

Exploring Education Zakat across Various States in Malaysia and its Determinants

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Abstract

Background: Zakat is an important Islamic financial tool that contributes to socioeconomic development, including education, by redistributing wealth to those in need. In Malaysia, state governments manage zakat collection and distribution, with significant variation across states in how education zakat is handled.

Objectives: This study aims to compare the distribution and impact of education zakat across different Malaysian states, focusing on zakat office in Higher Education Institutions (HEIs) and other factors that influence education zakat effects.

Novelty: This study offers a unique contribution by comparing education zakat across states in Malaysia and examining the determinants that lead to effective education zakat outcomes, with a special focus on zakat office in HEIs.

Research Methodology/Design: A qualitative research methodology is employed, combining library research on zakat practices across states with unstructured interviews from officials at zakat offices in HEIs. Informants were selected based on their direct involvement and experience with education-related zakat allocation within their respective institutions.

Findings: The results indicate significant disparities in zakat allocation for education across Malaysian states. For instance, Sarawak allocated the highest percentage of zakat for education, while Selangor allocated the lowest.

Implication: Findings suggest that diverse zakat scheme, broader asnaf categories, and positive perception among students on zakat management in HEIs could enhance the impact of education zakat. States with higher allocation for education zakat has the potential to enjoy improved educational outcomes.

Keywords:

Education Zakat, Zakat Governance, Islamic Social Finance, Higher Education Institutions, Zakat Management

JEL Classifications:

H75, I22, I28, G38, Z12

A. Introduction

Education plays a crucial role in the socioeconomic development of a nation, and ensuring equitable access to quality education is a key priority for many governments. In Malaysia, the distribution of zakat, a mandatory religious tax, has become an important instrument for supporting the education sector. This research paper aims to investigate the determinants and impacts of education zakat across various states in Malaysia, with a focus on understanding the role of zakat in promoting educational opportunities and reducing income inequality.

The Malaysian government has consistently prioritized the education sector in its annual budget, with a significant portion allocated to the development of human capital (Mohamad Zaki et al., 2020). However, there are still individuals and families who face financial challenges in accessing education, particularly among the underprivileged communities. Zakat, as an obligatory religious contribution, has the potential to address this gap by providing financial assistance to those in need.

Education is vital for economic growth as it enhances workforce productivity, fosters innovation, and reduces income inequality (Saad et al., 2014). When individuals receive quality education, they are better equipped to secure higher-paying jobs, contribute to economic development, and lift themselves out of poverty, aligning with the United Nations Sustainable Development Goal (SDG) 8: Decent Work and Economic Growth, which seeks to promote sustained, inclusive, and sustainable economic growth and full and productive employment. Additionally, education intersects with SDG 4: Quality Education, which aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all, fostering economic advancement and social progress.

Zakat for education has been widely accepted and practiced by many Muslim countries where it is regarded as a zakat beneficiary under the '*fi sabilillah*' category (Ab Rahman et al., 2021). Theoretically, zakat levied on the rich and used to subsidize education is more effective in reducing unemployment than the existing conventional fiscal policy (Raies, 2020). Education zakat has emerged internationally as a significant channel to support and broaden access to education, particularly for underserved communities. In Malaysia, state zakat authorities allocate funds for scholarships, study materials, and living expenses, making education accessible to disadvantaged students across levels (Mohd Radzi & Ab Rahman, 2019). Similarly, Badan Amil Zakat Nasional (BAZNAS) in Indonesia collaborates with government and private institutions to provide scholarships and develop school infrastructure in remote areas (Suwasdi & Said, 2022). In Saudi Arabia, centralized zakat funds support vocational training and higher education in alignment with Vision 2030, which prioritizes education for economic empowerment (Aldossari, 2020; Al-Salih, 2020).

The United Arab Emirates also takes a unique approach by directing zakat funds internationally through initiatives like Dubai Cares, which finances education for children in conflict zones and impoverished regions (Parkhurst, 2014). Pakistan's provincial zakat councils focus on rural education, offering stipends and skills programs to uplift communities, with particular emphasis to decrease poverty (Ahmad et al., 2017). Meanwhile, the South African National Zakah Fund (SANZAF) directs zakat contributions toward scholarships and academic support, aiming to reduce educational disparities (Abdul-Jabaar, 2022). Together, these practices underscore the diverse ways in which zakat is applied toward educational empowerment globally, enhancing social mobility, community welfare, and, in some cases, supporting educational initiatives internationally.

