

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter addresses the details, objectives, description of the issues and the purview of study in order to justify the importance of the research. Moreover, this chapter also ponders upon how the study organised the structure of the research and illustrates the need to conduct a research on the Islamic legacy planners' competency background.

1.2 Background of Research

Islamic finance has grown at a remarkable rate. The impressive performance of Islamic finance is due to the vigorous development of infrastructures that focuses on the financial support in the industry. Islamic finance is a comprehensive financial system that adheres to Islamic principle, and it refers to the financial market transactions, operations and services that comply with Shariah rules, policies and codes of practices (Endaya & Hanefah, 2016). Malaysia is a hub of Islamic finance based on the strengths of its wide-ranging infrastructure, active market-making and innovative products (Hashim & Hasan, 2013).

According to Shafii *et al.* (2016), Malaysia has become more vibrant with a diverse set of industry players and dominant sectors in Islamic finance are Islamic banking, takaful and Islamic capital market that includes Islamic financial planning. Islamic financial planning has been seen as a subset of Islamic finance and regarded as

essential in all Muslim life. With the growing demand for modern-day Islamic finance, Islamic financial planning is seen as a service that best caters to these ever-increasing needs (Hashim & Hasan, 2013) and covers the wealth cycle to cater to the financial needs of individuals (Amanda *et al.*, 2018).

According to Azhar *et al.* (2014), the concept of Islamic financial planning includes five key elements, i.e., wealth generation (Surah Al-Jumu'ah: 10, Al-Qasas: 77), wealth protection (Surah Al-Hasyr: 18), wealth accumulation (Surah Yusuf: 47–48), wealth purification (Surah Al-Baqarah: 195) and wealth distribution (Surah Al-Baqarah: 180; Surah Al-Baqarah: 177, Surah Ali Imran: 92, Surah An-Nisa': 11–12, 176). The processes of Islamic financial planning are described more precisely in Figure 1.1.

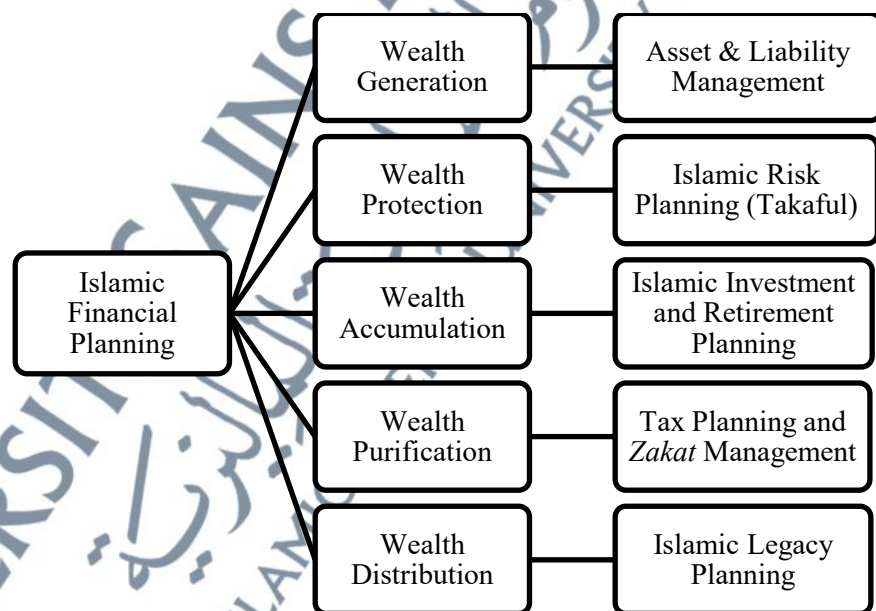


Figure 1.1: Processes in Islamic Financial Planning

Islamic legacy planning is one of the elements in Islamic financial planning and regarded as the final stage of preparation, where the distribution of wealth upon one's

death is planned according to one's objectives and wishes using the Shariah guidelines. In short, Islamic legacy planning involves one's plans during the lifetime and on how to manage estate during the lifetime and distribute the estate upon death. Hence, the knowledge of Islamic legacy planning constitutes part of Islamic financial planning (Hassan, 2005) but it is not comparable to the other mainstream segment of Islamic finance (Abdul Rahman & Hassan, 2020).

Islamic legacy planning has many ways that can aid in personalising distribution of wealth to ensure that the wishes are fulfilled (Lee, 2017) as the main feature of Islamic legacy planning is giving help to those in need, while abiding by the Islamic tenets. The guiding principles for Islamic legacy planning help to ensure transfer of wealth by the wish of the giver or deceased in accordance with the Shariah (Rahman *et al.*, 2020). Islamic legacy planning is founded on the fundamental objectives in Shariah (*Maqasid Shariah*), namely; necessities (*dharuriyyat*), needs (*hajiyyat*) and embellishments (*tahsinniyyat*) (Deuraseh, 2012). From the necessities, it should be focusing on five obligations i.e., religion (*din*), life (*nafs*), intellect (*'aql*), progeny (*nasl*) and wealth (*mal*).

One of the reasons Muslims still need to manage their legacy themselves is to avoid hardship to their beneficiaries. Islam prescribes laws for distribution of estate and legacy planning, which is known as *faraid* (Rahman *et al.*, 2020). Muslims have the option of whether to manage their legacy during the lifetime or to rely on *faraid* for the estate distribution. This is in accordance with what is being taught by religion. The current scenario implicates little attention given to the Islamic legacy planning industry. Furthermore, Islamic legacy planning is uncommonly practiced among Malaysian especially Malaysian Muslims. Previous study stated that there is a low awareness

towards legacy planning because of lack in the financial planning as they are not planning well nor aware of the legacy planning (Bouteraa, 2019).

