

CHAPTER ONE

INTRODUCTION

A. The Background of Study

In this current time, waqf has been known not only by fixed asset but also by non fixed asset or movable waqf. According to law about waqf UU No. 41, 2004 waqf is allowed by fixed and non fixed asset. Also fatwa by Board of Indonesian Moslem Knowledge (MUI) determined cash waqf included securities is permissible.¹

Cash waqf used money as principle endowment. The cash waqf is a form of waqf which used certificates with different denomination to raise the money against the planned projects.² In cash waqf form, *Waqif* needs not to be rich for donating his money, because it can be a waqf even only by small price. This term gives everyone chance to help each other by charity. Allah stated in Surah Ali Imron (92):

لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ^٤ وَمَا تُنْفِقُوا مِنْ شَيْءٍ فَإِنَّ اللَّهَ
بِهِ عَلِيمٌ ﴿٩٢﴾

Cash waqf as one of Islamic economic instrument plays an important role in creating economic justice and social welfare especially in Islamic

¹ Read more Rachmadi Usman, *Hukum Perwakafan di Indonesia*, (Jakarta: Sinar Grafika, 2009) p.106

² Rininta Nur Rachmi, *The Implication of Cash Waqf in Society*, Department of Economy, International Islamic University Malaysia, 2012, p. 2

society. Waqf has contributed in economic activities, social and culture of Islamic society³ such as in education, health services, public service purposes, and other infrastructures that are provided for social welfare.

Cash waqf potency in Indonesia can reach until 3 billion per annuity.⁴ If a Moslem gives Rp. 1000 until Rp. 100.000 every month for waqf, it will collect the amount of cash waqf fund until Rp.3 billions in a year. The gathered fund from cash waqf should be valuable capital accumulation for social life requirement that can't be accomplished by the government from the year to the year.⁵

By its huge potency, cash waqf is assumed can solve economic problem in Indonesia. Further, using cash waqf fund should have big potential in increasing economic growth in Indonesia beside to raise micro economic sector for national economic development.⁶

³ Monzer Kahf, *The Role of Waqf in Improving the Ummah Welfare*, Presentation at the International Seminar on Islamic Economics as Solution organized by Indonesian Association of Islamic Economists and Muamalat Institute, Jakarta. 2005, p. 3

⁴ Republika On Line, *BWI Pacu Wakaf Uang*, Accessed on ROL (Republika On Line) at Friday, June 13, 2014, at 08.45 o'clock <http://www.republika.co.id/berita/dunia-islam/wakaf/13/12/26/myeihb-bwi-pacu-wakaf-uang>.

⁵ Menteri Agama Republik Indonesia, *Kebijakan Pemerintah Tentang Wakaf*, (Republika, Jumat, 18 Agustus 2006), p.2

⁶ Zainul Bahar Noor, *Potensi Wakaf Uang Bisa Jadi Kekuatan Ekonomi Umat Islam* in waqf seminar under the title "*Peluang dan Tantangan Perwakafan di Indonesia*", September 19; 2013 in Jakarta, <http://www.vo-islam.com/> accessed on September 22,2013/ 16.30

For this purpose, the gathered cash waqf fund is needed to be managed well. *Nadzir*, as cash waqf fund manager collects fund from *waqif* and invest the money in potential investment opportunities.

Nadzir is obliged to maintain the amount of fund in such a way that the collected fund becomes more and more productive.⁷ Because, only gains of the invested waqf fund will be delivered to *Mauquf'alaih*, or beneficiaries and the principle fund will be reinvested in various profitable investment portfolios.

