

Social Projects and Support In Malaysia

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6.1. WHAT ARE THE ZAKAT COLLECTION METHODS IN MALAYSIA?

Zakat, one of the most important worships at the point of establishing social peace and solidarity, became an obligatory duty after the hijrah and was applied to all Muslims by the Prophet himself. Its main purpose is to establish social peace and solidarity, bridge the gap between the rich and the poor, and eliminate income inequality. The fulfilment of these purposes depends on the complete and correct collection of zakat, its fair distribution and distribution. If those who give zakat have full confidence in those who receive zakat, zakat can eliminate the wealth gap in society and contribute to social peace and brotherhood. This can only be

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possible if the state collects zakat. It is possible to show the highest level of sensitivity in collecting and distributing zakat, and to prevent abuse, loss and fugitives by establishing a structure based on state power. In the time of the Prophet (Sav), the state was collecting zakat, going on till the time of Caliphate Uthman (r.a). Later, the practice of collecting zakat by the state was terminated and left to the individual's choice.

In today's Islamic countries, it is seen that states have taken many steps to collect zakat. While zakat is a legal obligation in some countries, others have no such sanction. In Malaysia, the collection and distribution of zakat is not a legal obligation. In Malaysia, divided into 13 states and three regions, different zakat collection methods and models are used in each state and region. States collect and distribute zakat from those who wish to give zakat voluntarily.

6.1.1. The Concept of Zakat

As a requirement of the religion of Islam, the Qur'an is interpreted as taking a certain percentage of the wealth of rich people and giving it to the people and groups specified in the Qur'an. In verse 103 of Surah At-Tawba, "Take alms from their property; with it you cleanse them, purify them, and pray for them. Surely, your prayer is tranquillity for them. It is stated that zakat is obligatory for Muslims by saying, "Allah is Hearing, Knowing". In the 60th verse of the same sura, "Charity (zakat) is only for the poor, the needy, the officials who collect zakat, those whose hearts will be warmed to Islam, enslaved people, debtors, jihadists in the way of Allah, and travellers who are stranded. Allah is All-Knowing, All-Wise, and All-Knowing", indicating where and to whom the zakat will be spent. The determination of the classes in which zakat income can be spent by Allah, especially. It has eliminated the possibility of arbitrary spending, bias and favoritism that may occur after the Prophet (Yilmaz, 2019:974). Again, in the 19th verse of the Zariyat period, it is stated that "There is a right for those who want (help) and those who are deprived (who

cannot ask for help)”, and it is stated that there is zakah in the property of taxpayers and that it is obligatory to pay zakat. In the 219th verse of the chapter of al-Baqara, what is to be spent with the “remaining amount of need” is ordered. In the practices of our Prophet, the amounts of nisab and zakat were arranged in detail.

When we look at the history of Islam, zakat was collected by the state until the time of Caliph Uthman (r.a.), and the revenues were kept in the state treasury called “Bayt al-mal” (Sarıçam, 2005: 189). It is seen that the goods coming to Baytulmal were collected from three sources (Kenanoğlu, 2011:55). During the four caliphs, there was no change in the issues of nisab, distribution of zakat and the determination of those who are entitled to receive zakat (Özdemir, 2013: 251). During the period of Umar (r.a.), trade goods were also included in the list of those to be given zakat. In the Uthman (r.a) period, zakat goods were divided into visible and invisible goods. After Uthman (r.a.), the state stopped collecting zakat, so zakat was made according to people’s preferences. Over time, it has transformed into a form of social solidarity.

Although the collection of zakat by the state was implemented in the first period of Islam, zakat was left to the discretion of the individual in the later periods. In the historical process, the collapse of Islamic states or the inability to collect zakat by the state due to other reasons has survived to the present day as a problem. Today, although the number of Islamic countries that collect zakat by the state is very few, zakat is collected either by the state or through the institutions and organizations it has authorized. Sometimes, associations and foundations established voluntarily have undertaken this task and engaged in activities.

Zakat institutions operating around the world can be classified into three main categories.

These:

- Established as a result of the efforts of non-governmental organizations and voluntarily carrying out zakat activities,

- They are organizations established under the roof of a ministry and appointed full-time civil servants to continue the work. Establishments that voluntarily collect the zakat calculated by the taxpayer himself and distribute them to the relevant places,
- Establishments collecting and distributing zakat, which the state authority has required to be paid by law and whose organization is done by the state.

The legal infrastructure, economy, and population structure of the countries affect how the methods related to zakat are applied. On the other hand, the sensitivity of the country to Islamic principles also plays an important role in determining these methods. For this reason, the institutionalization of zakat has not developed in the same importance and degree in every country (Kahf, 2000:18). Despite the obligatory payment of zakat in some countries, the expected yield has not been achieved. In some countries, the legal infrastructure related to zakat has been created voluntarily, and great success has been achieved in zakat. Malaysia, one of these countries, has demonstrated an effective zakat management model and has successfully spread zakat all over the country.

6.1.2. Methods of Collecting Zakat in Malaysia

The collection and distribution of zakat is not a legal requirement in Malaysia. However, for those who do not give zakat, there are some prison sentences and fines at the state level for not fulfilling their religious duties (Yalçın, 2016:235). States collect and distribute zakat from those who wish to give zakat on a voluntary basis. In Malaysia, which is divided into 13 states and three regions, different zakat collection methods and models are used in each state and region. In these regions, zakat is collected in three models: the full public model, the semi-public model and the private model. Institutions collecting zakat have their own internet addresses. Each state collects and distributes zakat within itself. There is no transfer from one state to another state. Each province has established an Islamic council, which is authorized to issue zakat. This council is the only authority on zakat (Zulkifli, 2008:12).

In Malaysia, Zakat is collected by the state or authorized institutions and organizations and distributed on behalf of the state. In 1997, the Malaysian National Fatwa Council issued a fatwa stating that those with zakat sufficiency should also give zakat from their income (Yalçın, 2016:236). Based on this fatwa, zakat began to be deducted from the income of those working and receiving salaries. It has become the most common method of collecting zakat, which is the deduction of zakat from the employees' income. This method has become the largest share of zakat income. Zakat collection by deducting it from employees' income has many advantages. It is easy to follow up and collect, as the number of employees with salaries is too high. Two methods are followed in the calculation used to collect zakat on income. The first of these is 2.5 per cent of the annual income of the person with regular income is calculated as zakat, and the determined amount is divided into 12 months and collected monthly. In the other method, the expenses of the family are deducted before the annual income and the remaining income is accepted as the zakat base, and 2.5 per cent is collected as zakat in monthly instalments (Zulkifli, 2008: 7). The zakat deducted from the income of the employees brought with it the problem of double taxation. In order to overcome this problem, the state granted zakat payers exemption from income tax in the amount of zakat within the conditions determined by law.

