

## What Do We Know About Investment of Zakat Fund? A Systematic Literature Review

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### ABSTRACT

*Various works of literature have been written about zakat, as one of the most powerful Islamic Economics instruments, in the light of sustainable development. From an economic point of view, investment denotes activities involving capital expenditure that give up current expenditure for possible returns in the future. Investment in zakat fund is done with the purpose to increase the future probable income of the asnaf, contrary to the consumptive way of zakat distribution. There are lots of discourses that criticized the consumptive and conventional modes of distribution of zakat. However, studies on the potential of income generation from the investment of zakat funds, to ensure the sustainability and productivity of zakat distribution are still very limited. Hence, this study aims to systematically review the academic discourse around the investment of zakat funds, to identify the themes and sub-categories of previous studies. This is done to identify the research gaps that exist and to suggest the areas that are of much potential to be explored with regards to investment of zakat fund but require further study.*

**Keywords:** *Zakat Investment, Productive Zakat, Zakat Management, Zakat Surplus, Maqasid Syariah.*

### INTRODUCTION

Zakat is one of the Islamic Economic instruments from the divine guidance of The Creator of mankind Himself, Allah SWT. Hence, it has the undoubtful potential to solve economic issues and to direct human beings towards a better way of life. However, the focus of this study is to explore whether the investment of zakat funds, can become a solution, to the effective zakat vs. consumptive zakat discourse. Although Allah SWT. has sent down the Quran as 'bayan' or explanation to all things, as He described in Surah An-Nahl Verse 89, Allah also created human beings as 'Khalifah', or the successor to think of the best way to manage and maneuver the resources on this earth, based on His guidance.

*'Consider, O Prophet, the Day We will call against every faith community a witness of their own. And We will call you to be a witness against these people of yours. We have revealed to you the Book as*

*an explanation of all things, a guide, mercy, and good news for those who fully submit.'* (Surah An-Nahl: Verse 89). *'And (remember) as your Lord said to the Angels, "Surely I am making in the earth a successor." They said, "Will You make therein one who will corrupt in it and shed blood (Literally: blood) while we (are the ones who) extol (with) Your praise and call You Holy? Literally: hallow for you)" He said, "Surely I know whatever you do not know.'* (Al-Baqarah: Verse 30).

In most of the Muslim-majority countries in the world except a few several, a large portion of the zakat distribution is still consumptive in nature. Consumptive zakat is the zakat distribution directly targeted to those in need of necessities, such as food, clean water, clothing, and shelter. It is usually in the form of immediate assistance, such as lump sum or monthly monetary assistance. In contrast, effective zakat is the zakat distribution, targeted to create a long-term impact, as it is

distributed in the form of business capital, machinery equipment, and business assistance based on the beneficiaries' needs (Mawardi and Widiastuti, 2022). The keyword here is that effective zakat may not grant an immediate benefit to the zakat recipient, but it is hoped to grant a more sustainable and long-lasting impact on the asnaf's financial stability. Carefully strategized efforts are made so that the mustahiq (beneficiaries of zakat) can become self-sufficient and can be transformed from mustahiq to muzaki (zakat payer) (Kashif et al., 2018).

Some of the weaknesses of consumptive zakat are that it might have fewer macroeconomic impacts, such as a decrease in the unemployment level or an increase in economic growth or national income (GDP). This is because, the zakat fund distributed is only a one-off, or only targeted at settling monthly living expenses, whereby no actual product is produced. Furthermore, there will be a lack of a 'muzaki mindset' among the mustahiq because the zakat recipients are bound to feel comfortable by just receiving zakat, and not thinking about how to contribute and gain Allah's reward by becoming zakat payers. This is contrary to the spirit of Islam that encourages its believers to aim to become muzaki, and not just mustahik. Other than that, the microeconomic stability of Muslim individuals and

household income sustainability is also not safeguarded in the long run.

Investment, on the other hand, refers to any action that adds to tomorrow's probable income. From an economic point of view, investment denotes activities involving capital expenditure that give up current expenditure for possible returns in the future (Gafoordeen, Nayeem & Aslam, 2016). The yield may be in substantial goods, such as production outputs and profits, or intangibles such as education (Psacharopoulos and Woodhall, 1993) development and health, etc. Among Islamic jurists, investment (*istithmar*) refers to an act to acquire income and profit or to develop wealth and enhanced it.

