



المؤتمر العالمي الرابع عشر لعلماء
الشريعة في المالية الإسلامية

ISSF2019

14TH INTERNATIONAL SHARI'AH SCHOLARS FORUM

الجلسة الثالثة: عرض للتجارب والنماذج الناجحة من المصارف
الاجتماعية والمؤسسات المالية الاجتماعية

SUCCESSFUL MODELS OF THE EXISTING ISLAMIC SOCIAL
FINANCE: A MALAYSIAN EXPERIENCE OF myWakaf
Initiaves

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SUCCESSFUL MODELS OF THE EXISTING ISLAMIC SOCIAL FINANCE: A MALAYSIAN EXPERIENCE OF myWakaf INITIATIVE

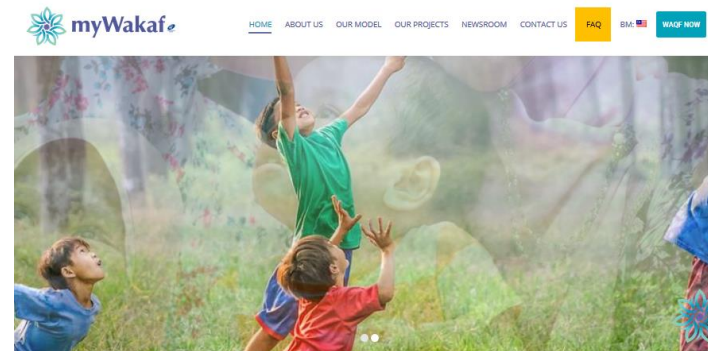
Mohd Nazri Chik

Chairman, myWakaf Working Group

Association of Islamic Banking and Financial Institutions
Malaysia (AIBIM)

About myWakaf

- Waqf in Malaysia is under the purview of State Islamic Religious Council (SIRC). Waqf is an important tool of financial inclusion and economic growth and to maximize its potential, Waqf needs to be managed efficiently and professionally.
- Six Islamic Banks participate in myWakaf i.e. Affin Islamic Bank Berhad, Bank Islam Malaysia Berhad, Bank Muamalat Malaysia Berhad, Bank Rakyat, Maybank Islamic Berhad and RHB Islamic Malaysia Berhad.
- An Strategic Collaboration Agreement was executed between the 6 banks on 6th September 2017. To kick off the initiative, all participating banks contributed RM100,000 each to bear the operation cost.
- myWakaf was launched on 3rd October 2017 during the Kuala Lumpur Islamic Finance Forum (KLIFF 2017)
- myWakaf transactional portal was launched by the Chief Minister of Terengganu on 4th April 2019 during Finance Carnival Terengganu.



myWakaf Campaigns



BOAT WAQF



DANA WAKAF AL-BAIT



HTF HEMODIALYSIS SERVICE

<https://www.mywakaf.com.my/>

Objectives and Rationales of myWakaf

- To synergise SIRC's and Islamic banks capabilities to create dynamic and progressive waqf projects.
- To enhance transparency, accountability and effective regulatory of Waqf fund financial management.
- To maximize the development of waqf through innovative and effective banking channels.



*The logo is akin to the cross section of a corn which reveals the 7 petals as mentioned in surah al-Baqarah: 261 on the parable of those who spend their wealth in the way of Allah: "The parable of those who spend their wealth in the way of Allah is that of a grain of corn: it groweth **seven ears** and each ear hath a hundred grains. Allah giveth manifold increase to whom He pleaseth; and Allah careth for all and He knoweth all things."*

Why We Are Different?



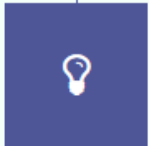
Trusted Brand. Each bank has its own unique story. The bank have made their mark in the country and assisted thousands of people with various banking products and services, these trusted brands have now decided to join forces under myWakaf.



Good Corporate Governance Culture. As a banking institutions, all the six (6) banks are regulated by Bank Negara Malaysia. Together under myWakaf, the banks bring along the best corporate governance culture in managing this initiative.



Check and Balance. Joint Management Committee (JMC) comprises of senior and reputable individuals from both Lead Bank and SIRC partner. This would serve as check and balance in managing the project.



Transparent. Any new development of the project will be regularly update via myWakaf portal and Facebook in a details report.



Easy and Convenience. Join force of the 6 banks allow myWakaf to offer various channel of collection across the country. Donor may choose to pay online via JomPAY or Internet Transfer or contribute offline via participated Bank Branches.



