

## Takaful: Principles and Applications in Managing Death Charity Money Scheme (DCMS) at Tengku Mizan Zainal Abidin Mosque, Kerteh, Terengganu to Develop Ecosystem of Halal Social Economy

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### Abstract

*Takaful is one of the principles of muamalah for community social activities. Takaful needs to be studied more deeply in terms of principles and applications. The Charity Money Scheme (CMS) is commonly referred to as the Death Charity Scheme (DCMS), which includes the field of muamalah practiced by the Tengku Mizan Zainal Abidin Mosque, Kerteh, Terengganu. Muamalah discusses the economic ecosystem that is a community need. Therefore, it is necessary to study takaful according to sharia as a principle to run DCMS to preserve the economic ecosystem. The objective of this study is to find out the principles of takaful in sharia as a basis in running DCMS and to identify the management concept of DCMS in Tengku Mizan Zainal Abidin Mosque, Kerteh Terengganu. Also analyze the application of takaful to DCMS management in developing the economic ecosystem. The method in preparing the study is descriptive qualitative method through library method either through primary and secondary sources. Also conducted a structured interview with the mosque over the phone to obtain information about this study. The collected data has been documented and will then be analyzed to reach the findings of the study. The results of the study found that the principle of takaful is legally sanctioned in terms of sharia law and can be used as a contract in the administration of DCMS. Mechanistically, DCMS is very compatible with takaful principles. At the same time, this mechanism will develop the ecosystem of halal social economic.*

**Keywords:** *Takaful, Principles and Applications, Death Charity Money Scheme (DCMS), Muamalat, Ecosystem of Halal Social Economy*

### INTRODUCTION

Nowadays, many have used takaful to guarantee what happens in the future in terms of accidents, personal equipment damage, health, shelter and so on. According to Munjib al-Tulab (1987) and Kamus Besar Arab-Malay (2016), *kafala* means to guarantee. While takaful in terms of terms is mutual responsibility to take care of sharing among people (al-Mawsu'ah al-Fiqqiyah, 1995; al-Jurjani. 1995). Therefore, Islam encourages mutual help among fellow human beings. This Takaful is also known as protection when disaster strikes. In addition, takaful is a mechanism to help the unlucky, in other words, the unfortunate (Noor & Zakaria, 2010). In fact, Islam also teaches to practice takaful which is based on sharia.

Standard Accounting, Auditing and Governance Standards for Islamic Financial Institution (AAOIFI) has defined this takaful as an agreement between a group of individuals for the purpose of obtaining protection from certain risks such as compensation by giving a contribution using the method of *iltizam bi al-tabarru'* which is a commitment to do *tabarru'* (donation). However, the result is a takaful fund that has *shakhsyiyah i'tibariyyah*, which is a special legal entity that has its own rights and responsibilities and is ready to pay compensation claims to the individual (Roseli & Johari, 2016).

*Khairat* (charity) comes from the Arabic word which is: virtue (Munjib al-Tulab, 1987; Kamus Dewan, 2002). *Khairat* and death are a service of money combined in one sentence which is *khairat death* (Doaa Ashraf, 2023).

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*Khairat* of death also means a charity that takes care of the corpse, such as funeral utensils, grave diggers that have been donated to the heirs of the deceased (Kamus Dewan. 2002). A charity scheme is a body or an agency that manages death charity money given through donations or sincere contributions at a certain rate (Mohd Zainuri, & Hamzah, 2022). The money collected was given to the next of kin of someone who died because of death. This is because death charity money is very important to facilitate all the affairs of the deceased's heirs.

Therefore, this study was conducted to find out the concept of takaful as a basis in running the Death Charity Money Scheme (DCMS) and to identify the concept of DCMS management in Tengku Mizan Zainal Abidin Mosque, Kerteh, Terengganu. From the mechanism aspect, DCMS management gives hope about the need to develop an economic ecosystem that contains social and halal elements.

## **LITERATURE REVIEW**

### **The Relation Between Takaful and Death Charity Money Scheme (DCMS)**

Takaful is an Islamic protection plan based on shariah principles. By contributing an amount of money that will be partially channeled into the takaful fund based on *tabarru'* (donation), a person has entered into a contract (*uqud*) enabling him to become a participant in the takaful plan by agreeing to help each other, should one of the participants suffered a specified loss (Zakaria, n.d., Buang, 2009, Yusof, 2006).