Different methods of zakat distribution are applied in each state in Malaysia. However, there are some common practices as well.

These common applications are as follows;

- Observing eight classes¹⁵ in the distribution of zakat,
- Providing basic food and similar needs,
- Giving according to priority,
- Separating zakat property,

15 In the 60th verse of the chapter of at-Tawba, "Charity (zakat) is only for the poor, the needy, the officials who collect zakat, those whose hearts are to be warmed to Islam, slaves, debtors, jihadists in the way of Allah, and travellers who are stranded. Eight classes are specified by saying, "Allah is All-Knowing, Wise and Wise".

- Ensuring the efficient use of zakat,
- Distribution to applicants.

According to the annual report of the Malaysian Federal Regional Religious Council in 2019, the places of zakat are given below.

Table 6.1.: Zakat Distribution

ZAKAT DISTRIBUTION	AIM	DISTRIBUTION TOTAL	BENEFICIARY
Welfare	Help meet monthly needs, festive season and emergency/certain cases	RM131.74 million	62.661
Medicine	Assisting patients in undergoing treatment and covering the cost of medicine and health equipment including hemodialysis treatment for kidney patients.	RM26.02 million	4.000
Education	Ensuring that the children of asnaf families get educational opportunities from school to higher education	RM73.9 million	56.665
Dakwah And Ummah Development	Encouraging the implementation of da'wah and welfare activities by Non-Governmental Bodies (NGOs) including mosques and suraus as well as Educational institutions	RM104.12 million	710
Protection	Guaranteeing a perfect place to live for asnaf	RM9.51 million	3.822
Economy	Encouraging asnaf to become independent through entrepreneurial activities	RM2.8 million	370

Source: MAIWP (2019), Prestasi Kewangan, <https://www.maiwp.gov.my/i/index.php/en/laporan-tahunan-maiwp#>, p. 29.

If we look at the places where zakat is spent, the most zakat is distributed to the poor, but the poor receive a larger share. The zakat given to the poor is mostly in the form of capital to start a business, support to build a house, salaries and student scholarships (Aydın & Odabaş, 2018:166). However, from the zakat collected, salaries are paid to the agents (those responsible for collecting zakat) and expenses are made for collecting zakat. Under the name of Müellefe-i Kulub, assistance is provided to students studying in non-Muslim countries and Muslims struggling for independence (Aydın & Odabaş, 2018:166). Since there are no

slaves (Rikab) today, instead, people who are imprisoned for their Islamic activities, those who borrow to meet their basic needs due to financial difficulties, those who fight non-Muslims, Islamic broadcasters and successful students are also provided with zakat. On the other hand, the group of those who stayed on the road has been broadened by the term “ibn-i sebil” in Malaysia (Haron, 2010:123-138). This aid is used for the homeless, orphans, bankrupt merchants and Muslims in exile.

6.1.3. Conclusion

Zakat is an important social factor that ensures peace and strengthens solidarity in society. The wealth accumulation in the country in the hands of certain people causes income distribution injustice. Zakat is an important financial tool that can prevent income inequality as well as abolish the interest system.

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Considering that the zakat potential of Muslim countries exceeds 10 trillion dollars, the existence of economic crises in Muslim countries and the fact that most of the people living below the hunger line live in Muslim countries raise a question mark. The economic empowerment of the Muslim countries depends on the re-activation of the zakat institution and its effective and fair management.

The rulers of Muslim countries should make an effort to design the foundations, institutions and organizations related to zakat according to Islamic principles. Because the studies carried out individually or through associations and foundations are insufficient for various reasons, these studies need to be organized and coordinated.

6.2. COULD YOU TELL ME ABOUT THE WAQF INSTITUTION IN MALAYSIA?

The religion of Islam encourages helping people in need. In Islam, waqfs (charitable foundations) play an important role in promoting social justice and reducing poverty. The institutions of waqf are among several instruments instituted by Islam to combat poverty and enhance welfare in society (Saad, Kassim, & Hamid, 2016:57). It has been widely acknowledged that waqf institutions play an important role in the socio-economic development of the Muslim Ummah in the Islamic history (Saad, Kayadibi & Hamid, 2017:1).

Waqfs, an important charitable institution in the history of Islam, VIII. It has been extremely effective in social, economic and cultural fields in Islamic societies since the 19th century. Based on the waqf, the sense of personal and conscientious responsibility towards humanity, goodness, compassion, cooperation/solidarity etc., values and the free will of the person who has adopted these values as his principle (Günay, 2012:479). Throughout the history of Islam, waqfs have been used to reduce poverty and have played an important role in the socio-economic development of society. Waqfs, which are accepted as a religious incentive and charitable provision, were more preferred, especially for providing basic needs. They provided a wide range of public services, from education and health services to water supply and highways.

It is extremely important to examine the structure of successful waqf institutions and the best management of waqf assets and properties, as waqf institutions have historically been proven to eradicate hunger, poverty, misery and promote the equitable distribution of wealth. It is equally important to study how effectively these waqf institutions distribute the proceeds of waqf investments to the intended beneficiaries (Saad, Kayadibi & Hamid, 2017:3). For this reason, it is vital to examine the governance mechanisms that include accountability, transparency and management discipline in the arrangements made regarding

waqfs in Malaysia, which is one of the countries where the waqf is best practised.

6.2.1. Definition of Waqf

The waqf can be defined as “the prevention of a benefit-generating estate from corporal disposal but using its usufruct and benefit in charity, intended so at the time of creation and thereafter” (Sabit, 2014:3).

The term “waqf” literally means “confinement and prohibition.” It is derived from the Arabic word “al-waqf”, which can be interpreted in simple English as a religious gift (Ismon & Hingun, 2020:256).

Technically, it may be defined as holding a maal (an asset) and preventing its consumption to repeatedly extract its usufruct for the benefit of an objective representing righteousness and/or philanthropy for as long as its principal is preserved either by its own nature as in land or from arrangements and conditions prescribed by the waqf founder (Saad, Kassim, & Hamid, 2016:57).

The concept of waqf is not directly mentioned in the Qur’an. However, many expressions evoke the concept of waqf. Many verses advising spending in the way of Allah, giving charity to the poor, needy and orphans, helping each other in doing good and piety, and tending towards charitable and beneficial works have formed the basis of understanding and practice of waqf in Muslim societies. Among these, especially the verse “You cannot achieve true goodness unless you spend from the things you love in the way of Allah” (Aal-i Imran 3/92) and the declaration that mosques belong to Allah and that only people with certain qualities can build the mosques of Allah (at-Tawba 9/ 18-19; al-Cin 72/18) has been more closely associated with the waqf by some scholars (Günay, 2012:479).

