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Waqf Microtakaful: Practical Implications and Viability Assessment in the Context of Takaful Industry in Malaysia

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Abstract

Waqf has been identified in many literatures to be a sustainable source of funding for microtakaful. The nature of waqf being perpetual, inalienable and irrevocable however has given it the features that could pose either as a catalyst or a hindrance for waqf to be considered as microtakaful contribution for the underserved. This study cautiously reviews the areas of waqf which require deliberation prior to operationalizing it into an actual microtakaful model. A comprehensive review of the literature is conducted to consider all microtakaful models that have been proposed for Malaysia within 2010-2022. An extensive review of literature is subsequently undertaken to identify articles embracing waqf in their microtakaful models. The study finds five microtakaful models which recommended waqf to fund for the underserved's participation in microtakaful protection. These models exemplified the importance of sustenance of microtakaful operation through waqf. However, the practical and implementation issues relating to utilization of waqf were not explained from the perspective of each state's authority over the waqf money, the waqf rules that falls under the Trustee Act, the lack of operational and technical expertise of the State Islamic Religious Council in microtakaful operation, and the use of temporary waqf as microtakaful contribution. The outcome of the study has opened up many areas for further research to be conducted. It serves to guide the academia to bridge the gaps, and it hopes to pave the way for the takaful industry to consider the possibility of including waqf in the microtakaful model.

Keywords: *Microtakaful, Microtakaful models, Islamic microinsurance, Islamic microinsurance models, Malaysia*

1. Introduction

A nationwide survey conducted by Bank Negara Malaysia (BNM) in 2015 on Financial Capability and Inclusion Demand Side (FCI), found that more than half of the Malaysians are not prepared for any major shock impacting their family. A meagre 6% affirmed a comfortable level of financial confidence when financial losses occur. In understanding the population's accessibility to financial system, only 3% indicated that they do not have active bank accounts. This simply translates to the following assumptions:

a) 3% may also not have access to the insurance/takaful industry or any other financial services
b) 94% may not have the means to save nor participate in any insurance/takaful plans

BNM issuance of the microtakaful discussion paper in 2016, followed by the introduction of *Perlindungan Tenang* products saw the earnest encouragement from regulatory viewpoint to help the industry grow further in its financial inclusion initiatives. In the latest Financial Sector Blue Print (FSBP) 2022-2026, BNM reassured its supervisory and regulatory roles in *Perlindungan Tenang* following the growth in the following:

1. Customers with active bank accounts have increased from 87% in 2011 to 96%
2. Sub-districts' access to financial services increased from 46% in 2011 to 95%
3. Total financing from Islamic banks increased from 21% in 2011 to 41%
4. Adult with one insurance or takaful certificate increased from 33% in 2014 to 42%

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Despite the growth-enabling framework of BNM, MTA in its 2021 annual report, reported that the take-up rate for *Perlindungan Tenang* by the underserved remains low at less than 10% from the 3mill B40 household (DOSM, 2019).

Table 1: *Perlindungan Tenang* participation statistics

No	Perlindungan Tenang	Products Sold via Online (5)				Product Sold Over the Counter (OTC) (2)			
		2018	2019	2020	As at Dec 2021	2018	2019	2020	As at Dec 2021
1	Number of certificates issued	71	38	541	290,869	8,443	6,330	8,910	3,077
2	Total Collected Contribution (RM)	7,761	2,839	14,541	17,304,805	8,443	553,965	703,500	268,135
3	Total Annualized Contribution (RM)	8,116	3,811	58,903	17,846,400	545,240	553,965	703,500	314,455
4	Total Sum Covered (RM)	2,995,000	1,245,000	14,265,000	2,598,850,800	129,491,000	131,036,000	184,256,394	140,924,200
5	Percentage of overall certificate issued under perlindungan tenang (Online vs OTC)	1%	1%	6%	99%	99%	99%	94%	1%

Source: (MTA, 2021)

BNM first discussion paper of microtakaful was issued in 2016 (BNM, 2016). This document which spells out BNM expectations for takaful to be made affordable for the underserved was released a year after the international joint-issues paper "*Issues in Regulation and Supervision of Microtakaful (Islamic Microinsurance)"* of the Islamic Financial Services Board (IFSB) and International Association of Insurance Supervisors (IAIS) was published. BNM which was a member of the working group for this joint-issues paper took the recommendations and echoed the suggestions into its own prudential framework (IFSB, 2015). In 2017, the first guideline "*Introduction of Insurance and Takaful Products Targeted at Underserved Segments"* on affordable products which saw the introduction of *Perlindungan Tenang* was issued. In 2021, a refined guideline which replaced the former document named *"Perlindungan Tenang"* (BNM, 2021) saw the emergence of eleven (11) microtakaful products offered by eight (8) takaful operators. All these products met the guideline's requirements for the products to be "affordable, accessible, have good value, easy to understand and easy to purchase, make nomination and make claims".

