



Malaysia's Mental Health Crisis:

The Promise of a Waqf-Based Solution

The Rising Mental Health Concerns

Mental health has become an increasingly urgent socioeconomic issue in Malaysia, silently eroding the nation's well-being. According to the World Health Organization (WHO), mental health is 'a state of mental well-being that enables people to cope with the stresses of life, to realise their abilities, to learn well and work well, and to contribute to their communities' (WHO, 2022). In the context of Malaysia, mental illness is referred to as 'the state of mind makes it difficult for him/her to function optimally; and this can further lead to clinically recognisable disorders/illness/disease such as depression, neuroses and psychoses' (Ministry of Health Malaysia, 2020).

According to the National Health and Morbidity Survey (NHMS) 2023 report, approximately one million adults (aged 16 and above) in Malaysia are suffering from depression. This reflects an almost twofold increase in prevalence over just four years, rising from 2.3 per cent in 2019 to 4.6 per cent in 2023. Mental disorders can



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cause severe socioeconomic issues for a nation, including disruptive cognitive, emotional, and behavioural impairments that can lead to suicidal thoughts. The survey also found that 43.6 per cent of people with depressive symptoms reported suicidal thoughts or self-harm (Institute for Public Health, 2024). From an economic perspective, mental illness also imposes a significant burden. According to Chua (2020), an estimated RM14 billion in annual productivity losses stems from absenteeism, presenteeism, and staff turnover.

The Malaysian government has taken proactive steps in response to the rising prevalence and severe socioeconomic impacts of mental illness. Notably, the MENTARI project, initiated by the Ministry of Health (MOH), adopts an integrated approach to improving access to care through community-based mental health facilities. In addition, the National Mental Health Strategic Plan 2020–2025 provides a policy framework to guide the healthcare system and other relevant stakeholders in working together to address the nation's mental health challenges.

Why is the Present Mental Healthcare System Ineffective?

Despite the government's commendable efforts in tackling the escalating mental health crisis, the existing public health system in Malaysia continues to face critical constraints that undermine the effectiveness of these government initiatives. These challenges fall broadly into three key areas: limited resources, an overburdened public healthcare system, and social stigma.

Limited resources

A primary constraint on the Malaysian mental healthcare system is the insufficiency of dedicated resources, including national funding and specialised human capital. In terms of funding, Malaysia's allocation for mental health falls significantly short of WHO recommendations. For instance, Budget 2024 allocated only 0.89 per cent of the total healthcare budget specifically for mental health (Mukhriz Mudaris *et al.*, 2023), which is merely half of the 1.6 per cent median for upper-middle-income countries (WHO, 2021).

There has also been a critical deficiency of mental health practitioners in the nation. In 2021, the ratio of psychiatrists in Malaysia's public health facilities was only 0.8 per 100,000 population, far below the WHO's target of one psychiatrist per 10,000 population (Shields *et al.*, 2017). As of 2022, Malaysia had only 479 registered psychiatrists, a fraction of the approximately 3,000 needed to meet the WHO's recommended threshold (Raaj *et al.*, 2021). Furthermore, this limited pool of psychiatrists is unevenly distributed across Malaysia, with rural states experiencing severe shortages. While states like Selangor and Kuala Lumpur had ratios of 5.2 and 1.2 per 100,000 in 2018, many other states, such as Pahang, Kedah, and Sabah, had ratios below 1 (Mukhriz Mudaris *et al.*, 2023).

Overburdened Public Medical System

Malaysia's public healthcare system is struggling to cope with the rising mental health demand. While highly subsidised, it functions as the primary healthcare provider for low-income groups. However, these public healthcare facilities are strained by unmanageable caseloads, a direct result of the severe shortage of mental healthcare workers. It was reported that, in 2021, one government psychiatrist was responsible for an average of over 2,000 patients (Mukhriz Mudaris *et al.*, 2023). This extreme understaffing creates a significant bottleneck in public services, leading to long waiting times and a potential decline in service quality. While the private sector offers greater efficiency, its high healthcare expenditure makes it largely unaffordable for low-income and informal workers who need support the most (Lim, 2018).

