

## EDUCATION ZAKAT COORDINATION ISSUES: STUDENTS' BIRTH STATE, PARENTS ADDRESS AND POTENTIAL ECONOMIC LOSS

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### Abstract

*The research examines on the challenges faced by students when applying for zakat with a special focus on the status of their birth state and parent's residential address. Through a mixed-methods approach, the research conducts a comparative analysis of eligibility criteria and collects testimonies from 21 students through interviews to gain qualitative insights, where the mismatch between birth state and residential address of students and parents causes 47% failure in obtaining zakat application approval. The study estimates the economic loss resulting from operational and structural coordination failures by assessing the number of poor migrants household who may underserved by zakat institutions due to mismatch between birth state and residential address or incomplete residential period requirement, which is estimated at RM 4.2 billion and RM 9.96 billion for Selangor and Malaysia, respectively. A focus group discussion among students of zakat class is conducted to validate the identified problems and gather consensus on zakat application processes and challenges, where majority of them got a wrong understanding about the process. The research emphasizes the importance of a streamlined and coordinated approach to enhance the effectiveness of zakat institutions and mitigate economic losses due to coordination failures.*

**Keywords:** Zakat, Economics of Zakat, Education Zakat, Coordination Failures

### 1. Introduction

The empowerment of knowledge exchange has been a significant catalyst for economic progress and development, highlighting the importance of facilitating access to education. This is particularly crucial for students who face financial constraints in pursuing their academic aspirations. In Malaysia, although tertiary education fees in public institutions of higher learning have been subsidized by the government, the overall cost of completing studies remains significant, often amounting to five-figure sums over a three, four or five-year period of study. While there are existing loan schemes, such as the National Higher Education Fund (PTPTN), that primarily cover tuition fees, students often struggle with additional expenses related to their daily livelihood. Therefore, the inclusion of zakat as a financial assistance program specifically targeting student recipients can provide a much-needed cushion to alleviate the

financial burden during their academic journey. At the same time, it highlights the recognition of the importance of supporting students in their pursuit of education.

In Malaysia, the zakat system operates under a state-centric framework, where each state governs its own zakat institution. Consequently, when students seek to apply for zakat, they are supposed to refer to the zakat institution of their birth state or the state where their parents reside. However, this approach may lead to challenges and coordination failures, primarily due to the discrepancies in the application process and the documentation requirements.

One of the key issues arises from the fact that while students are the intended beneficiaries, it is the responsibility of the parents or guardians to apply for zakat on their behalf. The application process requires proof of residential status with minimum periods that correspond with the respective states' zakat requirements. However, complications can arise when parents or guardians have different addresses stated on their Malaysian identity cards (MyKad), potentially stemming from omission of MyKad updates after a long time due to migrations. From the initiative perspective, it is the students that often navigate the internet in search of zakat assistance. However, the actual application process requires the involvement of their parents or guardians. Furthermore, students may consider themselves eligible for zakat under the '*fi sabilillah*' category but the consideration of their parents' address and income in the process may indicate that the application is considered under the '*fuqara*' and '*masakin*' categories. Consequently, the documentation and submission process may become arduous, particularly when there are discrepancies between the birth state and residential address of the students and their parents.

The discrepancies and complexities surrounding zakat applications due to differences between birth state and residential address of students and parents can lead to potential failures in obtaining zakat assistance. A student who fulfils the residency requirement of living in a state where he is applying for zakat may be rejected if his parents are living in another state due to the disparity in residency status between him and his parents. Even if the student takes the proactive step of visiting the institution in person to seek clarification beforehand, the time, transportation expenses, and other resources incurred during this process are costly which reduces the potential economic benefits of zakat and causes inefficiency in the zakat distribution system.

Adding to the predicament, the limited accessibility of zakat institutions exacerbates the challenges faced by applicants. Zakat institutions that are not strategically located, and coupled with inadequate public transportation options, pose additional hurdles for individuals seeking zakat support. Compounding the issue, zakat institutions typically operate solely on weekdays, making it difficult for working parents and students to visit during their limited free time. This lack of accessibility disproportionately affects individuals from lower-income backgrounds who are more likely to work longer hours and have less flexibility in their schedules. Consequently, the cumulative time and mobility costs incurred during the documentation and execution process create inefficiencies and hinder eligible individuals from accessing the zakat benefits they are entitled to.

