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THE APPLICATION OF ROBO ADVISORY PLATFORM FOR FARAID (INHERITANCE) INVESTMENT IN ISLAMIC WEALTH MANAGEMENT IN MALAYSIA

APLIKASI PLATFORM PENASIHAT ROBO UNTUK PELABURAN FARAID (PUSAKA) DALAM PENGURUSAN KEKAYAAN ISLAM DI MALAYSIA

[i*]Zul Aizat Hamdan, [ii] Muhammad Suhaimi, [iii]Amir Ariffudin Baharudin, [iv]Fuadah Johari

[i-ii] Faculty of Economics & Muamalat, Universiti Sains Islam Malaysia (USIM), Banda Baru Nilai, 71800 Nilai, N.Sembilan, Malaysia

[iii] Accenture Malaysia, Level 30, Menara Exchange 106, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur, Malaysia

[iv] Islamic Finance & Wealth Management Institute, Universiti Sains Islam Malaysia (USIM), Banda Baru Nilai, 71800 Nilai, N.Sembilan, Malaysia

Corresponding Author: e-mail: *zulaizat86@gmail.com

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ABSTRACT

The article suggests a new portfolio of investing through a robo-advisory service of investing inheritance property (Faraid) in the lenses of three various areas and professionals including academics, industry players and regulators. The research is a qualitative research. The information is gathered by carrying out interviews with the professionals in the industry in various fields and is analysed by performing thematic analysis. It is determined that there exist two major opinions of three groups of experts. Academic and industrial practitioners share the same sentiment of using a robo-advisory platform to represent a new investment portfolio to inheritance property (Faraid). The regulator on the other hand indicated that its implementation should be put in the offing. There is no particular debate about the investment of inheritance property (Faraid) by an administrator or executor through the use of robo-advisory platform in Malaysia. The portfolio of robo-advisory platforms is limited to stocks, Exchange Traded Fund (ETF) and gold but not to Islamic wealth management. The importance of this paper offers insights to trustees on how to use robo-advisory platforms to better manage Islamic wealth in regard to inheritance property (Faraid) investments.

Keywords: Faraid, Amanah Raya Berhad, fintech, robo-advisor, inheritance property, minor beneficiaries

ABSTRAK

Kertas kerja ini mencadangkan portfolio pelaburan baharu melalui platform robo-advisory untuk melabur harta pusaka (Faraid) daripada perspektif tiga bidang dan pakar berbeza yang terdiri daripada ahli akademik, pengamal industri dan pengawal selia. Kajian ini adalah penyelidikan berasaskan kualitatif. Data dikumpul melalui temu bual pakar dengan pemain industri daripada pelbagai bidang dan dianalisis menggunakan analisis tematik. Didapati terdapat dua pendapat utama yang berbeza daripada tiga badan pakar. Pengamal akademik dan industri bersetuju dengan aplikasi platform robo-advisory sebagai portfolio pelaburan baharu untuk harta pusaka (Faraid). Sebaliknya, pengawal selia mencadangkan agar pelaksanaannya ditangguhkan. Di Malaysia, tiada perbincangan khusus mengenai pelaburan harta pusaka (Faraid) oleh pentadbir atau pelaksana dengan menggunakan platform robo-advisory. Portfolio platform robo-advisory terhad kepada saham, Dana Dagangan Bursa (DDB) dan emas tetapi tidak kepada pengurusan kekayaan Islam. Kepentingan kertas kerja ini memberikan pandangan kepada pemegang amanah untuk menggunakan platform robo-advisory untuk pengurusan kekayaan Islam yang lebih baik berhubung pelaburan harta pusaka (Faraid).

Kata kunci: Faraid, Amanah Raya Berhad, fintech, robo-advisor, harta pusaka, benefisiari kecil

INTRODUCTION

The fast growth of financial technology (FinTech) has dramatically changed the environment of wealth management both in the entire world and in the Islamic finance environment. One of the most notable innovations is the emergence of robo-advisory platforms, which utilise artificial intelligence (AI), algorithm-based decision-making, and big data analytics to provide automated, low-cost, and personalised investment advisory services (Hasanah et al., 2023; Yu & AlSaud, 2021). Robo-advisory systems have become a common way of discussing Islamic finance, especially in terms of portfolio optimisation, risk profiling and compliance screening (Raja Kasim, 2023; Kharisma et al., 2025).

Although these technological developments have been made, effective management of Islamic inheritance (Faraid) assets in Malaysia has been largely inefficient and underdeveloped. By late 2024 and going into 2025, it is estimated that the amount in unclaimed inheritance assets in Malaysia has increased to an amount of about RM90 billion, marked by a dramatic increase of RM70 billion in 2020 and RM42 billion in 2011. This constant growth is a sign of systemic malfunction of the existing mechanisms of inheritance

administration and mechanisms of preserving wealth. Empirical research on Islamic estate planning shows that the slow allocation of wealth, low culture of planning, and underuse of financial tools have led to a substantial amount of Muslim wealth lying dormant and not contributing to the economy (Norazlina Abd Wahab et al., 2021).

Passive management of inheritance assets is one of the main problems that lead to this phenomenon. Cash and property held in trust, or in temporary administration, is in most instances conserved without any means of increasing in value, by way of any investment plan, and real wealth is destroyed by inflations and the cost of missed opportunities. According to Islamic wealth management, this passivity is contrary to the maqasid al-Shariah aim of wealth preservation (hifz al-mal) that in turn focuses on growth, circulation, and productive utilisation of assets (Raja Kasim, 2023).

