

Adapting Malaysia's Tabung Haji Model: A Strategic Proposal for Thailand's Hajj Fund as a Case Study Possibility

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Abstract

The Hajj pilgrimage is a vital religious obligation for Muslims, yet financial barriers remain a significant challenge for many, particularly in developing countries. This study proposes adapting Malaysia's successful *Tabung Haji* model to establish a Shariah-compliant Hajj savings fund in Thailand. *Tabung Haji's* integration of ethical investment strategies, profit-sharing mechanisms, and government-backed security has demonstrated its effectiveness in enabling millions of Malaysian Muslims to fulfil their religious duties. Drawing on the principles of Islamic finance, this research suggests replicating these features in Thailand while incorporating financial literacy programs to empower Thai Muslims. The proposed model emphasizes adherence to Shariah principles, including the prohibition of *riba* (interest) and *gharar* (uncertainty), to create a sustainable and accessible financial mechanism. According to this model, Thailand can improve the experience of handling money as well as paving the way for the poor Muslim minority to perform the Hajj pilgrimage; this case can be a model for other countries that face such challenges.

Keywords: Tabung Haji Model, Shariah-Compliant Savings, Hajj Fund, Islamic Finance, Financial Literacy

Introduction

The Hajj pilgrimage is one of the five pillars of Islam, representing a spiritual journey of profound significance for Muslims. However, for many Muslims especially those within the least developed countries, the aspect of money for this pilgrimage still remains a problem. The *Tabung Haji* (Hajj Fund) model in Malaysia has been widely successful in addressing this issue by providing a Shariah-compliant and government-backed savings mechanism. From this research, the following recommendation will be given, this is that the Malaysia *Tabung Haji* model should be adopted to Thailand Hajj Fund in order to enhance its accessibility of

enhancing the financial support for the Thai Muslims. By drawing from the *Tabung Haji* model's success, this proposal aims to integrate Islamic finance principles and offer a sustainable, efficient solution for financing the Hajj pilgrimage.

The *Tabung Haji* Model: An Overview

Tabung Haji was established in Malaysia in 1963 as a savings scheme designed to help Muslims save for their Hajj pilgrimage. The fund operates through a Shariah-compliant structure, ensuring that investments adhere to Islamic ethical principles, avoiding *riba* (interest) and *gharar* (uncertainty). *Tabung Haji* collects deposits from Muslims, which are invested in various Shariah-compliant ventures such as real estate, sukuk, and Islamic equity funds. In return, such investments yield their profits and pays dividends, which may be in the form of profit-sharing dividends to the depositors (Yusof & Ahmad, 2022).

Tabung Haji has been very successful mostly because of its government regulation as it ensures that it is fully abreast with all the regulatory policies that require it to run the company fully open and with full capital security. It also brings every service concern with Hajj such as travelling, medical facilities and accommodation. The fund's asset-backed investment strategy and ethical financial practices have contributed to its resilience and continued growth (Galdeano et al., 2019; Zubair, 2020).

Malaysia's Tabung Haji: A Case Study of Success

A case study of Malaysia's *Tabung Haji* highlights the success of a Shariah-compliant Hajj savings mechanism. For instance, in the financial year of 2020, the fund paid an average annual gross dividend rate of 4.25 which is impressive given the context of Islamic finance (Ismail & Hamid, 2021). Such amount has been achieved through investment in real estate and sukuk to give such steady returns, besides the investments being supported by the government to guarantee depositors' funds. For instance, in 2019 the *Tabung Haji* invested in properties in Saudi Arabia adding to the portfolio and improving the earnings (Yusof & Ahmad, 2022).

Moreover, *Tabung Haji* has played a critical role in making the Hajj pilgrimage financially accessible to millions of Malaysians. It has disclosed in its 2021 annual report of holding more than 9 million accounts, which is a significant source of money for the Muslims to avail in Malaysia (Shariati & Bakhtiar, 2020). In addition, *Tabung Haji* offers other services for Hajj to ensure that the pilgrims perform their journey without insecurities.

