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E-Wallet as a New Approach in Zakat Collection and Distribution:
Exploring the Experience of Zakat and E-Wallet Providers in Malaysia

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Abstract

Financial technology (fintech) aims to complement traditional financial methods in the delivery of financial services. It leverages technology to enhance financial activities. Besides financial services, the social activities also benefit a lot from the movement of fintech. Through the use of e-Wallets as one of the channels in fintech, zakat administration has elevated itself to a new stage of innovation in zakat collection and distribution. This dynamism has made the problem exists in the zakat administration from long time ago in relation to transparency, accountability and efficiency in zakat collection and distribution is partly solved. E-wallet is seen to have the potential of addressing these issues. Hence, it is the objective of the paper to explore the various options and the most popular type of e-Wallet available in the current market in relation to zakat activities. Therefore, questions like what are the options of e-Wallet available in the current market and what are the most popular ones, do this popular e-wallet providers provide zakat payment services and how it is done are to be answered. This qualitative paper benefited content and descriptive analysis of scholarly articles, government issuance, private businesses papers, as well as social media inputs. It is hoped that this study provides new insights into the zakat collection and distribution role played by e-Wallet providers and contributes towards a new dimension of knowledge to the public, mainly on the development of e-Wallet collaboration with the Zakat institutions.

Keywords: financial technology; fintech; e-Wallet; social finance; zakat collection; zakat distribution; zakat management

1. Introduction

Finance technology (Fintech) plays a pivotal role in this current era of the Fourth Industrial Revolution (IR 4.0). Fintech is defined as the emerging multiple applications of financial technology aimed at assisting financial institutions in their day-to-day operations, which include the provision of banking and financial services to customers. Mohamed & Ali (2019) & Schueffel (2016), defined Fintech as "a new financial industry that leverages technology to improve financial activities." Additionally, the authors believe that Fintech is best defined as firms and start-ups that provide solutions to banking and financial institutions through the application of cutting-edge finance and information technology. Chen et al. (2019) classified Fintech into seven (7) broad categories based on the technology they employ and their practical application: Cybersecurity, mobile transactions, data analytics, blockchain, peer-to-peer (P2P), robo-advising as well as internet of things (IoT).

Fintech can be considered as a 'white knight' who can help transforming current zakat administration to be more successful. With the use of Fintech, the zakat authorities may transform themselves to a more efficient zakat service providers to all zakat payers and zakat recipients. All zakat related transactions can now be done online and at any time (24 hours) as compared to old days when all transactions were done manually. This can certainly save

money and the time of the parties concerned as compared to the conventional manual service that are bound by time limits. The efficiency of rendering services to the community is parallel with Maqasid al Shariah (the objective of Shariah). Simply put, the zakat institutions must position themselves as having high level of trust to boost the confidence of zakat payers and recipients. Hence, the dimension of trust of the zakat payers towards these noble institutions can be elevated by maximizing the goodness of Fintech (Sahidi & Shukri, 2019).

Whereas e-Wallet is a disruptive technology of Fintech that enables transfers, microcredit, bill payment, and the purchase of goods (Salim, K, Abojeib, M.& Baharom, 2020). Additionally, it simplifies transactions such as mobile recharges, e-commerce, and loan repayments. In other words, it is a type of electronic payment platform that serves as a middleman for online transactions, which are typically conducted via a smartphone. The purpose of an e-wallet is to replicate the functionality of a physical wallet, credit or debit card. To function properly, an e-Wallet must be linked to and funded by the owner's bank account, credit or debit card (Dar et al., 2020). There are 5 main players of e-Wallet environment in Malaysia ranking from Boost, TnG, GrabPay, FavePay, WeChat (Celcom, 10 June 2021). There are also various technical and functional definitions to explain on what is behind the idea of e-Wallet. According to Alexandra et al. & Aji et al. (2020), e-Wallet is defined technically as a digital payment medium that is server based where the money is stored in a virtual medium like a server, and not in physical form as chip card. Therefore, e-Wallet can also be known as a form of money kept electronically to facilitate not only online, but offline transaction (Seranmadevi et al., 2019).

