

## CHAPTER 7

### CONCLUSION AND RECOMMENDATION

#### 7.0. Introduction

This study aimed to develop a WBP model to address financial inclusion in Malaysia. This has led this study to study various fields of knowledge to fulfill the study's objectives. These fields include waqf, cash waqf, corporate cash waqf, corporate cash waqf structure, investment of cash waqf, waqf management, IBPs, WBP structure, etc.

This study employs a research methodology that includes a literature review, content analysis, semi-structured interviews, focused group interviews, other relevant data, and data analysis using NVivo version 12 software to achieve the objective. This chapter will explain research implications, a recommendation for future research, limitations, and concluding remarks in detail.

#### 7.1. Research Implication

This study focused on the development of the WBPs in addressing financial inclusion in Malaysia. In addition, the role of waqf in developing the Muslim economy was also studied. This section will illustrate the implications of the findings from this study for the academic world, waqf institutions, bankers, AIBIM, and government agencies such as BNM.

### **7.1.1. Implication for Theory Development**

One of the significant contributions of this study is the development of WBPs. The WBPs are designed to address financial inclusion in Malaysia and develop the Muslim economy, specifically for B40. The implication of this study theory for the academic world is the possibility of these WBP models being replicated.

The integration of waqf financing products with IBPs creates implications for further theory development in the field of Islamic finance. Firstly, it highlights the need for more research to be conducted in the area of waqf financing, particularly concerning product design and operational mechanics. This research could provide further insights into how waqf financing products can be integrated with other Islamic banking products to promote greater social impact and sustainable development.

Secondly, the integration of waqf financing products with IBPs offers opportunities for greater engagement and collaboration between different practitioners in the Islamic finance industry. There is a need for greater cooperation and collaboration between waqf institutions, Islamic banks, and other stakeholders to enable the effective integration of waqf financing products. This collaboration could also enhance the development of new waqf financing products and promote greater innovation in the field of Islamic finance.

The integration of waqf financing products with IBPs could provide a basis for the development of novel theoretical frameworks that combine the concepts of social responsibility, sustainability, and inclusivity in financial practices. These theoretical frameworks could form the basis for the development of new and innovative financing products that focus on addressing social issues and promoting sustainable development.

It is hoped that the WBP models developed by this study will be further examined by other researchers within the same area of study or with different research backgrounds or research areas. The findings of this study can have several implications for the current literature.

One of the contributions of the study findings to the current literature is the integration of waqf financing products with IBPs to develop WBPs. Other than that, the development of WBPs under Sharia law and waqf rulings is also one of the biggest contributions to current works of literature. The WBP cash waqf structure can also be applied by other waqf institutions locally or internationally. The findings from this study will fill the gap in cash waqf structure in the current literature by constructing investment funds.

Another contribution to the academic world and current literature is developing the WBP model to address financial inclusion and ummah welfare. Moreover, WBPs will also be the first financial product to operate based on philanthropy, support economic well-being, and develop the Muslim economy specifically for B40.

The establishment of WBPs using waqf funds is also an exciting topic to include in the literature. This update is hoped to be the reference source for other researchers who want to venture into this research area. Since this is a broad topic for other researchers to explore, they can divide this study into several types of research.

As explained in chapters five and six, the structure and operation of WBPs are also an exciting update to the current literature. This topic included the structure of cash waqf, an instrument for cash waqf fund investment, and the WBPs for the development and welfare of the ummah. Further research can be done to study this structure and operation

in detail. This chapter will discuss more recommendations in subsections of suggestions for further investigation. The subsections will discuss the recommendations for other researchers to venture into this area of research in more detail.

### **7.1.2. Implication for Waqf Institutions**

The findings from this study have several implications for the waqf institution. For instance, the cash waqf structure is a systematic structure applied by waqf institutions. This structure divides cash waqf into two sections: collection and investment funds, making it a lot easier for the waqf institution to smoothly manage their cash waqf fund.

The investment of cash waqf funds is a good practice for waqf institutions to apply in economic practice. In the findings, cash waqf from the investment fund is invested in an Islamic fixed deposit account. The ROI from this investment is then invested in different areas, such as the Islamic capital market, business ventures, and other Sharia-compliant investments.

