



## Waqif Preference of Waqf-Based Qardhul Hassan Financing in Malaysia: An Analytic Hierarchy Process Perspective

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### Abstract

Although Islamic banking products like *tawarruq* and bay al-inah personal financing products available in the Malaysian Islamic banking market, their ability to meet the need of those disadvantaged in the case of health crisis like COVID-19 or financial crisis are somehow marginal. There is a need for Islamic social finance products to meet this challenge and one of them is the offered *qardhul hassan* financing funded through crowdfunding on the basis of waqf. This is called waqf-based *qardhul hassan* financing. For this purpose, this study introduces QAFSCALE, referred to *qardhul hassan* financing scale to gauge waqif preference on the facility should it is made available in the market. A total of 324 waqif or donors were participated in this study to identify their preference in donating their money in the facility should it is introduced. This study used Attia's (2010) *maqasid al-Shariah* theory to generate the QAFSCALE, beginning from the *conceptualisations*, dimensions and importantly the batter items that represent the QAFSCALE. Analytic Hierarchy Process (AHP) is used. The results obtained indicate that humanity factor is ranked first in importance, followed by family factor, consumer factor and ummah factor. This study limitation is the sample size. A broader sample would have made the result better. Adding to that, the newly designed scale is first of its kind in the context of waqf-based *qardhul hassan* financing and more studies needed to prove its applicability and generalization, at least. The results obtained might be of interest to managers of Islamic banks and the like to understand their potential waqif preference in the context of waqf-based *qardhul hassan* financing. Four factors drawn from QAFSCALE were evaluated to identify important factors leading to the waqif contribution on waqf.

**Keywords:** Islamic social finance, *waqf*, *qardhul hassan*, COVID-19, Malaysia

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## I. Introduction

As a result of the anticipated present evolution, in which a growing number of new COVID-19 occurrences have been documented since October 2020, the labor market has been negatively impacted and faces future uncertainty. The Department of Statistics Malaysia (DOSM) confirmed this, reporting that Malaysia's unemployment rate rose by 0.1 percentage point to 4.8 percent in November 2020, according to DOSM (2021). It is worth noting that Malaysia had the greatest percentage of people who lost their jobs. According to Bernama (2020), 5.9 million people have been unemployed since April 2020 during a movement control order (MCO). People with low financial resources will find that the MCO has rendered them unable to meet their family's basic needs, such as food, healthcare, and online learning equipment.

One of the solutions to this problem is *qardhul hassan* financing, assuring persons' well-being and developed peace of mind by leveraging social responsibility and ethical potential to help those affected by the crisis by providing *riba*-free loans backed by *waqf* funds. The current Islamic bank financing is not recommended since it requires collateral (*ar-rahnu* finance) and entails several loan processes that are difficult for individuals to complete, particularly during COVID-19. Conversely, *waqf*-based *qardhul hassan* financing can address the welfare of those affected by the disease to some extent because it is closer to *maqasid al-Shariah* than Islamic bank financing.

### 1.1 Background

Behavioral measurements of *waqf*-based *qardhul hassan* financing utilizing the *maqasid* framework have yet to be captured by any defined dimensions. Limited parameters evaluating consumer behavior and its influence on the selection of *waqf*-based *qardhul hassan* financing are reported in the existing literature in the field of *maqasid*. Mohammed et al., (2008) have significantly contributed to identifying metrics for assessing Islamic banking performance from the perspective of *maqasid al-Shariah*. On the other hand, the authors devise an Islamic metric for assessing the performance of Islamic banks in Muslim-majority nations. Khan and Ghifari (1992) also have attempted to explain the link between *maqasid al-Shariah* and consumer behavior, and the outcome of this relationship is significant, implying the importance of *maqasid al-Shariah* in forming confidence toward good consumer behavior.

According to this study, the use of banned goods tends to violate *Shariah*, weakening the direction of a missioned Islamic economic system. The statement for such a link is fairly flimsy, as no studies have been undertaken to support the claim. Similarly, while Mohammed et al., (2008) and Khan and Ghifari (1992) explored *maqasid al-Shariah* in their study, their investigations

into establishing methods to grasp *waqf*-based *qardhul hassan* financing are lacking. On the other hand, the current study proposes measurements that better represent *waqf*-based *qardhul hassan* financing to increase the knowledge of how it might promote social well-being in the COVID-19 era.

Following Amin (2022), the QAFSCALE created would point to the right way to better comprehend its contribution to learning more about *waqf*-based *qardhul hassan* financing in Islamic social finance. Even while Islamic banking has progressed in recent decades, it is accepted that the available finance options only made a minor contribution to assisting the destitute and needy during COVID-19. This issue will be addressed by the QAFSCALE, which will expand the base of consumer involvement to include *waqf*-based *qardhul hassan* financing.

As a result, the QAFSCALE is critical for Islamic financial institutions to create and deliver a facility that improves the competitiveness of the Islamic social finance business.

## 1.2 Objective

In light of those above, this work used the Analytic Hierarchy Process (AHP) to investigate the variables affecting *waqif* to participate in the *waqf*-based *qardhul hassan* financing. The authors follow Abduh and Asfan (2020) to select the AHP. AHP is preferred when the decision problem is relatively simple, has a clear hierarchical structure, and the elements are assumed to be independent. On the other hand, ANP is more suitable when the complex decision problem involves interdependencies among elements, and the model is non-hierarchical. Early initiatives in *qardhul hassan* financing were general, and little is known about the role that *waqf* may play in procuring money for *qardhul hassan* financing that benefits the poor and those in need (Abidin et al., 2011; Ismail & Possumah, 2010). A study by Cakir and Abusarhan (2019), written in Arabic, asserted that *waqf* of *qard al-hasan* appears possible to implement, but some risks need to be entertained accordingly. Besides, Muneer and Khan (2022) examined *qard-al-hasan* to reduce multidimensional poverty through Bangladesh's Fael Khair Waqf (FKW). By concentrating on *waqf*-based *qardhul hassan* financing, the authors fill a vacuum in the literature and add to this study area.