However, this type of waqf might create few problems, for example, if it deals with *ribawi* transaction in its implementation which is prohibited in Islam. Other possible problem which is more serious is regarding keeping the waqf assets (financial assets) from diminishing. It also is important to prevent cash waqf assets from wearing off, to preserve its main characteristics of perpetuity.⁸

The larger the investment return, the more fund can be allocated to the needy.⁹ On the contrary, the continuity of its profit distribution will stop if the *Nadzir* failed to manage the fund. It will cause to the loss of not only

⁷ Dian Masyita, et. al. *A Dynamic Model for Cash Waqf Management as One of The Alternative Instruments for The Poverty Alleviation in Indonesia*, Padjajaran University, (Bandung, 2005) Submitted to The 23rd International Conference of The System Dynamics Society, Massachusetts Institute of Technology (MIT), Boston, July 17-21, 2005. p. 1

⁸ Achmad Thohirin, *The Cash Waqf foe Empowering The Small Bussiness*, a paper by Center for Islamic Economics Development and Studies (P3EI) Faculty of Economics, Universitas Islam Indonesia, Yogyakarta, Presented in Seventh International Conference – The Tawhidi Epistemology: Zakat and Waqf Economy, Bangi 2010, p.08

⁹ *Ibid*, p. 2

waqf values, but also the waqf essentiality i.e. the perpetuity of principal fund of waqf. In this case, it is required to look for a good cash waqf management.

There was several cash waqf management according to some contemporary scholars. Also, many attempts have been made to find out good management for cash waqf which is suitable with the era and public condition. So, in this case, the researcher will explore the concept of cash waqf management based on some scholars who were expert in economic studies especially waqf. Some scholars such as Monzer Kahf, MA Mannan and Murat Cizacka, they have their own concept related to cash waqf management.

B. The Problem Formulation

Based on the background of study above, the problems which will be researched is limited in two points:

1. How is the collection of cash waqf management according to scholars?
2. How is the investment of collected cash waqf funds according to scholars?
3. How is the distribution of the revenue according to scholars?

C. The Purpose of Study

In line with problem above, the researcher has purposes of this study as below:

1. To know the collection of cash waqf funds according to scholars
2. To know the distribution of the collected cash waqf funds according to scholars
3. To know the distribution of the revenue according to scholars

D. The Significance of Study

This study has two significances which are divided in to two, Theoretical significance and Practical significance:

1. Theoretical Significance

- a. To contribute the study of Islamic Economic especially in cash waqf management.
- b. To give a brief view about the management of cash waqf according to some contemporary scholars.

2. Practical Significance

- a. To give a brief guidance for practitioner who are concerned in cash waqf.
- b. To practice a good cash waqf management in cash waqf foundation.

- c. To give safeness and confidence to Moslem for investing their money in cash waqf institution.
- d. To encourage the Moslem to donate their money in cash waqf institution.

E. The Literature Review

To come to fundamental solution, the researcher explains and shows some literatures, not only from books, but also from journals, bulletin, newspaper, and previous research that compatible with the theme of this research.

Martini Dwi Pusparani¹⁰ in her thesis titled “**Cash Waqf based on Abdul Mannan’s View**”. She explained in sufficient detail about concept of cash waqf according Islamic economic contemporary scholar, Abdul Mannan. He stated that cash waqf funds from the rich are collected through Cash Waqf Certificate which issued by SIBL which act as a waqf nadzir. The funds then managed and invested in vary of investment fields. Then the gains distributed to the poor and for building some public means such as: school, hospital, reconstruction of public streets, etc.

Compare to this research, the writer will explore Abdul Mannan’s concept in cash waqf management as one of contemporary scholar. Then, collate it among cash waqf management based on other muslim economist.

¹⁰ Under graduate student in Darussalam Institute of Islamic Studies, Gontor Ponorogo, 2011.

Another research was done by Muhyar Fanani¹¹ by the title “Pengelolaan Wakaf Tunai”. This research looks for waqf management in three cash waqf foundation. Those are TWI (Tabung Wakaf Indonesia), Pos Keadilan Peduli Umat (PKPU), and Baitul Maal Muamalat (BMM). In this research, Muhyar Fanani found these three foundation allocated the cash waqf fund for education, healthy and economic sector, capital investment and allocated the fund as waqif request. The researcher stated that in these three foundations still have big problems in management, such like the lacks in human source who is expert in waqf management, poor risk management, and cash waqf socialization.

