005). So, this paper aims to

know the way or the experience by MAIDAM in collecting and distributing the zakah.

LITERATURE REVIEW

Distribution of the Zakah Fund: The Recipient Categories

Individuals who fulfill the *nisab* are obligated to pay the *zakah* and there are also particular group of individuals that are eligible to receive it. Hence, to ensure on an equitable and efficient implementation of *zakah* collection and distribution, it is very important to understand the overall system of *zakah*, including *zakah* payers and *zakah* recipients. So, this section will briefly explain about the eight recipients of *zakah* which namely *faqir*, *miskin*, *amil*, *muallaf*, *al-riqab*, *al-gharimin*, *fisabilillah*, and *ibnu sabil*. The recipients of *zakah* are outlined in the Quran on verses 60 of Surah at-Taubah: “Alms are for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to Truth); for those in bondage and in debt; in the cause of Allah and for the wayfarer; a duty ordained by Allah, and Allah is full of knowledge and wisdom” (at-Tauba: 60). Based on the verse above, it clearly shows that *zakah* is only permissible to be distributed among the eight categories of recipients, namely: *Faqir*, *Miskin*, *Amil*, *Muallaf*, *Al-Riqab*, *Al-Gharimin*, *Fisabilillah*, and *Ibnu Sabil*. (Khairuldin et al. (2013).

Hardcore Poor (Faqir): Faqir is a person who has no assets nor profession or a total income less than 50% of the daily needs for both him and his dependents. Under Islamic law, the minimum living standards including food, clothing, and shelter, as well as basic education and medical care. (Khairuldin et al. 2013). **Poor (Miskin):** The poor is defined as a person who has a profession, but his income is only able to satisfy part of his basic needs, without being able to meet other needs for both him and his dependents. (Khairuldin et al. 2013). **The Zakah Administrator (Amil):** An organization that is directly related to business institutions that manage and administer the collection, distribution and finance of *zakah*. For example, those who are qualified for *zakah* are collectors, distributors, guards, accountants, clerks, informants, and officials. (Khairuldin et al. 2013). **Those whose Hearts are reconciled to Islam (Muallaf):** A person who has the hope of converting to Islam, or whose faith still needs to be supported and reinforced because they are new to the religion. Thus, they are divided into two parts, those who converted to Islam and non-Muslims who can be persuaded to embrace Islam and do not harm Muslims. *Zakah* will be given as a way to help and support their new life as a Muslim. (Khairuldin et al., 2013).

Slaves and Prisoners (Al-Riqab): These are Muslims who are in the hands of slaves, physically or mentally dominated and captivated by the enemy. Therefore, *zakah* may be given as a form of redemption. Most Islamic scholars agree that *zakah* can be used to liberate a slave whose master is either Muslim or non-Muslim. (Khairuldin et al., 2013). **The Debtors (Al-Gharimin):** They are indebted people but obliged to meet their basic needs for life. In this case, the debt is essentially for legitimate purposes or does not violate Islamic law. According to Imam Shafie’s view, someone who is indebted due to helping the community, to make peace or for the purpose of Islam is permitted to accept *zakah* to pay its debt. But *zakah* will not be distributed to the debtor for unlawful purposes such as gambling, alcohol consumption, and other immoral activities. But the debtor must try to settle the debts by himself before opting for *zakah*. (Khairuldin et al. 2013). **In the Cause of Allah (Fisabilillah):** *Fisabilillah* refers to a person or group

involved in activities to promote, defend or prosecute Islam. Imam Abu Hanifa and Abu Yusuf explain that *fisabilillah* refers to fighters who defend Islam and the Muslim community, so *zakah* should be given to them even if they are rich. (Khairuldin et al. 2013). **The Wayfarer (Ibnu Sabil):** Ibn Sabil is the individual who travels from one country and needs aid during his travel even though he is rich. This practice is dedicated to protect the well-being of a *musafir*. However, the purpose of the travel should not be contrary to Islamic law. Nonetheless, before seeking for *zakah* aid, traveler should seek for other legal means to meet their needs. Therefore, *zakah* will only be provided when they cannot meet their needs in order for them to return home. (Khairuldin et al., 2013).

