

The Potential of Cash Waqf as A Tool for Empowering the Islamic Economy in Indonesia

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Abstract

This study aims to analyze the potential of cash waqf as a means of empowering the Islamic economy in Indonesia. This is in line with the growing awareness of the need for an Islamic Economic System as an alternative to the Capitalist Economic System, which has proven ineffective in improving the welfare of humanity. Moreover, various economic crises have always accompanied the journey of the capitalist economic system, while efforts to find solutions to these crises often result in harm to the weaker parties, the majority of whom are Muslims. In the concept of cash waqf, waqf can become a source of cash funds and can be donated in the form of cash. Cash waqf holds great potential for empowering the Islamic economy, which makes the institution of cash waqf very important to develop. The method used in this research is a library research approach, which involves using existing materials or data sources such as books, articles, academic journals, reports, archives, and other documents available in libraries or other literary sources. To achieve the desired goals of waqf, which include addressing various social and economic issues, it is necessary to develop cash waqf through the use of various systems, such as the mudharabah system, musharakah system, ijarah system, and murabaha system.

Keywords: cash waqf, empowering, islamic economy

INTRODUCTION

Islam as a religion can be studied from various aspects such as theology, education, philosophy, politics, economics, and other disciplines. The Quran, as the primary source in Islamic teachings, challenges humanity to explore the various fields of knowledge contained within it, stating that if the seas were ink, and additional seas were added to it, they would be exhausted before the knowledge of Allah runs out. Among the aspects of Islamic teachings is economics, and waqf, as part of the economic discussion, plays a significant role in addressing the poverty issues faced by the nation, particularly since the economic crisis (Nurfaidah, 2016). From a historical perspective, waqf has played a crucial role in developing social, economic, and cultural activities in the Muslim community by establishing schools, hospitals, mosques, Islamic boarding schools, and other institutions. The Indonesian Law No. 41 of 2004 on Waqf covers both immovable and movable assets, including cash waqf, which has a wide range of uses, not limited to the establishment of places of worship and religious-social activities (Hendrik & Mufidah, 2019).

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The Indonesian Law No. 41 of 2004 on Waqf covers both immovable and movable assets, including cash waqf, which has a wide range of uses, not limited to the establishment of places of worship and religious-social activities. Therefore, Law No. 41 of 2004 on Waqf is projected as a means of social engineering, bringing changes in the thoughts, attitudes, and behaviors of the Muslim community to align with the spirit of the law (Syan, 2024). One of the new regulations in the Waqf Law is Cash Waqf (Rusydiaana & Rahayu, 2019).

METHOD

This study uses a Library Research approach. Library Research is a type of research that uses existing materials or data sources, such as books, articles, academic journals, reports, archives, and other documents available in libraries or other literary sources. This research is more descriptive and analytical in nature, where the researcher does not conduct experiments or gather primary data in the field, but rather analyzes, interprets, and integrates existing information. Library research is an effective way to explore existing knowledge through a review of available literature. Although it does not involve primary data collection, this type of research plays an important role in providing a strong theoretical foundation and new insights that can be applied in various fields.

RESULT AND DISCUSSION

Etymologically, the term *waqf* originates from the Arabic root word *waqafa* (in the past tense), meaning "to stop" or "to halt." The verb *yaqifu* (in the present tense) and the noun *waqfan* (the masdar or verbal noun) imply the

meaning of stopping, standing still, or remaining in a place. According to its technical definition, *waqf* refers to the act of holding property, either permanently or temporarily, to be used directly or indirectly, with the benefit being utilized repeatedly for the general or specific good (Ryandono & Hazami, 2016).

Waqf and the empowerment of the Islamic economy mean that the property held in *waqf* should be managed in such a way that it can be used to provide productive assistance, such as in the form of capital for business ventures to poor groups who possess entrepreneurial skills (Al Faruq, 2020). The use of *waqf* assets is still largely confined to physical goods, and as a result, it does not significantly impact the economic well-being of society. Many of the *waqf* assets in the community have not been able to address the issue of poverty. In fact, movable property, such as money, is in essence a permissible form of *waqf* in Islam. Nowadays, the term *cash waqf* (or *waqf uang*) is gaining popularity among the wider community. *Cash waqf* is viewed as one solution that can make *waqf* more productive. If cash *waqf* is managed and empowered by an institution professionally, it can greatly contribute to improving the economic welfare of the ummah, fulfilling the rights of the community, and alleviating their suffering (Astuti, 2022).

The productive management of *cash waqf* for the welfare of society has become an inevitable demand. Especially now, as Indonesia faces an economic crisis that requires the participation of many parties. A tangible step that can be observed is how the methods of managing, developing, and utilizing *waqf* assets are implemented, so that the ultimate goal of *waqf*, which is the economic welfare of the Indonesian Muslim community, can be achieved (Yasniwati & others, 2023). The underperformance of *waqf* in empowering the economy of the ummah in Indonesia is due to the fact that

waqf is not being managed productively. To address this, a new paradigm in *waqf* management must be applied, using modern management techniques. Several factors need to be considered in order to manage *waqf* productively, including (Setiawan et al., 2021):

1. The need for a new formulation regarding the concept of *fiqh waqf* and the role of *ijtihad* (independent legal reasoning) in this matter to assist the process.
2. The establishment of comprehensive legislation and regulations concerning *waqf* in Indonesia.
3. Nazir (the manager of *waqf*) must receive adequate training to manage *waqf* assets professionally.
4. The creation of a special body to provide guidance and oversight for *nazir*.