There are many ways to leverage on the presence of e-Wallet in the digital financial services era, *inter alia* to help addressing the issues in the administration of zakat via its collection and distribution activities. The research is fresh because the majority of previous research in this area has focused exclusively on the advantages and disadvantages of e-Wallets (Somkid, 2020; Kolandaisamay & Subramaniam, 2020; & Zulkifli et al., 2019). Apart from the benefits and drawbacks of e-Wallets, previous research has concentrated on security (Arif, 2020; Kanimozhi, 2017), demography (Soegato, 2020), factors influencing young adults' e-Wallet use (Karim et al., 2020), factors influencing people's behaviour to acculturate the use of e-Wallets (Sukaris et al., 2021; Abdullah et al (Moghavemmi et al., 2021). With regards to locality, most of the of studies were also done either in Malaysia or Indonesia (Aman Shah et al., 2020; Ibrahim & Chek, 2020; Mastura Razali, Nurul Áin Mohd, Nurhanisah Hadigunawan, 2021; Noor et al., 2020; Nugraha, 2021; Rachmat et al., 2020). Nevertheless, there are very little studies pertaining to the collaboration of e-Wallet providers and zakat institutions in Malaysia.

Hence, the current study makes a major contribution to research on e-Wallet by demonstrating what are the options of e-Wallet available in the current market and what are the most popular ones, do this popular e-wallet providers provide zakat payment services and how it is done. This study provides new insights into the zakat collection and distribution role played by e-Wallet providers and contributes towards a new dimension of knowledge to the public, mainly on the development of e-Wallet collaboration with the Zakat institutions.

To obtain the questions and objectives above this research applies qualitative methodology by analyzing textual data. Content and descriptive analysis is applied in different types of documents from academic writing of scholars as well as information taken from sources close to the application of e-Wallets ranging from websites, blogs, FB and secondary documents such as annual report of the companies involved and documented in a more formal manner as compared to the one that normally obtained from the internet.

This paper is arranged by commencing with literature review and theoretical notion, the methodological approach, discussion, conclusions and finally ended with recommendations and limitations.

2. Literature Review

2.1 The Fiqh of Zakat

In Arabic, "Zakat" generally means increase. Based on this general meaning, it is then used for many meanings such as clever, fertile, clear, blessing, praise, clean and others. As a term in the study of Islamic Fiqh, zakat means withdrawing a certain rate from a certain property for the benefit of those who are entitled to receive it, as determined by Allah. In other words, it also means the property issued itself (JAWHAR, 2021). Zakat is recognized by many scholars as an effective tool in elevating the economy of ummah. (Ab Rahman et al., 2012; Abdullah & Saad, 2014; Embong et al., 2013; Farah et al., 2017; Sahidi & Shukri, 2019). Undeniably, this zakat management system that had been in place since before independence really benefits both payers and recipients of zakat, in eliminating human biggest suffering; namely from hunger and fear. Al-Qur'an mentions; "*that it is Allah who gives peace to human beings from two types of major suffering (hunger and fear)*" (Imam Hafiz bin Kathir, 2018).⁵¹

2.2 The Zakat Management and Institutions in Malaysia

In general, the management of zakat in the country is subject to the jurisdiction of the states, in accordance with the provisions under the Second List of the Ninth Schedule (state list) of the Federal Constitution of Malaysia. In

⁵¹Al-Quraish: 4

other words, the administration and management of zakat in the states is entirely under the authority of the Sultans and Rulers in the respective states, assisted by their Islamic Religious Councils and zakat collection centers. It is learned that the zakat affairs in the states in the Federation of Malaysia were built on a three-model system of full privatization, partial privatization and without privatization (Abdul-majid & Esrati, 2018).

Table 1: The Model of Zakat Administration in Malaysia

NO.	CATEGORY	STATES
1.	Full privatisation	Selangor, Pulau Pinang, Sabah, Sarawak
2.	Partial privatisation	Wilayah Persekutuan, Negeri Sembilan, Melaka, Pahang
3.	Without privatisation	Kedah, Perlis, Perak, Kelantan, Terengganu, Johor

Under the first system, both collection and distribution of Zakat are managed by a single corporatized administrator such as the Lembaga Zakat Selangor (LZS) as practiced in the state of Selangor. The second system is slightly different, whereby two different entities are tasked for the collection and distribution of Zakat as implemented in the Federal Territory of Kuala Lumpur, Putrajaya and Labuan. Under this system, the Pusat Pungutan Zakat (PPZ) is entrusted for collecting zakat from the *muzakkis* whilst the Baitulmal is responsible for the distribution of the zakat to the *asnaf*. Understandably, that states' Baitulmal will take charge for both collection and distribution of zakat under the third category.