Zakah Collection and Distribution in Malaysia

Islam has been proclaimed by The Federal Constitution of Malaysia (1957) as the official religion of the federal. However, all issues pertaining to Islamic law and customs, and the administration of *zakah* are under the authority of each state, authorized by the Sultan, except for Federal Territory where the law and the Islamic administration are governed or managed by the federal government (Ahmed, 2004; Hidayati & Tohirin, 2010; Mahamud, 2011; MdSaad & Abdullah, 2011). In addition, the Sultan from each state would be advised by each State Islamic Religious Council which is known as Majlis Agama Islam Negeri (MAIN). Kelantan is the first state to establish its own State Islamic Religious Council known as “Majlis Ugama Islam dan Istiadat Melayu Kelantan” in 1915, followed by Terengganu, Pahang (1922), Perlis (1934), Kedah (1936) and other states in Malaysia (Mahamod, 2011). These organizations are responsible on all matters or problems related to the religion, and each state has set up its own *zakah* management institutions.

Table 1. List of State Islamic Religious Council and Zakah Institution in Malaysia (Nadzri et al., 2012)

State	State Islamic Religious Council and Zakah Institutions
Kelantan	Majlis Agama Islam dan Adat Istiadat Melayu
Terengganu	Majlis Agama Islam dan Adat Istiadat Melayu Terengganu
Pahang	Majlis Ugama Islam dan Adat Resam Melayu Pahang Pusat Kutipan Zakat
Perlis	Majlis Agama Islam dan Adat Istiadat Melayu
Johor	Majlis Agama Islam Negeri Johor
Kedah	Majlis Agama Islam Negeri Kedah Jabatan Zakat Kedah
Selangor	Majlis Agama Islam Selangor Lembaga Zakat Selangor
Perak	Majlis Agama Islam dan Adat Istiadat Melayu
Negeri Sembilan	Majlis Agama Islam Negeri Sembilan Pusat Zakat Negeri Sembilan
Melaka	Majlis Agama Islam Melaka Pusat Zakat Melaka
Penang	Majlis Agama Islam Negeri Pulau Pinang Pusat Urus Zakat Pulau Pinang

Wilayah Persekutuan	Majlis Agama Islam Wilayah Persekutuan Pusat Pungutan Zakat
Sabah	Majlis Agama Islam Sabah Pusat Zakat Sabah
Sarawak	Jabatan Agama Islam Sarawak Tabung Baitulmal Sarawak

Previous studies highlighted some issues related to the effectiveness of *zakah* in reducing the poverty in Malaysia. AbRahman et al. (2012) said the issue of inefficient distribution of *zakah* would affect the objective of combating poverty. From the findings, they discovered that there is a bureaucratic problem in the *Zakah* Institution in Malaysia which causes delays in the application process, such as requiring student to submit application annually to *Zakah* Institution despite their application being approved in their first year. The incompetency in collecting *zakah* has also been highlighted in addition to the distribution process. This can be proven by referring to PPZ / MAIWP (2010) reports, only 160,000 out of 2 million Muslims in Selangor (8%) paid *zakah*. Hence, AbRahman et al (2012) suggested that, to ensure in raising awareness among prospective *zakah* payers, ZI needs to be more proactive instead of waiting at the *zakah* counters. Ramli et al. (2011) addressed the issue on *asnaf*'s attitude in receiving capital assistance from *Zakah* Institutions in Malaysia. From their study, they became aware that some capital aid recipients do not possess behaviors that are fit in becoming entrepreneurs. So, it affects their business performance. Moreover, Wahid et al (2004) says that they studied on the effects of *zakah* towards the quality of life of the *asnaf* by inquiring into their level of satisfaction towards the *zakah* received. Generally, the study found most of respondents wanted to relate the quality of life with matters such as transportation, communication, protection and health. Based on the survey conducted by Ahmad et al. (2006) on the level of satisfaction of paying *zakah* in Malaysia, 57% of 753 respondents were not satisfied with the current of distribution of *zakah* in Malaysia which significantly affects their payment of *zakah* to *Zakah* Institutions. This was also verified by Ahmed et al. (2006), Wahid et al. (2009) emphasizes that the transparency and speculative issues on the distribution method of *zakah* is the main reason for dissatisfaction with *Zakah* Institutions in Malaysia.

