

Positive Social Impact of Islamic Social Finance During Covid-19: Case Study of Malaysia

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Abstract: The global pandemic of COVID-19 has affected many aspects of human lives all over the world. Changes in many policies in the economic, political, health, social and education system can be observed including in Malaysia. The practice of Islamic social finance (ISF) tools such as *sadaqah* (charity), *zakat* (alms) and microfinance in many Islamic financial institutions is crucial to help improve the affected society's quality of living and help them overcome any financial challenges in this difficult time. In response to this pandemic, the objective of this study is to explore the practice of ISF in three Islamic banks which are Bank Islam Malaysia Berhad (BIMB), CIMB Islamic Bank Berhad (CIMB Islamic) and Agrobank along with its positive impacts on the society during this outbreak. This study also aims to figure out which bank is more effective in their ISF practice in delivering positive social impact. Depending on analytical and quantitative investigation, this paper specifically applies the comparative analysis method by reviewing and analysing the relevant data using the Value-Based Intermediation (VBI) strategy indicator of community empowerment. The result of this study reveals that in general, BIMB is the most efficient institution in delivering a positive impact to the society through its ISF practices, followed by Agrobank and CIMB Islamic.

Keywords: Islamic social finance, COVID-19, BIMB, CIMB Islamic, Agrobank, social impact.

1. Introduction

Since the global pandemic COVID-19 outbreak started, we have seen an increase in both numbers of active cases and deaths all around the world. World Health Organization (2021) have reported more than 235 million COVID-19 confirmed cases with death for about 4.81 million cases worldwide as of 6 October 2021. Malaysia is among the earliest countries to be infected and up until now, the Ministry of Health Malaysia (2021) reported the number of positive cases has reached 2,313,727 and the death toll is at 26,981. Table 1 below shows the number of COVID-19 confirmed cases in Malaysia by states. It had a huge impact on the country's economic, political, health, social and education system. Thus, various control initiatives have been implemented in

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stages through several mechanisms that have been introduced by the government, political group, private sector and even the community.

Table 1: Number of Confirmed COVID-19 Cases by State in Malaysia

(Cumulative, as of 7 October 2021, 12.00 pm)

State	No. of New Cases	Cumulative
Johor	993	202,932
Kedah	503	139,052
Kelantan	1,032	122,535
Melaka	260	60,070
Negeri Sembilan	180	98,444
Pahang	564	68,975
Perak	794	107,163
Perlis	200	4,422
Pulau Pinang	721	135,168
Sabah	820	203,488
Sarawak	1,413	221,042
Selangor	1,402	686,170
Terengganu	699	60,384
WPKuala Lumpur	250	187,551
WP Labuan	0	9,982
WP Putrajaya	59	6,349
Total	9,890	2,313,727

Source: Ministry of Health Malaysia (2021)

Governments worldwide including Malaysia are facing big challenges to ensure citizens' compliance with new health and social regulation as well as helping those affected at the same time. For example, the government implement a new social regulation namely Movement Control Order (MCO) in stages starting on 18 March 2020 and introduce various economic stimulus package to be disbursed to citizens with low to medium income to relieve their burden during this pandemic. However, not all people are eligible for this aid therefore it manifests the need for other organizations to also take part in this effort.

Following this scenario, Islamic social finance (ISF) tools such as *sadaqah*, *waqf*, *zakat*, microfinance etc. have the potential in improving the financial aspect of the people. The objectives in the practice of ISF by many are manifested by providing assistance and contributions in various forms including monetary and non-monetary to those affected by COVID-19 pandemic. Therefore, studies related to the social impact of ISF by specific organizations during COVID-19 serve as a benchmark to prove the significance of considering Islamic philanthropy-based activities in their daily operation. Malaysia is chosen as it is among the most developed Islamic finance system in the world (COMCEC, 2020) with the biggest Islamic finance market in South East Asia (Raj, 2020).

There are two main objectives for this study. First, to explore the practice of ISF in three Malaysian Islamic banks namely Bank Islam Malaysia Berhad (BIMB), CIMB Islamic Bank Berhad (CIMB Islamic) and Agrobank along with its positive impacts on the society during this outbreak. Second, this study also aims to figure out which bank is more effective in their ISF practice in delivering positive social impact during the COVID-19 outbreak. This study is seen as significant because the practice of ISF is an important indicator in Islamic teachings about caring and social justice that can be practiced by many profit-seeking organizations for the good of all. By using the tools, Islamic banks can accumulate various funding sources from all stakeholders to fund various campaigns that benefit the community which makes Islamic finance an ethical finance.