Moreover, there are still administrative bottlenecks that hinder the effective allocation of Faraid funds. Even though the Small Estates (Distribution) (Amendment) Act 2022 raised the jurisdictional threshold up to RM5 million, tracing the heirs, handling disputes, and documenting the process will continue to take time and be split between various institutions. This means that billions of ringgits are kept in the freeze over longer periods of time, incapable of being mobilised to be invested in or lead to socio-economic development (Norazlina Abd Wahab et al., 2021).

The other critical is the low rate of inheritance planning when it comes to the Malaysian Muslims. According to the previous research, approximately 5 percent of Malaysian citizens have prepared a will or estate planning document, which results in complicated Faraid litigation and lengthy judicial proceedings (Norazlina Abd Wahab et al., 2021). Lack of foresight planning not only causes delay in the distribution of assets but also does not allow strategic wealth improvement in the interim period before final settlement.

Considering such issues, the idea of robo-advisory platform integration into the management of Islamic inheritance is a promising solution. The adoption of Shariah-compliant robo-advisory systems to automate investment decisions, improve transparency, administrative cost reduction, and continuous asset performance monitoring are noted as having the potential to provide automation and efficiency to Islamic FinTech (Hasanah et al., 2023; Azzahro and Indra, 2024). Using the case of Faraid assets, the robo-advisory services have the potential to convert passively held inheritance into proactively managed investment

portfolios that not only maintain and improve wealth but also expand it pending ultimate disbursement.

Moreover, institutional investors, including Amanah Raya Berhad (ARB), one of the main trustees and depository of inheritance assets in Malaysia are in a good position to implement robo-advisory-based financial instruments. ARB may be able to better leverage the value of inheritance assets, meet its national digital finance goals, and meet its fiduciary duty in protecting the interests of beneficiaries with the development of a designed, Shariah-compliant robo-advisory investment tool (Kharisma et al., 2025).

In this respect, this paper will explore how robo-advisory platform could be used to augment the value of inheritance (Faraid) wealth and propose a new robo-advisory-based financial instrument to Amanah Raya Berhad. This study will fill the gap in the Islamic wealth management literature by resolving the gap between Islamic inheritance management and modern FinTech solutions and provide practical policy suggestions to tackle the long-standing problem of unclaimed and underutilised inheritance assets in Malaysia.

Introduction to Faraid

Inheritance based on the Faraid system is based on components of Islamic jurisprudence (Fiqh Islami) and the knowledge contained within. Discussion of Faraid most commonly is under the area of the degree of Muamalat (Islamic Financial Law), and some other cases the concepts of Faraid are discussed under the area of the Usrah Fiqh (Islamic Family Law) and circumstantial context. Allah (SWT) has beautifully made Faraid as a part of Islam.

Faraid has detailed instructions and calculation which are contained in the holy Quran. The Faraid is an Arabic word, the plural of which is Faraidah, which implies the required or a split that has been established with their respective rates (Zahari Musa, 2017 cited from Al-Fairuz Abaadiy). According to mostly Muslim thinkers, a tax on finding the determination of inheritance, which is to be distributed to beneficiaries, what constitutes their rights, and how to distribute it, is a study (Musa & Hasbullah, 2017).

The purpose of the Shariah (maqasid al-Shariah), especially, the preservation and development of wealth (hifz al-mal), is the core of the Islamic wealth management, as carried out by lawful, ethical and productive means. Classical Islamic jurisprudence reflects the view

that wealth must not be stagnant, but should be put into the economy to serve as a source of socio-economic value. In this context, Faraid is a divinely appointed mechanism to promote justice, transparency and certainty in the distribution of inheritance amongst the heirs.

Although the normal structure of Faraid is the most accepted in Islamic jurisprudence, recent empirical research notes an increasing gap between the law structure and practice. According to recent literature, inheritance assets are often exposed to lengthy administrative delays, ineffective planning values, and institutional inefficiencies in Malaysia, which lead to the existence of significant amounts of wealth that do not translate into a productive use of assets in the economy (Abd Wahab et al., 2022; Ismail and Rahman, 2024). In the Islamic view of wealth management, this scenario is against the aims and purpose of the maqasid which is wealth preservation because idle wealth is susceptible to inflationary erosion and opportunity cost.

There is growing scholarly discussion that the challenge of Faraid in our day is no longer the adjudicative legitimacy but application functionality. The failure to convert the assets of inheritance into productive resources serves as a structural flaw in the current practice of money management in Islam and requires some ingenious mechanisms that will bring the Shariah doctrine in line with the solutions of a modern high-technological period.