Zakah Management in Terengganu

The organization that is responsible to collect and distribute *zakah* is known as MAIDAM. This organization is not exempted from planning an initiative to develop entrepreneurs of poor *asnaf*, along with their effort to liberate them from the chains of poverty. This initiative aims to increase the ability of the group to be self-reliant in accordance with the philosophy of "give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime". Ghafar et. al (2017) said that, the Council of Islamic Religion and Customs Malay (MAIDAM) Terengganu is the sole institution responsible for handling *zakah* collection and distribution operations. The aim of MAIDAM in the distribution of *zakah* is to achieve the following objectives:

1. A more integrated and halal economic development by adopting an approach that is capable of liberating Muslims from the line of depravity, poverty and ignorance.

2. Increase the wellbeing of the orphans, children, women and senior citizens from various aspects, especially among the poverty, poor and *muallaf*.
3. Implementation of an efficient, fair and effective distribution of *zakah* and other resources.

At the state level, *zakah* administration is being placed under the Deputy Chief Executive who is responsible for several sections, including *Zakah* Distribution Section. *Zakah* Distribution Section contains several units including the Economic and Entrepreneurship Unit as well as the Training and Monitoring Unit that are directly involved with the development of *asnaf* entrepreneurs. In every region, *zakah* collection and distribution is done by MAIDAM regional branch office. Unlike Selangor and Federal Territories, *zakah* is managed entirely by MAIDAM and is not operated by privatized and special agencies such as the Federal Territories *Zakah* Collection (PPZ) and the Selangor *Zakah* Centre (PZS).

Collection and Distribution of Zakah in Terengganu

MAIDAM had received *zakah* collection amounting to RM 93,536,568.18 since January until October on 2014. Datuk Bentara Luar Omar Pilus said, the total amount that had been successfully collected in 2013 is RM 121,098,094.39, while in 2012 is RM 107,077,967.25 and RM 76,435,593.92 in 2010. For *zakah* collection as of October 2013 income *zakah* collection is the highest on record with RM38.3 million, followed by business *zakah* (RM25.05 million), savings (RM17.6 million) and *zakah* fitrah on cash (RM5.9 million). Others are property *zakah* amounting to RM5.4 million, silver *zakah* (RM659, 154.78), crops *zakah* (RM428, 620.35), livestock *zakah* (RM81, 281), *zakah* fitrah on rice (RM11, 301.70) and *zakah* fitrah (RM1, 025.70 cents). (<http://www.utusan.com.my>, 24/11/2014)

Based on the national news (11 January 2019), the collection of *zakah* increased around 160 million in 2018 from RM 137 million in 2017. The president of the Terengganu Islamic Religious and Indigenous Malay Council (MAIDAM), Datuk Osman Muda, said that from the sum collected, income *zakah* was the major contributor with RM78 million last year, followed by business *zakah* with RM41 million. Based on the record, he said the collection of income *zakah* is RM 126 million in 2015, RM 133 million in 2016 and RM 137 million in 2017. Ghafar et. al. (2017) shows in his study that Terengganu is among the state with the highest total *zakah* collection after Selangor and Federal Territory. Terengganu state *zakah* data for 2013 shows a collection of RM120, 884,757. From that total, RM67, 408,078 (55.7%) has been distributed. Hardcore poor *asnaf* received RM14, 742,658 (12.2%), while the poor *asnaf* received RM19, 989,502 (16.5%). In 2014, MAIDAM has managed to collect RM120, 116,379. A total of RM79, 154,981 (65.9) was distributed to *asnaf*. From the sum amount, RM26, 955,568 (22.4%) was given to the hardcore poor, while RM23, 587,020 (19.6%) was distributed to the poor.