Unnerving as it may sound, Islamic legacy planning once again received a sporadic attention due to the aftermath of 2014, the year of disaster in Malaysia, when a few aviation accidents being highlighted in the mass media and occurred unpredictably (Yik, 2018) and when the post-Covid-19 pandemic has intensely impacted many Malaysians especially the Muslims. The Covid-19 pandemic has caused many people to contemplate their mortality and prompted them to undertake legacy planning. Hence, it is considered praiseworthy to provide Islamic legacy planning services as it helps the Muslims to be more conscious of their responsibilities in maintaining harmony in the family.

Services provided by the Islamic legacy planning is similar to the services from other professionals in financial planning (Jamaluddin, 2013). Islamic legacy planning is rapidly growing in Malaysia and attracting more key players. To understand the industry in broad, it is better to have a look into the origination of the industry. A highly recognised and well-known agency that provides an array of composite legacy planning services in Malaysia is Amanah Raya Berhad (ARB). Previously, in 1921, this agency was called as Jabatan Pemegang Amanah Raya dan Pegawai Pentadbir Pusaka (Rasban & Hassan, 2006; Abdul Rahman & Hassan, 2020). ARB was corporatised in 1995 and regarded as the Malaysia's premier trustee company.

ARB was seen to conquer the market leader status with the capacity of experience of around 100 years in the legacy planning industry (Abdul Rahman & Hassan, 2020). This institution's uniqueness has an exclusive act that is leading their obligations in the legislation; it is the Public Trust Corporation Act 1995. Considering the requirements and complexity of legacy planning, ascending number of private institutions are

catering the same scope of legacy planning, however, in a more strategic approach compared to the fee charges imposed on their clients. The industry evolved promisingly and as at 2019, based on the Association of Trust Companies Malaysia (ATCM)¹ members' list, there were more than twenty trust companies in Malaysia as shown in Table 1.1 below:

Table 1.1: Member of the Association of Trust Companies Malaysia

No.	Trustee Companies
1	Affin Hwang Trustee Bhd. (Formerly known as ABB Trustee Bhd.)
2	Amanah Raya Bhd
3	Amanah Raya Trustees Bhd
4	as-Salihin Trustee Bhd
5	CIMB Commerce Trustee Bhd
6	Deutsche Trustees Malaysia Bhd
7	Global Asset Trustee (M) Bhd
8	HSBC (Malaysia) Trustee Bhd
9	KAF Trustee Bhd
10	Kensington Trust Malaysia Bhd
11	MAA Bancwell Trustee Bhd
12	Malaysian Trustees Bhd
13	Maybank Trustees Bhd
14	My Premier Trustee (Malaysia) Bhd
15	Pacific Trustees Bhd
16	PB Trustee Services Bhd
17	RHB Trustees Bhd
18	Rockwills Trustee Bhd
19	Universal Trustee (M) Bhd
20	SCBMB Trustee Bhd
21	TMF Trustees Malaysia Bhd
22	MyAngkasa Amanah Bhd
23	Palladium Trustee Bhd
24	Prokhas Trustees Bhd
25	MTrustee Berhad

Source: Association of Trust Companies Malaysia (ATCM) (n.d.)

If the public trustee has its specific act to govern their operation, the other player or the private trustee in the industry were administered according to the Trust Companies Act 1949 and Companies Act 2016 (Abdul Rahman & Hassan, 2020). With

¹ Association of Trust Companies Malaysia or ATCM was established on the 3rd of August 1995 under the Societies Act 1966. Each member of ATCM is registered as a trust company under the Trust Companies Act 1949.

respect to the fully entitled Islamic trust companies in Malaysia, the industry witnessed the establishment of as-Salihin Trustee Berhad (as-Salihin) in 2004 as the first full-fledged Islamic trustee company in Malaysia, which emphasises on the Islamic legacy planning. In 2014, MyAngkasa Amanah Berhad (MAAB); wholly owned by Angkatan Koperasi Kebangsaan Malaysia (ANGKASA) was registered under the Trustee Act 1949. Later, Wasiyyah Shoppe Berhad (Wasiyyah Shoppe) got its trusteeship license in 2018 before the most recent Amanah Warisan Berhad, also known as AWARIS, was established. Table 1.2 below is composed of the full-fledged Islamic trust companies established in Malaysia in chronological order:

Table 1.2: The Full-Fledged Islamic Trust Companies in Malaysia

No.	Trustee Company	Year
1	as-Salihin Trustee Berhad	2004
2	Wasiyyah Shoppe Berhad	2004
3	MyAngkasa Amanah Berhad	2014
4	Amanah Warisan Berhad	2018

Source: as-Salihin Trustee Berhad (n.d.), MyAngkasa Amanah Berhad (n.d.), Wasiyyah Shoppe Berhad (n.d.), Amanah Warisan Berhad (n.d.)

