

T.C.
ISTANBUL SABAHATTIN ZAIM UNIVERSITY
GRADUATE SCHOOL OF EDUCATION INSTITUTE
DEPARTMENT OF ISLAMIC ECONOMICS AND FINANCE

**THE STRATEGY OF CASH *WAQF* OPTIMIZATION IN
BADAN WAKAF INDONESIA (BWI)**



MASTER THESIS

Musta'an AL FARUQI

Istanbul
June, 2022

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THESIS APPROVAL

Thesis study has been approved in partial fulfillment of the requirements for MA Degree in Islamic Economic and Finance.

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DECLARATION OF SCIENTIFIC ETHICS AND ORIGINALITY

This is to certify that this MA thesis titled “The Strategy of Cash *Waqf* Optimization in Badan Wakaf Indonesia (BWI)” is my own work and I have acted according to scientific ethics and academic rules while producing it. I have collected and used all information and data according to scientific ethics and guidelines on thesis writing of Sabahattin Zaim University. I have fully referred, in both the text and bibliography, all directed and indirect quotations and all sources I have used in this work.



Musta'an AL FARUQI

Istanbul, June 2022

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ÖZET

BADAN WAKAF ENDONEZYA'DA (BWI) NAKİT PARA VAKFI OPTİMİZASYON STRATEJİSİ

Badan Wakaf Indonesia (BWI), vakfın potansiyelini ve ekonomik faydalarını ibadet ve toplumun güçlendirilmesi yararına gerçekleştirme hedefi olan ulusal bir nazirdir. BWI, vakıf varlıklarının, özellikle para vakıflarının güçlendirilmesinde hayati bir rol oynamaktadır. Endonezya'daki büyük para vakfi potansiyeli, henüz tam potansiyeline ulaşamamış olsa da, para vakfi modelinin ekonomik ve sosyal kalkınma için bir alternatif haline getirmek için bir fırsat olarak değerlendirilebileceği düşünülmektedir. Bu nedenle, bu araştırma BWI'nin Endonezya'daki mevcut ve potansiyel nakit vakıflarını optimize etme stratejisini bulmayı amaçlamaktadır. Kullanılan araştırma yöntemi, birincil ve ikincil verileri, bazı BWI yetkilileri ve web sitesiyle yapılan görüşmeden toplanan verileri ve ayrıca araştırmayla ilgili belgeler, dergiler veya güvenilir kaynaklar verilerini kullanan nitel bir araştırmadır. Araştırmanın sonuçlarına dayanarak, araştırmacılar Endonezya vakıf kurumunda para vakfının uygulandığı ve şu anda İslam Hukuku'na uygun olduğu ve İslami bankalar aracılığıyla mevduat ve yatırım şeklinde nakit vakıf toplamaya devam ettiği sonucuna varmışlardır. BWI'nin hedeflediği hedefe ulaşmak için BWI, Maliye Bakanlığı ve Din Bakanlığı ile işbirliği yapan Nakit Vakfı Bağlantılı Sukuk gibi çeşitli kurumlarla işbirliği içinde çeşitli programlar ve ürünler oluşturmuştur.

Anahtar Kelimeler: Badan Wakaf Indonesia, Nakit Vakfı, Optimizasyon

ABSTRACT

THE STRATEGY OF CASH *WAQF* OPTIMIZATION IN BADAN WAKAF INDONESAI (BWI)

Badan Wakaf Indonesia (BWI) is a national *nazhir* with the goal of realizing the potential of *waqf* and its economic benefits for the purpose of community empowerment and worship. BWI plays a significant role in the *waqf* assets empowerment, particularly cash *waqf*. Although the enormous potential of Indonesia's cash *waqf* has yet to be realized, it presents a chance to use cash *waqf* as an option for economic and social development. Therefore, the purpose of this research is to learn more about BWI's strategy for maximizing existing and potential cash *waqf* in Indonesia. A qualitative study and library research were employed, with primary and secondary data acquired through interviews with BWI personnel and the BWI website, as well as papers, journals, and other reliable sources. The study's findings led the researchers to the conclusion that cash *waqf* at BWI has been implemented and is currently in accordance with Islamic Law and underway, Cash *waqf* is collected through Islamic Financial Institution in the form of deposits and then invested. BWI produced multiple programs and products in collaboration with other organizations, such as Cash *Waqf* Linked Sukuk, which collaborates with the Ministry of Finance and the Ministry of Religion, to fulfill the goal set by BWI.

Keywords: Badan Wakaf Indonesia, Cash *Waqf*, Optimization

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TABLE OF ABBREVIATIONS

AAOIFI: Accounting and Auditing Organization for Islamic Financial Institution

AIW: The *waqf* pledge deed

BWI: Badan Wakaf Indonesia/Indonesian *Waqf* Board

CW: Cash *Waqf*

CWLS: Cash *Waqf* Linked Sukuk

GNWU: The National Money *Waqf* Movement

IDB: Islamic Development Bank

KEMENAG: Kementrian Agama/The Minister of Religious Affairs

KHI: Kompilasi Hukum Islam/Compilation of Islamic Law

LKS-PWU: Islamic Financial Institution Recipient of Cash *Waqf*

LKS: Islamic Financial Institution

MUI: Majelis Ulama Indonesia/Indonesian Ulema Council

SKKNI: the Indonesian National Work Competency Standards

SWT: Sertifikat Wakaf Uang/Cash *Waqf* Certificates

CHAPTER I

INTRODUCTION

Waqf is one of the worships that serve the community's interests in the service of Allah SWT. It is a manifestation of one's piety without considering statutes and a necessary socio-economic type of spending in the cause of Allah (*fisabilillah*). At the beginning of Islam, *waqf* was recognized in Islamic law as one of the voluntary acts of charity recommended by the Prophet Muhammad (Pitchay, Meera, and Saleem 2014:14). According to Islamic history, *waqf* has played an important role in promoting the welfare of Muslims, particularly in the areas of education, health, social services, and public interests, religious activities, academic improvement, and human civilization in general (Rivai Zainal 2016:8).

In addition, Islam has institutional preparations for obtaining funds so that the poor may be able to stand on their own. To achieve this goal, Islam propose a prong approach: social infrastructure development through *waqf*, the obligatory payment of *zakat* for addressing the inequality and *Sadaqah* to address immediate needs in unfortunate events. If it is developed and managed productively and properly, can be an alternative for poverty alleviation and community empowerment (Rusydia and Devi 2017:16).

Initially, the practice of *waqf* was largely used and developed for religious, educational, and health facilities, as well as other social advantages in the Indonesian community's perspective. A broad knowledge and an empowerment of *waqf* property becomes an important object, especially if it is associated with the goal of developing a sustainable *waqf* which purposed for empowering social interests (Rianto and Arif 2012:13).

Cash *Waqf*, on the other side , has the definition of a management strategy for *waqf* donations from the Muslim society by creating these donations in order to build a sustainable profit. Cash *waqf* donation can take the form of both moveable assets like money and precious metals. This cash *waqf* excess is a source of endowed money for supporting people's necessities, such as proper education and health care (Syakir 2016:40). Also has two visions at the same time: first, eradicating social inequality and providing a useful basis for the welfare of society. This vision is directly reached when

totality is devoted to productive *waqf* forms which are then continued with effective way that leads to these achievements. The effective way as a derivation of the philosophy of productive *waqfs*, requires more technical efforts to implement productive *waqfs* (al Arif 2012:19).

Moreover, cash *waqf* can be utilized as a sustainable fund for people which able to provide the benefits in purpose of society empowerment and prosperity. This conclusion will be appropriate if associated to the number of Muslim populations in Indonesia because Indonesia has large number of Muslim populations (Medias 2010:80).

According to the results of the population census 2019, Indonesia is a Muslim-majority country, with up to 87.17 percent of the population being Muslim (Kusnandar 2019). Muslim religiosity in Indonesia is also claimed to be quite good. Accordingly, the number of Muslims and their increment religiosity is expected to have a beneficial connection and influence on *waqf* issues in Indonesia, particularly cash *waqf* (Akhsan and Syahputra 2010:58).

The *Waqf* land area in Indonesia recorded by the Indonesian Ministry of Religion Affairs is widely dispersed to 400.104 locations, of which 160,248 locations have not *waqf* certificates and 239,856 others already certified (KEMENAG 2019). Meanwhile, according to data of Badan Wakaf Indonesia (BWI), Indonesia has a great *Waqf* potential. Its assets are quite large which is estimated to reaches Rp. 2000 trillion per year and so *waqf* land area reaching 53.438,73 ha (BWI 2019).

The application of cash *waqfs* that is included as a form of productive *waqfs* today will have greater potential and superiority than traditional *waqfs*. While cash *waqfs* could be performed by whoever, even a person, organization, community, or institution. Because of the flexibility in the minimal level of contribution, cash *waqf* has enabled many Muslims to make their own *waqf* donation for the welfare of society. Someone can represent money of Rp. 100.000 or more (Mustofa and Hasanah 2006). Based on Nafis' assumption, (2012) if 20 million Muslims of Indonesia wish to contribute cash *waqfs* about 100,000 IDR per month, then the funds shall be collected in a year of about 24 trillion IDR. Furthermore, from the BWI's assumption and explanation, the potential of cash *waqf* in Indonesia might reach 188 trillion IDR per-year but only 400 billion IDR had been realized (BWI 2019).

The success of *waqf* management by a *waqf* manager (*nadzir*) is determined not only by the number of *waqf* assets developed, but also by the extent to which *waqf* management and empowerment will add value to the development of productive activities and the resolution of social issues arising from economic inequality. The distribution of results from *waqf* management does not only provide temporary assistance to the poor who have been consumed. Therefore, the management of *waqf* as an instrument for public welfare must be managed professionally without neglecting its designation in accordance with the will of the *waqf* donor (*wakif*).

Waqf is one of the few Islamic socioeconomic instruments whose full potential has yet to be exploited. Cash *waqf* can be utilized as an alternative financing source to address a variety of socioeconomic issues and help individuals achieve financial independence. The current growth of cash *waqf* is projected to contribute to the community's socioeconomic existence (Fauziah 2017:5). The practice of cash *waqf* in Indonesia still faces obstacles including management problems, unprofessional *Nazhir*, ineffective socialization. Therefore, it is very necessary to socialize and regulate strategies in cash *waqf* application, introduce cash *waqf* to the public and carry out proper and modern management of cash *waqf* funds.

Now, cash *waqfs* has become a national legal provision and important issue in Indonesia in maximizing the function of *Waqfs* and has become a national motion to support Government's effort to empower the society (Nafis 2012). Cash *waqf* (CW) is a valid sort of Islamic endowment focused at assisting the less fortunate citizens (Saiti, Salad, and Bulut 2019:22).

Discussing about cash *waqf*, *waqf* is not only for religious spirituality but can touch the human aspect by optimizing its potential for the public welfare (Rusydia and Devi 2017). The benefits of cash *waqf* are not only limited to benefiting the Muslim community and religious activities but have reached a wider scope to enhance and strengthen social and economic development of a country. Thus, this thesis focusses on cash *waqf*. Hereby, in the point of such issue, the objective of this study is to look at the role of BWI in optimizing the cash *waqf* potential in Indonesia.

1.1. Research Problem and Question

Indonesia has a Muslim majority population, However, the cash *waqf* optimization has not met expectations based on the Muslim community's population and wealth. Cash

waqf has a huge and exciting potential in Indonesia. Unfortunately, this is not optimal. This is due to a number of factors, including a lack of familiarity with cash *waqf*, the Indonesian mindset, or the belief that *waqf* is only an immovable property in the form of a construction or land. According to the assumption of one of BWI's director, Indonesia has a large potential in collecting and distributing cash *Waqf* from and to the society. But, after it is organizing, the factual number of cash *waqf* collected is not realized as expected. To benefit the cash *waqf* collected BWI must have the strategy for optimizing the fund collected to be more beneficial and productive.

From the problem found and described above, it could be taken the problem formulation as the following below:

- 1) What is the strategy of Badan Wakaf Indonesia in optimizing cash *waqf* potential in Indonesia ?

1.2. Objective of Research

The objective of this research can be known based on the problems and research questions, namely:

1. To find out the strategy of Badan Wakaf Indonesia in optimizing the potential of cash *waqf* in Indonesia.

1.3. Hypothesis

Based on the problem formulations scope which is found from the background of the study or introduction in the previous section, there is the basic hypothesis that this research develops depending on the problem and its question. The primary reason for improper cash *waqf* implementation among Indonesian Muslims is the lack of socialization and education on cash *waqf* by Badan Wakaf Indonesia, as well as its advantages for social welfare. Badan Wakaf Indonesia need to promote more, ensure, and educate the community regarding the beneficiary of cash *waqf*.

Beside the cash *waqf* has collected, the money collected supposed to be more productive, it may be way to be invested to the Shariah Investment and its return is supposed to be used for social infrastructure development, establish the cooperation with the Shariah financial institution and for Badan Wakaf Indonesia has an authority and competency to optimize and manage cash *waqf* in Indonesia.

1.4. Significance of Research

The writer hopes this research can provide and contribute to the other researcher in the further days about the insight of cash *waqf* commonly and its potential particularly. There are two primary significances, theoretical and practical.

a) Theoretical Significance

Result of this study is expected to provide useful materials for the development of science research of Islamic economic instrument in relation to the cash *waqf* and its benefit toward its potential for developing and empowering the *waqf* itself. In addition, this research may be able to provide a basic theory of cash *waqf* and its legitimacy even though in the light of scholar and positive law of Indonesia. Furthermore, this result of study hopefully can give some knowledge about the potential of cash *waqf* that may be collected by the *waqf* institute in here mean Badan Wakaf Indonesia.

b) Practical Significance

For the readers and Islamic economic practitioner especially in the field of *waqf* development, may this be able to provide the information of the strategy how to optimize and develop the potency of cash *waqf* in Indonesia and may this research be able to understand all reader how to manage cash *waqf* properly especially in the middle of community until this cash *waqf* has a great potential to be optimized.

1.5. Structure of Thesis

To facilitate the preparation, this thesis is divided into five chapters containing the main ideas and then further divided into sub-chapters that sharpen the main ideas, so that the whole becomes a unity that explains each other as one thought. The writer organizes this research of study to make clearly of this research content. The thesis is divided into five chapters, namely:

Chapter I is covering an introduction which is dealing with the background of study, it is the present issue about the cash *waqf* in Indonesia which also explain the potential of it. Problem and objective of research the writer want to solve this research by figuring out the strategy of cash *waqf* optimization at Badan Wakaf Indonesia. Significance of research it has two major significances that the writer supposed to reveal and provide, there are theoretical and practical.

Chapter II is review of related studies which covers pervious study, the writer gets a few of research that also had a same object to study in the cash *waqf* development, empowerment, and optimization strategy even the topics related to cash *waqf*. The general definition of *waqf*, its benefits, *waqf* legitimation in accordance with Qur'an and Prophetic tradition, pillar of *waqf*, general definition and concept of cash *waqf*, views of earlier Muslim scholars on cash *waqf*, views of contemporary Muslim Scholar, Indonesian positive law of cash *waqf* that include the fatwas of Muslim Scholar Indonesia regarding cash *waqf*.

Chapter III This section is research methodology. This chapter consist of Interview, the author is going observe the document and interview some of BWI officials to get more data. Place and time study, the research is conducted at Badan Wakaf Indonesia (Indonesian *Waqf* Board) as the independent institution for *Waqf* management in Indonesia. Object of the study is only focused on the strategy of Badan Wakaf Indonesia in optimizing cash *waqf* and the subject is Badan Wakaf Indonesia. Data source, the data sources are texts, document, journals, or internet sources. Method of data collection are interviews, documentation, and literature.

Chapter IV are Finding and discussion. It is a discussion and analysis of the data obtained from the document (Report, Journal, Credible Internet sources and interview) research of the object, which is then reduced and described to obtain conclusions. This chapter also describes BWI's structure, and its vital role as a *waqf* institution, as well as the management strategy of Badan Wakaf Indonesia and the optimization of cash *waqf* in Indonesia .

Chapter V are conclusion, and suggestion.

CHAPTER II

LITERATURE REVIEW

To support the research that shall be developed, it takes and uses some previous references for the background of the writing that will be a further discoursed. There are many of writing on the issue of the cash *waqf* according to the Muslim scholars who focused on various aspects and cash *waqf* applications for the growth of economic and social development.

While completing this research, a several related sample that have been researched before will be further used to support the research and will represent an analytical study on few Islamic literatures, i.e.:

Firman Muntaqo (2015). *Problems and Prospects of Productive Waqf in Indonesia*. In this research aim aims to explain and examine the issues and possibilities of endowment in Indonesia, with a focus on the establishment of Law No. 40 of 2004 on *waqf*. An examination of the topic centered on the management of *waqf* properties by *waqf* institutions that are still traditional and far from productive. Several factors contribute to the difficulty of *waqf* management, including: a lack of socialization on Fiqh *waqf* and state rules on *waqf*; inadequate management of *waqf*, the issue of *nadzir* commitment, a poor institutional monitoring mechanism, and financial issues.

The research methodology approach is using qualitative descriptive approach with content analysis to know the result or conclusion of research that had been obtained by deep interview to the significant respondent. This research consent is to find out the significance of *waqf* based on positive law in Indonesia namely Law No. 40 of 2004.

The further study will be discussing the same object is *waqf* but in the focus of cash *waqf* which has an enormous potential in Indonesia, and how is Badan Wakaf Indonesia strategy in optimizing the potential more than expected and become the sustainable fund to empowering society. The research methodology using qualitative descriptive with the content analysis describing the data obtained by journals, text or credible internet source and document of data from the official site of Badan Wakaf Indonesia.

Dharma Satyawana (2018) *The Analysis of Productive Waqf Management Strategies in Indonesia*. This study has a general purpose to have formulation about productive *waqf* management strategies in Indonesia, with specific research objects as follows: a. to identify constraints in developing productive *waqf* in Indonesia; b. to formulate productive *waqf* management strategies in Indonesia as literacy efforts in the field of *da'wah* in the *Muslim* community.

The factors that influence the productive *waqf* management in Indonesia was examined, through interviews of experts and regulators in their field. Then followed by examining the policy. With the ANP and SWOT methods, found the strengths and weaknesses factor, while the strengths are regulation or law and the largest Muslim population in the world and weakness factors are a lack of socialization and traditional mindset about *waqf*.

The distinguishes of the research conducted will be in the place area as the subject of the study. The subject of study will focus to the Badan Wakaf Indonesia as the institution and *Nazhir* of *waqf* while the object of this study only to figure out the strategy of Badan Wakaf Indonesia in optimizing the cash *waqf*. The research methodology using qualitative descriptive with the content analysis to describe the data obtained by journals, text or credible internet source and document of data from the official site of Badan Wakaf Indonesia.

Choiruunisak (2019) *Optimization of Wakaf in Indonesia*. The aim of this research is to figure out how to optimize *waqf* in Indonesia to boost the country's economy. This is a library research project focusing on qualitative data management and data analysis techniques that use descriptive analysis methodology.

The findings of this study point to seven actions that must be taken: (1). Develop a thought process based on the study of the school of *Fiqh*, which is widely employed by Indonesian Muslim communities. (2). Assist in the socialization of the necessity of empowering *waqf* to be more productive in order to accelerate Indonesia's growth. (3) providing an overview and simulation of the rewards and benefits that can be acquired by effectively managing *waqf*. (4) Promoting the development of qualified human resources *waqf* managers. (5). Encourage the formation of alternative and investment climates that are conducive to the use of *waqf* on a regular basis. (6). Make a synergy

among all parties involved. (7) Improving and optimizing the Indonesian *Waqf* Agency's responsibility.

The distinguishes between the research before is in the place area as the subject of the study. The subject of study will focus to the Badan Wakaf Indonesia as the institution and *Nazhir* of *waqf* while the object of this study only to figure out the strategy of Badan Wakaf Indonesia in optimizing the cash *waqf*. The research methodology using qualitative descriptive with the content analysis to describe the data obtained by journals, text or credible internet source and document of data from the official site of Badan Wakaf Indonesia.

Muhammad Alfin Syauqi (2014a) *The Optimization of Cash Wakaf for Public Prosperity*. This study explored the fundraising and donation that was done by BMH Semarang, restrictions and the steps to improve its management for prosperity.

This research employed an empirical juridical methodology, which is a method or strategy for solving issues by first reviewing existing secondary data and then continuing with research on primary data in the field. Secondary data was employed in this study, which was supplemented by primary data. The data that has been collected is examined using quantitative and qualitative methods..

According to the findings of this study, the BMH of Semarang, on the other hand, has been unable to optimize its management. The limitations are a lack of human resources and competency, a social culture that is uneducated on the subject, a lack of publication, and local government support. Increased human resources to be more professional and understanding, people understanding, reference on the issue for the business sectors, acceptance of the gift, and coordination with the government are all steps made to maximize.

The subject of this study will only focus to the Badan Wakaf Indonesia as the institution and *nadzir* of *waqf* while the object of this study only to figure out the strategy of Badan Wakaf Indonesia in optimizing the cash *waqf*, this is the main difference of the study before. The research methodology using qualitative descriptive with the content analysis to describe the data obtained by journals, text or credible internet source and document of data from the official site of Badan Wakaf Indonesia.

2.1. *Waqf*

2.1.1. *Waqf* Definition

Before understanding the definition cash *waqf*, it is necessary to understand well about *waqf* definition. *Waqf* is derived from the Arabic word وقف has the meaning to stop, the antonym of استمرّ which has the meaning to continue. This word (*waqf*) is often equated with الحبس عن التصرف or التسييل which is defining as الحبس عن التصرف, namely prevent it from being changed or sold (Manzur 2007:4900; Zuhaili 1985a:153). In terms, *waqf* is to donate property by maintaining its usefulness and used for the common goods. Another understanding states that *waqf* is giving part of the property owned to be used for social purposes with the intention of getting closer to Allah (Zuhaili 1985a:156). The meaning of *waqf* according to those who justify it is holding the assets in the *waqf* and distributing the results and benefits, or holding an asset for charity, or as Ibn Hajar Al-Asqalani said in *Fath Al-Bari*: "holding an asset or a capital then the benefits can be felt forever and for the benefit of the people." The basis of *waqf* in this sense is to hold the *waqf* property, so the *waqf* could not be sold, mortgaged, or gifted, and is not transferred by inheritance (Bulut and Korkut 2019:7; al Jamal 2007:15). To Kahf (2003:2) *Waqf* literally means "restraint, restriction, or prohibition". While retaining some property values and maintaining them for the limited benefit of philanthropy and restricting their usage outside the Islamic value. *Waqf* is a permanent separation of one's property and legal belongings to be committed in Allah's way for the benefit of human kind (Iman and Mohammad 2017:420).

All in agreement that *waqf* is originated from the Arabic word which has the meaning explained as before. *Waqf* is defined as donations made by the rich and altruistic for the services of a society in need. Briefly, *Waqf* is a term used to describe donated assets that provide perpetual income and are set aside forever to fund services (Çizakça 2016:2). *Waqf* are usually established and provided in purpose to build educational institution (Schools-Universities), hospital, and to pay teacher's or doctor's salaries. They also offered a wide range of municipal services, including clean water, paved roads, and even bridges and ports (Ibid 2016). From these terms there are three main things in *waqf*, namely: *waqf* objects are permanent (eternal), *Waqf* benefits are utilized

for social purpose, and to worship Allah. *Waqfs* were founded primarily to address the needs of the people. *Waqfs*, which are established to meet moral, and material needs, have existed for centuries. As a result, the establishment of *waqf* cannot be said solely for financial or moral purposes. They are an organization that guarantees moral and material integrity (Bulut and Korkut 2016b:16). *Waqf* is a type of charitable and philanthropic giving in the Muslim world that has provided long-term support to charitable, educational, and religious purposes (International Waqf Fund 2020).

The definition of *waqf* in the Indonesian Law of 1977/28 and according to the Compilation of Islamic Law (KHI) about the *waqf* is the legal act of a person or legal entity that separates part of his property in the form of owned land and endows it forever for the benefit of worship or other public interests in accordance with Islamic teachings (Munthe 2018a:14). Meanwhile, *waqf* is defined as the legal act of a wakif to separate or surrender part of his property to be used forever or for a specific period of time in accordance with its provisions for purposes of worship and public welfare according to sharia (Laws of the Republic Indonesia 2004). In law there are no words "forever" as in the KHI definition, because of this Law, *waqf* is not always eternal, but there is also the possibility for a certain time (Sirojudin Munir 2015:98).

In general, there is no Qur'anic word that expresses the notion of *Waqf*. The endowments can be classified as *Infaq fisabilillah*, and the scholars' premise for describing and interpreting the *Waqf* idea is based on the Qur'anic verses that clarify *Infaq fisabilillah* (Sukarmi and Victoria 2018:7). The earlier scholars of *Fiqh* differed in the understanding of *waqf*. These distinctions have various implications for the final legislation. According to *Fiqh* scholars, *waqf* is defined as follows :

- a) In the view of the Hanafi school, *waqf* is the detention of objects belonging to the wakif and contributions and provide benefits (Shalih 2001a). So, what arises from *waqf* is only "to contribute benefits". Therefore, the Hanafi school defines *waqf* as: "not taking an action on an object which has a permanent status as property, but donating its benefits to a social, both now and in the future." *Waqf* property, according to the Hanafi School, does not imply complete abandonment of property rights. Wakif has the right to remove his *waqf* property at any moment and it can be exchanged. When the wakif dies, ownership of the *waqf* property is given to the wakif's heirs. The Hanafi school

recognizes the existence of *waqf* assets that cannot be withdrawn, especially *waqf* carried out through a will.

- b) The Maliki school of thought holds that the *waqf* does not surrender the *waqf* property from the *wakif's* ownership, but rather that the *waqf* prevents the *wakif* from taking action that could relinquish its ownership of the property to others, and that the *wakif* is obligated to donate the benefits and may not withdraw the *waqf*. So, at this point, the *waqf* prohibits the *wakif* from using his *waqf* property for a certain period of time, according to the *wakif's* intention when the contract was signed (*sighat*). Therefore, because this *waqf* is only valid for a limited time, it does not need to be required as an eternal *waqf* (forever). (Shabri 2011:33) .

In other view, in another sense, *waqf* denotes that the benefit of the *wakif's* property, whether in the form of rent or earnings, are given to the person who is entitled to it for a period determined by the *wakif* (Ad-dardiry 2007:97).

Based on this definition, a person who makes *waqf* of his property can withhold the use of his property in a benevolent manner, while retaining the ownership of the property of the *wakif*. The validity period of the property that can be endowed is not forever, but only for a certain period according to the will of the person who is endowing their assets at the time of the *waqf sighat* (contract). Therefore, in traditional *Fiqh* for Maliki, there is no requirement for *waqf* in perpetuity. According to the opinion of the Maliki school, that in the ownership of *waqf* property, the benefits are for the *mauquf'alaih* (who are entitled to receive the results or benefits of *waqf*) it is stated in the hadith of the Prophet Muhammad: "Hold on to the point and donate the results" (Zuhaili 1985a:169).

- c) According to the Shafi'e school, *waqf* is the retention of assets that have been exploited while the assets remain intact and are no longer the property of the *wakif* and are utilized in a permissible manner. If the *waqf* is certified genuine, the original owner's ownership of the property is transferred to Allah SWT, with the notion that the *waqf* property now belongs to the ummah rather than the *wakif*. As a result, a person's relationship with his property is severed, while

a new relationship with Allah's recompense (*thawab*) emerges because of his *waqf* (Direktorat Jenderal Bimbingan Masyarakat Islam 2003:3).

- d) According to the Hanbali School, *waqf* is the absolute holding of wakif assets in carrying out their useful assets while staying intact and deciding all ownership rights over assets, while the advantages of property are for goodness in becoming closer to Allah. If a *waqf* is legitimate, the waqif loses ownership of the *waqf* property. The Hanbali School's position is identical to the Shafi'e School's position, which holds that *waqf* assets cannot be sold (*la yuba'*), donated (*la yuhab*), or inherited (*la yurats*) by anybody.
- e) According to most jurists, *waqf* is holding property for endowment with the intention that the property belongs to Allah SWT, to be given to charity for the benefit of the people and is also a part of good deeds (al Jamal 2007:16).

If *Wakif* forbids it, the judge might then order him to surrender it to *Mauquf'alaih*. As a result, the Shafi'e school defines *waqf* as "not acting on an object that has the status of Allah SWT by directing its advantages to social or charity" (Zuhaili 1985a).

According to contemporary scholar and academic, Monzer Kahf (Kahf 2000b:154), *waqf* is to possess property permanently and temporarily, to utilize it directly or indirectly, and to reap the benefits of it repeatedly on the road of compassion and charity. According to Mohammad Anas Zarqa, *waqf* is a method of transmitting revenue from one generation to the next for the sake of welfare, prosperity, and well-being. Even though it is entirely optional, *Waqf* is a key distributive mechanism (Zarqa 1994). From the overall definition of *waqf* that has been put forward by the Fiqh scholars above *waqf* means to hold someone's property for the benefit of the community and religion.

As a social concept that has a dimension of worship, *waqf* is also called the act of *Sadaqat Jariyah*, where the rewards obtained by wakif will always flow if the property if the property still exists and is useful. Thus, the *waqf* property becomes the mandate of Allah to the person or legal entity (as a *nadzir*) to manage and develop it (Mukti 2018:19).

But, *Waqfs* are not only served for a social purpose of collaboration and solidarity, but also for a financial and economic. *Waqfs* promote unity within the framework of a

formal institution. The institution of *waqf* is very important in Islam. Muslims who seek to observe Allah's commandment have created a large number of *waqfs* to that end. A *Waqf* is the donation of private property or an economic entity to meet a specific social need in the society. Donated items lose their private ownership characteristics. Then distributed for the benefit and service of humanity (Bulut and Korkut 2016a:24).

2.1.2. Main Characteristics of *Waqf*

a) Perpetuality

It indicates that once a property has been classified as *Waqf*, it will remain such in forever. The procedure of removing the *Waqf* character from a property is hard and time-consuming. It entails swapping the *Waqf* property for another of equivalent value with the approval of a local court. After such an exchange, the new property must be declared as a *Waqf* for the same purpose and beneficiaries as the prior property. In theory, perpetuity implies that *Waqf* properties should not diminish.

b) Permanence/irrevocability of *Waqf* Founder's Stipulation

Because *Waqf* is a benevolent voluntary act, The Wakif standards must be fulfilled to the letter as long as they do not contradict or violate any Sharia provisions. This suggests that *Waqf* profits should be used solely for the purposes specified by its donor. Furthermore, as long as the founders' conditions are still enforceable, neither management nor the supervisory court may change or replace them. If a *Waqf* purpose becomes impractical, the *waqf's* money should be used on the next most appropriate purpose, and if that is not possible, it should go to the poor and needy. Permanence includes all of the requirements of wakif, whether or not they are tied to purpose (Kahf 2003:5).

