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Article

Managing Zakat Through the *Wakalah* Zakat System: Insights from the Perspective of the Zakat Collection Centre - Islamic Religious Council of the Federal Territory (PPZ–MAIWP)

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ABSTRACT - Malaysia has developed a zakat system that allows for collection and distribution beyond private institutions or groups involved in zakat collection and zakat distribution. Since the Malaysian zakat system is often regarded as sophisticated, it is frequently used as a benchmark to learn from. In zakat management, the *wakalah* concept is used in relation to the zakat return policy. This policy is a program where zakat institutions give zakat payers the authority to self-distribute zakat funds to qualified *asnaf* groups through the return of a specific amount of zakat funds paid in accordance with the established conditions. This study aims to explain the implementation of zakat *wakalah* at PPZ–MAIWP. A semi-structured interview was conducted to collect relevant data from subject-matter expert. The collected data were analysed with a focus on the identified themes. The findings indicate a transition in *wakalah* zakat at PPZ–MAIWP from a manual process to a more sophisticated and systematic one, facilitated by an established system. This study is significant for zakat institutions, academics and zakat payers as it enhances their understanding of the application of zakat *wakalah*.

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INTRODUCTION

Zakat serves as an instrument for poverty eradication. Furthermore, Muslim scholars opined that the proper distribution of zakat to the eight eligible groups of *asnaf* is essential as failure to do so could undermine the faith of Muslims (Adnan et. al, 2019). According to Al-Qardawi (1987), from the perspective of Shariah, zakat can be defined as a specific quantity of property that Allah SWT has required to be transferred to those who are entitled to receive it. Meanwhile, the Arabic term *Wakalah* is derived from the word *Wakila*, which means "representative" (Ibn Manzur, 1997). It refers to an arrangement in which a person seeks assistance of another to perform a task or manage an affair, including property management, inheritance distribution, sales agency or other commercial representation (Tahir & Ahmad, 2009; Majma' al-Lughah al-Arabiyyah, 1985). In the context of Shariah, the term "*wakalah*" carries several interpretations. According to Al-Nawawi (2003), *wakalah* refers to work assigned to others guaranteed to be carried out during his lifetime. Hanafi scholars define *wakalah* as assigning someone to carry out Shariah-required tasks or

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appointing someone to assume responsibility for a particular matter (Al-Zuhaili, 1995). Similarly, scholars from the Maliki, Shafie and Hanbali schools define *wakalah* as the delegation of a duty that must be completed during a person's lifetime (Al-Zuhaili, 1995). This concept differs from a will, which calls for a delegated act to be executed after the death of the person who made the appointment (Al-Jaziri, 2001).

Zakat plays a pivotal role in promoting a nation's socio-economic development and enhancing its integrity and reputation. However, its effectiveness is undermined when formal zakat collection mechanisms are inadequate. Consequently, all stakeholders, with a particular emphasis on zakat institutions, must enhance the quality of management, encompassing both the aspects of collection and distribution (Kadri et.al, 2012). Another factor contributing to an inadequate formal collection is the persistent inclination of the community to independently distribute zakat to the *asnaf* (Ramli & Abdullah, 2016). Ghazali (1998) adds that the reluctance of individuals to pay zakat through established channels exacerbates this issue. Additionally, there exists a negative perception of the management of zakat institutions.

The interplay between a zakat institution's internal dynamics and its external environment plays a pivotal role in fostering trust among zakat payers. Effective stakeholder management practices serve as a strategic advantage for this institution (Nawi et.al, 2022). In zakat management, Wakalah Zakat is an effort introduced by Majlis Agama Islam Wilayah Persekutuan (MAIWP) to return the collected funds under zakat collection to four different groups: individuals, organisations, employers and higher education institutions (PPZ, 2023) based on specific terms and conditions. These four groups will act as the representatives for PPZ to distribute zakat to the respective individuals who fall under the eight eligible groups of *asnaf*. In return, this method could assist the PPZ in efficiently reaching the *asnaf* recipients. The *Wakalah* Zakat arrangement was introduced in 2009 when Bank Islam Malaysia Berhad sought permission from PPZ to distribute its zakat payment independently. Subsequently, in 2010, PPZ approved business owners to distribute 3/8 of their trading zakat on their own (PPZ, 2023).

