



Allocation of Educational Resources for the Underprivileged and Financially Disadvantaged Students through the Zakat Fund

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Abstract: PTPTN offers educational support in the form of *ujrah* or fee-based educational funding. A flat rate fee of 1% per annually was paid. The Asnaf face a significant challenge in financing their children's education at the Institution of Higher Learning. Furthermore, the offspring of asnaf belong to the impoverished and destitute demographic. Underprivileged students at the Institution of Higher Learning are eligible to receive educational aid from the zakat fund. Nevertheless, the provided finances remained inadequate, resulting in just a limited number of students being able to get it. Therefore, it is necessary to establish a more durable and tangible framework to provide financial support for the education of the Asnaf's children. One of the possible methods suggested is obtaining loans from zakat monies. Is it permissible to provide educational support in the form of a loan using zakat funds? What are the fundamental principles of Shariah governing educational assistance in the form of loans from the zakat fund? What are the suitable techniques for providing education loans to the Asnaf (indigent and destitute) in Malaysia using the zakat fund? It is stated that education loans funded by *Qard al-hasan* from zakat funds are permissible and can augment the revolving funds for educational finance derived from zakat. The data was evaluated using a qualitative exploratory research technique and collected through documentation methods. The discovery demonstrates that the alternative use of educational zakat aid has the capacity to emancipate the asnaf (impoverished individuals) from the cycle of destitution, enabling them to become contributors of zakat in the future.

Keywords: educational assistance, asnaf group, educational finance, Zakat Fund, *qard al-hasan*.

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Introduction

The education sector is crucial in fostering the formation of a society that aligns with the economic progress of Muslims in the present day. Sufficient financial resources are essential for individuals to enhance the quality of schooling. Diverse sources of educational funding have been allocated to address the needs of economically disadvantaged individuals, with the aim of enhancing the ongoing process of learning. The money offered takes the shape of either aid or loan schemes, aiming to alleviate the challenges faced by the less privileged in pursuing their education.

The financial burden of living expenses for students enrolled in Private Higher Education Institutions (IPTS) in Malaysia is particularly pronounced for those who have not secured any financial support or sponsorship from external sources, primarily due to the impact of the coronavirus pandemic (Covid-19). The B40 group's ability to pursue their education is directly impacted by this (Sinar Harian, July 13, 2020).

Given the rising student population, the future need for educational loans will be substantial. Furthermore, there are students who are confronted with a surge in tuition rates, particularly in crucial fields or disciplines. The current allocation of funding remains inadequate, as only a limited percentage of students are granted loans based on their exceptional academic achievements. This becomes more intricate when there is a failure to reimburse the debt that was provided. Consequently, it can exert a detrimental influence on students and higher education, so compromising the long-term interests of the country.

Multiple institutions offer educational financial aid to disadvantaged individuals. These include PTPTN, MARA, banks, and zakat institutions. Islam mandates that its ummah engage in financial transactions including loans or obligations. Nevertheless, it is imperative that the deed aligns with the fundamental principles of lending in Islam to prevent it from evolving into a customary or societal norm. Consequently, individuals experience heightened

levels of anxiety and tension, leading to a state of overwhelming indebtedness that goes against the principles of Islam and the legal regulations of the country.

One of the permissible types of loans in Islam is known as qard al-hasan. Qard al-hasan is a type of loan that does not impose a financial strain on the borrower and has a predetermined payback rate specified in the agreement. Therefore, qard hasan can serve as a substitute for current educational aid options in order to support the asnaf.

Research Methodology

This study is a qualitative approach. Exploratory research is a type of study that is frequently employed for investigations that are inadequately executed or have not yet been undertaken (Sekaran, 2005). One of the hallmarks of the exploratory study is its ability to provide an initial overview of the topic being studied, especially when there is limited information available regarding the problem at hand. Furthermore, conducting an analysis of a novel event or one that has a well-established theoretical framework (Sabitha Marican, 2005).

The data obtained in this study is qualitative, hence the appropriate analysis method employed is a descriptive and thematic approach to content analysis. Content analysis involves examining secondary data derived from textual materials gathered from several origins. The data is collected, researched, and categorized according to the study's questions in order to promote debate and comparison.