Unlike the non-Muslim's, the management of Muslim's legacy must be in line with the requirements of Islam for the benefit of society and the country. Hence, all full-fledged Islamic trust companies have a Shariah Advisory Board to validate the conformation of the legacy planning solutions to the *Maqasid Shariah* (Othman & Fisol, 2018). Muslims should consider the guidance by Prophet Muhammad SAW, in which according to the narration by Sa'ad bin Abi Waqqas, states that to give away everything to charity is not necessarily commended in Islam:

“The Prophet came visiting me while I was (sick) in Mecca, (‘Amir the sub-narrator said, and he disliked to die in the land, whence he had already migrated). He (i.e., the Prophet) said, “May Allah bestow His Mercy on Ibn Afra (Sa’ad bin Khaula).” I said, “O Allah’s Apostle! May I will all my property (in charity)?” He said, “No.” I said, “Then may I will half of it?” He said, “No”. I said, “One third?” He said: “Yes, one third, yet even one third is too much. It is better for you to leave your inheritors wealthy than to leave them poor begging others, and whatever you spend for Allah’s sake will be considered as a charitable deed, even the handful of food you put in your wife’s mouth. Allah may lengthen your age so that some people may benefit by you, and some others be harmed by you.” At that time, Sa’ad had only one daughter (Sahih Al-Bukhari, Volume 4, Book 51, Number 5)².

Apart from the awareness of technical requirements that is required in the Islamic legacy planning, the significance of Islamic legacy planning was promoted by the Prophet Muhammad SAW as recorded in Jami` at-Tirmidhi,

“The feet of the son of Adam shall not move from before his Lord on the Day of Judgement, until he is asked about five things: about his life and what he did with it, about his youth and what he wore it out in, about his wealth and how he earned it and spent it upon, and what he did with what he knew.” (Jami` at-Tirmidhi, Volume 4, Book 11, Hadith 2416)

² All hadith translations in this writing are retrieved from sunnah.com. Translation from other sources (if any) will be cited accordingly.

Apart from the industry players, other information that is significant in Islamic legacy planning in Malaysia is the administration and the distribution of a deceased Muslim's estates. The current practice in Malaysia process involves three stages of obtaining a grant of representation either from the High Civil Court, Small Estate Distribution Unit or ARB. In contrast, the Shariah Court has only jurisdiction to confirm the list of heirs and issue the certificate for Islamic inheritance (Abdullah *et al.*, 2020).

For Muslims in Malaysia, legacy management can be divided into three, namely, small estate, large estate and simple estate. These three types of division of property are based on the value of the property left by the deceased. Similarly, the laws used in managing the administration of these three types of property are different. For applications for the division of small estates where the value of the property should not exceed RM 2 million, it must be made at the Land Offices (Small Estate (Distribution) Act 1955). While for property values exceeding RM 2 million, the application must be made in the Civil High Court and the division of the estate, in which determining the *faraid* part is managed by the Shariah Court (Muda & Awang, 2006).

Proper preparation through the Islamic legacy planning shows that a Muslim not only completes spiritual leadership, but also prepares him or herself to face any circumstances after death (Jamaluddin, 2013). Therefore, as to comply with the act of worship, it is best not to delay in fulfilling what Allah SWT and Prophet Muhammad SAW have set in the best way. While conventional legacy planning has gained trust from the public, there is still room for expansion and improvement for Islamic legacy planning.

1.3 Problem Statement

Islamic legacy planning is seen to be necessary for people who are bequeathing estates or to those who will receive a large inheritance (ZAR Perunding Pusaka, 2004a). However, Muslims put less consideration when it comes to Islamic legacy planning (Hassan, 2005), and Islamic legacy planning is still not extensively practised even though it is a crucial element in the financial strategy (Yusoff & Sarip, 2016).

Despite the industry attracting more players, the dilemma surrounding the Islamic legacy planning in Malaysia and its predicaments in Malaysia still exists (Abdul Rahman & Hassan, 2020). Nevertheless, there is a limited information about the number of practitioners involved in the industry and no relevant data disclosed by the ATCM and any of the full-fledged Islamic trust companies in Malaysia. The losing economic value for unclaimed legacies and rising trend in the number of frozen assets has been a lingering issue faced by Muslims in Malaysia. Unclaimed legacies or frozen assets has been a problem for the Muslim community, and it has become more chronic lately due to the increasing number of cases every year.

Table 1.3: The Value of Frozen Assets in Malaysia

Year	Value of Frozen Assets (Including Muslim Assets)
2006	RM 38 billion
2011	RM 42 billion
2012	RM 52 billion
2013	RM 66 billion
2019	RM 70 billion

Sources: Berita Harian (2020), Harian Metro (2016)

The above Table 1.3 shows the value of frozen assets in Malaysia (including Muslim assets) as claimed in the mainstream newspapers. According to a data provided by the Department of Director General of Lands and Mines (JKPTG) through the Estate

Distribution Section or Bahagian Pembahagian Pusaka (BPP), there is around RM 70 billion worth of frozen assets remained unclaimed as in 2019 (Berita Harian, 2020). Although there are no official reports or statistics that could be found except for some uncorroborated reported in newspapers, such data has been cited as an authority by many researchers (Akmal & Nor, 2016).

The probable situations concerning the Islamic legacy planning may be boundless. They will vary from person to person and may differ from one case to another. A large part of it can be attributed to the unawareness of the importance of the instruments in the Islamic legacy planning itself. In reality, the more property left by the deceased, the higher the heirs' costs, causing them to be more burdened. Additionally, Islamic legacy administration could not be resolved because the division between the heirs becomes more complex and layered (Rahman *et al.*, 2020).

There are various complications that may arise when administrating the settlement of a legacy from the clients' family; for example, an adopted child, a polygamous marriage or having an "undisclosed wife". According to Jaafar-Crosby (2018), most Islamic legacy planning strategies face complexities, especially on the inter-generational wealth planning. She added, "*High net worth families will usually be naming their family members and favoured charities as beneficiaries to their legacy with little thought towards wealth preservation or how the assets they have spent a lifetime building will benefit future generations*".

