MILRev
Metro Islamic Law Review
Scientific Islamic Law Journal Of Sharia Faculty
MILRev : Metro Islamic Law Review
ISSN: 2986-528X
Vol. 5 No. 2 July-December 2026, Pages 949-990

Innovations in Islamic Law: Contemporary Applications of Trust and Cash Waqf for Wealth Management in Malaysia

Author:
Muhamad Mu'izz Abdullah[1*], Mohammad Abdullah[2], Akram Mahmad Rabbi[3], Md Yazid Ahmad[4], Zubair Amir Nur Rashid Muhamad[5]

Affiliation:
[1,4]The National University of Malaysia, Malaysia
[2]Abu Dhabi Commercial Bank, United Arab Emirates
[3]International Islamic University Malaysia, Malaysia
[5]Academy of Islamic Defense, National Defense University of Malaysia, Malaysia

Corresponding author:
*muizz@ukm.edu.my

Doi: 10.32332/milrev.v5i2.10434

Dates:
Received 12 April, 2025
Revised 15 January, 2026
Accepted 20 June, 2026
Published 01 July, 2026

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Abstract: Effective wealth management constitutes a fundamental component of Islamic socioeconomic development, particularly in addressing poverty alleviation and promoting sustainable social welfare. Within the contemporary Islamic financial framework, trust instruments and cash *waqf* have emerged as strategic mechanisms for mobilising and distributing wealth to support both individual financial security and collective social prosperity. This study aims to evaluate the effectiveness of trust instruments and cash *waqf* in strengthening the socioeconomic conditions of Muslim communities, reducing poverty, and enhancing welfare outcomes, particularly in the education and healthcare sectors. It further examines the contribution of these instruments from the perspective of *maqāṣid al-sharīʿah* and public interest (*maṣlaḥah*). This research employs a qualitative approach, grounded in a systematic literature review and document analysis of scholarly publications, policy reports, legal documents, and institutional records related to trust and cash *waqf* practices in Malaysia. A comparative analytical framework is utilised to identify similarities, differences, and complementary functions between the two instruments. The collected data are analysed descriptively to assess their socioeconomic impact and institutional effectiveness. The findings reveal that both trust instruments and cash *waqf* play a significant role in improving the socioeconomic well-being of Muslim communities through structured asset management, sustainable wealth distribution, and support for public welfare programs. These instruments contribute to educational development, healthcare accessibility, and poverty reduction while promoting long-term financial resilience. Although differing in their legal origins, governance structures, and operational mechanisms, both instruments exhibit comparable strengths in flexibility, tax incentives, and socioeconomic impact. From a *maqāṣid al-sharīʿah* perspective, they effectively support the preservation of wealth and the realisation of public welfare. This study contributes to the growing literature on Islamic social finance by offering a comparative understanding of trust and

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cash *waqf* as complementary wealth management instruments. The findings provide practical insights for policymakers, financial institutions, and *waqf* organisations seeking to strengthen Islamic wealth management frameworks in Malaysia and other Muslim-majority contexts.

Keywords: Cash *Waqf*; Socioeconomic; Social Welfare; Trust; Wealth Management.

INTRODUCTION

Systematic wealth management is a critical aspect in ensuring financial stability and social well-being for asset owners and their beneficiaries. From an Islamic perspective, systematic wealth management through instruments such as trust and cash *waqf* aligns with the principles of justice and social welfare advocated in Sharia.[1] For instance, trust and cash *waqf* have become two primary instruments gaining attention both globally and locally. A trust is an arrangement in which assets are held and managed by trustees for the benefit of designated beneficiaries, based on the fiduciary concept.[2] Cash *waqf*, on the other hand, involves cash donations for charitable or social development purposes.[3] Both instruments offer unique approaches to wealth management that align with the maqasid syariah perspective and meet the needs of *maslahah*. For example, Abdullah[4] and Nasir et al[5] explain that these estate planning instruments not only ensure fair preservation and

[1] Muhamad Mu izz Abdullah et al., 'Analysis of Trust Instrument in Islamic Estate Planning: A Study Case at Amanah Raya Berhad, Malaysia', *Journal of Islamic Accounting and Business Research* 14, no. 8 (2023): 1404–1425, https://doi.org/10.1108/JIABR-02-2022-0057.

[2] Brooke Harrington, 'Trust and Estate Planning: The Emergence of a Profession and Its Contribution to Socioeconomic Inequality', *Sociological Forum* 27, no. 4 (2012): 825–46, https://doi.org/10.1111/j.1573-7861.2012.01358.x; Nazrul Hazizi Noordin et al., 'Re-Evaluating the Practice of Hibah Trust in Malaysia', *Humanomics* 32, no. 4 (2016): 418–4136, https://doi.org/10.1108/H-05-2016-0044; Frederik van Tuyll, 'The Emergence of the Islamic Trust', *Trusts & Trustees* 12, no. 9 (2006): 7–9, https://doi.org/10.1093/tandt/ttl009.

[3] Ascarya Ascarya and Atika Rukminastiti Masrifah, 'Strategies Implementing Cash Waqf System for Baitul Maal Wat Tamwil to Improve Its Commercial and Social Activities', *International Journal of Islamic and Middle Eastern Finance and Management* 16, no. 1 (2023): 130–53, https://doi.org/10.1108/IMEFM-10-2020-0504; Didik Heri Kuswanto et al., 'The Influence Of Knowledge, Religiosity On Cash Waqf Interest In Trust Mediation', *Jesya* 7, no. 2 (2024): 1789–99, https://doi.org/10.36778/jesya.v7i2.1710; Mohamed Asmy Bin Mohd Thas Thaker et al., 'Developing Cash Waqf Model as an Alternative Source of Financing for Micro Enterprises in Malaysia', *Journal of Islamic Accounting and Business Research* 7, no. 4 (2016): 254–267, https://doi.org/10.1108/JIABR-09-2014-0029.

[4] Mohammad Abdullah, 'Waqf and Trust: The Nature, Structures and Socio-Economic Impacts', *Journal of Islamic Accounting and Business Research* 10, no. 4 (2019): 512–527, https://doi.org/10.1108/JIABR-10-2016-0124.

[5] Amalin A. Ishah Mohd Nasir et al., 'Asset Management in Malaysia: Current Status', *IOP Conference Series: Earth and Environmental Science* 1064, no. 1 (2022): 1–15, https://doi.org/10.1088/1755-1315/1064/1/012035.

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distribution of assets but also strengthen social solidarity, assist those in need, reduce poverty, and improve living standards, similar to the concepts of zakat, takaful, and sadaqah in Islam. This demonstrates how systematic wealth management through these instruments that implement Islamic concepts such as *amanah* (trustworthiness) and *amilah* (trustee) can contribute to socioeconomic development and social welfare.[6] Therefore, this study goes beyond descriptive analysis by focusing on the comparative evaluation of the effectiveness and impact of trust and cash *waqf*, particularly in poverty alleviation, education, and health sectors among Malaysian Muslims. The findings aim to provide evidence-based insights on which instrument offers greater benefits and how both can be optimised to enhance social welfare in the Malaysian context.

Globally, trust has proven to be an effective instrument in driving socioeconomic development and enhancing social welfare. For example, in the United Kingdom, the National Trust, established in 1895, now manages over 500 heritage sites and 250,000 hectares of land, significantly contributing to environmental conservation and local community development[7]. The UK charity sector is estimated to have an income exceeding £70 billion, with 3.6 million volunteers in England and Wales[8]. In the United States, Community Foundations, operating as a public trust, distributed more than $6.8 billion in 2020 for various social welfare initiatives. It includes COVID-19 relief, education, and community development[9].

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[6] Soliha Sanusi and Muhammad Hakimi Mohd Shafiai, 'The Management of Cash Waqf: Toward Socio-Economic Development of Muslims in Malaysia', *Jurnal Pengurusan* 43 (2015): 3–12, https://doi.org/10.17576/2015-43-01; Shahida Shahimi et al., 'Potential of Cash Waqf for Poverty Alleviation in Malaysia: A System Dynamics Approach', *Jurnal Ekonomi Malaysia* 47, no. 2 (2013): 149–163.

[7] 'Our Strategy to 2035 | National Trust', accessed 7 February 2026, https://www.nationaltrust.org.uk/who-we-are/our-strategy.

[8] Noel Hyndman and Danielle McConville, 'Trust and Accountability in UK Charities: Exploring the Virtuous Circle', *British Accounting Review* 50, no. 2 (2018): 227–237, https://doi.org/10.1016/j.bar.2017.09.004.

[9] 'Study: For Every Dollar Contributed to Community Foundation DAFs in 2019, Donors Granted $1.08 in 2020 — Community Foundation Awareness Initiative', accessed 7 February 2026, https://www.commfoundations.com/blog/2021/3/2/grants-from-community-foundation-donor-advised-funds-soar-as-covid-19-inspires-wave-of-giving.

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Tang also explains that wealthy Chinese families initially used trusts for ancestor worship and burial grounds. [10] It has evolved into highly discretionary global trust forms used by the financial industry for wealth management. This has been evidenced by the role of SkillsFuture Singapore Trust in enhancing the nation's workforce skills, with over 660,000 individuals participating in training programs funded by the trust in 2020.[11] The trust model has also been adapted in international contexts, as seen through the Bill & Melinda Gates Foundation, which has allocated more than $54.8 billion since its establishment to address global issues such as health, education, and poverty[12].

