

UNIVERSITI TEKNOLOGI MARA

**THE EFFECTIVENESS OF HIBAH
AS AN ESTATE PLANNING TOOL IN
KUANTAN SYARIAH COURT.**

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ABSTRACT

This study aims to examine the effectiveness of Hibah as an estate planning tool at the Kuantan Syariah Court. Hibah, a concept of gifting assets during one's lifetime, has become an alternative to the faraid system and wills in addressing inheritance distribution issues. This study focuses on three main objectives: first, to identify the acceptance of Hibah by beneficiaries among staff based on cases registered at the Kuantan Syariah Court; second, to explore the main challenges faced by the court in implementing Hibah; and third, to propose strategies to increase awareness of Hibah among Muslims. This research adopts a qualitative approach through face-to-face interviews with court officials and an analysis of documents related to Hibah cases. The findings reveal that while Hibah is positively accepted, challenges such as lack of public knowledge, complex procedures, and legal constraints remain significant obstacles. The study suggests that relevant institutions should actively promote Hibah through seminars, informational materials, and collaborations with the courts. In conclusion, Hibah has great potential as an estate planning tool if the identified challenges are effectively addressed.

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CHAPTER ONE

INTRODUCTION

1. Research Background

Hibah is a voluntary agreement to transfer ownership of property for the duration of one's life without receiving payment. One such tool in Islamic inheritance planning is granting, which can help minimise the amount of inheritance that remains unclaimed and unmanaged by the heirs. One such tool for Islamic inheritance planning is granting, which can help to minimise the amount of inheritance that remains unmanaged and unclaimed by the heirs. Islamic wealth management is an important topic that has to be addressed, especially with Malaysia's Muslim community. The main issue is that, unfortunately many Muslims still do not have a plan in place for how to divide their money in order to prevent future conflict (Basah, 2019). In fact, it has been noted that the general population in Malaysia is unaware of the significance of estate planning (Noordin, 2016). Islam recommends a number of Islamic wealth techniques, such as *faraid*, *wasiyyah*, and *hibah*. The application of *hibah* has grown in Malaysia in the context of modern practice, serving as a kind of secondary financial tool inside the main Islamic financial services offered by a number of Islamic financial organisations. The financial *hibah* relates to various primary Shari'ah-based contracts for goods or services, including *takaful* products. These include contracts for sales and purchases (*al-bay'*), leases (*alijarah*), pawns (*al-rahn*), companies (*al-syarikah*), profit and loss sharing (*almudharabah*), and savings (*al-wadiyah*). As a way to encourage consumers to keep contributing capital into their Islamic bank accounts, Islamic financial institutions give *hibah* to their consumers in the form of encouragement, dividends, or consolation (Hassan, 2020).

In Addition, even while more people are becoming aware of the significance of *hibah*, its usage is still rather limited (Ani, 2020). In 2013, statistics from the Malaysian Syariah Judiciary Department showed that inherited assets valued at RM66 billion were still frozen. It was stated in 2020 that there were still around RM70 billion in unclaimed inherited assets, the most of which belonged to Malays and had not been claimed since independence. If organisations involved in wealth planning do not take appropriate action, this number is predicted to increase annually. The community's shortcomings in handling estate settlement are brought to light by the inability to settle inherited disputes. The purpose of this study is to