Journal of Al-Tamaddun, Vol. 15 (2), 2020, 71-79
https://doi.org/10.22452/JAT.vol15no2.6

THE ADVANCEMENT OF *ZAKAT* INSTITUTION IN MALAYSIAN POST ISLAMIC REVIVALISM ERA

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Abstract

Zakat is an important Islamic institution in Malaysia. The development of the institution has been through time influenced by the changing social, political and economic situation of the country. One of the important phenomena that shaped the institution is the Islamization process which happened during Islamic revivalism which ushered in the early 1970s. The scenario and the social change that happened during the era have resulted in the *zakat* has been one of the institutions which government keened to enhance in the later decades. This article discusses the brief development of *zakat* institution in post Malaysian Islamic revivalism era, through which eventually, the impact of the revivalism on the institution will be clearly observed. As has been self-evident throughout the discussion, supported by the data of collection over the years, the *zakat* institution, apart from its fundamental role as religious duty, has been through time playing a greater role in social and economy.

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Keywords: *Zakat*, Revivalism, Islamization, Malaysia, Islamic institution.

Introduction

Zakat is one of the important Islamic institutions in Malaysia. Zakat is theoretically a religious duty whereby Muslims compulsorily surrender part of their wealth to the eligible recipients. The duty has been institutionalized since collection of the payment was initiated by government as early as the 20th century. Prior to that time, *zakat* was a purely personal matter, the proceeds of which were mostly directed towards eligible recipients based on personal preference.[1] The process of incorporating the religious practice under state administration began as early as 1916 in Kelantan, followed by the adoption of similar systems in other states such as Perlis in 1930, Johor in 1934, Kedah in 1936, Selangor in 1952, Pahang in 1956, Pulau Pinang and Melaka in 1959 and Federal Territory in 1974.[2]

The development from the early 20th century until the end of the 1980s was unsatisfactory. Revenue collected in this phase was mainly from two sources; *zakat al-fitr*, the due that the majority of people had long since performed without fail, and also *zakat* on cereal (particularly unhusked rice).[3] Contributions from other types of wealth were relatively inconspicuous.

The *zakat* institution in Malaysia changed tremendously after post Islamic revivalism era, through corporatization in the 1990s and has been continuously improved since then. As compared to previous decades, this period saw the most significant advancement since the tradition was placed under state administration in the early 20th century. Prior to decade, the Malaysian government had introduced Islamization policies that countered political attacks from the opposition parties and missionary groups.

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[1] Abdul Aziz bin Muhammad (1993), *Zakat and Rural Development in Malaysia*, Kuala Lumpur: Berita Publishing, pp. 110-111; Judith Nagata (1982), "Islamic Revival and the Problem of Legitimacy Among Rural Religious Elites in Malaysia," *Man,* Vol. 1, No. 17, p. 52.

[2] For further discussion about the history of the advent of zakat institution please refer Ahmad Ibrahim (1965), *Islamic Law in Malaya*, Singapore: Malaysian Sociological Research Institute Ltd., pp. 335-349; Moshe Yegar (1979), *Islam and Islamic Institutions in British Malaya: Policies and Implementation*, The Hebrew University, Jerusalem: Magnes Press, pp. 216-222; Azhar Mohd Nasir (1999), *Development of the Secular and Religious Taxation System in Peninsular Malaysia*, Doctoral Thesis, University of Edinburgh, pp. 207-252.

[3] Aidit bin Ghazali (1991), "*Zakat* Administration in Malaysia," in Mohamed Ariff (ed.), *The Islamic Voluntary Sector in Southeast Asia*, Singapore: Institute of Southeast Asian Studies, p. 95; Aidit Ghazali (1988), *Zakat, Satu Tinjauan*, Petaling Jaya: IBS Buku, pp. 48-49.

Such policies, interestingly, have to a certain extent resulted in the improvement of the *zakat* institution, yet full deliberation on the linkage between both has never been brought into focus.