The following section discusses the underpinning theory – *maqasid* theory. The subsequent sections highlight the methodology, results, and discussions. The last section concludes the paper.

## II. Literature Review

### 2.1 The Underpinning Theory

The current study used the *maqasid* consumer index theory better to understand consumer choice for *waqf*-based *qardhul hassan* financing. *Maqasid al-Shariah*, according to Auda (2010), is a philosophy that answers both human rights and Islamic law. In further depth, the word may be defined as increasing the widespread contribution of social welfare, with the advantages accruing to the *ummah* as a whole rather than private individuals. According to Auda (2010), *maqasid al-Shariah* has a clear importance in assuring that human dignity may be formed to a high rank, where justice and welfare are appropriately created for all layers of persons in society.

In short, the true spirit of brotherhood and cooperation can be enhanced in society, such as in the case of *waqf*-based *qardhul hassan* financing, where the spark of altruistic behavior by qualified characters can be jacked up, primarily among the wealthy, to ensure that the cake of wealth can be shared with the less fortunate to improve their quality of life, particularly in the face of the current pandemic.

On the other hand, Ashur (2006) offers a precise explanation of the term *maqasid al-Shariah*. In further detail, *maqasid al-Shariah* is critical for maintaining social stability and peace by preventing the construction of negative lists and fostering the shaped formation of enhanced human well-being. Auda (2010), unlike Ashur (2006), argues that *maqasid al-Shariah* is divided into three hierarchies. The first concerns the human body, where requirements and necessities are brought into play to promote fairness and facilitation. The second concerns family welfare, which encompasses the well-being of family members and children and the avoidance of monopolies in financial transactions.

Regarding the last issue, Islamic banks have prioritized profit objectives, and as a result, all financing products are profit-oriented at the expense of the welfare obtained by the poor and needy. Then, the third considers the finding of the truth, the relief of difficulties, and the promotion of good intentions. Ashur (2006) and Auda (2010) both have the same goals in mind when it comes to enhancing people's well-being during challenging times. Promoting *waqf*-based *qardhul hassan* financing during difficult times may gratify the goals set out by Ashur (2006) and Auda (2010) and, therefore, expands new generalizations and extensions when *waqf*-based *qardhul hassan* financing is used.

Similarly, Khan and Ghifari (1992) reported that *maqasid al-Shariah* is useful for analyzing customer choice or user selection of particular behaviors. Khan and Ghifari (1992), unlike Auda (2010), explained *maqasid al-Shariah* using the hierarchy of requirements, extending the ideal dimensions represented by the former. It is worth mentioning that one's consumption and expenditure are divided into three categories. The essential, or *daruriyyat*, the complementing, or *hajiyyat*, and the decoration, or *tahsiniyyat*, are among them.

Likewise, Khan and Ghifari (1992), Ashur (2006), and Auda (2010) investigated *maqasid al-Shariah* and its relationship to human behavior, especially consumer behavior and discovered that the two work together to promote well-being in people's consumption and spending. These efforts, while beneficial, have given little attention to the understanding of *waqif* preference on *waqf*-based *qardhul hassan* financing, and the building of scales to indicate such choice has been minor, at best. It, in turn, necessitates further empirical testing to determine its contribution – whether theoretical or practical.

Even while previous studies have looked into *qardhul hassan* financing, the focus has been on Islamic banking and theoretical expansions based on conventional ideas. For example, Amin et al., (2010) uncovered notable impacts of subjective norms, price, and attitude on *qardhul hassan* financing choice. Zauro et al., (2016) then expand on Amin et al.,'s (2010) work by defining the considered new geography to extend the findings.

To actualize *maqasid al-Shariah*, scholars in Islamic economics have emphasized the need for Islamic banks to be fair while trading with their consumers (e.g., Chapra, 2000; Dusuki, 2008). According to Chapra (2000), Islamic banks are more socially oriented to accomplish *Shariah's* aims, and as a result, society benefits. Similarly, Dusuki (2008), influenced by Chapra (2000), agrees with the importance of a social welfare purpose to maintain Islamic banks' vital role in enhancing society's well-being.

In his research, Dusuki (2008) also found that the social welfare purpose impacts the existence and survival of Islamic banking. In response, the relevant parties, which include bank employees, customers, and society, will support Islamic banking goods and services, ensuring that the operations of Islamic banks continue without jeopardizing the interests of bank shareholders. However, once the welfare of these stakeholders is prioritized, donors' receptivity to *waqf*-based *qardhul hassan* financing will improve, and the welfare of poor and middle-income households will improve.

Choudhury (2019a) claims one likes nice things that stem from *maqasid al-Shariah*, defined as functional laws that direct human behavior to achieve

*tawhid* as a guiding law for enhanced well-being. Conventional theories have been adopted by the non-*tawhid* science of rationalism. It may be difficult to explain their adequacy when describing behaviors in Islamic society and *halal* consumption, which together decide humankind's well-being to live better now and in the future.