There are lots of discourses that criticized the consumptive distribution of zakat. However, studies on the potential of income generation from the investment of zakat funds, to ensure the sustainability and productivity of zakat distribution are still very limited. Hence, this study aims to systematically review the academic discourse around the investment of zakat funds, to identify the themes and sub-categories of previous studies. This is done to identify the research gaps that exist and to suggest the areas that are of much potential to be explored with regards to investment of zakat fund but require further study.

## LITERATURE REVIEW

### *Islam and Zakat*

Islam is a religion that so perfectly covers all dimensions of human life, not only the vertical dimension, namely the relationship between man and The Creator (*hablum minallah*), but also the horizontal dimension, that is the relationship between man and fellow human beings (*hablum minannas*). In this case, social relations included in the economic dimension do not go unnoticed by the guidance of Allah through Al-Quran and Islam. Hence,

experts in Islamic economics call Islam a *way of life*.

The word zakat has been mentioned in the Qur'an 32 times, and 28 times it is mentioned in conjunction with the word prayer (Rosyida, Syamsuri and Arif, 2019). This shows that prayer and zakat are equally important and have a very close functional relationship. If prayer is a manifestation of vertical piety, then zakat is an effective instrument for enforcing horizontal piety. Zakat is the only pillar of Islam that is directly oriented towards the economic empowerment of the people.

Zakat funds can function as a source of poverty buffer funds because the group entitled to receive them is the *du'afa* who have been legally formally determined through the provisions of Shari'a as said by Allah SWT in Surah At-Taubah: Verse 60, 'Verily the zakats, are only for the wicked, the poor, the administrators of zakat, the *mu'allaf* who are persuaded in their hearts, to (set free) slaves, those who are in debt, for the way of Allah and for those who are on the way, as a decree required by Allah, and Allah is all-knowing again All-wise.'

Besides, Dr. Yusuf Qardhawi said that zakat is not just a timely aid to the poor to alleviate their suffering but aims to overcome poverty and strive for the poor to improve their own lives, based on the spending goals affirmed by the Qur'an and Sunnah (Amru, 2020).

#### *Zakat and Maqasid Syariah*

Zakat has worship, social, and economic dimensions. It is attached to its managing institution, then in its operation, the zakat management institution must be following the *sharia instructions* contained in the Qur'an and Sunnah. Zakat Management Institutions must have goals under the objectives of Islamic law, namely to realize Sharia Maqasid where Maqasid Syariah is a good goal to be achieved by Islamic law and includes the wisdom behind the law, for example improving social welfare as one of the pearls of wisdom behind zakat (Syamsu, Ipendang, and Nur, 2021).

For some theorists of Islamic law, Maqasid is an alternative statement for *masalih* or benefit. Abu Hamid al-Gazali, a figure who gives privileges to benefits, defines benefit as what fulfils the purpose of the maker of sharia, namely Allah Almighty. Then, according to al-Syathibi, indeed the *sharia* aims to realize the benefit of man in the world and the hereafter. Or the laws are intended for the benefit of the servant (Abd Rahman and Ahmad, 2010). The traditional classification divides Maqasid into three levels of inevitability,

namely *Daruriat* or inevitability, *Hajiat* or necessity, and *Tahsiniat* or completeness. The *Daruriat* level is divided into 5 parts, namely religious protection (*hifz al-din*), Therefore, the concept of economic development in Islam must also place the fulfilment of basic needs as the top priority to maintain the five basic *maslahat*, namely the maintenance of religion, soul, reason, offspring, and property (Bhari et, al., 2019). Every individual has the right to meet his basic needs, maintain a living existence and carry out his main role as a caliph on earth. Maqasid Sharia is one of the ways to understand Islamic law in a flexible and not rigid manner so Islamic law is not only limited to reading texts but needs to be understood through the intentions and spirit that exist in every law.

#### *Productive Zakat and Zakat Management*

The utilisation of zakat is not only limited to activities that are consumptive but should also be used for productive and empowerment activities, such as alleviating poverty and unemployment by providing productive zakat to those who need it as business capital. In the end, the management of zakat funds will lead to improving the welfare of the *mustahiq*, especially for the poor so that they will no longer be zakat recipients but will become zakat payers (Syamsu, Pandang dan Nur, 2021). Productive zakat is a zakat distribution model that can make *mustahiq* produce something continuously, with zakat treasures that have been received. Productive zakat is a zakat treasure given to *mustahiq* not spent or consumed but developed and used to help their business so that with this effort *mustahiq* can meet the needs of life continuously (Toriquddin, 2015).

