

THE USE OF ZAKAT PROCEED FOR TAKAFUL PROTECTION OF *AŞNĀF* (QUALIFIED RECEIVERS): A MAQASID-BASE *IJTIHĀD* PERSPECTIVE IN MALAYSIA

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ABSTRACT

The integration of zakat proceed into takaful schemes represents a significant opportunity to enhance social welfare and financial inclusion for the *aşnāf* (qualified receivers) in Malaysia. While zakat, traditionally aimed at poverty alleviation, aligns with the principles of takaful as a risk-sharing mechanism, the practical application of zakat for takaful coverage remains underexplored. Shariah guidelines permit zakat to support initiatives that benefit the *aşnāf*; however, the absence of well-defined frameworks has led to varying interpretations and inconsistent practices among scholars, religious authorities, and zakat administrators. This study examines the Shariah provisions regarding the allocation of zakat funds for takaful, explores stakeholder perceptions, and identifies the challenges faced by zakat administrators, religious authorities, and takaful providers. A qualitative methodology combining deductive and analytical approaches, secondary data review, and semi-structured interviews with key institutions is employed. The findings are expected to provide valuable insights into the feasibility of using zakat for takaful schemes, its compliance with Shariah principles, and the extent to which it aligns with maqasid-based *ijtihād*. Furthermore, the study explores its potential to offer sustainable financial protection for the *aşnāf*. By addressing interpretative gaps and practical challenges, this study proposes recommendations for the development of Shariah-compliant guidelines that optimize zakat utilization, thereby advancing long-term financial resilience and social empowerment for the *aşnāf* community.

Keywords: *Zakat Proceed, Takaful, Aşnāf, Social Welfare, Masidic Ijtihād.*

Introduction

The effective use of zakat proceed for takaful medical coverage presents an important intersection between Islamic financial principles and social welfare in Malaysia. While zakat, which aims to alleviate poverty, and takaful, a mechanism promoting risk-sharing and financial protection, are inherently compatible, their practical integration remains underexplored. Research indicates that Shariah guidelines permit zakat funds to support initiatives that benefit the *aşnāf* (qualified receivers), yet the specific rules and implications regarding the use of these funds for takaful coverage are not well-defined. This gap in the literature has led to confusion among religious authorities, zakat administrators, takaful providers, and recipients concerning the permissibility and practical application of zakat for takaful.

As a result, the development of frameworks to effectively integrate zakat into takaful practices remains hindered. Providing takaful coverage to zakat recipients could offer significant advantages over direct cash transfers. It would ensure that *aşnāf* have access to comprehensive financial protection against unforeseen risks such as illness, accidents, or property loss. This proactive approach not only addresses immediate needs but also empowers recipients to manage future uncertainties, fostering a sense of community and mutual support among them. In contrast, direct cash handouts may provide only short-term relief and lack the long-term benefits that come with risk-sharing mechanisms. Thus, this study aims to examine the Shariah provisions related to the allocation of zakat for takaful, understand the perceptions of stakeholders, and identify the obstacles faced by zakat administrators, religious authorities, and takaful operators. By addressing these issues, the research seeks to offer valuable insights that could enhance the integration of zakat funds into takaful schemes, ultimately advancing social welfare and financial inclusion for the *aşnāf* in Malaysia.

The primary objectives of this research are to identify the Shariah provisions governing the allocation of zakat for takaful and to examine their implications for feasibility and practical implementation in the lights of *Maqasidic Ijtihād*. The study also aims to explore how zakat administrators perceive the feasibility and challenges associated with such allocations. Finally, it seeks to examine stakeholders' proposals for realizing zakat-funded takaful coverage and to identify the possible forms that such programs might take.

Problem Statement

The use of zakat proceed for the protection of *aşnāf* represents a critical area of study within fiqh (Islamic jurisprudence) and maqasidic discussions, highlighting the potential to enhance social welfare through innovative applications of zakat. While zakat is traditionally allocated for immediate relief to alleviate poverty, its use for protective measures, such as financial safeguards against risks, remains underexplored. From a jurisprudential standpoint, the Shariah precepts allow for the allocation of zakat towards programs that provide direct benefits to the *aşnāf*; however, the explicit rulings concerning its distribution for protective strategies, such as takaful insurance or alternative risk mitigation approaches, remain inadequately articulated. This ambiguity has engendered a spectrum of interpretations among scholars, religious leaders, and zakat management officials, culminating in divergent practices and a constrained implementation of such protective measures.

This can be seen by a study from Nik Abdul Ghani, N. A. R (2021), that discusses the challenges and issues in utilizing zakat proceeds as a funding source for micro takaful, which aims to provide affordable protection for the poor in Malaysia. He also highlights the need for a strong fatwa from state Mufti(s) to enable the application of zakat funds for micro takaful policies. However, there are some gaps from this paper that may need for further research. The paper identifies a lack of zakat proceeds for developing micro takaful, highlighting the need for better management of these funds. There is insufficient accessibility of micro takaful products for the B40 group, indicating a gap in service provision and jurisdictional issues over zakat collection and distribution present challenges for implementing micro takaful.

The absence of a unified understanding raises important questions about the permissibility, scope, and implementation of zakat for protective purposes. In the absence of well-defined *fiqh-maqasidic*-based frameworks, the prospective advantages of employing zakat proceeds to furnish sustainable protection

for the *aşnāf*, including financial resilience against unforeseen adversities such as illness, accidents, or property loss, remain unactualized. This research paper will endeavour to examine the deployment of zakat funds for the safeguarding of *aşnāf* from a *fiqh-maqasidic*-based standpoint, addressing the interpretative deficiencies, scrutinizing scholarly discourses, and delineating practical ramifications. Through this endeavour, it aspires to augment the formulation of Shariah-compliant protocols that can enhance zakat utilization for the enduring benefit and empowerment of the *aşnāf*.

