

APPLICATION OF ONLINE PAYMENT AT PUSAT ZAKAT NEGERI SEMBILAN

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ABSTRACT

Payment is one of the critical success factors for a business other than information flow and product flow. While for electronic payment (e –payment), its contributions is valued as highly important for online business, where everything must run faster. The order from customer will be only being processed and shipped once payment is cleared, can be said as one of pushing factors for a customer to pay via online. There are many e-payment tools available such as credit card, charge card, cheques, debit cards and e-wallet. In fact, purchasing via e-commerce doesn't mean buyers have to directly pay online too or during the transaction. They can also walk in to the banks or used automated teller machines (ATMs) to make payment and transfer the payment information digitally. E-payment is not restricted to the profit-centered company but also apply by non-profit organizations such as government agency and philanthropy institutions as well. As an Islamic philanthropy institution, Pusat Zakat Negeri Sembilan (PZNS) also applying e-payment methods such as internet banking, short messaging system and phone banking as alternative to zakat payers. However, studies on an electronic or online payment and philanthropic activities, specifically in Islamic philanthropic activities such as zakat and waqf are very limited. Thus this conceptual paper discussed on types of e-payment systems available at PZNS. The study is hoped to provide an input to other non-profit organizations especially in utilizing the internet tools to increase collection. Besides, it also perhaps to enrich current literature regarding e-payment and nonprofit organization.

Keywords: *E-payment, Online, Zakat Collection, PZN*

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APLIKASI PEMBAYARAN ATAS TALIAN DI PUSAT ZAKAT NEGERI SEMBILAN

ABSTRAK

Pembayaran adalah salah satu faktor kejayaan penting bagi perniagaan selain aliran maklumat dan aliran produk. Walaupun untuk pembayaran elektronik (e-pembayaran), sumbangannya adalah sangat penting bagi perniagaan atas talian, di mana segala-galanya mesti berjalan lebih cepat. Pembelian hanya akan diproses dan dihantar setelah pembayaran dilakukan, ini dilihat sebagai salah satu faktor mendorong pelanggan membayar melalui online. Terdapat banyak alat e-pembayaran yang tersedia seperti kad kredit, kad caj, cek, kad debit dan e-wallet. Malah, pembelian melalui e-dagang tidak bermakna pembeli perlu membayar secara langsung dalam talian atau semasa transaksi. Mereka juga boleh membuat bayaran di kaunter bank berkaitan atau menggunakan mesin teler automatik (ATM) untuk membuat bayaran dan memindahkan maklumat pembayaran secara digital. E-pembayaran tidak terhad kepada syarikat yang berpusat pada keuntungan tetapi juga diterapkan oleh organisasi yang bukan berasaskan keuntungan seperti organisasi kerajaan dan institusi amal. Sebagai institusi Islam, Pusat Zakat Negeri Sembilan (PZNS) juga menggunakan kaedah e-pembayaran seperti perbankan internet, sistem pesanan ringkas dan perbankan telefon sebagai alternatif kepada pembayar zakat. Walau bagaimanapun, kajian mengenai aktiviti pembayaran elektronik dan atas talian serta sumbangan amal, khususnya dalam aktiviti-aktiviti dermawan Islam seperti zakat dan waqf sangat terhad. Oleh sebab itu, kertas konseptual ini membahaskan mengenai jenis sistem e-pembayaran yang tersedia di PZNS. Kajian ini berharap dapat memberi maklumat kepada lain-lain organisasi bukan berteraskan keuntungan, terutama dalam menggunakan alat internet untuk meningkatkan koleksi. Selain itu, kajian ini juga dapat digunakan sebagai bahan rujukan yang berkaitan dengan isu e-pembayaran bagi organisasi yang bukan berasaskan untung.

Kata Kunci: *E-bayaran, atas talian, Koleksi Zakat, PZNS.*

INTRODUCTION

The existence of internet does not only bring information at fingertips, but also enable business to be conducted at the fingertips too. In early stage of internet, it was simply used for communication or electronic mail (e-mail). Then began 1990s internet application has extended for business purpose.