Zakat institutions have been criticised for not effectively distributing funds. As poverty remains while excess zakat remains undistributed, this raises concerns about why the funds are not fully utilised (Embong et.al, 2013). Furthermore, a key issue in Malaysian zakat institutions is the shortage of staff compared to the numerous responsibilities they must manage. This understaffing can result in inefficiencies and ineffectiveness in zakat administration. With insufficient personnel, it becomes challenging to oversee all recipients and provide continuous monitoring, increasing the risk of some eligible beneficiaries being overlooked (Hassan & Noor, 2015). For equitable and fair treatment of all parties, the distribution of zakat to the *asnaf* group necessitates an efficient and well-structured distribution method. Consequently, the role of zakat management is critical in ensuring the effective allocation of zakat funds. The *wakalah*-based zakat distribution system implemented by MAIWP serves as an exemplary model for enhancing zakat collection, as it involves four key community segments: individuals, public universities (IPTA), corporations and employers. Initially, when PPZ–MAIWP established the zakat system, its primary objective was to facilitate the management and distribution of zakat to the eligible *asnaf*. *Wakalah* zakat applicants can play a vital role in identifying qualified *asnaf* who may have been overlooked in the distribution process. Furthermore, this system also eases the administrative burden on zakat institutions by streamlining the zakat distribution process.

Therefore, this article aims to analyse the implementation of *Wakalah* Zakat in PPZ–MAIWP and evaluate its achievements. Through detailed analysis, the article aims to contribute valuable insights into enhancing the overall effectiveness and transparency of zakat management. Several previous studies on *Wakalah* Zakat have been conducted. For instance, Paizin and Abd Aziz (2021) focused on the challenges faced by individuals participating in this program. Meanwhile, other scholars have explored the link between *Wakalah* Zakat and Islamic financial institutions, such as Nizar and Mohamad (2024), who examined its implementation in collaboration with RHB Bank and Ishak et al. (2023), who studied its association with Bank

Muamalat. This study's uniqueness lies in its focus on the origin of *Wakalah* Zakat implementation, specifically from the perspective of its initiator, PPZ–MAIWP. By analysing *Wakalah* Zakat from the standpoint of PPZ–MAIWP as the executing institution, this research provides a deeper understanding of its operational framework and effectiveness within the institutional zakat management system.

LITERATURE REVIEW

The concept of *Wakalah*, from a linguistic point of view, refers to a person who entrusts someone to be a representative for another person due to his inability to manage or do a task. (Noor & Syukri, 2013). According to Shariah's Standard No. 23, published by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), *Wakalah* is "a single act the party that represents the other party to act on his behalf in matters that can be the subject of delegation (to which a task or a matter can be handed over)". Additionally, according to Bank Negara Malaysia, *Wakalah* is a contract in which one party appoints another as its agent to carry out specific tasks. This delegation may be done freely or in exchange for payment (Kurdi, 2021).

According to PPZ (2020), the Federal Territory Islamic Religious Council (MAIWP) has a policy known as *Wakalah* that allows it to return zakat funds to organisations that have paid zakat to the PPZ to distribute them to qualified *asnaf*. The *Wakalah* system describes the procedure by which MAIWP grants the zakat payer power to transfer zakat funds directly to the qualified *asnaf* via an amount of zakat funds paid in compliance with the provided conditions. *Wakalah* application will go through the process of being sent to PPZ, which will then be forwarded to MAIWP for review and consideration. Once all requirements have been fulfilled, the *Wakalah* application will be authorised by MAIWP's finance department, which will assess and deliver payment to the applicant's account through electronic fund transfer (EFT). Since MAIWP is able to grant permission for *Wakalah* clearance, it leads to MAIWP being a significant part of the instrument (Shaiffe & Hassan, 2021).

The concept of *Wakalah*, which zakat institutions developed by designating third parties to disburse to *asnaf*, has boosted public confidence in zakat institutions and give chances for zakat self-management at the institutional level. So, adopting this idea has significantly impacted Malaysia's ability to collect and distribute zakat (Ahmad & Wahid, 2017)