The advantage of takaful in charity money schemes is that this takaful is more Islamic in nature which is based on sharia, and it uses the concept of cooperation between the money giver and receiver. In addition, for takaful, the takaful holder's money can only be invested in sharia-compliant investments such as investing in charity money schemes for use by the mosque in facilitating the management of remains, the funeral process and other matters. Next, with the death benefit, it can help the family of heirs who are short of money to speed up the funeral process (Gunardi et.al., 2024).

Therefore, this DCMS is more of a death charity used by most mosques. It is to facilitate the parties involved in certain processes such as in the process of managing the remains and the funeral process.

### **Takaful Issues and Challenges in the Death Charity Money Scheme (DCMS)**

Despite the advantages in the takaful system, there are still some issues and challenges that need to be solved, especially in the marketing aspect and disclosure to the public about the takaful system. This needs to be given serious attention to allow takaful to receive a response comparable to conventional insurance that has established itself earlier. Among the issues and challenges are the lack of registered takaful operators and the lack of exposure to the takaful system (Ili Nabilah, n.d).

Due to the lack of in-depth disclosure of the takaful system to the community and no professional person in handling it, it became a problem in the money collection session for parishioners because they were not exposed more deeply about the takaful system in this CMS. Therefore, it takes a long time to collect the money, because not all mosque parishioners have money in a short time (Gunardi et.al., 2024).

Specifically, issues and challenges also occur in DCMS management. The strategy of promoting and spreading the importance and benefits of DCMS in society needs to be overcome. One of the factors in the occurrence of such scenarios and situations is because of information and hype about DCMS which is usual (Gunardi et al., 2023).

### **Ecosystem of Halal Social Economic**

DCMS management in mosques is a mechanism that can have a positive effect on the economic ecosystem. In practice, this management provides welfare benefits to the Society with social value. While from the aspect of the legal position of DCMS management involves finance and Islamic property of halal value. Tandoh et al. (2022) say that the culture of association bodies will give birth to a rapidly developing economy with unique dynamics and socio-culture. Cultivating DCMS management will have a positive impact on the social economic ecosystem and the halal financial ecosystem.

At the beginning of the implementation process of this practice that there is no mixing between things that are haram and suspicious of the death charity either from the point of view of the actions performed or the items used in the management of the death charity. In fact, this kind of practice is seen as highly demanded and encouraged in Islam because it can provide great benefits for the ummah (Gunardi et. al., 2023). DCMS management will have a positive impact on its members through a halal socioeconomic approach. On the surface, socioeconomics is beneficial to the community that is a member, which leads to a halal economy in terms of collection and distribution (Gunardi et.al., 2024).

## METHODS

Bryant (2006) is of the opinion that a qualitative study in examining research for the purpose of making a change in the body of the association is very accurate and appropriate. The facts prove that the study of CMS that focuses on death charities that have takaful agreements has an impact on the social economic ecosystem that contains the social elements of the community and the halal economic ecosystem that coincides with syariah. Therefore, takaful is in line with the social development that society needs.

Qualitative and descriptive methods are used in this research through bibliographic methods and structured interviews with the death charity management. There are two (2) source references in this research, namely primary and secondary. Primer with reference to al-Quran and hadith and the views of Islamic scholars. While secondary by referring to scientific materials, such as books, journals, proceedings and websites to obtain additional information about the concept of takaful as a basis and DCMS. Next, this research uses a structured interview method with CMS managers online, namely: Miss Nur Syazwani Bt Mohd Naziar who is a Clerk at Tengku Mizan Zainal Abidin Mosque, Kerteh, Terengganu.

In the end, the research will be analyzed based on documentation data from the literature review and interviews through a qualitative descriptive approach to produce high-quality research.

## RESULTS

According to Mohd Naziar (2023), the management of the DCMS at Tengku Mizan Zainal Abidin Mosque, Kerteh, 24300 Kem Aman, Terengganu Darul Iman is carried out through the payment of a donation of RM5.00 for each death. Members must pay monthly for two (2) deaths. The benefit given to the heirs is RM1,500.00 from the manager, with details in the form of stocks of RM650. Management costs such as shrouds, bathers, coffins, tombstones, grave digging, hearses and *talkin* (instructions or reminders about questions and answers in the grave that are read to the remains of a Muslim immediately after he/she is buried) RM850 including RM200 inheritance money. The rest of the money will go into the charity process. More and more parishioners are DCMS registered. The mosque established a death charity fund so that it can help all parishioners who have died.

