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SHAPING THE GIG ECONOMY IN MALAYSIA

Is the Islamic Banking Industry on Track?

Dr Noor Suhaida Kasri

Food Insecurity and the Gig Economy: Global and East African Insights

Post-Pandemic Freelance Delivery Services in Brunei: Here to Stay?

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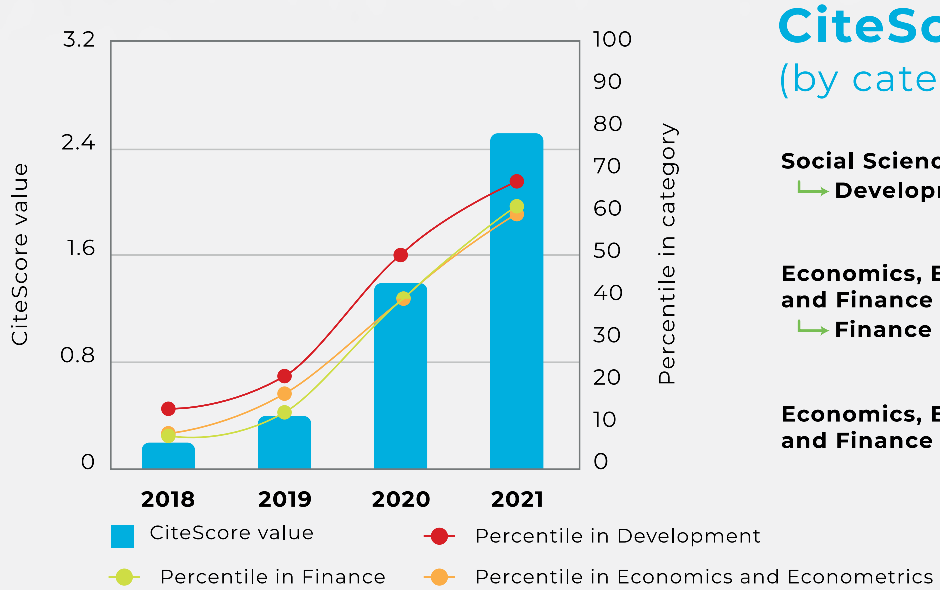

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Editor's Note

Dear faithful readers,

Welcome back to the second issue of IF HUB for this year. Time flies so quickly that without realising it we are approaching Q3, 2022. Though the world is 'slowly relieved' from the devastating impact of the COVID-19 pandemic, current geopolitical conflicts have posed another worrying risk to economic growth. 'Overall economic optimism continues to decline', a survey by McKinsey in March 2022 revealed.

In this issue, we will navigate our readers through the positive impact of COVID-19 on the resurgence of the 'gig economy', a term coined after the global financial crisis 2008, to connote a free-market system where companies hire independent workers as the need arises for short-term commitments. Our esteemed contributors discuss how the gig economy has benefited the Islamic finance industry in Malaysia, Brunei and Sub-Saharan Africa (Ethiopia and Kenya) in various columns: In-person, INCEIF Think Tank and INCEIF Alumni.

Q2, 2022 was quite busy with different activities taking place during the fasting month of Ramadan, followed by the Eid celebration. These are captured in our column on Events @ INCEIF.

The IF HUB editorial team would also like take this opportunity to congratulate our newly appointed Deputy President Operations, Dr Muhammad Syahmi Mohd Karim, whose appointment was effective on 9 May 2022 for three years.

Finally, my sincere appreciation goes to all contributors and my dedicated editorial team, without whom this issue would not have been successfully completed. May Allah accept this effort and count it as part of our good deeds.

Happy reading and take care!

Dr Marjan Muhammad
Editor-in-Chief

SHAPING THE GIG ECONOMY IN MALAYSIA

Is the Islamic Banking Industry on Track?

By: Dr Noor Suhaida Kasri
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INTRODUCTION

The term gig economy was first coined in 2009 by Tina Brown, the editor-in-chief of the Daily Beast, an online news magazine. At the time of her writing, the world was bearing the brunt of the global economic recession. The ensuing economic woes accelerated the proliferation of gig workers who made a living by taking on on-demand jobs as part-timers, freelancers, independent contractors and project-based workers.

Fast forward eleven years to 2020, the economic downturn from massive layoffs and business closures triggered by the COVID-19 pandemic is seeing the spur of worldwide gig economic activities. The widespread use of the Internet and the rise of digital platforms have helped those who lost their jobs to use them to make a living, sparking the popularity and exponential growth of this sector.

> *Even though the gig economy is now on the national agenda, perennial issues and challenges persist.*

The gig economy, also dubbed the 'sharing economy', 'collaborative economy', 'digital economy', 'crowd economy', and 'peer economy', is recognised as a new economic source of revenue across the globe and in Malaysia too. With close to four million freelance workers in Malaysia, and increasing by the day, the gig economy forms a key part of the Twelfth Malaysia Plan (2021–2025) (Lim, 2021).

THE GIG ECONOMY: AN APERTURE FOR ISLAMIC FINANCE?

Even though the gig economy is now on the national agenda, perennial issues and challenges persist. For example, access to inclusive financing options remains a fundamental issue as most gig workers earn below the required income threshold and lack formal credit history. As a result, they fall into the unserved and underserved segment.

This is not surprising as the business and operation of banking institutions are traditionally built to service customers with regular salary payout. Hence, in designing banking products and services for the gig economy, banking institutions need to create new product structures and rethink risk management, especially on the gig workers' credit assessment.

For instance, setting creditworthiness requirements for the gig workers would require banking institutions to consider alternative methods of assessment. Moreover, in the current circumstance, gig workers may find it hard to produce the required documentation to support their financing application despite having source(s) of income—albeit peaks and troughs in their cash flow (Fintech News Malaysia, 2021).

So, are banking institutions up to this change? How can they change to meet the gig workers' special needs and circumstances? Financing the underserved and unserved like gig workers for economic and financial progress is in line with the objectives of Shariah (*maqasid al-Shariah*). Is this type of financing already present in the Islamic banks' balance sheets?

ISLAMIC BANKS AND VALUE-BASED INTERMEDIATION

The Bank Negara Malaysia's Financial Sector Blueprint 2022–2026 (the Blueprint), released early this year, clearly captures the role of the banking sector in supporting the nation in navigating the post-pandemic landscape. It emphasises the future expectations of the Islamic banking sector, particularly to continue catalysing national economic recovery agendas toward building an inclusive, sustainable, and responsible financial system in line with the *maqasid al-Shariah* and the United Nations Sustainable Development Goals (SDGs). Therefore, among the key focus areas of the Blueprint – to promote sustainable development objectives – are mainstreaming Value-based Intermediation (VBI) and addressing the needs of the underserved and unserved as part of (Figure 1).