The development of Zakat *Wakalah* enhances the efficiency and effectiveness of zakat distribution by appointing an agent (wakil) to disburse zakat on behalf of institutions or individuals. This system ensures compliance with Islamic principles while addressing logistical constraints such as geographical and administrative limitations. By delegating distribution to knowledgeable agents, Zakat *Wakalah* facilitates systematic and fair allocation of zakat funds. Additionally, it enables better resource management by pooling contributions, leading to a more coordinated and impactful distribution. The integration of digital tools and transparent reporting mechanisms further strengthens this system, increasing public trust and ensuring optimal zakat utilisation for the benefit of eligible recipients (Amin, 2024). This approach can lead to increased zakat collection and wider distribution (Wahid et al., 2021). To ensure effective implementation, skills and monitoring are crucial (Wahid et al., 2021; Hamid et al., 2020). Some institutions, like Pelaburan Hartanah Berhad, use *wakalah* for productive zakat distribution through work capital provision (Wahid et al., 2021). Modern zakat management models are being developed, incorporating digital technology and exploring innovative payment methods such as marketable securities (Yunita, 2021). The *wakalah* zakat system has been implemented in multiple zakat institutions, particularly in Malaysia, to encourage zakat payers to take an active role in distribution. A study comparing Lembaga Zakat Selangor (LZS) and Pusat Zakat Melaka (PZM) found that LZS had a well-established monitoring system for zakat *wakalah*, while PZM was still in the early stages of development (Hamid et al., 2020). Therefore, this study aims to bridge the gap in understanding the management of *wakalah* zakat at PPZ–MAIWP by examining its implementation process, *wakalah* zakat eligibility percentage and *wakalah* zakat achievements within the institution.

METHODOLOGY

To conduct this study, we employed a qualitative research methodology. Within this approach, data was gathered through interviews and documentation methods. The documentation methods encompassed published materials and internal sources, such as electronic system procedures, organisational annual reports, journals, articles and the PPZ–MAIWP websites, which were utilised to support our discussion on *Wakalah* zakat. For the interview method, we conducted semi-structured interviews with two *Wakalah* Zakat Officers from the Islamic State Religious Council Wilayah Persekutuan. This study includes insights from the Chief Director of External Operations and the *Wakalah* Unit Senior Manager at PPZ–MAIWP, both experienced in *Wakalah* Zakat management. The Chief Director provides a strategic perspective on zakat distribution and external partnerships, while the Senior Manager oversees the operational aspects, ensuring effective fund allocation and monitoring. Their combined expertise offers a comprehensive view of *Wakalah* Zakat implementation, highlighting both policy-level decisions and practical challenges within PPZ–MAIWP. According to Patton (1980), a small sample size allows the researcher to obtain more in-depth and focused information. Purposive sampling is used, considering the expertise of individuals to meet the study's objectives (Creswell, 2008). Additionally, the interviews were done subsequent to the implementation of the MyWakalah system in 2020, which optimised the management of *Wakalah* Zakat. A summary of the informant's detail is presented in Table 1.

The strength and advantage of employing a semi-structured interview lie in the interviewer's ability to seek clarification and elaboration on the interviewees' responses, thereby promoting in-depth discussions on specific topics (Braun & Clarke, 2006). The selection of the Islamic State Religious Council Wilayah Persekutuan was based on their outstanding performance in zakat collection, which amounted to a total of RM937,036,444.09 in 2022. To analyse the collected data, we applied thematic analysis, a fundamental technique for examining qualitative data due to the diverse and intricate nature of the qualitative approach. This approach involves identifying, analysing and reporting patterns (themes) within the data (Braun & Clarke, 2006).

The researcher employed thematic analysis where several themes were identified and subsequently analysed. Thematic analysis technique involved familiarising with the data, coding relevant segments and identifying recurring patterns or themes related to the effectiveness and impact of the *Wakalah* Zakat system. Key themes such as the system, the implementation of zakat *wakalah* and the percentage of *wakalah* zakat eligibilities were highlighted. These themes were then used to answer the objectives by evaluating how the system has improved zakat distribution, engaged zakat payers and contributed to transparency and trust in zakat institutions. The results were synthesised to draw conclusions about the success of the *Wakalah* Zakat system in addressing the study's aims, demonstrating its impact on both zakat management and stakeholder involvement.

Table 1: *Wakalah* Zakat officer in the interview

Num	Position	Informant
i.	Chief Director of External Operations PPZ	Informant 1
ii.	*Wakalah* Unit Senior Manager PPZ	Informant 2

RESULT

Wakalah Zakat Concept from PPZ–MAIWP Perspective

Wakalah zakat is the principle of the Zakat Institution refunding zakat money to entities (individuals, companies, employers and higher education institutions that pay zakat to be redistributed to eligible *asnaf* (PPZ–MAIWP Report, 2019).