2.2. Definition of Cash

In etymology cash is derived from نقد-نقود its mean by dirham, holding dirham, distinguishing dirham, and about cash. While scholars of *Fiqh* defined money as an unlimited, and not only about gold and silver form but includes all types of money such as dirham, dinar, and *fulus* (Ratnasari 2019a:22).

According to the Advance Indonesian Dictionary, money is paper, gold, silver, or other metal that is printed with a certain shape or image, issued by the government of a

country as standard of value measurement. So according to language, money has three meanings; first cash (cash); second. standard of value, and thirdly, the medium of exchange.

According to Ala'uddin in Fauziah (2017:37) on money, that the term *nuqud* as an expression of a price, is not yet known among classical jurists. It's just that the terms *naqad* and *naqdain* are already known among them, each of which has the following meaning:

- a) *Naqad* means payment of money which is the opposite of deferred payment (*an-Nasi'ah*).
- b) *Naqdain* means showing the type of currency that has spread at that time, namely the type of gold and silver coins.

Wahab Khalaf, as quoted by Ala'uddin in Fauziah (ibid), defines money as something that is used as a transaction tool by the community and has been determined by state law as the value of everything in buying and selling transactions and in all forms of mu'amalah related to money. Either in the form of currency made from gold, silver or other mining products such as copper and bronze or from everything that humans use as material to make money.

Money is every medium of exchange that is generally accepted, no matter what and how that medium is and in any case it is (Al-Maiman 2009:14), Money is a means of exchange rather than a commodity, thus it is unworthy of trading, let alone including an element of uncertainty or speculation (*gharar*), therefore what exists is the value of money to be exchanged for things rather than the price of money to be related with the passage of time. If money is traded for another currency, it must be done at the same time (*taqabud*) and without delay (*hulul*) (Hoirul 2016:21). Money in the light of Islamic economic concept is medium of exchange, and it is not a capital. Should not be utilized for accumulation. In addition, money is defined as a thing used to measuring prices and goods. Meanwhile, in sharia economy, money is flow concept and used as public goods (Bulut and Korkut 2016a:34; Kahf 2000a:52).

From the definition of money stated above, it can be concluded that among economists, money has a broad meaning which includes all forms, whether in the form of gold, silver, copper money to paper money which has become a means of transactions of various nations. It's just that the term money has not been agreed upon in economic

circles. Each of them gives a different term from one another, but generally the definition of money they provide is related to the function of money for humans as a medium of transaction and a unit of measurement.

Money according to the notion of Islamic Economics, as described in Azwar Adiwarman Karim's book History of Islamic Economic Thought, but the concept of money is less apparent in conventional economic concepts. Money, for example, is characterized as money and capital interchangeably in Colin Rogers' book Money, Interest, and Capital. Money, on the other hand, is a flow concept and a public benefit in the Islamic economics paradigm. Capital is a private good and a stock idea. The money that flows is public property, whereas the money that settles is private property (Hadi Purnomo 2019).

According to Syamsuddin Mahmud in Fauziah (2017:38), money is one of the most important and useful inventions ever created by humans, and its development from time to time is an "epitome of the history of civilization". In the historical records of money there is no clear data on when money was first made, it's just that the weaknesses that occur in the barter system have encouraged people to look for alternative methods that are efficient in regulating economic and social affairs. The Qur'an has indicated a lot of the use of money before the Ashbul Kahf period, this is revealed in Surah al-Kahf verse 19 below:

.... فَأَبْعَثُوا أَحَدَكُمْ بِوَرِقِكُمْ هَذِهِ إِلَى الْمَدِينَةِ فَلْيَنْظُرْ أَيُّهَا أَزْكَى طَعَامًا فَلْيَأْتِكُمْ بِرِزْقٍ مِنْهُ

وَلْيَتَلَطَّفْ وَلَا يُشْعِرَنَّ بِكُمْ أَحَدًا

Meaning: "...So send one of you with this silver coin of yours to the city and let him look to which is the best of food and bring you provision from it and let him be cautious. And let no one be aware of you."

In addition, Al-Qur'an also mentions the use of money as a standard of value, namely at the time of the Prophet Yusuf. This is also revealed in Surah Yusuf verse 20, as follows:

وَشَرَوْهُ بِثَمَنٍ بَخْسٍ دَرَاهِمَ مَعْدُودَةٍ وَكَانُوا فِيهِ مِنَ الزَّاهِدِينَ

Meaning: “*And they sold him for a reduced price - a few dirhams - and they were, concerning him, of those content with little.*”

Based on the historical evidence revealed by the history of the Al-Qur’an above, it can be concluded that since centuries ago people have used money as a means of transaction and a unit of measurement. Furthermore, in order to facilitate the discussion of the history of the development of money in Islam, the author divides it into two phases as follows:

a) Phase before Islam

Before the arrival of Islam, the Arabs had known and used money as standard of measurement in every transaction and other social affairs. In the Arab community, money made of gold is called '*ain*' and money made of silver is called '*wariko*' (Al-Mazandani 1988:33). The introduction of money among the Arabs prior to the establishment of Islam could not be isolated from the Arabs' commercial operations with the surrounding countries at the time. They carried Roman gold dinars with them when they returned from Syria. They imported Persian gold dirhams from Iraq (Sasanids). They occasionally brought *Himyar* dirhams from Yemen.

As a result, it may be assumed that there was a lot of foreign money circulating in the Hijaz prior to the coming of Islam. It's only that Mawardi disclosed that the only money in circulation among the Arabs at the time was dinars from Rome and dirhams from Persia, and there wasn't much of it. His name is *Himyar*, and he is from Yemen (Al-Mawardi 1978:154).

b) Phase after Islam

The Prophet Muhammad PBUH continued to recognize numerous business and social transactions utilizing the Roman dinar and Persian dirham during his reign in Medina, and he felt no need to change the shape, stamp, or original picture of the existing dinar and dirham units. Even when it comes to transactions and other societal issues. He also imported the two currencies, the dinar from Rome and the dirham from Persia, on a regular basis. The caliph Abdul Malik bin Marwan set a record in the history of Islamic money in the year 75 Hijri (695 AD), when he printed unique dirhams with an Islamic pattern, substituting the Persian dirham pattern with Islamic pronunciations written in Kufi style Arabic letters.

Abdul Malik bin Marwan began making special Islamic dinars by abandoning the Roman dinar pattern in the year 77 Hijri (697 AD). He also eliminated depictions of humans and animals from dinars and dirhams, replacing them with Islamic phrases. Since then, the Islamic dinar and dirham have been the official currencies of Muslims in all transactions and social matters (Abdullah 2020:5; Hadi Purnomo 2019:89).

The use of Islamic dinars and dirhams persisted throughout Islamic history until 1914, when the world stopped utilizing gold and silver as a form of currency. Gold and silver were once again used as currency after World War I ended. When Turkey's Islamic state was overthrown. The use of Islamic dinars and dirhams among Muslims came to an end in 1924. However, gold and silver continue to be used as international monetary units, albeit their use is diminishing. When Richard Nixon, the then-president of the United States, proclaimed the official termination of the Bretton system on August 15, 1971, the use of gold and silver ceased completely. Gold was no longer the international monetary system (An-Nabhani n.d.:277).

2.2.1. Types of Money

By the times, money has developed in its form. Therefore, with its various types, money carries out its function as money. The types of money are below:

a) Money Goods

Money goods is a medium of exchange that has commodity value or traded if the goods unused as money. Such as cattle can be transforming as money for herdsman. But this type of money is rarely found. This type also like barter (Mardiana 2014:97).

b) Coin

Coin is money made by both of gold and silver (Mcleay, Radia, and Thomas 2014). In Islamic economics world this type of money is called by dinar and dirham. Coin is the first currency used in the Prophet era (Ratnasari 2019a:24).

c) Banknotes

Banknotes or called by bank deposit is money issued by a commercial bank through A checks or current account payments instrument (Mardiana 2014:97; Pitchay et al. 2014:7).

d) Paper Money

Paper money is one of the banknotes that used for bank form engagement to pay coins to banknotes holder if they request to take the coins. Banknotes is public money by license and trust from the government and used as instrument of exchange nowadays in the world by different currency in each money (Shabir 2007:289).

2.3. Cash *Waqf*

2.3.1. Cash *Waqf* Definition

In the *waqf* system, both cash and real estate can be endowed. The cash *waqf*'s endowed capital is lent to borrowers, and at precise maturity, such as one year, they are paid back to the *waqf* with the principle plus profit. The money is then utilized and spent for the *waqf*'s social purposes. This sort of *waqf* is known as a cash *waqf* (Özdemir and Özdemir 2017:77).

Understanding of cash *waqf* is necessary in today's context in order to defend human dignity through reducing poverty from an Islamic perspective. Allah (swt) commands every convenience for you, and He does not wish to put you in any problems, according to Qur'an 2:185. According to religion, cash *waqf* is a way of reducing poverty, bringing justice and peace to those who suffer from injustice and societal problems (Ali and Khanom 2014:51).

Cash *waqf*'s (CWs) is a valid variety of Islamic philanthropy kind that helps the less fortunate individuals. Cash *waqf*'s is a monetary contribution with a lump sum of money that is regulated and administered by cash *waqf* trustees (*Nazhir*) in order to financially fund a range of charity programs (Saiti et al. 2019:24). Cash *waqf* has been implemented since the early second century of Hijri, when Imam Az-Zuhri (died 124 H), a famous thinker and author of Tadwin al-hadith, ordered that dinar and dirham *waqf* should be utilized for da'wah and the construction of social and educational institutions for Muslims. Making money as capital and then giving the profits as *waqf* is the best way to go (Fauziah 2017:45).

Cash *waqf* is one of the movable *waqf* products defined in the form of money. Cash *waqf* is a type of productive *waqf* that has a system for investing *waqf* assets and distributes the profits from the initial invested capital. Cash *waqfs* were distinct from traditional real estate *waqfs* in that their initial capital, *asl al-mal* or corpus, was fully or largely made up of cash. (Çizakça 1998:53; Çizakca 2000:23).

Lahsasna (2010:97) explains the definition of cash *waqf* is a mobilization fund from the results of waqif donations based on the duration of an investment which is then productive, either the right of people or organizations to utilize the earnings or revenue for future consumption in accordance with the policies and guidelines set by the waqif and *waqf* recipient (*mauquf'alaih*). Cash *waqf* can also be called charity, which is founded with money as capital, with the income funds generated from this money investment are also then channeled to charity.

In the point of Abdul Mannan in Dwi Pusparini (2016:20) stated Cash *waqf* has a significant economic significance in Islamic nations as a way of moving income from the wealthy to businesses and people in order to fund different religious, social, and educational projects. Furthermore, monetary *waqf* can be used as a strategic investment to alleviate poverty and overcome backwardness in the areas of economics, health, and research. In certain Islamic nations, cash *waqf* substitutes a major portion of income tax to support social projects. The primary value of *waqf* must be guaranteed in order for it to be sustainable; it cannot be sold, given, or inherited..

Cash *waqfs* has several definitions. Imam Bukhari revealed about Imam Zuhri's argument that dinar and dirham (both is currency applicable in Middle east) may be represented. Dinar and dirham applicable as capital of business, afterwards the profits are distributed for *waqf* (Muhammad 1997a:20). Therefore, the origin value of *waqf* is maintained and the profits of its management are taken and optimized and maintaining the eternal of the value.

According to Hanafi schools, cash *waqf* is included into *Istihsan bi al-urf* and it is permitted to perform since many others have done so according to the Hanafi school, law formed based on '*Urf* (customs) has the same legal authority as legislation created based on scriptures (both al-Qur'an and hadith) (Zuhaili 1985a:162). While the method of cash *waqf* is used as capital in business by *Mudharabah* contract. Cash *waqf* in question is charity with money in the form of deposits, securities and sukuk, the profits

can be donated for the long term and the origin of the value must be held (Direktorat Pemberdayaan Zakat dan Wakaf 2009).

In the light of Indonesian Ulema Council (MUI) verdict toward the meaning of money it is included securities. As it did so, cash *waqf* in Indonesia began to promote by many institutions and foundation in all regions in Indonesia. The Commission of Fatwa Indonesia is also allowing cash *waqf*. On May 11, 2002, MUI released a Fatwa. MUI's fatwa Commissions developed the meaning of *Waqf* at the time (M. Majelis Ulama Indonesia 2002a).

“Pressing treasures that can be utilized without the vanishing of his/er sources. Through not doing any illegal action against the object (selling, giving, or passing it), to be channeled (the result) to something legal existing”

Based on the criteria above, cash *waqf* is funds or money collected by *nadzir* through the issuing of cash *waqf* certificates (SWT) acquired by Muslim groups practicing *waqf* (Rusydiaana and Rahayu 2019:18). In another sense, cash *waqf* can be interpreted as *waqf* of movable property (money) or shares (security) managed by sharia financial institutions, the profits of which will be donated, but the capital cannot be diminished (withheld) for charity, while the accumulated cash *waqf* fund can then be managed and invested by *Nadzir* into various halal and productive business sectors, with the profits being used for the development of the people and the country as well (Atabik 2014:318). Imam al-Zuhri also expressed a similar opinion, which emphasized that it is permissible to make dinars as endowment for a capital of business, so generated income are distributed or donated to people/things who are *mauquf'alaih* (the purpose of *waqf*) (Muhammad 1997b:20–21).

2.3.2. Basic Law of *Waqf* and Cash *Waqf*

In Islam *waqf* is considered as the important economical methods in the Islamic system to achieve comprehensive community development, especially economic and social development, and the legitimacy of *waqf* in Islamic jurisprudence depends on three sources: the Qur'an, the *Sunnah*, and consensus (Al Jamal 2007:39).

There are no Qur'anic or hadith texts available that explicitly mention the legal basis that legitimizes the recommendation of cash *waqf*. But in general, many Quranic and prophetic tradition that recommend that believers are willing to set aside some of their

excess assets to be used for productive projects for the community. Among the texts of the Qur'an and hadith that can be used as sources of legitimacy for *waqf* are:

However, it is not mentioned particularly.

a) Qur'anic verse

مَثَلُ الَّذِينَ يُنْفِقُونَ أَمْوَالَهُمْ فِي سَبِيلِ اللَّهِ كَمَثَلِ حَبَّةٍ أَنْبَتَتْ سَبْعَ سَنَابِلَ
فِي كُلِّ سُنْبُلَةٍ مِائَةٌ حَبَّةٌ ۗ وَاللَّهُ يُضَاعِفُ لِمَنْ يَشَاءُ ۗ وَاللَّهُ وَاسِعٌ عَلِيمٌ

Meaning: “The parable of those who spend their property in the way of Allah is as the parable of grain growing seven ears (with a hundred grains in every ear; and Allah multiplies from whom He pleases; and Allah is Ample giving. Knowing” (Al Baqarah; 261)

يَا أَيُّهَا الَّذِينَ آمَنُوا أَنْفِقُوا مِنْ طَيِّبَاتِ مَا كَسَبْتُمْ وَمِمَّا أَخْرَجْنَا لَكُمْ مِنَ
الْأَرْضِ ۗ وَلَا تَيَمَّمُوا الْخَبِيثَ مِنْهُ تُنْفِقُونَ وَلَسْتُمْ بِآخِذِيهِ إِلَّا أَنْ تُغْمِضُوا
فِيهِ ۗ وَاعْلَمُوا أَنَّ اللَّهَ غَنِيٌّ حَمِيدٌ

Meaning: “O you who believe! Spend (benevolently) of the good things that you earn and or what We have brought forth for you out of the earth, and do not aim at what is bad that you may spend (in alms) of it, while you would not take it yourselves unless you have its price lowered, and know that Allah is Self-sufficient” (Al Baqarah; 267)

لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ ۗ وَمَا تُنْفِقُوا مِنْ شَيْءٍ فَإِنَّ اللَّهَ بِهِ عَلِيمٌ

Meaning: “By no mean shall you attain to righteousness until you spend (benevolently) out of what you love; and whatever thing you spend, Allah surely knows it” (Ali Imran: 92).

b) Prophetic Tradition (*Hadith*)

عن ابن عمر رضي الله عنه قال: أصاب عمر بخير أرضا، فأتي النبي صلى الله عليه وسلم فقال: أصبت أرضا لم أصب مالا قط أنفس منه، فكيف تأمرني به؟ قال: "إن شئت حبست أصلها وتصدقت بها"، فتصدق في الفقراء، والقربى، والرقاب، وفي سبيل الله، والضيف، وابن السبيل، لا جناح على من وليها أن يأكل منها بالمعروف أو يطعم صديقا غير متمول فيه. (صحيح البخاري ومسلم)

Meaning: "Narrated Ibn Umar; That Umar Ibn al Khattab r.a. acquiring land in Khaybar, then he came to the Prophet Muhammad (PBUH) to ask for guidance on the land. He said, 'O the Messenger of Allah I have acquired land in Khaybar that I have never acquired a better treasure for me than the land, what do you command me about it? The Prophet (PBUH) replied: 'if you like, you hold the point of your land and you make the result of it for charity. Ibn 'Umar said, 'so, Umar donates the land, requiring that the land is not sold, not given nor inherited. He provided the yield of the land to the poor people, needy, relatives, for freeing slaves, for Allah's cause, to the travelers and guests. It is innocent of the people who manage it to eat from the produce in good intention and feed others without storing it for the future" (Shabri 2011:50).

عن أبي هريرة رضي الله عنه قال: قال رسول الله صلى الله عليه وسلم: إذا مات ابن آدم انقطع عنه عمله إلا ثلاث: صدقة جارية، أو علم ينتفع به، أو ولد صالح يدعو له" (رواه مسلم وأبو داود وأحمد والترمذي والنسائي)

Meaning: "from Abu Hurairah (may Allah be pleased with him) reported: The Messenger of Allah (PBUH) said. When a man dies, his deeds come to an end except for three deeds, Sadaqat Jariyah, (ceaseless charity), a benefited

knowledge, or virtuous descendant who prays for him (for the deceased)”
(Shabri 2011:34).

In the basis of the verses mentioned above, cash *waqf* is permitted or acceptable if the following requirements are met:

- a) *Waqf* and its derivative is only allowed for usage purpose and distribution which is appropriate with Islamic law.
- b) Cash *waqf*'s principal value must be guaranteed to ensure its long-term viability; it cannot be sold, given, or inherited.

Hadith above also shown that *waqf* is an act of *Jariyah* (perpetual charity), meaning that even if the person who spends his assets has died, as long as the *waqf* object is utilized for goodness, the reward will continue to flow. Thus, as part of a *tabarru'* charity or a voluntary act that does not expect a counter-achievement (reward), Islam teaches that if the right hand gives it, the left hand does not know it (M. Aziz 2017a:4).

Waqf was established by the companions even during the lifetime of the Prophet (peace be upon him), according to Zufar, who claims that jewelry was contributed by the prophet's wife and Omar's daughter, who devoted her jewelry to a relative. All moveable possessions were accepted by Muhammad as-syaibany (d.189 A.H.) not only subject to the presence of custom during the prophet's time, but also to customs that arose in other times and nations. *Waqf*, according to Malik bin Anas, is captivity for the sake of Allah (swt), which fits with Abu Yusuf's notion of *waqf*'s irrevocability and perpetuity. Even if it is cash *waqf*, imam Malik agreed that both immovable and moveable possessions are entitled to *waqf*. *Waqf* was described by Muhammad bin Idris al-Shafi'e (150-204 AH) and Ahmad bin Hanbal (164-239 AH) as the confinement of property and the perpetual guarantee of its usufruct for the sake of Allah (swt). They also decided that both immoveable and movable properties are eligible *waqf* subject matter (Ali and Khanom 2014:52). As per the scholars of Malikite, cash *waqf* is essentially admissible. Ibn Taimiyyah cited from Ahmad bin Hanbal and said that cash *waqf* is advantageous through using it. To make legitimacy of *waqf*, it is fundamental that the waqif (donor) ought to be fit for announcing his will and ought to have the personnel of demeanor over his property. Concerning the subject of the *waqf*, it should be of such a sort that can be utilized never-endingly (perpetuality).

Most of Islamic Jurists such as Maliki, Shafi'e and Hanbali regarded cash *waqf* as a movable object that is valid to be spent as *waqf* asset due to *waqf* may be able to produce and generate profit. Most of important requirement on their view is the original capital of cash *waqf* should not diminish due to consumption and should be renewable periodically by its usufruct (Çizakça n.d.). This interpretation is consistent with Imam Zuhri's assertion that it is allowed to donate dinars by using them as business capital and then donating the proceeds to persons or objects for the purpose of *waqf* (*Mauquf 'alaih*) as disclosed by Imam Bukhari (Hasan 2010:168; Muhammad 1997a:379). Also, Wahbah al-Zuhaili (1985a:162) further stated that the Hanafi School makes an exemption for monetary *waqf* on the grounds of *Istihsan bi-l- 'urf*, specifically because it is extensively practiced by the community.

According to the Hanafi School, the best approach to organize cash *waqf* is to raise company capital through Mudharabah or Muwadha'ah. Profits are allocated to the *waqf*'s stipulated deeds. Ibn Jibrin, a contemporary thinker, agrees that the cash *waqf* must be promoted in order to aid economically constrained people (Shintia 2019:15). In addition to the Hanafi school of thought, according to certain scholars, the Shafi'e school also permitted monetary *waqf*, as recorded by al-Mawardi (Al-Mawardi 1994). The permissibility of endowments in dinars and dirhams was reported by Abu Tsaur from Imam Shafi'e.

According to AAOIFI's verdict in type of *waqf* properties. It is possible to endow and *waqf* in kind of cash with the condition the cash must be productive invested in the profitable business to maintain its existence. The revenue created from the use of the money is to be spent, but the principal amount is to be kept. Shari'a-based financing, as well as authorized and safe investments like Mudharabah, where the *Waqf*'s profit share is distributed to beneficiaries, are examples of possible uses (AAOIFI 2015:817). Regarding to cash *waqf*, in its consideration, the Commission of Fatwa Indonesia (DSN-MUI) referred to several of scholars' point of view against the permissibility of cash *waqf*, namely:

- a) Imam al-Zuhri (124 H) *waqf* by dinar and dirham are allowed by originating them as business capital. Afterwards, the profits generated and optimized by *Nazhir* are distributed to the object of *waqf* (*Mauquf 'alaih*).

- b) Earlier Islamic Scholars (*Mutaqaddimin*), from the scholars of Hanafi they allowed using gold and silver for endowment purpose as exception, based upon *Istihsan bi-l- 'Urf* and on the *atsar* of Abdullah bin Masoud RA: “what the Muslims deem to be good is good in the sight of Allah”.
- c) The views of several scholars of Shafi’e, e.g., Abu Tsaur from Imam Shafi’e regarding the allowance of dirham and dinar as the subject of *waqf* (M. Majelis Ulama Indonesia 2002a).

Cash *waqf* creates new investment options in the domains of religion, education, and social activities. People with high incomes can be taken advantage of and the revenue earned through cash *waqf* administration can be put to a number of uses to help the people (Suganda 2014:8).

The following is the fatwa of the Indonesian Ulema Council on the permissibility of cash *waqf*:

- a) Cash *waqf* (cash *waqf* / *waqf al Nuqud*) is a *waqf* carried out by a person, group of people, legal entity in the form of cash.
- b) Included in the definition of money are securities.
- c) The legal *waqf* of money is *Jawaz* or Permissible.
- d) Cash *waqf* can only be channeled and used for things that are permitted by *Syariah* or accordance to Islamic law.
- e) The principal value of cash *waqf* must be guaranteed for its sustainability, it may not be sold, donated, and/or inherited (Setiawan 2006; The constitution of the government of the republic of Indonesia 2004).

Cash *waqf* invested in stocks, deposits, or more accurately the value of money is preserved and creates returns over time. Cash *waqf* is also permitted by the Council of Indonesian Ulema Commission (MUI) (M. Majelis Ulama Indonesia 2002b:404) .

2.3.3. Cash Waqf Based on Indonesian Positive Law

In Indonesia, the issue of *waqf* has long been practiced by the community, even since the Dutch colonial period, *waqf* has been regulated by the government. However, the existing regulations at the time were insufficient in terms of the substance and kinds of restrictions. That is, the current provisions in these laws are still quite simple and

do not address many aspects of the *waqf* itself. Then, in terms of legality, *waqf* restrictions in the past have not been at the level of the law. Post-independence, Law No. 5/1960 was born on the Basic Regulations on Agrarian Principles (UUPA). The regulation on *waqf* was then strengthened by the birth of the Compilation of Islamic Law through the Presidential Instruction in 1991. At its peak in the reform era, Law No 41/2004 about *Waqf* was born. In *waqf* regulation, besides regulating *waqf* of immovable objects, also regulates *waqf* of movable objects (The Minister of Religion of Indonesia 2006).

In Indonesia Law No. 41/2004 of *waqf*, it does not mention a meaning of money as endowment, but only explains the terms and conditions regarding cash *waqf*. Mustafa Edwin Nasution in his book “Cash *Waqf*-Islamic Financial Innovation” provides the understanding of cash *waqf*, namely the transfer of property rights in the form of money to someone or *nadzir* with the stipulation that the proceeds utilized for purpose which is in accordance with the Islamic law without reducing or remove the principal amount (Syauqi 2014a:7).

The productive implementation of *waqf* has been regulated in the Law No. 41/2004 article 43 about *waqf* which reads “management and development of *waqf* property is carried out productively”. Means collection, investment, production, collaboration, trade, agribusiness, mining, industry, technological development, building construction, apartments, flats, supermarkets, stores, offices, educational facilities, health facilities, and companies that do not contradict with Shariah (The constitution of the government of the republic of Indonesia 2004:22) . According to Law 41/2004 about *waqf*, *waqf* assets, particularly cash *waqf*, are managed and developed according to sharia principles. Among other things, it can be done through *Mudharabah*, *Murabaha*, *Musharakah*, or *ijarah* financing.

The enactment of Indonesia Law No. 41/2004 concerning *waqf* is aimed to empowering *waqf*, which is one of the tools for improving the community's socioeconomic existence. Because it provides a through knowledge and management pattern of modern *waqf* potential empowerment, the existence of this *waqf* legislation is a catalyst for productive *waqf* empowerment (Oktriani 2017:6) .

As for some of the laws and regulations governing *waqf* issues in Indonesia are:

- a. The Basic Agrarian Law Number 5 of 1960 concerning *waqf* can be found in article 5, 14 and 49.
- b. Regulation number 28 of 1977 concerning owned land *waqf* was issued to guarantee certainty regarding *waqf* land and its usage in accordance with the purpose of *waqf*.

With the implementation of this government rule, land ownership in Indonesia has entered a new era. The endowment of land possessed in Indonesia began to be organized and upheld. This is the first regulation that covers both the substance and the mechanics of *waqf*. So far, the rules controlling *waqf* in Indonesia have been insufficient, resulting in a plethora of *waqf* issues in the community, such as the number of *waqf* land disputes, misuse of *waqf* assets, and so on. Only with the passage of this government rule will *waqf* have a solid legal foundation.

Furthermore, the government followed up on this regulation by issuing Minister of Home Affairs law No 6/1977 in Registration of Owned *Waqf* and Minister of Religious affairs law no 1/1978 about Regulation Implementation and No 28/1977 about of Land *Waqf* Registration and other technical implementing regulations.

- c. Presidential Instruction No. 1/1991 concerning the Compilation of Islamic Law (KHI) which is the development and refinement of the *waqf* material that existed in the prior regulation regarding endowment objects (KHI Article 215 paragraph 1), the oath of *nadzir* (KHI article 219 paragraph 4), the number of *nadzir* (KHI article 219 paragraph 5), changes in *waqf* objects (KHI article 225), the role of the *Ulema* Council (KHI article 219 paragraph 3, 4; article 220 paragraph 2; article 221 paragraph 2) (Presidential Instruction 1991).
- d. No 41/2004 concerning *Waqf* in 42 explained that in the management and development of productive *waqf* assets, *nadzir* can cooperate with third parties such as the Islamic Development Bank (IDB), Investors, Islamic Banking, Non-Governmental Organizations (NGOs), and others. In order to avoid losses, *nadzir* must guarantee sharia insurance. This is done so that the entire wealth of the *waqf* is not lost or reduced in the slightest. Efforts to

support the management and development of *waqf* can also be done by maximizing the role of Law Number 22 of 1999 concerning Regional Autonomy which supports the productively empowerment of *waqf*.

- e. No 41/2004, article 1 of 5 defined a property of *waqf* is only not consisting of the moveable or immoveable object but also consisting of the modern economy property such as securities and Intellectual property rights. Due to this definition then money can be categorized as *waqf* object because they have an economic value and durability. The affirmation of money as a *waqf* object is contained in the sixth part about *waqf* property chapter 1 concerning movable property. Specific regulations for the cash *waqf* are contained in the tenth section which discusses the cash of movable objects in the form of money. The implementation of cash *waqf* is done through Islamic financial institutions or Islamic banking (LKS) appointed by the minister. The statement of cash *waqf* shall be made in text in the form of the *waqf* certificate made by the Islamic financial institution where the *waqf* was made. LKS has the obligation to report cash *waqfs* to the minister.
- f. Regulation No 42/2006 on the Law Number 41 of 2004 implementation concerning *waqf* articles 13-14 contain the term of service of *Nadzir*, article 21 contains *waqf* objects movable *waqf* objects other than money, article 39 contains registration of *waqf* land certificates. Special regulation related to cash *waqf* management in the third paragraph concerning moveable object in the form of money. This paragraph consists of 6 chapters. Articles 22 number 1-2 regulating cash *waqf* requirement using Indonesia currency and requires the conversion to Indonesia currency if preceded by foreign currency. Number 3 and 4 chapters is underlining the obligatory of *Wakif* in process to endow cash *waqf*. Article 23-25 regulating Islamic financial institution as the cash *waqf* recipient or abbreviated as LKS-PWU. Article 26 regulating Cash *Waqf* Certificates (SWU). Article 23 affirmation and confirmation that the *Wakif* could endow the moveable object in the form of money through to LKS that has been appointed by the minister of religious affairs as receiver of LKS of cash *waqf* (LKS-PWU). Article 25 the position of LKS as not a *Nadzir* of cash *waqf* but as mediator and the obligation to place these *waqf* fund in a *wadi'ah* account in the name of *Nadzir*. Article 48 number 1 authorizing to

BWI to generate the regulations that is must be used as the guidelines in cash *waqf* management (Directorate of Zakat and Waqf Empowerment 2009:20–34).

The *waqf* property referred to law consists of movable and immovable objects. One of the movable objects that can be endowed is money, namely the delivery a lump sum of *waqf* money in Rupiah currency made by the waqif to Nazir through the Cash *Waqf* Recipient Islamic Financial Institution (LKS-PWU) appointed by Minister of Religion in form of a cash *waqf* certificate issued by LKS-PWU and submitted to the waqif from Nazir as evidence of submission of *waqf* property. So that Nazir manages and develops cash *waqf* assets, namely through investment in Institution for Islamic Finance's (LKS) product and instruments with condition of they must follow the program of a deposit guarantee institution or be insured in sharia insurance, namely if the investment is made outside of a sharia bank as a form of investment. The results from the cash *waqf* development and management investments are utilized to increase community prosperity after being deducted by ten percent as *Nazir's* right from each investment result as regulated in Law No 41/2004 (Ulpah 2019:67).