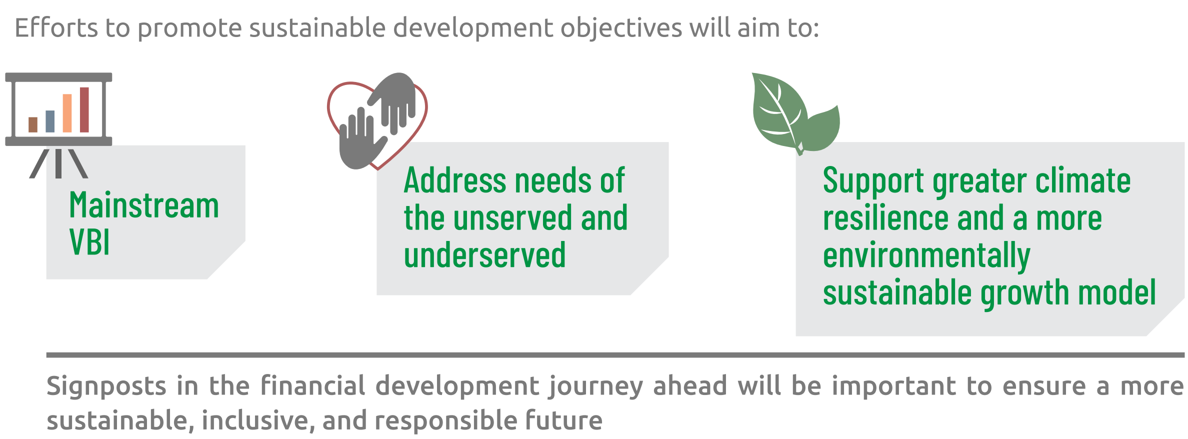

Figure 1: Focus Areas for Sustainable Development
Source: BNM (2022a)

Since the introduction of VBI in 2017, Islamic banks in Malaysia have started implementing VBI-related activities to serve the underserved and unserved communities. According to AIBIM (2020), the Islamic banking industry in Malaysia intermediated RM155.6 billion (2017–2020) via VBI-related/aligned initiatives, which have positively impacted the community and the environment (see Figure 2).

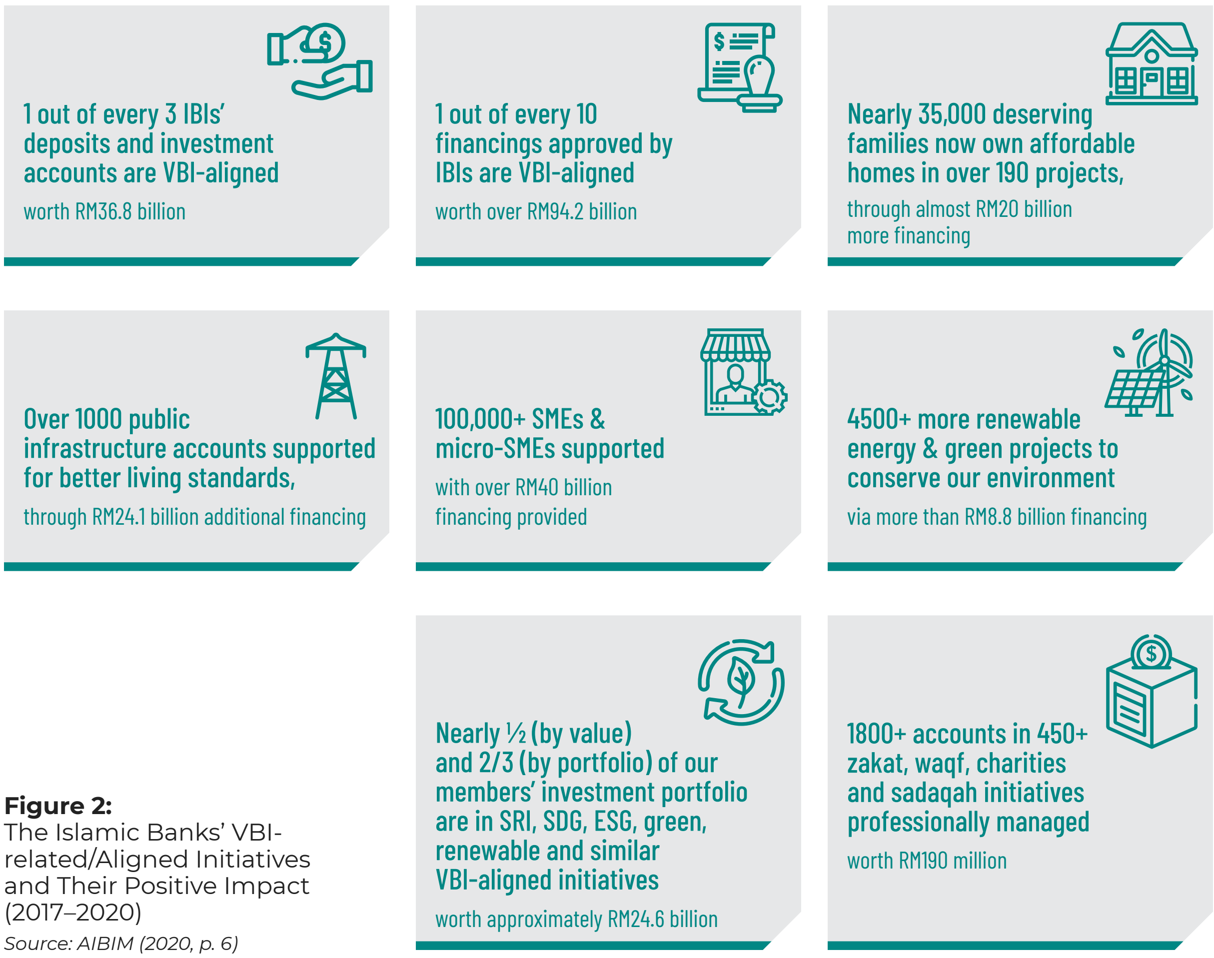

Figure 2:
The Islamic Banks' VBI-related/Aligned Initiatives and Their Positive Impact (2017–2020)
Source: AIBIM (2020, p. 6)

The pandemic and widespread digitalisation have accelerated and upscaled financial assistance to these communities. As a result, unprecedented financing product offerings and programmes that blended zakat, waqf and *sadaqah* funds with digital enhancement and implementation partners are on the rise (see Table 1), and iTEKAD stands out as an excellent case study.

