

## Optimizing Cash Waqf Management in Indonesia: Exploring Effective Models

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### *Abstract*

Cash waqf management in Indonesia faces challenges due to the overload tasks of Sharia banks as the Sharia financial institution of cash waqf (SFI-CW). This research explored Sharia Bank's problems as an SFI-CW and looked for an effective model to manage cash waqf in Indonesia. The results of this research show that the existence of Sharia banks as SFI-CW has yet to be implemented optimally due to the overload tasks of the banks. To solve the problem and to make the cash waqf management run effectively, this study proposes some alternatives, including: first, simplifying the tasks of the SFI-CW; second, making the Baitul Maal wat Tamwil (henceforth BMT) or sharia cooperation as Nazhir of cash waqf as well as SFI-CW; and third, establishing waqf bank to optimize the management of cash waqf.

**Keywords:** *Cash Waqf; Nazhir; Sharia Bank; Deposit; Certificate Of Cash Waqf.*

### *Abstrak*

Pengelolaan wakaf tunai di Indonesia yang melibatkan bank syariah sebagai lembaga keuangan syariah wakaf tunai (selanjutnya disebut LKS-WT) masih bermasalah. Penelitian ini bertujuan untuk mengeksplorasi permasalahan Bank syariah sebagai LKS-WT dan mencari model yang efektif untuk mengelola wakaf uang di Indonesia. Hasil penelitian ini menunjukkan bahwa keberadaan bank syariah sebagai LKS-WT belum dilaksanakan secara optimal karena adanya beban tugas bank yang berlebihan. Untuk mengatasi masalah tersebut dan agar pengelolaan wakaf tunai berjalan efektif, penelitian ini mengusulkan beberapa alternatif antara lain: pertama, penyederhanaan tugas LKS-WT; kedua, menjadikan Baitul Maal wat Tamwil (selanjutnya BMT) atau koperasi syariah sebagai nazhir wakaf tunai serta LKS-WT; dan ketiga, mendirikan bank wakaf untuk mengoptimalkan pengelolaan wakaf tunai.

**Kata Kunci:** *Wakaf Tunai; Nazhir; Bank Syariah; Deposito; Sertifikat Wakaf Tunai*

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## Introduction

Discussion on the alternative model of cash *waqf* management in Indonesia tends to make sharia banks have a role in the management of cash *waqf*. It is due to the advantages or strengths possessed by Sharia banks<sup>1</sup>. Act No. 41 of 2004, about *waqf*, and its derivatives have lead Sharia banks as a custodian as to refers to a property care activity for the benefit of another party under a contract. The role and position of sharia bank as the custodian, which receives the deposit from the depositor (in the form of *waqf* funds) have placed the sharia banks charged by a lot of tasks and obligations. As a business institution, on the other hand, the sharia banks are not particularly interested in the management of cash *waqf* in terms of cash *waqf* deposits. It is evident, that sharia banks have not prepared all things relating to the acceptance of *waqf* deposit money.

It is obvious that the big potential of cash *waqf* could not be realized to the fullest. Cash *waqf* management tends to not increase significantly. Therefore, it is necessary to conduct an in-depth study to parse the sharia bank issues as sharia finance institutions, and to find an effective management model. This research was conducted in three sharia banks in Indonesia specifically located in Ponorogo regency of East Java, the city of Metro, and the city of Bandar Lampung. The basic assumption built in this study is that *waqf*, when managed effectively, reduces poverty in Muslim society and gives financial supports as well as dignity for *ummah*.<sup>2</sup>

Some previous studies have discussed about cash *Waqf*. It is reported that cash waqf in Indonesia is still problematic due to the lack of socialization of cash *waqf* and the

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<sup>1</sup> Ade Harly Arief Siregar, *Peranan Perbankan Syariah Dalam Penerapan Wakaf Uang Di Indonesia* (Jakarta, 2009).