Waqf is a voluntary religious act, unlike zakah. Although it is not compulsory, it is encouraged to do it religiously. The majority of the Muslim jurists have agreed that the most salient feature of

waqf is its irrevocable nature (Ismon & Hingun, 2020:256). Once the waqf is made, its continuity continues. This actually stems from the idea that the waqf made is handed over to Allah. This is because the waqf cannot be taken back and transferred after it is made.

The most important feature of the waqf is eternity, which is different from ordinary charity. The difference is that the benefits that flow from it are repeatable. In Shariah, unlike zakah, a waqf is a permanent, binding dedication of a portion of one's wealth (in cash or kind) to Allah (Shafii, Iqbal & Tasadmir, (2015:2).

Al Qur'an and Sunnah of the Prophet (peace be upon him) is the primary source of the sharah. In contrast, the secondary source is derived from human reasoning and interpretation (Ijtihad) by Islamic jurists that are Ijma' (consensus among the ulama) ' and Qiyas (views of individual jurists) (Yaacob, 2013:388).

In Malaysia, waqf is perceived as the norm among Muslims to build mosques and cemeteries. However, in reality, the situation is different. Waqf organizations operate in many areas of society and help poor people. Although there are many reasons for the misconception of the waqf in the community, the most important reason is the restriction of the activities of the existing waqf of the country and their use for different purposes during the colonial period.

6.2.2. Types of Waqf

In the first period of Islam, many different types of waqf are encountered. In the historical process, new waqf types have been added to these waqf types.

It is possible to divide the waqfs into two groups regarding their properties and beneficiaries. When it comes to waqfs in Islam, what comes to mind regarding ownership is waqfs. In terms of their property, waqfs are divided into two parts as authentic

and non-sound. Real estate, land and other movables constitute the subject of authentic waqfs. On the other hand, non-authentic waqfs consist of the allocation of their revenues by the public authority to an area that has a right to the public on the condition that the dry ownership of the land belonging to the state remains with the state.

Regarding beneficiaries, waqfs are divided into two parts: charity and zurri (dhuriyyah-offspring). Charitable waqfs are waqfs made for charitable purposes while benefiting the poor, passengers and students. Waqfs zurri, on the other hand, are waqf in which the beneficiaries are made up of poor relatives of the donor and on the condition that the poor benefit from them and their disappearance.

On the other hand, in addition to the traditional waqf types described above, there are two different types of waqf. These are istibdal waqf and cash waqf.

Waqf istibdal refers to the replacement of existing waqf assets with other assets. In other words, it replaces inefficient or unprofitable waqf assets with other investments, making them more efficient or profitable.

Cash waqf is a special type of endowment. It differs from the ordinary real estate waqf in that its original capital, *asl- al- mal* or corpus, purely or partially, of cash (Nahar & Yaacob 2011:99). Cash waqfs are often created as a method of financing to develop waqf property or to support and build an educational institution (schools or universities) or orphanages.

In Malaysia, a cash waqf is also known as a share waqf (*waqf al-Saham*). Cash donations are pooled, and the money is used for religious purposes, such as helping the poor and needy, and as an educational aid. A few states' SIRC's (i.e., Penang, Johor, Pahang and Selangor) have such waqfs.

6.2.3. Waqf Organizations in Malaysia

It is known that waqf organizations can contribute to the country's economy and play an important role in the socio-economic development of society. Waqfs, which have been used extensively in almost all Islamic countries throughout the history of Islam, have become very neglected organizations today. In particular, due to legal gaps, administrative delays, lack of political will, and the indifferent attitude of the waqf management, the necessary attention is not shown to waqf organizations, which causes the assets and properties of these waqfs to be mismanaged.

In Malaysia, on the other hand, various legal arrangements have been made regarding waqfs, trying to increase the efficiency of waqfs and increasing their efficiency.

Malaysia is a federation of 13 states and three federal districts.

Waqfs in Malaysia are administered by the states, and each state has its own regulations.

Waqfs are under the rule and control of the state according to the Malaysian Constitution. The laws relating to waqf at the state level can therefore be divided into two categories, firstly, provisions in the state Administration of Muslim Law enactments and secondly, specific rules or enactments relating to waqf (Zubaidah, 2015:6). It is within the powers of state governments to pass laws on waqf management. Currently, five states have special rules on waqf as enacted through their respective State Legislative Assemblies. The states are Melaka, Negeri Sembilan, Selangor, Perak and Terengganu. (Ismon & Hingun, 2020:263).

According to the Malaysian Constitution, the administration of waqf properties is placed under the jurisdiction of the State Islamic Religious Council ('SIRC'). SIRC has the authority to control and manage all kinds of movable and immovable waqf assets. This authority is specifically included in the relevant state legislation. The reason for the appointment of SIRC as sole trustee of waqf properties in Malaysia is to ensure that the waqf receives sufficient

funding and income to finance any charitable activities, the waqfs are best managed, and run efficiently.

SIRC has the absolute right to enter into contracts, buy, hold and hold, transform, transfer and develop all waqf properties and assets in accordance with Islamic principles.

SIRCS are authorized to manage waqf lands with the best practice standard and appropriate management system according to Islamic law.

There are some differences between states in the regulations regarding waqfs. The Waqfs Department was established within the Prime Ministry to resolve these differences and assist the State Islamic Religious Councils ('SIRC'). It is known that this office is mostly an auxiliary institution and does not have any de facto authority over waqfs. The purpose of this agency is to support SIRCS for more organized and better management of the functioning of waqfs in Malaysia. In this context, the Department of Zakah, Waqf and Hajj (JAWHAR) was established on March 27, 2004, under the prime minister's office. This established office does not have the authority to administer and manage the assets of the waqf. The task of this department is to plan and monitor waqf properties. The agency established is an active complementary institution that aims to organize and promote waqf development in Malaysia and also undertakes Government funded waqf development projects.

In 2006, the Waqf Administration Handbook was published under the name "Manuel Pengurusan Wakaf" to increase expertise in the management of waqf properties and ensure unity among practices. This book provides detailed information on some administrative matters such as management, procedural and substantive provisions regarding waqfs in Malaysia.

In 2008, a national body named "Yayasan Waqaf Malaysia" (YWM) was established by JAWHAR to coordinate and use waqf resources. The purpose of this body is to provide continuous and sustainable benefits for the beneficiaries of the waqfs. At the

same time, it is to bring innovations to waqfs and to focus on the commercial aspect of waqfs.

Various corporate waqfs have been established in Malaysia in order to develop waqfs, derive more benefits from waqf assets and properties, and distribute this benefit to wider segments.

The Albukhary Waqf was established in 1996 by Syed Mokhtar Albukhary, a well-known and successful businessman (Saad, Kayadibi & Hamid, 2017:7). This waqf institution was established to provide access to higher education for students with no economic means.

