

## 2020 Islamicity Index: Malaysia

by

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### **Executive Summary**

Malaysia continued its third year of improvement in the overall rank on the Islamicity Index to number 43 in 2020 and overtook the United Arab Emirates as the highest-ranking country amongst Muslim-majority countries. Prior to 2017, Malaysia consistently ranked 1<sup>st</sup> place amongst Muslim-majority countries and lost its position when at that time, Prime Minister Najib Razak became embroiled in the country's biggest corruption scandal.

Since then, there have been two major political regime changes and it was against the backdrop of these political tussles that the country faced COVID-19 's ("Covid") devastating impact to its health sector and the economy. The country experienced its sharpest recession in twenty years<sup>1</sup> and the steady increase of Covid cases have claimed many lives and triggered many lockdowns crippling livelihoods of the most vulnerable. Malaysia like many Muslim-majority countries continue to lag behind the rest of the world.

Although it made headways with its overall score, its economic score has regressed from previous years. There are also shortfalls in its legal and governance dimension. Nonetheless Malaysia's consistent top three position amongst Muslim countries in the past three years tell us that it is the Muslim-majority country that best reflects Islamic teachings. It has the foundation to fully implement and ensure adherence to Islamic principles in its institutional framework, however, a successful path forward would require reforms.

### ***Overall Score***

The Islamicity Indices are made up of five indices, namely, the Economic (EI), Legal and Governance (LGI), Human and Political Rights (HPRI), International Relations (IRI) and the cumulative Overall (OI). These indices serve as an indication of the degree of compliance with Islamic teachings as reflected in the Islamic landscape of a community. It provides the compass and the basis for establishing effective institutions, restoring hope, achieving sustainable development and for strengthening global order. This section evaluates the performance of Malaysia along all five Islamicity Indices, starting with the overall score.

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<sup>1</sup> World Bank, Malaysia Economic Monitor December 2020 [www.openknowledge.worldbank.org](http://www.openknowledge.worldbank.org)

Malaysia continued its three years rank improvement from number 47 in 2018, 45 in 2019 to 43 in 2020. Amongst Muslim majority countries it now ranks the first and outperforms the United Arab Emirates at number 47. Its score has also improved by 4% from 6.02 in 2019 to 6.27 in 2020.

Table 1: Malaysia Overall Rank on the 2020 Islamicity Index

<b>Overall Rank</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Malaysia's Ranking</b>	43.0	45.0	47.0
<b>Rank amongst Muslim majority Countries</b>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
<b>Score</b>	6.27	6.02	6.02

When compared to 2019 for its performance across all the indices, the country did best in IRI with a large improvement in rank by 27 spots and 22% increase in score. Its rank improved in LGI and HPRI by 2 and 6 spots and by 1.2% and 10.3% in scores respectively however in EI its position fell 5 spots from 30 to 35 with a decrease in score by 3%.

Aside from IRI there were no stark improvement and its EI rank is a concern showing its economy in a state of peril, largely exacerbated by the pandemic with a GDP decline of 6%.<sup>2</sup> At the early start of the pandemic, when swift policy actions were needed to curb the spread of Covid, Prime Minister Mahathir Mohamad resigned on February 24, 2020 and Malaysia's King chose Muhyiddin Yassin to replace him. A new cabinet began to implement policy changes only from April onwards. Through this short period, there is no indication yet of any policy success.

The following sections provide further details on the four indices EI, LGI, HPRI and IRI.

Table 2: Malaysia 2020 Overall Rank and Scores on all Indices

<b>Scores</b>	<b>OI</b>	<b>EI</b>	<b>LGI</b>	<b>HPRI</b>	<b>IRI</b>
<b>2020 Ranking</b>	43.0	35.0	42.0	70.0	24.0
<b>2019 Ranking</b>	45.0	30.0	44.0	76.0	51.0
<b>Change in spots</b>	2	-5	2	6	27
<b>2020 scores</b>	6.27	6.95	6.79	5.05	7.22
<b>2019 scores</b>	6.01	7.17	6.71	4.58	5.90
<b>% Change in Score</b>	4.32	(3.07)	1.19	10.26	22.37

<sup>2</sup> 2021 Article IV Consultation Press Release: Staff Report; and Statement by the Executive Director for Malaysia [www.imf.org](http://www.imf.org)

### *Economic Islamicity Index*

Malaysia's economic position has declined from previous years and its rank dropped from number 30 in 2019 to 35 in 2020. Its score correspondingly decreased from 7.17 to 6.95.