Other than that, WBPs such as waqf takaful, waqf microfinance, and waqf home financing are excellent models to be practiced by waqf institutions in Malaysia. Moreover, the Joint Committee model developed in this study strengthens the relationship between waqf institutions and IBIs.

The WBPs can have significant implications for waqf institutions in Malaysia. This product is designed to provide financing for businesses that are supported by waqf foundations. It allows these institutions to deposit their funds into a waqf account that is managed by the bank. The bank then uses these funds to provide financing to businesses

that meet certain criteria, such as being involved in social entrepreneurship or community development.

Moreover, this product implies that it provides a new source of funding for waqf institutions in Malaysia. These institutions can deposit their funds into a waqf account and earn a return on their investment while also supporting businesses that align with their mission and values. This can help diversify their income streams and strengthen their financial sustainability.

### **7.1.3. Implication for Islamic Banking Institutions**

The use of the waqf window will enable waqifs to donate cash waqf with ease. The banker has to develop a system that would allow waqifs to donate cash waqf via online banking. It will enhance the cash waqf collection as cash waqf donations can be made anytime and anywhere. With online waqf transactions, waqifs do not have to go to SIRC counters to give cash for waqf donations.

Other than that, IBIs could benefit from this study's newly developed WBP model. For example, this study suggested the integration of waqf financing products with IBPs under the newly developed Waqf Takaful Product model for B40. Moreover, this research also suggested Waqf Microfinance as a practical product for B40, especially during the post-pandemic COVID-19 period. As for the bankers, they will have a new product to offer to Muslim society, which will enhance the bank's reputation and sales.

With the cooperation between IBIs and waqf institutions in Malaysia, the goodwill of the IBIs will increase because WBPs are generous products that will increase

customer trust in IBIs. In addition, WBPs also help B40 survive in the pandemic era, and thus, they will increase customer trust in IBIs.

The implications of WBPs are not limited to waqf institutions in Malaysia alone. IBIs in Malaysia can also benefit significantly from this product. WBPs are a new financing mechanism that can enable Islamic banks to lend money to businesses that are focused on social entrepreneurship and community development.

One implication of the WBPs is that they can help IBIs diversify their income streams. Islamic banks in Malaysia are already well-known for their focus on socially responsible investment and ethical banking practices. The introduction of the WBPs can enable these banks to expand their portfolio of socially responsible investment opportunities and become stakeholders in businesses with a clear social mission.

Another implication is that it can help IBIs strengthen their relationships with waqf institutions in Malaysia. Waqf institutions are important stakeholders in the Islamic finance industry, often providing funding for IBIs and supporting their activities. By offering a product that is specifically designed to support waqf institutions, IBIs can further strengthen their relationship with these stakeholders.

Additionally, the WBPs can help promote greater awareness of Islamic finance and waqf in Malaysia. As more businesses and investors become interested in socially responsible investment, the WBPs can help raise awareness of the important role that waqf plays in Islamic finance. This can help give IBIs greater visibility and influence in the Malaysian financial landscape.

#### **7.1.4. Implication for Malaysian Economic Development**

The WBPs have the potential to contribute to economic development in Malaysia in several ways. Firstly, it can help mobilize waqf assets that are currently underutilized. Waqf assets, which include land, buildings, and cash endowments, have significant potential value but are often poorly managed or utilized. The introduction of WBPs can incentivize the efficient management of these assets, creating new investment opportunities and contributing to economic growth.

Secondly, WBPs can contribute to the growth of the Islamic finance industry in Malaysia. Malaysia has positioned itself as a leading player in Islamic finance, and WBPs can further strengthen their position by attracting investors who are interested in socially responsible investments. Moreover, the use of WBPs can also have broader social and economic implications. By investing in waqf projects, investors can support initiatives that benefit community development, such as entrepreneurship, healthcare, and poverty alleviation. This can have a positive impact on society as a whole and contribute to sustainable economic development.

The key to economic development is increased production of goods and services, investment, human resources or labor resources, advancement of technologies, and human capital (Lal, 2021). Economic development is generally assessed as increasing the accumulated price of new products and services produced, as measured by GDP. WBPs must be designed to generate income from waqf assets for general use. From an economic point of view, WBPs are used to develop the economy of Muslims in Malaysia. They can also ease the burden on the government to revive the economy.

