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ZISWAF in Neighboring Countries: History, Characteristics, and Management Problems in Malaysia and Singapore

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Abstract. *This study examines the history, characteristics, and challenges of Zakat, Infaq, Sedekah, and Waqf (ZISWAF) management in Malaysia and Singapore, two distinct models of Islamic social fund management in Southeast Asia. The primary objective of this study is to understand how the social, political, and legal systems in both countries influence the effectiveness and efficiency of ZISWAF management. This study employed a library research method with a qualitative descriptive approach through analysis of scientific literature and applicable institutional regulations. The results show that Malaysia implements a decentralized system involving the State Islamic Religious Council (MAIN) in each state, which autonomously manages zakat and waqf. This model allows for local flexibility but faces challenges such as regulatory differences, interregional coordination, and variations in the effectiveness of fund distribution. In contrast, Singapore adopts a centralized system under the Majlis Ugama Islam Singapura (MUIS), which operates under the Administration of Muslim Law Act (AMLA). This system stands out for its professionalism, transparency, and digitalization, despite facing the constraint of a limited number of beneficiaries due to high socio-economic conditions. Both countries have demonstrated progress in modernizing ZISWAF management through the implementation of corporate governance and the use of digital technology. In conclusion, Malaysia excels in institutional innovation and the diversity of regional approaches, while Singapore serves as a model for efficient, transparent, and adaptive ZISWAF governance to modern economic developments. This study contributes to strengthening sustainable ZISWAF management models at the regional and global levels.*

Keywords: Ziswaf, Malaysia, Singapore, ziswaf management, Islamic Governance.

1. Introduction

Islam is the most perfect and comprehensive religion, governing all aspects of human life on earth. This perspective addresses not only matters of worship but also encompasses muamalah (social activities) that focus on social activities and the welfare of the community. Throughout human life, Islam is guided by the Qur'an and the Sunnah, which serve as the primary standards of life. Islam is the most sublime system of life, where no other system can fully meet human needs. One important aspect of Islam related to human life is the economic sector. The Islamic economic system encompasses instruments such as zakat, infaq, sadaqah, and waqf (Purwaningsih, S., & Susilowati, D. 2020).

Malaysia is a predominantly Malay-Muslim country. Since independence and for decades afterward, the country has demonstrated a strong connection between Islam and Malayness. This is even emphasized in Article 160(b) of the Federal Constitution, which states that a person is categorized as Malay if he or she embraces Islam, uses the Malay language in daily life, and adheres to Malay customs (who professes the Muslim religion, habitually speaks the Malay language, and conforms to Malay customs) (Nurhasanah, 2012).

The development of zakat (alms and waqf) has occurred not only in Muslim-majority countries but also in countries that adhere to secular systems. Secularism itself refers to a state in which the state maintains a neutral stance on religious matters, taking no sides with either adherents of a particular religion or those without. A secular state is also defined as one that limits religious involvement in government affairs and prevents religious domination of political and economic power. Despite this secular system, Islam continues to grow and attract the attention of many people. In Southeast Asia, one secular country demonstrating the development of Islam and the practice of zakat and waqf is Singapore.

The novelty of this research lies in the absence of previous studies specifically addressing zakat (ZISWAF) management in Malaysia and Singapore. Therefore, this research is interesting to explore to enrich the literature on zakat, infaq, sedekah, and waqf management in Southeast Asia. The primary focus of this research is to identify the history, characteristics, and challenges of zakat (ZISWAF) management in Malaysia and Singapore. The purpose of this research is to comprehensively analyze the ZISWAF management systems in these two neighboring countries and to understand how ZISWAF management practices are implemented within the social and policy contexts of each country.

2. Methods

This type of research is qualitative research. This study aims to provide readers with a comprehensive and contextual understanding of the research problem. This research was conducted by examining the object as a whole and contextually, namely the management of ziswaf (Islamic charity) in supporting economic development and community welfare in the two neighboring countries. The researcher used secondary data, namely data obtained from existing library research. The materials used included books, previous research in the form of journals, articles, websites, and other media that supported the research. In addition, to strengthen the analysis, the researcher used references in the form of existing laws and articles. The data analysis technique used in the analysis and synthesis process, which includes sources or literature. The data analysis used was qualitative with an inductive nature, namely analyzing based on the data that has been obtained, then developing and drawing conclusions to form a theory.