The enactment of regulation No 41/2004 has accommodated the wishes and needs of the community regarding the regulation of cash *waqf* (Toraman et al. 2007:19). According to the explanation above, regulation No 41/2004, as indicated by regulation No 42/2006, emphasizes the administrative component, which necessitates good management, in addition to the *Fiqh* side, particularly in the regulation of cash *waqf*. This is seen to be appropriate since the law's inception is a response to the uncertainty of some Indonesian Muslims over the application of *waqf*, which is still conflated with traditional administration. Thus, cash *waqf* under positive law in Indonesia has been legally and persuasively accommodated. There is no longer any religious or national barrier to someone doing cash *waqf* (Hasan 2010:171).

2.3.4. Purpose of Cash *Waqf*

Citing instances from the pre-nineteenth century Modern scholars argue that *waqf* has the power to promote civil society, reduce the financial burden on states by delivering community-based social services, and serve as a platform for the promotion of sustainability (Joseph 2014:425). Although modern academicians acknowledge that *waqf* was an important philanthropic institution during the Ottoman Empire, they also

note that the Ottoman state took control over endowments and made them into public, notably in the beginning of 19th century. Çizakça in Joseph (2014:427) described how the Ottomans employed Awqaf to eliminate poverty, preserve a rich architectural history, care for the elderly and disabled, boost urban expansion, fund infrastructure upgrades (such as roads, schools, irrigation systems, and fountains), and propagate Islam.

According to Kahf (2000c:129) the purpose of *waqf* is as a form of self-approach to the Almighty God and as a symbol of good deeds to fellow human beings. As the Islamic philanthropy, *waqf* also has the purpose for supporting the poor people of community and all need and activities of the society interest such as libraries, education, scientific research, hospital, or health service, borrowing and lending, animal and environment care, roads, park and any other of infrastructure which could give a benefit for all society.

According to the perspective of Islamic economics aspects, the main thing in the previously mentioned plan is, clearly, the decrease in the rate of interest. The *waqf* can, for sure, bring down the loan fee by providing the most essentials of social services at almost no expense to the government. The reestablishment and renewal of the *waqf* system should be seen as a critical step in the fight against *riba* (usury) (Çizakça 1998:45).

The establishment of cash *waqf* is also purposely to prevent interest bearing loan or *riba* which could harm vulnerable people and led to default and collapse. Cash *waqf* is also purposed to be sustainable fund for society, one of the way cash *waqf* can be invested through credible Islamic company and institution and the revenues of such investment are used for the development of social facilities (like inexpensive and affordable facilities; house, health program, so on). Also, At-Tasuli in Ahmad (2015a:65) commented about the object and purpose of monetary *waqf* as the process of designating money for endowment to lend it to people designated as recipients without interest. Modern interest-free financial institutions might be regarded the Cash *Waqfs* heirs. Their operations appear to be comparable to those of Cash *Waqf*. In terms of cash money operations, Cash *Waqf* and current interest-free financial institutions are largely identical (Bulut and Korkut 2016a:32).

The goal of cash *waqf*, according to Al-Tasuli, is to providing a loan without interest expense. The definition's flaw is that it ignores how to make the fund sustainable; for example, lending without investing exposes the fund to credit risk, which is worsened by default payment, causing the fund to collapse. The definition, on the other hand, is an example of one of the fundamental aims of cash *waqf*. That is, the cash *waqf* institution lends money to needy recipients without requiring them to sign a Mudharabah contract agreement with the institution cash *waqf*. It is clarified by Zafar's definition, which states that the money is managed through investment "*such that the gains are used for the waqf's defined charitable works*". These two traditional explanations interconnected to reveal the precise of monetary *waqf* nature. Although the two explanations above do not specifically prohibit the development of a Mudarabah-mudarib connection between the cash *waqf* and the needy beneficiary, it is assumed that they do so implicitly (Ahmad 2015b:65) .

Cash *waqf* can support the society in procuring interest-free loans for small enterprises, and certain persons may even be eligible for no-refund financial support to help them establish a business, subject to the jurisdiction of the mutawalli/*nazhir* (Ahmad 2015a:63). Indeed, cash *waqf* is completely appropriate because it is explained have an equal economic advantage for development of social facilities and maintain financial sustainability. In this respect, cash *waqf* is comparable to the corporate *waqf* strategy in this way. However, the methodology is distinct from that of social responsibility programs (Gündoğdu 2019:60). As a result, Gündoğdu (2018) believes that utilizing the return of cash *waqf* investment is a necessary approach to satisfy socio-economic development needs as long as the cash *waqf* reaps the advantages of the investment return.

Given society's changing requirements, cash *waqf* model can provide these social benefits more effectively while eliminating obstacle in conventional *waqf*. Temporary programs such as "against preventable blindness" or the establishment of suitable approaches are required in modern development projects. As a result, the present requirement is to have cash accessible for a certain time in each geographical region before moving on to another (rather than establishing permanent physical infrastructure in a specific place) (Gundogdu 2018; Gündoğdu 2019:61–62). Cash *waqfs* were heavily employed for societal financial requirements in accordance with

the interest-free premise. People received capital through cash *waqfs* in a variety of ways (Özdemir and Özdemir 2017:78).

Some of the techniques utilized in cash *waqfs* are regarded to be the first implementations of current Islamic (interest-free) financial products. The applications adopted by today's interest-free financial institutions are based on the techniques of running cash in cash *waqfs*. In *waqfiyahs*, the procedures of *istirbah*, *Istiglal*, and *Irbah*, as well as *Mudharabah*, *Murabaha*, and *Bida'a*, are used (Bulut and Korkut 2016a:25).

Individuals make investments borrowed from the *waqf*, along with all of its profits, in *Bida'a*. *Mudharabah* was a labor–capital cooperation, a contract between both the business owner and the *waqf*. The entrepreneur put in his time and effort, while the *waqf* provided the necessary funds for the venture. The profit would be allocated according to the terms of the agreement. Any damage not caused by the entrepreneur's failure would be covered by the *waqf*. The *waqf* buys a property in cash and sells it after a set period of time in *Murabaha*. The surplus money in *Mudharabah* and *Murabaha* was profit not an interest. Furthermore, the profits were used to fund the *waqf* (Bulut 2017:90–91) . The other prevalent approach for cash *waqf* was *Istiglal*. When an entrepreneur needs money, he sells his property to the cash *waqf*, such as his mansion. The cash *waqf* buys it in cash and then sells it to the entrepreneur with a maturity date, or the entrepreneur may rent it out till he can purchase it again. This method can lead to a conversation of interest (Çizakça 2004:10). The trustee occasionally purchased real estate using cash *waqf's* fund, and the rental revenue was utilized for cash *waqf's* purposes. The cash, on the other hand, gave the cash *waqf* some leeway. Furthermore, the revenue from money operations using cash *waqf* techniques was generally larger than the rental income (Bulut and Korkut 2016a:27). There is no conflict with Islamic law if money is deemed "earned." Some scholars agree with this viewpoint, claiming that the money derived from a borrower's profit is profit sharing rather than interest and interest is prohibited in Islam (Bayindir and Ustaoglu 2018).

Cash *waqfs* are formed for a specific purpose, which means the cash that serves as the *waqf's* capital is managed according to Islamic procedures, and the profits are used to fund the cash *waqf's* establishment purposes, as is the case with other systems (Bulut and Korkut 2016b). The objective of the *waqf* is also emphasized by Kahf (2000c:156). Those are:

- a) The modes of operating cash in Cash *Waqf* serve as the core for the applications used by today's interest-free financial institutions. The procedures of *istirbah*, *Mudharabah*, *Murabaha*, *Ijarah* (rent), operation in Awqaf Ministry, and so on in *waqfiyahs* (Bulut and Korkut 2016a:25).
- b) *Waqf* ought to be performed for good deeds or charity in the sake of Allah's pleasure. These purpose are: Supporting public, private, professional and institutions of Islamic educational and public and specialized libraries; supporting and assisting students for studying at home and abroad; supporting academic and Islamic institutional research; orphans, caring for widows and the elderly or disable; caring for insane persons and the institutions that serve them; protection of childhood and motherhood and family care; helping the poor, the needy, and other people with low incomes; providing public services, such as water, electricity and sanitation, to the poor, the passerby and others, or to the general people in their cities and villages; street lighting and roads paved and prepared for pedestrians and cars; providing financing on concessional terms to those who need it from small and medium enterprises and trainees; building mosques, furnishing them, supplying them with books and the Qur'an, etc., and spending on their service, imams, teachers, and other expenses; Supporting healthcare projects and helping patients; Animal care, environment, and hygiene; Improving the traffic system in the streets of cities and villages; support efforts to defend the homeland and the nation; supporting the Islamic call either inside and outside the country or other forms of charitable purposes, public or private benefit.
- c) There should not be a disobedience that is forbidden by either the Islamic laws, positive laws and prohibited by morals.
- d) There should not be in violation of applicable laws and regulations.
- e) The purpose of *waqf* asset development. Its revenue is purposed to charity and good deeds. Purpose of this asset development is to have a revenue and income that is generated by the *waqf* itself until approaching the targeted number of incomes. So then distributed to the needy or for infrastructure development.

- f) The purpose of achieving certain revenues from the assets endowed to *Mauquf' alaih*. Here are many cases of this type, for example, orphans who are in deep need until getting their maturity, or a mosque that needs expenses for its management and maintenance, and so on.

Furthermore, according to Abdul Ghofur in Syauqi (Syauqi 2014b:377) about Law and Practice of *Waqf* in Indonesia, mentioned the purpose of cash *waqf* are:

- a) Completing Islamic banking with cash *waqf* products in the form of a certificate of a certain denomination given to the *wakif* as proof of participation.
- b) Assisting on fundraising social reserve through cash *waqf* certificates that can be on family behalf , both living and dead to strengthen family integration among the public.
- c) Increasing social investment into social capital and assisting the development of social capital markets.
- d) Creating awareness of the rich towards their social responsibilities to the surrounding community so that social security and peace can be achieved.

2.3.5. Pillars and Terms of *Waqf*-Cash *Waqf*

According to Hendi in Astuti (2019b:44) there are several terms must work in *waqf*. The terms are:

- a) *Waqf* is timeless because it is eternal and prominent.
- b) The purpose of *waqf* need to be clear.
- c) *Waqf* need to be properly and sharply executed after its establishment, rather than waiting for a future occurrence.
- d) *Waqf* is something that can be performed without the use of *khiyar* (canceling or carrying out the declared *waqf*).

While those words must be used in a wide sense. These are the pillars of *waqf* (Al Jamal 2007:43–49) :

- a) *Wakif* (Benefactor)

Person who spent out and given their property as *waqf* and meet the term of *waqf* and have *tabarru'* (benevolence) soul. The condition for people who make *waqf*

(*waqif*) is to understand the law in managing assets. The criteria are people who are independent, intelligent, mature and not bankrupt. This kind of pillar have to meet some criteria below:

i. *Aqil* (Sanity)

It is disallowed the person who have intention to donate and spend out his property through *waqf* institution under insane, unconsciousness, and fainting circumstances. The *waqf* of a madman is invalid; because he has lost his mind, so is the *waqf* given by a fool; because he lacks reason, as well as *waqf* given by people who are weak in mind due to old age or illness because he has no common sense. All of them are invalid. Because every action requires the availability of reason and recognition (Zuhaili 1985b:176) .

ii. *Baligh* (Mature)

Wakif is an adult who has reached the age of maturity. Because they have a limited knowledge of *waqf*, children are not permitted to donate or become *wakif*.

iii. *Rasyd* (Sensible)

Rasyd highlighted the need for common sense maturity, as it is not permissible to be *wakif* in demands and thoughtless toward property donation.

iv. *Hurriyat* (Independent)

When the *wakif* is autonomous or not enslaved, it is called *Hurriyat*. A slave's *waqf* is invalid; because he does not own his property, and it is not legal to *waqf* other people's money, and it is not legal to endow stolen goods and usurper's; because in *waqf* it is necessary that the owner of the property explains the origin of the property at the time of the endowment takes a place (Zuhaili 1985b:176).

b) *Mauquf* (*Waqf* Asset, subject matter, or Property)

Is the endowed property or asset that may consist of agricultural land and real estate such as houses, shops, roads, bridges, arches, mosques, and moveable assets. It is also permissible, goods that are endowed in the form of money, real

estate, securities (*esham*), or any form of movable property that can be taken advantage of and must also have sustainable benefits and not goods that can be used up in one use such as food and fruit. The important things to know is the *waqf* property in the form of money must be properly organized and managed in purpose for *maslahah* or flow advantage. The condition for *waqf* property is that it is legally owned, its existence is known and the ability to present it.

The terms of this pillar are as bellow:

- i. *Waqf* property must be valuable assets. Such as real estate, agricultural land, etc., and for movable assets as money, *esham*, arms equipment etc.
- ii. *Waqf* limitation is known and clear. Such as the land, the measures and its dimensions must be clear and settled.
- iii. *Waqf* property is belong to Wakif.
- iv. *Waqf* property is not under someone's ownership or guarantee of debt or anything which is under other people's right.
- v. *Waqf* property is durable and useful. *Waqf* property which is endowed by wakif is used in aims to be able to take its benefit and advantage.

c) Mauquf' alaih (*Waqf* recipient)

The conditions for *waqf* recipients or *waqf* allocations is that they need to meet good value within the limits permitted by Islamic law.

- i. The object of *waqf* is for good deeds and worship. The object of the *waqf* consists of people in need such as close family for the first, orphans, poor people, and people who are struggling in the way of Allah. Because *waqf* is included in the category of *Sadaqat* or charity which aims to get closer to Allah. Also, the object of *waqf* can be allocated for infrastructure developments such as mosques, bridges, schools, educational institutions, and for knowledge and science development.
- ii. The object and target of *waqf* is sustainable. The endowment must have a known start and an unknown end. Such as the *waqf* for sake of knowledge, poor people, and orphans, it has a sustainable time and uninterrupted end.

- iii. Property that has been endowed will not return fully to the *waqif*. Because one of the characteristics of *waqf* is that all its benefits will be directed to the *mauquf'alaih*, and *wakif* will be separated from all ownership and benefits of his property. Furthermore, the *wakif* is not allowed to take advantage of the property he has donated unless he has donated for the benefit of Muslims such as a mosque, then he is allowed to perform prayers in it (Shalih 2001b:67–69).
- iv. *Mauquf'alaih* can be determined by the *wakif* or the donor, and the determined *mauquf'alaih* can be for one or two persons or for the whole public. The needy, mujahidin, mosques, *Ka'ba*, schools, wisdom, veil, and Al-Qur'an are among the undefined *mauquf'alaih* by *wakif* (Al Jamal 2007:45) .

d) *Sighat*

Waqf pledge (*sighat*) terms are the declaration of *waqf* by speech, writing, or gestures. *Waqf* is legitimate if the *wakif* announces it, which is known as *ijab* and *qabul*. Furthermore, the statement of *mauquf'alaih* is not required.

The condition for a *waqf* statement is to state the right of ownership of the freed assets forever and state that the *waqf* property already exists, the statement has legal force, and the designation of the *waqf* is explained clearly and understood (Al Jamal 2007:45).

The endowment takes place by the affirmative alone, even if it is for a specific one according to the Hanafi and Hanbali, as well as if it is on a non-specific according to the agreement of the scholars, and by the offer and acceptance according to the Maliki, Shafi'e and some Hanbali if it is on a specific one (Zuhaili 1985b:200) .

e) *Nazhir*

Nazhir or trustee or mutawalli is the person who is appointed to manage and utilize *waqf* asset in aims to develop and distribute *waqf* assets. He is also obliged to look for the *mauquf'alaih* (Al Jamal 2007:51). The legal administrator or *nazhir* or mutawalli is the supervisor for *waqf* reserves is characterized personally or a gathering of people or a gathering of establishments who are assigned by

different legal administrators to oversee and create the *waqf* property (Gündoğdu 2019).

In general, *Fiqh* books do not include *nazhir waqf* as one of the pillars of *waqf*. This is understandable because *waqf* is an act of *tabarru'* (charity). However, paying attention to the purpose of *waqf* which wants to preserve the benefits of *waqf* objects, then *nazhir* is very necessary (M. Aziz 2017a:192).

Basically, anyone can become a *nazhir* if he is not hindered from taking legal action. However, because the function of *nazhir* is very important in *waqf*, then the conditions of *nazhir* are applied. The Imams of the *madhhab* agreed that *nazhir* must meet the requirements of being fair and capable. Scholars differ on the measure of fairness. Many scholars are of the opinion that what is meant by fairness is doing what is commanded and staying away from what is prohibited by the *Sharia* (Ibid).

Nazhir is at a strategic location for the development of *waqf*. *Waqf* development innovation is also heavily reliant on *Nazhir's* inventiveness and creativity. As a result, the *waqf* legislation establishes stronger conditions for *nazhir*. *Nazhir* is not just a community leader, village elder, kyai, or ulema, but he is also a manager (Rozalinda 2015:42).

In Law No. 41/2004 of article 9 about *waqf* stated that *nazhir* includes three forms, namely individual *nazhir*, organizational and legal entities. In Indonesia, the requirements for *waqf* fund managers or *nazhir* are appointed by Badan Wakaf Indonesia (BWI) authorized to manage the *waqf* funds, among others:

- i. The main requirements are understanding about *waqf* and its law, a Moslem, honest, fair, having a good image and emotional and spiritual intelligence.
- ii. Management requirements include having leadership qualities, visionary, understanding management of *waqf* development strategies, and having experience in the field of asset management
- iii. The business requirement is the ability to see business potential and productive use of *waqf* (Munthe 2018b:16).

The success of a *waqf* or *nadzir* is not simply because the number of *waqf*, but also by the amount to which *waqf* management and empowerment will bring

value to the development of productive activities as well as the resolution of social issues arising from the economy.

2.3.6. Benefits of Cash *Waqf*

During the centuries following the *waqf*'s development as a major institution of Islamic civilization, immense private wealth flowed towards the establishment of *waqfs*. Because endowed property typically held its status forever, the percentage of wealth frozen as *waqf* property grew over time in places regulated by Islamic law (Kuran and Adıgüzel 2021:7).

Waqf for the public good must be created in the framework of social justice philanthropy. In *Fiqh* literature, *waqf* for benefit is known as *waqf khairi*, and it is designed to benefit the people. *Waqf* must serve the community's interests, both in terms of worship and social welfare. Which is a direct wealth transfer and resource mobilization strategy used to resolve societal inequalities. *Waqf* is a business strategy that serves as a supplement to public and private ownership. In social infrastructure asset management, such as health facilities, educational institutions, water, and sanitation infrastructure management, the *waqf* model works exceptionally well. Both public and private ownership of social infrastructure has implications for sustainability and fairness (Gündoğdu 2019:58).

Waqf for social development can be seen from at least three perspectives. First, *waqf* is used to meet fundamental requirements such as food, housing, education, and health (Gündoğdu 2019:59). Second, *waqf* seeks to increase equitable opportunities for all, particularly the needy. Third, *waqf* advocates for structural reforms and social infrastructure development, such as changes in social structures and institutions that are less favorable to the poor (Hasan 2010:171). *Waqf* is supposed to alleviate the problem of social infrastructure development, which is how the *waqf* concept arose as a distinct charity instrument in Islam. Secular trusts, endowments, and foundations are believed to have been influenced by the Islamic *waqf* notion as a legal institution (Gündoğdu 2019:58).

The benefits *waqf* especially cash *waqf* solely are not only limited to use Muslim community and religious activities but, has reached a wider scope to enhance and strengthen social and economic development in a country. *Waqf* provides a wide range of benefits for the general people. *Waqf* has several advantages. Those are:

- a) Worship Facilities and activities.
- b) Education and health care facilities and activities.
- c) Scholarship and donations for impoverished, mistreated children.
- d) The prosperity and growth of the *ummah's* economy.
- e) The advancement of public welfare (social infrastructure) as well as sharia law and government control (Syauqi 2014b).

According to Al-Malibari (2004:401), the objective of cash *waqf* is the consequence of the advantages of *waqf* that are sought. The basic purpose of *waqf* is to create outcomes known as *rai'* in *Fiqh*. *Rai'* is defined as “all the advantages (results) of the *waqf*, such as milk earnings (rent), young animals hatched by their mothers after the *waqf*, new fruit after the *waqf*, and normally clipped branches”. This conclusion is based on two factors:

- a) *Waqf* should be in the form of objects for the aim of *waqf*, which is to become a long-term source of revenue. This provision cannot be achieved except in things that can be exploited and benefited while the object's shape persists and does not vanish.
- b) It may not be sold, inherited, or donated, which is a requirement for *waqf* property. The restriction on selling, bequeathing, or giving *waqf* property is intended to keep the status of *waqf* property from shifting from public to private. As a result, *waqf* will continue to be a source of funding for Muslims throughout perpetuity (M. W. Aziz 2017:18).

The features of cash *waqf* are considered as more welcoming to the general population, particularly those who do not own any property or assets like as land or buildings. These are the benefits of the implementation of cash *waqf*:

- a) The cash *waqf* is a viable alternative to usury, which charges high-interest rates.
- b) Cash *waqf* is simple in nature and only takes a minimal quantity of money, allowing a bigger number of people to participate.
- c) Cash *waqf* can support and assist educational institution with cash flow problem by creating a reserve fund for them.

- d) Cash *waqf* can minimize Islamic institutions' reliance on the government while also allowing them to become more self-sufficient.
- e) *Waqf* assets, like as unused land, can be used to develop more productive facilities for the community's benefit through cash *waqf*. Cash *waqf* can be a source of funding for the management of immovable *waqf*, including in the development of property *waqf* (M. Aziz 2017b:196; M. W. Aziz 2017; Özdemir and Özdemir 2017:78; Saifuddin et al. 2014; Saiti et al. 2019:32; Syauqi 2014a:377).
- f) Wide public participation. Because of the low denomination of *waqf* shares, for example, practically everyone, rich and poor alike, may give some amount of *waqf* share. This is made even easier to donate if the *waqf* shares are constructed in varied minor amounts based on the economic levels of the people in a specific society. Completing Islamic banking with cash *waqf* products in the form of a certificate of a certain denomination given to the *wakif* as proof of participation. Also, can be transformed by the bank from social savings to social capital (Ahmad 2015a:70).
- g) Fundraising and investment flexibility Cash *waqf*. Increasing social investment into social capital and assisting the development of social capital markets. Unlike to conventional tangible asset-based *waqf*, cash *waqf* always has liquidities due to constant inflows of donations from benefactors and government supports (Ibid).
- h) Assisting on fundraising social savings through Cash *Waqf* Certificates that can be in the name of family, both living and dead to strengthen family integration among the public (Ibid).
- i) An effective facility for the distribution of wealth from the rich to the poor. Cash *waqf* will make a big contribution as an effort to overcome the problem of poverty.
- j) Creating awareness of the rich towards their social responsibilities to the surrounding community so that social security and peace can be achieved.

Optimization of cash *waqf* (money) for the social justice purpose led to four main benefits of cash *waqf*. First, the amount of cash *waqf* can be varied, allowing someone with minimal money to begin providing *waqf* monies without waiting to become a

landowner and wealthy. Second, through a monetary *waqf* fund, undeveloped property can be utilized for building construction or adapted for agricultural land. Third, monetary *waqf* funds can assist some Islamic educational institutions whose income flows fluctuate and compensate the academic community. Fourth, Muslims may become more self-sufficient in the field of education without being overly reliant on the state education budget, which is becoming increasingly restricted (Handayani 2008:7).

In addition to the foregoing in Hasan (2010:172) , Antonio has proposed three key principles that must be highlighted when Muslims utilize the notion of cash *waqf*. First, the distribution of cash *waqf* must be seen as part of a larger enterprise, rather than as discrete charges. For example, if *waqf* monies are used to pay employee wages, it is considered that they would run out, while *waqf* must be permanent. In reality, *waqf* monies will be provided for educational and social initiatives, with all expenditures covered in the project framework. Second, on the premise of nazir's wellbeing, we frequently hear that *nadzir* is frequently placed in a perfunctory situation and must fast. As a result, nazir's performance is frequently erratic. It is time for *Nadzir* to become a profession that brings hope to the Ummah's top graduates and one that delivers success not just in the hereafter, but also in the world. In Turkey, for example, *waqf* management organizations are given 5% of the net income from co-me *waqf*. Meanwhile, the Center *Waqf* Council India devotes around 6% of its net income to *waqf* management for operational purposes. Third, the concept of transparency and accountability requires the *waqf* organization and the institutions it aids to report to the public on the process of managing money in the form of audited financial reports, including the fairness of each expenditure item, on an annual basis.

Waqf has played a significant role in the economy as one of the Islamic fiscal instruments. As a form of worship and a way of improving social welfare, cash *waqf* is a relatively recent instrument in *waqf* and Islamic economics. The cash *waqf*, which prohibited usury and maintained financial stability, provided a wide range of services from educational to municipal (Bulut and Korkut 2016b:17). The development of cash *waqf*, which management is more flexible and offers a variety of possibilities. Cash *waqf* has a multiplier effect in the economy, and it can be used as a tool for community empowerment programs (al Arif 2012:297).

2.4. Optimization of Cash *Waqf* Management

Management is a process or method of particular activities by mobilizing the energy of others, or a process that aids in the formulation of organizational policies and goals, or a process that offers oversight on all aspects of policy implementation and goal achievement (Daryanto 1997:348). Management is a process that begins with planning and progresses through regulating, monitoring, and driving to the process of goal realization. All types of actions to be carried out and objectives to be met by the organization are established during the planning stage.

Waqf management allowed wakif to determine and decide the form of management for his/er *Waqf*. The *Waqf* manager is commonly referred to as *Nazhir*, and his/er role is to administer the *Waqf* property in the best interests of the beneficiaries. The initial job of *Nazhir* is to maintain and preserve the asset, which is followed by maximizing of the beneficiaries' earnings. The *Waqf* document normally indicates how the *Nazhir* is rewarded and compensated for this labor, and if the document does not include remuneration for the *Nazhir*, he/she either offers the task or seeks recompense from the court. The fact that the *Waqf* managers were appointed by the Wakif means that each piece of *Waqf* will have its own autonomous management. This is what *Waqf*'s atomic management refers to. This is also paired with another natural and evident feature of *Waqf* management, localism, which implies that a donor or Wakif would assign and appoint a manager from the *Waqf* property's locality. Normally, both the property and the management are well-known in the local community (Kahf 2003:5).

In the context of cash *waqf*, planning encompasses socializing, fundraising, investment, and distribution. Planning must be structured in such a way that the direction and goals to be achieved are clear, on target, and on time. The actual administration procedure will begin after *Nazhir* receives the cash *waqf* property. As a result, the cash *waqf* gathered must be in huge quantities. So that management may be carried out properly. Organizations serving as cash *waqf nazhir* must complete several tasks for *waqf* monies to be collected in substantial quantities (Shintia 2019:27).

Nazhir must educate through socialization the masses on the notion of cash *waqf*. The socialization raised public understanding of the several advantages of cash *waqf*. The following phase is fundraising, which entails collecting donations from the

community. After the cash *waqf* have been gathered, the procedure of handling cash *waqf* begins. This must be done ideally in accordance with *Nazhir*'s objectives. Investing in the real sector or portfolio is how management is carried out. So that, in the end, you receive the best results and may give to the *Mauquf 'alaih* in an equitable distribution. Monzer Kahf (2000a, pp. 199–201) in his book concerning about *waqf* described its management. As bellow:

- a) The *Waqf* Board (*waqf* management) takes monetary *waqf*. In carrying out its obligations, the *Waqf* Board primarily focuses on two tasks: first, encouraging new *waqf*, and second, improving the development of productive assets, which can be either *waqf* assets inherited from past generations or those handed to the *Waqf* Board by the state. The *Waqf* Board only aids the *nazhir* in developing the *waqf* property if the *waqf* certificate and document are discovered, or the provisions of the wakif and the purpose of the *waqf* are known, particularly regarding the appointment of *Nazhir*. The *Waqf* Board, on the other hand, provides financial help to existing *waqf* in times of need. This is to raise *waqf* revenue for the purpose of the *waqf*, while preserving the presence of specific *nazhir* on each *waqf* property independently according to the requirements provided in the *waqf* deed and document, and with direct oversight by the *Waqf* Board of *nazhir*. If the conditions for *waqf* are unknown, the *Waqf* Board distributes it for the benefit of everyone. The *waqf* money are then utilized to support specific projects, and the profits are donated to the *mauquf'alah*, such as orphanages and orphan aid, and so on. In this scenario, the *waqf* board is *nazhir waqf* for the money that is endowed, and the *waqf* board is also an investor. The *waqf* entity can directly invest in a company/business entity or invest in Islamic banks or other financial institutions based on *Mudharabah* or *Ijarah* principles in compliance with Sharia regulations. In this instance, the *Waqf* Board takes on the role of *nazhir* of the *waqf*, managing it effectively and distributing the proceeds to those who are entitled to them.
- b) The form of *waqf* is carried out in the form of donor (wakif), who is the party that invests money. As a result, the cash *waqf* is invested in the form of *wadi'ah* in Islamic banks or other Islamic financial organizations. Wakif serves directly as *nazhir* for cash *waqf*, investing *waqf* funds and obtaining income from cash *waqf*. The results are then presented to the *mauquf'alah*. This form can also be

used for *waqf* savings in Islamic banks. Savings from persons with high salaries can be used by swapping Cash *Waqf* Certificates, as a return (Saiti et al. 2019:30). The income generated through cash *waqf* administration can be a source of fund for a variety of reasons, including education, health, and the preservation of *waqf* assets. As *nazhir*, wakif can shift *waqf* funds from one Islamic bank to another or from *wadi'ah* investment to *Mudharabah* investment.

- c) The form of investment *waqf* is utilized to construct productive *waqf* projects. The results are then presented to the *mauquf'alaih*. In order to create social *waqf*, cash *waqf* administration must organize a fund-raising committee. The money gathered in cash *waqf* can then be invested as *qard-l-hasan*, with the return on investment directed for social developmental projects (such as affordable housing, interim health services, and so on), while the fundamental is returned to the real owner (Gundogdu 2018). If Muslims in necessity to construct a mosque, a fund-raising committee is created. Similarly, to the development of other public and social amenities, a fund-raising committee is constituted for the construction of these facilities. The monies received are utilized to create these physical facilities and have legally become *waqf* since they were entrusted to the building project implementation committee.

Unlike social responsibility initiatives and ineffective *zakat* practices based on income statements (which are calculated like taxes by company management and increase inefficiencies), firm shares benefit from dividends and cash *waqf* benefits from investment returns. While the corporation concentrates on profit maximization and the cash *waqf* on return of investment, dividend payments from profit-maximizing enterprises and return on investments from cash *waqfs* may both be utilized to fund social infrastructure development (Gündoğdu 2019:60).