Therefore, the current study constructed a QAFSCALE to assess donors' receptivity to *waqf*-based *qardhul hassan* financing, based on Choudhury's (2019a) work. Importantly, Choudhury (2019b) created an integrated technique for *maqasid al-Shariah* and the *tawhidic* paradigm by coining the word *maqasid al-Shariah al-tawhid*, which explains the *maqasid* notion in the context of *tawhid* as a governing law that helps human interpretations and actions. This theory differs from previous work in that it optimizes functional principles for selecting excellent items, which the authors refer to as *waqf*-based *qardhul hassan* financing in this current work. It is an endeavor in accordance with the law of *tawhid*.

This research also differs significantly from earlier research. First, in the context of Malaysia, this study explores new measurement dimensions' items to evaluate the *waqif* preference of *waqf*-based *qardhul hassan* financing and derives relevant implications for Islamic social finance businesses. Second, this is one of the first studies to examine Attia's (2010) model of *maqasid al-Shariah* in the context of a *waqf*-based *qardhul hassan* financing approach, primarily from the standpoint of donors or *waqifs*. This research aims to provide appropriate structures for capturing the QAFSCALE, which will then be utilized to determine *waqif* preference for *waqf*-based *qardhul hassan* financing. Third, the current study is being undertaken during COVID-19, focusing primarily on social welfare to assess the *waqif* preference of *waqf*-based *qardhul hassan* financing.

Two interesting studies in this area, by Abidin et al., (2011) and Ismail and Possumah (2010), have looked at *qardhul hassan* financing, but discussions on measurement items that can measure donors' participation in the facility are lacking; perhaps this is due to a different research paradigm of inquiry and gaps in the studies that they are examined in. On the other side, Amin et al., (2010) investigated *qardhul hassan* financing by presenting several important measuring scales, although the items created are unrelated to *waqf*-based *qardhul hassan* financing and are only theory-testing research.

To the best of the authors' understanding, these studies imply that the items directly expressing the QAFSCALE remain virgin and inconclusive. *Waqf*-based *qardhul hassan* financing may be a new funding source that advances Islamic social science if the measurements of donor receptivity are appropriately

established, and it is thus of the highest significance in aiding the nation in providing financial relief to those impacted. Furthermore, it can potentially become a source of money for relieving the poverty issue by providing low-cost funds that enhance access to financial resources for the poor. It might happen before, during, or after the COVID-19 crisis.

## 2.2 Related Studies

Early works have revealed limited efforts related to the interaction of *waqf*-based *qardhul hassan* financing, and as a result, empirical data is minimal. In fact, due to their limited research scopes and paradigm of inquiry, the construction of a scale representing the QAFSCALE has been a missing dimension in their framework, and empirical testing is required to reveal its generalizations and extensions in the context of Malaysia, thereby influencing other researchers in other countries to extend the QAFSCALE's applicability. A first effort was conducted by Amin (2022) by explaining three variables derived from Attia (2010): the consumer, family, and *ummah* factors. The humanity factor, however, is marginally explored, perhaps due to the different paradigms of inquiry and scope of research. In the same year, Muneer and Khan (2022) demonstrated the importance of the relationship between *qard-al-hasan* and poverty alleviation. The higher the extent of *qard-al-hasan*, the term used in this study, the better the poverty alleviation. Early, Çakır and Abusarhan (2019) have also proven that *qard-al-hasan* is a reliable source of financing for individuals, but the implementation of this facility is based on proper risk management for improved application and acceptance.

Because of weak conceptualization and operationalization of the measurement items or battery items, the findings for the QAFSCALE capturing *waqf*-based *qardhul hassan* financing are lacking in the literature. Mohammed et al., (2008) started developing items that measure Islamic banking performance using a *maqasid* method by creating indexes that may quantify the success of Islamic banks. Evidently, three variables devised spanning education, justice, and welfare are important in determining Islamic banks' success, and thus, lengthens the generality of the *maqasid* to encompass Islamic banks' performance, which has gotten less attention from previous academics.

However, developing consumer preference items in the context of *maqasid* has been marginal. To the authors' knowledge, a study by Amin et al., (2014) revealed a beautiful finding pertinent to *maqasid's* element extended from Zaharah (1997) and learned from Mohammed et al., (2008) in that education, justice, and welfare are instrumental factors. However, the evaluations are confined to the parameters above, with little regard for the existing COVID-19 and customer well-being.

To represent the consequences of COVID-19, which affects most Malaysians, the factors studied should be comprehensive and holistic. The authors, therefore, chose Attia's (2010) *maqasid* theory in light of this declaration of clearer rationale. Attia (2010) divides *maqasid al-Shariah* into four worlds, each containing Al-five Ghazali's *dharuriyat* constituents. Individual, family, *ummah*, and humanity realms are some of them.

The perspectives of these realms are, to the best of their abilities, generalizable to the context of *waqf*-based *qardhul hassan* financing because of their abilities to meet the *dharuriyat* elements (i.e., life, religion, property, lineage, and intellect) to meet the basic need (i.e., shelter, affordable houses) and are particularly important in the current pandemic, which necessitates more welfare-oriented work rather than profit-oriented work.

In illustrating the four realms, Attia (2010) employs holistic measurements, which have underlined the need to safeguard human life and honor (individuals), aligning with the current situation. When the authors can correlate the need for financial aid with the order or degree of necessity, however, the considered family values take precedence. Regarding the *ummah*, the recommended actions are relevant to the contemporary position. Think about how important collaboration, solidarity, and shared responsibility are. Regarding humanity, Attia (2010) stresses the importance of establishing vicegerency while safeguarding human rights. The concept is relatively comprehensive and relevant to building brotherhood and justice for those in financial distress.