Table 3: Economic Islamicity Rank and Score

<i>EI</i>	2020	2019	2018
<i>Rank</i>	35.0	30.0	31.0
<i>Rank Change from the Previous Year</i>	-5	1	-7
<i>Score</i>	6.95	7.17	6.99

Its GDP declined by 6 percent and unemployment was at its highest in May 2020. The intensification of the pandemic had crippled both the country's health and economic systems. The country faced a nationwide Movement Control Order (MCO) from March 2020, which mandated closures of non-essential businesses, schools and borders. In May a number of economic activities were allowed to resume however a more severe outbreak in September had prompted the authorities to impose localized and conditional MCOs.<sup>3</sup> Negative growth was recorded in all economic sectors except manufacturing.<sup>4</sup>

Considerable uncertainty remains over the nature of any economic recovery. Its macro statistics indicated further financial stress. Household debt to GDP was 82%, the highest in ASEAN with domestic credit at 144% of GDP, not far from 156% of GDP in Quarter 2, in 1997 just before the Asian Financial Crisis. Public Debt was over 52% of GDP and a fiscal impulse, the actual change in the fiscal deficit from support measures was only 1.5% of GDP, the lowest in ASEAN. Recovery continues to be derailed and policy responses through the COVID-19 relief packages that had amounted to RM305 billion have widened government deficit.

Malaysia also has a high percent of self-employed workers, in part due to the rise of the "gig" economy where incomes are highly variable. These account for over 20% of workers, and within this group 70% are from urban areas. SMEs account for 66% of the workforce and represent 98.5% of overall business establishments.<sup>5</sup> Over 60 percent of job losses in the private sector in the year to December were in jobs earning less than RM3,000 per month<sup>6</sup>. Enforced closures of large, medium and small businesses during the MCO severely impacted income streams and the spillover effects are the hardest on communities that suffer greater losses in incomes and yet still faced mortgages and other liabilities that had to be serviced. The

<sup>3</sup> 2021 Article IV Consultation Press Release: Staff Report; and Statement by the Executive Director for Malaysia [www.imf.org](http://www.imf.org)

<sup>4</sup> Outlook for SMEs 2020 [www.smecorp.gov.my](http://www.smecorp.gov.my)

<sup>5</sup> Ibid

<sup>6</sup> 2021 Article IV Consultation Press Release: Staff Report; and Statement by the Executive Director for Malaysia [www.imf.org](http://www.imf.org)

net result in the years to come is potentially much higher debt service ratios and rise of bankruptcy, and this would be likely great amongst lower income groups.

### ***Legal and Governance Islamicity Index***

In the Legal and Governance Islamicity Index, Malaysia appears to have improved its standing in the past three years from its 49<sup>th</sup> position in 2018 to 44 in 2019 and 42 in 2020. Its scores over the same period improved from 6.39 to 6.71 to 6.79. However, it is worth noting that within the sub-dimension, government governance and government effectiveness, Malaysia’s rank is quite poor at number 81.