The delays in Islamic legacy administration are seen as a crisis that needs to be addressed immediately. The ignorance of asset distribution procedures and apathy to legacy planning among Muslims in the country are shown in the number of frozen assets. The example which is usually cited is referred to the case of Kampung Baru, which a piece of land valued at RM 1,000 per square meters is inherited by more than

100 heirs and everyone in the end only entitles to share value of RM 13.35 (Alma'amun, 2010). The issues surrounding Islamic legacy planning that are becoming an obstacle towards the advancement of the industry in Malaysia involving various scopes including the product innovation, awareness level of the consumers, legal landscape and the issues of incompetent practitioners in the industry. The existence of the above issues suggests that it is something that should be taken care of by stages.

A considerable amount of literature has been published on the Islamic legacy planning in Malaysia. The abundance of research has been conducted on the Islamic legacy products (Azhar *et al.*, 2014; Alma'amun *et al.*, 2018; Halim & Ahmad Bustani, 2017; Hasbulah & Daud, 2015; Nor Muhammad, 2017; Wahab *et al.*, 2019), the awareness level of the consumers (Awang, 2009; Alma'amun, 2010; Basah & Tahir, 2019; Kamarudin & Muhamad, 2018; Rashid & Ahmad, 2013; Wahab *et al.*, 2017) and legal landscape (Abdullah, 2005; Ahmad & Ibrahim, 2008, 2009; Harun, 2009; Hasbullah *et al.*, 2017; Manaf, 2019; Mohamad, 2001; Talib *et al.*, 2017).

There are various researches performed on the competency issues of practitioners in the Islamic legacy planning in Malaysia, however, it has not been conducted extensively as compared to the other relevant topics. The majority of previous research leads to the consumer behaviour towards the Islamic legacy planning instruments, the issues of law used in the industry, and misunderstanding of the Islamic legacy planning providers' products. Too little attention has been paid to the root cause that plays a role in developing the industry in Malaysia — the Islamic legacy planners. The increase of frozen asset cases and the importance to have granular approaches on the awareness for Islamic legacy planning, encourages the need for more Islamic legacy planners to support this emerging industry in Malaysia.

Muslims are advised to start taking the responsibility in planning their legacy wisely and to talk to their legacy planners as each person is unique, thus requiring varying methods (Jamaluddin, 2013). The appointment of a trusted individual or organisation is one of the steps to be considered in planning the legacy. The total value of unclaimed legacies shows how important legacy planning is and the level of disinterest and nonchalance in abiding by or performing the procedures of distributing the property among fellow Muslims. To live up to the customers' expectation, it is important for an Islamic legacy planner to be competent.

When there are many frozen asset cases, we may wonder; what is the contribution of the Islamic legacy planners within the full-fledged Islamic trust companies in Malaysia so far? Are the current appointed Islamic legacy planners not competent enough to solve the frozen assets cases in Malaysia? Many individuals are expecting a lasting legacy by seeking advice from the Islamic legacy planners. Although the number of Islamic legacy planners has increased significantly, there is still doubt on the Islamic legacy planners' competency level due to different practices and the missing competency framework within the full-fledged Islamic trust companies in Malaysia (Sabirin, 2009).

The issues of incompetent Islamic legacy planners have a very negative impact on the parties involved (Nik Wajis *et al.*, 2018) and leads to the issues including cases of overlapping claims, difficulties in the trial process in the distribution of the deceased's property and the risk of losing the deceased's documents. This issue could indirectly cause adverse effects from the economic, legal, social and religious perspectives (Abdullah *et al.*, 2020; Manaf, 2019). By taking Kampung Baru as an example again, it was evident that planning for the legacies' distribution is crucial to avoid increasing number of a substitute and untraceable heirs. This shows the

seriousness of problems, and there is a need for a competent Islamic legacy planner to find a solution on how to administer and manage the Muslims' legacy properly and effectively.

Azmi and Mohammad (2011) highlighted that although the Islamic legacy planning is crucial to the Muslim clients, there would almost always be some unresolved issues in ensuring the Islamic legacy planners stay competent. The lack of knowledge, skills, abilities and other characteristics (KSAO) amongst the Islamic legacy planners in applying various methods and understanding its significance also contribute to the problems (A. S. A. Aziz, personal communication, December 8, 2018; Hassan & Yusop, 2006; Noh *et al.*, 2019; ZAR Perunding Pusaka, 2004a; ZAR Perunding Pusaka, 2004b).

This phenomenon raises many issues and problems, although the appointed Islamic legacy planners have increased significantly due to many full-fledged Islamic trust companies have been established since 2004. Many issues emanated, including lack to give proper advice (Hassan & Yusop, 2006; Ismail *et al.*, 2013; Shafii *et al.*, 2016; ZAR Perunding Pusaka, 2004c;), unaware of using the right instruments to suits clients' needs (Mohyin, 2004) and do not have complete knowledge on both law requirements (Hassan & Yusop, 2006).

As mentioned earlier, previous research has focused on various aspects of Islamic legacy planning, but there has been little work performed in exploring industry practitioners' area. In the researcher's knowledge, there has been no research conducted on the competency of Islamic legacy planners in Malaysia. A vacuum found on identifying the specific KSAO that lead to various competency issues amongst Islamic legacy planners in the full-fledged Islamic trust companies in Malaysia that may contribute to the root cause of the rising of unclaimed legacy and frozen assets cases amongst the Muslims from time to time.