For businesses, WBPs represent an opportunity to showcase their corporate social responsibility and contribute to the betterment of society. By offering these products, businesses can help individuals contribute to philanthropic causes and meet their financial needs while also presenting themselves as socially responsible corporate citizens.

Another implication is that it can help promote community development in Malaysia. By providing financing to businesses that are focused on social impact, the WBPs can help create new opportunities for entrepreneurs and stimulate economic growth in underserved communities. This can create a positive cycle of impact and growth that benefits both the businesses and the communities they serve.

Overall, the introduction of WBPs in Malaysia can have significant implications for economic development, particularly in the areas of mobilizing underutilized assets, strengthening the Islamic finance industry, and supporting community development initiatives.

#### **7.1.4. Implication for Policymakers**

Policymakers such as BNM should make good use of these study findings in developing a new act regarding WBPs. As WBPs will be fully developed, like other IBPs, the act for WBPs should include the concept of waqf, which is buying fixed assets from the waqf fund and then renting out the building. The income acquired from the rental will be channeled to the WBP fund.

Since BNM's target towards achieving socio-economic aspirations is to include sadaqah, waqf, and zakat in addressing financial inclusion in Malaysia, the findings of this thesis will be a good reference to BNM since this thesis focuses on the development

of WBPs. Moreover, BNMs' intention to integrate social finance into addressing financial inclusion also suggests the use of waqf in social financing. This thesis will be a good reference for policymakers in BNM.

WBPs are financial instruments that are structured based on the principles of waqf, which is a form of Islamic philanthropy. Additionally, WBPs could potentially be used by policymakers to address social issues such as poverty and inequality. Funds from WBPs could be used to support the development of critical infrastructure and services, such as healthcare and education, that are essential for economic and social development. WBPs are a relatively new and emerging financial instrument that can provide significant benefits to individuals, businesses, and society as a whole.

From the perspective of policymakers, the introduction of WBPs could help promote financial inclusion, especially for Muslims who are hesitant to use conventional banking products due to religious beliefs. This can help promote greater financial inclusion overall and help individuals become more financially empowered. Another critical aspect of WBPs is that they can be a valuable tool in addressing social issues such as poverty, unemployment, and inequality. Policymakers can help address some of the most pressing social issues that limit the potential for economic and social development in Malaysia.

BNMs and policymakers could use the theories in developing WBPs since the development of WBPs uses the process of integration of waqf financing products with IBPs. Since the intention of BNMs is to address financial inclusion with waqf, sadaqah, and zakat, it could be the main reference for BNM since this thesis focuses on the development of WBPs.

## 7.2. Recommendation for Further Research

Further studies in the area of WBPs is indeed essential. The establishment of WBPs will need additional post-study research to be successful. Other areas requiring further study are the legal aspects of banking practice and the investment of cash waqf funds for Muslim economic development. Due to cash waqf's potential for developing the Muslim economy, fostering entrepreneurship through cash waqf investment is also an excellent topic to study.

Finally, to complete the cash waqf structure, the additional study of investment funds in this structure will also be helpful. Once waqf funds are channeled to buying fixed assets, the rental income will be placed in investment funds before ROI can be transferred to the WBPs fund. Another set of interviews on this topic is needed to complete this study.

PWS has issued the Selangor Waqf Share Scheme to the Muslim community in Selangor. However, further research in this area should be conducted to match the waqf institution product with the Islamic banking product to be applied by WBPs.

Many studies have been done in the areas of the development of waqf property from the standpoint of waqf administration, waqf financing, istibdal, Sharia law, and the waqf beneficiaries. Waqf beneficiaries are also essential stakeholders in WBPs, as they are also potential waqf contributors in the future. Consequently, another subject that should be studied further is the stakeholder's perspective. It will give WBPs an improved and advanced view of the advancement of waqf property.

This study will provide a base for future studies on WBPs in other Muslim countries. Likewise, one can also analyze if WBPs fit with the waqf and IBIs. Henceforth,

research comparisons can be made to other Muslim countries to comprehend Muslim economic development mechanisms.

Future research should be conducted regarding the four schools of thought, which are Ḥanbali, Maliki, Ḥanafī, and Shafī'i, within the context of waqf and corporate cash waqf. According to the four schools of thought, it would be interesting to determine if the corporate cash waqf structure can fit into the WBP system.