In this paper, we aim to examine the impact of coordination failures between state zakat institutions on economic loss for prospective zakat recipients among students due to mismatch between birth state and residential address records. Section 2 presents the literature review on recent studies about zakat in the education sector. The research methodology is explained in Section 3, followed by discussion of results and findings in Section 4. Next, we provide some policy recommendations in Section 5, and Section 6 concludes the paper.

## **2. Literature Review**

This literature review seeks to explore the roles and impacts of zakat institutions on students' welfare. Karimuddin (2022) explores the distribution of zakat to Islamic boarding school students in Indonesia from the perspective of *Mazhab Shafi'i*. Students are not considered eligible for zakat under the '*fi sabilillah*' category but they are entitled for zakat if they meet the criteria of being destitute, needy, or requiring financial support for travel under other categories of *asnaf*. The findings indicate that the household income which is contributed by the parents may affect students' eligibility to receive zakat, which is in accordance with our aim to investigate the potential problem of mismatch between the birth state and residential address of students and parents.

Ab Rahman et al. (2021) examine students' awareness and perception on zakat distribution under the '*fi sabilillah*' category at Universiti Sains Islam Malaysia (USIM), which is managed by Centre for Awqaf and Zakat

(PWZ). The findings suggest that students have a good level of comprehension on zakat but are not clear on the criteria used to evaluate zakat applications. Furthermore, students believe that zakat application process is difficult and slow, and most of them even distrust PWZ in distributing zakat to students.

Next, Aminuddin et al. (2017) inspected the efficiency of zakat management by the Johor State Islamic Religious Council (MAINJ) using both financial and non-financial measures. The results indicate an overall improvement in the financial management performance and zakat distribution performance of MAINJ, although with some inconsistencies with regard to the non-financial distribution aspect. The authors believe that students, despite being the largest zakat recipient category in many years, there is a negative relationship between the percentage of zakat for '*fi sabilillah*' category and the amount of zakat collected.

Ayub et al. (2022) explores the efficiency of zakat management at Universiti Teknologi MARA (UiTM) Kedah. The findings highlight the importance of good administration of zakat, effective management practices, and promotional campaigns in instilling confidence among zakat payers and increasing zakat collection. The study emphasises the need for streamlined and structured zakat administration to fulfil obligations and meet demands. From the research, it is possible to understand the improvements that can be made to maintain the efficiency of zakat distribution to student recipients and beneficiaries in similar settings, providing valuable guidance for zakat institutions in enhancing their management practices and increasing the effectiveness of zakat distribution.

Husin et al. (2022) investigate the factors influencing successful zakat distribution among students at Selangor universities and colleges. The research reveals that while zakat knowledge has limited impact, having competent administrators and satisfied recipients greatly contribute to efficient zakat distribution. These findings underscore the importance of these factors in ensuring the effectiveness of zakat distribution and provide valuable insights for stakeholders in Selangor, Malaysia, to enhance the efficiency of zakat distribution to student recipients.

Moving on, Hussain et al. (2021) next investigate the policies, procedures, and practices related to the screening and selection process of eligible recipients for zakat assistance in several Malaysian states namely Kedah, Penang, Perak, Selangor, and Negeri Sembilan in 2021. The findings emphasise the importance of having a streamlined application process, rigorous investigations, and effective monitoring to ensure proper utilisation of zakat funds. The results provide valuable insights into the complexities of zakat distribution, particularly in relation to the efficiency of assisting student recipients, considering factors such as birth state and parental birth state when distributing out the zakat.

Other than that, Kamaruzaman et al. (2023) explores the relationship between economic, social, education and health with zakat contribution in improving the student's quality of life in the Universiti Malaysia Kelantan (UMK). The research indicated that there is a moderately favourable association between zakat and its ability to enhance students' quality of life at UMK, with each component influencing quality of life in its own unique way. However, the study disregards the birth states and residential status of students and parents.

In addition to that, Masruki et al. (2021) examines the practices of zakat distribution of zakat institutions during the COVID-19 pandemic. According to the findings, although each state has their own method of zakat distributions, all of them managed to execute a rather fast action to mitigate the negative effects of the pandemic. Additionally, the amount of zakat distribution can be seen has increased during the movement control order period, in which the results produced by all of the zakat institutions throughout the state are rather outstanding. Students including those who study overseas were among the largest beneficiaries of zakat disbursement by various zakat institutions in the country during the pandemic. However, there was no mention of whether the birth state and residential address of students and parents play a role in influencing zakat approval during the pandemic.