Thailand's Need for a Hajj Fund

Muslims make up around 12 percent of Thailand's population¹, which is approximately 71.6 million² according to the latest data from the United Nations. Despite this, there is no well-organized financial system to help Thai Muslims save for Hajj, a key religious obligation. While the Department of Religious Affairs (DRA) oversees the Hajj process in Thailand, the lack of a Shariah-compliant savings fund leaves many Muslims to rely on personal savings, which often fall short due to the significant costs associated with the pilgrimage (Mollah & Yousuf, 2021).

¹ <https://riyadh.thaiembassy.org/th/page/29025-muslim-in-thailand-2?menu=5d80b46615e39c0a50006465>.

² U.N. Dept. of Economic and Social Affairs - Population Division. [World Population Prospects: The 2024 Revision](#). (Medium-fertility variant).

Furthermore, there is a lack of financial literacy programs designed specifically for the Muslim community to save in a structured way. While there are Islamic financial institutions in Thailand, the majority of Thai Muslims are not fully aware of the advantages of Shariah-compliant investments and savings mechanisms. This lack of understanding hinders the ability of Muslims to save effectively for the journey to perform Hajj, which is still an expensive venture to many.

Problem Statement

In Thailand, a significant portion of the Muslim population faces financial barriers in fulfilling the religious obligation of performing the Hajj pilgrimage due to the high cost associated with travel and related expenses. Despite the existence of some governmental support through the Department of Religious Affairs, there is a lack of a structured, Shariah-compliant savings mechanism that allows Muslims to save for Hajj in a sustainable and financially inclusive manner (Mollah & Yousuf, 2021). Furthermore, the absence of financial literacy programs tailored specifically to the Muslim community limits their ability to engage effectively with Islamic finance tools that could facilitate their pilgrimage savings (Shah, 2021).

The *Tabung Haji* model in Malaysia, which provides a Shariah-compliant savings and investment mechanism for Muslims to save for Hajj, has proven successful in addressing similar challenges. However, Thailand does not have such a system in place (Yusof & Ahmad, 2020). Consequently, and as concluded in this dissertation, it remains possible to show that for many Thai Muslims, the financial preparation for the performance of the Hajj remains inapt due to the absence of a Hajj fund with an ethical investment emphasis and a government guarantee. This research seeks to propose the adaptation of the *Tabung Haji* model in Thailand, aiming to establish a Shariah-compliant Hajj savings fund that provides greater accessibility to the Hajj pilgrimage, promotes financial literacy, and ensures ethical investment aligned with Islamic principles (Zubair, 2020). Based on the above discussion, the following research framework is presented.

