



The Determination of Money: A Comparative Analysis of Zakat (Alms) and Income Tax Payers among Selected ASEAN Countries

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Abstract: The objective of this study is to provide a solution for ASEAN countries regarding zakat and income tax under Islamic monetary system. When the alms payer spend their alms, they don't need to pay income tax because they have to deduct already their amount through one channel only. This study based on qualitative measurement technique and includes several constitution acts regarding zakat (alms) payer and income tax acts. This study builds a notion to make the alms as the subtrahend of income tax so it could minimize the burden for those who are obliged to pay both of the tax and alms, where it will lead to a positive impact in terms of increase the number of alms payer and tax payer. The result of these alms are distributed among eight categories set in Quran in order to decrease poverty and boost economic growth in particular countries. The alms payer are disputatively increase then the society will feel welfare of the distributed result of alms to the people. Moreover, everyone has more money to pay taxes especially those belong from low incomes, whose earnings have to be cut again by the income tax paid, which doesn't mention the religious absolute obligation to pay zakat mal. The study investigates a comparative analysis between two different deduction systems on income. Furthermore, this study also helps policy makers for real implication of alms in the country and creates reform of monetary system for financial institutions.

Keywords: Islamic Monetary System, Income Tax, Zakat Mal, ASEAN.

Introduction

Every country has regulation in building their states, it is the regulation about taxation. Tax by definition is the payable dues from society to the nation (which can be imposed) based on the general rules (constitution) although not getting return achievement. It is assigned directly and aim to fund general spending related to country's duty to hold governance (Andriani, 2012). There are a lot of taxations set by a state for the infrastructure development. However, tax is considered as a key source of the income for any country. Thus government keeps increase tax revenue, yet the tax ration in Indonesia only reach 13.6% of the product domestic gross (GDP). The minister of finance, Bambang Brodjonegoro, stated that from the total citizen of 250 million, there are only 26 million of them who possess tax ID number, and from those 26 million only 10 million of them who enter tax annual notification. Even from the 10 million people who give tax annual notification, those who really pay are only 900 thousand citizens. The source of this huge number of tax is almost belongs from Muslim community. Whereas, the Muslim population in Indonesia is around 87% from the total resident. Even though the significantly number of Muslim community exists in Indonesia but this does not directly proportional with the collection of tax revenue. It might be caused by the Muslim who are reluctant to pay income tax because they already have alms in Islam.

Most of societies argue that tax is a burden meanwhile alms is a religion obligation which must be done in either way. The advising persons (*muzakki*) in Indonesia is also a taxpayer. If they are asked to pay then they must choose to pay alms. This is because they feel overwhelmed by having two responsibilities to pay tax and alms with relatively higher amount

without any tax subtrahend for them. Moreover, the tax in Indonesia has a potential until 217trillion/year or about 3.4% from the product domestic gross (GDP) if it is counted by the number of Indonesian citizen which reach 250 million people with 87% Muslim. The fact is National Alms Agency (NAA) can only collect 1.5trillion in 2010 and increased to 1.7 trillion although has been predicted to reach 2 trillion, but still not achieve the targets. In fact, the potential of alms is very significant for poverty alleviation and unemployment, perhaps it can be distributed well by the institution which has been ratified by the government, so that the alms distribution will be evenly throughout the region. It can also lead to the zero overlap in each region. It is reported that there are still 28.59 million of poor who are scattered in every corner of Indonesia. The distribution of alms shared to eight category which has been set by the law of Koran that are fakir, poor, slave (*riqab*), people who have debts (*gharim*), convert (*mualaf*), those who fight in the cause of Allah (*fisabilillah*), people on the go (*ibnu sabil*) and the worker in alms (*amil zakat*), so that if the distribution can be done evenly then sooner the problem of poverty and unemployment could resolved. Moreover, the poverty are later be decreased and the economic development of a country will be increased. The income tax has been used for the state's infrastructure and social welfare, but it is still different figure with the alms, which clearly adopted to prosper the society. This action will eliminate the costly tax payer funded.