Meanwhile, in implementing cash *waqf* from a Sharia perspective, its execution aligns with the concept of trust in enhancing socioeconomic and social welfare. For instance, Turkey is among the countries that have paid significant attention to cash *waqf* implementation since the Ottoman Empire, and its implementation continues to grow. Data from a study by Azrak[13] shows that in 2021, the accumulated cash *waqf* funds amounted to 2,103,811,293.71 (TRY). This has provided various benefits in sectors such as education, refugee financing, personal financing, home financing, social security, and social enterprises. Moreover, the expansion of cash *waqf* is also generated through sukuk investments in the Islamic finance industry, as implemented in Indonesia. This has directly impacted beneficiaries' welfare and financial inclusion[14]. Building on this, productive *waqf* supports more profitable enterprises, generating excess funds and ensuring sustainability

[10] Tang Hang Wu, 'From WAQF, Ancestor Worship to the Rise of the Global Trust: A History of the Use of the Trust as a Vehicle for Wealth Transfer in Singapore', *Iowa Law Review* 103, no. 5 (2018): 2263–2292.

[11] SkillsFuture Singapore, 'Building Strategic Skills for the New Economy: Annual Report 2020/2021', preprint, 2021.

[12] Bill & Melinda Gates Foundation, 'Annual Report 2022', *Bill & Melinda Gates Foundation*, 2022.

[13] Tawfik Azrak, 'The Roles of Cash Waqf in Improving the Economic Welfare: Case Study of Turkey', *The Journal of Management Theory and Practice (JMTP)* 3, no. 1 (2022): 42–47, https://doi.org/10.37231/jmtp.2022.3.1.200.

[14] Ascarya Ascarya et al., 'Designing Simple Productive Waqf Models for Indonesia', *International Journal of Ethics and Systems* 38, no. 3 (2022): 380–401, https://doi.org/10.1108/IJOES-07-2020-0101; Aimatul Yumna et al., 'The Impacts of Cash Waqf Linked Sukuk Empowerment Programs: Empirical Evidence From Indonesia', *Journal of Islamic Monetary Economics and Finance* 10, no. 1 (2024): 5–34, https://doi.org/10.21098/jimf.v10i1.1940.

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by enhancing the professional management of cash *waqf* assets[15]. However, the success of such initiatives inherently relies on the sustainability of public trust and the preservation of productive *waqf*, which depend on strategic synergy among the community, Islamic scholars, state authorities, and professional stakeholders.[16] Based on these examples, the implementation of trust and cash *waqf* in various forms and contexts has become a robust platform for supporting socioeconomic development and social welfare globally.

Although the concept of *waqf* in Islam shares similarities with the concept of trust in enhancing socioeconomic and social welfare, there are criticisms of *waqf* from the West. *Waqf* is often seen as an instrument more closely tied to religious and social purposes, while trust is more flexible and adaptable for a range of purposes, including commercial ones.[17] However, Dallh holds a different view, in which *waqf* poses serious challenges to the dominant forms of capitalist and productivist economic development.[18] His research also criticises the limitations of Western NGOs in developing countries, suggesting that *waqf* might offer a better alternative for socioeconomic development and social welfare.[19] Despite growing academic interest in Islamic philanthropic instruments, significant gaps remain in understanding the comparative effectiveness of trust and cash *waqf* for wealth management and socioeconomic development. While Abdullah et al. and Halim analysed trust mechanisms for Islamic estate planning within Malaysia's industry, their studies remained confined to estate planning contexts without exploring cash *waqf* comparisons or measuring broader socioeconomic impacts[20]. Similarly, Shahimi et al. demonstrated the

[15] Fathul Mu'in et al., 'Strengthening the National Waqf Ecosystem through Legal Reform: An Analysis of Waqf Issues in the Provinces of Lampung and South Sumatra', *Al-Istinbath: Jurnal Hukum Islam* 9, no. 1 (2024): 81–100, https://doi.org/10.29240/jhi.v9i1.9320.

[16] Dri Santoso and M. Amin Musthofa, 'The Role of Wakaf In Establishing People's Welfare', *MILRev: Metro Islamic Law Review* 1, no. 2 (2022): 269–281, https://doi.org/10.32332/milrev.v1i2.6214.

[17] Hisham Marwah and Anja K. Bolz, 'Waqfs and Trusts: A Comparative Study', *Trusts & Trustees* 15, no. 10 (2009): 811–816, https://doi.org/10.1093/tandt/ttp107.

[18] Minlib Dallh, 'Accumulate but Distribute: Islamic Emphasis on the Establishment of Waqf (Pious Endowment)', *Religion and Development* 2, no. 1 (2023): 21–40, https://doi.org/10.30965/27507955-20230014.

[19] Dallh, 'Accumulate but Distribute: Islamic Emphasis on the Establishment of Waqf (Pious Endowment)'.

[20] Abdullah et al., 'Analysis of Trust Instrument in Islamic Estate Planning: A Study Case at Amanah Raya Berhad, Malaysia'; Akmal Hidayah Halim, 'The Legality Of A Living Trust As An Instrument For Islamic

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poverty-alleviation potential of cash *waqf* through system dynamics modelling but failed to conduct a comparative analysis with trust instruments or other wealth management mechanisms.

Meanwhile, Huda and Santoso contributed valuable insights into corporate *waqf* governance across Southeast Asia, yet their scope excluded both cash *waqf* and trust instruments, leaving a critical analytical void[21]. Although Gvelesiani conducted research examining the differences between trust and *waqf* through comparative analysis of their traditional models, drawing parallels between juridical and linguistic peculiarities, the study did not specifically address contemporary applications of trust and cash *waqf* for wealth management in modern contexts[22]. While Fakhruudin and Pratomo establish the conceptual and Shariah-based potential of Micro *Waqf* Banks in empowering Indonesian MSMEs through CSR funds, there remains a significant research gap regarding the sustainability of public contributions. Specifically, their study does not address how public trust serves as a prerequisite for mobilising cash *waqf* assets[23].

These previous studies collectively expose three interrelated research gaps: the absence of direct comparative analysis between trust and cash *waqf* as contemporary wealth management instruments, insufficient empirical evidence on their differential socioeconomic impacts in critical sectors (poverty alleviation, education, and healthcare), and limited scholarly examination through the *maqasid syariah* framework, specifically within the Malaysian Muslim community context, which this present study addresses comprehensively. Undeniably, cash *waqf* faces its own implementation challenges and criticisms, including the status of its cash assets as *waqf* property in accordance with Sharia

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Wealth Management: A Malaysian Perspective', *IIUM Law Journal* 19, no. 1 (2012): undefined-undefined, https://doi.org/10.31436/iiumlj.v19i1.2.

[21] Miftahul Huda et al., 'Pengembangan Tata Kelola Wakaf Berbasis Korporasi Di Asia Tenggara', *De Jure: Jurnal Hukum Dan Syar'iah* 12, no. 2 (2020): 120–39, https://doi.org/10.18860/j-fsh.v12i2.3908.

[22] Irina Gvelesiani, 'The Trust and the Waqf (Comparative Analysis)', *Trusts & Trustees* 26, nos 8–9 (2021): 737–745, https://doi.org/10.1093/tandt/ttaa075.

[23] Fakhrudin and Ahmad Sidi Pratomo, 'Bank Wakaf Mikro Dan Pemberdayaan Usaha Mikro Kecil Dan Menengah Di Indonesia Perspektif Maqashid Syariah', *De Jure: Jurnal Hukum Dan Syar'iah* 13, no. 2 (2021): 323–336, https://doi.org/10.18860/j-fsh.v13i2.15485.

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principles, differences in Sharia resolutions across several countries and institutions, management weaknesses, a lack of comprehensive legislation and regulatory mechanisms, integrity and transparency issues in distribution, and other challenges.[24] The absence of transparent and accountable governance is often attributed to issues such as the appointment of incompetent mutawalli (*waqf* manager) with insufficient experience, corruption within *waqf* institutions, and government interference, all of which undermine the effective management of *waqf* funds[25]. Besides, digitalisation is identified by Mahmudi and Muhammad as a primary driver of the multiplier effect, establishing a sustainable governance model for contemporary *waqf* initiatives[26].

However, the current implementation of cash *waqf* has its own significance, similar to a trust. In fact, most ASEAN countries, such as Indonesia, Singapore, Brunei, and Malaysia, have issued several fatwas permitting cash *waqf*.[27] This study recognises the need for more in-depth research on the socioeconomic and social welfare implications of using trust and cash *waqf*. Therefore, this study aims to fill this knowledge gap by examining the effectiveness of both instruments in the Malaysian context. The results of this study will contribute to a better understanding of how trust and cash *waqf* can be optimised to maximise economic and social impact. Additionally, this study has the potential to provide policymakers and industry practitioners with guidance on formulating more effective wealth management strategies using these two instruments.

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[24] Nasrun Mohamad Ghazali and Norazlina Mamat, 'Discrepancy of Cash Waqf Meaning: A Critical Review with Special Focus on Selected Shariah Resolutions', *International Journal of Academic Research in Business and Social Sciences* 13, no. 7 (2023): 19–37, https://doi.org/10.6007/ijarbss/v13-i7/17670; Abdulqader Al-Khateeb and Yusuff Jelili Amuda, 'Application of Legal Principles of Islamic Objectives on the Regulation and Management of Islamic Endowment (Waqf): Drawing Lessons from Different Contexts', *Journal of Infrastructure Policy and Development* 8, no. 14 (2024): 9638, https://doi.org/10.24294/jipd9638.

