

# The Role of Islamic Social Finance Instruments in Reviving the Economy during the Covid-19 Pandemic Crisis in Malaysia

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## Abstract

The COVID-19 pandemic has triggered one of the worst jobs crises by causing the rise in unemployment, loss of income and businesses. Islamic social finance mechanism should address the massive socio-economic challenges caused by the COVID-19 pandemic. In addition, Islamic social finance instruments also should assist those affected by the pandemic. Among the instruments to achieve this objective are *zakat*, *waqf*, and Islamic crowdfunding, which have been adopted and applied in Malaysia. This study aims at examining the role of Islamic social finance instruments, specifically *zakat*, *waqf*, and Islamic crowdfunding, in assisting those affected by the COVID-19 pandemic. This study employs library research and interviews to collect data to achieve research objective. The findings reveal that Islamic social finance institutions in Malaysia have used the instruments, especially *zakat*, *waqf*, and Islamic crowdfunding to assist those affected to recover from the crisis. The proposed solutions include: save lives, including medical assistance and health care using *zakat*, *waqf*, and Islamic crowdfunding. In addition, the Islamic social finance instruments could save households who have lost their jobs and struggle to survive by creating mechanisms to assist them to survive during this crisis by utilizing *zakat*, *waqf*, and Islamic crowdfunding. By understanding the role of *zakat*, *waqf*, and Islamic crowdfunding, this study could significantly contribute to a broader understanding of the Islamic social finance instruments. This study could shed some lights on how Islamic social finance institutions could plan, strategize and implement suitable measures in the future to assist those affected by the pandemic.

**Keywords:** Islamic Social Finance, Zakat, Waqf, Islamic Crowdfunding.

## Introduction

The pandemic of COVID-19 kept a challenge for countries worldwide to find an immediate solution to flatten the curve. Solutions like the lockdown and partial lockdown have indicated that the moves have successfully flattened the medical curve in the short run, though to different degrees among countries (Eggers et al., 2020). But, in the long, in the post-COVID-

19 crises, the more significant challenge is the steepening of the recession curve, leading the financial system into a crisis. The COVID-19 pandemic has triggered one of the worst jobs crises since it has caused the increase in unemployment, loss of income and businesses. There is a danger that the crisis will increase poverty causing millions of people having difficult times just to survive.

Islamic social finance mechanism should address the massive socio-economic challenges caused by the COVID-19 pandemic. In addition, Islamic social finance instruments should revive and stimulate socio-economic development. Among the instruments to achieve these objectives are *zakat*, *waqf*, and Islamic crowdfunding, which have been adopted and applied in Malaysia. The government and related institutions have used these instruments to provide education, healthcare, food, develop infrastructures and maintain social welfare provisions for those affected by COVID-19.

In Malaysia, Islamic social finance institutions have the potential to play a critical role as collaborators in the country's post-COVID-19 economic reform plan. Islamic social finance institutions must adjust to the primary shifts in the post-pandemic way of doing things to satisfy the demands of this role. During the pandemic, one notable trend in Malaysia was the rapid adoption of digital channels in minimizing physical distance. As a result, the way of doing things nowadays has been changed. Previous studies have shown that the Islamic social finance instruments play a vital role in delivering social goods in Malaysia's recovery strategies. Assistance and support through the Islamic social finance instruments can revive the economy during this pandemic (Yusuf et al., 2020). To conclude, Islamic social finance showcased a vital role in ensuring the well-being of Muslims and non-Muslims are adequately protected.

Islamic social finance should play a significant role in stimulating the economy during this pandemic. *Zakat* institutions could plan and strategize suitable measures to improve *zakat* collection, especially during the digital economy in the COVID-19 era. *Zakat* institutions need to collaborate with other stakeholders to boost the collection and distribution of *zakat*. In addition, *zakat* institutions could diverse assistance to assist those adversely affected by the pandemic such as food banks. The role of Islamic social finance tools is to identify suitable measures to channel assistance using proper guidelines. As a result, the specific target group would benefit adequately.

