

# Catalysing National Health Security by The Islamic Micro Endowment Mechanism Through Financial Technology Platform

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## Abstract

Endowment (Waqf) is one of Islamic social security instrument that has proven successful in increasing the economic and social strength of the Muslim community in the early development of Islamic civilization to its peak in the Ottoman Turkish era, where it is an institution that plays a key role in community empowerment through micro endowment in various fields, such as micro endowment education, an endowment of assets, land, gardens, buildings, up to endowment of health. Contemporarily, the post-pandemic is causing the health sector to become critical where tools and other necessities are desperately needed, and some initiatives need to be taken. Among them are health endowment institutions that play a role in contributing permanent medical infrastructure and equipment. It can also ensure that the health sector receives permanent and sustainable assistance. Therefore, this study will focus on the theory and concept of the implementation of financial technology medium as a new synergy to the endowment. Highlights of micro endowment will be made through literature review and thematic analysis will be made to create a health micro endowment ecosystem framework that incorporates micro endowment units in a synergistic approach between the government, religious authorities, micro endowment asset operators, and beneficiaries. This study will also reveal the values of financial technology that are a priority for endowment makers to use as a reliable, suitable, and convenient platform.

**Keywords:** Health Micro Endowment, Pandemic, Financial Technology, Society.

## Introduction

The impact of the COVID 19 pandemic that began in 2019 has had a significant impact on the country, from the economic, industrial sectors, as well as the new norms of society. It also brings medium and long-term effects and impacts in terms of the health and emotions of the community. Pandemics have changed society's perspective on the care of new norms and disease control as one of the most important elements of their health in societal life. The

government and the private sector have worked together to contain the pandemic through initiatives, policies, NGO assistance, enforcement, and even empowering health facilities. The increasing number of patients is causing the number of beds and breathing aids to become increasingly limited and critical in government hospitals. In 2021, Malaysia under the Malaysian Economic and Citizen Protection Assistance Package (PERMAI) initiative has allocated 100 million to private hospitals in collaboration to house patient treatment units and equipment. Yet, the end of May 2021 saw government and private hospitals have reached a whopping 80% capacity. The critical condition lasts for several months and it can lead to instability of the health system in the community. In ensuring intensive care equipment and health logistics, various parties have come forward to provide cooperation and assistance, both from individuals and institutions, even though salary deductions and charitable donations to affected families, but so far there has been no specific study looking at the platform. comprehensive, efficient, and easily accessible assistance, i.e. through digital platforms. It has been proven to be able to be used as an effective medium in the collection of zakat assistance in 2021, namely the Shopee e-commerce platform which has collaborated with three zakat institutions, namely the Federal Territory Islamic Religious Council Zakat Collection Center (PPZ-MAIWP), Religious Council Islam and Adat Melayu Perak (MAIPk) and the Sabah Islamic Council (Muis). The collaboration has succeeded in attracting more than 10,000 users among Muslims to pay zakat fitrah online through the platform and successfully obtained zakat fitrah up to RM 200,000. With the success, it is one of the digital platform industry's joint ventures with Religious institutions that have yielded encouraging results. With the increasing post-pandemic digitalization phenomenon in daily affairs especially e-market, digital transactions, advertising through the internet medium and P2P (peer-to-peer) financing system, now financial technology has started to be mentioned as a positive phenomenon born of pandemic factors. the. Various industries based on financial technology platforms have been successful in gaining the confidence to further offer services to the growing number of digital consumers. There are many medium-scale and global businesses based on P2P platforms that successfully compete such as Lazada, Shopee, Food Panda, Grab, Ali Baba and so on that get high profits during the pandemic. With the increasing marketing opportunities and digital ecosystem now, it can be the best platform potential in becoming the main medium of service and product offerings. While social instruments have also been mobilized alongside industry, among them are CSR activities through imaginary funds in financial technology platforms. However, the micro endowment institution, which is one of the main welfare institutions in Islamic social security, has not been specifically discussed, especially in the field of post-pandemic medical micro endowment . With the need for social assistance in medicine and life support, the digital platform will be able to meet those needs by providing the three most important values namely wider access, increased users, and also a visible and recognizable recipient identity reliability system in a digital platform that integrated. With the development of I.R 4. technology, it can be a driver to welfare funding, especially in industry and consumers. It is capable of creating a broader decentralization system, especially in P2P, remittances, imaginary funds, and digital wallets. Despite the position of financial technology in its early stages, its market became stronger and wider due to the growing number of consumers in the country, significantly after the country declared movement control.