Experts, including MOH senior consultant psychiatrist Dr Nor Hayati Ali, warn that the traditional, reactive model of waiting for patients to require hospital admission is unsustainable. The growing consensus is the need for a strategic shift towards proactive, community-based programs (Bernama, 2024). The government's MENTARI program embodies this forward-thinking approach, focusing on early intervention, community outreach, rehabilitation, and job support to help individuals reintegrate into society. However, while these preventive models are

essential to relieve long-term pressure on public hospitals, they require substantial and immediate financial and human capital resources that are already in critically short supply. Ultimately, this leads to a self-reinforcing cycle: the resource shortages the model aims to resolve also prevent its effective implementation.

Social Stigma

Perhaps the most intrinsic factor that hinders the development of mental healthcare development in Malaysia is the pervasive wall of social stigma. The deep-seated cultural misunderstandings and religious misbeliefs often shape how mental illness is perceived across Malaysia's diverse communities. For instance, it may be attributed to spiritual causes like spirit possession among Malay and Indian populations, or seen as a disruption of family harmony or an imbalance of 'Yin and Yang' within the Chinese community (Raaj *et al.*, 2021).

This leads many to seek help first from traditional healers or shamans rather than professional mental health practitioners. Studies show that a significant majority (i.e., between 54 and 69 per cent) of psychiatric patients in Malaysia have consulted a traditional healer before seeking professional services (Razali & Najib, 2000). This cultural stigma also manifests in harsh social and economic realities. Individuals are often marginalised or even hidden away by their families, depriving them of timely care. This prejudice extends into the workplace, where negative attitudes from employers present a major obstacle to reintegration. The sobering result of this multifaceted stigma is that an estimated 80 per cent of Malaysians with a mental disorder never receive professional care (Raaj *et al.*, 2021).

A Waqf-Based Social Enterprise Model

Given the obstacles faced by Malaysia's mental healthcare system, a preventive community-based social initiative is needed to provide a complementary solution. Due to its inherent emphasis on financial sustainability and its orientation towards improving the inclusiveness

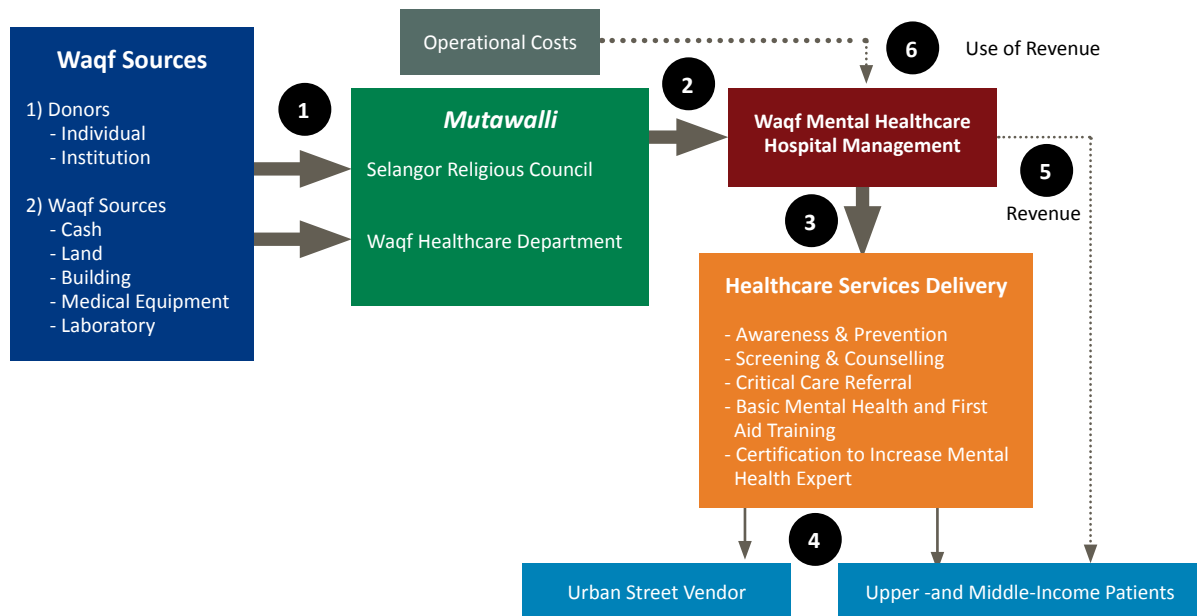
and welfare of disadvantaged communities, the idea of leveraging Waqf to develop a social enterprise model for mental healthcare has gained attention.