If the previous research looked for cash waqf management in field research that applied cash waqf directly in cash waqf foundation, in this research, the writer should look for cash waqf management in concept through contemporary Moslem economist though.

Another research was done by Muh. Sinwani¹² with his paper entitled “Cash Waqf Investment by Depositing in Islamic Bank”

(استثمار الوقف النقدي بالإيداع في المصارف الإسلامية)

In this research, Muh Siwani explain that Nadzir, as cash waqf manager, deposit the collected fund in Islamic bank then the bank will invest the fund

¹¹ Under graduate student in IAIN Walisongo, Semarang, 2011.

¹² Under graduate student in Darussalam Institute of Islamic Studies, Gontor Ponorogo,

to some portfolios such as *Mudhorobah*, *Musyarakah*, *Ijarah*, etc. Then, the profit will be distributed to *Mauquf'alah*. Trough this research, the writer should bring other ways to manage the collected cash waqf funds based on contemporary moslem scholars.

Still in discussion of cash waqf and its management, Rahmat Hidayat¹³ with his paper “Potensi Wakaf untuk Pembangunan Perumahan di Indonesia” emphasizes about the result allocation of cash waqf management. According to his research, it will be better to allocate the cash waqf fund for residence building because of residence is one of principal requirement of human being. Trough this research, the writer should look for the other result allocation of cash waqf management according to muslim economist.

Another research was made by Zuraidah Mohamed Isa, Norhidayah Ali and Rabitah Harun¹⁴ under the title **A Comparative Study of Waqf Management in Malaysia**¹⁵. This research is identifying the methods and also strategies in implementing the management of Waqf property in comparison to some of the methods done by other states in Malaysia (Kedah, Penang, Perak, Selangor, and Johor) and overseas (Brunei, Singapore, Indonesia, Bangladesh and Kuwait). As a whole, the researchers

¹³ Post graduate student in Universitas Kebangsaan Malaysia (UKM), 2011

¹⁴ Students of Faculty of Business Management, University Teknologi Mara Kedah, Malaysia, 2011

¹⁵ International Conference on Sociality and Economics Development, IPEDR vol.10 (2011) IACSIT Press, Singapore, 2011

used existing data obtained from the MAIK (Majlis Agama Islam Kedah) Waqf department which include 12 areas in Kedah state and also through interviews done to several individuals directly involved in the management of Waqf property. The prevailing issues, however, is to determine how far the Waqf land can fully benefit the Muslims and can be optimized.

Compare to this research, the writer should write the concept of cash waqf management in other Islamic countries such Sudan and Kuwait.

Several studies above indicate the management that used for waqf property and fund, to achieve its potency and goals. Cash waqf fund can be allocated almost in all of part of life facilities and public necessities, so that the contribution of cash waqf in national development is not trifling matter. In this case, the researcher finds the importance of cash waqf management development.

Thus, the researcher should explore the cash waqf management based on some contemporary Islamic economist and its implication in some Islamic countries.

F. Theoretical Framework

Cash waqf is one of new form of waqf. In Rasulullah era, most of waqf formed in immovable asset such as land, school, etc. Cash waqf is a form of waqf which can't be distributed exactly, but, it must be invested then the revenue will be distributed. In other words, cash waqf must be productive.

1. Legal Foundation

Allah states in Al Qur'an :

مَثَلُ الَّذِينَ يُنْفِقُونَ أَمْوَالَهُمْ فِي سَبِيلِ اللَّهِ كَمَثَلِ حَبَّةٍ أَنْبَتَتْ سَبْعَ
 سَنَابِلٍ فِي كُلِّ سُنْبُلَةٍ مِائَةٌ حَبَّةٌ وَاللَّهُ يُضَعِفُ لِمَنْ يَشَاءُ وَاللَّهُ وَاسِعٌ
 عَلِيمٌ ﴿٢١٦﴾ الَّذِينَ يُنْفِقُونَ أَمْوَالَهُمْ فِي سَبِيلِ اللَّهِ ثُمَّ لَا يُتْبِعُونَ مَا
 أَنْفَقُوا مَنًّا وَلَا أَذًى هُمْ أَجْرُهُمْ عِنْدَ رَبِّهِمْ وَلَا خَوْفٌ عَلَيْهِمْ وَلَا
 هُمْ يَحْزَنُونَ ﴿٢١٧﴾

