

ISLAMIC SOCIAL FINANCING MODEL FOR LOW-INCOME DIALYSIS PATIENTS IN MALAYSIA: A QUALITATIVE APPROACH

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Abstract: Malaysia is facing escalating healthcare financing challenges, particularly for chronic conditions requiring long-term treatment such as end-stage renal disease. Dialysis treatment costs average RM250 per session, with patients requiring 2-3 sessions weekly, creating substantial financial burdens for individuals, especially low-income populations. While dialysis patients classified as *asnaf* (those eligible for zakat) can receive assistance from Baitulmal institutions to cover treatment costs, the increasing number of *asnaf* requiring dialysis has strained these traditional funding mechanisms, creating allocation challenges for Baitulmal organizations. Traditional Islamic financing mechanisms, particularly *waqf* (religious endowment), present an underexplored opportunity to address these healthcare financing gaps through community-based models. This study examines stakeholder perspectives on developing a *waqf*-based healthcare financing framework specifically for dialysis patients in Malaysia, focusing on feasibility, acceptance, and implementation challenges from Islamic scholarly viewpoints. The research employed a qualitative design utilizing focus group discussions (FGDs) with purposively sampled participants, including Islamic scholars and academicians with Shariah backgrounds (n=5). Thematic analysis of the findings revealed the potential for integrating three Islamic social finance instruments: zakat, *waqf*, and *sadaqah*. The proposed model suggests utilizing zakat funds to cover direct dialysis treatment costs for eligible patients, *waqf* endowments to finance facility maintenance and infrastructure, and *sadaqah* contributions to support operational expenses. These findings provide foundational insights for developing sustainable healthcare financing models that leverage Islamic social finance principles to address Malaysia's growing healthcare needs, offering a comprehensive approach to chronic disease management through community-based religious financing mechanisms.

Keywords: Waqf, zakat, healthcare financing, dialysis, Malaysia.

1. Introduction

Malaysia's healthcare system faces significant financial pressures, particularly with the rising prevalence of chronic diseases requiring long-term and costly treatments. End-stage renal disease, necessitating ongoing dialysis, exemplifies this challenge, placing a substantial economic strain on both individuals and the healthcare system. The average cost of each dialysis session in Malaysia is around RM250, and patients typically need two to three sessions per week (Luyckx et al., 2017). This recurring expense can be particularly burdensome for low-income individuals, potentially leading to financial hardship and limited access to essential care. Recognizing this, Baitulmal institutions play a crucial role by providing financial assistance to asnaf dialysis patients, but the increasing number of individuals requiring this support has stretched these traditional funding sources thin, thereby posing significant resource allocation challenges.

Based on recent data, dialysis costs in Malaysia range from RM100 to RM300 per session, with private facilities typically charging higher fees, while the National Kidney Foundation (NKF) offers treatments at RM170 per session with potential government subsidies of RM100 that can make treatment free for eligible patients. Currently, in Malaysia, each patient is estimated to spend upwards of RM29,000 to RM33,600 per year on dialysis treatments, or even up to RM39,800 per year for some patients (Kun, 2023). The disease burden is substantial, with more than 5 million of the Malaysian population living with chronic kidney disease and 43,663 patients on HD (hemodialysis) and 5,784 patients on peritoneal dialysis as of 2022. Almost 9,000 new kidney patients are registered annually (Ibrahim, 2023), and they require dialysis treatment, with chronic kidney disease prevalence increasing from 9.07% in 2011 to 15.48% in 2018 (Saminathan, 2020). The situation is projected to worsen significantly, with about 106,000 Malaysians expected to have ESRD by 2040, potentially driving total treatment costs up to RM1.5 billion on dialysis by 2040, representing a major challenge for Malaysia's healthcare system (NKF, n.d.).

The National Renal Registry shows that dialysis treatment funding is distributed across multiple sources, with government support accounting for 48.1%, SOCSO contributing 23.2%, Zakat/Baitulmal providing 12.2%, and the remainder covered through personal payments, non-governmental organizations, insurance schemes, and employer-sponsored programs (NKF, n.d.). The combination of these diverse funding sources and strategic public-private collaborations has been essential in guaranteeing patient access to vital dialysis treatment, ultimately reducing patient distress and enhancing their quality of life.