[25] Aimi Fadzirul Kamarubahrin et al., 'Accountability Practices of Waqf Institution in Selected States in Malaysia: A Critical Analysis', *International Journal of Economics, Management and Accounting* 27, no. 2 (2019): 331–352, https://doi.org/10.31436/IJEMA.V27I2.664.

[26] Mahmudi and Danang Wahyu Muhammad, 'Collaborative Governance In The Jogja Berwakaf Movement (Law, Model, and Transformation of Socio-Economic Empowerment)', *Justicia Islamica* 19, no. 1 (2022): 171–192, https://doi.org/10.21154/justicia.v19i1.3759.

[27] Fathullah Al Haq Muhamad Asni and Jasni Sulong, 'Wakaf Tunai Dan Aplikasinya Dalam Undang-Undang Di Negara Asean', *Jurnal Syariah* 25, no. 2 (2017): 217–246, https://doi.org/10.22452/js.vol25no2.3.

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METHOD

The unit of analysis in this study focuses on institutions and organisations involved in the management of trust and cash *waqf* instruments in Malaysia, such as Amanah Raya Berhad, State Islamic Religious Councils, and related agencies. This research examines the practices, policies, and impact of wealth management through trust and cash *waqf*. In terms of research design, this study adopts a qualitative, doctrinal approach and employs comparative legal analysis. This approach enables the researcher to critically assess the structure, implementation, and effectiveness of trust and cash *waqf* within the context of maqasid syariah, as well as Shariah and civil law in Malaysia, thereby strengthening the study of Islamic law in general.

The main data sources are secondary data obtained from documents and texts such as acts and enactments related to trust and cash *waqf*, journal articles, jurisprudence and *maqasid* books, contemporary fatwas at national and international levels, trust-related acts and *waqf* enactments involving Malaysian states, and websites of relevant agencies. These data are selected based on their relevance to the legal, operational, and socioeconomic aspects of both instruments, as well as their connection to maqasid syariah. Data collection and analysis techniques are carried out systematically through content analysis and comparative analysis. This process involves coding key themes related to legal structures, the principles of maqasid syariah, and the implementation of trust and cash *waqf*. Subsequently, a comparison is made to evaluate the similarities and differences between the two instruments in terms of their concepts, fatwas, *qawl ulama*, legal framework, management, and socioeconomic impact, before the findings are synthesised to formulate policy implications and theoretical contributions to Islamic wealth management in Malaysia.

RESULTS AND DISCUSSION

Trust and *Waqf*

The concept of dedicating property for the benefit of others has been a part of legal systems worldwide. In Islamic law, this is often accomplished through a *waqf*, while in

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common law, a similar role is played by the trust[28]. The institutions of trust in English law and *waqf* in Islamic law have been critical in facilitating philanthropy and wealth management practices for centuries in their respective contexts.[29] Many comparative studies on *waqf* and trust have highlighted the significance of both institutions in the socioeconomic development of communities, while comparing their roles in the context of modern wealth management practices. The institution of *waqf* has a rich history that dates back to the early days of Islam. During the early Islamic period, *waqf* was primarily used to support religious institutions such as mosques, Islamic schools, hospitals, and struggles in the way of Allah. In the modern context, *waqf* can be an effective instrument for wealth management when well managed by all parties, including the Nazir, the community, and the government.[30] With the increasing interest in ethical and socially responsible investing, *waqf* offers a model for integrating philanthropy with wealth preservation and growth[31].

Compared to a *waqf*, a trust serves similar functions by preserving and managing assets for the benefit of others.[32] Thus, both institutions are used to achieve philanthropic goals, support social welfare, and provide for future generations. Both institutions allow for the separation of ownership and control, with the trustee and the mutawalli, respectively, managing the assets for the beneficiaries. Trusts are highly adaptable and can be tailored to meet a wide range of needs, including estate planning, asset protection, and business succession. The flexibility of trust is further enhanced by the ability to create various types, such as revocable, irrevocable, discretionary, and spendthrift trusts.

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[28] Mohammad Abdullah, 'Waqf, Social Responsibility, and Real Economy', in *Https://Services.Igi-Global.Com/Resolvedoi/Resolve.Aspx?Doi=10.4018/978-1-7998-1245-6.Ch002* (IGI Global Scientific Publishing, 2019), https://doi.org/10.4018/978-1-7998-1245-6.ch002.

[29] Noel J. (Noel James) Coulson, *A History of Islamic Law*, in *Edinburgh : University Press* (Edinburgh University Press, 1964).

[30] Musthafa et al., 'The Reasons For the Permission of Replacement of Wakaf Assets (Istibdal Waqf) in Indonesian Regulations: An Interpretative Study', *Al'Adalah* 19, no. 2 (2022): 373–400, https://doi.org/10.24042/adalah.v19i2.14423.

[31] Rasiam et al., 'Integration of New Media and Prophetic Communication Enhanced for Zakah, Infāq, Ṣadaqah, and Waqf Fundraising: A Case Study of Baitulmaal Munzalan Indonesia', *Journal of Islamic Law* 4, no. 1 (2023): 28–46, https://doi.org/10.24260/jil.v4i1.1167.

[32] Abdullah, 'Waqf and Trust: The Nature, Structures and Socio-Economic Impacts'.

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In contrast, *waqf* is generally considered less flexible, with stricter rules regarding its purpose, management, and irrevocability.[33] In a trust, beneficiaries have enforceable rights that allow them to challenge the trustee's actions in court if they believe their interests are not being properly represented. In contrast, the rights of *waqf* beneficiaries are often less clearly defined, and enforcement mechanisms depend on the legal framework governing the *waqf*.

Waqf and common law trusts are distinct yet comparable institutions, each serving.[34] While they share common purposes and structures, their differences stem from the legal and cultural contexts in which they operate. Understanding these similarities and differences provides valuable insights into how different legal traditions address the common human need to preserve wealth and support the community[35]. *Waqf* is generally overseen by religious authorities or specialised institutions within Islamic jurisdictions to ensure adherence to Shariah.[36] Trusts are governed by common law courts, with trustees held to strict fiduciary standards. The differences in enforcement reflect the broader legal frameworks and societal values underpinning each system.

Contribution of Trust and *Waqf* to the Maqasid Syariah Theory and Contemporary Islamic Civil Law

This study introduces a new approach in evaluating the effectiveness of trust and cash *waqf* instruments from the perspective of maqasid syariah within the context of wealth management in Malaysia. Previous research has largely focused on the technical or historical aspects of these two instruments without directly linking them to the

[33] Mohammad Abdullah, 'Application of Discretion and Certainties in Waqf Vis-a-Vis Trust', *Trusts & Trustees* 21, no. 5 (2015): 520–529, https://doi.org/10.1093/tandt/ttv011.

[34] Monica M. Gaudiosi, 'The Influence of the Islamic Law of Waqf on the Development of the Trust in England: The Case of Merton College', *University of Pennsylvania Law Review* 136, no. 4 (1988): 1231, https://doi.org/10.2307/3312162.

[35] Amy Singer, *Charity in Islamic Societies*, in *Cambridge University Press* (Cambridge University Press, 2008).

[36] Achmad Siddiq et al., 'Reconstructing Waqf Share Policies: A Maqashid Sharia Approach with Insights from Indonesia', *El-Mashlahah* 15, no. 1 (2025): 79–100, https://doi.org/10.23971/el-mashlahah.v15i1.9029.

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comprehensive achievement of maqasid syariah objectives[37]. This study emphasises how trust and cash *waqf* not only fulfil the principle of wealth preservation (*hifz al-mal*) but also contribute to public *maslahah* by reducing poverty and enhancing social welfare. For instance, the implementation of trust and cash *waqf* has been proven to have a positive impact on the development of education and health among the Muslim community in Malaysia, in line with the objectives of maqāṣid al-syarī'ah to protect religion, life, intellect, lineage, and wealth[38]. Thus, this study expands the theoretical discussion of maqasid syariah by demonstrating the practical application of modern instruments in achieving the well-being of the ummah.

In addition, this study fills a literature gap by systematically comparing trust and cash *waqf* from the perspective of contemporary Islamic civil law. Most previous studies have examined each instrument separately, while direct comparison between trust (based on common law) and cash *waqf* (based on Shariah) remains underexplored[39]. This study demonstrates that both instruments can complement each other within Malaysia's unique legal framework, where trust is recognised under civil law and cash *waqf* under state Shariah enactments. As evidence, a few trustee companies in Malaysia and the State Islamic Religious Councils (SIRC) have successfully managed various trust and cash *waqf* funds for charitable purposes, proving the effectiveness of integrating these two legal systems[40]. This finding contributes to the academic discourse on the harmonisation of civil and Shariah law in contemporary Islamic wealth management.