This paper consists of seven sections. Section 1 covers the introduction where the background and rationale of this study are outlined. Section 2 covers the literature review such as the technical definitions, the role of ISF during COVID-19 and relevant previous studies. Section 3 and 4 discuss the approach of VBI as well as the background of the three selected Islamic banks. Section 5 covers the sources of data and research methodology used. Section 6 reports the findings together with discussion and finally, section 7 concludes the whole study with the suggestion for further studies on the same topic.

2. Literature Review

2.1. Conceptual Definition

Formerly, the disease name is recognized as “2019 novel coronavirus” or “2019-nCov” but World Health Organization (WHO) has given an official name, which is then abbreviated as ‘COVID-19’ (CDC, 2020). As for social finance, it can be defined as “the allocation of capital primarily for social and environmental returns, as well as in some cases, a financial return” (Nicholls et al., 2015, p. 3). It looks at the way money is being used especially the flow of money into social or environmental projects under the capital allocation strategies of an organization. This contemporary definition already provides a holistic scope that includes Islamic social finance (ISF) tools as well.

Azman and Ali (2019) define ISF as “a sector comprising traditional Islamic institutions based on philanthropy (such as *zakat*, *sadaqah* and *waqf*); institutions based on mutual cooperations (such as *qard* and *kafalah*); and also the contemporary Islamic microfinance institutions.” (p.49). Hasan (2021) on the other hand mentions that there is no specific definition of ISF but it centred on one thing, in which the aim of financial activities is not solely for the monetary point of view, but also inclusion of society when the financing is considered. ISF hold strongly to principles that are derived from the values of Islamic philanthropy which includes economic justice, inclusive participation and shared prosperity aiming to meet the need of the poor community. Islamic philanthropy is defined as one of the form of true goodness (*al-birr*) in Al-Kahfi verse 30. The practice of philanthropy is one of the forms of Islamic teachings that stress the

importance of mechanisms that encourage the existence of social justice and concern for fellow human beings (Othman, 2017; Yusof et al., 2018). Islamic Research and Training Institute (IRTI) in their annual report also started to use the term 'ISF' instead of just 'social finance' to describe the non-profit sector as well as Islamic philanthropy-based operations (IRTI, 2020).

2.2. The Role of Islamic Social Finance (ISF) During COVID-19

The scope of ISF is not only limited to material giving such as *sadaqah*, *zakat*, *waqf*, microfinance etc. but it also involves socially responsible operations such as Socially Responsible Investments (SRI) and volunteer activities by organizations such as Corporate Social Responsibility (CSR) which are stakeholder-oriented (Azman & Ali, 2019). Thus, it plays an important role in the socio-economic development of society in general and especially during this pandemic. However, this paper will only focus on several tools such as *sadaqah*, *zakat*, and microfinance because they are the instrument of transferring income of the rich to the poor through the role of philanthropic elements.

Among the instrument or tool that is emphasized in ISF is *sadaqah*. It is an act done willingly that is flexible and voluntary, which does not tie with a certain rate or value. Othman (2017) expresses that during the pandemic, this practice can be used as a basis for funding to plan, help and manage the community that is in need, thus it is highly encouraged. For instance, Ishak (2020) reports that government bodies such as PETRONAS through the PETRONAS Foundation have donated medical equipment and supplies worth RM20 million to assist hospitals and healthcare frontline staffs combating this outbreak.

The next tool is *zakat*, which has been set as an absolute obligation upon Muslims as well as a pillar of Islam to be implemented (Anwar, 2014). *Zakat* is obligatory towards those who are qualified to pay for it and those who are not qualified are encouraged to give *sadaqah*. The primary essence of *zakat* is to purify and cleanse the payers as mentioned in Quran (9:103): "*Take out of their wealth zakah so thou mightiest purify and sanctify them.*" For example, *zakat* assistance collected through

state *zakat* institutions worth almost RM200 million has been successfully channelled to the poor, *asnaf* and those affected by the COVID-19 pandemic (Lee et al., 2020).

The third tool focused in this paper; microfinance is defined as financial services provided in small scale mainly through credits and savings tailored especially for the poor including those who operate small business enterprises (Mokhtar, 2011; Robinson, 2001). As the poor often neglected by the mainstream banking system (Khan, 2009), they become the targeted group of microfinance to start any profit-generating activities to increase their livelihood and life quality. For example, the Malaysian government has allocated RM500 million and RM300 million respectively for Malaysian Small and Medium Enterprises (SMEs) to extend fund for start-ups and to digitalize and automate the business to assist them in combating the economic impact of COVID-19 (Medina, 2020).