Table 4: Legal and Governance Islamicity Rank and Score

<i>LGI</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b><i>Rank</i></b>	42	44	49
<b><i>Rank Change from the Previous Year</i></b>	2	5	-
<b><i>Score</i></b>	6.79	6.71	6.39

This could largely be attributed to the state of political instability that has plagued the country since its May 2018 elections. A peaceful transition of power that saw the ousting of the country’s longest ruling and scandal ridden Barisan National (“BN”) coalition made Malaysia at that time a story of democratic triumph. Mahathir Mohamad returned as Prime Minister under a new party that promised change, however, before much could be done to revive the country’s failing institutional framework political drama by senior ministers under Mohamad’s administration triggered senior officials to defect and align themselves with the deposed BN. One of whom was Mohamad’s own key senior official Muhyiddin Yassin. Mohamad resigned in February 2020, and after a battle amongst political elites Muhyiddin Yassin ascended to power through an unprecedented royal intervention. This caused public ire at what seemed like a backdoor government and not the party of choice voted by the people.

At the first parliamentary session, Muhyiddin’s appointment was immediately met with calls for a vote of no confidence, and through what was reported as autocratic tactics, the Prime Minister postponed subsequent parliamentary sessions and proceeded to announce a roster

intensive line up of 70 ministers<sup>7</sup> and deputy ministers. This a wide gap when juxtaposed against Singapore's 19 ministers. The political upheaval took place against a backdrop of emerging Covid clusters, the most notable was a religious gathering in Kuala Lumpur, which caused a massive spike in cases.

There was no swift policy action to curb the spread given the change in minister officials that happened at the same time and an appointment of a new Health Minister. Cases began to rise from just below 30 in February 2020, to over 2,000 active cases across every state in the country by the end of March 2020.<sup>8</sup> The MCO came into effect on 18 March 2020 and continued in staggered phases throughout most part of the year. A third wave of infections occurred as a result of a state election in September 2020 and by December cases had surged to 113,010 with 471 deaths.<sup>9</sup>

While the question of democratic legitimacy from an absent electoral mandate remains unanswered, the new administration began to task and rolled back policies and deconstructed plans from the previous administration. New senior appointments were made at government linked entities ending Mohamad's earlier choice of candidates. Unfortunately, Yassin was not able to manage the pervasive political infighting that kept brewing now within BN officials and movements of no confidence within his own allies came to the fore at the end of the year.

In normal circumstances, government inefficiencies often cause gross misplacement and inefficient allocation of funds, however when it happens in the midst of a global pandemic, the direct causality of failure is on the number of lives lost. Political leaders and public officials are not able to forge a coherent response and Malaysia to this day suffers unchecked spread of the deadly virus.<sup>10</sup> Many policy assessments indicate Yassin's tenure as PM has not yielded much substance in public health or economic reforms and that it is an administration that is not able to breakthrough from political shenanigans or chaotic governance.<sup>11</sup>

### ***Human & Political Rights Islamicity Index***

Malaysia's performance in the Human and Political Rights Islamicity Index seemed to have made a turnaround this year. It performed the worst when compared to other dimensions of the index in 2019, but an improvement of 6 positions in rank places the country in 2020 at number

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<sup>7</sup> Malaysia's 2020 Government Crisis: Revealing the New Emperor's Clothes, Blog of the International Journal of Constitutional Law [www.icconnectblog.com](http://www.icconnectblog.com)

<sup>8</sup> COVID-19 pandemic in Malaysia [www.wikipedia.org](http://www.wikipedia.org)

<sup>9</sup> Ibid

<sup>10</sup> Malaysia's Political Crisis is Dooming Its COVID-19 Response, [www.worldpoliticsreview.com](http://www.worldpoliticsreview.com)

<sup>11</sup> Ibid

70. It had an improvement in score from 4.58 to 5.05 and has improved its standing from number 79 in 2018 and 76 in 2019.

Table 5: Human and Political Rights Islamicity Rank and Score

<i>HPRI</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<i>Rank</i>	70	76	79
<i>Rank Change from the Previous Year</i>	6	3	8
<i>Score</i>	5.05	4.58	4.66

This index measures human development, civil and political rights and social wellbeing. It is aggregated along eight areas of human development: social capital, personal freedom, civil and political rights, women’s rights, access to education, access to healthcare and level of democratic values. However, within these proxies, and similar to last year Malaysia scored particularly low in the personal freedom index.