Islamic Banks	BANK ISLAM	BANK RAKYAT	CIMB ISLAMIC	Bank Muamalat	SME BANK GROUP
Product Solutions	iTEKAD Microfinancing Programme	RAKYATpreneur 2.0	iTEKAD Rider Entrepreneur Programme	iTEKAD Mawaddah Programme	*Asnaf* Entrepreneurship Program or ISHRAF
Product Description	To assist micro-entrepreneurs (B40 segment and *asnaf*) to grow business and generate sustainable income. It involves on-boarding and educating them as well as monitoring their performance and success.	To assist and empower micro-entrepreneurs by providing training that will equip them with entrepreneurial skills and competencies.	To provide training and job opportunities to those impacted by the pandemic especially the youth. Once they successfully completed their one-year work placement with foodpanda, they can either continue their employment with foodpanda or set up their own enterprise.	The Bank, through funds sourced from investors, invest in businesses owned by B40 individuals and micro-entrepreneurs. The profit and loss of each business will be shared with the respective investors.	To assist and empower the micro and *asnaf* entrepreneurs through the adoption of digital technology that will improve their skills and abilities to grow, expand and sustain their businesses.
Collaborators	MAIWP SME CORP MALAYSIA	Universiti Teknologi MARA	Yayasan Waqaf Malaysia Yayasan Belia Malaysia Taylor's University foodpanda	Lembaga Zakat Selangor PPZ MAIWP Pusat Pungutan Zakat	Lembaga Zakat Selangor (for ISHRAF 1.0) Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM) (for ISHRAF 2.0) CEDAR Centre For Entrepreneur Development And Research

Table 1: Blended Financing Products Offered to the Underserved and Unserved Communities
Source: Adapted from BIMB, BMMB and CIMB Islamic (2021), Bank Rakyat (n.d.) and SME Bank (2021)

Today, iTEKAD is jointly implemented by three Islamic banks. Seed capital sourced from zakat, *sadaqah*, waqf and social investment offers eligible microentrepreneurs affordable microfinancing arrangements among *asnaf* and B40 individuals. In addition, zakat or *sadaqah* funds are also used to reduce the credit exposure of the applicants by providing funds for working capital or the purchase of business equipment.

Another salient feature of iTEKAD programme is the strategic collaboration between the three Islamic banks and selected implementation partners such as State Islamic Religious Councils, government agencies and non-government organisations. Through this collaboration, the recipients will receive structured entrepreneurship and financial management training to equip them with a more holistic understanding, skills and knowledge in managing their venture efficiently and sustainably (BIMB, BMMB & CIMB Islamic, 2021).

DIGITALISING IS THE WAY FORWARD

The banking industry's commitment to promoting financial inclusion is substantiated further by the recent issuance of digital bank licenses to five digital banks, two of which are Islamic digital banks (BNM, 2022b). One of the key conditions of the digital bank license is for these digital banks to serve the underserved and unserved in retail and SMEs.

The establishment of digital banks is vital as they fill the gap left by traditional banks. The use of data analytics and machine learning algorithms allows digital banks to utilise data in a novel way to better understand the needs of customers from among the unbanked segments of society. As a result, gig workers' credit backgrounds can be accurately assessed, resulting in a customised product that caters to the financial needs of these workers. Besides lowering servicing costs, digital banks could also offer better accessibility to rural areas (Comparehero.my, 2020).

While these positive developments help alleviate the gig workers' financial hardship, structural reform is still needed for this sector to thrive post-pandemic. Efforts toward safeguarding and promoting the welfare of these workers are still lacking.

> *The use of data analytics and machine learning algorithms allows digital banks to utilise data in a novel way to better understand the needs of customers from among the unbanked segments of society.*

There are no specific labour law provisions, regulations or guidelines that provide these workers with the benefit of a typical working employee, such as minimum wage, working hours limitation, paid annual and sick leave, and unfair dismissal. These workers are also not covered by financial safety nets such as retirement savings in the Employees Provident Fund (Ministry of Finance, 2020).

Is Malaysia's Islamic banking industry on track in serving gig workers? The answer is, without a doubt. Guided by the Blueprint, it is foreseeable that Islamic banks and their implementation partners will craft more value-based initiatives to meet the needs of gig workers. With smart strategic planning, oversight, and effective implementation of these initiatives, Malaysia will stand out as the region's leading inclusive and sustainable Islamic banking hub.

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MUSHROOMING OF GIG WORKFORCE

Advantageous to the Islamic Finance Industry in Malaysia?

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Citation
Muhammad, M. & Harun, H. (2022), 'Mushrooming of gig workforce: advantageous to the Islamic finance industry in Malaysia?', *IF HUB*, Issue 2, June, pp. 11-16.

INTRODUCTION

A near three-year protracted COVID-19 pandemic since the 2019 first outbreak in Wuhan, China, has hugely impacted all the basic economic units: the household, the firm and the government. Over the two-year period from 2 January 2020 to 15 January 2022, the following five industries: airlines; hotels, restaurants and leisure; energy equipment and services; automobiles, and speciality retail were most affected by lockdowns and social distancing intended to curtail the spread of COVID-19 (S&P Global Market Intelligence, 2022). Many of these industries are small businesses requiring a longer period to recover and return to their pre-pandemic state. One of these businesses' immediate measures was retrenching a certain percentage of employees to reduce operational costs. For the retrenched employees who need to find other sources of income to survive, the gig economy, which had gained attention after the global financial crisis in 2008, is an attractive alternative for them to earn a living. This article sheds light on the growth drivers of gig workforce after the COVID-19 pandemic and how advantageous this new economic trend is to the Islamic finance industry.

WHO IS GIG WORKFORCE?

The gig economy generally refers to non-standard or non-traditional work that is short-term and project-based. Recently, the term has been associated with working for digital platform companies. Hence, the Inland Revenue Board of Malaysia considers gig economy as a business model of e-commerce which is classified as a business activity and is governed under Section 4(a) of the Income Tax Act 1967. According to Gig Economy Data Hub (https://www.gigeconomydata.org/basics/what-gig-worker), there are several approaches in defining gig workforce, as illustrated in Figure 1.

WORK ARRANGEMENT

The contractual relationship between gig workers and the individual or company who pays them is temporary and may include freelancing, temporary agency work, self-employment, and subcontracted work.

NATURE OF WORK

The work involved is usually characterised by flexibility and autonomy due to lack of direct oversight.

LEGAL CLASSIFICATION OF WORKERS

Gig workers are classified as independent contractors; hence they are neither bound by employment contract nor able to enjoy employee benefits and perks.

Figure 1: Approaches in Defining Gig Workforce
Source: Adapted from Gig Economy Data Hub (n.d.)

Schmidt (2017) and Sun (2020) categorise gig economy activities into two categories: cloud work and gig work. Each has three subcategories as delineated in Table 1.