Moreover, this study attempts to examine selected *waqf* institutions in Malaysia that have played vital roles in assisting those affected by the COVID-19 pandemic. Islamic social finance plays a critical role in assisting humankind in facing the pandemic. This study highlights selected *waqf* institutions in Malaysia that have utilized *waqf* instruments such as cash *waqf*, machinery *waqf*, and health *waqf* to those affected by this outbreak. Consequently, this *waqf* can also assist front liners in the health sector in combating COVID-19. The authoritative parties must develop new *ijtihad* relevant to the modern-day by popularizing or commercializing *waqf* to help various individuals. As the Malaysian economy evolves and becomes increasingly diverse, the method needs to ensure a sustainable, inclusive, and innovative *waqf* that caters to a broad spectrum of *waqif* (donors) and provides opportunities for wealth creation. The *waqf* institutions' development efforts continue to grow and strengthen the Islamic social finance segments.

In today's landscape, *waqf* institutions need to strengthen the quality of management to show the elevation of the *waqf* for social wellbeing in Malaysia. There is a need to plan, strategize and implement suitable measures to mobilize the wealth of Muslims. *Waqf* instruments are still not fully optimized, which has enormous potential in Islamic social finance. By managing wealth through the advantages of technology, especially during the digital era, *waqf* institutions must look at today's opportunities.

Furthermore, the Islamic crowdfunding platforms are *Shari'ah*-compliant-based crowdfunding mechanisms that fund various projects. This study hopes that the Islamic crowdfunding platforms could fulfill the philosophy of Islamic crowdfunding in reviving the economy during the COVID-19 pandemic crisis. Islamic crowdfunding has the potential to help change the world for the better. It would apply the principles of *Shari'ah*, which are the principles of business interactions in Islam and the current contract of the Islamic finance industry. Islamic crowdfunding platforms in Malaysia are still low in use for specific platforms. The government needs to regulate the rules and regulations to avoid any misuse of the Islamic crowdfunding platforms. To ensure trust and confidence in Islamic crowdfunding, *Sharia'h* advisors and finance experts should advise Islamic crowdfunding based on the principles of transparency and accountability to commensurate with the risks posed by actively enforcing regulations. As a result, Islamic crowdfunding operated somewhat orderly and reduced systematic risks during this outbreak to benefit society.

The study's objective is to examine the role of Islamic social finance instruments, specifically *zakat*, *waqf*, and Islamic crowdfunding, in assisting those affected by the COVID-19 pandemic. This study investigated the economic aspects of Islamic social finance instruments' impact on assisting those affected by the COVID-19 pandemic. By understanding the role of *zakat*, *waqf*, and Islamic crowdfunding, this study could significantly contribute to a broader understanding of the Islamic social finance instruments. This study could shed some lights on how *zakat* institutions could better formulate their measures to help society. *Zakat* institutions can take new steps in improving *zakat* collection, especially during the digital economy in the COVID-19 era. Since *zakat* institutions have developed real-time data, it could improve trust between *zakat* payers and *zakat* institutions. Furthermore, this study could shed some lights on how Islamic social finance institutions could plan, strategize, and implement suitable measures in the future to assist those affected by the pandemic.

### **Literature Review**

This study reviews past studies on the roles of *zakat*, *waqf* and Islamic crowdfunding on promoting wealth redistribution, social welfare and assisting those in need.

### **The Role of Zakat**

*Zakat* plays a vital in promoting a more equitable distribution of wealth while also creating a sense of solidarity amongst Muslims. The role of *zakat* becomes increasingly crucial during these troubled times. *Zakat* institutions are non-profit organizations that collect and distribute alms. *Zakat* institutions provide social welfare and build social capital in civil society using a religiously-inspired tax collected from Muslims (Haji-Othman et al., 2019). The *zakat* collection is voluntary in most countries and is mandatory in six Muslim majority countries: Malaysia, Pakistan, Libya, Saudi Arabia, Sudan, and Yemen. To help the nation overcome this

pandemic, *zakat* institutions should optimize the *zakat* fund to help communities survive (Haji-Othman & Nayan, 2019).

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Hambari et al (2020) explored the role of *zakat* in reviving the economy during this pandemic. This study employs two methods: inductive and analytical approaches to attain its objectives. This study also discussed the role of *zakat* in this crisis from the standpoint of Islamic jurisprudence and its application in *zakat* institutions, noting the Federal Territory Islamic Council (MAIWP), which has implemented several efforts to support individuals who are adversely affected by the crisis. This study reveals that the *zakat* institutions have assisted those affected by launching programs for *zakat* beneficiaries that are adversely affected by the COVID-19 pandemic (Hambari et al., 2020).