Previously, adjustments were required to assure compatibility and context. Scholars of *qardhul hassan* financing have advised such a change (Machfudz & Kamila, 2019; Shahwan et al., 2013). Machfudz and Kamila (2019) suggest using *qardhul hassan* financing to improve the welfare and well-being of micro-businesses in Malang, Indonesia. Shahwan et al., (2013) examined the pricing model of Islamic home finance products and found it practical and expandable, extending Attia's (2010) theory. Both have given only passing thought to *waqf*-based *qardhul hassan* financing, which is based on various research designs and paradigms. These deviations are, of course, considered a research setback. To the best of the authors' knowledge, there is no such thing as a QAFSCALE being identified as a missing dimension in Islamic social finance research, maybe because of the transformation mentioned above in the study scope and methodology. Instead, the authors recommend changing the domains to reflect a new planned QAFSCALE that includes *waqf*-based *qardhul hassan* financing. The following are the specifics:



- Consumer factor
- Family factor
- *Ummah* factor
- Humanity factor

Thus, according to Attia (2010), this study's QAFSCALE predicts that consumer, family, *ummah*, and humanity factors will influence the success of *waqf*-based *qardhul hassan* financing. If established, this facility will help improve individuals' well-being, and compliance with *Shariah* is addressed as said in the Quran (Al-Quran, 1997). "Assist one another in righteousness and piety, but do not assist one another in wickedness and rancor," Allah advises (Quran, 5:2). It is also widely recognized that *waqf*-based *qardhul hassan* financing is an excellent tool for assisting poor and middle-income people in dealing with the challenging COVID-19 period.

### 2.3 Conceptual Framework

In this study, a conceptual framework is a fundamental structure or a theoretical model that provides a basis for understanding and analyzing a particular phenomenon of the QAFSCALE as a research topic (Amin, 2022). This framework serves as a guide for researchers, helping them to formulate research objectives, develop research questions, and interpret the results of their studies. The proposed model consists of four variables: consumer, family, *ummah*, and humanity factors. The framework is depicted as follows:

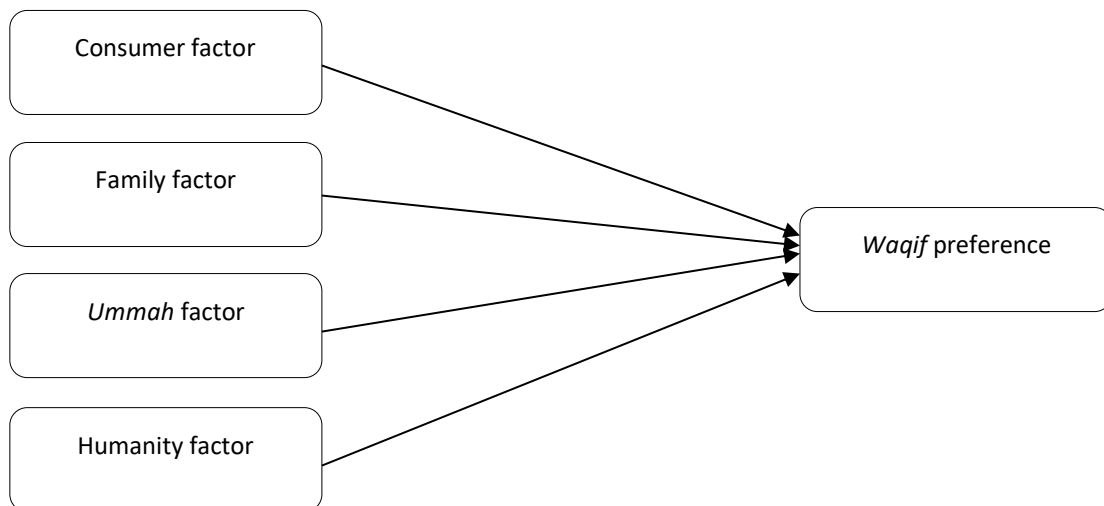


Figure 1. Conceptual Framework

### III. Methodology

#### 3.1 Data

The study's unit of analysis was the potential donors (waqifs) for *waqf*-based *qardhul hassan* financing. The study sample was collected in Kota Kinabalu, Sabah, Malaysia, chosen because of its high level of urbanization and poverty. Clearly, Sabah has one of the country's lowest mean monthly household incomes, with a score of RM5,745 compared with the national average of RM7,901, indicating financial difficulties among the populace throughout the pandemic (Department of Statistics Malaysia, 2020). Due to their reliance on market rates when charging clients and the banks' profit emphasis, traditional banking financing products cannot address the affordability of poor and middle-income people. Despite its infancy, *waqf*-based *qardhul hassan* financing is a viable option for boosting household financial access during COVID-19.

To pick the respondents for this study, the authors used Abduh and Asfan's (2020) approach to employ AHP in the context of consumer behavior, and for that, in this study's case, three criteria based on judgmental sampling are as follows:

- Criterion #1: The authors chose a respondent with one year of experience in charitable giving, not only to family members but also to the general public for various good causes.
- Criterion #2: The authors chose a respondent who was willing to donate *waqf* funds in the future to make *qardhul hassan* financing and
- Criterion #3: The authors chose a respondent who was 25 years old, indicating sufficient maturity based on rationality and having met legal statutory requirements.