Main Category	Subcategory	Workforce	Example in Malaysia
Cloud work: web-based where works are completed online	Freelance marketplaces	Selected individuals	FREELANCING
	Micro tasking crowd work	Crowd	GIGAGIGS
	Contest-based creative crowd work		designhill
Gig work: location-based where works are completed offline	Accommodation	Selected individuals	airbnb
	Transportation and delivery services		BUNGKUSIT MyCar Grab foodpanda
	Household services and personal services		MR. WIREMAN

Table 1: Categories of Gig Economy
Source: Adapted from Sun (2020)

According to the Department of Statistics Malaysia, there were about four million gig workforces, representing 26 per cent of the Malaysian labour force in 2020.

The demographic of gig workforce is heterogeneous, comprising different age groups, genders, educational levels, races and geographic locations. Income from gig work, which varies depending on the profiles and attitudes of gig workers and their nature of work, is generally less than traditional employees (Zipperer *et al*., 2022).

GROWTH OF GIG WORKFORCE POST COVID-19 PANDEMIC: KEY DRIVERS

According to Hayes *et al*. (2019), the gig economy accounts for one-third of the world's working population, with 24 per cent being gig-only workers and 9 per cent engaging as both gig and traditional workers. In 2018, the global gig economy's market stood at USD204 billion, with transportation-based services (such as Uber and Grab) and asset-sharing services (such as Airbnb) representing nearly 90 per cent of the total value (Broda, 2022). This market segment is estimated to grow by a compound annual growth rate (CAGR) of 17.4 per cent to reach USD455 billion in 2023 (Chart 1).

Malaysia also witnessed substantial growth of the gig economy during the COVID-19 pandemic. Food delivery services in the country recorded a significant year-on-year growth of 44 per cent in 2020 (Google, Temasek & Bain, 2020). According to the Department of Statistics Malaysia, there were about four million gig workforces, representing 26 per cent of the Malaysian labour force in 2020.

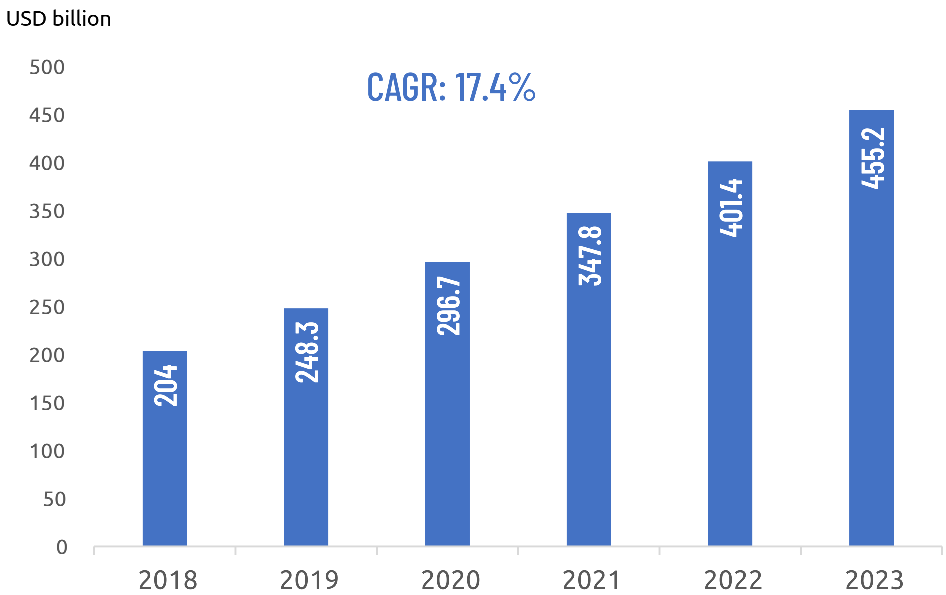

Chart 1: Estimated Growth of Gig Economy
Source: Mastercard & Kaiser Associates (2019)

Among key factors that drive the mushrooming of gig workforce include the following (Mastercard & Kaiser Associates, 2019; Paul Hype Page & Co, n.d.; Khandelwal, 2020):

Advancement of technology: the rise of smartphones, digitalisation and fintech has enabled different segments of communities, including the unserved and underserved, to become freelancers.

Flexible work-life environment: gig work provides flexibility without confining to a 9-5 routine. In addition, gig workers can work remotely from anywhere.

Increasing coworking spaces: shared workspaces which allow a combination of subscriptions and passes are suitable for professionals of the gig economy who do not require a conventional office.

High cost of living: economic recession due to the pandemic has forced lower to middle-income earners to source supplemental income via part-time jobs that the gig economy offers.

Booming of 'on-demand' services: digital platforms have enabled companies to hire on-demand freelancers to save costs and scale up operations.

THE GIG ECONOMY AND ISLAMIC FINANCE INDUSTRY IN MALAYSIA

There are at least four financial services that gig workers need (Figure 2):

REQUIRED SERVICE	PURPOSE	FINANCIAL SOLUTION
Payment	To manage cash inflows and outflows	E-money or e-wallet, banking account
Financing and capital	To purchase required necessities to do gig jobs	Bank financing/loan, peer to-peer financing/lending, Buy Now Pay Later
Cross-border payment	To receive payments from overseas	Remittance
Wealth management	To save and invest funds	Savings account, investment accounts and instruments

Figure 2: Financial Services Required by Gig Workforce
Source: Adapted from Finantier Blog (2022)

Some of these products and services are offered by Islamic financial institutions (IFIs). For instance, many Islamic banks have launched their own e-wallets in addition to their long-standing online banking services to facilitate Shariah-compliant transactions.

Through collaborations between IFIs and digital platform companies, more innovative products and services that cater for the need of gig workers have been introduced. For example, Grab collaborates with insurance companies and takaful operators to offer daily e-hailing insurance/takaful protection for drivers and food riders against any risk of misfortunes and unforeseen events. In addition, Principal Asset Management Berhad collaborated with Touch 'n Go e-Wallet to launch an investment product called 'GO+', enabling eligible users to generate potential returns from the account. The underlying fund of GO+ is Principal e-Cash Fund, a Shariah-compliant money market fund. This type of investment instrument is suitable for gig workers as the initial investment amount starts at RM10 and is open to all Touch 'n Go eWallet users.

Most of the financing solutions for gig workforce are spearheaded by fintech companies. For example, Grab and SEDANIA As Salam Capital rolled out Shariah-compliant financing to eligible Grab drivers and delivery partners; hence providing them secure access to micro-financing. However, Islamic banks only recently started making inroads into innovative financial solutions for gig workers and other underserved segments. Bank Islam Malaysia Berhad, via its digital platform, Centre of Digital Experience (CDX) and in collaboration with its strategic partners, has adopted an alternative credit scoring model to assess the customers' creditworthiness.

