

# The Pros and Cons of Social Death Fund Management by the Malaysian Mosque Committees

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## Abstract

**Purpose:** To explore the pros and cons of managing social or *khairat* death funds by the mosque committees versus by the registered societies.

**Design/methodology/approach:** This study is qualitative, and data was obtained through discussions and interviews with representatives from the relevant authorities and the mosque committees. A thematic analysis was used to analyze the data whereas ATLAS ti 23 was utilized to code and analyze the data.

**Findings:** The State Islamic Religious Councils (SIRC) prefer the mosque committees to manage the social death funds. Their arguments revolve around easy-to-monitor, stronger accountability, proper and sufficient resources, and ongoing concern matters. Nevertheless, independent societies are perceived to have better procedures and bigger pools of human resources to manage social death funds.

**Research limitations/implications:** Findings from this research are applicable to the sampled rural areas only.

**Practical implications:** This study suggests that the SIRC plays a central role in overseeing the social death funds in rural areas, particularly, those managed by the mosque committees. Nevertheless, community societies are also important as they offer alternative social death funds to rural communities in Malaysia. These societies commonly co-operate with the mosque committees due to all funeral sites are administered by the mosque committees and mosques are equipped with proper equipment and resources for a funeral.

**Originality/value:** Provide empirical evidence for the merits of having social *khairat* death funds or managed by the mosque committees over local societies.

**Keywords:** death funds, funeral costs, societies, management, mosque committees

## Introduction

A social death fund is essential in today's world. Inflation causes the cost of products and services to increase over time, including costs related to funerals (Muhamed et al., 2020). The number of deaths in Malaysia is also rising over time. For example, it has increased in 2021 from 2020 by 34.5 percent (Department of Statistics, 2023), implying more Malaysian families experience deaths among their families. Some of these families might be from the B40 group and in dire need of financial assistance to arrange for the funerals. The costs to complete a funeral are on an increasing trend due to higher costs of products and services, and sustained depreciation of our currency against the US dollar (Bank Negara Malaysia, 2022).

Rising funeral costs are contributing to increasing funeral poverty (Muhamed et al., 2020). In Islam, Muslims have a communal obligation or *Fardh Kifayah* to help with a Muslim funeral (Tarmizi, 2020), and the Muslim community is required to ensure a Muslim's burial is immediately executed and completed. This demand for sufficient financial and human resources. Being a member of a social death fund assures a speedy and proper funeral for a Muslim. An individual contributes a fixed amount to the fund periodically. The amount is usually very small such as RM5, RM10, or RM 15 per month or year. A monthly contribution is commonly less than an annual contribution.

This fund is known as *khairat* death fund, an example of a social death fund, and has been collectively collected and managed by a Muslim community since the early existence of Muslims in Malaysia (Ibrahim et al., 2017). Such funds are also commonly managed by the mosque committees. However, several Muslim communities prefer to set up societies or associations, which are better known as *khairat* associations and are registered under the Registration Department of Societies Malaysia. These societies are categorised as non-profit-entities and subject to the Societies Act 1966 (Roslan et al., 2017).

Generally, a Muslim is encouraged to help his neighbors, particularly the poor and underprivileged neighbors. For poor families, the death of a family member is not only a sad moment but also puts the family in distress. Furthermore, Islam teaches that helping others in distress is a practice that is highly demanded. This practice was demonstrated and implemented by the Prophet S.A.W. to create harmony and the spirit of friendship between the familiar community consisting of the Muhajirin from Mecca and the Ansars from Medina following the Prophet's migration to Medina (Ibrahim et al., 2017).

Noting the importance of *khairat* death fund for the Muslim community in rural Malaysia, this study intends to explore the pros and cons of managing social death funds by mosque committees versus registered societies. It is qualitative, and data was obtained through discussions and interviews with representatives from the relevant authorities and the mosque committees themselves. The ATLAS ti was utilized to code and analyze the data. Based on the analysis, the SIRC's prefer the mosque committees to manage the social death fund. Their arguments revolve around easy-to-monitor, stronger accountability, proper and sufficient resources, and ongoing concern matters. Nevertheless, societies are perceived to have better procedures and bigger pools of resources to manage social death funds. The findings from this study are relevant and beneficial to both the Islamic authorities and the Muslim community as they highlight important issues for better management of social death funds by the mosque committees.