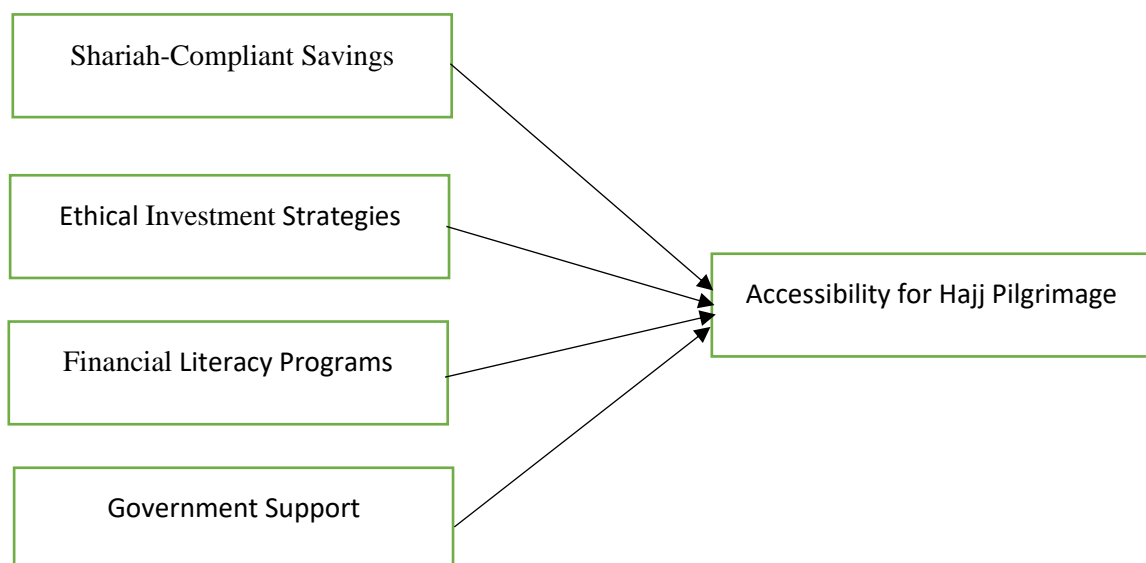


Figure 1: Research Framework

Proposal for Adapting the Tabung Haji Model to Thailand

Given the success of the *Tabung Haji* model in Malaysia, this research proposes adapting this model to Thailand's Hajj Fund. The adaptation would involve several core elements:

Shariah-compliant Savings Fund: There will be establishment of a Hajj savings fund in Thailand under the regulatory of Department of Religious Affairs. It would invest based on the Islamic law – Shariah to promote ethical investments and give depositors 'shares on profits rather than interest. These could include sukuk, Dubai Islamic bonds, real estate and other ethical vehicles (Kamali, 2022).

Government Support and Regulation: Like in the case of Malaysia, the Thai government must guarantee that the fund is secure and will be able to adequately protect the depositor's money and encourage people to invest in it. This would include tax credit or deduction to the effect that saving for Hajj becomes easier (Shah, 2021).

Financial Literacy Programs: To promote engagement with the Hajj savings fund, financial literacy programs would be introduced. These programs would focus on educating the Muslim community about Islamic finance principles, the benefits of Shariah-compliant savings, and how to manage their finances for long-term goals like Hajj.

Hajj Services: *Tabung Haji* has the authority to carry out services within the context of Hajj beginning from travel arrangement, medical services and accommodation services for Hajj pilgrims and the same should apply to Thailand Hajj Fund for Thai pilgrims the process should be as simplified as possible.

The Role of Islamic Finance Principles

The success of the *Tabung Haji* model lies in its adherence to Shariah-compliant principles. These principles guide the ethical investment of funds and prohibit practices such as *riba* (interest) and *gharar* (excessive uncertainty). These prohibitions are firmly supported by Islamic teachings, as outlined in the Quran and Hadith.

Al-Quran, Surah Al-Baqarah (2:275), states:

"إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا"

Translation: "Trade is [just] like interest." (Quran 2:275)

This verse highlights the ethical difference between trade and interest, reinforcing the necessity of avoiding *riba* in Islamic finance. The principle of profit-sharing (*Mudarabah*) in *Tabung Haji's* investment strategy ensures compliance with this prohibition by distributing profits based on actual performance.

Similarly, the Hadith on Shariah-compliant investments is reflected in the following narration:

"مَنْ لَا يَحْتَسِبُ أَمْوَالَهُ وَأَنْفَقَهُ فِي سَبِيلِ اللَّهِ لَمْ يَفْلِحْ"

Translation: "Whoever does not account for his wealth and expenditures in the path of Allah will not succeed." (Sunan Ibn Majah, 1:13)

This hadith underscores the importance of responsible management and ethical allocation of resources, encouraging Muslims to engage in investments that contribute to the greater good, particularly in religious and community-focused endeavours like Hajj funding.

Discussion of Findings

Based on the conclusion of this study, the applicability of Malaysia's *Tabung Haji* model must inform the development of a suitable Islamic saving tool in Thailand that will help many of its Muslim population who are financially challenged to undertake the pilgrimage to the holy land. The emulating *Tabung Haji* model would be to adopt both ethical investment for the fund and the shariah compliant profit-sharing model, and in addition fully backed by government guarantee which are essential since financial inclusion is still a challenge in most parts of the world. By replicating these approaches, namely investments in sukuk and property owned, the Thai Hajj Fund would be able to be self-sustaining as well as halal, in alignment with Shari'ah (Yusof & Ahmad, 2022).