The regulatory development saw the encouraging advancement of the takaful operators in opening up the industry to include the segment of the community which have been neglected and underserved. However, it should be noted that presently these microtakaful products are priced and distributed independently by the respective takaful operators. *Perlindungan Tenang* products, together with the takaful operators' existing microtakaful products are all being offered to the underserved autonomously from each other. There is to date, no independent entity that collates all microtakaful products under one umbrella to make participation and distribution more efficient and effective for the underserved. The only one-stop platform that merges all the *Perlindungan Tenang* products is done through the *Perlindungan Tenang* webpage (myCoverage, n.d.). This had led to the ineffective distribution of the *Perlindungan Tenang* products, as highlighted by the Malaysian Takaful Association (MTA) in its annual report (MTA, 2021). An attempt is thus made by this study to explore if past literature have recommended microtakaful models for Malaysia specifically. Prior to 2016, it was found that several microtakaful models have been proposed for Malaysia's takaful industry. Of the many models that have been proposed, the key Islamic social finance instrument, Waqf, has been named to be the sustainable source of funding for the microtakaful model. However, as may be further elaborated in the next sections, these models which contain the Waqf element have inadvertently created research gaps which have yet to be answered by any literature. It is henceforth an objective of this study to identify the gaps and trigger subsequent research to be undertaken by academia.

2. Methodology

This research deploys extensive review of literature relating to microtakaful models that have been published specifically for Malaysia. Due to the limited literature on microtakaful models, academic articles encompassing indexed and non-indexed journals from various databases from the period of 2010 – 2022 were screened for titles, abstracts and keywords containing "waqf microtakaful", "waqf microtakaful models", "microtakaful", "microinsurance", "Malaysia", "Islamic microinsurance" and "Islamic microinsurance models". Over 100 journal articles, conference proceedings, review papers, book chapters on the searched words and phrases were found. However, only five (5) matched the search criteria to meet the objective of this study. Only these five (5) articles have included waqf in their models as the justifiable source of funding for a microtakaful model, supported by flow of funds on how the waqf fund may be utilized to provide microtakaful coverage for the underserved. Figure 1 illustrates the literature search process:

Figure 1: Literature search diagram

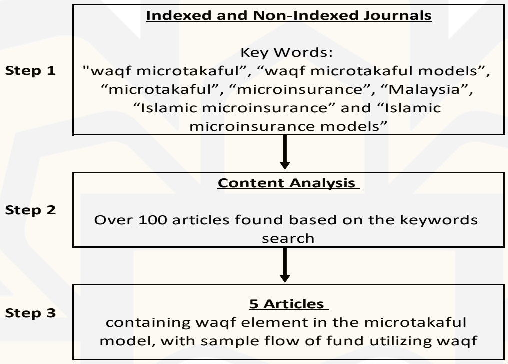


Table 2 lists the five (5) articles:

