

Optimizing Productive Waqf: Challenges and Opportunities in Digitalization

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ABSTRACT

This study explores the challenges and opportunities in the digitalization of productive waqf (Islamic endowment) to enhance its socio-economic impact in Indonesia. Through a descriptive literature review, the research examines how digital platforms, blockchain technology, and innovative financial models (e.g., cash waqf and crowdfunding) can optimize waqf management by improving transparency, accessibility, and efficiency. Key findings highlight Indonesia's vast but underutilized waqf potential—estimated at IDR 180 trillion annually—while identifying barriers such as low digital literacy, regulatory gaps, and institutional capacity constraints. The study also discusses the role of Islamic social finance institutions in driving digital transformation, emphasizing the need for Sharia-compliant frameworks and community education. Case studies, including the National Cash Waqf Movement (GNWU), illustrate efforts to modernize waqf through technology. The paper concludes with recommendations for integrating digital tools, strengthening governance, and expanding outreach to marginalized regions, ultimately positioning waqf as a catalyst for sustainable development and financial inclusion in the Muslim-majority ASEAN context.

Keywords: Digitalization, Waqf, Digital Technology, Islamic Social Finance, Modernization

ABSTRAK

Penelitian ini mengkaji tantangan dan peluang dalam digitalisasi waqf produktif (wakaf Islam) untuk meningkatkan dampak sosio-ekonominya di Indonesia. Melalui kajian literatur deskriptif, penelitian ini menganalisis bagaimana platform digital, teknologi blockchain, dan model keuangan inovatif (misalnya cash waqf dan crowdfunding) dapat mengoptimalkan pengelolaan wakaf dengan meningkatkan transparansi, aksesibilitas, dan efisiensi. Temuan utama mengungkap potensi wakaf Indonesia yang sangat besar diperkirakan mencapai IDR 180 triliun per tahun, namun belum dimanfaatkan secara optimal, serta mengidentifikasi hambatan seperti rendahnya literasi digital, kesenjangan regulasi, dan keterbatasan kapasitas kelembagaan. Studi ini juga membahas peran lembaga keuangan sosial Islam dalam mendorong transformasi digital, dengan menekankan perlunya kerangka kerja yang sesuai dengan prinsip Syariah dan edukasi masyarakat. Studi kasus, termasuk Gerakan Nasional Wakaf Uang (GNWU), menggambarkan upaya modernisasi wakaf melalui teknologi. Paper ini menyimpulkan dengan rekomendasi untuk mengintegrasikan alat digital, memperkuat tata kelola, dan memperluas jangkauan ke daerah terpinggirkan, sehingga wakaf dapat menjadi katalisator pembangunan berkelanjutan dan inklusi keuangan di kawasan ASEAN yang mayoritas Muslim.

Kata Kunci: Digitalisasi, Wakaf, Teknologi Digital, Keuangan Sosial Syariah, Modernisasi

INTRODUCTION

The practice of waqf is not new in Indonesia's history. Waqf was confirmed by Law No. 41 of 2004, providing impetus for the development of waqf management in Indonesia in a better and more professional direction. In Indonesia, many waqf assets still lack optimal management, as managing these assets involves significant financial resources. Consequently, these assets cannot be developed and utilized for beneficial purposes, ultimately failing to contribute to society. Waqf in Indonesia is not intended to strengthen the community's economy.

Fuadi (2021) explains that waqf comes from the Arabic verb *waqafa*-*yaqifu*, which means the act of stopping, staying, or holding something. When applied to *tajwid* in reading the Qur'an, waqf implies the act of stopping the recitation, either momentarily or for a longer duration, to take a breath. Waqf, according to Abu Bakar Al-Jaziri, is a form of entrustment of assets that cannot be inherited, sold, or donated. However, the proceeds of the asset can be donated to the recipient of the waqf. In the glossary of Islamic economic concepts, waqf is described as the act of stopping or maintaining an original sum of money and using the income it generates for the sake of Allah (Al-Jumu'ah, 2000). In addition, cash waqf refers to a form of waqf where individuals, groups, organizations, or legal entities donate funds in the form of cash (Yasin, 2017). Cash waqf is highly adaptable and catalyzes immovable waqf to increase its output. Indonesia has an extensive land waqf portfolio with the potential to be developed through cash waqf.

The rapid development of technology will certainly facilitate business activities, where cash waqf is regarded as a suitable solution to enhance the effectiveness of Waqf operations. The availability of digital currency waqf offers convenience for everyone, making it easier for Muslims to contribute without needing to spend large amounts of money. In a modern economic system, the distribution of waqf assets utilized for productive activities will undoubtedly stimulate the economic activities of the entire community. Waqf empowerment is considered professional if its management is conducted based on waqf management (Lubis, Wati & Samri, 2024).