1. Trust

1.1 The Development of Trust in Wealth Management

[37] Abdullah, 'Waqf and Trust: The Nature, Structures and Socio-Economic Impacts'.
[38] Sanusi and Shafiai, 'The Management of Cash Waqf: Toward Socio-Economic Development of Muslims in Malaysia'; Abdullah et al., 'Analysis of Trust Instrument in Islamic Estate Planning: A Study Case at Amanah Raya Berhad, Malaysia'.
[39] Marwah and Bolz, 'Waqfs and Trusts: A Comparative Study'.
[40] Abdullah et al., 'Analysis of Trust Instrument in Islamic Estate Planning: A Study Case at Amanah Raya Berhad, Malaysia'; Kamarubahrin et al., 'Accountability Practices of Waqf Institution in Selected States in Malaysia: A Critical Analysis'.

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In the modern era, trusts have become versatile tools in wealth management. Common law trusts are widely used for asset protection, tax planning, estate management, and charitable giving. Designed to shield assets from creditors, these trusts are often used in estate planning and wealth management to preserve wealth for future generations. Trusts facilitate the orderly transfer of assets upon death, avoiding the lengthy, public probate process.[41] They ensure that assets are managed according to the settlor's instructions, which is particularly useful in blended families or when beneficiaries are minors. By carefully structuring a trust, individuals can minimise their tax liabilities. Trusts can be used to leverage tax exemptions, defer taxes, and provide for tax-efficient income distribution. One of the most significant uses of trusts in modern wealth management is asset protection. Irrevocable trusts, in particular, shield assets from creditors, lawsuits, and divorce settlements. By transferring assets into a trust, the settlor relinquishes ownership, thereby protecting the assets from seizure in legal disputes.[42]

In addition, trusts are central to estate planning, ensuring that assets are distributed according to the settlor's wishes while avoiding probate, a lengthy and public process. Trusts provide a mechanism for managing and distributing wealth after death, offering privacy and reducing the risk of family disputes. They also enable settlors to set conditions for the distribution of assets, such as the age at which beneficiaries receive their inheritance[43]. Similarly, Charitable Trusts are a popular method for philanthropists to support causes while receiving tax benefits. Trusts allow individuals to donate assets to charity while still providing for their heirs. In this context, trusts are particularly effective in achieving long-term philanthropic goals while optimising tax outcomes. The legal landscape governing trusts is constantly evolving.

1.2 Trust Jurisdiction in Malaysia

[41] Robert H. .. Sitkoff and Jesse. Dukeminier, *Wills, Trusts,and Estates*, 10th Editi (Wolters Kluwer, 2017).

[42] James Penner, *The Law of Trusts*, in *Oxford University Press*, 10th Editi (Oxford University Press, 2016).

[43] Geraint W. .. Thomas and Alastair. Hudson, *The Law of Trusts*, 2010, 1681.

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The history of trust in Malaysia began indirectly during Portuguese, British, and Japanese colonisation. The chronology begins with the Malay Kings' forced acceptance of British advisors under the Pangkor Agreement in 1874. As a result, Sharia law in Malaysia at that time became the second-most-cited source after civil law. The British have tried to deny Sharia law. For example, they introduced the law of wills and inheritance[44] , and this British action was considered successful when the word "Trust" was also written in the Federal Constitution, Ninth Schedule, Legislative List, List 1, Federal List, 4 (e) (i):

> *(1) Contract; partnership, agency, and other special contracts; master and servant; inns and innkeepers; actionable wrongs; property and its transfer and hypothecation, except land; bona vacantia; equity and trusts; etc.*

In addition, other trust laws apply in Malaysia as follows:

1. Trustee Act 1949 (Act 208)
2. Trust Companies Act 1949 (Act 100)
3. Trustees (Incorporation) Act 1952
4. Public Trust Corporation Act 1995 (Act 532)
5. Labuan Companies Act 1990 (Act 441)
6. Distribution Act 1958 (Act 300)
7. Small Estates (Distribution) Act 1955 (Act 98)
8. Probate and Administration Act 1959 (Act 97)
9. Inheritance (Family Provision) Act 1971 (Act 39)
10. Wills Act 1959 (Act 346)
11. Insurance Act 1996 (Act 553)
12. National Land Code 1965 (Act 56)

In the Malaysian legal context, civil trust law is superior to Islamic trust law. Civil trust law applies to Muslims and non-Muslims. Thus, if a Muslim case contains elements of trust, such as estate management, grants, *waqf*s, and wills. So, the court referred to is the civil court. This can be seen in several cases, such as TM Feroze Khan & Ors v Meera

[44] Abdullah et al., 'Analysis of Trust Instrument in Islamic Estate Planning: A Study Case at Amanah Raya Berhad, Malaysia'.

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Hussain TM Mohamed Mydin [2006] 3 CLJ 616, and Wan Naimah v Wan Mohamad Nawawi (1974) 1 MLJ 41.[45]

Some scholars have criticised the mechanism of trust instruments, arguing that it seemingly undermines the Faraid Law and does not fully adhere to Shariah principles. This critique highlights three primary concerns[46]:

1. The transfer of ownership while allowing the donor to retain certain benefits.
2. The potential misuse or manipulation of trust services; and
3. The revocability of the trust.

Despite these critiques, Syariah Advisory of Amanah Raya Berhad, one of the trustee companies in Malaysia, maintains that the implementation of trust instruments remains consistent with Shariah requirements, provided it does not conflict with the will or Faraid Law. The fiqh classification (*Takyif Fiqhi*) of trust instruments aligns with concepts such as *wakalah* and *mutawalli* in the management of *waqf* properties, ta'awun, and the maqasid of hifz al-mal. Trust instruments can also be associated with the role of *Nazir Baitul Mal*, who oversees the property interests of Muslims. Similarly, they can be compared to the management of *luqatah* (lost property) and the position of a *murtahin* in relation to *marhun* (pledged goods). This also extends to the handling of goods sold but not yet delivered to the buyer, which remain in the seller's possession under a trust status[47].

Moreover, trust instruments are widely used in modern Islamic financial products to protect investors' interests, including sukuk issuance, unit trusts, and fund management.[48] According to Syariah Advisory of Amanah Raya Berhad (MPS ARB), the

[45] Halim, 'The Legality of A Living Trust As An Instrument For Islamic Wealth Management: A Malaysian Perspective'; Yusnita Mohd Yusof and Akmal Hidayah Halim, 'The Creation Of Islamic Trust Under The Civil Requirements In Malaysia', *Al-Qanatir: International Journal of Islamic Studies* 33, no. 1 (2024): 79–88.

[46] Abdullah et al., 'Analysis of Trust Instrument in Islamic Estate Planning: A Study Case at Amanah Raya Berhad, Malaysia'.

[47] Abdullah et al., 'Analysis of Trust Instrument in Islamic Estate Planning: A Study Case at Amanah Raya Berhad, Malaysia'.

[48] Tunis Abu Bakr Rahman, Widad Mahdi Jasim, and Nooruldeen Mustafa Al-Gburi, 'Legal and Sharia Analysis of Commercial Paper Discounting and Islamic Banking Finance Alternatives', *Nusantara: Journal of Law Studies* 5, no. 1 (February 2026): 84–101, https://doi.org/10.5281/zenodo.18676735.

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trust instrument mechanism is a relatively new concept that may not be explicitly addressed in classical fiqh literature or discussed by any of the fuqaha mazahib (Ḥanafī, Mālikī, Shāfi'ī, and Ḥanbalī). In fact, there is no fatwa, at the national or international level, that specifically addresses the implementation of trust. As such, it requires *ijtihad* and guidance from Islamic scholars to ensure its implementation aligns with its intended *maqasid*. Most importantly, its application must not violate any clear prohibitions in Islamic law or harm the property and welfare of the beneficiaries[49].

2. Cash *Waqf*

2.1 The Development of Cash *Waqf* in Wealth Management

In earlier times, discussions about *waqf* were not as extensive. *Waqf* has always been deemed a real estate product. Scholars primarily debated the ownership of a property once the donors had fully endowed it[50]. In the modern day, *Waqf* issues have taken on significant importance due to the efforts of contemporary scholars, who have revealed the benefits associated with *Waqf* practices, including their applications in contemporary society, and have addressed associated challenges. In today's practice, *waqf* is no longer bound only to real estate. Rather, it has been widely adopted as a new alternative to cash. It is worth noting that many donors cannot afford to participate in a *waqf*. Hence, cash *waqf* has become a good option for donors who do not have fixed assets but rather have movable assets.

Cash *waqf* refers to the dedication of a sum of money by a founder, with the income generated from this endowment being allocated in perpetuity to specified purposes. In this model, the donor contributes cash rather than real estate or other fixed assets. Although the origins of cash *waqf* can be traced back to ancient Mesopotamia, Greece, and the Roman Empire, their full development and maturity in the Islamic world had to wait until the 16th century, when they became the most popular form of philanthropy among the

[49] Abdullah et al., 'Analysis of Trust Instrument in Islamic Estate Planning: A Study Case at Amanah Raya Berhad, Malaysia'.

[50] U. (Ulya) Kencana and A. (Abdul) Hadi, 'Wakaf Uang Dalam Perspektif Hukum Dan Politik', *Nurani: Jurnal Kajian Syari`ah Dan Masyarakat* 16, no. 2 (2016): 141–170, https://doi.org/10.19109/NURANI.V16I2.938.

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Ottomans[51]. In Islamic practice, the use of cash *waqf*, first approved in the eighth century by Imam Zufar, allows for investments through muḍarabah, with the profits directed towards charitable purposes. By the early fifteenth century, Ottoman courts had endorsed cash *waqf*, leading to its widespread adoption and dominance until the end of the sixteenth century[52]. During the Ottoman era, cash *waqf* was instrumental in funding education, public works, health, and religious services. Given its historical significance, there is now a resurgence of interest in and reconsideration of the role of cash *waqf* in community development in the twenty-first century.