Zakat is an important component in the social finance system, and plays a key role in bridging the socio-economic gap of the ummah. According to the Jabatan Wakaf, Zakat and Haji (JAWHAR), the amount of zakat collected from the states in Malaysia in 2019 ranges from RM98 million to RM868 million. On the other hand, the distribution of zakat for the same year is in the area of RM71 million to RM868 million. These figures are detailed in the following table:

Table 2: Zakat collection in Malaysia from 2019-2015

NEGERI	2019	2018	2017	2016	2015
JOHOR	-	285,784,094.35	260,671,607.01	250,436,479.20	239,931,006.61
KEDAH	206,055,559.61	183,556,547.63	170,030,088.00	140,448,128.00	133,954,548.76
KELANTAN	195,138,060.00	183,034,916.35	179,303,841.00	162,678,760.00	161,908,949.42
MELAKA	98,838,098.55	87,815,011.74	85,598,531.92	70,537,675.73	65,968,448.90
NEGERI SEMBILAN	141,521,193.35	131,116,487.35	124,495,635.43	104,760,388.36	95,247,317.97
PAHANG	167,220,290.72	138,696,397.46	133,655,623.03	122,248,982.33	118,082,517.70
PULAU PINANG	121,432,704.21	119,734,212.91	101,454,432.72	96,781,464.11	92,844,818.96
PERAK	-	176,246,175.19	170,804,837.16	151,181,069.12	132,584,966.22
PERLIS	-	-	-	-	-
SELANGOR	855,137,860.00	793,679,701.00	757,112,779.00	673,736,282.00	627,225,101.00
TERENGGANU	-	160,718,725.50	137,949,523.03	133,360,064.38	126,639,148.45
SABAH	88,997,519.92	79,661,792.60	88,318,640.61	63,704,056.64	61,795,695.17
SARAWAK	-	-	92,301,440.00	72,082,740.00	68,573,996.00
WILAYAH PERSEKUTUAN	688,405,441.00	657,428,211.00	621,414,431.00	589,296,523.84	565,830,672.18

* Sumber : Majlis Agama Islam Negeri-Negeri (MAIN)

* Nilai kutipan dalam Ringgit Malaysia (RM)

Table 3: Zakat distribution in Malaysia from 2019-2015

NEGERI	2019	2018	2017	2016	2015
JOHOR	-	261,310,155.66	293,178,449.62	296,999,713.65	244,238,743.65
KEDAH	192,622,521.12	178,463,803.20	152,039,740.44	162,732,368.00	144,955,284.85
KELANTAN	189,017,291.00	181,936,430.62	185,027,240.00	173,148,849.00	196,744,773.04
MELAKA	96,620,295.08	87,073,849.00	-	75,367,964.80	71,964,251.44
NEGERI SEMBILAN	123,406,206.16	127,748,585.30	-	102,867,136.92	96,935,984.93
PAHANG	-	141,910,722.23	-	134,066,490.00	113,421,941.00
PULAU PINANG	111,384,871.79	101,010,171.69	99,782,721.01	100,962,507.09	101,329,498.13
PERAK	-	171,489,516.00	171,048,075.59	143,832,214.00	164,264,513.67
PERLIS	-	-	-	-	123,570,316.00
SELANGOR	868,263,524.00	829,878,020.00	616,526,812.00	697,494,013.00	676,251,478.00
TERENGGANU	-	163,138,683.29	183,760,534.93	165,894,689.77	122,041,037.35
SABAH	71,621,952.82	68,268,316.44	62,747,937.69	64,957,773.60	72,904,222.68
SARAWAK	-	-	42,059,912.00	48,363,149.00	44,984,662.00
WILAYAH PERSEKUTUAN	445,352,346.00	550,231,376.46	502,022,102.00	444,719,832.00	608,724,857.00

* Sumber : Majlis Agama Islam Negeri-Negeri (MAIN)

* Nilai agihan dalam Ringgit Malaysia (RM)

3. Research Methodology

To collect data for this study, a qualitative method based on content analysis was used. This study achieved the data and analyzed comprehensive review of scholarly articles on e-wallets. Besides, government data on zakat from Jabatan Wakaf, Zakat dan Haji (JAWHAR) and industry fraternity were referred to. For information on e-wallet applications, websites such as Touch and Go, GrabPay, and Boost were of assistance. The website of Malaysia's Central Bank (BNM) was also referred to for information on electronic money regulations. All of these data are conceptually analysed in order to help answer the research questions and objective. (Virginia Braun, Victoria Clarke, Nikki Hayfield, 2019).