2.3. Previous Studies Related to Islamic Social Finance (ISF)

ISF has become the attention of many academicians as their focus of study around the world. So far, there are several recent studies related to the role of ISF during COVID-19 specifically in Malaysia (Ainol-Basirah & Siti-Nabiha, 2020; Hambari et al., 2020; Idris et al., 2020) and generally in other countries (Abdulkareem et al., 2021; Faturohman et al., 2021; Haji-Othman et al., 2020). Based in Malaysia, Ainol-Basirah and Siti-Nabiha (2020) study the prospect of waqf institutions for economic revival and the authors found a positive development of waqf projects, but the current waqf model need improvement to allow for comprehensive impact in the post-pandemic period. Idris et al. (2020) on the other hand focuses on Islamic microfinance in empowering micro entrepreneurs during pandemic and found that this instrument plays a vital role in helping micro entrepreneurs achieve financial independence to sustain during COVID-19. Apart from that, Hambari et al. (2020) examine the role of zakat in the crisis period through zakat institution namely Federal Territory Islamic Council and found that various zakat distribution programs conducted by this institution help ease the burden of the zakat beneficiaries.

On a global look, Haji-Othman et al. (2020) discuss the role of *zakat*, *waqf*, *sukuk* and crowdfunding in reviving the economy during the pandemic and found that

these instruments can increase economic activities and help the economy to get out of recession. In addition, Abdulkareem et al. (2021) assess the role of ISF in mitigating the effect of COVID-19 on society and found that both *zakat* and *waqf* are positively associated with a decrease in the effect of the pandemic on people and the global economy. Likewise, Faturhman et al. (2021) study the potential role of ISF through the tool of *waqf* by investigating its potential and application in IDB and many countries such as Malaysia, Indonesia Kuwait and Egypt. The authors found that through *waqf* assets utilization, *waqf* can boost economic activity and online *waqf* application can optimize *waqf* potential especially during and post-COVID-19.

Most of the studies mentioned have focused on either role or potential role of ISF during COVID-19 mainly through *zakat*, *waqf* and microfinance. However, there are not many studies that focus on the practice of ISF in specific institution of a country as well as lack of studies that focus on the *sadaqah* tool. Using the VBI approach as the measurement, this paper will somehow try to fill this gap by assessing the social impact of several chosen Islamic financial institutions in Malaysia that practice ISF towards society in the time of COVID-19.

3. Value-Based Intermediation (VBI)

Value-Based Intermediation (VBI) strategy is introduced in 2017 by Bank Negara Malaysia (BNM) together with several Islamic banks in Malaysia, in which the members are also known as Community of Practitioners (CoP). VBI can be defined as “An intermediation function that aims to deliver the intended outcomes of Shari’ah through practices, conduct and offerings that generate positive and sustainable impact to the economy, community and environment, consistent with the shareholders’ sustainable returns and long-term interests.” (BNM, 2018, p. 6). This strategy is an attempt to move the Islamic finance industry towards a further milestone to achieve sustainable growth with value propositions that involve socio-economic impact. It also encourages IFIs to give greater attention to value creation and focus on value-based businesses that can help reflect the true nature of Islamic finance.

BNM (2018) mentions that VBI will give benefit to wider stakeholders and can be achieved through enabling an environment to adopt VBI by nurturing talents, strategic networking, enhancing disclosure and having performance measurement. To do this, Islamic banks always have to ensure that their intent, strategy and performance are in line with four underpinning thrusts or driving forces proposed under VBI, which are entrepreneurial mindset, community empowerment, good self-governance and best conduct. Then, the banks must take into account the financial and non-financial performance measurement together with innovation that create values and affect the society at large. These four thrusts are the initial guide and may grow over time to better suit the current Islamic finance environment. BNM in its strategy paper on VBI also includes possible indicators to measure the four proposed thrusts. Table 2 below shows the possible indicators for each thrust.