Islamic Revivalism and Islamization Scenario in Malaysia: Forces and Consequences

The Islamic revivalism in Malaysia from the early 1970s was indicated by the proliferation of missionary groups such as *Angkatan Belia Islam Malaysia* (Islamic Youth Movement of Malaysia or ABIM), Jamaat Tabligh and Darul Arqam.[4] This era has ignited a distinct scenario which is widely known as Islamization. Islamization in this context refers to a process by which Islamic culture and values become embedded in society due to mushrooming religious groups which instil Islamic values at the societal level, beginning within the individual and later emerging in the Islamic family and then in Islamic society.[5]

ABIM was established in 1971 by several alumni of the National Association of Malaysian Islamic Students, which mainly provided rooms for graduates and young professionals who had been active in university student associations.[6] Another two movements were more apolitical in nature. Darul Arqam – named after a prophet companion– was established in 1968 under Ashaari Muhammad.[7] While, Jamaat Tabligh, another well-known association, was a missionary movement working at a grassroots community level by making local mosques their makeshift headquarters, normally consisting of up to ten, conducted *gasht* (visits) to local Muslims on a door-to-door basis. They would explain the essentials of the faith to each host and issue invitations to the daily prayer congregation in the nearest mosque, where further sessions of *ta'lim* (imparting of knowledge) and *bayan* (lectures on the necessity and nature of the Tabligh's work) would be delivered.[8]

Since their formation, the movements have received strong support, mainly from youth in higher educational institutions, where both have strong connections and similar aspirations.[9] It was estimated that in 1980 the ABIM had 35,000 registered members throughout the nation, while Darul Arqam had approximately 6,000 members. Responding to the local political situation, the movements, with remarkably strong support from their thousands of members, demanded a clear promise of a completely Islamic state, a demand that the ruling government could not leave unanswered.[10]

In reaction to the then political developments, the government, in the early 1980s- perhaps this time can be argued as a beginning of post Islamic revivalism era- embarked on numerous Islamization programs. This move was important in showing that the ruling government was highly Islamic so that it could attract devout Muslims and drive out the opposition. The Islamization programs initiated by the government included the expansion and strengthened capacity of a number of Islamic institutions such as *Pusat Islam* (Islamic Centre), the Institute of Islamic Understanding Malaysia, the Islamic International University of Malaysia and many others including the *zakat* institution.

Corporatization – A Trajectory Point of *Zakat* Management in Post Islamic Revivalism Era

The first concrete effort towards better management of *zakat* during the post Islamic revivalism era was begun in 1991 by the introduction *zakat* corporatization. The concept of *zakat* corporatization was the brainchild of former Chief Minister of the state of Pahang, with strong support from Mohd Yusof Noor, the then Minister overseeing religious affairs in the Prime Minister's Department. In view of the fact

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[4] Mohamad Abu Bakar (1981), "Islamic Revivalism and Politics in Malaysia", *Asian Survey*, Vol. 10, No. 21, pp. 1040-1041; Jomo K.Sundaram and Ahmad Shabery Cheek (1988), "The Politics of Malaysia's Islamic Resurgence" *Third World Quarterly*, Vol. 2, No. 10, pp. 844-848; Judith Nagata (1980), "Religious Ideology and Social Change: The Islamic Revival in Malaysia", *Pacific Affairs*, Vol. 53, No. 3, pp. 417-428.

[5] Muhammad Syukri Salleh (1994), "Islamization of State and Society: A Critical Comment", Noraini Othman (ed), *Sharia Law and the Modern Nation State*, Kuala Lumpur: Sister in Islam, p. 110; William R. Roff (1998), "Pattern of Islamization in Malaysia, 1890s-1990s: Exemplars, Institutions and Vectors", *Journal of Islamic Studies*, Vol. 9, No. 2, p. 220.

[6] Judith Nagata, "Religious Ideology and Social Change: The Islamic Revival in Malaysia", p. 424.

[7] Ahmad Fauzi Abdul Hamid (1998), "Islamic Resurgence in the Periphery: A Study of Political Islam in Contemporary Malaysia with Special Reference to the Darul Arqam Movement", *Phd Thesis,* University of Newcastle Upon Tyne; Zainah Anwar (1987), *Islamic Revivalism in Malaysia: Dakwah Among Students*, Petaling Jaya: Pelanduk Publication, p. 36.

[8] Ahmad Fauzi Abdul Hamid (2009), "Transnational Islam in Malaysia" in *Transnational Islam in South and Southeast Asia; Movements, Networks and Conflicts Dynamics*, USA: The National Bureau of Asian Research, p. 154.

[9] Jomo K.Sundaram and Ahmad Shabery Cheek (1988), "The Politics of Malaysia's Islamic Resurgence," *Third World Quarterly*, Vol. 2, No. 10, p. 845; Judith Nagata (1980), "Religious Ideology and Social Change: The Islamic Revival in Malaysia," p. 423.