Furthermore, those strategies proposed to involve financial literacy programs correspond to Sundararajan (2007), who noted that education in Islamic finance is important for promoting Shariah-compliant mechanisms of savings. This in turn not only helps prepare people for the financial aspects but also equip them with tools to make a sound financial decision. Research such as Hassan & Khan (2019), provide an endorsement to the idea that financial inclusion through Islamic banking needs institutional backing and community mobilisation, which this proposed Thai model intends to achieve.

In addition, the call for government support synthesizes with the Malays regulation practices as identified in this study that have been paramount in establishing the public confidence hence making the *Tabung Haji* model successful (Zubair, 2020). The combination of elaborate Hajj allied services including travels and medical facilities is also in concordance with the global benchmarks of such Hajj funds, as seen by Bashir et al., (2015). These findings suggest a clear framework of sustainable, inclusive and ethical financial mechanism in Thailand.

Theoretical Implications

This work offers new insight into Islamic finance by examining the application of a model developed in one geographical location to another. In so doing, it contributes to theories related to the usage of Islamic savings fund as applicable for Thai Muslims and thereby expands ideas of Islamic financial inclusion particularly to countries where the proportion of such users is relatively low. The operating model elements include partnership through profit sharing, investment based on asset, and the Shariah prohibition of both *riba* and *gharar* as basic components of an operating model for Islamic finance in the US, as a model for a country that is capacitated to offer Financial Inclusion solutions to the less fortunate members without compromising on ethical standards of investments (Ahmed, 2011). The study also highlights the need for financial literacy campaigns in encouraging appropriate use of sharia finance products, which is an area that has being pointed out to be vital in determining profits or otherwise of financial inclusion (Sundararajan, 2007; Zulfa et al., 2021).

Practical Implications

The practical implications of this research can be profound for Thai policymaker and the members of the Muslim community in Thailand. By adapting the *Tabung Haji* model, this study proposes a Shariah-compliant Hajj savings fund that would provide a structured, sustainable, and government-backed solution for Thai Muslims to save for their pilgrimage. The model also incorporates ethical investment strategies such as sukuk, real estate, and Islamic equity funds, which are proven to offer both financial security and profit-sharing

returns (Bashir et al., 2015). Moreover, the integration of financial literacy programs would help educate the Muslim community about the benefits of Islamic finance, empowering them to save efficiently for long-term goals like Hajj. This could act as a possible reference for other nations with big Muslim populace that has similar fiscal constraints in enabling Hajj (Mollah & Yousuf, 2021).

Limitations and Future Recommendations

Some limitation for the proposed model includes: The study mainly relies on the *Tabung Haji* model as a theoretical framework without empirical data from Thailand's Muslim community to assess their financial behaviours and needs. The future research could be survey and interviews with Thai Muslims to get the real statistics as to their current financial readiness and intent for structured saving plan for Hajj as identified in the study by Sundararajan (2007). In addition, the research posits that the Thai government will back such a model; however, legislation barriers and the unwillingness of local actors such as financial institutions are expected to be a challenge. Subsequent research should consider analysing the legal framework in Thailand and how it can be used to foster the success of the Hajj savings fund (Hassan & Khan, 2019). Further research is needed to determine the financial feasibility and elasticity of the proposed savings fund model in the Thai setting as well.

Conclusion

This research proposes adapting Malaysia's *Tabung Haji* model to Thailand's Hajj Fund, with the goal of providing a sustainable and Shariah-compliant savings mechanism for Thai Muslims. By incorporating ethical investments, government regulation, and financial literacy programs, the model seeks to address the financial barriers that prevent many Thai Muslims from performing the Hajj pilgrimage. The adaptation of this model would contribute to financial inclusion and economic empowerment for the Muslim community in Thailand, offering a long-term solution to the challenge of funding religious obligations. The success of such a model could inspire similar initiatives in other countries with large Muslim populations, fostering broader adoption of Islamic finance principles in addressing socio-economic challenges (Zubair, 2020; Hassan & Khan, 2019).

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