Literature Review

Previous studies provide the foundation for investigating the implementation of zakat within takaful systems. There are numerous views in *fiqh* (Islamic jurisprudence) regarding the use of zakat funds to protect the *aşnāf*, or eligible beneficiaries. Zakat is a form of obligatory almsgiving in Islam that is intended to support specific categories of recipients, such as the poor and the oppressed, and it may be applied to a variety of socioeconomic purposes. Recent studies have examined the utilization of zakat proceeds from a *fiqh* perspective, with particular emphasis on areas such as investment, welfare, education, and financial security. Several scholarly works have been published to analyze these applications, with the aim of developing new mechanisms or products that can enhance support for the *aşnāf*. In this section, relevant studies in this area are reviewed.

Zakaria & Zaitunah (2020) state that the consensus among scholars indicates that zakat can be utilized for health takaful, as it aligns with the broader goals of alleviating poverty and supporting the *aşnāf* (needy). This practice is supported by the interpretation that zakat proceeds do not necessarily require the transfer of ownership to beneficiaries, allowing for their use in communal health initiatives. One of the main defences of this approach is the view that zakat money does not necessarily need direct ownership transfer to specific recipients. Instead, they might be distributed to community programs that benefit the overall well-being of the qualifying recipients. Health takaful, as a collaborative endeavour, supports this interpretation by providing long-term healthcare solutions that help those in need. This method not only satisfies the *maqasid al-shariah* (objectives of Islamic law) by fostering well-being and social justice, but it also increases the efficacy of zakat in tackling current difficulties.

Another paper by Hapsari, M., & Abidin, Z. (2016) that stated it could be deemed acceptable to use zakat monies for takaful coverage if it can be demonstrated that doing so achieves the goals of Maqasid al-Shariah by averting harm and offering substantial benefits. To be sure that such an allocation does, in fact, benefit the intended beneficiaries in a way that is consistent with shariah principles, a comprehensive evaluation would be necessary. The writers emphasise the necessity of ensuring that such allocations directly and effectively benefit the intended recipients in accordance with Shariah principles. To do this, a thorough and complete review is required. This examination should look at the practical results of employing zakat for takaful, verifying that it truly alleviates suffering, helps the poor, and adheres to the ethical and legal foundations of zakat distribution. This guarantees that the allocation not only covers the beneficiaries' immediate needs, but also adheres to zakat's greater spiritual and social purposes.

Another paper by Kasim *et al.* (2022) provides an Islamic legal perspective, concluding that the distribution of zakat for productive activities and *maslahah ammah* (public benefit) is supported by Islamic law, provided that such distribution aligns with the principles of welfare and community support. The findings suggest that this approach can enhance the overall impact of zakat on society. This strategy is consistent with *tahqīq al-maṣlaḥah* (the realization of long-term welfare), as it shifts recipients away from dependency toward productive engagement, thereby contributing to broader socioeconomic development. Moreover, the allocation of zakat for productive purposes and public benefit aligns with *Maqasid Al-Shariah* by promoting economic stability, reducing dependency, and preserving the dignity of recipients. Although zakat is traditionally distributed directly to individuals in need, the study recommends a more balanced approach that takes into account broader community needs. Such an approach ensures that zakat funds are utilized efficiently, generating sustainable and far-reaching social impact.

This issue was discussed by the Majma' al-Fiqh al-Islāmī (Islamic Jurisprudence Board) in 1986. In its *Resolutions and Recommendations*, the Council of the Islamic Fiqh Academy agreed that zakat may be

distributed in the form of direct benefit programs, such as assistance for education, healthcare, and housing expenses. Such distributions are deemed sufficient to meet the urgent needs of the *mustahiq* (*aşnāf*), provided that the funds are derived from properly channelled zakat wealth and utilized for purposes that are in accordance with the Shari'ah. This decision reflects a flexible understanding of the function of zakat in contemporary society, allowing it to address modern challenges while remaining faithful to its original objectives. By permitting zakat to be allocated for education, health, and housing, the resolution enhances the long-term impact of zakat in reducing poverty and improving the quality of life of its recipients. The emphasis on these sectors is consistent with the Islamic principle of fulfilling *darūriyyāt* (essential needs), which are necessary for individuals to live dignified and productive lives. Accordingly, zakat is not confined to providing temporary relief but also serves as a mechanism for social stabilization and empowerment. This resolution is directly aligned with the objectives of the present study, which seeks to conceptualize zakat as a form of takaful-based protection for the *aşnāf* through the provision of structured benefits.

Al-Shuhaily (2012) states that the utilization of zakat in micro-takaful initiatives emerges from contemporary scholarly discussions on the permissibility of using zakat for investment purposes, as well as for the establishment of microfinance or guarantee funds. This study demonstrates that zakat may be utilized to develop sustainable financial mechanisms that serve beneficiaries beyond the provision of direct charitable assistance. Rather than merely distributing cash, zakat can be employed to establish structured systems that provide continuous support over time. One such approach is the use of zakat to establish microfinance funds, which may offer small-scale financing to individuals seeking to start businesses or improve their livelihoods. Through this mechanism, zakat can assist beneficiaries in achieving financial self-sufficiency.