Like other states of Islamic Religious Council in Malaysia, MAIDAM is liable to come up with an initiative to develop entrepreneurs of poor *asnaf*, in conjunction with their efforts to liberate them from the chains of poverty. This initiative aims to increase the ability of the group to be self-reliant in accordance with the philosophy of "give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime". This program is a form of providing capital assistance to eligible *asnaf* and fulfills the requirements to carry out a business

activity. These conditions are below the limits of *kifayah*, business being the backbone, having a business license except for small businesses, and having the basic and related business experience. This aid began with the help of small-scale capital to large-scale capital. (Ghafar et al., 2017).

METHODOLOGY

The research applied qualitative approach, which aims at having a deep investigation into the experience of MAIDAM in managing the zakah in Terengganu through collection and distribution. The research made use of the semi-structured interview because this kind of interview allows the researchers to both control the focus of the interview and have flexibility in gathering information (Cohen et al., 2007). The interview was held at MAIDAM with their staff at officer level in the respective department. The interview was conducted with four officials of MAIDAM. The first respondent (R-I) is from Zakah Institution of MAIDAM, who is the Assistant Manager of Economic and Business Unit. He has nine years of experience in managing this unit in MAIDAM. He is the person in charge for the project that collaborates with Aviation Distributors and Manufactures Association (ADMA's Company). The second respondent (R-II) is an Assistant Manager of Education and IPTA Unit. This manager has seven years of experience in managing this unit in MAIDAM, who is also responsible in conducting the project that is related to McDonald's Company. The third respondent (R-III) is an Assistant Manager of Social and Humanity Unit. This person has seven years of experience in managing this unit in MAIDAM, who is also responsible in handling the project that collaborates with Community College. The fourth respondent (R-IV) is an Amil (agent of zakah collection in MAIDAM), who has twenty years of experience in collecting zakah.

Table 2. Respondents of the study (Authors)

R-I	Assistant Manager of Economic and Business Unit, MAIDAM
R-II	Assistant Manager of Education and IPTA Unit, MAIDAM
R-III	Assistant Manager of Social and Humanity Unit, MAIDAM
R-IV	Amil, (Agent for Zakah Collection), MAIDAM

The interview was about asking several questions related to the experience of MAIDAM in collection and distribution of the zakah in Terengganu. Also, the interview discussion includes the challenges facing by MAIDAM in zakah collection and distribution, highlighting the possible solutions thereof. The interview is recorded and then transcribed accordingly. Apart from the primary data through interview, the study relies also on the secondary data including the related journal articles, books, data from MAIDAM website as well as other library materials. Moreover, the study applies the content analysis method to deal with the findings and results.

RESULTS AND DISCUSSION

Results and discussion have been made based on the qualitative interviews conducted with the respondents of the study, who are basically the personnel of various departments of MAIDAM. In addition, the website of MAIDAM is also have been used as one of key sources of data and information, as advised by the respondents of the study.

Sources of Zakah by MAIDAM

Plantation: Agriculture is among the most important *zakah* resources in Malaysia because agricultural sector is among the major sectors in which it became the backbone of the economy in Malaysia, along with the services and manufacturing sectors (Mohd Faisal Ibrahim & Suhana Musani, 2010). The rate for *zakah* on harvest / crop is different based on the methods used which are:

1. The *zakah* rate for plantation that uses modern technology is 1/20 (5%)
2. The *zakah* rate for plantation that uses rain water is 1/10 (10%)
3. *Nisab* for this *zakah* is 375 bushel = 937.5 Kg in Terengganu.

The techniques that had been used by the payee to pay *zakah* on plantation are direct payment at MAIDAM counter or via Amil (agent of *zakah* collection) because there is an *akad* between the payee and MAIDAM's staff or Amil. (MAIDAM, 2019)

Savings: *Zakah* on savings is a *zakah* that is imposed on any money deposited whether they are banknotes or coins that are equivalent to gold and silver. This *zakah* issued by depositors from savings that have been in full year and has reached the *nisab*. People who fulfill the requirements of this *zakah* needs to deal with MAIDAM's staff at the counter for the calculation of *zakah* on savings and along with paying *zakah* at the counter that was provided by MAIDAM. (MAIDAM, 2019).