However, in Malaysia, the issue of educational poverty has surged because of the recent COVID-19 pandemic. The pandemic highlighted and increased current inequalities in education, with those who are marginalized and low-income students experiencing greater challenges to obtaining and benefiting from school. Former Education Minister Maszlee Malik highlighted that poverty in education causes a situation of 'loss generation' where a lot of schools drop out and less enrolment into tertiary education situations (Dzulkifly, 2021). In this regard, zakat is seen as the best tool in combating the 'loss generation' issue (Mohamad Zaki & Sulong, 2019). Under these circumstances, it is important to investigate how zakat, as a redistribution tool of Islamic economics, contributes to Malaysia's education sector. By giving support and resources, zakat has the potential to significantly reduce financial issues as well as improve the state of 'loss generation' (Othman et al., 2019).

Understanding the level to which zakat contributes to education allows us to assess its influence on tackling the financial issues that students and educational institutions confront. Financial limitations frequently limit students' abilities to pursue education and present challenges for educational development. Therefore, this issue is important because the education sector is among the largest recipient of the national budget allocation in many countries, including Malaysia. Furthermore, education zakat has a great potential to raise the education level of individuals and thus increase zakat contributions. Thus, this study aims to explore the connection between *fi sabilillah* and education zakat as practiced among different states in Malaysia. In addition, this study explores the potential factors that affect the education zakat outcomes.

In the case of Malaysia, Islamic affairs are under the authority of state governments. Hence, it is interesting to compare the allocation of education zakat among different states and identify the potential factors that influence the impactfulness of education zakat, particularly in higher education institutions (HEIs).

B. Literature Review

There are many studies that discuss the importance and contribution of education zakat among different categories of zakat recipients in Malaysia. Meerangani (2019) finds that the states Islamic religious councils (SIRCs) in Malaysia provided various programs aimed at improving the quality of life of zakat recipients, and education assistance is among the most effective one. Migdad (2019) analyses the management of zakat system by different SIRCs in Malaysia and found that the Malaysian experience with managing zakat is technically advanced in both distribution and collection. However, zakat distribution ought to be more sustainable and less consumption-based, where education zakat may be more suitable.

Mohd Radzi and Kenayathulla (2017) found that zakat managed to improve the educational equity of the students from urban poor families by providing them with necessary educational input and supporting their learning environment. Abdullah and Sapiei (2018) found that religiosity plays a more significant role in determining the decision to pay zakat compared to level of education, while female working Muslims demonstrating lower levels of zakat compliance compared to their male counterparts. Since lower educated and less religious individuals are less likely to pay zakat, this may affect the availability of education zakat funds.

Ab Rahman and Abu Bakar (2018) suggest that it is feasible to establish education institution that operates using zakat funds since the collection of zakat managed by higher education institutions (HEIs) is showing an increasing trend every year. Ab Rahman et al. (2021) evaluate the level of awareness among students on Pusat Wakaf dan Zakat (PWZ), the zakat office of Universiti Sains Islam Malaysia (USIM) and their perception of zakat distribution to *fi sabilillah* category. Since USIM is located in Negeri Sembilan, *fi sabilillah* is defined as a struggle, effort, or program to uphold Allah's religion, which includes students of knowledge. In Johor, the Zakat Unit at the Islamic Centre of Universiti Teknologi Malaysia (UTM) is found to be effective at managing the distribution of zakat to students (Nor Muhamad et al., 2018). Meanwhile, education zakat is the largest zakat distribution in Penang where both individual students and educational institutions are qualified to be the recipients (Mohamad Zaki & Ab Rahman, 2019).

In Kedah, education zakat distribution method is guided by the principles of *maslahah* where students are generally regarded under the *fi sabilillah* category (Mohamad Zaki et al., 2020). The education zakat schemes offered by Lembaga Zakat Negeri Kedah (LZNK) include students who are studying in both public and private institution, either locally or overseas; which greatly enhance the effectiveness of zakat to alleviate poverty (Mohamad Zaki et al., 2020). Furthermore, collaborations between zakat authority and HEIs could improve education zakat distribution process through strategic exchange of ideas and pool of resources that strengthen the distribution mechanisms (Mohamad Zaki et al., 2021). Syed Yusuf et al. (2022) found that technology improvement and governance significantly influence the effectiveness of zakat distribution to university students in Sarawak.