When zakat is utilized effectively within such frameworks, it can generate positive spillover effects for the wider community. By enhancing individual financial stability, the overall socioeconomic well-being of the community is strengthened

Methodology

To achieve its research objectives, this study adopts a cross-sectional narrative review approach, which facilitates the examination of a specific phenomenon at a particular point in time. This design is appropriate for capturing a snapshot of diverse perspectives and experiences relevant to the research topic. In line with this approach, the study employs qualitative data collection methods, primarily semi-structured interviews, which strike a balance between guided inquiry and the flexibility to explore emerging themes in greater depth.

Data collection was conducted through a combination of content analysis and field studies. The content analysis involved a comprehensive review of existing literature, including academic journal articles, books, and relevant reports, to establish a theoretical foundation and identify gaps in the existing body of knowledge. This phase also informed the refinement of the research objectives and the development of the interview guide.

The field study component focused on the collection of primary data through interviews with selected stakeholders. These stakeholders were chosen based on their expertise, professional experience, and relevance to the subject matter. The interviews were conducted in a semi-structured and conversational manner, allowing respondents to articulate their views openly while enabling the researcher to probe key issues in greater detail. This approach generated rich and nuanced qualitative data.

A purposive sampling technique was employed to select interview participants. This non-probability sampling method was deemed suitable to ensure that respondents possessed in-depth knowledge and direct involvement related to zakat administration, takaful operations, and Shariah governance. In total, four participants were interviewed: two representatives from the takaful sector, one representative from the Pusat Pungutan Zakat Negeri, and one representative from the Jabatan Mufti Negeri.

Each interview lasted between 50 and 60 minutes, providing sufficient time for in-depth discussion without causing participant fatigue. With the informed consent of the participants, all interviews were

audio-recorded to ensure accuracy during transcription and analysis. This method allowed the researcher to engage fully with the interview process without the distraction of extensive note-taking.

Data analysis was conducted using content analysis and thematic coding techniques. Content analysis was applied to systematically examine and interpret the interview transcripts by identifying key concepts, recurring patterns, and relationships within the data. Thematic coding was then used to organize these findings into meaningful themes that emerged inductively from the data. This process involved repeated reading of the transcripts to ensure that the analysis remained firmly grounded in the participants' narratives.

To enhance the reliability and validity of the findings, data triangulation was employed. This involved cross-verifying information obtained from multiple sources, including interview data, literature review findings, and relevant field observations. Triangulation strengthened the credibility of the analysis by minimizing bias and reinforcing the consistency of the conclusions.

Ethical considerations were given due priority throughout the research process. Participants were provided with clear information regarding the purpose of the study, research procedures, and their rights as respondents. Informed consent was obtained prior to each interview, and participants were assured of confidentiality and anonymity. All audio recordings and transcripts were securely stored, with access restricted to the research team.

Table 1: The List of Interviewees

Interviewees	Position
Interviewees 1	Shariah Research Officer from Takaful Company
Interviewees 2	Head Shariah Officer from Takaful Company
Interviewees 3	Executive Office of Pusat Pungutan Zakat Negeri
Interviewees 4	Fatwa Officer from Jabatan Mufti Negeri

Result

In order to enhance the understanding and provide a more comprehensive overview of the findings derived from the research study, the outcomes have been meticulously compiled and presented in a structured format within **Table 2**, which serves to effectively encapsulate the essential data and facilitate the reader's interpretation of the results.

Table 2. Interview Results and Themes.

No.	Question	Theme
1.	There are differing views among classical and contemporary scholars regarding the utilization of zakat in the form of benefits (<i>maslahah</i>). If we want to provide zakat for <i>aşnāf</i> (qualified receivers) in the form of takaful protection, does it fall under the same discussion as providing zakat in the form of benefits? Here the respon from the respondent:	Functional Equivalence of Benefits (Maslahah-Based Allocation)
<i>The respondent agrees that classical scholars traditionally stipulated that zakat should be given in a clear ownership form (tamlik), where aşnāf receive</i>		

funds or assets directly to use according to their needs. However, in contemporary times, scholars have begun to recognize the need to provide zakat in the form of benefits, provided that these benefits fulfill the objectives of zakat, namely, to help aṣnāf overcome hardship and improve their standard of living.

Takaful protection is considered a form of benefit as it provides financial security to aṣnāf in cases of misfortunes such as death, accidents, or illness. Contemporary scholars often refer to maqasid shariah (the objectives of shariah) to support this approach, arguing that zakat can be used to protect life (hifz al-nafs) and individual well-being. However, the mechanism and implementation must comply with the principle of implicit tamlik, meaning that the takaful protection must be specifically allocated to eligible aṣnāf.

2. The issue of *tamlik* (transfer of ownership) of zakat funds has raised concerns because scholars hold strict views on this matter. Does the provision of takaful protection affect the ownership rights of recipients over their zakat funds? Here the respondent from the respondent:

Tamlik And The Juristic Permissibility Of Benefit-Based Zakat Distribution

The respondent agrees that in the traditional zakat system, tamlik is understood as the absolute transfer of ownership to the recipient. In the context of takaful protection, an issue arises because the benefit received by aṣnāf is not in a tangible or direct form like cash but rather as risk protection. This can be perceived as denying aṣnāf their ownership rights over zakat funds, as they only receive benefits rather than having control over the funds themselves.

To address this issue, an indirect tamlik approach can be applied, where takaful protection is provided exclusively for aṣnāf and meets their needs. For example, if zakat funds are used to pay takaful contributions that provide direct benefits to aṣnāf, this can be considered a valid form of tamlik, provided that the takaful contract is clear and the funds are not used for non-eligible parties.