Table 2: Microtakaful models with waqf as source of funding

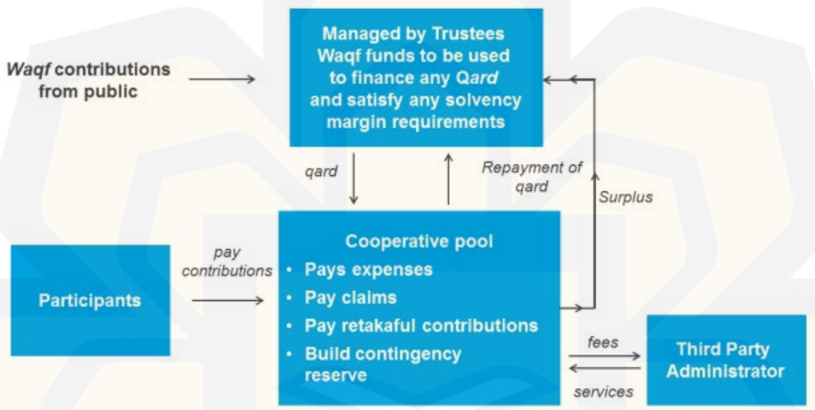
#	Author(s)	Year	Title
1	Zainal Abidin Mohd Kassim	2013	Micro Takaful or Micro Insurance
2	Haslifah Mohamad Hasim	2014	Developing a Conceptual Framework of Microtakaful as a Strategy towards Poverty Alleviation
3	Arwin Idham Mohamad, Norhaslinda Zainal Abidin, Jafri Zulkepli	2019	Causal Loop Diagram of Microtakaful Framework Model with the Integration of Zakat and Waqf
4	Asiah Kamal, Ahmad Azam Sulaiman @ Mohamad & Mohammad Taqiuddin Mohamad	2020	Additional Fund Model for Micro Takaful Offering to Senior Citizens
5	Ashraf Md Hashim & Mohd Bahroddin Badri	2022	Penggunaan Dana Zakat dan Wakaf dalam Takaful Mikro

Source: (Kassim, 2013; Hasim, 2014; Mohamad et al., 2019; Kamal et al., 2020; Md Hashim & Badri, 2022)

3. Literature Review

The first waqf-based microtakaful model was proposed by Kassim (2013). In the model shown in Figure 2, the shareholders' fund which is commonly seen in Malaysian takaful models was omitted to rid the expectations for the microtakaful operator to generate profit for the shareholders. Contributions by the microtakaful participants will be pooled into a cooperative fund for them to participate in microtakaful products. It is from this pool that expenses, claims and retakaful contributions will be paid from. A certain amount of reserve will also be set aside for technical provision. To ensure that the fund will not get into deficit, a trustee-managed waqf fund is created to enable the public to provide *qard* into the cooperative pool in the event of a deficit. Given the possible limitation on the waqf contribution, Kassim (2013) recommended utilizing zakat to be used as microtakaful contribution for the asnaf.

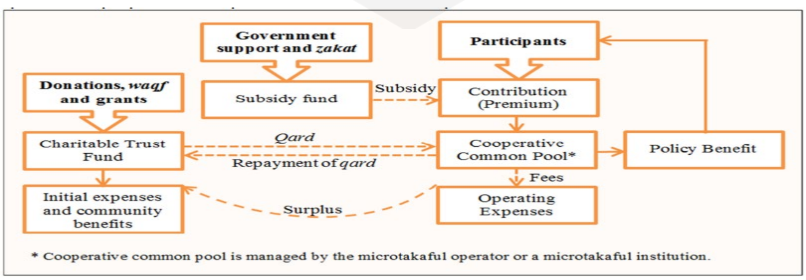
Figure 2: Proposed microtakaful model using waqf contributions



Source: Kassim (2013)

Subsequently, Hasim (2014) proposed a microtakaful model that would be funded by sources from among the takaful operators, donors, zakat, government agencies and non-governmental organisations. As illustrated in Figure 3, to kick start this microtakaful operation, a Charitable Trust Fund is created to pool donations, waqf money and grants to fund the initial expenses of the operation. The main fund in Hasim's model is the Cooperative Common Pool which behaves like the risk fund from which claims for participants will be paid from. Microtakaful participants need to contribute only a small amount into the pool. For participants who have no means to contribute, their contribution will be funded by the Subsidy Fund. Various government agencies' and zakat institutions' contribution for the poor will be channelled into the Subsidy Fund for this purpose. At the end of the year, when surplus is generated from the Cooperative Common Pool, it will be transferred into the Charitable Trust Fund to expand business operation as well as to build resilience of the microtakaful operation. Charitable Trust Fund is managed under the principle of Waqf. In the event of a deficit, Qard will be obtained from the Charitable Trust Fund.