Student Loans for Educational Purposes

Education plays a crucial role in enhancing students' potential and improving their socio-economic status and level of living. It has the power to turn their challenging circumstances into more favorable ones (Mohamad Muhaimin & Azman Ab Rahman, 2019). The National Higher Education Fund Corporation (PTPTN) currently provides the majority of education funding. PTPTN now employs the loan assistance financing approach for its loans. PTPTN does not depend on government funds to offer loans to students. Instead, it secures financial aid from other financial institutions to give loan assistance. So far, the cumulative sum of PTPTN disbursed to students in the form of loans is RM54.7 billion, out of which RM51.2 billion is obtained from financial institutions. The PTPTN finances are primarily derived from revolving capital obtained through loans from banks. These loans are then disbursed to students, with the intention of subsequently collecting the repayments. The purpose of this collection is to enable PTPTN to repay its outstanding debts to the banks, and potentially allocate the raised funds to support more students. It is crucial for students to repay the loan in order to guarantee the continuous availability of funds in the long run (Daily News, November 22, 2018).

Presently, around 1.3 million Malaysian youngsters are actively engaged in the pursuit of higher education within various institutions throughout the nation. In contrast to the situation four decades ago, when just 14% of the Malaysian population between the ages of 17 and 23 pursued further education after completing high school, The current percentage has increased to 44%. The date of the article is May 14, 2019. The majority of Malay students pursue their education in 20 state institutions of higher learning (IPTA), 36 polytechnics, 103 community colleges, while the

remaining students attend 446 private higher education institutions (IPTS).

The cost of studying at IPTA is significantly lower in comparison to IPTS due to the government subsidies received by IPTA. The tuition fees for business courses at IPTA, for instance, range from RM5,000 to RM11,000, whereas at overseas IPTS in Malaysia, they can go as high as RM112,000. In comparison, the fees at IPTA are significantly lower than the range of RM41,000 to RM72,000 at overseas IPTS.

The majority of the study financing expenses are covered by loans from the National Higher Education Fund Corporation (PTPTN). Based on the 2017 Graduate Detection Study Report, 45.5% of graduates from IPTs in Malaysia had education funding from PTPTN, while 32.7% received private funding. Roughly 7.5% of students receive sponsorship from MARA, while the remaining students secure funding through scholarships or alternative means.

PTPTN funds are widely regarded as the predominant source of lending. Furthermore, educational loan help is offered by government agencies such as MARA, as well as private groups, banking institutions, and cooperatives. Meanwhile, exceptional students have the chance to receive scholarships from the government, government-linked corporations (GLC), private companies, and their respective universities.

Students who meet the requirements are also able to seek financial aid from additional sources. State Foundations like Yayasan Selangor, Yayasan Sabah, and Yayasan Terengganu provide scholarships or loans. The State Islamic Religious Council also offers educational support. The Federal Territory Islamic Religious Council, for instance, offers a zakat scheme for higher education to assist the underprivileged residing in the Federal Territory.

In Malaysia, the government has implemented scholarship programs and student grants to assist exceptional students and those from disadvantaged backgrounds in financing their education in higher education institutions (IPT). In 1997, the government implemented an education loan program overseen by a government entity called the National Higher Education Fund Corporation (PTPTN). PTPTN exclusively provides funding for courses that have received accreditation from the Certificate of Eligibility Agency (MQA). The loan amount is contingent upon the socio-economic circumstances of the students. Students from low-income families will be granted a complete loan.

In 2008, PTPTN implemented an education financing system that operates on the Ujrah mechanism, which is based on earnings. The wages charged are at an annual rate of 1% on a flat basis, replacing the current loan system that incurs administrative charges of 3% and 5% per annum on the reduced balance. The Ujrah method adheres to Islamic Shariah, as determined by the National Fatwa Council for Islamic Religious Affairs on July 28, 2008. The Cabinet approved this procedure on 6 August 2008 and it became effective on 1 June 2008.

According to item number 5 in the appendix of the education financing agreement, the Corporation has the authority to charge a financing management fee of 1% per year, or a different rate determined by the Corporation, on the financing amount throughout the repayment period starting from the effective date of repayment.