> *"The Wakalah Zakat is the return of zakat money to certain payers according to eligibility to be distributed to asnaf with the intention of Allah SWT."*
>
> Informant 1

> *"Wakalah is the principle of returning zakat money by the Islamic Religious Council of the Federal Territory to entities that pay zakat to the Zakat Collection Centre – MAIWP to be distributed to eligible asnaf."*
>
> Informant 2

Both informants clarify a consistent interpretation of *Wakalah* Zakat, aligning with the perspective of PPZ–MAIWP. Previous research further supports this consensus, with scholars like Kurdi (2021) and (Shaiffe & Hassan, 2021) consistently asserting similar views on the concept of *Wakalah* Zakat.

The main reason for the implementation of *Wakalah* Zakat at PPZ – MAIWP is to provide an opportunity for qualified zakat payers to distribute zakat to *asnaf* on their own.

> *"This is to give awareness and understanding to the payers so that they can feel what PPZ – MAIWP feels in managing them. For example, the problems that people talk about involve zakat money that is not distributed to the asnaf, problems from the asnaf and so on."*
>
> Informant 1

In addition, it provides zakat payers with the opportunity to distribute the zakat funds to across Malaysia or to foreign countries without being restricted by the enactments governing PPZ–MAIWP.

> *"The main reason for creating wakalah zakat is to share experiences in zakat distribution. an opportunity for the payer to distribute it on his own can indirectly reject the negative perspective from the community."*
>
> Informant 2

Based on the statements provided by both informants, it is evident that the opportunity offered by PPZ–MAIWP goes beyond mere enjoyment. It primarily aims to raise awareness among payers regarding effective management of *Wakalah* Zakat and addresses various community behaviours. This initiative is a valuable proposal, providing an opportunity to the payers and aiding PPZ in channelling zakat funds to needy *asnaf* in specific areas.

The Implementation of *Wakalah* Zakat in PPZ–MAIWP

Enhancing organisational capacity enables PPZ–MAIWP to assist a larger pool of potential *asnaf* effectively during distribution. Through the *Wakalah* Zakat Program, individuals in the Federal Territory contributing zakat can actively engage in the distribution process by serving as authorised zakat providers.

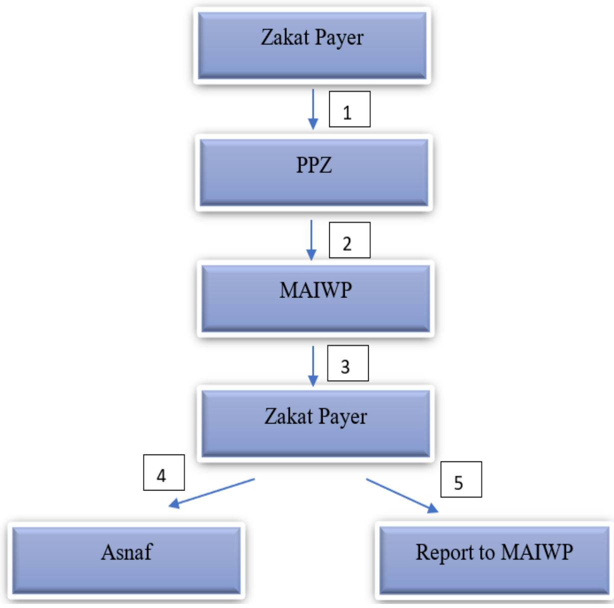


Figure 1: Flowchart for *Wakalah* Zakat implementation

According to the flowchart, the zakat payer will give their zakat donation to the zakat collection centre in PPZ. Then, PPZ extends the *wakalah* application to MAIWP and acknowledges the payment. Based on the applicable refund ratio for each category, MAIWP approves and distributes the funds to the zakat payer which is done using EFT. After being given a briefing and letter of appointment, the applicant (zakat payers) will start distributing zakat money to eligible *asnaf* and manage the funds in accordance with their eligibility requirements. Lastly, the zakat payer must also submit a zakat distribution report to MAIWP within a year (Paizin & Abd Aziz 2021).

Wakalah Zakat was initially managed entirely through manual process. However, when the COVID-19 pandemic occurred in 2020, all related activities were conducted online through a system provided by PPZ.

> *"At the beginning of its implementation, eligible applicants must apply to help PPZ–MAIWP distribute zakat."*
>
> Informant 1

The implementation of *wakalah* zakat remains the same in principle; however, while it was previously conducted manually, it is now managed through an online system. The difference lies primarily in the time required for each process. Previously, applications were submitted manually and took a longer period, up to four months, to receive approval. With the introduction of the MyWakalah system in December 2020, the processing time for each application has been significantly reduced, often to just a few days.

