Empowering The Elderly: Integrating Zakat into Long-Term Care in Malaysia

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Muhsin Nor Paizin[1]

ABSTRACT

Malaysia's rapid transition into an ageing nation poses significant challenges to existing social security frameworks, particularly for the B40 group (Bottom 40% of households by income in Malaysia) and destitute elderly who lack adequate family support. Current welfare provisions often leave vulnerable senior citizens with insufficient resources for long-term care. This study explores the potential of integrating Zakat into long-term care as a sustainable funding mechanism to bridge these welfare gaps. It aims to establish the Shari'ah legitimacy and operational feasibility of using Islamic social finance to enhance elderly care. Employing a qualitative library-based research design, this paper systematically analyzes academic literature, statutory documents (such as the Care Centres Act 1993), and official publications from Malaysian state Islamic religious councils including Lembaga Zakat Selangor and MAIWP. The research validates a "Hybrid Financing Model" that synergizes Waqf for capital expenditure (CAPEX), such as infrastructure, and Zakat for operational expenditure (OPEX). This model ensures Shari'ah compliance regarding Tamlik (ownership transfer) while leveraging Maqasid al-Shari'ah (Objectives of Islamic Law) principles to preserve the life (hifz al-nafs) and dignity (hifz al-'ird) of the elderly. Findings confirm that senior citizens qualify for support under the asnaf (eligible Zakat recipients) categories of Fakir (destitute), Miskin (poor), and Gharimin (debtors). The study concludes that successful implementation requires rigorous governance, specifically the "ring-fencing" of funds and strict adherence to the Care Centres Act 1993 (Act 506).

Keywords: Zakat; Elderly Care; Islamic Social Finance; Sustainable Financing.

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[1]Akademi Zakat (AZKA), Pusat Pungutan Zakat (PPZ-MAIWP), Malaysia.
Email: muhsin.paizin@zakat.com.my

1. Introduction

Malaysia is currently standing at a critical demographic juncture. The nation is rapidly transitioning towards becoming an "aged nation," where the percentage of the population aged 60 and above is expected to exceed 15% by 2030, with projections reaching approximately 5.8 million individuals (Abdullah et al., 2024; Department of Statistics Malaysia [DOSM], 2023). This profound demographic shift, driven by declining fertility rates and increased healthy life expectancy, is expected to place an unprecedented strain on national healthcare infrastructure, social security systems, and the demand for long-term care facilities (Asrulsani et al., 2023; Hassan et al., 2020).

At present, the support ecosystem for senior citizens in Malaysia relies heavily on government-funded welfare homes and the informal support of family institutions. However, rapid urbanization, changing social structures, and the rise of nuclear families have severely weakened these traditional safety nets (Asrulsani et al., 2023; Khazanah Research Institute, 2021). This vulnerability is particularly acute among the B40 income group, childless seniors, and those abandoned by their kin, who often fall through the cracks due to the rising cost of private nursing care, escalating healthcare expenses, and social isolation (Asrulsani et al., 2023; Batumalai, 2020).

In addressing these challenges, Islamic social finance offers a viable and sustainable solution to complement government efforts. Scholars argue that integrating *Zakat* and *Waqf* into elderly care initiatives can serve as a systematic funding mechanism to bridge existing welfare gaps (Shaikh et al., 2017). By leveraging *Zakat* funds for operational expenditures (OPEX) alongside *Waqf* for capital expenditures (CAPEX) like infrastructure, religious institutions can provide high-quality care that preserves the dignity of the elderly. The sustainability of this model is further strengthened through elite philanthropy, which generates substantial endowments for *Waqf* (Zainal & Nor Paizin, 2026), and mission-driven corporate *zakat* commitments that provide a steady stream of OPEX funding (Aziz et al., 2026). To execute this efficiently, a decentralized zakat management structure is crucial, empowering localized institutions to identify and respond rapidly to the specific needs of the elderly in their jurisdictions (Paizin & Sarif, 2018).

Beyond mere financial distribution, empowering the elderly requires aligning operational models with both the United Nations Sustainable Development Goals (SDGs) and *Maqasid al-Shari'ah* (Objectives of Islamic Law) (Abdullah et al., 2025; Atan et al., 2025). True empowerment ensures that recipients receive holistic support that uplifts their standard of living, transitioning them from passive receivers to active participants in a sustainable ecosystem (Jamal et al., 2025; Wahab et al., 2020). Therefore, this article explores the Shari'ah legitimacy and operational feasibility of a Hybrid Financing Model. By mapping its implementation against the SDGs and Maqasid al-Shari'ah, this study aims to provide an ethical, scalable, and decentralized framework for transforming elderly care in Malaysia.