The *Nazhir* of cash *waqf* cannot be compared with the *Nazhir* of real-estate *waqf*, according to Uswatun Hasanah in Shintia (2019:29). Such *nazhir* of property *waqf* can be performed by groups of individuals or legal companies, however cash *waqf* should be maintained by professional institutions according to the following criteria:

- a) Possess the capacity to swiftly obtain *waqf* donor.
- b) Possess the capacity to invest in *waqf* assets.

- c) Possess the capacity to administrate account beneficiaries (beneficiary).
- d) Can disperse or distribute the results of *waqf* investment.
- e) Have community, credibility, and operate in accordance with current rules and regulations, making them easier to monitor and regulate.

2.5. Cash *Waqf* Modus Operandi

As previously stated in the definitions, The Maliki Theoretical approach claimed that the best approach to use cash as *waqf* is to lend it to others as a revolving loan with no interest, reasoning that this preserves the perpetual character of *waqf*. In other words, the returned funds will be redistributed to other potential borrowers. To clarify the mode of operation, Zufar defined cash *waqf* as the administration of the cash contributed as the *waqf* using Mudharabah, with the profit going to the recipients and the capital representing the fund being kept for continuing investment. Borrowing from Ottoman Cash *Waqf* practice, Toraman et al. (2007:7) indicate in their study of cash *waqf* that a standard 18th century cash *waqf* register comprises the following information:

- a) The *Waqf*'s name, as well as the reason for its establishment.
- b) The name of the *Mahalle* (a collection/group of houses in a separate neighborhood), the district in which the endowment was recorded.
- c) The trustee's name (Mutawalli/*nazhir*).
- d) The census's timeframe.
- e) The first capital of CWs (original).
- f) Later additions to the *Waqf*'s capital, whether by people or other *waqf*.
- g) The balance of the newly established capital.
- h) The return on the endowed capital's investment at the end of the year.
- i) The reason and purpose for which the annually return was assigned.
- j) The borrowers' names.
- k) The quantity of money they borrowed.
- l) The mahalle in which the borrowers resided and lived.
- m) The borrowers' religious affiliation.
- n) Their genders.

The kind of company and the recipients' business office address should be included to the preceding information. These facts will aid the administrative, management, and

monitoring operations of the cash *waqf* mutawalli on the actions of the benefitting community in relation to the money loaned to them. Many cash *waqf* organizations generate wealth through real estate investments nowadays, seemingly diverging from the faults made by their predecessors.

2.6. Brief History of *Waqf* in Islam

Prior to the introduction of Islam, there was a similar form of *waqf* in many places across the world. Egypt, Rome (Italy), and Germany are only a few examples. The second King Ramsi practiced *waqf* in Egypt by establishing a temple of worship called "*Abidus*" in a very vast region. According to ancient Egyptian tradition, the individuals who handle the property left by owner (inheritance), the outcome is handed to his family and successors. Similarly, the managers can profit from the outcomes of such property, but the property should not be the primary property of anybody. However, the management of such property should be done in a circle, using a revolving and alternating system from the eldest to the youngest on the condition that it not be held. *Mu'amalah* practice is not exactly an endowment, although the notion is quite close to the practice of family endowments (*al-waqfu al-ahliyu*) (Rohmaningtyas and Herianingrum 2017:47).

Waqf has a long history since the rising of the development of Islam. In the Islamic History literature, *waqf* had been simultaneously known and practiced since the Prophet Muhammad's era it was mandated after the Prophet Peace be upon him (pbuh) shifted to Medina. (Ghanim 2016:17; Kahf 2000a:19; Rozalinda 2015:13). During the time of the prophet Mohammad (peace be upon him), his companions were urged to establish *waqfs* to meet the needs of the people. For example, his advocacy resulted in the construction of two mosques in Medina, the Quba Mosque and Masjid al-Nabawi, both of which are utilized for Muslim daily prayers as well as a center for education and other socio-economic activity (Ahmed 2004:32; Ali and Khanom 2014:46; Pitchay et al. 2014:14). The *waqf*'s legal structure emerged about the year 755, during the second and third Islamic centuries (Kuran 2001:845).

There are two schools of thought among Islamic jurisprudence experts (fuqaha') concerning who was the first to put the *waqf* legislation into effect. According to some scholars, the first time *waqf* was implemented by the Messenger of Allah, who was granted *waqf* of land belonging to the Prophet Muhammad (pbuh) in order to build a

mosque (Riduan 2021:1; Zuhaili 2002:155). This viewpoint is based on a hadith related by Umar bin Syabah from 'Amr bin Sa'ad bin Mu'ad, who said: And it was narrated from Umar bin Syabah, who said: "We asked about the origins of *waqf* in Islam. The *Muhajirin* claimed Umar's *waqf*, while the *Ansor* claimed the Prophet's *waqf*."

Prophet Muhammad (PBUH) gifted the seven date gardens in Medina in the third year of Hijri, comprising gardens *A'raf*, *Shafiyah*, *Dalal*, *Barqah*, and others. Some scholars believe that Umar bin Khatab was the first to adopt Sharia *Waqf* (Zuhaili 1985a:157). This viewpoint is based on a hadith provided by Ibn Umar ra, who stated: From Ibn Umar, narrated: "*That a companion of Umar ra acquired a piece of land in Khaybar, then Umar ra went to the Messenger of Allah to ask for guidance, and Umar said: "O Messenger of Allah, I obtained a piece of land in Khaybar, I have not got good property, so what do you order me?" "If you like, you keep (primarily) the land, and you offer alms (results), not sold, donated, or inherited," Rasulullah SAW stated. "Umar handed it (the revenues of land management) to the needy, family, slaves, Sabilillah, Ibn Sabil, and visitors," Ibn Umar claimed. It is not forbidden for those who manage (nazhir) waqf to eat from the results in a good (proper) way or to feed others without intending to accumulate wealth"* (Muslim).

On the Prophet Muhammad's recommendation and during the era of four caliphs' government, Abu Bakar, Umar bin Khattab, Uthman bin Affan, and Ali bin Abu Thalib, Abu Talha donated his favorite garden, the "*Bairaha*" garden. Then came the Prophet Muhammad's companions, including Abu Bakr, who bequeathed a plot of land in Mecca to his descendants who migrated to Mecca. Umar bin Khattab donated the fertile land in Khaybar based on the Prophet's advice (pbuh). It became a Sadaqah that could not be sold or given as a gift once Umar created it. The farm's fruits were to be donated to the poor and kinships, to free slaves, to feed guests and wayfarers, and to give a suitable amount to the farm's custodian. Uthman gave away his wealth as donation. Ali ibn Abi Talib also gave his fertile land as a donation. Mu'ad bin Jabal generously donated his home, which is known as "*Dar Al-Ansar*". Anas bin Malik, Abdullah bin Umar, Zubair bin Awwam, and Aiysha wife of Rasulullah SAW were the next to implement the *waqf* (Ahmed 2004:32; Hidayat 2021; Kahf 2000a:21; Riduan 2021:3). They did so for the sake of Allah (swt). Khalid bin Walid devoted his weapons as *habs* (*waqf*) in the path of Allah (swt), and several companions (Uthman)

purchased the house (Rumah) well as *waqf* to provide free drinking water to the society (Ali and Khanom 2014:47; Kahf 2000a:20).

In the Caliphate Umar bin Khattab period the practice of *waqf* was increasingly widespread. Regarding the *waqf* of the Messenger of Allah in the form of plantations, Caliph Umar did the same thing as Caliph Abu Bakr, namely taking care of it and giving the profits to Muslims. Caliph Umar also began to register his *waqf* in the *waqf* deed by presenting witnesses and reporting it to the general public. During his reign, *waqf* assets grew and grew, including land *waqf* which was released in several countries such as Syria, Egypt, and Iraq (Mujahidin 2021:45).

Waqf, at the rule of the Umayyad and Abbasid peroid, many individuals are flocking to apply *waqf* rules. Around that time, *waqf* is not just for poor people, yet additionally for the improvement and development of educational institutions, libraries, and installment of the pay rates of laborers and instructors or teacher, considerably more, the *waqf* for scholarship. The energy of the local area in executing *waqf* has drawn in the consideration of the public authority of that chance to set the administration. Thusly, the administration *waqf* is attempted by the public authority. Around then, government made *waqf* as area to assemble the social and financial fortitude (Rohmaningtyas and Herianingrum 2017:48).

Tauba Bin Ghar Al-Hadhrami, during the Umayyad era, was a significant supporter of the growth of *waqf*. At the time of Hisham bin Abdul Malik's death, he was a judge in Egypt. Tauba had created *waqf* organizations under the supervision of a judge to grow the endowment. This is Egypt's earliest endowment, if not all of Islam's. The Justice Ministry oversaw managing the *waqf* at the time, and the benefits were given to the qualified and poor. In this situation, the system of *waqf* had a part in eradicating poverty, suffering, sickness, illiteracy, and generating unequal income distribution (Ibid 2017:49).

During the Abbasid Caliphate, the rulers began to establish schools and universities. they donated land and plantations owned by the state. most of the land and plantations came from public assets (state property) which were not in the status of private property of the ruler. State *waqf* developed rapidly, especially during the reign of al-Ayyubi and the Ottomans, so that schools, universities, and public libraries were established. The form of state *waqf* in the form of land and plantations whose profits

are given to schools, universities, and libraries (Kahf 2000b:22). In that period there was *Sadr-Wuqûf* who takes care of the administration and selects the management staff of the *waqf* institution. Thus, the development of *waqf* during the Umayyad and Abbasid dynasties whose benefits can be felt by the community, so that the *waqf* institution develops in line with its administrative arrangements.

When the Ayyubid dynasty governed an Egypt, the expansion of *waqf* seemed fairly promising, as practically all of Egypt's agricultural land was endowed and all of it was overseen by the state. Salahuddin Al Ayubi intends to submit the majority of the lands as the upkeep for religious and social foundations, while the *waqf* of land is out of vogue. The status of society in the region may be described as wealthy. Because *waqf* is a complement to *zakat*, but those who have completed *zakat* are eligible to perform it. *Sadir al-fuqaha wa-l-fuqara* endowment *Sadir al-Wuqûf*, a *waqf* institution named after Sultan Salahuddin Al-Ayyubi in the Ayyubid dynasty, the endowment we'll be looking at is linked to Sultan Salah al-Din al-Ayyub's serves as a caretaker administration and long-standing benevolent foundation, which he established in 1174. The profits from the endowment was given to Alexandria's "poor administrative staff for the institution selectors *waqf* (*nadzir*) (Rohmaningtyas and Herianingrum 2017:49).fuqaha." The name *sadir* refers to the endowment's primary source of revenue: the *sadir* (export) customs fee imposed on any goods leaving Alexandria port. This tax was known as the 'Frankish export' or the 'fifth,' the latter label corresponding to the levy's (tax) value at the period of Salahuddin al-Ayyubi. As a result, the usage of endowments was well-established under this era. As a result, *waqf* has resulted in the establishment of social facilities such as schools, universities, and hospitals for the welfare of poor and *fuqaha* of Alexandria (Ibrahim 2011:75). Another example of social services is the construction of dorms and motels for tourists and the destitute. The endowment fund was utilized to fund a wide range of organizations at the time it was established (Kuran 2014:7).

When it comes to the Mamluk period, the endowment is also promising. Everything which results in a benefit might be included as *waqf* at that time. Even the bondsmen are covered by the *waqf*. Typically, they are entrusted to religious institutions for treatment. Buildings and land are the most often given *waqf* properties (Rohmaningtyas and Herianingrum 2017:49).

The Ottoman dynasty, which ruled most of the Arab world and Europe at the time, also founded *waqf*. The accounting of regulation is one of the Ottoman dynasty's regulations for implementing endowment. On the 19 *Jumadil-l-akhir* 1280 after hijra 19th century, the legislation was passed. The law's provisions govern endowment registration, endowment certification, *waqf* management, and explanations of the objective of institutionalizing endowments. The goal of institutionalization is to try to make *waqf* a reality in terms of administration and legislation. The Ottoman Empire was summoned the next year, in 1287 H, to publish the rules describing the situation of the territories and productive areas under Ottoman authority, as well as the status of *waqf* (Kahf 2000b:21).

Endowments and foundations were the sole providers and accelerator of critical fundamental services including education, health, utilities, and public works, as well as scientific, religious, and social organizations, during most of the Ottoman Empire period. Because the state relied on such endowments to provide services to society, the institution grew to play a significant role in determining how the state and society interacted. Among the various types of *waqf* was one whose purpose was to provide *Jamikiyyat* or *Jawamik* (salaries, livelihood, or pensions) to specific social groups whose sustenance was nominally the obligation of the government, either because they had nobody to provide for them (orphans and widows, or marginalized communities such as homeless people; those who would receive welfare or retirement benefits in modern times), or because they were members of groups that performed a specific function (such as beg Profits from an endowment or the state treasury were set aside for these groups as nourishment, allowing them to carry out their assigned social purpose (Ibrahim 2011:73).

High-positioning authorities of numerous Muslim lines; Abbasids, Fatimids, Mamluks, Seljuks, Safavids, Qajars, Ottomans, among others set up *waqfs* not exclusively to protect abundance for their families yet additionally to finance mosques, drinking fountains, caravansary for travelers and shippers, schools, soup kitchens, parks, and various different constructions that supported states administered under Islamic law. In many urban communities of the Muslim world, most enduring constructions dating from their periods under Islamic law regularly to legitimate modernization during the 1800s are structures financed through a *waqf*. The significant

exemptions are castles and military designs, which were worked through state assets rather than legitimately private resources (Kuran and Adıgüzel 2021:7).

The historical background of *waqf* is rich with noteworthy accomplishments in serving the poor specifically and upgrading the government assistance overall. Yediyildiz in Çizakça (2014:1) for this, he provided extensive historical evidence. *Waqf* income of the Ottoman Empire, for example, were for one-third to half of all governmental revenues in the 18th century.

Historically, *waqf* has played an important role in the social, economic, and cultural development of the community. The most prominent thing about *waqf* institutions is their role in financing various Islamic education and health services. For example, in Egypt, Saudi Arabia, Turkey and several other countries the construction and various educational and health facilities and infrastructure are financed from the results of the development of *waqf*. The sustainability of the benefits of *waqf* results is made possible by the enactment of productive *waqf* which was established to support various social and religious activities. So that *waqf* property really becomes a source of funds from the community and for the community (Fauziah 2017:46).

The great development of the establishment of Islamic *waqf* and preserving safeguarding its assets throughout history is a manifestation of the application of the service principle of service which affects the income of Islamic *waqf* that which is increasingly piling up and varies both in terms of the type of property being *waqf*, the type of goals and objectives, legal form, economic contribution, and the type of wakif (donor). and *nazhir* (managers) (Kahf 2000b:21). Different sorts of *waqf* were set up including the money *waqf*, *waqf* for public utilities, schooling and research, and medical care. Additionally, there were *waqf* of grain to be utilized as seeds, and *waqf* to give advances to people who need financing or loan and offering types of assistance and strengthening pay to low pay individuals.

2.7. Cash *Waqf* History

The origins of monetary *waqf* may be traced back to the companion's period, when Sayyidah Hafsa (may Allah be pleased with her), one of the Holy Prophet's (S.A.W) wives, purchased some jewels for 20,000 dirham and donated them as *waqf* for the females of the al-Khattab family lineage. Although this was not money, it is a valid authority to indicate what grew into cash *waqf* since cash and jewelries came from the

same source, which was either gold or silver, from the time of the companions through the time of Malik, who first permitted cash *waqf* (Ahmad 2015b:66).

Similarly, the usage of cash as *waqf* may be seen in the teachings of the four schools of thought, with Imam Malik ibn Anas (93-179AH) being the first Imam to explicitly approve cash *waqf*. This is explicitly established as the basic operandi in "*al-Mudawwanah*" under the chapter of *ariyatu dananir wa dirham* (lending of gold dinar and silver coins), where the currency is given to individuals as a revolving loan. This supports the researcher's position that the grassroots should profit from cash *waqf* without being obligated to repay more than they borrowed, either through interest or Profit-Loss Sharing. After Imam Malik, one of Abu Hanifah's colleagues and a famous scholar of the Hanafi School of thought, Zufar Ibn al-Huzail (110-158AH) was the second jurist to declare an unambiguous fatwa allowing monetary *waqf*. He demonstrated the viability of cash as a *waqf* asset by describing how the cash is invested in Mudharabah and the earnings is utilized to provide charitable services to the recipients (As-Syimali n.d.:15; Muwafie 2019:23).

Cash *waqf* is not a new phenomenon. Imam Zufar, in the 9th century, authorized the first cash *Waqf* in Islam. During the Ottoman Empire, it was successfully implemented. (Pitchay, Meera, and Saleem 2015) found that by the end of the 16th century, the word "cash *Waqf*" had gained widespread use across Anatolia and the Ottoman Empire's European domains, which governed portions of the Middle East, South-Eastern Europe, and North Africa. During that period, the cash *Waqf*'s collections were utilized to purchase and enhance a number of fixed asset models (Aldeen, Ratih, and Herianingrum 2020:124).

Cash *waqf* was reintroduced at Fes, Morocco, and by the Ottoman Empire after the two eras of Malik and Zufar (1301-1922CE). Çizakça (2004:6) found that 19% of the Ottoman Empire's cash *waqfs* lasted for more than a century according to his research on the Bursa Cash *waqf* under Ottoman Empire between 1555-1823. Al-Dasuqi reported from al-Bulaydiyyi (1683-1763 CE) in his Hashiyah that in the towns of Fes, Morocco, there were 1000 Uqiyyah (40 dirham) of gold dedicated as *waqf* for lending as a revolving loan, and they used to return copper in place of the money they collected, resulting in the *waqf* becoming perished (Ahmad 2015a:67).

Cash *waqfs* arose in the Balkans and Anatolia when the Ottoman Empire's Cash *waqf* is not a new phenomenon. Imam Zufar, in the 9th century, authorized the first cash *Waqf* in Islam. During the Ottoman Empire, it was successfully implemented. (Pitchay et al. 2015) found that by the end of the 16th century, the word "cash *Waqf*" had gained widespread use across Antiochia and the Ottoman Empire's European domains, which governed portions of the Middle East, South-Eastern Europe, and North Africa. During that period, the cash *Waqf*'s collections were utilized to purchase and enhance a number of fixed asset models (Aldeen et al. 2020:124).

Following this expansion came to an end. In other hand Donduren in Bulut (2016a:25) said the cash *waqf* began to emerge and develop in the 13th century. They were (CWs) in use from the 15th through the 20th centuries (Bulut 2017:87). In Rumelia, since this Province had several cities with commercial centers, cash *waqfs* were commonly utilized to provide credit. The province was near to Istanbul, the Ottoman Empire's capital. The major goal of these *waqfs* was to provide loans to businesses. They also assisted craftsman in establishing and developing their own capital. Cash *waqfs* were significant in their day, and they highlight the significance of these institutions in economic management. When cash was in low supply, cash *waqfs* acted as a central bank, supplying the funds that had been gathered (Ibid 2017:89). From the data, it is also possible to discover how the money collected was spent. Education received 40% of these *waqfs* in the 16th century, but by the 19th century, that percentage had dropped to 7%. In the 19th century, the share allocated to disadvantaged people increased to 20% (Çizakca 2000). These *waqfs* aided educational efforts more in the 16th and 17th centuries, and because there were less impoverished people, the share assigned to poor people was smaller. The weakening of the economy necessitated the distribution of more funds to the general public (Bulut and Korkut 2017:89).

The monetary *waqf* debate remained unresolved during the sixteenth and seventeenth centuries when Sultan Suleiman the Magnificent era. Any historian interested in the Ottoman Empire's *waqfs* cannot avoid the function of cash-*waqfs* and the debate surrounding them (Karataş 2010). Cash *waqf* were widely regarded as legitimate and legal entities during the Ottoman era, with the exception of a brief restriction period in the middle of the sixteenth century based on the justification that cash *waqf* were unlawful from the perspective of Islamic law (sharia). The well-known grandmuftis of the Ottomans, Ibn Kemal and Ebussuud Efendi, were in favor of legitimization,

whereas the ex-grandmufti and kazasker (military justice) of Rumelia at the time, Civizade Muhyiddin Mehmed Efendi and the well-known popular adviser Birgivi Mehmed Efendi, were opposed to cash waqf application (ÖZCAN 2008:240). Also, Bali Efendi of Sofia and Mehmed Fenari wrote letters addressing the Sultan and Civizade against the prohibition. the renowned academic and first Mufti (Seyhul Islam) during the reign of Suleiman I. Ibn Kemal. In his brief treatise, he made the case that cash foundations are valid and allowed under sharia (Islamic law). He founded his reasoning on the opinions of Hanafita imams, particularly Imam Zufar (d. 775) who was a prominent pupil and associate of Abu Hanifa. Cash waqf, according to Imam Zufar, is legal as long as it is used through *Mudaraba*. In his brief treatise, he made the case that cash foundations are valid and allowed under sharia (Islamic law). His arguments were founded on the opinions of Hanafita imams, particularly Imam Zufar (d. 775) who was a prominent student and companion of Abu Hanifa. Cash waqf, according to Imam Zufar, is acceptable as long as it is used through a *mudaraba*. He also gained from the opinions of prominent Hanafite imams who followed Abu Hanifa, such Imam Muhammad and Abu Yusuf, about the legitimacy of moveable property based on *taamul* and *taaruf* (a practice that became tradition in a certain society) (Karataş 2010:54; Ibid 2008:242).

At the same time, When Civizade Muhyiddin Mehmed Efendi served as the *Kazasker* of Rumelia—the top military judge—he wrote a response to Ebussuud Efendi. In response to Ebussuud Efendi's tales, Civizade rejected the legitimacy of cash waqf and proposed that they should be outlawed. Sultan Sulaiman, I received his rebuttal and Ebussuud's treatise from him. As Rumelia's top military judge (*Rumeli Kazaskeri*) and with the Sultan's approval and certification of his findings, Civizade made declarations outlawing monetary foundations because they violated Islamic law (ÖZCAN 2008:242). The grounds for Civizade's restriction of monetary waqfs are obvious. He calls it into doubt, claiming that trustees of these waqfs might easily misuse the system and open the gates of usury. There are some other treatises for and against cash foundations. One of the opponents of cash foundations was Mehmet Efendi of Birgi, but his arguments had no effect on final decision made by the Imperial Decree (Karataş 2010:51). Through cash foundations an important amount of finance was provided and injected to the waqf system for the religious and social services, infrastructure of the cities, well-beeing of the people and so on.

Thousands of monetary *waqfs*, on the other hand, continued to be established. 1.161, or 46 percent, of the 2.517 *waqfs* built in Istanbul between 1456 and 1551 were cash *waqfs*, while 761 cash *waqfs* were formed in the smaller city of Bursa during the 18th century. Despite the debate, it appears that these *waqfs* flourished, based on fatwa of Abu-l-Su'ud and backed by the Ottoman sultans' commands (Çizakça 2004:2). In the context of development, the Ottoman government established *waqf* management institutions such as the cash *waqf* exchange (*bursa*) as the official authority in the collection and distribution of *waqf*.

Cash *waqf* has reawakened new ideas in recent years, such as employing *waqf* shares to collect donations or direct deposit to the cash *waqf*'s bank account. The revival of these payment methods may be dated back to 1999 in the Sultanate of Oman and the State of Kuwait, and then in the United Arab Emirates in 2001. These countries turned innovation into cash *waqf* by collecting *waqf* donations via shares issued—not business shares traded on stock markets sold to the public, with the revenues of the shares being invested and the returns transferred to the chosen recipients (Ahmad 2015a:67).

Then in the aforementioned nations, the practice of monetary *waqf* has now expanded throughout the Muslim world. In Turkey, Iran, Egypt, Sudan, India, Pakistan, Bangladesh, Malaysia, and Singapore, cash *waqfs*, quasi cash *waqfs*, and hybrid cash-real estate *waqfs* exist in varied stages of growth and sophistication. In Malaysia, for example, the National Fatwa Council issued a fatwa allowing cash *waqf* in 2007 and Indonesia which was marked by the issuance of the Law on *Waqf* No. 41 of 2004.. This adds to the evidence of the Middle East's reawakening, which began in the late 19th and early 20th centuries (Ahmad 2015a:67). And Indonesia which was marked by the issuance of the Law on *Waqf* No. 41 of 2004.

2.8. History of Cash *Waqf* in Indonesia

In Indonesia, with the passage of the *waqf* legislation, *waqf* is now receiving a lot of attention as an effort to integrate several separate *waqf* laws and regulations. Indonesia's *waqf* growth is in accordance with the spread of Islam in Nusantara (now Indonesia). In addition to the name of *da'wah*, the *Ustadz* (preacher) have also taught the rules of *waqf* to the people of Indonesia. As a place of worship, Muslims in Indonesia are required to endow their land as *waqf* property. In fact, *waqf* rules have spread throughout Indonesia. It is proven by the existence of a very large historic

mosque which was built in the name of *waqf* (Rohmaningtyas and Herianingrum 2017:52).

The origins of the *waqf* development may be traced back to the 12th century AD, when Sufi masters brought Islam to Nusantara. The role of this Sufi teacher had an influence on the local community and contributed to promote Islam. Sufis' impact on the development of Islamic doctrines became increasingly prevalent until the 14th century AD, when it began to penetrate through the doors of the Nusantara's kingdoms. Walisongo's part in introducing Islam provided the most compelling proof. Walisongo generally began by constructing *pesantren* and mosques in the sultanate milieu to introduce Islam to the royal surroundings (Riduan 2021:16).

A lot of evidence was found that during the sultanate *waqf* worship was carried out, this can be seen in historical relics, both in the form of land and mosque, madrasa, cemetery, wet and dry land found in almost all of Indonesia, especially those in ancient times of the Sultanate or the regent who was Muslim. The evidence includes the land on which the mosque stands, such as:

- a) Mosque of Al Falah in Jambi by Sultan Thah Saifuddin.
- b) Mosque of Kauman in Cirebon *waqf* of Sunan Gunung Jati (one of The Walisongo).
- c) Grand Mosque Demak *waqf* from Raden Patah.
- d) Mosque of Menara si Kudus *waqf* of Sunan Muria (one of The Walisongo).
- e) Mosque Jamik Pangkalan *waqf* of Sultan Abdul Qodirun.
- f) Grand Mosque Semarang *waqf* of Prince Pandanaran.
- g) Ampel Mosque in Surabaya *waqf* from Raden Rochmat Sunan Ampel (one of the Walisongo).
- h) Grand Mosque Kauman Yogyakarta *waqf* of Sultan Agung.
- i) Grand Mosque Kauman Solo *waqf* of Susuhunan Pakubuwono X.
- j) Grand Mosque Banten and its Madrasah received a hundred hectares lands *waqf* from Maulana Hasanuddin, Maulana Yusuf, Prince Maulana Mas, and Wealthy Moslems.
- k) Grand Mosque Demak and its Islamic boarding school were financed from the proceeds of *waqf* land covering an area of approximately 350 ha *waqf* of Raden Patah.

- 1) Grand Mosque Semarang was financed with *waqf* land of the first Semarang Regent, Prince Sember Jiwa, covering an area of approximately 19 hectares.

Waqf arrangements during the sultanate era, especially in Java (especially Central Java) at that time had been regulated in *Staatsblad* No. 605, *jo. Besluit Government General van Ned Indie ddp.* August 12, 1896, No. 43, *joddo.* November 6, 1912. No. 22 (*Bijblad* 7760), states that the mosques in Semarang, Kendal, Kaliwungu and Demak have bondo mosque land and farm (5% *Moskeembtsvendem*) as fund to finance the maintenance and repair of mosques, courtyards, and sacred tombs of guardians in the mosques. the. This shows that at the time of the sultanate in Indonesia, there were regulations for *waqf* property even in limited terms (Itang and Syakhabyatin 2017:226)

At certain level, the development of *waqf* is determined to some extent by the statutory policies of the period. *Waqf* laws have existed since the colonial period, governing the administration and documentation of *waqf*. *Waqf* rules and regulations are evolving in accordance with the dynamics of *waqf* development and management on the reality. The number of *waqfs* and their assets have continued to rise since then. This rise, however, has not been matched by attempts to improve the quality of *waqf* management, particularly in terms of human resources and management. As a result, it's not surprising that productive *waqf* doesn't thrive (Riduan 2021:15).

Waqf arrangements have been governed by Islamic law since the arrival of Islam in Indonesia. Based on the requirements of Fiqh found in Islamic texts, the method for *waqf* of land is adequate to be carried out (Mujahidin 2021:56). During the colonial period, however, the Dutch colonial government attempted to impose administrative arrangements on the implementation of *waqf*, such as data collection on *waqf* assets and the provision of permits in its implementation, but the Muslim community objected, believing that the Dutch should not interfere with the implementation of Islamic teachings. Thus, *waqf* in its implementation has two aspects, namely religious and administrative aspects. As a charity and social institution in Islam, the implementation of *waqf* should be in accordance with religious provisions, in order to maintain its validity and sustainability, the implementation of *waqf* must also adhere to administrative procedures, such as following all procedures that have been required by the government which are outlined in laws and regulations governing *waqf* (Riyanto 2017:344).

During the Dutch colonial era, various regulations governing *waqf* were issued, including:

- a) Decree of the first governor's secretary dated January 31, 1905, No. 435, as contained in the *Bijblad* 1905 No. 6196, on *Toezicht op houw van Muhammedaansche bedehuizen* (Supervision of the building of Muhammedan places of worship). This circular is intended for the regional governors of Java and Madura, except for the Swapraja regions where as long as this has not been done so that the regents make a list of Islamic houses of worship in their respective districts.
- b) Decree of the Governor's Secretary dated June 4, 1932, no. 1361/A. as contained in the *Bijblad* 1931 No. 127573, on *Toizich Van de Regeering op Muhammedaan Schebedehuizen, Vrijdagdienstten en Waqf* (Government Supervision of Mohammedaan Place of worship, Friday Services and *Waqf*).
- c) Although there have been minor revisions to these two decisions, Muslim movements continue to protest, claiming that *waqf* is a private legal act for Muslims (*material privaatrecht*). They believe that *waqf* is a tool that separates property from its owner and keeps it out of circulation, and that this is covered by private law. As a result, it does not require authorization from the government to be lawful, nor does the government need to intervene (Mujahidin 2021:58).

Before the existence of Law No 5/1960 of basic agrarian law and government No 28/1977 of *waqf* of property, the Indonesian Islamic community still uses religious customs, such as the habit of carrying out legal acts of *waqf* orally on the basis of mutual trust in a certain person or institution. the habit of viewing *waqf* as a pious deed to have a noble value before almighty Allah without having to go through administrative procedures. In addition to oral tradition and high trust in the recipient of the trust in conducting *waqf*, Indonesian Muslims took many opinions from Muslim scholars at that time as they followed the Shafiite school of thought, such as about; *waqf* pledge, the *waqf* property is indicated to whom and whether it is permissible to exchange the *waqf* property, for the following reasons:

- a) *Waqf* pledge is a habit of Indonesian society before the government regulation no. 28 of 1977 only used oral statements based on local religious customs. a

clear oral statement (*sharih*) according to the views of the Shafiite school of thought, including the form of a valid *waqf* statement. *waqf* statements must use clear statements and words such as *wakaftu*, *habastu* or *sabbaltu* or figurative words accompanied by express *waqf* intentions. From the point of view of Imam As-Shafi'e, it is then interpreted simply that the statement of *waqf* is sufficient verbally. so that without written evidence or *waqf* certificates, many *waqf* objects are lost or misappropriated or because they are deliberately taken by third parties.