To achieve productivity, it is necessary to have zakat management. Management comes from the word manage which means to control or organize. Meanwhile, management trends mean the process of carrying out certain activities by mobilizing the energy of others, or it can

also be interpreted as the process of providing supervision on all matters involved in the implementation of wisdom and the achievement of goals. So, management concerns with the process of an activity. In relation to zakat, the process includes the socialization of productive zakat, the collection of zakat, the distribution and utilization, and supervision. Thus, productive zakat management is the process and organization of socialization, collection, distribution, and supervision in the implementation of zakat (Fahlefi, Hasan, and Alimin, 2019). Therefore, four management functions are needed which include planning, organizing, actuating, and controlling.

Zakat given to *mustahiq* will act as a support for improving their economy if consumed in productive activities. The utilization of productive zakat has the concept of careful planning and implementation such as examining the causes of poverty, absence of working capital, and lack of employment, with these problems it is necessary to have planning that can develop productive zakat. Zakat development is productive by making zakat funds as business capital, for the economic empowerment of its recipients, and so that the poor can run or finance their lives consistently. With the zakat fund, the poor will get a steady income, increase their business, develop a business and they can set aside their income to save (Anwar, 2018).

### *Zakat Investment*

Investment involves investing or placing assets, either in the form of physical assets or funds in something that is expected to provide compensation or will increase its value in the future. Therefore, for the zakat fund to function effectively, some academic scholars propose that the zakat fund be invested so that it can be used to make a productive business where the results will return to the people (Ahmad and Marhaini, 2012).

*Investment* in Arabic is known by the term *al-Istitsmar*, which etymologically come from the word *tsamar*, which means fruits. Hence, the phrase '*wa Tsamaruhu*' means he developed and multiplied it. *Istitsmar* in terminology means addition in capital of various forms, meaning additional capital either permanent or capital of a revolving nature. *Istitsmar* in Islamic law is directed to the development of property on the condition that it maintains sharia laws in its development. For this reason, *istitsmar* is to invest property and develop it through any production, whether in trade, agriculture, industry, or other economic activities. This means that *istitsmar* according to Islamic economics is a positive humane activity taken from Islamic law to realize and support the goals of Islamic economic rule through priorities that reflect Muslims. This can be realized by utilizing property to generate profits and developing community property with conditions that can realize the safety of individuals and groups.

The idea of zakat investment was initiated by the belief that providing the poor and needy with a monetary amount of zakat that is mostly used to pay for their monthly expenditure is not enough to undertake poverty. Muslim intellectuals suggested a long-term solution, involving the investment of zakat that not only complement the poor with a stream of income that is more consistent and continuous but also provide a source of income to fund productive *asnaf* economic development projects (Gafoordeen, Nayeem, and Aslam, 2016). The ultimate objective of zakat is to liberate the poor recipients from everlasting dependence on it. Thus, for the poor who are still capable of working, intellectuals suggest that they are not only provided with money to cover their basic needs but also suitable market incentives, physical infrastructure, and institutions that make it possible for them to participate in the labour market and earn their income (Shah, 2013). The prophet SAW. also suggested the same, based on

the hadith narrated from Anas ibn Malik RA.,

*"A man from among the Ansar came to the Prophet (saw) and begged from him. He said, "Do you have anything in your house?" He said: "Yes, a blanket, part of which we cover ourselves with and the part we spread beneath us, and a bowl from which we drink water." He said: "Give them to me." So he brought them to him, and the Messenger of Allah (saw) took them in his hand and said, "Who will buy these two things?" A man said: "I will buy them for one Dirham." He said: "Who will offer more than a Dirham?" two or three times. A man said: "I will buy them for two Dirhams." So he gave them to him and took the two Dirham, which he gave to the Ansari and said: "Buy food with one of them and give it to your family, and buy an axe with the other and bring it to me." So he did that, and the Messenger of Allah (saw) took it and fixed a handle to it, and said: "Go and gather firewood, and I do not want to see you for fifteen days." So he went and*