[10] Jomo K.Sundaram and Ahmad Shabery Cheek (1988), "The Politics of Malaysia's Islamic Resurgence," p. 846.

that Mohd Yusof was one of the religious individuals co-opted by the government to accelerate its Islamization agenda, it seemed that the earlier step had undeniably paid off.

Corporatization is a new model of *zakat* collection, achieved through the establishment of a company or corporate organization which manages the due, replacing the traditional personal *zakat* collector (*'amil)* and direct administration by State Religious Councils. A corporate *zakat* collector, being a company or organization, is responsible for the complete range of activities such as planning, organizational setup, hiring and training staff, setting up offices and counters, software development and computerized systems, and annual and monthly reporting, as well as being accountable for all costs and activities involved in *zakat* collection.[11]

The performance of the new institution under the name of Zakat Collection Center of Federal Territory (Pusat Pungutan Zakat, hereafter referred as PPZ) has indeed been encouraging. Since its inception, the meteoric increase in the collection has exceeded expectations, more than doubling in the first year and rising consistently since then. The collection records from its inception through 2016 (in five-year intervals over 25-year period) are as indicated in the table below.

Table 1: *Zakat* Collection in Federal Territory in five-year intervals from 1991 to 2016 (in Million RM)[12]

Year	Total *Zakat* Collection
1991	14.64
1996	42.92
2001	72.87
2006	147.59
2011	348.88
2016	580.69

The corporatization of the zakat administration in Federal Territory has inspired other states to follow suit. Corporatization was seen to be more suitable on at least two counts: increasing zakat collection and retention of the institution under individual state power. The PPZ received numerous group visits from other state religious councils who were curious about the new mechanism of collection, and thus became the main reference point for states interested in improving their *zakat* institutions. Consequently Penang, Selangor and Pahang ended by adopting a similar model a few years later.[13] Today, majority of states have their own corporate zakat institution.

Methodology

In order to examine the impact of Islamic revivalism and Islamization process on Malaysian *zakat* institution, the development of the institution is retrospectively examined. In this context, the previous studies in relation to Islamic revivalism and *zakat* institution as well as records of fund collection and distribution are reviewed and compared over time. Such a research design allows the researchers to look backwards and examine any possible underlying factors and effect on *zakat* which can be associated with the revivalism and Islamization phenomenon, the main contributing agent in the study. From the observation of several trajectorial events and significant surge in fund collection and distribution after corporatization of *zakat* institution, there are some answers can be derived which encompass financial and non-financial aspects.

[11] Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan (2003), *Laporan Zakat 2003*, Kuala Lumpur: Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan, p. 45.

[12] Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan (2002), *Laporan Zakat 2002*, Kuala Lumpur: Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan, p. 4; Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan (2011), *Laporan Zakat 2011*, Kuala Lumpur: Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan, p. 97; Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan (2016), *Ringkasan Laporan Zakat 2016*, Kuala Lumpur: Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan, p. 3.

[13] Harian Metro (1992), "Pungutan Zakat WP Menjadi Contoh," 21 January; In 1994, Penang has adopted a similar system where PPZ was appointed as its consulting firm. The other states gradually follow suit with some of them have more or less similar systems. See also Ab Rahim Zakaria (2007), "Pengurusan Zakat Kontemporari," *Jurnal Pengurusan JWZH*, Vol. 1, No. 1, p. 16.

Among the impacts of corporatization and improvement of *zakat* are as follow:

Improvement in Zakat Management and Better Collection
As noted, a number of states have emulated the corporatization of PPZ. Similar to the PPZ's achievement, the collection of *zakat* by later corporatized institutions was also remarkable. The overall performance by these bodies is simplified in the table below, which indicates their pre- and post-corporatization records.

Table 2: Corporatization in Malaysia and Pre- and Post-Corporatization Collection[14]

State	Corporatization Date	Pre-Corporatization Collection (Mill RM)	Post-Corporatization Collection (Mill RM)
Federal Territory	December 1990	7 (1990)	15 (1991)
Penang	December 1994	4.05 (1994)	7.09 (1995)
Selangor	October 1995	13.1 (1995)	27.9 (1996)
Pahang	January 1996	7.16 (1996)	8.3 (1997)
Melaka	September 2000	8.43 (2000)	12.03 (2001)
Negeri Sembilan	January 2000	8.76 (1999)	10.62 (2000)
Sabah	January 2007	16.65 (2006)	17.51 (2007)