The second informant provided a chronology of the history of *wakalah* zakat that began in 2009 when a proposal paper was developed to create *Wakalah* Zakat. It was due to a request from an Islamic Bank to distribute zakat money to eligible *asnaf*. At that point in time, *Wakalah* Zakat was only given to business zakat payers. With the existence of this *wakalah* instrument, the percentage of zakat collection showed an increase of 32%. Then, in 2010, an improvement was made, by adding a new category of eligible entity to apply for *wakalah* zakat, that is individuals. After the implementation and improvements made, in 2011, this *wakalah* instrument received the attention of the mufti's office and MAIWP. At the end of the year, Higher Education Institutions (IPTs) began to be appointed as *Wakalah* IPT. This is due to requests from several universities to participate in this zakat distribution scheme. In 2016, a review was carried out to confirm the changes that had taken place.

In addition, the employer's *Wakalah* policy obtained from the employee's salary deduction was also established. In the same year, there were several changes, such as the groups of *asnaf* eligible to receive zakat increased from three groups to seven groups, the reporting period was also extended to 1 year and approval to distribute zakat money openly was not subject to the Wilayah Persekutuan only. Next, in 2017, the development of the E-*Wakalah* system began to make it easier for PPZ to carry out its duties. In 2019, a proposal paper was developed to allocate the budget for the construction of the system. Then the *Wakalah* unit was established to focus entirely on *Wakalah* Zakat. In 2020, the establishment of a system that can be used by all parties including payers is called MyWakalah. In 2023, improvements were made to make it easier for users to use the second version of MyWakalah. MyWakalah application is the latest innovation by PPZ–MAIWP. It was launched officially on 07 December 2020 by YB Senator Datuk Dr Zulkifli Mohammad Al-Bakri and Chief Executive Officer of the MAIWP, Datuk Haji Akbar bin Haji Samon. MyWakalah is an online integration system that is produced in collaboration with PPZ and MAIWP to facilitate the application process; approval review and report can be done entirely online (Shaiffe & Hassan, 2021). This flow can be summarised in Figure 2 below.

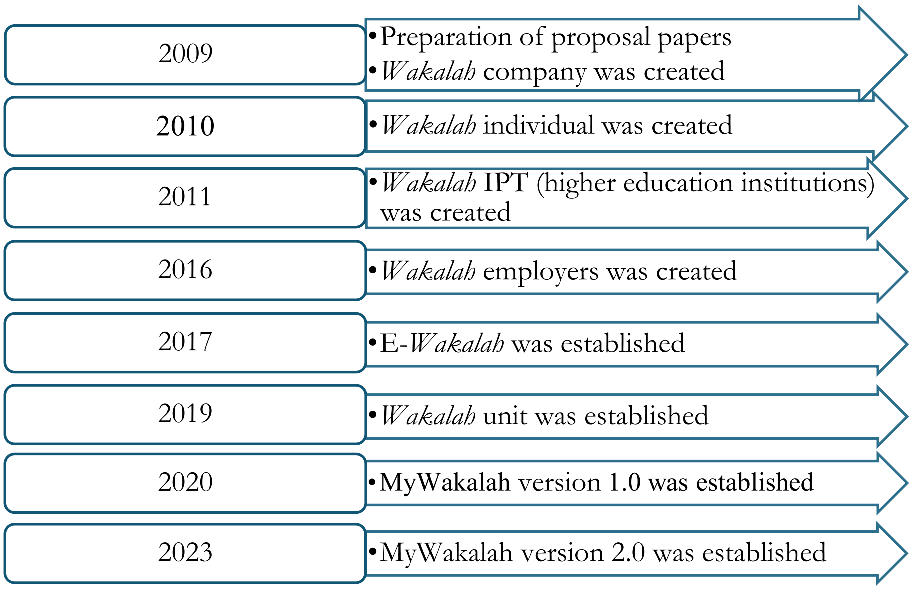


Figure 2: The process of existence *Wakalah* Zakat in PPZ–MAIWP

Percentage Allocated for *Wakalah* Zakat Eligible Entities

Individuals, companies/organisations, employers and higher education institutes are eligible entities that may apply for the *Wakalah* facility. Table 2 provides the total zakat payment and the *Wakalah* return percentage for each category of eligible entities.