The Freedman et al., (2002) formula, represented as follows, was used to determine sample size:

$$\sqrt{n} = tx \frac{s}{e}$$

In more detail, the standard deviation refers to the margin of error, which is best expressed by the term  $e$  in this calculation, and the  $t$ -statistic value is best recorded by the word  $tx$ . Nonetheless, the product was formulated at a concentration of 95 percent. As a result, the factor of 1.96 was prioritized, and the following computation was performed:

$$\begin{aligned}\sigma &= 0.5 \\ e &= 0.06\end{aligned}$$

In addition, the authors preserved a 6 percent error margin in those mentioned above, and the final computation is as follows:

$$\sqrt{\mu} = \frac{1.96 * 0.5}{0.06}$$

$$\mu = 266$$

When non-probability sampling was used, this approach of selecting sample size had been demonstrated to be suitable. Regarding sample size, the 324 *waqif* respondents obtained above the threshold value, indicating that this study's sample was adequate. Employing Abduh and Asfan's (2022) approach, using a survey questionnaire and AHP was appropriate and could be implemented. Table 1 shows the results of the participants' characteristics in this study, in which they were potential donors of *waqf*-based *qardhul hassan* financing if the facility were now available.

**Table 1.** Respondents' Profiles

Demographic item	Description	Result	Percentile
Gender	Male	150	46.3
	Female	174	53.7
Education	SPM/Certificate	0	0.0
	STPM/Diploma	3	0.9
	Bachelor	93	28.7
	Master and higher	228	70.4
Marital status	Single	85	26.2
	Married	239	73.8

### 3.2. Model Development

The literature evaluation, in part on previous research, served as the foundation for this study's paradigm, centering on *maqasid al-Shariah*. The authors specifically considered Attia's (2010) *maqasid al-Shariah* model, which tested and assessed the four factors. These were measured using a 5-Likert scale with a low of 1 = strongly disagree and a high of 5 = strongly agree, and they included the consumer, family, *ummah*, and humanity factors. Four experts, *Shariah* scholars actively researching Islamic banking and serving as *Shariah* consultants at Islamic banks in Malaysia, constructed the questionnaire's items from past works linked to it and polished them. Abduh and Asfan's (2020) modified approach also enables the use of the 5-Likert scale in the context of the AHP model, and for that, the authors extended its generalizability to this present context.

### 3.3. Method

The authors utilized SPSS and Microsoft Excel to answer research objectives, i.e., to identify important factors stimulating *waqif* willingness to participate in

*waqf*-based *qardhul hassan* financing. Following Abduh and Asfan's (2020) approach, the core of AHP involves pairwise comparisons of criteria and alternatives. SPSS can handle these comparisons and derive the necessary weightings and priorities. To develop proper analyses, the authors developed these procedures:

1. Literature survey – The authors identified only relevant studies, which were then used as a point of departure to generate measurement items to reflect the consumer, humanity, *ummah*, and family factors;
2. Experts' confirmation – All items found in the literature were sent out for experts' approval before the actual survey;
3. Actual survey – The finalized questionnaire was sent out for an actual survey to elicit responses of the *waqifs'* (donors') willingness if the facility be made available in the context of Islamic social finance;
4. Validity and reliability – The authors conducted factor and reliability tests to generate valid and reliable items before the indexing calculation. SPSS was used, and
5. AHP and indexation – Following Saaty (1990), all items retained were further calculated using Microsoft Excel to identify the priority and rank the said factors. All factors examined would be weighed for their importance at the final level.

The Likert scale used in this study did not incorporate pairwise comparison. Therefore, as Kallas (2011) suggested, the authors should develop a modified comparison matrix using MS Excel for analysis. The steps of transforming the Likert scale comparison into a pairwise comparison could be obtained from Kallas (2011).

## IV. Results and Discussion

The authors considered the consistency requirement of respondents' responses by checking the consistency ratio, presented in Table 8. In this section, the authors considered factor analysis for validity and Cronbach's alpha test for reliability before attempting the Analytic Hierarchy Process (AHP) model. The details are provided.

### 4.1. Analysis

Based on four series of interviews, the *Shariah* scholars were asked for the items' validation, as presented in Table 2. The validation was done to ensure the identified items were aligned with the factor they were supposed to gauge. When Table 2 was examined, all identified items sourced from literature analyses were found to be relevant, and for that, they were retained for further data analysis.

**Table 2.** Results for QAFSCALE Items Evaluated by *Shariah* Scholars

Concepts	The QAFSCALE	The QAFSCALE	Acceptable
CF	I believe that <i>waqf</i> -based <i>qardhul hassan</i> financing helps preserve a Muslim's life.	Adapted from Choudhury (2019a), Shahwan et al., (2013), Attia (2010), and Chapra (2010).	Yes
	I believe that <i>waqf</i> -based <i>qardhul hassan</i> financing can preserve a Muslim's honor.	Adapted from Choudhury (2019a), Shahwan et al., (2013), Attia (2010), and Chapra (2010).	Yes
	I believe that <i>waqf</i> -based <i>qardhul hassan</i> financing can improve the blessing of Muslims' material wealth.	Adapted from Choudhury (2019a), Shahwan et al., (2013), Attia (2010), and Chapra (2010).	Yes
FF	Happiness is embedded in <i>waqf</i> -based <i>qardhul hassan</i> financing.	Adapted from Choudhury (2019a), Shahwan et al., (2013), Attia (2010), and Chapra (2010).	Yes
	Family peace of mind is found in <i>waqf</i> -based <i>qardhul hassan</i> financing.	Adapted from Choudhury (2019a), Shahwan et al., (2013), Attia (2010), and Chapra (2010).	Yes
	The basic need is acquired better with <i>waqf</i> -based <i>qardhul hassan</i> financing.	Adapted from Choudhury (2019a), Shahwan et al., (2013), Attia (2010), and Chapra (2010).	Yes
UF	Justice is found in <i>waqf</i> -based <i>qardhul hassan</i> financing.	Adapted from Choudhury (2019a), Shahwan et al., (2013), Attia (2010), and Chapra (2010).	Yes
	Dignity is a matter in <i>waqf</i> -based <i>qardhul hassan</i> financing.	Adapted from Choudhury (2019a), Shahwan et al., (2013), Attia (2010), and Chapra (2010).	Yes
	There is shared responsibility in <i>waqf</i> -based <i>qardhul hassan</i> financing.	Adapted from Choudhury (2019a), Shahwan et al., (2013), Attia (2010), and Chapra (2010).	Yes