And nowadays, we can witness the rapid growth of e-commerce all over the world. Online shopping and e-commerce in Malaysia are still a new phenomenon but it is moving tremendously. The application of internet is not merely grasping by businesses or profit-oriented firms, but also non-profit organization including government agency and philanthropy institutions for various reasons such as improving service quality, information sharing and marketing. No matter how business is conducted, payment is a pulse of e-commerce, especially for business to consumer model as stressed by Tsiakis et al. (2007), where money flow is one of the critical success factors for e-commerce as well as information and product flow. There are many payment tools available such as credit card, charge card, cheque, debit card and e-wallet, but the most of payment option for online transactions is credit card (Hsieh 2005; Paynter and Lim 2001; Wong 2013). In fact, purchasing via e-commerce doesn't mean buyers have to directly pay online too or during the transaction. They can also walk in to the banks or automated teller machines (ATMs) to make payment and transfer the payment information digitally. As a philanthropy institution, Pusat Zakat Negeri Sembilan, the internet applications is not limited to email, Facebook and website but they have travel in advance when they introduced various types of online payment as alternative to the zakat payers in performing Muslims obligations. The e-payment applied by this institution such as online banking, short messaging system (sms), phone banking, credit card and quick pay. The applications of online payment in this institution are believed will benefit both parties, either as zakat receiver and payers as well.

Limited studies have been conducted on online payment and philanthropic activities, specifically in Islamic philanthropic activities such as zakat and waqf. There is no evidence that indicates the phenomenon and its contribution to these alms giving collection by the philanthropic institutions. These benefits of online payment would likely to increase the collection of zakat and cash waqf. Interestingly, Wahab and Rahman (2013) concluded that zakat payment system and computerized zakat system are among determinants that affect the efficiency of zakat institution.

Thus, this paper discuss on various types of e-payment offers by Pusat Zakat Negeri Sembilan. Information gathered through PZNS's website and Facebook. The study is hope to provide input to other non-profit organizations especially in utilizing the internet tools to increase their collections. Besides, it is also perhaps to enrich current literature regarding e-payment and nonprofit organization. (Since online payment and electronic payment bring the same meaning, these terms are used interchangeably). Students who are taking the course are hoped to acquire basic skills in developing mobile applications for Android devices. The rationale behind students took this course, is so that, they will be able to build apps and, perhaps, be able to sell their apps on Google Play Store.

It is also a precursor to entrepreneurial spirit that the students should possess since the possibility of obtaining a salaried job is becoming much more challenging in 2016.

LITERATURE REVIEW

Introduction to E-Payment

The concepts for e-payment can be basically explained as transfer money from the payer to the payee by an electronic medium. E-payment involves an exchange of funds initiated through electronic communication channel (Shon and Swatman, 1998). In other words, e-payment is a payment made through electronic signals linked directly to deposit or credit bank account (Gans and Scheelings, 1999). E-payment can be performed during online buying, where verification, validity and approval are present simultaneously. However, e-payment not restricted the credit cards, debit cards, e-money and internet banking only. Payment via ATM and banks' counters also considered as e-payment, as long as the customers are using electronic mechanism to transfer their money.

Despite of many types of e-payment options available as mention above, credit card usage for business to consumers (B2C) e-commerce model has overwhelming the other instruments for online transaction all over the world unless for certain countries such as Germany (prefer direct debits and bank cards) and China (prefer debit cards) (Turban et al., 2011). While in Nigeria, three common e-payment methods are digital cash, credit card and electronic fund transfer. The disparity exists between usage and preference for payment, where more respondents used prepaid/debit card even they prefer direct payment to the sellers account due to fraud risk (Adeyeye, 2008). Finding by Turban et al. (2011) in their study is consistent with Amir (2009) where e-payment system which highly used by Malaysian are credit card, internet banking and interbank GIRO (IBG) while charge card, debit cards and e-money are low in usage level. This supported by Abdullah et al. (2012) in his study claimed 90 % all e-commerce transactions were paid via credit card. Thus it can be said Malaysian people are more familiar with credit card compare with the other method even they are other payment method available for them, either online or traditional.

According to Amir (2009), payment systems in Malaysia are categorized under 4 major groups (Figure 1), the Real-Time Electronic Transfer of Funds and Securities (RENTAS); the National Image-based Check Settlement System, (*Sistem Penjelasan Imej Cek Kebangsaan*, (SPICK); the ATMs and other retail payment networks; and the Clearinghouse operating under the control of the Malaysia Securities Exchange Berhad and the Malaysia Derivatives Exchange Berhad.

Then 2006, an e-payment systems in Malaysia were begin with internet banking, mobile banking and MEPS cash. Nowadays, these new systems become popular among Malaysia users.