Legal Text on the obligations of Faraid Distribution

Faraid is implemented based on the relevant Quran verses. The decree of faraid is found in verses 11, 12 and 176 in Surah An-Nisa'. In this verse, Allah mentioned explicitly:

يُوصِيكُمُ اللّهُ فِي أَوْلاَدِكُمْ لِلذَّكَرِ مِثْلُ حَظِّ الأُنثَيَيْنِ فَإِن كُنَّ نِسَاء فَوْقَ اثْنَتَيْنِ فَلَهُنَّ ثُلُثَا مَا تَرَكَ وَإِن كَانَتْ وَاحِدَةً فَلَهَا النِّصْفُ وَلأَبَوَيْهِ لِكُلِّ وَاحِدٍ مِّنْهُمَا السُّدُسُ مِمَّا تَرَكَ إِن كَانَ لَهُ وَلَدٌ فَإِن لَّمْ يَكُن لَّهُ وَلَدٌ وَوَرِثَهُ أَبَوَاهُ فَلأُمِّهِ الثُّلُثُ فَإِن كَانَ لَهُ إِخْوَةٌ فَلأُمِّهِ السُّدُسُ مِن بَعْدِ وَصِيَّةٍ يُوصِي بِهَا أَوْ دَيْنٍ آبَآؤُكُمْ وَأَبناؤُكُمْ لاَ تَدْرُونَ أَيُّهُمْ أَقْرَبُ لَكُمْ نَفْعاً فَرِيضَةً مِّنَ اللّهِ إِنَّ اللّهَ كَانَ عَلِيما حَكِيمًا

"Allah enjoins you concerning your children: The male shall have the equal of the portion of two females; and if they are more than two females, then they will have two-thirds of the inheritance; and if there is (only) one, she will have the half; and as for his parents, each of them shall have a sixth part of the inheritance if he has a child,

but if he has no child and his parents be his heirs, then his mother shall have the third, and if he has brothers, then his mother shall have the sixth after (the payment of) a bequest he may have bequeathed or a debt. You do not know which of your parents and your children is closer to you in usefulness. (This is) an ordinance from Allah. Verily Allah is All-Knowing, All-Wise." (Surah An- Nisa' verse 11)

And continuously Allah stated:

وَلَكُمْ نِصْفُ مَا تَرَكَ أَزْوَاجُكُمْ إِن لَّمْ يَكُن لَّهُنَّ وَلَدٌ فَإِن كَانَ لَهُنَّ وَلَدٌ فَلَكُمُ الرُّبُعُ مِمَّا تَرَكْنَ مِن بَعْدِ وَصِيَّةٍ يُوصِينَ بِهَا أَوْ دَيْنٍ وَلَهُنَّ الرُّبُعُ مِمَّا تَرَكْتُمْ إِن لَّمْ يَكُن لَّكُمْ وَلَدٌ فَإِن كَانَ لَكُمْ وَلَدٌ فَلَهُنَّ الثُّمُنُ مِمَّا تَرَكْتُم مِّن بَعْدِ وَصِيَّةٍ تُوصُونَ بِهَا أَوْ دَيْنٍ وَإِن كَانَ رَجُلٌ يُورَثُ كَلاَلَةً أَو امْرَأَةٌ وَلَهُ أَخٌ أَوْ أُخْتٌ فَلِكُلِّ وَاحِدٍ مِّنْهُمَا السُّدُسُ فَإِن كَانُوَاْ أَكْثَرَ مِن ذَلِكَ فَهُمْ شُرَكَاء فِي الثُّلُثِ مِن بَعْدِ وَصِيَّةٍ يُوصَى بِهَا أَوْ دَيْنٍ غَيْرَ مُضَآرٍّ ۚ وَصِيَّةً مِّنَ اللهِ وَاللهُ عَلِيمٌ حَلِيم

"And you will have half of what your wives leave, if they have no child. But if they have a child, then you shall have a fourth of what they leave after (the payment of) any bequest they may have bequeathed or a debt; and they shall have a fourth of what you leave if you have no child, but if you have a child, then they shall have an eighth of what you leave after (the payment of) a bequest you may have bequeathed or a debt. And if a man or a woman leaves property to be inherited by neither parents nor offspring, and he (or she) has a brother or a sister, then each of them two shall have a sixth, but if they are more than that, they shall be sharers in a third after (the payment of) any bequest that does not harm (others). (This is) an ordinance from Allah and Allah is Knowing, Forbearing" (Surah An-Nisa' Verse 12)

Moreover, Allah continued:

يَسْتَفْتُوْنَكَ ۭ قُلِ اللّٰهُ يُفْتِيْكُمْ فِي الْكَلٰلَةِ ۭ اِنِ امْرُؤٌا هَلَكَ لَيْسَ لَهٗ وَلَدٌ وَّلَهٗٓ اُخْتٌ فَلَهَا نِصْفُ مَا تَرَكَ ۚ وَهُوَ يَرِثُهَآ اِنْ لَّمْ يَكُنْ لَّهَا وَلَدٌ ۭ فَاِنْ كَانَتَا اثْنَتَيْنِ فَلَهُمَا الثُّلُثٰنِ مِمَّا تَرَكَ ۭ وَاِنْ كَانُوْٓا اِخْوَةً رِّجَالًا وَّنِسَاۗءً فَلِلذَّكَرِ مِثْلُ حَظِّ الْاُنْثَيَيْنِ ۭ يُبَيِّنُ اللّٰهُ لَكُمْ اَنْ تَضِلُّوْا ۭ وَاللّٰهُ بِكُلِّ شَيْءٍ عَلِيْم

"People ask you to pronounce a ruling concerning inheritance from those who have left behind no lineal heirs (kalalah). Say: 'Allah pronounces for you the ruling: should a man die childless but have a sister, she shall have one half of what he has left behind; and should the sister die childless, his brother shall inherit her. And if the heirs are two sisters, they shall have two-thirds of what he has left behind. And if the heirs are sisters and brothers, then the male shall have the share of two females. Allah makes (His commandments) clear to you lest you go astray. Allah has full knowledge of everything" (Surah An-Nisa' verse 176)

The three verses cited above are clear evidence that implementing Faraid is of the utmost gravity as an issue and has been clearly enjoined by Allah. This shows that education and gratitude to Faraid distribution on the basis of its management and administration is a commendable endeavor through Islam.