On the contrary, [Takril and Othman \(2020\)](#) analyse zakat collection and distribution managed by zakat counters under the purview of Lembaga Zakat Selangor (LZS) at five HEIs in Selangor and found that they are not effective. There are three main reasons, which are difficult application process, lack of information and communication between zakat institutions, and the negative perception of both zakat payers and recipients on zakat distribution process performed by zakat offices at HEIs.

With regard to macroeconomic goals, [Raies \(2020\)](#) shows that subsidizing education through the conventional tax policy has no effect on the employment rate while education zakat is more effective in reducing unemployment. [Suprayitno et al. \(2017\)](#) reveals that zakat has a positive and significant influence on human development and economic growth in several states in Malaysia.

From *maqasid shariah* point of view, education zakat has a great potential to contribute towards the preservation of intellect (*hifz al-'aql*). However, insufficient governance and management processes, insufficient human resources, poor accounting and financial management techniques, a lack of public trust and confidence, and limited openness and accountability are among the issues and challenges that zakat institutions confront in achieving *maqasid shariah* in Malaysia ([Tuan Mahmood et al., 2021](#); [Zulkifli et al., 2021](#)).

From the literature discussed above, there is no comparison made on the contributions of education zakat between different states in Malaysia. Similarly, there have been no attempt to highlight the factors that cause these differences. This paper attempts to address this research gap.

C. Research Methodology

This study employs a qualitative research methodology to gather insights into educational zakat aid mechanisms across Malaysian states. Data collection involved a combination of library research and fieldwork, focusing on recent studies relevant to education zakat within the past five years, along with published reports and information available on official zakat institution websites. To further validate and enhance findings from the literature, unstructured interviews were conducted with officials at a zakat office of a public university in Malaysia. This particular zakat office, representing both Selangor and Pahang states, was chosen as it serves a large academic community of approximately 20,000 students and 5,000 staff, thus offering a valuable perspective on educational zakat distribution within higher education institutions (HEIs).

In analyzing the collected data, the study prioritized two characteristics of information: comprehensiveness, by gathering data across Malaysian states, and relevance, by focusing on recent literature and updated institutional reports to capture current zakat practices. The analysis proceeded in several stages. First, content analysis was applied to the library research data to identify common mechanisms and educational support structures associated with the *fi sabilillah* category. Next, findings were triangulated with insights from interviews to identify both corroborating details and unique perspectives on zakat distribution in HEIs. Finally, themes emerging from these comparative insights were synthesized to outline a framework that reflects both state-level and HEI-specific practices in educational zakat aid distribution. This approach provides a detailed and comprehensive understanding of educational zakat mechanisms across states, with a specific focus on the practical implementation of the *fi sabilillah* category within the context of HEIs.

D. Result & Discussion

Based on the literature on zakat in Malaysia, there are differences in zakat management between the states of Malaysia. According to Migdad (2019), differences in the zakat management system occur since the authority of Islamic affairs including zakat is vested with the individual rulers of each state, where it is usually governed through the respective state Islamic religious councils (SIRCs). Thus, there is a strong localization of zakat management where each state has an independent zakat institution under the supervision of its own SIRC (Suprayitno et al., 2017).

D.1 Education Zakat Contributions Between States in Malaysia

With regard to education zakat, students may also receive zakat under the faqir and miskin categories. However, it is important to note that in this case, students receive zakat primarily due to their poverty conditions while their status as students of knowledge has become a secondary factor in addition to poverty. This will also potentially lead to a double counting situation where a poor student who receive zakat will mistakenly appear in more than one category, which are faqir or miskin and *fi sabilillah* or *riqab*. Therefore, it is necessary to isolate the primary poverty factor in order to analyze zakat that is purely allocated for education as the main objective. At the same time, education zakat should not be limited to zakat for students only but should include zakat for educational institutions and facilities as well.

As observed from the literature, the practices of education zakat distribution vary across different states in Malaysia. Most of the states in Malaysia channel education zakat under the *fi sabilillah* category. Negeri Sembilan treat students under the *riqab* category. This shows that while education zakat exists in all states, the scope and mechanisms of distribution may differ based on the state's interpretation of zakat rules and regulations.