3. Results and Discussion

3.1. History, Characteristics, and Problems of Ziswaf Management in Malaysia

Malaysia is a country located in Southeast Asia, encompassing the southern part of the Malay Peninsula and the northern part of the island of Borneo. Since 1957, Malaysia has been a sovereign, self-governing state, geographically divided into two main regions: the Malay Peninsula and the Borneo region, which includes Sabah and Sarawak. The capital is Kuala Lumpur, while administratively Malaysia consists of 13 states, 11 on the Malay Peninsula and 2 on the island of Borneo, namely Sabah and Sarawak (Azka, A. 2023). In each state, the management of Islamic affairs, including zakat and waqf, is under the authority of the respective Islamic Religious Council, which has official authority from the government.

Before the colonial era, zakat in Malaysia was still practiced traditionally and lacked clear policies or regulations. At that time, zakat was not yet managed in a structured manner under royal or government authority. Zakat was implemented simply, with villagers paying their zakat to religious teachers, who then distributed it to those entitled to it (ashnaf). In this context, religious teachers served as zakat collectors because they were considered to have sufficient knowledge of zakat regulations, such as the haul (haul), nisab (minimum threshold), and the amount of zakat that must be paid (Nurhasanah. 2012).

During the British colonial era, colonial intervention in Malaysia sparked fierce resistance from Malay groups who rejected the implementation of British colonial laws. This situation prompted the colonial authorities to adapt their governance system. The British then successfully integrated pre-colonial local rulers by recruiting them as mid-level officials within the colonial administrative structure, while the highest positions remained held by British officials. The Sultans still had limited influence on public policy, as the colonial authorities remained concerned about their status and legitimacy. This created the impression that the British colonial government continued to consult with the Sultans on government matters.

The British colonial government divided policy in the Malay States into two categories. Policies related to Islamic affairs and Malay customs were delegated to the Council of Religion and Malay Custom (CRMC). Meanwhile, other policies covering general legislation, finance, and education were under the direct authority and supervision of the British. This division of policy gave the impression that the British colonial government respected the position of Islam and Malay customs, when in fact it was a compromise to offset the loss of sovereignty of local rulers.

After Malaysia achieved independence on August 30 1957, the Malay people succeeded in maintaining a sultanate-shaped government system as a symbol of their sovereignty. With the encouragement of the spirit of Malayism and nationalism, leadership of the country was again in the hands of Tuanku Abdul Rahman. The government then attempted to restore national economic conditions by involving the Malay community in various economic sectors by providing access and convenience facilities. However, this policy has not been able to provide a significant increase in the economic progress of the Malay community, especially in the business sector, for example, the Malay people are still unable to compete with other ethnicities such as the Chinese (Nurhasanah, 2012).

Until the late 1980s, zakat management in Malaysia was still not optimal. However, since the government implemented a comprehensive Islamization policy, attention to zakat management has increased (Kaslam, S., & Bahrom, H. 2007). Each state was then given the authority to regulate and manage zakat in accordance with established practices.

In modern times, zakat management is carried out professionally by applying the principles of corporate governance. This concept emphasizes the importance of the role and responsibility of managers in carrying out their zakat management mandate, while also building trust and integrity within the community. Administrators are required to manage zakat with sincerity, responsibility, trustworthiness, and professionalism to achieve organizational goals and optimally meet the community's zakat needs.

In Malaysia, there are two zakat institutions that apply corporate governance principles. First, the Zakat Collection Center (PPZ), which was officially established on December 27, 1990, as a follow-up to the idea for its formation that had emerged in May 1989. The idea for establishing PPZ originated from the Muslim community's concern about the weak management of zakat, which was considered to be stagnant. The performance of previous zakat institutions was considered ineffective due to poorly organized management, thus making it difficult for muzakki (recipients) to pay their zakat. Second, the Selangor Zakat Center (PZS), which was established on February 15, 1994, simultaneously with the registration of Syarikat MAIS Zakat Sdn. Bhd, a wholly owned subsidiary of the Selangor Islamic Religious Council (MAIS), with an initial capital of RM 500,000. This institution began full operations in October 1995 (Nurhasanah, 2012).

In Malaysia, zakat is legally obligatory under statutory regulations. Therefore, anyone who fails to fulfill their zakat obligations may be subject to legal sanctions. This binding regulation makes zakat management in Malaysia more effective, as the stronger the legal basis, the greater its influence on zakat compliance. Initially, zakat management in Malaysia was under the Zakat Collection Center (PPZ) in the Federal Territory since 1991, marking the initial step in privatization in the management of zakat institutions (Firawati, P. A. 2024).