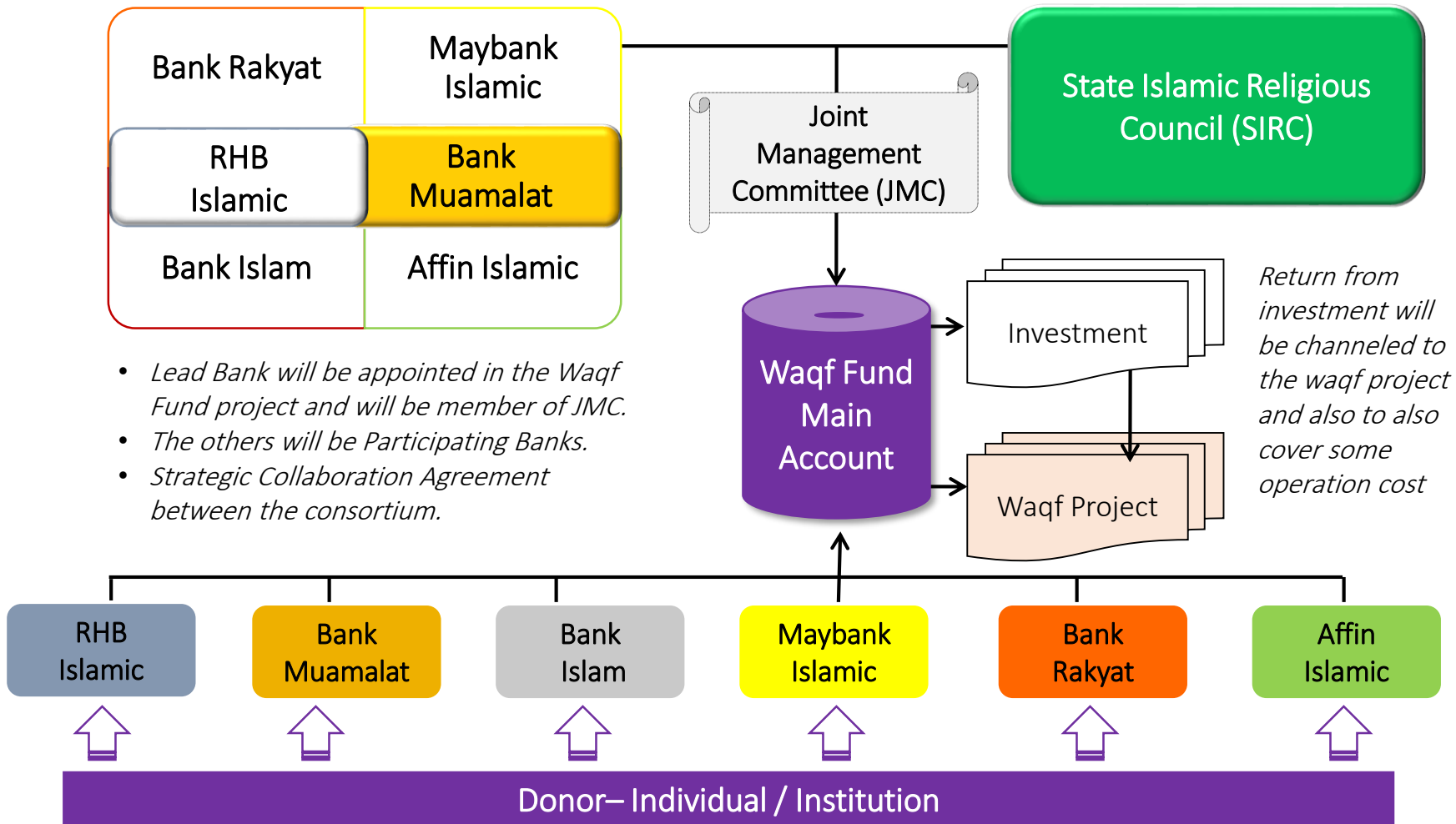
Our Experience. Various project previously done by participating banks among others are Wakaf Selangor Muamalat (Bank Muamalat), Wakaf Perak Ar-Ridzuan (Maybank Islamic), Menara Ijarah Wakaf MAIWP and Taman Wakaf Seetee Aisah (Bank Islam)

Governance: Focus Group and Working Committee



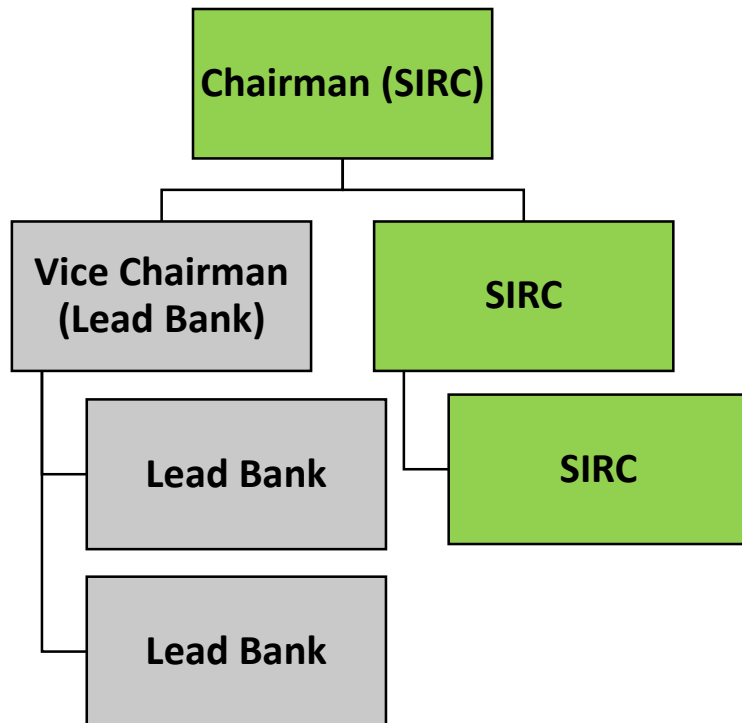
- The focus group is supported by a Working Committee that comprise of two representatives from each participating banks.
- The WG is chaired by Mohd Nazri Chik (Chief Shariah Officer of Bank Islam) and deputizes by Munawwaruzzaman Mahmud (Head of Shariah Management, Maybank Islamic Berhad)

Business Model of myWakaf



All banks will open respective collection accounts, and the collected fund will be credited to the project main account at Lead Bank..