**Background**

In terms of justification of financial technology instruments, it not only offers efficiencies in mobile banking and low transaction costs but also provides transparency and flexibility, which are important elements in Shariah and Maqasid al-Shariah guidelines. Further, financial technology can provide high-prospect alternative financing to the health micro endowment which is the most important unit in the post-pandemic country on an ongoing basis with automation system and voluntary deductions. It proved to have a significant impact on its growth as an integrated economic and social system. This is because it is based on a higher financial inclusion factor and a more dynamic speed of operation compared to conventional methods through real money and real counters. As in the conventional micro endowment counter process such as in the State Islamic Religious Council (SIRC) and also the authoritative body in micro endowment, it requires a sufficiently complete list of documentation with a structured administration, it requires a high level of management. Although now micro endowment cash can be given through transactions through internet platforms, it is a system that is specific to an institution and does not integrate with business, social, and industry platforms in an integrated manner. With these problems, Advances in financial technology have the potential to be an instrument to the development of centralized health micro endowment to obtain financial assistance and save energy as well as costs through P2P digitization. This study can help the government in implementing public health policy and also the micro endowment in accessing a comprehensive platform for consumers. This can be achieved with the application of financial technology, such as the emergence of industry 4.0 which is the foundation of e-economy development today. Therefore, this study will explore how a comprehensive financial technology platform model can be built to be a high-impact utility to health micro endowment and society at large. Thus, in essence, this study is an exploratory study of factors that can be a fundamental element to the development of health micro endowment platform through financial technology ecosystem that connects the three values of the main parties in the micro endowment system, namely people who micro endowment (al-waqif), micro endowment substance (al-mauquf), a person who receives the benefits of micro endowment (al-mauquf 'alaihi), and lafadz or ikrar micro endowment (sighah).

**Methodology**

This study is a qualitative method to obtain the basic findings of the conceptual framework. The qualitative approach is used in the construction of the theoretical basic framework and thematic coding, as well as qualitative analysis is used in the coding of the framework of this study. The scope of this study covers micro endowment in the field of health only. This is based on the justification that the sector is critical in preserving social security as well as it has different characteristics, backgrounds, and needs with the service and tertiary industries. It certainly requires a specific study in the construction of models that can be used in a planned, consistent, and impactful manner.

**Literature Highlights**

In the literature highlights made, the study on the operation and model of health micro endowment through financial technology platform is still not made specifically and in detail. This is because although the concept of health micro endowment has been discussed by scholars before, specific observations on the mechanism of the financial technology platform have yet to be comprehensively studied, covering a specific framework model of how the

health micro endowment will operate and how financial technology users will use it as a micro endowment platform. reliable and easy in access operation. However, researchers can highlight the two main parts of the dichotomy, namely health micro endowment and micro endowment through digital and financial technology. The concept of health micro endowment has long been practiced in the days of the Ottoman Empire in Istanbul. Among them is the Institution of micro endowment health which was pioneered rapidly in the 'Ottoman government was one of the branches of social welfare that increased social security. It was built in almost every center of the Ottoman government's government such as Istanbul, Edirne, and Bursa (Alias & Rozali, 2017). This institution was also built together with several other building units in the micro endowment complex such as public kitchens, education, library, and mosque. Kahf (2003) discusses the etymological and epistemological definition of micro endowment used in Islamic Law in essentially holding certain property and keeping it for a limited interest with a specific charitable function and prohibiting its use or disposal outside its specific objective. It applies to non-perishable properties whose benefits and advantages can be extracted without removing or consuming the property itself. Therefore micro endowment should have a lot to do with land and buildings. However, there are also concepts in history about the existence of books, agricultural machinery, livestock, stocks, and stocks as well as cash used as micro endowment. Karim et al (2014) discuss the concept of health micro endowment in general, then identify the existing forms of micro endowment management in Malaysia and introduce the basic framework of health micro endowment available in Malaysia. This study is a qualitative study using the content analysis method. Data were collected from articles and books authored by scholars and subsequently analyzed using the method of fiqh muqaran. The findings of this study found that there is a high potential to develop a health micro endowment to resolve the health issues of Muslims in Malaysia.