Apart from PPZ and PZH, there are five private zakat institutions in Malaysia, namely: Selangor Zakat Institute (LZS), Zakat Management Center (PUZ) in Pulau Pinang, Zakat Quotation Center (PKZ) in Pahang, Negeri Sembilan Zakat Center (PZNS), Melaka Zakat Center (PZM). Among the seven institutions, only two institutions are given the responsibility to fully manage zakat, such as collecting zakat and distributing it, namely the Selangor Zakat Institution (LZS) and the Zakat Management Center (PUZ) in Pulau Pinang, while the others are only tasked with collecting zakat, while those who distribute it are Baitulmal (zakat units) under their respective State Islamic Religious Councils.

Apart from the seven private zakat institutions operating in Malaysia, there are also seven government zakat institutions which are under the direct management of the State Islamic Religious Council as an official government body in each country. The seven institutions include: (1) Johor State Islamic Religious Council, (2) Perak Islamic Religious and Malay Customary Council, (3) Kedah State Zakat Department, (4) Perlis Islamic Religious and Malay Customary Council, (5) Kelantan Islamic Religious and Malay Customary Council, (6) Terengganu Islamic Religious and Malay Customary Council, and (7) Tabung Baitulmal Sarawak.

Malaysia is an Islamic country with substantial waqf resources spread throughout the country. In Malaysia, waqf assets are used not only for religious purposes but also for educational purposes. Since the 1980s, changes in Malaysian waqf law began. Waqf began to be supervised by experts, namely the State Islamic Religious Council (MAIN). The progress of waqf in Malaysia is reflected in the accompanying realities, including: 1) Malaysia has a very large waqf land, which, if utilized effectively, can have an impact on improving the economy of Muslims in particular and the country as a whole. 2) In addition to land waqf, in Malaysia there are many educational institutions that offer various types of assistance in waqf land.

Malaysia also faces several obstacles in overseeing waqf, including: 1) Legal issues, particularly the inconsistency of waqf laws between countries, which creates contradictions in understanding the methodology for issuing valid fatwas. 2) Most waqf land in the Bandar region is located in less important areas and is difficult to establish. 3) Some waqf land is used less than directed by Islamic law.

However, as public awareness of the importance of waqf increased, various existing problems began to be resolved. Previously handled by the executive branch, waqf management was then transferred to religious experts, particularly under the auspices of the State Islamic Religious Council (MAIN). On March 27, 2004, the Prime Minister of Malaysia officially declared the establishment of the Waqf, Zakat, and Hajj Department (JAWHAR), which aims to ensure that the management of waqf, zakat, and hajj resources throughout Malaysia is more organized, planned, and capable of delivering optimal results.

Some of the main problems in ZISWAF management in Malaysia include: 1) Decentralization and Different Regulations; The federal system causes ZISWAF management authority to be spread across 14 states through MAIN, without a single national law. This creates differences in regulations, mechanisms, and management standards between regions. 2) Transparency and Public Trust; The lack of transparency in financial reports and public audits reduces public trust, coupled with the issue of misuse of funds that encourages some muzakki to distribute zakat directly. 3) Distribution and Database Efficiency; ZISWAF distribution is still uneven and tends to be consumptive. The absence of an integrated recipient database (asnaf) causes overlap and suboptimal distribution. 4) Limited Digitalization and Innovation; The implementation of digitalization in ZISWAF management is uneven due to human resource and infrastructure constraints, even though technology has great potential to increase efficiency and transparency (Rosele, M. I., Muneem, A., Abdul Rahman, N. N. B., & Ali, A. K. 2022).

3.2. Results History, Characteristics, and Problems of Ziswaf Management in Singapore

Throughout its history, particularly in the 19th century, Singapore served as one of the most important centers of Islamic development in Southeast Asia. The development and implementation of Islamic propagation in Singapore are inseparable from the strategic role of the Islamic Ulema Council of Singapore (MUIS), which serves as the highest government institution in handling Islamic religious affairs. This institution, equivalent to the Ministry of Religious Affairs in Indonesia, was officially established on July 1, 1968, with the authority to regulate various aspects of Muslim life, including worship, law, economics, social affairs, education, and culture. The establishment of MUIS is based on the Administration of Muslim Law Act (AMLA) as its legal umbrella (Dewi, K., & Syahfawi. 2025). MUIS is a legal entity under the Ministry of Community Development, Youth and Sports (MCYS).