Governance: “Joint Management Committee” at the Project Level



ROLES AND RESPONSIBILITIES

1. Responsible and empowered on the policies and decisions regarding disbursement and usage of the waqf fund.
2. Responsible on the overall operation of the waqf project and appointment of parties to ensure the successfulness of the project.
3. Deliberates issues relating to the project and agreement.
4. Resolve any matters arising by way of negotiation or voting.

JOINT SECRETARIAT

SIRC and Lead Bank

MEETING & RESOLUTION

- 4 times a year with the presence of 5 members including the Chairman or Vice Chairman
- Decision making – 2/3 of members presence.

Governance Documents



Document	Remarks
1. Strategic Collaboration Agreement	<ul style="list-style-type: none"> Executed by the six (6) participating banks. Outlining the mutual agreement on the roles and responsibilities of all participating in ensuring the successfulness of myWakaf.
2. Waqf Collaboration Agreement	<ul style="list-style-type: none"> Executed between the Lead Bank (on behalf of other Participating Banks) with the SIRC. Outlining the roles and responsibilities of the contracting parties as well as the agreed working arrangement.
3. Code of Governance and Transparency	<ul style="list-style-type: none"> Objectives of the code: <ul style="list-style-type: none"> ✓ to facilitate the orderly operationalisation of waqf fund that are consistent with the Shariah requirements; ✓ to establish a strong oversight process in order to safeguard the interest of the participating IBs, SIRCs and other stakeholders; ✓ to outline the prudential requirements in order to support sound risk management of waqf fund, which is consistent with the IBs risk management policy and strategic intent; ✓ to set out the minimum disclosure requirements that will instill public confidence and facilitate informed decision making by the JMC. The Code can be downloaded from myWakaf portal.
4. Standard Operating Procedure	<ul style="list-style-type: none"> Outlining the daily management process of the funds across participating banks.

AIBIM 001- 2017	Code of Governance and Transparency for Waqf Fund	
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Projects and Criteria



Immediate economic impact to the ummah (outcome based).

“Value proposition” to attract non-tradition Waqf Contributors.

Decision to be made by the Joint Management Committee.

Existing SIRC’s Projects that meet new criteria or projects identified.

Create success story within three years of launch



EDUCATION

To finance in educational efforts, such as in

- facility/ infrastructure
- research/ learning
- scholarship or financial assistance



HEALTH

To manage finance health related efforts such as in:

- medical infrastructure/ equipment
- medical treatment/ services



INVESTMENT

To pool fund and manage investment through:

- fund raising activities
- property investment
- financial instrument



ECONOMY EMPOWERMENT

To finance economic empowerment efforts such as in:

- Business startup
- Existing business

Project 1: Kelantan



MUALAF CENTRE RENOVATION

Bank Muamalat Malaysia Bhd

Kelantan, Malaysia

COLLECTION GOAL

RM369,632.00

COLLECTION RAISED

RM369,632.00

COLLECTION RAISED: 100% (COMPLETED)



PROJECT PROGRESS: 100% (COMPLETED)



PROBLEM STATEMENT

There are among new believers who suffer from severe tests after converting to Islam such as the lack of basic facilities such as shelter due to disqualification by family members, friends and neighbors.

IMPACT PROJECT

Mualaf Centre will provide shelter to newly revert before entering into a new life of self-sufficient, thus giving strength to mualaf be istiqomah in Islam, as Islam takes care of its ummah and there are also support from fellow brothers and sisters in Islam.

JMC MEMBERS

1. YBM Tan Sri Dato Tengku Mohamad Rizam bin Tengku Abdul Aziz (Chairman – President of MAIK)
2. YB. SS Dato Hj Mohd Shukri bin Mohamad (State Mufti of Kelantan)
3. Dr. Hj. Nik Mohd Azlan bin Abd Hadi (Deputy President MAIK)
4. Dr. Luqman bin Hj Abdullah (Councilor of MAIK)
5. Encik Khairul Kamaruddin (CEO of Bank Muamalat)
6. Hj. Nik Mohd Hashim bin Abd Hamid (Northern Regional Manager, BMMB)
7. Hj. Mohd Hafiz bin Fauzi (Head of Dakwah, Wakf & Zakat Department, BMMB)



Project 1: Kelantan



Project 2: Terengganu



MAIDAM HEMODIALYSIS CENTRE

Bank Rakyat

Terengganu, Malaysia

COLLECTION GOAL
RM770,740.00

COLLECTION RAISED
RM770,740.00

COLLECTION RAISED: 100% (COMPLETED)

PROJECT PROGRESS: 0%

The centre will also be operating on waqf house. The raised amount is to finance medical equipment and non-medical equipment cost. As for the management costs, the Kuala Terengganu Hospital estimates a management fee of RM 872,364.00 which consists of the hiring of nine staff. Payment will be borne by zakat allocation. The management cost will be borne by this fund once the benefits from the waqf fund grows.

PROBLEM STATEMENT

As of 2018, there are 580 patients recorded in Kuala Terengganu. With limited services offered by the hospital or the Hemodialysis Centres and the increase in the number of patients every year; makes this initiative even more relevant.

IMPACT PROJECT

1. Reduce the number of patients on the waiting list.
2. Provide better dialysis treatment to existing and new patients.
3. Help the underprivileged in improving their health at a lower cost.