A few years after corporatization in Federal Territory, as demonstrated in the above table, six other states followed suit, clearly showing that the 1990s were the transformational decade for the *zakat* institution in these states. As a result, the new mechanism has led to the constant increment of *zakat* collection throughout the country since then. In 2015, the collection figure is reaching more than RM 2.3 billion, a tremendous jump from the barely-achieved RM 30 million annually at the end of the 1980s.[15]

Coordination between the States
Federal government over time has seemed interested in centralizing the collection although administratively, as earlier noted, the institution is under the respective states' jurisdiction. In this regard, the Minister of Finance, and Ministers in the Prime Minister's Department, have frequently voiced the government's aspiration to coordinate the fund management.[16] The Minister of Finance, for example, announced in 1992 that the Internal Revenue Department, the federal department collecting taxation, should be the sole national *zakat* collector.[17]

A further proposal was made in 2000, when a Minister in the Prime Minister's Department suggested that the fund should be not only centrally collected but also centrally disbursed. In this case, the Malaysian Zakat Management Board was recommended. Neither of these two suggestions, however, has yet been successfully implemented, as there has been no solid agreement from the states to relinquish their power to the federal government.[18]

Since proposals for collective management were not positively responded to by all the states, the federal government clearly understood that it would be better to support the institution indirectly through consultation and coordination. In this respect, the government established *Jabatan Wakaf, Zakat dan*

[14] Ab Rahim Zakaria (2007), "Pengurusan Zakat Kontemporari," p. 16; Sanep Ahmad et al. (2006), "Penswastaan Institusi Zakat dan Kesannya Terhadap Pembayaran Secara Formal Di Malaysia," *International Journal of Management Studies*, Vol. 13, No. 2, p. 179; Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan (2002), *Laporan Zakat 2002*, Kuala Lumpur: Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan, p. 4; Jabatan Wakaf, Zakat dan Haji (2019), "Statistik Agihan Zakat," retrieved 20th March 2019, http://baitulmal.jawhar.gov.my/zkt_agihan_stat.php.
[15] Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan (2016), *Laporan Zakat 2016*, Kuala Lumpur: Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan, p. 91
[16] Azhar Mohd Nasir (1999), "Development of the Secular and Religious Taxation System in Peninsular Malaysia," pp. 277-288; Kikue Hamayotsu (2004), "Islamisation, Patronage and Political Ascendancy, The Politics and Business of Islam in Malaysia," in Edmund Terence Gomez (ed.), *The State of Malaysia, Ethnicity, Equity and Reform*, London: Routledge Curzon, pp. 231-234.
[17] Azhar Mohd Nasir (1999), "Development of the Secular and Religious Taxation System in Peninsular Malaysia," p. 334; The Sun (1996), "Special Agency to Collect Zakat from Firms," 16 October.
[18] Kikue Hamayotsu (2004), "Islamisation, Patronage and Political Ascendancy," p. 232.

Haji (Department of Awqaf, Zakat and Hajj or JAWHAR) in 2004. Its inception was specifically designed to accelerate the development of the *zakat*, *waqf* and *hajj* institutions, which up to then had been among the roles played by the Department of Islamic Development Malaysia (JAKIM). The part played by the department until recently has mainly been in the form of intellectual discourse and the organization of various seminars and publications as well as research.[19] The new department has successfully helped the institution in a number of ways. It has embarked on a number of researches into *zakat* practice throughout the country. It has also produced a comprehensive guideline for fund distribution, making it a main reference for all *zakat* bodies.[20] By and large, with other achievements contributing to the overall development of the *zakat* institution, the department indeed deserves recognition.

Greater Role in Poverty Eradication

In addition to the two effects described previously, the growth in collection posed a challenge to the *zakat* institution to distribute the fund more effectively. As far as the disbursement aspect is concerned, the greater portion has gone to poverty eradication. The general trend of disbursement following corporatization can be observed in the following tables.

Table 3: *Zakat* Disbursement by State in 2000 (in Million RM)[21]

State	*Miskin*	*Faqir*	*'Amil*	*Mu'allaf*	*Ibn al-Sabil*	*Fi Sabilillah*	*Gharimin*	*Riqab*
Federal Territory	11.75	3.75	8.16	0.91	0.11	20.5	0.32	-
Selangor	4.34	1.99	4.37	2.15	0.12	12.8	1.46	-
Penang	2.21	0.75	2.35	0.27	0.05	5.31	1.01	-
Negeri Sembilan	1.66		1.24	0.66	0.06	1.59	3.86	-
Melaka	1.42	2.11	1.16	0.42	0.06	1.83	-	-
Sabah	1.07	0.08	0.34	0.02	-	-	-	-
Kelantan	2.8		1.05	0.3	0.09	5.54	0.01	
Terengganu	7.05	2.6	0.87	0.49	0.06	1.97	0.23	0.02
Perlis	1.01	0.31	0.93	0.16	0.01	2.93	-	-
Kedah	4.62		0.77	0.26	0.07	2.06	0.02	-
Perak	6.47		1.62	1.24	0.28	6.44	0.21	-
Johor	4.65		4.83	2.01	0.03	10.8	0.12	-