2. Literature Review

2.1 Demographic Shifts and the Welfare Deficit

The urgency of reforming elderly care financing is driven by Malaysia's rapid demographic transition. While the country is currently an "ageing nation," it is projected to officially reach "aged nation" status by 2030, with 15.3% of the population aged 60 and above. Furthermore, while overall life expectancy has faced slight fluctuations, healthy life expectancy rates have improved, meaning Malaysians live longer but will experience an extended period requiring long-term care services. This demographic shift presents a critical challenge to the existing social welfare framework. The traditional family support structure is weakening due to urbanization, resulting in heightened social isolation, financial difficulties, and an inability to cope with escalating healthcare costs. Consequently, many vulnerable elderly individuals, particularly in the B40 income group, are falling through the cracks of current public and private care systems (Asrulsani et al., 2023; Batumalai, 2020).

2.2 The Zakat-Waqf Hybrid Mechanism and the Care Economy

To address these financial and infrastructural barriers, contemporary Islamic finance scholars advocate for a "hybrid model" integrating Zakat and Waqf. This model distinguishes between developmental and consumption needs: *Waqf* is utilized for capital expenditure (CAPEX), ensuring the preservation of permanent assets. Conversely, *Zakat* funds are ring-fenced for operational expenditure (OPEX) to support the direct daily needs of *asnaf* (eligible *Zakat* recipients) beneficiaries (Shaikh et al., 2017). This approach is strongly supported by the emerging concept of the "care economy," which encompasses both paid and unpaid care activities essential to societal well-being. Integrating Islamic social finance instruments like Waqf into the care economy addresses market failures by providing a sustainable, community-driven approach to healthcare accessibility, thereby alleviating the pressure on state-funded medical institutions (Atan et al., 2025).

2.3 Decentralization and Corporate Philanthropy

The sustainability of this hybrid model relies heavily on robust governance and strategic funding streams. Elite philanthropy, driven by altruistic motivations and identity construction, plays a pivotal role in accumulating significant endowments for Waqf CAPEX (Zainal & Nor Paizin, 2026). Simultaneously, mission-driven corporate zakat commitments provide a reliable stream of OPEX funding, reflecting a strong stakeholder management perspective (Aziz et al., 2026). However, the effective deployment of these funds requires structural reform. Decentralization within zakat management organizations allows localized institutions to operate with greater autonomy, enabling them to identify and respond rapidly to the specific, localized needs of the elderly in their jurisdictions (Paizin & Sarif, 2018).

2.4 Aligning Maqasid al-Shari'ah with Sustainable Development Goals (SDGs)

The integration of *Zakat* and *Waqf* in elderly care transcends basic sheltering; it is a manifestation of *Maqasid al-Shari'ah* (Objectives of Islamic Law) and closely aligns with the United Nations SDGs. Recent frameworks highlight that preserving life (*hifz al-nafs*) equates to providing quality healthcare, directly supporting SDG 3 (Good Health and Well-being) (Abdullah et al., 2025). Furthermore, effective *Zakat* management must prioritize "customer effectiveness" to truly empower the *asnaf*. Empowerment means ensuring recipients become self-reliant and their standard of living is uplifted (Wahab et al., 2020). Practical applications of this can be seen in social entrepreneurship initiatives like SEEDS@WAKAF, which empowers Technical and Vocational Education and Training (TVET) students to refurbish and redistribute medical equipment to the elderly. Such programs seamlessly blend education, Islamic finance, and community service, fulfilling SDG 3 and SDG 12 (Responsible Consumption and Production) while transforming Zakat institutions into proactive guardians of social welfare (Jamal et al., 2025).

3. Methodology

This study employs a qualitative library-based research design, relying primarily on document analysis and an extensive review of secondary data sources to construct a Shari'ah-compliant model for senior care. The research framework involves a systematic examination of academic literature, statutory documents, and official publications from Malaysian state Islamic religious councils. This approach is deemed most appropriate for evaluating existing policy frameworks and operational precedents to synthesize a comprehensive, culturally and religiously aligned financing model. Data was purposively sampled from multiple authoritative domains to ensure robust triangulation. Key statutory data sources include the Care Centres Act 1993 (Act 506) and the Care Centres Regulations 1994, which serve as the legal baseline for operational compliance in elderly care institutions. Furthermore, the study analyzes annual reports, sustainability disclosures, and official digital portals of major zakat institutions, specifically Lembaga Zakat Selangor (LZS), the Federal Territories Islamic Religious Council (MAIWP), and Zakat Pulau Pinang (MAINPP), to identify existing operational precedents such as Bait Al-Mawaddah and Darul Hanan. These institutional records were triangulated with demographic projections from the Department of Statistics Malaysia (DOSM) regarding the ageing population and contemporary *Shari'ah* rulings regarding *asnaf* eligibility and financial "ring-fencing" practices. Finally, the gathered data was subjected to content analysis to extract key themes related to financing mechanisms, operational governance, and *Shari'ah* compliance. This analytical process facilitated the synthesis of a robust framework that integrates *Maqasid al-Shari'ah* principles with practical governance standards. By evaluating the intersection of statutory obligations and Islamic social finance principles, the analysis logically deduces the viability of a decentralized, hybrid *Zakat-Waqf* model for elderly care.