Meanwhile, Masruki et al., 2021 exposed the *zakat* distribution practiced by *zakat* institutions in Malaysia during the pandemic. The pandemic impacts *zakat* distribution methods, forcing the provision of *zakat* to various beneficiaries, including the poor and needy, those who have lost income, COVID-19 frontline workers, hospitals, affected students, and COVID-19 taskforces. It is critical to adopt new *zakat* distribution techniques for people impacted by the pandemic for a more significant socio-economic impact. Future research might point to new ways of improving *zakat* collection, allowing *zakat* institutions to make a more inventive and substantial contribution to the *asnaf's* socio-economic sustainability during and after the COVID-19 pandemic (Masruki et al., 2021).

In addition, Haji-Othman (2020) explores the role of *zakat* institutions in the state of Kedah and reveals that Kedah State Zakat Board (LZNK) established AsnafCare, which allows the community to crowdfund food supply. Also, this study recommends that LZNK diversify promotional and marketing approaches to change people's attitudes toward *zakat* compliance (Haji-Othman, 2020). Furthermore, Suhaimi (2020) reveals that *zakat* distribution programs for affected traders are implemented differently by *zakat* institutions in Malaysia. Among the differences include the category of *asnaf*, the type of distribution or assistance, and the amount of assistance. In addition to the activities in the SME Caring Package, *zakat* distribution can assist affected traders in defending and developing their business as their primary source of income post-COVID-19 (Suhaimi, 2020).

### **The Role of *Waqf***

Cash *waqf* could play a significant role in financing micro and medium-sized enterprises (MMES). The cash *waqf* model aims to develop and enhance micro and medium-sized enterprises (MMEs). MMEs can face their financial challenges and obligation in business and

commerce by using the financial infrastructure based on the cash *waqf* model. Cash *waqf* can improve domestic economic growth and play an important role in socio-economic development by allowing the MMEs to access financial services. Six cash *waqf* schemes are implemented worldwide, including the *waqf* shares scheme, deposit cash *waqf* scheme, compulsory cash *waqf* scheme, corporate *waqf* scheme, deposit product, and co-operative *waqf* scheme. Malaysia, Indonesia, Kuwait, and the UK have implemented a *waqf* shares scheme designed to finance *halal* goods and services needed in different cultures. Besides, Singapore, Bahrain, and South Africa have established the deposit cash *waqf* scheme. While a compulsory cash *waqf* scheme, a public *waqf*, has been implemented in Singapore. Also, the corporate *waqf* scheme has been in practice in Malaysia, Turkey, India, Pakistan, and Bangladesh. In addition, the deposit product *waqf* scheme, which is a public *waqf*, has been practiced by two banks in Bangladesh, the Social Investment Bank Limited (SIBL) and the Islamic Bank Bangladesh Limited (IBBL). Last is the cooperative *waqf* scheme established in Uzbekistan (Mohsin, 2013).

Ab Rahman et al (2020) employs qualitative approaches and library methodology and found that effective *waqf* governance management is not limited to the State Islamic Religious Council (SIRC) as a general *nazir*. The study reveals that the community as a special *nazir* or *mutawalli* is also responsible for sharing responsibilities and expertise to meet the challenges Malaysian educators face and health-related issues by cultivating a sense of collaboration and volunteerism throughout the community.

In addition, Khalil et al (2020) examine the advantages of temporary *waqf* in combating the COVID-19 pandemic in Malaysia. This study conducted inductive and deductive methods. This study uses a qualitative approach and collects the data using library research, observations, and interviews. The findings of this study expose that when compared to perpetual *waqf*, temporary *waqf* items had numerous benefits in battling the pandemic COVID-19.