3. In the context of takaful, takaful coverage must be provided equally to all participants in a takaful plan. Can zakat funds be used for all recipients in a takaful plan regardless of their eligibility? Here the responds:

Commingling of Zakat Proceeds with Other Financial Sources

The respondent says Takaful plans usually involve the concept of tabarru' (donation), where all participants contribute to a common fund. This raise concerns if zakat funds allocated for aṣnāf are mixed with contributions from non-aṣnāf participants. This situation can create shariah compliance concerns, as zakat funds are strictly designated for aṣnāf, and any distribution to non-aṣnāf would be considered a violation of shariah. To avoid this issue, the implementation of zakat-based takaful must ensure separation of zakat funds which the zakat funds should be segregated from general takaful funds and used exclusively for aṣnāf. Other than that, a special takaful plan for aṣnāf that giving a takaful plan exclusively for aṣnāf can be established, where all benefits from the fund are only provided to eligible recipients.

4.	<p>In 2018, MAIWP zakat decided to use zakat funds for takaful protection for aşnāf. However, after a few years, MAIWP zakat decided to revoke this decision. What was the justification for initially providing zakat in this manner, and why was the decision later revoked? Here the respons:</p>	<p>Maqāṣid-Based Justification and Shariah–Operational Constraints</p>
	<p><i>The respondent says in 2018, MAIWP introduced the use of zakat funds for takaful protection likely because it was seen as fulfilling the maqasid shariah. The justifications included protecting aşnāf from risks which takaful provides financial security and health coverage to aşnāf in case of misfortunes, which can help them break out of poverty. Other than that, social justice which takaful protection ensures that aşnāf are not burdened with high financial costs due to accidents or illnesses after that, more systematic risk management which approach was seen as a proactive step in enhancing the long-term welfare of aşnāf.</i></p> <p><i>However, the decision to withdraw this initiative might have been due to shariah challenges which issues such as tamlik, fund segregation, and benefit-sharing may have raised fiqh (Islamic jurisprudence) concerns. Other than that, operational issues which challenges in implementing a fully shariah-compliant system may have caused inefficiencies in zakat management. After that, public perception which giving negative perceptions or confusion among the public regarding zakat distribution might have influenced this decision.</i></p>	
5.	<p>a) What is the biggest challenge faced by zakat authorities in managing zakat funds for this purpose?</p> <p><i>The respondent identified several challenges associated with the implementation of zakat-funded takaful schemes. A key issue concerns differing interpretations of tamlik, particularly the rejection by some scholars and segments of the public of the concept of indirect tamlik, even when such arrangements are justified on the basis of maqāṣid al-sharī'ah. This divergence of views poses a significant barrier to obtaining broad-based acceptance for zakat-based takaful initiatives.</i></p> <p><i>In addition, the complexity of fund management presents a major operational challenge. The implementation of zakat-funded takaful schemes requires transparent, efficient, and well-coordinated administrative systems to ensure the proper allocation and utilization of zakat funds. Public perception and trust also constitute a critical concern, as misunderstandings regarding the distribution mechanism may lead to the perception that zakat funds are not directly reaching the aşnāf, thereby undermining confidence in the program.</i></p> <p><i>Furthermore, maintaining strict Shariah compliance remains an ongoing challenge, as it necessitates continuous oversight and supervision by qualified Shariah scholars and practitioners. Finally, resource constraints—particularly limitations in financial, human, and technical capacity—pose practical difficulties for zakat institutions in designing and implementing comprehensive takaful schemes. Collectively, these challenges underscore the need for careful planning, stakeholder engagement, and institutional capacity building to ensure the effective integration of zakat funds into takaful systems.</i></p> <p>b) How do takaful providers overcome challenges and obstacles in offering takaful products funded by zakat?</p>	<p>Shariah, Governance, and Operational Challenges in Zakat-Funded Takaful</p>

The respondent indicated that takaful providers may overcome these challenges by adopting a comprehensive and collaborative approach. First, close cooperation with zakat authorities and Shariah scholars is essential to ensure that takaful schemes comply with Islamic legal principles and align with the objectives of zakat. Such collaboration is crucial for securing institutional legitimacy and stakeholder confidence.

Second, takaful providers should design transparent and Shariah-compliant takaful products specifically tailored to the needs and circumstances of the aşnāf. These products must ensure that benefits are accessible, meaningful, and consistent with zakat distribution principles. Third, continuous education and engagement with stakeholders—including the public—are necessary to address misconceptions and enhance understanding of the permissibility and benefits of zakat-funded takaful.

Fourth, the establishment of robust monitoring and evaluation mechanisms is vital to ensure transparency, accountability, and proper utilization of zakat funds. Finally, concerns related to tamlik can be mitigated by structuring takaful benefits in a manner that ensures direct and tangible benefit to the aşnāf, thereby preserving the core principles of zakat distribution. Through these measures, takaful providers can effectively navigate implementation challenges and deliver sustainable social protection solutions for zakat beneficiaries.