- b) Property that can be endowed. In the laws and regulations prior to law no. 41 of 2004 concerning *waqf* such as (Government Regulation no. 28 of 1977) only concerns the *waqf* of immovable objects which are mostly used for unproductive purposes, such as mosques, medrese, cemeteries, orphanages, Islamic boarding schools, and so on. So that *waqf* cannot be developed optimally. This can be seen from the lands where mosques were constructed, and places of study for the Muslims as a relic of ancient Islamic kingdoms and *waqf* funds of the Muslims themselves, such as those in Java, Sumatra, Kalimantan, Sulawesi and all the islands in Indonesia. Through the experience of these conditions (trust among others) now Indonesia has issued a *waqf* law, namely law No 41 of 2004 which was ratified on 2 October 2004, here cash *waqf*, shares, or other securities are included in the *waqf* law (Mujahidin 2021:59–60).

For Indonesian Muslim community, Cash *waqf* is relatively a new concern, this can be revealed from the regulations that underlie it. On May 11, 2002, the Indonesian Ulema Council (MUI) issued a fatwa allowing cash *waqf* with the condition that the primary value of the *waqf* be guaranteed for its sustainability. Meanwhile, in *Waqf* Regulation No. 41 of 2004, Article No 15 specifies three forms of *waqf* property: immovable properties, moveable objects other than money, and movable objects in the form of money (Fauziah 2017:8).

The enactment of Law Number 41 of 2004 concerning *Waqf* has accommodated the wishes and needs of the community regarding the regulation of cash *waqf*. For example, the existence of cash *waqf* in Turkey, cash *waqf* has had a very important role in the market economy, namely: Using the money allocated to foundations to supply continuous income, and for real purchases (real property such as houses, inns,

etc.), land and others). During the Ottoman period, social welfare such as education, public works, health, and religion were financed by cash *waqf* (Toraman et al. 2007:19).

As well, Badan Wakaf Indonesia (BWI) is an independent state institution established under Law Number 41 of 2004 concerning *Waqf*. This institution was formed in order to develop and manage *waqf* in Indonesia.



CHAPTER III

METHODOLOGY OF RESEARCH

3.1. Methodology of Research

The research method is a set of knowledge about systematic and logical steps, about searching for data relating to certain problems to be processed, analyzed, and drawn conclusions. This research aims to examine the practice of optimizing cash *waqf* in Indonesia under the supervision of Badan Wakaf Indonesia (BWI), as well as to discover and analyze strategies for optimizing cash *waqf* in Indonesia.

The research method employed in this study was qualitative research. The researcher describes narratively the results of the data obtained from the strategy in optimizing cash *waqf* in the Badan Wakaf Indonesia through research on documents, texts, credible internet sources related to cash *waqf* and interview to the Badan Wakaf Indonesian (BWI). From these results, a conclusion is drawn which is the answer to the problems raised in this study.

This data collection is qualitative, gathering primary data by interview and secondary data from books, journals, or credible internet sources that can support the viewpoint of the research (Sugiyono 2013). The research approach used by the author is a qualitative approach with a descriptive method, namely problem-solving procedures investigated by explaining the current condition of the object of study based on the facts that exist or as they are, because the author wishes to gain an in-depth image of the cash *waqf* optimization plan in Badan Wakaf Indonesia.

3.2. Interview

The interview approach employed in this study is to collect accurate data for the objectives of specific problem-solving procedures that are data driven. This approach searches for data by asking questions verbally, offline, or online to one or more interviewees.

3.3. Library Research

Data is collected in the form of information and data related to the research subject from books, academic journals, and credible sources from internet. This tool is used to obtain data and information on the Cash *Waqfs* optimization strategy in Badan Wakaf Indonesia.

3.4. Documentation

This technique is used to study sources of information available in the form of official documents such as number of amounts of *waqf* both of cash and land *waqf*, guidebook of *waqf*, Cash *Waqfs* law and regulation and Cash *Waqfs* application and so on obtained from the Badan Wakaf Indonesia or its Official website.

Documentation is a data gathering approach that uses documentation rather than directly addressing study respondents. Documents are written records whose contents are written statements prepared by a person or institution for the purpose of testing an event, and they are useful for sources of data, evidence, and natural information, as well as opportunities to further expand knowledge of something investigated at BWI.

3.5. Data Reduction

Data reduction is an analysis that sharpens, selects, focuses, discards, and collects data in such a way that conclusions could be drawn and verified. The author will collect data from Badan Wakaf Indonesia (BWI) and other sources to get data of BWI's strategy in optimizing cash *waqfs* also their obstacles in gaining it. The author would like to sort through the data and weed out data that does not align with the focused of research.

3.6. Data Presentation

The researcher is going to present various assumptions, concepts, definitions, and descriptions of information that are clarified, analyzed, and the presented in the form of a narrative test. The author then processes the data by using concepts relevant to the research.

3.7. Drawing Conclusion

In this stage, the author draws conclusions from the data that are previously reviewed. The conclusions drawn are used to answer the questions by the problem formulation and to determine whether or not the study objectives have been accomplished.

3.8. Location and Time Research

Time research is conducted from the beginning of thesis writing until this thesis fully finished about a year. The selection of Badan Wakaf Indonesia (BWI) as the object of research, because BWI is the center of the government's national level *waqf* institution.

CHAPTER IV

FINDING AND DISCUSSION

THE IMPLEMENTATION AND OPTIMIZATION OF CASH *WAQF* IN BADAN WAKAF INDONESIA

In Indonesia, *waqf* is regulated in Law no. 41 of 2004 concerning Endowments and Government Regulation no. 42 concerning the Implementation of *Waqf*. The institution that oversees *waqf* in Indonesia is the Indonesian *Waqf* Board /Badan Wakaf Indonesia (BWI) which plays a role in realizing the potential and economic benefits of *waqf* property for the benefit of worship and to promote sustainable community welfare.

4.1. Profile of Badan Wakaf Indonesia

Badan Wakaf Indonesia (BWI) is an independent institution. In carrying out its tasks, namely advancing and developing national and international *waqf*. The establishment of the Badan Wakaf Indonesia embodies the *Waqf* Law's mandate. As stated in article 47, the presence of BWI aims to promote and develop *waqf* in Indonesia. For the first time, the President of the Republic of Indonesia appoints BWI members, pursuant to Presidential Decree (Kepres) No. 75 of 2007, which was passed in Jakarta on July 13, 2007. As a result, BWI is an autonomous organization tasked with developing *waqf* in Indonesia, free from the influence of any power and accountable to the community.

BWI was not established to take over *waqf* assets that were previously administered by a *nazhir* (*waqf* asset managers). BWI exists to promote and control *nazhir*, ensuring that *waqf* assets are properly managed and productive, allowing them to deliver more benefits to the community in the form of social services, economic empowerment, and public infrastructure development.

Badan Wakaf Indonesia is located in Jakarta, the capital of the Republic of Indonesia and as needed may establish representatives in the other provinces and/or regencies/cities. Badan Wakaf Indonesia is managed by an executive and an Advisory Board, each of which is led by one Chair and two Deputy Chairmen who are chosen by and among the members. The executive board is in charge of carrying out the work, while the advisory board is in charge of overseeing the execution of BWI's responsibilities. Badan Wakaf Indonesia is made up of a minimum of 20 persons and

a maximum of 30 who represent various aspects of the community (Article 51-53, *Waqf Law 2004*) (Laws of the Republic Indonesia 2004).

The President appoints and dismisses members of Badan Wakaf Indonesia. Badan Wakaf Indonesia Representatives in the regions are appointed and removed by Badan Wakaf Indonesia. Membership in the Badan Wakaf Indonesia is appointed for a three-year term and may be reappointed for a one-year term. For the first time, the Minister proposed to the President membership of Badan Wakaf Indonesia. The proposal of membership of Badan Wakaf Indonesia appointment to the President for further implementation by Badan Wakaf Indonesia (Articles 55, 56, 57, *Waqf Law 2004*).

In article 54 paragraph 1 states that to be appointed as a member of Badan Wakaf Indonesia, each candidate member have to meet the following requirements:

- a. Citizens of Indonesian.
- b. Moslem.
- c. Mature.
- d. Trusted.
- e. Capable of Physically and mentally.
- f. Have good deeds.
- g. Have knowledge, ability, or experience in the field of *waqf* or economics, particularly in the field of sharia economics.
- h. Good commitment to develop national *waqf*.

In paragraph 2 of the same article, it is also stated that in addition to the requirements as referred to in paragraph 1, provisions regarding other requirements to become a member of Badan Wakaf Indonesia are stipulated by them (Undang-undang Republik Indonesia 2004).

4.2 Vision and Mission of Badan Wakaf Indonesia

The vision and mission of Badan Wakaf Indonesia (BWI) are as follows:

- a) Vision The realization of an autonomous organization trusted by the community, capable and trustworthy of developing national and worldwide *waqf*.

- b) Mission, To make Badan Wakaf Indonesia a professional organization capable to exploiting the potential and economic advantages of *waqf* for worship and community empowerment.

The strategies to realize the vision and mission of Badan Wakaf Indonesia are:

- a) To strengthens the competence and network of Badan Wakaf Indonesia on a national and international scale .
- b) To formulate *waqf* regulations and policies.
- c) To improve public understanding and desire to do *waqf*.
- d) To improve *Nazhir* professionalism and responsibility of in *waqf* assets management and development.
- e) Controlling and guiding all *nazhir*.
- f) Directing the management of *waqf* property .
- g) Supervising and safeguarding *waqf* property.
- h) Collecting, managing, and developing *waqf* assets on a national and international scale.
- i) Maintaining and preserving *waqf* assets for the benefit of religious and social welfare.
- j) Developing and socializing productive *waqf*.
- k) Providing protection for *waqf* assets by registering *waqf* assets and advocating.

From the strategy above, it can be explained that BWI's strategy in empowering *waqf* is running as the implementation of BWI's duties as stated in the *waqf* law, BWI has a strategy to increase the competence and network of BWI both nationally and internationally.

The second BWI's strategy is to formulate *waqf* regulations and policies, in this case BWI has made many regulations that improve their duties which have been collected in one book, entitled "*Himpunan Peraturan Badan Wakaf Indonesia*". This book contains BWI regulations, namely:

- a) BWI Regulation No. 1/2007 of the Organization and Work Procedure of Badan Wakaf Indonesia.
- b) BWI Regulation No. 1/2008 of Procedures for Formulating Recommendations on Applications for Exchange/Change of Status of *Waqf* Assets.

- c) BWI Regulation No. 1/ 2009 of Guidelines for Movable *Waqf* Assets in the Form of Money Management and Development.
- d) BWI Regulation No. 2/2009 of Guidelines for Accepting Cash *Waqf* for *Nazhir* BWI.
- e) BWI Regulation No. 2/2010 of *Nazhir* Cash *Waqf* Registration Procedures.

After the revision and improvement of regulation regarding all the regulations above, BWI issued new regulation it is BWI regulation No. 1 of 2020 concerning Guidelines for the Management and Development of *Waqf* Assets. There is a dynamic development in the *waqf* movement in Indonesia, along with the launch of the National Money *Waqf* Movement (GNWU) by the President of the Republic of Indonesia. BWI issued new regulation No. 1 of 2021 concerning the organization and working procedures of Badan Wakaf Indonesia.

Improving the professionalism and reliability of *nazhir* in the management and development of *waqf* assets, the strategy of the Indonesian *Waqf* Board (BWI) has been carried out several times by means of *nazhir* training, *nazhir* certificates, various *waqf* including productive *waqf* and cash *waqf* and this is in tandem with the strategy of coordinating and fostering all *nazhir waqf*. The development of cash *waqf* carried out by the Badan Wakaf Indonesia (BWI) can be seen from several aspects, namely fundraising (collection) of cash *waqf*, management of cash *waqf*, and the utilization and distribution of *waqf* funds to mauquf'alah (Shintia 2019:44).

4.3 Structure of Badan Wakaf Indonesia

Organizational structure is the basic framework that unifies the functions of a company which results in the emergence of relationships between personnel who carry out their respective functions or tasks. In addition, the organizational structure is also a description of the division of fields of activity and the delegation of tasks and authorities.

The purpose of the organizational structure of the company is to facilitate the formation and determination of people or personnel from a company. In addition, to clarify the areas of each personnel so that the company's goals can be achieved and create a good whole in the work environment of a company (Ibid 2019).

To realize the vision, mission and strategy, the Indonesian *Waqf* Board (BWI) has three components, namely the advisory council and the executive board assisted by 5

divisions, namely the *Nazhir* development and *waqf* management division, Supervision and Governance division, Data collection, certification and *Istibdal* division, Public relations, socialization and *waqf* literacy division, Cooperation, institution and advocacy division, and each is led by one chairman and two deputy chairmen who are elected by the members. The advisory council is the supervisory element for implementing BWI's duties, while the executive board is the task-executing element. Badan Wakaf Indonesia is made up of a minimum of 20 and a maximum of 30 members from various aspects of the society.

Referring to article 14 paragraph 6 of 2021, the chairman of the executive board can form a new institution, change the organizational structure of the executive board, and/or division nomenclature as needed that supports the function of BWI, as long as it does not conflict with the laws and regulations.

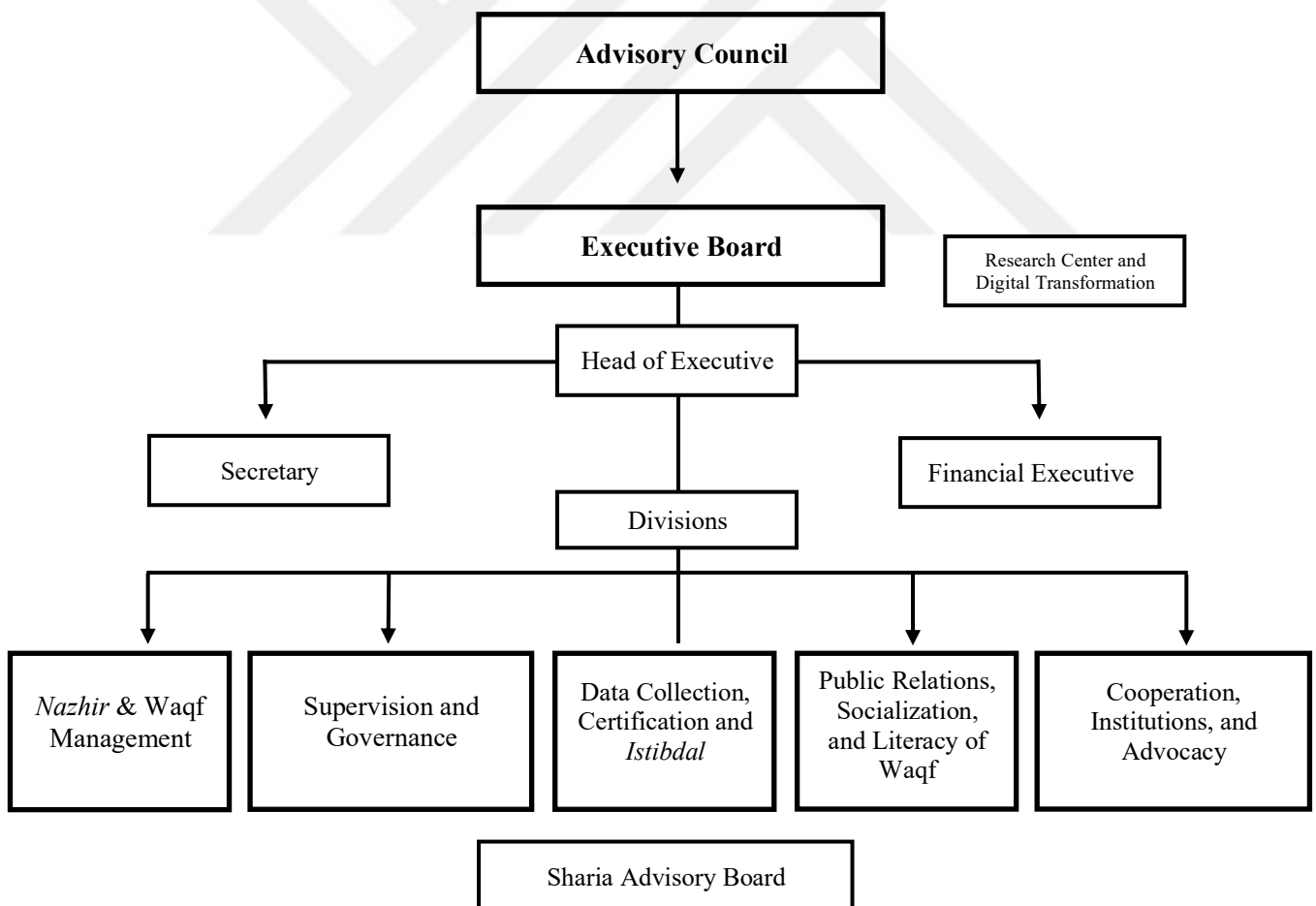


Figure 4.1: Structure of Badan Wakaf Indonesia

The Advisory Council has the following duties and functions:

- a) To oversee the execution of the executive board's tasks .
- b) To provide opinions, considerations, and advice, as well as guidance to the executive board to carry out organizational tasks in a consultative manner, both orally and writing.
- c) To formulate national policies and general policies for the development of *waqf* in Indonesia.
- d) To carry out the duties and functions of a collegial collective.

The Head of the executive board has the following duties and functions:

- a) To lead BWI in accordance with statutory provisions.
- b) To prepare national policies and general policies related to the development of *waqf* in Indonesia.
- c) To establish technical policies for the implementation of the tasks as their responsibility.
- d) To guide and implement cooperation with other agencies and organizations.
- e) To sign decisions, memorandums of agreement, and other important official documents.
- f) To realize organizational programs.
- g) To determine the organization's financial policy together with the secretary and treasurer.
- h) To appoint and dismiss organizational apparatus through the decision of the joint plenary meeting.
- i) To delegate his duties to the deputy chairman in accordance with his field, if unable to do so.
- j) To appoint and dismiss provincial and district/city BWI leaders.

The division of *nazhir* empowerment and *waqf* management has the following duties and functions:

- a) To carry out BWI duties assigned by the executive board.
- b) To develop guidelines for the management of *waqf* assets.
- c) To manage and develop *waqf* assets on a national and international scale in accordance with the laws and regulations.
- d) To provide training to *nazhir* regarding the implementation of his duties.

- e) To receive reports on the results of the *waqf* assets management and development by *nazhir*.
- f) To review the application for replacement and registration of *nazhir*.
- g) To formulate rules for delegation of authority to provincial BWI and/or regency/city BWI related to *nazhir* development.
- h) To make periodic activity reports in accordance with the provisions addressed to the head of the executive board with a copy to the advisory council.

The division of supervision and governance has the following duties and functions:

- a) carry out the tasks assigned by the Implementing Body.
- b) To formulate and develop policies and guidelines for supervision over the management of cash *waqf* by *Nazhir* and update them in accordance with environmental changes.
- c) To supervise the management of cash *waqf* by *nazhir*.
- d) To develop a good *waqf* governance infrastructure.
- e) To evaluate the implementation of good *waqf* governance.
- f) To make periodic activity reports addressed to the head of the executive board with a copy to the advisory council.

The division of public relations, socialization, and literacy has the following duties and functions:

- a) To carry out the tasks assigned by the Implementing Body.
- b) To carry out socialization, counseling, publication, and communication to the public regarding the management, development, and empowerment of *waqf* assets.to
- c) publish *waqf* assets and the results of their management benefits to the public.
- d) To make periodic activity reports addressed to the head of the executive board with a copy to the advisory council.

The division of cooperation, Institutions, and advocacy has the following duties and functions:

- a) To carry out the tasks assigned by the executive board.
- b) To strengthen cooperation networks with government agencies.
- c) To expand the networks and cooperation with national and international *waqf* institutions.

- d) To review and process the proposal for the establishment of provincial BWI and/or regency/city BWI.
- e) To make a study of institutional aspects in *waqf* matters in accordance with the provisions of the legislation.
- f) To prepare BWI regulation draft and BWI Chairman regulation draft related to the Division's scope of duties.
- g) To conduct legal studies and reviews of cooperation documents with other parties.
- h) To provide legal opinion regarding *waqf*.
- i) To provide consultation and legal assistance on endowment issues both inside and outside the court.
- j) To make periodic activity addressed to the head of the executive board with a copy to the advisory council.

The division of data collection, certification, and *Istibdal*:

- a) To carry out the tasks assigned by the Implementing Body.
- b) To carry out an inventory of *waqf* property data.
- c) To research and analyze applications for changes to the designation and status of *waqf* assets.
- d) To review and process *Istibdal* recommendations in accordance with laws and regulations.
- e) To coordinate the certification and security of *waqf* property with related agencies.
- f) To make periodic activity reports addressed to the head of the executive board with a copy to the advisory council.

The research center and digital transformation has the following duties and functions:

- a) To carry out the tasks assigned by the executive board.
- b) To develop digital transformation towards *waqf* lifestyle.
- c) To develop *waqf* studies through inter-university centers.
- d) To develop journal publications in the context of *waqf* literacy.
- e) To make periodic activity reports in accordance with the provisions addressed to the head of the executive board with a copy to the advisory council.

4.4. Responsibility and Authority of Badan Wakaf Indonesia

Based on and in accordance with article No 49 paragraph 1 of the *Waqf* Law of 2004, it is stated that BWI has the following responsibilities:

- a) Assisting *nazhir* with good guidance in the management and development of *waqf* assets.
- b) Maintaining and expanding *waqf* assets on a national and international scale.
- c) Giving permission and/or consent for the allocation and status of *waqf* exchange.
- d) Dismissing and replacing *nazhir* if deemed necessary.
- e) Advising and considering the government while establishing *waqf* policies.

In carrying out the tasks as intended in paragraph 1 also in the BWI law article 9 of 2004 and 2021, BWI carries out the following functions:

- a) Preparation and determination of national *waqf* operational policies.
- b) Establishment of BWI's branch in both provincial and regency/city.
- c) Preparation of blueprints, strategic plans, and work plans.
- d) *Waqf* management in accordance with the work plan.
- e) To advice and consider the government regarding *waqf* development policies in Indonesia.
- f) Preparation for the management of *waqf* assets guidelines.
- g) *Nazhir* registration.
- h) Determination of criteria for the appointment, dismissal and/or replacement of *nazhir*.
- i) To provide advice and consideration to the minister who carries out government affairs in the field of religion in appointing Islamic Financial Institutions Recipient of Cash *Waqf* (LKS-PWU).
- j) To guide and supervise provincial BWI, regency/city BWI, and *nazhir*.
- k) Development of innovation systems, products, and services of *waqf*.
- l) To strengthen the socialization and literacy of *waqf*.

In paragraph 2 of the same article of 2004 and article 10 of 2021, it is explained in carrying out its duties BWI may collaborate with government entities, including central and regional, community organizations, specialists, international organizations, and other parties as considered essential. As stated in article 50 of 2004 and article 10

of 2021, BWI considers the Minister's and the Indonesian Ulema Council's ideas and considerations while carrying out these responsibilities in order to compliance with Sharia. In respect to the mission of fostering *nazhir*, as stated in Article 53 of Government Regulation No. 42 of 2006, BWI has taken many strategic initiatives, including:

- a) Preparing facilities and infrastructure to support *Nazhir* in *waqf* operations.
- b) Organizing and formulating norms, motivation, provision of facilities, coordination, empowerment, and development of *waqf* assets .
- c) Providing certification process facilities of *waqf*.
- d) Preparing *Waqf* Pledge form.
- e) Prepare regional counseling to offer direction and growth of *waqf* to *nazhir* in line with its scope.
- f) Providing access and opportunities for the inflow of cash *waqf* money from both domestic and foreign sources for *waqf* development and empowerment.

To realize the tasks above, it takes professionalism, good-planning, seriousness, cooperation, and of course trust in carrying out responsibilities. Then, through BWI Regulation Number 1 of 2007 concerning the Organization and Work Procedure of Badan Wakaf Indonesia, BWI describes its duties and authorities as follows:

- a) To advise *Nazhir* on *waqf* assets management and development.
- b) To provide policies for the administration and development of *waqf* assets.
- c) To manage and develop *waqf* assets on a national and international scale as well as abandoned *waqf* assets.
- d) To consider and approve for changes to the designation and status of *waqf* property.
- e) To provide consideration and/or approval for the exchange of *waqf* property.
- f) To advice and consider the Government in formulating policies in the field of *waqf*.
- g) To receive, evaluate, and issue evidence of *nazhir* registration, and reappointing *nazhir* whose term of service has expired.
- h) To dismiss and replace *nazhir* if deemed necessary.
- i) To advice and consider the Minister of Religion in appointing Islamic Financial Institutions Recipient of Cash *Waqf* (LKS-PWU).

- j) To receive the registration of the *Waqf* Pledge Deed (AIW) of movable objects other than money from the *Waqf* Pledge Deed Maker (PPAIW).

Regarding the task of *Nadzir* development as stated in Government Regulation No. 42 article 53 of 2006 (Peraturan Pemerintah Republik Indonesia 2006), BWI has taken several strategic steps, as follows:

- a) Facilities and infrastructure preparation to support the operations of *nadzir waqf*, either individual, organization, and legal entity.
- b) Preparation of rules, motivation, facilities, coordination, empowerment, and the development of *waqf* assets .
- c) Provision of *waqf* certificate processing facilities.
- d) Preparation of *waqf* pledge deed (AIW) forms, both immovable and/or movable *waqf*.
- e) Preparation of regional information extension workers to carry out *waqf* to *nadzir* guidance and development in accordance with their scope.
- f) Facilitating the admission of *waqf* monies from inside and beyond the country for *waqf* growth and empowerment .

Then in Article 55 paragraph 1 it is stated that the coaching for *nazhir* must be carried out at least once a year. Paragraph 2 of the same Article states that in the context of *waqf* activities development in Indonesia, BWI may cooperate with third parties. This collaboration can be done in the form of research, training, seminars, and other activities. The purpose of coaching is to improve ethics and morality in *waqf* management as well as to increase the professionalism of *waqf* fund management. This provision is contained in Article 55 paragraph 3.

4.5 Functions of Badan Wakaf Indonesia

Badan Wakaf Indonesia (BWI) has many functions in the development of cash *waqf*. The functions of BWI are as a *nazhir*, motivator, facilitator, regulator as well as an operator who manages and develops *waqf* assets on a national and international scale (Badan Wakaf Indonesia 2020).

Badan Wakaf Indonesia as *nazhir*. *Nazhir* has the following duties as stated in Article 11 of Law 41 of 2004:

- a) To administer *waqf* assets.

- b) To administer and enhance *waqf* property in compliance with its purpose, function, and classification. .
- c) To oversee and safeguard *waqf* property .
- d) To report the implementation of tasks to Badan Wakaf Indonesia (Undang-undang Republik Indonesia 2004).

Nazhir is allowed to manage *waqf* assets in the form of investments. This is stated in government laws No 42/2006 article 46 paragraph 1 "*Nazhir is obliged to manage and develop waqf property in accordance with the designation as stated in the waqf pledge deed (AIW)*".

Badan Wakaf Indonesia as a motivator has the task of being an institution that provides stimulation, especially for *nazhir*, both individuals and organizations to maximize the function of managing *waqf* objects professionally and provide incentives to increase awareness and willingness of the wider community to do *waqf*.

Badan Wakaf Indonesia as a facilitator, BWI are facilities that allow *nazhir*, donor, donor candidate, institutions or other parties related to *waqf* physically or non-physically in optimizing the role of management, development, reporting and supervision of property *waqf*. In this case, BWI provides *nazhir* training facilities, *nazhir* certification and creates a BWI account at LKS-PWU as a place for cash *waqf* (BWI 2018).

The regulator is one of the functions of Badan Wakaf Indonesia, which is the party that monitors all *waqf* policies, laws, and regulations, and regulations related to *waqf* that are considered relevant or not, and proposes policy changes, even though the *Waqf* Law gives Badan Wakaf Indonesia the authority to make its own regulations with reference to the Law and take policies related to *waqf* by taking into account the parties involved (Shintia 2019:50).

4.6 Cash *Waqf* Management in Badan Wakaf Indonesia

Waqf in the form of money that may be managed efficiently, productively and the profit is used for *Mauquf'alaih* is known as cash *waqf*. The person designated to benefit and profit from the allocation of cash *waqf* in accordance with the *waqf*'s expression of will as specified in the *waqf* pledge deed is known as *Mauquf'alaih*. The *Waqf* Pledge Deed is a proclamation/statement of the Wakif's intention to contribute his money, delivered orally and/or in writing to *Nazhir*. The party that gets *waqf* money

from Wakif and manages and develops it according to its designation is known as *Nazhir* (Badan Wakaf Indonesia 2020).

The management of Cash *Waqf* by *Nazhir* or can be called as The BWI Nazirite Institution includes cash *waqf* deposits, cash *waqf* investments and cash *waqf* investment profit. *Nazhir* is obliged to distinguish between the management of cash *waqf* for a certain period and cash *waqf* for a permanent period. In terms of cash *waqf* management within a certain period of time, *Nazhir* is obliged to ensure the fulfillment of payment for the cash *waqf* within a limited period of time. *Nazhir* is still obliged to ensure that the deposited Cash *Waqf* funds are not reduced (Shintia 2019:51).

As stated by the commissioner of BWI Dr. Hendri Tanjung regarding development and Management of cash *waqf* in Indonesia:

“In Badan Wakaf Indonesia (BWI), about cash *waqf* management in Indonesia, BWI established a special institution to handle *waqf* in Indonesia. BWI has 6 important tasks; conduct training on *nazhir*; develop and manage *waqf* assets on a national and international scale; dismiss and replace *nazhir* if necessary; grant permission for changes to the designation and status of *waqf* property; give approval for the exchange of *waqf* assets; provide advice and consideration to the Government in formulating policies in the field of *waqf*. In terms of the development and management of *waqf* assets as referred to in point number 2 in accordance with article 49 of 2004, BWI has formed a special unit called the Nazirite Institution which is actually separate from BWI because BWI gets a fund from the State Budget to carry out BWI’s activities and programs and does not collect fees from anywhere even BWI provides funds. Then in cases that generate income or fundraising such as cash *waqf*, the Nazirite Institution of BWI is formed which is under the supervision of BWI. The Nazirite institution has a role and task in collecting cash *waqf* fund”.