Table 2: Total Zakat payment along with the *wakalah* return percentage

<table>
<tr><th>Entities</th><th>Total zakat payment</th><th>Wakalah percentage</th></tr>
<tr><td rowspan="4">Individual
(Zakat Property/
Zakat Income)</td><td>RM20,000 – RM24,999.99 / year</td><td>12.5%</td></tr>
<tr><td>RM25,000 – RM99,999.99 / year</td><td>25%</td></tr>
<tr><td>RM100,000 – RM000,000.99 / year</td><td>37.5%</td></tr>
<tr><td>RM1,000,000 /year and above</td><td>50%</td></tr>
<tr><td rowspan="2">Company / Organisation
(Zakat Business)</td><td>RM10,000 – RM999,999.99 / year</td><td>37.5%</td></tr>
<tr><td>RM1,000,000 / year and above</td><td>50%</td></tr>
<tr><td rowspan="2">Employer</td><td>RM100,000 / year and above from staff zakat deduction</td><td>12.5%</td></tr>
<tr><td>RM100,000 / year and above for employers who require at least 80% of staff to make zakat deduction to PPZ–MAIWP</td><td>37.5%</td></tr>
<tr><td>Higher Education Institute</td><td>From zakat deduction of staff salary per year</td><td>50%</td></tr>
</table>

Source: PPZ–MAIWP (2023), https://www.zakat.com.my/info-zakat/*wakalah*/

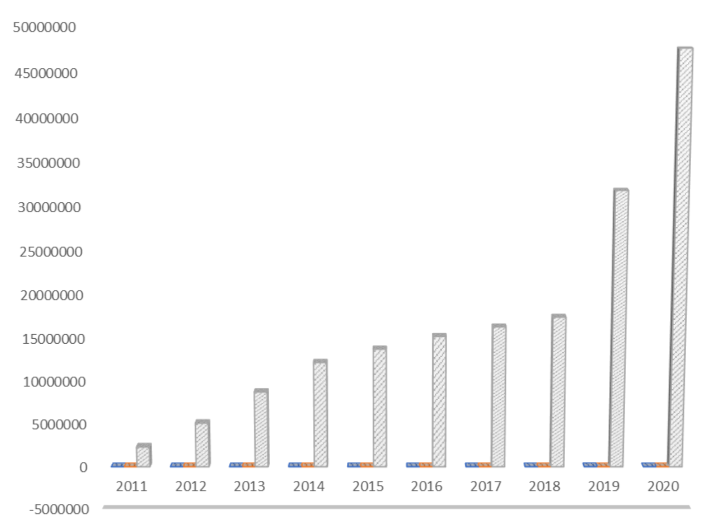
> *"The percentage determined is based on the ability and suitability of the local community. In addition, it is also determined by MAIWP through a proposal from the PPZ. It has been studied whether the percentage provided is increased or decreased depending on the number of applicants. Apart from that, it also depends on the budget allocated by the MAIWP whether it is high or low. If the budget allocation from MAIWP is low, those percentages will be seen and discussed again."*
>
> Informant 1

> *"Entities who are eligible to receive Wakalah Zakat are subject to the percentage provided. These percentages are determined by discussion between members of the Wakalah research committee consisting of PPZ and MAIWP. It is based on the amount of zakat payment made and to whom it is given."*
>
> Informant 2

Determining the appropriate percentage of zakat returns requires time to assess whether the funds can be utilised by the *asnaf*. For instance, if the eligible amount is RM20,000, it must be determined how many *asnaf* recipients qualify to receive a portion of this amount. PPZ–MAIWP has taken a commendable step in establishing a percentage that balances the total funds collected with the number of *asnaf* eligible to receive them. To date, researchers have found no prior studies that explain in detail how the percentage of zakat returns is determined. Based on the findings of this study, it can be concluded that the percentage established by PPZ reflects careful consideration of all relevant factors, particularly the distribution of funds to the *asnaf* beneficiaries.

PPZ–MAIWP Zakat *Wakalah* Achievement

When this *wakalah* instrument was introduced in 2011, 58 applications from individual payers were accepted, with a total payment amount approved by MAIWP totalling RM2.33 million in the first year following the launch. Over ten years, it registered 1712 applications in 2020 and *wakalah* zakat payment amounting to RM47.59 million.