In addition, item number 13 specifies that the Corporation has the right to change the rate of financing management wages, the method or timing of repayment, and to demand immediate repayment of the entire financing or any remaining unpaid amount at its own discretion, without providing any justification (PTPTN-P-03/12-2009). However, when considering item number 13, it may be subject to interpretation that the 1% finance management charge is irregular in its character.

Furthermore, a more robust and comprehensive framework for providing education to students might be offered, in addition to the current financing options available. One viable approach to provide educational funding aid to students is by utilizing financing mechanisms instead of relying just on zakat donations.

Provision of Educational Support by Zakat Institutions in Malaysia

The zakat distribution system, implemented through various types of finance, follows an Islamic strategy that aims to organize and revive the community. Zakat institutions play a crucial role in assisting the asnaf, particularly in improving their standard of living, notably in the realm of education. Zakat is a significant financial tool in Islam that aims to provide assistance to individuals who are specifically mentioned in the Quran. For instance, individuals who are economically disadvantaged and have a means of subsistence but cannot afford at least half of the essential needs are eligible to receive a share of zakat on property or zakat fitrah.

Rawls (1999) argues that the theory of "justice as fairness" is based on the idea of equal opportunities and addressing social and educational inequalities. It emphasizes the need to restructure imbalances and ensure that students receive the necessary support to achieve educational equity. Zakat has demonstrated its efficacy as a means of delivering ongoing material and monetary support to diverse stakeholders in the realm of education (Mohammed B. Yusoff, 2011). Efficient and organized management is crucial for the effective distribution of zakat monies, as it has a significant impact on both zakat institutions and the government (Nurul Ilyana Muhd Adnan et.al, 2017).

Many zakat institutions specifically allocate zakat funding for educational reasons, particularly for the asnaf fakir and destitute, fi sabilillah, ibnu sabil, and nausealaf. Currently, zakat for education is distributed in diverse ways to fulfill the demands of the asnaf in supporting their ongoing learning and education. The zakat funds are distributed in two ways: through zakat institutions and through individual help. Within the programs offered by zakat institutions, funds are distributed in three categories based on educational levels. The aid was allocated to three different institutions: the Islamic Children's Education Park, the Islamic Religious High School, and higher education institutions. The allocation and dispersal of zakat donations for individuals, however, is divided based on the educational needs of the asnaf. Zakat institutions provide various types of educational support, including scholarships, financial assistance for primary and secondary school fees, philanthropic initiatives, funding for transportation to study centers, support for educational needs, provision of school uniforms, and assistance for further education at both local and foreign higher learning institutes. According to Azman Ab Rahman and Mohd Faez Abu Bakar (2017), certain zakat institutions provide distinct forms of support for education, which differ from

other forms of assistance such as bicycles, spectacles, and thesis preparation.

Extensive research has been conducted on the allocation of zakat in Malaysia. According to Muhammad Syukri Salleh (2014), the allocation of zakat to the education sector serves as a means to enhance excellence by providing general educational aid (fi sabilillah) and special assistance to the impoverished and needy asnaf. Zakat institutions and banking institutions are Islamic financial entities that have the responsibility of aiding asnaf in the eradication of poverty. Moreover, the provision of economic opportunities for impoverished and underprivileged students with higher levels of education can contribute to the worldwide expansion of education. This presents them with the chance to pursue more promising career paths and serves as a means to narrow the economic disparity between the wealthy and the impoverished.

Husnul Hami Fahrini (2016) argues that the current distribution of zakat monies through biased programs has failed to adequately address the needs of the impoverished. Fahrini suggests that zakat funding should be further developed in the future. Moreover, the research carried out by Zakaria Bahari (2014) also emphasized the necessity of broadening the allocation of educational zakat. This expansion should not only include the asnaf fi sabilillah group, but also encompass the fakir and destitute, ghorimin, and converts. By doing so, the monies allocated for zakat can be further developed.

The annual rise in funds generated from zakat fitrah and property zakat throughout all states in Malaysia has led to a substantial allocation of resources for the advancement of education, particularly for the asnaf students. Furthermore, the support offered can create possibilities for the youngsters belonging to the asnaf community to access education and pursue their studies at an advanced level, thus eliminating illiteracy. The assistance provided is insufficient.

