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Exploring Of *Hibah* Information Richness On Consumer Reception In Malaysia

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Abstract

Hibah is the granting of ownership of a property from one party to another without any consideration (iwad) or rewards in return that happens during a hibah giver's lifetime, sincerely without any coercion or threats. This voluntary action is made without any purpose to glorify or honour anyone and it must come together with an agreement of offer and acceptance through ijab and qabul or any such words. In Islam, this action is considered as noble and dignified as it is not only to give an ownership transfer to the other party but also to protect the dispute among heirs after the death of the owner. However, besides the numerous advantages of hibah, the rate of its enforcement, subscription, and implementation in Malaysia remains low and many Muslims seem refused to accept because they do not understand or having a low understanding of this concept. Based on these motivations, this conceptual paper proposed variable to measure consumer understanding and acceptance towards hibah on asset to explore the actual factors that might contribute to high or low understanding towards hibah asset among Muslim consumers in Malaysia. It is hypothesized and predicted that all the variables are important to increase consumer understanding towards hibah asset in Malaysia. Instead of the proposed variable, this paper will also serve as a guideline for future researchers to extend the study empirically to testify the hypotheses. Moreover, the marketers especially the Islamic Estate Planners also could develop better marketing strategies to increase the consumers' understanding, awareness and acceptance towards hibah asset in Malaysia.

Keywords: Consumer understanding, *hibah* agent, *hibah* asset, *hibah* awareness, *hibah* purchase information richness

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INTRODUCTION

The Islamic inheritance structure is composed of a variety of micro-institutions such as *faraid*, bequest (*wasiyyah*) and gift inter Vivos (*hibah*). *Faraid* is defined as the Islamic Law of Succession or Islamic Law of inheritance which is the cornerstone of the Islamic heritage system as defined by Kamarudin and Alma'amun (2013). The goal is to protect the heirs ' interests by proposing fixed eligible heir entitlements. *Faraid* may seem an absolute collection of laws, divinely given, but there is a mitigation of the required rules of *faraid* in the form of bequest (*wasiyyah*) and inter Vivos gift (*hibah*). The idea of Islamic Estate Planning is very important, and unfortunately in Malaysia, there are many Muslims who disregard knowledge or concern in preparing and handling their property (Fatin, 2011). According to Abdul Aziz (2016), the heirs with a mass estate belonging to Muslims do not claim nearly RM 60 billion inheritance value. Nevertheless, due to the lack of legal documents verifying their ownership, these unclaimed properties still have descendants who cannot legally take them (Sahril and Abd Jalil, 2016). One of the major causes of the unclaimed property is the information gap on the importance of Islamic estate and wealth planning, which resulted in the assets are frozen by the government, not only among the deceased but also among their heirs (Ab. Aziz and Nordin, 2015).

Hibah has been a fruitful research area in Malaysia in the conceptual process of Islamic estate and wealth planning, which has provided many benefits for individuals, communities, and governments. *Hibah* is an alternative method for raising the issue of unclaimed properties by individuals. Given this situation, this study attempts to investigate Muslim understanding among Malaysian Muslims towards *hibah*, *hibah* on asset and *hibah* awareness. The importance of this study is to increase awareness, as the previous study did not give adequate attention to the *hibah* knowledge and information.

REVIEW OF LITERATURE REVIEW

Hibah Understanding

From a legal perspective, *hibah* is a beneficial practice (*sunat*) or essential tools in the planning of Islamic wealth, particularly for close family members. *Hibah* can be seen as a solution to the problems related to the use of *faraid*, in particular, the issue of transferred assets to a family member based on the selection and choice of the donor (Rasyid and Ahmad, 2013). Kamarudin and Al-Ma'amun (2013) mentioned *hibah* is a Muslim way of disposing of the assets. In Noordin et al. (2016), *hibah* is characterized as the transfer of asset ownership to an individual without consideration. Via *hibah*, assets will be dispersed early (while individuals are still alive), raising the issue of unclaimed properties. According to Mohd Zamro Muda et al., (2006) the management of the estate

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should be planned for two aspects of time, the first for lifetime planning and the second for death planning.