6.	As a takaful provider, are you prepared to accept zakat funds to provide takaful protection? Is it appropriate to use zakat funds in takaful products? Here the respons:	Suitability of using zakat funds for takaful
	<i>The respondent says that as a takaful provider, accepting zakat funds requires careful consideration of Islamic principles and the specific needs of aşnāf. It is appropriate to use zakat funds in takaful products if the plans are designed exclusively for aşnāf and provide direct benefits, such as healthcare coverage or financial support. However, the takaful provider must work closely with zakat authorities and scholars to ensure compliance with zakat guidelines and avoid any conflicts with the principle of tamlik.</i>	
7.	How can takaful products be tailored to meet the needs of aşnāf? Here the respons :	Suitability of Takaful Products for Aşnāf
	<i>The respondents says that Takaful products designed for aşnāf should prioritize addressing both their immediate and long-term needs to ensure their well-being and financial security. For instance, healthcare coverage can be provided to help aşnāf manage medical expenses, while life and disability coverage can offer financial protection in times of unforeseen circumstances. Additionally, micro-takaful plans tailored for low-income aşnāf can provide affordable and accessible protection, enabling them to safeguard their livelihoods. Furthermore, takaful-linked savings plans can support education or livelihood development, empowering aşnāf to achieve greater self-sufficiency. To ensure these products are effective and inclusive, they must be affordable, easy to access, and designed with input from zakat authorities and scholars. This collaboration is essential to guarantee that the products comply with Islamic principles and meet the specific needs of aşnāf, ultimately contributing to their overall welfare and empowerment.</i>	

Discussion

1. Functional Equivalence Of Benefits (Maslahah-Based Allocation)

This section highlights a range of scholarly views, encompassing both classical and contemporary scholars, concerning the distribution of zakat. Notably, there are differing scholarly opinions regarding

the permissibility of distributing zakat in the form of benefits. The allocation of zakat constitutes a foundational pillar within Islamic finance and is subject to strict regulation under the jurisprudence of the various Islamic schools of thought. While there is general agreement among these schools that zakat should be distributed in the form of tangible property, nuanced interpretations exist regarding the scope and modalities of its application.

1. Hanafi School

The Hanafi school maintains that zakat must be paid using property explicitly ordained by Shariah, such as cash, cereals, gold, or silver. These are assets capable of precise valuation. According to their jurisprudence, benefits or services cannot fulfil zakat obligations, as they lack tangible, measurable characteristics akin to property (Ibn 'Abidin, 1855)

2. Maliki School

Similarly, the Maliki scholars emphasize that zakat is valid only when distributed as material, valuable assets. They argue that zakat is an act of worship governed by specific rules, which cannot be substituted with services or intangible benefits. This strict adherence to materiality ensures the ritual purity of zakat distribution (Al-Dasuqi, 1996).

3. Shafi'i School

The Shafi'i scholars adopt a stringent stance on this matter, unequivocally stating that zakat cannot be given in any form other than property. They assert that while giving services or benefits may be commendable as charity, it does not fulfil the obligatory requirements of zakat (Al-Nawawi, 1344–1347 AH).

4. Hanbali School

The Hanbali school aligns with the other schools, affirming that zakat is due only on assets that hold intrinsic value, excluding services or benefits. They further emphasize that zakat is bound by specific criteria to maintain transparency and consistency in its application (Ibn Qudamah, 1983).

5. Cotemporary Perspective by Yusuf al-Qaradawi

In contemporary scholarly discourse, Yusuf al-Qaradawi (1999) presents a nuanced perspective in his influential work *Fiqh al-Zakat*. While he affirms that zakat is traditionally distributed in the form of tangible assets, he advances a broader interpretation applicable to exceptional circumstances. Al-Qaradawi (1999) argues that zakat proceeds may be allocated to support essential services, such as education and healthcare, particularly when *mustahiq* face pressing and critical needs. This approach incorporates the consideration of utility or benefit (*manfa'ah*) into zakat distribution, thereby enabling zakat to respond effectively to urgent socioeconomic needs while remaining consistent with the fundamental principles of a comprehensive *maqāṣid al-sharī'ah* approach.

Despite variations in interpretation, there is broad scholarly consensus that zakat primarily entails the distribution of tangible assets. Nevertheless, contemporary maqasid-based *ijtihād* approach—such as those advanced by **al-Qaradawi** — introduce a degree of flexibility in responding to evolving socioeconomic needs. This balanced approach enables zakat to fulfil both its ritual obligations and its broader socio-economic objectives within the dynamic context of Islamic finance.

2. *Tamlīk And The Juristic Permissibility Of Benefit-Based Zakat Distribution*

Based on the views of both classical and contemporary scholars, it can be concluded that there is a divergence of opinion regarding the permissibility of distributing zakat in the form of benefits. Some scholars maintain that zakat must be given in the form of tangible property directly to the *aşnāf*, emphasizing the requirement of individual ownership (*tamlīk*). Conversely, other scholars—particularly within the Hanafi and Maliki school and among contemporary jurists—permit the distribution of zakat in non-cash or benefit-based forms, provided that such distribution effectively serves the welfare of the *aşnāf* and does not contradict the essential objectives of zakat. At its core, zakat is intended to provide

assistance to those entitled to it, namely the eight categories (*aşnāf*) explicitly identified by Allah in the Qur'ān. Accordingly, approaches that prioritize meaningful benefit and welfare for these recipients may be viewed as consistent with the underlying purpose of zakat.

Tamlīk refers to the requirement that zakat property transferred to the *aşnāf* becomes their full and unrestricted ownership. In this regard, many Islamic scholars, as noted by al-Ghufayli (2008), maintain that the payment of zakat must be accompanied by a complete transfer of ownership to the recipient. This implies that the *aşnāf*, particularly the poor (*fuqarā'*) and the needy (*masākīn*), must be granted full discretion to utilize the zakat property according to their needs, without conditions or restrictions imposed by the zakat giver.

The majority of classical jurists emphasize the necessity of direct ownership transfer (*tamlīk*) to the *aşnāf*. They argue that zakat constitutes an act of worship (*'ibādah māliyyah*) governed by specific pillars and legal requirements, among which *tamlīk* is fundamental. Consequently, the utilization of zakat funds within structured mechanisms such as micro-takaful schemes requires careful juristic scrutiny to ensure that this principle is not violated.