Cash *waqf* has the potential to be a tool to assist children's education during the pandemic. According to Faisal (2021), if *waqf* institutions effectively administered cash *waqf*, the cash *waqf* has a lot of promise. The management of cash *waqf* should be effective. Hence, the cash *waqf* development fund could assist those impacted by the COVID-19 pandemic. The *waqf* institutions have utilized the cash *waqf* productively. One of the cash *waqf* distribution schemes contributes to the cost of the children's education. People who experience a lack of income owing to COVID-19 can benefit from the empowerment of cash *waqf*. Cash *waqf* empowerment actions to support children's education include an investment in their future as the nation's next generation as a concern to people. Cash *waqf* would be of great help in assisting the community adversely affected by COVID-19. The cash *waqf* is donated to help pay school fees or purchase devices or smartphones for school children. The school children must submit the school assignments given by teachers in softcopy. They must submit via information technology tools, such as uploading videos, submitting the essay, and preparing for slide presentations. Cash *waqf* can also be utilized to give facilities that make it easier for children to learn using the internet (Faisal, 2021).

Moreover, Kurniawan (2020) found a very high potential to enhance the function of health *waqf* in fighting this pandemic, which is quickly expanding worldwide. Health workers such as doctors, nurses, and other medical officers struggle to be at the forefront in dealing with COVID-19 outbreak patients. Their role is enormous for society. They risked their lives. Many of them became victims and even died. The mortality rate of health workers treating COVID-19 patients also increases daily. In situations like this, *waqf* can play a role by using the proceeds of productive *waqf* for intensive health workers or compensating for the deaths of front liners.

### **The Role of Islamic Crowdfunding**

Islam has proclaimed that every aspect of the transaction in human life must comply with Islamic principles. As a means of the financial mechanism, crowdfunding also must follow this rule. The main difference between crowdfunding and Islamic crowdfunding lies in applying Islamic principles. Crowdfunding that conforms to *Shariah* law is *Shariah*-compliant, and the ability to utilize religious institution network, which is more trusted and secured, can improve charity globally (Nor & Hashim, 2020).

Yuningsih (2020) examines the implementation of *shariah* crowdfunding of a leading crowdfunding platform, *ethiscrowd.com*, headquartered in Singapore with branch and representative offices in many countries, including Malaysia. It found out that *ethiscrowd.com* has fulfilled the three parameters of *shariah* compliance, namely *'aqd*, *Maqasid Shari'ah*, and legal documentation. As a *Shari'ah*-compliant mechanism, it must be free from *maysir* (gambling), *riba* (usury), *gharar* (uncertainty), and wrongdoings. *Maqasid Shari'ah* in crowdfunding, which is beneficial to avoid ambiguity and enable the investors to decide correctly, is essential to materialize the transparency and honesty in the crowdfunding platform. *Ethiscrowd.com* explained the products offered to investors in detail as protection to the parties to the contract. It achieves the protection of assets (*hifzh al-mal*) owned by investors as one of the *Maqasid Shari'ah* (Yuningsih & Muhammad, 2020).

In measuring whether possible or not Islamic crowdfunding is a financial solution in combating the COVID-19 pandemic, Abdul et al (2021) test the validity of the model by using questionnaires with a sample size of 322. The study analyzes the data using SPSS and employs multiple regression analysis to analyze the data. The findings revealed that the Islamic crowdfunding concept and justice and fairness had a significant impact on the adoption of Islamic crowdfunding. The results of this study added to the growing body of knowledge about Islamic crowdfunding as a potential solution to the pandemic COVID-19 crisis.

In addition, Behl and Dutta (2019) examined the social and financial aid for disaster relief operations using corporate social responsibility (CSR) and crowdfunding in India. This study did not directly relate to the COVID-19 pandemic, but since the COVID-19 pandemic has disastrously affected people's lives worldwide, this study is relevant. It finds out that there is a positive effect of CSR activities on donation-based crowdfunding to achieve financial and social regularity in disaster relief operations, thus can be used as an option to support them. Online crowdfunding has emerged as an essential tool in response to emergency disasters and helping economic growth and development. The crowdfunding platforms reveal the amount and rate of social aid and financial assistance to gain the trust of contributors and ensure the success of the crowdfunding platforms. It maintains that social aid and financial

assistance given to the victims of the disasters through crowdfunding are positively influenced by the quality of information. During the pandemic, the information and communication technologies (ICT) clearly show that almost everything goes online through social media. It can reach the community quicker and spread information wider. It demonstrates that crowdfunding plays an essential role during times of crisis.