Many studies have found cash *waqf* to be the most promising source for financing and enhancing human capital development,e,nt both in the short and long run.[53] During this revitalisation, scholars initiated various suggestions and models of cash *waqf*. As a cash *waqf*, a charitable endowment established with cash capital, it has been viewed as a new key potential for benefiting society. Cizakza suggested a model in which the cash *waqf* can be used to meet social objectives by providing financing assistance to the entrepreneurs through the concept of partnership (*muḍārabah*). [54] In addition, Mohd Thas Thaker et al. believe that cash *waqf* can also serve as a microfinance tool for people on low incomes or entrepreneurs by channelling it through intermediaries, such as microfinance institutions.[55] According to Asni et al., the proposed cash *waqf* model helps channel funds to facilitate wealth creation for people experiencing poverty, as cash *waqf* becomes the capital of microfinance institutions. [56]

[51] Murat Cizakca, 'Ottoman Cash Waqfs Revisited : The Case of Bursa 1555- 1823', *Foundation for Science Technology and Civilization*, 1 January 2004, 1–20.
[52] Cizakca, 'Ottoman Cash Waqfs Revisited : The Case of Bursa 1555- 1823'.
[53] Mohd Thas Thaker et al., 'Developing Cash Waqf Model as an Alternative Source of Financing for Micro Enterprises in Malaysia'.
[54] Cizakca, 'Ottoman Cash Waqfs Revisited : The Case of Bursa 1555- 1823'.
[55] Mohd Thas Thaker et al., 'Developing Cash Waqf Model as an Alternative Source of Financing for Micro Enterprises in Malaysia'.
[56] Fathullah Asni et al., 'Management of Cash Waqf Fund Generation through the Implementation of Istibdal in Kedah', *Qualitative Research in Financial Markets* 16, no. 1 (2024): 60–86, https://doi.org/10.1108/QRFM-03-2022-0048.

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From the perspective of Islamic Sharīʿah, there is a debate among jurists regarding the acceptability of cash *waqf*, despite it being classified as moveable *waqf*. Ḥanafī and Shāfiʿī scholars argue that cash *waqf* is not permissible. They argue that this is because cash cannot be quantified in the same way as assets or real estate, thus making it difficult to fulfil the core purpose of *waqf*, which is to restrain assets for beneficiaries. On the other hand, some scholars from the Ḥanbalī and Mālikī schools of thought support the permissibility of cash *waqf*, arguing that the practice of *waqf* can adapt to changes over time and in Muslim culture. In accordance with Hanafi jurisprudence, local culture is important in determining legal outcomes, as rulings derived from custom are deemed to have equal evidentiary weight to those established by *nas*. [57] In its fifteenth meeting, the Islamic Fiqh Academy issued Statement No. 140 affirming the permissibility of cash *waqf*.

Additionally, on May 11, 2002, the Ulama Council in Indonesia issued a fatwa permitting cash *waqf* (endowment in cash/*waqf* al-nuqud), provided that the endowment's principal remains sustainable.[58] Scholars from Garut, Indonesia, support the justification of cash *waqf* through the lens of *maslahah* based on four primary considerations. First, cash *waqf* is categorised as *muamalah* rather than ibadah. Second, it does not contradict the *nass* of the Qur'an or Hadith. Third, it offers tangible benefits by creating opportunities to enhance social welfare. Fourth, it provides comprehensive advantages by strengthening the broader economic condition of the ummah[59].

In Malaysia, cash *waqf* is considered one of the most advantageous options for institutions and societies because it offers flexibility, enabling Muslims to contribute charitable funds beyond real estate or physical assets. All State Religious Islamic Councils (SRICs) in Malaysia support the idea of cash *waqf* as an alternative for raising funds and

[57] Masdar Masdar, 'Penerapan Hukum Wakaf Uang Di Indonesia Perspektif Legal System Theory', *Al-Manahij: Jurnal Kajian Hukum Islam* 11, no. 1 (2018): 79–92, https://doi.org/10.24090/mnh.v11i1.1269.

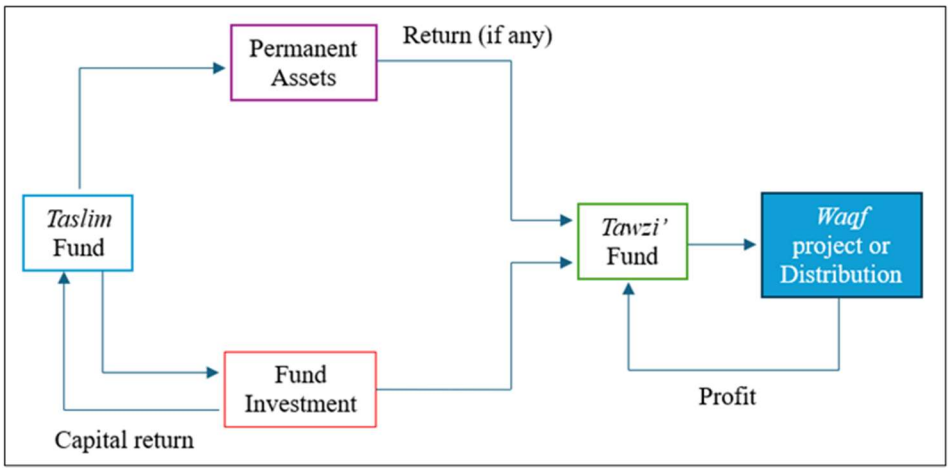
[58] Harisah Harisah et al., 'Response Of Madura's Nahdlatul Ulama Scholars To The Indonesian Ulama Council's Fatwa On Cash Wakaf', *Ekonomi Islam* 15, no. 2 (2024): 249–267, https://doi.org/10.22236/jei.v15i2.14564.

[59] Wawan Hermawan, 'Pandangan Ulama Garut Tentang Wakaf Uang Dan Wakaf Mu'aqqat', *Ijtihad : Jurnal Wacana Hukum Islam Dan Kemanusiaan* 13, no. 1 (2013): 49, https://doi.org/10.18326/ijtihad.v13i1.49-64.

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channelling them to specific projects. To ensure donors can contribute more easily, the institutions adapt to current financial technologies, including online payments. For example, the *Waqf* Foundation of Malaysia (Yayasan Waqaf Malaysia) launched the Malaysian Cash *Waqf* System (SWTM) in June 2013. In addition to providing the convenience of *waqf* payments via e-payment methods, it also facilitates public-sector donors by enabling online salary deductions. Registered donors with SWTM can download their own *waqf* contribution transactions. This indirectly makes it easier for donors to access a list of their completed transactions (Yayasan Waqaf Malaysia). The *waqf* model is shown in Figure 1.

Figure 1: WTM fund distribution model



Source: Yayasan Waqaf Malaysia[60]

As shown in Figure 1 above, the implementation of cash *waqf* in the WTM Fund Distribution Model begins with collecting the Taslim Fund, which serves as the initial capital for investment. The original capital from the Taslim Fund is invested in various financial instruments or projects with potential returns. The profits generated from these investments are channelled into the *Tawzi*' Fund. The Tawzi' Fund is used to finance *waqf* projects or beneficial contributions, including development categories such as religion, education, housing, food, and health. Part of the profits or funds may be allocated to form

[60] Yayasan Waqaf Malaysia, 'Portal Rasmi Yayasan Waqaf Malaysia', 2024, https://ywm.gov.my/skim-wakaf-tunai#wakaftunai.

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permanent assets, which can provide continuous returns and be returned to the Taslim Fund if there are returns. This model ensures that the original capital is returned to the Taslim Fund and that profits are used for beneficial purposes, thereby sustaining and enhancing the effectiveness of cash *waqf* implementation.

2.2 Cash *Waqf* Jurisdiction in Malaysia

Despite considerable progress in the management and development of *waqf*, the implementation of cash *waqf* continues to face several challenges. Previous studies have identified several key issues, including the inadequacy of comprehensive legislation, the absence of transparent and accountable governance, and the lack of regulatory mechanisms to ensure the effective collection and distribution of cash *waqf*[61]. The inadequacy of comprehensive legislation refers to inconsistencies in *waqf*-related laws across different states in Malaysia, leading to varying interpretations, understandings, and procedures. This issue has led to multiple sets of enactments, and standardising *waqf* laws proves challenging due to the autonomy granted to each state to legislate on matters listed in the State List of the Federal Constitution.

Consequently, it has been suggested that a unified *waqf* law should be enacted to govern all *waqf* institutions at the national level[62]. Such legislation must be comprehensive, clear, and non-restrictive, addressing all aspects of *waqf* governance, from the conditions of establishment to mechanisms for dispute resolution. A well-formulated, specific law could serve as a comprehensive legal framework for regulating and managing all *waqf*-related

[61] Al-Khateeb and Amuda, 'Application of Legal Principles of Islamic Objectives on the Regulation and Management of Islamic Endowment (Waqf): Drawing Lessons from Different Contexts'.

[62] Siti Nur Asmad Hassan Che and Asmak Ab Rahman, 'The Potential of Cash Waqf in the Socio-Economic Development of Society in Kelantan: A Stakeholder's Perspective', *New Developments in Islamic Economics: Examples from Southeast Asia*, 2018, 67–82, https://doi.org/10.1108/978-1-78756-283-720181005.