The understanding of productive waqf in Indonesian society is still lacking. Most people still believe that waqf can only be performed with immovable objects such as land, vehicles, or buildings. Additionally, many people think that only those who possess abundant wealth can engage in waqf, and that waqf assets are solely utilized for mosques, Islamic boarding schools, and burial grounds. Not many individuals have received education about cash waqf and the management of productive waqf, which could further enhance and develop the people's economy (Pramono, Merlina & Astuti, 2019).

The phenomenon of waqf management in the context of Sharia Accounting Standards (SAS) during the era of Society 5.0 reveals a complex dynamic that demands serious attention. Amid rapid technological development and digital transformation affecting nearly all aspects of life, waqf management as an Islamic financial instrument also faces new challenges and opportunities. These phenomena include shifts in the paradigm of waqf financial management, increased complexity of financial transactions, and demands for greater transparency and accountability (Rahmah, 2021).

One of the main problems that arises in implementing Sharia Accounting Standards in waqf management in the era of Society 5.0 is the lack of an in-depth understanding of the underlying Sharia principles. This lack of understanding can lead to inconsistent interpretations and complicate the process of accurate and sharia-compliant financial reporting. Additionally, the complexity of financial transactions that occur in a digital environment poses new challenges in applying relevant and effective accounting standards in the context of waqf (Pramewari, Mutiara, Azizah & Aji, 2024).

Digitalization continues to transform people's lifestyles, requiring institutions to be sensitive in providing accessible waqf fundraising schemes for the 1.9 billion Muslims worldwide. Indonesia has the largest Muslim population, with 87.2% of its population being Muslim, estimated at 229 million (IBTimes, ID, 2020) in (Rahmawati, Thamrin, Guntoro & Kurnialis, 2021).

This study aims to explore the challenges and opportunities of digitalizing waqf management in Indonesia from the perspective of Islamic economics. Specifically, it examines how digital platforms can optimize waqf collection and management while adhering to Sharia principles, thus contributing to socio-economic development and poverty alleviation.

METHODS

This research employs a descriptive methodology and a literature study research design. A literature study involves collecting data from previous research on a topic, focusing on bibliographic data. It is a study conducted to address a problem, emphasizing a critical and in-depth examination of relevant library materials. A literature study is synonymous with a literature review, theoretical study, theoretical basis, and literature review.

RESULT AND DISCUSSION

The Potential of Developing the Waqf

Nizar (2017) mentioned in his study that there is optimism about the potential of Indonesian waqfs, both in the form of real estate (such as land) and cash waqfs, which are substantial. Several factors make people optimistic about this optimism regarding Indonesian waqfs: first, Indonesia has a legal framework for the development and management of waqfs that provides legal protection for waqfs and their management institutions, as outlined in the Waqf Law and its derivative regulations; second, the country possesses abundant natural and human resources; third, there is an increase in income among the Muslim community, particularly within the middle and upper classes.

Estimates of the enormous potential of immovable property (land) waqf in Indonesia have been based mostly on calculating the size of existing waqf land and land price estimates. A study conducted by Syarif Hidayatullah State Islamic University (2006), for example, confirms this huge waqf potential. This is shown by the recorded waqf units of around 363 thousand plots of land, which, when nominalized, reach IDR 590 trillion.

Then, BWI, using the Ministry of Religious Affairs' consolidated data in 2014, estimated the potential of land waqf to reach IDR 2,050 trillion, assuming a land price of

IDR 500,000 per meter and a waqf land area of around 4.1 billion square meters. The value of waqf potential is enormous, almost equivalent to 19.4 percent of gross domestic product (GDP). This estimate is certainly a very general (global) estimate (Nizar, 2017).

The last two issues that escape consideration when calculating the potential of waqf are mainly due to the unavailability of a complete and accurate database related to waqf land, whether it is in a strategic location or not, which can still be productive or is considered dead land. This is because waqf land that can be developed into productive waqf is in strategic locations.

In addition, Nizar (2017) identified that data on nazirs and the potential of waqf assets (land) managed by nazirs are also not yet available. The availability of accurate data is necessary to design a systematic and effective pattern of guidance and supervision that is right on target and makes it easier to motivate and facilitate productive waqf management.

