

Zakat Education and Financial Management Counseling for Indonesian Migrant Communities in Malaysia

Elex Sarmigi¹, Muhammad Aunnorochim Mas'ad², Asa'ari³, Azhar⁴, Desiana⁵, Elvi Nilda⁶

^{1,3,4,5,6}Institut Agama Islam Negeri Kerinci

²Universiti Sains Islam Malaysia

Abstract: The increasing mobility of Indonesian migrant communities to Malaysia has contributed significantly to household and regional economies through remittances. However, these economic gains are not always accompanied by adequate Islamic financial literacy, particularly in zakat awareness and Sharia-based household financial management. This study aims to examine the implementation and outcomes of a Community Engagement Program focusing on zakat education and Islamic financial management for Indonesian migrant communities in Malaysia. The program employed a participatory and educational approach and was conducted through international collaboration between the Faculty of Islamic Economics and Business (FEBI), IAIN Kerinci, and Universiti Sains Islam Malaysia (USIM) over a three-year period (2022–2024). The stages included planning and partnership initiation, observation and needs assessment, technical preparation, program implementation, and evaluation. The activities were carried out within the Masyarakat Bharu Pulau Tengah Malaysia (MBPM) community and involved 43 participants from diverse household backgrounds. The findings indicate that the program successfully enhanced participants' understanding of zakat concepts, Islamic financial management, and the integration of zakat into household financial planning. The participatory learning approach fostered positive changes in financial attitudes and awareness, aligning financial practices with the principles of maqāṣid al-sharī'ah. This study concludes that internationally collaborative and needs-based community engagement programs play a strategic role in strengthening Islamic financial literacy and improving the socio-economic well-being of migrant communities.

Keywords: Zakat literacy; Islamic financial management; migrant communities; community engagement; maqāṣid al-sharī'ah.

INTRODUCTION

The mobility of Indonesian citizens abroad, particularly to Malaysia, represents a socio-economic phenomenon that continues to expand alongside the increasing availability of cross-border employment opportunities. Malaysia has become one of the primary destinations for Indonesians seeking temporary employment and residence, both in the formal and informal sectors. The presence of Indonesian migrant communities makes a significant contribution to household and regional economies in their places of origin through remittances. Nevertheless, the relatively high income earned by migrant communities is not always accompanied by adequate financial management skills that are well-planned, systematic, and aligned with Islamic principles.

Various studies indicate that Indonesian migrant workers continue to face challenges related to financial literacy, particularly in financial planning, expenditure control, and long-term financial decision-making. (Rizal *et al.*, 2023) emphasize that the level of financial literacy among Indonesian migrant workers in Malaysia is influenced by multiple social and educational factors, which directly affect their ability to manage income and plan for family welfare. This condition potentially increases economic vulnerability, especially in situations involving

income shocks, health risks, or the termination of overseas employment.

From an Islamic perspective, financial management is not merely understood as an economic activity but also as an integral part of worship and moral responsibility. Islamic financial literacy encompasses knowledge, skills, attitudes, and behaviors in managing finances in accordance with Sharia principles, including financial planning, savings, halal investment, and social financial instruments such as zakat, infaq, and sadaqah (Alrisqi *et al.*, 2025). Low levels of Islamic financial literacy hinder individuals from integrating Islamic values into their daily financial practices, resulting in suboptimal achievement of both financial and spiritual well-being.

One of the core instruments within the Islamic financial system is zakat. Zakat functions not only as an individual religious obligation but also as a strategic mechanism for economic redistribution and social empowerment. The literature consistently highlights that zakat holds substantial potential to reduce income inequality and enhance social welfare when it is properly administered and fulfilled (Zaaba & Hassan, 2021). However, numerous studies reveal that zakat literacy among communities including diaspora groups and migrant workers remains relatively low. (Aswad *et*

al., 2024) find that limited understanding of zakat leads to low compliance and suboptimal utilization of zakat as an integral component of Islamic financial management.

The issue of zakat literacy becomes increasingly complex in the context of Indonesian migrant communities who live within cross-national social environments and economic systems. Limited access to systematic zakat education and Islamic financial literacy programs often results in zakat being perceived in a partial manner, detached from household financial planning. Conceptually, however, zakat should serve as an integral element of Sharia-based financial management that seeks to balance worldly needs with spiritual objectives.