Therefore, it is very relevant if DCMS management is appointed by the mosque's Authorized Members in managing DCMS to facilitate collection and distribution matters easily and conveniently. The mosque has set conditions and criteria in the selection of the members of the authority that manages the DCMS, namely the people of the Tengku Mizan Zainal Abidin Mosque and the people of Kerteh. Shabbuddin et al. (2023) explained that the mosque plays a function in society and its dignity because the institution can develop automatically.

The mosque also ensures the transparency and integrity of DCMS management so that the management can be trusted by the community. Therefore, strategic management needs to be documented in the literature (alHarbi, 2024). In this context, strategic management is the main tool to achieve a goal in the process of choosing the best course of action to achieve the company's long-term goals (Slobodeniuk et.al., 2024). Therefore, strategic management is needed by the mosque in increasing DCMS membership. The strategy carried out by the mosque in the following way:

Clerks make accounts of recipients and payments every month

Checked by the Treasurer

Get graduates from the Auditor and Chairman every month.

The DCMS collection is kept at CIMB bank as a fixed investment so that the death charity money can be kept safely which contains the investment. To safeguard the security of this death charity fund, the mosque conducts an audit for DCMS management through auditors and accountants. Reported in the annual general meeting will present a report once a year and entered the ROS (Registration of Society) system. This shows that the mosque has a big role that is not only focused on the issue of worship, but on aspects of life including the financial system (Shahbuddin & Gunardi, 2023). However, many studies that emphasize the importance of the internal audit function, especially in the context of the new paradigm, findings from an interview survey conducted in two public sector entities show that the internal audit function, which aims to provide consultation and help in managing risk (risk management) in public sector entities, still not operational (Setyorini et.al., 2024).

### **Benefits of the Death Charity Money Scheme (DCMS)**

Many participants are interested in joining DCMS members because the benefits they get can reduce the cost of funerals for members (Mohd Naziar, 2023). Here are the benefits that DCMS members get

Helping the next of kin of the deceased in managing the funeral process. Funeral arrangements include items to bury the body and arrangements for the use of the funeral vehicle. With the existence of the death charity, it can to some extent help in the funeral process, especially the use of a hearse to leave the area.

Can speed up the burial process. With the death charity, it can help the family of heirs who are short of money to speed up the funeral process.

### **The Principle of Takaful as a Basis in Running the Death Charity Money Scheme (DCMS)**

Takaful in terms of practice is a member of society who participates in preserving public and private interests and material and moral damage, so that each individual feels that in addition to the rights he has, he has obligations to others, especially those who cannot meet their own needs. by conveying benefits to them and paying damages for it (Shamela, 1908). Takaful in terms of terms is a guaranteed agreement between two parties against each other according to certain conditions (Ab Rahim et.al., 2019).

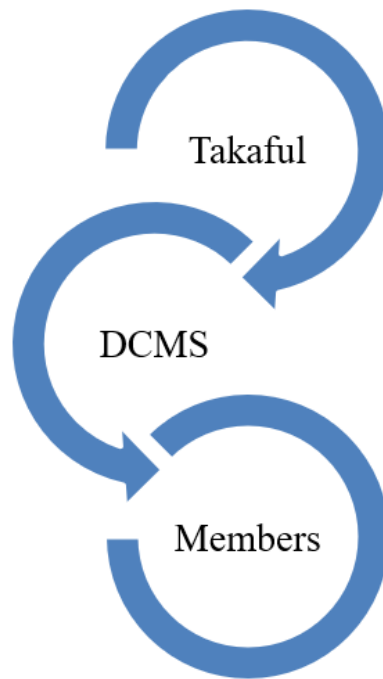
The principle of takaful is used in managing this scheme in collaboration with Takaful Malaysia under the Malaysian Takaful Act 1984 (Gunardi et.al., 2023, Yusof, 2006). Takaful can be considered *daruriyy* (necessary) in the modern era, especially for those who are in the low-income group affected by various factors (Rubayah Yakob and Nor Hamizah Abd Rahman, 2017). This takaful becomes the basic principle and contract of DCMS between the participants and the DCMS management committee when paying the participant's contribution.