Post-studies can also enhance and contribute to knowledge in the academic world. In particular, this study suggests that future research be done on the investment of cash waqf, cash waqf structure, and WBP development. A future post-study examining this study's theory using the quantitative method is also relevant.

Additionally, issues regarding WBPs' employee training and education, the estimated adaptability for alterations according to changes in the WBPs' operation, the utilization of IT in administrations, and capacities to be utilized as a tool for benchmarking are subjects that well deserve post-study research.

Another potential area of research would be the difference between waqf banking and Islamic banking operations, including the difference between IBPs and WBPs and how it affects customer buying behavior. The significance of waqf beneficiaries being in control of their financial situation and how they rationally classify their assets and wealth into specific accounting records should also be included in future research.

Another interesting post-study research topic would be the satisfaction of waqf beneficiaries with receiving cash waqf benefits from WBPs, including entrepreneurship training. Therefore, the post-study should include a waqf beneficiaries'

entrepreneurship training module. It will ensure that cash waqf given to waqf beneficiaries is not wasted and will ultimately impact Muslim socio-economic development.

The amount of subsistence money given to support B40's basic needs should consider the current Malaysian economic conditions and inflation, especially the performance of WBPs. If the bank collapses, there will not be an institution to support or serve as the backbone of Muslim economic development.

### **7.3. Limitation**

There was an inclination to solicit many queries during the study's progress, causing the theory to be out of focus. However, it happens to be a genuine issue in WBP research. As waqf is still in the early stages of Islamic finance development and management with limited managerial professionalism, addressing related concerns in carrying out the finance and investment proposal should not be overlooked.

Resources and case studies on waqf financing and investment needs are limited because of the very few waqf organizations available. It is mainly due to the waqf enactment, which states that SIRC is the sole trustee of waqf assets. Due to the stringent customary view of waqf in Malaysia, the idea of proposing WBPs may seem outlandish. The institution of waqf should be religiously protected from being doused. On the off chance that this study is left, there will be little development and innovativeness in proposing new and essential thoughts.

Incongruously, these thoughts may draw out the practicality of the waqf assets, which may turn out to be pertinent after all. Furthermore, this instilled traditional

and religious part of waqf has demonstrated the incredible economic potential that has influenced this study to develop the model of WBPs.

Another limitation was the lack of a fundamental understanding of the operation of waqf and the legal issues, such as the enactment of waqf, management issues regarding waqf, and combining it with banking operations. The interviewees were exceptionally proficient on the topic of waqf. Yet, there were still numerous significant gaps that the interviewees could not cover when the interview was conducted.

There were contradictory points of view, mainly regarding Sharia perspectives and understanding. Thus, while the reactions from the interviews depend on the majority's attitudes, these perspectives may not be conclusive. The most significant restriction of this study was dealing with the administration of the waqf assets. It had to be done based on the SIRC of every state in Malaysia separately. The perspectives and the administrative systems are well suited to the SIRC of every state in the Malaysian environment. It may not be suitable for different nations to imitate. The area of waqf is highly fascinating. This study found that it is a type of social capital where capital is amassed for social benefit.

WBPs is the practice of generating revenue from waqf assets to fund social development initiatives. Waqf has an extensive history in Malaysia, and it is estimated that waqf assets are worth billions of ringgit. However, Malaysia has yet to adopt WBPs due to several factors. The lack of trust among potential donors is one reason. Concerned about the administration and governance of waqf institutions, many individuals fear that their money will be misappropriated.

To acquire the confidence of potential donors, waqf institutions must increase their transparency and accountability. The lack of public awareness of WBPs is another factor. Many Malaysians are unfamiliar with WBPs and their potential to fund social development initiatives. Therefore, stakeholders must be educated on the benefits and mechanisms of waqf financing.

Malaysia's regulatory framework for WBPs is also ambiguous. There are regulations and guidelines in place for waqf management, but no framework exists for the use of waqf financing as a source of funding for social development initiatives. Therefore, it is necessary to establish a regulatory framework that will provide clarity and encourage the use of WBPs.

Waqf financing has the potential to be a sustainable source of funding for Malaysian social development initiatives. However, WBPs are still in their infancy, and some obstacles must be addressed. Increasing awareness, establishing a regulatory framework, and enhancing the governance and administration of waqf institutions will be necessary to address these challenges, which will require the government, private sector, and civil society to work together.