Nor Muhamad et al. (2018) explores the perspective of students regarding the effectiveness as well as the process of distribution of zakat to '*fi sabilillah*' *asnaf* by Zakat Unit, Islamic Centre, Universiti Teknologi Malaysia (UTM), which is found to be well positioned. Students also agree that the zakat management of of UTM managed to improve their well-being during their studies.

Syed Yusuf et al. (2022) explores the factors that affect the effectiveness of distribution of zakat for university students in Sarawak. Based on the findings, technology improvement and better governance generate positive results

compared to the application procedures. The researchers noted that the possibility of it happening may be due to the unchanged procedures of zakat application in Sarawak, which has not affected the distribution procedures.

Takril & Othman (2020) explores the effectiveness of zakat collection and distribution of zakat counter at higher education institutions (HEIs). They looked at zakat counter under the purview of Lembaga Zakat Selangor (LZS) at five HEIs in Selangor, which are Kolej Universiti Islam Antarabangsa Selangor (KUIS), Universiti Putra Malaysia (UPM), Universiti Teknologi Mara (UiTM), Universiti Kebangsaan Malaysia (UKM), and International Islamic University Malaysia (IIUM). The findings suggest that the collection and distribution of zakat at zakat counter of these HEIs are ineffective, and they are allowed to disburse only half of the amount of zakat collected to their local community while the remaining half must be surrendered to LZS. The authors strongly call for LZS to revise both the *kifayah* limit for students and the proportion allocated to zakat counter at HEIs to improve the efficiency of zakat distribution.

Moreover, Wahid et al. (2017) compares the relationship between financial management and the efficiency of zakat distribution between five State Islamic Religious Councils (SIRCs) in Malaysia, which are Selangor, Penang, Terengganu, Johor, and Sabah. The study utilises secondary data from the annual reports of MAIN institutions from 2000 to 2013. Their findings are also consistent with Aminuddin et al. (2017) where the percentage of zakat disbursed to students under the '*fi sabilillah*' category decreases as total zakat increases. The study also highlighted that the SIRC of Negeri Sembilan regard the education sector under the '*riqab*' category and not '*fi sabilillah*' as treated by other SIRCs. This may result in different eligibility requirements for students who are applying for zakat in Negeri Sembilan.

Last but not least, Mohamad Zaki et al. (2020) investigate the methods of zakat distribution for education by Lembaga Zakat Negeri Kedah (LZNK) and evaluate them based on the principles of *maslahah*. The zakat assistance provided by LZNK is not limited to financial but include other forms, such as flight ticket covering, hostel foods, and even construction of study places for students.

### **3. Research Methodology**

This study employs a mixed-method approach to investigate the coordination failures among state zakat institutions and estimate the economic loss resulting from these failures, ranging from qualitative as well as quantitative analysis in order to help us address the issues pointed out in our studies.

Firstly, a review of previous studies is conducted to identify factors that determine zakat distribution efficacy. The variations and discrepancies in the eligibility criteria between zakat institutions in HEIs, particularly those related to students' birth state and parental birth state, are assessed to identify potential sources of coordination failures. The strategies and practices to address these problems as recommended by previous studies are also highlighted. The review involves 20 most recent studies since 2015 that focuses on zakat at HEIs and students' welfare.

Secondly, we interviewed 21 students who have applied for zakat to gain insights about the challenges and difficulties in the application process, particularly on their birth state and residential location of their parents. According to Francis et al. (2010) and Hennink & Kaiser (2022), data saturation is achieved at 17 interviews, especially among homogenous populations and narrowly defined objectives. Thus, we believe that our sample of 21 students interviewed is sufficient to represent the experience of zakat applications from students with a special focus on their birth state and parents' residential location. The interviews were conducted in July 2023. Their testimonies are obtained through phone calls on to document their first-hand experiences and highlight the challenges encountered during the application process, providing us with valuable information on issues related to coordination failures between state zakat institutions.