Table 2: Possible indicators for VBI's underpinning thrusts

VBI Thrusts	Possible indicators
Entrepreneurial mindset	<ol style="list-style-type: none"> 1. Percentage of financing disbursed to identified sector/new growth areas 2. Number of innovative product launched for the business sector/SMEs 3. Number of the initiative to support business sector/SMEs 4. Number of first time banking customers (financial inclusion) 5. IBIs' contribution to improved efficiency and productivity level of business entity(customers)
Community Empowerment	<ol style="list-style-type: none"> 1. Number of innovative products and services introduced for the community 2. Number of community-based projects driven by IFIs 3. Number of individuals who benefitted from community-based projects 4. Social impact indicators e.g. enhanced standard of living
Good Self-Governance	<ol style="list-style-type: none"> 1. Robustness of engagement/ consultation with other stakeholders e.g. materiality assessment framework 2. Trend of internal fraud cases 3. Compliance to relevant global standards e.g. ESG and Integrated

	Reporting
Best Conduct	<ol style="list-style-type: none"> 1. Number of customers' and employees' complaints 2. Customer and employee satisfaction index 3. Enhanced level of transparency 4. Staff turnover rate 5. Quality of after-sales service 6. Number of affected customers benefitted from the implementation of proactive policies on dealing with customers with genuine financial difficulties e.g. affected by a natural disaster 7. Amount of costs-saving resulting from improved staff's competencies

Source: BNM (2018)

Since this study aims to measure the positive social impact of ISF practice within Islamic banks, this paper will only focus on the possible indicators for the second thrust - community empowerment. The indicators will be used to measure which Islamic banks among the three banks presented is more efficient in delivering positive social impact.

4. Institutions Practicing Islamic Social Finance

4.1. Bank Islam Malaysia Berhad (BIMB)

Bank Islam Malaysia Berhad or BIMB is the first established Islamic bank in Malaysia commenced on 1 July 1983. After 38 years of being in service, now it has more than 4,500 workforce, 144 branches and more than 1,000 automated teller machine (ATMs) throughout the country with more than six million customers nationwide. It adopts strict adherence to Shari'ah principles which has made it earned a reputation as an ethical and trustworthy institution. BIMB is taking a step further to reinforce the role and impact of Islamic finance to build a sustainable future that promotes an inclusive economy. BIMB is one of the early adopters of Value-Based Intermediation (VBI) initiative out of nine Islamic banking players. Currently, it is focusing to balance individual needs, social needs and economic activities that promote justice and responsibility to the society and planet through its Islamic social finance.

4.2. CIMB Islamic Bank Berhad

‘CIMB’ stands for Commerce International Merchant Bankers and CIMB Islamic Bank Berhad (CIMB Islamic), which is launched on 2 June 2003, is an Islamic banking and financial services franchise under CIMB Group which is established in 1986. It operates globally especially within the South East Asia region which makes it the biggest Islamic bank by network in South East Asia. The bank has more than 19,000 workforce, 361 branches, 1,749 ATMs and 5.3 million customers in Malaysia and aspires to gradually incorporate environmental, social and governance (ESG) factors using a value-based approach through their “Islamic First” strategy. It is an initiative to add sustainability into all aspects of their operations and it emphasized value creation to balance their profitability with the long term interests of people and the planet, which is undoubtedly also a step towards the practice of Islamic social finance.

4.3. Agrobank

Agrobank is established in 1969 and is launched as a full-fledged Islamic bank on 1 July 2015. It is established by the Malaysian government as one of the Development Financial Institutions (DFIs) with a specific objective to develop agriculture industry, that is significant to the socio-economic growth of the country. The bank offers shariah-compliant products to various customer segments and has been actively structuring the development of the agriculture industry in Malaysia. It provides comprehensive solutions for the agricultural community to improve their well-being as well as to help finance upstream activities such as the supply of inputs for agricultural production and downstream activities such as processing, marketing and sales of agricultural products. Currently, the bank has a total of 192 customer touchpoints including 138 branches. In 2019, Agrobank is acknowledged as a pioneer in agriculture financing and value-based Islamic bank in Malaysia. This signals that Agrobank is also already on the path of Islamic social finance.

5. Methodology

This research is conducted based on an analytical and quantitative approach considering the COVID-19 global pandemic situation. The two objectives of this study are to assess the positive impact of ISF practice in three Islamic banks (BIMB, CIMB Islamic and Agrobank) towards society in Malaysia during COVID-19 and to find out which bank is more efficient in doing the aforementioned. Explorative and comparative method using VBI measurement has been adopted to achieve both objectives. Secondary data analysis is used from electronically available resources such as institutional published reports and relevant documents such as newspapers and academic journals. By reviewing and analysing relevant literature, this study also carries out content analysis on the subject matter to gain insight into the role and practice of ISF tools in each institution. The information gathered from each institution is then compared using the two possible indicators of community empowerment thrust extracted from VBI which are: 1) Number of innovative products and services introduced for the community and 2) Number of community-based projects driven by Islamic banks.