### **Research Method**

The study employs expert interviews and documentation to collect data. Hence, this study collects data using various techniques. These include interviews and documentation. This study would conduct interviews to examine expert opinions on the role of *zakat*, *waqf*, and Islamic crowdfunding in reviving the economy during the COVID-19 pandemic crisis in Malaysia. Documentation is where external and internal documents, such as memos, electronic mails, annual reports, financial statements, newspaper articles, and websites, are used to gain more insight into the phenomenon of interest or corroborate other evidence forms.

This study employs library research to collect data to answer research questions and achieve objectives. In addition, this study uses two types of interviews to gather qualitative research data: structured and unstructured interviews. A structured interview is a type of interview that provides a structured verbal interview, where the researcher asks a set of pre-determined questions. During the interview, the researcher does not change the questions and does not follow up questions to obtain an explanation for a given answer. Neither the interviewer nor the respondents are likely to stray from the topic; the researcher can complete these interviews quickly. The regularity of questions asked allows for easy comparison and analysis of the results. However, if the respondents require the researcher's assistance in answering a query more accurately, the researcher should give a brief explanation to interviewees. The question would provide extra information. As a result, preparing questions for structured interviews is time-consuming and challenging.

The unstructured interview, on the other hand, is done with little or no preparation and usually kind of regular conversation between two people. The researcher constructs the question to encourage the interviewees to provide a detailed response. Since there is no pre-determined question list, unstructured interviews are time-consuming and generally extend for many hours. Unstructured interviews are appropriate for studies in which the interviewer has little or no expertise of the research topic or when the researcher wants to learn about a topic from a different angle or perspective. However, this study chose unstructured interviews because it gives more freedom for the researcher to ask more questions to the interviewees.

This study employs unstructured interviews with experts from *zakat* and *waqf* institutions to gain a better insight into the role of Islamic social finance in reviving the economy during the COVID-19 pandemic. The study chooses the saturation approach as a criterion for determining sample size. This study conducted the interviews using zoom webinars. The interviewer recorded the interviews with the consent of the interviewees. However, one interviewee preferred not to be recorded for personal reasons.

### Research Findings

This study reveals that Kedah State Zakat Board (LZNK) provided some assistance for those affected by COVID-19 in the forms of food assistance to the poor and needy, assistance to Islamic religious schools and front liners. In addition, LZNK launched AsnafCare where the community can jointly assist in distributing food supplies to those in need in conjunction with the Movement Control Order, which started on 18<sup>th</sup> March 2020.

In addition, this study finds that Selangor *Zakat* Board (LZS) has made significant contributions to the people affected by COVID-19 crisis. Since March, LZS has channeled RM232.2 million to individuals, families, students, front-liners, hospitals, and others. To date, 57,000 low-income families and 7,000 *asnaf* converts continue to be treated by LZS consistently. Selangor Zakat Assistance Peduli is an initiative of the Selangor *Zakat* Board in helping those affected by COVID-19. This assistance complimented previous assistance, such as COVID-19 Special Assistance (BKC19) and Alternative Assistance for Affected People (BAIT). LZS offered this assistance to B40 individuals whose income was affected and experienced job loss who meet certain conditions and criteria. The role of *zakat* showed that LZS was able to assist the people during this pandemic.

In Malaysia, the *waqf* management practices are different from one state to the others. Most of the *waqf* properties are developed for specific purposes such as mosques, educational development, and social welfare. Other than that, several issues arise concerning implementation, ranging from the manager's responsibility as a trustee, who is a manager or the appropriate sole trustee, and the need to ensure the attainment of *waqf* objectives.

*Waqf* institutions could distribute *waqf* to victims of natural disasters for those affected by the disaster. Covid-19 has been considered a disaster; therefore, it is possible to use *waqf* funds to help people affected by COVID-19. Therefore, JAWHAR always pays close attention to the recipients of *waqf* or *mawquf alaih*. In performing *waqf*, the applicants can come directly to the office or via an online application. JAWHAR would process the application through the system to determine whether to approve the application or not.

Furthermore, Malaysia *Waqf* Foundation (YWM) also has played progressive roles in helping those affected by the pandemic. YWM enlisted the public's help to provide support to the community's needs. Therefore, YWM have offered public and private employees across the nation to make monthly contributions in the form of *waqf*. This study reveals that approximately 2000 employees out of 1.6 million make salary deductions with YWM, which is still small compared to *zakat* payers. This study finds that the awareness about *waqf* is still low among Malaysian Muslims. YWM encourages these employees to provide cash *waqf* since it is more convenient. It costs only RM10 to RM50 to participate in cash *waqf*, and contributing *waqf* is made simple, requiring merely online cash transactions.

