



Analysis of Cash Waqf Management in Indonesia and Malaysia: A Literature Highlight

Dea Reren Rafita¹, Yeti Vera Bella², & Anggoro Sugeng³
^{1,2,3}Institut Agama Islam Negeri Metro, Lampung, Indonesia.

Article Info

Article history:

Received March 29, 2023

Revised April 30, 2023

Accepted May 24, 2023

Published June 30, 2023

Keywords:

Indonesia;

Malaysia;

Management of cash
waqf.

Abstract

Purpose: Currently, the form of waqf is experiencing development, not only in the form of land waqf but also in the form of money or other financial objects. The waqf is known as cash waqf. Cash waqf is the latest breakthrough in the government's efforts to optimize the collection of waqf funds from its potential. In this study, researchers wanted to know about the management of cash waqf in 2 countries, namely Indonesia and Malaysia. **Methodology:** This research is descriptive qualitative, with data collection techniques in the form of Library Research. The data used is data obtained from the official websites of the Indonesian Waqf Agency (BWI) and the Malaysian Waqf Foundation (YWM). **Findings:** The results obtained from this study indicate that there are differences in waqf management in Indonesia and Malaysia. The difference lies in the method of waqf collection and distribution of waqf funds. In Indonesia, the collection of cash waqf is only divided into 2 forms, namely cash waqf and cash waqf, while in Malaysia the collection of cash waqf is adjusted to the purpose of its distribution. The collection of cash waqf in Indonesia tends to be spontaneous/unplanned and focuses more on developing productive waqf. Whereas in Malaysia the distribution of cash waqf tends to be patterned and regular, so that the form of distribution of funds tends to be the same from year to year, only the amount is different.

This is an open-access article under the [CC BY-SA](https://creativecommons.org/licenses/by-sa/4.0/) license.



Corresponding Author:

Dea Reren Rafita

Institut Agama Islam Negeri Metro, Lampung, Indonesia

E-mail: dearerenrafita2003@gmail.com

A. Introduction

According to data from the World Population Review, Islam is a religion that has the 2nd largest number of adherents in the world. Islam originates from the Arabian Peninsula, to be precise in the city of Mecca. This religion was broadcast by the Prophet

Muhammad SAW. Islam is the religion of Rahmatan lil 'Alamin, meaning that the arrival of Islam to the world brings peace and compassion to humans and the universe. The real proof of Islam as Rahmatan lil 'Alamin is the existence of Islamic philanthropic policies. Islamic philanthropy is a form of practice of Islamic concern for fellow creatures of Allah SWT. Islamic philanthropy is a form of reflection of the relationship between Man-God (vertically) and Human-Human (horizontally). One part of Islamic philanthropy is waqf (Abidi, 2018; Hasim et al., 2016; Wahyudi et al., 2023).

Waqf comes from the word *waqofa/ yaqifu/ waqfan* which means to stop or stand. Meanwhile, according to Syara', is the activity of holding property whose benefits allow it to be taken without destroying/spending the object, and used for good purposes. Just like other Islamic philanthropy, the legal basis for implementing waqf is the Al-Qur'an and hadith. In the Qur'an the waqf order is found in Q.S Ali-Imran: 92, Al-Baqarah: 267, and Al-Maidah: 2 (Hasan et al., 2021; Maksum & Rahman, 2021). The most common form of waqf found in society is land waqf. However, nowadays waqf is experiencing a developmental form, namely waqf is not only in the form of land but can be in the form of money or other financial objects. The waqf is known as cash waqf.

Cash waqf is waqf in the form of money or other securities managed by the *nadzir*, in which the funds collected will be invested by the *nadzir* in several halal business sectors, and then the profits will be donated (Effendi & Maulida, 2021). The first cash waqf was introduced in Indonesia in 2012, since the issuance of a fatwa by the DSN-MUI regarding cash waqf. The management of cash waqf in Indonesia is under the auspices of the Indonesian Waqf Agency (BWI) (*Perbedaan Wakaf, Zakat, Infak, Dan Sedekah | Badan Wakaf Indonesia | BWI.Go.Id*, 2020). BWI's role in receiving and managing cash waqf is as a regulator and operator of the waqf. As a regulator, BWI has the duty to provide management, approval, termination, exchange, suggestions, and considerations. Meanwhile, as the operator (*nadzir*) BWI has the task of managing and developing national and international waqf.