Within the Shāfi'ī school, **Al-Nawawi**, in *Al-Majmu' Sharh al-Muhadhdhab* (1996), explicitly affirms that *tamlīk* in zakat necessitates that ownership be transferred to the *mustahiq* in a manner free from any form of direction, control, or limitation by the zakat giver. Once zakat has been delivered, the recipient is entitled to dispose of it in whatever manner they deem appropriate in accordance with their needs. This position reflects a strict interpretation of *tamlīk*, emphasizing full proprietary rights for zakat recipients.

Similarly, the Ḥanafī school recognizes the importance of *tamlīk* as a condition of zakat distribution. **Ibn Abidin**, in *Radd al-Muhtar 'ala al-Durr al-Mukhtar* (2000), underscores that zakat requires the transfer of ownership to the *mustahiq*. However, the Ḥanafī interpretation of *tamlīk* is comparatively more flexible, allowing it to be understood as effective possession—whether physical or constructive. On this basis, the Ḥanafī school permits zakat to be administered through an authorized representative of the *mustahiq*, such as a zakat institution, provided that the ultimate benefit accrues to the zakat recipients.

In contrast, the Mālikī school adopts a more lenient approach to *tamlīk*. **Al-Dasuqi**, in *Hashiyat al-Dasuqi 'ala al-Sharh al-Kabir* (1996), maintains that *tamlīk* is not an absolute requirement in all cases. The Mālikī jurists permit zakat to be distributed in the form of services or direct assistance that benefits the *mustahiq*, such as the provision of infrastructure or social services. Under this approach, the determining factor is not strict ownership transfer, but rather the realization of tangible benefit for the zakat recipients.

Contemporary scholarship has further developed this flexible interpretation. **Yusuf al-Qaradawi** (2000) emphasizes that *tamlīk* functions primarily as a safeguard to protect the rights and welfare of the *mustahiq*. While affirming the importance of ownership transfer, he argues that, under certain conditions—such as productive zakat, investment-based utilization, or welfare-enhancing mechanisms—the allocation of zakat in non-cash or structured forms is permissible, provided that it demonstrably improves the socioeconomic well-being of the needy. Examples include the provision of business capital or structured financial protection, which align with the higher objectives (*maqāsid al-sharī'ah*) of zakat.

In conclusion, *tamlīk* in the context of takaful protection refers to the recognition of rightful ownership or entitlement of the individual beneficiary. In light of contemporary *maslahah* considerations, takaful protection constitutes a significant benefit for individuals, particularly when they face hardships such as illness, accidents, or other calamities. Accordingly, when zakat proceeds are utilized to provide takaful protection, the issue of *tamlīk* becomes less contentious, as the ultimate benefit is directed to the *aşnāf* themselves. This approach was formally recognized by the Islamic Religious Council of the Federal Territory in 2018, when Aşnāf Takaful Assistance was introduced in the form of group takaful coverage and provided exclusively to recipients of monthly financial assistance, with the objective of alleviating the financial burden arising from accidents and death. Nevertheless, this assistance was

subsequently discontinued by MAIWP, as it was later assessed to be less effective or less beneficial from the institution's administrative and policy perspective (Nik Abdul Ghani, N.A.R., 2018).

3. *Commingling Of Zakat Funds With Other Financial Sources*

The commingling of zakat proceeds with contributions from non-*aşnāf* participants within takaful schemes also constitutes a significant Shariah concern, as it relates to the management and utilization of zakat funds in the takaful industry. Zakat proceeds are designated exclusively for the *aşnāf*, and their use within takaful arrangements that include non-*aşnāf* participants raises Shariah issues related to fund misallocation. Such commingling may be perceived as a misuse of zakat funds, potentially rendering the zakat distribution invalid from a Shariah perspective. This concern was highlighted by Nik Abdul Ghani, N. A. R. (2019), who cautioned against the mixing of zakat funds with non-zakat funds in takaful schemes. He emphasized that such practices may be viewed as taking undue advantage of zakat resources and deviating from their intended purpose of benefiting the *aşnāf*. Accordingly, this issue warrants careful examination and resolution before zakat-funded takaful initiatives are further developed or implemented in the future. The use of zakat funds for purposes other than the specified *aşnāf* is not permitted. Therefore, the management of zakat funds requires a clear separation from other funds to ensure that they are not used for purposes that are not in line with syariah.

In the operation of takaful, the concept of tabaru is a donation that the certificate holder is willing to give up helping and provide assistance to other participants in need. The certificate holder voluntarily contributes to the takaful fund, which is then used to pay benefits to those who suffer losses. When it is mixed with zakat funds, it has become a misuse of power because the zakat funds are not given to those who are entitled to them.

However, the concern that the commingling of zakat funds with non-zakat contributions within takaful schemes renders zakat utilization invalid warrants careful reconsideration. From a Shariah perspective, the decisive factor in assessing the validity of zakat distribution is not merely the physical segregation of funds, but whether the rights and benefits of the *aşnāf* are preserved and realized in accordance with the objectives of zakat.

First, zakat funds do not lose their Shariah character solely due to commingling, provided that the entitlement (*haqq al-mustahiq*) remains intact and identifiable. Classical and contemporary jurists have recognized that commingling (*ikhtilāf al-amwāl*) does not automatically invalidate ownership or entitlement, so long as the beneficiary's portion is protected in substance and outcome. What is required is certainty of benefit, not necessarily physical separation of accounts.

Second, from a *maqāṣid al-sharī'ah* perspective, zakat is instituted to achieve protection of life, wealth, and dignity (*ḥifẓ al-nafs, al-māl, al-'ird*). Takaful protection—particularly against death, disability, or critical illness—directly serves these objectives. As long as the takaful benefits accrued to the *aşnāf* are exclusive, measurable, and not diluted by participation of non-*aşnāf*, the essential purpose of zakat distribution remains fulfilled.