Table 4: *Zakat* Disbursement by State in 2008 (in Million RM)[22]

State	*Miskin*	*Faqir*	*'Amil*	*Mu'allaf*	*Ibn al-Sabil*	*Fi Sabilillah*	*Gharimin*	*Riqab*
Federal Territory	20.51	22.67	31.64	5.65	0.4	85.04	1.65	-
Selangor	51.17	11.39	30.39	11.67	0.69	63.6	18.98	1.08
Penang	2.19	20.3	5.45	0.76	0.14	15.72	1.02	-
Negeri Sembilan	12.24		4.68	2.67	0.27	6.05	1.37	9.53
Melaka	6.21	1.17	4.25	1.42	0.006	7.64	0.012	-
Sabah	4.56	6.58	2.47	1.53	0.020	4.17	0.0004	-
Kelantan	10.11	9.56	1.78	0.79	0.003	3.04	0.012	-
Terengganu	13.54	3.24	9.42	1.05	0.013	8.2	0.06	0.15
Perlis	4.08	0.84	1.38	0.18	0.004	9.35	0.005	-
Kedah	17.62	1.85	5.841	1.01	0.22	15.59	0.002	-
Perak	19.19		6.4	1.82	0.46	9.07	0.13	-

[19] Ab Rahim Zakaria (2007), "Pengurusan Zakat Kontemporari," p. 20.
[20] Jabatan Wakaf, Zakat dan Haji (2007), *Manual Pengurusan Agihan Zakat*, Putrajaya: Jabatan Wakaf, Zakat dan Haji.
[21] Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan (2001), *Laporan Zakat 2000-2001*, Kuala Lumpur: Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan, p. 78-84.
[22] Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan (2008), *Laporan Zakat 2008*, Kuala Lumpur: Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan, p. 50; Jabatan Wakaf, Zakat dan Haji (2019), "Statistik Agihan Zakat," retrieved 20th March 2019, http://baitulmal.jawhar.gov.my/zkt_agihan_stat.php.

Johor	16.8	6.68	11.37	5.43	0.13	32.07	1.79	-

Table 5: *Zakat* Disbursement by State in 2017 (in Million RM)[23]

State	*Miskin*	*Faqir*	*'Amil*	*Mu'allaf*	*Ibn al-Sabil*	*Fi Sabilillah*	*Gharimin*	*Riqab*
Federal Territory	101.90	88.35	39.20	14.00	0.34	210.44	6.04	2.12
Selangor	205.74	88.14	94.64	45.13	0.25	112.26	47.82	22.56
Penang	46.56	6.65	10.32	1.79	0.25	28.76	2.06	-
Negeri Sembilan	34.13	0.75	11.50	7.55	0.23	33.40	1.81	18.21
Melaka	Not available							
Pahang	27.44	11.04	16.71	6.85	0.48	86.49	0.13	0.34
Sabah	6.74	28.73	6.00	7.11	0.01	9.34	1.54	3.35
Kelantan	110.67		24.32	1.79	0.01	41.56	0.04	-
Terengganu	74.07	20.17	15.07	5.47	0.0005	66.26	1.87	0.85
Kedah	69.81	12.07	11.15	1.40	0.16	57.40	0.08	-
Johor	116.56	50.82	24.30	18.09	0.46	70.85	1.17	-
Sarawak	3.78	9.63	7.14	2.56	0.003	25.63	0.01	0.03
Perak	150.89 (for all recipients)							
Perlis	Not available							

The above tables show that in the majority of states, the fund went mostly to four groups of recipients, namely *faqir*, *miskin*, '*amil* and *fi sabilillah*. The former two grants reflect the allocation for poverty eradication, while the latter two signify the expenses for zakat management and other religious activities including Islamic education and State religious councils' spending. As the spending for all these groups has been increasing consistently along with the rising collection, it could be inferred that poverty eradication and financing Islamic institutions are the two aspects of greatest concern in *zakat* disbursal approaches.