In the context of the mental health crisis, leveraging Waqf aligns directly with the core objectives of Islamic law (*maqasid al-Shariah*), particularly in preserving life (*hifz al-nafs*) and the intellect (*hifz al-'aql*) (Cahyanti *et al.*, 2024). Furthermore, the utilisation of Waqf demonstrates a strong connection to various dimensions of psychological well-being, including self-acceptance, positive relationships, autonomy, environmental mastery, life goals, and self-development. By providing resources to meet basic needs and prevent hardship, Waqf helps safeguard mental health (Atan *et al.*, 2024).

To operationalise Waqf for mental health, particularly for marginalised populations, we refer to the innovative conceptual model recently developed by a group of postgraduate students in INCEIF. Their project aims to develop a Waqf-funded model to enhance the accessibility of essential mental healthcare services for urban street vendors in the Klang Valley (Omar *et al.*, 2025). The development of this model followed a rigorous Delphi approach, in which both industrial and academic experts, spanning from mental health practitioners to Islamic social finance experts, were interviewed. Through two rounds of extensive expert review of both the initial and revised conceptual frameworks, the Waqf-based mental healthcare model is thoroughly validated.

This Waqf-funded mental health model, initially designed for urban street vendors, can be extended to a broader B40 community in Malaysia who face similar financial constraints and a lack of access to mental healthcare. The model is adapted from the successful cross-subsidisation mechanism pioneered by USIM's Waqf-funded Specialist Health Clinic. And its most critical feature is its Islamic social finance-based self-sustaining healthcare ecosystem. In this ecosystem, 10 per cent of specialist treatment charges from patients is channelled into a *Tabarru'* fund, which provides free general medical treatments and basic dental treatments for the hardcore poor and *asnaf* (Mohideen *et al.*, 2021).

Figure 1: Modus Operandi of the Waqf-Funded Mental Healthcare Model



Source: Omar et al. (2025)

So, how does this model work in practice? The modus operandi of INCEIF students' proposed Waqf-funded mental healthcare is presented in Figure 1 below, and its operational process can be summarised in the following key stages:

1. Funding Generation

The model is initiated through the collection of Waqf, which are charitable endowments made by individuals or institutions. These contributions can be made in two primary forms:

- (a) Financial contributions: Cash donations from individuals, corporations, or institutional entities;
- (a) Physical assets: Real estate properties and tangible medical and laboratory facilities that can be used for healthcare delivery.

2. Centralised Asset Management

All collected Waqf assets are channelled to a central managing body, known as the *mutawalli* (designated trustee). In this proposed model, a state religious council, such as the Selangor Religious Council, assumes this crucial role. The *mutawalli* is entrusted with the responsibility of administering the

Waqf funds and assets in accordance with Islamic principles and the objectives of the endowment.

3. Allocation for Healthcare Management

The *mutawalli* allocates resources to the Waqf Mental Healthcare Hospital Management, which is responsible for all operational and administrative functions. This step ensures that the Waqf funds are directed towards the intended purpose of providing mental health support.