<sup>2</sup> Yusuff Jelili Amuda, Murshamshul Kamariah Musa, and Abdul Majid Tahir Mohamed, 'Empirical Study on the Feasibility of UniSZA ' s Staff Cash Waqf and Its Possible Impact on Human Development in Terengganu', *GJAT*, 6.2 (2016), 19–36.

lack of professional *nadzir* as well as poor managerial system.<sup>3</sup> Whereas, the investment management cash *waqf* in a non-government organization called Tabung Waqaf Indonesia (TWI) plays a role in empowering communities.<sup>4</sup> Accordingly, it is evident that cash *waqf* plays an important role in supporting the development process thoroughly, both in the development of human resources, as well as in economic and social development. Other researchers examined Muslim scholars' (*kyai*) perception of cash *waqf* and duration *waqf*,<sup>5</sup> cash *waqf* for infrastructure from the perspective of Islamic law<sup>6</sup>, *waqif*'s religiosity is an important factor in utilizing *waqf* to fund higher education in Klang Valley area,<sup>7</sup> and the usability of *waqf* (endowment), as one out three instruments of Islamic finance, to finance Muslim learners of higher education in Negeria.<sup>8</sup>

This article argues that the determination of Sharia banks as SFI-CW does not run effectively and causes some problems. It seeks to formulate an effective model in the management of cash *waqf*. To start with, this article is aimed at discussing cash *waqf* management in Indonesia; investigating the problems faced by the sharia banks as sharia financial institution related to cash *waqf*; and proposing an effective model for cash *waqf* management within the Indonesian context.

## Research Method

The research was aimed at conducting and elaborating the existence of Sharia bank as Sharia financial institution of cash *waqf*. The primary data of this study was obtained through interviews and observations.<sup>9</sup> The informants of this study were employees in three sharia banks in the regency of Ponorogo East Java, city of Lampung and city of Bandar Lampung. The sharia bank of Ponorogo regency represented sharia banks in the district; shariah bank of Metro city represented sharia banks located in the city, while sharia bank of Bandar Lampung represented sharia banks located in the capital

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<sup>3</sup> Muhyar Fanani, 'Pengelolaan Wakaf Tu (suhairi)nai', *Walisongo: Jurnal Penelitian Sosial Keagamaan*, 19.1 (2011), 179 <<https://doi.org/10.21580/ws.19.1.217>>.

<sup>4</sup> Rozalinda, 'Pengelolaan Wakaf Uang Di Indonesia: Studi Kasus Pada Tabung Wakaf Indonesia (TWI)', in *Annual Conference on Islamic Studies*, 2010, pp. 1–4.

<sup>5</sup> Miftahul Huda, 'Tipologi Pemikiran Kyai Pesantren Ponorogo Atas Eksistensi Wakaf Uang Dan Wakaf Berdurasi', *Dialogia*, 10.2 (2012), 253–74 <<https://doi.org/10.21154/DIALOGIA.V10I2.313>>.

<sup>6</sup> Fadhlullah Mudzakkir and Tarmidzi, 'Wakaf Uang Untuk Infrastruktur Dalam Perspektif Hukum Islam', *Jurnal Hukum Islam*, 16.2 (2018), 237–49.

<sup>7</sup> Siti Khadijah, Muhammad Sabki, and A Ismail, 'Philanthropic Commitment Traits for Waqf in Higher Education', *GJAT*, 7.1 (2017), 71–77.

<sup>8</sup> Adebayo Saheed Adewale and AbduRaheem Abdul Ganiyi Zubaedy, 'Islamic Finance Instruments as Alternative Financing to Sustainable Higher Education in Nigeria', *GJAT*, 9.1 (2019), 35–48.

<sup>9</sup> J. W. Creswell, *Educational Research: Planning, Conducting, and Evaluating Quantitative and Qualitative Research (Fourth Edition)* (Boston: Pearson Education Limited, 2012).

province. The analysis was conducted by inductively elaborating the execution of sharia bank duties as SFI-CW and problems arising concerning it.

## **Findings and Discussion**

### **The Management of Cash Waqf in Indonesia**

Cash waqf began to be known during Ottoman times<sup>10</sup>. The Fatwa of Indonesian Ulama Council allows cash waqf for it is strongly underpinned by Imam az-Zuhri's opinion.<sup>11</sup> Cash waqf is further formalised and legalized through the Law No. 41 year 2004 about Waqf and its derivatives.<sup>12</sup> The management of cash *waqf* in Indonesia is governed generally through the Law No. 41 the year 2004, government regulation No. 42 the year 2006. While the provisions are technically regulated in the Indonesian *Waqf* Regulation No. 1 the year 2009 and regulation of the Minister of Religious Affairs No. 4 of 2009.