Next, a focus group discussion (FGD) is also conducted to validate the identified problem. For the FGD, we engage the ECON 4550 Economics of Zakat class in IIUM which consist of 35 students. The FGD aims to gather consensus regarding the understanding of zakat application processes as well as to assess the audience's perception of uncertainties or challenges related to meeting the zakat pre-requirements. The class is chosen since it is a final year course and the students have been exposed to both the *fiqh* and economic dimensions of zakat. Two questions are posed to the FGD participants. Firstly, which party, either the students or the parent, is primarily responsible in filling

out the documentation as well as the forms needed to apply for zakat on its website? Secondly, they are shown several posters published by zakat institutions on zakat assistance for students in higher education and asked to identify whether student or parent is the main applicant that is responsible in applying the zakat assistance. The students' responses are then collected, which can provide additional insights while supporting the validation of the identified coordination failures.

Lastly, we suggest several solutions to address the identified coordination failures based on existing literature. Successful practices are analyzed for potential adaptation to the context of zakat institutions for students. This will aid us in generating strategies and recommendations that are considered feasible and practical to improve coordination among state zakat institutions and enhance the efficiency of zakat distribution.

## **4. Results and Findings**

### ***4.1 Factors of Zakat Distribution Efficacy***

Among the key issues pertaining to zakat distribution efficacy is the need for competent administration and management practises as highlighted by Ayub et al. (2022), Husin et al. (2022), Hussain et al. (2021), and Ramli & Hamdan (2017). This involves streamlining application processes, conducting thorough investigations, and effectively monitoring the use of zakat assets. The relevance of this finding on our research is because effective administration plays an inalienable role in proper zakat distribution. Administration has a hand in ensuring optimal resource allocation, timely distribution and transparent and fair selection of zakat distribution. These literatures highlight that in order to understand the barriers of zakat distribution and the impact of birth state on zakat efficiency, the role of effective administration must be examined.

Some of the articles have also shown to investigate the link between financial management and the efficacy of zakat distribution. Aminuddin et al. (2017), Omar (2019), Omar et al. (2017), and Wahid et al. (2017) mentioned that effective financial management in zakat organisations is critical for effective distribution, and it is connected to improved zakat collection and distribution. This theme is relevant because financial management is critical in distributing zakat funds to eligible recipients. It entails creating fair and transparent methods for identifying and evaluating recipients, deciding the proper amounts to be paid, and ensuring that the funds reach the intended recipients in a timely and efficient way. Effective financial management ensures that zakat funds are allocated in conformity with Islamic principles and directed to the most deserving and in need recipients. Other than that, zakat organisations can distribute resources more effectively and efficiently with the help of financial management. Organisations can assess the areas of most need and provide cash accordingly by properly managing and monitoring zakat funding. Financial analysis and planning assist in identifying priorities, setting goals, and making educated decisions about zakat resource allocation to maximise its impact on poverty reduction, education, healthcare, social welfare, and other sectors.

Ramli & Hamdan (2017), Syed Yusuf et al. (2022), Takril & Othman (2020), and Mohamad Zaki et al. (2020) also stress the necessity of having standardised guidelines, criteria, and procedures in place for evaluating eligibility and administering zakat to student recipients. This contributes to the distribution process fairness, transparency, and consistency. Clear guidelines and procedures assist to reduce zakat-related conflicts and controversies. When a standardised system is in place, receivers know what to anticipate and can comprehend the reasoning behind distribution decisions. This decreases the risk of conflicts and increases stakeholder trust and satisfaction. Standardised guidelines and procedures ensure that zakat is distributed in a uniform manner. They establish certain criteria and eligibility standards for identifying who is eligible to receive zakat. This uniformity reduces the possibility of prejudice, favouritism, or arbitrary decision-making, ensuring that zakat is distributed fairly and equitably. In relation to our research, these discrepancies between zakat states and differences in regulation directly contribute to the issue of conflict between birth states of zakat recipients and parental birth states.

Other than that, most of the articles are focused on reviewing and studying the efficiency of specific state zakat institutions or zakat distribution in a specific state. For example, Karimuddin (2022), Nor Muhamad et al. (2018), Sidek & Mat Ali (2022), Aminuddin et al. (2017) highlights that the efficiency of state zakat institutions varies and that there are major differences in the collection, application and distribution of zakat in these states. This finding is relevant to our research because it directly confirms that there exists discrepancies between the implementation of

zakat distribution by zakat agencies. In order to fix this issue, it is important that the differences in the processes of these zakat agencies be highlighted and studied to create a better system that is more standardised and is still able to cater to the local needs of each jurisdiction.