Allah said in this ayah:

"The likeness of those who spend their wealth in the Way of Allah, is as the likeness of a grain (of corn); it grows seven ears, and each ear has a hundred grains. Allah gives manifold increase to whom He pleases. And Allah is all-Sufficient for His creatures' needs, all-Knower. Those who spend their wealth in the Cause of Allah, and do not follow up their gifts with reminders of their generosity or with injury, their reward is with their Lord. On them shall be no fear, nor shall they grieve."

Here we know that spending the wealth in the cause of Allah such as cash waqf was an appeal forays.

It was said in other riwayat, a hadith said: Ibn Umar (RA) reports that Umar (RA) received a land at Khaibar and came to the Prophet

¹⁶ Al Baqarah : 261 - 262

(SAW) to consult him about it. He said, "O, messenger of Allah, I have received land at Khaibar, I have never got a property more valuable than that. So what do you advise me regarding it?" he replied, "If you wish, you can certain its corpus and give it away in charity". At this Umar dedicated it providing that it should neither be sold, nor gifted, nor bequeathed. He gave it away for the sake of poor, the relatives, (freeing), slaves, in the way of Allah, for guests and for the wayfarers. It would be permissible for its caretaker to eat from it according to commonly accepted pattern and to feed a friend who does not enrich himself from it.¹⁷

Here, Rasulullah advised Umar to use the wealth as the capital then distribute the gain to the needy. It shows that we can do the same to cash waqf. To make it perpetuity, cash waqf should be invested then its gain will be distributed.

Also, a fatwa issued by Imam Al Zuhri (124 H) stated that waqf by dinar is permitted. To prevent it from diminishing, it used to be a capital in *Mudharabah* companies and distributing its gain to *mauquf 'alaih*.

A scholar from Madzhab Hanafi also allowed waqf by dinar and dirham as an exception based on *ih-tisan bi al'urfi* from Abdullah bin

¹⁷ Shahih Al- Bukhari, Beirut, Darul Ma'rifat, vol.2, p.132

Mas'ud: "what is good on muslim view, it is good also on Allah's view, and vice versa."¹⁸

2. Cash Waqf Management

Rasulullah (PBUH) said to Umar r.a when he wanted to donate his land in Kahibar¹⁹:

"إِنْ شِئْتَ حَبَسْتَ أَصْلَهَا وَتَصَدَّقْ بِهَا"

"You can hold the principle and distribute its profit"

The things that should be noticed in cash waqf management are²⁰:

a. Fund rising method.

In this case, funds are collected through cash waqf certificates program that issued in various denominations, in order that more prospective donors can afford them. The donor name and specific purpose will be stated on it.

In order to raise the cash waqf fund, the institution accepts the donation from individuals and institutions. The nominal of cash waqf is not determined and follows as the waqif wishes.

b. Collected cash waqf fund management.

¹⁸ Rachmadi Usman, S.H., M.H, *Hukum Perwakafan ... op. cit.*, p. 109 read also Suhrawardi K Lubis, et. al., *Wakaf dan Pemberdayaan Umat*, (Jakarta: Sinar Grafika, 2010) p. 107

¹⁹ Siah Khosyi'ah, M.Ag, *Wakaf dan Hibah Perspektif Ulama Fiqh dan Perkembangannya di Indonesia*, (Bandung: Pustaka Setia, 2010). p. 107

²⁰ Rachmadi Usman, S.H., M.H, *Hukum Perwakafan.... op. cit.*, p. 113

That is how to manage the fund to reach high profit. In this case, the gathered cash waqf must be invested in various profitable investments. The gathered funds will be invested in the business with loss and profit sharing principle (*Mudharabah* and *Musyarokah*), leasing (*Ijarah*) and also *mudharabah*.