In article 28 of Law No. 41 of 2004, it is mentioned that, "*Wakif* can represent the moving object of money through a Sharia financial institution appointed by the minister".<sup>13</sup> The article 22 paragraph (3) of Government Regulation No. 42 the year 2006 (3) present in SFI-CW, explaining the ownership and origin of the money to be represented, depositing in cash a certain amount of money to SFI-CW, filling in the form of the will statement *Wakif* works as a waqf pledge or (*Akta Ikrar Wakaf* or AIW). In point (4), it is mentioned that if the *wakif* can not be present can appoint a representative or its authority.<sup>14</sup>

The above issue is further stipulated in Indonesia's *Waqf* Board Regulation No. 1 the year 2009. It is mentioned in article 4 that: (1) cash *waqf* deposits can be done directly and indirectly. (2) the deposit of cash *waqf* as directly referred to point (1), namely *wakif* or his power is present in the office of SFI-CW. (3) cash *waqf* deposit is indirectly referred to in point (1), that is through electronic channel media, among others: automated teller machine (ATM), phone banking, internet banking, and mobile banking.

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<sup>10</sup> Muhammad Muwafiq Al-Arnauth, *Perkembangan Wakaf Di Dunia Islam*, I (Libanon: Dar al-Fikr, 2001).

<sup>11</sup> Abu Suud Muhammad, *Risalah Fi Jawazi Waqfi An- Nuqud* (Libanon: Dar Ibn Hazm, 1997).

<sup>12</sup> Suhrawardi K Lubis and Farid Wajdi, *Hukum Wakaf Tunai* (Bandung: PT. Citra Aditya Bakti, 2016).

<sup>13</sup> Bank Indonesia, *Seri Ekonomi Dan Keuangan Syariah Wakaf: Pengaturan Dan Tata Kelola Yang Efektif* (Jakarta: Departemen Ekonomi dan Keuangan Syariah-Bank Indonesia, 2016).

<sup>14</sup> Bank Indonesia.

Cash *waqf* deposit is directly regulated in Article 5 stating that: (1) the deposit of cash *waqf* from *wakif* is addressed to *nazhir* of cash *waqf* that has been registered on Indonesian Waqf Board (Badan Wakaf Indonesia or BWI) and has contracted cooperation with SFI-CW. (2) *Wakif* is obliged to fill in the statement form of *wakif* will serve as AIW followed by depositing the amount of money as required. (3) A statement form of *wakif* will serve as AIW which has been filled and signed by *wakif* with an enclosed proof of cash deposit of *Waqf*, hereinafter signed by 2 (two) bank officers as a witness and by 1 (one) official Bank as The Official Waqf Pledge (*Pejabat Pembuat Akta Ikrar Wakaf* or PPAIW). (4) SFI-CW may issue a cash *Waqf* certificate to *Wakif* such matters as referred to in point (1) and (2) have been fulfilled.

The deposit of cash *waqf* is indirectly governed in article 6 stating that: (1) deposit of cash *waqf* indirectly from *Wakif* addressed to *Nazhir Waqf* money that has been registered on BWI and has contracted cooperation with SFI-CW. (2) *Wakif* can only choose the type of cash *Waqf* for the time being forever and is intended for the public interest. (2). SFI-CW is obliged to set up the online system related to the acceptance of cash *Waqf* using electronic channel media. (3). SFI-CW is obliged to prepare the *Waqf* certificate from the deposit of *Wakif* which is conducted indirectly based on the information obtained from the online electronic media channel. (4). *Wakif* can redeem the deposit proof of cash *waqf* obtained through electronic media channels to the SFI-CW to obtain a cash *waqf*. (5). If *wakif* does not redeem the deposit proof of cash *waqf* to be a member of the cash *waqf*, then within 2 (two) weeks after electronic deposit, SFI-CW will issue a certificate of cash *waqf*. (6). In the case, as referred to in point (5), then the certificate of cash *waqf* will be given to the BWI for administrative purpose.

Additionally, the deposit of cash *waqf* is indirectly governed in article 6: (1). Deposit of cash *waqf* indirectly from *wakif* addressed to the *nazhir* of cash *waqf* that has been registered on BWI and has contracted cooperation with SFI-CW. (2) *Wakif* can only choose the type of cash *Waqf* for the time being forever and is intended for the public interest. (2). SFI-CW is obliged to set up an online system related to the acceptance of cash *Waqf* using electronic channel media. (3). SFI-CW is obliged to prepare the *waqf* certificate from the deposit of *wakif* which is conducted indirectly based on the information obtained from the online electronic media channel. (4). *Wakif* can redeem the deposit proof of cash *waqf* obtained through electronic media channels to the SFI-CW to

obtain a cash *waqf*. (5). If *wakif* does not redeem the deposit proof of cash *waqf* to be a member of the money *Waqf*, then within 2 (two) weeks after electronic deposit, SFI-CW will issue a certificate of cash *waqf*. (6). In the case as referred to in point (5), then the certificate of cash *waqf* will be given to the BWI for administration purpose.