Most of the articles discussed in the literature review, including Osman et al. (2019), Omar (2019), and Nor Muhamad et al. (2018,) focuses on student recipients and general *asnaf*. To a certain extent, the distribution of zakat improves the quality of life of the recipients. Wahid et al. (2017) and Aminuddin et al. (2017) found that students under the '*fi sabilillah*' category is among the largest recipients of zakat but the percentage of zakat disbursed under the '*fi sabilillah*' category decreases as total zakat increases. Accordingly, Johari et al. (2015) and Mohamad Zaki et al. (2020) highlight the need of a better methodology to rank the different zakat recipients category in terms of priority. Figuring out which people are most in need is essential in ensuring that zakat distribution is fair and equitable and provides the most impact in the community. Without this level of analysis, zakat institutions run the risk of undeserving or possibly neglecting their constituents and failing the purpose of zakat altogether. In relation to our research, these differences in the focus of zakat recipients need to be studied in order to figure out which demographics are underserved or neglected, specifically, if those that are neglected and underserved are due to the mismatch between the birth states and residential address of students and parents.

#### ***4.2 Birth State and Residential Status of Students and Parents***

The results from our interviews with 21 students conducted via phone call are presented in Table 1. The interview findings present a number of interesting insights into factors influencing the zakat application process. One striking observation is that all 11 successful applications came from students who's MyKad, birthplace, parents' residential address, and zakat office are of the same state. This alignment facilitated a smoother application process for them, eliminating the need to navigate through the complexities of cross-state documentation.

Another noteworthy discovery was related to the accessibility of zakat offices. Fortunately, many of the respondents reported having no trouble reaching the zakat offices, as they were conveniently located near their residences. However, the mode of transportation used to get there presented an interesting trend. Most applicants opted for private vehicles, such as motorcycles or cars, rather than relying on public transportation. This preference for private vehicles could be attributed to various factors, including convenience, flexibility, and possibly a lack of well-established public transport routes in certain areas.

Table 1. The relationship between MyKad’s state, birthplace, parents’ residential state, state zakat office on zakat application results

Interviewees	Age	Gender	State on MyKad	Student’s Birthplace	Parents’ State of Residence	State of Applying for Zakat	Application Result
R01	23	M	Selangor	Selangor	Selangor	Selangor	Successful
R02	19	M	Selangor	Selangor	Selangor	Selangor	Successful
R03	21	F	Selangor	Selangor	Selangor	Selangor	Successful
R04	23	M	Terengganu	Terengganu	Terengganu	Terengganu	Successful
R05	20	M	Pahang	Selangor	Selangor	Selangor	Unsuccessful
R06	25	F	Selangor	Selangor	Selangor	Selangor	Successful
R07	21	M	Kelantan	Kelantan	Kelantan	Kelantan	Successful
R08	27	F	Kelantan	Kedah	Kelantan	Kelantan	Unsuccessful
R09	24	M	Perak	Selangor	Selangor	Selangor	Unsuccessful
R10	23	M	Sarawak	Sarawak	Sarawak	Sarawak	Successful
R11	20	M	Sabah	Sabah	Sabah	Sabah	Successful
R12	23	M	Pahang	Pahang	Perak	Pahang	Unsuccessful
R13	20	F	Johor	Johor	Johor	Johor	Successful
R14	23	F	Pahang	Pahang	Pahang	Pahang	Unsuccessful
R15	24	F	Melaka	Melaka	Selangor	Melaka	Unsuccessful
R16	23	M	Kuala Lumpur	Kuala Lumpur	Selangor	Kuala Lumpur	Unsuccessful
R17	24	M	Kuala Lumpur	Kuala Lumpur	Selangor	Kuala Lumpur	Unsuccessful
R18	28	F	Pahang	Pahang	Pahang	Pahang	Successful
R19	21	M	Melaka	Melaka	Melaka	Melaka	Successful
R20	22	M	Kedah	Kedah	Melaka	Kedah	Unsuccessful
R21	26	M	Selangor	Selangor	Johor	Selangor	Unsuccessful

Regarding the outcome of the zakat applications, the results were mixed. While 11 applicants were successful in receiving the zakat assistance they applied for, there are 10 cases where the applicants faced either delays or obstacles in obtaining approval. The disbursement of zakat was delayed due to various reasons, such as issues with documentation or the need to validate residency in a specific state for a certain period. One recurring issue for some respondents was the complexity of validating their place of residence when their MyKad address differed from that of their parents’ address or was in a different state altogether. This led to a more rigorous and time-consuming process, causing delays in the zakat approval.