Assuming that there are 10 million middle-class Muslims in Indonesia, with an average monthly income of between IDR 500,000 and IDR 10,000,000. Based on this assumption, the potential of waqf is estimated at IDR250 million per month, or IDR3.0 trillion per year (Table) (Nasution & Hasanah, 2005).

Table 1. Indonesia's Cash Waqf Potential

Income Level/Month	Number of Muslims (People)	Waqf Rate/Month (IDR)	Cash Waqf Potential/Month (IDR)	Cash Waqf Potential/Year (IDR)
IDR 500.000	4 Million	5.000	20.000.000.000	240.000.000.000
IDR 1M - IDR 2M	3 Million	10.000	30.000.000.000	360.000.000.000
IDR 2M - IDR 5M	2 Million	50.000	100.000.000.000	1.200.000.000.000
IDR 5M - IDR 10M	1 Million	100.000	100.000.000.000	1.200.000.000.000
Total				3.000.000.000.000

Source: Nasution & Hasanah (2005)

Based on the following table, waqf assets will be collected up to 3 trillion per year just from 10 million Muslims who are willing to give a small quantity of their wealth for cash waqf every month. In addition, the Fiscal Policy Agency also calculated the potential of cash waqf assuming three scenarios (Nizar, 2017). Three scenarios were used to calculate the cash waqf potential in Indonesia: (1) Low, only 10% of the Muslim population (197 million people according to Susenas 2014) have a waqf with a value of Rp10,000 per person and month; (2) Medium, only 25% of the Muslim population become Waqf with a value of Rp10,000 per person and month; (3) Optimistic, only 50% of the Muslim population become Waqf with a cash value of Rp10,000 per person and month.

Table 2. Waqf Potential Table

Scenario	Waqf Amount / Month	Waqf Amount / Year
Low	Rp 197 Billion	Rp 2,36 Trillion
Moderate	Rp 492,5 Billion	Rp 5,91 Trillion
Optimistic	Rp 985 Billion	Rp 11,82 Trillion

Source: Nizar (2017)

Challenges and Opportunities of Cash Waqf Digitalization

Nuradi, Huda, and Khatimah (2024) explained that in supporting sustainable development. However, waqf is known to have great potential; the implementation of waqf innovation in the digital era faces several challenges (Rohmaningtyas & Sa'idaturrohman, 2023).

First, the low level of digital financial literacy and inclusion among the community, in addition to the issue of public trust in digital platforms, is also an obstacle, considering that waqf involves valuable assets (Amir & Nasution, 2018). It certainly cannot be denied that the digital era not only has a positive impact but can also have a negative impact if not used wisely, especially with the existence of people in the community who take advantage of these facilities to commit digital crimes.

Second, there is a need for clear regulations and policies related to digital waqf innovation to accommodate technological developments, while maintaining Sharia compliance (Diniyah Sukma, 2021). Waqf is one of the acts of worship in Islam, and it is included in the category of mahdhoh worship, which is highly recommended. As a form of worship, its implementation must not violate sharia principles, so in its development, compliance with sharia principles must be a top priority because accountability is not only in this world but also in the hereafter before Allah Azza Wajalla.

Third, institutional capacity and qualified human resources are needed to manage the waqf digital platform effectively. In developing waqf digitalization, not only sophisticated tools but also professional and concentrated institutions are needed and supported by the availability of human resources who are experts in the field of waqf, so that they are not only proficient in technology but also understand the principles of waqf that have been stipulated in Sharia. This certainly requires an institution that can control and supervise the implementation of the digitization.

Fourth, the challenge of developing digital waqf products and services that can reach all levels of society, including those in remote or less accessible areas (Alam, 2018). It is well known that education and technology facilities in Indonesia are not evenly distributed throughout the archipelago, so the level of public understanding and open-mindedness between urban and rural communities is not the same. For this challenge, it is hoped that there will be waqf ambassadors who are ready to provide digital waqf literacy education in remote or rural areas of the country, so that rural communities understand as well as those in the city.

The Role of Islamic Social Financial Institutions in Indonesia towards Digital Transformation

Digitization, digitalization, and digital transformation are three concepts that are often used this decade in discourse and literature studies in multidisciplinary fields. Digitization, digitization, and digital transformation have different meanings. According to Brennen & Kreiss (2016), digitization is a process of converting analog documents to digital documents, while digitalization is changing a business model that aims to optimize the achievements to be achieved in the business using digital technology so that the digitization process will not occur without a digitization process on data that has relevance to the interests of an organization.