For Fixed Deposits, once they have reached 354 days of deposit and / or sufficient *nisab* (assuming RM11,504.44) they are obligated to pay *zakah*. While for basic savings, it is based on the lowest balance of one year or several savings accounts within one year. It should also be known for its *haul* period, which is the initial billing period and the end of *haul* for the deposit. For example, (The lowest balance for 2014 is RM15,000.00)

$RM15,000.00 = RM15,000.00 \times 2.5\% = RM375.00$
(*Zakah* is charged at RM375.00). If the term has been reached, then it is obligatory to pay *Zakah*. (<http://www.MAIDAM.gov.my,10/5/2019>)

Employees Provident Fund: *Zakah* is imposed when the EPF savings is issued and the *nisab* should be provided along with the issuance. If the withdrawal of the EPF is kept for a year, then it will be charged additionally as *zakah* on savings using the calculation (Total Output x 2.5% = *Zakah*). This *zakah* will be paid directly to MAIDAM at their counter. Besides, some payers will also pay via Amil or known as the agent of *zakah* collection in MAIDAM. (MAIDAM, 2019).

Livestock: The "livestock" here includes bulls, buffaloes, goats and sheep that are not working and have reached their *haul* and *nisab*. The minimum rate of *Zakah* for cow or buffalo is 30 pieces, while for goat is 40 pieces. In Terengganu, most of the payee prefer paying through Amil (agent of *Zakah*) and also directly to MAIDAM at the counter. (MAIDAM, 2019)

Business: *Zakah* on business is an obligatory *zakah* derived from the business property whether it involves goods or services. Business forms including Private Business (Single), Partnership Business and Company Business. MAIDAM will send a reminder letter on the payment of *zakah* to the owner of the business, but without enforcement upon them. The

company would mostly pay directly to MAIDAM. For example, *zakah* business handover ceremony on 2017 by Co-opbank, CIBD Malaysia, McDonald's Malaysia, QSR Brands (M) Holdings Sdn Bhd and others to MAIDAM ([http:// www.MAIDAM.gov.my](http://www.MAIDAM.gov.my),10/5/2019).

Investment: This *zakah* is calculated based on the current price if the investment is syariah compliant. If it is not in accordance with syariah, the calculation of *zakah* will be based on the current price or at a lower buying price, and if the stock is in form of a loan, the amount of *zakah* is calculated depending on the amount paid. For example, if the payer made an investment in an Islamic bank, he or she needs to pay by himself. The payer can make a direct payment to MAIDAM or through the Amil (agent for *zakah* collection) or via internet banking (<http://www.bankislam.com.my>,13/5/2019). The payers commonly prefer to make the payment directly. (MAIDAM, 2019)

Gold: *Zakah* on gold and silver are *zakah* on gold and silver jewellery, and women's jewellery. *Zakah* issued on gold depends on whether the gold is worn or stored, which has meet the *nisab* and *haul* (period). *Uruf* refers to the customs and practices of a certain society and are commonly different based on states. Gold is of two types, such as unused gold which means possessed gold that is being stored, unused nor worn even once within a year, either in form of jewellery or gold bar. The second type is women's gold jewellery is either being worn occasionally (as a permitted jewellery according to Islam) or continuously within the period of one year is not liable to *zakah*, unless if it's beyond the *urf* (excluding gemstones or anything identical). The minimum amount of gold for *zakah* to be obligated is 85g and the calculation method is gold value x 2.5%.

Silver: Muslim scholars have set a calculation (*nisab*) for *zakah* on silver for five *auqiyah* which is approximately 40 dirhams (5 x 40 = 200 dirhams) and equivalent to 595 grams. The calculation is silver value x 2.5%. Usually, the payer prefers making the payment of this *zakah* through Amil (agent for *zakah* collection of MAIDAM) or direct deal with MAIDAM's staff at the counter. (MAIDAM,2019).