Nature of Money and Tax Revenue

The Chicago plan 1930, (Benes and Kumhof, 2013) is a recent and strong evidence of 100% reserve backed deposits. These financial institutions work as an independent and only for public purposes. This structure may be facing the issue of debt write-offs and its related effects. However, central bank will hold all the money accounts and it is the responsibility of central bank to define the nature of money and resolute the quantity of money. This act will control the commercial banks and they are unable to create the credit by themselves. However, full reserve banking goal is to eradicate the aptitude of banks to create money by splitting credit and money. They create a public money system, which backed by safe assets in order to distinguish with private money system. Whereas, market forces and leverage are uttered for loans and savings. The government or central banks established such unique independent institutions, which have a specific obligation to regulate the quantity of money in rotation. Zarlenga (2002) defined Money is an abstract social power based in law and unconditional means of payment. Money creation is a social prerogative, and hence the benefits of money creation should accrue to the whole society.

It becomes crucial for Muslims to comprehend the nature of money and the financial system in order to build a superior system for the Islamic world. According to Zaman (2016) stated the right to create the money because it has numerous radical implications. It is fact that money is a public good and useful for all. However, benefits from creation of money are not restricted for small group of people. It is also available to all the general public for every time. The implementation of this idea needs such genius reforms in order to develop a well-established monetary system for Islamic countries.

It is important thereby to explain and examine the nature and function of money through its coordinating relationship between money, finance, and the real social economy. It is possible due to the presence the rate of interest and the presence of tradable instrumentation of the inherent 100 percent reserve requirement monetary system. The formal perspective of money and the monetary system needs to be thoroughly explained and understood to relieve money from its social ills and restore its social potential. Choudhury (2016) defines quantity equation of money and exchange equation, to obtain Islamic money, financing, and real economy relationship, through following result: The equation of exchange is $m_i v_i = p_i y_i$ for micro-money (m_i) pursuing a specific project (i) with a velocity of money circulation ($v_i > 1$). The result identify utilization of the quantity of money fractionally ($v_i < 1$) or wholly ($v_i = 1$) in the

project(s) under financing. The value of the latter equals price (p_i) multiplied by real output (y_i). Thus fractional or 100 percent circulation of money in different projects through financing is represented by the interactive aggregation of money as deposits and thus as micro-money now circulating in congeries of participatory projects (the principle of extensive complementarities).

Henry Ford said – in substance – *“It is well enough that people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning”*. Molyneux (2016) explains the idea for elimination of a fractional reserve banking system is based on the view that financial crises are directly caused by banks’ ability to create credit well beyond the direct control of the central bank and the protection afforded by the lender-of-last resort facility. So the elimination of a fractional reserve banking system is considered a way for safe money asset will be created, backed by the state, and therefore ending the need for costly (taxpayer funded) bank bail-outs. All plans for full reserve banking aim to remove the ability of banks to create money by separating money and credit. They create a public money system (backed by safe assets) that is distinct from a private money system where savings and loans are dictated by leverage (propensity to take on risk) and market forces.

Literature Review

Among various cooperation programs in Indonesia for instance economic sector, the problem of economic indicators can never be separated from social gap and poverty. Every country does not escape from the poverty experienced by its society, but they also strive to reduce it. The number of poverty in Southeast Asia is still high according to the data stated by the president of Republic of Indonesia (Ir. Joko Widodo) in the eight high-level conferences ASEAN-UN at Laos and known that the number of poor people in the region still reaches 120 million. Choudhury (2016) addresses some pertinent issues that attempt to explain the social and just function of money in the organization of the political economy of power and acquisition by the accumulation of wealth from one side. Whereas, on the other side, his study supports the government control of sovereign money supply to finance social projects and infrastructure. This study also explain the international monetary fund (IMF) perspective of the modern monetary approach in the formation of new money through the banking system as follows: *“What is clear is that banks cannot make loans until they first create the money which they place into the borrower’s account”*. Thereby, if D denotes deposit in a commercial bank that enables the formation of new money M , then the bank creates an equivalent amount as loan in the borrowers’ accounts.

Reardon (2016) *“perhaps no subject as important to mankind as the nature of money has been so neglected”*. An important concept still not addressed at what level of the government the money should be issued: national, supranational, or local. Many people have argued that a movement toward sustainability must be a movement toward local economic decision-making and local government, yet the authors do not address this. However, many green economists *“in an international context have criticized the money system for its role in stimulating conflict and creating massive inequality between nations”* (Cato, 2009, 74).