4. Discussion

4.1 The Strategic Integration of Zakat and Waqf: A Hybrid Financing Model The sustainability of elderly care within the Islamic finance ecosystem relies heavily on transitioning from ad-hoc financial aid to stable institutional frameworks. The analysis confirms that a "hybrid financing model" represents the most viable and Shari'ah-compliant approach, effectively synergizing the permanence of *Waqf* (endowment) with the liquidity of *Zakat*. In this operational framework, *Waqf* funds or general charitable donations (*Sadaqah*) are utilized strictly for Capital Expenditure (CAPEX), such as land acquisition, building construction, and purchasing permanent medical equipment. This ensures that the physical infrastructure adheres to the principle of perpetual charity (*Sadaqah Jariyah*), creating a lasting foundation for care services without depleting the principal assets (Shaikh et al., 2017).

To ensure the long-term financial viability of this hybrid model, strategic sourcing of funds is paramount. The CAPEX requirements can be significantly accelerated by tapping into elite philanthropy, where high-net-worth individuals are motivated by altruism and religious identity construction to create lasting *Waqf* endowments (Zainal & Nor Paizin, 2026). Conversely, *Zakat* funds are ring-fenced specifically for Operational Expenditure (OPEX) to cover direct consumption needs, such as food, utilities, and caregiver salaries. This OPEX stream can be consistently sustained through mission-driven corporate zakat commitments, ensuring that the daily needs of the elderly are met reliably while corporations fulfil their stakeholder management obligations (Aziz et al., 2026).

4.2 Institutional Precedents and Decentralized Governance

Practical precedents in Malaysia validate the operational success of this "Assets via *Waqf*, Operations via *Zakat*" approach. Institutions such as the Bait Al-Mawaddah centre in Selangor and the Darul Ilmi facility in the Federal Territories demonstrate how physical spaces built on *Waqf* land can be functionally sustained through *Zakat* allocations (Shaikh et al., 2017). This strict separation of funds is not just an administrative preference but a critical necessity to satisfy the *Shari'ah* condition of *Tamlik* (transfer of ownership). By ring-fencing OPEX, it guarantees that *Zakat* is consumed directly by the eligible poor rather than being inappropriately immobilized in non-liquid assets like concrete buildings.

However, executing this model efficiently across different states requires a shift away from rigid, top-down administrative systems. A decentralized zakat management structure is crucial for the effective deployment of these funds. Decentralization empowers localized organizational branches to operate with greater agility and autonomy, allowing them to identify and respond rapidly to the specific, localized welfare deficits of the elderly in their immediate jurisdictions (Paizin & Sarif, 2018). Furthermore, decentralized governance enhances transparency and community trust, ensuring that localized Waqf and Zakat contributions directly benefit the local ageing population.

4.3 Redefining Asnaf Eligibility in the Context of an Ageing Society

Determining eligibility for long-term care requires a nuanced interpretation of *asnaf* (eligible *Zakat* recipients) categories to ensure that aid reaches the most vulnerable demographics. Senior citizens primarily qualify for *Zakat* support under the categories of *Fakir* (destitute) and *Miskin* (poor), which are rigorously determined based on the *Had al-Kifayah* (poverty line index). However, this assessment must extend beyond mere financial metrics to include "social poverty." Due to changing family structures, rapid urbanization, and a weakened traditional safety net, many elderly individuals face severe social isolation and abandonment, effectively rendering them destitute regardless of their past financial status (Asrulsani et al., 2023).

In addition to poverty-based categories, the category of *Gharimin* (debtors) has emerged as a critical safety net for the elderly. While traditionally applied to general debt, current operational practices correctly extend this category to cover escalating medical debts. The ageing population frequently struggles with outstanding medical expenses, such as costly dialysis treatments, specialized medications, or accumulated hospital bills (Abdullah et al., 2024; Hassan et al., 2020).

By classifying these vulnerable seniors under *Gharimin*, Zakat institutions can directly alleviate the crushing financial burdens of healthcare, preventing the elderly from falling further into extreme poverty.

