

## The Proposed Model for Successful Cash Waqf Management for Waqf Institutions in Indonesia

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### ABSTRACT

*The collection of cash waqf in Indonesia shows an increase. It is in line with the existence of an agency that explicitly handles Waqf in Indonesia, namely the Indonesian Waqf Board (BWI). However, specific research that focuses on the successful management of cash waqf is still limited. This study aims to describe the determinants of the success of cash waqf management. Literature research data sourced from Google Scholar. Data collection using the publish or perish application. Data analysis used the preferred reporting items for systematic reviews and meta-analyses (PRISMA). The study results have identified five indicators of successful cash waqf management: regulation, nazir, mauquf 'alaih, Islamic financial institutions, and management systems. In the end, this research has also produced a conceptual model that determines the success of cash waqf management. The Indonesian Waqf Board and community organizations that manage cash waqf can respond to the results of this study by increasing their contribution to the five success factors of cash waqf management.*

*Keywords: cash waqf, waqf management, Prisma-p.*

### INTRODUCTION

Cash waqf can support the overall development process, both in the development of human resources and economic and social development (Kamal 2021). Cash waqf is one of the waqf products with a business character and can be an alternative to productive other waqf assets (Hasanah, Sulistya, and Irfany 2021). Based on Nasution's (2005) calculation (Hasanah et al., 2021), Indonesia's possible amount of cash waqf reaches IDR 3 trillion. In detail, these are presented in Table 1.

**Table 1.** Potential of Cash Waqf in Indonesia

Income Level/Month (IDR)	Number of Muslims (Persons)	Waqf Rates/Month (IDR)	Possible Cash Waqf/Month (IDR)	Likely Cash Waqf/Year (IDR)
500.000	4 million	5.000	20 billion	240 billion
1 – 2 million	3 million	10.000	30 billion	360 billion
2 – 5 million	2 million	50.000	100 billion	1.2 trillion
5 – 10 million	1 million	100.000	100 billion	1.2 trillion
Total				3 trillion

Source: Nasution (2005) in Hasanah et al. (2021).

In 2001, based on a recent study conducted by the National Committee for Islamic Economics and Finance Nasional (2021), Indonesia's possible amount of cash waqf reached IDR180 trillion per year. The considerable potential of cash waqf needs to be optimized for general welfare (Syauqi 2014). Therefore, the discussion about the determinants of the success of cash waqf must be the concern of all parties

Cash waqf is related to Waqf carried out by a person, group of people, and institutions or legal entities in the form of cash/money (Rochmat 2010). Cash waqf is essential in sharia economic finance (Kamal 2021). Cash waqf is performed based on the Qur'an and Hadith. For example, in the Qur'an, Surah Ali Imran (3) verse 92, it is stated, "You will not get good until you spend some of the wealth you love. And whatever you spend, about it indeed, Allah is Knowing." Furthermore, in the hadith narrated by Abu Hurairah r.a. indeed the Prophet. Has said, "When a child of Adam dies, his deeds are cut off except for three things: charity, beneficial knowledge, and a pious child who prays for his parents" (H.R. Muslim: 3084).

However, Indonesia still has not optimally depicted the picture of the determinants of the success of cash waqf management. This condition is caused by the lack of a comprehensive picture related to the success of cash waqf management. It leads to the management of cash waqf developed in Indonesia that has not been maximized as the potential exists. The Indonesian people need to describe successful cash waqf management to face various challenges in this century. One effort that needs to be made is to identify and develop a conceptual model of the determinants of the success of cash waqf management.

Various analyzes of the success of cash waqf management have been performed, e.g. Yani (2019). However, the analysis done by Yani (2019) relates to the success of cash waqf services in Turkey. Furthermore, the research conducted by (Kuncorowati, Achسانی, and Hafidhuddin 2018) discussed more waqf risk management. Meanwhile, discussion on the determinants of the success of cash waqf management is still limited. In line with this information, research on the determinants of the success of cash waqf needs to be done because it can provide information about the factors that influence the success of cash waqf management. In addition, the findings can be used as the basis for research on developing cash waqf management in Indonesia. The results can also be used by the Indonesian Waqf Board and the Nazir Waqf Institution, which wish to succeed in the direction of cash waqf. Therefore, this study aims to develop a conceptual model of the determinants of the success of cash waqf management.

