

UNIVERSITI TEKNOLOGI MARA

**THE FACTORS AND NEGATIVE EFFECTS OF
DEFERRED FUND MANAGEMENT: A CASE STUDY
AT AMANAH RAYA BERHAD SUNGAI PETANI
BRANCH**

AIMUNI BINTI ABD HALIM

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ABSTRACT

Inheritance is the practice of receiving personal property, titles, debts, rights, privileges, rights, and obligations upon someone's death. Before dying, Muslims are encouraged to plan their inheritance for the survival of their heirs. Nowadays, issues related to the high amount of unclaimed inheritance and the amount of frozen assets faced by Muslims are increasing. This starts from deferred funds then being sent to unclaimed money and the increasing amount of frozen assets becomes an unresolved issue facing the Muslim community in Malaysia. These assets consist of property such as houses and land, and unclaimed money that comes from various institutions such as Employee's Provident Fund (EPF), Amanah Raya Berhad (ARB), Tabung Haji and Permodalan Nasional Berhad (PNB). This study's objective aim to analyse the concept of Islamic estate planning and deferred funds, identify the factors and negative effects of deferred funds, and study the solution to overcome this issue of deferred fund. By using qualitative methods, including interviews with ARB staff and secondary data from previous studies, this research contributes to improving the understanding of Islamic estate management. The same interview questions are provided to the respondents to answer the objective of this research because each respondent will give a different response. Thus, the question consists of four section which are section A, B, C and D. Therefore, this research is focused on investigating deferred fund management in Islamic wealth planning, particularly in Amanah Raya Berhad. It identifies critical issues surrounding deferred funds, such as delays in inheritance distribution, lack of awareness among heirs, and inefficiency in the estate management process. This problem has resulted in large unclaimed assets, creating socio-economic challenges. This study explain the conceptual understanding by studying the principles of Islamic estate planning and deferred funds to provide a theoretical framework based on Islamic teachings such as *Faraid*, *Hibah*, *Wasiyyah*, and *Amanah*. Furthermore, the factors of deferred funds, including procedural delays, lack of cooperation of heirs, and complex legal systems, in addition to their adverse effects on economic, political, and social systems. It also aims to offer practical solutions to improve the administration of deferred funds such as "jejak waris" program, using "ALIS" systems and other solutions, benefiting the Muslim community by aligning wealth distribution practices with Shariah principles.

Keywords: *Amanah Raya Berhad (ARB), deferred funds, estates, and heirs.*

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CHAPTER 1: INTRODUCTION

1.1 INTRODUCTION

Inheritance has always existed in human existence. Property inheritance has been integral to society's social and cultural fabric from prehistoric times. Systematic estate planning is one of the most critical procedures for ensuring that a person's money earned during their lifetime is completely utilized for good, particularly by their heirs. However, numerous negligence and delays in distributing Islamic estate among heirs complicate the management process. The heir's unfamiliarity with the property distribution procedure has led them to overlook current remedies (Abdullah et al., 2020). The notion of wealth planning by property owners throughout their lives is heavily emphasized in Islam. The property gathered should be carefully handled, and estate planning for the beneficiaries should begin as soon as possible to minimize complications that may arise when the property owner dies. From an Islamic viewpoint, a proper grasp of Islamic estate planning instruments such as inheritance, wills, grants, and Islamic trusts based on the Qur'an and Hadith can assist a Muslim individual in making the correct option to prioritize estate planning (Kamarudin & Muhamad, 2018). The wealth obtained should be spent on the right path as God says in Surah Al-Baqarah, verses 261 and 274 which means:

مَثَلُ الَّذِينَ يُنْفِقُونَ أَمْوَالَهُمْ فِي سَبِيلِ اللَّهِ كَمَثَلِ حَبَّةٍ أَنْبَتَتْ سَبْعَ سَنَابِلٍ فِي كُلِّ سُنْبُلَةٍ مِائَةٌ حَبَّةٌ ۗ وَاللَّهُ يُضَاعِفُ
لِمَنْ يَشَاءُ ۗ وَاللَّهُ وَسِعَ عَلِيمٌ (٢٦١)

“The parable of those who spend their wealth in the way of Allah is like a seed [of grain] which grows seven spikes; in each spike is a hundred grains. And Allah multiplies [His reward] for whom He wills. And Allah is all-Encompassing and Knowing” and

الَّذِينَ يُنْفِقُونَ أَمْوَالَهُمْ بِاللَّيْلِ وَالنَّهَارِ سِرًّا وَعَلَانِيَةً فَلَهُمْ أَجْرُهُمْ عِنْدَ رَبِّهِمْ وَلَا خَوْفٌ عَلَيْهِمْ وَلَا هُمْ يَحْزَنُونَ (٢٧٤)

“Those who spend their wealth [in Allah's way] by night and by day, secretly and publicly, they will have their reward with their Lord. And no fear will there be concerning them, nor will they grieve”