The Prophet (PBUH) had also taught that Muslims should know how to give to others the wealth and property based on Faraid and that this be shared with others so that they have a life to live. Our Prophet narrated this and it is stated in various al Hadith:

> "Learn Faraid and teach them to people for it half of know knowledge and it will be forgotten and the first to be taken up from my community."(Al-Syawkaniy. Nail al-Autar)

Faraid distribution and its management are the obligations of all Muslims, making it mandatory that beneficiaries adhere to and carry out the instruction. This instruction is mentioned in the Quran where Allah has highlighted how important it is to submit to His obligations based on verses 13 and 14 from Surah An-Nisa',

تِلْكَ حُدُودُ اللهِ وَمَن يُطِعِ اللهَ وَرَسُولَهُ يُدْخِلْهُ جَنَّاتٍ تَجْرِي مِن تَحْتِهَا الأَنْهَارُ خَالِدِينَ فِيهَا وَذَلِكَ الْفَوْزُ الْعَظِيم

> "These are limits (set) by Allah; and whoso obeys Allah and His Messenger, He will admit him into gardens beneath which rivers flow, to abide therein forever; and this is the great success"(Surah An-Nisa' verse 13)

وَمَن يَعْصِ اللهَ وَرَسُولَهُ وَيَتَعَدَّ حُدُودَهُ يُدْخِلْهُ نَارًا خَالِدًا فِيهَا وَلَهُ عَذَابٌ مُّهِين

> "And whoso disobeys Allah and His Messenger, and transgresses His limits, He will admit him in Hell-Fire, to abide therein, and he shall have an abasing torment"(Surah An-Nisa' verse 14)

These two verses have been interpreted by Ibnu Kathir as relating to Faraid obligation. In his work, Ibnu Kathir believed "transgression" and "limit" mentioned by Allah in the verses meant that beneficiaries of wealth and property must avoid fraud in Faraid distribution (Ibn Kathir, 2012). The researcher believes that in relation to Faraid management, the verses have clearly shown the importance of Faraid management to wealth management and how Islam strongly encourages both.

Frozen Estate Phenomenon and Inheritance Management Inefficiency in Malaysia

Frozen or unclaimed inheritance assets have proven to be one of the most essential problems of Islamic wealth management in Malaysia. According to the last estimations of frozen estates, as of 2024, the value of frozen estates has reached about RM90 billion, which seems to have remained on the increasing trend throughout the previous decade (Ministry of Finance Malaysia, 2024; NST, 2026). Empirical researchers explain this trend by a mix of legal complexity, institutional fragmentation, the lack of literacy regarding their estate planning, and delays in their discovery and registration (Abd Wahab et al., 2022; Ahmad and Rashid, 2023).

Despite efforts by regulatory reforms like the Small Estates (Distribution) (Amendment) Act 2022 to simplify the process of administration of hereditary, scholars find that there are still certain bottlenecks in the process. In reality, inherited assets, especially liquid assets, are commonly placed in trust without a formal investment plan, and thus become passively managed resulting in a wealth depleting behaviour. This passive strategy has been blamed to not shield the beneficiaries against the loss of real value versus inflation and market swings (Ismail and Rahman, 2024).

This continuing existence of frozen estates indicates that only legal reform will not be enough. Rather, the recent literature proposes complementary financial and technological options that will be able to improve the utilisation of assets in the meantime before final distribution.

Islamic Institutions for Faraid Management

Islamic institutions in Malaysia which pertain to Faraid management are government related institutions, privately run financial institutions, with those of government relating to Amanah Raya Berhad (ARB), Office of land and mines (Land Office) and Jabatan Kehakiman Syariah Malaysia (Mahamood, 2006). They include the private financial institutions, such as As-Salihin Trustee Berhad and Wasiyyah Shoppe (Hassan & Rashid, 2014).

Government linked institutions.

a) Amanah Raya Berhad (ARB)

Amanah Rayah Berhad is a Government of Malaysia owned body that is the leading trustee company in Malaysia. The services provided by ARB are those concerning wills

and Faraid property, trust administration and estate administration. The company consists of a number of subsidiaries dealing in different business ventures such as Corporate Trustee, Asset Management and Real Estate Investment. ARB takes care of the assets and property of deceased clients in Faraid management; taking care of them until the heirs to the deceased clients attain the age of 18 years. The researcher feels that ARB could very soon refine their services and mobilize the property values of the heirs in order to improve and mobilize their property values rather than merely taking care of their properties.

b) Office of Land and Mines (Land Office)

This department works in the Faraid management in accordance with the current amendments where small-estate threshold is increased to RM5 million, replacing the previous RM2 million limit, which comes into effect on 15 July 2024 (Small Estates [Distribution] (Amendment) Act 2022; PELIM, 2024). A small estate is now an estate of a deceased person comprising any property located in any state and being of not more than RM5 million total value of both movable and immovable assets (Small Estates [Distribution] (Amendment) Act 2022; BCC, 2024). In Muslims the Land Office deals with the inheritance by Faraid law whereas in the non-Muslims the process is guided by the Distribution Act 1958.

c) Shariah Court of Malaysia (Jabatan Kehakiman Shariah Malaysia)

Under Faraid, Shariah courts of all states have the right to transmit property and assets that were owned by deceased Muslims. The judge will then make his decision and the court will then give a decision to apportion the assets or property of each of the heirs.