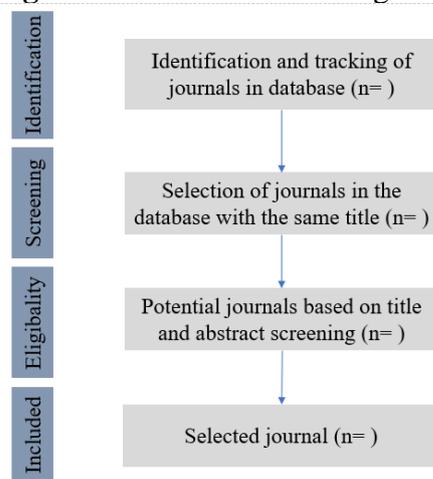
## **METHOD**

The research design used a qualitative method with a literature review approach. This research design is used to identify the critical success factors of cash waqf management. The data source comes from reference journals in the Google Scholars database. Data collection techniques using the publish or perish application. Article selection was carried out using the PRISMA-P (Preferred Reporting Items for Systematic Reviews and Meta-Analyses Protocols) approach.

Based on the PRISMA-P approach, the data selection process was carried out in four stages: identification, screening, eligibility, and included, as presented in Figure 1. At the identification stage, articles were identified and searched in the database using the title word "management of cash waqf" and the keyword "success". At the screening stage, articles are selected in the database by excluding articles that have similarities. Finally, potential articles were established in the eligibility stage based on title and abstract screening (n=16). An exception was also made using three criteria: not a journal article/proceeding, not available full text, and irrelevant exposure. (Shahab, Rizkianti, and Herardi 2021).

The data that has been selected is based on the results of PRISMA-P. In detail, the PRISMA procedure can be seen in Figure 1.

**Figure 1.** PRISMA Flow Diagram Procedure Chart



Source: Shahab et al. (2021)

In this study, the descriptive analysis begins with explaining the concept of cash waqf management and its development. Next, the discussion is continued with the results of identifying success indicators. Then, an explanation of the determinants of the success of cash waqf management. In the end, a conceptual model for the success of cash waqf management is presented.

## RESULT AND DISCUSSION

### The Meaning of Cash Waqf

According to Rochmat (2010), cash waqf is Waqf carried out by a person, group of people, and institutions or legal entities in the form of cash/money. On the other hand, Nasution (2006) defines cash waqf as the surrender of property rights in the form of money to someone or nazir with the stipulation that the results or benefits are used for things that follow the teachings of Islamic law without reducing or eliminating the principal amount (Syauqi 2014). It is in line with the explanation of Law Number 41 of

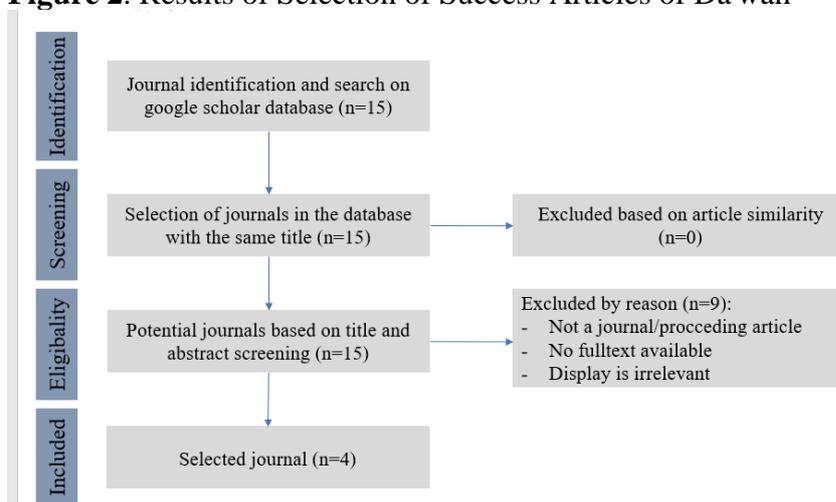
2004 concerning Waqf, which states that waqf products are not only related to land and buildings. However, there are movable waqf assets, including cash.

Hasanah et al. (2021) explained that cash waqf is one of the waqf products approved by the National Sharia Council-Indonesian Ulema Council (DSN-MUI) in 2002 as one of the waqf property products. Cash waqf aims to generate other assets (Hasanah et al., 2021). Nafis (2009) explains that M.A Mannan popularized cash waqf by issuing cash waqf certificates through Social Investment Bank Limited (SIBL) in Bangladesh (Hasanah et al. 2021).

### Articles on the Success of Cash Waqf Management

This research has selected various articles using the title word "management of cash waqf" and the keyword "success". The selection process results using the PRISMA-P approach are presented in Figure 2.