These services are crucial to support the growing number of gig workforces who do not have fixed salaries and the required documentation for applying financing facilities via normal banking channels.

Furthermore, CIMB Islamic Bank, via its iTEKAD Rider Entrepreneur Programme (launched in 2021), sponsored 31 individuals, particularly youth, to attend training on entrepreneurship and technical skills in exchange for one-year employment with foodpanda, the bank's online food delivery partner, and motorcycle grant upon the completion of the programme.

The booming of the gig economy has inevitably pushed IFIs to innovate and provide a range of financial solutions that meet the expectation and demand of gig workers. Nonetheless, more efforts from the Islamic finance industry are needed to boost this market segment. For example, the existing remittance services to facilitate cross-border payments involve high costs and take a long time to complete. Hence, a more cost-effective and efficient platform should be established as gig economic transactions are typically in small denominations.

MOVING FORWARD

The number of gig workers, considered 'essential workers' during COVID-19, has a great potential to accelerate even beyond the pandemic as the world has now started to embrace the 'new normal' in the working landscape. Hence, the government and relevant authorities must take necessary measures to support gig workers to ensure the long-term viability of the gig economy. Sun (2020) proposed establishing a comprehensive regulatory framework governing the gig economy to protect the welfare and interest of gig workers. IFIs should also be part of the agenda to elevate the gig economy by providing necessary services for its workforce to thrive. It is hoped that the two Islamic digital banking licences issued by Bank Negara Malaysia in April 2022 to two consortia will become a game-changer in serving the needs of the unserved and underserved segments, including gig workers.

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FOOD INSECURITY AND THE GIG ECONOMY

Global and East African Insights

Photo: UN Photo/Albert González Farran

INTRODUCTION

Humans are living in trying times, brought on mostly by their own hands. Increasing climate-related devastation, strange pandemics (e.g., Zika, Ebola, COVID-19 and Monkeypox), and wars that mostly support weapons-producing nations and the corporate/political elite have led to a widening of economic disparity and human suffering. Probably the most serious of humanity's unbridled obsessions for more is food. The United Nations Environment Programme (UNEP) estimates that more than 30 per cent of food is wasted in the United States and Europe alone. But has production met increasing consumption patterns? Some wealthy nations like the USA and China have increased crop yields. However, medium- to long-term yields are on the decline, affecting output and food price and severely impacting food security and poverty in developing nations. A recent study by Hasegawa *et al.* (2021) found that Sub-Saharan Africa and South Asia are most at risk of hunger over the next 30 years, resulting from uncertainties in extreme climate impact. Nevertheless, most reports will have us believe that the percentage of poverty and hunger has decreased.

By: Asst. Prof. Dr Ziyaad Mahomed
Faculty, School of Graduate and Professional Studies, INCEIF University

Citation:
Mahomed, Z. (2022), 'Food insecurity and the gig economy: global and East African insights', *IF HUB*, Issue 2, June, pp. 19-22.

Positive statistics should be contextualised; Africans, for example, have managed to reduce poverty from 54 per cent in 1990 to 41 per cent by 2015, but the number of Africans below the poverty line increased from 278 to 413 million in the same period!

Whilst global food reserves may alleviate shortages if spread equitably, regional distribution is disparate from local demand. For example, Africa imported 85 per cent of its food between 2016 and 2018. In the aftermath of the pandemic, supply chain disruptions have caused inordinate price increases, leading to situational poverty even for the previously well-off. Another alarming statistic is that Africa experiences up to 50 per cent of post-harvest losses (PHL) on fruits and vegetables, mainly because of weak infrastructure in getting food to market. The pandemic has exacerbated these losses, resulting in value chain fractures for logistics (e.g., availability and price of fuel), financing (tightening of access to credit), and labour (mobility restrictions).

The labour disruption, in particular, has posed a significant supply chain hurdle. Pandemic mitigation strategies of lockdowns and quarantines have caused significant and abrupt shifts in food supply chains and slowed trade, forcing companies to lay off thousands of workers globally. For example, the International Labour Organization (ILO) reported that 81 million jobs were lost in Asia in 2020. This has fuelled a fresh take on the gig economy workforce paradigm. A 'gig' was an informal reference to a musician's live performance or a temporary job. The gig economy, by extension, can be understood as a marketplace of services delivered by part-time or temporary workers paid by tasks rather than on long-term contracts and mostly arranged through digital platforms. Typical examples include Grab in Southeast Asia, Uber, Freelancer or Fiverr, all linking customers with free agents for a fee. The 'Great Resignation', spurred on by unprecedented layoffs from COVID-19, seems to have encouraged employees to become free agents and establish a new version of job security. More than four million Americans quit their jobs every month, from May 2021 to April 2022. They cited low pay (63 per cent), lack of growth opportunities (63 per cent) and feeling disrespected at work (57 per cent).

The most noticeable impact of the gig economy on food is the delivery service, giving households access to a variety of cuisines at their doorstep. But can the gig economy relieve some of the challenges of food insecurity? Several examples of successful integration of these two concepts exist. This article highlights the Ethiopian and Kenyan cases, the barriers to entry, and some recommendations for accelerating the process and ensuring long-term sustainability in the region.

EMERGING GIG-BASED AGRARIAN DEVELOPMENT: THE ETHIOPIAN CASE

Developing economies with agribusinesses are experiencing increased urbanisation, improved infrastructure, and enhanced food supply chains (AGRA, 2019). Small holders to large holders across Sub-Saharan Africa rely on domestic labour to cultivate both staple and export foods. Ethiopia has the third largest population in Africa, and 75 per cent are employed in agriculture. The sector has managed substantial growth in its cereal market, but vegetable production has not been as successful. Vegetables are not frequently consumed in the nation because of durability and supply issues related to storage challenges, water shortages from climate change, and labour shortages leading to increasing prices.

> *Ethiopia has the third largest population in Africa, and 75 per cent are employed in agriculture.*

The Central Rift Valley in Ethiopia is critical to national vegetable production as it supplies the capital, Addis Ababa. Contractors are required here for irrigation, land preparation, seeding, fertiliser, harvesting and transportation to the market, providing gig-based support for decades. However, disruption from the pandemic, political unrest, drought and limited access to information have restrained the sector's growth and effectiveness. Smallholders rely on their participation in cooperatives, providing them with finance and other inputs. Medium-scale farmers, on the other hand, have unique challenges.