Cash *waqf* in Indonesia is regulated by Government Regulation No. 42 of 2006 on the Implementation of Law No. 41 of 2004 on *Waqf*, which states that cash *waqf* must be placed in a cash *waqf nazhir* account in Cash *Waqf* Recipient Islamic Financial Institution (LKS-PWU). *Waqf* funds deposited in LKS-PWU are collected in *Wadi’ah* contracts and then invested in LKS-PWU products like deposits or outside LKS-PWU using *Mudharabah Muqayyadah* contracts. The laws and regulations regarding *waqf* require that the collection of cash *waqf* in Indonesia and its management involve LKS-PWU (Undang-undang Republik Indonesia 2004).

Cash *waqf* receipts can be done through Receipt of Cash *Waqf* by an Islamic Financial Institution (LKS-PWU) appointed by the Minister of Religion, according to Law 41 of 2004 concerning *Waqf* Article 28. Islamic Financial Institution (LKS) is an

Indonesian legal entity that engages in sharia financing, as defined in Article 1 paragraph 9 of Government Regulation Number 42 of 2006. Islamic Financial Institutions (LKS) must meet the requirements outlined in Government Regulation Number 42 of 2006, Article 24 paragraph 3, which include: LKS that have been designated as LKS-PWU by BWI and the Minister of Religious Affairs, submit applications and receive recommendations from their supervisory authorities, are a legal entity with articles of association, have an operational office in the Republic of Indonesia, engage in sharia finance, and have the function of deposits recipient (*wadi'ah*) (The Minister of Religion of Indonesia 2006).

The management and growth of cash *waqf* assets, as defined under Article 48 of Government Regulation No 42, 2006 on the Implementation of Law No 41, 2004 on *Waqf*, can only be accomplished by investment in LKS products and/or sharia financial instruments. The concept of investment in Sharia Banking Law Number 21 of 2008 Article 1 paragraph 24 specifies that money are transferred to Sharia Banks or LKS by clients in the form of deposits, savings, or other forms that are equal to Sharia principles. Investments with Mudharabah Muqayyadah contracts are included in the definition of other forms that are equated with it (Fauziah 2017:121).

The role of LKS-PWU is extremely significant, particularly in the growth of cash *waqf* in Indonesia, one of these strategic functions is connected to this organization's legal standing, since it is directly appointed by the Minister of Religion as the authorized institution for collecting monetary *waqf*. According to Article 28 of Law Number 41 of 2004, Waqif can endow moveable items in the form of money (perpetual or term) through an Islamic financial institution approved by the minister. In this regard, the minister has the authority to appoint certain Islamic financial institutions that meet the requirements on the advice and considerations of Badan Wakaf Indonesia (Article 24 paragraph 1 Explanation). Not all LKS are able to be recipients of cash *waqf*. Law Number 41 of 2004 provides certain conditions for LKS that can receive public cash *waqf* funds. These requirements include:

- a) LKS must apply a form to the Minister of Religion.
- b) Attachment of articles of association and approval letters as legal entity.
- c) Have an operational office.
- d) Engaged in Islamic finance.

- e) As a deposit recipient (*wadi'ah*).

These requirements are to ensure the security and sustainability of cash *waqf* which is collected in the Islamic Financial Institution (LKS). The bank's extensive network and facilities make it easy for Muslims in Indonesia to participate in cash *waqf*. Practically, financial institutions-recipients of cash *waqf* (LKS-PWU) has a strategic role in *waqf* assets management and development as mandated by wakif to *nazhir*. The only way to manage and develop a cash *waqf* is to invest in Islamic financial products. The monetary *waqf* must be invested using sharia contracts such as Mudharabah or other contracts based on sharia principles (Fauziah 2017:122).

In accordance with what was stated by Mr. Bambang Pamungkas as the Strategic & Partnership Manager of the Nazirite Institution of BWI that:

“LKS-PWU is a Sharia Financial Institution Recipient of Cash *Waqf* that has been registered with the Ministry of Religion and has been appointed by BWI. LKS-PWU is a cash *waqf* receiving institution that accepts cash *waqf* from the public as well as national ministerial institutions and they have the function to invest and guarantee cash *waqf* so that the principal of the cash *waqf* is not reduced and lost. In addition, LKS-PWU can/must issue a cash *waqf* certificate (SWU) which will be given to Wakif with a minimum cash *waqf* of IDR 1,000,000”.

The appointment of Islamic banks as LKS-PWU makes the position of LKS-PWU banks important in the success of the cash *waqf* program. The success or failure of cash *waqf* collection and management depends on the performance of the LKS-PWU. Based on data released by BWI per January 2022, the number of LKS-PWU now up to 29 institutions and will increase (www.bwi.go.id).

The tasks of LKS-PWU are:

- a) To announce to the public its existence as an Islamic Financial Institution (LKS) Recipient of cash.
- b) To provide cash *waqf* certificate form.
- c) To receive cash *waqf* donations from Waqif behalf of *Nazhir*.
- d) To record the *waqf* money into a deposit account (*wadi'ah*) in the name of the *nazhir* appointed by the waqif.
- e) To receive a statement of the will of the Waqif as outlined in writing in the form of the statement of the will of the Waqif.

- f) Issuing a cash *waqf* certificate and giving the certificate to the Waqif and submitting a copy of the certificate to the *Nazhir* appointed by the Waqif with a minimum IDR 1.000.000,00 of donation.
- g) To register cash *waqf* to the minister behalf of *Nazhir* (Peraturan Pemerintah Republik Indonesia 2006).

In accordance with the Regulation of Badan Wakaf Indonesia No. 01 of 2009 about the management and development guidelines of movable *waqf* assets (money) and in Article 4 about cash *waqf* deposits it is explained that cash *waqf* deposits can be made directly or indirectly. Direct cash *waqf* deposits are wakif or their proxies are coming/present to the Sharia Financial Institution-Recipient of Cash *Waqf* (LKS-PWU) Office. Indirect cash *waqf* deposits can be made through electronic channels, ATMs, Internet Banking, and Mobile Banking are just a few of the services available. (BWI 2009).

“There are two strategies applied by LK-BWI in collecting cash *waqf*, namely a programmatic approach because *waqf* must have *Mauquf*’ alaih and perpetual. Specifically for cash *waqf*, the first strategy is to utilize technological advances to collect cash *waqf* funds, especially retail *waqf* from the community by launching an official website to raise *waqf* funds, namely "berkahwakaf.id". This site is the official website of BWI which is used to collect *waqf* funds from the public and includes programs for distributing these funds to *mauquf*’ alaih. Second, by collaborating with government institutions, one of them with the Ministry of Finance to invest in cash *waqf* in investment instruments that can guarantee the principal of the cash *waqf*. LK-BWI tried an investment instrument that was guaranteed by the government in the form of Sukuk”.

In Regulation of Badan Wakaf Indonesia No. 1 of 2009 on the management and development guidelines of movable *waqf* assets, it is explained Badan Wakaf Indonesia carries out the activities of cash *waqf* collection or fundraising. In the collection of cash *waqf*, Badan Wakaf Indonesia implementing directly or indirectly cooperation with sharia financial institutions. The cooperation is in the form of the cash *waqf* collection which is stored in the form of savings in the Sharia Banking (Undang-undang Republik Indonesia 2004).

Through direct and indirect investments, cash *waqf* investment is supposed for productive programs for the benefit of the people. The investment in projects supervised by *Nazhir* is referred to as direct investment. Investment via an institution that fulfills the institutional eligibility standards and is profitable is referred to as

indirect investment.. Cash *Waqf* investment can be made through deposits in Islamic Banks with the expectation of the most profitable share (BWI 2009).

The conditions of direct cash *waqf* deposit are as follows:

- a) Deposit from Wakif (donors) of cash *waqf* are directed to *Nazhir* of Cash *Waqf*, who is registered with BWI and has entered into a cooperation arrangement with LKS-PWU. .
- b) *Waqf* donors must fill in a form of declaration of will of wakif which functions as *Waqf* Pledge Deed (AIW) followed by a certain amount of money deposit according to the pledge.
- c) Declaration form of donor's will that operates as *waqf* pledge, filled out and signed by Wakif, with attached proof of cash *waqf* deposit, then signed by 2 (two) bank officials as witnesses and 1 (one) bank official as the official issuing the *waqf* pledge deed (PPAIW).
- d) LKS-PWU can issue Cash *Waqf* Certificates to Wakif if the conditions as referred to in paragraphs 1 and 2 have been fulfilled.

The conditions of indirect cash *waqf* deposit are as follows:

- a) Deposits from Wakif are sent to *Nazhir* of Cash *Waqf*, who is registered with BWI and has signed a cooperation agreement with LKS-PWU.
- b) Wakif can only select perpetual cash *waqfs* that are for the public good.
- c) LKS-PWU is obliged to develop an online system for electronic cash *waqf* admittance that includes at least the following information. :
 - i. List of *Nazhir* to be chosen by Wakif.
 - ii. List of Cash *Waqf* denominations.
 - iii. Wakif will declaration form which functions as AIW.
 - iv. Approval of pledged cash *waqf* deposits.
- d) LKS-PWU is required to generate a Cash *Waqf* Certificate from Wakif deposits made indirectly using information gained through electronic media.
- e) Wakif can receive a cash *waqf* certificate by exchanging proof of cash *waqf* deposit collected through electronic media to LKS-PWU.
- f) If the Wakif does not convert the Cash *Waqf* deposit evidence into a Cash *Waqf* Certificate within 2 (two) weeks after the electronic deposit, the LKS-PWU will issue a Cash *Waqf* Certificate. .

- g) In the situations described in paragraph 5, the Cash *Waqf* Certificate must be given to BWI for administration..

The *Nazhir's* management and development of Cash *Waqf* deposits and Cash *Waqf* investments must be focused at maximizing profit and/or empowering the society's economy. Cash *Waqf* administration and development based on the *Nazhir's* investment return must be targeted towards boosting the community's economic and/or religious social activities. The net proceeds from cash *waqf* management and development that become a basis for calculating the amount of compensation for *Nazhir* are the cash *waqf* investment returns after deducting the costs associated with the management and development of cash *waqf*. The costs associated with the management and development of Cash *Waqf* include the cost of receiving cash *waqf* deposits, registration of cash *waqf* to the Minister and reports on the recapitulation of cash *waqf*, insurance costs related to cash *waqf* investments and *Nazhir* administration fees (Shintia 2019).

In cash *waqf* management system, *nazhir* is entrusted and responsible to invest cash *waqf* fund according to sharia, with the condition that the nominal money invested must be used for *Nazhir's* salary (maximum 10%) and communal welfare (minimum 90%). In Indonesia, according to existing legislation, the recipient of cash *waqf* is LKS-PWU. However, the phenomenon of cash *waqf* has actually existed since before the appointment of the LKS-PWU by the Minister of Religion in 2008 (Tho'in and Prastiwi 2015:66). The maximum compensation for *Nazhir* from the net revenues of Cash *Waqf* investment is calculated as follows:

- a) 10% (ten percent), in case of Cash *Waqf* investment amount is at least 90% (ninety percent) compared to the Cash *Waqf* deposit.
- b) 9% (nine percent), in case of Cash *Waqf* investment amount is at least 70% (seventy percent) compared to the Cash *Waqf* deposit.
- c) 8% (eight percent), in case of Cash *Waqf* investment amount is at least 50% (fifty percent) compared to Cash *Waqf* deposits.
- d) 5% (five percent), in case of Cash *Waqf* investment amount is below 50% (fifty percent) compared to the Cash *Waqf* deposit (BWI 2009).

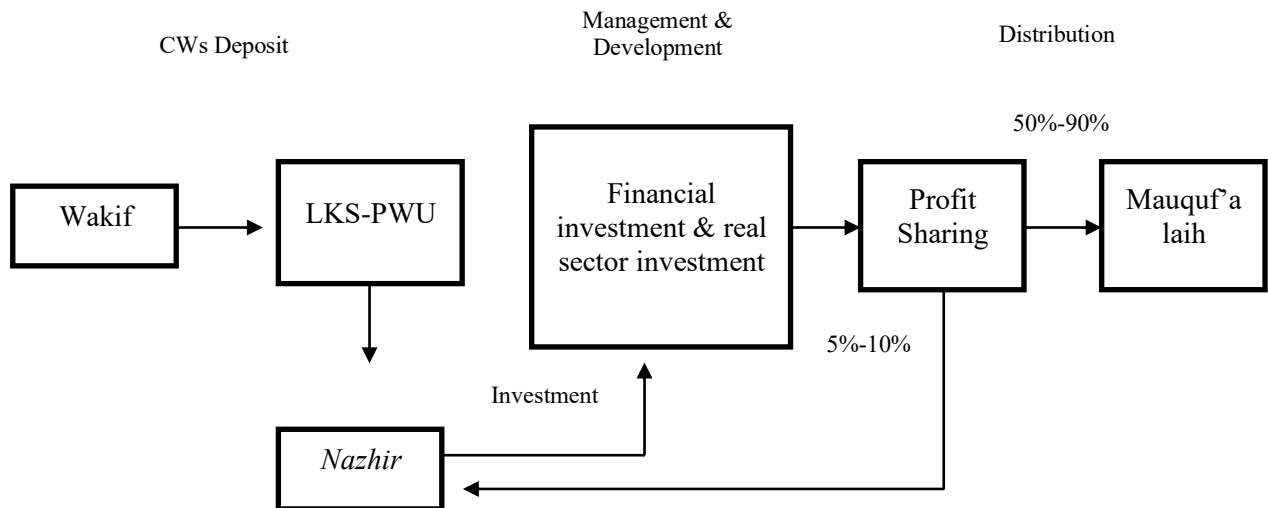


Figure 4.2: Cash *Waqf* Scheme in Indonesia according to Law No. 41 of 2004

Source: (author's preparation)

Real sector investment is direct and indirect investment. Indirect investment, *nazhir* invests the *waqf* fund to other parties like Islamic Financial Institution or Islamic Bank, for example: by participating in infrastructure development financing. Direct investment, *Nazhir's* role is to invest directly in a project (Mudharabah Muqayyadah contract, according to BWI regulation No. 1 regarding the management of cash *waqf*) such as oil palm plantations, building shopping centers, financing MSMEs, apartments, etc., as a sole investor or in collaboration with another investors (Sula 2013).

Mr. Bambang Pamungkas as the Strategic & Partnership Manager of the Nazirite Institute of BWI stated:

“In accordance with the provisions on the distribution of cash *waqf* which is stated in the law that has been made by BWI and the Ministry of Religion, that the minimum distribution to Mauquf alaih is 50% and the maximum of Nazir's rights is 10%. Then there are operational costs or reserve costs that will be used for the development of productive *waqf* assets. For cash *waqf* investment, there are two types of investment, direct and indirect. Direct *waqf* investment can be used in the construction of universities or hospitals on *waqf* land. Meanwhile, indirect investment is carried out through LKS-PWU, then the cash *waqf* funds are invested and the results (profit sharing) are distributed to the aimed parties (Mauquf'alaih). Cash *waqf* funds are allocated/distributed to Mauquf'alah, as in SWR001 whose proceeds were used for the establishment and development of the Achmad Wardi Eye Hospital in Serang, Banten. In SWR002, the proceeds of the *waqf* funds are intended for the welfare of the people, health, and

economic development. SWR003 is still in the bidding process, where SWR003 is trying to offer development programs other than in the health sector, namely the community empowerment program in the form of food security which will be realized in the form of empowering cattle breeders. So, the program is the procurement of cattle seeds which are sought to help increase and empower and prosper the cattle breeders which then the proceeds from the sale of the cows are divided into two (profit sharing). The results will also be realized in the form of a scholarship program. Because the program is in collaboration with the Bandung Agricultural Institute (IPB)”.

The utilization of *waqf* funds development and cash *waqf* specifically in the Badan Wakaf Indonesia (BWI) program that will be utilized for Mauquf’alaih are as follows:

- a) Social development, social development activities in the form of job and business training programs for the unemployed; handling and rehabilitation programs for youth with problems (drugs, thuggery, prostitutes); handling the homeless, beggars and the poor, the construction of roads and bridges to improve access for the poor to economic centers.
- b) Education Development, establishment of free schools, assistance with schoolbooks, uniforms; school support equipment assistance; assistance for teacher salaries and or other educational infrastructure.
- c) Health services are community empowerment activities in the form of health activities and building supporting facilities organization such as construction of hospitals, health education, general treatment, improvement of nutrition and so on. The allocation of *waqf* property in the aspect of health development activities for health provision.
- d) Economic Development, economic development activities can be in the form of; providing capital for small entrepreneurs in rotation; training and coaching programs for the development of competence and capacity of small businesses; marketing research and product quality development programs for small businesses; assistance to micro small business financial institutions.
- e) Religious program activities in the form of Dai'i (preacher) and Da'iyah training, development of Islamic society (BWI 2009).

4.7. The Cash *Waqf* Optimization in Badan Wakaf Indonesia

In optimizing cash *waqf*, BWI as a central nazir and the highest institution in *waqf* management is able to cooperate with government institutions to be able to create projects in the context of developing cash *waqf*. As a nazir, BWI is responsible to

managing *waqf* so that it can be effectively maximized. *Nazhir*'s responsibilities include administering *waqf* assets, managing and developing *waqf* assets according to their purpose, function, and classification, overseeing and protecting *waqf* assets, and reporting to Badan Wakaf Indonesia on job completion (Undang-undang Republik Indonesia 2004). It can be seen from Article 11 of Law Number 41 of 2004 that *Nazhir* and BWI have a functional relationship when they come to the management of *waqf* assets in order to develop productive *waqf* management and cash *waqf* in more professional and productive direction, so that the *waqf* can truly contribute to the economy and for Muslims in particular.

4.7.1. Challenge

The development of national *waqf* can provide many benefits to the community, including reducing the government's dependence on foreign loans and can also assist the government in developing the national economy. *Waqf* funds can be utilized for benefit programs, reducing the burden of government spending. Indonesia can avoid usury from foreign loans if cash *waqf* are used wisely. Because the state's financial situation is now unstable due to low income, the government is forced to seek foreign funds from outside, the most of which is obtained through usury (BWI 2021b).

The potential for cash *waqf* in Indonesia is very large, it can even reach IDR 180 trillion per year. The chairman of the Center for Digital Research and Transformation of the Badan Wakaf Indonesia (BWI), Irfan Syauqi Beik, said the penetration of cash *waqf* was still very low. Based on BWI data, the collection of cash *waqf* has only reached Rp 819.36 billion. This cash *waqf* consists of project-based cash *waqf* (*waqf* through money) worth IDR 580.53 billion and cash *waqf* IDR 238.83 billion (CNN Indonesia 2021). The following are some of the challenges to cash *waqf* optimization in Indonesia:

a) Lack of *waqf* literacy

The latest release that literacy of community *waqf* is still low. So, there are 3 categories of *waqf* literacy index, low, moderate, medium, and high. The *waqf* literacy index in 2020 shows a low number, namely 50.48. The low literacy of *waqf* in Indonesia can be seen from the basic knowledge and advanced knowledge of citizens about *waqf*. Basic knowledge about *waqf* includes the concept of the types of assets that can be *waqf*. So far, people's understanding is only limited to

land and building *waqf*, for example for the construction of mosques and madrasas. Meanwhile, not many people do not understand that current assets such as money can also be *waqf*. This is because the socialization that has not been maximized, Law No. 41 of 2004 has not been maximally socialized both to *nadzir* and to the Muslim community, especially regarding the existence of cash *waqf* and productive *waqf*.

“In an effort to maintain the existence of the existing potential of cash *waqf*, the first is increasing literacy about the benefits of *waqf* and cash *waqf* to the community. One of the efforts is to create the *Waqf Goes to Campus* (WGTC) program. This program tries to socialize *waqf* to students and the academic community. so that they have an understanding of the benefits of *waqf* in general. With the understanding that we (BWI) give to students, it is hoped that in the next 3-5 years they can become wakif. Improving literacy is not only aimed at the community but also to *nazhir* as asset managers and *waqf* funds, therefore BWI holds training and *nazhir* certification for the formation of *Nazhir*'s competence and professionalism. We hope that with *Nazir* who is certified their competence will increase so that the community also believes that the *Nazir* they have entrusted to manage *waqf* funds can be trustworthy and professional in managing *waqf* assets Secondly, in terms of program improvement, basically the Indonesian people only need to be socialized and communicated properly regarding the empowerment of the people through *waqf*, considering the number of Indonesian Muslims who are fairly large and like to give (alms). What BWI is currently doing is trying to figure out how the community can have a strong understanding that *waqf* has a function as a social function and a long-term investment for the benefit of the people and besides that they have eternal savings in the hereafter as a *Jariah* charity. Therefore, BWI launched several programs such as Cash *Waqf* Linked Sukuk.”.

b) The quality of *Nazhir*

Irfan as the chairman of the Center for Digital Research and Transformation of the Badan Wakaf Indonesia (BWI) admits that the quality of the majority of *Nadzir* needs to be improved because it affects the public's view. *Nazhir* is a incompetent. Many of *Nazhir waqfs* lack of managerial abilities in administering *waqf* assets, resulting in *waqf* assets providing little value to the local population. The managerial style is not based on a comprehensive concept of empowerment (L. Man 2015:42).

This signifies that if *Nadzir* has competence, investment portfolio capabilities, business development capabilities, and good risk management capabilities, he may create creative programs that the public can observe, thus convincing them that *Nadzir* is competent.

c) Regulation

Islamic banks are not classified as *nadzir* under current standards of existing regulations. In the nation (Indonesia), Islamic banks solely operate as intermediaries, collecting cash *waqf* from the public and channeling them back to the *nadzir* (Ulya 2021). And optimizing *waqf* institutional regulations to be more up to date is less and revitalize BWI so that its performance is more optimal in managing extraordinarily large *waqf*.

Also, the regulation does not yet support the completeness of the rules related to *waqf*, for example taxation which takes 20% of the cash *waqf* deposit given by wakif to *nazhir* through LKS-PWU. Basically, taxes are also aimed at the welfare of the community as well as cash *waqf*, so in my opinion (Bambang) tax collection is not necessary, seeing that the purpose of these results is the same for public benefit programs.

4.7.2. National Cash *Waqf* Movement (GNWU)

National cash *waqf* movement is one of the BWI's projects and program to accelerate the development of cash *waqf* in Indonesia. The GNWU, which was founded on the initiative of Badan Wakaf Indonesia and the National Committee for Islamic Economics and Finance (KNKS), has evolved into a strategic effort to strengthen collaboration and harmony among all cash *waqf* activists in the community, with a commitment to the state's support and facilitation. The GNWU is projected to increase *waqf* literacy, participation, and the advantages of cash *waqf* in terms of eliminating inequality and improving social welfare. Furthermore, the role of *waqf*, particularly *waqf* money, will become increasingly important in supporting national economic security and Indonesia's vision of being a center for Islamic finance and economic development (BWI 2021c).

As Mr. Bambang said:

“The form of Cooperation and Collaboration that has been carried out by BWI or LK-BWI in Indonesia is collaborating with the Ministry of Religion in managing cash *waqf* of the State Civil Apparatus (ASN) of the Ministry of Religion and this has been running since December 28, 2020, until now where the investment results are intended for community welfare. Then BWI and KNKS are working on the National Money *Waqf* Movement (GNWU) that can be used to mobilize ministries and state-owned enterprises (BUMN) for *waqf*. However, it is still in the negotiation stage”.

4.7.3. Cash *Waqfs* Linked-Sukuk (CWLS) in Badan Wakaf Indonesia

According to the verdict of Indonesian Ulema Council No. 32/2002, Sukuk is a long-term sharia-compliant asset issued by a legal entity to Sharia Bond holders, which requires the Issuer to pay Sharia Bond holders income in the form of profit sharing/margin/fees or other forms of payment in accordance with the contract of transaction used and repay the bond funds at maturity (Majelis Ulama Indonesia 2002).

The CWLS series is a manifestation of the Government's and Badan Wakaf Indonesia's commitment and product to promote the National *Waqf* Movement by helping the growth of social investment and productive *waqf* in Indonesia. In cash *waqf* linked sukuk operation, BWI acts as; single buyer Indonesia *Waqf* Sukuk (SWI), operationalizing transactions with the ministry of finance and LKS-PWU, formulating the design of the CWLS instrument/business model, determining *nazhir* partners as well as the allocation of CWLS rewards, compiling the CWLS marketing program (The Minister of Finance of Indonesia 2020). The latest cash *waqf* management innovation is Cash *Waqf* Linked Sukuk (CWLS). This means that cash *waqf*, both temporary and permanent, places their money *waqf* in safe and productive investment instruments, in this case government sukuk.

Cash *Waqf* Linked Sukuk (CWLS) is an investment model of cash *waqf* in national/government sukuk, the profits of which are allocated by *Nazhir* to fund social projects and economic empowerment and are sharia bonds or sukuk based on cash *waqf*, in which the collected monies are invested in government sukuk to aid fiscal funding in social settings including education, health, and development. The purposes of it is strengthening economic capacity of sharia finance to facilitate the community in conducting safe and productive cash *waqf*, strengthening national *waqf* management institutions, supporting social investment funds development and productive *waqf* in Indonesia, supporting National *Waqf* Movement, strengthening endowment ecosystem in Indonesia and promote inclusive and sustainable economic growth (Hafandi and Handayati 2021:10).

The Indonesian government launched the National Cash *Waqf* Movement (GNWU) as a plan to gain public interest and confidence, which featured the release of Cash *Waqf* Linked Sukuk (CWLS) Retail Series SWR001, a development of the CWLS (SW Series) (Hafandi and Handayati 2021:3).

Bambang Pamungkas stated about the optimization of cash *waqf* as follow:

“In terms of program improvement of cash *waqf*, basically the Indonesian people only need to be properly socialized and communicated regarding the empowerment of the people through *waqf*, considering the number of Indonesian Muslims who are fairly large and like to give (alms). What BWI is currently doing is trying to figure out how the community can have a strong understanding that *waqf* has a function as a social function and a long-term investment for the benefit of the people and besides that they have eternal savings in the hereafter as a Jariyah charity. Therefore, BWI launched several programs such as Cash *Waqf* Linked Sukuk”.

The issuance of CWLS SW001 which was successfully implemented for the first time in Indonesia by the government in March 2020. This instrument emerged from a spirit of collaboration among authorities, notably Badan Wakaf Indonesia, the Ministry of Finance, the Ministry of Religion, Banks Indonesia, and other stakeholders, in order to progress the *waqf* sector in Indonesia (Badan Wakaf Indonesia 2021a; The Minister of Finance of Indonesia 2021).

In launching CWLS, BWI and operational banks promoted CWLS actively and organized meetings with possible investors to raise funds. Bank Indonesia also facilitated meetings with various stakeholders to maximize the number of interested parties and cash available for CWLS investment. In addition, BWI also acts as the single buyer of Indonesian *waqf* sukuk (SWI), operationalizes transactions with ministry of finance and LKS-PWU, formulates the CWLS instrument/business model design, determines nazir partners and the allocation of CWLS returns, and prepares marketing programs (Badan Wakaf Indonesia 2021a).

The CWLS program connects the commercial and social financial sectors with the real sector. *Waqf* funds are invested in government Islamic securities (SBSN) to finance public-sector development initiatives including education and health-care infrastructure. The CWLS model is made up of four primary processes: 1. fundraising; 2. fund placement; 3. return distribution and utilization; and 4. *waqf* return.

a) Fundraising

Islamic financial institutions-recipients of cash *waqf* (LKS-PWU) receive and collect cash *waqf* payments from the wakif, to then be distributed to BWI as the authority manager of *waqf* assets.

b) Placement of fund

Through private placement, BWI invests the cash *waqf* fund in government sukuk or government Islamic securities (SBSN), which are issued by the ministry of finance. The revenues generated by the government as a result of CLWS issuances are then utilized to support government programs that benefit the public. Central Bank of Indonesia, in its function as SBSN administrator, registers ownership and engages in SBSN clearing and settlement at this point.

c) Return Distribution and Utilization

The government reimburses BWI in the form of a coupon or discount, which is given to the *waqf* administration to fund social projects or activities in partnership with BWI. *Waqf* assets include a madrasa, a health facility, pesantren, and other forms of social infrastructure are developed using the initial discount received at the beginning of the investment. The coupon is used to promote non-physical social initiatives that help orphans and the needy, such as free healthcare, economic empowerment, and other social programs.

d) *Waqf* Return

At maturity, the government repays the primary government sukuk or SBSN to BWI, in exchange for BWI returning the whole amount to the wakif (in the case of a temporary cash *waqf*) or continuing management (in case of a perpetual cash *waqf*)(Badan Wakaf Indonesia 2021a:31).

In addition, the Ministry of Religious Affairs supports by developing supportive policies for *waqf* empowerment and administration. This plan demonstrates actual collaboration among authorities in order to optimize the growth of *waqf* assets in cash in order to increase public prosperity. To keep and build public trust in cash *waqf* instruments The Indonesian Ulama Council (DSN-MUI) affirmed CWLS management's compliance to sharia principles in a statement of sharia compliance released on February 6, 2019.

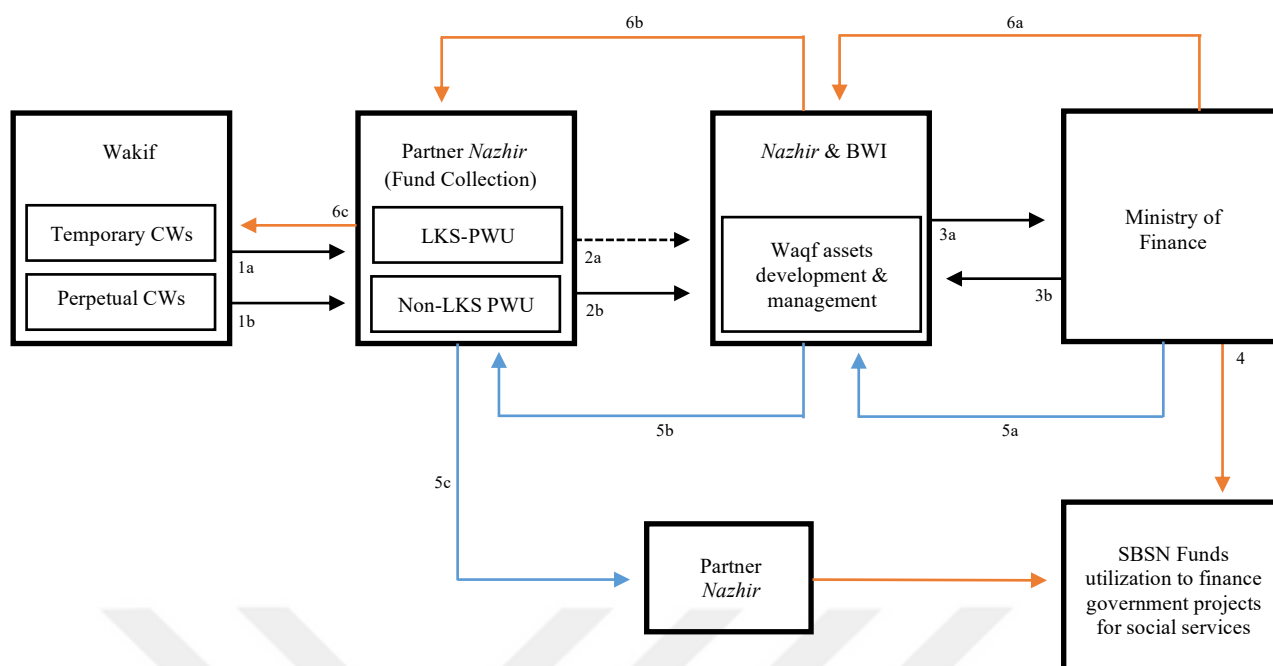


Figure 4.3: Scheme of Cash *Waqf* Linked Sukuk

Source: (Badan Wakaf Indonesia 2021a)

Scheme of Cash *Waqf* Linked Sukuk (CWLS) explanation as bellow:

- a) Wakif endows his money to nazir for a certain period of time (minimum 5 years) or forever.
- b) Wakif deposits the money *waqf* into the account of *Nazhir's* partner LKS-PWU.
- c) Then, In front of a bank official who is appointed as the Maker of the *Waqf* Pledge Deed (PPAIW), the wakif makes the *Waqf* Pledge.
- d) *Waqf* monies deposits from wakif will be put in the Wadi'ah account on behalf of the *nazhir* partner before being transferred to the *nazhir* BWI account.
- e) If the cumulative amount of funds collected from all *nazhir* partners reaches 50 billion, Then, as wadi'ah, BWI can transfer it to the BWI account at LKS-PWU.
- f) Then the funds that have been raised are used to buy SBSN which has been issued by the Ministry of Finance within a certain period.
- g) According to the contract agreed upon at the start of the arrangement, the Ministry of Finance paid SBSN coupons to *Nazhir* BWI. .