Alternative and innovative financing mechanisms are therefore crucial to ensure sustainable healthcare access for vulnerable populations. Islamic social finance, with its emphasis on community-based solutions and ethical investment, offers a promising avenue for addressing these challenges. Waqf, a religious endowment in Islamic finance, has the potential to play a key role in bolstering healthcare funding through community-based models, yet remains relatively underexplored in this context. Therefore, this study aims to investigate stakeholder perspectives on the development of a waqf-based healthcare financing framework specifically tailored for dialysis patients in Malaysia, with a focus on its feasibility, acceptance, and potential implementation challenges from Islamic scholarly perspectives.

2. Literature Review

The escalating costs of healthcare, especially for chronic conditions, present a global challenge, demanding innovative financial strategies to ensure equitable access and sustainability (Khairi et al., 2014). Traditional healthcare financing models often struggle to cope with the increasing demands of an aging population and the rising prevalence of chronic diseases, necessitating the exploration of alternative funding mechanisms (Ambrose et al., 2018). In lower-income countries, improving access to dialysis through various strategies presents a considerable challenge in meeting the financial demands for the entire dialysis population (Niang et al., 2018). Islamic social finance offers a compelling paradigm for addressing these gaps by leveraging religious principles and community-based solutions to promote social well-being. Within Islamic social finance, waqf, zakat, and sadaqah represent key instruments with the potential to revolutionize healthcare financing models. Zakat can be integrated with endowments as a proportionate tax to bring religion as institutions.

Waqf, as a religious endowment, has a rich history of supporting social welfare and development initiatives throughout Islamic civilization (Pamungkas & Zaki, 2021). Waqf institutions have historically played a significant role in funding education, healthcare, and other essential services. Waqf properties or assets are dedicated for charitable purposes, generating sustainable income streams that can be directed towards specific social needs, such as healthcare for vulnerable populations. Modern applications of waqf are diverse, extending to cash waqf schemes that finance various goods and services, including education, health, and infrastructure (Mohsin, 2013). These schemes may be project-based, such as building schools and hospitals, or they may be designed to meet recurring expenses, such as student scholarships or the salaries of teachers and medical personnel. Waqf has been able to overcome many socio-economic problems, which shows the concern of the Muslim community in socio-economic development issues; waqf institutions solve these problems (Sugianto et al., 2022). Although waqf has played an important role as a vehicle for Islamic financing in the society for centuries, a model of collaboration or partnership of waqf with public healthcare services has yet to be explored and developed (Adnan et al., 2021).

Integrating waqf with other Islamic social finance instruments, such as zakat and sadaqah, can create a synergistic and comprehensive healthcare financing ecosystem. Zakat, a mandatory form of almsgiving in Islam, can provide direct financial assistance to eligible dialysis patients, covering treatment costs and alleviating immediate financial burdens. Sadaqah, as voluntary charity, can supplement waqf and zakat contributions, further enhancing the financial sustainability of the healthcare financing model. Zakat and waqf institutions can alleviate poverty and contribute to social security by providing minimum means of livelihood to every individual in the society (Dogarawa, 2009). Together with the zakat institutions, waqf is not only used to eliminate poverty and social problems but functions to enhance the income of the Muslims society (Ali et al., 2018). The integration of these instruments aligns with the broader objectives of Islamic finance, promoting social justice, equitable distribution of wealth, and community empowerment.

3. Methods

This research adopted a qualitative research design, employing focus group discussions to gather in-depth perspectives from key stakeholders on the proposed waqf-based healthcare

financing framework for dialysis patients in Malaysia. Qualitative research methods are particularly well-suited for exploring complex social phenomena and understanding diverse viewpoints, making them appropriate for this study. Purposive sampling was utilized to select participants with specific expertise and experience relevant to the research objectives. Specifically, Islamic scholars and academicians with Shariah backgrounds were recruited to provide insights on the religious permissibility, ethical considerations, and potential challenges associated with implementing a waqf-based healthcare financing model. A total of five participants (n=5) were involved in the focus group discussions, conducted on 28 November 2024. The respondents were briefed about the objectives of the study and their responses were recorded with permission. All respondents are PhD holders and expert in the areas such as Muamalat, Fiqh Muamalat, Shariah, Islamic Banking and Finance, and Islamic Economics. All respondents have more than 10 years of experience in their related fields. Table 1 shows the details of the respondents.