The main principles of the Islamic takaful system in Malaysia are:

Mutual responsibility based on the evidence of the hadith from Anas bin Malik R.A., which means: *A person does not have faith (perfect faith) until he loves his brother as he loves himself.* (Hadith Narrated by al-Bukhari: #13). Based on this hadith, a Muslim is required and required to honor, respect and honor each other at all levels of society with age. There is no difference between the young and the opposite. This leads to Muslims having to be mutually responsible with other Muslims.

Cooperate with each other or help each other with the aim of achieving goodness and fostering piety based on the evidence of the Qur'an, surah al-Maidah 5:2, which means: *Help ye one another in righteousness and piety, but help ye not one another in sin and rancour.* Ibnu Kathir (1981) is of the view of this verse that Allah (SWT) commands His faithful servants to do charity, which is Goodness, and to abandon evil things, which is to be pious. Allah also forbids them to help each other in wrongdoing and illegal things.

Protect each other from any hardship, disaster. The evidence of al-Quran, surah Quraish 106: 4, which means: *Who provides them with food against hunger, and with security against fear (of danger).* In this verse it is explained that Allah protects the Meccan Quraish who adhere to the religion of Prophet Ibrahim (A.S.) by giving them a bounty of fruits. God also gives a sense of security from fear (al-Tabari, n.d.).



**Figure 1.** Relation Between the Takaful and Death Charity Money Scheme (DCMS).

Based on figure 1, it is explained that takaful has an important role and is a basic principle in implementing DCMS management. Takaful provides the principles of mutual help, mutual responsibility and mutual protection between DCMS members.

The results of the research findings based on structured interviews with the Tengku Mizan Zainal Abidin Mosque, Kerteh, Terengganu use only one type of Charity Fund Scheme which is the DCS which is the part of funeral management (Mohd Naziar, 2023).

When this scheme is established, it can help the heirs of the deceased in managing the funeral process. This funeral business includes goods to bury the body and the business of using the funeral vehicle as well as those related to the funeral business. With the presence of the death *khairat* (charity), it can to some extent help in the funeral process, especially the use of a hearse to leave the area. And with the existence of this death charity, it can help families of heirs who are short of money to speed up the funeral process (Gunardi et. al., 2024).

Apart from managing the corpse, this death charity has worked on a coffin-making project with the cooperation of skilled members. The coffins produced and some funeral management needs are also sold and if there are not members of this death charity and outside parties who want to buy are very welcome because it can be another source of income for this death charity.

As long as this death charity organization was established, there was no issue in operating it. This is because it gets a lively response in a parish and when issues arise, they will gather and meet to resolve the issue.

## CONCLUSION

The principle of takaful as a basis in the management of DCMS whether under an association organization or mosque management is in line with Shariah practice. Please help, help to help and guarantee guarantee in hardship is a practice that is strongly demanded by Islam. Therefore, the DCMS management concept practiced by Tengku Mizan Zainal Abidin Mosque, Kerteh, Terengganu has a takaful principles mechanism.

The practice of DCMS is a very important system and it can facilitate the Community to participate in this scheme. However, there are also a few people who do not know much about the practice of this charity money

system due to lack of exposure on the matter. Therefore, the management of this DCMS needs to be carried out comprehensively so that it can attract many more people, especially the young people, to participate in the management of this DCMS. Furthermore, the management of this DCMS requires people who are skilled in the use of modern technology nowadays.

The proposal that needs to be submitted is that the parties involved need to take the initiative to gain knowledge about matters related to the charity money system in Malaysia and hold knowledge events that can attract the attention of the local community, especially the young people to attend so that they do not fall behind in knowing the law -Islamic law. This action can give an understanding of how the implementation of takaful principles in DCMS in Malaysia can be done smoothly.

## Acknowledgement

The researchers express their highest appreciation to the Ministry of Higher Education (KPT) as a funder of publishing this article under the Fundamental Research Grant Scheme (FRGS), JPT Research Code: FRGS/1/2021/SSI0/USIM/02/4, which is titled: Dynamic Model Management of the Death Endowment Money Scheme at Mosque Institutions to Preserve Social Security Towards the Vision of Shared Prosperity 2030. Also, the appreciation is given to the Center for Research & Innovation Management, Universiti Sains Islam Malaysia, USIM Research Code: USIM/FRGS/FSU/KPT/51821 who managed this research grant. Finally, thanks are given to all parties involved in this study, who participated in the writing of this article.

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