Individuals can also direct their endowment to the state of their options via the YWM official website. Meanwhile, YWM recommended the public to contribute *waqf* to *mutawalli* or agents appointed by State Islamic Religious Council (SIRC) to avoid being scammed and defrauded. YWM has introduced *waqf* funding methods through new and more contemporary innovations capable of expanding *waqf* funds. Among the methods were *Waqf Sukuk*, REITs *Waqf*, Shares *Waqf*, and Dividends *Waqf*. Furthermore, YWM would also explore



other long-term investment mechanisms towards optimizing the mobilization of *waqf* assets without relying on the assistance of additional funds through strategic investment methods. The investments made are also focused on deposits or cash placements in any investment account. It can be invested in real estate, agricultural, plantation, and other appropriate investments.

In supporting education, YWM has a particular endowment product for educational purposes, namely the education cash endowment certificate, used to finance education-related welfare activities, including Islamic religious education. The *waqf* funds collected would be transferred into permanent assets covering educational objectives following applicable regulations and rules. The benefits generated would be used for several purposes, such as financing the purchase of educational equipment for community welfare, financing the purchase of equipment or clothing for underprivileged students, financing the cost of renovation or additional educational facilities at any appropriate academic center, and helping fund the necessary educational costs. Despite various trials befalling our country in 2021, *waqf* continues to gain strength. Throughout 2021, YWM has explored three new *waqf* concepts, namely *waqf* unit trust, *waqf* term, and cash *waqf*.

The study's findings revealed that this *waqf* contribution by YWM assists some students affected by COVID-19. Other *waqf* institutions should emulate the Malaysian *Waqf* Foundation (YWM) in doing their best to commit to fighting for the role of *waqf* during the pandemic. The use of the *waqf* mechanism is in line with the *Maqasid Shari'ah*, whose success benefits society. The *waqf* institutions should be a trend-setter in developing endowments that would be a reference worldwide and maximize the expansion of existing *waqf* properties and minimize undeveloped *waqf* properties. Cooperation and compliance with SIRC are necessary to develop *waqf* property.

Crowdfunding, widely known as online fundraising, is an online technique of raising funds. It is the process of taking a project or business in need of funding and asking many individuals, usually the general public, to provide that funding (Forbes & Schaefer, 2017). On the other hand, Islamic crowdfunding as a financial tool must be *Shari'ah* compliant. This study finds that online crowdfunding has developed to become an imperative mechanism in the medical field. This study finds that GoFundMe.com is the largest online crowdfunding platform associated with COVID-19 as revealed by (Rajwa et al., 2020). The study shows that living expenses, lost wages, and food became the objects of most campaigns while the rest involved medical supplies or hospitals and healthcare workers. Meanwhile, campaigns outside the US (mainly in Italy) show a stark contrast since the majority involved funds for medical supplies or hospitals and healthcare workers. In contrast, minority campaigns targeted living expenses, lost wages, food, or research.

Furthermore, this study discovers that there have been fundraising campaigns amid the COVID-19 outbreak where the Kuwaiti Ministry of Social Affairs and Labor (MOSAL) has launched a fundraising campaign on March 28, 2020, taken part by more than 41 charities and reached more than US\$30m. Bin-Nashwan et al (2020) reveals that the fundraising has been used to support vulnerable groups (e.g., expatriate workers), quarantine facilities, health centers, and front-line staff members. This study opines that fundraising can play an

essential role in combating the pandemic, bringing together all parties such as the government, charities, donors, and others to fight against the pandemic.