4. Discussion

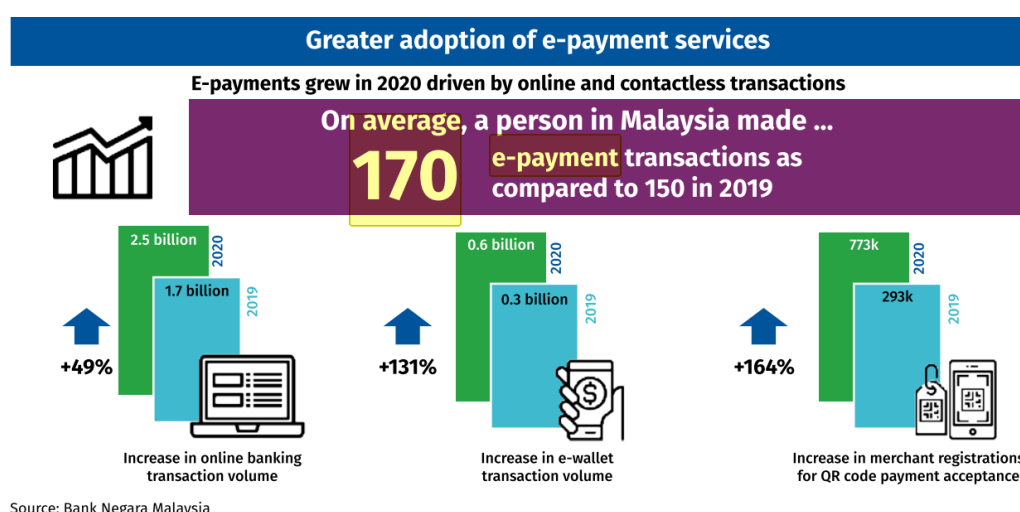
Why e-Wallet?

E-Wallet is a type of digital wallet that enables transfers, microcredit, bill payment, and the purchase of goods (Salim, K, Abojeib, M.& Baharom, 2020). Additionally, it simplifies transactions such as mobile recharges, e-commerce, and loan repayments. In other words, it is a type of electronic payment platform that serves as a middleman for online transactions, which are typically conducted via a smartphone. The purpose of an e-wallet is to replicate the functionality of a physical wallet, credit or debit card. To function properly, an e-Wallet must be linked to and funded by the owner's bank account, credit or debit card (Dar et al., 2020).

A recent study in 2019 explores the potential impact of Fintech (especially e-wallet as part of fintech movement) in Islamic finance industry in Brunei Darussalam and Malaysia. The results clearly show that Fintech have great potential impact on both conventional and Islamic finance industry. This potential impact is in both ways i.e. positive and negative and always two side of the coins. Positive in the way that Islamic Financial Institutions (IFIs) can harness and utilize the opportunities offers by digital shift and Fintech. IFIs can introduce new business models, can bring more transparency and efficiency in the products and can be able to provide the more customer friendly Islamic financial products and services. On the opposite side, negative in a sense that if IFIs keep avoiding from embracing this phenomenon and completely neglecting this without adopting any appropriate strategy. As a consequent, IFIs can lose their customers, and market share as well. (H. Ali et al., 2019).

Bank Negara Malaysia (BNM) in their 2020 Annual Report has acknowledged the increased adoption of e-payment services, where on average, an individual made 170 e-payment as compared to 150 in the previous year. E-Wallet alone has recorded a significant increase in transaction volume to 131% equivalent to 0.6 billion as compared to 0.3 billion in 2019, higher than increase in online banking transaction volume (Bank Negara Malaysia, 2021). The achievement is illustrated in the following diagram:

Diagram 1: Greater adoption of e-payment services



Besides, M. M. Ali, (2019) supported H. Ali (2019) by saying that financial technology is also a powerful tool to widen the outreach of Islamic social finance instruments i.e. such as zakat, wakaf, sadaqah, and qard hasan to their beneficiaries. Therefore, the goodness of such social funding can be enjoyed to a larger number of Muslims in the society, thus fulfilling one of the very objectives of the Shariah, i.e. the protection of property. Therefore, to overcome the problem of transparency, accountability and efficiency, the use of e-Wallet, a fintech technology is seen as one of the most practical ways to address the said issues.