The management and development of the *waqf* property is regulated through the article of 48 stating that: (1). The management and development of the *waqf* property must be guided by the BWI regulations. (2). The management and development of property of cash *waqf* can only be done through the investments in sharia financial institution products and/or sharia financial instruments. (3). In the case that SFI-CW received cash *waqf* for a certain period, then *nazhir* can only do the management and development of the *waqf* property money on the SFI-CW referred. (4). The management and development of the *waqf* asset that is carried out in the sharia bank must be following the statutory depository program. (5) The management and development of the *waqf* property of money made in the form of investments outside the sharia bank shall be insured in sharia insurance.

Related to the collected fund, Edwin argues that the fund is an everlasting fund that should exist until the end of time and will continue to benefit the people and the *waqf* (*wakif*). It is under the Fatwa of Indonesian Ulama Council; The principal value of cash *waqf* must be guaranteed of its sustainability, should not be sold, assigned, and or inherited. It is in accordance with the principle of *Waqf*, that is 'to maintain the *waqf* tree and to distribute its benefits'.<sup>15</sup> It is in tune with the prophetic tradition stating that: 'if you maintain the capital and donate its outcome'.<sup>16</sup>

Further, the investment of cash *waqf* is regulated in article 10-12 of Indonesian *Waqf* Board Regulation number 1 the year 2009. In article 10 it is stated that: (1). Cash *waqf* Investment is directed toward productive projects for the benefit of the people through direct and indirect investments. (2). Direct investment as intended in point (1) is an investment in the projects managed by *nazhir*. (3). Indirect investment as intended in point (1) is an investment through an institution that meets the institutional and profitable eligibility criteria. (4). Investment of cash *waqf* can be done through deposits at sharia bank with the expectation of the most profitable results.

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<sup>15</sup> Muhammad Abu Zahroh, *Muhadhirat Fi Al-Waqfi*, II (Libanon: Darul Fikri al-Arabi, 1971).

<sup>16</sup> Muhammad Mushthafa Silbi, *Muhadhirat Fi Al-Waqfi Wa Al-Washiyah*, I (Libanon: Mathbaah Dar al-Ta'lif, 1957).

In respect of above provisions, it can be understood that the investment of cash *waqf* can be done directly and indirectly. By directly it means that a self-made investment by *nazhir*. Whereas by indirectly is the investment made through other agencies. (*Nazhir* need to have mastered investment management, risk, paradigm *waqf* productive) To preserve the basic value of cash *waqf*, the investment must be ensured to fulfill the provision. Concerning this, if it is done in a Sharia bank, it must be a participant of the deposit Guarantor Board. Whereas if it is not invested in the real sector, the guarantor of institution/Sharia insurance must be included. When sharia insurance is not included sharia, there must be cash collateral worth 100% of the investment value. Regulation on cash *waqf* investment has been equipped with preventive efforts in anticipation of possible losses.

The distribution of the investment proceeds cash *waqf* is set in Article 13 stating that: (1). The disbursement of investment benefits of cash *waqf* can be done directly and indirectly. (2). The distribution of benefits of investment proceeds directly as intended in point (1) is the development program and community empowerment which is directly managed by *nazhir*. (3). The distribution of benefits of investment proceeds indirectly as intended in point (1) is a community empowerment and development program through a partnership with other empowerment institutions that meet the institutional feasibility criteria and professionalism. The distribution of cash *waqf* benefits should be into what is lawful according to Islamic law.<sup>17</sup> Cash *waqf* is distributed for general good activities or purposes.<sup>18</sup>

The distribution of benefits of cash *waqf* investment can also be done directly and indirectly. By directly it means that the distribution to the beneficiaries of the cash *waqf* is directly made by *nazhir*. Whereas by indirectly conduct, it means that the distribution to the beneficiaries of cash *waqf* (*maukuf* over) through another institution that is given trust by *nazhir*. This shows the distribution of cash *waqf* benefits, should better promote empowerment. Should there be another institution that has more capacity and capability in empowerment, then the investment is better conducted indirectly. Through models like this, the benefits distribution of cash *waqf* will be more beneficial and effective.

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<sup>17</sup> Imam Yahya, *Ahkam Al-Waqfi* (Libanon: Dar Ibn Hazm, 2009).

<sup>18</sup> Abdullah, 'Waqf An-Nuqud Wa Al-Awraq Al-Maliyah', in *Waqf An-Nuqud Wa Al-Awraq Al-Maliyah* (Quait, 2005) <<https://doi.org/10.1016/j.hbrej.2014.06.002>>.