The government had cracked down on activists calling for the change in government and conducted investigations on their social media postings. In June, an opposition member of parliament was investigated under sedition laws after criticizing the government for not convening a full parliamentary session.<sup>12</sup> While Malaysia may seem to have made headways in some areas, those relating to government keep weighing its scores down. Significant reform is still required in order to preserve social justice for all members of the society according to the tenets of Islam.

### ***International Relations Islamicity Index***

In the International Relations Islamicity Index, Malaysia had its most notable improvement with an upward movement of rank by 27 slots to number 24 in 2020 from 2019. Its score of 7.22 is the highest it has been since 2018.

Table 6: International Relations Islamicity Rank and Score

<sup>12</sup> Malaysia Amnesty International Report 2020/2021 [www.amnesty.org](http://www.amnesty.org)

<i>IRI</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<i>Rank</i>	24	51	51
<i>Rank Change from the Previous Year</i>	27	-	3
<i>Score</i>	7.22	5.90	6.05

The sub-components within this index measured external conflicts and promotion of peace. Malaysia had outlined a policy that focuses on strengthening ties within ASEAN and Muslim countries. The government also took a noteworthy approach in legalizing undocumented foreign nationals without prejudice. This was to ensure the greater welfare for illegal immigrants and curb unaccounted spread of the virus.

The only silver lining of the current administration is the leadership of the vaccination program under Minister of Science and Technology Khairy Jamaluddin. Jamaluddin had led a multi-ministry approach between health, foreign affairs and science and technology to establish international cooperation in order to obtain vaccine supplies. In contrast to other countries Malaysia opted for a variety of vaccines to mitigate issues of delivery and efficacy. It secured its first vaccine procurement deal in November 2020.

### ***Conclusion***

Malaysia ranked the highest amongst Muslim majority countries however upon further analysis we can see that Covid has laid bare the country's lack of basic fundamentals. The crisis in Malaysia is three pronged, firstly, it faces rising daily Covid deaths and infections and its healthcare system is in peril, secondly the government is operating under the ambit of never-ending political squabbles and finally it faces severe adverse economic impact under the movement restrictions.

Malaysia like many Muslim-majority countries continue to lag behind the rest of the world. Nonetheless Malaysia's consistent top three position amongst Muslim countries in the past three years tell us that it is the Muslim-majority country that best reflects Islamic teachings. It has the foundation to fully implement and ensure adherence to Islamic principles in its institutional framework, however, a successful path forward would require reforms. The results show that there is a significant disconnect between what Islam preaches and how the country is being governed.

The foundation of a thriving and just society requires important building blocks and in the case of Malaysia a turnaround is desperately needed in its governing institutions. The institutional structure must provide:

- A transparent process for ascension to leadership positions and call for competency through merit and qualification
- Freedom of its people to persistently challenge and hold rulers accountable to any discrepancies to Islamic practices and teachings
- An independent judiciary and system of governance that affords the rule of law and equality of all of before the courts
- Effective systems to monitor, detect and escalate unjust and corrupt practices

There are also clear injunctions in Islam that instructs Muslims to question non-compliant rulers and to participate in the affairs of the community. Malaysians should therefore not stand by idle in seeing corrupt practices permeate and erode its societies. They should use all available channels to hold leaders who deny its people their basic rights accountable.

To do so, Malaysians should move away from being so mechanically occupied with Islamic rites and practices. Islam has many other facets to it and is more than its Five Pillars; (the declaration of faith, daily prayers, giving alms, fasting and performing pilgrimages). It also places upon every Muslim a duty and responsibility to uphold justice, eradicate poverty and promote equal opportunities for all.

Unfortunately, the focus on the former is often preached by the clerics in the country and progress can only be made if Muslims break away from their bondage and begin to understand the meaning and teachings of the Qur'an themselves. The country is in the eye of the storm and more of its people have had to endure loss of lives and economic hardships. The fundamental reforms this country requires begins with both the government and every Muslim individual practicing the true teachings of Islam.

*Kuala Lumpur, Malaysia*

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