The second corporate waqf establishment is Waqaf An-Nur Corporation. (WANCorp) was established on October 25, 2000. This waqf was appointed to manage its assets and shares, transferred to them as waqf assets.

A different example of waqf establishment is the IIUM Endowment Fund (IEF), which was established on 15 Mac 1999 as a division of the International Islamic University Malaysia under the Office of the Rector. It was established to provide financial support to successful students who want to study at the university and do not have the financial means. The IEF has been innovative in generating revenue by introducing the Kafalah program as one of its major cash-raising activities.

The Islamic Development Bank (IDB) also plays an active role in developing and managing the waqf sector in Muslim countries, including Malaysia and various non-Muslim countries, where Muslims live. Through APIE, one of its waqf organisations, IDB has developed 40 waqf projects in 22 member countries and Islamic communities in non-member countries. In addition to developing waqf projects, IRTI, the research arm of IDB, focuses on capacity building by providing training to create professional waqf staff. ISFD, another waqf institution within the IKB, carries out waqf programs to eradicate poverty. One of ISFD's flagship programs is the Sustainable Villages Program (SVP). SVP is an innovative,

integrated and inclusive approach to combating extreme poverty in selected communities.

Turkey Diyanet Foundation is active in Malaysia as well as on five continents. The Turkish Diyanet Foundation, which opened an office in this country, concentrated its activities mostly on the fields of science and culture. The Foundation also provides all kinds of economic and social assistance to those in need. In addition, this foundation provides religious, spiritual and cultural support to Turkish citizens living in Malaysia.

6.2.4. Conclusion

Today, in many Islamic countries, waqf institutions are not given the necessary attention, and this situation causes bad management of waqf assets and properties. It is seen that these waqfs cannot provide the desired benefit to society because the assets and properties of the waqfs, which have a huge economic potential, are not properly maintained.

Malaysia realized the importance of waqfs in economic and social life and ensured their effective management by making necessary legal arrangements. Necessary measures were taken to protect waqf assets and properties and set an example for other Islamic countries. However, it is stated that there are various deficiencies regarding waqf organizations.

As stated in article 8/1/1 of the Sharia standard No. 33 of AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions), “Maintenance, repair and renewal expenses of waqf assets should come before the distribution of waqf incomes among the beneficiaries. In this context, due importance should be given to periodic maintenance technical programs. The prerequisite of the waqf is not sought for the maintenance and repair of the waqf’s assets.

As it is recognized that every state in Malaysia needs a waqf Law, it is important in current practice that registration of all waqf or other land is required to protect and manage waqf properties

efficiently. The recording system of waqf land as practised in the land office in Malaysia must be improved to facilitate the national development agenda of waqf lands (Zubaidah, 2015:40).

SIRCs need to make more campaigns and publicity to popularize waqfs and increase public awareness and participation in waqfs. SIRC must maintain synergy and strategic cooperation with interested parties, including collaboration among waqf organizations. With these effective approaches and good practices, SIRC strengthens waqf management in Malaysia and contributes to the country's economy.

As a result, it is seen that waqf organizations in Malaysia focus their activities more on education as one of the ways to improve the socio-economic conditions of the society in the long run. In addition to delivering humanitarian aid to those who deserve it, waqf organizations also undertake innovative projects to sponsor. It can be said that these innovative programs undertaken by waqf organizations in Malaysia not only achieve commendable results in waqf projects but also set an example for waqf organizations in other countries in order to serve society better.

6.3. GIVE ME INFORMATION ON THE MALAYSIAN INSTITUTIONS THAT OVERSEE ISLAMIC BANKS AND FATWA BOARDS?

Malaysia is among the leading countries in the world in the field of Islamic banking. Malaysia, which is one of the most developed countries in the field of interest-free banking in the world, has a special law (Islamic Financial Services Law) regarding interest-free banking and finance. Malaysia, which has a dual banking system in the form of conventional banking and Islamic banking, is the country with the most advanced corporate governance framework for Islamic banking. Within this framework, the operation of an Islamic bank is subject to various conditions. In order for banks to operate, it is necessary to regulate the internal control systems of the banks, to carry out regular controls by expert personnel, and to obtain an independent audit report stating that an effective internal control system has been established (Erden, 2020: 118).

In the banking sector, where mostly conventional banking is active in Malaysia, Islam Malaysia Berhad (BIMB) bank was established in 1983, and a new era was started in the field of Islamic banking. A law enacted on this date authorized Bank Negara Malaysia (BNM), the central bank of Malaysia, to regulate and supervise Islamic banks. Bank Negara Malaysia (BNM) has a very important function in the country. With this law, Bank Negara Malaysia (BNM) became the sole authorized institution in the supervision of Islamic banks and also made Islamic banking widespread throughout the country by using the infrastructures of existing banks. In 1997, the Central Advisory Council (SAC) was established by Bank Negara Malaysia (BNM) as the highest authority in interest-free banking and insurance in the country. The central advisory board operating within the central bank operates as the top institution in the country regarding interest-free banking, interest-free finance and takaful, and decides whether the products in these areas are compatible with the principles of interest-free banking (Tekçam, 2017: 84). With the law, the members of the Central Advisory Council (SAC) are prohibited from taking part

in the advisory boards of Islamic banks in order to give importance to confidentiality and to prevent conflicts of interest.

6.3.1. Advisory and Fatwa Boards overseeing Islamic Banks in Malaysia

The services offered by Islamic banks must comply with the banking legislation and Islamic fiqh. Standardization should be ensured in the field of Islamic banking, as well as in conventional banking. However, it is not possible to say that Islamic banks, which fulfil many services offered by conventional banks in the world, have a standard like conventional banks. There are many reasons for this. In some countries, Islamic banks are not under the guarantee of the state; they have only a trade-based operation, they are shaped according to the capital and market needs of the countries in which they operate, and the advisory boards of the banks have different perspectives on the same issue.

In Malaysia, many regulations have been made in the field of Islamic banking in order to provide standardization and develop a common method. As a result of the arrangements, various central supervisory boards were established, and the activities of Islamic banks were tried to be gathered under one roof. In this context, the first sharia board was established in 1983 by Bank Islam Malaysia Berhad. With a law enacted in 1993, Bank Negara Malaysia (BNM), the central bank of Malaysia, became the only authorized body to supervise Islamic banks. The Shariah Advisory Council (SAC), established by Bank Negara Malaysia, became operational in 1997. SAC is empowered to oversee and regulate all interest-free banking-related businesses. With this authorization, SAC has attained the status of sole authority in matters related to Islamic banking. SAC is responsible for ensuring and approving the compliance of activities and products of Islamic banks in Malaysia. Decisions made by SAC bind not only Islamic banks but also all courts, institutions and organizations.

