

Headline	Embedding the spirit of Islamic charity in finance		
MediaTitle	Malay Mail		
Date	20 Jun 2014	Color	Full Color
Section	Business	Circulation	35,000
Page No	22	Readership	105,000
Language	English	ArticleSize	626 cm ²
Journalist	KAZI MAHMOOD	AdValue	RM 7,153
Frequency	Daily	PR Value	RM 21,458



Embedding the spirit of Islamic charity in finance

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KUALA LUMPUR — Shariah experts have hovered over the idea of developing an app to embed the spirit of philanthropy in Islamic banking and finance for decades, but it fell on Malaysia to lead the way in this unexplored territory.

Malaysia, an undoubted leader in the Islamic banking and finance sector, has now developed a Shariah compliant credit card that allows customers to contribute to charity — with every single swipe — the zakat collection agency reported in January this year.

This is now possible with Maybank Islamic Berhad's launch of the Ikhwan Card-i which will also enable eligible cardholders to win Umrah packages. Umrah is a spiritual pilgrimage to Mecca, Saudi Arabia, performed by Muslims that can be undertaken at any time of the year.

It is amazing that Malaysia is going forward with such a borderless inspiration, embedding spiritual concerns in an otherwise entirely business or credit card transaction.

Notwithstanding the fact that only 20 per cent of Malaysians prefer to use credit cards over cash, the Maybank Islamic card proposition will surely spark interest in philanthropy.

According to the global Survey of Saving and Investment Strategies by Nielsen (2013), 60 per cent of Malaysian consumers

said they preferred to pay in cash, and much lesser among them have a preference for debit or prepaid cards.

Malaysia is home to innovative approaches in the field of Islamic banking, finance and Takaful. In the wake of these numerous innovative approaches, Malaysia created an ordinance that allows Muslims to contribute to the zakat — which is the fifth pillar of Islam — through their income tax deductions.

The Zakaat — lawfully abiding — is considered to be a personal responsibility for Muslims to ease economic hardship for other Muslims. While it helps in the elimination of inequality in the Islamic societies, it has a bearing on the moral duties of the contributors.

Thus the Zakaat is an obligation, but the example used in Malaysia has also set the trend and has led to the creative ideas that has sparked renewed interest in the institution of "Waqf".

Once again, Malaysia took the lead with the landmark development of Waqf land for the construction of the Menara Bank Islam, right in the centrefold of the hustle and bustle of the Kuala Lumpur City Centre.

The use of donated land for commercial purposes, though practiced heavily in the Islamic empirical hey days, became a forgotten principle of development

that took centuries to be revived.

Zakat collection has increased in the Federal Territory, showing the improved economic position of Muslims in major cities. It amounted to RM484 million in 2013, or a 20 per cent hike from 2012. There were 128,061 Zakat payments made to the Federal Territory Islamic Religious Council's Zakat Collection Centre (PPZ-MAIWP) in 2013, an increase of 12 per cent from 2012.

Furthermore, Malaysia is moving on the fast track of implementing electronic money in all its transactions, hence the banking institutions will have to add more creativity in wooing customers to use credit, debit or other cash cards.

Altogether, one of the ways to enhance benevolence in any modern society would be to implement the Ikhwan Card-i model in non-Shariah compliant cards. With such a strategy, the philanthropic morality will have a greater outreach.

This spirit can also be embedded in investment portfolios, in a bid to turn the investors and customers attention towards benevolence.

Consequently, business trends are showing increased interest in the global and local market for "ethical" investment offerings, and this revolves around interest-free credit cards and banking accounts.

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(From left) Datuk Abdul Farid Alias, Muzaffar Hisham, Tan Sri Ismee Ismail, Matthew Driver and Hamirullah Boorhan at the launch of the Maybank Islamic Berhad's Ikhwan Card-I. — Picture courtesy of Maybank Islamic Berhad