6. Findings And Discussion

Many Islamic financial institutions, including the selected three banks (BIMB, CIMB Islamic and Agrobank) who are willing to think beyond profit participated in the government's economic stimulus package and took advantage of this package to help individuals and businesses to bounce back and recover. This is considered as part of the social finance practice geared by the Malaysian Islamic financial industry as a whole for the community. To better understand the individual practices of each Islamic bank in using ISF tools such as *sadaqah*, *zakat* and microfinance during the COVID-19 period, the practices have been presented in Table 3 and Table 4 below.

Table 3: New and innovative products and services introduced for the community

Bank	Products & Services	Main Eligibility	Amount (RM)	Availability
Bank Islam Malaysia Berhad	SME - PENJANA Tourism Financing (SME-PTF)	Companies that fall within SME definition, with at least 51% shares held by Malaysians	Up to RM300,000	NIL
	SME Special Relief Facility 2020 (SSRF)	Malaysian SMEs negatively affected by COVID-19, maximum shareholder's fund not exceeding RM5 million	Program limit: RM 2 bil	6 Mar 2020 - 31 Dec 2020
	Targeted Relief & Recovery Facility (TRRF)	SME (at least 51% shares held by Malaysians) in the service sector that are adversely affected by the Covid-19	Up to RM75,000 per Micro Enterprises Up to RM500,000 per SME	1 Dec 2020 - 31 Dec 2021
	iTEKAD Microfinance	Meets Micro Enterprise (sole-proprietorship & partnership) definition by SME Corp. Malaysia, minimum 1 year in business, age between 21 to 60 years	Min: RM5,000 Max: RM50,000; Program limit: RM5 mil	1 May 2020 - program limit utilised
	BangKIT Microfinance	Underbanked micro-entrepreneurs, individual or group basis, SSM registered business, have an account with Bank Islam, have feasible business plan expecting positive cash flow to repay the loan	Start-up: Min RM500; max RM3,000 Business expansion: Min RM3,000; max RM20,000	NIL
CIMB Islamic Bank	PENJANA SME Financing	Businesses classified as SME, as defined by SME Corporation Malaysia	Up to RM500,000 per SME	July 2020 onwards

Berhad	Targeted Relief and Recovery Facility (TRRF)	SMEs that involve in sectors such as personal services, food and beverage services, health and social work, arts, entertainment and recreation.	Up to RM500,000 per SME; Up to RM75,000 per micro-enterprise; Program limit: RM 2 bil	1 Dec 2020 - 31 Dec 2021 or until limit utilised
	Skim CAKNA	All companies that involved with Government tender in 2021 (either ongoing or will receive tender in the future)	Up to 100% of the invoice value	15 Feb 2021 onwards
Agrobank	Special Relief Facility (SRF)	SMEs that are negatively affected by COVID-19	Up to RM 1 mil per SME; Program limit: RM 5 bil	6 Mar 2020 - 31 Dec 2020
	Agrofood Facility (AF)	Malaysian SMEs, with at least 51% shares held by Malaysians	RM 5 mil per SME; Program limit: RM 1 bil	6 Mar 2020 onwards.
	SME Automation and Digitalisation Facility (ADF)	Malaysian SMEs, with at least 51% shares held by Malaysians	RM 3 mil per SME; Program limit: RM 300 mil	6 Mar 2020 - 31 Dec 2020
	Sarawak Micro Credit Scheme 1 & 2 (SMCS)	B40 and SME entrepreneurs in Sarawak affected by Movement Control Order (MCO) and COVID-19	SMCS 1: RM1,000 - RM5,000; SMCS 2: RM5,000 - RM50,000; Program limit: RM 50 mil	Mar 2020 onwards
	Agrobank-PETRONAS Microfinance	B40 group working in the agricultural and agro-based industry, at least 18 years old	Up to RM300,000	February 2020 onwards

Agrobank-FELDA Microfinance	FELDA settlers who are earning less than RM5,000 a month to own a home	Up to 110% house value with max RM300,000	July 2020 onwards
Agro Farah-i	New saving product, exclusively for all women aged 18 years old and above	Min deposit of RM50	July 2020 onwards
Agrobank - MTDC i4.0	Entrepreneurs related to the agriculture sector identified by MTDC	Up to RM200,000 per entrepreneur; Program limit: RM 20 mil	Apr 2021 onwards

Source: Agrobank (2021); BIMB (2021); CIMB Islamic (2021)

Table 3 above shows the new and innovative products and services offered by the three banks for the community that are especially catered for COVID-19. While even big businesses have to retrench many workers, the most affected people would be those in the category of bottom 40% (B40) of the community. Since most poor people in the B40 group lack access to the financial services, the new financing and saving products introduced by these three banks have helped more people including the disabled, in rural and other excluded population to sustain their life and businesses. BIMB come up with five new financing products that focus on the continuation or start-up of new SMEs. SME-PTF, SSRF, TRRF and BangKIT Microfinance are structured to finance working capital and/or capital expenditure. The first three products are initiated under the government's stimulus package while iTEKAD is structured in a way where applicants will receive microfinancing, *zakat* assistance to purchase business equipment and free business development training program. Both BangKIT Microfinance and iTEKAD microfinance are funded by the public through Sadaqa House - BIMB's Islamic charity crowdfunding platform.