Many crowdfunding platforms in Malaysia have played their roles in assisting those affected by COVID-19, such as Ethis Malaysia, LaunchGood, pitchIN, and ataplus. The crowdfunding organizers created these platforms to maximize the collection of donations, which are participated by the public. There are many kinds of assistance offered by these platforms. One of the critical forms of crowdfunding in the social community is donation-based crowdfunding. In this regard, this study proposes the *sadaqah*-based model that applies *qard al-hasan* contract, which features the concept of microfinance for entrepreneurs. The platform (acts as manager) and the crowd (fund giver) entered a contract which is a pure charity to fund the entrepreneurs and health care fund by applying the benevolent loan or *qard al hasan* (with no interest) and incorporating *wakalah* (agency) and *wa'ad* (promise) contract. The management cost is taken from the charity from the public in the form of a fixed amount. The fund is moved from manager to entrepreneur using the *qard al-hasan* contract. Then, the entrepreneurs would obtain the benefit in terms of health care financing by their reimbursement. This study recommends that an authorized *Shari'ah* advisor monitor this model.

Malaysia is an important center for equity crowdfunding, with well-developed infrastructure and a large pool of skilled workers. This study opines that investor should invest in Malaysian companies to gain capital appreciation or dividend income. Institutional-grade private equity projects, tech companies, fractional property investment, and *waqf* projects are available. On the other hand, charity crowdfunding is a global platform focusing on openness, accountability, and impact for effective charity and Islamic social finance. There should be organized campaigns to encourage the public to pay *zakat* and *waqf* to reputable institutions, NGOs and corporations and high-net-worth people over the internet. The crowdfunding platforms, together with *zakat* and *waqf* institutions, could complement each other in providing adequate assistance to help those affected by this pandemic. The motto "Ride the Crowd" for pitchIN seems to have a tremendous impact on society. There have been successful campaigns conducted by pitchIN, which indicates that crowdfunding could be utilized as a powerful Islamic social finance instrument to assist those affected by COVID-19 and revive the economy.

Meanwhile, this study discovers that another crowdfunding platform, LaunchGood was founded as a network and ecosystem to rekindle the spirit of innovation and entrepreneurship that has elevated Muslims worldwide for centuries. It is a place where society can encourage and criticize each other's' outstanding ideas in the community. It is a network that encourages bonding and the spirit of helping among community members. It serves as a showcase for the world of all that Muslims could utilize Islamic social finance instruments to help those affected by the COVID-19. Furthermore, this study examines that Ataplus is another crowdfunding platform that enables businesses to match capital with another. Ataplus is a proponent of the democratization of wealth and financial inclusion in the economy as one of Malaysia's first online equity crowdfunding platforms. Ataplus has a philosophy that matching capital with innovative businesses has far-reaching social and economic benefits. During the movement control order, Ataplus has pushed to strengthen its

partnership with one another so that Ataplus could better serve constituents and the ecosystem.

In summary, the crowdfunding platform is easy to use to increase fundraising from the public during this pandemic, reducing physical contact and distance to reduce the spread of COVID-19. There are several crowdfunding platforms that have been in existence in Malaysia. However, the awareness among the public regarding their existence is still low.

### **Conclusions**

This study explores the role of Islamic social finance such as *zakat*, *waqf*, and Islamic crowdfunding to assist and support those affected during the COVID-19 pandemic. Islamic social finance instruments have essential roles in realizing the philosophy of Islamic finance itself, which protects society's welfare during this pandemic. This study could provide insight into the role of Islamic social finance tools among the Muslim community.

This study reveals that Islamic social finance institutions have utilized the Islamic social finance instrument to assist those affected by the COVID-19 pandemic. Furthermore, the Islamic social finance institutions can assist in creating a society that cares for each other during this troubled time in Malaysia. In these challenging times, Islamic social finance initiatives continue to reflect a commitment to financial inclusion, which guarantees the development of all parties as Islamic social finance strives to build a society that assist and help each other.

The findings reveal that Islamic social finance instruments, especially *zakat*, *waqf*, and Islamic crowdfunding, could help assist those adversely hit to recover from the pandemic. The proposed solutions include saving lives, including medical assistance and health care using *zakat*, *waqf*, and Islamic crowdfunding. In addition, the Islamic social finance instruments could save households who have lost their jobs and struggle to survive by creating mechanisms to assist them by utilizing *zakat*, *waqf*, and Islamic crowdfunding. Moreover, the Islamic social finance instruments could save businesses, especially micro-small enterprises (MSEs), through financial and business assistance by leveraging *zakat*, *waqf*, and Islamic crowdfunding. Moreover, the Islamic social finance instruments could save financial institutions, especially micro-small financial institutions, by developing cash *waqf* and adopting fintech.

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