Digital transformation in public institutions starts from determining the reasons why digital transformation is carried out, both from external and internal sources of the organization. Furthermore, digital transformation in public institutions can be aimed at several objectives in an organization, be it processes, services, products, relationships between stakeholders, technological tools, and the business model of the organization. Then, according to (Mergel, Edelmann, & Haug, 2019) at the next stage, namely the stage of the digital transformation process, there are at least six digital transformation processes carried out, namely process digitization, digitizing physical documents such as notes or books, digitizing ways of dealing with clients or stakeholders, digitizing service processes, using new technology and developing new competencies.

The digital transformation process implemented will provide results in at least three aspects, namely the output, outcome, and impact aspects. In the output aspect, there will be new services, new products, new processes, and new digital-based expertise. In the outcome aspect, several things result from the implementation of digital transformation, namely improved services, improved and efficient processes, better relationships with clients and stakeholders, new policies that support digital transformation, and the presence of an environment that strongly supports organizational activities. On the impact side, there will be activities that are value creation, changes in better ways of organizing, a wider digital society in the internal and external environment, and better democratic principles (Mukharom, Nuryanto & Ula, 2024).

Blockchain-based Waqf

Asnawi, Rachma, and Afifah (2024) mentioned that a new form of waqf from technological advancement is blockchain-based waqf. Blockchain is described as a ledger that houses various transaction activities that occur in the digital world. Blockchain has a system that is not centered on just one party. However, everyone connected in the network can own the data on the blockchain, so that blockchain is believed to be safe because the data is distributed so that it is difficult to be manipulated by one party (Megat, Al-Shaghdari, Bin Ngah, & Abdelfattah, 2024). The emergence of blockchain encourages the presence of new digital assets, such as cryptocurrencies, which are digital currencies that do not have a physical form like coins or banknotes and are made through computer programs that have high specifications. This digital money is not controlled by institutions such as central banks or official authorities in any country and can be traded

online without intermediaries. Some examples of cryptocurrency assets are Bitcoin, Ethereum, altcoin, NFT, and so on.

Zulaikha and Rusmita (2018) explain that blockchain technology provides a solution to many of the current problems in waqf management, as it allows transactions to be easily audited and cost-free verification of device attributes. Furthermore, Farrukh, in the research of Mutmainah et al. (2021), further explained that blockchain in waqf will store much information that can be stored in digital format, including transactions, contracts, assets, and identities. These records are permanent, transparent, and easy to search (Maisyarah & Hadi, 2024).

The implementation of blockchain technology in waqf management can improve transparency, security, and accountability in the implementation of waqf programs. Blockchain technology has been developed at Finterra, a Singapore-based company. Finterra has developed a platform that uses blockchain to create and facilitate waqf-related projects. With a decentralized system and immutable transaction records, this technology can increase public trust in the management of waqf funds, as well as facilitate the implementation of waqf projects that have an impact on the achievement of SDGs (Maisyarah & Hadi, 2024).

Productive Waqf

According to Pramono, Merlina & Astuti (2019), fiqh law defines 5 (five) main pillars of waqf, namely:

- 1) Wakif is the person who gives his/her property or money for waqf.
- 2) The waqf contract (waqfieh) is the waqif's statement about the transfer of waqf assets and funds.
- 3) Beneficiaries (Mawquf 'alaih), namely individuals or institutions that are the intended beneficiaries of waqf proceeds.
- 4) The asset (mawquf) is the asset or money that is given as waqf.
- 5) Mutawalli is the person who becomes the legal custodian of a marqah that does not belong to him. The Mutawalli is responsible for managing, securing, developing, or improving the waqf assets and implementing the donor (nadir) restrictions.

One of the spirits proposed in Law No. 41/2004 on Waqf is a fruitful Waqf (Article 43 (2)). Fruitful means productive or capable of producing results, benefits, and profits. Meanwhile, Munzir Qahaf divides the use of Waqf into two types: direct use and indirect use (Qahaf, 2005, pp. 162-163). The first type of waqf is a waqf whose main item is used to achieve a goal, such as a mosque, school, or hospital. On the other hand, the second type of waqf is not used directly by religious organizations but is managed to produce goods or services.

Then the proceeds from the business can be used to empower the community. Productive waqf is the transformation of natural waqf management into professional waqf management to increase the benefits of waqf (Pramono, Merlina & Astuti, 2019).

In this regard, Pramono, Merlina, and Astuti (2019) mentioned that towards productive waqf, there are at least three requirements:

- 1) The waqif does not limit his waqf to worship purposes as has been the norm.
- 2) The managing Nazir has an entrepreneurial spirit; without an entrepreneurial spirit, the Nazir will be burdened by the waqf he manages.
- 3) Transparency of waqf management. From an economic perspective, waqf can be interpreted as the diversion of funds (or other assets) from consumption needs and investing them in productive assets that generate income for future consumption by individuals or groups.