- h) The coupons that have been paid are reduced by 10% by *Nazhir* as a management fee and then channeled through *Nazhir*'s partners to finance the development of *waqf* assets or public facilities.
- i) After the SBSN or Government (state) Sukuk are due, the Ministry of Finance returns cash *waqf* monies to BWI. .
- j) BWI directed *nazhir* partners and LKS-PWU to return *waqf* monies to wakif for a set period of time.
- k) Return of cash *waqf* money to wakif via operating banks designated by BWI .
- l) The Ministry of Religion and Badan Wakaf Indonesia act as supervisors in conducting the Sukuk-linked cash *waqf* program or Cash *Waqf* Linked Sukuk. (Rahayu and Agustianto 2020:156).

Efforts to control monetary *waqf* via CWLS serve numerous purposes. First, attempts are being made to spread economic equality and wellbeing. Poverty and economic inequality are major issues in Indonesia. Second, to offer health care, education, and other public services. The proceeds from the *waqf* sukuk can be used to give free health care to the disadvantaged, educational scholarships, and nutrition improvements for children. Third, long-term social investment without diminishing the principle of *waqf* funds. CWLS Retail allows individuals and organizations to collaborate to benefit others in a sustainable wa. Fourth, It has the ability to diminish development finance sources from overseas by generating big cash *waqfs* each year.(Sugiyarto 2020).

To support social-based investment instruments, such as Islamic social finance, the Ministry of Finance issued regulation No. 139/PMK.08/2018, as an amendment to PMK No. 239/PMK.08/2012, concerning the issuance and sale of government Islamic securities (SBSN) through private placement. The ministry of finance cut the minimum threshold for SBSN issuance through private placement for social investment schemes to IDR 50 billion, compared to IDR 250 billion for other schemes, as a result of this law.

BWI established a CWLS marketing campaign in partnership with a range of partners, including partner *nazhir* and operational banks, and distributed it through various digital channels, such as websites and social media, in order to meet the minimal requirement. In order to expedite the initial CWLS offering, BWI organized a series of meetings with possible investors, which were coordinated by Bank Indonesia. Several Islamic Financial Institutions, Social Organizations, and Governmental

Institutions committed to invest IDR 50.849.000.000 in the first series of the CWLS during the meetings (SW001). The government released the first batch of CWLS on March 10, 2020, with a value of IDR 50.849.000.000.

BWI has been authorized as a *nazhir*, or *waqf* manager, with the authority to invest cash *waqf* fund in government Islamic securities (SBSN) via private placement in accordance with existing *waqf* laws and regulations. As seen below, CWLS are non-tradable 5-year SBSNs that come in the form of a discount and a coupon.

Value	IDR 50.849.000.000
SBSN type	untradeable
Contract	<i>Wakalah</i>
Yield	6.15%
Coupon Rate	Fixed 5,00% (per-annum)
Date of Issue	10 March 2020
Date of Maturity	10 March 2025

Table 4.1: CWLS SW1 Characteristics

Source: (Badan Wakaf Indonesia 2021a)

According to Law No. 41 of 2004, a cost is incurred for the administration and growth of *waqf* assets, which is deducted from the return received by *waqf* management. The following are the operational costs, transaction costs, *nazhir* rights, and *mauquf'alaih* rights under this plan:

No	Item	Note	IDR
1	Discount		2.484.532.989
	Acquisition and Operational cost	a 7,5% - 186.399.974	
	Bank Transaction Cost	b 2,5% - 62.113.325	
	Total Operational and Transactional Cost		-248.453.299
2	Discount – Operational and Transaction Cost		2.236.079.690
3	<i>Nazhir</i> Rights	c 10%	-223.607.969

4	Mauquf'alah Rights	d 90%	2.012.471.721
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Table 4.2: CWLS SW1 Discount Allocation

Source: (Badan Wakaf Indonesia 2021a)

Note:

- a) 7.55% (percent) of the discount value incurred for cash *waqf* collection is allocated on acquisition and operations.
- b) The cost of a bank transaction is 2.5% (percent) of the discount amount.
- c) After deductions, the *nazhir* right is fixed at a maximum of 10% (percent) of the discount value.
- d) Mauquf'alah rights are set at a minimum of 90% of the net discount/profit-sharing value used for social projects (after subtracting other costs and *nazhir* rights).

BWI received IDR 211.870.833 in monthly returns in the form of *waqf*-linked sukuk coupons, for a total of IDR 2.542.499.996 in the 12 months between April 2020 and December 2021. The Retina Centre in the Ahmad Wardi Hospital facilities was developed using CWLS fund in the form of a discount provided once at the initial placement and a monthly CWLS coupon. BWI obtained a total discount of IDR 2.484.532.989 and a monthly coupon of IDR 211.879.833. After subtracting the operational cost and *nazhir* right, the total discount as mauquf'alah rights was IDR 2.012.471.721, with a monthly coupon of IDR 181.308.750.

With the operation of the Retina and Glaucoma Center, Achmad Wardi Eye Hospital can be more optimal in providing eye health services to the underprivileged, as well as other health services, with a target of eye surgery services for the poor as many as 2,513 patients for 5 years.

Then Government launched Retail of CWLS Series SWR001 as the following issuance of CWLS after CWLS SW1 and as a sign of the government's commitment to the national Cash *Waqf* Movement, which includes social investment and the creation of productive *waqf* has a tenor of two years and a coupon rate of 5.5 percent each year, with proceeds going to social projects and activities with a socioeconomic impact. Through trustworthy *nazhir* with social initiatives for public prosperity, the ministry

of finance designated four banks as distribution partners. BWI authorized the appointment of *nazhir* as central *nazhir*, regulator, and supervisor. as for distribution partners and *nazhir* Retail CWLS SWR001 are Bank Mandiri Syariah which oversees the foundation for the Yayasan Bangun Sejahtera Mitra Umat, Bank Muamalat which oversees BMT, *Waqf* Salman ITB, Bank BRI Syariah which oversees the Lembaga Amil *Zakat* Infak dan Sedekah NU (LAZISNU), and Lembaga Amil *Zakat* Infak dan Sedekah Muhammadiyah and BNI Syariah Bank which oversees the Hasanah Titik Foundation and Dompok Dhuafa.

Behalf of the Ministry of Finance, the Director-General of Budget Financing and Risk Management determined the sales of Retail CWLS Series SWR001 on November 24th, 2020, at the end of the offering period, which ran from October 9th to November 20th, 2020. SWR001 received a total order volume of IDR 14.912.000.000. With a total of 1,041 wakif consisting of 1,037 individual wakif and 4 institutional wakifs.

Issuer	Indonesian state sharia securities issuer company
Contract	Wakalah
Date of Issue	18 th November 2020
Type	Scriptless and non-tradable in secondary market
Tenor	2 years
Maturity	10 th November 2022
Min Order	IDR 1 million
Max Order	N/A
Yield	5.50% (fixed coupon), monthly payments Monthly payments to <i>nazhir</i> to finance social program
Coupon Payment Date	10 th of every month
First Coupon Payment Date	10 th December 2022 (short coupon)

Underlying Asset	State property (BMN) and programs/activities of government ministries/agencies in 2020 state budget
Social Program/Activity	Determined in conjunction with <i>nazhir</i> and LKS-PWU, and known to the government prior to offering period

Table 4.3: Terms and Conditions SWR001

Source: (Badan Wakaf Indonesia 2021a)

The government again has launched the Retail *Waqf* Sukuk Series SWR002 with an offer period of April 9 to June 3, 2021, and the first CWLS that can be conducted online. The collection of cash *waqf* collected is Rp. 24,141 billion of the 591 wakifs consist of 588 individual wakif and 3 institutional wakifs. In SWR002 there was a 91% increase in new *waqf*, and the Indonesian *Waqf* Board as *Nazhir* participated through the distribution partner of Bank Mega Syariah with the amount of cash *waqf* collected amounting to Rp. 8.392 billion. The proceeds from CWLS SWR002 are distributed in the form of procurement of mobile screening ophthalmoscope and public benefit programs. The government is in launching progress of CWLS SWR3 and the income and profit of which generated by SWR3 for the food security and scholarship program as stated by Bambang Pamungkas:

“As in SWR001 whose proceeds were used for the establishment and development of the Achmad Wardi Eye Hospital in Serang, Banten. In SWR002, the proceeds of the *waqf* funds are intended for the welfare of the people, health, and economic development. SWR003 is still in the bidding process, where SWR003 is trying to offer development programs other than in the health sector, namely the community empowerment program in the form of food security which will be realized in the form of empowering cattle breeders. So, the program is the procurement of cattle seeds which are sought to help increase and empower and prosper the cattle breeders which then the proceeds from the sale of the cows are divided into two (profit sharing). The results will also be realized in the form of a scholarship program. Because the program is in collaboration with the Bandung Agricultural Institute (IPB)”.

4.7.4. Good *Nazhir* Governance

Good Governance is a series of processes applied in both private and public organizations to make decisions. Good governance can be recognized by 8 basic characteristics: active participation, law enforcement, transparency, responsiveness,

consensus-oriented, fairness and equal treatment for everyone, effective and economical, and accountable.

Waqf supervisors, such as BWI, ensure that *waqf* institutions have strong and effective Nazir governance policies and processes in place, which address Shari'a compliance, strategic tools, the control environment, *waqf* management capability, and board of *waqf* institutions' responsibilities. In establishing good *nazhir* governance, there are several main criteria, which are as follows:

- a) The concept and meaning of the Nazir can be employed in current *waqf* institutions, according to Shari'a law, rules, and the *waqf* supervisor. The Nazir is entitled to a portion of the profit generated, calculated as a proportion of the overall profit generated by *waqf* asset and fund investments. If the return from *waqf* investments is inadequate to cover the administration fee, the funds can be raised by non-*waqf* assets such as Sadaqah, Infaq, or a tax on a nationally agreed-upon proportion (Article 59 about *Waqf* Law).
- b) The *waqf* supervisor guides *waqf* institutions on the requirements for good Nazir governance (article 9-14 about *Waqf* Law).
- c) The *waqf* supervisor regularly monitors a *waqf* institution's nazir governance policies and processes to verify that they are Shari'a-compliant and of systemic relevance (article 43 dan 44 about *Waqf* Law).
- d) The *waqf* supervisor sets the nazir governance structures and procedures necessary for nominating and appointing honest, trustworthy, upright, and virtuous personnel (article 10 paragraph 1 about *Waqf* Law).
- e) The *waqf* supervisor decides that the *waqf* institution's Board:
 - i. Approves and actively supervises the *waqf* supervising direction and its strategy execution.
 - ii. Establishes appropriate criteria for choosing nazir officials with excellent character, morality, and having a strong foundation in the essential fields (*waqf* asset/fund collection, *waqf* investment, administration, and disbursement, as well as financial management).
 - iii. Creates a strong control environment and establishes regulations to deal with conflicts of interest. .
 - iv. Ensures that *waqf* governance is effective across the whole *waqf* institution's administration.

- f) The *waqf* supervising officer has the authority to suggest changes in the composition of the *waqf* institution board if it is legally proved that any persons are not executing their obligations (article 45 about *Waqf*).
- g) The *waqf* supervisor keeps/maintains a succession plan in place to increase the quality of *nazhir* through certification.

To develop and optimize the capabilities of *nazhir*, BWI has conducted training and *nazhir* certification which was attended by 35 *Nazhirs* from *Nazhir* institutions that have been registered in Badan Wakaf Indonesia data, from various regions. The urgency of the *Nazhir* certification is to create Good *Nazhir* Governance. Therefore, a professional *Nazir* certification is needed with the capability to develop the *waqf* asset investment business (Ilahi 2021). PBWI no. 2 of 2010 article 2 paragraph 3: *Nazhir* cash *waqf* has at least 2 (two) implementing members and 2 (two) supervisory members (operational supervisors and sharia supervisors) (Tanjung 2021b:10). Now per January 2022 the number of *Nazhir* that had registered by BWI increased to 306 *nazhirs* that is consisting of BWI itself, *waqf* and charitable foundations, legal entity, social or community organizations and others (BWI 2022).

Mr. Bambang Pamungkas as the Strategic & Partnership Manager of the Nazirite Institute of BWI stated:

“It has become a challenge for cash *waqf* stakeholders in Indonesia because the public's understanding of *waqf*, especially cash *waqf*, is still low and there is a lack of awareness of the large potential of *waqf*. Two strategies that have been started by BWI in an effort to maintain the existence of the existing cash *waqf* potential. The first is increasing literacy about the benefits of *waqf* and cash *waqf* to the community, one of their efforts is the creation of the *Waqf* Goes to Campus (WGTC) program. This program tries to socialize *waqf* to university students and the academic community so that they have an understanding of the benefits of *waqf* in general. With the understanding that we (BWI) give to students, it is hoped that in the next 3-5 years they can become wakif. Improving literacy is not only aimed at the community but also to *nazhir* as asset and *waqf* funds managers, therefore BWI holds training and *nazhir* certification for the formation of *Nazhir*'s competence and professionalism. We hope that with the certified *Nazir* their competence will increase so that the community also believes that the *Nazir* they have entrusted to manage *waqf* funds can be trustworthy and professional in managing *waqf* assets”.

The functions and objectives of issuing the Indonesian National Work Competency Standards (SKKNI) through *nazhir* certification is to provide measurable standards in the development of Human Resource (HR) competencies in the field of *waqf*

management (*nazhir*), to ensure that human resource practitioners in *waqf* institutions (*Nazhir*) have national standard qualifications, to build public trust in the management of national *waqf*, and to raise the reputation of *Nazhir* Profession (Saptono 2021:12).

Based on article 13 No. 41/2004, in carrying out his duties as *nazhir*, *nazhir* who is under the management of BWI has the right to receive training and supervising by the Minister and BWI. In the context of *nazhir* supervision *Nazhir* must be registered with the Minister as well as the BWI. As for *Nazhir*'s duties in accordance with article 11 of law no. 41 year 2004 are as follows:

- a) Managing and developing *waqf* assets in accordance with its purpose, function, and designation.
- b) Maintaining and protecting *waqf* assets.
- c) Reporting the implementation of duties to BWI (Tanjung 2021a:20).

4.8. Discussion

4.8.1. The Compliance of Sharia Principles to Cash *Waqf* Established by Badan Wakaf Indonesia

BWI can collaborate with government institutions, both central and regional, private parties, community groups, experts, international agencies, and other parties as needed in carrying out its obligations and tasks as *waqf* managers in Indonesia. Also, in carrying out its duties and functions as mentioned in chapter 4, BWI pays attention to the suggestions and considerations of the minister who organizes government affairs in the field of religion and the Indonesian Ulema Council (MUI) in order to achieve the implementation of cash *waqf* in accordance with Islamic principles. Due to The Indonesian Ulema Council (MUI) is also a supervisory board and also issues *fatwas* on the Islamic law application in Indonesia (BWI 2021a:7). Therefore, BWI will always consider the suitability of Islamic law to the implementation of cash *waqf* in Indonesia in every new policy making (Tanjung 2021b).

“BWI has implemented a cash *waqf* program in accordance with Islamic Law (Shari'a) followed by the establishment of the *waqf* law and fatwas issued by the Indonesian Ulema Council (MUI)”. (Hendri Tanjung in his statement at interview).

The discussion on religious *fatwas* (verdict) taken by MUI in developing cash *waqf* laws tend to be relevant to *ijtihad* (personal reasoning) with its instruments, considering that religious *fatwas* are provided to the public after meeting various

requirements. *Ijtihad* procedures are used to determine Islamic law, including consensus (*ijma'*), analogy (*qiyas*), juristic preference (*Istihsan*), consideration of public interest (*al-maslahah-mursalah*), custom (*'urf*), and blocking means (*sad az-zari'ah*), but still adhering to the objective of Islamic law (*maqashidal-syari'ah*), which is to promote widespread benefit (*maslahah*) and remove harm (*mafsadah*) (Rahayu and Agustianto 2020:148). Therefore, when an Islamic law is included in the area of *ijtihad*, it becomes very flexible, open to new interpretations, dynamic and futuristic. so that, in terms of teaching aspects only, *waqf* is a large enough potential to be developed according to the needs of the times. Moreover, the teachings of *waqf* are included in *Muamalat* which has a very wide reach, especially economic and social development (Hayani 2007:15).

It is clarified in the MUI fatwa decision No. 2 of 2002 about cash *waqf* that the legal provisions of cash *waqf* are permitted (*jawz*). In addition, the MUI fatwa emphasized a number of points concerning the practice of cash *waqf*, including:

- a) Cash *waqf* would only be distributed and utilized for syar'i-compliant purposes.
- b) Cash *waqf*'s principal value must be guaranteed to ensure its long-term viability; it cannot be sold, given, or inherited.

In the fatwa of the Indonesian Ulema Council (MUI), the permissible (*jawz*) rule on cash *waqf* is the outcome of a compromise between many seemingly opposing schools of thought that in the end were eventually brought together. According to Imam Bukhari, Imam-Zuhr issued a fatwa allowing *waqf* with dinars and dirhams to be utilized for development, religious, social, and educational purposes for Muslims by making the money business capital (*Mudharabah*) then the profits are channeled to *mauquf' alaih* (Hayani 2007:48).

The second viewpoint mentioned as a reference for the MUI fatwa on cash *waqf* is that of Hanafi scholars, who allowed cash *waqf* as an exemption on the concept of *Istihsan bil-'urf*. In addition to the foregoing viewpoints, the MUI also uses the viewpoint of some Hanafi scholars, such as Abdullah bin Mas'ud, who explains that "*What Muslims deem good is good in God's sight, and what Muslims think bad is bad in God's sight*". On this basis, the MUI decided that cash *waqf* is legal. Cash *waqf*, also known as *waqf al-Nuqud*, is a *waqf* performed in cash by an individual, group of individuals, organizations, or legal bodies. Securities are included in the definition of money and

has the aim of providing the interest-free loans if the cash *waqf* aims to finance small and medium enterprises (Hafandi and Handayati 2021:9).

The Hanafiyah scholars' perspective that allows cash *waqf* on the basis of *Istihsan bil-'urf* is a technique of assessing the law on the premise of eliminating damage or harm. In the idea of *maslahah*, rejecting damage is a *sharia* goal that must be accomplished. *Maslahah* is accepted as a notion in creating the law by Hanafiyah scholars if the advantage exists and is backed by text and *ijma'*. The *Istihsan* approach is the application of the notion of *maslahah* among Hanafi scholars (Ahmad 2015b:69).

The decisions of fatwa by the Indonesian Ulema Council (MUI) concerning cash *waqf* took into consideration the opinion of Imam Zuhri and the Hanafi school, which produces elements of *maqashid-l-shari'ah* that lead to *maslahah mursalah*. Cash *waqf*, according to MUI, offers a lot of flexibility and benefits that other thing don't have, and it's a good alternative for those looking for a new type of *waqf* that matches their needs and accordance with current conditions (Hafandi and Handayati 2021:9).

Based on the mechanism cash *waqf* implementation in Indonesia established by BWI, it is clear that cash *waqf* established by BWI has met the pillars of *waqf*, namely the presence of *waqf* donor (*waqif*), *waqf* items (*Mauquf*), *waqf* beneficiary (*mauquf'alaih*), *sighat* (*waqf* pledge), *waqf* asset payments and *waqf* principal return at maturity for cash *waqf* investment. At the same time, whether the payment method through *ujrah* (rent), profit sharing, or other payment method of the contract, it does not contradict the principles of Shariah as it is associated to the government Shariah Securities (SBSN) assets to be used for SBSN financing object or state property (BMN) which have economic value and be either for economic or social development.

4.8.2. The Strategy of Cash Waqf Optimization in Badan Wakaf Indonesia

It has become a challenge for cash *waqf* stakeholders in Indonesia because the public's understanding of *waqf*, especially cash *waqf*, is still low and there is a lack of awareness of the large potential of *waqf*. Two strategies that have been started by BWI in an effort to maintain and optimize the existence of the existing cash *waqf* potential. The first is increasing literacy about the benefits of *waqf* and cash *waqf* to the community, one of their efforts is the creation of the *Waqf Goes to Campus* (WGTC) program. This program tries to socialize *waqf* to university students and the academic community so that they have an understanding of the benefits of *waqf* in general. With

the understanding that we (BWI) give to students, it is hoped that in the next 3-5 years they can become wakif. Improving literacy is not only aimed at the community but also to *nazhir* as asset and *waqf* funds managers, therefore BWI holds training and *nazhir* certification for the formation of *Nazhir*'s competence and professionalism. We hope that with the certified Nazir their competence will increase so that the community also believes that the Nazir they have entrusted to manage *waqf* funds can be trustworthy and professional in managing *waqf* assets. Therefore, BWI has held the *nazhir* certification through the program of Good Nazhir Governance. Secondly, in terms of program improvement, basically the Indonesian people only need to be socialized and communicated properly regarding the empowerment of the people through *waqf*, considering the number of Indonesian Muslims who are fairly large and like to give (alms). What BWI is currently doing is trying to figure out how the community can have a strong understanding that *waqf* has a function as a social function and a long-term investment for the benefit of the people and besides that they have eternal savings in the hereafter as a *Jariyah* charity. Therefore, BWI launched several programs such as Cash *Waqf* Linked Sukuk.

In the strategy of Cash *Waqf* fundraising/collecting, there are two strategies applied by LK-BWI in collecting cash *waqf*, namely a programmatic approach because *waqf* must have *Mauquf' alaih* and perpetual. Specifically for cash *waqf*, the first strategy is to utilize technological advances to collect cash *waqf* funds, especially retail *waqf* from the community by launching an official website to raise *waqf* funds, namely "berkahwakaf.id". This site is the official website of BWI which is used to collect *waqf* funds from the public and includes programs for distributing these funds to *mauquf' alaih*. Second, by collaborating with government institutions, one of them with the Ministry of Finance to invest in cash *waqf* in investment instruments that can guarantee the principal of the cash *waqf*. LK-BWI tried an investment instrument that was guaranteed by the government in the form of Sukuk. Until now, BWI and the Government (Ministry of Finance) have launched three series of Retail of *Waqf* Sukuk (SWR) which are intended to invest *waqf* funds from money *waqf* institutions or from *nadzir* institutions either managed by BWI directly or from the community. Retail of *Waqf* Sukuk (SWR) are strategy for BWI to approach institutions where they already manage *waqf* funds or funds collected from donations. For example, educational institutions that have university endowments which BWI then try to offer to use these

funds to be managed in the Retail Sukuk *Waqf* (SWR) instrument and the benefits will later be returned to programs that support the *Tri Dharma* of higher education, whether it is has to do with the development and progress of education, research, or community empowerment.

Hopefully that this *waqf* can become a wheel of community and economic life as happened in the glory of previous Islamic civilizations, for example Turkey which has driven its economy through *waqf* and its assets. We aspire to be able to restore the glory of the previous people through *waqf*. This *waqf* is investment and sustainable or long-term if managed properly then all fields needed by the community such as education, economy, health, and da'wah can be financed by *waqf* funds.

In essence, the experience and narrative above are what we (BWI) want to rebuild so that the community does not have a negative stigma that *waqf* is only intended for the *waqf* institution itself but for the benefit of the community so that people can be aware of the potential benefits of *waqf* and cash *waqf* in particular. By forming movements or projects of the Joint Cash *Waqf* Movement which will be managed together for the benefit of the Indonesian people.

CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1. Conclusion

Concluded that *waqf* is a legal act carried out by a person by holding his property to be used for its benefits in the way of Allah SWT and for the general welfare according to sharia, as long as the money is used in accordance with the purpose of the *waqf* contract. and does not run out or be destroyed. This *waqf* act is a manifestation of obedience to religion because *waqf* is a way of getting closer to Allah SWT.

Cash *waqf* means is *Waqf* performed in the form of money by an individual, group of individuals, institutions, or legal entities. In other words, cash *waqf* is a legal act performed by a donor (Wakif) to separate or distribute a portion of his property in the form of money to be utilized eternally or for a specific length of time for the sake of worship and public welfare in accordance with Shari'a.

With the enactment of Law No. 41/2004 concerning *Waqf* and Government Regulation No. 42/2006 about its management, it became the legal basis in implementing *waqf* practices in Indonesia so that it could advance and encourage the future development of *waqf* in Indonesia. In Law No. 41/2004 and Government Regulation No. 42/2006 it describes the management of *waqf* in which in the management of cash *waqf* the government forms a special institution that handles *waqf*. For the first time, the President of the Republic of Indonesia appoints BWI members by a Presidential Decree (Kepres). No. 75/M of 2007, enacted on July 13, 2007, in Jakarta.

Thus, BWI is an autonomous institution to establish *waqf* in Indonesia, free from the influence of any power and accountable to the community in carrying out its tasks. The foundation of BWI is mandated by Law No. 41/2004 about *Waqf* and Government Regulation No. 42 concerning *Waqf* Management, and one of the duties of BWI is to manage and develop *waqf* assets both domestically and globally.

In the management of cash *waqf*, BWI cooperates with banks that use Shari'a principles in their management, furthermore people who want to donate their money will come to Islamic banks and the funds that are donated will be collected, If there are a large number of money collected, the funds will be managed in the form of investments or deposits so that the collected funds may be effectively managed and the cash *waqf*'s initial value is not lost, the policy regarding its management is in the

hands of BWI, the *waqf* funds will be managed in the form of investments and deposits, the sharia bank (LKS-PWU) is only an intermediary to collect funds from the public in order to make it easier for the public to donate their money and make it easier for recording or data transparency of cash *waqf*, such as a cash *waqf* certificate issued by the sharia bank is a sign of evidence to the *waqf* donor and *nazhir* as evidence of the *waqf* property donation so that the wakif can question the money that has been endowed in accordance with the intended purpose of the *waqf*. If the funds deposited or invested have made a profit, the BWI as *Nazhir* and other *Nazhir* under BWI's supervision will also get a margin of 10% and 90% for further management and social development. The margin obtained by *Nazhirs* or BWI as *nazhir* will be re-managed by BWI for the benefit of the people, especially in terms of the welfare of the people.

The researchers concluded that cash *waqf* at Badan Wakaf Indonesia has been implemented and is currently in the implementation to collect cash *waqf* through sharia banks in the form of deposits and propagates to investment. One form of their effort is by creating several programs and products in the form of cooperation with several institutions such as Cash *Waqf* Linked Sukuk which collaborate with the Ministry of Finance and the Ministry of Religion, the results of which will be used for social development programs such as education, scholarships, economic empowerment, health and religion.

The implementation of the optimization of cash *waqf* in the Indonesian *waqf* agency has complied with the provisions of the Shari'a by taking the opinion of Imam Zuhri and the Hanafi madhhab as the main basis in implementing the development of cash *waqf* in Indonesia. The Ulema Council also acts as a sharia supervisory board to provide fatwas and laws for the implementation of cash *waqf* carried out by Indonesian *waqf* bodies.

With this cash *waqf*, it is hoped that public interest in cash *waqf* will increase because it has a good impact, namely it can provide benefits to the community to improve welfare in the fields of education, health, social services and economic development through the empowerment of small and medium enterprises.

5.2. Recommendation

In general, by empowering *waqf* productively, Muslims can accelerate the improvement of the welfare of their people. There are several suggestions that the author conveys to the related elements below, which are as follows:

a) Government of Indonesia

To the Indonesian government, to totally support the Badan Wakaf Indonesia in socializing and ensuring the success of the cash *waqf* empowerment program, both morally and materially, so that the Indonesian *waqf* agency may fully implement this program.

b) Badan Wakaf Indonesia Institution

- i. Creative and innovative in disseminating the cash *waqf* program to the public and creating an image that cash *waqf* is one of the instruments that has the potential to generate the economy of Muslims, because cash *waqf* is not only beneficial for the community but is also beneficial for the development and implementation of cash *waqf* in Badan Wakaf Indonesia.
- ii. Establishing socio-economic-based partners to collect *waqf* funds and distribute them for the sake of creating equitable, social and economic justice.
- iii. Not only make Cash *Waqf* Recipients: Islamic Financial Institutions (LKS-PWU) as a place to collect funds but also as *nazhir* for the development of cash *waqf*. because by making it (LKS-PWU) as *nazhir* it will make it easier for the community to endow their money and get to know cash *waqf*. With the many products provided by Islamic Financial Institutions recipients of cash *waqf*, the collected funds can be directly used according to the purpose of the cash *waqf*.

c) Community of Indonesia

The community can play an active role in empowering cash *waqf*, for example by donating some of their money or assets to Badan Wakaf Indonesia or Cash *Waqf* Recipients: Islamic Financial Institutions (LKS-PWU). Through these Badan Wakaf Indonesian institutions, the active role of the community is expected for the success and smooth empowerment of cash *waqf*.

d) Researcher

For further research, the author suggests that the Indonesian *waqf* body is interesting to be reviewed, this *waqf* body is continuing its organization which aims to support the productive *waqf* development program so that it can run as expected together. And in general, that cash *waqf* which is one of the innovations of Islamic economic instruments can make a major contribution to society as well as economic and social empowerment if implemented properly and productively.