Income: Income includes all types of incomes or revenues, in return for services in form of wages, bonuses, salaries, rental income, allowances, pensions and other forms of earnings and any incomes based on an individual's career or as a professional. There are many types of income such as salaries and that is the income of an individual as a reward in return to his service for an employer, or his own company. Employee income consists of Annual Salary, Retirement Salary, Fixed Remuneration and others (including Bonus or anything that can be considered as employment income). Second is free income and that's the income of an individual earned through his job or expertise or service, as a reward in return to his service. This free income includes Legal Services, Advisory Services, Consultant, Medical Treatment, Engineering, Artists and Miscellaneous. Third is the acquisition which means income derived from ownership such as plantation /estate revenues, rental houses, land lease revenues and other revenues. MAIDAM took an initiative to encourage people to pay income *zakah* via salary auto deduction at which the payer needs to get the form from MAIDAM to apply for it.

MAIDAM has provided the mobile counter for those who want to apply for this channel, and also to pay *zakah* directly to MAIDAM. Most of the payers are interested to pay via auto deduction of salary. (MAIDAM,2019).

Distribution of Zakah in Terengganu by MAIDAM

Based on *zakah* collection for last year in 2017, the total collection of *zakah* that had been accumulated is 140 million, and the distribution of *zakah* is 183 million. If the collection of *zakah* is high, the distribution *zakah* is high as well. The Surplus from past year's *zakah* collection would be distributed this year. *Zakah* will be distributed among eight recipients. MAIDAM gave various aids to overcome the problems of poverty and to ensure the poor have the access to a better life. There are four form of aid for them which are subsistence aid, home rental aid, monthly aid and medical aid. MAIDAM will prepare subsistence aid once a year. While MAIDAM will give RM300 per month to the head of the household and if he has dependents, they will add another RM50 for each dependent.

Table 3. The Collection and Distribution of Zakah in Terengganu from 2012-2016 (<http://www.MAIDAM.gov.my>, 5/1/2019)

Year	Collection		Total Amount	Distribution
	Wealth Zakah	Zakah Fitrah		
2012	101,347,442.38	5,732,998.87	107,080,441.25	84,518,495.97
2013	115,069,743.28	5,811,918.46	120,881,661.74	67,405,128.05
2014	114,138,603.60	5,977,776.00	120,116,379.60	79,195,981.72
2015	120,717,437.72	5,921,710.73	126,639,148.45	122,041,037.35
2016	127,323,041.93	6,037,022.45	133,360,064.38	165,894,689.77

Besides, MAIDAM also provide capital aid to asnaf who has a plan to start a business. But MAIDAM will ensure that the recipient has a place to start the business or else the capital aid won't be approved. Additionally, there is also a recurring aid on capital even when asnaf has started the business. MAIDAM will do a screening on their background as well as investigating the authenticity of the business. For example, one of asnaf in MAIDAM utilizes the capital aid given by MAIDAM with the amount of RM 1000. He runs a small business. After a month, he re-applies for the capital aid. MAIDAM will then check his business's progress. If the business is performing well and the progress is good, MAIDAM will approve it.

Collaboration between MAIDAM and Other Organizations

As the respondents of the study mentioned, there is no collaboration between MAIDAM (*Zakah* Institution) and Tekun Nasional (Microfinance Institution). But MAIDAM has collaborated with other companies that intend to assist the *asnaf*. For instance, Aviation Distributors and Manufactures Association (ADMA), McDonald's, Community College and Entrepreneur College.

ADMA's Company offered a course in aircraft component study and a collaboration with MAIDAM. This offer was then brought up and raised in the meeting. The main objective of this company is to help *asnaf*'s children and guaranteed job offers for them. Moreover, it would help them to escape

poverty. It takes a total of six months, with two months of theory lesson and four months of on the job training. After six months, they will start their job as a technician in the factory.