The complacency of industry players in dealing with the Islamic legacy planners' missing competency framework would lead the market to lose confidence in the industry. What is practised by the full-fledged Islamic legacy planning providers in Malaysia varies depending on the needs of each organisation. There is no standardisation or at least a proposed initiative in the industry to ensure and strengthen the competency of legacy planners in Malaysia's Islamic financial planning industry. The development of dedicated competency-based certification for the Islamic legacy planning field is an important step that must be taken to ensure the industry is competitive with competent Islamic legacy planners.

Islam also believes that competency is an important element. As mentioned by Rahman *et al.* (2014), the significance of competency could be observed through the titles that Prophet Muhammad SAW gave to his companions; for instance, Abu Bakar 'As-Siddiq' (truthful), Umar 'Al-Faruq' (one who distinguishes between right and wrong), and Khalid 'Saifullah Al-Mashul' (sword of Allah SWT). These titles are given based on the aptitude and characteristics of the companions of Prophet Muhammad SAW.

Competency is also related to the technical skills and knowledge of the job especially if the job has professional elements (Woodruff, 1997). Hoffmann *et al.* (2010) stated that the definition of competency varies by different professionals such as management theorist, HR managers, auditors, bankers and even politicians. In light of legacy planners' competencies, there are exact competencies that must be grasped and conquered by the Islamic legacy planners that guarantee excellent services for the client.

Competent Islamic legacy planners with the right KSAO are essential to produce a sound and dynamic solution as expected by the client in administering and managing the Muslim legacy, whereby the legacy planners will have to go through a complicated

process. A competent legacy planner will study the clients, clients' family and needs thoroughly (Schnaubelt, 2019) and is able to prepare a plan that adequately addresses and fulfils the clients' goals. This will enable them to prepare the clients' plan that fulfils the clients' expectation.

Bersin (2015) sees a disconnection between education and professional practices in the current employment scenario, and recognising and certifying informal and non-formal learning would empower those who may otherwise be hampered. The community's confusion towards legacy planning for Muslims is closely linked to the Islamic legacy planners, who failed to provide knowledge and information on solutions that are consistent with the problems faced by the clients. On the other hand, there is a lack of knowledge on how to teach and coach experienced legacy planners, who are skilled and possess the necessary knowledge and know-how attributes within the industry.

Knowledge is widely recognised as a critical asset and primary intangible resource in any industry and profession in today's global competition. Islamic point of view requires the types of obtained and revealed knowledge to be impartial (Natt *et al.*, 2009). By integrating both knowledge sources, Islamic legacy planners will become proficient and intelligent, subsequently prepared to perform in the Islamic legacy planning industry (Mustafa & Che, 2013).

Every Islamic legacy planner needs to have a comprehensive knowledge on the product and the relevant legislation in this field (Shafie *et al.*, 2014). In Malaysia, the management of the legacy and process of settlements are generally controlled by the Civil law, which makes it essential to procure knowledge, while the Muslims are regulated by the Islamic law (Shafie *et al.*, 2014). The holistic knowledge of

administration and the distribution of a Muslim deceased's legacies in Malaysia is essential for Islamic legacy planners to comprehend Islamic legacy planning fully.

Lack of knowledge is one of the several factors that contributed to the unclaimed estate among the deceased Muslim besides the complexity of law (Azmi & Mohammad, 2011). The knowledge of Shariah and Civil law, are essential for the Islamic legacy planners to help them have a full comprehension of the Islamic legacy planning as proposed by Hassan and Yusop (2006). These problems are worsened, when the Islamic legacy planners do not have an adequate knowledge related to the regulatory framework in legacy planning.

There have been numerous remaining challenges to be addressed, particularly in integrating education and training with the industry requirements for the Islamic legacy planners in Malaysia and stream-lining the standards between academic and industry professional programs. There is still no standardised nationwide Islamic legacy planner's competency assessment being developed. Former empirical findings suggested that there is a need to integrate a specific Islamic legacy planning as part of the curriculum in universities' degree in Islamic financial planning and wealth management, similar to *zakat* and *waqf* as part of the subjects. The current offerings by the universities, Islamic legacy planning is only a minor or elective subject and only compulsory for those who are taking Islamic financial planning and wealth management as a major (Noh *et al.*, 2020).

According to Miranda (2016), there is no difference from any other sector regarding developing skilled talent and creating a seamless talent progression pipeline. Skills are referred to as achievements and behaviours to be acquired through practice or training (Piggot-Irvine, 2003). Communication and technical skills are also essential to becoming a competent individual (Woodruff, 1997). According to Darling-Hammond

and McLaughlin (1995), integrating multiple kinds of knowledge and skills is required to forge connections between theory and practice.

Islamic legacy planning, in principle, is of higher complexity than its conventional counterpart. An expert Islamic legacy planner is needed to structure innovative legacy planning solutions that are tailored for the Muslim markets. The acquisition of reflective skills through a collaborative inquiry, is when they will be able to critically examine their conceptions with those of other people's, such as the experienced practitioners in what Hagger and McIntyre (2006) termed as "*practical theorising*".

Islamic legacy planners need to possess proficient interpersonal skills to engage in meaningful communication and participate in collaborative efforts within the industry. Islamic legacy planning is a complex and demanding task, and Islamic legacy planners are often expected to handle multiple roles. Hence, they must develop analytical skills to make sound decisions, investigate problems and understand clients' needs (Darling-Hammond & Bransford, 2017).