Table 1. Respondents Academic Qualifications and Area of Expertise

No.	Respondent	Academic Qualifications	Area of Expertise	Years of Experience
1.	Panel 1 (P1)	B.A Syariah (Madinah), MA Syariah (UKM), PhD Syariah (UKM)	Muamalat, Islamic Banking and Finance, Takaful, Islamic Wealth Management	12
2.	Panel 2 (P2)	Diploma in Islamic Studies (Shariah) (KUSZA), B.A Islamic Studies (Shariah) with Honours (UKM), Msc (Islamic Banking, Finance and Management) (UK), Phd in Islamic Banking and Finance (IIUM)	Fiqh Muamalat, Shariah Compliance and Governance, Islamic Banking and Finance, Corporate Waqf, Financial Management of Mosque	18
3.	Panel 3 (P3)	B.A Syariah & Economics (UM), MA in Economics (UKM), Phd in Islamic Banking (UM)	Islamic Economics, Islamic Banking	22
4.	Panel 4 (P4)	BBA (UKM), MBA (UKM), PhD (Banking and Finance) (UUM)	Banking and Finance, Microfinance	23
5.	Panel 5 (P5)	BA Syariah & Undang-Undang (UM), Master of Comparative Law (MCL) (IIUM), Ph.D Islamic Economy (UM)	Shariah, Fiqh Muamalat in Islamic Banking and Finance, Islamic Social Finance	18

Data collection involved conducting semi-structured focus group discussions, guided by a pre-determined set of questions designed to elicit detailed responses on the feasibility, acceptance, and implementation challenges of the proposed framework. The discussions were conducted in a private and comfortable setting to encourage open and honest dialogue among participants. The sample size is considered appropriate for qualitative research, allowing for in-depth exploration of the research topic. The data analysis phase involved thematic analysis, a widely used qualitative data analysis technique for identifying, organizing, and interpreting patterns of meaning within a data set. Thematic analysis allowed the researcher to systematically analyze the data and extract key themes related to the research objectives.

4. Results and Discussion

The thematic analysis of the focus group discussions revealed several key findings regarding the potential for integrating Islamic social finance instruments to support dialysis patients in Malaysia. The responses were presented into two sections i.e. (i) dialysis treatment from the Maqasid Shariah perspectives, and (ii) the potential of Islamic social finance in establishing a sustainable healthcare financing for dialysis treatment among low-income group.

4.1 Dialysis Treatment from the Maqasid Shariah Perspectives

The obligation for Muslims to seek medical treatment when sick can be strongly justified through the fundamental principles of Maqasid Shariah (objectives of Islamic law). For the purpose of reporting, the responses from the FGD were categorized into three similar themes i.e. preservation of life (*hifz al-nafs*), preservation of religion (*hifz al-din*), and preservation of wealth (*hifz al-mal*). The following is a discussion of the findings based on the respondents' responses that supported each theme.

Preservation of Life (Hifz al-Nafs)

Islam places the preservation of human life as one of the highest priorities in Shariah. The Quran states: "And whoever saves a life, it is as if he has saved all of mankind" (5:32). Seeking medical treatment when sick is a direct means of preserving life and preventing harm to oneself. The Prophet Muhammad (PBUH) said, "Make use of medical treatment, for Allah has not made a disease without appointing a remedy for it" (Sunan *Abu Dawood*). This indicates that seeking treatment is not only permissible but encouraged as a means of fulfilling our duty to preserve the life that Allah has entrusted to us. The following is the feedback from the respondents supporting the notion that dialysis treatment is a way of life preservation.