Molyneux (2016) describes re-design of the monetary system to aid both economic development and social justice. The main proposal is to shift the Federal Reserve Bank into the Treasury – this seems a sensible and not too controversial action. Probably, this shift to abolish fractional reserve banking is the most controversial – although it has been promoted by many others in the past but never came to fruition. This study leads to improve economic and social justice and less inequality. However, Dow et al. (2015) have noted these proposals are all well-intentioned, but all plans for 100% reserve banking have serious shortcomings. First, they argue that even if the state could control the money supply there would be little scope for asset maturity transformation or credit intermediation. They would likely resemble investment trusts

where liabilities and assets had simple size, maturity, and other features. This would make the banks safer but would dramatically curtail credit expansion.

Meera (2016) addressing a fundamental problem in economics and finance that needs urgent attention and remedy before the destruction of global economy and ecosystems. The study recommends that money creation be bestowed entirely on the government, that the fractional reserve system be stopped and newly created money be pushed into the economy particularly through infrastructure spending is much appreciated but nonetheless we view it as an intermediate solution towards a more comprehensive solution like a gold based interest-free electronic credit system.

Reforms and Methods

This study includes various constitution acts, which have direct or indirect impact on society as well as on policy makers. These constitution acts of zakat (alms) and income tax have different dimension among ASEAN countries especially in Indonesia. The number almost attains quarter of ASEAN citizen which is currently reaching 600 million people. It is important for Indonesia to ensure that the program of poverty alleviation enters the sustainable development agendas 2030, says Mahmuddin, the head of media press bureau and information of presidential secretariat. As it is referring to the goals of ASEAN listed in Bangkok declaration to:

- 1) Accelerate the economic growth, social progress and cultural development in the region through the joint ventures in the spirit of resemblances and friendship to strengthen the base of nations;
- 2) The prosperous and peaceful Southeast Asia;
- 3) Improve the active cooperation and assist each other in the issues which become the mutual interest in the field of economy, social, technology, science and administration;
- 4) Increase peace and regional stability in a way to respect justice and legal order in relations among nations in the region as well as obey the principles of UN Charter;
- 5) Cooperate more effectively in order to improve the agriculture utilization and their industry, expand the trade and assessment of commodity problems;
- 6) Maintain the strong and beneficial cooperation with regional and international organizations which have the same purpose, and to explore any kind of possibility to work together among themselves;
- 7) Mutually assist in the form of training facilities and research in science, profession, technology and administration;
- 8) International, improve transportation facilities and communication as well as improve the standard of living;
- 9) Advance the assessment of Southeast Asia recognition.

There are alluded about the economic growth and society welfare of the ASEAN itself in above listed aims of ASEAN. It means that the economic problem is a crucial issue which must be addressed seriously. Hence government sets the tax as an effort to develop economy and prosper the citizen. But, is it fair for the Muslims to be obliged to pay the tax as explained before while they are also responsible to pay the alms which equally important? Far before Adam Smith, theologians have discussed about the tax principles. All the Caliph (*rasyidah*) particularly Hazrat Umar, Ali, and Umar bin Abdul Aziz stressed that the tax should be collected with justice and in a polite way, it must not exceed a person's ability to pay or make them fail to fulfil their basic necessities of life. Abu Yusuf said that a taxation system must be fair for both of the payer and the treasury; picked up more has been perceived as an unfair action related to the rights of the people, while picked up less is an unfair action for the treasury.

Therefore, the cost of government services must be partly collected in form of tax based on the ability to pay.

Whereas, vertical and horizontal fairness demand that the same one must be treated in the same way and the distinct one must be treated in the different way. Moreover, society will not gain prosperity if they keep given the responsibility to pay both the tax and alms with relatively big amount without a load reduction. Besides they still also need to pay other taxes such as vehicle tax with the same amount for every year even when their vehicle has been depreciated. At the same time, they have to fulfil other business and daily needs which continue to increase. If this is keep happening, we can no longer say that tax is a tool for society welfare and as long as there are still people who are burdened, it is far from prosper with the income tax subtrahend by the alms for those who experience (*nisab*) percentage part then it will help to lift society's burden at this time. If alms are used to be the tax subtrahend, it will automatically decrease the tax revenue. Whereas, the amount of collected alms will be increased. It is noted that Indonesia has proven around 78% state budget are coming from the tax. If the number of tax decreased, then it is going to negatively impact the economic condition. The alms acceptance will not significantly decrease the tax revenue. Hafidhuddin in *Harian Seputar Indonesia*, October 8th 2007, showed that the alms acceptance and tax in Malaysia during 2001 to 2006 were equally increased. According to the report in 2006 from Malaysia's Ministry of Finance and the alms collector center, it has been proven that the tax revenue and the alms have a positive correlation. For instance, the alms revenue in 2001 was 321 million ringgit and the tax revenue was around 79.57million ringgit. The next year, the alms revenue was increased to 374 million ringgit and tax revenue which increased only 83.52 million Malaysian ringgit. In 2005, the alms revenue reached 573 million ringgit, while the tax was 106.3 million ringgit.