Other characteristics refer to the behavioural factors of an individual, which represents traits that differs between them. Other characteristics that are related to the personal development are ethical responsibility, self-motivation, self-esteem, self-management and integrity. These characteristics also contribute to the elements needed as part of competency requirements, as highlighted by Ab. Manan *et al.* (2018). The Islamic legacy planners must understand some of the criteria and Islamic ethical values (Ball & Haque, 2003) related to competencies, including accountability, responsibility and trustworthiness. Ethical value is a set of moral principles that distinguishes what is right from what is wrong. The Islamic legacy planners must observe and practice Islamic ethical values in advising the clients and credible characteristics. The integrity of the Islamic legacy planner will enhance public confidence and trust in the future.

As mentioned earlier, Islamic legacy planning is part of Islamic financial planning, which involves a complicated process to achieve practical solutions. As a direct comparison, unit trust and takaful industry have their competency framework for the practitioners, including the entry assessment. Nevertheless, a similar approach has yet to be developed for legacy planners, especially those serving in the Islamic legacy planning area.

Furthermore, continuous learning structure is not implemented within the industry in upskilling the existing Islamic legacy planners. At this juncture, it is up to the full-fledged Islamic trust companies' discretion in appointing their Islamic legacy planners, and this relates to the issues of incompetent Islamic legacy planner in producing a sound and holistic solution as expected by the client (Sabirin, 2009). He added, "*The level of competency of Islamic legacy planners is not standardised and there is no effort to establish standardisation*".

Research focusing on the development of human capital in the Islamic finance industry to improve competency was performed by Dewa and Zakaria (2012). Their study emphasised the need to enhance Islamic knowledge to improve staff's competency in the Islamic finance industry and postulate that highly trained individuals effectively managed by the organisation are inclined to demonstrate a high level of commitment and produce significant contributions to the quality of the services. The findings are consistent with another study by Kamil and Salleh (2013), which argued that competent talents might ensure the industry's sustainability.

Nevertheless, there are still untapped information on KSAO that contribute to competent Islamic legacy planners as there is limited exposure to the Islamic legacy planning literature. Many researches have been carried out to study the problems, issues and challenges of Islamic legacy planning. There is not much research being done

regarding the KSAO, which relate to the competency of Islamic legacy planners in Malaysia, at least, not as comprehensive compared to other relevant topics in Islamic legacy planning.

This research endeavours to explore the industry expectation on KSAO that relates to the Islamic legacy planners' competency is a new knowledge exploration in the Islamic legacy planning field and significant for the industry professionalisation. Identifying relevant sets of KSAO is critical towards the success of producing competent Islamic legacy planners for the market. This is very important since competent Islamic legacy planners are those who will be imparting awareness and provide solutions to the Muslim community on the Islamic legacy planning and guarantee the sustainability of the industry (Mustafa & Che, 2013).

1.4 Research Objectives

This research aims to develop a competency framework for Islamic legacy planners on the way to standardise all the practices employed in overseeing the level of competency of the appointed Islamic legacy planners by the full-fledged Islamic trust companies in Malaysia. The objectives of this research are as follow:

1. To identify the current practices of appointing the Islamic legacy planners in the full-fledged Islamic trust companies in Malaysia,
2. To identify the KSAO which relates to the competency of the Islamic legacy planners in the full-fledged Islamic trust companies in Malaysia,
3. To develop a competency framework based on the KSAO model for Islamic legacy planners in the full-fledged Islamic trust companies in Malaysia.

1.5 Research Question

Based on the above objectives, the research questions are highlighted as follow:

1. How are the current practices adopted by the full-fledged Islamic trust companies in Malaysia when appointing the Islamic legacy planners?
2. How KSAO contribute to the identification of competency required of Islamic legacy planners in the full-fledged Islamic trust companies in Malaysia?
3. What is the appropriate competency framework based on the KSAO model be developed for Islamic legacy planners in the full-fledged Islamic trust companies in Malaysia?

1.6 Rational and Significance of Research

Competency is important for a person who is upholding the genuineness of Islamic products and services as Islam stresses the obligation of being competent in all areas of life. As highlighted by Laldin (2011), to endorse the integrity of Islamic products and services, it goes without saying that the ability to be competent is necessary. All Muslims need to achieve the highest performance in everything they do, where sincerity (*ihsan*) and proficiency (*itqan*) are the formulas of competencies. Allah SWT says;

“Thou seest the mountains and thinkest them firmly fixed: But they shall pass away as the clouds pass away: (Such is) the artistry of God, who disposes of all

things in perfect order: for He is Well acquainted with all that ye do.” (Al-Qur’an. Surah An-Naml 27:88)³.

In many ways, finding possible issues of the competency of Islamic legacy planners in Malaysia is likened to working on a jigsaw puzzle; the pieces are not only required to fit, but they also have to be organised in a systematic manner in order to produce a whole and a clear picture. Currently, there is a small group of competent Islamic legacy planners who have detailed knowledge along with good technical skills and they are hunted by the companies (A. S. A. Aziz, personal communication, December 8, 2018). Although there are many ways for the industry to consider in solving the issues, only the most effective method will contribute in upscaling the profession to the highest professional level, which is similar to the tax consultants, investment managers and Takaful agents, to mention a few which are related to the Islamic legacy planning sectors. The market tends to lose confidence in the industry due to the laidback attitude of Islamic legacy planners in dealing with competency issues. At this juncture, the full-fledged Islamic trust companies in Malaysia must step-up to be in line with other similar sectors.

A study by Majlis Agama Islam Selangor (MAIS) revealed that a majority of the legacy planners involved in the Islamic legacy planning industry have no specific qualifications (Shahid, 2002) except passing the customised assessment imposed by some of the full-fledged Islamic trust companies. The General Survey on The Value of

³ All Quranic translations in this writing are based on quranyusufali.com; an online translation reproduces from *the Original English Translation of the Holy Qur’an* by ‘Abdullah Yusuf ‘Ali that was written between 1934–1937. Translations from other sources will be cited accordingly.