Gig Sector Supporting Medium-scale Farmers

Medium-scale farmers have trebled their land tenancy in the region since 2012, with output at an estimated USD52,000 per annum per farm (averaging 5 hectares), or 60 times the local GDP per capita. The pandemic caused substantial delays in upscaling since producers could no longer deliver to high-demand zones like the capital. Access to raw materials like specialised seeds and fertiliser has been delayed, increasing production costs. These farmers rely on hired labour for production, contracting with skilled labourers on a gig basis through mobile phones. This gig workforce has been successful in providing the skills to move yield to market but has not been able to maximise the use of technology or digital platforms. Internet penetration in Ethiopia stood at 25 per cent in Q1 2022 (Kemp, 2022), the average for Sub-Saharan Africa (excluding Kenya, Nigeria and South Africa). However, internet use increased by 5 per cent from the previous year, indicating substantial potential in introducing gig-focused digital platforms for the nation. Furthermore, 35 to 38 per cent of Ethiopia is Muslim, indicating that these platforms should offer Shariah-compliant solutions to succeed.

KENYAN SUCCESS STORY?

Internet use in Kenya is above 83 per cent, far exceeding the African average. As an agrarian-based economy (employing more than 80 per cent of Kenya's rural populace), Kenya is well established in agriculture fintech (agritech) platforms that support gig services. Several successful examples (Figure 1) provide market information to farmers and investors, information on farming equipment, farming finance, and linking freelance workers.

Figure 1: Example of Successful Agriculture Gig Services
Source: Author's own based on various sources

However, rural North-eastern Kenya is predominantly made up of Muslim farmers that cannot engage with conventional digital finance platforms due to *riba* and other prohibitions. For this region, which borders Ethiopia, there is again limited access to gig-based solutions that comply with the Shariah requirements. Shariah-compliant needs-based solutions are expected to enhance the supply chain and reduce food insecurity in this vulnerable region.

Recommendations

The Ethiopian agricultural sector has faced constant disruption long before catastrophic shocks like COVID-19.

Its reliance on the sector is based on food insecurity. The disruptions in international supply chains from the pandemic have further exposed Ethiopia and the most vulnerable, food import-reliant nations across Africa and Asia. Ethiopia's neighbour, Kenya, provides a good example of a technology-based gig economy whilst sharing climatic and cultural similarities in the North. However, no Shariah-compliant solutions exist in both countries with significantly large Muslim populations.

Effective gig-based digital platforms for the region may consider the solutions described in Figure 2.

Without these solutions, humanitarian disasters in the region will continue their cyclical nature, resulting in more severe continental and intercontinental repercussions from food insecurity. Supporting the inextricable link of food security with the gig economy in vulnerable regions requires sincere efforts in infrastructural development, enhancing technological literacy, realigning political will with social impact, and focusing on value-based solutions. It is time to get our act together. The world needs better solutions.

Figure 2: Proposed Solutions for Effective Gig-based Digital Platforms

Source: Author's own

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POST-PANDEMIC FREELANCE DELIVERY SERVICES IN BRUNEI: HERE TO STAY?

By: Dr Amnisuhailah binti Abarahan
Faculty of Islamic Economics and Finance, Universiti Islam Sultan Sharif Ali, Brunei Darussalam

Citation

Abarahan, A. (2022), 'Post-pandemic freelance delivery services in Brunei: here to stay?', *IF HUB*, Issue 2, June, pp. 25-27.

INTRODUCTION

The COVID-19 pandemic has persisted throughout the world for more than two years, transforming social norms and altering the life course events of many. It has also changed the way people view their health and livelihoods. Numerous lockdowns worldwide affected even major economies, leading to a significant economic downturn with well-established companies downsizing their workforce through layoffs, resulting in 114 million people losing their jobs over 2020 (weforum.org, 2021).

In Brunei, the unemployment rate in 2020 stood at 7.4 per cent compared to 6.8 per cent in 2019 due to COVID-19 restrictions (Centre for Strategic and Policy Studies, 2022). Although the government introduced stimulus packages and interim financial measures during the first and second COVID-19 waves (Ministry of Finance and Economy, 2020), people in the country were very much affected financially, especially those without a stable income. The largest component of Brunei's workforce is government servants, and young people aspire to government jobs as it comes with extensive economic benefits, from free medical care to low-interest loans and a guarantee of a secured future. Therefore, a gig job is not 'real' work but more toward earning a side income. This article highlights the significant growth of freelance delivery services in Brunei Darussalam, boosted by technology and the COVID-19 pandemic.

A NEW WAVE FOR GIG ECONOMY

Though not specifically addressed, the gig economy has captured Bruneians' attention, especially among the youths. The work trend has expanded many job opportunities. At the same time, technology has supported and boosted this segment as the younger generation is more apt to use phone applications like 'Instagram'. For online sellers, the number of products available on a scroll with hashtags gives them the upper hand over customers needing to go to shopping malls to find just one item. Potential buyers can also seek and compare prices among sellers with the same product, thus giving them more bargaining power. Buyers and sellers can do business anytime and anywhere, a common economic activity among the youths but further accelerated to all walks of life after the COVID-19 pandemic.

The second wave of COVID-19 in 2021 became a game-changer to the gig economy in Brunei as a significant number of 'runners' emerged. A runner, as used in Brunei, refers to an individual who runs and performs services for clients for a simplified fee, often for delivery services and shopping runs for customers. When the movement restrictions and lockdowns were imposed to curb the spread of the pandemic, runners from various walks of life took the opportunity to freelance, running errands for customers from buying groceries to ordering and delivering food. Food delivery apps like GoMamam and Ta-pow! and Bruneian ride-hailing services mobile app, Dart, gained popularity during the lockdown. Apart from ride-hailing services, Dart offers delivery services ranging from food to Antigen Rapid Test (ART). This demonstrates the technology push in the growth of Brunei's gig economy . Table 1 lists the registered online delivery platforms available in the country as of 2022.

Platform	Sector	Description	Service Segment	Additional Service Segment during COVID-19
Dart	Transportation-based service	Requires freelance drivers to complete the requested service	Carpooling, Ridesharing	Restaurant delivery, Antigen Rapid Test (ART) delivery
Go Mamam			Restaurant delivery	Food and beverage delivery of home-based food businesses
TA-POW!			Restaurant delivery	Food and beverage delivery of home-based food businesses

Table 1: Registered Online Delivery Platforms in Brunei (2022)
Source: Authors' own

ISLAMIC FINANCE IN THE GIG ECONOMY

During the second wave of COVID-19, Bank Islam Brunei Darussalam (BIBD) launched a digital platform called 'Community for Brunei' in April 2020 to support small businesses. It enabled Bruneians to pay online to purchase food and merchandise from small and micro businesses (Community for Brunei, 2021). BIBD's Corporate Social Responsibility (CSR) initiative, which heralded the Islamic bank's social engagement with local entrepreneurs, demonstrates how the growth of gig economy can be encouraged as not only small businesses were supported but runners and delivery platforms as well. Other Islamic financial institutions can also engage income-seeking individuals through a similar social initiative. By providing a digital platform, entrepreneurs can run and market their businesses without being hampered by traditional business issues such as minimum capital, halal certification[1] or even the requisite educational background.