### **The Problems Faced by Sharia Bank as a Financial Institution for Cash Waqf**

Of some alternative engagements of Islamic bank in the management of cash *Waqf*, the best choice is to make sharia bank as custodian, which is as SFI-CW. Among the duties and obligations imposed on sharia banks as SFI-CW are: (a) announcing to the public for its existence as the beneficiary of the *waqf* fund; (b) providing the certificate form of cash *waqf*; (c) receiving cash *waqf* money from *wakif* on behalf of the *nazhir*; (d) placing cash *waqf* into the account of a deposit (*wadi'ah*) on behalf of *nazhir* appointed by *wakif*; (e) accepting the written statement of will of Wakif in the form of the will statement of Wakif; (f) issuing a certificate of cash *waqf* and submitting the certificate to *wakif* and hand over the certificate to *nazhir* appointed by *wakif*; and (g) registering cash *waqf* to the minister on behalf of *nazhir*.

The sharia banks as SFI-CW have not implemented most of the tasks properly. Noviana, a customer service of BRI Syariah at Ponorogo East Java, urges that BRI Syariah branch office of Ponorogo has never announced to the public about its existence as SFI-CW. The head of BRI Syariah of Ponorogo stated that he did not know the existence of BRI Syariah as SFI-CW. Even he felt strange with the term of cash *waqf* because what he knew about *waqf* was all about land and building.<sup>19</sup> Likewise, Qoriah<sup>20</sup> a customer service of the Bank Syariah Mandiri Ponorogo Branch Office, stated that the bank has not announced to the public about its existence as SFI-CW. Sugiyono<sup>21</sup>, the head of KCP Bank Muamalat Indonesia Ponorogo, also conveyed the same thing.

The same phenomenon was also found sharia banks in the city of Metro. Rahayu<sup>22</sup>, a customer service of Bank Muamalat Indonesia in Metro Branch Office, said that during this time the bank where she worked has never published or announced to the public about its existence as SFI-CW. Sugiarto<sup>23</sup> as a Branch Head of Bank Syariah Mandiri Metro also conveyed the same thing that there has never been an announcement to public about the existence of Bank Syariah Mandiri Metro as a SFI-CW.

Likewise, Vanturini<sup>24</sup>, a Customer Service Bank Negara Indonesia branch of Bandar Lampung conveyed that BNI Syariah branch of Bandar Lampung has never

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<sup>19</sup> Noviana Putri, interview on June 12, 2019.

<sup>20</sup> Qoriah, interview on June 13, 2019

<sup>21</sup> Sugiyono, interview on 13 June 15, 2019

<sup>22</sup> Rahayu, interview on July 2, 2019

<sup>23</sup> Sugiarto, interview on July 3, 2019

<sup>24</sup> Vanturini, interview on July 4, 2019



announced to the public about its existence as SFI-CW. Likewise, when asked whether there was ever a circular or instruction from the central office to announce to the public about SFI-CW, she revealed that there has never been a circular or instruction to do the task.<sup>25</sup> A Customer Service of BRI Syariah Main branch of Bandar Lampung, stated that the bank where she worked has never published its existence as SFI-CW. As for the reasons expressed were that because cash *waqf* has not been encouraged to be socialized until September 2019. Even<sup>26</sup>, a Customer Service Bank Muamalat Indonesia Main branch of Bandar Lampung stated that she did not know if BMI was a SFI-CW, and there was no direction from the Center to receipt of cash *Waqf* deposit. While<sup>27</sup>, a Customer Service Bank Syariah Mandiri Area Lampung stated that his bank has not published to the public about its existence as SFI-CW because it is not a concern.

The results of interviews show that overall, the sharia banks stated that they have never performed the first task, which is to announce the bank existence as SFI-CW. It is under the observation that has been done, a researcher has never seen a sharia bank announcing to the public or society about its existence as SFI-CW, either through banners or pamphlets. It is obvious that sharia banks that have been designated as SFI-CW have not carried out the task of publishing to the public about their existence as SFI-CW. In fact, some of the banks do not know their existence as SFI-CW.