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activities, rather than the fragmented legal provisions currently in place. Specific provisions for each aspect of *waqf* management should be incorporated into this law[63].

In the Malaysian context, the management of *waqf*, including the collection and distribution of cash *waqf*, is predominantly decentralised, meaning that a unified federal *waqf* authority does not govern it. Instead, each state administers its *waqf* through its State Islamic Religious Council (SIRC), leading to variations in practices and policies across states. This decentralised model offers certain advantages, such as enabling faster, more efficient operations.[64] However, states with underdeveloped *waqf* management structures face considerable challenges in administering new *waqf* products, including cash *waqf*. These challenges arise from a lack of qualified personnel and inadequate financial resources. Furthermore, the introduction of new procedures and responsibilities associated with cash *waqf* will place additional strain on existing staff and management systems[65].

The Islamic Administration Act has provided for the functions and roles of the SIRC in managing the affairs of Muslims, including financial management. This section covers zakat, *waqf*, and related matters. For instance, in the Federal Territories, Sections 4 to 7 of Act 505 pertain to SIRCs. SIRCs are also empowered to establish a Consolidated Fund. Article 97 (2) and Article 97 (3) of the Federal Constitution stipulate that:

> *"(2) All revenues and funds, regardless of how they are obtained or received by a State, subject to Clause (3) and any laws, shall be paid into and become part of a fund known as the Consolidated Fund of that State."*
>
> *"(3) If according to State law, or in the case of the Federal Territories of Kuala Lumpur, Labuan, and Putrajaya, according to federal law, any Zakat, Fitrah, Baitulmal, or similar Islamic religious revenue is obtained, then the revenue must be*

[63] Al-Khateeb and Amuda, 'Application of Legal Principles of Islamic Objectives on the Regulation and Management of Islamic Endowment (Waqf): Drawing Lessons from Different Contexts'.
[64] Sakinah Abdul Samad, 'Application of Al-Wilayah in Waqf Ahli: Case Study in Selected State Islamic Religious Councils (SIRCS) in Malaysia' (Akademi Pengajian Islam Universiti Malaya, n.d.).
[65] Sakinah Abdul Samad, 'Application of Al-Wilayah in Waqf Ahli: Case Study in Selected State Islamic Religious Councils (SIRCS) in Malaysia'.

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paid into a separate fund and cannot be paid out except under the authority of State law or federal law, as applicable."

Upon examining Article 97 (3) of the Federal Constitution, Baitulmal is clearly listed among the Islamic revenues, alongside zakat and fitrah. Mohd Fairuz et al. (2018) state that revenues categorised as Baitulmal include found property, discovered assets, and donations. These revenues are to be consolidated as sources of Baitulmal, as provided for in Article 97(3) of the Federal Constitution. SIRCs are the sole trustees of all *waqf* properties, including cash *waqf*, as stipulated by the Islamic legislation acts or enactments in the respective states. As the sole trustee, SIRCs have the authority to:

1) Appoint or give written permission to any party to manage and administer any *waqf* on its behalf;
2) Recognise the appointment of any manager or administrator in situations where the waqif has appointed them directly, aside from SIRCs; and
3) Terminate the appointments mentioned in points (i) and (ii) above.

Comparison Between Trust and Cash *Waqf*

Based on previous discussions, the implementation of trust is also seen as similar to the concept of cash *waqf*. The concept of cash *waqf* in Islam is recognised as a form of estate and socioeconomic planning, grounded in continuous charitable acts, poverty eradication, and equitable wealth management.[66] Based on the discussion, the comparison between trust and cash *waqf*. Table 1 below summarises the significant differences between trust and cash *waqf* as follows:

Table 1: The summary of the significant differences between trust and cash *waqf*

No.	Trust	Cash *Waqf*

[66] Syadiyah Abdul Shukor et al., 'Trust on Awqaf Institutions: Evidence from Malaysia', *Journal of Islamic Marketing* 10, no. 2 (2019): 511–24, https://doi.org/10.1108/JIMA-05-2017-0054.

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1.	Can be revoked by the settlor at any time after the trust deed is executed.	Cannot be revoked by the cash *waqf* donor after the cash *waqf* contract is completed.
2.	Trust property still belongs to the settlor, who retains absolute power over it.	Property that has been endowed as a cash *waqf* no longer belongs to the cash *waqf* donor, and they have no rights over the cash *waqf* property.
3.	Implementation through Civil Law.	Implementation through Shariah Law.
4.	Trustees can consist of individuals or trustee institutions registered under the Trustee Act 1949.	The sole trustee is MAIN (State Islamic Religious Council). However, the stakeholders involved include Yayasan Wakaf Malaysia and Jabatan Wakaf Zakat dan Haji (JAWHAR).
5.	Does not use the concept of *mutawalli*.	Appoints other agencies as *mutawalli*.
6.	A Trust Deed executed has a maturity period, such as the beneficiary reaching 18 years old or upon the settlor's death.	Cash *waqf* property has no maturity period and is perpetual (*muabbad*). Cannot be transferred, sold, or mortgaged after the contract.
7.	Trust property cannot be sold, exchanged, or mortgaged after the completion of the deed without the settlor's consent. Implementation is entirely in accordance with the Trust Deed.	Cash *waqf* property can be exchanged (*istibdal waqf*) and invested if it benefits the Muslim community.
8.	Open to Muslims and Non-Muslims. No limit, depending on the objectives.	Muslims only.
9.	Any investment or asset purchase is subject to the donor's instructions.	Able to raise more funds for the development of *waqf* assets, such as developing idle *waqf* land.

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10	Interest is for the donor/beneficiary.	Reduces Islamic institutions' dependence on the government and strengthens their position.

Source: Authors' analysis

Table 1 highlights ten fundamental distinctions between trust and cash *waqf* as Islamic wealth management instruments. While trust operates under civil law with flexible, revocable arrangements and professional trustee management, cash *waqf* functions strictly under Islamic law with permanent, irrevocable dedication to charitable purposes. Trust allows diverse investment options and beneficiary designation, whereas cash *waqf* emphasises perpetual capital preservation with returns distributed for religious and social welfare aligned with *maqasid syariah*. Regulatory frameworks also differ: trusts are governed by civil authorities, while Islamic religious councils oversee cash *waqf*. Despite these structural differences, both instruments aim to enhance community welfare through systematic wealth redistribution rooted in Islamic values.

The Effectiveness of Trust and Cash *Waqf* in Wealth Management: A Socioeconomic and Social Welfare Perspective in Malaysia

Upon closer examination, there are several similarities between the concepts of trust and cash *waqf*, such as not requiring large capital, no limit on lifetime giving, is not subject to the 1/3 of the assets, implementation possible during life or after death, hybrid implementation with other contracts, not inherited through *faraid* law, eligible for tax deductions, and the ability to generate economic benefits for the Muslim community[67]. Therefore, this section will focus on the impact of implementing trust and cash *waqf* on

[67] Jeffrey N. .. Pennell and Alan. Newman, *Estate and Trust Planning* (American Bar Association, 2005); Harvey J. Platt, *Your Living Trust and Estate Plan: How to Maximize Your Family's Assets and Protect Your Loved Ones* (Alloworth Press, 2013); Sanusi and Shafiai, 'The Management of Cash Waqf: Toward Socio-Economic Development of Muslims in Malaysia'; Ascarya et al., 'Designing Simple Productive Waqf Models for Indonesia'; Yumna et al., 'The Impacts of Cash Waqf Linked Sukuk Empowerment Programs: Empirical Evidence From Indonesia'; Abdullah et al., 'Analysis of Trust Instrument in Islamic Estate Planning: A Study Case at Amanah Raya Berhad, Malaysia'.

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socioeconomics to eradicate poverty and enhance social welfare in the education and health sectors involving the Muslim community in Malaysia.

1. Impact on Socioeconomic (Poverty Reduction)

1.1 Trust Account

Poverty remains a major challenge in Malaysia's socioeconomic development. According to the Department of Statistics Malaysia (2022), the absolute poverty rate in Malaysia in 2021 was 8.4%, up from 5.6% in 2019, before the COVID-19 pandemic.[68] This demonstrates an urgent need for more innovative and effective poverty reduction strategies. In this context, the implementation of trust and cash *waqf* emerges as an important instrument with the potential to help reduce poverty in Malaysia. Thus, this study views trust and cash *waqf* instruments as highly significant for poverty eradication efforts in Malaysia.

According to Pennell and Newman[69], Platt[70], Sanusi and Shafiai[71], Ascarya et al[72], Yumna et al[73], and Abdullah et al.,[74] both instruments are significant because they:

1) Provide alternative funding sources: Trusts and cash *waqf* provide additional funding outside government allocations for poverty eradication programs. This reduces dependence on limited government budgets.
2) Enable community involvement: These instruments encourage active community participation in poverty alleviation efforts, creating a sense of ownership and social responsibility.

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[68] Department of Statistic, 'Department of Statistics Malaysia', *Department of Statistics Malaysia Official Portal*, 2024, 1.

[69] Pennell and Newman, *Estate and Trust Planning*.

[70] Platt, *Your Living Trust and Estate Plan: How to Maximize Your Family's Assets and Protect Your Loved Ones*.