According to data from BWI, as of January 20, 2021, the cash waqf collected at BWI was Rp. 819.36 billion. This figure is of course still very low when compared to the potential for cash waqf in Indonesia which reaches 180 trillion (Hibatullah, 2020). In line with Indonesia, our allied country (Malaysia) also has a cash waqf scheme. Cash waqf in Malaysia stands under the auspices of the Malaysian Waqf Foundation (YWM). Based on data from YWM cash waqf funds collected in 2021 worth RM 6,063,111 or equivalent to 19 billion Rupiah. The funds collected were then distributed to several aspects, such as education, health, building mosques, and providing clean water (Abdullah, 2020). Based on the explanation above, researchers are interested in seeing the management of cash waqf in Indonesia and Malaysia (Islamiyati et al., 2020; Laila et al., 2022; Saputri, 2022; Zaenurrosyid, 2013). The purpose of this study is to find out how cash waqf is managed in Indonesia and Malaysia and to see whether there are differences in the management of cash waqf in the two countries.

B. Method

In this study, researchers used a type of qualitative research. This research is descriptive in nature, meaning that the researcher only describes waqf management in Indonesia and Malaysia without comparing the two. The data collection technique used in this research is Library Research. The data used is data obtained from existing data (which has been prepared by previous researchers or data provided by the institutions concerned). The data analysis technique used in this research is to use an inductive

thinking approach. The focus of this research is to analyze cash waqf management in Indonesia and Malaysia.

C. Results and Discussion

1. Results

Cash Waqf Management in Indonesia

Cash waqf in Indonesia is channeled through *nadzirs* who have been registered with the Indonesian Waqf Agency institution, which BWI then distributes into Cash Waqf Linked Sukuk (CWLS). The returns obtained are used by BWI to help people such as making health services, providing educational assistance, helping the people's economy, etc (*Perbedaan Wakaf, Zakat, Infak, Dan Sedekah | Badan Wakaf Indonesia | BWI.Go.Id*, 2020). Similar to the management of cash waqf in our country, Malaysia also allocates cash waqf funds collected to help people, such as providing educational scholarships, natural disasters, health, etc. The following is a more detailed explanation of the collection and distribution of cash waqf in Indonesia and Malaysia (Mahmood et al., 2017).

Collection and Distribution of Indonesian Waqf Management

Table 1. Collection of cash waqf

Form of acquisition of cash waqf	Amount of acquisition
Waqf Through	Rp. 580,53 Billion
Cash Waqf	Rp. 238,83 Billion
Total Acquisition	Rp. 819,36 Billion

Table 2. Distribution of cash waqf returns

Distribution	Amounts
Victims of the Semeru Eruption 2022	Rp. 155.000.000
Distribution of 5 ophthalmoscope devices 2021	Rp. 8.392.000.000
Construction of the Achmad Wardi Hospital	Rp. 5.498.750.000
Total Acquisition	Rp. 14.045.750.000

Table 3. Social projects that will be financed by Retail CWLS returns for the BRI Syariah program

BRI Syariah	
Distribution	Amounts
Islamic boarding school clinic	Rp. 934.805.360
Scholarship for <i>dhuafa</i> students	Rp. 315.000.000
MSME capital assistance	Rp. 680.000.000
Total Acquisition	Rp. 1.929.805.360

Table 4. Social projects that will be financed by Retail CWLS returns for the NU CARE - LAZISNU program

NU CARE - LAZISNU	
Distribution	Amounts
Development of 20 message clinics	Rp. 93.400.000
Total Acquisition	Rp. 93.400.000

Table 5. Social projects that will be financed by CWLS Retail returns for the LAZISMU program

LAZISMU	
Distribution	Amounts
Mentari Scholarship	Rp. 211.000.000
The Solar Scholarship	Rp. 945.000.000

Teacher service	Rp. 300.000.000
MSME Empowerment	Rp. 122.500.000
Stunting	Rp. 130.000.000
Total Acquisition	Rp. 1.708.500.000

Table 6. Social projects that will be financed by Retail CWLS returns for the BNI Syariah program

BNI Syariah	
Distribution	Amounts
PPE for medical personnel	Rp. 409.500.000
Funding for the treatment of <i>dhuafa</i> patients	Rp. 75.000.000
Khadijah Learning Center	Rp. 540.000.000
Scholarship for <i>Dhuafa</i> Families Tunas	Rp. 144.000.000
Hydroponic farming Economic empowerment	Rp. 600.000.000
Total Acquisition	Rp. 1.768.500.000