*gathered firewood and sold it, then he came back, and he had earned ten Dirham. (The Prophet (saw) said: "Buy food with some of it and clothes with some." Then he said: "This is better for you than coming with begging (appearing) as a spot on your face on the Day of Resurrection. Begging is only appropriate for one who is extremely poor or who is in severe debt, or one who must pay painful blood money." (Hadith No: 2198, Sunan Ibnu Majah).*

Furthermore, Dr. Yusuf Al-Qaradawi also stated that to empower the poor, it is permissible for zakat institutions to develop zakat funds if zakat collection is abundant. This is done either by setting up factories or industries, buying agricultural land, constructing buildings as trading places, and other businesses that aim to increase sources of income to be owned by the poor so that they have a steady income. Their property rights cannot be transferred to other people, such as selling part of the business, then the status is like waqf assets entitled to receive zakat (Alim, 2015).

## METHODOLOGY

*Systematic Literature Review (SLR), PRISMA (2020)*

- *Journal Identification*

This research used the Systematic Literature Review (SLR) method concerning zakat investment. SLR is a review method that aims to identify, assess, and interpret the result of relevant studies comprehensively to answer the research question (Petticrew & Roberts, 2006). According to the PRISMA guidelines

(2020), the first step in a systematic literature review includes the article identification process. This study utilizes two of the most renowned academic databases, which are Web of Science (WoS) and the Scopus database to identify peer-reviewed articles that revolve around the investment of the zakat fund.

The keywords included in this systematic study have been carefully selected to obtain precise information about the theme being studied. This search string utilised is as follows

Database	'Search String' (Title, Abstract, Keywords)
Scopus (n=45)	(Zakat) AND (Investment)
Web of Science (n=30)	(Zakat) AND (Investment)

- *Screening*

The 75 articles that have been identified are then filtered with headers, abstracts, and keywords to choose articles that are only

related to discourse on investment of zakat fund. In this screening process, 50 articles were excluded because they were unrelated to the purpose of this study. After the

screening process, the 25 articles remaining are also filtered by inclusion criteria and

exclusion criteria, as shown in the table below:

Criterion	Inclusion Criteria	Exclusion Criteria
Year Published	Articles published in year 2013-2022.	Articles published not in the year 2013-2022.
Type of Literature	Peer-reviewed articles from academic journals only	Conference proceeding, book chapters and reports.
Language	English	Language other than English
Subject Area	Discourse related to zakat of investment fund	Other discourse not related to zakat on investment fund

- *Selection*

After going through the screening process, 3 articles from WoS and 6 articles from Scopus that are relevant and related to

discourse on the investment of the zakat funds have been selected for purpose of the study (n=9). The details of the articles are as follows:

Title	Author	Year Published	Methodology	Suggestion
1. Fatwas on Zakat in Malaysia – Trends and Issues	Wan Marhaini Wan Ahmad	2021	Library Based Research	Not mentioned
2. Corporate Social Responsibility, Waqf System and Zakat System As Faith-Based Model (FBM) For Poverty Reduction	Lukman Raimi, Ashok Patel and Ismail Adelopo	2014	Qualitative Research and Model Development	Carry out an empirical investigation on the viability of the fbm. this could include the governance structure, operational modalities and regulatory frameworks that would enhance the functioning of FBM.
3. The Missing Link in Zakat Management: A Systematic Literature Review and Bibliometric Analysis	Norfaiezah Sawandi and Norazita Marina Abdul Aziz	2021	A mixture of Systematic Literature Review and Bibliometric Analysis	Future research should explore on understanding the application of zakat management, including zakat investment for earning high return based on Shariah Investments Compliance.
4. Building Organisational	Khatib Mjaka	2020	Qualitative In-Depth	Quantitative research is required to test and

Social Capital through Investment in Corporate Social Responsibility to Stimulate the Effectiveness of Zakat Activities in Zanzibar	Mkuua, Mohd Effandi Bin Yusoffb,		Interview, and Thematic Analysis	measure items revealed from this study's findings.
5. Investment of Zakat Fund in Malaysia	Doktoralina et al.	2018	Case Study; Interview of Lembaga Zakat Pulau Pinang (ZPP) Employees.	Not mentioned
6. Zakat Investment in Syariah	Gafoordeen, Nayeem and Aslam	2016	Library Based Research	To explore how state zakat institutions play the most important role in managing zakat investment.
7. An Integrated Islamic Poverty Alleviation Model	Ashraf and Hassan	2013	To Outline the Novel Idea of Integrated Islamic Microfinance Institution.	Not mentioned
8. Zakat as a Social Safety Net: Assessing its Perception in a Less-Developed Rural District in Pakistan	Ahmad et al.	2017	Descriptive Statistics of Semi-Structured Interview	To explored how to better adjust the delivery of this benefit so those in the most need receive it.
9. <i>Tamlik</i> -proper to Quasi- <i>tamlik</i> : Unconditional Cash Transfer (UCT) of Zakat Money, Empowering the Poor and Contemporary Modes of Distributing Zakat Money with Special Reference to British Muslim Charities	Shahrul Hussain	2021	Interview Conducted & Supplementary Data from British Muslim Charities Was Gathered	Not mentioned