[71] Sanusi and Shafiai, 'The Management of Cash Waqf: Toward Socio-Economic Development of Muslims in Malaysia'.

[72] Ascarya et al., 'Designing Simple Productive Waqf Models for Indonesia'.

[73] Yumna et al., 'The Impacts of Cash Waqf Linked Sukuk Empowerment Programs: Empirical Evidence From Indonesia'.

[74] Abdullah et al., 'Analysis of Trust Instrument in Islamic Estate Planning: A Study Case at Amanah Raya Berhad, Malaysia'.

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3) Offer long-term solutions: Unlike immediate aid, trust and cash *waqf* can be designed to provide ongoing support, helping to break the cycle of poverty.
4) Flexibility in use: Collected funds can be used for a range of initiatives, from direct financial assistance to infrastructure and skills development investments.

Trusts as financial planning instruments allow individuals or organisations to channel funds in a planned and structured manner for charitable purposes or community and social development. According to Abdullah[75] and Abdullah et al.,[76] cash trusts can be used to create education funds, medical aid, or long-term financial support for those in need. For example, Amanah Ikhtiar Malaysia (AIM) was established on September 17, 1987, as a private trust body incorporated under the Trustee (Incorporation) Act 1952 [Act 258] under the Ministry of Entrepreneur Development and Cooperatives (KUSKOP). Among the services offered are microloans and additional support, such as training and guidance for borrowers.

Its main goal is to reduce poverty and increase the income of low-income groups. AIM strives to form communities that support and help each other in their efforts to achieve business success. This includes forming small groups of borrowers who provide mutual support and guidance. Additionally, the Friends' Welfare and Well-being Fund (TKKS) was also created by AIM to improve the welfare and well-being of those in need. To strengthen its management, AIM has also established the Amanah Ikhtiar Malaysia Staff Cooperative Limited (KKAIMB) for the benefit and welfare of 322,772 members with financing worth MYR2.57 billion as of December 2023.[77]

Furthermore, Amanah Raya Berhad (ARB), as a trustee institution in Malaysia established under the Companies Act 1965 (Act 125) and registered under the Trust Companies Act 1949 (Act 100), also provides services to eradicate poverty in Malaysia through the use of a trust instrument. Through the specialisation of the Amanah Raya Corporation Act (APAR) 1995 (Act 532) that it owns, this has helped streamline the trust

[75] Abdullah, 'Waqf and Trust: The Nature, Structures and Socio-Economic Impacts'.
[76] Abdullah et al., 'Analysis of Trust Instrument in Islamic Estate Planning: A Study Case at Amanah Raya Berhad, Malaysia'.
[77] Amanah Ikhtiar Malaysia, 'Amanah Ikhtiar Malaysia', preprint, 2024, 1–17.

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services it provides. explain that there is a Voluntary Trust account provided, which is administered based on the terms and conditions of the Trust Deed between the trustee and the donor.

Cash trust products can include Normal Trust, Voluntary Trust, Gift Trust, Real Estate Trust, Welfare Trust, Institutional Trust, Insurance Trust, Takaful Trust, and Edu Care. Each trust account is formed based on the amount of cash, the establishment's main objective, and a specific trust period set by the donor. To date, various types of trust accounts have been created at ARB, including Welfare Funds, which now number 100, such as the National Hero Fund, Alexbert Welfare Fund, Lahad Datu Hero Fund, Family Fund, and School Fund, among others.[78]

1.2 Cash *Waqf*

The implementation of cash *waqf* in Malaysia has shown great potential for reducing poverty rates in the country. Cash *waqf*, as an innovative Islamic financial instrument, has attracted the attention of various stakeholders, including financial institutions, government bodies, and the general public. According to Mohd Thas Thaker et al.,[79] cash *waqf* can be an effective alternative source of financing for micro-enterprises in Malaysia, directly contributing to poverty reduction through job creation and income increase. This is evidenced by a study by Che Hassan and Ab Rahman[80], in Kelantan, which shows that cash *waqf* has significant potential in the socioeconomic development of the community, especially in providing educational facilities, health, and infrastructure that can improve the quality of life for people experiencing poverty. Additionally, the cash *waqf* simulation model developed by Shahimi et al.,[81] it shows that cash *waqf* has the potential to reduce poverty by up to 50% over a period of 15 to 30 years. In fact, efforts to reduce

[78] Abdullah et al., 'Analysis of Trust Instrument in Islamic Estate Planning: A Study Case at Amanah Raya Berhad, Malaysia'.
[79] Mohd Thas Thaker et al., 'Developing Cash Waqf Model as an Alternative Source of Financing for Micro Enterprises in Malaysia'.
[80] Che and Rahman, 'The Potential of Cash Waqf in the Socio-Economic Development of Society in Kelantan: A Stakeholder's Perspective'.
[81] Shahida Shahimi et al., 'Potential of Cash Waqf for Poverty Alleviation in Malaysia: A System Dynamics Approach', in *Jurnal Ekonomi Malaysia*, vol. 47, no. 2, preprint, 2013.

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poverty rates are intensifying when *waqf* funds are invested in the real estate sector and Shariah-compliant stocks.

The implementation of cash *waqf* in Malaysia has shown positive effects in reducing poverty. Shahimi et al[82] report that cash *waqf* institutions, whether by government agencies such as Yayasan Wakaf Malaysia (YWM), Department of *Waqf*, Zakat & Hajj (JAWHAR), State Islamic Religious Councils (MAIN) with assistance from the corporate and private sectors in Malaysia, have successfully collected funds to finance community development projects, including the construction of low-cost housing and provision of educational assistance for people experiencing poverty. For example, to increase *waqf* fund collection, YWM has provided cash *waqf* payment facilities through e-payment methods and monthly salary deductions for civil servants. Collaboration in collection and cash *waqf* has also been enhanced through partnerships with the banking sector, such as CIMB Islamic Bank Berhad, Agrobank, and Public Islamic Bank.

Additionally, YWM has collaborated with several takaful companies in Malaysia, including Takaful IKHLAS, Sun Life Malaysia Takaful Berhad, and AmMetLife Takaful Berhad, to diversify its *waqf* methods. Takaful plan participants can choose to contribute a portion of their contribution value or total benefits received to YWM.[83] Using this method, the total amount of waqf funds collected in 2023 was MYR 6,736,673.35. Of this amount, MYR976,989 has been used for general purposes, such as reducing poverty and improving the socioeconomic conditions of Muslims.[84]

Khan et al[85] found that cash *waqf* institutions in Malaysia have successfully attracted contributors from various demographic backgrounds, enabling larger fund collections for poverty reduction projects. Although there are challenges in managing cash *waqf* funds to reduce poverty rates, it can be enhanced through the *istibdal* method involving *waqf*

[82] Shahida Shahimi, Mohd Umar Mohd Marzuki, and Zaini Embong.
[83] Yayasan Waqaf Malaysia, 'Portal Rasmi Yayasan Waqaf Malaysia'.
[84] Yayasan Waqaf Malaysia, 'Portal Rasmi Yayasan Waqaf Malaysia'.
[85] Abidullah Khan et al., 'Demographic Determinants of Charity Donors and Its Implication for Cash Waqf Institutions in Malaysia', *Journal of Islamic Marketing* 13, no. 2 (2022): 508–525, https://doi.org/10.1108/JIMA-10-2019-0211.

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properties that are no longer productive[86] and the use of crowdfunding models[87] , which have the potential to increase community participation and fund collection for poverty reduction projects.

2. Enhancement of Social Welfare in Education and Health Sectors

2.1 Trust Account

A trust account can be established for educational purposes. Various trust funds have been created in Malaysia, such as the Melaka State Education Trust Fund, which was established through a Trust Deed on March 29, 2006. The main objective of this trust fund is to assist underprivileged students at primary, secondary, and higher education levels. Data shows that various forms of educational assistance are provided, including scholarships, student loans, and excellence awards.

Over five years from 2016 to 2020, a total of 3,133 students received educational scholarships, 2,036 received student loan assistance, and 3,124 received the Melaka State Government Outstanding Student Award, across schools, secondary schools, and the Gher Education Institute.[88] Table 2 below shows the assistance rates provided according to the level of study for eligible applicants:

Table 2: Education assistance rates

Education Level	Assistance Rate
Primary School	- School uniform - School shoes and socks - School bag - Stationery

[86] Asni et al., 'Management of Cash Waqf Fund Generation through the Implementation of Istibdal in Kedah'.

[87] Meshari Al-Daihani et al., 'Business Process Model for "Crowdfunding Cash Waqf Model"', *Journal of Islamic Accounting and Business Research* 16, no. 1 (2025): 147–169, https://doi.org/10.1108/JIABR-02-2023-0046.

[88] Jabatan Ketua Menteri Melaka, 'Tabung Amanah Pendidikan Negeri Melaka', Jabatan Ketua Menteri Melaka, 2024, https://tapem.melaka.gov.my/.

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Secondary School	MYR 50 (monthly)
Higher Education Institution	MYR 400- MYR 600 (one-off)

Source: Jabatan Ketua Menteri Melaka[89]

In addition, trust accounts can be established for health purposes, and one example is the Special Health *Waqf* Fund (TWKK). It is an initiative to collect cash *waqf* funds managed by individuals in collaboration with ARB. The collected *waqf* funds are then administered through the established trust account. The amount for *waqf* starts from MYR100 with no maximum limit. Assistance is provided to patients in need throughout Malaysia. The main purposes of TWKK[90] are to increase public awareness about *waqf*, to build a *waqf* hospital, to assist patients who cannot afford treatment, and to use the collected funds for purchasing medical equipment such as wheelchairs, disposable diapers, dialysis equipment, medical cash assistance, beds, and many others.