**Figure 2.** Results of Selection of Success Articles of Da'wah



Source: processed by PRISMA flow diagram procedure

In the identification stage, who found 15 articles. Furthermore, no articles had the same title at the screening stage. Then, nine articles were excluded at the eligibility stage based on the criteria: not a journal article, no full text available, and irrelevant exposure. Thus, at the included stage, there are four articles. In table 1, the four selected articles are presented.

**Table 2.** List of Articles on the Success of Cash Waqf Management

No	Author	Title	Journal
1	Karim (2020)	Management of Cash Waqf by Investment in State Sharia Securities in a Waqf-Based Sukuk Scheme (Cash Waqf-Linked Sukuk) Viewed from Waqf Law	JCA of LAW
2	Ulpah (2019)	Money Waqf Investment Management Based on Law no. 41 of 2004 concerning Waqf and its Application in Dompot Dhuafa and Al-Azhar.	Syarie: Jurnal Pemikiran Ekonomi Islam

3	Briliani and Mansah (2020)	Analysis of Education Financing Management and Potential Cash Waqf at Daarul Rahman Islamic Boarding School Depok	Taraadin
4	Shofi (2016)	Analysis of the Practice and Management of Cash Waqf according to Law Number 41 of 2004 concerning Waqf.	Jurnal Syarikah: Jurnal Ekonomi Islam

Source: PRISMA analysis results from various references

Based on Table 2, four articles discuss the successful management of cash waqf. Karim's article (2020) discusses a financing model known as the Cash Waqf-Linked Sukuk (CWLS). CWLS is a form of productive waqf management with a mechanism for purchasing State Sukuk issued through a private placement by the Ministry of Finance using Cash Waqf funds managed by the Indonesian Waqf Board. Karim (2020) proposes adding laws and regulations to expand community participation through the CWLS scheme in this article.

In the second article, Ulpah (2019) explains the emergence of the discourse of cash waqf. It is in line with the development of the sharia economic system since the 1980s and developed in 1992. Ulpah (2019) also highlights the enactment of Law Number 41 of 2004 concerning Waqf. It adds to the range of the scope of Waqf, which does not only include immovable waqf objects. In addition, it contains movable waqf objects, both tangible and intangible, such as money, precious metals, rental rights, transportation, and other portable things.

In the third article, Briliani and Mansah (2020) discuss the practice of managing education funds and the potential of Waqf at the Daarul Rahman III Islamic Boarding School in Depok. Briliani and Mansah's (2020) research shows that funds for Islamic boarding schools come from the Wali Santri, the Central Government, and the Government of West Java. Funds issued by students are allocated for teacher salaries, pesantren needs, construction, accommodation, building maintenance, health, and others. Briliani and Mansah (2020) also calculated the potential for cash waqf at the Daarul Rahman III Islamic Boarding School to reach IDR175,060,000 per month or equivalent to IDR. 2,100,720,000 per year.

Meanwhile, in the fourth article, Shofi (2016) discusses the conformity of cash waqf management practices in the Indonesian Waqf Fund (TWI) with Law no. 41 of 2004 concerning Waqf. Study results Shofi's research (2016) shows the method of cash waqf in TWI. There are two first ways: cash deposits or bank transfers and coming directly to the Dompot Dhuafa office. Furthermore, the waqf management approach uses productive, non-productive, and integrated management. Thus, in general, the practice of waqf management in TWI follows the law, except for the percentage between Sharia Financial Institutions Recipient of Cash Waqf (LKS PWU) and outside LKS PWU.

Several cash waqf management practices at TWI are not following the laws and regulations. As in depositing cash waqf, TWI only makes LKS-PWU a cashier for Dompot Dhuafa and issues its certificate. In fact, in the law, the task of LKS-PWU is to

announce to the public its existence as LKS-PWU. Second, provide a form of Cash Waqf Certificate receiving cash waqf money from the wakif on behalf of Nazir. Furthermore, placing the waqf money into a deposit account (wadi'ah) in the name of the nazir appointed by the wakif; receive a statement of the will of wakif as outlined in writing in the form of a notice of the choice of wakif. Finally, issue a cash waqf certificate, submit the certificate to the wakif, submit a copy of the certificate to the nazir appointed by the wakif, and register the cash waqf to the Minister on behalf of the nazir. (Shofi, 2016)

### **The Success of Cash Waqf Management**

The success of cash waqf management is related to the results obtained from the sustainable implementation process. Therefore, the success of this cash waqf management can be seen based on indicators. Based on the analysis results, two hands of the success of cash waqf management were found. Table 2 presents two indicators of successful cash waqf management in detail.