Besides the differences in the scope of education zakat, the amount of funds allocated for education purposes also varies across states. In this analysis, the *fi sabilillah* category is used as a proxy for education zakat, as it is the best available indicator that excludes poverty-related factors from zakat consideration. Table 1 presents the zakat distribution statistics for 2020 across Malaysian states, with a specific focus on the *fi sabilillah* category. The percentage of *fi sabilillah* distribution in the total zakat distribution varies significantly among the states, ranging from 15% to 54%.

Table 1. Total and *Fi Sabilillah* Zakat Distribution in 2020 by States

States	<i>Fi Sabilillah</i>					Total	
	Amount (RM million)	%	People	%	Average (RM)	Amount (RM million)	People
Johor	NA	NA	NA	NA	NA	299.838	NA
Kedah	66.532	34	33,713	53	1973	195.698	63,286
Kelantan	39.404	21	6,427	11	6131	185.584	57,535
Melaka	19.161	24	NA	NA	NA	80.270	NA
Negeri Sembilan	47.417	42	8,470	34	5598	114.237	25,228
Pahang	NA	NA	NA	NA	NA	134.992	NA
Penang	60.318	48	21,365	34	2823	126.582	62,866
Perak	30.572	19	124,219	51	246	165.048	244,129
Perlis	NA	NA	NA	NA	NA	NA	NA
Selangor	129.392	15	NA	NA	NA	867.227	64,616
Terengganu	32.547	19	19,218	30	1694	171.122	64,862
Sabah	15.170	17	2,431	3	6240	88.575	88,104
Sarawak	38.575	54	NA	NA	NA	71.598	NA
Federal Territory	170.533	32	15,484	7	11014	526.471	215,449

Source: Zakat distribution statistics as reported by the Department of Waqf, Zakat and Hajj (Jabatan Wakaf, Zakat dan Haji – JAWHAR). Notes: NA means not available. *The amount shown here is the sum of *fi sabilillah* and *riqab* categories since students are classified as *riqab* in Negeri Sembilan. ** Data for Perlis is not available.

From Table 1, in the year 2020, Selangor has the highest zakat disbursement amount at RM 867.2 million while Sarawak has the lowest at RM 189.9 million. With regard to distribution of zakat for *fi sabilillah*, the highest amount is RM 170.5 million by the Federal Territory while the lowest is by Sabah at RM 15 million. However, with regard to proportion of education zakat, Selangor actually spends the lowest percentage of zakat for *fi sabilillah* at 15% in contrast to Sarawak that allocates 54%. Based on the disbursement proportion as shown in the table, the three states that give the highest priority for *fi sabilillah* category are Sarawak, Penang, and Negeri Sembilan.

Due to limited availability of data, the comparison on the number of zakat recipients can only be conducted for eight states. More than half of zakat recipients in Kedah and Perak are under the *fi sabilillah* category, but this category is less than 10% of zakat recipients in the Federal Territory and Sabah. The average of zakat received under the *fi sabilillah* category is the highest in the Federal Territory at RM 11,014 per recipient while the lowest is in Perak at RM 246 per recipient.

D.2 Zakat Office in Higher Learning Institution (HEI)

To enhance the comparison across states and to provide better understanding on the determinants and impact of education zakat, it is important to examine the role of a higher learning institution zakat office. This study has approached the zakat office of a public university in Malaysia which has been appointed as 'amil by two state zakat authorities, Lembaga Zakat Selangor (LZS) and Pusat Kutipan Zakat Pahang (PKZP). We shall deliberate on the zakat office responsible for LZS.

In 2022, the amount of zakat money contributed by the university community in Selangor to the zakat office was RM 5,513,247. Most of the zakat payers are staff of the university. There are two zakat payment methods available, which are on-counter payment and salary deduction scheme for the staff. From these two modes, the salary deduction scheme recorded a higher amount compared to the on-counter payments which are RM 3,202,043.39 and RM2,311,203.62, respectively. This indicates that the university community prefers the salary deduction scheme to perform zakat compared to on-counter payment.

In terms of disbursement to the students, half of the total zakat collected is channelled back to LZS and the remaining 50% is for the purpose of assisting the university students, administration, and amil fees. In 2022, the students received about RM 1.697 million in assistance from the zakat office which mainly includes monthly allowance and one-off special case allowance. The monthly allowance is disbursed to students at RM 350 monthly, which amount to RM 1750 per semester. Other than that, the zakat office also entertain special requests for specific zakat assistance for students based on recommendations from the deans and lecturers, which include payments for flight tickets for international students and emergency medical cases. It is interesting to note that the zakat office facilitates formal zakat application through their website, as well as based on reports received from students' bodies and lecturers, and social media postings on a student in need of zakat assistance.