Within the framework of Maqāṣid al-Sharī'ah, financial management and zakat pursue broader objectives aimed at safeguarding and promoting human well-being (maṣlaḥah). Maqāṣid al-Sharī'ah emphasizes the protection of five essential dimensions of life: religion (ḥifẓ al-dīn), life (ḥifẓ al-nafs), intellect (ḥifẓ al-'aql), lineage (ḥifẓ al-nasl), and wealth (ḥifẓ al-māl) (Isa et al., 2024). In this context, Islamic financial literacy and zakat play a direct role in protecting wealth, strengthening household economic stability, and promoting social justice through mechanisms of wealth distribution. The integration of zakat into household financial management represents a concrete implementation of maqāṣid al-sharī'ah in the economic lives of Muslim communities (Ishak & Nasir, 2021).

This Community Engagement Program represents both an academic and social response to these challenges, as well as an implementation of the Tri Dharma Perguruan Tinggi. The program was conducted through an international collaboration established since 2022 between a higher education institution in Indonesia and Universiti Sains Islam Malaysia (USIM). In its initial phase, the program focused on observation and mapping of the socio-economic conditions of Indonesian migrant communities in Malaysia. Subsequently, in 2023, exploratory discussions and thematic formulation were carried out through online meetings with USIM, resulting in a consensus that zakat education and Islamic financial management were the most relevant and urgently needed themes. At this stage, the Masyarakat Bharu Pulau Tengah Malaysia (MBPM) community was designated as the PkM partner.

The culmination of the PkM activities took place in June 2024 in the form of zakat and financial management counseling designed using an educational and participatory approach. The program aimed to enhance community understanding of zakat and Islamic financial management concepts, encourage shifts in financial mindset and behavior toward more structured planning, and integrate zakat obligations into household financial planning. Accordingly, this PkM initiative was not solely oriented toward increasing knowledge, but also toward fostering awareness and sustainable financial practices that align with Islamic values and the objectives of maqāṣid al-sharī'ah.

PROBLEM IDENTIFICATION

Based on the results of preliminary observations, discussions with partner institutions, and a review of the literature on Islamic financial literacy and zakat among migrant communities, several key issues underlying the implementation of this Community Engagement Program were identified as follows:

1. Low levels of zakat literacy among Indonesian migrant communities in Malaysia. A significant proportion of migrant community members lack adequate understanding of fundamental zakat concepts, including the types of zakat, the requirements of niṣāb and ḥaul, and Sharia-compliant mechanisms for zakat payment. Zakat is often perceived merely as a normative religious obligation, rather than being positioned as an integral component of a structured and sustainable Islamic financial management system.
2. Lack of integration of zakat into household financial planning. Household financial management among migrant communities tends to be short-term and consumption-oriented, with limited systematic planning related to income allocation for zakat, savings, and long-term financial needs. As a result, zakat has not yet become a fixed and consistent component of household financial management, thereby limiting the realization of financial blessings (barakah) and social justice.
3. Low levels of Islamic financial management literacy. Migrant communities continue to face constraints in terms of knowledge and skills related to income management, expenditure control, and Sharia-based financial planning.

This condition weakens their ability to maintain financial stability, particularly when confronted with economic risks, health-related challenges, or changes in employment status.

4. Limited access to systematic and sustainable Islamic financial education. Indonesian migrant communities in Malaysia, including those within the MBPM community, have restricted access to structured, practical, and continuous zakat and Islamic financial education programs. Existing educational initiatives are generally incidental in nature and have not sufficiently addressed comprehensive behavioral changes in financial practices.
5. Limited awareness of the linkage between zakat and Maqāṣid al-Sharī'ah. A segment of the community has yet to fully recognize that financial management and zakat serve broader objectives within the framework of Maqāṣid al-Sharī'ah, particularly in safeguarding wealth (hifz al-māl), strengthening household economic resilience, and promoting social welfare. Consequently, prevailing financial practices have not fully reflected the values of justice, sustainability, and collective well-being (maṣlahah).
6. The scarcity of sustainable, internationally collaborative community engagement programs. Although academic cooperation exists between Indonesian higher education institutions and Universiti Sains Islam Malaysia (USIM), the implementation of sustainable community engagement initiatives focused on enhancing Islamic financial literacy among migrant communities remains limited. This condition highlights the need for cross-border collaborative PkM models that are oriented toward the real and contextual needs of migrant communities.