### **Literature Review**

In Muslim custom, a Muslim funeral is normally arranged and performed by a mosque committee (Katan et al., 2019) which requires sufficient financial resources. Hence, the mosque committee with Muslim community consensus collects and manages the fund for funeral purposes. This practice can be traced back to 1926 when the *Al-ikhwan al-masakin Association* was established to manage a *khairat* death fund for its members (Ibrahim et al., 2017). In Malaysia, this practice of setting up *khairat* death fund is found throughout the country where local societies and mosque committees are entrusted to collect and manage the fund for community and *kariah* members respectively (Muhamat, 2014).

The community associations, societies, and mosque committees are usually served by senior people. The majority of them are pensioners from government, non-government servants, businessmen, and self-employed people (Mohd Zin et al., 2021). Existing studies indicate that *khairat* death fund members perceive the mosque committees to handle the fund with care and transparency (Syed Ibrahim et al., 2021). However, current literature is more focused on general fund management and administration (Mohamed et al., 2014) and studies on *khairat* death fund management by mosques and local societies are very limited. In addition, researchers for *khairat* death fund are more interested in studying the merits of transforming traditional *khairat* death fund management into pre-need funeral scheme plans managed by insurance companies and co-operative societies (Katan et al., 2019; Masrukhin, 2017; Muhamat, 2014).

Muhamat (2017) argues that *khairat* death fund is like Takaful which is based on a mutual agreement to support each other and the contributions or fees are based on the principle of donation (*tabarru'*). Nowadays, Muslims can subscribe to modern types of *khairat* death fund schemes in the form of insurance or schemes offered by organizations such as EPF, companies, cooperative societies, and financial services entities (Katan et al., 2019; Masrukhin, 2017; Muhamat, 2014; Muhamed et al., 2020). These are alternatives and additional schemes an individual can join. This type of death fund is known as an Islamic pre-need funeral plan (Katan et al., 2019). However, such funeral schemes are more popular in urban areas and among employed Muslims.

*Khairat* death funds managed by local Muslim communities and mosque committees are still very relevant to Muslims in rural areas (Syed Ibrahim 2021). Although Katan & Nasrijal (2019) argue that full reliance on traditional community-based *khairat* death fund is no longer viable in view of the changes in social and community structure, commercializing death fund as a business contradicts the real purpose of a *khairat* death fund, i.e., helping a Muslim to manage his and fellow Muslims funeral in the future. In addition, *khairat* death fund managed by mosque committees or local societies facilitates community members to complete the funeral faster as money from the commercial death fund schemes usually takes several days or weeks to claim and redeem the promised benefits (Muhamed et al., 2020). Therefore, this paper concentrates on *khairat* death fund managed by the communities, specifically comparing the pros and cons of *khairat* death fund managed by local mosque committees and societies or associations.

## **Method**

The objective of this study is to describe and interpret issues or phenomena systematically from the point of view of the individual or population being studied to understand the subject of analysis. Therefore, this study used a qualitative research method to answer questions about experience, expectations, perceptions, meaning, and perspective, most often from the standpoint of the participant. This study was exploratory. Thus, it employed a nonprobability sampling where a participant's likelihood of being selected in the sample is unknown. Since the likelihood of selection is unknown, a nonprobability sample does not guarantee a true representative of a larger population. Nevertheless, generalizing to a larger population is not the essential goal with nonprobability samples or qualitative research. This study used purposive sampling to collect a manageable amount of data (Ames et al., 2019). To draw a purposive sample, this study selected participants from their sampling frame because they have characteristics that the study desired.

