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MOTIVATION FOR INTER VIVOS (HIBAH) TRANSFERS AMONG MALAYSIAN MUSLIMS: A LOGIT ANALYSIS

Abstract:

Inter vivos transfers in Malaysia have been always associated with the Islamic way for the solution of the disbursement of estates. From the economic point of view, the motivation for them has been the interest of the researchers. In the case of Malaysia, inter vivos is called hibah - originally an Arabic word. Inheritance issue in Malaysia has been surrounded by the most vexing problem - the increasing number of frozen estate problems. Inter vivos gift is perceived as a remedy for the frozen estate problems. However, there are no specific research have been conducted in regard to the motives of inter vivos gift from parents to children with special focus on Malaysian Muslim society. This study aims to identify the existence of altruism and exchange motives in inter vivos transfers received by the Malaysian Muslim respondents. This research employs logit regression method analysis based on inter vivos gift models developed in the previous studies. Data is collected by means of questionnaire from October to December 2012. Since we explore the types of the inter vivos gift transferred from parents to children, we are able to relate motives for such transfers with the way the parents manage their assets for the purpose of estate planning. We find exchange motive is more applicable among respondents and physical assets such as lands, houses and vehicles are those common types of assets that parents transferred to their children in the form of inter vivos gift.

Keywords:

Hibah, Inter vivos gift, Altruism, Exchange, Islamic estate planning

JEL Classification: D19, D64, D31