Malaysia established the Islamic Financial Services Board (IFSB) in 2003 to ensure and consolidate the standardization in Islamic banking. The IFSB, which tries to develop a common international discourse in the fields of banking, insurance and capital markets, has the authority to set, regulate and supervise international standards. IFSB contributes to the development of the Islamic banking sector by adopting international standards while creating new standards in line with SAC principles. In this respect, it complements the IFSB, the Basel Committee on Banking Supervision, the International Securities Commission Organization and the International Association of Insurance Supervisors. In addition, the Malaysian government carries out activities to train personnel in the field of Islamic finance with the institution International Center for Education in Islamic Finance (INCEIF), established in 2006. This institution, which provides education in the form of a university and at the graduate level, is supported by Bank Negara Malaysia with 500 million Malaysian Ringgit (Ghoul, 2008: 97).

The compliance of Islamic banks' activities with Islamic jurisprudence is the responsibility of advisory boards known as the Sharia Board. The term Sharia committee or Sharia supervisory council or Sharia advisory council has been used interchangeably in Malaysia (Zulkifli, 2010:85). In Malaysia, it is a legal requirement for every Islamic bank to establish a sharia advisory board. The central advisory board within Bank Negara Malaysia (BNM) sits at the top. The advisory boards formed by Islamic banks are at a lower level, and there is a hierarchical relationship between these boards and the central advisory board. Advisory boards formed by Islamic banks play a complementary role to the main advisory board. If there is a difference between the fatwa or decision of the advisory board of any Islamic bank and the decision of the central advisory board, the decision of the central advisory board is valid and implemented (Tekçam, 2017:85). Therefore, the central advisory board is the highest body that makes the final decision on controversial issues. The decisions made by the Board are binding

not only on the advisory boards of Islamic banks but also on all other institutions and organizations.

The advisory boards of Islamic banks are formed and take office under the law. Advisory boards operate under the board of directors of Islamic banks. However, although it functions as a subordinate to the board of directors, it is not directly responsible for its decisions (Dinç, 2016:83).

Islamic finance is an important engine to position Malaysia as a hub for foreign direct investment (Haniffa and Hudaib, 2010:89). Islamic banks have an important place in Islamic finance. Due to this importance, great attention is paid to the fact that Islamic banks operate by Islamic fiqh. According to Islamic fiqh, advisory boards have an active role in the legitimacy of banking activities and the development of Islamic banking products in Malaysia. Advisory boards, which are important for the promotion of Islamic banking in the country and the effectiveness of its role in the field of banking, have been associated with the board of directors of Islamic banks. The advisory boards evaluate the compliance of the service provided by an Islamic bank with Islamic law within the framework of the relevant fatwas. As it is known, a fatwa is an Islamic ruling given at one point in Islamic law based on solid evidence by a well-known scholar. However, in Islamic finance, such decisions are made by an authoritative body known as the “sharia advisory board”. Fatwa plays a very important role in Islamic financial institutions as it serves as a life (Ruh) to the institutions for its sustainability (Arifin, Abdullah & Chiroma, 2014:376). Although the method followed in the fatwas is not usually expressed in writing, some advisory boards give the general framework of it as follows: If there is a provision in the Qur’an or the Sunnah regarding a newly encountered issue, it cannot be deviated from it no matter what the conditions are. If the issue in question is a disputed issue, as long as there is no other opinion, the interpretation for the benefit of the people, in general, is taken as the basis and acted upon (Kızılkaya, 2012: 144).

Islamic banks must comply with the decisions made by the advisory board. They have to provide all the information, documents and resources requested by the advisory board and give them to the board. All activities of the Islamic bank are under the supervision of the advisory board. The advisory board organizes its audit and surveillance activities in the form of an annual report and presents it to the board of directors.

The structure, members and purposes of the advisory boards are determined by law. In the law, issues such as the election of the members, their appointment, their resignation, the qualifications they must have, the structure of the advisory boards, the frequency of the meetings, and the decision-making processes are included in detail. The advisory board in Islamic banks consists of at least five members. The bank's board of directors appoints advisory board members. However, for the member to be appointed, the written approval of Bank Negara Malaysia (BNM), the central bank of Malaysia, must be obtained beforehand. Each appointed member must have sufficient knowledge, experience, and experience in Islamic jurisprudence. Board members can be re-elected at the end of the term. The resignation, dismissal or re-election of the members of the Board is made by the bank's board of directors with the approval of Bank Negara Malaysia. One of the board members can be appointed as a board member to act as a bridge with the bank's board of directors. This member presents the reports prepared on all the activities of the advisory board to the bank's board of directors. In Malaysia, some restrictions have been introduced regarding the appointment of advisory board members to avoid conflicts of interest and be cautious about information privacy and confidentiality. For example, a member serving on the advisory board of an Islamic bank cannot simultaneously serve on the advisory board of another Islamic bank.

Islamic banks have to take all banking-related matters to the advisory boards and implement the decisions made by the advisory boards. They are required to obtain the approval of the advisory board regarding all banking services they provide. In order for the

members of the advisory board to fulfil their duties effectively, they must provide with all necessary resources and allow them to have unlimited access to all information, documents and records. All areas of activity of the bank should be within the scope of the audit. In small banks, interest-free banking compliance audit work can also be provided by external audit firms through outsourcing (Tekçam, 2017:86).

6.3.2. Conclusion

Today, it is known that Malaysia has a very developed Islamic financial system. Along with Islamic banking, there is the interbank money market, the interest-free government debt securities market, and the Islamic insurance market. Established in 1994, the Islamic interbank money market made it possible for banks operating under Islamic law to conduct banking transactions and trade Islamic financial instruments in accordance with Islamic principles.

Sharia advisory boards, known as “Fatwa Board or Sharia Committee” in Malaysia, are more dynamic and regulated by law than in many other countries. It has guided the development and strengthening of Islamic banks in Malaysia and also increased the country’s success in economic and socio-political developments. The most important function of Sharia advisory boards is to issue fatwas to improve the continuity of the services offered by Islamic banks and to resolve existing conflicts. However, the fact that each Islamic bank does not use the fatwa issued by another Islamic bank has been seen to cause various confusion and Bank Negara Malaysia, BNM (Malaysia Central Bank), has been authorized to ensure standardization. BNM, which has the authority to oversee Islamic banks in the country, has mandated all Islamic banks to comply with the fatwas issued by their respective boards and seek their views on any matter. Similarly, it has expanded the powers of the Sharia Advisory Council (SAC) to ensure more effective Sharia compliance in Islamic banking. He gave the shariah advisory council (SAC) the responsibility to

oversee all matters related to Islamic finance, including resolving disputes over sharia issues.