The other idea of *hibah* from Baharudin and Said (2017) is ownership given based on affection and help given in Islam during the life of the family members or anyone. According to Albertini and Radl (2012) and Cox and Rank (1992), *hibah* is also known as a model of a voluntary transfer of wealth. To construct a *hibah*, the property or asset must have a value and free from debt. The benefactor cannot expect any return from his action and normally *hibah* is happened during the lifetime of the donor and done voluntarily. This exercise is based on al-Quran, al-Sunnah, and consensus (*ijma*). Among the verses of the Al-Quran encouraging *hibah* are as Allah s.w.t. has said meaning:

"...and gives wealth, despite the love for it, to relatives, orphans, the needy, the traveller, those who ask (for help), and for freeing slaves."(Surah Al-Baqarah: verse 177).

Hibah may be in the form of goods, services, or any precious property. It may be movable property, such as machinery, gold, and car, or immovable property, such as land, houses, and buildings. Other than the above, other properties such as plants, livestock, miscellaneous property (e.g. life insurance policy, company shares, unit trust, and the provident fund of employees) also can give as *hibah*.

Hibah Education

Hibah education is the awareness of a system to achieve and satisfy the needs of the distribution of Islamic resources. The important aspect of this study is concerned in particular with differentiating *hibah* from other frameworks of Islamic estate planning such as *Wasiyyah* (will), *Waqf* (*sadaqah* / charity) and *Fara'id* (Islamic heritage law) based on their significance. Thus, the dissemination of Muslim wealth after death should be placed on all Muslims at an early age for them to be mindful of the mechanisms of the inheritance of Islamic wealth. In the study of Al-Aidaroos et.al (2018) from 140 samples obtained, it was established, that the knowledge of *hibah* had been implemented in most universities as part of its curriculum that offered Islamic finance programs. Likewise, knowledge in *Sharia'h*, which is about Islamic law that concerns on various parts of Muslims' life and one of it is related to *hibah*, will increase awareness of hibah and support regulation efforts in implementing *hibah* as part of the Malaysian *Sharia'h* court's ruling (Siddiqi, 2006).

On the other hand, the social influence of family members, friends and community will lead to a Malaysian understanding of the *hibah*. The prophet Mohammed said: "a person is likely to follow the habits of his friend so be aware of whom you take as a friend" (Abu Dawud, 4833). The sorority and brotherhood (with others) are influencing the people surrounding them. Because some of them are experts in Islamic estate planning,

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the experts may share such awareness with their friends. This will give advantages to influence other people about *hibah*.

Besides, the marketing and promotion also contribute to the awareness of *hibah*. A study by Al-Aidaroos (2018) has shown that there is a significant relationship between marketing and promotion towards awareness of *hibah*. Ahmad et al. (2017), reported that in 2015, the number of cases registered in *hibah* cases increased from 2013, suggesting that the citizen still has a low understanding of the concept and application of *hibah*. Concerning these concerns, it may be more precise to assert that their misunderstanding of the principle of Islamic wealth planning indicates insufficient information. Another point of view notes that many still consider *hibah* is less important because of the necessity of *hibah*, which requires full ownership of the asset by the settlor.

Table 1: The Requirement and Conditions of *Hibah*.