Second, McDonald's company appointed MAIDAM to look for *asnaf's* children. McDonald's is a fast food restaurant which services are related to serving fast food to their customers. *Asnaf's* children that had been selected will have to undergo for a training at McDonald's in Kuala Lumpur for one year, before acquiring the certification level one and two. They receive more benefit during their training with the allowance of RM1200, free accommodation and transportation. Once they are done with the training, they will be hired as a manager at any McDonald's branch.

Third, a collaboration between MAIDAM and Community College during which MAIDAM will hire Community College to teach all *asnaf* that are involved in sewing and decorating cakes courses. They will give the capital to *asnaf* after they finish the courses. Community College is a college that focuses more on practical rather than theory.

Table 4. Collaboration between MAIDAM and other organizations (Source: Interview with the respondents from MAIDAM)

Company	Areas of Collaboration
ADMA's Company, and that is related with course in aircraft component study.	The main objective of this collaboration is to help <i>asnaf's</i> children. Guaranteed job offers for <i>asnaf's</i> children. MAIDAM will pay the fee for six months. In Six month, which is two months for theory lesson and another four months for job training handled by ADMA's Company.
McDonald's Company, and that is related to provide Fast Food service for customers.	MAIDAM will look for the <i>asnaf's</i> children. Training in Kuala Lumpur held by McDonald. Monthly allowance of RM1200 Free accommodation and transportation Guaranteed a Branch Manager position for <i>asnaf's</i> children.
Community College and that is related to practical training.	MAIDAM focuses on <i>asnaf</i> from all ages between 18 – 50 years old. Community College provides lesson on sewing and decorating cake courses. MAIDAM will provide capital after finishing the courses.
Entrepreneur College, and that is related to business management.	This college offered MAIDAM to cooperate in helping <i>asnaf's</i> children. This college offered RM6 million for 300 <i>asnaf's</i> children. The fee for each <i>asnaf's</i> children is RM4000 and sponsored by MAIDAM. Diploma program On the job training while studying.

Forth, collaboration between MAIDAM and Entrepreneur College. Entrepreneur College is focuses more on business management where students need to learn on how to manage or handle business both theoretically and practically. This college offered MAIDAM to work together in helping *asnaf's* children. This college offered RM6 million for 300 *asnaf's* children which made the amount that needs to be covered by MAIDAM for each of the *asnaf's* children approximately RM4000 per person. This college offered diploma program. This program is applicable for individuals who are undergoing on the job training to work while studying, in which three days of attending class and three days of working. However, it is still in the process. The success rate of *asnaf's* children is as follows:

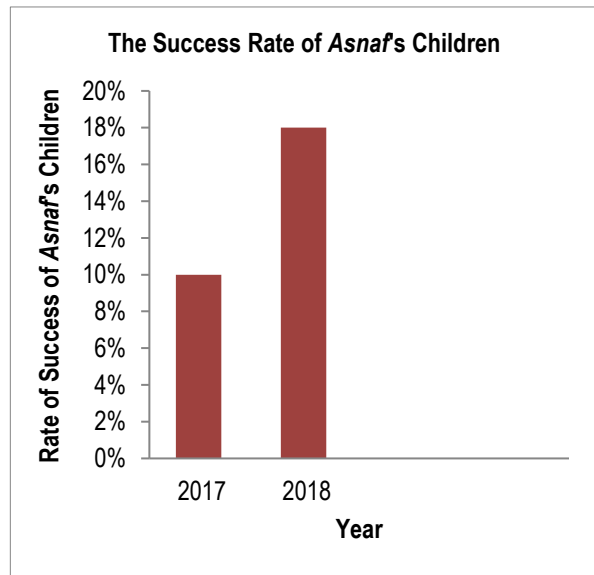


Figure 1. The Success Rate of Asnaf's Children (<http://www.MAIDAM.gov.my>, 5/1/2019)

The figure above shows the success rate of *asnaf's* children in ADMA's Company. Based on the chart, the rate increased from 10% in year 2017 to more than 15% in the following year. *Asnaf's* Children has managed to obtain a job under a crane build academy. The amount of succes rate by *asnaf's* children is approximately about 13 out of 50 persons. However, it portrayed a positive feedback for *asnaf's* children.