Concepts	The QAFSCALE	The QAFSCALE	Acceptable
HF	Should donate in waqf-based qardhul hassan financing, I am vicegerent.	Adapted from Choudhury (2019a), Shahwan et al., (2013), Attia (2010), and Chapra (2010).	Yes
	Should donate in waqf-based qardhul hassan financing, I uphold human rights.	Adapted from Choudhury (2019a), Shahwan et al., (2013), Attia (2010), and Chapra (2010).	Yes
	Should I donate to waqf-based qardhul hassan financing, I can support those disadvantaged folks.	Adapted from Choudhury (2019a), Shahwan et al., (2013), Attia (2010), and Chapra (2010).	Yes

**Note:** HF=Humanity factor, UF=Ummah factor, CF=Consumer factor, FF=Family factor

Generally, proper conceptualization and operationalization established and sourced from the literature analyses and approval by the scholars involved have contributed to the validated items, as reported in Table 4. All constructs' items were found to belong to the factor they were supposed to gauge, implying the items were appropriate to support their factors under contemplation. For instance, HF3, HF2 and HF1 were allocated to the 'humanity factor', resulting in a conclusion that they were valid and appropriate. The rest were in the same outcomes of pattern, at best.

The authors also conducted correlation analysis to observe the presence of multicollinearity between constructs under contemplation. Generally, this analysis is not used to meet the research objective but to avoid the multicollinearity issue, which occurs if one factor has a significant correlation of 0.80 with other factors. However, as examined in Table 5, no serious multicollinearity issue was reported since all analyzed correlation values between variables were less than 0.80. Thus, all variables were retained for further analyses of data.

This study's AHP model is based on three tables, Table 6 – 8. In more detail, Table 6 shows the matrix of difference relative importance of the Likert scale comparison, and Table 7 reveals the Geometric for all criteria. Further, Table 8 displays important outcomes pertinent to the factors considered by waqif in participating in the waqf-based qardhul hassan financing.

**Table 4.** Factor Analysis

	Factor loadings			
	CF	FF	UF	HF
CF2	.907			
CF1	.888			
CF3	.890			
FF2		.881		
FF1		.853		
FF3		.858		
UF3			.810	
UF2			.806	
UF1			.883	
HF3				.826
HF2				.848
HF1				.798
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.822			
Bartlett's test of sphericity	$\chi^2=4114$ df=66 Sig.=.000			
Eigenvalues	6.523	1.693	1.198	1.076
Variance explained	54.36	14.11	9.98	8.96
Cronbach alpha	0.967	0.938	0.869	0.895

*Note: HF=Humanity factor, UF=Ummah factor, CF=Consumer factor, FF=Family factor*

**Table 5.** Correlation

Factor	HH	UF	CF	FF
HH	1	.527**	.532**	.549**
UF	.527**	1	.379**	.445**
CF	.532**	.379**	1	.571**
FF	.549**	.445**	.571**	1

*Note: HF=Humanity factor, UF=Ummah factor, CF=Consumer factor, FF=Family factor*

**\*\* Significant at the 1 percent level**

**Table 6.** Difference of Relative Importance of Likert Scale Comparison

Factor	CF	FF	UF	HF
CF	1	0.908	1.238	0.920
FF	1.101	1	1.330	1.011
UF	0.808	0.752	1	0.681
HF	1.087	0.989	1.468	1

*Note: HF=Humanity factor, UF=Ummah factor, CF=Consumer factor, FF=Family factor*

Based on the results reported in the first row in Table 6, the authors may conclude that the respondents considered CF to be 0.908 more important than FF. Looking at the first column, the authors found that the FF was considered 1.101 more important than CF. Hence, for other comparisons, the authors uncovered that CF was more important than UF but less important than FF and HF. As for FF, it was deemed to be more important than other variables. Opposite to the FF, the UF was considered less important than other variables. Lastly, the HF was taken into account as more important than CF and UF but less important than FF.

**Table 7.** Geometric Mean for All Factors

No.	Criteria	Geometric mean	Normalized weights
1.	CF	1.008	0.250
2.	FF	1.103	0.273
3.	UF	0.802	0.199
4.	HF	1.121	0.278

*Note: HF=Humanity factor, UF=Ummah factor, CF=Consumer factor, FF=Family factor*

After completing the matrix of difference of relative importance, the authors calculated the geometric mean for each variable, as shown in Table 7. The calculated geometric means were then normalized to get the weight for each criterion (Perera & Sutrisna, 2010). The reported consistency ratio was 0.03, less than the threshold value of 0.1, indicating a reasonably consistent result.

**Table 8.** Results of Criteria Ranking Using AHP

Rank	Criteria	Weights
1.	HF	0.278
2.	FF	0.273
3.	CF	0.250
4.	UF	0.199
Consistency ratio		0.03

*Note: HF=Humanity factor, UF=Ummah factor, CF=Consumer factor, FF=Family factor*

#### 4.2. Criteria Ranking

Table 8 presents the AHP model of this study. When Table 8 is examined, it is found that *waqif* considered humanity as the main selection criteria. Humanity scored 0.278 or 27.8 percent and ranked first in importance, explaining the importance of vicegerency, the right of individuals to basic needs and the significance of prosocial behaviors extended to benefit many. Family was deemed the second most contributing factor in stimulating *waqif* to participate in the facility. The result is somewhat reasonable as happiness matters in the generated well-being of an extended family to boost the family's peace of mind. The third factor was the consumer factor, which scored 0.250 or 25.0 percent, far behind the family. This result indicates that life,



honor, and material wealth are essential in forming stable individual institutions. The least important is the *ummah* factor, which explains the elements of justice, morality, and shared responsibility. Though the results here demonstrated ranking and preference, they are still valid and may change according to the individual preference and situation.