No.	Requirements of *hibah*	Conditions of *hibah*
1	The settlor (*al-wahib*)	i) The Settlor must be an independent adult of sound mind, has attained puberty and of sensible conduct (*rushd*) ii) must be the legal owner of the asset(s)
2	The beneficiary(ies) of *hibah* (*al-Mawhub lahu*)	i) Can be any person whether a Muslim or Non-Muslim, as long as the person is able to inherit the asset by bequest as an adult (*mukallaf*) or a minor. ii) *Hibah* beneficiary(ies) must be able to accept the asset endowed to the beneficiary(ies) and be able to exercise ownership over the asset. iii) If the beneficiary(ies) is not an adult or has a disability, a representative (*Wali Mal*) or trustee may be appointed to accept the asset on his/her behalf.
3	The asset(s) Bequeathed as *Hibah* (*al-Mawhub*)	i) The asset(s) must be Halal and have value under *Syariah* Law. ii) The settlor must have ownership over the asset(s)

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		iii) The ownership over the asset(s) is transferrable and is in existence at the time of the *hibah*.
4	The *Sighah* (*ijab*/offer and *Qabul*/acceptance)	i) *Sighah* refers to a verbal or non-verbal agreement or conduct that signifies the offer and acceptance of the gift of *hibah*.

Source: https://www.malaysia.gov.my/portal/index

***Hibah* on asset**

According to the policy made by Bank Negara Malaysia in 2016, an asset in a *hibah* arrangement shall be in the form of a) tangible or intangible asset, b) a movable or immovable asset, and c) a share or an undivided interest in an asset. All asset *hibah* shall be *Shariah*-recognized, important, measurable, and deliverable. In fact, the asset must already exist and be donor owned. The missing or invisible asset cannot be reported on *hibah*. These *hibah* assets will occur when the donor releases ownership of the assets to the recipient through any process allowed by *Shariah*, including traditional business practices, and the recipient has access to the assets and assumes ownership risk. The *hibah* impact is irreversible. Every condition that restricts a *hibah's* duration shall be invalid, and shall not affect the *hibah's* validity.

***Hibah* Agent**

Based on the previous study by Muda (2008) there are numerous agencies interested in documenting *hibah* and therefore various *hibah* approaches have emerged from these agencies in expanding the scope of *hibah*. The establishment of estate planning agencies is deliberate to ensure that the individual chose *hibah* meet all the principles and requirement of *hibah* in Islam specifically and others generally. The quality of service provided by these organizations play a vital role in ensuring customer understanding, contentment and motivate Malaysian Muslim to do *hibah*. Based on the theory of disconfirmation by Bitner (1990), it was pointed out that consumers will be satisfied with the quality if they meet the expectations or more towards the service provided. This customer satisfaction will therefore only be reached if they have provided clear explanation and justification of the value of doing *hibah* from the agent.