4.4 Operationalizing Maqasid al-Shari'ah and the SDGs in Care Design

Unlike secular nursing homes, *Zakat*-funded care centres are conceptually and physically designed to uphold the *Maqasid al-Shari'ah* (Objectives of Islamic Law) while simultaneously fulfilling the United Nations Sustainable Development Goals (SDGs) (Abdullah et al., 2025). The preservation of life (*Hifz al-Nafs*) is prioritized as the core operational mandate. This is achieved through mandatory health screenings, proactive chronic disease management, and the provision of specialized, nutritious meals. Such interventions directly support SDG 2 (Zero Hunger) and SDG 3 (Good Health and Well-being), ensuring that the biological needs of the elderly are sustained ethically and comprehensively (Abdullah et al., 2024; Abdullah et al., 2025).

Simultaneously, the design of these facilities actively enforces the preservation of dignity (*Hifz al-'Ird*) and intellect (*Hifz al-'Aql*). Dignity is protected through strict privacy protocols and compassionate caregiving, while cognitive health is maintained through social interaction modules designed to combat dementia and isolation. This value-driven approach cultivates a dignified, intellectually active existence that aligns perfectly with SDG 10 (Reduced Inequalities) and SDG 11 (Sustainable Cities and Communities) (Abdullah et al., 2025; Asrulsani et al., 2023). By merging Islamic ethics with global sustainability benchmarks, these institutions offer a holistic blueprint for elderly care.

4.5 Regulatory Compliance and the Care Economy Ecosystem

To maintain public trust and institutional integrity, Zakat-funded senior care projects must adhere to rigorous governance standards that blend religious and civil accountability. Strict compliance with statutory regulations, such as the Care Centres Act 1993 (Act 506), ensures that these facilities meet national safety and healthcare standards. Beyond basic compliance, the integration of Waqf and Zakat directly contributes to the development of the "care economy," recognizing that accessible healthcare and professional caregiving are fundamental components of broader economic resilience and social well-being (Atan et al., 2025).

Furthermore, evaluating the performance of these institutions must focus on "customer effectiveness," ensuring that Zakat recipients are truly empowered rather than treated as passive receivers of charity (Wahab et al., 2020). Innovative models like the SEEDS@WAKAF initiative illustrate this empowerment perfectly. By utilizing Waqf concepts, Technical and Vocational Education and Training (TVET) students refurbish and redistribute essential medical equipment to underserved elderly populations. This model bridges critical healthcare gaps while promoting SDG 12 (Responsible Consumption and Production) through the reduction of medical waste, ultimately transforming Zakat institutions into proactive, sustainable guardians of social welfare (Jamal et al., 2025).

5. Conclusion

The transition of Malaysia into an aged nation by 2030 presents an urgent call to reform the current social security frameworks, which are increasingly insufficient to support the vulnerable and destitute elderly population. This study conclusively demonstrates that the integration of Islamic social finance, specifically through a hybrid *Zakat-Waqf* financing model, is not merely a *Shari'ah*-compliant alternative, but a strategic imperative for long-term care. By leveraging Waqf and elite philanthropy for permanent infrastructure (CAPEX), and ring-fencing Zakat and mission-driven corporate contributions for daily operational costs (OPEX), this model ensures sustainable and dignified care without depleting religious endowments.

The successful operationalization of this framework, however, depends heavily on agile governance. A decentralized zakat management structure is vital to empower localized institutions, enabling them to respond swiftly to the unique demographic and healthcare deficits in their respective jurisdictions. Furthermore, by redefining *asnaf* eligibility to acknowledge "social poverty" and critical medical debts under the *Gharimin* category, *Zakat* institutions can directly alleviate the modern burdens of the ageing B40 group. Ultimately, aligning these operations with the *Maqasid al-Shari'ah* and the United Nations Sustainable Development Goals (SDGs) ensures that elderly care transcends basic sheltering. It fosters a care economy ecosystem that preserves human dignity, promotes holistic well-being, and empowers the community through sustainable initiatives like medical equipment redistribution.

Limitations of the Study and Future Research

While this paper provides a robust conceptual and policy-oriented framework, it is bound by certain limitations. As a qualitative, library-based research study, the findings are primarily derived from statutory document analysis, institutional reports, and secondary academic literature. The study lacks empirical validation through primary fieldwork, such as in-depth interviews or quantitative surveys with the elderly *asnaf*, care centre operators, or corporate zakat contributors. Consequently, the operational nuances and ground-level challenges of executing the decentralized hybrid model remain theoretically deduced. Future research should address this gap by employing empirical or mixed-methods approaches to test the framework's operational efficiency across different states in Malaysia. Additionally, longitudinal studies evaluating the socio-economic impact of community-driven initiatives on the elderly's quality of life will be crucial to further refine and scale this Shari'ah-compliant care model.

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