Financial Planning by Financial Planning Association of Malaysia (FPAM)⁴ finds that most Malaysian consumers feel challenged to find a competent professional in the industry who is lacking in terms of knowledge, skills and other relevant qualities that govern the players (Smart Investor, 2016). Similar issues were faced by the Takaful operator's way back in the early 2000, until Takaful Basic Examination (TBE)⁵ was introduced by the Malaysian Takaful Association (MTA) as the minimum standard to ensure that Takaful agents manage their services professionally and responsibly. It is pertinent for this research to assess the requirements based on current practices of appointing the Islamic legacy planners by the full-fledged Islamic trust companies in Malaysia.

A person can give good advice when he or she has experience and competency in their respective disciplines or ventures. Otherwise, problems could arise such as clashing of interests between the advisory or product pushing. Islamic legacy planners will need to be holistically developed to be competent and the competency level should be measured. Indeed, the scarcity of Islamic legacy planners equipped with the requisite knowledge and skills-set would impede the industry from offering reliable solutions in Islamic legacy planning. In the process of developing a good solution for their clients, Islamic legacy planners should look into the personal and business needs of the clients (Alma'amun, 2010).

⁴ Formed in 1999, FPAM is a non-profit organisation with a mission to raise the standards of competency and ethical practice of qualified financial planners in Malaysia, and to educate the public on the benefits of financial planning.

⁵ TBE is designed as a compulsory entry requirement — a license to practice — for all those who intend to be registered as takaful agents with MTA. It is also an induction for individuals who plan to pursue a career in takaful. Upon completion of this level, participants would attain a complete knowledge and have standard proficiency as the takaful agent.

As we have discussed before, Islamic legacy planning is a part of financial planning, which is inclined towards advisory than product pushing. An assessment of current practices within the full-fledged Islamic trust companies in Malaysia will further reveal whether the current Islamic legacy planners are more towards product pushing or create awareness on the importance of Islamic legacy planning through advisory approaches. Despite the importance of having a competent Islamic legacy planner with the right KSAO, to date, to the researcher's knowledge, there is no dedicated professional body for Islamic legacy planners. Hence, it raised a question on how the competency is being monitored and how the KSAO requirements need to be imposed by the full-fledged Islamic trust companies in Malaysia for the Islamic legacy planners. However, if the KSAO is not tactfully being addressed or resolved, the quality level of Islamic legacy planners may be compromised and jeopardising the professionalism of the industry. From the interview sessions, this research will further identify the KSAO which relates to the competency of the Islamic legacy planners in the full-fledged Islamic trust companies in Malaysia.

From a different angle, this research is a novel effort towards the enrichment of Islamic legacy planning literature due to limited research on this issue as highlighted earlier. This research would provide more insights for Islamic legacy planning literature, where it highlights the element of competency framework for Islamic legacy planners within the full-fledged Islamic trust companies. The competency criteria would also benefit the academic world. By having an Islamic legacy planning as part of the Islamic finance syllabus, it may equip the future Islamic legacy planners with the necessary competencies, thus, preparing them as the successors to the existing Islamic legacy planners. The change in the curriculum innovation besides skills enhancement may lead to the comprehensive and well-balanced syllabus specialising in Islamic

legacy planning. It is also crucial for the future growth of Islamic finance to gain stakeholder confidence in the Islamic legacy planning. Proper training and understanding are required to advise the clients accordingly. In this regard, Prophet Muhammad SAW said that;

“Seeking knowledge is a duty upon every Muslim, and he who imparts knowledge to those who do not deserve it, is like one who puts a necklace of jewels, pearls and gold around the neck of swines.” (Sunan Ibn Majah, Volume 1, Book 1, Hadith 224)

Moreover,

“(The second one is that) who acquires the knowledge of religion and imparts it to others.” (Sahih Muslim, Book 43, Hadith 16)

Setting-up or establishing a competency framework to govern the Islamic legacy planners could be part of the game-plan. It is important to develop a competency framework for Islamic legacy planners in Malaysia and eventually to uplift the professionalism agenda for the industry. A right competency framework for the Islamic legacy planners is crucial to preserve sustainability, especially where the client's expectation is much higher than before (Syed Ismail *et al.*, 2017). Thus, there is a valid argument of the competencies of the current Islamic legacy planners to perform their roles competently, if specific competency framework has not initiated collectively by the full-fledged Islamic trust companies in Malaysia.

The aims of the research are to develop a competency framework based on KSAO model for Islamic legacy planners on the way to standardise all the practices employed by the full-fledged Islamic trust companies in Malaysia. A dedicated competency framework with the elements of KSAO for Islamic legacy planners in Malaysia is timely to be developed as the same framework has been established by the Financial Services Professional Board (FSPB)⁶ in 2018 for Islamic finance professionals.

The launch of the dedicated competency framework comes at a time when issues of culture and conduct have become an important focal point for the Islamic legacy planning industry. The competency framework serves to embody the full-fledged Islamic trust companies' commitment towards providing reputable solutions on Islamic legacy issues within the Muslim communities.

The new information is considered a phenomenon worth exploring as prior studies have neglected to highlight the depth of the matter. The outputs of this research provide the foundation for a competency framework to be developed in pooling competent talents in the Islamic legacy planning industry. The policymakers and full-fledged Islamic trust companies may find the results from this research as beneficial in terms of formulating a holistic Islamic legacy planning industry's professionalisation agenda.