For those who did not receive zakat assistance, the primary reason appeared to be related to the state or district they were required to apply in. One poignant example was R08 student from Kelantan who shared that, despite residing in Kelantan, her MyKad code indicated her birth state as Kedah, which made her ineligible to apply for zakat in Kelantan. This discrepancy underscored the impact of birth state information on the zakat application process.

The unique case from Pahang highlighted another layer of complexity, as the R14 student faced rejection of her zakat application due to applying in a district other than her birth district, Pekan. This demonstrated that not only state governance differences could affect the process but district governance as well, adding further

intricacies to the system. In the end, the respondent has to go through several times between different offices to confirm the whereabouts of her zakat application submission.

The survey findings indicate that the zakat application process can be influenced by various factors, including alignment of birth states on MyKads, and the intricacies of state and district governance.

#### **4.3 Potential Economic Loss Due to Mismatch of Birth State and Residential Status of Students and Parents**

A total of 19,103 *asnaf* families in the state of Selangor received assistance from the Selangor Zakat Board (LZS) involving an expenditure of RM116.5 million throughout the 2022 (Abd Wahab, 2023). However, there is a possibility that some categories of *asnaf* including students who migrated from other states to Selangor are unable to access zakat benefits and thus led to inefficiencies in zakat management of the state. In order to understand the magnitude of the problem, we looked at data from the department of statistics and compared them with studies of migration patterns related to intra-state and inter-state migration. With this, we were able to roughly estimate the total economic loss of the systemic inefficiencies.

According to the Department of Statistics of Malaysia (DOSM), families that earn less than RM2,500 are in the lowest 10 percentile of Malaysian income earners. In most states, these families are eligible to apply for zakat assistance. Based on UNESCO's Overview of Internal Migration in Malaysia (2018), about half of the population in Selangor migrated from different states, and about 24.8% of migration in Malaysia is inter-state migration. Assuming that the bottom 40% (B40) of those who migrated are qualified for zakat, we can estimate that the population that is vulnerable to systemic zakat inefficiencies due to mismatch between birth states and residential address are around 1.4 million people in Selangor and 3.32 million across Malaysia for the year 2023.

If a student applies for zakat assistance that gives out benefits that are valued at RM3,000 yearly and is unable to access these benefits due to the systemic problems, this means that almost RM 4.2 billion in benefits is not able to reach the targetted *asnaf* families in Selangor and RM 9.96 billion across Malaysia. This is a sizable amount that affects many Malaysians and could improve the lives of many *asnaf* families that could benefit from the assistance.

Furthermore, these *asnaf* families are also negatively affected by these systemic issues logistically since many of these individuals have to go and apply for zakat assistance. Hence, the estimated economic loss is actually higher since these families waste their time and resources to go to zakat centres only to be rejected in the end. From our rough estimates, we believe that the economic loss from zakat system inefficiencies warrant further study into the issue and policy changes to streamline and improve zakat institutions in order to ensure these institutions are able to serve their constituents better.

#### **4.4 Confusion on Zakat Primary Applicants between Students and Parents**

The findings from the FGD with 35 students in the Economics of Zakat class revealed that there is a significant level of confusion among them regarding the process of zakat application. After being shown a few posters on zakat for education purposes published by several zakat institutions, majority of students, specifically 27 out of 35 students, held the misconception that they themselves were the primary applicants for zakat assistance in tertiary studies, when in reality, it is the responsibility of their parents. This misunderstanding showed the presence of uncertainties and lack of clarity surrounding the zakat application process, particularly for first-time applicants. Among the 35 students surveyed, a significant 12 of them revealed that when it comes to dealing with financial documentation, especially for matters such as scholarships, financial assistance, government incentives, and other related documents, they take the initiative themselves and personally fill out the necessary forms, rather than relying on their parents to do it for them. This trend is noteworthy and carries potential implications for students applying for zakat as well.

The fact that a considerable proportion of students handle their financial paperwork independently tells us the possibility that a similar scenario could play out when they apply for zakat. It is plausible that these students might undertake the zakat application process on their own, inadvertently leading to misunderstandings regarding their eligibility criteria or other prerequisites. For instance, they might confuse the requirements specific to their state of birth with those of their parents or overlook certain pre-requisites with regard to state residential status, which could potentially affect their chances of receiving zakat assistance.