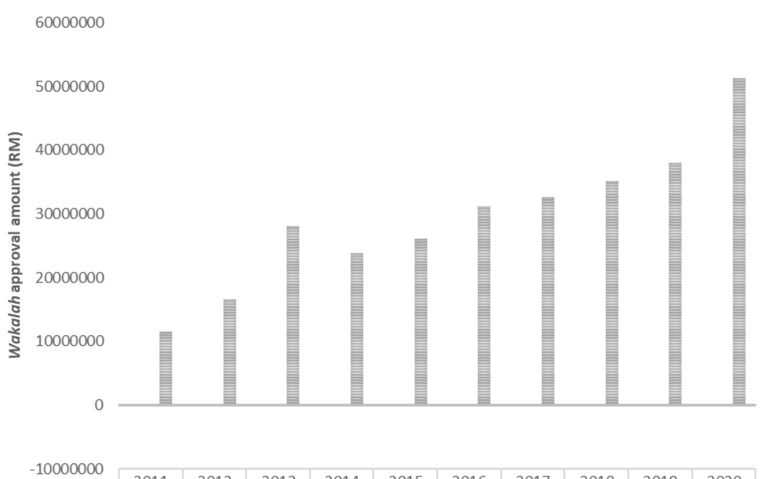


	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of aplication	58	154	251	358	348	444	504	541	10993	1712
Percentage increase	0%	165.52%	62.99%	42.63%	-2.79%	27.59%	13.51%	7.34%	102.03%	56.63%
Wakalah Approval	2,331,18	5,125,00	8,763,02	12,195,1	13,735,9	15,202,5	16,297,1	17,418,1	31,817,4	47,587,0

Source: Akademi Zakat (AZKA) (2021)

Figure 3: Individual *Wakalah* application and approval statistics

In 2011 the Company category received 58 applications with a payment amount approved by MAIWP of RM11.49 million. In 2020, there were 314 applications and total *wakalah* zakat payment increased to RM51.29 million.

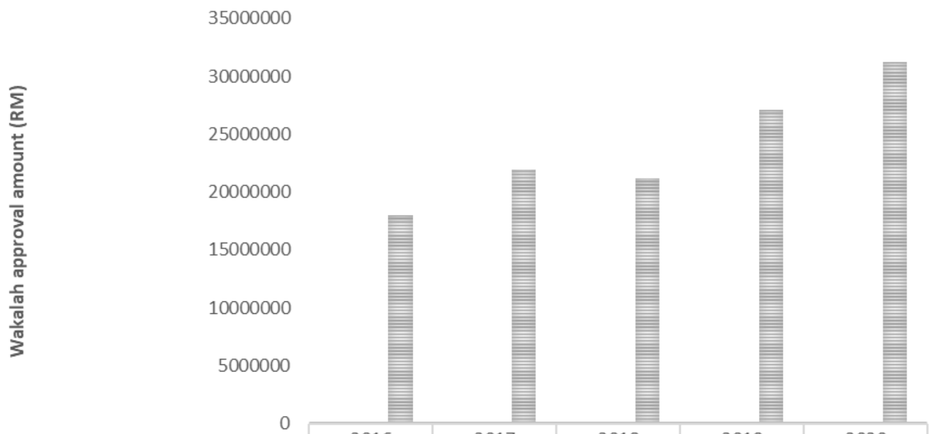


	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of application	58	94	129	135	110	106	109	120	232	314
Percentage Increase	0	62.07%	37.23%	4.65%	-18.52%	-3.64%	2.83%	10.09%	93.33%	35.34%
Wakalah Approval	1.1E+07	1.7E+07	2.8E+07	2.4E+07	2.6E+07	31,203,	32,554,	35,092,	37,987,	51,288,

Source: Akademi Zakat (AZKA) (2021)

Figure 4: Company *Wakalah* application and approval statistics

The *Wakalah* Employer category was first introduced in 2016 and recorded 119 applications with the payment amount approved by MAIWP amounting to RM18.03 million. In 2020, the number of applications were 240, while the *Wakalah* Zakat payment amount was approved amounting to RM31.23 million.