JMC MEMBERS

1. Dato' Haji Osman bin Muda (Chairman – YDP MAIDAM)
2. Dato' Amirudin Abdul Halim (Deputy Chairman - Chief Operating Officer, Business Bank Rakyat)
3. Ustaz M Rozi Bidin (CEO, MAIDAM)
4. Encik Muzamir Omar (Head, Strategic Planning Bank Rakyat)
5. Ustaz Mohd Zamerey Abdul Razak (Head, Shariah Bank Rakyat)

Project 3: Perlis



HTF HEMODIALYSIS SERVICE

Bank Islam Malaysia BHD

Perlis, Malaysia

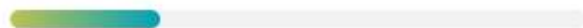
COLLECTION GOAL

RM6,000,000.00

COLLECTION RAISED

RM1,589,895.48

COLLECTION RAISED: 26%



PROJECT PROGRESS: 83%



The centre in Perlis will be managed Tuanku Fauziah Hospital (HTF), Kangar upon completion. The construction work of the building has commenced on 3 April 2018 and is expected to be completed by December 2019. The centre is a double-storey building with 1,822 m of floor space that fits a capacity of 66 beds. It will be the largest hemodialysis centre in Malaysia.

PROBLEM STATEMENT

There are only 4 hemodialysis centres in the state of Perlis. With the opening of this new centre, the efficiency of treatment services can be enhanced by shortening the duration of the patients turn.

IMPACT PROJECT

Give priority to chronic kidney patients among asnaf as well as non-Muslim patients from underprivileged communities on timely and basis from well-trained medical officers.

JMC MEMBERS

1. DYTM Tuanku Syed Faizuddin Putra ibni Tuanku Syed Sirajuddin Jamalullail (Royal Patron)
2. Dato Dr Faisal bin Ibrahim (Chairman – Chairman of MAIPs's Waqf Management Committee)
3. Ustaz Mohd Nazri bin Chik (Deputy Chairman – CSO BIMB)
4. Ustaz Mohd Nazim bin Mohd Noor (CEO MAIPs)
5. Ustaz Nazri bin Md Rejab (Head, Waqf Development, MAIPs)
6. Ahmad Fauzi bin Mohd Akhir (Region Head BIMB)
7. Zolkepli bin Sabawas (Relationship Manager, BIMB)



Project 3: Perlis



Project 4: Perak



BOAT WAQF

Maybank Islamic Bhd

Perak, Malaysia

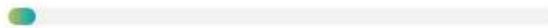
COLLECTION GOAL

RM600,000.00

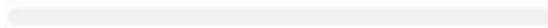
COLLECTION RAISED

RM27,335.74

COLLECTION RAISED: 5%



PROJECT PROGRESS: 0%



WPAR funds will be used to provide boats and equipment including engines, trawlers and sonar to enable fishermen to explore deeper sea areas and thus increase their catch. The boats will be handed over to Fisheries Association to be rented out to fishermen. Some of these rental proceeds will be used for the maintenance of the boat and some will be turned into a round capital fund to build new boats.

PROBLEM STATEMENT

There are 8,000 fishermen in Perak and the majority are Muslim. However, less than 1% of them are with high capacity boats. As a result, they are unable to empower the family economy and compete in the fishing industry. Statistics show that only 29% of the fishermen community in Malaysia with household income of below RM400.

IMPACT PROJECT

Fishermen are able to empower the family economy and compete in the fishing industry in Perak, Fishermen can rent boats at a lower rate than normal rates, Help fishermen gain maximum profit, and Cultivate Muslims to berwakaf to help brothers and sisters.

JMC MEMBERS

1. Dato Mohamed Rafique Merican Mohamed Wahiduddin Merican (Chairman – CEO of Maybank Islamic)
2. Hj Mohd Haidi bin Sulaiman (Acting CEO of MAIPk)
3. Puan Hajah Wan Maizura (Deputy CEO of MAIPk)
4. Munawwaruzzaman Mahmud (Head of Shariah MIB)
5. Mohd Idham (Head of Islamic Global Market MIB)



Project 5: Sarawak



DANA WAKAF AL-BAIT

RHB Islamic Bank Bhd

Sarawak, Malaysia

COLLECTION GOAL
RM500,000.00

COLLECTION RAISED
RM40,228.65

COLLECTION RAISED: 8%

PROJECT PROGRESS: 0%

The name Al-Bait was proposed by Tabung Baitulmal Sarawak, which literally means "house". Dana Wakaf Al-Bait has two institutions that were built on waqf lands in Sarawak:

- 1) Pertubuhan Kebajikan Baiturrahmah, Kuching with 17 children who are reverts (mualaf) and orphans under their care.
- 2) Akademi Tahfiz Hidayatul Quran Annur, Sibu with 15 full-time students.

PROBLEM STATEMENT

The project aims to make structural changes in the two institutions to comply with safety requirements and to purchase a vehicle to transport of the kids.

IMPACT PROJECT

1. The children are able to focus and do well in their studies.
2. To help the institutions in offering a safer and more conducive environment for the children.

JMC MEMBERS

1. Datu Hj Abg Mohd Shibli (Chairman - CEO, Tabung Baitulmal)
2. Bolhassan Iskandar Taibi (Deputy CEO, Tabung Baitulmal)
3. Haji Sulaiman bin Haji Mahili (Head of Finance Sector, TBS)
4. Abg Faisal bin Hj Abg Marzuki (Head of Development Sector, TBS)
5. Dato Adissadikin bin Ali (MD/CEO, RHB Islamic)
6. Ahmad Rizal bin Lope Zainal Abidin (Deputy CEO, RHB Islamic)
7. Ahmad Mukarrami bin Ab Mumin (Head of Shariah, RHB Islamic)
8. Othman bin Ahmad (Head of Innovative Solutions, RHB Islamic)



Project 6: Negeri Sembilan



SEKOLAH MENENGAH ISLAM SEREMBAN (SMI SEREMBAN)

Bank Muamalat Malaysia Bhd

Negeri Sembilan, Malaysia

COLLECTION GOAL

RM5,000,000.00

COLLECTION RAISED

RM3,475.00

COLLECTION RAISED: 0%

PROJECT PROGRESS: 0%

The school is formally known as Sekolah Seri Setia. It was established in year 1997 and offers academic and Tahfiz syllabus to the students. The project is to complete the construction of its education complex comprising of academic and administrative block, hostel, and library. The estimated cost is RM17M.