On the other hand, CIMB Islamic come up with two new financing products under the government's stimulus package which are PENJANA SME and TRRF to facilitate working capital for eligible SMEs while Skim CAKNA is structured to help the cash flow position of any company including SMEs that are awarded with

government projects to receive early payments over submission of invoices to the bank. Agrobank is the bank with the most new products introduced for the community with 8 products that are directed for agricultural sectors. SRF, AF, ADF are also initiated under the government's stimulus package to facilitate working capital. AF aims to increase agro-food production for Malaysia and its export while ADF aims to help SMEs digitalize processes and modernize their business. Micro-entrepreneurs and SMEs especially had the urgency of going digital to adapt to the new normal for their survival and this is where ISF practice in Agrobank provides the platform to help them finance for the digitalization process. Going for digitalization in this situation will help enable access to benefit the society at large as well as to promote the affected local businesses online. The rest of the new products are financing products directed at a specific community. Agro Farah-i is a new Islamic savings account that aims to encourage more women to adopt smart financial skills through savings with a unique feature of shared *hibah* element to either husband or child's account.

Table 4: Community-based projects driven by Islamic banks

Bank	Community Projects	Target Group	Benefits	Funds involved
	Sadaqa House (Islamic charity crowdfunding platform)	Charity projects that aims for positive outcomes for underserved communities within selected sectors	Perpetual fund: Fund invested and return channelled for BangKIT microfinance.	As at Sep 2020: RM2,329,883
			Direct fund: Fund used for a specific charity project chosen by donors	RM2,888,339
			General fund: Fund distributed by the decision Sadaqa House & Zakat Committee	RM808,663
	#KitaUntukKita	Impacted group by COVID-19 pandemic especially orphans	Every public donation will be matched on a 1:1 basis by Sadaqa House until	NIL

Bank Islam Malaysia Berhad			max rm500,000	
	MyWakaf MAIPs	Patients among <i>asnaf fuqara</i> ' and also the less fortunate non-Muslims who undergo dialysis treatment	Construct MAIPs's Waqf Building-HTF Dialysis Service with a capacity of 66 beds - the construction completed on 3 Feb 2020	RM2,564,618
	Equal Education Opportunity	Students from underprivileged B40 families	Donate 1,000 tablets for distance learning	RM600,000
	Relief for Police Officers	Front liners - armed forces	Deliver 900 lunch packed food & 100 sets of Personal Protection Equipment (PPE)	NIL
	Relief in Sabah	Front liners and 800 affected families in five districts	Deliver food supplies, drinks and necessities	RM142,000
	AMAL Self-Care Kit	Food riders, security personnel, teachers and community	Distribution of face mask, hand sanitiser, anti-bacterial wet wipes and	NIL
		nearby	food	
	AMAL B40	1,200 micro-entrepreneurs nationwide	Assistance for business in terms of cash aid.	RM322,750
	Amal Musa'adah	49 women SME entrepreneurs under 'Sahabat AIM'	Assistance for business in terms of equipment	RM96,397
	Protecting Front Liner Workers	Five hospitals within red zone areas	Distribute 5,000 PPEs sewed by prison inmates	RM120,000

Bank Islam Malaysia Berhad	No One Should be Left Behind	Penor Prison Department's management and 40 employees' families	Assistance for Ramadan activities and support for the family in terms of cash aid	RM15,000
	Supporting Media Organizations	Journalists and production crew	Distribute 610 dry food and packed lunch to selected media organisations	RM10,000
	Aid for Shelter Houses	12 selected shelter houses with 655 recipients within the Klang Valley area	Deliver food supplies and basic provisions for the occupants	RM50,000
	Relief for Medical Workers	Medical staffs at 19 selected hospitals and clinics nationwide	Distribute necessities and medical needs appliances for their comfort	RM400,000
		550 medical staffs at 3 selected hospitals	Distribute dry food and packed lunches	RM10,000
CIMB Islamic Bank Berhad	CIMB Cares (Charity crowdfunding portal)	Underserved local communities and front-liners	Customers donate to 10 NGOs through the portal by direct donation or online redemption of banking or credit card bonus points	RM 2.4 mil
	CIMB COVID-19 Bereavement Support Programme	Individual customers or their close family member who died because of COVID-19	Grant financial support for funeral expenses, settle outstanding bills, waive outstanding charges and write-off selected debts of the deceased	RM 2 mil
	Breakfast On Us	2,000 underprivileged people in Gombak	Provide meals and bread to 2,400 people	NIL