Another interesting aspect of the development of Islam in Singapore is the application of professionalism in the management of zakat, infaq, sedekah, and waqf (ZISWAF). This professional management approach to optimizing potential and improving the quality of the community is not only evident in the management of educational institutions such as madrasas, mosques, and Islamic non-governmental organizations (NGOs), but is also evident in the structured and efficient governance of ZISWAF (Helmiati, 2013).

ZISWAF fundraising in Singapore can be done in various ways, including cash, internet banking, special checks, or using a zakat debit card that automatically deducts the payment amount from savings. Collection can also be done through zakat outlets located in various mosques across Singapore. Much of the collection process carried out by MUIS utilizes information technology-based services or a digital ZISWAF system. The collected funds are then distributed to those entitled to receive the funds through various schemes, such as integrated empowerment programs, mosque groups, mosque mentoring, and other forms of financial and social assistance.

Zakat management in Singapore is carried out entirely through a corporate system, without direct government intervention, and does not require zakat payment for all citizens. Zakat collection can be done through various methods, such as cash payments, internet banking services, the use of special checks, zakat debit cards, and through zakat outlets available at various mosques in Singapore. Much of the collection process carried out by MUIS has utilized information technology or a digital zakat system. The collected zakat funds are then distributed to those entitled to receive alms through various schemes, such as integrated empowerment programs, mosque group programs, mosque mentoring, and other forms of financial and social assistance (Firawati, P. A. 2024).

Several historic waqf (Islamic endowments) in Singapore date back to the 19th century, established by Yemeni traders who brought with them the tradition of waqf from their homeland. Furthermore, Indian traders and money changers also played a significant role in the establishment of various waqfs in the region. They began with the construction of Masjid Jamae in the 1820s, followed by other mosques and the establishment of several waqfs, including the Waqf Ahna Ally Mohammad Kassim, bringing the total number of waqfs currently recorded to approximately 14 originating from the Indian community. Another example is the Waqf of Hajjah Daeng Tahira binti Daeng Tadaleh, a Bugis philanthropist who donated various assets to support mosques, madrasas, aid for the poor, the sick, and even funeral expenses, all managed by the Islamic Ulema Council of Singapore (MUIS). An interesting fact in the history of waqf in Singapore is that nearly a third of the total waqfs are women, representing 30 of the 99 waqfs. This shows that Muslim women in Singapore have a big role in philanthropic activities (Dewi, K., & Syahfawi. 2025).

ZISWAF management in Singapore is characterized by centralization and is managed by a single official state body, namely the Majlis Ugama Islam Singapura (MUIS). 1) Centralized Structure and Single Authority, 2) Voluntary Ziswaf Management, 3) High Transparency and Professionalism, 4) Focus on Distribution and Assistance Programs. The management problems faced by Singapore are as follows: 1) Distribution Capacity and Mustahik Data, 2) Digitalization and Technological Infrastructure, 3) Mustahik Economic Empowerment, 4) Human Resource Development and Organizational Capacity, 5) Transparency and Accountability.

4. Conclusions

The management of Zakat, Infaq, Sedekah, and Waqf (ZISWAF) in Malaysia and Singapore demonstrates two distinct management models, both oriented toward professionalism and accountability. In Malaysia, the ZISWAF management system is decentralized, with authority delegated to the State Islamic Religious Council (MAIN) in each state. This model allows for local adaptation but creates problems such as regulatory inconsistencies, lack of national coordination, and variations in effectiveness across regions. Nevertheless, Malaysia has successfully developed a zakat management system based on corporate governance and digitalization, which increases transparency and public trust. Waqf is also developing productive waqf models, such as through JCorp, which integrates Islamic business and philanthropic principles.

Meanwhile, in Singapore, ZISWAF management is centralized and fully coordinated under the Majlis Ugama Islam Singapura (MUIS), under the Administration of Muslim Law Act (AMLA). Although zakat payments are voluntary, MUIS's trust in the community is high thanks to its professional governance, transparent digital system, and productive waqf management through institutions like Warees Investments. Singapore's primary challenge is the limited number of beneficiaries due to its high level of prosperity, so management focuses more on optimizing distribution, economic empowerment, and developing waqf assets.

Thus, it can be concluded that both countries exemplify success in modernizing ZISWAF management within their respective social and political contexts. Malaysia excels in institutional innovation and diverse regional approaches, while Singapore excels in system integration and transparency. Both demonstrate that effective ZISWAF management requires a strong legal framework, institutional professionalism, and the use of digital technology to achieve sustainable public welfare.

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