4. *Shariah, Governance, And Operational Challenges In Zakat-Funded Takaful*

4.1 *Shariah and Fatwa Constraints on Zakat-Based Micro-Takaful*

According to Mohamed & Ali (2021) despite theoretical backing, practical implementation confronts challenges. Some zakat institutions express reservations since existing fatwas prohibit the use of zakat for purposes other than direct distribution to the needy. For example, one study from Ibrahim (2023) found that while some institutions support incorporating zakat into micro-Takaful programs, others are concerned about adhering to conventional interpretations of zakat distribution.

This conventional viewpoint is well founded in Islamic jurisprudence and is reinforced by current fatwas in many places, which frequently limit the use of zakat for indirect benefits or long-term programs such as micro-Takaful. Some zakat institutions are still reluctant of departing from this view, citing worries about guaranteeing accordance with traditional ideals. While some organizations regard micro-Takaful as an innovative tool that coincides with the larger goals of zakat by providing financial

protection against future hazards, others oppose this view. They argue whether it is permissible to provide zakat funds to third-party schemes, such as Takaful operators, and whether such use violates the principle of direct ownership (*tamlīk*) to which zakat receivers are entitled.

Furthermore, the absence of clear and consistent fatwas complicates implementation. Many religious authorities have yet to provide concrete verdicts on whether zakat can fund micro-Takaful projects, causing doubt and reluctance among organizations. Furthermore, practical difficulties arise about handling zakat funds within a Takaful structure, such as whether zakat funds should be pooled with donations from non-zakat participants or whether investment earnings should only benefit the *aşnāf*. These complications, combined with divergent institutional perspectives, highlight the difficulties of integrating ancient traditions with new applications. To solve these challenges, clear and consistent fatwas, educational campaigns to bridge understanding, and pilot programs to demonstrate micro-Takaful's success as a long-term solution are critical moves forward.

According to Sulaiman & Noor (2023) experts underline the need of recognized religious leaders releasing clear instructions and fatwas to ensure that Islamic values are followed. These rulings would serve as a foundation, defining whether zakat can be spent for indirect benefits such as micro-Takaful and under what conditions. To facilitate this integration, experts recommend establishing a robust framework that includes clear guidelines and fatwas from relevant authorities. This would help address Shariah compliance issues and enhance trust in the management of zakat funds when used for Takaful purposes.

4.2 Shariah Governance Framework and Institutional Roles

All parties involved, including zakat institutions, Takaful operators, and regulatory agencies, will have their roles and responsibilities clearly defined by a strong framework. For example, it could outline the proper allocation, management, and investment of zakat monies while adhering to Shariah. By putting in place procedures to guarantee that the advantages of zakat are only given to the *aşnāf* (qualified receivers), even when it is administered by outside organizations like Takaful providers, it will help allay worries about ownership (*tamlīk*). The sanctity and intended purpose of zakat would also be preserved with the implementation of rules for the investing of zakat monies, such as making sure that any gains are repaid or reinvested only for the benefit of the *aşnāf*.

4.3 Transparency, Accountability, and Compliance with Fatwas

Transparency is another essential element of the system. Establishing transparent reporting procedures and accountability guidelines is essential to fostering confidence amongst Takaful participants, donors, and recipients. Institutions in charge of zakat funds for Takaful purposes would have to show that they are adhering to the issued fatwas and reveal how the monies are being used. They can allay worries about poor management or a departure from Islamic values by doing this.

4.4 Education, Awareness, and Stakeholder Engagement

Additionally, this framework must have clauses for educational programs aimed at educating interested parties about the compatibility of Takaful and zakat. More acceptance and collaboration can be promoted by informing the public and institutional leaders on how this integration fits with the *Maqasid al-Shariah* (higher goals of Islamic law). The feasibility and advantages of such programs can also be shown by piloting small-scale initiatives under the supervision of financial and religious authorities, opening the door for wider adoption.

In conclusion, a thorough structure backed by authoritative fatwas, extensive operational rules, transparency measures, and educational initiatives is required for the integration of zakat monies into Takaful. In addition to guaranteeing Shariah compliance, such a system will improve efficacy and trust, allowing zakat to function as a long-term resource for poverty alleviation and financial security.

4.5 Trust, Fatwas, and Collaborative Governance

Beyond financial protection, the utilization of zakat funds within takaful schemes has the potential to enhance community trust in both zakat institutions and takaful providers. Transparent fund allocation

and strict adherence to Shariah principles are essential to ensuring the legitimacy of such programs. As noted by Sabri (2019), the integration of zakat into takaful requires clear and authoritative fatwas, supported by strong governance frameworks, to ensure that all stakeholders—including beneficiaries, contributors, and administrators—perceive the initiative as valid, credible, and beneficial. These fatwas should address key Shariah issues such as ownership (*tamlīk*), fund pooling, and the permissibility of investment returns, while ensuring continuous Shariah compliance throughout the process.

This objective may be achieved through institutional collaboration, particularly by involving an independent coordinating body. As highlighted in the research interviews, the Malaysia Takaful Association (MTA) was identified by industry practitioners as a suitable platform to centralize the collection and channeling of zakat funds into takaful products. Such an arrangement could help mitigate potential conflicts of interest on the part of individual takaful operators and strengthen governance, transparency, and stakeholder confidence.