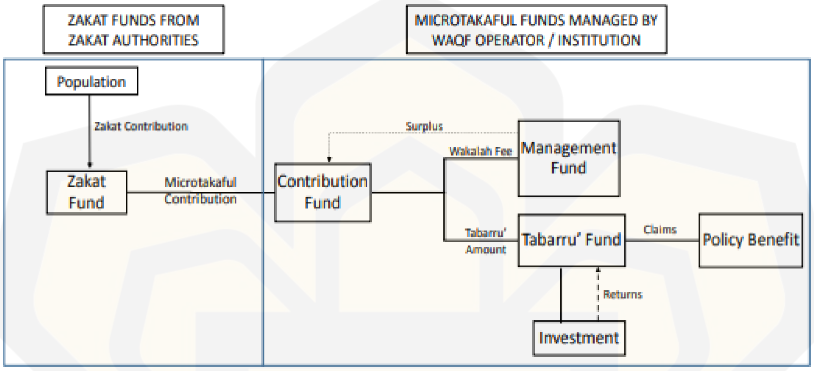
Figure 3: Proposed microtakaful model using zakat, waqf, donations, grants and government support



Source: (Hasim, 2014)

A different perspective was taken by Mohamad et. al (2019) where the proposed microtakaful model was suggested to exclude the involvement of government agencies. The justification behind the non-involvement is the uncertainty of subsidies when there is a change of government policies. Mohamed et al. model in Figure 4 proposed zakat to be the main source of funding for the microtakaful operation. Given their economic constraints, microtakaful participants shall not be required to contribute a single cent to participate in the microtakaful products.

Figure 4: Proposed microtakaful model using zakat

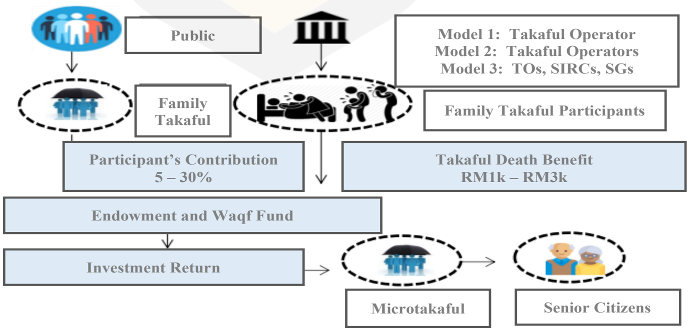


Source: (Mohamad et al., 2019)

The zakat money received from zakat authorities will be pooled into the Contribution Fund, from which further splitting will be done for certain amount to be channelled into the Management Fund and the remaining into the *Tabarru'* Fund. Management Fund covers the operational expenses whilst the *Tabarru'* Fund covers the claims from participants. This model proposed that both the Management Fund and the *Tabarru'* Fund be managed by a Waqf operator.

In 2020, an article written by Kamal et. at (2020) illustrated six (6) variation of microtakaful models which are specific for senior citizens. Of the six (6) models, five (5) embedded the Waqf element into the microtakaful operation. In the first model, investment returns from waqf and endowment funds were proposed to fund for the microtakaful contribution of the senior citizens. It is envisioned that waqf and endowment funds of the takaful operators be established specifically for the senior citizens. However, the concern raised was the possibility of not having sufficient fund if this model is implemented by only one takaful operator. This led to the proposal of the second model, which proposed for takaful operators to provide this coverage as a consortium rather than autonomously. In the circumstance where the consortium is still not able to fund for this initiative, the third model proposed for the takaful industry to join forces with State Islamic Religious Councils (SIRCs) as well as State Governments (SGs). Figure 5 illustrates the flow of funds for the first three models of Kamal et. al (2020).

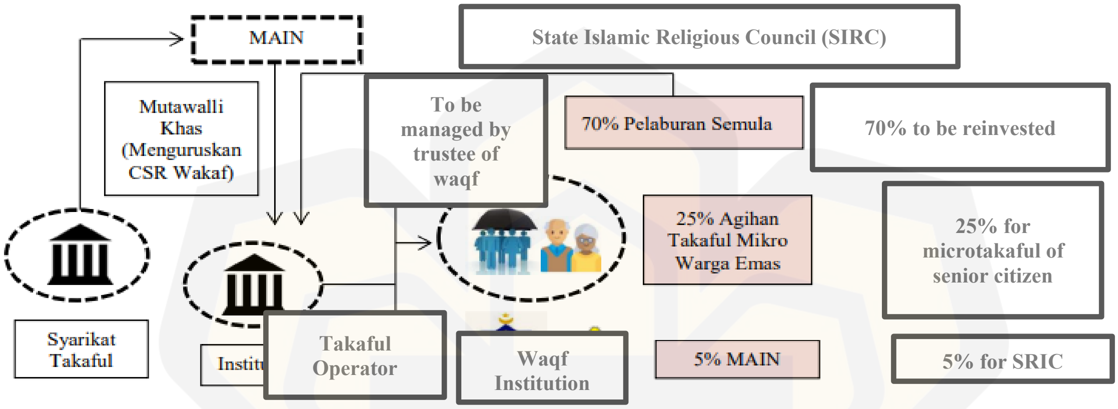
Figure 5: Proposed microtakaful model using zakat, waqf, donations, and contribution from SIRCS and SGs