PROBLEM STATEMENT

The school aims to provide integrated education to the students. As this is a private school, they impose tuition fees to the students. However, the fees are low and sometimes are not enough to cover the maintenance cost and teachers salaries. Despite the financial constraints, the School is committed to provide the best education environment to the students.

IMPACT PROJECT

The School will prepare the students to become future leader with high intelligence and leadership skills.

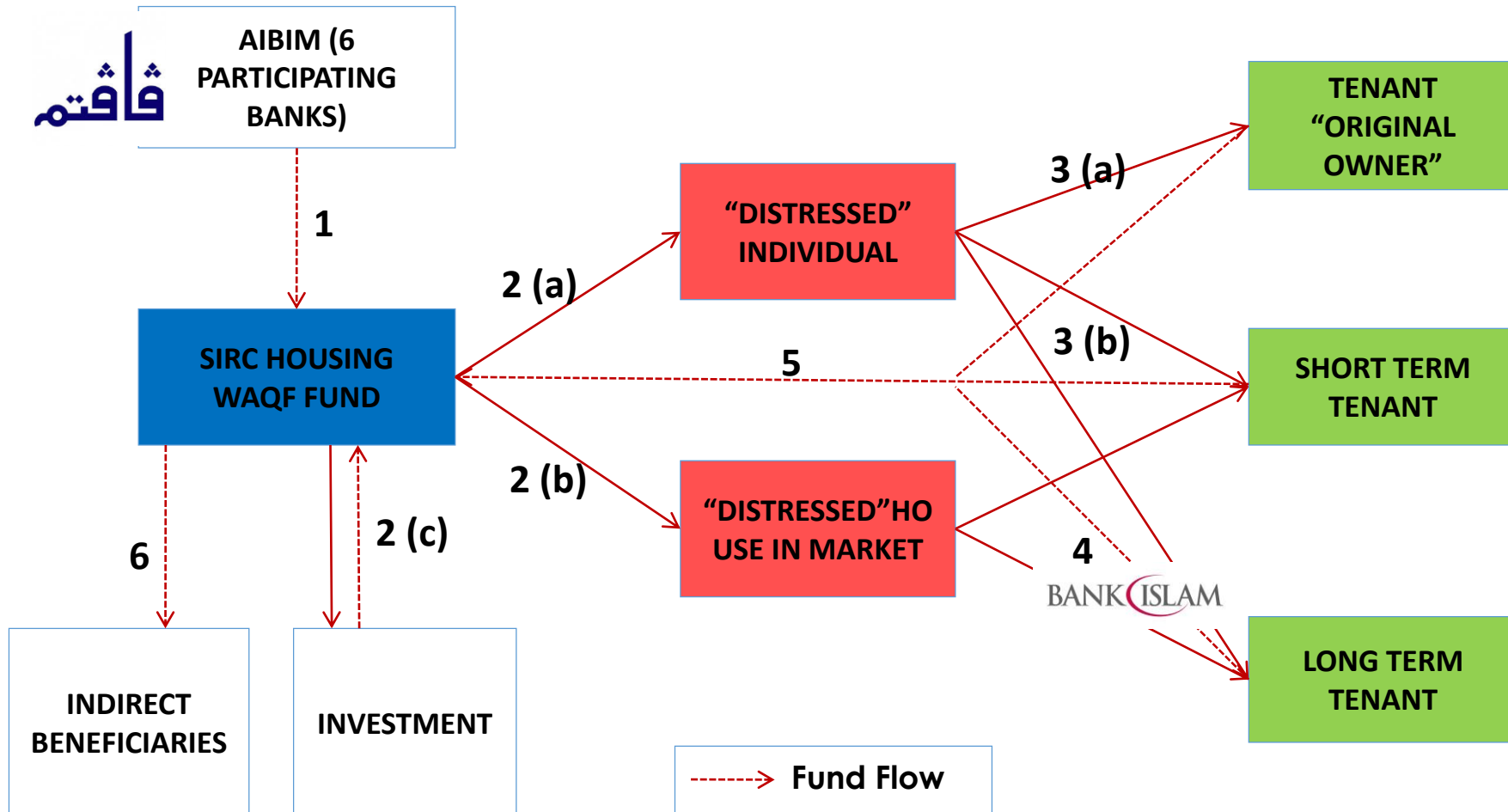
JMC MEMBERS

1. Dato' Dr. Abdul Aziz Sheikh Abdul Kadir (Chairman)
2. SS Dato' Mohd Yusof Hj Ahmad (Mufti Negeri Sembilan)
3. Dato' Kamal Amran Kamaruddin (Secretary, MAINS)
4. Haji Peer Mohamed Ibramsha (COO, BMMB)
5. Dr Shamsiah Abdul Karim (Head, Shariah & Product BMMB)
6. Azzerol Effendi Abdul Kadir (Head, Finance Department, Perbadanan Wakaf Negeri Sembilan)
7. Mohd Zamri Pardi (Regional Manager, BMMB)



