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CASH WAQF MANAGEMENT IN INDONESIA

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ABSTRACT

Cash waqf is one of the philanthropic instruments in Islam that has great potential for economic development and social welfare. However, the management of cash waff in Indonesia faces various challenges such as the lack of awareness and understanding of the community about the concept of cash, unsupportive regulations, and challenges in investment management and waqqf fund distribution. This paper presents some strategic steps that can be taken to improve the potential of the cash-waqf management in Indonesia. Community education, strengthening regulations and policies, enhancing the capacity of waqt management institutions, cooperation with financial and investment institutions, and improving transparency and accountability are some of the strategic steps to be taken. Through these efforts, a sustainable source of funds and provide great benefits to the Indonesian community can be achieved.

Keyword: *Cash Waqf, Management, Indonesia*

INTRODUCTION

Waqf is one of the philanthropic instruments in Islam that has great potential for economic development and social welfare. The concept of waqf has existed since the time of the Prophet Muhammad (SAW) and has become an important part of the history of Islamic civilization. In Indonesia, the country with the largest Muslim population in the world, waqf plays a significant role in supporting various social, religious, and educational activities. However, the implementation of waqf in Indonesia often still focuses on immovable assets such as land or buildings.

With the changing times and the needs of society, the concept of waqf has begun to evolve, including in the form of cash waqf. Cash waqf is waqf in the form of cash, which is invested or used for social and religious purposes. Effective management of cash waqf is crucial to ensure that these funds can provide optimal benefits for the community. According to a report from the Indonesian Waqf Board (BWI), the potential for cash waqf in Indonesia reaches trillions of rupiah per year, showing a huge opportunity that can be utilized for the benefit of the ummah (BWI 2020).

However, the management of cash waqf in Indonesia faces various challenges such as the lack of awareness and understanding of the community about the concept of cash waqf, unsupportive regulations, and challenges in investment management and waqf fund distribution. Additionally, issues of transparency and accountability in managing waqf funds are also problems that need to be addressed (Hasan 2016; Zainal 2014). According to Sukmana (2012), "many waqf management institutions do not have the adequate capacity and expertise in managing investments and distributing waqf funds."

To optimize the potential of cash waqf in Indonesia, strategic steps are needed, including more intensive education and campaigns, strengthening supportive regulations and policies, enhancing the capacity of waqf management institutions, cooperation with financial and investment institutions, and improving transparency and accountability. Through these efforts, cash waqf can be managed professionally and efficiently, providing a significant positive impact on economic development and social welfare in Indonesia.

CONCEPT AND POTENTIAL OF CASH WAQF

Cash waqf is waqf in the form of cash, which is invested or used for social and religious purposes. The potential of cash waqf in Indonesia is very large given the dominant Muslim population and strong philanthropic culture. According to a report from the Indonesian Waqf Board (BWI), the potential for cash waqf in Indonesia reaches trillions of rupiah per year (BWI 2020). If managed properly, this potential can contribute significantly to economic development and social welfare.

Cash waqf has high flexibility compared to waqf in the form of physical assets. The money endowed can be invested in various safe and productive financial instruments such as waqf sukuk, sharia shares, or sharia deposits. The proceeds from these investments can then be used to finance various social projects such as education, health, economic empowerment, and infrastructure (Karim et al. 2008). Additionally, cash waqf can also be used directly to help those in need, such as providing scholarships to poor students, building health facilities, or providing business capital assistance (Rahman 2009).

CHALLENGES IN CASH WAQF MANAGEMENT

Cash waqf management in Indonesia faces several challenges that need to be addressed to ensure that waqf funds can be utilized optimally. Some of the main challenges in managing cash waqf in Indonesia include:

1. Lack of Awareness and Understanding of the Community: Many people still do not understand the concept and benefits of cash waqf. Most people still consider waqf only in the form of immovable assets such as land or buildings. This lack of awareness results in low community participation in cash waqf (Hasan 2016). Intensive education and socialization are needed to increase understanding and participation in cash waqf.
2. Unsupportive Regulations and Policies: Existing regulations and policies sometimes do not support optimal management of cash waqf. Although the government has issued several regulations related to cash waqf, their implementation and supervision still need to be strengthened. Clear and supportive regulations are very important to create a conducive environment for the growth and management of cash waqf (Government Regulation of the Republic of Indonesia No. 42 of 2006). Additionally, incentives for institutions that manage cash waqf professionally and transparently are also needed.
3. Challenges in Investment Management and Waqf Fund Distribution: Managing waqf funds requires special expertise to ensure that the funds are invested safely and productively. Additionally, transparency and accountability in fund management are also important issues that need to be addressed to build public trust. Many waqf

management institutions do not yet have adequate capacity and expertise in managing investments and distributing waqf funds (Sukmana 2012).