Principally, Syariah Banks as a SFI-CW have such tasks as providing a printed certificate of cash *waqf*; receiving cash *waqf* from *wakif* on behalf of *nazhir*; inputting the cash *waqf* into a deposit account (*wadi'ah*) on the behalf of the *nazhir* appointed by *wakif*; receiving a statement from *wakif's* will written in the will statement of *wakif*; issuing a cash *waqf* certificate and handing over the certificate to *wakif*; and handing over a copy of the certificate to *nazhir* appointed by *wakif*. The results of this study reveal that Sharia Banks located in the district or city such as Ponorogo and Metro have not performed the mentioned tasks.<sup>28</sup> the customer service of BRI Syariah of Ponorogo stated that the bank where she works has not yet received cash *waqf* so that none of the SFI-CW tasks had been performed. Moreover, she did not know that BRI Syariah had been designated as SFI-CW. The same is true with<sup>29</sup>, a customer service of BSM of Ponorogo who has not

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<sup>25</sup> Fitriani, interview on September 18, 2019

<sup>26</sup> Aulinea, interview on 18 September 18, 2019

<sup>27</sup> Ali Sofyan, interview on 18 September 18, 2019

<sup>28</sup> Putri, interview on June 12, 2019

<sup>29</sup> Qoriah, interview on June 13, 2019

prepared the acceptance of cash *Waqf* certificate. BRI Syariah of Ponorogo was not ready either to fulfill the tasks of SFI-CW. Until now, BRI Syariah KCP Ponorogo never received *waqf* funds. Similarly, the customer service stated that there was no referral to receive the deposit *waqf*<sup>30</sup>. The BMI of Ponorogo also delivered technically the provision of a print deposit, acceptance of *waqf* deposits and issuance of cash *waqf* certificate has never been done. The bank application shows that there has never been any transaction of cash *waqf*.

The same phenomenon found in Bank Muamalat Indonesia of Metro which has not provided printing certificates of *Waqf* of money, neither did the bank perform related tasks of SFI-CW<sup>31</sup>. The informant was not likely to know the existence of the BMI KC Metro as SFI-CW. Accordingly, BMI has its own body namely BMT which manages Zakat, Infak, alms and Wakaf (ZISWAF). BMM has a cash *Waqf* program called Waqaf Cash Muamalat (WAQTUMU). She further stated that if anyone intends donate cash *Waqf*, then it is acceptable, but such cash *waqf* will be organized under the management of *Baitul Maal Wat Tamwil* (BMT). The same idea was presented by <sup>32</sup>, the head of the Bank Muamalat Indonesia of Metro, stating that the bank was ready to receive cash *waqf*, but in the BMM run. When researchers asked whether a BMI KC Metro could issue a certificate of cash *Waqf* through the BMI Metro managed by *nazhir* of cash *waqf* instead of BMM. The informant diplomatically conveyed that the bank where he works could not issue the certificate. Therefore, the BMI Metro has not carried out its duties as SFI-CW.

At the meantime, Sugiarto conveyed a different phenomenon<sup>33</sup>. Although BSM KC Metro currently has not carried out duties as SFI-CW, the bank has been informed from the center of BSM existence as SFI-CW. When researchers asked why BSM Metro has not prepared a printing certificate of cash *Waqf* as well as tasks. <sup>34</sup> stated that the bank has limited human resource related to the cash *waqf*. There was once an employee, Faishal who tried to understand about *waqf* of money, but then he was mutated to another branch. Sugiarto further stated that up to present, BSM Metro has not received and carried out the tasks of SFI-CW.

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<sup>30</sup> Fadhil, interview on August 12, 2019

<sup>31</sup> Rahayu, interview on July 2, 2019

<sup>32</sup> Muntholib, interview on May 14, 2019

<sup>33</sup> Sugiarto, interview on July 3, 2019

<sup>34</sup> Sugiarto, interview on July 3, 2019

In BNI Syariah of Bandar Lampung, Vanturini<sup>35</sup> conveyed that BNI Syariah has had the applications of BNI Hasanah that manages *zakat* and *waqf* in cooperation with the institutions Amil Zakat and *waqf nazhirs*. Concerning *waqf*, the application is BNI Syariah Wakaf Hasanah. When the application was demonstrated, there appeared 20 *nazhirs* of cash *waqf* who had done the contract cooperation with BNI Syariah as SFI-CW. Each *nazhir* has a program offered. Related to this, the programs are *waqf* through cash, not cash *waqf*. But on the other hand, BNI Syariah also had set up acceptance of cash *waqf* deposit, either directly or indirectly. The bank provides the opportunity for the *nazhir* of cash *waqf* to cooperate with BNI Syariah in receipt of cash *waqf* deposit.