4. Healthcare Service Delivery:

The core of the model lies in delivering a comprehensive suite of community-focused mental healthcare services. The services provided include:

- **Mobile Clinics:** Proactive outreach to bring screening and awareness programs directly to target groups
- **Awareness and Prevention:** Educational initiatives on mental health and preventive care.
- **Screening and Counselling:** Professional services for early detection and support.

- **Critical Case Referral:** A system to connect individuals with severe conditions to specialised institutions.
- **Training:** Equipping community members with essential skills to provide initial support to those in mental distress.
- **Professional Development:** Certification programs to expand the pool of qualified mental health experts.

5. Sustainable Revenue Generation:

To ensure the long-term sustainability of the mental healthcare services, the model operates as a social enterprise. Alongside its charitable work, the service offers fee-based mental healthcare and training to paying clients, including middle- and upper-income individuals. The revenue generated from these paying patients is then channelled back into the system. Additionally, the model incorporates corporate client engagement, partnering with organisations like the Human Resources Development Fund (HRDF). Income from these corporate services (e.g., mental health training) is reinvested into the centre's operations and maintenance.

6. Reinvestment and Operational Funding

Revenue collected from fee-paying patients is utilised in two key ways:

- It supports the operational costs of the *mutawalli*, ensuring the continual, professional management of the Waqf assets.
- The remaining revenue is directed to the Waqf Mental Healthcare Hospital Management to subsidise and sustain the free or low-cost mental healthcare services for to the primary beneficiaries, the low-income communities, and *asnaf*.

In essence, this Waqf-funded model creates a self-sustaining ecosystem. It transforms the one-time charitable contributions into a perpetual cycle of mental healthcare provision.

This approach establishes a social enterprise infrastructure to provide mental health services to vulnerable populations. It ensures its own financial stability by generating revenue from clients who can afford to pay. All proceeds are then reinvested to sustain its charitable mission.

Challenges Ahead

Despite its potential, implementing a dedicated mental health Waqf must navigate several key challenges:

1. **Stigma and Low Awareness:** Deep-seated societal stigma about mental health and a low level of public awareness of healthcare-focused Waqf will severely restrict its potential.
2. **Funding and Sustainability:** While the model is designed for long-term sustainability, it faces the obstacle of securing consistent funding during its initial development. Traditional fundraising often falls short of the significant financial requirements needed to launch and scale the initiative effectively.
3. **Human Resource Gaps:** There is a critical shortage of qualified personnel, not only mental health professionals with the resilience needed for community outreach, but also fund managers (*nazir* or *mutawalli*) with adequate Waqf governance and healthcare management expertise.

The Path Forward

Waqf offers more than just an alternative funding stream; it represents a paradigm shift in addressing Malaysia's escalating mental health crisis. This socially-oriented system runs in parallel with the public- and private-funded established systems. It not only eases the immense burden on public facilities but also enables access to affordable mental health services for less fortunate communities, where trust is paramount. This Waqf-based approach, rooted in the principles of *maqasid al-Shariah* for the preservation of intellect and life, offers a sustainable, socially

conscious solution to systemic deficiencies in mental healthcare.

However, the long-term viability and impact of this Waqf-based approach hinge on three critical pillars:

1. **Tackling Stigma:** Persistent public awareness campaigns and culturally informed approaches are essential to encourage people to seek help and reduce misconceptions.
2. **Ensuring Financial Sustainability:** The model must be supported by diversified funding and investment strategies that reduce reliance on ad hoc or one-off donations.
3. **Building Human Capital:** A structured capacity-building program is needed to

develop resilient mental health professionals capable of community outreach, as well as a new generation of trustees who are skilled in both Waqf governance and modern healthcare administration.

Leveraging Waqf for mental health facilities provides a values-driven, fiscally responsible pathway towards universal well-being and the resolution of profound national challenges. While the conceptual framework aligns with both Islamic ideals and the United Nations' Sustainable Development Goals, transitioning from theory to widespread to large-scale implementation requires sustained effort and collaboration. Although the challenges are significant, investing in this model positions Malaysia to take a decisive step towards a healthier and more resilient future for all.

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