The application process will go through two screening stages, which are evaluation by the student welfare committees, and later interviews by zakat officers. Firstly, there is a verification process to determine whether the students are receiving any type of funding for their studies, either in the form of scholarship or education loan, such as the National Higher Education Fund Corporation (PTPTN) loan. Then, a family background check will be conducted to determine if the students' family is included under the eligible *had kifayah* and the category of *asnaf* affixed by LZS. The calculation of *had kifayah* is based on the amount stipulated by LZS on the household income of the family. Table 2 shows an example of *had kifayah* calculation by LZS.

Table 2. Calculation on *Had Kifayah* for Family of Seven Members and Household Monthly Income RM 1500

Category	Amount of <i>Had Kifayah</i> (RM) (fixed by the LZS)	No. of People	Total (RM)
Head of Family (father)	1215.00	1	1215.00
Spouse (mother)	167.00	1	167.00
Unemployed Children (18 and above)	167.00	1	167.00
Children who are Students in IPT	613.00	1	613.00
Children aged between 7-17 Years Old	408.00	1	408.00
Children under the age of 6 Years Old	175.00	2	350.00
Children with Disability	224.00	0	
• Cost of Childcare	290.00	0	
• Cost of Medical Treatment (in case of Chronic Disease)	222.00	0	
Total Amount of <i>Had Kifayah</i>			2920.00
Household Income by this family per month			1500.00
Balance of <i>Had Kifayah</i>			(1420.00)
Result			Poor

Source: LZS website. Note: Amount of *had kifayah* is determined by LZS

At this university, zakat eligible students are categorized under five categories, which are the *fakir*, *miskin*, *muallaf*, *fi sabilillah*, and *ibn sabil*. *Fakir* refers to students with family's household income that is less than 50% of the total *had kifayah* for basic necessities, while *miskin* refers to those who can afford 50% of *had kifayah* but still face insufficient funds. From Table 2, the balance of *had kifayah* is RM 1,420 which is 48.6% short and insufficient thus making the family categorized under *miskin*. Other than that, the zakat office also accept students who reverted to Islam under the category of *muallaf* as zakat recipients. Moreover, *fi sabilillah* and *ibn sabil* are commonly used for local students from Sabah and Sarawak as well as international students who need financial assistance in buying flight tickets to return home. These findings suggest that universities and zakat institutions could refine their criteria to better address evolving student needs, which may increasingly include specialized categories or additional criteria for *asnaf* verification.

D.3 Determinants of Education Zakat Impacts

Based on the review of past studies and websites of zakat agencies, there are three main factors that have been identified as having a large influence on the impacts of zakat on the Malaysian education sector. The three factors are availability of many education zakat schemes that are accessible to various types of students as well as education institutions, revision and extension of *asnaf* categories that are aligned with contemporary socio-economic background, and students' perceptions on zakat management system.

Comprehensive Education Zakat Schemes

The availability of various education zakat schemes catered to different types of students and institutions has been shown to enhance the impactfulness of zakat distribution. For instance, schemes that provide assistance for tuition fees, living expenses, special needs, and transportation are crucial in supporting underprivileged students to access and complete their studies. Zakat institutions that are able to reach out to a diverse range of recipients, such as mainstream students, students with disabilities, or those studying in different types of institutions (public, private, technical, vocational), tend to have a wider and more substantial impact (Mohamad Zaki et al., 2020; Saad et al., 2014).

Many zakat institutions in Malaysia classify the disbursement of zakat into four broad socio-economic categories, which are economic development, social assistance, education aid, and special cases. The divisions of these socio-economic zakat categories and their respective schemes are shown in Table 3 below.