**Table 3.** Success Indicators of Cash Waqf Management

No.	Indicator	Source
1	Increased well-being	Karim (2020), Ulpah (2019), Shofi (2016)
2	The realization of maqasid al-shari'ah	Karim (2020)

Source: PRISMA analysis results from various references

Based on Table 3, there are two indicators of successful cash waqf management: increased welfare and the realization of maqasid al-shari'ah. Interest is related to the placement of cash waqf investment funds in the real sector and improving the welfare of maukuf alaih (people who receive Waqf). On the other hand, based on the explanations of the scholars, maqasid al-shari'ah is related to guarding religion (al-dien), life and soul (nafs), intellect, or mind (aql), family or ancestors (nasl), and wealth or wealth (maal) (Bahri et al. 2019).

### **Determinants of Success in Cash Waqf Management**

Based on data analysis of articles in reference journals, five critical factors for the success of cash waqf management have been identified. Table 4 presents the determinants of successful cash waqf management in detail.

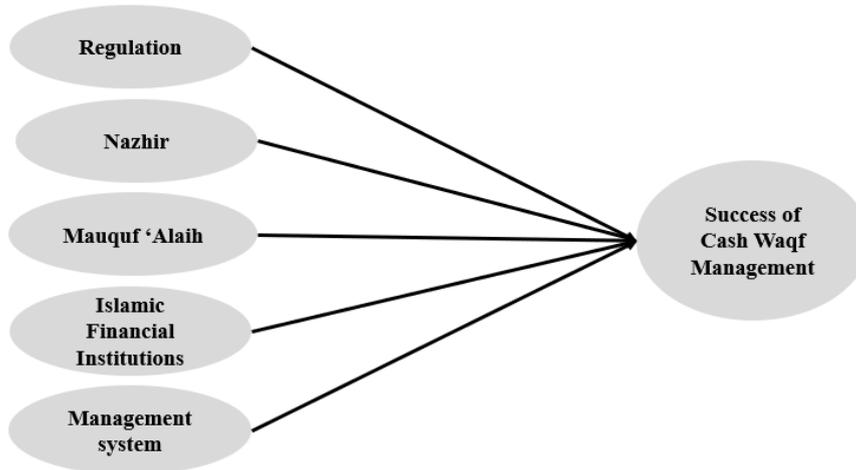
**Table 4.** Determinants of Successful Cash Waqf Management

No	Factor	Source
1	Regulation	Karim (2020)
2	Nazir	Ulpah (2019)
3	Mauquf 'Alaih	Ulpah (2019)
4	Islamic Financial Institutions	Ulpah (2019)
5	Management system	Brilliant and Mansah (2020)

Source: PRISMA analysis results from various references

Based on table 4, five determinants of cash waqf management success have been identified: regulation, nazir, mauqf 'alaih, Islamic financial institutions, and management systems. Based on the identification results that have been carried out, a conceptual model of the success of cash waqf management can then be developed. It is presented in figure 3.

**Figure 3.** Conceptual Model of Successful Cash Waqf Management



Source: data analysis with PRISMA flow diagram procedure

Based on Figure 3, the conceptual model of successful cash waqf management consists of five exogenous variables: regulation, nazir, mauqf 'alaih, Islamic financial institutions, and management systems. Meanwhile, the endogenous variable is the increase in welfare and the realization of maqasid al-shari'ah. This conceptual model needs to be tested to get the strength of the successful model of cash waqf management.

**CONCLUSION**

Cash waqf is a waqf carried out by a person, group of people, and institutions or legal entities in the form of cash/money. The cash waqf that has been handed over to the nazir is then invested and utilized for the welfare of Mauqf 'Alaih and the achievement of maqasid sharia. This research has identified indicators and determinants of successful cash waqf management. The identification process is carried out by analyzing data using the preferred reporting items for systematic reviews and meta-analyses (PRISMA). The study results show two indicators of successful cash waqf management: increased welfare and the realization of maqasid al-shari'ah. These two indicators can be a reference for Government Organizations and Nazhir in managing cash waqf.

This study also found five success factors for cash waqf management consisting of five exogenous variables: regulation, nazir, mauqf 'alaih, Islamic financial institutions, and management systems. Therefore, the government and Nazhir must successfully respond to these five factors to run cash waqf management. In the end, this research has also produced a conceptual model that determines the success of cash waqf

management. Therefore, the government and the Waqf Management Agency or Nazhir can respond to the results of this study by increasing their contribution to the five success factors of cash waqf management.

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