As a result, the Sharia advisory boards in Malaysia have been supported and developed to complement the Central advisory boards to make Islamic banking more active. It has been made mandatory for Islamic banks to adhere to the fatwas issued by the advisory boards strictly; therefore, the role of fatwa and fatwa administering bodies in Malaysia is generally seen as a pillar of the strengthening of Islamic banks. The development of the Islamic banking sector in Malaysia and the success of the sharia advisory bodies have increased due to the establishment, modification and liberalization of the legal framework in Islamic banking. This has led Islamic banks to offer services in a wider area and independently.

6.4. WHAT KIND OF SUPPORT IS PROVIDED TO SMES IN MALAYSIA?

Small and Medium-sized Enterprises (SMEs) are in a very important status for countries in terms of their contribution to the economy. Its contribution to the economy is undeniable, especially in employment and production. The situation is the same in Malaysia, and their position in the economy is critical.

Describing SMEs requires consideration of several standards. These standards can be economical as well as legal. As a matter of fact, unlike the economics literature, for example, while defining the number of employees, the definition of SME may differ in legal texts such as laws and regulations. It is difficult to make a standard definition for SMEs. Because the understanding of the duties of the institutions and organizations that define these enterprises or the economic conditions of the countries are effective (Çelik et al., 2013). SME definition made by SME Corporation Malaysia in Malaysia is made by considering annual sales revenue and several employees.

Table 6.2.: Official SME Descriptions in Malaysia

Description Source	Number of Employees	Annual Turnover Amount (RM-Malaysian Ringgit)	Business Size
SME Corporation Malaysia	< 5	< 300 Thousand RM	Micro
	5-75	300 Thousand-15 Million RM	Small/ Manufacturing Sector
	5-30	300 Thousand-15 Million RM	Small/Service Sector and Other
	75-200	15-200 Million RM	Medium/ Production Sector
	30-75	3-20 Million RM	Medium/Service Sector and Other

Support and encouragement for SMEs may differ from country to country. The economic structure of the country or its economic targets can be effective in this. There are different support programs by various institutions in Malaysia. The programs offered to SMEs by the relevant ministries and agencies in Malaysia have five main focuses. These;

- > Access to Financing
- > Human Capital Development
- > Market Access
- > Innovation and Technology Adoption
- > Infrastructure

The economic significance of SMEs in Malaysia is great. In the country, the ratio of SMEs in total enterprises is 99%, their contribution to GDP is 38.2%, their contribution to employment is 48%, and their share in total exports is 13.5% (Department of Statistics Malaysia, 2020).

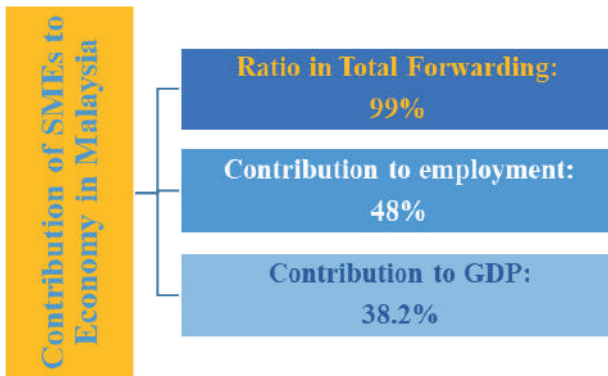


Figure 6.1.: Contribution of SMEs to the Malaysian Economy

Through the Ministry of Entrepreneurship Development and Cooperatives, the Malaysian government started the National

Entrepreneurship Policy (NEP) 2030 in July 2019. In accordance with this policy, eight main issues have been identified, and one of these issues is the capacity, capability and scale of SMEs (World Bank, 2022). For this purpose, SMEs are supported through various institutions and organizations. The main source of finance for SMEs in Malaysia is banks. In addition, the Malaysian central bank (Bank Negara), development finance institutions and other government funds also provide financing support to SMEs (Bank Negara Malaysia, 2022). There is also under the purview of the Ministry of Entrepreneurship Development and Cooperatives (MEDAC), an institution called SME Corporation Malaysia, which provides business advisory services to SMEs and coordinates development programs.

Development finance institutions are institutions established with a special to encourage strategic areas. The strategic areas these institutions focus on are agriculture, SMEs, infrastructure, maritime, exports and high technology. These institutions can be listed as follows (Bank Negara, 2022):

- Bank Pembangunan Malaysia Berhad
- Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank)
- Export-Import Bank of Malaysia Berhad (EXIM Bank)
- Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat)
- Bank Simpanan Nasional
- Bank Pertanian Malaysia Berhad (Agrobank)

There are about 270 grant programs for SMEs in Malaysia. Here it is sufficient to explain some of these programs. For detailed grant programs, Bank Negara's website provides detailed information. Information on selected grant programs from the Bank Negara website is summarized below.

-Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank): This corporation Business Exports

Program (BEP) 2021 named implements programs. The scope of this support is access to financing, human capital development and market access.

-SME Corporation Malaysia (SME Corp.): This corporation Tunas Usahawan Belia Bumiputera (TUBE) PEMERKASA named implement programs. The scope of this support is access to financing and human capital development.

-Credit Guarantee Corporation Malaysia Berhad (CGC): This corporation Portfolio Guarantee/ Wholesale Guarantee, BizJamin (previously as Credit Enhancer), BizJamin Bumi (previously as Enhancer Bumi), BizMaju (previously as Enhancer Excel), BizSME, Flexi Guarantee Scheme and Franchise Financing Scheme named implements programs. The scope of this support is access to financing.

-Federal Land Development Authority (FELDA): This corporation, Latihan Memperkasa Usahawan Sedia Ada, named the implementation program. The scope of this support is to develop human capital.

-Bahagian Industri Makanan (IM): This corporation Program Geran Pepadanan High Impact Product (HIP), Program Geran Pepadanan Change Upgrade Product (CUP), Program pembangunan modal insan, dan Pembangunan Pusat Pemprosesan, Pembungkusan dan Pemasaran, named implement program. The scope of this support is access to financing, human capital development and infrastructure.

-Bahagian Industri Tanaman, Ternakan dan Perikanan (ITTP): This corporation Projek Pemacu Pertanian: Produk Herba Bernilai Tinggi named implements program. The scope of this support is access to financing, innovation and technology adoption.

-Malaysian Agricultural Research and Development Institute (MARDI): This corporation Pemeraksanaan Teknopreneur Agromakanan Yang Progresif dan Kompetitif Melalui Pemindahan

Teknologi dan Inovasi MARDI named implements program. The scope of this support is human capital development, innovation and technology adoption.

-Lembaga Kemajuan Ikan Malaysia (LKIM): This corporation Pembangunan Pasar Nelayan named implements program. The scope of this support is infrastructure and market access.