In her interview with zakat experts, Nurul Ilyana Muhd Adnan (2015) suggests that zakat funds can be utilized not only for business capital assistance but also for educational purposes. This assistance can be provided in the form of short-term support to students before they receive PTPTN. While zakat organizations have offered education support, this funding serves as an extra monetary loan specifically for disadvantaged and impoverished students. This project aims to provide financial assistance to qualifying asnaf in order to help them overcome the financial challenges that may hinder their ability to pursue their education. Islam places significant importance on its ummah to actively pursue knowledge, irrespective of social status, financial standing, or economic hardship. Pursuing a successful profession through ongoing education has the potential to liberate individuals from the constraints of destitution and impoverishment. (Rahman & Anwar, 2014).

Alternative methods of assistance

Zakat is distributed in two different forms. Initial self-reliance. Furthermore, efficient. The allocation of self-sufficiency aid is an entitlement that must be distributed to asnaf. Yusuf al-Qaradawi (2003) argues that zakat distribution through self-sufficiency aims to assist the asnaf who lack a stable income in meeting their needs, so enhancing their overall security. The zakat distribution provided is gratuitous, and the aid does not require reimbursement.

Furthermore, efficient. The allocation of productive zakat has the potential to generate substantial income and expand significantly, thereby enhancing the economic conditions of the asnaf community. Distribution aid can take the form of company capital, such as equipment or cash, as well as finance to attend skills training and other related expenses. The zakat distribution money can also serve as capital for mustahiq individuals who have the capacity to engage in economic activity to sustain themselves.

The beneficiaries of productive zakat will endeavor to achieve self-sufficiency to the point that they no longer depend on zakat. Implementing the efficient allocation of zakat to the asnaf group is strongly recommended today, as it can stimulate the formation of capital entrepreneurs. This involves providing a revolving fund to recipients who are still productive, with the aim of enhancing their output. Consequently, the fund can be allocated to different sectors in order to uplift the impoverished asnaf and enhance their quality of life (Teh Suhaila Tajudin, Aza Shahnaz Azman & Noraini Shamsudin, 2016).

There are two additional methods of providing aid to the needy asnaf fakir. The first approach is through zakat funds, which can be given as infaq or alms to amil zakat. Furthermore, zakat money are utilized either in a productive manner, such as through grants, or in a consumptive manner, such as through loans. Thus, zakat can be utilized for productive endeavors through the means of qard al-hasan (loan) (Muhammad Nizarul Alim, 2015). Zakat perseverance, in the form of qard al-hasan, involves providing a loan without any further charges. The annual financing amount must align with the monthly repayment insurance.

Programs implemented using zakat monies provide loans to the poor, with the requirement of payback, which promotes accountability and responsibility among the recipients. Therefore, zakat is only distributed in the form of loans to recipients who engage in productive economic activity that have the potential to generate revenue for them. Zakat distribution to non-productive recipients involves providing assistance in the form of utilizing natural resources (Suhaili Sarif & Nor 'Azzah Kamri, 2009).

This has been elucidated according to the verdict deliberated by the scholars. According to Surah al-Taubah 9:60, there are eight specific types of mustahiq or asnaf who are eligible to receive zakat monies. Allah mentions these groups using the words "li" and "fi". The term "li" is employed to refer to individuals who fall under categories such as asnaf fakir, destitute, amil, and converts. The term "fi" is employed to refer to "fi sabillillah," which means "in the cause of Allah." On the other hand, "ibnu sabil" is used to denote slaves or individuals who are considered property. The utilization of the so-called fee is doubled. Firstly, this refers to individuals who are enslaved or burdened with debt, as well as those who are engaged in the cause of Allah and travelers who are in need of assistance. The usage of the term "li" in this verse indicates that Allah SWT affirms the unequivocal entitlement of the poor, destitute, amil, and converts to the zakat property.