METHOD OF IMPLEMENTATION

This Community Engagement Program was implemented using a participatory and educational approach through an international collaboration between the Faculty of Islamic Economics and Business (FEBI), IAIN Kerinci, and Universiti Sains Islam Malaysia (USIM). The program was designed as a phased and sustainable initiative conducted over a three-year period, encompassing planning, needs assessment, and field implementation stages.

In 2022, the PkM team from FEBI IAIN Kerinci initiated the program by undertaking preliminary planning and exploring academic collaboration with USIM. This phase involved a series of communications and discussions aimed at aligning perceptions regarding the objectives, scope, and focus of the community engagement activities. The outcome of this stage was a mutual agreement to develop an internationally collaborative PkM program oriented toward enhancing zakat literacy and Islamic financial management among Indonesian migrant communities in Malaysia.

Subsequently, in 2023, an observation and needs-mapping process was conducted to identify the socio-economic conditions of Indonesian migrant communities in Malaysia, their level of zakat understanding, and prevailing financial management practices. During this phase, online discussions and coordination meetings were held between the FEBI IAIN Kerinci PkM team and USIM to review the observation findings and determine the most relevant theme for the program. Based on these deliberations, the Masyarakat Baru Pulau Tengah Malaysia (MBPM) community was designated as both the partner and the location for the PkM activities. In the same year, the PkM team formally extended an invitation and carried out initial coordination with MBPM as part of the program preparation process.

The implementation of the PkM activities took place in June 2024 within the MBPM community. The program was delivered in the form of zakat and Islamic financial management counseling sessions, presented in a communicative and context-sensitive manner. The zakat materials covered fundamental zakat concepts, types of zakat, niṣāb and ḥaḥ requirements, and the role of zakat in social welfare and economic empowerment. Meanwhile, the Islamic financial management component focused on household financial planning, income and expenditure management, and the integration of zakat into household financial management practices.

The program was attended by 43 participants from the Indonesian migrant community affiliated with MBPM, including household heads, homemakers, and individuals of productive working age. Throughout the sessions, participants demonstrated high levels of enthusiasm and active engagement, particularly during the discussion and question-and-answer segments. The resource persons consisted of lecturers from FEBI IAIN Kerinci and academics from USIM, providing complementary

perspectives on Islamic finance from both Indonesian and Malaysian contexts.

Following the completion of the program, an evaluation was conducted through reflective discussions and participant feedback to assess the level of understanding and the perceived benefits of the activities. The evaluation results indicated an improvement in participants' understanding of zakat and Islamic financial management. Moreover, the program created opportunities for the development of more sustainable follow-up community engagement initiatives and the strengthening of international collaboration between FEBI IAIN Kerinci, USIM, and Indonesian migrant communities in Malaysia.

RESULTS OF THE COMMUNITY ENGAGEMENT PROGRAM

This section presents the results of the Community Engagement Program, which was implemented in a phased manner from 2022 to 2024. The presentation of the results is structured in accordance with each stage of program implementation to demonstrate the interrelationship between the planning, observation, preparation, implementation, and evaluation processes. Furthermore, the outcomes of the program are discussed in relation to relevant theoretical frameworks and findings from previous

studies to strengthen the analysis and highlight the academic contribution of the PkM activities undertaken.

Results of the Planning and Partnership Initiation Stage

At the planning and partnership initiation stage, the primary outcome was the establishment of mutual understanding and a strong collaborative commitment between the Faculty of Islamic Economics and Business (FEBI), IAIN Kerinci, and Universiti Sains Islam Malaysia (USIM). Early-stage planning provided clear direction regarding the objectives and expected outputs of the Community Engagement Program (PkM). This finding aligns with management theory, which positions planning as a fundamental function in determining program effectiveness and success (Lusardi & Mitchell, 2014).

Moreover, cross-national collaborative planning supports the view that strategic partnerships enhance the relevance and sustainability of community engagement initiatives. This result is consistent with the study by (Alim & Muslim, 2025), which emphasizes that Islamic financial literacy programs are more effective when designed through institutional collaboration and grounded in community needs.