Source: (Kamal et al., 2020)

Kamal et. al (2020) Model 4 emulates the Corporate Social Responsibility (CSR) model of Johor Corporation. In this model 4 as illustrated in Figure 6, the CSR amount of the takaful operator will be channelled to the SIRC who will then appoint a waqf institution for management of the waqf fund. 70% of the collected waqf will be reinvested, 5% will be allocated for the SIRC and the remaining 25% will be utilized as microtakaful contribution for the senior citizens.

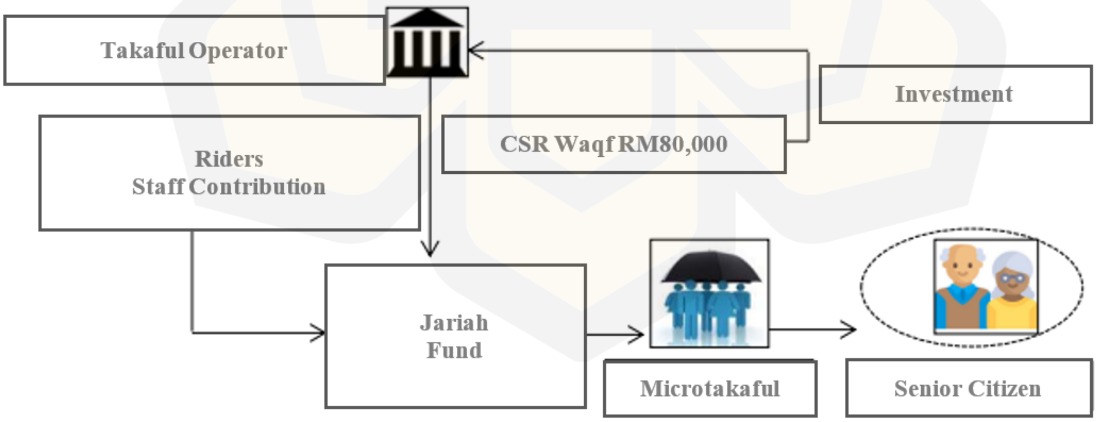
Figure 6: Proposed microtakaful model using waqf (based on CSR Model of CSR Johor Corporation)



Source: (Kamal et al., 2020)

The fifth model of Kamal et. al (2020) is a replica of a currently-practiced model by a takaful operator. This model proposes pooling the contribution from the takaful operator's staff, voluntary contribution from existing participants through riders, contribution from the takaful operator's own CSR waqf as well as corporate zakat to serve as microtakaful contribution. This pooled amount shall provide microtakaful coverage for the senior citizens. It was noted though, that this model in Figure 7 raises certain concerns given that the waqf fund is not managed by a trustee and neither is zakat managed by the zakat authority.

Figure 7: Proposed microtakaful model using staff donation, riders, waqf and zakat



Source: (Kamal et al., 2020)

The most recent model was proposed by Md Hashim and Badri (2022) as shown in Figure 8. Their microtakaful model advocated that the microtakaful contribution be funded purely by zakat and waqf. To address the concerns of *tamlik* (transfer of ownership from zakat authority directly to the asnaf), it was proposed that the zakat amount be paid to the *asnaf* (zakat recipients) who will then participate in the microtakaful product directly. This however may spark a different Shari'ah concern where the *asnaf* may not benefit from zakat at all if no claim occurs. Md Hashim and Badri (2022) further elaborated the need to appoint the takaful operator as an agent of the *asnaf* to solve this matter. Under this appointment, the takaful operator will receive the zakat money on behalf of the *asnaf*, invest them and pay the claims to the *asnaf* accordingly. On the possibility of issues arising from waqf, Md Hashim and Badri (2022) proposed for waqf and endowment to be managed and invested by the takaful operator. Only the investment income generated from the investment activities will be utilized as microtakaful contribution for the *asnaf*.