## FINDINGS AND DISCUSSIONS

### *Themes of Discourse on Investment of Zakat Fund*

- *Types of Zakat Investment*

When we talk about investment, it is not limited to tangible or monetary amounts only. A study has outlined that investment in zakat funds can be divided into three categories, which are a financial investment, real capital investment, and social capital investment (Gafoordeen, Nayeem, and Aslam, 2016). Investment concerning written contracts that carry legal rights and responsibility of investors is called financial investment. Examples of these are investments in financial assets such as stocks, bonds, bank deposits, or mutual funds. Investment involving physical assets such as gold, machinery, land, or factories is known as a real investment. There is also investment involving human beings to increase their capacity employing education, training, and healthcare, which is known as human capital investment. Almost all of the articles reviewed are in consensus regarding this.

- *Different Opinions of Syariah Jurists on Its Permissibility*

However, a difference in opinion lies among the Syariah scholars about the permissibility or ruling of investing in the zakat fund. According to a study done by Doktoralina et, al. (2018), one of the arguments of contemporary Syariah experts against investment in zakat funds is that the existence of administrative costs can cause the reduction of zakat money. The logic behind this is that any investment would need a financial advisor to carefully monitor and analyse the market for the gain on investment to become substantial. The cost of hiring a financial advisor cannot be paid by using the zakat fund.

Other than that, zakat fund investment can lead to a delay in the payment of zakat funds to an *asnaf* in need, while the majority of Syariah scholars agreed that zakat funds should be paid immediately to the *asnaf*. Moreover, some of the Syariah jurists argued that zakat fund investment will be exposed to risk, which can be a potential loss instead of a gain to *asnaf*. This will jeopardize the purpose or *maqasid* of Syariah itself. Lastly, some of these scholars argued that zakat institutions are only holders of the zakat trust. Hence, they may not use the money without consent from the rightful *asnaf* for investment purposes (Ulwan, 1986).

Nevertheless, it is regardless worth noting that there are quite a lot of zakat scholars who have justified the investment of zakat funds, based on the interpretation of the Quranic verse itself. For example, Mustafa (2000) stated that in Surah At-Taubah verse 34, Allah SWT. explains that storing wealth and treasure without utilizing them in the path of Allah SWT. is reprimanded in Islam. Similarly, the accumulation of zakat surplus without investing them in the path of Allah nor to give a more sustainable benefit in the future falls under the same repercussion.

In Malaysia, as early as 1994, The Fatwa Committee of The State of Selangor issued a Syariah ruling allowing capital investment to benefit the poor and destitute. The fatwa clearly outlined that capital assistance could be given either in the form of money, business venues, and training (Wan Hassan, 2009). The Fatwa Committee of The State of Terengganu on the other hand ruled in 1997, that zakat fund can be invested in establishing manufacturing factories and providing working tools for the poor and destitute if the facilities can enable them to earn an income (Mohd Kamal, 2009).

With regards to the investment of zakat surplus, the *Jawatan Kuasa Perundangan*

*Hukum Syarak Wilayah Persekutuan* in December 1995 had given consent to Baitulmal of MAIWP to invest the excess of the fund, after the distribution of zakat in the most liquid asset possible (Kuala Lumpur: Jabatan Perdana Menteri, 2002). In the state of Terengganu, the fatwa on zakat surplus issued in 2007 specifically mentioned that excess zakat collection can be invested in any investment project, as long as it benefits the *asnaf* (Mohd Kamal, 2009). Overall, it can be concluded that investment in zakat is generally approved by the Majlis Agama Islam Negeri (MAIN), as reflected by the states' administration of Islamic law enactments and the fatwas.