Table 7. Social projects that will be financed from CWLS Retail returns for the Dompot Dhuafa program and Yayasan Khasanah Titik

Dompot Dhuafa program and Yayasan Khasanah Titik	
Distribution	Amounts
Hasanah Residential Waqf	Rp. 1.000.000.000
Total Acquisition	Rp. 1.000.000.000

Table 8. Social projects to be financed from CWLS Retail yields for the Baitulmaal Muamalat and Wakaf Salman programs

Baitulmaal Muamalat and Waqf Salman	
Distribution	Amounts
Bmm friend of UKM	Rp. 300.000.000
Construction of the Rasidi mosque in Bandung district	Rp.1.070.000.000
Total Acquisition	Rp. 1.370.000.000

Table 9. Social projects that will be financed from Retail CWLS returns for the Mandiri Syariah and BSM Umat Wakaf programs

Mandiri Syariah and Waqf BSM Umat	
Distribution	Amounts
Underprivileged scholarship	Rp. 152.500.000
Assistance for deaf children	Rp.30.000.000.000
Farmers	Rp. 200.000.000
Breeders	Rp. 900.000.000
Total Acquisition	Rp. 31.252.500.000

Collection and Distribution of Malaysian Waqf Management Proceeds

Table 10 Collection of cash waqf in Malaysia

Form of Acquisition of Cash Waqf	Total Acquisition in MYR	Total Acquisition in IDR
AM cash waqf	RM 1,736,576	Rp. 5.714.995.934
Certificate of waqf commercial building	RM 170,025	Rp. 559.544.865
Education cash waqf certificate	RM 55,330	Rp. 182.088.618

Health waqf certificate	RM 464,539	Rp. 1.528.777.603
Water waqf	RM 3,268,558	Rp. 10.756.681.930
Green mosque waqf	RM 46,661	Rp. 153.559.317
Concerned waqf	RM 18,516	Rp. 60.935.349
Cakna Armalah tube	RM 2,985	Rp. 9.823.504
CIMB Islamic Rider Entrepreneur	RM 1,431	Rp. 4.709.358
YWM-Pinta cash waqf	RM 3,268	Rp. 10.754.845
Bank Rakyat waqf cash	RM 225,790	Rp. 743.065.049
Mosque Waqf	RM 45,239	Rp. 148.879.577
Total Acquisition	RM 6,063,111	Rp. 19.873.815.949

Table 11. Distribution of cash waqf in Malaysia

Distribution of Cash Waqf	Amount of Distribution in MYR	Amount of Distribution in IDR
Distribution to the State Islamic Religious Council (AM)	RM 337,039	Rp. 1.109.180.252
Distribution of cash waqf (AM)	RM 976,989	Rp. 3.215.227.038
Health waqf	RM 496,500	Rp. 1.633.959.260
Education waqf	RM 148,770	Rp. 489.595.406
Water service waqf	RM 811,392	Rp. 2.670.254.728
Mosque benefit fund	RM 3,750	Rp. 12.341.082
Concerned CSR program funds YWM	RM 7,381,981.85	Rp. 2.429.377.161.738,59
Total Acquisition	RM 10,156,421.85	Rp.2.438.507.719.504

2. Discussion

Management of Cash Waqf in Indonesia

The form of collecting cash waqf in Indonesia is divided into 2, namely cash waqf and cash waqf. Cash waqf is a form of fund that is set aside by a wakif for a certain period of time or forever to be managed productively and the results obtained are used for the purposes of worship and or for the welfare of the people. Whereas waqf through money is a form of funds set aside by a wakif that is used directly to procure movable or immovable property for the purposes of worship and or for the welfare of the people (Anggraini, 2018; Hisham & Muwazir, 2021; Islamiyati et al., 2020; Medias, 2017; Nizar, 2017; SE & SE, 2014; Syibly et al., 2022). Based on Table 1 data, it can be seen that the amount of cash waqf in Indonesia as of 20 January 2021 reached Rp. Rp. 819.36 billion, with the most popular form of channeling funds in the form of waqf through money. This amount is still relatively small when compared to the potential amount of cash waqf in Indonesia which reaches 180 T. Cash waqf management in Indonesia is mostly channeled into productive waqf, by channeling it in the form of Cash Waqf Linked Sukuk (CWLS). The proceeds from CWLS will be used to fund social projects as well as donations for natural disasters (such as donations for victims of the Semeru eruption). The distribution of returns from CWLS can be seen from the data above. The distribution of cash waqf funds in Indonesia is more spontaneous/unplanned (this can be seen in Table 2) and focuses more on the development of productive waqf so that the existing funds are used more for financing social projects. This can be seen in Tables 3-9.