The increased presence of freelancers and runners during the pandemic raises a new business opportunity for Brunei's Islamic banking industry. The industry can work towards providing more suitable financial services through fintech and innovative digital solutions to encourage the success of contractual or seasonal freelance opportunities. In addition, Islamic banks, microfinance institutions and government entities can also provide loans and grants to support freelancers or runners in starting their businesses.

OPPORTUNITIES AHEAD

With COVID-19 restrictions lifted as of 1 June 2022 in Brunei, the government should seriously look into embracing the gig economy as a new force for growth in light of increases in the unemployment rate and the relevance of a 9-to-5 workday. Formulating policies and legislation to cater to individuals participating in the gig economy should be equally important. They should also be given the right to benefits and perks automatically provided to permanent employees. As for the Islamic finance industry in Brunei, a new opportunity awaits. What is left is the will and *istiqamah* to ensure that this market segment is taken care of, where everyone has equal opportunities in the long run.

1 All businesses in Brunei producing, supplying and serving food and beverages are required to apply for Halal certification, according to the recent amendment to the Halal Certificate and Label Order Amendment 2017.

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INCEIF University Welcomes

NEW DEPUTY PRESIDENT OPERATIONS

INCEIF University welcomes its new Deputy President Operations, Dr Muhammad Syahmi Mohd Karim, whose appointment was effective on 9 May 2022.

Dr Syahmi has accumulated 22 years of experience in various capacities in the financial and banking services locally and internationally. His immediate previous post was as Deputy CEO at INCEIF University's consulting subsidiary, ISRA Consulting.

He is a member of the Shariah Committee of HSBC Amanah Malaysia Bhd and Export-Import Bank of Malaysia Bhd. He is listed as a short-term External Expert for Islamic finance to the US-based International Monetary Fund. He currently serves as a Member of the Board of Directors of YaPIEM Gold Sdn Bhd and was formerly a member of the Board Risk of YaPEIM and a Board Member of YaPEIM Smart Venture Sdn Bhd.

Dr Syahmi was the Lead Islamic Finance Specialist at Islamic Development Bank (IsDB) Group in Saudi Arabia.

Prior to joining ISRA Consulting, Dr Syahmi was the Lead Islamic Finance Specialist at Islamic Development Bank (IsDB) Group in Saudi Arabia. His main task was to provide advisory service and technical assistance to IsDB member countries and non-member countries in establishing Islamic finance enabling environment.

He was a member of the Islamic Financial Services Board (IFSB) Working Group Member to develop standards on Guiding Principles on Disclosure Requirements for Islamic Capital Market Products (Sukuk and Islamic Collective Investment Schemes).

Dr Syahmi first honed his finance and banking knowledge at Bank Negara Malaysia (BNM), mainly during his time at the Banking Supervision Department, with his last position as the Head of Shariah/Islamic Banking Risk Section, Specialist Risk Unit.

Among the Banking Supervision Department's mandates was to ensure the successful implementation of BNM's Financial Sector Masterplan and Financial Sector Blueprint by the commercial and Islamic banks under the central bank's purview.

He has a Bachelor's degree in accounting from International Islamic University Malaysia (IIUM) and received his Master of Science degree in Finance (Islamic Finance) with a best student award from the same university. He then obtained his PhD in Islamic Banking and Finance from Durham University, UK. He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and an Associate Member of Certified Institute of Management Accountants (CIMA) UK, CPA Australia, and the Association of Shariah Advisors in Islamic Finance (ASAS).

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INCEIF'S RAYA OPEN HOUSE

On 11 May 2022, INCEIF University held a Raya Open House for about 300 people comprising students, alumni, board members and external guests from among the university's collaborating partners, donors and supporters. INCEIF University Chairman Tan Sri Azman Mokhtar and immediate past Chancellor Tan Sri Dr Zeti Akhtar Aziz were welcomed on campus by INCEIF University staff, led by President and CEO Prof. Dato' Dr Azmi Omar.

The guests also included 35 children from the Somalia Refugee Centre in Kuala Lumpur who had the opportunity to learn the basics of Islamic finance during a knowledge sharing session conducted by ISRA Research Management Centre's Senior Research Fellow, Dr Noor Suhaida Kasri.

Another special guest group was the indigenous Temuan families from a small Temuan community in Hulu Langat, Selangor. The community caught INCEIF's attention at the onset of the COVID-19 pandemic in 2020 due to their dire circumstances, and the manageable size of its population enabled the university to take on this project for a longer period. INCEIF University has donated daily essentials as well as funds to upgrade the houses of six households with plans to set up solar energy panels and introduce a literacy programme and sustainable activities such as urban farming.

The university's social responsibility projects are part of INCEIF University's goal to be an organisation that promotes knowledge with conscience. As a proponent of equality and inclusion for all as propagated by Islamic finance, the initiatives planned for the project enabled us to practice what we believe in.

2022 Islamic Finance 360

WEBINAR SERIES

MARCH EPISODE

KUALA LUMPUR – INCEIF University organised an IslamicFinance360 webinar series on 23 March 2022. The IslamicFinance360 webinar series is mostly sponsored by MBSB Bank and brings together international speakers and audiences on a virtual platform to discuss current issues in the Islamic finance industry. The topic of the March webinar is 'Pengurusan dan Perlindungan Harta dalam Islam (Islamic Wealth Management and Protection (Estate & Takaful))'.

The topic highlighted the need for wealth planning among Muslims to manage and protect their assets, raise public awareness, avoid disputes between relatives, and prevent unclaimed assets. The concept of objectives of Shariah (*maqasid al-Shariah*) was also discussed in managing Muslims' assets to benefit themselves and society at large.

Tuan Haji Ariffin Bin Sabirin, the CEO of Wasiyyah Shoppe Berhad (a Malaysian Shariah-compliant wealth management firm), presented the topic from experience gained as the first firm in Malaysia to systematically and aggressively introduce the method of hibah as an instrument in property planning in 2004. The session was moderated by Mr Ezamshah Ismail, Senior Teaching Fellow at INCEIF University.

This online event was attended by 230 participants, including members of the public, Islamic finance industry professionals, and local Shariah experts.