Waqf can be divided into two categories. The first is direct waqf, where the assets held or waqf can produce benefits or services that can then be used by many people (beneficiaries), such as houses of worship, schools, and others. The second is investment waqf (waqf assets are used for investment). This waqf asset is developed to generate income, which is then used to build public facilities such as mosques, Muslim activity centers, and others.

The object of waqf in some Muslim countries is no longer limited to immovable objects, such as land and buildings. However, it has developed to include movable assets, such as money and securities. Currently, waqf in the form of money has been widely accepted in various Islamic countries such as Turkey, Egypt, India, Pakistan, Singapore, Malaysia, and Indonesia (Berakon, Irsad, Hanif & Yasinta, 2017).

Cash Waqf

Lubis, Wati, and Samri (2024) explain that cash waqf (cash waqf/waqf al nuqud) is a waqf made by a person, group of people, organization, or legal entity in the form of cash. What is meant by money includes securities, cash waqf is a legal tender (permissible), cash waqf can only be channeled and used for things that are permitted by Sharia law. The original value of the sum of money must be preserved and cannot be sold, donated, or inherited. Fatwa of the Indonesian Ulema Council on Cash Waqf dated May 11, 2002.

Cash waqf in the fatwa is defined as waqf done by a person, group of people, organization, or legal entity in the form of cash. The versatility of waqf goods is also a key factor in raising waqf funds. Cash waqf has recently become a trend because it is simpler and more flexible. Digital waqf collection is conducted through a digital platform, which is a place, forum, or facility that facilitates bringing together parties to exchange information or provide services. The digital platforms used include websites and applications owned by related waqf institutions, crowdfunding platforms²⁵ such as kitabisa.com, marketplaces such as Tokopedia and Shopee, digital payment system applications such as OVO, Go-Pay, and Link Aja, as well as mobile banking applications providing waqf functions.

The collection of digital cash waqf is done using the crowdfunding waqf model, also known as the waqf crowdfunding model, which is an indirect connection system between the waqif, the cash waqf, and the Nazir's fundraising organization. The waqf

crowdfunding model is a form of crowdfunding that is based on donations and fundraising from the Muslim community. Crowdfunding through donations aims to raise funds for social, artistic, charitable, or other projects and does not receive any material benefits. In Indonesia, government authorities have issued several legal provisions for crowdfunding, including:

- 1) Fatwa No. 117/DSN-MUI/II/2018 of the Indonesian Shariah Council on Information Technology Financing Services Based on Shariah Principles
- 2) Regulation No. 19/12/PBI/2017 of Bank Indonesia on the Introduction of Financial Technology.

The stakeholders of waqf in Indonesia include the President and Vice President, the Chairman and Vice Chairman of the National Council for Economic and Financial Shariah (KNEKS), and its stakeholders. In Indonesia, "waqf has developed well, but in general, it is still waqf property in the form of land and buildings for various community interests such as mosques, religious schools, Islamic boarding schools, and cemeteries. Sri Mulyani said last year that by 2021, waqf stakeholders would have developed into efficient, trustworthy, responsible, and professional waqf organizations. They are managed according to the principles of trustworthiness and accountability to improve social Islam in Indonesia. Hasan, 2010. Study on cash waqf available for religious and educational investments and social services. To increase efforts to socialize this, a comprehensive and integrated understanding of the law of cash waqf, both from the perspective of fiqh and positive law, is needed, along with its implementation, especially in Indonesia (Ahyani & Muharir, 2021).

Recently, President Joko Widodo and Vice President Ma'ruf Amin launched the "National Cash Waqf Movement" on January 25, 2021. This movement aims to become a milestone in the "well-being of the people and the nation" of the Indonesian nation. As shown in (republica.co.id, 2021), "cash waqf capabilities" also need to be promoted by synergizing these cross-sector roles. There are opportunities or potentials in "cash waqf" worth 180 trillion rupiah in Indonesia, and so far, referring to the records of the Ministry of Religion, it is said that the realization of "cash waqf" related to Indonesia in the Industrial Revolution 4.0 has just begun, reaching 255 billion rupiah. Related to management, especially "cash" management among the institutions that play the role of cash waqf management, there are several characteristics and special management models. Hence, the cash waqf focuses on cash waqf management. Lack of socialization related to "cash waqf" in the community, besides that, professional nazir is also still lacking in their work. In addition, there is still no effective fundraising system, and a weak management system; another problem is related to the purchasing power of money that cannot be well protected (Putra, Abdurohman & Ahyani, 2022).