Private financial institutions

a) As-Salihin Trustee Berhad

As-Salihin Trustee Berhad is a company of trust that is a company incorporated under the Companies Act 2016 and a company registered under the Trust Companies Act 1949. As-Salihin is the pioneer of its kind in Malaysia with regard to Islamic Estate Planning. It was set up to address the requirements of Muslims in the management of assets in line with the Shariah. The company has implemented numerous products and services like Waqf, Inheritance, Hibah, Guardianship etc.

b) Wasiyyah Shoppe

Wasiyyah Shoppe is a privately owned trustee company that offers asset management services under Shariah and has a minimum fee. These asset management services include hibah, inheritance asset management, Mutahabbah, marital property as well as many others. The company's vision and mission are providing assistance to Muslims in Malaysia to properly manage their assets based on Shariah law. The company is equipped with the expertise of numerous professional experts in the field and they will advise and help in the management of assets. To the researcher's knowledge, the proposed concept of Faraid investment is an ideal approach to fulfil the vision and mission of Wasiyyah Shoppe.

c) Affin Hwang Trustee Berhad

Affin Hwang Trustee Berhad (AHTB) is a corporate trustee sponsored by a bank, which offers its trusteeship services to individuals and companies. AHTB and its sister company Affin Hwang AM are owned by Affin Hwang Investment Bank Berhad. AHTB is a trust company which offers services of the following: private trusts, insurance trusts, stakeholder and escrow services, custodian services, wills, testamentary trusts, estate administration and other services. To the researcher's knowledge, the proposed concept of Faraid investment is an ideal approach to fulfil the objectives of ABTH.

d) Maybank Trustee Berhad

Maybank Trustee Berhad is an organization that has nearly 20 years of experience in offering trustees service to collective investment schemes and individual security of debt. It also offers fiduciary services as an independent body to institutional investors, private and corporate trustees and fund managers. Such services assist in keeping the regulatory compliance of such clients. MTB is also a banking supported trustee service group of Islamic inheritance structure and it has led the way in creating a concept known as Hibah, a form of Islamic inheritance planning, which it is offering its client base. The company's varied trust services include the setting up of charitable trusts to help its clients carry out philanthropy. Some of the services that are provided include the following; private trust services, customised solutions trust, property hibah trust, charitable trust, private investment, liquidity planning services, will-writing services, online wills, estate administration services, custody of wills and investment.

Faraid Issues in Malaysia

Challenges that have risen in Malaysia concerning Islamic estate planning are neither unique nor novel. Their lives must be managed in stages via the relevant channels and authorities.

a) Preparation of documentation: The problem that is characteristic of Faraid distribution is the lack or incompleteness of documents preparation. This occurs due to documents being misplaced, lost, forgotten and else. These documents are essential in registering Faraid claims or distribution. Matters can only be resolved after complete documentation and filing, or else they will be left in adjournment, according to Wan-Harun (2012). Identity cards of heirs, marriage certificates or divorce certificates, death certificates, and other associated documents are just some of the types of vital documents needed to apply for Faraid distribution. This distribution process will come to a halt when documents are lost.
b) Lack of cooperation among heirs: One other vital issue before an investigation can be concluded and a Perintah Faraid is obtained is the lack of cooperation and understanding among the heirs. These potential beneficiaries offer different reasons why they should not attend court sessions which conduct an investigation or a trial. This leads to involuntary time loss in the procedure.
c) Lack of awareness and knowledge regarding inheritance management: Apart from the previous issues mentioned above, heirs' indifference or lack of concern with inheritance administration procedures, such as getting a Perintah Faraid, adds to the delay in estate settlement.

Application of Robo advisor in Islamic Wealth Management

The rise of robo-advisory services has brought a significant change to the global wealth management environment, mainly due to the influence of digitalisation and evolving investor behaviour. Industry evidence suggests that Assets Under Management (AUM) through robo-advisors will become over US2 trillion by 2025 and this will be facilitated by an average annual growth rate of more than 30 percent (Statista, 2026; Deloitte, 2024). This perpetual growth testifies to the increasing popularity of algorithm-driven investment products, especially among younger and technologically savvy investors seeking efficiency, transparency, and cost-effectiveness. Although the COVID-19 pandemic has had an adverse

effect on the economy, the robo-advisory market has proven to be resilient as another structural element of the current wealth management.

The Securities Commission Malaysia (SC) considers Digital Investment Management (DIM) functionally equivalent to robo-advisory services, in the Malaysian context, as both are based on automated systems to offer investment and wealth management services. These sites use technology-based risk profiling systems to evaluate the financial objectives, investment timescale, as well as risk-taking aptitude of clients then suggest appropriate portfolio distributions. In a well-regulated doubled financial system, the robo-advisory sector in Malaysia is projected to have around US$2.5 billion in assets in 2025, having achieved consistent growth (Statista, 2026). Locally licensed robo-advisors include StashAway Malaysia, MyTHEO, Wahed Invest, BEST Invest by Bank Islam, KDI Invest by Kenanga Investment Bank, and Raiz with each having different value propositions based on the fee structure, portfolio mix, and Shariah screening procedures (Fintech News Malaysia, 2024; Securities Commission Malaysia, 2024).