According to most legal experts, the inclusion of fees in the allocation of zakat to the slave class, the indebted, fi sabilillah, and ibnu sabil is based on the principle of sanctity, and these individuals do not have any personal rights to the ownership of the property (Hasanah Abd Khafidz, 2006). The term "asnaf fakir" refers to individuals who are economically disadvantaged and lack sufficient resources to meet their daily necessities. The term "fakir"

is derived from the Arabic word "faqir" and is commonly used by jurists to describe individuals who are impoverished and have limited property and income (Ibn Manzur, 1996). According to Mujaini Tarimin (2005), zakat serves the objective of fostering the advancement of asnaf in several domains such as social, economic, educational, and spiritual. The manner of transferring ownership is tailored to the specific requirements and current circumstances of individuals who are economically disadvantaged, members of the clergy, and individuals who have recently converted. According to Islamic scholars, one of the main ways to distribute zakat in the business sector is by allocating productive zakat to alleviate poverty (Zahri Hamat, 2010). Nevertheless, ancient jurists and current jurists hold contrasting perspectives regarding the allocation of zakat. The first matter to address is the ownership of zakat distribution, also known as aqd al-tamlik. Furthermore, another matter to consider is the concept of aqd al-qard al-hasan, as discussed by Armiadi in 2009. According to classical jurists, the fundamental difficulty regarding zakat is that property must be distributed in the form of akad al-tamlik, which means that the property title received must be absolutely for the deserving recipient. Contrary to contemporary jurists' perspective. They believe that zakat distribution can be based on present needs and circumstances, rather than being limited to akad al-tamlik (Armiadi, 2009).

In the second edition of aqd al-qard al-hasan, the classical jurist argues that the zakat property received should be the exclusive entitlement of the zakat receiver, in the form of aqd al-tamlik. Modern legal scholars hold a contrasting perspective. According to Armiadi (2009), they believe that zakat distribution does not have to be in the form of aqd al-tamlik, but can be altered based on present needs and circumstances.

The issue of aqd al-tamlik and aqd al-hasan in the distribution of zakat, as per the views of ancient jurists and jurists, pertains to the transfer of ownership utilizing the lafaz li and fee. The government lacks the authority to reimburse monies via microfinance, nonetheless, the funds are allocated to individuals who were previously unable to receive zakat payments (Armiadi, 2009). The primary focus is on prioritizing the poor and ensuring that they are the first to receive financing, as the objective is to eliminate poverty within the community.

The main focus is on the significance of comprehending usul fiqh about the term "Lam," which denotes ownership, rights, and belonging (Hasanah Abdul Khafidz, 2006). Abu 'Ubayd (1981) asserts that the wealth of the affluent is confiscated and redistributed to the less fortunate.

According to Yusuf al-Qaradawi (2003), priority is given to the poor and needy, and the distribution can surpass their desires and requirements. Nevertheless, the primary focus is on the inclusive nature of this financing, which allows anyone from the asnaf group to apply. The funding is provided in the form of a contract that must be repaid in installments according to the agreed terms. The Quran does not explicitly specify the method of zakat distribution. Thus, it allows the rulers to use ijtihad and allocate zakat based on the necessities of the mustahiq and the prescribed limit mentioned in Surah al-Taubah: 60. The allocation of zakat in the form of tamlik is still practiced, but it is entrusted to the ijtihad of scholars to ensure that it serves the purpose of reducing poverty among the

needy both presently and in the future (Nurul Ilyana Muhd Adnan, 2015).

Qard Al-Hasan

Qard al-hasan is derived from the Arabic term that refers to an object provided as a form of debt to an individual (Mustafa al-Khin & Mustafa al-Bugha, 1992). Qard al-hasan, as defined by Muhammed Obaidullah (2008), refers to a loan that is provided without any interest being charged on the repayment of the loan. In the context of microcredit, the zakat fund is provided by the amil, who acts as the creditor, while the mustahiq is the debtor who receives the loan. Amil provides a specific amount of funds as a required loan. The mustahiq is required to repay the loan within the specified period without incurring any interest. Zakat institutions are required to allocate the capital obtained from loan repayments to other eligible recipients in order to fulfill their previously postponed entitlements (Muhammad Yasir, 2012). The Islamic Shari'a permits the use of the qard al-hasan contract as a kind of debt, based on evidence from the Quran, hadith, and ijmak. This is in agreement with Surah al-Baqarah, specifically verse 245, which states: "Who will provide Allah with a generous loan, so that He may greatly increase it?" The verse referenced is from Surah al-Baqarah, verse 245.

The passage above demonstrates that it is acceptable for all types of loans to be devoid of usury, and loans given to humanity should be treated as if they were given to Allah, resulting in double rewards. In a hadith recounted by Ibn Mas'ud, the Prophet (peace be upon him) stated:

"According to Islamic teachings, if a Muslim lends money to another Muslim and forgives the debt by accepting only half of the original amount, it will be considered an act of charity equivalent to giving alms."