The history of the birth and development of cash waqf in Indonesia is motivated by an economic condition that is quite alarming, namely the inequality between the upper middle class and the lower middle class, which happens to be dominated by Muslims. Seeing the data of Muslims in Indonesia, who are so dominant, but if you look at their economic welfare, it is even worse. The solution arises to encourage Muslims whose economy is middle to upper class to fulfill the cash waqf transaction in the hope that the

Movement can reduce the amount of poverty in Indonesia, which Muslims dominate. The discourse to make cash waqf, as an instrument of economic empowerment, is the hope of Muslims. The discourse is often made a scientific study or a kind of seminar, for example, what has been done by the Central MUI waqf institution, namely, holding a Cash Waqf Movement (Munandar & Hasan, 2023).

The National Movement for Cash Waqf (GNWU) is a broader and more modern transformation of waqf implementation. GNWU was first launched in 2010 by the Indonesian Waqf Board (BWI) during the administration of President Susilo Bambang Yudhoyono (Republika, 2021). In this period of approximately 11 years, the movement has not been grounded in the wider community. GNWU was re-launched and echoed by President Jokowi on 25 January 2021 as a form of government support for BWI's program to optimize the potential of cash waqf in Indonesia.

According to Qolbi (2021), this is in line with the government's efforts, assisted by BWI, to make cash waqf a supporting instrument for sustainable development programs (SDGs) aimed at reducing social inequality in society. Marked by the launch of GNWU, the government established cash waqf as a national waqf strategic program and oversees various Indonesian cash waqf development initiative programs (MoF, 2021). BWI data as of January 20, 2021, shows that the potential amount of Indonesian cash waqf can reach IDR 180 trillion per year. This potential is supported by the fact that Indonesia is the country with the largest number of Muslims and one of the most generous countries in the world (World Giving Index, 2021).

The huge potential of cash waqf has not been fully realized due to the lack of education, governance, waqf portfolios, and ease of waqf management. The cumulative cash waqf that can be realized in Indonesia is only IDR 819.36 billion. There are 264 Nasir cash waqfs and 23 Islamic banks in Indonesia, including IDR 580.53 billion cash waqfs and IDR 238.83 billion cash waqfs (BWI Public Relations, 2021).

The rebirth of GNWU is expected to help BWI and the government realize the target of cash waqf in Indonesia. GNWU is proof that waqf is not an exclusive worship that can only be done by the elite. Waqf worship, which has the objectives of productivity-oriented, sustainability, and eternity, is not reserved for certain circles. A wide range of people of all ages can practice waqf worship. That way, waqf philanthropy will be more grounded in the wider community so that the realization of the potential of cash waqf in Indonesia will be easier to achieve (Qolbi, 2021).

Optimizing the Potential of Cash Waqf in Islamic Universities

Cash waqf movement in Islamic Universities is a movement to optimize the strengthening of waqf literacy and empowerment in Islamic Universities. Islamic Universities are universities under the Ministry of Religious Affairs, where the campus environment is the territory, students are the people, and the rectorate is the sovereign ruler. The construction and dynamics of Islamic universities are designed so that students are familiar with the social reality of Islamic society (Nurrohman, 2017).

Several Islamic universities have implemented the cash waqf movement, one of which is at Padangsidempuan State Islamic University. The development stage of cash

waqf for education at IAIN Padangsidimpuan begins with the establishment of the IAIN Padangsidimpuan Waqf Board, then designing a cash waqf development model, and establishing a waqf fund supervisory board. The cash waqf development model at IAIN Padangsidimpuan uses the second method, where some of the waqf funds are for investment and some are for financing university operations. Thus, waqf funds can be used as an alternative to financing the management of Islamic universities in the long term. The sooner the movement begins, the more independent the Islamic university will be (Nissa & Baehaqi, 2023).