4.6 Operational Constraints and Sustainability Challenges

However, applying this paradigm creates a number of obstacles. Zakat collections vary on an annual basis, and other *aşnāf* categories' needs must also be met. As a result, stakeholders must strike a balance between supporting Takaful and meeting immediate fundamental necessities like food and shelter. Despite these limitations, incorporating zakat into Takaful is an effective strategy for poverty alleviation and financial inclusion. It provides a long-term method for risk management in low-income groups while also achieving zakat's spiritual and social goals. This unique strategy, developed in conjunction with religious authorities, zakat institutions, and Takaful operators, has the potential to improve financial resilience, promote social fairness, and contribute to the general well-being of disadvantaged populations.

5. Suitability Of Using Zakat For Takaful

The feasibility of utilizing zakat funds for Takaful coverage is perceived positively by zakat fund administrators, as it aligns with the objectives of financial inclusion and poverty alleviation. Zakat proceeds can be strategically used to support Takaful schemes, which are designed to provide financial protection to low-income groups, particularly the *aşnāf*, who are often unable to afford conventional Takaful products. This approach not only addresses the financial vulnerabilities of these groups but also ensures a more efficient distribution of zakat funds.

5.1 Zakat as a Tool for Affordability and Financial Inclusion

According to Hasim (2014) and Htay & Zainuddin (2021) using zakat funds to cover contribution fees for Takaful products is a strategic application that is consistent with both the goals of zakat and the ideals of financial inclusion. This strategy aims to overcome the affordability barrier that hinders low-income persons, notably those in the *aşnāf* (zakat-eligible categories), from obtaining Takaful coverage. By utilizing zakat, these persons can receive critical protection against financial shocks such as medical emergencies, accidents, or death, without having to pay premiums from their already limited resources. One of the primary applications is using zakat funds to subsidize the contribution fees for Takaful products. This approach aims to make Takaful coverage more affordable for low-income individuals which is for the *aşnāf*, enabling them to access necessary protection without financial strain .

5.2 Micro-Takaful Subsidization and Maqasid al-Shariah Alignment

One practical and impactful use of zakat monies is to subsidize contribution costs for micro-Takaful products, making financial security available to low-income persons who might otherwise be unable to afford it. This technique directly addresses the affordability issue, allowing the *aşnāf* those qualifying for zakat to obtain critical financial protection against risks such as medical problems, accidents, or death. Zakat ensures that poor communities to get takaful benefits without jeopardising their basic requirements by reducing the financial burden of payments. This strategy is strongly aligned with the maqasid al-Shariah, or higher goals of Islamic law, because it promotes social welfare, reduces poverty, and strengthens the economic resilience of marginalized groups.

5.3 Zakat-Funded Takaful as a Long-Term Social Protection Mechanism

For the conclusion, using zakat to fund Takaful donations is a practical and Shariah-compliant way to close the financial protection gap for low-income persons. This program not only meets the poor's immediate cash requirements, but also provides them with long-term protection against life's risks. This model is a significant tool for socioeconomic development since it addresses affordability, promotes diversity, and adheres to Shariah principles. To increase its impact, continuous efforts in policy creation, fatwa clarification, and stakeholder participation are required.

5.4 Risk Management and Financial Resilience for Aşnāf

Stakeholders are increasingly recognizing the potential for zakat money to play an important role in building risk management frameworks for Takaful programs. These programs seek to give low-income communities with financial resilience by delivering risk-sharing solutions that address vulnerabilities to unforeseen occurrences such as illness, accidents, or death. Using zakat as a funding source, Takaful can extend coverage to sectors of the population that are typically excluded owing to price concerns, thus satisfying both economic and social objectives. Stakeholders recognize the potential for zakat funds to contribute to a risk management framework within Takaful schemes.

The principal technique is using zakat funds to subsidize premiums or to form risk pools that cover certain populations within the *aşnāf* categories. This strategy ensures that the poor and needy have access to vital financial security without having to pay recurring premiums. According to Mikail and Ahmad (2017), such a zakat application not only meets urgent financial needs but also promotes long-term resilience by protecting low-income households from severe financial shocks. Furthermore, this risk management method aligns with the maqasid al-Shariah, particularly in terms of promoting social welfare and safeguarding life and wealth.

Conclusion

The study finds that zakat can be used as a long-term resource to establish Takaful plans, increasing financial resilience among low-income populations. However, successful integration necessitates addressing Shariah compliance challenges, providing openness in fund management, and fostering trust among stakeholders. Establishing clear rules and fatwas, supported by strong frameworks and experimental projects, is critical for overcoming opposition and operational difficulties. Finally, this method not only aligns with the maqasid al-Shariah by encouraging social welfare and financial inclusion, but it also strengthens zakat's long-term impact as a weapon for economic empowerment and poverty eradication.

The research underscores several key points:

1. **Shariah Compliance:** Scholars have differing opinions on whether zakat must be distributed as tangible assets (*tamlik*) or can be allocated for intangible benefits, such as Takaful coverage. Contemporary scholars like Yusuf al-Qaradawi advocate for flexibility under certain conditions.
2. **Risk Management:** Utilizing zakat funds for Takaful provides a proactive approach to financial protection, helping *aşnāf* manage unforeseen risks like illness or accidents. This contrasts with direct cash aid, which offers only short-term relief.
3. **Administrative Challenges:** Some institutions resist using zakat for Takaful due to concerns about compliance with traditional interpretations. Issues such as fund mixing with non-zakat participants and fluctuating zakat collections also pose barriers.
4. **Recommendations for Implementation:** The paper calls for clear fatwas, robust governance, and educational initiatives to facilitate the integration of zakat into Takaful. It suggests creating specialized Takaful plans for *aşnāf* to avoid fund mixing and enhance Shariah compliance.

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