Considering that Islamic institutions are the responsibility of the state religious councils to finance, it is unsurprising to find that most of the time, the allocation for *fi sabilillah* and '*amil* are among the highest in the majority of states. In the year 2000, as table 3 clearly shows, the provision for these groups is significantly higher than that for the *miskin* and *faqir* combined in the majority of states except three, namely Sabah, Terengganu and Kedah.

This pattern, however, changed in 2008 and 2017 when nine of the 14 states in the table 4 and at least eight out of 14 states in the table 5 distributed more of the fund towards poverty eradication. Such a pattern indicates the increasing concern of the *zakat* institution and religious authorities about the poverty problem in their respective states. On top of the higher allocation, various programs have been introduced under the heading of *faqir* and *miskin* for providing the recipients with financial and also non-financial support. Reflecting current practice by most states, JAWHAR through its manual of distribution has outlined a range of programs for poverty eradication. The manual outlines more than 20 programs for each *faqir* and *miskin* group, ranging from monthly allowances to business aid. Overall, the distribution approach has been shaped in such a way as to raise the living conditions of the recipients.[24]

From a broader development perspective, *zakat* has also been increasingly seen as a potential tool in poverty eradication, complementing other programs implemented by the government. The federal government, with regard to this aspect, since early 2000 has been gradually incorporating zakat into national economic plans, something that has never happened before. In 2001, for instance, *zakat* was included in the Malaysian Prospective Plan (2000-2010), a strategic plan indicating the economic

[23] Majlis Agama Islam Wilayah Persekutuan (2017), *Laporan Tahunan MAIWP 2017*, Kuala Lumpur: Majlis Agama Islam Wilayah Persekutuan, p.131; Lembaga Zakat Selangor (2017), *Laporan Pengurusan Zakat Selangor 2017*, Selangor: Lembaga Zakat Selangor, p.11; Jabatan Wakaf, Zakat dan Haji (2019), "Statistik Agihan Zakat," diakses 20 Mac 2019, http://baitulmal.jawhar.gov.my/zkt_agihan_stat.php.
[24] Jabatan Wakaf, Zakat dan Haji (2007), *Manual Pengurusan Agihan Zakat*, pp. 28-29.

direction of the decade, so that it could be used for the development of Malay Muslims.[25] This aspiration was again spelt out in the Ninth Malaysia Plan (2006-2010), a more specific economic program expanding the earlier one. The later plan stated that the fund should be directed towards poverty eradication, in the way that the *zakat* institution in many states is currently inclining. As for effective management, it was recommended that the Zakat Collection Center of Federal Territory (PPZ) should be replicated and corporate management adopted.[26] This obviously shows recognition of the huge potential of the fund in the economy and provides a starting point for a more serious convergence between *zakat* and other economic institutions. The plan makes it explicit that *zakat* is increasingly a focus of governmental attention, which is undeniably good for its further advancement.

From the discussion, it could be concluded that the introduction of corporatization has been a revolutionizing factor leading to the increased collection and advancement of the *zakat* institution since the 1990s, and ultimately to greater fund distribution. Since the fund has the potential for poverty eradication, it can also be suggested that the institution should play a greater part in economic development beyond its original role as an expression of religious piety.

Conclusion

As has been self-evident throughout the discussion, there have been a significant advancement of *zakat* institution in the Malaysian post Islamic revivalism era. As early as the 1990s, the progress of the institution has revealed greater opportunities and increased potential for the fund. Since its use is compatible with Malaysia's economic development, *zakat* has finally been embraced as one of the tools for poverty eradication. With the majority of the population being Muslim Malays who are relatively weak economically, the government is expected to encourage greater allocation of *zakat* for poverty eradication. It seems that the attempt to improve the *zakat* institutions by the federal government has paid off, not merely by inducing Muslims to fulfil their religious obligation, but also by helping government to reduce poverty rate in the country.

Acknowledgement

We would like to acknowledge the financial support provided by Ministry of Higher Education for research grant no. FP064-2019A and the University of Malaya for research grant no. GPF005L-2019.

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[25] The *zakat* fund was certainly included in the plan although it stipulation was rather indirect as it was understood that in many states the fund has been part of *baitulmal* resource which refers to any asset and fund managed by states religious councils. Government of Malaysia (2001), *Third Outline Perspective Plan,* Putrajaya: Government Printers, p. 98.

[26] Government of Malaysia (2006), *Ninth Malaysia Plan 2006-2010*, Putrajaya: The Economic Planning Unit, Prime Minister's Department, pp. 342-343.

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