Alias & Rozali et al (2017) studied the development of micro endowment health institutions in the 'Ottoman' government in addition to examining the establishment of these institutions by classifying them by year. It is done by using qualitative methods in the form of historical studies while data collection methods use document analysis methods. The hospitals studied were hospitals in the 'Ottoman' government that carried out activities from micro endowment fund funding. Through this study, it can be seen that this health micro endowment institution was established as a result of micro endowment funding that came from the government or wealthy individuals.

Daud & Rahman (2017) studied the role and contribution played by Micro endowment in Waqaf An-Nur Hospital (HWAN) in providing healthcare services to the local community. Health is a necessity for everyone, but for the poor and low-income people, health becomes a very expensive thing. The implementation of this hospital is seen as an alternative for low-income people, especially for the poor and those in need of medical treatment, regardless of race and religion. Data were collected by interviewing patients who had received treatment at HWAN, as well as HWAN Operations Managers and staff. Observations were also used to collect data. Data from the interviews were analyzed using theme-based content analysis. The results of this study show that Waqaf An-Nur Hospital charges for health services provided to patients at a lower rate.

Micro endowment is an alternative to help ease the financial burden of the community in terms of health and medical treatment as the cost of its treatment increases from year to year. While the most recent study is from Kurniawan et al (2021) which discusses the history of health micro endowment and its role in helping the post-pandemic society, the results of

this study show al-Fatih hospital in Ottoman Turkey had special micro endowment funds given to run its operations. In addition, there is a micro endowment document that records the daily duties and salaries of employees in the hospital. This Contribution Study can provide knowledge related to the health of micro endowment that exists in Islamic civilization, giving the idea to establish this micro endowment in Malaysia.

However, this study only discusses health micro endowment as a post-pandemic relief prospect but does not discuss processes, mechanisms, and models specifically. It also does not touch on the role of technology as well as digitalization in micro endowment which has been given attention at this time. With the highlights made, there is still no study that looks in detail at the health micro endowment through financial technology in terms of operations, division of micro endowment units, concepts, and also the mechanism of the health micro endowment in the digital platform in particular. Although the principle of health micro endowment has been discussed by previous researchers, it does not touch on the aspects and role of digital payment medium which is now the best platform in its wide access to society without the need for conventional counter management and increasingly tight post-pandemic mobility. This study connects the gap which is a critical basis in further improving the access and capacity of health micro endowment in Malaysia in particular.

### **Micro Endowment and Fintech Platform**

In Malaysia, the authority to manage micro endowment property is given to the State Islamic Religious Council (SIRC). SIRC is the sole trustee of micro endowment property to ensure that micro endowment property is well administered, efficient, and organized (Afendi and Asmah, 2010). However, the constitution of micro endowment has been surrounded by many issues and challenges. Among them are the issues and challenges of cash micro endowment .

Micro endowment funds have been raised in both conventional and online methods. The disadvantages of conventional methods result from a lack of trust in the line, lack of information, and the risk of theft. The lack of trust by the micro endowment in the platform used causes their trust in the micro endowment collector to be questioned. The lack of such information may be due to the SIRC's very limited ability to publish micro endowment projects in a maximum and consistent manner. SIRC does not have a large profit purpose and motive in playing their role in maximizing opportunities in disseminating micro endowment information to the Community about micro endowment cash and internet platforms that can be paid easily and at low value. Without effective and sustainable broadcasting methods, the time spent for micro endowment fundraising becomes more complicated, which ultimately increases project completion time delays and will likely cause it to fail.

The lack of an efficient micro endowment collection system in ensuring that micro endowment assets can be generated and maintained can be overcome by providing a cash payment platform through P2P and crowdfunding. Micro endowment cash online can increase micro endowment collection digitally and it has values trusted by customers with three methods, First, it can reduce the number of intermediary units, reduce the incoming cost of managing micro endowment money and shorten the fundraising period. This is because micro endowment funders provide cash micro endowment contributions directly to associations or institutions to fund their projects (Amin, 2014). Second, it can reduce or eliminate the risks that exist in conventional systems such as dropouts and loss of payment documents. Third, the online method also provides a more dynamic and efficient micro endowment system in transactions and records. It provides institutions with a digital system



to track transaction records and micro endowment certificates are issued in electronic form (Faisal et al., 2014).