An institution or association of people who work together certainly wants to achieve one goal, namely, the existence of good corporate governance (GCG), which must be adhered to to become an ideal institution. The Waqf model of Islamic universities must be mainly managed by a cash waqf manager who meets the standards of the Indonesian Waqf Board Regulation No. 2 of 2010 on the registration procedure for cash waqfs. These criteria are listed in the requirements for Registration of Cash Waqf Nazirs, Article 2, including:

- a. Have competence in financial management, including:
 - 1) Knowledge in Islamic finance;
 - 2) Ability to perform financial management; and
 - 3) Experience in the field of Islamic financial management
- b. Has the ability and experience to empower the people economically.
- c. Has a high commitment to developing cash waqf.
- d. Have a high commitment to the development of healthy, transparent, and accountable Money operations.
- e. Have a financial reputation in the Community, which includes:
 - 1) Not included in the bad debt list
 - 2) Never commit a disgraceful act or be convicted of a criminal offense in the financial sector.
 - 3) Never declared bankrupt
- f. Has the support of cooperation with investment managers as stipulated in Law Number 8 of 1995 concerning Capital Markets.
- g. Have separate wealth from the waqf property for the Nazir's operations.
- h. Have a plan for the collection and management of Cash Waqf
- i. Can cooperate with Money Financial Institutions.
- j. Have a Nazir certificate of Cash Waqf from BWI.

Thus, a Cash Waqf Nazir must have at least two executive members and two supervisory members. At least half of the members must be competent and expert in Cash Waqf management (BWI, 2010). Furthermore, researchers illustrate the Waqf Board in Islamic Higher Education using the BMC BAWAPTI model or the Business Model Canvas model of the Islamic Higher Education Waqf Board (Nissa & Baehaqi, 2023).

The Role of Waqf in Modernizing Islamic Social Finance

Ula & Abdillah (2023) explain that Islamic finance has several advantages in solving the socio-economic problems of society, including in this discussion one of the instruments is waqf, which is an Islamic philanthropic instrument in the form of asset investment that provides benefits in the future where all levels of society can feel the benefits obtained. One of the traditions states that "From Abu Hurairah. According to the Messenger of Allah Sallallahu 'alaihi wasallam, there are three things that continue to have an impact even after a person's death: ongoing acts of charity, knowledge that is put into practice, and the prayers of a righteous child. This hadith, reported by Muslim, emphasizes the importance of these three elements. Additionally, waqf, an Islamic voluntary financing tool, has played a crucial role in promoting the economic and social progress of Muslim communities throughout history (Mahat et al., 2015).

Religious devotion has been a significant factor in the historical prominence of waqf, as previous research has indicated. Therefore, government policies must foster a continuous religious inclination among the population. This will, in turn, encourage increased waqf donations (Sukmana, 2020). Widiastuti et al. (2022) propose that the integration of Islamic social finance can be achieved through the implementation of 4 ER (Economic Rescue, Economic Recovery, Economic Reinforcement, and Economic Resilience) by incorporating Islamic social finance instruments into collaborative projects. The result of this integration is a more effective means of uplifting impoverished individuals, underscoring the significance of integrating Islamic social finance to expedite the betterment of underprivileged communities. Through the redistribution model of waqf assets by involving several parties, such as wakif as the party with excess funds, mauquf alayh as the party who lacks funds, and nazir, in this case, is to form a waqf bank as a redistribution actor. The waqf bank plays the role of managing waqf assets to be developed so that the potential of cash waqf can be collected effectively and managed productively to have an impact on improving the economic development of the people in Indonesia (Berakon & Irsad, 2017).

The Effect of Knowledge on Interest in Waqf Shares

By analyzing the regression results, it is evident that the significance value of the knowledge variable (X_1) is below the predetermined threshold of 5% ($0.026 < 0.05$). Consequently, the H_0 hypothesis is refuted, while the H_1 hypothesis is supported, as indicated by the β coefficient value of 0.308. This signifies that the knowledge variable has a noteworthy positive impact on investor interest in waqf shares. In other words, as the level of knowledge increases, there is a corresponding increase in investor interest in waqf shares.

The odds ratio value of 1.360 indicates that the chance of investor interest in waqf shares will increase by 1.360 times with each increase in knowledge. The findings align with Nisa's (2021) study, which indicates that knowledge plays a crucial role in fostering the interest of the Muslim community in Java Island to participate in Cash Waqf Linked Sukuk (CWLS). Similarly, Fajar (2020) also highlights the positive and significant impact of knowledge on the interest of the residents of Magelang city in cash waqf.