Islamic wealth management takes one of the central places in the Maqasid al-Shariah especially in the sense of maintaining and ethically using wealth (ḥifẓ al-māl). In that sense, the introduction of the robo-advisory technology in the area of Islamic wealth management could be considered a significant development of Shariah-compliant financial practices. Conventionally, the models of personalised Islamic wealth management have played a major role and may pose a high cost and low scalability. Robo-advisors on the other hand provide a cheaper and easier alternative by reducing the barriers of entry and the cost-effective financial services to a greater portion of the society. It is particularly pertinent to retail customers, young professionals, and individuals who might not have enjoyed access to formal wealth management services in the past (Deloitte, 2024; Hasan et al., 2023).

In addition to cost factors, robo-advisory systems also increase accessibility since it is not necessary to have physical consultations, and investors can manage their portfolios any time and anywhere. This flexibility is quite consistent with current patterns in lifestyles and the growing dependence on online financial services. The alternative Shariah-compliant funds like Wahed Invest are even more appealing because they do not contain any riba, prohibited industries, and high levels of uncertainty, which could be seen in other Shariah-

compliant funds. These platforms with the help of regulatory supervision and institutionalized Shariah governance systems have slowly earned credibility and market share in Malaysia. Their development, on the whole, indicates the rising applicability of robo-advisory services as a potentially viable and sustainable part of Islamic wealth management, as a part of the higher goals of financial inclusion and ethical economic development (Securities Commission Malaysia, 2024; Fintech News Malaysia, 2024).

METHODOLOGY OF RESEARCH

This research paper used a qualitative research design to test the possibility of using a robo-advisory platform to increase the value of inheritance property (faraid) and to discuss the possibility to introduce a new financial instrument to the Amanah Raya Berhad. The qualitative method was chosen as it would be suitable to examine the views of experts on new and under-researched issues in detail (Creswell and Creswell, 2018; Patton, 2015).

The information was gathered as the result of structured expert interviews of five people who belonged to three groups contemporary scholars, industry experts, and regulators. The respondents were chosen through purposive sampling of people with pertinent knowledge and experience in faraid, Islamic wealth management, financial consulting, or other regulatory activities (Palinkas et al., 2015). The respondents included two modern academics, two professionals in the industry, and a regulator.

There were two groups of questions in the interview instrument. The initial group had 10 questions and was given to the scholars, and the industry experts. These questions were grouped into three themes as follows; technology literacy, Islamic wealth management in Malaysia and application of robo-advisory in faraid investment. The second group had three questions to be answered by the regulator with a concentration on the current investment practices and perceptions of the viability of using robo-advisory to invest in faraid assets. The questions were formulated so that they could directly speak to the objectives of the research and as to evoke expert opinions, recommendations and practical insights.

The interviews were about 30 minutes long. Participants were given an informed consent to take part in the study and have their recordings made before the interview. The interviews had a structured format thus making them consistent among the respondents.

When needed, clarification was done via email. The anonymity of the participants was also ensured by assigning codes to the names in order to maintain confidentiality.

Thematic analysis was used to transcribe and analyse the data of the interview. It was selected owing to the fact that the approach is appropriate in determining and systematizing recurrent patterns in qualitative data, especially interview transcripts (Braun and Clarke, 2006). The thematic analysis revolved around the themes of robo-advisory, faraid management, and application of technology in Islamic inheritance investment. The obtained themes were then construed as per the study objectives.

FINDINGS AND DISCUSSION

The researcher gives a brief information about the respondents before going on to the next results. These five respondents have various positions in industry and academic institution that is depicted in the Table 1:

Table 1

NO.	PARTICIPANTS	CODE
	Contemporary Scholars	
1	Professor in International University of Malaya-Wales (IUMW)	C1
2	Senior Lecturer in Universiti Teknologi Malaysia (UTM)	C2
	Industry Experts	
3	Managing Director at Stellar Consulting Group	I1
4	Senior Consultant at As-Salihin Trustee Berhad	I2
	Regulators	
5	Headquarters of Amanah Raya Berhad	R1

General Knowledge of Respondents in Financial Technology and Islamic Wealth Management

Overall, all the respondents were quite knowledgeable about financial technology and Islamic wealth management and expressed various views and experiences.

General Knowledge on Financial Technology

C1 also observed that she is not conversant with the robo-advisory platforms but conversant with other types of financial technology, especially when it comes to banking facilities like internet banking, online financial transfers and many other online services.

Besides that, C2 and I1 have a strong opinion on robo advisory platforms, especially regarding how it is programmed and stress on the fact that the input programmed into a robo advisor should be done appropriately.

C2 quoted,

"One of the things that is good about a robo advisor is in terms of logic because it is a machine which is programmed to provide answers to whatever questions we have in a short period of time and has less errors in providing the correct answers, but it depends on the input that we provide. So, we must make sure that everything is correct before we provide the input"

Thirdly, I2 understands financial technology companies and its offerings but has a reasonable level of knowledge on robo-advisory platforms.

General Knowledge on Islamic Wealth Management

C1 is knowledgeable of Islamic wealth management firms in Malaysia and mentioned that she is now utilising the services that these firms provide to ensure that her children would be provided for financially in the future. C2 also added that in order to expand her knowledge on the subject matter, she has been attending some wealth management seminars in recent times.

C2 stated that there are lots of issues with wealth management in Malaysia especially in terms of the awareness of Faraid.