To give examples of the supports offered to SMEs under the coordination of SME Corp Malaysia, these supports can be examined under the following headings (SME Corp Malaysia, 2022):

1-Brand Development: This program provides support to SMEs to realize branding.

2-SMEs Go Global Programme: This program is a program that supports the opening of sectors with high growth rates to international markets. With this program, businesses are supported by up to 200,000 Ringgits.

3-Digital Financing Initiative: This program is a pilot application aimed at solving the financial problems that have arisen, especially due to the COVID-19 pandemic. With this program, it is possible for SMEs to provide financing for up to 500,000 ringgits, 5,000 ringgits non-refundable.

4-Business Accelerator Programme (BAP 3.0): This program aims to provide advisory and financial support to SMEs to develop their business.

5-Micro Connector Programme: This program includes continuous development support involving micro-enterprises, youth, women and other groups.

6-Inclusive SME Ecosystem (I-SEE): This program aims to strengthen the bottom 40% of the income pyramid through innovation. It also aims to promote community transformation, including rural micro-enterprises, through the provision of guidance and technical support and financial assistance.

7-SME Revitalisation Financing (SMERF): The main objective of the program is to support SMEs to stimulate and realize their business goals. It includes support between 50,000 and 250,000 ringgit.

8-Soft Financing Scheme for Small & Medium Enterprises (SFSME): This program aims to support SMEs in commercial property, machinery & equipment, IT hardware & software and working capital.

9-Women Netpreneur Programme: This program aims to support women in commercial areas to train in the changing world.

The programs detailed above show that the support programs offered to SMEs in Malaysia are various and cover almost all SME groups.

6.5. WHAT ARE THE SUPERVISORY BODIES IN MALAYSIA?

As in every activity, supervisory is an important issue for financial transactions as well. In the same way that the supervisory works are done by the supervisory boards established within the companies, the states also develop various audit mechanisms in the institutional sense. These control mechanisms are very important in financial transactions as well as in areas such as law, security, and education. For this reason, countries have to focus on financial control and regulation, whether it is under the control of governments or through independent decision-making institutions. The diversity of financial transactions necessitates the diversity of control mechanisms and institutions.

It should be noted here that the audit processes in terms of traditional finance and audit processes in terms of Islamic finance will differ. Because traditional finance has principles that it accepts in accordance with the metaphysics of the present (Hallaq, 2019) but may change in the future, Islamic finance depends on regulations that are not limited by time. This will change the structure of financial audit institutions. However, in terms of traditional or Islamic finance, the main purpose of such institutions is to ensure economic sustainability.

Malaysia has various institutions and agencies, although there is a lack of independence in financial or financial control (Salleh and Baatwah, 2017). As in other countries, the state established and financed regulatory and supervisory institutions in Malaysia. The financial sector in Malaysia is controlled and supervised by different regulatory bodies. Unlike other countries, Malaysia has created a separate legal regulation to make Islamic banks operational (Khan et al., 2015).

In this section, those with financial supervisory and regulatory roles in Malaysia, Institutions, funds and agencies that take on supporting roles in implementing governments' policies will be

introduced. In addition, the basic duties and functions of these institutions, funds and agencies will be mentioned.

6.5.1. Bank Negara Malaysia (the Central Bank of Malaysia)

The bank has been in operation since 1959. The main task of the bank, which operates in accordance with the Central Bank of Malaysia Act published in 2009, is to promote monetary and financial stability. While the Bank aims to ensure price stability with its monetary policies, it seeks to develop the finance sector that will provide the financing that the real sector will need with its financial policies.

In addition to these general missions or objectives, the bank also has the aim of making Malaysia an Islamic Financial Center and improving the financial capacity of consumers (Bank Negara, 2022).

6.5.2. Shariah Advisory Council

Supervision of Islamic banking activities is necessary to enable the Muslim community to invest in financial instruments that comply with Islamic principles or to help them protect their savings in accordance with these principles. This inspection is important and necessary for compliance with new products and operations with the lane. Shariah Advisory Council is one of the bodies with a supervisory authority in this regard in Malaysia.

It is a council established within Bank Negara. Its main function is to regulate and supervise the compliance of Islamic financial services and instruments with Islamic law. It checks the submission of new products and services that appear in practice with the principles of Sharia. Consisting of sharia scholars, jurists and market practitioners, the council is the sole authority in Islamic banking, takaful and Islamic finance (Bank Negara, 2022).

6.5.3. Securities Commission

This commission is an institution that has the authority to audit capital market institutions and their activities. Its main task is to regulate, encourage and transform capital markets into a competitive structure. Areas of responsibility include:

- Developing the overall capital market and its market segments such as the equity market, bond and sukuk market, Islamic capital market, fund management, derivatives and other market-based platforms and services

- Facilitating innovation and digital services through the capital market

- Creating avenues for a sustainable financing ecosystem

- Ensuring proper conduct of all market participants through our supervisory, surveillance and enforcement work;

- Championing good corporate governance practices

- Facilitating greater cross-border regulatory cooperation and thought leadership.

As can be seen, the commission also has a duty to develop Islamic financial markets. It can be said that this development task is not related to the principles of Islamic law but to the technical and legal dimensions of finance.

6.5.4. Companies Commission of Malaysia

The Companies Commission of Malaysia is a legal body that handles business registration and mergers. In addition, it also ensures that business information is shared with the public (Companies Commission of Malaysia, 2022).

6.5.5. Board of Valuers, Appraisers and Estate Agents Malaysia

The main task of the board is to keep and maintain records of the Register of Valuers, Appraisers, Estate Agents and Property

Managers. The Board also performs functions such as approving applications, determining wage scales, executing disciplinary actions, and regulating the ethics of appraisers, real estate agents and property managers (The Board of Valuers, Appraisers, Estate Agents and Property Managers, 2022).

6.5.6. Labuan Financial Services Authority

The main task of the institution is the development and management of the International Business and Finance Center. In addition to this core mission, the institution is an international center for commercial and financial services to promote and develop activities; develop national targets, policies and priorities for the orderly development and management of international business and financial services; and act as the central regulator, supervisory and enforcement authority of the international business and financial services sector (LFSA, 2022).

6.5.7. The Employees Provident Fund

Established in 1951, the fund was established for the retirement of employees and operates as an agency under the Malaysian Ministry of Finance. The fund, which aims to protect the savings of employees for their retirement, also focuses on contributing to the development of the national financial infrastructure (EPF, 2022).

6.5.8. Perbadanan Insurans Deposit Malaysia (PIDM)

PIDM is an institution that undertakes to protect the deposits, takaful certificates and insurance policies of depositors in member banks in case the banks experience problems. In addition, the agency offers incentives in the management of risks that may arise in the financial system and supports the stability of the financial system (PIDM, 2022).