This study has likewise confined its extension to the areas of taxation, accounting, and bookkeeping issues. Again, this study is mindful of the significance of creating a favorable WBP model for waqf to flourish. There are, at present, few books and resources on the administration of waqf.

The most challenging part is attempting to build the structure and operation of WBPs to guarantee that they fit well with the characteristics of waqf. This study has

proposed the establishment of WBPs as it suits the intention of waqifs, which is alms and deeds, including developing the Muslim economy.

#### **7.4. Concluding Remarks**

WBPs are crucially important for Malaysians to improve their standard of living. Only a few pieces of literature discuss WBPs and how to develop them. This study presented a comprehensive review of waqf-based financing products, IBI products, and WBPs. This study illustrates the definition of waqf, IBPs, and the Islamic window in Malaysian conventional banks to formulate WBPs. In Malaysia, BNM has set a BFR, the ceiling price or ceiling profit rate charged to the consumer.

Most Malaysians nowadays live below the poverty line, especially during this pandemic. The idea of WBPs is for B40 to have takaful protection, start their own business, and own a house. To enable the customer to repay their financing and consistently contribute to waqf, the Joint Committee needs to apply the practice of YWM.

On the other hand, cash waqf can develop the Muslim economy. Using the WBPs to establish the Muslim economy is quite challenging in this era, but it is not impossible. Muslims need waqf to serve as their economic empowerment, especially in Malaysia, since the current financial condition is rather bleak. To finance B40 using WBPs, it has to be under the supreme control of the management of the Joint Committee. Under any circumstances, WBPs will have to develop the Muslim economy, as the purpose of this product is the economic development of Muslims.

From an industrial perspective, a corporate cash waqf structure is a cash waqf that corporate institutions manage. Since WBPs are also financial products, the WBP model

can apply the corporate cash waqf structure. Waqf fund is the backbone of WBPs since the ROI of this fund can be used as working capital for WBPs. The nature of waqf is that it has to be converted into fixed assets to benefit waqf beneficiaries and the economy.

The operation of WBPs is almost the same as that of other IBIs in Malaysia. The only difference is that WBPs have to combine cash waqf's functions within the Islamic banking operation. As for the model of WBPs, it is pretty unique because the banking institution structure is entirely different from the waqf institution structure. This study has successfully combined the structure of the waqf institution and the structure of Islamic banking into one unique structure, as discussed in chapters five and six.

This study has also successfully developed the model of WBPs for financing B40. Also, this study has developed a model that IBI and SIRC can use in developing Muslim economics. Furthermore, the findings in this study have also shown that the establishment of WBPs can address financial inclusion in Malaysia, especially for Muslim B40.

Since this study's findings include developing the Muslim economy, it is hoped that this study will catalyze other researchers to venture into the WBP research area. Moreover, the researcher can embark on how waqf can be an instrument to eradicate poverty, develop the Muslim socio-economy, ensure that Muslims are not left behind in terms of education, and improve the Muslims' standard of living.

Therefore, this thesis recommended the establishment of a waqf bank in Malaysia to serve the financial requirements of the B40. The B40 consists of individuals and families with reduced incomes who require affordable and accessible financial services. A waqf bank can effectively bridge the divide between financial inclusion and the

B40 community by leveraging the principles of waqf, which emphasize the preservation and use of endowments for the greater good of society.

A waqf bank would offer Islamic-compliant financial products and services, such as affordable loans, microfinance, savings accounts, and investment opportunities. This would enable the B40 group to gain access to financial services that are sensitive to their cultural and religious beliefs, allowing them to realize their economic goals and enhance their overall well-being.

Moreover, a waqf bank would play a crucial role in fostering socially responsible investing, as excess funds generated by the bank could be directed toward community development initiatives, education, healthcare, and poverty alleviation programs. This would generate a virtuous cycle of sustainable development in which the financial success of the B40 group would serve as a catalyst for the growth and improvement of the entire society.

In conclusion, the integration of waqf financing products with Islamic banking products can promote financial inclusion and sustainable social development in Malaysia. Using waqf assets to build innovative and personalized finance solutions helps close the financing gap for low-income persons and SMEs and increase financial inclusion. Waqf financing solutions could help Malaysia achieve financial inclusion while promoting ethical and sustainable financing. Waqf financing products may promote financial inclusion and social development in Malaysia and beyond.