The mosques are selected from three states of the Malaysia Peninsular: The East (Pahang), the West (Selangor), and the South (Malacca). In addition, as the Sultans for some states in Malaysia are conferred by the state constitutions and the Eighth Schedule of the Federal Constitution discretionary powers, including as the head of the religion of Islam, this study covered both states; with (Selangor and Pahang) and without a sultan (Malacca). Furthermore, this study focused on rural areas. Hence, the selected mosques were all from rural parts of these states.

To increase the reliability and to strengthen the quality of the data obtained throughout the entire study, this study follows the interview protocol framework that consists of a set of rules, and guidelines where interview questions are prepared according to research objectives and designed prior to the interview sessions (Castillo-Montoya, 2016). The interview questions were in Bahasa Melayu as researchers conducted the interviews in Bahasa Melayu. The interviews were recorded with consent from the interviewees. Responses from the participants were transcribed and analyzed using ATLAS ti. Responses for each group of participants were studied, coded, and analyzed using a thematic approach. Results were then translated into English.

### Findings

A majority of *khairat* death funds in rural Muslim communities are handled by mosque committees. In this study, 82% of the *khairat* death funds were managed by mosque committees and only 18% were managed by entities registered with the Registrar of Societies. The interviewees were from three states of Malaysia: Selangor, Pahang, and Malacca. They were the chairmen, treasurers, and participants or members of the *khairat* death funds. One of the members was a female widow, contributing to the funds after her husband died. In addition, four of these interviewees were representing the state Islamic authorities, namely the director of Baitul Mal and the officers from the Mosque Management Department.

Table 1: Demographic of interviewees

Criteria	Category	Number	Percentage
Location	Pahang	10	38%
	Selangor	12	46%
	Malacca	4	15%
Gender of interviewees	Male	25	96%
	Female	1	4%
Management of social death funds	Mosque committees	9	82%
	Societies (NGOs)	2	18%

The entities or societies were set up by Muslim communities to manage *khairat* death funds for the nearby community. However, it is more common for a mosque to manage a *khairat* death fund for the community as almost every village has its own mosque. The *khairat* death funds frequently co-exist with the mosque as explained by one of the interviewees ‘*when there is a mosque, there is the khairat death fund.*’ For a larger community, more than one *khairat* death fund was set up. ‘*There are three khairat death funds under the mosque, surau, and registered society.*’ They are not-for-profit entities with the sole purpose of helping the deceased family complete the funeral of the deceased and easing the financial burden of the deceased family. The interviewees provided consistent answers when asked about the purpose of collecting *khairat* death such as follows,

*‘We’re going to help ease a family with death.’  
 ‘Specifically, to assist in the process of consummating the remains of the deceased who are in the area.’*

However, based on the thematic analysis, the benefits of a *khairat* death fund under a mosque are more comprehensive as compared to under societies or associations. The mosque committee for *khairat* death funds allocated a certain amount of money for the funeral. This amount was proposed and agreed upon by members in the annual general meeting. After paying all expenses related to the funeral such as the costs to bathe the deceased, to dig a grave, to transport the deceased and other costs, the unused balance was surrendered to the deceased family. In addition, the mosque also managed the funeral of any non-members if necessary. This shows the important function of *khairat* death fund managed by the mosque committee as it empowers the mosque committee and *kariah* members to fulfill ‘*fardh kifayah*’ of all other Muslims in managing the funeral of every death of Muslims within the community. On the other hand, the two *khairat* death funds managed by independent entities only provide funding for the funeral. The entity usually pays mosque committees the costs of the funeral for its members. The van, equipment, and tools for bathing and digging the grave were rented from the mosque. It seems that the *khairat* death funds managed by the mosque committees are more valuable and indispensable to the community as they provide more complete funeral benefits to the community.