Figure 1: Planning and Partnership Initiation Stage

Source: Private Document

Results of the Observation and Needs Assessment Stage

The observation and needs assessment stage revealed that Indonesian migrant communities in

Malaysia continue to experience limited understanding of zakat and Sharia-based household financial management. This condition is consistent with financial literacy theory, which

suggests that low levels of financial literacy are associated with weaker household financial decision-making (Lasawedy, 2025).

These findings also reinforce the conclusions of (Puspita & Muzakir, 2025), who argue that insufficient zakat understanding constitutes a major constraint on the optimal role of zakat in

improving social welfare. Based on the results of this assessment, the Masyarakat Baru Pulau Tengah Malaysia (MBPM) community was selected as both the partner and the location for the PkM activities, as it demonstrated needs closely aligned with the objectives of the program.



Figure 2: Observation

Source: Private Document

Results of the Technical Preparation Stage

At the technical preparation stage, the outcomes indicated comprehensive readiness of the program in terms of educational materials, resource persons, and implementation logistics. The zakat and Islamic financial management materials were developed in a contextual and practical manner, tailored to the socio-economic conditions of migrant communities.

The division of roles between resource persons from FEBI IAIN Kerinci and USIM was effectively implemented and reflected the organizing function within the POAC framework, which underscores the importance of coordination and task allocation (Knowles *et al.*, 2014). This finding aligns with the study by (Alrisqi *et al.*, 2025), which highlights that the quality of educational content and the competence of facilitators are key determinants of success in Islamic financial education programs.



Figure 3: Technical Preparation Stage

Source: Private Document

Results of the Implementation Stage of the Community Engagement Program

The implementation of the PkM activities in June 2024 yielded highly positive outcomes. The zakat and Islamic financial management counseling sessions were attended by 43 participants from the Indonesian migrant community affiliated with

MBPM. Participants demonstrated active engagement and high levels of enthusiasm, particularly during the discussion and question-and-answer sessions.

The zakat component enhanced participants' understanding of zakat obligations, calculation

methods, and the role of zakat in promoting social welfare. Meanwhile, the Islamic financial management sessions increased participants' awareness of the importance of structured household financial planning. These outcomes are consistent with adult learning theory, which emphasizes participatory and experiential

approaches to learning (Isa *et al.*, 2024), and support the findings of (Aswad *et al.*, 2024), who report that zakat education programs can significantly enhance public awareness and positive attitudes toward Islamic financial practices.



Figure 4: Implementation Stage of the Community Engagement Program

Source: Private Document

RESULTS OF THE EVALUATION AND FOLLOW-UP STAGE

The evaluation results indicated an improvement in participants' understanding and awareness of zakat and Islamic financial management. Participants reported gaining practical knowledge that could be directly applied in their daily financial activities. This outcome aligns with the controlling function in the POAC management framework, which views evaluation as a critical

basis for program improvement and sustainability (Lusardi & Mitchell, 2014).

Furthermore, these findings reinforce the study by (Muliati, 2024), which demonstrates that Islamic financial literacy contributes to changes in financial attitudes and behaviors within communities. The evaluation outcomes therefore serve as a foundation for planning future community engagement initiatives and strengthening sustainable international collaboration.



Figure 5: Evaluation and Follow-Up Stage
Source: Private Document

CONCLUSION AND RECOMMENDATIONS

The Community Engagement Program in the form of zakat education and Islamic financial management counseling for Indonesian migrant communities in Malaysia was implemented in a phased and systematic manner from 2022 to 2024. The findings indicate that a needs-based planning approach, combined with international collaboration with Universiti Sains Islam Malaysia (USIM) and participatory implementation strategies, effectively enhanced community understanding and awareness of zakat and Sharia-based household financial management. The program not only increased participants' knowledge but also encouraged shifts in attitudes toward perceiving zakat as both a religious obligation and a socio-economic instrument, as well as recognizing the importance of sustainable household financial planning. Accordingly, this PkM initiative contributed to strengthening Islamic financial literacy and improving the well-being of Indonesian migrant communities. Based on these findings, it is recommended that similar initiatives be continued through sustained mentoring and follow-up programs to maximize long-term impact. In addition, international collaboration between FEBI IAIN Kerinci and USIM should be further strengthened and expanded to reach a

broader spectrum of Indonesian migrant communities across Malaysia.

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