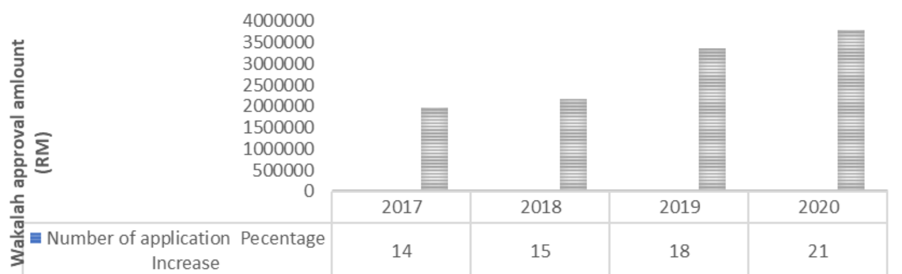


	2016	2017	2018	2019	2020
Number of appilcation	119	131	137	199	240
Percentage Increase	0%	10.08%	4.58%	45.26%	20.60%
Wakalah Approval amount (RM)	18,027,078	21,956,352	21,134,840	27,049,209	31,226,318

Source: Akademi Zakat (AZKA) (2021)

Figure 5: Employer *Wakalah* application and approval statistics

Zakat *Wakalah* in the Higher Education Institution category was introduced in 2017. 14 applications were recorded and MAIWP approved RM1.97 million in payment. In 2020, a 7% increase was recorded, with 21 applications and RM3.79 million in approved *wakalah* zakat payment.



	2017	2018	2019	2020
Number of application Pecentage Increase	14	15	18	21
Percentage Increase	0	7.14%	20.00%	16.67%
Wakalah Approval Amount (RM)	1,973,921.00	2,166,405.00	3,364,593.99	3,792,745.00

Source: Akademi Zakat (AZKA) (2021)

Figure 6: Higher Education *Wakalah* application and approval statistics

The *wakalah* concept introduced by MAIWP and PPZ–MAIWP has brought new synergy to the zakat distribution process. When zakat payers are provided with greater opportunities and recognition in the distribution process, they are more likely to increase their zakat contributions, thereby contributing to the development and empowerment of the *asnaf*.

CONCLUSION

Since its establishment, PPZ has introduced various methods and services to encourage more Muslims to fulfil their zakat obligations. Each year, the amount of zakat collected—across different categories, including obligatory zakat—is systematically recorded. The instruments implemented by PPZ–MAIWP have demonstrated continuous improvement over time, one of which is the introduction of the *wakalah* mechanism. In 2011, the introduction of *Wakalah* Zakat presented a significant advancement in the system, enhancing the efficiency of *Wakalah* Zakat governance. Initially, all processes involving *wakalah* applicants, PPZ and MAIWP, were conducted manually. However, these processes have since been digitised to facilitate operations for all parties through a centralised online system provided by PPZ–MAIWP.

The interviews highlighted that *Wakalah* Zakat serves as a mechanism for returning a portion of zakat funds to eligible payers, enabling them to directly distribute the funds to qualified *asnaf*. This approach not only fosters a sense of responsibility and awareness among zakat payers but also addresses concerns regarding transparency and efficiency in zakat distribution. The implementation of *Wakalah* Zakat is strategically structured, with eligibility and distribution percentages determined through discussions between PPZ–MAIWP and MAIWP, considering community needs, the number of applicants and budget allocations.

Overall, there has been a remarkable surge in *Wakalah* Zakat applications among individuals, businesses, employers and higher education institutions. This growth reflects increasing confidence among zakat payers, driven by the transparency and credibility demonstrated by PPZ–MAIWP. The surge in *Wakalah* Zakat applications stand as compelling evidence of the increasing zakat contributions in the Federal Territory, reflecting a stronger commitment to collective financial responsibility within the Muslim community. By empowering zakat payers to actively participate in the distribution process, *Wakalah* Zakat not only alleviates the burden on zakat institutions but also fosters a more inclusive and community-driven approach to zakat management. This model shifts the perspective of zakat from being a solely institutional obligation to a shared responsibility among Muslims, reinforcing a sense of solidarity, trust and social cohesion. More importantly, *Wakalah* Zakat enhances economic empowerment by allowing zakat payers to directly support their chosen *asnaf*. This ensures funds reach those who need them most while promoting targeted financial assistance. This participatory approach strengthens the credibility and transparency of zakat institutions, elevating their role as enablers of sustainable socio-economic development.

Looking ahead, future research should explore the mechanisms and decision-making processes used by zakat payers in distributing *Wakalah* Zakat. Such insights would further refine the effectiveness and efficiency of zakat distribution, ensuring that *Wakalah* Zakat continues to serve as a powerful instrument for financial inclusion, economic resilience and social justice within the Muslim society.

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