Bank Syariah Mandiri Lampung area has prepared the receipt of the cash *waqf* deposit and printing certificate of cash *Waqf*. Blank certificate of cash *Waqf* consists of 5 forms. The first form is written 'Wakif (original)', the second sheet is written 'Nazhir', the third sheet is written 'Ministry of religious affairs', the fourth form is written 'BWI', and the fifth form is written 'LKS'. Blank certificate of cash *Waqf* is not written in the form, only written at the top of the *Waqf* board logo of Indonesia, the writing 'cash *waqf*', the inscription *bismillah* written in Arabic, then the translation of Chapter al-Baqarah verses 261.

Based on the above data, it can be stated that the tasks of Sharia banks as SFI-CW at the District/city branch level tend to not be well delivered. Customer service, teller, even the branch head at the district/city level tend not to understand well about the procedures of the deposit/receipt of cash *waqf*. Sharia banks at the Regency/city branch level have not set up a cash *waqf* deposit printing. In fact, some sharia banks do not know the existence of their bank as administrators of cash *waqf*. Neither do they know cash *waqf* deposit program.

Similarly, sharia banks at the provincial level, although they aware of the existence of cash *waqf*, but all ranks, especially the front office (Customer Services, Teller) have not understood and could not explain clearly about the acceptance program of cash *waqf* through sharia banks as SFI-CW. This is evident when researchers asked questions related to the acceptance of cash *waqf* for sharia banks as SFI-CW, they always contact the central bank to ask for explanations of the questions asked.

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<sup>35</sup> Vanturini, interview on July 4, 2019

Based on the above data, it can be declared that sharia banks have not carried out their duties or obligations as SFI-CW. Concerning this, the researchers can declare that the choice of Sharia bank as a custodian/Sharia financial institution of cash *waqf* should be supported by lessening the existing abundant tasks. The researchers argue that these tasks should be simplified. As custodian, sharia banks should have been given such tasks as announcing to the public about their existence as SFI-CW, providing form, receiving a deposit of cash *waqf* and placing the *waqf* funds into a bank account (Wadhiah). Thus, the deposit model of cash *waqf* through sharia banks as custodian (SFI-CW), with abundant tasks will not run effectively and maximally.

### **Effective Cash Waqf Management Model for Indonesian Context**

Based on the findings of Sharia bank as SFI-CW, it can be elaborated and formulated the alternative models of cash *waqf* of money in terms of 'cash *waqf* deposit'. As for some alternatives, the management model of cash *waqf* as a solution are as follows.

#### **Reducing the duties of Sharia banks remain as SFI-CW**

The existence of Sharia banks is made as a custodian in the management of cash *waqf* as SFI-CW. The tasks imposed upon the banks ought to be simplified. The loading of such tasks is abundant for sharia banks as the SFI-CW, while the role of the custodian is proven to not run effectively and maximally. Such conditions make sharia banks not interested in giving serious attention to the deposit of cash *Waqf*. Overall, Sharia banks in the district/city both as a branch office and the branch Office of the Helper are not ready in receiving and processing the cash *Waqf* deposit. There are even some sharia banks that express ignorance about the *Waqf* fund and its existence as SFI-CW. In connection with the elaboration, the sharia banks as SFI-CW should be given such tasks as announcing to the public for their existence as SFI-CW, receiving a deposit of cash *waqf* and placing the cash *waqf* into a bank account (*wadhiah*). While the task of issuing the deed of the *waqf* pledge can be likened to other *waqf* objects, the head of the Religious Affairs Office is used as the official *waqf* pledge (PPAIW). While the task of issuing a *waqf* Certificate of money and register money *waqf* to the minister is charged to nazhir of cash *waqf*. The loading of such tasks in the form of simplification of tasks that are charged to sharia banks as SFI-CW is very precise, given the existence of the custodian. If this option is done, it is necessary to revise or to change the legislation in the form of Law No. 41 the year 2004, government regulation number 42 the year 2006.

### **Repositioning BMT which has been designated as Nazhir Waqf money, as well as LKS-PWU**

Another option or alternative is to make BMT which has been designated as Nazhir of cash *Waqf* as well as sharia financial institution of cash *waqf* money (SFI-CW). So in this case, BMT will carry out the duties as mandated in article 25 of government Regulation number 42 the year 2006, namely: *first*, announcing to the public for its existence as the LKS of the *waqf* of money; *second*, providing printing cash *waqf* certificate; *third*, receiving cash *waqf* from *wakif* on behalf of *nazhir*; *fourth*, placing cash *waqf* into the account of a deposit (*wadi'ah*) on behalf of *nazhir* appointed by *wakif*; *fifth* accepting the written statement of will of *Wakif* which is provided in the form of the will statement *Wakif*; *sixth*, issuing a cash *waqf* certificate and submitting the certificate to *wakif* and handing over the certificate to *nazhir* appointed by *wakif*; and *seventh*, registering cash *waqf* to the minister on behalf of *Nazhir*. If the above choice or alternative is done, then BMT that have been designated as *nazhir* of cash *waqf* as well as sharia financial institution beneficiary of money, will carry out the tasks to the fullest. If this option is taken, the representative rules of Law No. 41 the year 2004, government regulation number 42 the year 2006, no need to be revised or changed.