Cash waqf also can be rent to the needy by the certain guarantee and return it on time. To avoid the diminishing of the principle, cash waqf fund must be guaranteed.²¹

c. Distribution of invested cash waqf profit to the beneficiaries.

The orientation of its distribution included empowerment, charity, human investment and infrastructure investment. Actually, *waqif* can require the distribution sector for cash waqf. But, if *waqif* does not determine the object of distribution, *nadzir* must distribute the cash waqf profit to the beneficiaries who is requested by *waqif*.

G. The Method of Study

For this purposes, the researcher will use some approach of study, those are:

1. Kind of research

This study is literature study, which uses the conceptual approach analysis, to know the concept of cash waqf management. The

²¹ Mawardi, *AL Inshaf*, taken from Duddi Roesmara Donna, *Penerapan Wakaf ... op. cit.*, p. 91

researcher will analyze the concept of cash waqf management from the literatures.

2. Data sources

In order to write this research, the researcher needs some data which classified into two parts:

- a. Primary data sources which are quoted from books and papers about cash waqf management.
- b. Secondary data sources which are collected from magazines, newspapers, and website that written by Islamic economist about cash waqf concept and its management and other literature.

3. Method of data collecting

For collecting the data, the researcher will use documentation method. The method of documentation is looking for data about things or variables in the form of notes, transcripts, books, newspapers, magazines, or papers presented at the seminar. The researcher will use this method to collect the kinds of cash waqf management according to some scholars.

4. Method of analysis.

To help the researcher in writing this research, the researcher uses the analysis method as follows:

a. Data Reduction

Data reduction means to summarizing, choosing the subject matters, focusing on things that are important, look for themes and patterns. So that will give a clearer picture and is easier to perform further data collection.²²

The researcher uses this method to limit the concept of cash waqf and matters relating to the cash waqf management according to some Muslim scholars.

b. Data Display

Through the presentation of data, data are well organized and arranged in a pattern of relationships, so it will be easy to understand. Presentation of data is done in the form of brief descriptions, charts, relationships between categories, flowcharts, and others.²³

The researcher uses this method to present thoughts of some Moslem scholars in cash waqf management by linking data have been obtained until get the concept of cash waqf management.

c. Conclusion Drawing/Verification

²² Prof. Dr. Sugiyono, *Metode penelitian kuantitatif kualitatif dan R&D*, (Bandung: CV. Alfabeta, 2009), p. 247

²³ *Ibid*, 249

Conclusion is a new finding which has not previously been there. Findings can be either a description or picture of the previous object is less clear that after investigation it became clear.²⁴

Conclusion will be used to explain the results obtained during the study until the researcher gets the concept of cash waqf management.

H. The System of Study

In this study, the researcher start in first chapter with putting forward the preface that gives introduction to research. By outlining the background of study, problem formulation, purpose of study, significance of study, literature review, theoretical framework, research method and system of study, which can be seen in chapter one.

The chapter two is focus on discussing about general view of management, cash waqf concept. This chapter discuses two main topics. The first part explains management which contains of definition of management, various concepts of management, and functions of management. Because of cash waqf is managed by non-profit oriented institution, so, the researcher also put the theory of management for non-profit oriented institution.

²⁴ *Ibid*, 253

The second part tells about the cash waqf concept, which includes the definition of cash waqf and its essential principle and requirements, cash waqf in history and its advantages and purposes also the theory of cash waqf management.

Then, in third chapter, the researcher puts the main part of her study which explains about cash waqf management according to Moslem scholars who was expert in waqf. Before, the researcher will explore cash waqf management in the past and its application in the current time.

Chapter four is closing that consists of the conclusion of this study, the suggestion, and closing.