To achieve the intended goals of *waqf*, which is to address various social and economic issues currently faced, the development of cash *waqf* should be promoted using various systems, including (Ira, 2022):

1. Mudharabah system, The Mudharabah system is one of the alternatives offered by Islamic financial products to develop *waqf* funds (Kharazi, 2022). One example that can be implemented by *waqf* managers using this system is to revitalize the small and medium enterprise (SME) sector by providing capital to small farmers, fishermen, and small to medium traders (SMEs).
2. Musyarakah system, The Musyarakah system is similar to the Mudharabah system, but in the Musyarakah system, the risk borne by the *waqf* manager is smaller because the capital is shared by two or more capital owners (Faujiah, 2018). This system provides an

opportunity for the waqf manager to contribute capital to small and medium-sized businesses that are considered to be viable but lack capital to develop their operations.

3. Ijarah System, One example of what can be done with the Ijarah (lease) system is to utilize the available waqf land. In this case, the waqf manager provides funds to build a structure on the waqf land. The waqf manager then leases the building until the principal capital is covered and profits are earned.
4. Murabahah System, In the Murabaha system, the waqf manager is required to act as an entrepreneur who purchases the necessary equipment and materials through a Murabaha contract. The profit from this investment comes from the difference between the purchase and selling price. The benefit of this system is that the waqf manager can help small entrepreneurs who need production tools, such as tailors who need sewing machines. For example, in the empowerment of strategic waqf land across the archipelago, as proposed by Mukhtar Lutfi in his book *Empowering Productive Waqf*, an analysis of a 15-story waqf center building while maintaining the existing mosque size, as desired by the waqf donor, on waqf land located around Pondok Indah, South Jakarta, would have a high market space. Even when the building is completed, the marketing aspect for renting it out to entrepreneurs in various fields would likely be in high demand. In relation to the empowerment of Islamic economics, there has been a recent rise in interest among Muslims to reinvigorate the institution of waqf.

Along with the growing awareness to seek a Sharia Economic System as an alternative to the Capitalist Economic System, which has been proven not to provide benefits for improving the welfare of humanity, various economic crises have always accompanied the journey of the capitalist economic system. Meanwhile, efforts to find solutions to these crises always result in harm to the weaker parties, who are mostly Muslims. In the concept of cash waqf, waqf can become a source of cash funds and can be donated in the form of cash (Amsari et al., 2024). Cash waqf has great potential for the empowerment of the Muslim economy, making the development of cash waqf institutions very important. This concept can make it easier for waqifs who do not have land assets to participate in charitable giving (sadaqah jariyah). This concept allows for the following possibilities (Chusma et al., 2022):

1. Waqf can be given in smaller units and the waqif is provided with a waqf certificate issued by an official waqf institution. Waqf can be paid in units, for example: Rp. 10,000. This makes it possible for more people to participate as waqifs. The amount of cash waqf can vary, so someone with limited funds can start giving their waqf without needing to wait until they become rich or own land. Therefore, with the cash waqf program, it will be easier for the waqif to perform the act of waqf.
2. Waqf can take the form of liquid **assets** that are highly flexible in use, so the waqf assets can become financial capital stored in banks or financial institutions. Waqf can also take the form of company shares. For instance, a businessman can allocate some of his shares as waqf

assets, and the proceeds can be used for the common good. Through cash waqf, waqf can develop in a more dynamic way.

3. Through cash waqf, waqf assets in the form of vacant land can start being utilized by building buildings or converting them into agricultural land.
4. Cash waqf funds can also help Islamic educational institutions that are struggling with cash flow and paying their academic staff inadequately.
5. In turn, InshaAllah, Muslims can become more independent in developing the world of education without being overly dependent on government education budgets, which are increasingly limited.
6. Cash waqf funds can empower small businesses, which still dominate in this country (99.9% of businesses in Indonesia are small businesses). The funds collected can be channeled to these entrepreneurs, and the profits can be used for social purposes.

CONCLUSION

Cash waqf holds great potential for the empowerment of the Muslim economy, which is why the development of cash waqf institutions is extremely important. To achieve the current goals of waqf, which aim to address various social and economic issues, it is necessary to develop cash waqf by utilizing various systems, including the Mudharabah system, Musyarakah system, Ijarah system, and Murabaha system. Along with the growing awareness of seeking a Shariah Economic System as an alternative to the Capitalist Economic System, which has proven to be ineffective in improving the welfare of humanity, the capitalist economic system is also constantly accompanied by economic crises. Meanwhile, efforts to find

solutions to these crises often result in harm to the weaker parties, who are mostly Muslims. In the concept of cash waqf, waqf can become a source of cash funds and can be donated in the form of cash.

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