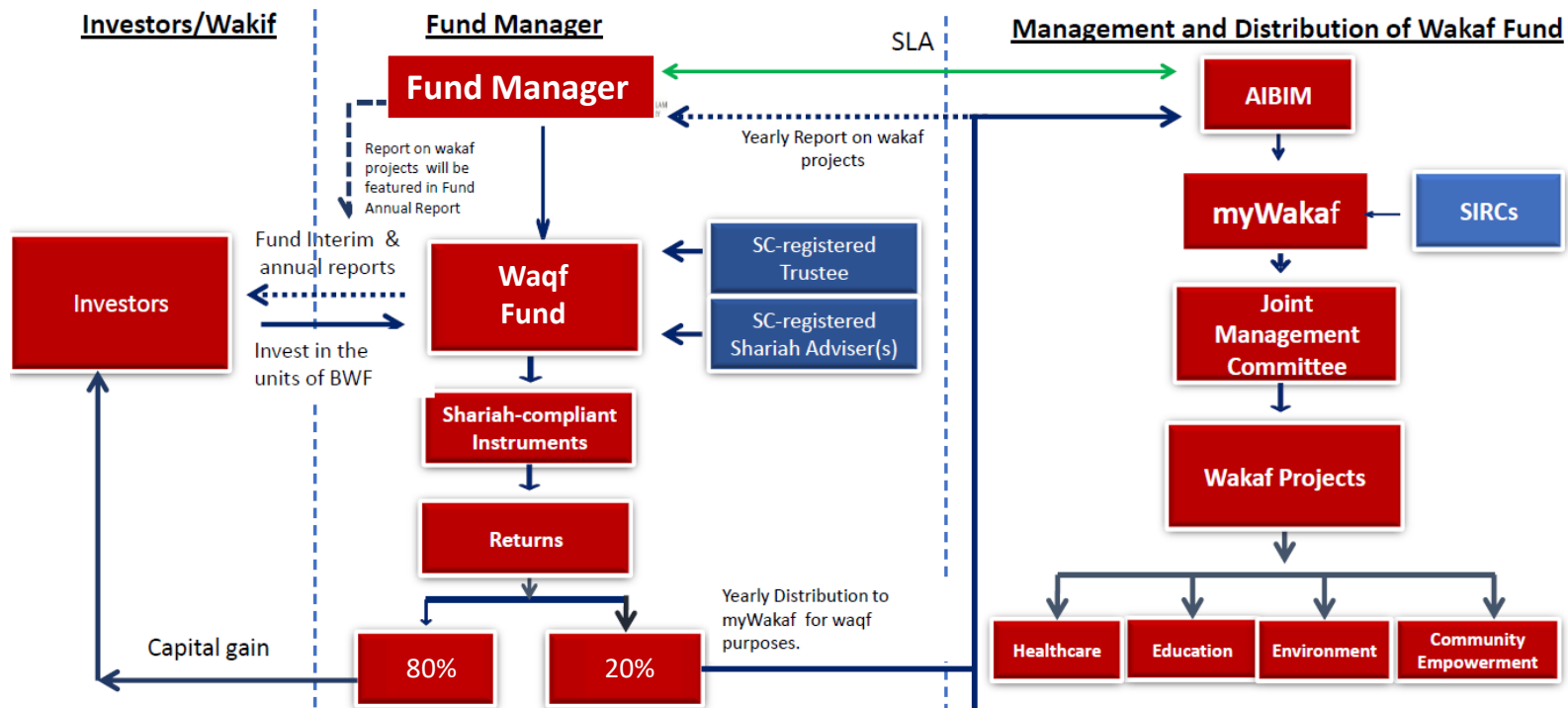
Project 7: Under Negotiation

- To increase the waqf asset portfolio in particular state.
- Deleveraging instrument for household debt.
- Bank Islam and Affin Islamic Bank as Joint Lead Banks.



Project 8: Makmur myWakaf Unit Trust Fund

- Pending approval from the regulator and will become the first Waqf fund in world.
- Actively manage in equities, sukuk and CIS (including REITs and ETF) locally and globally.
- Adopt UNGC and ESG analysis.
- Target Returns: 5% absolute return and 20% of the return will be channelled to myWakaf.
- Will be launched as the first waqf unit trust fund in the world in Q1 2020, Insha Allah.