Figure 8: Proposed microtakaful model using zakat and waqf

Source: (Md Hashim & Badri, 2022)

4. Analysis of Waqf for Microtakaful Models

Waqf is acknowledged for its three main characteristics, i.e. perpetual, inalienable and irrevocable (Abdullah and Yaacob, 2012). The perpetual element of waqf means the moment a property or cash is assigned as waqf, it shall remain as waqf until eternity which shall benefit its intended beneficiaries. Inalienable brings with it the meaning that the moment a property or cash is being assigned as waqf, the ownership is transferred to the Almighty and no individual may alienate it for the benefit of himself. Irrevocable being the third element, simply tightens and strengthen the need for the property or cash to be perpetual and inalienable, where upon the designation of a property or cash as waqf, it is irrevocable given that the property or cash is perpetual and only the Almighty has ownership upon it.

The three elements on their own already indicated various implications if waqf is to be implemented for a microtakaful model. Hence this section shall discuss the issues and implications surrounding the utilization of waqf as contribution for microtakaful.

SIRCs lack takaful expertise

As stated in Schedule Nine, List II of the State List in Malaysian Federal Constitution (Common LII, n.d.; Mat Rani and Abdul Aziz, 2010), every state's State Islamic Religious Council (SIRC) has the authority over the management of waqf-related matters. This means that the administrative rules for the management of waqf may differ since the enactment of Shari'ah rules vary from one state to another. Inconsistencies in the management of waqf in every state lead to the next question as to whether standardization is feasible if waqf is allowed to be used as a microtakaful contribution for the underserved. As clearly advocated by BNM, all takaful operators are required to abide by the Takaful Operational Framework (BNM, 2019) where experts and qualified individuals are to be selected and appointed to manage the takaful operation. Keeping this BNM requirement intact, and linking it back to the need for every state to manage its own waqf properties, it triggers the most fundamental questions: (a) Does the state have the expertise to manage the microtakaful operation if waqf is allowed to be used for microtakaful contribution? (b) For the state to undertake the role of a takaful operator, do they have the right mix of actuarial, underwriting, risk management, claims, investment, etc technical expertise as stipulated in the Islamic Financial Services Act 2013?

Assuming that the SIRCs collectively agree to appoint a takaful operator as their *mutawalli* (trustee) to manage the states' waqf fund purely for the microtakaful initiatives, Abdullah and Yaacob (2012) highlighted the issues that may be invoked when a takaful operator is appointed as the manager of the waqf fund. This appointment raises valid legitimacy issue since waqf in Malaysia falls under the Trustee Act which is conventional and liberal in nature (Abdullah and Yaacob, 2012; Abdul Jalil and Abdul Rahman, 2015) whereas takaful operators are required to strictly follow the Islamic Financial Services Act 2013 where Shari'ah principles are not conventional and liberal in nature and the trustee of waqf needs to abide by strict rules under a waqf-deed (Mat Rani and Abdul Aziz, 2010).

Inalienable, perpetual and irrevocable waqf

The first concern surfaces when cash waqf is received as microtakaful contribution. Given the different state's distinct provision with regards to the management of waqf fund, the takaful operator may face challenge in trying to meet the different waqf requirements imposed by all the states. Similarly, all the takaful operators do not operate on *wakalah*-waqf model (BNM, 2019). Therefore, they may not have the expertise nor knowledge on the inalienable element of the waqf money received from the microtakaful contribution. This may lead to unintentional mingling of funds between the waqf-microtakaful contribution and the existing contribution accumulated in the Participants' Risk Fund (PRF)[1] of the takaful operator, with the former falls under the ownership of the Almighty whilst the latter falls under the ownership of the takaful participants (Abdullah and Yaacob, 2012; Madhubala, 2017). Parallelly, the inalienable element will also be breached if the waqf-microtakaful contribution is managed by the takaful operators with surplus-sharing as its product feature. The current takaful models provide the surplus-sharing feature where any surplus generated from the PRF will be shared between the participants and the shareholders (IFSB-8, 2009). Inalienable waqf means the ownership belongs entirely to Allah, taking the surplus sharing element away from the microtakaful contribution will make the products less attractive for the shareholders given that they will not be compensated for managing the PRF well. These might hamper their motivation to manage the microtakaful contribution for the underserved.