It means that when the alms decrease the tax, then the alms revenue and tax will be increased and gives a positive impact for the state's economic growth. If this is done by ASEAN as a collective regulation in Southeast Asia region, then the great economy as well as justice for ASEAN community will become true.

Results and Discussion

Every country has its own tax regulation in order to develop the nation. Indonesia is a state with a bit complicated tax regulation and has been amended several times for the Act number 38/1999 about alms management and revised the Act number 17/2000 about income tax related to the alms as the tax subtrahend. This has been demanded by the citizen as the burden subtrahend for Muslim, who already have obligations to pay the alms. With that initiative, the alms payer will race to pay their taxes. It is no longer a discourse only, but Indonesia has established a constitution about the alms as tax subtrahend. So this study refers to Indonesia as a country in Southeast Asia who set the alms as tax subtrahend. In Indonesia's taxation there is non-taxable income (*Penghasilan Tidak Kena Pajak PTKP*), from year to year there are several changes to PTKP (non-taxable income). Whereas, this is the amount of income which is non-taxable for the domestic tax payer inside the country. The PTKP is used for counting the amount of taxable income from the tax payer in annual SPT (letter of notification) where the non-taxable income is later use to be a part of PPh (Income Tax) calculation in Article 21.

Alms calculation as the tax subtrahend

In order to make the alms be approved as tax subtrahend, there are several cumulative requirements and must be reported in annual income tax reports:

- 1) The alms must obviously be paid by the Muslim individual tax payer and/or domestic institution tax payer owned by Muslim.
- 2) The alms must be paid to the treasury or institution which is established or passed by government

3) The paid alms are the alms related with the income which become the tax object.

In order to calculate the alms as the tax subtrahend (PPh), the tax payer must report the income alms which have been paid into the year-end income tax report as a requirement to create PPh report by the end of the year. The tax payer (individual or institution) are first registered as a legitimate tax payer in the tax office Kantor Pelayanan Pajak (KPP) where they are domiciled, and be given NPWP (tax ID number) by the local KPP. That way then the alms which are paid in the year are able to be recognized as the subtrahend of PPh in the end of the year. In the tax calculation, we need to know about the determination of PTKP and the progressive tax tariff first and the following are PTKP determination as well as the list of progressive tariff in 2016.

Table 1. Non-taxable Income

Tax payer	Rp 54.000.000
Married tax payer	Rp 4.500.000
Dependents 1	Rp 4.500.000
Dependents 2	Rp 4.500.000
Dependents 3	Rp 4.500.000
Total	Rp 72.000.000
List of Progressive Tax Tariff	
0 - 50.000.000	5%
50.000.000 - 250.000.000	15%
250.000.000 - 500.000.000	25%
> 500.000.000	30%

The following is the alms depiction as the tax subtrahend in Indonesia with the subject of individual tax payer.

Fattah is an employee in a company with the income of Rp 25.000.000/month. He is married and has three children. Then how to calculate it is:

Income (25.000.000 x 12)	=	Rp300.000.000
Gross income	=	Rp300.000.000
Subtrahend:		
Position allowance (5% x 300.000.000)	=	Rp15.000.000
Maximum permitted	=	Rp500.000
	=	Rp 299.500.000
Net income before the alms	=	Rp299.500.000
The alms must be paid	=	Rp7.487.500
Net income after the alms	=	Rp 292.012.500
PTKP		
Tax payer	=	Rp54.000.000
Married tax payer	=	Rp4.500.000
Dependents 1	=	Rp4.500.000
Dependents 2	=	Rp4.500.000
Dependents 3	=	Rp4.500.000
	=	Rp72.000.000

PKP	=	Rp292.012.500
	=	Rp72.000.000
	=	<u>Rp220.012.500</u>
5% x 50.000.000	=	2.500.000
15% x 170.012.500	=	<u>25.501.875</u>
PPh 21/year	=	28.001.875
PPh 21/month	=	2.333.489