This research requires a qualitative methodology, since the information on the internal procedures need to be excavated from the senior management of the full-fledged Islamic trust companies in Malaysia as they have access to more detailed facts. This research provides a guideline in recruiting their Islamic legacy planners and also for succession planning purposes. The professional body or industry association is

⁶ The FSPB is an industry-wide initiative that is dedicated to the development and advocacy of professional and ethical standards that are developed through industry consensus and engagement. It was officially launched in Kuala Lumpur by Bank Negara Malaysia and the Securities Commission Malaysia in 2014.

responsible for monitoring the competency framework and upholding the best practices for the profession as well as setting up a standard entrance examination as a licensing requirement, prior to selecting the legacy planners.

The responsible body may look into this area and conduct various professional courses or structured trainings related to the Islamic legacy planners and later award those qualified individuals as chartered or certified Islamic legacy planners or an equivalent designation. Therefore, this research will serve as a trajectory movement to the establishment of a dedicated professional body and industry association for the Islamic legacy planning in Malaysia, led by the full-fledged Islamic trust companies. It also includes promoting a systematic competency framework similar to other sectors which stress on the required KSAO.

1.7 Scope of the Research

This research discusses the issue of competency for Islamic legacy planners in the full-fledged Islamic trust companies in Malaysia. For this research, four full-fledged Islamic trust companies in Malaysia are being selected.

1.8 Organisation of the Thesis

This research has six chapters. For each chapter, there will be an overview that discusses the objectives followed by the body of the chapter that is made up of a few segments.

Chapter one is the introductory chapter, which includes problem statements, research questions, research objectives, and the structure of the research. In the first chapter, a background of the research was presented. The research questions and objectives followed suit. The problem statements were highlighted to relate the lack of

researches that are specific in determining the competency of Islamic legacy planners in Malaysia. The primary objective of this research is to propose a competency framework for legacy planners within the full-fledged Islamic trust companies in Malaysia. To date, there are no specific competency matters amongst legacy planners by the full-fledged Islamic trust companies in Malaysia being discussed, hence, in this chapter, the relationship between legacy planners and competency issues is explained comprehensively. The significance of this research is also explained in this chapter.

Chapter two of the research presented the research literature and identified the research gap. The chapter started with the worldview of Islamic legacy planning to give a better picture from macro perspectives. From here, the researcher enlightened the element of legacy planning from various religions and the importance of Islamic legacy planning as one of the components in Islamic financial planning processes. In discussing the need of having a competent legacy planner for Islamic legacy planning, the relevant instruments have also been highlighted in this chapter. The chapter also highlights the relevant literature reviews that focused on how to explore the primary knowledge, skills, abilities and others for legacy planners to be competent and subsequently the competency framework for Islamic legacy planners in the full-fledged Islamic trust companies in Malaysia.

Chapter three is an extension of the literature review from the previous chapter. Research on competency is not emergent. Nevertheless, research on legacy planners' competency from the perspective of full-fledged Islamic trust companies is yet to be explored. Hence, this chapter provides an analysis of competency and its correlation within this present research perspective. This research purported to complement previous research because it examines the common practice of selecting or recruiting legacy planners on the competency aspects by identifying the elements of knowledge,

skills, abilities and others from the perspectives of full-fledged Islamic trust companies' detail. The literature on competency was discussed carefully, including from the Islamic perspectives. The research promotes the element of competencies adopted from the theory popularised by Boyatzis (1982) to determine the competency elements of legacy planners within the full-fledged Islamic trust companies in Malaysia, which are knowledge, skills, abilities and others as delineated throughout this chapter.

Chapter four comprises the research methodology, including the conceptual framework and model specification for the research. The measurement, sampling and instrumentations and procedures of the research are deliberated in this chapter. This chapter presented the rationale for using a qualitative approach and choosing the multiple-case approach to answer the research questions, followed by the detailed steps of conducting the research process. The discussion explained that this research adopted the inductive approach based on the data collected and selected an exploratory research design, which involved gathering and analysing respondents' responses. This chapter also highlighted how the elements and sampling unit for the present research were conducted. The researcher has implemented multiple case methods and selected structured interview as the instrument for the research. A pilot test prior to this research is also explained in this chapter.

Chapter five presents an analysis of the findings and results. Interpretation and discussions of the findings are based on the focused coding and concluding themes. This chapter put forward the findings to the research questions. The findings presented the research questions and objectives outlined in chapter one. Details of the findings were elaborated according to the question numbers and analysed using the thematic analysis where the data were being coded accordingly to the focused coding before concluding themes were generated for every question. Excerpts of the interview sessions with the

interviewees have also been included to answer and support the research questions. The research was then integrating the feedback from the interview sessions to propose an initial framework of competency for legacy planners within the full-fledged Islamic trust companies in Malaysia's Islamic legacy planning industry.

The last chapter presents the conclusions of the findings, limitation, contributions of this present research, and recommendations for future studies. Conclusions are presented accordingly to address each research question. The following section describes the summary of the findings for each research question. It evaluates the extent to which the current research was successful in addressing the research objectives and sub-objectives. This chapter also describes its limitations. Finally, some recommendations for the imminent study are discussed.

1.9 Conclusion

Islamic legacy planners must be competent as they are the main reference for the clients. Islamic legacy planners who are unsuccessful in giving relevant information and a good solution to clients' problems may lead to confusion among the community members on the importance of Islamic legacy planning and contribute to the increasing of frozen assets cases as mentioned earlier. This research is important and may possibly become a significant reference for the industry especially in terms of formulating a holistic industry professionalisation agenda.