		More than 80 women and their families in	Distribute groceries for the	
	Women of Will	Sabah, Penang, Kuala Lumpur and Lembah Subang	community	NIL
	CSR Initiatives	PPRT community and B40 group who participate in CIMB yearly entrepreneurial programme	Contribute food supplies benefitting 300 families	NIL
		One elderly home and two orphans home	Provide food supplies, festive goodies, care packs and new festive clothes	
		Medical front-liners	Distribute 2,500 packets of 'bubur lambuk' every Monday during Ramadan	
CIMB Islamic Bank Berhad	CIMB-MyKasih	500 families from the B40 group in Sabah and Sarawak	Provisions to purchase goods using their national ID at selected retail outlets for the festive celebrations.	RM100,000
	#ExtraNotOrdinary Bazar	100 local micro-enterprises and emerging brands that are ethical, responsible and socially conscious	Accelerate the growth of home-grown micro brands through cashless payments through their social e-commerce platform	NIL
	CIMB Bazar Siberturahim	50 local businesses and micro-enterprises	Offer exclusive deals for CIMB customers through an online shopping experience and provide an additional alternative to businesses	NIL

Agrobank	Kita-kita Aje 2 Campaign	Customers who deposit as low as RM500 and maintain the amount in the account until the end of campaign period	5,796 winners were selected under the 'Local Draw' Category; 31 winners were announced for the Grand Draw Category	RM 2 mil
	COVID-19 Fund (Ministry of Health)	Hospitals and clinics nationwide	Zakat fund is donated for the purchase of medical equipment and other medical necessities such as disposable items and medicines	RM 1 mil
Agrobank	<i>Asnaf</i> Entrepreneurship Program - Jom Sate	8 selected <i>asnaf</i> in the Federal Territory to start a satay business	The entrepreneurs will receive zakat assistance and business training, purchase equipment and raw materials needed	NIL
	Mobile ATM	The rural community in nine districts in the southern region of Sarawak	Broaden access to financing for the local community and support the economic growth in rural areas	NIL

Source: Agrobank (2021); BIMB (2021); CIMB Islamic (2021)

Table 4 above shows the community-based projects organized by the three Islamic banks that are especially catered for COVID-19. BIMB is among the first Islamic financial institution that engaged in social finance initiatives through the introduction of the first Islamic charity crowdfunding platform – Sadaqa House in 2018. This fund is used as a meeting point between donors and change-makers to the beneficiaries under BIMB, which has benefited the community, especially in the COVID-19 period. Most of the community-based projects organized under BIMB are fully funded by this fund such as #KitaUntukKita, AMAL and all relief projects. The rest of the projects are funded by the mixture of their earning, *zakat* fund, public

donation as well as collaboration with other NGOs. In total, BIMB organized 14 community-based projects amidst the pandemic situation and undoubtedly there will be much more of its kind in the future.

CIMB Islamic also do not miss the opportunity to give back to the society and organised 8 community-based projects as their social finance initiatives. The bank also comes up with a charity crowdfunding platform namely CIMB Cares by collaborating with 42 NGOs that focus on the empowerment of the community in terms of culture, environment, education, healthcare and welfare. The bank's customers and non-customers can choose between these 42 NGOs and directly donate to their funds. It also caters for a special support program of COVID-19 bereavement intended for its customers and their immediate family to help ease their burden. The rest of the projects are also part of the collaboration with other NGOs to find out eligible beneficiaries to receive the benefits such as Breakfast on Us, Women of Will, CIMB-MyKasih, etc.

In addition, Agrobank only reported 4 community-based projects that involve big funds and a big number of beneficiaries; which does not make it less impactful. The bank contributes RM 1 mil of its *zakat* fund to the COVID-19 Fund that is supervised under the Ministry of Health which will be used to purchase medical necessities to help combat COVID-19. It also organizes a lucky draw program for the customers with a total prize of RM 2 mil. More than 60,000 accounts participated which even provides an opportunity to customers in rural areas to win. A total of 5,827 winners have been announced, which served as a reward as well as fostering savings spirit in them especially in this difficult time. The other two projects, Jom Sate and Mobile ATM which focus on specific business (sate business) and specific target group (rural community in Sarawak) respectively, have also benefited the community greatly.