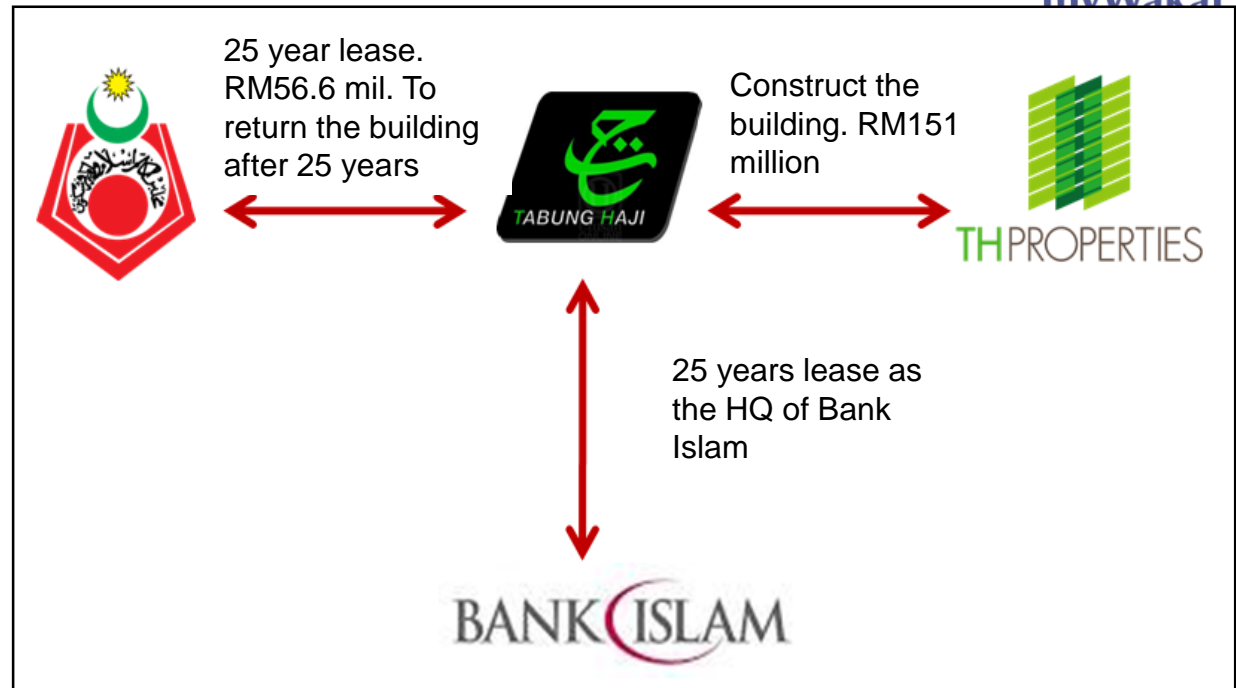
Past Involvements of AIBIM Members in Waqf Development Prior to myWakaf



Waqf Project	Roles	Bank
Menara Imarah Waqaf MAIWP/ Menara Bank Islam	Land development and leasing (BOT based)	Bank Islam
Taman Waqaf Seetee Aisah, Pulau Pinang	End financing	Bank Islam/ Al Rajhi Bank/ Bank Muamalat
SMA (P) Al-Madrasah Al-Alawiyah Ad- Diniah, Yayasan Islam Perlis	Banking channels for fund raising	Bank Islam
Development of Housing and Commercial Project - Urus Maju Ehsan Sdn Bhd	Bridging Financing	Bank Islam
Wakaf Selangor Muamalat	Cash Waqf collections using banking channels	Bank Muamalat
Wakaf Al-Ridhuan	Waqf donation by the Bank, investment and collections	Maybank Islamic

Strategic Partnership: Menara Bank Islam

- The 1.2 acre land at Jalan Perak has been endowed by Ahmad Dawjee Dadabhoy, a Gujarati trader to MAIWP.
- Synergy between the 4 (four) parties to develop a 34 stories Class A commercial building with GDV of RM151 mil.
- BOT structure.
- Becomes the most expensive waqf asset in Malaysia.
- SWADD – weekly Jumaat prayers and collecting RM100,000 donation monthly:
 - ✓ Management and community programs.
 - ✓ Perpetual fund of Sadaqa House