Harmonising zakat and e-wallet

In Malaysia, pursuant to Section 11 of the Financial Services Act 2013 (Financial Services Act 2013, 2013), e-Wallet providers are required to obtain approval from the Bank Negara Malaysia (BNM) as businesses that issue designated payment instruments, as defined in Division 1, Part 1, Schedule 1 of the said Act. According to the most recent data provided by BNM, 54 entities have been granted authorization to issue electronic money. 88 percent (48) of these 54 are non-bank entities, while 11 percent (6) are bank entities (Bank Negara Malaysia, 12 June 2021). From these 54 companies, there are plenty of them that are collaborating with our national zakat managers in zakat administration.

Table 4: List of e-Money Issuers Approved by BNM

NON-BANKS	BANKS
AEON Credit Services (M) Bhd.	AmBank (M) Berhad
Alipay Malaysia Sdn. Bhd. (formerly known as helloPay Malaysia Sdn. Bhd.)	Bank of China (M) Berhad
Axiata Digital eCode Sdn. Bhd.	CIMB Bank Berhad
Bandar Utama City Centre Sdn. Bhd.	Malayan Banking Berhad
Bayo Pay (M) Sdn. Bhd.	MBSB Bank Berhad
BigPay Malaysia Sdn. Bhd.	RHB Bank Berhad
BLoyalty Sdn. Bhd.	
Chevron Malaysia Limited	
DIV Services Sdn. Bhd. (formerly known as ePetrol Services Sdn. Bhd.)	
Fass Payment Solutions Sdn. Bhd.	
Finexus Cards Sdn. Bhd. (formerly known as MAA Cards Sdn. Bhd.)	
Fullrich Malaysia Sdn Bhd	
Gkash Sdn. Bhd.	
Google Payment Malaysia Sdn. Bhd.	
GoNetPay Sdn Bhd (formerly known as GoPay Sdn Bhd)	
GPay Network (M) Sdn. Bhd.	
Instapay Technologies Sdn. Bhd.	
iPay88 (M) Sdn. Bhd.	
I-Serve Payment Gateway Sdn. Bhd.	
JuruQuest Consulting Sdn. Bhd.	
KiplePay Sdn. Bhd. (formerly known as Webonline Dot Com Sdn. Bhd.)	
ManagePay Services Sdn. Bhd.	
Maxis Broadband Sdn. Bhd.	
Merchantrade Asia Sdn. Bhd.	
Mobile Money International Sdn. Bhd.	
MobilityOne Sdn. Bhd.	
MOL AccessPortal Sdn. Bhd.	
MRuncit Commerce Sdn. Bhd.	
MyEG Alternative Payment Services Sdn Bhd	
PayPal Pte. Ltd.	
Petron Fuel International Sdn. Bhd.	
Presto Pay Sdn. Bhd. (formerly known as EPP Solution Sdn. Bhd.)	
qBayar Sdn. Bhd.	
Raffcomm Sdn. Bhd.	
Razer Pay Wallet (M) Sdn. Bhd.	
Serba Dinamik IT Solutions Sdn.Bhd.	
Setel Ventures Sdn. Bhd.	
ShopeePay Malaysia Sdn. Bhd. (formerly known as AirPay Malaysia Sdn. Bhd.)	
SiliconNet Technologies Sdn. Bhd.	
SMJ Teratai Sdn. Bhd.	
Touch 'n Go Sdn. Bhd.	
TNG Digital Sdn. Bhd.	
TNG Digital Remittance Sdn. Bhd. (formerly known as Numoni DFS Sdn. Bhd.)	
U Mobile Services Sdn. Bhd.	
WannaPay Sdn. Bhd. (formerly known as ScanPay Sdn. Bhd.)	
Wavpay Systems Sdn. Bhd.	
WeChat Pay Malaysia Sdn. Bhd.	
XOX Com Sdn. Bhd.	