## 5. Policy Recommendations

The findings of this study have several important suggestions for the improvement of zakat distribution, to which we deemed as suitable and practical in order to address the coordination failures observed between zakat institutions. The significant economic loss resulting from applicants, focusing on students who are unable to access zakat benefits due to these coordination failures and logistical issues underscores the urgent need for reform and streamlining of the application and distribution processes. There is a need for restructuring in order to improve efficiency while easing the process of collection, distribution as well as the application especially for the recipients, which in this case focuses on the students.

Firstly, it is crucial to establish a standard operating procedure among zakat institutions across states, which covers all management aspects including application, collection, and distribution. By implementing a unified framework, it will help ensure consistency and fairness in the allocation of zakat funds. Not only that, it will also create an environment where it is less stressful due to easiness in executing activities that are considered zakat related. Furthermore, looking from another perspective, improving the efficiency of zakat institutions will not only work out internally, but will also affect externally. This is by restoring the name while at the same time raising zakat institution credibility and its reputation to the eyes of the world, which at the same time could also mean enhancing their reputation. Last but not least, improving zakat efficiency will also create a “snowball” effect. In this case, it will assist in improving the economy of the country as a whole as the process regarding zakat related activities is now much easier and efficient to be handled or received by the eligible recipients. A national standard of zakat management can facilitate better coordination among different zakat institutions, minimize discrepancies in distribution methods, and enhance the overall efficiency of the system.

Additionally, the creation of an integrated data network between zakat institutions and related third parties, particularly HEIs for education zakat applications, can greatly simplify the application process and improve security. This network would allow for seamless sharing of information and verification of applicant data, reducing the need for repetitive documentation and physical visits. Waste of important resources either in terms of financial or else could also be prevented or minimized by reducing the repetition of zakat related documents. In another word, by leveraging technology and digital platforms, applicants can have a more streamlined and efficient experience when applying for zakat assistance. This would also mean the users, either zakat payers or even recipients will be able to enjoy smooth and easy transactions and activities with the zakat institutions.

Moving on, another critical aspect that should be addressed within the zakat institutions is improving clarity in the application process. To summarize, there is a need for clear guidelines, comprehensive instructions as well as easily accessible information that should be provided by the institutions to the applicants while also at the same time ensuring that they understand the requirements and procedures involved while applying for the zakat funds. As for that, in order to achieve it, several methods such as the development of user-friendly materials such as brochures, online resources, and instructional videos which further assist the applicant in understanding the procedures and enhance comprehension of the zakat institutions. Not only that, clear communication and transparency will also help them to alleviate confusion and uncertainties, enabling applicants to navigate the process with ease while minimizing or even avoiding circumstantial incidence.

The implications drawn from the study suggest the need for comprehensive reforms in zakat institutions to address coordination failures, minimize economic losses, and enhance the efficiency and effectiveness of zakat distribution. A centralized and standardized approach, integrated data networks, improved clarity in the application process, and enhanced transparency are key strategies that can contribute to a more streamlined and accessible zakat system, benefiting both applicants and donors alike.

## 6. Conclusion

This study looked at breaking the barriers of zakat distribution and examining the impact of birth state and parental birth state on zakat efficiency for student recipients, where it provides important insights into the challenges and potential solutions in this area. The findings highlight the inefficiencies and coordination failures within state zakat institutions, particularly related to the application process and eligibility criteria. The discrepancies arising from differences in birth state and parental birth state create barriers for student recipients in accessing zakat assistance.

The literature suggests several key recommendations to enhance zakat efficiency for student recipients. Firstly, there is a need for standardized guidelines and procedures across state zakat institutions to ensure consistency and fairness in the allocation of zakat funds. Clear and comprehensive instructions should be provided

to applicants, along with user-friendly materials and accessible online resources to facilitate understanding and navigation of the application process. In addition, the establishment of an integrated data network between zakat institutions and relevant third parties can streamline the application process, reduce paperwork, and improve security. Leveraging technology and digital platforms can enhance the efficiency and transparency of zakat distribution, benefiting both applicants and zakat payers. There is also a need for effective administration and financial management within zakat institutions. Competent administration ensures proper resource allocation and monitoring, while sound financial management enables effective distribution of zakat funds to eligible recipients. These aspects contribute to the fairness, transparency, and accountability of zakat distribution. By overcoming barriers and promoting efficiency, zakat initiatives create a community where everyone, including students, can flourish, contributing to the nation's growth and development.

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