It was proven that Muslim scholars have suggested zakat investment for long-term benefits of the *asnaf*, both economically and socially. Investment in zakat was also the ideal mechanism to ensure that undistributed zakat did not remain idle and corroded by inflation. Furthermore, through investment, the undistributed zakat could be increased in value and utilized to benefit the recipients of zakat.

- *Zakat Investment as Part of the Integrated model of Islamic Social Finance*

There was also a research effort dedicated to developing a theoretical Faith-Based Model (FBM) which integrates Corporate Social Responsibility (CSR), Waqf, and Zakat utilization for poverty reduction, enterprise development, and economic empowerment in Muslim Majority Nations (MMN). This study investigated the process of how zakat managing organizations utilize CSR investment as their strategic way to enhance the social capital of their organizations. This is done by content analysis, specifically by looking at the philosophy of CSR vis-a-vis the Islamic concepts of Waqf and Zakat. In the end, the paper justified the plausibility of an FBM as a corporate social investment, which can be deployed in several ways ranging from training, micro-credit support,

apprenticeships, and welfare service support to the economically disadvantaged group (Raimi, Patel, and Adelopo, 2014). Other than that, this study also talks about investment in light of social capital investment and no monetary investment. The findings revealed that the provision of public education and services, together with social commitment and positive behaviours are useful ways to stimulate the social capital of zakat organizations, although quantitative research is still required to test and measure items revealed from this study's findings.

Nevertheless, this FBM model still lacks a practical explanation in terms of how integration between institutions might occur in real life. Furthermore, it doesn't answer the question of what will motivate private corporate institutions to work together with Islamic Religious Councils to apply zakat, waqf, and CSR. Hence, further study needs to be done to carry out an empirical investigation on the viability or otherwise of FBM. This may include the development of governance structure, operational modalities, and regulatory frameworks that would enhance the functioning of the FBM.

Another proposed model of integrated Islamic social finance institutions was outlined by Ashraf and Hassan (2013). In this model, the author combined Islamic microfinance with zakat and waqf in an institutional setup. The idea was developed due to the observed weaknesses of conventional microfinance with its high fixed interest rates, high default risk rate, low success rate, and credit diversion problem. According to Ashraf and Hassan (2013), these basic challenges of conventional microfinance can be resolved when an Islamic microfinance institution (IMFI) is designed in an integrated manner.

The IMFIs may disburse the zakat fund first, to fulfil basic consumption needs for the hard-core poor group of *asnaf*. Later, the zakat fund may also be used to provide capital investment or business initiation funds. On the other hand, from the waqf

fund, both capital and working capital investments can be made. In the initial phase, the institution may engage waqf funding only for working capital investment, using the *Murabaha* mode of financing for operational simplicity, as this will also ensure that short-term credit is utilized properly. Afterward, the IMFI can engage in the *Mudaraba* investment mode, after building its working capacity. In addition to investment in microcredit, the IMFI can also partake in diversified investments, such as investment in Islamic bonds. Earnings from such non-operational and diversified activities will provide a more sustainable and secured cushion for the *asnaf*, in the event of profit fluctuation resulting from uncertainties.

- *Zakat Investment as a Subset of Zakat Management*

On the other hand, a study done by Sawandi and Abdul Aziz (2021) looks at the investment of zakat funds as a subset of the wider literature on zakat management. This literature supports our current study since the author suggested that further study needs to be done to explore more on the zakat investment realm. The authors stated that the discussion on the zakat returns relates to zakat performance, which is the priority in the zakat management discourse. Stakeholders such as the zakat payers, the top-level managers of zakat institutions, and the state religious authorities are concerned about the return on zakat investment so that the wealth can be distributed back to the *asnaf* (Razak, 2020). Hence, this is an important research area to be undertaken and to be focused on for the benefit of a more sustainable ummah. The researchers also highlighted that the key research gaps in zakat management discourse are on the distribution of zakat money and zakat investment for the high return based on shariah-compliant investments

- *Asnaf's Perception of Benefits of Zakat Investment*

Moreover, a study was done by Ahmad et al. (2017) in Pakistan, to assess the *asnaf* perception of service satisfaction with the zakat distribution programme, and the effect it can have on the recipients' social and financial status. 60% of the collected funds are distributed through the neighbourhood's zakat advisory group, and 40% of the zakat collected are distributed in form of social capital investments (e.g., health centres, schools, vocational training institutes and so on). From the 192 structured interview responses analysed, the majority of them viewed the program as favourable. Three areas were assessed, which are the: service application process, helpfulness of the service, and program satisfaction and life improvement.