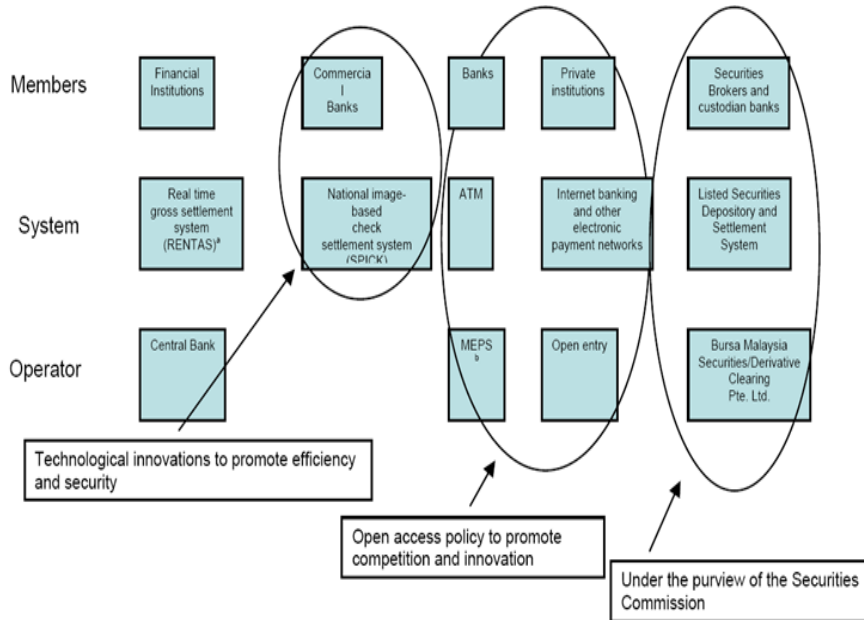


Figure 1: Overall Payment System in Malaysia (Basir, 2009).

Pusat Zakat Negeri Sembilan

Pusat Zakat Negeri Sembilan (PZNS) is one of Islamic philanthropy in Malaysia other than waqf. The establishment of PZNS was registered as MAINS Zakat Sdn. Bhd (registration number 469543-H) on on 29 September 1998. This institution is fully owned by Majlis Agama Islam Negeri Sembilan (MAINS). PZNS started the business operation at Baitulmal MAINS, then to Bangunan Wisma Cahaya before permanently moved to Betaria Business Center (headquarter) in May 2000. At the beginning, PZNS only has 10 manpowers and know PZNS has hired 61 staffs from various academic backgrounds in religion, accounting, human resource and information technology (IT).

The establishment of PZNS mainly to improve and strengthen zakat collection in Negeri Sembilan by utilizing young expertise and current IT tools. It is hope, PZNS will be a competitive Muslim Corporate Body and to elevate zakat institutions at state level and country in line with the institution's motto, Negeri Sembilan Negeri Beradat, Negeri Sembilan Negeri Berzakat. IT usage is important for this body as it mentioned many times either in the concepts of establishment, objective and strategy.

One of items in concepts of establishment is, application of computerized technology in zakat management. In a meantime the quality policy (objective), PZNS stated they are committed to continuously provide a quality service pivoted Islamic values through professional approach and application of current technology to fulfill customers need. Thus consistent with these two aspects, PZNS states the application current technology as one of business strategy in achieving their business aim. For a purpose of zakat collections, PZNS offers twelve types of payment options to zakat payers, either online or offline. An offline zakat payment available at PZNS are counters which located in eleven branches (including headquarter, Seremban 2, Nilai, Senawang, Port Dickson, Kuala Pilah, Jelevu, Tampin, Gemas, Jempol and Rembau), by post, salary deduction, banks counters, temporary/moving counters and trough Certified Amil. While for online-payment, the options offer by PZNS include Internet Banking, short messaging system (sms), phone banking, kiosk machines and credit card.

Type of E-Payment Provided by PZNS

In year 2013, zakat collection from properties increased RM13.3 million (21.8 %) compared to year 2012, consistent with the increased of the number zakat payers, 3376 represent 7.1 % (PZNS, 2014). However, despite of the increased of amount of zakat collection in Malaysia, but the number of eligible payers are still low (BH online, 2014). Online/electronic payment is introduced with hope to overcome some problems facing by the zakat payers and at the same time increased the numbers of zakat payers and zakat collection. As outline by PZNS, location of zakat counters which far away from zakat payers' location, time constraint, traffic jam and limited parking space are most common barriers to the zakat payer in performing their zakat obligation. This part discusses on detail on each types of e-payment as mentioned in the earlier sub topic.