APRIL EPISODE

KUALA LUMPUR – INCEIF University organised an IslamicFinance360 webinar series on 13 April 2022. Unlike other IslamicFinance360 webinar series, which is sponsored by MBSB Bank, this April webinar was funded by RAM Ratings on the topic 'Winds of Change: Sustainable Finance'.

The talk gave participants a better understanding of how sustainability assessments, especially sustainability ratings, are conducted by RAM Ratings (as a third-party provider) in the Malaysian market. The discussion also highlighted the importance of sustainability assessment and ratings to the Islamic finance industry, and linkages of sustainability ratings with the Value-based Intermediation (VBI) concept introduced by Bank Negara Malaysia in 2017 and the Sustainable and Responsible Investment Roadmap for the Malaysian Capital Market (SRI Roadmap) launched by the Securities Commission Malaysia in 2019.

Mr Promod Dass, CEO of RAM Sustainability, presented the topic. Promod currently leads RAM Group's Sustainability Services and Environment, Social and Governance (ESG) analytics and has 26 years of experience in the financial services industry, including 21 years at RAM Group.

The online conference was attended by 45 participants, including members of the public, Islamic finance professionals, and local and international Shariah experts.

MAY, EPISODE 1

KUALA LUMPUR – INCEIF University organised an IslamicFinance360 webinar series on 27 April 2022. The topic of the May webinar (Episode 1) is 'Shariah-compliant E-Commerce Transactions'.

In 2021, global retail e-commerce sales amounted to approximately USD4.9 trillion. Over the next four years, this figure is projected to increase by 50 per cent, reaching USD7.4 trillion by 2025.

E-commerce platforms account for 22.3 per cent of total retail sales. Even when the retail industry suffered from the COVID-19 pandemic, e-commerce bucked the trend and saw double-digit growth rates.

With such rapid growth, e-commerce is a promising avenue for the halal digital economy. However, many Islamic-oriented investors, sellers, and customers are confused by the lack of proper Shariah guidelines. Either they are unaware of the Shariah issues in e-commerce, or they are forced to accept the system because they could not find answers to the Shariah concerns.

Accordingly, this webinar addresses the lack of proper Shariah guidelines by focusing on Shariah-compliant e-commerce transactions. It also discusses various Shariah concerns and their solutions in the e-commerce sector.

The topic was presented by Dr Farrukh Habib, Co-Founder and Managing Director of Alif Technologies.

This virtual event was attended by nearly 200 participants, including members of the public, Islamic finance professionals, and local and international Shariah experts.

MAY, EPISODE 2

KUALA LUMPUR INCEIF University organised an IslamicFinance360 webinar series on 25 May 2022. The topic of the May webinar (Episode 2) is 'Pelaburan Emas Digital Mengikut Perspektif Islam (Digital Gold Investment from the Islamic Perspective)'.

The webinar discussed how digital gold can be an investment asset from the Islamic perspective. It highlighted key Shariah requirements for digital gold investment and its associated risks. In addition, the webinar briefly touched on the role of gold as currency in the modern context.

Prof. Dato' Dr Ahamed Kameel Mydin Meera, the co-founder of Waqafa International Sdn Bhd (a company dedicated to the promotion of the Waqf Economic Model) presented the topic.

The webinar was moderated by Dr Marjan Muhammad, Director of the Research Quality Assurance & Publications Department (ISRA RMC).

This online event was attended by more than 200 participants, including members of the public, Islamic finance professionals, and local Shariah experts.

Photo: UN Photo/Jean Marc Ferré

INCEIF University

SOCIAL RESPONSIBILITY INITIATIVES

The INCEIF University Social Responsibility (USR) goal aligns with some of the United Nations Sustainable Development Goals (SDGs) designed to achieve a better and more sustainable future for all. Some of our USR initiatives aim to promote:

- Quality Education
- Zero Hunger
- Clean water and sanitation
- Affordable and clean energy

Following various INCEIF USR initiatives reported in Issue 1 of IFHUB, Q1 2022, activities that took place from April to June 2022 were:

1. RAMADAN FOOD DONATION CAMPAIGN

The campaign was carried out during the blessed month of Ramadan this year and benefited the following communities:

- Malaysian Association for the Blind in Brickfields:
  - 100 packed meals
  - 100 containers of Raya cookies
- Somalian Refugee Centre in Gombak:
  - 350 packed meals were distributed to the displaced communities from Syria, Myanmar, Rohingya, Yemen, Somalia and *Asnaf* from Indonesia, Afghanistan, and Pakistan. Most of the recipients are single mothers.
  - Food aid packages containing 100 packets of 5kg rice, 100 packets of 1kg flour, 100 packets of 1kg cooking oil, and 100 packets of 1kg sugar.
- Rohingya Shelter Centre in Selayang Baru:
  - Food aid packages containing 100 packets of 5kg rice, 100 packets of 1kg flour, 100 packets of 1kg cooking oil, and 100 packets of 1kg sugar.
- *Asnaf* community in Puchong:
  - 22 packed grocery items

2. RAMADAN TALK SERIES

In total, 14 series were organised throughout the month with a participation of 25 to 53 repeat listeners:

NO.	DATE	SPEAKER	TITLE
1.	4th April	Prof. Dr Mohamad Akram Laldin	Ramadhan: Month of Taqwa
2.	7th April	Dr Marjan Muhammad	The Dream of Talhah bin Ubaidillah: Key Messages
3	8th April	Prof. Dr Syed Abdul Hamid AlJunid	How Being Responsible Supports Sustainability
4	11th April	Assoc. Prof. Dr Said Bouheraoua	Virtues of Silaturrahim
5	13th April	Assoc. Prof. Dr Baharom Abdul Hamid	Towards Inclusive and Sustainable Growth as an Employer, Employee, Leaders, and Caliph.
6	15th April	Prof. Dr Younes Soualhi	Lessons Learnt from the Pandemic
7	18th April	Dr Said Adekunle Mikail	Self-reflection
8	20th April	Assoc. Prof. Dr Magda Ismail	The Importance of Giving Sadaqah in Our Life.
9	21st April	Prof. Dr Ashraf Md. Hashim	Al-furqan
10	25th April	Ibraheem Musa Tijani	Allah Intends to Ease Not Causing Hardship
11	26th April	Asst. Prof. Dr Ziyaad Mahomed	The Gift of Presence
12	27th April	Assoc. Prof. Dr Baharom Abdul Hamid	Towards Sustainable and Inclusive Society: Hijrah from Mere Lip Service to Accountable Actions
13	28th April	Mokhtar Benhadria	The Battle of Badr
14	29th April	Dr Muhammad Syahmi Mohd Karim	Healthy Lifestyle