The perpetual element of waqf may also unnecessarily be breached if the waqf-microtakaful contribution is managed and invested by a takaful operator who does not have the waqf expertise to manage the waqf based on waqf deeds. The Malaysia *Mudarabah* and *Wakalah* models are both profit generating models from which the responsibility lies in the takaful operator to generate favourable investment income for the takaful funds to expand and prosper (BNM, 2019). In the event that a loss occurs on the PRF, the takaful operators may need to inject *qard* to provide assistance to the PRF to avoid further deficit (BNM, 2013). The perpetuality of waqf may be violated if *qard* is continuously injected by the shareholders into the PRF to the point of the takaful operator being winded up, and the waqf is no longer available to generate favourable income for its intended beneficiaries (IFSB-11, 2010). Successively, when a takaful operator reaches the eventual stage of winding-up, the payment of obligation to its stakeholders necessitates all assets to be utilized to pay the takaful operators' outstanding obligation and claims. This obligation directly breaches the irrevocable element of waqf if the waqf property is utilized to honour the outstanding claims and obligations of the takaful operator. The ultimate question persists, are takaful operators ready to provide microtakaful contributions utilizing waqf?

Shari'ah implication on application of waqf as microtakaful contribution

There are four main pillars of waqf; the founder, the waqf asset, the beneficiaries and the expression (Mateen, 2018). The beneficiaries may pose as the complicated pillar to be fulfilled and thus requires careful consideration when using waqf as microtakaful contribution. The underserved's information may not be easily obtained nor registered. Their consent for a waqf deed to take place is for this reason difficult to be acquired. However, the issue of consent receives two views from the Shari'ah scholars. The first being that the consent is required for waqf to be valid whereas the second view is a proponent of the consent not being needed for the contract to be valid (Mateen, 2018).

The second view is concurred by majority of the Shari'ah scholars. This is in view that the moment the waqf money is transferred to the intended beneficiary, the money is no longer waqf money. Rather, it already belongs to the beneficiary. The beneficiary therefore has the rights to nominate anyone upon his demise. The contract is henceforth deemed valid even though prior consent is not given (Mikail et al., 2017; Mikail et al., 2020)

[1] Participants' Risk Fund (PRF) is defined by the Islamic Financial Services Board (IFSB) in its *IFSB-8: Guiding Principles on Governance for Takaful (Islamic Insurance) Undertakings* as "A fund to which a portion of contributions paid by Takaful participants is allocated for the purpose of meeting claims by Takaful participants on the basis of mutual assistance or protection.

Temporary waqf – an alternative as microtakaful contribution to encourage public participation
Temporary waqf is a waqf that is still new in Malaysia given that it has not been accepted by Shafie school of thoughts, i.e., Malaysia's official *mazhab*. However, this waqf has been recognised in several states such as Terengganu, Johor and Federal Territories (Ambrose and Peredaryenko, 2022). In Wakaf (Terengganu) Enactment 16, temporary waqf is defined in Section 18 as *"wakaf muaqqat"*. This brings the meaning of provision of waqf for a specified period (Jabatan Hal Ehwal Agama Terengganu, 2016). Johor on the other hand states in Section 17 of Rules of Waqf Johor 1983 that temporary waqf is allowed so long as it is within 60 years and does not exceed two generations (Ab Rahman & Amanullah, 2017). Federal Territories defines temporary waqf as "*"a dedication in perpetuity or for a limited period of the capital of property for religious or charitable purposes recognized by Islamic Law, and the property so dedicated, the income of the property being paid to persons or for purposes prescribed in the wakaf."* (Laws of Malaysia, 2002). The acknowledgment given by only three states, albeit not representing the position of the whole of Malaysia, marks the beginning of temporary waqf being recognized as a sustainable tool for microtakaful contribution.

