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**MODEL OF WAQF IN HIGHER EDUCATION: INTEGRATION BETWEEN
WAQF AND ENDOWMENT MODEL**

MUHAMMAD FAHMIE BIN ABDULLAH



**Research Paper Submitted to the
Othman Yeop Abdullah Graduate School of Business
Universiti Utara Malaysia
In Partial of the Requirement for the Master in Islamic Finance and Banking**

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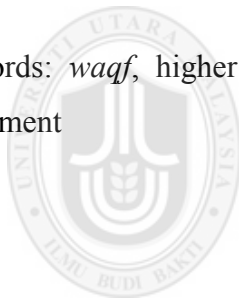
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ABSTRACT

Waqf was introduced by Prophet Muhammad when he became the leader of Islam and was practiced until now. Basically the role of *waqf* is more to the service of humanity which brings enhancements to the socio-economic, harmony and prosperity of the *Ummah*. This research are conducted to discover the challenge may arise in the implementation of *waqf* in Higher Education Institution (HEI) in Malaysia. The main objective of this study is to examine and compare endowment and *waqf* model as proposed in HEI. The methodology of this research is a qualitative research through document analysis of relevance references pertaining to endowment and *waqf* models. This study will analysing the method applied by endowment that might be adapted into *waqf* model in Malaysia. There are two higher education institution or universities with extensive experience in the field of endowment and one university practicing *waqf* have been selected as samples in this research. This study will analyse the endowment models in term of financial, source of fund, investment activities, management company, asset allocation and the distribution of return on investment. From the findings, this research will proposed a *waqf* model by using existing *waqf* model in Malaysia which adapted from successful endowment model that may enhance the effectiveness of *waqf* implementation.

Keywords: *waqf*, higher education institution, *waqf* model, distribution of *waqf*, endowment

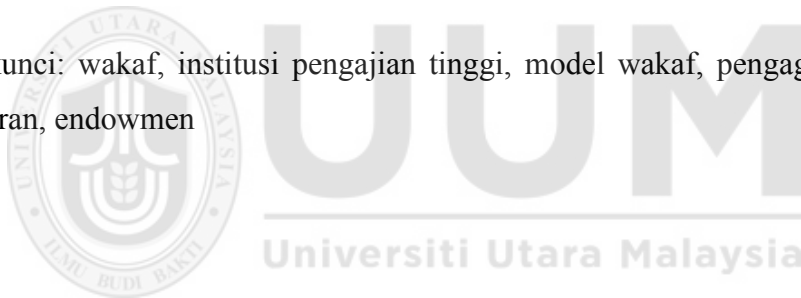


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ABSTRAK

Wakaf diperkenalkan oleh Nabi Muhammad ketika baginda menjadi ketua agama Islam dan diamalkan hingga sekarang. Pada asasnya peranan wakaf adalah lebih bersifat kemanusiaan yang membawa peningkatan kepada sosio-ekonomi, keharmonian dan kemakmuran *Ummah*. Kajian ini dijalankan untuk melihat cabaran yang mungkin timbul dalam pelaksanaan wakaf di Institusi Pengajian Tinggi (IPT) di Malaysia. Objektif utama kertas kerja ini adalah untuk mengkaji dan membandingkan model endowmen dan model wakaf seperti yang dicadangkan di IPT. Metodologi kajian ini adalah penyelidikan kualitatif melalui analisis dokumen mengenai rujukan berkaitan dengan model endowmen dan wakaf. Kajian ini akan menganalisis kaedah yang digunakan oleh endowmen yang mungkin boleh disesuaikan dengan model wakaf di Malaysia. Terdapat dua institusi pengajian tinggi atau universiti yang mempunyai pengalaman luas dalam bidang endowmen dan satu universiti yang mengamalkan wakaf telah dipilih sebagai sampel dalam kajian ini. Kajian ini akan menganalisis model endowmen dari segi kewangan, sumber dana, aktiviti pelaburan, syarikat pengurusan, peruntukan aset dan pengagihan pulangan pelaburan. Daripada penemuan ini, penyelidikan ini akan mencadangkan model wakaf dengan menggunakan model wakaf sedia ada di Malaysia yang dapat disesuaikan dengan model endowmen yang berjaya yang dapat meningkatkan keberkesanan pelaksanaan wakaf.

Kata kunci: wakaf, institusi pengajian tinggi, model wakaf, pengagihan pulangan pelaburan, endowmen



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LIST OF ABBREVIATION

BTM	Board of Trustee and Management
SC	Security Commission
HMC	Harvard Management Company
YIO	Yale Investment Office
IIUM	International Islamic University Malaysia
IEF	IIUM Endowment Fund
PBUH	Praised Be Upon Him
UPM	Universiti Putra Malaysia
UKM	Universiti Kebangsaan Malaysia
ESG	Environment, Social and Corporate Governance
SIRC	State Islamic Religion Council
UUM	Universiti Utara Malaysia



CHAPTER 1

INTRODUCTION

1.0 Introduction

Nowadays, Muslims around the world are exposed to the *waqf* practice, but it is difficult to measure the level of utilization on *waqf* in Malaysia especially in higher education. Generally, the awareness of the requirement of practicing *waqf* among Muslims society is very crucial since it is valuable to the Muslim community and the users. *Waqf* practice in education among Muslims in Malaysia has started since the Islamic arrival in The Malay Archipelago and could be observed as a positive tradition that needs to be expanded. *Waqf* in education practice occurs in various forms and the nature of properties that have been donated by *waqif* such as students' hostels, scholarships, allowances, buildings and learning materials such as books, tables and others. *Pondok* institutions are known as religious school that provide education for religious study such as *al Quran*, *al Sunnah*, *fiqh*, *tassawur*, *tassawuf sirah* and others. *Pondok* can be considered are one of the earliest *waqf* education properties in Malaysia during Tanah Melayu era that had been donated by the *Ulama'* who mostly had completed their Islamic study in Mecca. This education form of *Pondok* institution was very popular among people during that time especially Muslims at the end 19th and 20th century. In current situation, *waqf* can be applied and practice in education form widely such as school, tuition, college and university. The existence of professional *waqf* Institutions has become a selected and necessity in the modern era to undertake the management of *waqf* properties. *Waqf* is defined as the retention of specific assets to the ownership of *waqf* and its forms will remain the same and will be devoted to the poor or other good object that can be utilized and its form stand stills which are located to any existed permissible activities.

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APPENDIX

Sample Questionnaire

1. History / background of education *waqf* in USM
2. The current development of education *waqf* in USM and IPT in Malaysia in general
3. Motivation to implement education *waqf* in USM
4. How the education *waqf* role can help the Malaysian economy
5. Education *waqf* model in USM - different with other IPT models
6. Constraints on implementation of *waqf* training in USM
7. Constraints on the implementation of *waqf* training in other HEIs in Malaysia in general
8. Proposed enhancement of education *waqf* in USM and Malaysia in general

Waqf vs Endowment

1. Differences between endowment and *waqf*
2. Opinion about endowment model could be applied in Malaysia?

Recommendation:

What is your recommendation toward educational *waqf* model?