METHODOLOGY

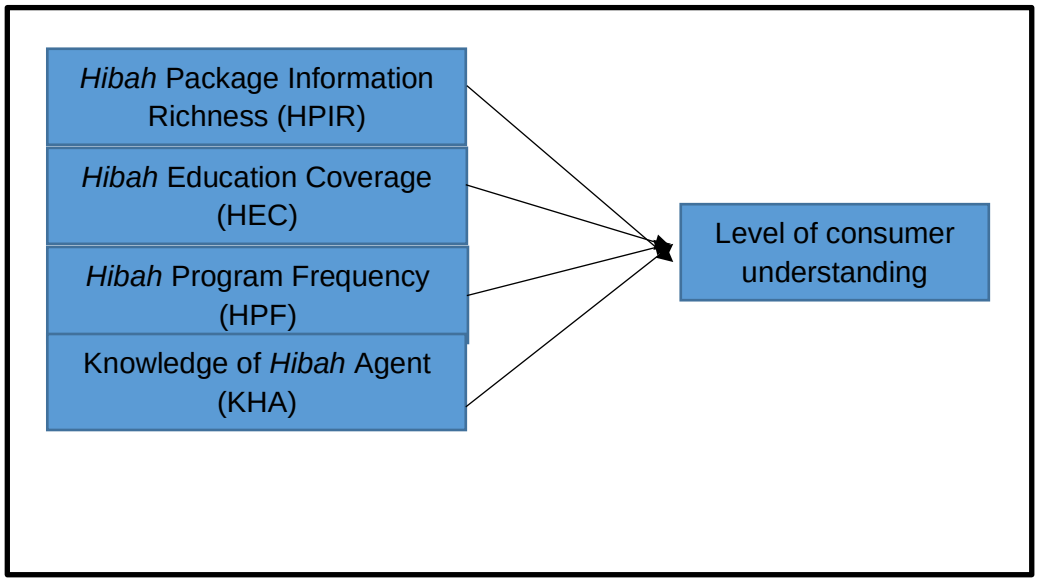
Research hypothesis and framework

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This study aims to identify the underlying factors forming the framework of *hibah* awareness and to examine the relationship between independent variables with variables of *Hibah* Package Information Richness (HPIR), *Hibah* Education Coverage (HPC), *Hibah* Program Frequency (HPF) and Knowledge of *Hibah* Agent (KHA). Therefore, the research framework was developed for empirical analysis as shown in Figure 1 based on the similar study that examined the factors of awareness on *hibah* offered by Islamic Banks (Al-Aidaroos et al., 2018).



This research is carried out to see how Muslims, especially in Malaysia, are aware of *hibah*, since *hibah* is now considered to be one of the important methods of wealth and property distribution. Based on previous studies' results in other similar methods within the area of estate planning and Islamic financial planning, the researchers predicted a dynamic system with a significant relationship between the independent variables and the dependent variable. Therefore, the following hypotheses are developed to test the relationship later.

H1: HPIR have a significant relationship with consumer-level of understanding on *hibah* in Malaysia

H2: HEC has a significant relationship with consumer-level of consumer understanding on *hibah* in Malaysia

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H3: HPF has a significant relationship with consumer-level of consumer understanding on *hibah* in Malaysia

H4: KHA has a significant relationship with consumer-level of consumer understanding on *hibah* in Malaysia

This review includes analysing existing literature on the principles and implementations. Research is conducted by evaluating the literature as well as current practice as we use fully-used secondary tools from online library searches that provide us with academic journals and offences.

Research method

Based on Al-Aidaroos et al. (2018) analysis, which examined *hibah* consumer awareness from Islamic banks, this study recommends a systematic quantitative framework to be analysed and tested. All information will be collected from potential Muslim customers aged between 35 years and 60 years who understand and plan to do *hibah* will be analysed. It is expected that all of the independent variables are relevant and accepted in Malaysia to increase consumer understanding of *hibah* products. The targeted respondents not only focus on the consumer but also from Islamic Estate Planner agent. This is important for making ensure that the questionnaire results are accurate.

As only a few studies focused on the awareness and understanding level among Malaysian Muslim are still low, thus this study proposed that there are four variables capable to measure the consumer understanding and acceptance towards *hibah* which 1) *Hibah* package information richness (HPIR), 2) *Hibah* education program coverage (HEPC), 3) *Hibah* program frequency (HPF) and 4) knowledge of *Hibah* agent (KHA) to be developed in future.

CONCLUSION AND SUGGESTION FOR FUTURE RESEARCH

Islamic wealth planning in Malaysia is now rising especially in the *hibah* services sector. This indicates that soon this industry will develop as one of the important services in the Islamic Finance industry. In addition that this study is mainly conceptual studies without empirical results, it is proposed that all independent variables will be tested in future research by distributing the questionnaire to the targeted consumer to measure the consumer understanding and acceptance towards *hibah*.

This study also suggests providing a standard *hibah* guideline to prevent any disagreement, and the dissemination of information about *hibah* should be done to raise

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awareness of the correct *hibah* protocol because it is considered the best alternative to asset management and to avoid unclaimed Muslim properties. The government should encourage *hibah* as it will decrease the unclaimed frozen assets that will enhance its efforts to enhance citizen's welfare, and Islamic financial institutions should do so because they are the main players in providing all Islamic estate planning services (including *hibah*) and demonstrate their ethical commitment to society.

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