Arguments in favor and against *khairat* death funds under mosque committees are presented within two perspectives: Islamic authorities and members of the community. Overall, interviewees from the state Islamic religious authorities are strong proponents of mosque committees to manage the *khairat* death funds. Views from members both representing the management and participants of *khairat* death funds were mixed. This paper discovered three issues that were challenging to the community in managing *khairat* death funds. These issues were obtained from analyzing issues and challenges faced by *khairat* death funds given by the interviewees. SIRC and MM represent interviewees from the state Islamic religious councils and state mosque management department. Committees consisted of the chairman and treasurers from the *khairat* death funds set up voluntarily by the communities. Reporting referred to the requirements to prepare and submit yearly reports, including the financial reports for *khairat* death funds. Administration was related to operational aspects of *khairat* death funds such as collecting, managing, and distributing funds and other resources. The ongoing concern was about succession planning and sustainability of *khairat* death fund management.

Table 2: The Pros and Cons of Death *Khairat* under Mosque Committees

Groups		Reporting	Administration	Going Concern
SIRCs/MM	Pros	Easy to monitor	Indirectly monitored	Trust
	Cons	No formal requirements/policies	No guidelines	Uncertain
Committee	Pros	Keep separate records	Follows normal practices	Trust



	Cons	Using a similar bank account	Questions from members during the AGM	Lack of successor
Members	Pros	indifferent	Greater involvement	Stronger trust
	Cons	none	none	none

Table 2 summarizes the pros and cons of *khairat* death fund managed by the mosque. First, the SIRC and Mosque Management Department believe that it is easier to monitor *khairat* death fund managed by the mosque as information about the death funds is included in the mosque reports. Hence, they were able to assess the total receipts and payments of the fund. Although such reports were not subjected to any audit, at least, the religious officials were aware of the *khairat* death funds' existence and activities. The activities of *khairat* death funds were indirectly monitored by religious officials. However, due to no formal requirements, rules, or policies to regulate the management *khairat* death funds by mosques, the SIRC is not able to interfere with the management of *khairat* death funds except for when complaints are lodged by individuals against the mosque committees which rarely occur.

Second, the mosque committees who were appointed as the chairman and treasurer of the *khairat* death funds deliberated that having *khairat* death funds under the mosque was beneficial to the Muslim community. It signified the function of the mosque. Moreover, the financial matters of the *khairat* death funds were being managed by a different treasurer and not affecting the work and responsibilities of the mosque treasurer. This treasurer only focused on recording the collection and distribution of *khairat* death funds. Therefore, it was easy to manage and determine the cash inflows and outflows related to the *khairat* death fund. The treasurer would keep a certain amount of money or cash in hand ready to disburse whenever a death occurred. Based on past practices and experiences, the treasurer was trusted to manage the money where the amount of money in hand was sufficient to cover the financial costs of death during the period. Basically, the committees could estimate the number of deaths per year and make necessary preparations for arranging the funerals in terms of purchasing materials such as cloth and bathing materials for the deceased. This would ensure a smooth and fast arrangement for the funerals.

On the other hand, the committees were having problems recruiting successors. There was a serious lack of volunteers. Members were found to purposely not attend annual general meetings to avoid being appointed to the committees. It was very common to see the same individuals on the committees for a very long term. This issue could jeopardize the going concern and sustainability of *khairat* death fund management. In addition, most *khairat* death fund was kept in the mosque bank account. Many mosque committees did not open a separate bank account to reduce workloads and to avoid being audited by religious officials. They did not find having separate bank accounts practical and important to the management of *khairat* death funds.

Third, members of *khairat* death fund were quite satisfied and willing to join *khairat* death fund under mosque committees. By being a member, he or she found both the deceased funeral and the family member's welfare were well handled. Furthermore, they were more willing to help the committees and to get involved in arranging the funeral.