Management of Cash Waqf in Malaysia

Cash waqf management in Malaysia is managed by the Malaysian Waqf Foundation (YWM). Management of cash waqf in Malaysia has a more detailed and orderly

mechanism. this can be seen from the various forms of collection of cash waqf which are made according to the needs (table 10). Following are the forms of collecting cash waqf in Malaysia:

- a) AM cash waqf
- b) Certificate of waqf for economic development
- c) Educational Waqf Certificate
- d) Certificate of health waqf
- e) Building waqf certificate
- f) Typical

The distribution of cash waqf in Malaysia occurs repeatedly every year in accordance with the objectives of the form of raising cash waqf funds. For example, the distribution of health cash waqf will only be channeled to the health department. This will continue to be repeated every year. Thus, it can be seen that the cash waqf distribution mechanism in Malaysia tends to be patterned and regular. this can be seen in Table 11 (Anggraini, 2018; Hisham & Muwazir, 2021; Islamiyati et al., 2020; Medias, 2017; Nizar, 2017; SE & SE, 2014; Syibly et al., 2022).

D. Conclusion

From the description above, it can be concluded that the management of cash waqf in Indonesia and Malaysia is different. This can be seen from the form of waqf collection and distribution of waqf funds. In Indonesia, the collection of cash waqf is only divided into 2 forms, namely cash waqf and cash waqf. The difference between the two is that if the waqf is cash then the funds collected will be used to be managed productively, while waqf is cash, the funds collected will be directly used to procure movable or immovable assets. In contrast to Malaysia, the form of a collection of cash waqf is adjusted to the purpose of its distribution. For example, for the Education Waqf Certificate, the funds collected will only be distributed for educational activities such as providing scholarships to the community. Distribution of cash waqf in Indonesia tends to be spontaneous/unplanned, and focuses more on developing productive waqf, so that a lot of cash waqf funds are allocated for project financing. Whereas in Malaysia, the distribution of cash waqf tends to be patterned and regular, so that the form of distribution of funds tends to be the same from year to year, only the amount differs.

E. Acknowledgements

We express our deepest gratitude to my supervisor, Mr. Anggoro Sugeng, who has guided, and provided, suggestions and corrections from the beginning of the manuscript to the completion of this article.

F. Author Contributions Statement

Anggoro Sugeng was involved in planning and supervising the work. Dea Reren Rafita and Yeti Vera Bella searched for and processed data, conducted analysis, and compiled a manuscript. All authors discussed the results and commented on the manuscript.

G. References

- Abdullah, S. (2020). Tadbir urus dalam pengurusan pembiayaan harta wakaf produktif di Malaysia. *Jurnal Maw'izah*.
<http://www.unimel.edu.my/journal/index.php/JMAW/article/view/723>.