Table 5: Community empowerment indicators for the Islamic banks

No.	Indicators	BIMB	CIMB Islamic	Agrobank
1)	Number of innovative products and services introduced for the community	5	3	8
2)	Number of community-based projects driven by Islamic banks	14	8	4
	TOTAL	19	11	12

Using two indicators of the community empowerment thrust as stated in VBI, the study found that in general, BIMB is the most efficient institutions in delivering a positive impact to the society through its ISF practices, followed by Agrobank and CIMB Islamic. BIMB is passionate about promoting its social finance and is currently making the way to become the leading Islamic bank in social finance. The bank proves that it continues to support both customers and non-customers in challenging circumstances amid COVID-19 through various program and welcomes further support for SMEs and micro-businesses with aims to nurture successful B40 micro-entrepreneurs through its new products. The bank also extend help to the less fortunate community through its community-based projects using the *sadaqah*, *zakat* and microfinance tools.

Nonetheless, due to the limitation in acquiring data on the third indicator which is the number of individuals who benefitted from the community-based projects, the study decides to exclude this indicator. Even though most of the projects are presented with an approximate number of beneficiaries, it is still not enough to conclude a finding based on the third indicator. However, BIMB in its recent media release reported that the bank has assisted a total of 350,000 individuals and businesses impacted by the pandemic with a total financing amount outstanding at RM 37.9 billion, disbursed from 1 April to 31 December 2020 through its financial relief assistance program. On the other hand, CIMB Group reported that a total of RM 56 billion (for both conventional and Islamic bank) has been allocated for financing during COVID-19, in which RM 50

billion is targeted for large corporations and the rest is targeted for SMEs. The bank also spends for about RM 2.4 million and impacted more than 35,000 people through its COVID-19 initiatives. Agrobank also reported that a total of RM 20 billion is allocated for the relief measures and estimates that 14,000 micro-entrepreneurs will benefit from the program.

BIMB is found to be most efficient in delivering the social impact but the other two banks are not that far and can still catch up to BIMB. Each of the Islamic bank in this paper has demonstrated a good practice of ISF through the tools of *sadaqah*, *zakat* and microfinance in their own creativities. The study also found that all three banks have a strong initiative to use the ISF tools in their further efforts to achieve a greater height of financial reach towards the society. BIMB, CIMB Islamic and Agrobank are continuously providing support and flexibility to those who may be entering a period of financial uncertainty and showing immediate priority in welcoming the society to discuss the possible solutions to their financial constraints faced amid this pandemic.

7. Conclusion

This study aims to explore the practice of ISF in three Islamic banks in Malaysia which are Bank Islam Malaysia Berhad, CIMB Islamic Bank Berhad and Agrobank during COVID-19. Using secondary data such as published reports by the banks, the author found various practices using the tools of ISF have been implemented by all the banks in their effort to ease the economic burden of the society. This study also aims to examine which bank is more effective in delivering positive social impact during the COVID-19. Using two indicators of community empowerment thrust under the VBI strategy, the study found that BIMB is the most efficient institutions in delivering positive social impact during the COVID-19 outbreak, followed by Agrobank and CIMB Islamic.

In the end, Islamic finance should not be viewed as an individual pursuit only but also about the financial inclusion of the society which is built on the concept of justice. Islamic financial institutions should focus on the fair circulation of wealth while regulators should focus on structuring a just and considerate economy that is beyond

money-making, that can be achieved through the practice of ISF. In addition, ISF tools should not be limited to religious purposes only, but it can be extended to assist those needy and underprivileged society who are negatively affected, for them to be independent and to sustain their life in the long run. To sum up, ISF can address the hardships faced due to sudden halt in the economy caused by COVID-19 and the practices of ISF tools can produce positive and sustainable impact to the economy and can achieve the intended outcomes of Shari'ah, in line with the aim of VBI. Malaysia, especially, being one of the global leaders in the Islamic finance industry, should pursue to be a sustainable income nation that delivers impact for all parties rather than just pursuing to be a high-income country.

Despite the findings, the author acknowledges that the study has limitations in terms of acquiring adequate data to use more indicators in deciding the efficiency of the institutions. Thus, it is strongly recommended for any further studies to conduct more reliable research by using a wider scope of indicators, ISF tools as well as increase the number of Islamic banks to reach better findings.

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