E-Wallet Provider with Zakat Facilities

There are several major e-wallet providers which also provide zakat payment facilities. Brands like Boost, GOPayz and TouchnGo are the well-known e-wallet providers for Zakat collection. Grab Malaysia under the Grab Benefits program whereas, offeres e-wallet facility of Zakat contribution for Grab drivers who are eligible as Zakat recipients.

BOOST

Boost Pay is a powerful lifestyle e-Wallet that accepts payments at over 213,000 merchant locations throughout Malaysia. Boost is the parent company of an impressive portfolio of global brands. Boost is endorsed by 8.8 million users nationwide, from physical locations such as TeaLive, McDonald's, Caring Pharmacy, and Starbucks

to leading online retailers such as Shopee, Lazada, and others.

The distinguishing feature of Boost is its BoostUP feature, which enables users to earn Boost Coins with every transaction. The coins can then be redeemed for coupons from their catalogues, which include shopping cards, toys, and kitchen appliances. Additionally, the Boost app enables customers to pay bills, reload cell phone credit, and top off game points, and it includes bite-sized insurance coverage not typically available in the insurance industry (myboost.com, 13 June 2021).

For now, Boost is offering in-app feature of zakat payment. Malaysians residing in five states can currently make zakat contributions through Boost: Kedah, Selangor, Wilayah Persekutuan Kuala Lumpur, Wilayah Persekutuan Labuan and Wilayah Persekutuan Putrajaya (ewhallet.com, 13 June 2021).

GoPayz

Customers of GoPayz, U Mobile's universal e-Wallet, can now make zakat payments to Lembaga Zakat Selangor (LZS) via the GoPayz app and website. GoPayz is the first e-Wallet in Malaysia to offer this service, and customers can now conveniently pay their zakat obligations such as Zakat Pendapatan, Zakat Perniagaan, Zakat Simpanan, Zakat Saham, Zakat KWSP, Zakat Emas, Zakat Perak, Qadha Zakat, Zakat Fitrah, and Zakat Harta (lump sum payment) to LZS via the app or web.

Providing zakat fulfilment is consistent with GoPayz's mission to be more than just an e-Wallet, but also a platform that connects customers to accessible digital financial and lifestyle services. The company is delighted to have been appointed as the country's first e-Wallet as a zakat collection agent by Lembaga Zakat Selangor, and honoured to have the opportunity to facilitate their customers' annual zakat obligation in a safe and secure digital ecosystem, anytime and anywhere. GoPayz is committed to expanding its digital services in order to provide its customers with unparalleled convenience and access.

Similarly, GoPayz is offering in-app feature of zakat payment. Customers may choose from one of six zakat collection bodies available on GoPayz at the moment, such as Majlis Agama Islam dan Adat Melayu Perak (MAIPK), Lembaga Zakat Selangor (LZS), Pusat Pungutan Zakat-MAIWP (PPZ-MAIWP), Lembaga Zakat Negeri Kedah (LZNK), Zakat Pulau Pinang (ZPP) and Pusat Kutipan Zakat Pahang (PKZP) (u.com.my, 13 June 2021).

Touch 'n GO

The Touch 'n Go e-Wallet, which is accepted in over 250,000 outlets throughout Malaysia, enables completely cashless transactions. Two financial behemoths own the Touch 'n Go e-Wallet: CIMB Bank and China's Ant Group. It is the undisputed leader in terms of payment convenience in the transportation and parking industries.

The TnG e-wallet is both robust and user-friendly, with features such as in-app RFID PayDirect, which enables users to bypass toll gates, street parking, and mall parking, as well as top-up game credits and pay bills. Apart from payment convenience, the Touch 'n Go e-Wallet supports the #JOMTEKSI payment method, which enables customers to pay for taxi rides easily. TnG GO+, in collaboration with Principal Asset Management Berhad, enables users to invest their e-wallet balance in unit trust funds in order to earn future returns. The best part is that the returns will be automatically credited to the user's e-wallet, allowing them to exponentially compound their earnings growth. The brand saw an increase in new user registrations and spend rate in 2020 as a result of the allocation of the ePenjana RM50 wallet to Touch and Go users (Celcom, 1 June 2021).

In contrast with Boost and Gopayz, Touch 'n Go offers zakat payment to Lembaga Zakat Selangor (LZS) not via in-app feature, but through LZS website, whereby the customers have to select Touch 'n Go as their mode of payment to enjoy this benefit.