- Abidi, N. (2018). ... *Antara Sistem Pengelolaan Tanah Wakaf Menurut Undang-Undang Nomor 41 Tahun 2004 Tentang Wakaf dan Enakmen Wakaf (Negeri ...* eprints.radenfatah.ac.id. <http://eprints.radenfatah.ac.id/3635/>.
- Anggraini, R. (2018). *Kontrak, skema dan underlying asset sukuk berbasis wakaf pada tiga negara (Malaysia, Singapura, dan Indonesia)*. etheses.uin-malang.ac.id. <http://etheses.uin-malang.ac.id/13206/>.
- Effendi, M., & Maulida, I. (2021). Nazhir's Professionalism in the Management of Cash Waqf and Community Economic Empowerment. *LAA MAISYIR: Jurnal ...*. <https://journal3.uin-alauddin.ac.id/index.php/lamaisyir/article/view/19881>.
- Hasan, K., SH, M., Is, M., & SHI, M. (2021). *Hukum zakat dan wakaf di Indonesia*.
- Hasim, K., Lubis, D., & Ali, K. (2016). Analisis faktor-faktor yang memengaruhi penghimpunan wakaf uang di Indonesia (pendekatan analytical network process). *Al-Muzara'ah*, <https://journal.ipb.ac.id/index.php/jalmuzaraah/article/view/19704>.
- Hibatullah, I. (2020). ... *Pengembangan Wakaf Produktif di Indonesia dan Malaysia: Pendekatan Analisis SWOT (Studi Komparatif antara Badan Wakaf Indonesia Provinsi Banten dan Wakaf ...* repository.uinbanten.ac.id. <https://repository.uinbanten.ac.id/5604/>.
- Hisham, M., & Muwazir, M. (2021). Analisis Amalan Pelaporan dan Pendedahan Maklumat Wakaf di Malaysia. *Labuan E-Journal of Muamalat and ...* <https://jurcon.ums.edu.my/ojums/index.php/LJMS/article/view/3482>
- Islamiyati, I., Hendrawati, D., & Musyafah, A. (2020). A Comparative Study of Waqf Legal System Between Indonesia and Malaysia. ... 2020, *Bandar Lampung, Indonesia*. <https://doi.org/10.4108/eai.26-9-2020.2302564>.
- Laila, N., Ratnasari, R., Ismail, S., & ... (2022). Awareness Towards Waqf Entrepreneurship in Malaysia and Indonesia: An Empirical Investigation. ... *Shajarah: Journal of ...* <https://repository.unair.ac.id/118699/>.
- Mahmood, R., Mustaffha, N., & ... (2017). Pengurusan wakaf di Malaysia: Isu dan cabaran. *Proceeding of the ...* <http://conference.kuis.edu.my/icom/4th/e-proceedings/IC%20005>.
- Maksum, M., & Rahman, M. (2021). *Hukum Dan Pengelolaan Wakaf Uang Untuk Penanggulangan Bencana Pandemi Covid-19: Perbandingan Badan Wakaf Indonesia Dan Yayasan Waqaf Malaysia*. repository.uinjkt.ac.id. <https://repository.uinjkt.ac.id/dspace/handle/123456789/56559>.
- Medias, F. (2017). Bank wakaf: Solusi pemberdayaan sosial ekonomi Indonesia. *Indonesian Journal of Islamic Literature ...* <http://ejournal.iainsurakarta.ac.id/index.php/islimus/article/view/749>.
- Nizar, M. (2017). *Pengembangan wakaf produktif di indonesia: Potensi dan permasalahan*. mpra.ub.uni-muenchen.de. <https://mpa.ub.uni-muenchen.de/id/eprint/97967>.
- Perbedaan Wakaf, Zakat, Infak, dan Sedekah | Badan Wakaf Indonesia | BWI.go.id*. (2020). <https://www.bwi.go.id/literasiwakaf/perbedaan-wakaf-zakat-infak-dan-sedekah/>.
- Saputri, O. (2022). Komparasi Implementasi Pengelolaan Wakaf Uang Sebagai Alternatif Instrumen Kebijakan Fiskal Negara. *Jurnal Masharif Al-Syariah: Jurnal Ekonomi ...* <https://journal.um-surabaya.ac.id/index.php/Mas/article/view/8838>.
- SE, E., & SE, I. (2014). *Management Productive Waqf Optimalization (Case Study Tabung Wakaf Indonesia)*. oarep.usim.edu.my. <https://oarep.usim.edu.my/jspui/handle/123456789/11578>.
- Syibly, M. R., Mustafa, N., & ... (2022). A Comparative Analysis of Legal Products on the Development of Productive Waqf in Indonesia and Malaysia. *Millah: Jurnal Studi ...*

- Wahyudi, R., Nasution, Y., & ... (2023). Analisis Kontribusi Wakaf antara Indonesia dan Malaysia dalam Meningkatkan Pemberdayaan Ekonomi Ummat. *Al-Kharaj: Jurnal* <https://journal.laaroiba.ac.id/index.php/alkharaj/article/view/3889>.
- Zaenurrosyid, A. (2013). Wakaf Tunai: Studi Analisis Pengelolaan Wakaf di PPPA Daarul Quran Perspektif Hukum Islam Dan Undang-Undang Wakaf Nomor 41 *Dialog*. <https://jurnaldialog.kemenag.go.id/index.php/dialog/article/view/74>