### Findings

Through the highlights made, this study will identify the elements of health micro endowment first. It is a micro endowment that is built based on health which includes infrastructure and health needs. The four dimensions of micro endowment, namely *al-waqif*, *al-mawquf*, *al-mawquf alaih*, and *mutawalli* are arranged in tabular form in advance in figure 1.0 below:

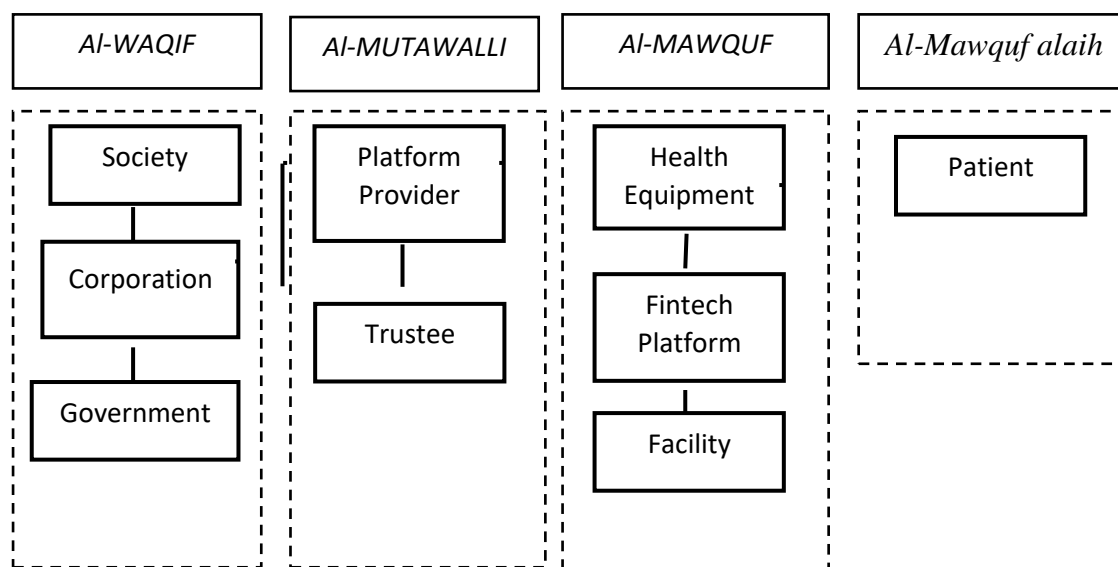


Figure 1.0: Conceptual Framework of fintech-based Health Micro endowment

Through figure 1.0, four sections represent each micro endowment management unit. The first part is *Al-Waqif*, which is the party that funds micro endowment through the value of money directly from P2P digital transactions. They are users of financial technology who can make micro endowment payments through digital platforms. There are three divisions of parties that can be contributors, namely society, corporate parties, and government. Each party can become an integrated contributor through the system quickly. The second part is *al mutawalli* which is the party that takes care of the micro endowment trust. In this case, they are the firm in charge of the application appointed by the local religious authority (SIRC) and constantly monitored by the quality audit of religious institutions, the Malaysian Communications and Multimedia Commission as well as the oversight of Bank Negara Malaysia as the sole financial authority in Malaysia. The *al-Mawquf* segment is a micro endowment asset. There are three basic divisions i.e. health equipment required and registered in hospitals and vaccine centers, next is funding to the fintech platform in ensuring it is in the smooth running and good governance. While equipment in the form of facility needs can also be a micro endowment asset.

### Conclusion

The establishment of a digital system that is the backbone to increase the capacity of micro endowment is a model of health micro endowment that is currently able to solve the health problems of Muslims in Malaysia, apart from part of the joint venture between financial technology companies and the state government to alleviate the burden of the people facing

rising costs. living. At the same time, we can see the role of micro endowment is very significant in resolving the issue of Muslims, especially in the field of health of Muslims in this country. With the establishment of a health micro endowment that offers treatment at very minimal cost and aims more at purely non-profit welfare. When all sections of society have access to health care, then from a human point of view they also develop. This is because when they are healthy and happy, it opens up the economic status of their family which in turn can solve the problems that plague many Muslims today.

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