Other e-Wallets offering zakat payment mechanism

As we have discussed in the earlier paragraphs, Boost, Gopayz and Touch 'n Go are the major e-Wallets brand that provide zakat payment features. Besides these brands, there are other providers offering or have once offered the same services. For instance, an Islamic financial technology start-up, Tulus Digital, has developed the Tulus app to make zakat, wakaf, and infaq payment services more accessible to Muslim users wherever and whenever they are. Additionally, the app has partnered with Touch 'n Go eWallet and Ikhlas.com to diversify zakat payment options. The company intends to expand its app services in the future to include additional payment methods and Islamic observances (themalaysianreserve.com, 17 June 2021). Meanwhile, the Selangor Zakat Board (LZS) on 13 December 2020 has appointed e-commerce platform Shopee, as its zakat collection agent to facilitate the payment of zakat by Muslims in the state. LZS chief executive officer Saipolyazan M Yusop said Muslims in Selangor can now pay property zakat and zakat 'fitrah' or personal tithe, without limit and at any time through the Shopee application from Dec 18 (astroawani.com, 17 June 2021). Besides, the Selangor Zakat Board (LZS) in collaboration with Grab Malaysia under the Grab Benefits program, offers a monthly zakat contribution method for Grab drivers through the Grab Driver application (Lembaga Zakat Selangor, 17 June 2021).

5. Conclusion

Switching to e-Wallets from conventional method of payment in zakat collection nowadays is something which is not so difficult as it is an operational decision to be made, without the need to observe a more lengthy process, say to obtain an edict from the respective Muftis. As previously discussed, there are plenty of states in Malaysia that are using this Fintech to facilitate their zakat collection. It is also permissible in the eyes of Shariah if the e-Wallet service does not violate shariah principles and as long as the goods and services purchased are shariah compliant, such as not purchasing prohibited alcohol through the e-Wallet service. However, two points are raised as a reminder to e-wallet provider companies: the refill bonus promotion and promotions that violate sharia, such as when some e-wallet providers conduct a 'lucky draw' for customers who use their wallets (Mirza, 2021). Besides, as a business that issues designated payment instruments, e-Wallet providers are required to abide by legal requirements of getting approval from Bank Negara Malaysia by virtue of Section 11 of FSA 2013. Thanks to Gopayz that has pioneered the move and becoming the first to facilitate zakat payment to zakat managers in Selangor via their platform since December 2019. This move has certainly helped to address the issue of trust, confidence and transparency in zakat administration.

On the other hand, optimizing e-Wallets is no longer a luxury, but a critical component of the "new normal". Apart from serving the unbanked/underserved groups, it may even help flatten the curve of the pandemic and assist small and medium-sized businesses in conducting business during the movement control order (MCO). Additionally, e-Wallet is another alternative to Muslims in discharging their religious duty of zakat besides conventional methods. The effort of Universiti Utara Malaysia (UUM) deserves a compliment to be the first in distributing zakat money via e-Wallet. This innovation has indeed opened a new future of contactless zakat distribution which are in the pipeline of Lembaga Zakat Negeri Kedah. It also serves as a two-spear initiative, not only assuring trust, confidence and transparency in zakat administrators, but also on the part of the mustahiq (recipients) of zakat as it can be used to ensure that the zakat funds received are used in accordance with Maqasid Shariah. For instance, it should not be used to purchase cigarettes or other illegal items (Salim, K., Abojeib, M., & Baharom, 2020).

6. Recommendations and Limitation

Current research on e-Wallet optimization in finance should be geared into increasing awareness and a better understanding of the importance of e-Wallet among the policy makers. Therefore, another possible area of future research would be to investigate the intention of relevant authorities especially the State Religious Council in extending the same method in other ibadah and muamalah i.e. korban, aqiqah, haji, umrah, khairat, and takaful. It is also worth researching on the inclination of the rest 54 e-money issuers to consider joining the boat of success of e-Wallet and Zakat collaboration in order to provide more windows for Muslims in discharging their religious obligation.

The current research data was only gathered from primary sources such as government documents, industrial reports, professional writings and social medias and the writer's observation of the current scenario of collaboration between Zakat institutions and e-Wallet providers and were analysed using content and descriptive analysis. Considering the limitation of the current techniques, conducting multiple interviews with the experts could offer a better understanding of the topic and could explore the latest trends especially in gathering real data pertaining to the current responses of users paying zakat via e-Wallet.

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