It is worthy to note that the under-explored potential of waqf is contributed by the lack of knowledge on the mechanics of waqf. The notion that waqf should strictly be inalienable, perpetual and irrevocable (Abdullah and Yaacob, 2012) has narrowed the mindset of majority of the Muslim population to look at waqf only in the form of immovable assets (Islamic Finance News, 2012). However, in recent years the perpetual element has become the focus on many research papers. The objective is to understand if the element of waqf being perpetual is really strictly prohibited by all *mazhabs* (Aldeen et al., 2020), or if it really is just a matter of interpretation of the jurists on the main reference for waqf to be perpetual (Isfandiar, 2008; Ambrose & Peredaryenko, 2022). The outcome of these research is crucial to uncover if there is any possibility of allowing the Muslims to give up their properties or cash only within a specified period. This is to enable them the flexibility to recover their properties or cash when the need arises (Jafria and Mohd Noor, 2019).

All the microtakaful models in this paper visualises the participation of the public through voluntary contribution using donation, zakat and waqf. With donation and waqf being voluntary in nature, the sudden halt of microtakaful contribution is an inevitable circumstance especially when the giver decides to channel it somewhere else which they deem more appropriate. The giver may also wish for a temporary nature of contribution especially when they themselves need the cash for some other dire personal needs. Although cash waqf faces certain practical implementation issues from perspective of microtakaful contribution, this instrument has at least been accepted by majority of the Malaysian Shari'ah scholars (Rahmalan & Abu Hussin, 2021). Temporary waqf on the other hand still needs recognition by the Malaysian Shari'ah scholars apart from ensuring that sustainable source of income may still be generated through proper investment despite the termination in contribution by the givers. The mathematical model of Ambrose and Peredaryenko (2022) proved that temporary waqf funds are able to generate favourable investment income to provide continuous benefit to the microtakaful participants. If investment activities are managed prudently despite the waqf contributions being contributed and withdrawn at differing time period, the giver of waqf may still have certain level of comfort sense that their withdrawal will not bring an abrupt negative impact to the microtakaful participants.

5. Conclusion

Waqf in takaful models is not new. Pakistan has embedded waqf in Pak-Qatar Family Takaful Limited, Dawood Family Takaful and Takaful Pakistan Limited (The Malaysian Institute of Accountants, 2019). The takaful operation of these operators began with the assistance of waqf money provided by the shareholders into the PRF to commence the takaful operation. The fund continuously grows when additional contribution is injected by takaful participants through their own respective waqf contribution. The ownership of the first waqf amount by the shareholders and the subsequent waqf contribution by the participants automatically is transferred to the Almighty (Abdul Jalil and Abdul Rahman, 2015). The contractual relationship of this takaful model is not established between the takaful operator and the takaful participants. Rather, respectively they have contractual relationship with the Almighty (Abdullah and Yaacob, 2012). In this takaful model, the takaful operator being the manager of the operation receives *wakalah* fee in return for their services.

Malaysia however has yet to implement this waqf model in its takaful industry given that waqf falls under the rules of different states and falls under the Trustee Act which brings with it different legal implications (Common LII, n.d.). However, BNM in its Takaful Operational Framework (TOF) (BNM, 2019) provided rooms for adoption of takaful models other than the commonly known *Mudarabah* model and *Wakalah-Mudarabah* model with provision highlighting the need to address issues relating to new models prior to being licensed to operate. The non-exhaustive issues emphasized in this study recommend two main areas to be looked into in future research for waqf to be used as a microtakaful contribution.

First is in addressing the SIRC's lack of technical expertise in offering microtakaful products to the underserved. A mechanism may be proposed to bridge the gap of expertise whereby the current takaful operators who have met all the BNM's TOF requirements may provide the technical or operational support to the SIRC without breaching any act that SIRCs need to abide to when dealing with waqf money. This proposed support needs to give careful consideration on operational effectiveness and efficiency in serving the underserved especially from the perspective of application, distribution, claims payment, and various queries from the underserved.

Second is in understanding the actual Shari'ah and operational implication of waqf being utilized as microtakaful contribution. If waqf for microtakaful contribution is managed by a takaful operator, thorough consideration should be given to ensure separation of waqf money from other takaful contributions. This separation will require the takaful operator to consider utilization of temporary waqf for the waqf fund given that continuous generation of investment income is crucial for sustenance of microtakaful coverage for the underserved. The requirements for temporary waqf should be addressed in obtaining the approval from the Shari'ah committee of the takaful operator as well as obtaining the approval of the Shari'ah Advisory Council (SAC) of BNM since temporary waqf is still at its nascent development stage.

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