### **Creating a special Bank for Waqf**

The next option is to adopt what is done in Bangladesh with Social Investment Bank Limited (SIBL) initiated by Mannan. As the name implies, the bank is not the same as the bank in general, which emphasizes the business and profit orientations. SIBL carried the social mission as a social bank, including raising the *waqf* fund and issuing a cash *waqf* certificate. Concerning this choice or alternative, it has been initiated by the Indonesian *waqf* agency. But this idea is facing regulatory issues, where the bank's provision is required to meet the principal license and operational permits. So that this problem should be the breakthrough law relating to the regulation of the establishment of bank *Waqf* is not confused with the regulation of the establishment of business-oriented banks or profit.

Noting that all three options offer the model, which is possible to be applied in the near term is to make microfinance institutions Sharia/cooperative Sharia which has been designated as *nazhir*, as well as the Sharia financial institution of cash *waqf* recipient. This option argument allows to be applied in the near term, as there is no need for the

revision of Law No. 41 of 2004, government Regulation number 42 the year 2006 and its derivatives rules. As the process of revision of LAW, PP and technical rules could not be done quickly. Preparation of design, academic study, discussion, accompanied by the dynamics of discussion should come first. The choice of making microfinance institutions Sharia/Sharia cooperation that has been designated as *nazhir*, as well as designated as SFI-CW is the simplest and can be done in the near term.

As for the long term, and more effective in maximizing the management of cash *waqf* in Indonesia is the third choice. Establishing a special social bank or more specific *waqf* bank will further maximize the management of cash *waqf* especially in terms of gathering funds (funding) cash *waqf*. Indonesian *waqf* agency as an independent institution that has the task of developing a representative in Indonesia, should be able to do this breakthrough. In this case, a conflict of regulation of the bank's establishment- either principal permit or operational permit- should be excluded. Until the establishment of the bank, *waqf* is not the same terms in its establishment as a commercial bank. A special bank for *waqf* could be seen as 'new innovations' which is aimed at strengthening the role of *waqf* in developing the Muslim's economy.<sup>36</sup>

## **Conclusion**

Based on the exposure to the discussion it can be concluded that sharia banks as SFI-CW have abundant tasks in that they do not pay adequate attention to cash *waqf* management, specifically to the acceptance of cash *waqf*. That the banks fail to perform the tasks are due to the overload tasks with the position of the banks as custodians.

Some alternatives or choices of models that can be offered, namely: *first*, simplifying the tasks of sharia banks as SFI-CW. Their tasks should only include announcing to the public as the SFI-CW, accepting money deposits and placing on the account of the deposit (*wadhiah*). This option should lead to the revision or amendment of the Act number 41 the year 2004 and the government regulation number 42 the year 2006. *Second*, making the BMT or sharia cooperation as *nazhir* of cash *waqf* as well as SFI-CW. If this option is taken, it does not require the revision or amendment of the law number 41 the year 2004 and government regulation number 42 the year 2006. *Third*, adopting what has been done in the state of Bangladesh, that is establishing the *waqf* bank.

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<sup>36</sup> Hisham Yaacob and Hairul Suhaimi Nahar, 'Investigating Awqaf Management, Accounting and Investment Practices in Malaysia: The Case of a State Religious Institution', *GJAT*, 7.1 (2017), 59–70.

This option is required to do legal breakthrough in the form of a *waqf* bank for the conditions of its establishment in the case of operational permits and principle permits. Until the establishment of a bank, *waqf* is not confused with the provisions of the establishment of a business-oriented or profit-oriented bank.

### **Recommendations**

Drawing from findings presented above, relevant recommendations are outlined as follow. The *Waqf* Board of Indonesia or the Ministry of Religious Affairs as the authorities of *waqf* ought to perform concrete actions based on the alternative *waqf* management model as proposed in the concluding remarks so that the potentials of cash *waqf* can be realized. Likewise, the scholars, the *da'i* or *muballigh* might be involved to socialize the alternative models through their *da'wah* in religious talks or meetings.

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