C2 quoted,

"I'm not an expert in Faraid and I'm not sure on how to calculate it, so, I rely on someone who is wise on this matter to assist me".

Answering, I1 explained that the problem with the wealth management in Malaysia is the agent-client relationship. There is a tendency of talk and talk between most agents and clients in the beginning of the relationship but ultimately slows down.

I1 quoted,

"For example, an insurance agent would meet a client on a regular basis and buy coffee or give a calendar every once in a while. But, after a few years, the majority of these agents would lose contact with clients".

In addition to that, I2 told me that the Islamic wealth management firms and their clients or heirs need to cooperate with each other, especially when it comes to communication. I2 went on by giving some cases to expound to this point further.

I2 quoted,

"For example, one of my clients has made an agreement with another agency and I noticed that some of the information on the documents were not accurate and may cause difficulties for the heirs in the future. So, after a few discussions with him, I advised him on a plan which is suitable for his situation".

I2 had also said that some of the Islamic wealth management firms would not consider complex cases when it comes to Faraid and Wasiat, particularly cases that require a lot of parties to be involved.

I2 quoted,

"This one company did not take a case where lawyers, a trustee firm and the Department of Insolvency were involved because it was complicated".

Response for Research Objective 1: To Investigate The Implementation of Robo-advisory Platform in Enhancement of Inheritance Property (Faraid) Wealth Value.

As mentioned, this research objective was responded to by contemporary scholars and industry experts. Generally, the respondents are in agreement with the adoption of robo-advisory platform in augmentation of inheritance property (Faraid) wealth value.

Nevertheless, all the respondents have given a list of requirements that should be fulfilled in order to consider this implementation successful.

Requirement 1: Shariah Compliant

This requirement was mentioned by C1 and I1. In their own words, C1 quoted,

> *"As long as the investment portfolio and investment platform comply with the Shariah, then there's no problem in utilising a robo-advisor to invest the inheritance property, and that would be the main difference in wealth management between conventional firms and Islamic firms"*

I1 quoted,

> *"You must make sure that the investments are permissible (halal) from the Shariah standpoint. But, if the investment or financing has a small amount of interest (riba), then the revenue from the investment would need to go through a cleansing process such as by paying zakat to ensure that the revenue is hopefully accepted in the eyes of the Shariah".*

Requirement 2: Distribution of Hibah or Dividends

This requirement was mentioned by C1 and C2. In their own words, C1 quoted,

> *"I think what's important in any investment is to provide hibah or dividends to investors. So, if investing the inheritance property using a robo advisor can generate hibah or dividends for investors, then it would not be a problem".*

C2 quoted,

> *"As a trustee firm, generating hibah or dividends is a must for them".*

Requirement 3: Capital is Guaranteed

This requirement is mentioned by C1 and I1, In their own words, C1 quoted,

> *"As an investor, it's good to know that the capital is guaranteed because that confirms that the investor would not be in a loss even though the investment portfolio isn't performing very well".*

I1 quoted,

> *"To convince investors, you need to ensure that the capital is safe. You can do this by providing a projection of how the investment will perform. It doesn't have to be*

difficult; you can do something very simple like demonstrating possible returns and income"

Requirement 4: The Platform is Programmed Optimally

This requirement is mentioned by C1, C2 and I1. In their own words, C1 quoted,

"Some people invest for the sake of investment; some people invest because they don't know what they want to do with their money. So, if the latter, they don't care what the company does with the money. But, as an investor, it's good to know that the investment is being monitored and the transactions are being done automatically, so the investor would not need to keep track on anything".

As mentioned above, C2 quoted,

"One of the things that is good about a robo advisor is in terms of logic because it is a machine which is programmed to provide answers to whatever questions we have in a short period of time and has less errors in providing the correct answers, but it depends on the input that we provide. So, we must make sure that everything is correct before we provide the input".

I1 quoted,

"A robo advisor will tell you the sectors that are good to invest in when you open your portfolio and advise you accordingly on where and when to invest based on the current market situation and your risk profile. This is because it has been programmed on analysing the market and customising the investment portfolio to suit the investor's risk profile. But the reality is that the robo advisors that are not on the market do not have 100% of this capability".

Requirement 5: Transparency and Disclosures

This requirement is mentioned by C2. In his own words, C1 quoted,

"Every investor would want to know details on the investments such as the firm itself, the platform being used and the portfolio. So, it is important for an investment firm to provide transparency and disclosure on relevant information".

Requirement 7: Consent from Clients

This requirement is mentioned by I2. In her own words, I2 quoted,

> *"Investing inheritance property (Faraid) using a robo-advisor is possible, in my opinion. But, as a wealth management firm, you need to discuss it with the client first and get their consent. However, in the case of orphans who are still underage, the wealth management firm will analyse the investment portfolio themselves and make the decision on their behalf".*

Response for Research Objective 2: To Recommend A New Financial Instrument for Amanah Raya Berhad in Inheritance Property (Faraid) Investment.

As mentioned, this research objective was responded to by the regulator which is Amanah Raya Berhad. Overall, R1 said they are not ready to deploy a robo-advisory platform and establish a new investment portfolio now in their company. R1 also stated that they would at least focus on their current investment portfolios in the meantime. Furthermore, R1 observed that this information is available on the web site of the firm as regards their portfolios.