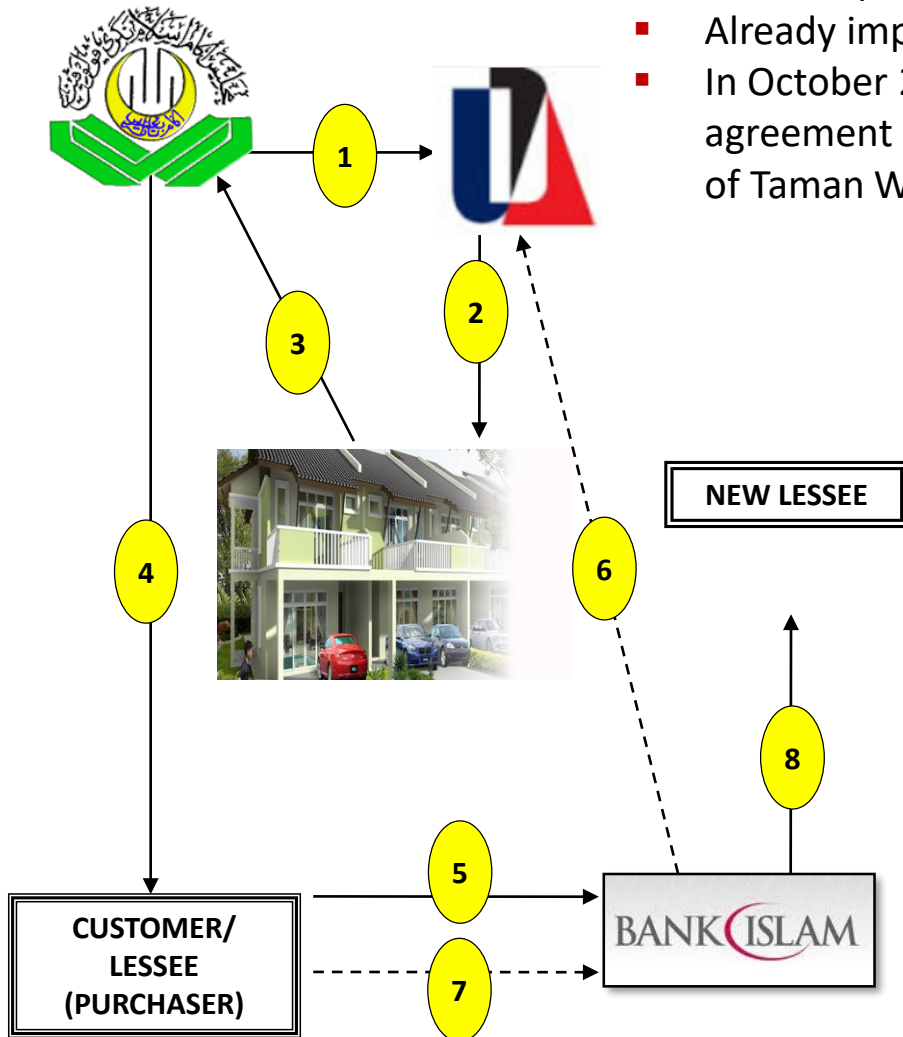



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End Financing

- Resolve the issue of waqf asset cannot be sold by applying Tawarruq structure to “pay the rental” of the house.
- Already implemented – Taman Wakaf Seetee Aisah, PP
- In October 2019, BIMB, BMMB and BSN executed an agreement with UDA Holdings Berhad to finance the Phase 2 of Taman Wakaf Seetee Aisah.

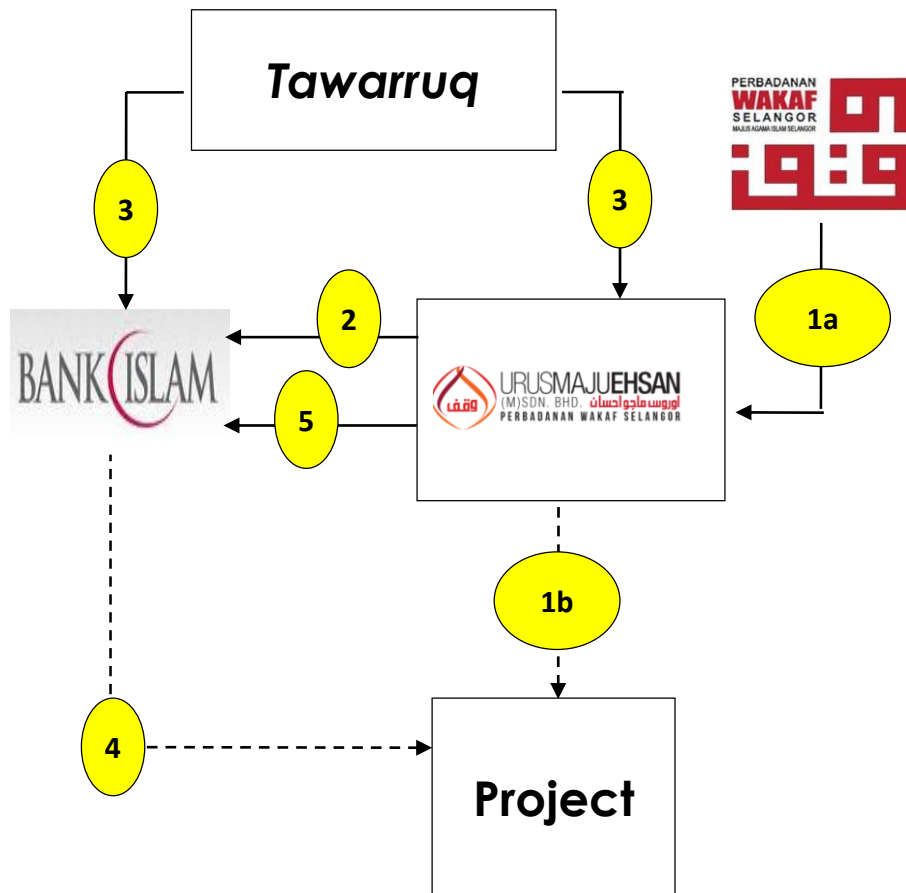


• MODUS OPERANDI

1. MAIN appoints the Developer (UDA Land)
2. Develop develops the Project
3. Upon completion, the Developer handover the Project to MAIN (as the Lessor).
4. MAIN leases out the assets to Lessee/ Customer. Lease Agreement is registered in the Land Office.
5. Lessee applies for Tawarruq end financing from the Bank in order to pay the rental to MAIN. The Lease is charged to the Bank.
6. Bank disburses the fund to the Developer based on the performance of the project.
7. Lessee/ Customer pays the Murabahah Sale Price to the Bank (installment)
8. If the Lessee/ Customer fails to pay installment, Bank will sell the Lease to a New Lessee (auction)

Bridging Financing

- Bridging financing during the construction and before the asset is ready for selling to end buyer. Example: Financing for Urus Maju Ehsan Sdn Bhd (100% subsidiary of Perbadanan Wakaf Selangor).



MODUS OPERANDI

1. MAIN (PWS) appoints Developer (UME) to develop the waqf land on JV basis.
2. UME (Customer/ Developer) request for bridging financing from the Bank.
3. Bank and the Customer executes the Tawarruq financing and the proceeds is credited into the project account (held with the Bank).
4. Money is disbursed according to project status.
5. Customer pays the instalment as agreed

يَمْحَقُ اللَّهُ الرِّبَا وَيُرِي الصَّدَقَاتِ

Allah destroys riba (interest) and give increase to charities (Al-Baqarah: 276)

كَيْ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ

So that it will not be distributed among the riches of you (Al-Hashr: 7)

MOHD NAZRI CHIK

Chairman of AIBIM's myWakaf Working Committee
Group Chief Shariah Officer, BIME Holdings Berhad
Chief Shariah Officer, Bank Islam Malaysia Berhad

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