### 4.3. Discussion

This paper provides *waqf*-based *qardhul hassan* financing for the well-being of *ummah* in times of financial distress, such as COVID-19. The technique of this facility is based on the social "intermediary" concept, in which surplus individuals donate *waqf* funds, which can subsequently be invested, and the proceeds obtained are used to create *waqf*-based *qardhul hassan* financing. Depositors and stockholders are two sources of funds in the banking business, and the funds are utilized for various financial goods. In the authors' perspective, the sources of funds are not considered liabilities but rather Muslim faith in the Almighty's bounty. The proceeds obtained from investing *waqf* funds are then utilized to support *qardhul hassan* financing, in which this facility allows a small monthly payment for the reduced burden of financial commitments of the poor and needy folks, at best. Figure 2 illustrates the model. In this model, the term "Islamic Social Finance Intermediary" is introduced based on the amalgamation of the Islamic banks and the State Islamic Religious Councils, considered as "Joint Management Committee (JMC)", monitoring the funds received as well as the performance of the funds' disbursement. The details are provided in Figure 2.

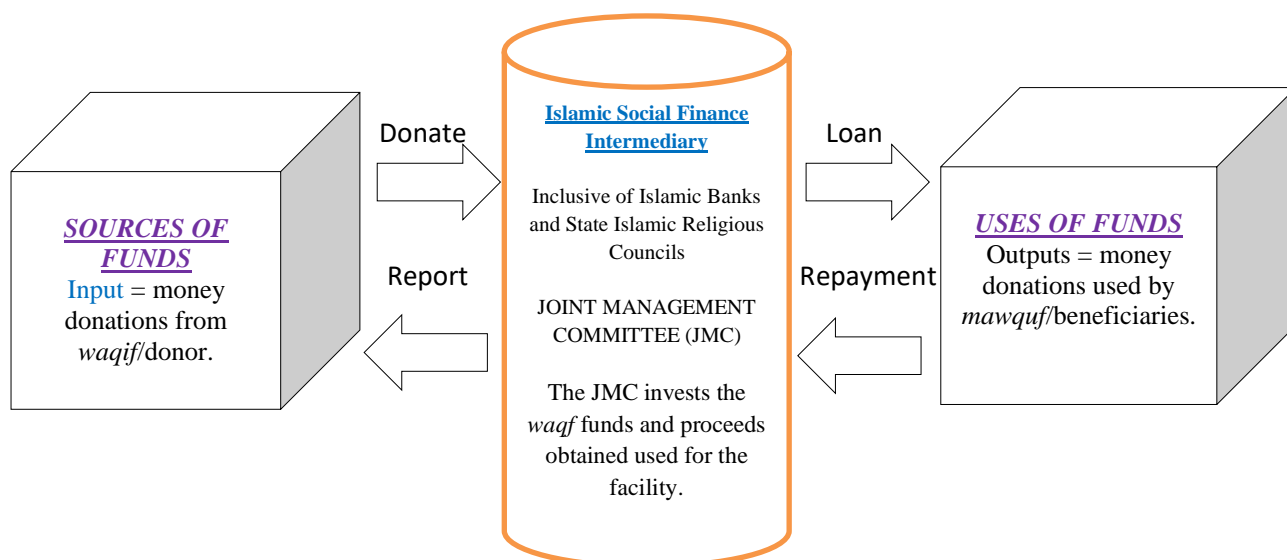


Figure 2. Simplified *Waqf*-based *Qardhul Hassan* Financing Model (Authors')

This study's results also align with other studies, including Muneer and Khan (2019), Musari (2016), and Obidullah and Shirazi (2015), to name a few. Based on the results, the humanity factor emerged in the first place. Prior researchers (Muneer & Khan, 2019; Musari, 2016; Obidullah & Shirazi, 2015) contended that the humanity factor is integrated into *waqf*-based *qardhul hassan* financing, and this investigation expanded the applicability of these works through an empirical inquiry guided by adequate concepts and interpretations. Humanity was already recognized as a foundation for particular encouragement from *waqifs* to supply financial assistance to *waqf*-based *qardhul hassan* financing to find a better approach to gratitude. Furthermore, humanity is connecting the *waqifs* and the recipients, who want to receive assistance instead of facing additional problems if they pursue Islamic banks or customary lenders to sustain their living during the endemic problem.

Additionally, this study's analyses give credence to the findings of Shahwan et al., (2013) and Attia (2010). Thus, according to this study's findings, the family component took second place. Observing the results, the authors realize that family factor characteristics, such as enjoyment, peace of mind, and the procurement of basic needs, were crucial in shaping the *family factor* and thus played a role in the novel development of insight concerning the context and setting under evaluation. The most interesting result found is that *waqf*-based *qardhul hassan* financing allows breadwinners to get financing to yield joint well-being for themselves and their family members.