"... dialysis is an effort in accordance with the hadith of Rasullullah saw, Allah will not send down a disease unless there is a cure for it. ... Islam strongly advocates efforts to find a cure for every disease. Therefore, this dialysis treatment is one of them and this is in accordance with the maqasid shariah." (P1)

"... from the [preservation of] life perspective, you want to avoid a worse situation that can cause loss of life. So through this treatment, you are fulfilling the concept of trying to find a cure to heal. Every disease has a cure. It can also prevent a worse situation and some can have a normal life again." (P2)

“... we need to look at the dialysis patients themselves because even though they receive dialysis treatment, some of them are careless..food intake is not regular..there are many issues in the end, even though in theory they are preserving religion, in practice there are individuals who do not see this..which means they do not achieve the objective (preservation of life).” (P3)

“... if we don't help dialysis patients, there is no other way. That is the last resort for diabetic patients, which is to undergo dialysis, so it is our duty to help them to save their lives...” (P4)

Preservation of Religion (Hifz al-Din)

Physical health directly impacts one's ability to fulfill religious obligations. When a person is sick and fails to seek treatment, their deteriorating health may prevent them from performing essential acts of worship such as prayer, fasting, pilgrimage, or participating in community religious activities. By maintaining good health through proper medical care, Muslims ensure they can continue to practice their faith effectively. Additionally, the body is considered an *amanah* (trust) from Allah, and Muslims are accountable for how they care for this trust. Neglecting one's health could be seen as failing in this religious responsibility. The responses of the respondents are as follows:

“... most acts of worship in Islam are physical, such as prayer, fasting, and pilgrimage. So if we relate it to the maqasid syariah, it is related. It means that it is one of the ways to maintain religion, therefore this treatment is important...” (P1)

“... and from the perspective of the perfection of worship, it will also be affected, some people have swollen feet... when they are sick, their worship may not be perfect... daily worship such as solat requires movement, so if they are not helped or treated, their situation will become more difficult even though there is rukhsah there, but their situation is still not perfect...” (P2)

“... when someone is sick, they will face various challenges as mentioned by the second panel earlier. When they feel the burden, there is no financial assistance and so on, it can affect their health. With the high cost of living, so when they get proper treatment, they can worship well even though there is a rukhsah there, they can pray lying down and so on... they can worship in a pure and clean state. When we help these patients with treatment, ... by providing assistance, Insya Allah, it is also a means to help them perform their 5-time solat obligations...” (P5)

Preservation of Wealth (Hifz al-Mal)

While seeking treatment requires financial expenditure, this principle supports such spending in several ways. First, preventive care and early treatment are generally more cost-effective than dealing with advanced illness, thus preserving wealth in the long term. Second, maintaining good health allows individuals to continue working and earning, thereby protecting their economic productivity and financial stability. Third, when the breadwinner of a family falls seriously ill due to neglecting treatable conditions, it can lead to significant financial hardship for dependents. Islam encourages responsible stewardship of resources, which includes investing in health to prevent greater financial losses later.

“... dialysis is one of the most expensive diseases in terms of treatment costs compared to other diseases...if there is no insurance and other resources, it will be a burden for the patient, and they will have to look for alternatives from outside parties...” (P4)

“... on average we take RM200, 3 times a week so it becomes RM600 if we multiply by a month, it becomes RM2400 while B1 has a starting of RM2500. In terms of logic, how he is going to handle the cost of treatment during this period so he will be stressed...if the one who gets sick with dialysis and he is the head of the family, male, it will affect the family members... even if it affects the wife and she is not the head of the family, it will also have an impact on the whole family. So, the conclusion is that it will indeed affect the well-being of the patient and family due to the cost of treatment...” (P3)

In conclusion, the findings support the thesis that preserving health enables the preservation of religion, life and wealth. Furthermore, the Islamic principle of "no harm and no reciprocal harm" (*la darar wa la dirar*) supports the obligation to seek treatment, as neglecting one's health can harm both oneself and others who depend on them. The scholarly consensus (*ijma*) among Islamic jurists generally supports the view that seeking medical treatment ranges from recommended (*mustahabb*) to obligatory (*wajib*) depending on the circumstances, particularly when life is at risk or when illness prevents the fulfillment of religious duties.