Table 3. Education Zakat Schemes Based on Socio-Economic Categories

Category	Education Zakat Schemes
Economic Development	SME Assistance Early Assistance for SME Skills Training
Social Assistance	Monthly Financial Assistance for Needy Family Financial Assistance to Schools Early School Assistance Medical Assistance
Education Aid	Scholarship / Dermasiswa Early School Assistance Early IPTA Financial Aids Flight Tickets Infrastructures Development Others
Special Cases	Covid-19 Aids Natural Disasters - Flood Assistance

Source: Zakat websites of various states in Malaysia

As shown in Table 3, each category has different schemes that could ensure access to all segments of the society who are eligible for education zakat. The education aid category has six distinct schemes, which are Early Schooling Aid for both Primary and Secondary Schools, Early University Aid, Dermasiswa/Scholarship for both Local and Oversea, Ticket Fare, Infrastructures, and Others which include the salary for religious teachers teaching Quran and Fardu 'Ain Classes (KAFA) or school uniforms assistance (Ab Rahman & Abu Bakar, 2018).

In Table 4 below, various education aid schemes from zakat funds are listed based on the states that offer them. Following Othman et al. (2019), these schemes are categorized based on the similarities of zakat assistance each state offers under the education programs.

Table 4. Education Zakat Schemes in Different States in Malaysia

States	Education Zakat Schemes
Perlis	Early Schooling Aid, Early University Aid, Dermasiswa/Scholarship
Kedah	Early Schooling Aid, Early University Aid, Dermasiswa/Scholarship, Infrastructure and Others (Religious Teacher Allowance, Religious Schools: <i>Madrasah</i> Development)
Pulau Pinang	Early Schooling Aid, Early University Aid, Dermasiswa/Scholarship, Others (School Uniforms Assistance)
Perak	Early Schooling Aid, Early University Aid, Dermasiswa/Scholarship
Selangor	Early Schooling Aid, Early University Aid, Dermasiswa/Scholarship, Infrastructure and Others (Religious Teacher Allowance, School Development)
Negeri Sembilan	Early Schooling Aid, Early University Aid, Dermasiswa/Scholarship, Infrastructure, Ticket Fare and Others (Religious Teacher Allowance)
Melaka	Early Schooling Aid, Early University Aid, Dermasiswa/Scholarship
Johor	Early University Aid, Dermasiswa/Scholarship, Ticket Fare and Others (Spectacles Assistance)
Pahang	Early Schooling Aid, Early University Aid, Dermasiswa/Scholarship, Infrastructure and Others (Religious Teacher Allowance)
Terengganu	Early University Aid, Dermasiswa/Scholarship, Ticket Fare and Others (SimCard Assistance for Students who need Internet)
Kelantan	Early University Aid, Scholarship/Dermasiswa and Others ((Religious Teacher Allowance, Religious Schools: <i>Madrasah</i> Development)
Sabah	Early University Aid, Scholarship/Dermasiswa and Ticket Fare
Sarawak	Early Schooling Aid, Early University Aid, Scholarship/Dermasiswa and Ticket Fare

Source: Zakat websites of various states in Malaysia

Almost all states in Malaysia offer the similar zakat schemes for education as shown in Table 4 above. There are three cases that worth to be highlighted.

Lembaga Zakat Negeri Kedah (LZNK) offers a number of zakat plans under the education program which can be seen from the successful construction of Kedah Zakat School (Zaki et al., 2021). These schools are Kolej Agama Sultan Abdul Halim which is also known as Sekolah Ulul Albab Zakat Kedah, Sekolah Keusahawanan Zakat Kedah, and Maahad Dini Sultan Abdul Halim (Othman et al., 2019). The establishment of these schools under Kedah Zakat School category allows zakat to be channelled for the teachers' salary, students' accommodation and meals, as well as the operational budget of the schools.

In Penang, zakat for education is channeled via two channels, either directly to the individual students, or to organizations that manage Islamic education institutions such as Islamic kindergarten, schools, and colleges. From Table 4, the first channel consists of the early schooling aids, school uniforms assistance, school bags and stationaries; while the second channel is where Zakat Pulau Pinang (ZPP) pays the education fees of selected asnaf through collaboration with educational institutions (Mohamad Zaki & Ab Rahman, 2019).