Internet banking

Internet banking is an act of performing financial transactions remotely over the internet through a bank's dedicated website (Shao, 2007). It involves using of internet technology in the delivery of banking and financial services institutions using the ubiquitous nature of the internet (George and Gireeshkumar, 2012). For PZNS, tax payers can pay zakat via internet banking offers by local banks such as Bank Islam Malaysia Berhad, RHB bank, Maybank, Standard Chartered Bank, Agro Bank, Hong Leong Bank and many more.

Short messaging system (sms)

Jawatankuasa Fatwa Negeri Sembilan Darul Khusus has issued decision on 5 August 2009 that zakat payment via sms is must where the zakat payer is free from any service charge. The communication company shall provide a system (between 10-15 minutes) to inform the taxpayers whether zakat payment made via sms is succeed or fail. The PZNS liable to pay all services cost charged by telecommunications companies and the payment should not take from proceeds obtained tithes. Currently, taxpayers can only use sms via Bank Islam Malaysia Sdn Bhd using mobile phone service– 012, 013, 016, 017 and 019.)

Phone banking (Maybank)

Mobile or phone banking refers to the use of a smartphone or other cellular device to perform online banking tasks while away from user home computer or banks, such as monitoring account balances, transferring funds between accounts and bill payment (investinganswers.com, 2015). For zakat payment at PZNS, Maybank is the only bank available. Via Maybank Phone banking, the customer can pay zakat anytime (24 hours a day, seven days a week) by using smartphone, touchscreen phone or even public phone.

Kiosk machine – “payquick”

PZNS is the first Zakat Center in Malaysia which introduced kiosk machine namely “PayQuick” to assist the muslims in paying zakat. There are 46 kiosk machines in Negeri Sembilan, were placed at selected grocery store, communication shop, restaurant, government agency and supermarket. The tax payer can use banknotes from RM1 to RM100 to pay zakat. After payment has been made, the tax payer will receive payment slip. Next, the official receipt will be post to the tax payer within 14 working days.

Credit card

Credit card in general is a card which enables their holders to make purchase and use cash in advance. The credit card holder may feel convenient because they do not need to put deposit in this account and no need to bring cash at hand may give significant advantage for the online buyer (Adeyeye, 2008). Jawatankuasa Fatwa Negeri Sembilan Darul Khusus has issued decision on 30 June 2009 that zakat payment using credit card is must. For this purpose, the tax payer must uses Islamic credit card which follows shariah. The banks which offer the services including Bank Islam (Kad kredit Bank Islam), Maybank (Kad kredit Ikhwan), Bank Rakyat (Kad kredit i-Rakyat),

Ambank (Kad kredit Al-Taflif), HSBC Bank (Kad kredit Amanah),RHB Bank (Kad kredit RHB Islamik), CIMB Bank (Kad kredit CIMB Islamik) and BSN (Kad kredit Al-Aiman).

CONCLUSION

Zakat is compulsory to Muslims (who fulfill the conditions) as Prophet Muhammad Rasulullah (PBUH) said "Islam is founded on five things: the testimony that there is no god but Allah and Muhammad is the Messenger of Allah, prayers, zakat, to perform their pilgrimage and fasting in Ramadan (Narrated by Bukhari and Muslim). And Allah commands to perform “solah” is always merge with zakat as stated in Surat Al Baqarah (verse 43), “ and establish prayer and give zakah and bow with those who bow [in worship and obedience]”.

Today's, there's a lot of choices of payment method either offline or online available to the zakat payers in Malaysia, specifically for Negeri Sembilan. With the advance of e-payment mode to pay zakat, there is no more reason for us to escape zakat. E-payment is believed able to overcome most of the constraint in zakat payment such as distance, time and parking problems.

Since this paper conceptually discussed on e-payment at a philanthropy institution, it is suggested in future to conduct an empirical research especially on contributions and of e-payment towards this organization.

This paper is hope to shed a light to the body of knowledge especially in zakat and e-payment. In addition, this paper provides input to other non-profit organizations especially in utilizing the internet tools to increase their collections.

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