The constitution regarding the alms and income tax of course there needs to be the consequence in the implementation. In the Act of Income Tax there is a consequence for the rights and obligations as well as sanction for the tax payer if there is any violation to the Act of Income Tax itself. As it does a tax payer is willing to report the tax payment by the end of the year and wish to gain subtrahend due to the alms payout, then this individual must give the alms proof of payment in the institution established by the government. This case does to anticipate the violation by the tax payer. It is clarified in Decree Director General of Islamic Community Guidance and Hajj Affairs number D/291/2000 about Technical Guidelines of Tax Management article 16 clause 2: "The alms or income which obviously paid by the Muslim individual tax payer and/or domestic institution owned by Muslim to the treasury and alms institution which is created or passed by the government might be deducted from taxable income from taxable income tax concerned by using the legitimate proof of payment as meant in Article 14 clause 3 of Act number 38/1999 about Alms Management." For the alms payer, materially there is a loss of the alms expenditure and that is the decrease of ready-to-spend revenue. However, the amount of alms expenditure which is only 2.5% is not significant compare to the total income. For instance, an executive salaried Rp 500 million/month is only compulsory to expend Rp 12.5million/month for the alms. Besides, this executive possesses saving as the result of alms subtrahend of the taxable income.

This regulation has provided a huge impact towards the country because the existence of alms as the tax subtrahend leads to the growth of the alms payer and income tax payer from year to year. It gives a positive correlation. After the implementation of this regulation, there is an enhancement of income tax payer up to the end of 2015 reached 9.09 million and it has been proven by the escalation of 17% from the previous year (Ariyanti, 2015). Whereas the number of alms payer is also increased from 2015 with Rp 98,473.1million or climbed with 18.72% compare to the previous year¹. This enhancement will provide splendid impact for the country and the citizen. The uplift of alms payer will lead to a better distribution for the poor as well so the poverty rate is going to be decreased too. Currently Indonesia has 250 million people. If a family consisted of approximately five people, which is a wife with three children, it means there are 50 million heads of family (KK) and consists of 87% Muslim population and there are 43.5 million KK.

According to the World Bank, around 60% of the Indonesian citizens are poor. While government says that the poor are only 40% so we can assume it lies about 50% with the percentage of alms payer is also 50% or 21.75 million KK. Moreover, the alms payer has Rp 10 million of venture capital, then this individual must pay 2.5% or around Rp 250 million per year. An averaged or assumed that someone has venture capital around Rp 200million or become an alms payer with Rp 5million per year or less than Rp 15.000 per day. The collected alms are in the amount of 21.75million KK multiplied by Rp 5million or total around Rp 108.75trillion. After being deducted by the rights of treasury with 1/8 parts or about Rp 13.6trillion, there are still Rp 95.15trillion which could be used by the receiver for education, health, social safety net and certainly productive economic sector to develop (*dhuafa*)

¹ baznas.go.id

entrepreneur. Therefore this alms fund surely include indirectly support the APBN (state budget). Moreover, the history has proven in the time of Muslim paid the alms due to the punishment for those who are not, then 35% of the poverty in Tunisia and Algeria were managed to be mitigated only less than three years by the Caliph Umar Bin Abdul Aziz (M. Fatwa, M. Jamal and Aries Mutfie, 2004). If this practice can be done in Southeast Asia countries then it will be very helpful for the states to reduce poverty. Besides that, society will also feel the high prosperous and equality among others. The wealth of the rich can also be enjoyed by the poor.

Superstructure

Regulation (The Act of Responsibility to Pay The Alms and Income)

In order to increase the number of tax payer and the alms payer indeed needed a regulation which has been set in the constitution so it is going to be an obligation and necessity to be done by the tax payer and alms payer. As regulated in the constitution, the obligation to pay income tax has been set in an Act number 17/2008 about Income Tax. Income tax is one of the taxes which directly collected by central government (Directorate General of Taxation) and fully assigned to the tax payer themselves, in the sense that the tax expense cannot be shifted to the other parties. It is explained in Article 2 clause (1A) number 17/2008 that the income tax payer should be treated equal with the institution tax subject. In Article 2 clause (2) the tax subjects are divided into two which are domestic and foreign. The domestic tax subject is regulated in Article 2 clause 3 that is:

- 1) Individual: residing in Indonesia, has been located in Indonesia for more than 183 days in 12 months, being in a tax year existed in Indonesia and possess willingness to settle in Indonesia
- 2) Institution: established or positioned in Indonesia
- 3) Inheritance which has not been divided as the unity is the substitute of tax subject, replace those who have rights and that is the heirs. Appointment of the undivided inheritance as the substitute tax subject is intended to keep maintaining the income tax from the heritage itself.