2.2 Cash *Waqf*

Health *waqf* provides an opportunity for the community to contribute, donate, and endow property, money, time, energy, and knowledge according to their expertise and capabilities. These cash *waqf* funds are collected through the State Islamic Religious Councils (MAIN) throughout Malaysia. For example, MAIN plays a role in developing kidney hemodialysis centres, care for the elderly and autism, medical equipment and treatment, COVID-19 treatment equipment *waqf*, and so on[91]. Table 3 below shows a summary of health *waqf* projects in Malaysia that have been carried out or are still in process by MAIN in Malaysia:

Table 3: Summary of health *waqf* projects in Malaysia

State	Type of *Waqf*	Health *Waqf* Project
Johor	Johor *Waqf* Share	Purchase of Hemodialysis Machine

[89] Jabatan Ketua Menteri Melaka, 'Tabung Amanah Pendidikan Negeri Melaka'.
[90] Abdullah et al., 'Analysis of Trust Instrument in Islamic Estate Planning: A Study Case at Amanah Raya Berhad, Malaysia'.
[91] Norizah Mohamed @. Haji Daud and Noorfazreen Mohd Aris, 'Pelaksanaan Wakaf Kesihatan Oleh Majlis Agama Islam Negeri (MAIN)', *Jurnal Pengajian Islam* 14, no. 2 (2021): 109–20.

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Malacca	Cash *Waqf*	Purchase of Hemodialysis Machine
Negeri Sembilan	Cash *Waqf*	- An-Nur *Waqf* Dialysis Clinic and Centre - Hemodialysis Machine - Medical Equipment - COVID-19 Treatment Equipment Assistance - Contributions to Surau Ibnu Sina and Anjung Kasih, Hospital Tuanku Ja'afar
Kuala Lumpur	Cash *Waqf*	- Health needs benefits - Selangor Muamalat Mobile *Waqf* Clinic - Medical equipment: Dialysis machine, oxygen concentrator, patient monitor, ultrasound machine, stone crusher machine, dental chair, drip stand, oxygen tank, syringe pump, professional powerbeat, nitrogen tank
Selangor	Cash *Waqf*	- COVID-19 Treatment Equipment Assistance
Perak	Ar-Ridzuan *Waqf* (Cash *Waqf*)	Hemodialysis Centre
Kelantan	Health and Welfare *Waqf* Dana (Cash *Waqf*)	- Medical Equipment: Ultrasound machine, radiological machine, neonatal disease examination machine, mucus suction machine, wheelchair, and patient waiting chair - COVID-19 Treatment Equipment Assistance
Terengganu	MAIDAM-Bank Rakyat Cash *Waqf* Scheme	Hemodialysis Centre
Pahang	Cash *Waqf*	Al-Amin Kuantan Clinic
Kedah	Cash *Waqf*	Health sector project
Perlis	Cash *Waqf* Scheme	- Perlis State Autism Centre

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		- Perlis Islamic Religious Council and Malay Customs Building Complex (MAIPS) - Tuanku Fauziah Hospital Dialysis Service (HTF) Cancer
Sabah	*Waqf* Am	General health assistance
Sarawak	Cash *Waqf* Scheme	General health assistance
Penang	Penang *Waqf* Dana	- An-Nur *Waqf* Clinic in Penang - Darul Hanan Terminally Ill Ward

Source: Daud and Aris[92]

Additionally, Wakaf Selangor Muamalat (WSM) has established a collaboration between Selangor *Waqf* Corporation and Bank Muamalat Malaysia Berhad to jointly manage *waqf* funds through the formation of a Joint Management Committee (JPB). Through this collaboration, WSM will focus on *waqf* activities and projects across two segments: health and education. These *waqf* funds will also be invested in Shariah-compliant activities. The total accumulated funds as of 30.9.2023 amounted to MYR10,676,968.43. Various activities and expenditures have been utilised for these purposes, such as the maintenance of Mobile Clinic Trucks and dental buses, and the provision of health assistance to An-Nur *Waqf* Hospital and University Hospitals, including the purchase of medical equipment. In terms of education, assistance has been provided to *tahfiz* schools that have applied.[93]

Regarding the implementation of cash *waqf* specifically for the education sector, Che Hassan & Ab. Rahman explains that the implementation of cash *waqf* in Kelantan has been used to develop educational institutions, such as Sekolah Menengah Agama Sullamia, and to fund a dormitory construction project at Pondok Bukit Payong that can accommodate 500 male and female students.[94] Moreover, the Special Education *Waqf*

[92] Daud and Aris, 'Pelaksanaan Wakaf Kesihatan Oleh Majlis Agama Islam Negeri (MAIN)'.
[93] 'Wakaf Selangor Muamalat | Wakaf Muamalat', accessed 7 February 2026, https://www.muamalat.com.my/wakafmuamalat/wakaf-selangor-muamalat/#laporan.
[94] Che and Rahman, 'The Potential of Cash Waqf in the Socio-Economic Development of Society in Kelantan: A Stakeholder's Perspective'.

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Scheme introduced by the Kelantan Islamic Religious Council (MAIK) has been proven to help students. About 70% of students who received financial assistance from cash *waqf* funds found employment within 6 months of completing their studies. This demonstrates that cash *waqf* funds have successfully helped improve access to education and student employability.

CONCLUSION

This study addresses a critical issue by providing a comprehensive comparative analysis of trust and cash *waqf* as contemporary wealth management instruments within the Malaysian context. Through qualitative document analysis, the findings demonstrate that despite their distinct legal foundations (trust in common law and cash *waqf* in Islamic jurisprudence), both instruments effectively advance *maqasid syariah* objectives, particularly *hifz al-mal* and *maslahah*. The findings reveal that institutional frameworks established by ARB, Yayasan *Waqf* Malaysia, and State Religious Islamic Councils have effectively mobilised both instruments to address critical socioeconomic needs in poverty alleviation, education, and healthcare. Such empirical evidence validates the complementary roles of trust and cash *waqf* in strengthening social welfare and sustainable development. Theoretically, this study contributes to the Islamic wealth management discourse by demonstrating that common law-derived mechanisms can be legitimised within Shariah frameworks when their operational structures align with *maqasid* principles. The comparative analysis establishes that while cash *waqf*'s perpetuity and irrevocability ensure intergenerational wealth transfer, trust's flexibility enables responsive adaptation to contemporary socioeconomic challenges. This dialectical relationship between permanence and adaptability offers a conceptual framework for understanding how diverse legal traditions can converge toward unified philanthropic objectives within Islamic wealth management paradigms.

The study's implications extend to both policy and practice. The findings can be leveraged by agencies, Islamic financial institutions, and *waqf* organisations to improve the management and promotion of both instruments. Regulatory harmonisation between civil

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trust legislation and Islamic *waqf* governance could enhance institutional efficiency and expand access among Malaysian Muslims. These implications also apply beyond Malaysia to similar contexts. However, this research acknowledges limitations in its documentary approach and geographical focus. Future investigations should employ mixed-methods, incorporating stakeholder interviews; conduct comparative studies across regional contexts; and undertake longitudinal research to track socioeconomic impact metrics, thereby strengthening evidence-based policymaking in Islamic social finance.

ACKNOWLEDGMENTS

The authors would like to express their sincere gratitude to the leadership of The National University of Malaysia for their invaluable support, academic encouragement, and commitment to fostering a conducive research environment. Their dedication to advancing scholarly excellence and international academic collaboration has greatly contributed to the successful completion of this research. The authors also appreciate the institutional facilities, resources, and opportunities provided throughout the research process. This support has been instrumental in enhancing the quality and impact of the study. The authors gratefully acknowledge the continuous efforts of the university leadership in promoting innovation, knowledge development, and academic excellence at both national and international levels.

AUTHOR CONTRIBUTIONS STATEMENT

Muhamad Mu'izz Abdullah contributed to the preparation of the abstract and methodology sections, conducted data analysis, developed the findings and discussion, and coordinated the overall research process. Mohammad Abdullah was responsible for conceptualisation, data analysis, manuscript drafting, and article review and editing. Akram Mahmad Rabbi contributed to the literature review, particularly on trust and cash *waqf* instruments, and participated in the preparation and review of the manuscript. Md Yazid Ahmad was involved in reviewing, editing, and proofreading the manuscript. Zubair Amir Nur Rashid was responsible for compiling and managing the references and bibliography. All authors have read and approved the final version of the manuscript.

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CONFLICT OF INTEREST

The authors declare that there are no conflicts of interest regarding the publication of this article. The authors have no financial, professional, or personal relationships that could have influenced the research, analysis, interpretation of data, or the writing of this manuscript.

AI USAGE STATEMENT

The authors used artificial intelligence (AI)-assisted tools solely to support language refinement, grammar checking, and improvement of manuscript readability during the writing process. All intellectual contributions, including the study design, data collection, analysis, interpretation of findings, and conclusions, were conducted entirely by the authors. The authors carefully reviewed, verified, and edited all AI-assisted outputs and assume full responsibility for the accuracy, integrity, and originality of the content presented in this manuscript.

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