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APPENDIX

THE STRATEGY OF CASH *WAQF* OPTIMIZATION AT BADAN WAKAF INDONESIA

(Interviews)

Narasumber 1 : Dr. Hendri Tanjung

Jabatan : Commissioner of the Badan Wakaf Indonesian (BWI)

Narasumber 2 : Bambang Pamungkas

Jabatan : Manager Strategis dan Partnership Lembaga *Kenazhiran* BWI

Narasumber 3 : Rika Widyawati

Jabatan : Manager Operasional dan Keuangan BWI

1. Kapan BWI secara resmi di dirikann dan atas dasar apa dibentuknya BWI?

Jawaban: BWI dibentuk atau didirikan secara resmi pada tahun 2007. Dibentuk atas asas amanat undang undang dasar No. 49 tahun 2004 yang memiliki peran dalam mengelola asset wakaf di Indonesia.

2. Apa visi dan misi BWI?

Jawaban: BWI memiliki Visi dan Misi sebagaimana berikut;

Visi BWI: Terwujudnya Lembaga independent yang dipercaya masyarakat, mempunyai kemampuan dan integritas untuk mengembangkan perwakafan nasional dan internasional.

Misi BWI: Menjadikan Badan Wakaf Indonesia sebagai Lembaga professional yang mampu mewujudkan potensi dan manfaat ekonomi harta benda wakaf untuk kepentingan ibdah dan Pemberdayaan masyarakat.

3. Bagaimana model pengelolaan wakaf tunai di BWI?

Jawaban: Di Badan Wakaf Indonesia (BWI), dalam pengelolaan wakaf tunai di Indonesia, BWI mendirikan Lembaga khusus untuk menangani wakaf uang di indonesia. BWI memiliki 6 tugas penting; melakukan pembinaan terhadap *nazhir*; mengembangkan dan mengelola harta benda wakaf berskala nasional maupun internasional; memberhentikan an mengganti *nazhir* jika diperlukan; memberikan izin atas perubahan peruntukan dan status harta benda wakaf; memberikan persetujuan atas

penukara harta wakaf; memberikan saran dan pertimbangan kepada Pemerintah dalam penyusunan kebijakan di bidang perwakafan.

Dalam hal pengembangan dan pengelolaan harta benda wakaf yang terdapat pada poin nomor 2 sesuai dengan pasal 49 BWI membentuk unit khusus yang disebut sebagai Lembaga *Kenazhiran* (LK) yang sesungguhnya terpisah dari BWI karena BWI mendapat anggaran dari APBN untuk melakukan kegiatan serta program BWI dan tidak memungut biaya dari manapun bahkan BWI memberikan biaya. Kemudian dalam kasus yang bersifat generate income atau fundrising seperti wakaf uang maka dibentuk Lembaga *Kenazhiran* BWI (LK-BWI) yang berada dibawah pengawasan BWI. Lembaga *Kenaziran* tersebut memiliki peran dan tugas dalam pengumpulan harta benda wakaf (uang).

4. Berhubungan dengan Lembaga *Kenazhiran* (LK), bagaimana strategi LK-BWI dalam mengumpulkan dana Wakaf Uang?

Jawaban: Ada dua strategi yang diterapkan LK-BWI dalam mengumpulkan wakaf uang adalah pendekatan dari sisi program karena wakaf harus memiliki *Mauquf* alaih dan memiliki sifat abadi. Khusus wakaf uang strategi pertama yang dilakukan adalah memanfaatkan kemajuan teknologi untuk penghimpunan dana wakaf uang khususnya wakaf retail dari masyarakat dengan meluncurkan website resmi guna melakukan penggalangan dana *waqf* yaitu “berkahwakaf.id”. Situs tersebut merupakan situs resmi BWI yang digunakan untuk menghimpun dana wakaf dari masyarakat dan juga didalamnya terdapat program-program penyaluran dana tersebut kepada *mauqufailaih*. Kedua, dengan melakukan kolaborasi kepada Lembaga pemerintahan salah satunya dengan kementerian keuangan guna melakukan investasi wakaf uang dalam instrument investasi yang dapat menjamin keutuhan wakaf uang tersebut. LK-BWI mencoba instrument investasi yang lebih dijamin oleh Pemerintah dalam bentuk Sukuk. Sampai sekarang BWI dan Pemerintah (kementerian Keuangan) sudah meluncurkan tiga series Sukuk Wakaf Ritel (SWR) yang diperuntukkan untuk menginvestasikan dana wakaf dari lembaga-lembaga wakaf uang atau dari lembaga *kenadziran* baik itu yang dikelola oleh BWI langsung maupun yang dari masyarakat. Sukuk Wakaf Ritel (SWR) menjadi strategi bagi BWI untuk mendekati Lembaga-lembaga yang dimana mereka sudah mengelola dana wakaf atau dana yang dihimpun dari donasi. Seperti contoh, Lembaga Pendidikan yang memiliki dana abadi perguruan tinggi yang kemudian kita (BWI) mencoba menawarkan penggunaan dana tersebut untuk dikelola dalam instrument Sukuk Wakaf Ritel (SWR) dan manfaatnya nanti akan dikembalikan dalam program-program yang mendukung Tri Dharma perguruan

tinggi baik itu yang ada kaitannya dengan perkembangan dan kemajuan pendidikan, penelitian, ataupun pemberdayaan masyarakat.

5. Adakah target yang di tentukan oleh BWI dalam penghimpunan dana wakaf uang setiap tahunnya dan berapa besar target yang ditentukan?

Jawaban: BWI memiliki target pengumpulan wakaf namun belum begitu maksimal, untuk merealisasikannya BWI berkerjasama dengan Kementrian Keuangan dalam mengeluarkan Produk *Cash Waqf Linked Sukuk (CWLS)* yang memiliki target pengumpulan dana wakaf mencapai Rp 100 Miliar pertahun. Namun itu semua tergantung dengan program-program CWLS karena jika hanya mengandalkan wakaf uang individual itu sangat kecil, oleh karena itu BWI juga mengajak Lembaga swasta maupun pemerintahan dalam berwakaf uang karena potensinya yang sangat besar.

6. Apa yang diberikan oleh BWI kepada wakif sebagai bukti penyerahan wakaf tunai?

Jawaban: BWI akan memberikan Serifikat Wakaf Uang (SWU) kepada Wakif sebagai bukti penyerahan wakaf uang yang telah dilakukan melalui beberapa bank syariah sebagai peneriman wakaf uang.

7. Berapakah minimal wakaf tunai agar wakif dapat menerima sertifikat wakaf tunai? Lalu bagaimana prosedurnya?

Jawaban: Untuk mendapatkan Serifikat Wakaf Uang (SWU) yang diterbitkan oleh BWI, Wakif harus mewakafkan hartanya minimal IDR 1000.000. Adapun proses penerimaan SWU tersebut adalah Wakif menyerahkan harta yang akan diwakafkan kepada Lembaga Keuangan Syariah yang telah di tunjuk oleh BWI sebagai Lembaga Keuangan Syariah Penerima Wakaf Uang (LKS-PWU) kemudian LKS-PWU dapat memberikan bukti penyerahan dana wakaf uang berupa Sertifikat Wakaf Uang (SWU). Selanjutnya Dana wakaf uang tersebut akan dimasukkan atau dicatat ke rekening Lembaga *Kenazhiran* Wakaf BWI (LK-BWI).

8. Apakah program, serta implementasi wakaf tunai di BWI sudah sesuai dengan syariat islam dan sesuai rencana yang akan/dilakukan?

Jawaban: BWI sudah menjalankan program wakaf uang sesuai dengan Syariat Islam dilanjutkan dengan terbentuknya undang undang tentang wakaf serta fatwa wakaf uang yang telah dikeluarkan oleh Majelis Ulama Indonesia (MUI).

BWI telah melaksanakan program programnya namun belum maksimal dengan contoh kasus, BWI memiliki target penggalangan dana IDR 100.000.000.000 pertahun namun hanya IDR 80.000.000.000 yang baru terkumpulkan.

9. Hasil dari wakaf uang, digunakan atau ditunjukkan untuk apa hasil dari pengelolaan wakaf tunai tersebut?

Jawaban: Dari sisi strukturnya sesuai dengan ketentuan pendistribusian wakaf uang yang mana tercantum didalam undang-undang yang telah dibuat oleh BWI maupun Kementerian Agama, bahwa minimal distribusi kepada Mauquf alaih adalah 50% dan maksimal hak nazir adalah 10%. Kemudian ada biaya operasional ataupun biaya cadangan yang akan digunakan untuk pengembangan asset wakaf produktif. Untuk investasi wakaf tunai memiliki dua jenis investasi, langsung dan tidak langsung. Investasi wakaf langsung dapat digunakan dalam pembangunan universitas ataupun Rumah sakit diatas tanah wakaf. Sedangkan investasi tidak langsung dilakukan melalui LKS-PWU, kemudian dana wakaf uangnya diinvestasikan lalu hasilnya (bagi hasil) didistribusikan kepada pihak-pihak yang berkepentingan (Mauquf' alaih). Dana wakaf uang diperuntukkan/dialurkan kepada Mauquf alaihi, seperti pada SWR001 yang hasil dananya digunakan untuk pendirian dan pengembangan Rumah sakit mata Achmad Wardi di Serang, Banten. Pada SWR002 hasil dana wakaf uang tersebut ditujukan untuk kemaslahatan-kesejahteraan umat, pembangunan Kesehatan dan ekonomi. SWR003 masih dalam proses penawaran, yang mana SWR003 ini mencoba untuk menawarkan program pengembangan selain di ranah Kesehatan, yaitu program Pemberdayaan masyarakat berupa ketahanan pangan yang akan diwujudkan dalam bentuk Pemberdayaan para peternak sapi. Jadi programnya adalah pengadaan bibit bibit sapi yang diupayakan dapat membantu peningkatan dan Pemberdayaan serta kesejahteraan para peternak sapi yang kemudian hasil dari penjualan sapi tersebut dibagi dua (bagi hasil). Hasil tersebut akan di wujudkan dalam bentuk program beasiswa. Karena program tersebut tengah bekerjasama dengan Institut Pertanian Bandung (IPB).

10. Apa strategi yang diterapkan oleh BWI dalam/untuk meningkatkan, memamfaatkan dan menjaga eksistensi potensi wakaf uang di indonesia?

Jawaban: Sudah menjadi tantangan tersendiri bagi para stakeholder wakaf uang di Indonesia karena pemahaman masyarakat terkait dengan wakaf khususnya wakaf uang terbilang masih rendah dan kurangnya kesadaran dengan adanya potensi wakaf yang cukup besar. Dua strategi yang sudah mulai dilakukan oleh BWI dalam upaya menjaga eksistensi potensi wakaf uang yang ada, pertama adalah peningkatan literasi tentang manfaat wakaf dan wakaf uang kepada masyarakat salah satu upayanya adalah dengan menciptakan program Wakaf Goes to Campus (WGTC) program ini mencoba untuk mensosialisasikan perwakafan kepada mahasiswa-mahasiswa dan civitas akademika perguruan tinggi agar mereka memiliki pemahaman terkait manfaat wakaf

secara umum. Dengan pemahaman yang kita (BWI) berikan kepada mahasiswa diharap 3-5 tahun kedepan mereka dapat menjadi wakif. Peningkatan literasi tidak hanya ditujukan kepada masyarakat saja melainkan juga kepada para *nazhir* sebagai pengelola asset dan dana wakaf, oleh karena itu BWI menggelar pelatihan serta sertifikasi *nazhir* demi terbentuknya kompetensi dan profesionalitas *nazhir*. Kita berharap dengan Nazir yang tersertifikasi kompetensi mereka meningkat sehingga masyarakat pun juga percaya kalau Nazir yang mereka amanahkan untuk mengelola dana wakaf itu bisa amanah dan profesional dalam mengelola harta benda wakaf. Kedua dari sisi peningkatan program pada dasarnya masyarakat Indonesia hanya tinggal di sosialisasikan dan dikomunikasikan dengan baik terkait Pemberdayaan umat melalui wakaf, mengingat jumlah kaum muslimin Indonesia yang terbilang banyak dan suka memberi (bersedekah). Yang saat ini BWI lakukan adalah mengupayakan bagaimana masyarakat dapat memiliki pehaman yang kuat bahwa wakaf itu memiliki fungsi sebagai fungsi social dan investasi jangka Panjang bagi kemaslahatan umat dan disamping itu mereka memiliki tabungan abadi di akhirat kelak sebagai amal Jariah. Oleh karena itu BWI meluncurkan beberapa program seperti Cash *Waqf* Linked Sukuk.

11. Apa saja factor penghambat dan pendukung dalam pelaksanaan serta pengelolaan wakaf uang yang dirasakan oleh BWI?

Jawaban: Faktor pendukung, dalam hal ini Pemerintah juga memberikan konsen yang baik dengan mencoba mengembangkan instrument investasi wakaf melalui Sukuk Wakaf Ritel (SWR) ataupun sukuk wakaf yang sifatnya private placement yang mana hasilnya sudah dapat dimanfaatkan oleh para *nazhir* dan Mauquf'alah. Dari aspek hambatan, pertama dari sisi regulasi yang belum mendukung kelengkapan aturan terkait perwakafan misalkan perpajakan yang mana mengambil sebesar 20% dari deposito wakaf uang yang di berikan wakif kepada *nazhir* melalui LKS-PWU. Yang mana pada dasarnya pajak juga bertujuan untuk kesejahteraan masyarakat begitupun dengan wakaf uang, jadi menurut saya (Bambang) penarikan pajak tidak diperlukan melihat tujuan dari hasil tersebut adalah sama untuk program-program kemaslahatan masyarakat. Kedua, banyak masyarakat yang antipati terkait perwakafan seperti contoh kasus Ketika Presiden Republik Indonesia meresmikan Gerakan Nasional Wakaf Uang (GNWU) January 2020 silam, banyak dari masyarakat yang memiliki narasi negative terhadap program tersebut dengan menyatakan bahwa negara kekurangan uang dan mencoba menggunakan dana wakaf untuk membiayai Anggaran Pendapatan dan Belanja Negara (APBN). Narasi tersebut yang menjadi sedikit banyaknya hambatan dalam meningkatkan potensi wakaf uang yang ada di Indonesia.

Ketiga, kita sendiri (BWI) masih belum bisa berkolaborasi dalam bentuk program Bersama jadi masih terpisah atau terkotak-kotakan antara satu Lembaga dengan Lembaga pengelola wakaf lainnya. Misalkan kita (BWI dan Lembaga pengelola wakaf lainnya) membuat satu program Bersama yang dikelola secara Bersama tentu hasilnya akan sangat dahsyat.

12. Didalam pasal 49 ayat 2 tahun 2004 tentang wakaf, BWI dapat bekerjasama dengan instansi Pemerintah baik Pusat maupun Daerah, organisasi masyarakat, para ahli, badan internasional, dan pihak lain yang dipandang perlu. Lalu apakah BWI sudah melakukan Kerjasama oleh beberapa pihak diatas dan dalam bentuk apa Kerjasama yang dilakukan?

Jawaban: Bentuk Kerjasama dan Kolaborasi yang telah dilakukan oleh BWI atau LK-BWI didalam negeri adalah bekerjasama kepada Kementerian Agama dalam mengelola wakaf uang Aparatur Sipil Negara (ASN) Kementerian Agama dan ini sudah berjalan sejak tanggal 28 desember 2020 hingga saat ini yang mana hasil investasinya ditujukan untuk kesejahteraan masyarakat. Kemudian BWI dan KNKS tengah mengupayakan Gerakan Nasional Wakaf Uang (GNWU) dapat digunakan untuk menggerakkan kementerian-kementerian serta Badan Usaha Milik Negara (BUMN) untuk berwakaf. Namun saat ini masih tahap negosiasi. Dalam skala internasional BWI sudah menjalin Kerjasama dengan Awqaf Property Investment Fund (APIF) yang merupakan anak perusahaan dari Islamic Development Bank (IDB) yang mana mereka membiayai asset-asset wakaf produktif. Adapun bentuk Kerjasama wakaf produktif yang masih dalam tahap pengajuan, berupa proyek pembangunan Awqaf Tower di Kuningan, kemudian Pembiayaan pembangunan Rumah Sakit Salman ITB diatas tanah atau lahan wakaf Yayasan masjid Salman ITB. Selanjutnya, pembangunan pabrik kelapa sawit, ini merupakan kolaborasi antara global wakaf dan perusahaan Pemerintah daerah Kabupaten Musi, Banyuasin.

13. Apa tugas utama dari LKS-PWU yang telah ditunjuk oleh BWI?

Jawaban: LKS-PWU merupakan Lembaga Keuangan Syariah Penerima Wakaf Uang yang telah teregistrasi di Kementerian agama dan telah ditunjuk oleh BWI. LKS-PWU menjadi Lembaga penerima wakaf uang yang menerima wakaf uang dari masyarakat maupun Lembaga-lembaga kementerian nasional dan mereka memiliki fungsi untuk menginvestasikan dan menjamin wakaf uang agar pokok dari wakaf uang tersebut tidak berkurang dan hilang. Selain itu LKS-PWU juga dapat/harus menerbitkan sertifikat wakaf uang (SWU) yang akan diberikan kepada Wakif dengan minimal wakaf uang Rp 1000.000.

14. Apa harapan besar BWI kedepannya terkait besarnya potensi wakaf uang di Indonesia?

Jawaban: Kami (BWI) berharap wakaf ini bisa menjadi roda kehidupan masyarakat dan ekonomi sebagaimana yang terjadi pada kejayaan peradaban Islam terdahulu, seperti contohnya Turki yang telah menggerakkan roda perekonomiannya melalui wakaf beserta asset-asetnya. Kami bercita-cita dapat mengembalikan kejayaan umat terdahulu melalui wakaf. Wakaf ini sifatnya investasi dan berkelanjutan atau jangka Panjang yang kalau dikelola dengan baik maka semua bidang yang dibutuhkan oleh masyarakat seperti Pendidikan, ekonomi, Kesehatan, dan dakwah dapat dibiayai oleh dana wakaf.

Hakikatnya pengalaman dan narasi di atas yang ingin kita (BWI) Bangun Kembali sehingga masyarakat tidak memiliki stigma negative bahwa wakaf hanya diperuntukan untuk Lembaga wakaf itu sendiri melainkan untuk kepentingan masyarakat sehingga masyarakat dapat sadar akan manfaat potensi wakaf dan wakaf uang khususnya. Dengan membentuk Gerakan-gerakan atau proyek Gerakan wakaf uang Bersama yang nanti dikelola Bersama juga untuk kemaslahatan masyarakat Indonesia.

THE STRATEGY OF CASH *WAQF* OPTIMIZATION AT BADAN WAKAF INDONESIA

(Interview Questions)

Interviewees 1	: Dr. Hendri Tanjung
Position	: Commissioner of the Badan Wakaf Indonesian (BWI)
Interviewees 2	: Bambang Pamungkas
Position	: Strategic and Partnership Manager for BWI's Nazirite Institution
Interviewees 3	: Rika Widyawati
Position	: Operations and Finance Manager of BWI

1. When was Badan Wakaf Indonesia (BWI) officially established and on what basis was it formed?

Answer: BWI was formed or officially established in 2007. It was formed based on the mandate of the constitution no. 49 of 2004 which has a role in managing *waqf* assets in Indonesia.

2. What is the vision and mission of BWI?

Answer: BWI has the following Vision and Mission.

BWI's vision: The realization of an independent institution that is trusted by the community, has the ability and integrity to develop national and international *waqf*.

BWI's mission: To make Badan Wakaf Indonesia (BWI) a professional institution capable of realizing the potential and economic benefits of *waqf* property for the benefit of worship and community empowerment.

3. What is the cash *waqf* management model at BWI?

Answer: In Badan Wakaf Indonesia (BWI), about cash *waqf* management in Indonesia, BWI established a special institution to handle *waqf* in Indonesia. BWI has 6 important tasks; conduct training on *nazhir*; develop and manage *waqf* assets on a national and international scale; dismiss and replace *nazhir* if necessary; grant permission for changes to the designation and status of *waqf* property; give approval for the exchange of *waqf* assets; provide advice and consideration to the Government in formulating policies in the field of *waqf*. In terms of the development and management of *waqf* assets as referred to in point number 2 in accordance with article 49 of 2004, BWI has formed a special unit called the Nazirite Institution which is

actually separate from BWI because BWI gets a fund from the State Budget to carry out BWI's activities and programs and does not collect fees from anywhere even BWI provides funds. Then in cases that generate income or fundraising such as cash *waqf*, the BWI Nazirite Institution is formed which is under the supervision of BWI. The Nazirite institution has a role and task in collecting cash *waqf* fund.

4. Regarding to the Nazirite Institution (LK), what is the strategy of LK-BWI in collecting cash *waqf* funds?

Answer: There are two strategies applied by LK-BWI in collecting cash *waqf*, namely a programmatic approach because *waqf* must have *Mauquf' alaih* and perpetual. Specifically for cash *waqf*, the first strategy is to utilize technological advances to collect cash *waqf* funds, especially retail *waqf* from the community by launching an official website to raise *waqf* funds, namely "berkahwakaf.id". This site is the official website of BWI which is used to collect *waqf* funds from the public and also includes programs for distributing these funds to *mauquf' alaih*. Second, by collaborating with government institutions, one of them with the Ministry of Finance to invest in cash *waqf* in investment instruments that can guarantee the principal of the cash *waqf*. LK-BWI tried an investment instrument that was guaranteed by the government in the form of Sukuk. Until now, BWI and the Government (Ministry of Finance) have launched three series of Retail of *Waqf* Sukuk (SWR) which are intended to invest *waqf* funds from money *waqf* institutions or from *nadzir* institutions either managed by BWI directly or from the community. Retail of *Waqf* Sukuk (SWR) are a strategy for BWI to approach institutions where they already manage *waqf* funds or funds collected from donations. For example, educational institutions that have university endowments which we (BWI) then try to offer to use these funds to be managed in the Retail Sukuk *Waqf* (SWR) instrument and the benefits will later be returned to programs that support the Tri Dharma of higher education, whether it is has to do with the development and progress of education, research, or community empowerment.

5. Is there a target set by BWI in collecting cash *waqf* funds every year and how much is the target set?

Answer: BWI has a target for collecting cash *waqf* fund, although it is not yet fully maximized. To achieve this, BWI works and collaborates with the Ministry of Finance to issue Cash *Waqf* Linked Sukuk (CWLS) products with a target of collecting IDR 100 billion in *waqf* money each year. However, it all depends on the CWLS programs since individual cash *waqf* is relatively limited. As a result, BWI welcomes corporate and government institutions to establish cash *waqf* because of its enormous potential.

6. What does BWI provide to wakif as proof of cash *waqf* submission?

Answer: BWI will provide a Cash *Waqf* Certificate (SWU) to the Wakif as proof of the cash *waqf* submission that has been made through several shariah banks as cash *waqf* recipients.

7. What is the minimum cash *waqf* so that a Wakif can receive a cash *waqf* certificate? Then what is the procedure?

Answer: To get a Cash *Waqf* Certificate (SWU) issued by BWI, Wakif must donate their assets at a minimum number IDR 1000.000. The process for receiving the Cash *Waqf* Certificate (SWU) is that the Wakif donates the assets (cash) to be endowed to a Shariah Financial Institution that has been appointed by BWI as a Shariah Financial Institution Recipient of Cash *Waqf* (LKS-PWU). in the form of a Cash *Waqf* Certificate (SWU) then LKS-PWU can provide evidence of submission of cash *waqf* funds in the form of a Cash *Waqf* Certificate (SWU). Furthermore, the cash *waqf* funds will be entered or recorded into the account of the BWI Nazirite *Waqf* Institution (LK-BWI).

8. Are the programs, as well as the implementation of cash *waqf* at BWI in accordance with Islamic law and according to the plans that will be and will be carried out?

Answer: BWI has implemented a cash *waqf* program in accordance with Islamic Law (Shari'a) followed by the establishment of the *waqf* law and fatwas issued by the Indonesian Ulema Council (MUI). BWI has implemented its programs, but they have not been maximized with case studies. BWI's aim is to earn IDR 100,000,000,000 annually, but only IDR 80,000,000,000 has been collected thus far.

9. What are the incomes (results) of the cash *waqf* used or intended for?

Answer: In terms of structure, it is in accordance with the provisions on the distribution of cash *waqf* which is stated in the law that has been made by BWI and the Ministry of Religion, that the minimum distribution to Mauquf alaih is 50% and the maximum of Nazir's rights is 10%. Then there are operational costs or reserve costs that will be used for the development of productive *waqf* assets. For cash *waqf* investment, there are two types of investment, direct and indirect. Direct *waqf* investment can be used in the construction of universities or hospitals on *waqf* land. Meanwhile, indirect investment is carried out through LKS-PWU, then the cash *waqf* funds are invested and the results (profit sharing) are distributed to the aimed parties (Mauquf'alaih). Cash *waqf* funds are allocated/distributed to Mauquf'alaih, as in SWR001 whose proceeds were used for the establishment and development of the Achmad Wardi Eye Hospital in Serang, Banten. In SWR002, the proceeds of the *waqf* funds are intended for the welfare of the people, health, and economic development. SWR003 is still in the bidding process, where SWR003 is trying to offer development

programs other than in the health sector, namely the community empowerment program in the form of food security which will be realized in the form of empowering cattle breeders. So, the program is the procurement of cattle seeds which are sought to help increase and empower and prosper the cattle breeders which then the proceeds from the sale of the cows are divided into two (profit sharing). The results will also be realized in the form of a scholarship program. Because the program is in collaboration with the Bandung Agricultural Institute (IPB).

10. What are the obstacles and supporting factors in the implementation and management of cash *waqf* faced by BWI?

Answer: The supporting factor, in this case the Government is also giving good consent by trying to develop *waqf* investment instruments through Retail of *Waqf* Sukuk (SWR) or *waqf* sukuk which are private placements, the results can be utilized by the *Nazhir* and *Mauquf'alaih*. From the aspect of obstacles, first from the side of regulations that do not support the completeness of rules related to *waqf*, for example taxation which takes 20% of the money *waqf* deposits given by *wakif* to *nazhir* through LKS-PWU. Basically, taxes are also aimed at the welfare of the community as well as cash *waqf*, so in my opinion (Bambang) tax collection is not necessary because the purpose of these results is the same for public benefit programs. Second, many people are antipathy to *waqf*, such as the case when the President of the Republic of Indonesia inaugurated the National Money *Waqf* Movement (GNWU) last January 2020, many of the people had negative narratives about the program by stating that the state lacked money and tried to use *waqf* funds to finance the State Revenue and Expenditure Budget (APBN). This narrative has become more or less an obstacle in increasing the potential of cash *waqf* in Indonesia. Third, we ourselves (BWI) are still unable to collaborate in the form of a joint program, so we are still separated or divided between one institution and other *waqf* management institutions. For example, if we (BWI and other *waqf* management institutions) make a joint program that is managed jointly, the results will be very large and powerful.

11. What are the strategies implemented by BWI in/to optimizing the potential of cash *waqf* in Indonesia?

Answer: It has become a challenge for cash *waqf* stakeholders in Indonesia because the public's understanding of *waqf*, especially cash *waqf*, is still low and there is a lack of awareness of the large potential of *waqf*. Two strategies that have been started by BWI in an effort to maintain the existence of the existing cash *waqf* potential. The first is increasing literacy about the benefits of *waqf* and cash *waqf* to the community, one of their efforts is the creation of the *Waqf* Goes to Campus (WGTC) program. This program tries to socialize *waqf* to university students and the academic community so

that they have an understanding of the benefits of *waqf* in general. With the understanding that we (BWI) give to students, it is hoped that in the next 3-5 years they can become wakif. Improving literacy is not only aimed at the community but also to *nazhir* as asset and *waqf* funds managers, therefore BWI holds training and *nazhir* certification for the formation of *Nazhir*'s competence and professionalism. We hope that with the certified Nazir their competence will increase so that the community also believes that the Nazir they have entrusted to manage *waqf* funds can be trustworthy and professional in managing *waqf* assets. Secondly, in terms of program improvement, basically the Indonesian people only need to be socialized and communicated properly regarding the empowerment of the people through *waqf*, considering the number of Indonesian Muslims who are fairly large and like to give (alms). What BWI is currently doing is trying to figure out how the community can have a strong understanding that *waqf* has a function as a social function and a long-term investment for the benefit of the people and besides that they have eternal savings in the hereafter as a Jariyah charity. Therefore, BWI launched several programs such as Cash *Waqf* Linked Sukuk.

12. In article 49 paragraph 2 of 2004 concerning *waqf*, BWI can cooperate with government agencies, both central and regional, community organizations, experts, international bodies, and other parties deemed necessary. Then has BWI done cooperation by several parties above and in what form is the cooperation carried out? Answer: The form of Cooperation and Collaboration that has been carried out by BWI or LK-BWI in Indonesia is collaborating with the Ministry of Religion in managing cash *waqf* of the State Civil Apparatus (ASN) of the Ministry of Religion and this has been running since December 28, 2020, until now where the investment results are intended for community welfare. Then BWI and KNKS are working on the National Money *Waqf* Movement (GNWU) that can be used to mobilize ministries and state-owned enterprises (BUMN) for *waqf*. However, it is still in the negotiation stage. On an international scale, BWI has established a partnership with the Awqaf Property Investment Fund (APIF), which is a subsidiary of the Islamic Development Bank (IDB), where they finance productive *waqf* assets. As for the form of productive *waqf* cooperation which is still in the submission stage, in the form of the Awqaf Tower construction project in Kuningan, then financing the construction of the Salman ITB Hospital on land or *waqf* land of the Salman ITB Mosque Foundation. Furthermore, the construction of a palm oil mill, this is a collaboration between global *waqf* and the local government company of Musi Regency, Banyuasin.

13. What are the main tasks of the LKS-PWU that have been appointed by BWI?

Answer: LKS-PWU is a Sharia Financial Institution Recipient of Cash *Waqf* that has been registered with the Ministry of Religion and has been appointed by BWI. LKS-PWU is a cash *waqf* receiving institution that accepts cash *waqf* from the public as well as national ministerial institutions and they have the function to invest and guarantee cash *waqf* so that the principal of the cash *waqf* is not reduced and lost. In addition, LKS-PWU can/must issue a cash *waqf* certificate (SWU) which will be given to Wakif with a minimum cash *waqf* of IDR 1,000,000.

14. What are BWI's big hopes for the future regarding the potential for cash *waqf* in Indonesia?

Answer: We (BWI) hope that this *waqf* can become a wheel of community and economic life as happened in the glory of previous Islamic civilizations, for example Turkey which has driven its economy through *waqf* and its assets. We aspire to be able to restore the glory of the previous people through *waqf*. This *waqf* is investment and sustainable or long-term if managed properly then all fields needed by the community such as education, economy, health, and da'wah can be financed by *waqf* funds.

In essence, the experience and narrative above are what we (BWI) want to rebuild so that the community does not have a negative stigma that *waqf* is only intended for the *waqf* institution itself but for the benefit of the community so that people can be aware of the potential benefits of *waqf* and cash *waqf* in particular. By forming movements or projects of the Joint Cash *Waqf* Movement which will be managed together for the benefit of the Indonesian people.

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