Whereas the constitution which oblige to expend the alms has also been regulated in Act number 38/1999 about alms management. Article 1 in this Act in intended to:

- 1) Tax management is the activity of planning, organizing, implementation, and supervision towards the collection and distribution as well as the utilization of the alms itself.
- 2) The alms is the treasure which obliged to be set aside by a muslim or an institution owned by muslim in accordance with the religion provision in order to be given for those who deserve.
- 3) Treasury (*muzakki*) is an individual or institution owned by Muslim who is responsible to pay the alms.
- 4) Needy (*Mustahiq*) is an individual or institution who deserves to accept the alms.
- 5) The religion is Islam
- 6) Minister is a minister who has the scope of duty and responsibility in the field of religion.

Whist in Article 2 stated that every citizen of Indonesia who are Muslim and capable or institution owned by Muslim are obliged to pay the alms.

With the existence of regulation from constitution which organize the tax and organize the alms surely give a statement to the society that whether you want it or not, paying both is mandatory. It is because to empower a nation is not only the duty of the government but the society as well. With this also can improve tax payer and the alms payer more in particular after the alms has been recognized as the income tax subtrahend.

Institutional

The alms surely needed a particular body which has been passed by the government, so there will be no other institutions with the same purpose. This is in order to avoid uneven alms distribution as stated in Act number 23/2011 about alms management. According to Article 5 of the Act number 23/2011 is meant:

- 1) In order to implement the alms management, government established National Alms Agency (BAZNAS)
- 2) BAZNAS as stated in clause (1) is located in the state capital
- 3) BAZNAS as stated in clause (1) is a non-structural government institution which is independent and responsible to the president through minister

Article 6 stated that BAZNAS is an authorized institution to control the alms management nationally. With the regulation of the alms management clearly stated in the constitution above, hence if a citizen wish to gain tax subtrahend then the individual must submit the alms proof of payment in the legitimate governmental institution. As stated by Directorate General of Tax in regulation number.PER-15/2012 that the body/institution which is set as receiver of the alms/other religious donation, it can be deducted from the gross revenue consisted of BAZNAS, ISLAZ, LAZIS, LEMSAKTI (the Indonesian Christian alms institution) and BDDN YADP (national fund dharma institution of Adikara Dharma Parisad foundation).

Conclusion

The purpose of this study is to investigate a comparative analysis between Zakat and income system, in order to improve the economic and social justice and less inequality. However, this is a noncontroversial deed and it looks like a sensible approach. It further creates money safe assets and state is the responsible for creation of assets and backup of it. Although this is true that the existing systems, namely capitalism, socialism and welfare state, have been successful in different extents of expansion for economies but simultaneously has led to increased inequitable distribution of wealth. The reasons why Islamic finance scores better than the conventional finance to enhance financial inclusion and bring in greater economic and social equity because it is interest-free and the two pillars of Islam are risk sharing and redistribution of wealth. The regulation of income tax subtrahend is created due to the existence of the alms which is beneficial for the citizen. All this time the tax payer and alms payer feel overwhelmed. They consider tax as a burden and alms as a religion obligation. This regulation will assist to lessen their burden. It is not only them who possess the advantage, but it also benefits the country due to the enhancement of tax payer and alms payer which lead to the alms distribution and eventually eradicate poverty rate in the country itself. If the number of poverty has been decreased, the fund could be shifted to other social sectors such as education, empowerment for the unemployment, etc. It is surely profitable for Indonesia if they able to implement this as a collective regulation, and later when the countries in Southeast Asia have begun to rise from the high poverty rate indeed will become a prosperous and peaceful region due to rapid economic growth. Finally all the plans envisage a sharp split between heavily controlled money on the one hand and the provision of savings vehicles and credit on the other. This study has raised these issues with the basis for setting the money supply target. But further all the plans show a remarkable degree of confidence that financial institutions without special regulation or public

support would promote financial stability in their intermediation role. They also assume that savers will be happy to accept bail-in risk on any savings which earn a return.

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