Challenges Faced by MAIDAM

MAIDAM is the institution that collects and distributes *zakah*. As the respondents of the study stated, there are few challenges faced by MAIDAM relating to the *zakah* collection and distribution. This is because MAIDAM needs to ensure that the distribution of *zakah* is being done among the right people and the recipient must utilize it wisely.

Direct Payment to Asnaf: There is a challenge in *zakah* collection when the payer gives the *zakah* directly to *asnaf*. It would cause an issue in terms of the transaction records of *zakah* because the payment will not be documented by MAIDAM (formal institution). Hence, MAIDAM encourages all the payers to pay *zakah* through several payment channels such as the *zakah* counters in all nine branches of *Zakah* Affairs Centre (PUZ) across the state, *Zakah* Mobile Counter (Truck), Salary Deduction Scheme, *Zakah* Agent (Islamic Bank Counter and Pos Malaysia), Internet Banking (Maybank, CIMB Bank, RHB Bank, Bank Rakyat, Pos Malaysia, Affin Bank, HSBC), Islamic Debit Cards and Credit Cards, Money or Postal Order and *amil*. So, it is a convenience to the payer because they would not need to go to MAIDAM. (MAIDAM,2019).

Equipment Aid: MAIDAM provides a machine to the *asnaf*, but he then sells the machine to others. So MAIDAM takes an action in which the said *asnaf* needs to make a financial compensation for the machine that had been sold. MAIDAM determines that for each aid provided to the *asnaf* particularly in form of equipment, the guarantee of the item will be in the possession of MAIDAM. Therefore, the recipient cannot use the equipment provided in an unrestrained manner. (MAIDAM, 2019).

Collaboration with ADMA's Company: The collaboration between MAIDAM and ADMA's Company also becomes a challenge for them. This is due to that MAIDAM is being subjected to a higher payment of cost for one student for RM14115.10 for six months only. After 6 months, the students will be working for the company but the salary earned is inconsiderable which only RM1000 is. It shows that there is a disparity between the cost of education and the income earned. So, few of the students decided to stop working for the company because of the amount of salary paid. MAIDAM wants to disburse the remaining contracts with ADMA's Company and will discuss further whether they want to continue the contract with ADMA's Company or not. (MAIDAM, 2019).

CONCLUSION

MAIDAM practiced many ways to distribute *zakah* effectively namely subsistence aid, home rental aid, medical aid, capital aid, recurring aid and education aid. It shows that, MAIDAM ensures that *asnaf* would receive a sustainable income and to help them to escape the poverty. The prominent part that has been exercised by MAIDAM in the distribution of *zakah* is through the education aid and capital aid. These would offer a sustainable amount of income to the *asnaf*. For example, education aid focuses on *asnaf*'s children which they will be guaranteed for employment once they have finished with their studies so that they can help their family to get out of poverty. Besides, the capital aid would also give a sustainable income for the business run by the *asnaf*. In point of fact, both methods had collaborated with other organizations which help to mitigate the poverty. Collaboration is one of the ways to distribute *zakah* effectively. Based on the view by Hudson Valley Business Journal (March 28, 2011), collaborations help in fulfilling the standard criteria which are leadership, communication, common mission and precise goals and objectives.

For future study, it is a crucial part for the researcher to look at all the limitations that may affect the study from getting a reliable result. Therefore, some recommendations are suggested in order to improve the future study on *Zakah*. Futures studies are recommended to suggest more on the collaboration between *Zakah* Institution and Microfinance Institution because up until today there no *Zakah* Institution has collaborated with Microfinance Institution. If *zakah* is being distributed based on microfinance, it would make revenue through project. Ultimately, this will help in terms of income sustainability for the *asnaf*. Next subtopic will show on how the process of *Zakah* Microfinance operates very well based on the experience in Selangor. It is also suggested to make a comparative analysis on the perspective of *Zakah* performance and distribution efficiency between Terengganu and our neighbourhood states such as Kedah, Perak, and Kelantan.

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