Based on the mentioned hadith, individuals who lend money are granted benefits, such as receiving the recompense of charity. The practice of providing a loan, known as Qard al-Hasan, is considered lawful in Islamic muamalat. According to ijmak, the Islamic jurisprudence source that considers the consensus of experts, this contract can be signed when all Muslims have been using the qardu al-hasan contract system throughout the time of the Prophet PBUH until the present day under the current muamalat.

Qard al-hasan refers to the act of an individual engaging in benevolent actions and offering financial aid to a fellow individual in need. In the early history of Islam, Allah SWT authorized the practice of qard al-hasan before the implementation of zakat. Following the Prophet's migration to Medina in the second year of hijrah, the practice of zakat was officially authorized. As soon as the Prophet arrived in Medina, it was authorized to be collected as qard al-hasan. This demonstrates that qard al-hasan functioned as a means to assist the impoverished population of Medina at that period (Scoon, 2000). Thus, individuals who get aid should pursue a certain field based on relevant experience, abilities, and interests, without violating syarak. The primary focus of aid is directed towards the asnaf, particularly those who are impoverished, with the aim of eliminating poverty within the community (Hasanah Abd. Khafidz, 2006).

The fundamental principle behind the execution of qard al-hasan is to offer financial aid to persons in dire need, without seeking any personal gain from their vulnerability (Sulaiman, 2015). The

contract qard al-hasan specifies the duration and value of the loan that must be repaid. The borrower must repay the loan in accordance with a mutually negotiated contract, without any additional borrowed funds (Nurul Ilyana Muhd Adnan, 2015).

Classical jurists prohibit the distribution of zakat property in the form of akad qard al-hasan because it infringes upon the absolute right of mustahiq. Contemporary jurists believe that akad qard al-hasan is acceptable to safeguard the well-being of Muslims and to prevent the community from facing hardships, in accordance with present-day requirements. As stated by Ibn Qayyim al-Jauzi (1975), the modification of a fatwa is influenced by the prevailing customs, the passage of time, the specific circumstances, and the societal context. The viewpoint of the modern legal expert is not contrary to the verdict of nas, as it considers the objectives of zakat in its inherent nature. Yusuf al-Qaradawi (2002) believes that distributing zakat through microcredit in the form of qard al-hasan, akad mudarabah, and akad murabahah is allowed. The fundamental regulations, standards, and overarching concepts in muamalat, which are rooted in Islamic Shari'a, aim to promote advantages and prevent harm to Muslims in accordance with the purposes of syarak. Therefore, microcredit from the zakat fund is allowed as long as it does not have any evidence (dalil) that bans it based on the objectives (maqasid) of Islamic law in defending the welfare (maslahah) of religion, individuals' lives, and human dignity.

Furthermore, implementing zakat distribution in the form of educational financial aid through microfinance has the potential to enhance educational parity among the asnaf group. The application of innovative methods to distribute zakat based on variations in time and location is directly linked to societal transformation, in accordance with customary practices, in order to avoid any contradiction with the general welfare. Scholars utilize the foundation of maqasid al-shari'ah to ascertain the procedure for distributing zakat via microcredit, so ensuring that Muslims are not entangled in usurious transactions. Zakat is allocated to eight categories of beneficiaries to fulfill their basic living requirements, which may include educational expenses. The allocation of resources to the asnaf is provided in a manner that is just and impartial, including financial assistance (Norfariza Mohd Radzi & Asmak Ab Rahman, 2019).

As stated by Azman Ab Rahman & Mohd Faez Abu Bakar (2017), the current method mostly involves the direct allocation of funds. In order to accomplish the goals of sharia and prevent the asnaf from discontinuing their education, it is imperative to develop novel advancements. Zakat is distributed to eight asnaf in many forms, including education zakat and monthly subsistence support for the needy, through zakat schemes and aid programs. The zakat institution exclusively offers zakat aid for education to individuals who have successfully completed the application process by submitting certain paperwork via zakat programs and support (Farah Aida, 2012).