Table 3: *Khairat* Death Funds under Mosque Committees Versus Local Societies

Groups	Operation	Planning	Governance
Under ROS (1,2)	Use the mosque's facilities and cover community members only	Investment, alternative payment method (online)	The ROS's official came to monitor and audit before the AGM
Under Mosques (3-11)	Comprehensive including arrangement for every Muslim death within the community	Training related to arranging for funerals	The religious officials only intervened if received a report of any financial deviations or scandals

In further analysis, this study compared *khairat* death funds under mosque committees against those under local societies or associations. There were two *khairat* death funds managed by entities registered with the Registrar of Societies in the study sample. The analysis was summarized in three aspects; operation, planning, and governance. In terms of operation, this study finds *khairat* death funds managed by mosque committees provide more comprehensive benefits to the Muslim community. Not only they were more established, experienced, and equipped with proper tools, equipment, and other resources, but they also had direct access and control to the burial sites. This helped the mosque committees to arrange for the funeral in a smooth, speedy, and efficient manner. On the other hand, local societies were also able to manage the funerals efficiently due to proper procedures and good past practices. However, local societies will only cover for member's death. Thus, mosque committees are showing greater contribution to the society. Nevertheless, both are dedicated to serving the Muslim community. The community would mutually and collectively decide which one was more appropriate for its community; mosque committees or local societies.

Next, for planning, the two types of management teams focused on different areas. Local societies suggested that they were planning to invest surplus funds in properties such as shop lots and buildings to generate more passive income from renting out properties. In addition, the entities plan to provide an alternative payment platform to assist members who reside outside the village such as via online banking. In contrast, the mosque committees focused more on organizing short courses and training on matters related to handling the deceased and arranging for funerals for the community. The main motivation was to ensure new and younger generations were trained and capable of taking over the tasks from the older generation.

Last, for governance, local societies were more organized as they were being audited every year by the ROS. The ROS's officials came to audit prior to the annual general meeting and they did a follow-up based on the audit findings. The ROS's officials also regularly communicated with the treasurer via phone and visits. On the other hand, the religious officials would only intervene in the management of *khairat* death funds under mosque committees if they received complaints or reports for any wrongdoing such as manipulation of funds from the community members. Other than that, mosque committees were given full authority and trust to handle any matters relating to *khairat* death funds.

## Discussion and Conclusion

Islam is a comprehensive religion. It is a way of life. It prescribes the rights and responsibilities of every Muslim to other Muslims, including in the event of death. To fulfill the *fardh kifayah* to conduct a proper funeral for a fellow Muslim, a *khairat* death fund is set up. This fund is either voluntarily managed by the mosque via a special committee or by local societies, usually a non-profit organization or society registered with the Malaysian Registrar of Societies. Both categories of management are important to the community, particularly in the rural areas.

This study interviewed religious officials from the SIRC's and the mosque management department, representatives of *khairat* death funds management, and members from rural areas of Pahang, Selangor, and Malacca. It ascertains a few pros and cons between the two categories of *khairat* death funds management. The local societies had to observe and follow stricter rules and reporting requirements under the Societies Act 1966, monitored, and enforced by the Registrar of Societies. They must submit the annual financial reports, be audited by the ROS's officials, and present the audited reports to be approved by members in the annual general meeting.

On the other hand, there were no specific rules applicable to the mosque committees other than the rules for the mosque in each state. The mosque committees are basically trusted to manage the funds for the community. Having more facilities, and direct access and control of the burial sites are several of the privileges retained by the mosque committees. Local societies usually rent the necessary tools, equipment, and funeral vans from the mosques, and incidences of misunderstanding can occur between local societies and mosque committees. Due to this, the SIRC's preferred *khairat* death funds to be managed by mosque committees as they would have better monitoring avenues via the mosque.

This research contributes by exploring the management of *khairat* death funds in Malaysian rural areas and highlights the importance of *khairat* death funds. The advantages and disadvantages of *khairat* death funds managed by mosque committees are compared against similar funds managed by registered local societies. The mosque committee management of *khairat* death funds can be enhanced if specific rules and policies are set by the SIRC's. These rules and policies are pertinent to the management of *khairat* death funds to ensure better documentation and reporting of *khairat* death funds by mosque committees. Nevertheless, findings from this study are limited to *khairat* death funds within the scope of the study and must be correspondingly interpreted.

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