R1 quoted,

> *"Amanah Raya Berhad is only going to focus on its own investment portfolios for the time being. This includes the investment portfolios of its subsidiaries, such as AmanahRaya Trustees Berhad and AmanahRaya Investment Management Sdn. Bhd., amongst others. Therefore, we won't be adding any new investments to our portfolio any time soon".*

DISCUSSION

According to the table 2, the respondents, on the whole, considered robo-advisory as a potentially helpful mechanism of improving faraid wealth management although their approval of it was obviously conditional on a number of underlying conditions. In the replies given by modern scholars and industry professionals, a common theme emerged of Shariah compliance, proper system programming, capital safety, transparency, and the issue of returns distribution in form of hibah or dividends. The conditions imply that the acceptance of robo-advisory is not purely driven by technological efficiency, but also by its capacity to be consistent with Islamic legal and ethical frameworks. In this regard, the results represent a stylobate optimism, in which technological innovation is regarded as being useful only in the case it does not compromise the sanctity of Islamic wealth management practices.

The responses also indicate key disparities in the degrees of familiarity of the respondents with financial technology and Islamic wealth management. A few of them had rather high awareness of fintech services and existing wealth management practices, whereas others were moderately informed about robo-advisory systems. What is more important, the information points at such common structural issues in the Islamic wealth management as insufficient knowledge of the general population about faraid, inefficient communication between the agents and clients, as well as the difficulty of handling the case of inheritance involving more than two parties. These concerns imply that successful implementation of the robo-advisory in the area would need not only a technically correct platform, but superior user education, clearer functionality process, and greater coordination of stakeholders.

The stance of the regulator was quite conservative in regards to the second research objective. Amanah Rayah Berhad has shown that it is not yet ready to launch a new robo-advisory-based instrument and is going to concentrate over its existing investment portfolios. This stance means that although the idea of robo-advisory investment has come with conceptual promise in faraid investment, institutional preparedness at the time is sparse. Collectively, these results indicate that the concept of robo-advisory has a theoretical and practical potential in Islamic inheritance management, yet its application would require regulatory acceptance, operational preparation, and long-term adherence to the Shariah requirements.

Table 1: Summary of Respondents' Responses by Research Focus

RESEARCH FOCUS	RESPONDENT	SUMMARY OF RESPONSE
General knowledge on financial technology	C1	Well versed in the financial technology of banking services, not robo-advisory specifically.
General knowledge on financial technology	C2	Roberto-advisor was viewed optimistically and the need to be correctly programmed and input precise.
General knowledge on financial technology	I1	Promoted robo-advisory technology and emphasised its automated reasoning, but emphasising that it should be programmed correctly.
General knowledge on financial technology	I2	Knowledgeable about financial technology companies and their services, but with average awareness of robo-advisory services.

General knowledge on Islamic wealth management	C1	Informed regarding Islamic wealth management and already uses these services to plan his/her future finances.
General knowledge on Islamic wealth management	C2	Had had gone through wealth management seminars and indicated low faraid awareness as a significant problem.
General knowledge on Islamic wealth management	I1	Observed that client-agent relationships in wealth management tend to deteriorate with time.
General knowledge on Islamic wealth management	I2	Emphasized the need to cooperate and communicate among firms, clients and heirs, particularly in tricky faraid and wasiat cases.
Research Objective 1: Implementation of robo-advisory platform in enhancing *faraid* wealth value	C1	Favored the application of robo-advisory in case of being Shariah-compliant, offering dividends or hibah, capital guarantee, and managed appropriately.
Research Objective 1: Implementation of robo-advisory platform in enhancing *faraid* wealth value	C2	The concept is supported provided that the platform is well programmed, open and can be used to produce dividends or hibah.
Research Objective 1: Implementation of robo-advisory platform in enhancing *faraid* wealth value	I1	Consent to implementing provided there is protection of capital, investments are halal, and the system is customized to the needs of investors.
Research Objective 1: Implementation of robo-advisory platform in enhancing *faraid* wealth value	I2	Regarded the feasibility of the idea but stressed the need to consult clients and make careful decisions when applying to assets of minors.
Research Objective 2: New financial instrument for Amanah Raya Berhad	R1	Revealed that Amanah Raya Berhad is not ready yet to launch a new robo-advisory based instrument and will concentrate on its existing portfolios.

Note: C1 and C2 refer to contemporary scholars; I1 and I2 refer to industry experts; R1 refers to the regulator. Faraid refers to Islamic inheritance law, and wasiat refers to an Islamic will.

CONCLUSION & RECCOMENDATION

Conclusively, the use of financial technology and Islamic wealth management in Malaysia is rampant. All the respondents have expressed various opinions and experiences towards the

topic. When it comes to the use of a robo-advisory service to invest in inheriting property, all respondents express a positive gender on the issue and gave an opinion that it can be done, though with a few conditions. But on the regulator side, Amanah Raya Berhad, said that they are not ready to go through with this idea.

The researcher feels that the research has a number of contributions such as contribution to the academic and industrial perspective. Because the current research applies a qualitative research method, with a cross-sectional type of research design, the proposed future research will be to test the propositions stipulated by the current research empirically, to validate the results. In the line of research, the researcher plans to broaden the scope of the discussion on the attitude of people and government towards the Faraid investment through the Robo-Advisory platform and a decent marketing to popularise the Faraid investment through the application of Robo-Advisory platform to become well known among the majority of the people in Malaysia. In addition, the researcher plans to conduct a forecast analysis of the possible dividend of Robo-Advisory investment in Malaysia.

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