The current allocation of zakat monies for educational scholarships is insufficient to adequately support the educational needs of students in the education sector (Mohamad Muhaimin & Azman Ab Rahman, 2019). An establishment of a novel approach is required to effectively tackle the issue of discontinuation of zakat aid. Hence, it is imperative to allocate zakat funds as financial aid to support education. Traditional microfinance is forbidden by syarak (Islamic law) since it involves charging interest every time a

loan is given. Islamic microfinance, which operates on the basis of contractual agreements, serves as a solution to the problem of exploitative interest rates, allowing borrowers to generate profits that exceed the original loan amount. Hence, microfinance is a viable alternative to conventional funding (Patmawati Ibrahim, 2014). In *Fiqh al-Zakah*, Yusuf al-Qaradawi (2002) states that zakat can be used as a kind of debt repayment. He referenced the viewpoints of Abu Zahra', 'Abd al-Wahab Khallaf, and 'Abd al-Rahman ibn Hasan, who argue that it is allowed to provide loans and establish a dedicated fund to assist the financially disadvantaged from al-Gharimin. The arguments provided by him are as follows:

1. In order to attain the objectives of Islamic law (maqasid al-Shar'iah) and counter the practices of usury and conventional banking, it is necessary to provide zakat in a systematic manner.
2. The zakat grant is allocated for the repayment of debt through qard al-hasan, a loan that is free from any kind of interest, and the priority for repayment is determined based on Qiyas al-Awla. Once the debt is repaid, the funds are returned to baitulmal.

Furthermore, it is feasible to dispute the application of qiyas to the inheritance rights of the orphans. Maslahah serves as a justification for providing loans to benefit the orphans. Certain scholars of the Shafi'i madhhab permit prioritizing the repayment of debts in order to prevent financial ruin. Al-Nawawi (unknown date, page 4, line 191): If a qadi has the ability to provide something as a loan, it is not obligatory for him to retain it as a wadi'ah.

Consequently, the debt collector ought to assume liability for the debt by means of a dam. The government and zakat authorities should prioritize the welfare of maslahah asnaf. The allocation of credit from zakat funds shall only occur once the prerequisites for achieving the prescribed maslahah have been met, including:

1. Ensure the debt can be repaid.
2. Providing zakat in the form of a qard (loan) does not hinder the asnaf from receiving their entitlements in a complete and equitable manner.
3. The government should seek innovative solutions to assist the asnaf.

Therefore, education finance can be accomplished through two different methods, instead of relying on zakat contributions. Firstly, the concept of microfinance without charging interest (Qard al-Hasan). Furthermore, microfinance can be transformed into scholarships. The initial format is intended for students who are about to graduate. In contrast, the second option is available for students who graduate with outstanding performance and are not required to repay any loans. Only individuals who match the stipulated conditions are eligible to receive money. The education financial aid offered is not merely a loan, but rather an effort aimed at supporting the education of the children of the asnaf, enabling them to pursue their studies and secure gainful employment upon graduation. Ultimately, they managed to escape poverty and were capable of repaying the loans. Consequently, it is imperative for zakat institutions in every state to proactively intensify their endeavors in order to assist a greater number of impoverished asnafs. For instance, offering financial literacy and strategies for prudent debt management to assist individuals in effectively

handling their debts through increased awareness and comprehension. Nevertheless, it is imperative to conduct surveillance on all activities and programs undertaken by the asnaf to ascertain the viability of this approach in addressing the issue of apathetic and unresponsive asnaf beneficiaries following the provision of aid. Furthermore, it is imperative for the zakat institution to actively participate in facilitating the distribution of zakat money in the form of microcredits to ensure a seamless process and guarantee the repayment of loans, thereby enabling a continuous flow of zakat funds to other eligible recipients.

Conclusion

Education finance through loans can offer unique educational chances for children from the asnaf community to pursue their studies. Therefore, these individuals have the chance to escape the confines of poverty. Furthermore, the deployment of alternative assistance has evident repercussions for the distribution of zakat. Education loans can address the issue of distributing educational aid to the asnaf by providing financing contracts like qard al-hasan. Obtain financial aid through a contract without having to pay any interest from the money you receive as reimbursements. The education loan is a collaborative implementation technique that extends beyond zakat institutions. Indeed, the asnaf children are diligently utilizing the assistance to enhance their educational standards specifically, and overall quality of life.

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