Looking closely, the authors see that the consumer factor was ranked third. This finding is consistent with previous research by Choudhury (2019a) and Chapra (2010), who unearthed the importance of consumer assessment based on Muslims' lives, honor, and financial prosperity. According to this study, personal wants are critical for meeting fundamental needs for a sense of calm throughout the pandemic. In other words, this revelation shows three key insights attained from establishing multiple battery products. To continue, the newly adopted *waqf*-based *qardhul hassan* financing can help Muslims recover and maintain their value of life despite the pandemic's adverse repercussions, including extreme financial difficulties that ultimately led to food shortages and illegal conduct. Foremost, if properly presented, the authors are optimistic that such a facility will help to raise and uphold dignity, which is deemed vital (Attia, 2010). Consequently, this research emphasizes the importance of new financial assistance options that acknowledge the position of *waqifs* in aiding the poor when the pandemic's negative impact is greater.

However, its role is pertinent to empirical-based efforts, and methods of measuring were ascertained to be crucial in the context of the *ummah* component, ranking fourth in relevance. This result is also consistent with findings in *maqasid* investigations by Attia (2010) and Auda (2008), who extolled the virtues of *ummah* when addressing a process that can potentially change folk's lives for the better in the long run. After all, these works do not necessarily represent the operationalization of the *ummah* factor but the overall view that the factor is critical to consider, as found in their literature in great depth (Attia, 2010; Auda, 2008). The authors extend Shahwan et al., (2013)'s point of view on the *ummah* and reach a unique integration of *waqf*-based *qardhul hassan* financing in the context of *maqasid al-shariah*.

## V. Conclusion and Recommendation

### 5.1. Conclusion

This study examined an index called QAFSCALE, developed to measure the factors determining *waqif* participation in donating funds for *waqf*-based *qardhul hassan* financing. AHP was used to determine the importance from one factor to another, covering consumer, family, *ummah*, and humanity factors. Of these, the current study has reported that the humanity factor was first ranked in importance, followed by the family and consumer factors, and the least important was the *ummah* factor. This study offers new theoretical and practical knowledge that benefits academicians and practitioners.

### 5.2. Recommendation

At least three theoretical contributions are drawn from this study. First, this paper presents empirical results related to the four factors drawn from Attia (2010), explaining the significance of *waqf*-based *qardhul hassan* financing from the eyes of *maqasid al-Shariah*. Second, this study provides significant empirical evidence pertinent to ranking the factors sourced from Attia (2010) and proves that the theory is suitable to explain *waqif* preference and expects future generalizations. Third, this study contributes significantly to the body of knowledge by addressing gaps in the literature on Islamic consumer behavior. The four Attia's (2010) factors are valid in describing consumers' behavior development in *waqf*-based *qardhul hassan* financing.

Given the significant importance of maintaining the well-being of individuals and families, this study offers some recommendations for improvement. First, this study presents significant evidence that might assist managers of Islamic banks and Islamic social finance in understanding the revival of the based *qardhul hassan* financing when health and financial crises strike and how it influences the well-being of breadwinners and families. Second, this study

suggests four major topics for managers to address. These include the humanity, family, consumer, and *ummah* factors, all of which should be combined while marketing the product for increased demand and acceptability in the future should it be offered. Third, the results obtained in this study become a yardstick for the practitioners to offer the facility as a window to benefit the disadvantaged folks if Islamic banks are eager to offer it. If it is offered by Islamic social finance like *zakat* institutions, the product should be a full-fledged offering, and the obvious benefits are multiple to those affected, not necessarily Bottom-40 (B40) but also Medium-40 (M40). Generally, M40 folks contribute to the financial sectors via their active loan and financing facilities through conventional banks and Islamic peers.

In academia, this study offers some interesting contributions in terms of methodology. First, the authors created construct items for the variables sourced from the context of beliefs, often called cognitive perspectives. The constructs' items were not taken directly from Attia (2010) but have been developed through literature surveys and analyses. Second, the authors analyzed the importance of the variables developed here using AHP to understand the most influential factor among the investigated factors. Third, the authors contribute to the literature regarding the new operationalization of the constructs in which the authors developed three items each for consistency and convenience purposes.

This study also can help regulators or local authorities in some ways. The authors point out at least three points here for guides and yardsticks at best:

1. Legal and regulatory framework: This study helps regulators to develop a clear and comprehensive legal framework that recognizes and regulates the implementation of *waqf*-based *qardhul hassan* financing. The framework developed can address issues related to governance, accountability, reporting standards, and the roles and responsibilities of stakeholders involved in managing and overseeing the *waqf* projects;
2. *Shariah* compliance: This study helps regulators ensure that all aspects of *waqf*-based *qardhul hassan* financing can adhere to Islamic principles and comply with *Shariah* law. Thus, this study suggests regulators improve engagement with Islamic scholars and experts in Islamic finance to review the structure and operations of the *waqf* projects accordingly and
3. Transparency and accountability: This study provides useful variables that can improve transparency in managing *waqf* funds for beautiful loans and the utilization of these funds for charitable projects for *ummah's* wellness. Regulators can also set standards for regular

reporting and disclosures to stakeholders to maintain accountability based on the variables examined.

### 5.3. Limitations and Future Research

However, this study also has several limitations. The present study was confined to a single location: Kota Kinabalu, Sabah, Malaysia. Hence, it is suggested that future research can replicate the study in other states across Malaysia. In addition, the applicability of the QAFSCALE to other contexts of Islamic social finance instruments is somewhat unknown; for that, future research should look at other facilities to determine whether the theory here is valid or otherwise. Through this work, the measurement scales developed tended to be enhanced to extend the findings. Besides, future studies should use other richer variables as key determinants to provide a better understanding of *waqif* preference through an integrative approach. Despite these issues, the current study is pioneering in explaining *waqf*-based *qardhul hassan* financing, where Attia's (2010) *maqasid al-Shariah* is brought into play.

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