4.2 The Potential of Islamic Social Finance in Establishing a Sustainable Healthcare Financing for Dialysis Treatment Among Low-Income Group

The respondents in the FGD session propose an Islamic financing model which leverages and integrates zakat, waqf and sadaqah together. The feedbacks are as follows:

“... the asnaf receives assistance from zakat to pay for dialysis treatment. Zakat covers the costs for the sick asnaf. Zakat covers the costs for people. If we look at this waqf, waqf is for the facilities, such as the waqf of mosques, waqf of land, waqf of equipment, so if we look at it from in terms of facilities, we see that waqf plays a role. And cash waqf can play a role to be used for the facilities, as well as operations, only the operational costs that we will face problems.” (P2)

“... waqf cannot cover operating costs...waqf cannot pay salaries, so I see the need to add another role for Islamic social financing, which is sadaqah.” (P2)

“... if we want to build a hemodialysis center, we cannot use waqf, which means we have to use Islamic social finance, combine the three and then we have to integrate... the operational costs will be paid by zakat from the asnaf who seek treatment at the dialysis center, for infrastructure, to buy a (dialysis) machine, we use waqf, I think for the operational costs we can use sadaqah because it's easy.” (P2)

The findings highlight the potential for integrating zakat, waqf, and sadaqah to create a comprehensive and sustainable healthcare financing model. Zakat funds can be utilized to cover direct dialysis treatment costs for eligible patients, providing immediate financial relief and ensuring access to essential medical care for asnaf individuals. Meanwhile, waqf endowments can be strategically employed to finance facility maintenance, infrastructure development, and the acquisition of advanced medical equipment for dialysis centers, ensuring the long-term sustainability of these healthcare facilities.

Sadaqah contributions can be directed towards supporting operational expenses, such as staff salaries, medication costs, and patient support services, further enhancing the capacity and efficiency of dialysis centers. The participants highlighted the importance of aligning the proposed framework with Shariah principles, ensuring that all financial transactions and investment strategies adhere to Islamic ethical guidelines. By integrating zakat, waqf, and sadaqah, the proposed model offers a holistic and sustainable approach to healthcare financing, addressing both the immediate financial needs of patients and the long-term operational requirements of healthcare facilities. Figure 1 shows the Islamic social financing model for low-income dialysis patients in Malaysia.

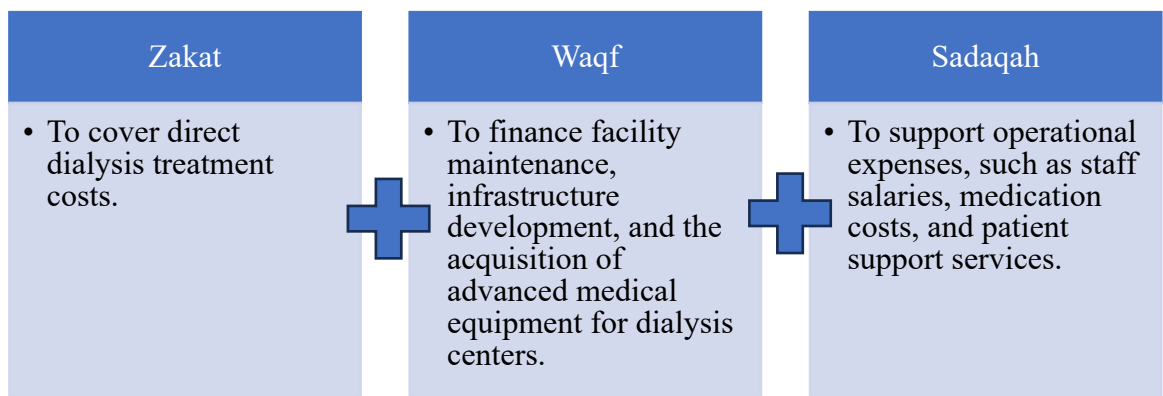


Figure 1. The integrated Islamic social financing model for low-income dialysis patients in Malaysia

5. Conclusion

This study provides valuable insights into the feasibility and potential benefits of developing a waqf-based healthcare financing framework for dialysis patients in Malaysia. The findings suggest that integrating zakat, waqf, and sadaqah can create a comprehensive and sustainable healthcare financing ecosystem, addressing both the immediate financial needs of patients and the long-term operational requirements of healthcare facilities. The proposed model offers a holistic approach to healthcare financing, promoting social justice, equitable distribution of wealth, and community empowerment, aligning with the broader objectives of Islamic finance. The successful implementation of this framework requires strong collaboration between government agencies, Islamic scholars, healthcare providers, and community stakeholders, ensuring transparency, accountability, and adherence to Shariah principles.

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