In the case of Sabah, zakat for education scheme includes school assistance such as infrastructure development as well as the teachers' allowance under the social and economic sectors (MUIS, 2023). Besides direct assistance to individual students, Omar et al. (2022) found that the Majlis Ugama Islam Sabah (MUIS) also focuses on institutional development of educational institutions and enhancement of education through training, workshops, seminars, and motivation programs for the underprivileged asnaf students in Sabah. Specifically, the Department of Zakat and Fitrah of MUIS offers various zakat-funded programs to support the education of underprivileged students in the state. This includes providing financial assistance for tuition fees, textbooks, school supplies, and air transportation costs for students from low-income families. The zakat funds are also used to construct and maintain religious schools, as well as to pay the salaries of religious teachers instructing Quran and Islamic studies classes. Moreover, they extend zakat-based scholarships and education allowances to deserving students pursuing higher education, including those studying outside of Sabah. This comprehensive approach to channeling zakat resources demonstrates the state's commitment to leveraging this Islamic social finance tool to improve educational access and attainment across different segments of the Sabahan population.

Expansion of Asnaf Categories

A second crucial factor shaping the impacts of education zakat is the definition and broadening of asnaf (beneficiary) categories to be more inclusive of diverse educational needs and student populations. The eight asnaf categories mentioned in the Quran provide the foundation for zakat distribution, but their practical interpretation and application have evolved over time to cater to contemporary socioeconomic contexts (Mohamad Zaki et al., 2020; Hasan et al., 2022).

Majority of the states in Malaysia includes students under the category of *fakir*, *miskin*, and *fi sabilillah* to be assisted with zakat fund. *Fakir* refers to household with income less than 50% to support their own cost of living, while *miskin* is the one who has income that can support over 50% of the living cost but still face insufficiency (Nor Muhamad et al., 2018). Full time students who are studying are also considered as *fakir* and *miskin* since they are temporary unemployed and unable to financially support their studies (Othman et al., 2019). Meanwhile, *fi sabilillah* is originally related to war, but has been expanded to include any initiatives or efforts to uphold Islam (Ab Rahman et al., 2021). Nor Muhamad et al. (2018) found that majority of the states in Malaysia consider students to be equivalent with those who are fighting in the path of Allah's religion. However, some states such as Kedah, Kelantan, Negeri Sembilan, Pahang, Pulau Pinang, Perlis, Selangor, Terengganu, and Sabah have added other categories of *asnaf* for students.

Muallaf generally refers to those who reverted to Islam and is the fourth group mentioned in Al-Quran as zakat recipients. States such as Kelantan, Negeri Sembilan, Perlis, Selangor, Terengganu, and Sabah include *muallaf* as zakat recipients in the education sector. For instance, the zakat for *muallaf* in Selangor includes payment for their Islamic education besides the ordinary financial assistance (Bhari et al., 2022). This explains why the zakat office of the public university interviewed includes *muallaf* as zakat recipients in the university community.

Two states offer assistance for *gharimin*, which are Pahang and Kelantan. In Pahang, although they offer zakat assistance for those in debt due to education loans, this scheme is not listed under the education program but the social development instead (MUIP, 2023). *Gharimin* is generally defined as debtors. Majlis Ugama Islam dan Adat Resam Melayu Pahang (MUIP) defines *gharimin* as those who are in-debt and unable to fulfill their own basic necessities and that of their dependents, or those who need an instant settlement or clearance of debts that are allowed by the shariah (Saadan & Sarifin, 2021). Thus, MUIP included those who are needed to pay their education loan after graduating and have not secured any employment as *gharimin* (MUIP, 2023) (MUIP, 2023). The same practice is observed in Kelantan, where *gharimin* who are unable to settle financial education loan are offered zakat assistance, and the scheme is not listed under education program (Saadan & Sarifin, 2021).

Negeri Sembilan is a special state that regard students under the *riqab* category. Generally, *riqab* refers to slaves or those who are subjected to any kind of enslavement, and zakat is used to discharge them from their cuffs or freeing the slaves. Negeri Sembilan expanded these meanings by including the act of freeing someone from ignorance and developing his intellectual capacity with financial support under the *riqab* category (Nordin & Wan Khairuldin, 2018).

Kedah, Negeri Sembilan, Pahang, and Terengganu consider students who need to travel to seek knowledge for the sake of Allah under the *ibn sabil* category. Zakat fund can be channeled to students who are pursuing study overseas in the forms of flight tickets and placement travel allowance at a new place (Mohamad Zaki & Sulong, 2021).

Students' Perception on Zakat Management System

Existing studies have found that most zakat recipients are satisfied with the implementation and distribution of zakat in Malaysia (Basir et al., 2017). They perceive that the zakat fund management has improved in terms of accessibility, transparency, accountability, and adequacy of the zakat assistance. Yet, there are still some challenges pertaining to the effectiveness of the zakat distribution system, such as the need to strengthen the delivery systems, human capital, and governance (Jaapar & Kamarulzaman, 2020).