6.5.8. Kumpulan Wang Persaraan (KWAP)

This agency is responsible for managing pension funds contributed by the federal government, statutory bodies, local

governments and agencies. The Fund invests in securities, money market instruments, and other instruments permitted by the Pension Fund Act. In addition, the fund is responsible for dealing with current and future retirees (KWAP, 2022).

6.5.9. Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA)

The Public Sector Home Financing Board (LPPSA) is a body responsible for managing the public sector financing for housing construction and works under the Ministry of Finance. The basic function of the board is to collect and effectively manage the funds necessary for the housing needs of the public (LPPSA, 2022).

From the perspective of Islamic finance, it is understood that the supervisory function is mainly performed by Bank Negara. The Shariah Advisory Council, established under Bank Negara, played an important role in fulfilling this function. The regulatory and supervisory bodies in Malaysia are summarized as follows.

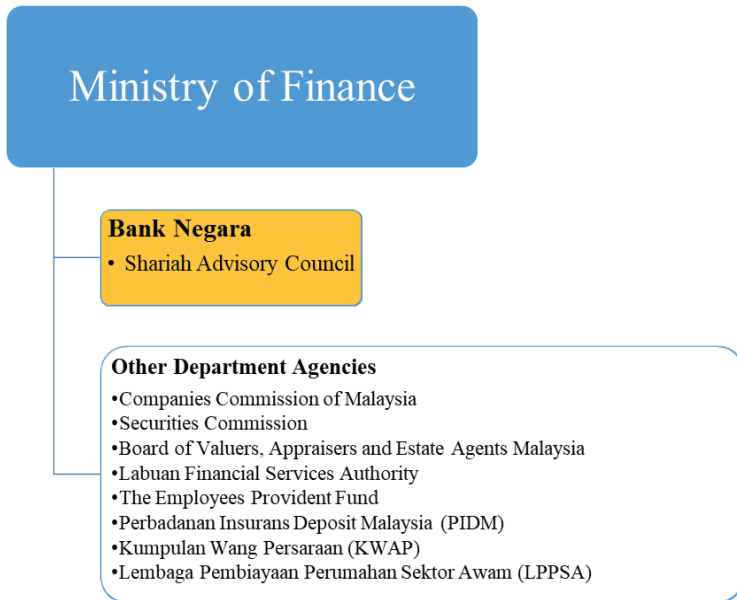


Figure 6.2.: Supervisory Organization Structure

6.6. COULD YOU GIVE INFORMATION ABOUT RENEWABLE ENERGY STUDIES IN MALAYSIA?

Renewable energy, also known as clean energy, is the energy that emerges as a result of the continuous renewal of natural resources. Examples of these external sources are the sun and the wind (NRDC, 2022). According to the American Department of Energy (2022), renewable energy is energy produced from naturally renewable and inexhaustible sources, as opposed to exhaustible fossil fuels such as coal and oil. According to the US Energy Information Administration (2022), renewable energy is defined as *“energy derived from sources that are naturally renewed but whose flow is limited; renewable sources are virtually inexhaustible in duration, but the amount of energy available per unit time is limited”*.

In 2017 numbers, the installed energy capacity in Malaysia is 34,183 megawatts. The distribution of this capacity in terms of energy source is as follows: Oil 4%, coal 31%, natural gas 44%, hydro energy 18%, biomass 2%, solar energy and others 1%. According to the data from the same year, power generation is 160,643 GWh. Of this production, 43% was obtained from coal, 39% from natural gas, 17% from hydro energy and 1% from oil and other resources (ASEAN Energy, 2017).



4%

31%

44%



18%



2%

1%

When the fuel consumption is analyzed by sectors in 2017, the picture is as follows: transportation 35%, industry 29%, commercial 8%, residential 6% and agriculture 2% (ASEAN Energy, 2017).



It is an issue where it is difficult to reach the targets set due to renewable energy costs. The situation is the same for Mazleya, which requires state support (Moey et al., 2020). Renewable energy is a concept that refers to the energy that is not registered over time but is limited per unit. The main types of renewable energy are bioenergy, solar energy, wind energy, geothermal energy, and hydroelectric power (EIA, 2022). Considering that oil reserves cannot meet long-term needs (Ahmad et al., 2011), the discovery of alternative energy resources and the development of these resources are considered essential for a sustainable world. It can be said that Malaysia has been preparing for renewable energy in the past (Ahmad et al., 2011).

The Ministry of Energy and Natural Resources of Malaysia (KeTSA) aims to increase the share of renewable energy to 31% by 2025. It also aims to decarbonize electricity generation by 2035. MyRER has a three-stage roadmap: determination of current installed energy capacity and renewable energy capacity, resolution

of technology-based renewable energy targets and determination of strategic roadmap (SEDA, 2022).

MyRER has four basic technology concise vision targets to reach a low-carbon energy system. These are Solar Energy, Bioenergy, Hydro Energy, New Solutions and Resources. In line with these vision targets, four enabling initiatives were also identified. These initiatives are: Leverage the future-proofing electricity market for RE opportunities, Improve access to financing, Shape human capital & infrastructure, and Increase system flexibility (SEDA, 2022).

Malaysia has areas that offer significant opportunities for hydropower generation, which is especially important for green energy (Edge Weekly, 2021). Although Malaysia is a country with high rainfall and abundant water resources, it cannot fully utilize this potential due to technical, economic and institutional reasons (Yah et al., 2017).

The ratio of renewable energy consumption to total energy consumption worldwide is 17.64%, according to 2015 data. According to 2018 data, this rate is 5.31% in Malaysia, which is well below the world average. The ratio of renewable energy consumption to total energy consumption, which has been a decreasing trend in Malaysia since the 90s, has been showing an increasing trend since 2010 (World Bank, 2018). With the Malaysian ministry of energy and natural resources aiming to increase the share of renewable energy by 2025, it can be expected that the above rate may change.

It can be said that Malaysia still needs energy based on coal and natural gas. In addition, the situation regarding renewable energy can be summarized as follows: the development of waste separation technologies can positively affect bioenergy possibilities, and government incentives due to high capital requirements can positively affect hydro energy and battery energy storage activities. In addition, while relatively low wind conditions necessitate

new technologies in this regard, high potential in solar energy necessitates focusing on this area (Abdullah et al., 2019).

Despite the goals and developments in renewable energy in Malaysia, it can be said that there are some problems. Some of them include limited information on renewable energy, insufficient awareness, limited private sector interest and insufficient government support (Alam et al., 2016). With the elimination of these problems, Malaysia will be expected to progress in renewable energy. Public awareness is also an important issue to be successful in renewable energy. Studies conducted in Malaysia show that the public has knowledge (Zakria et al., 2018). This may contribute to the successful results of studies on renewable energy.

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