4. Supervision and Accountability: The low level of supervision in managing cash waqf often causes public distrust. People tend to be reluctant to endow their money if there is no guarantee that the funds will be managed well and transparently. Accountability in the use of waqf funds must be improved to build public trust (Zainal 2014).

STRATEGIES FOR IMPROVING CASH WAQF MANAGEMENT

To overcome these challenges, several strategies can be implemented. Here are some strategic steps that can be taken to improve cash waqf management in Indonesia:

1. More Intensive Education and Campaigns: More intensive education and campaigns are needed to increase public awareness about cash waqf. The government, sharia financial institutions, and civil society organizations need to work together to provide comprehensive information about the benefits and mechanisms of cash waqf. These campaigns can be conducted through mass media, seminars, workshops, and other educational programs (Nasution 2002).
2. Strengthening Supportive Regulations and Policies: The government needs to issue more specific and detailed policies related to cash waqf management. Clear and supportive regulations are very important to create a conducive environment for the growth and management of cash waqf. Additionally, the implementation and supervision of these regulations must be strengthened to ensure that waqf funds are managed well. The government also needs to provide incentives for institutions that manage cash waqf professionally and transparently (IRT-IsDB 2014).
3. Enhancing the Capacity of Waqf Management Institutions: Training and certification for waqf managers can help increase professionalism and competence in managing waqf funds. Waqf management institutions need to be equipped with adequate expertise in investment management and waqf fund distribution. Additionally, the

use of advanced technology and information systems can increase efficiency and transparency in managing cash waqf (World Bank Group 2016).

4. Cooperation with Financial and Investment Institutions: Partnerships with sharia banks and other financial institutions can help manage waqf fund investments more effectively. These institutions have expertise in investment and can ensure that waqf funds are invested safely and productively. Additionally, cooperation with financial institutions can also help develop financial products that comply with sharia principles and can attract public interest to participate in cash waqf (Sadeq 2002).
5. Transparency and Accountability: Transparency and accountability in waqf fund management must be improved to build public trust. Waqf management institutions need to provide clear financial reports that are accessible to the public. Additionally, effective supervision mechanisms need to be implemented to ensure that waqf funds are used according to the predetermined purposes. With good transparency and accountability, people will be more confident and interested in participating in cash waqf (Zarka 2007).

CASE STUDY: IMPLEMENTATION OF CASH WAQF MANAGEMENT IN INDONESIA

Several waqf management institutions in Indonesia have successfully implemented cash waqf management well. One example that can be used as a case study is the Indonesian Waqf Board (BWI), which has launched various programs to manage and develop cash waqf. BWI cooperates with sharia banks to manage waqf fund investments in the form of waqf sukuk, which is one of the safe and productive sharia investment instruments (BWI 2020).

The waqf sukuk program managed by BWI has provided positive results, where waqf funds are invested in social impact infrastructure projects such as the construction of hospitals, schools, and other public facilities. The proceeds from these investments are then used to fund various social activities that provide direct benefits to the community (BWI 2020).

Additionally, several foundations and social institutions have also successfully implemented cash waqf management well. The Dompet Dhuafa Foundation, for example, has managed cash waqf funds to finance various economic empowerment and education programs. This foundation collaborates with various parties to develop innovative programs that have a broad impact on the community (Dompet Dhuafa 2021).

CONCLUSION

Cash waqf management in Indonesia has great potential to support economic development and social welfare. However, serious efforts are needed to overcome the existing challenges. Community education, strengthening regulations, enhancing the capacity of waqf management institutions, and cooperation with financial institutions are some of the strategic steps that can be taken. Additionally, transparency and accountability in waqf fund management must be improved to build public trust.

With good management, cash waqf can become a sustainable source of funds and provide great benefits to the Indonesian community. Effective cash waqf management can be one of the solutions to address various social and economic problems.

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