Further studies are needed to examine the causes of skepticism towards the zakat management system, from the perspectives of both zakat payers and recipients, as this skepticism can impact the collection and distribution of zakat funds (Mohamad Zaki & Ab Rahman, 2019). Students' perceptions and views on the zakat management system, such as their level of trust, satisfaction, and perceived transparency and accessibility, will obviously influence the allocation and distribution of zakat funds for education programs. Their perspectives can impact the effectiveness and utilization of these funds, underscoring the importance of understanding and addressing students' concerns to optimize the impact of education zakat initiatives.

Studies on perceptions among HEI students on zakat have produced mixed results. Students of Universiti Sains Islam Malaysia (USIM) are found to have trust issues towards the zakat authorities. Ab Rahman et al. (2021) found that students of Universiti Sains Islam Malaysia (USIM) are skeptical on Pusat Wakaf dan Zakat (PWZ), which is the university's zakat institution, due to lack of exposures to the activities as well as the bureaucratic process of zakat application at these zakat authorities. On the other hand, Nor Muhamad et al. (2018) reported that students of Universiti Teknologi Malaysia (UTM) are satisfied with the university's zakat unit which is under the supervision of Majlis Agama Islam Negeri Johor (MAIJ). According to Husin et al. (2022), both the satisfaction of zakat recipients and the proficiency of zakat administrators have a significant impact on the distribution of zakat funds, while zakat-related knowledge was not found to significantly influence the effectiveness of zakat distribution among students in HEIs located in Selangor.

The key aspects of zakat governance in HEI highlighted by Azmi et al. (2023) are the advertisement of zakat assistance, the acceptance of zakat applications, the screening of applications, the approval of zakat requests, the distribution of zakat funds, and the reporting on zakat activities. These critical components of the zakat management system are crucial for ensuring transparency and accountability that affect students' perception and contribute towards the effective utilization of zakat resources to support educational initiatives.

Although one's personal perception and attitudes towards the zakat management system may be subjective and vary from individual to individual, these views can nonetheless have a strong influence on the distribution and allocation of zakat funds for education programs. The level of trust, satisfaction, and perceived transparency and accessibility that students hold regarding the zakat authorities and processes can significantly impact the effectiveness and utilization of zakat-funded education initiatives. Therefore, it is crucial for those designing and implementing education zakat programs to carefully consider and address the perceptions and concerns of the target student recipients. This will help ensure the optimal reach and impact of these important social welfare programs aimed at expanding educational access and opportunity.

E. Conclusion & Policy Recommendation

Education zakat offers numerous advantages, including expanding access to education for marginalized individuals, fostering social mobility, and reducing income inequality. By empowering disadvantaged groups to acquire knowledge and skills, education zakat contributes to long-term economic development and human capital growth, aligning with broader goals of poverty alleviation and social equity. This study's findings highlight significant variations in the application of the *fi sabilillah* category across Malaysian states, with differences in the allocation and amount of education zakat provided, reflecting the diversity of state-level approaches to supporting students in need.

The academic contribution of this research lies in its detailed comparative analysis of education zakat practices across Malaysian states, offering novel insights into zakat for the *fi sabilillah* category within higher education institutions (HEIs) as well as its allocations at the state level. This study adds to the literature on educational zakat mechanisms by identifying three main factors with significant impact on zakat in the Malaysian education sector. Firstly, the presence of numerous educational zakat schemes that are open to different types of students as well as educational institutions. Secondly, the revision and extension of *asnaf* categories that are in line with current socio-economic backgrounds. Thirdly, students' perceptions of the zakat management system.

For zakat management institutions, this research provides practical guidance on optimizing zakat distribution in the education sector. Institutions, particularly in states with lower allocations, could improve governance by increasing transparency, adopting technology, and periodically revising *asnaf* categories to reflect current socioeconomic needs. Zakat offices within HEIs can also benefit from streamlined processes that enhance students' access to zakat, thus enabling greater effectiveness in the use of zakat funds for educational purposes. Future research should focus on the long-term impacts of education zakat on human capital development and its alignment with national education goals, as well as comparative studies to identify global best practices in zakat management for education.

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