The findings of this study align with the demographics of the participants, with a significant majority (70%) having attained higher education, so that with higher education, access to knowledge about waqf is getting better. Respondents' knowledge about stock waqf in the study includes basic knowledge related to the legal basis, requirements, procedures, provisions, management, and distribution of benefits of stock waqf. Based on research conducted by Ekawaty & Muda. (2016), and Aiyubbi et al. (2021), which shows that there is a positive relationship between education level and waqf literacy and interest in waqf (Nadyan & Rahimi, 2023)

Implementation of Islamic Education Philanthropy in Indonesia

The beginning of Islamic education philanthropy began in the 1990s, and today, Islamic education philanthropy, in this case, is engaged in several fields of Islamic economics such as zakat, infaq, sadaqah, and waqf. Islamic education philanthropy in Indonesia is experiencing rapid development due to the increasing Muslim population since the 80s. Talking about Islamic education philanthropy in Indonesia is certainly inseparable from institutions that work with the principles of Islamic education philanthropy to improve the welfare of society. Institutions engaged in Islamic education philanthropy in Indonesia are known as ZISWAF. This institution is spread across almost all parts of Indonesia. ZISWAF stands for zakat, infaq, sadaqah and waqf. In addition to ZISWAF, there are many more institutions engaged in Islamic education philanthropy. Here are some institutions engaged in Islamic education philanthropy in Indonesia that aim to improve the welfare of society.

Figure 1. Islamic Education Philanthropy Institutions in Indonesia



Source: <https://zakat.or.id/daftar-lembaga-amil-zakat/>

Through the explanation above, it can be understood that the implementation of Islamic education philanthropy in Indonesia is engaged in the field of zakat. Zakat is one of the pillars of religion that Muslims must carry out. Why Islam places zakat as a form of

implementation of Islamic education philanthropy, that zakat has a very fundamental purpose in the economic life of society, to ensure the welfare of society, and ensure the flow of individual or group wealth to be distributed to those who are entitled to receive it.⁸ By doing good zakat management as a pillar of economic strength and facilities, as well as infrastructure, it will improve the welfare of society (Arrazaq, 2023).

Islamic philanthropy has its origins in the Qur'an, Zakat, Infaq, Sadaqah, Waqf, and Grants and Other Alms. Verse 60 of Surah Attaubah contains an understanding of the groups entitled to receive zakat, and 103 about zakat as a self-cleansing, Surah Al-Baqarah verse 177 regarding giving wealth to close friends, the poor, orphans, and travelers, Q.S Ali Imran verse 92 which is to spend some of the property, verse 133 explains that competing in doing good deeds and 134 has the meaning of spending their wealth in times of ease and narrowness, Surah Faathir verse 29 explains about spending some of the sustenance secretly and openly and several other verses contained in the Qur'an play a role and position of philanthropy, especially zakat, infaq, sadaqah and waqf. This is a form of goodness that has benefits in this world and the hereafter and signifies the love and faith of Muslims. Furthermore, in this verse, the practice of zakat, infaq, and sadaqah is a characteristic of the faith and piety of the Servant of Allah 'Habluminallah'. Moreover, it is also a form of 'Habluminannas', a form of servant charity that has a positive impact on those who practice it, both in this world and in the other world.

Philanthropy is an intermediary or bridge connecting the agniya groups with the du'afa, so that there is no gap. Islam guarantees that the blessing of the distributed wealth does not reduce our wealth; it increases it and even purifies our wealth. This is contained in the letter (at-Taubah: 103). Because the property that a person owns is not absolute, the absolute property of ownership is only Allah SWT. Humans must spend their wealth according to the Islamic concept (Ajuna & Sahabi, 2022).

CONCLUSION

Waqf is the practice of setting aside or retaining assets for use by Islamic teachings, with the proceeds being channeled for good. In general, waqf can be in the form of fixed assets such as land or cash, managed under Sharia principles. PSAK 112 has established accounting guidelines for waqf, ensuring transparent and accountable management. In the era of Society 5.0, technologies such as blockchain and artificial intelligence can improve waqf management with greater transparency and efficiency.

The digitization of cash waqf offers significant potential to improve its management and efficiency. However, for its benefits to be optimally felt across society, existing challenges must be addressed. This paper reflects a thorough understanding of waqf and guides how digitalization can be effectively leveraged while addressing the challenges.

The National Cash Waqf Movement (GNWU) shows the government's efforts to optimize the potential of cash waqf as an instrument to support sustainable development. Although the potential of cash waqf in Indonesia reaches IDR 180 trillion per year, the realization achieved is still low compared to the potential. Key challenges include a lack of public literacy, effective governance, and an adequate fundraising system. GNWU aims

to increase public awareness and participation in cash waqf and reduce social inequality through strategic programs.

Overall, the development of waqf, both in traditional and digital forms, requires a synergy between technology, regulation, and institutional capacity. Utilizing blockchain technology, introducing the concept of productive waqf, and optimizing cash waqf are hoped to increase the effectiveness and benefits of waqf for society at large.

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