When looking specifically at whether overall family income increased after receiving the zakat the results were mixed. Some of the participants strongly agreed or agreed (43.8%) that the program was effective in increasing their general income. Whereas, a slightly larger majority (53.1%) of the respondents, did not feel the program benefitted them financially. Furthermore, although the respondents did not overwhelmingly feel the program increased their income, they also did not see it as directly contributing to enhancing their standard of living with the majority of the respondents (60%) ranking this aspect as strongly dissatisfied or dissatisfied.

Hence, in the future, it might be worth exploring how to better adjust the delivery of the zakat benefit so that those in the most need will receive it. Future research should also directly examine the challenges when zakat is incorporated into a formal part of the service delivery. Besides, a mechanism is needed to countercheck and monitor the eligibility guidelines set by the regular Zakat personnel. Eligibility criteria must be clear. This standardized process can help to address any political concerns and influences that the community may perceive as interfering with fair distribution. Future efforts toward zakat distribution improvement can be calculated

and adjusted based on the number of members in the family that are dependent on this assistance, as opposed to simply being allocated a fixed benefit amount. Lastly, more research is needed to examine, how this negative perception may deter those that are truly in need of the service from applying.

- *The Proponent of Cash Zakat Distribution*

Lastly, a study done by Shahrul Hussain (2021) based on the interview conducted & supplementary data gathered from British Muslim charities highlights the view that zakat authorities need to rethink this policy and revisit their role which is to distribute the money, and not convert it into foodstuff and other provisions unnecessarily. The author stated that it is unethical to convert cash into foodstuff or other items without any need or consent from the deserving zakat recipients. Zakat money belongs to the *asnaf*, and they can spend it where they see fit. Moreover, the researcher highlighted that there are several issues with the argument that zakat money can be used in financing development projects and trade ventures since it contradicts the principle of *tamlik*, whereby the *asnaf* should take physical possession of the zakat money. Plus, the zakat fund cannot be used for building socio-economic structure for the public, because zakat does not belong to public revenue in the state budget. It also contradicts the Syariah jurists' opinion whereby the distribution of zakat must be prompt and that objective of zakat is to alleviate the immediate need, hence no funds are supposed to be reserved.

Other than that, it was also proven that there is a substantial benefit in a cash distribution of zakat to the poor, rather than the cash-in-kind investment. Among the proven benefit include the positive economic effect from the *asnaf* feeling of empowerment, which also

caused poverty alleviation, and improvement to the psychological well-being of the poor.

## DISCUSSION AND CONCLUSION

Overall, it can be seen that the academic discourse on investment in the zakat fund is relatively new since the earliest research polished in Scopus or WoS databases is a novel model development done in 2013. It is also worth noting that, the lack of study done in this area is most probably not due to its permissibility issue, since many Islamic scholars have given the view early as 1994 in Malaysia, that investment in zakat fund is encouraged, due to its long-term benefit for the *asnaf*. It is also noticeable that during the period that extends from the Asian Financial Crisis in 1997 to the Global Financial Crisis in 2008, research on the potential of zakat investment has not taken place. It is quite a loss that, investment in the zakat fund has not been given much attention in the period of economic downturn while it may be the preventive measure needed that can act as a cushion to safeguard the interest of the *asnaf* in times of economic uncertainty. Just like any other investment, diversification can be done in the types of zakat investment portfolios and hence minimised the overall risk.

Other than that, countries participating in research in this area are also still very limited, compared to the Muslim Majority Nations with widespread distribution of zakat today. However, it is good to see that among the nine articles reviewed, four of them were done in the context of different countries, which are Great Britain, Malaysia, Pakistan, and Tanzania. However, it is quite a surprise that there was no study found in the context of the Muslim-majority nation, Indonesia. This research gap is noteworthy to be explored by future researchers. Besides, both quantitative and qualitative research has their portion in the studies reviewed,

although mixed-method research might be of useful tool to gain further, in-depth insight into this research area. Conclusively, further research on zakat investment is worth to be done in the

growingly important light of sustainable development goal (SDG) discourse, which has become the major discussion in the Islamic economic realm.

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