

CHAPTER 1

INTRODUCTION

1.1. Background of Study

The global financial crisis that struck in 1997–1998 had an adverse effect on both developed and developing nations. The global economy's stability was severely impacted. This crisis also had an impact on Indonesia. Among the effects of the pervasive economic crisis are the growing rates of poverty and unemployment in Indonesia as well as the wealth disparity.¹

In addition to zakat, infaq, and sadaqah, the potential of waqf is crucial as a source of social money associated with the welfare of the populace. Although there is no formal legislation governing land waqf, it has existed and prevailed in Indonesian society since the introduction of Islam in the 7th century AD on the basis of Islamic law and customary law. The items that were donated at that time were primarily immovable items, like land, and they will remain in existence forever. Furthermore, it is apparent that the majority of Islamic colleges, houses of worship, and other religious institutions have locations on waqf land. Even while cash waqf has started to take off, it is distressing that the majority of Muslims in Indonesia still view waqf as just related to land and buildings.²

Waqf plays a significant part in helping society overcome social issues and poverty. According to empirical data, one of the reasons for the unequal distribution of wealth is the amount of individuals living in

¹ Khurun'in Zahro Nia Puji Agustin, 'Potensi Wakaf Tunai Dalam Meningkatkan Usaha Kecil Menengah (UKM): Studi Pada Badan Wakaf Uang Tunai (BWUT) Majelis Ulama Indonesia (MUI) Yogyakarta', *Al-Bayan: Hukum Dan Ekonomi Islam*, 1.2 (2021), 1–16 <<http://jurnal.stainwsamawa.ac.id/index.php/al-bayan/article/view/26>>.

² Muhammas Hizbullah & Haidir Haidir, 'Wakaf Tunai Dalam Perspektif Ulama', *Jurnal Ilmiah Metada* (2020), p 170-186

poverty, in Islam, waqf is a voluntary endeavor. In Islam, waqf is another tool for living a more successful life.³

The word waqf comes from the Arabic word *wa-qa-fa*, which means to hold, stop, stay, or stand. The word *waqafa-yaqifu-waqfan* is similar to the word *habbasa-yuhabbisu-tahbiisan*, which means being prevented from using. The word waqf in Arabic means to hold back, to hold property to be endowed, not to be transferred.⁴

At the time of the Prophet, the term cash waqf had not yet been used. Only from the start of the second century hijriyah has cash waqf been used. One of the most prominent scholars and one of the pioneers of *tadwin al-hadith*, Imam az Zuhri, recommended the waqf of dinars and dirhams for the development of Islamic social, educational, and *da'wah* facilities. By the fifteenth century after hijriyah, the word "cash waqf" was widely used in Turkish society. When we talk about cash waqf, we typically mean cash deposits made in banks and other financial institutions, where the money is typically invested in productive commercial ventures or sometimes referred to profitable business activities. The money made from these investments is used toward anything that benefits religion or society. The 20th century saw the growth of various concepts dedicated to applying Islam's high economic principles into practice. As a result, banks, insurance, capital markets, zakat, waqf, and Hajj savings organizations, among other financial institutions, were formed. The term "Islamic financial institutions" has become commonplace in both the Islamic and the non-Islamic worlds. Scholars' and practitioners' proposals to use cash waqf as a foundation for constructing the people's economy emerged at this point. The concept of monetary waqf has gained popularity as a result

³ Angga Syahputra and Khalish Khairina, 'Optimalisasi Penghimpunan Dana Wakaf Melalui E-Payment', *Jurnal Ilmiah Ekonomi Islam*, 7.1 (2021), 106 <<https://doi.org/10.29040/jiei.v7i1.1536>>.

⁴ Siska Lis Sulistiani, 'Penggumpalan Dan Pengelolaan Wakaf Uang Melalui Perbankan Syariah Di Indonesia', *Jurnal Wawasan Yuridika*, 5.2 (2021), 249 <<https://doi.org/10.25072/jwy.v5i2.343>>.

of many seminars held by the Islamic community. The origins of Islamic nations in Southeast Asia, Africa, and the Middle East varied.⁵

Islamic law is defined as a set of accepted and believed guidelines for *mukallaf* (those who are susceptible to responsibilities) behavior that are based on revelation from Allah SWT and the Apostle's Sunnah. These guidelines are obligatory for all followers. In general, a good number of individuals have little understanding of the principles and requirements of the waqf law, nor does it comprehend the intent behind it. Islamic law states that money waqf can be placed in a profit-sharing company (*mudharabah*) and that the profits can be allocated in line with the waqf's objectives, ensuring the money waqf's permanence. Furthermore, in accordance with Law Number 41 of 2004 addressing waqf, Sharia principles are applied to the management and development of waqf assets, particularly cash waqf, including through *mudharabah*, *murabahah*, *musyarakah*, or *ijarah* finance.⁶

The Indonesian Waqf Board (BWI) reports that Rp 391 billion in cash waqf was collected up until 2020. On the other hand, waqf has a yearly potential of Rp180 trillion. This is because waqf portfolio, governance, literacy, and ease of waqf management are weak. According to BWI data, the total amount of cash waqf as of January 20, 2021, was Rp 819.36 billion. consists of two cash waqfs, one worth Rp 238.83 billion, that is waqf through money and the other of Rp 580.53 billion is cash waqf. In the meantime, there were 264 cash waqf nazirs in Indonesia, compared to 23 Islamic banks that belong to LKS-PWU. The sheer number of people in Indonesia demonstrates the possibilities of cash waqf. There are 227 million Muslims in Indonesia, or 87.2 percent of the country's total population⁷. The sheer number of people in Indonesia demonstrates the

⁵ Ani Faujjiah, 'Efisiensi Wakaf Tunai Dalam Meningkatkan Keuangan Dan Perbankan Syariah', *JPSDA: Jurnal Perbankan Syariah Darussalam*, 1.2 (2021), 194–210 <<https://doi.org/10.30739/jpsda.v1i2.1014>>.

⁶ Ridwan Munir and Ulfah Nurpadilah, 'Implementasi Wakaf Tunai Dalam Perspektif Hukum Islam (Studi Kasus Di KUA Tarogong Kidul)', *Jurnal Hukum Ekonomi Syariah (JHESY)*, 1.1 (2022), 235–40 <<https://doi.org/10.37968/jhesy.v1i1.221>>.

⁷ Centran Statistics Agency, 2021

possibilities of cash waqf. There are 227 million Muslims in Indonesia, or 87.2 percent of the country's total population. Assuming 10% of Muslims are prepared to contribute an average of Rp 50,000 per month, we could raise Rp 1,135 trillion, or Rp 13.6 trillion, year, in waqf funds. If cash waqf is enthusiastically accepted in an effort to raise understanding and encourage cash waqf, then this enormous potential can be realized.⁸

Three categories of priority problems—human resource, institutional, and government—are frequently identified in waqf administration as the main reasons for waqf's efficiency. Three factors contribute to human resource problems: the community's traditional mindset, the less creative waqf nazir, and the waqf nazir's weak managing abilities. The suboptimal function of BWI and a shortage of cooperation with associated institutions are the two sides of institutional issues. Three categories of government problems exist: the legalization of waqf land, the absence of government support and participation, and the lack of facilities and financial aid.⁹

The mosque acts as a place of worship for Muslims all over the world. Its role and function cannot be separated from the process of spreading Islam, which presently takes place in a very broad sense. The mosque's role and function extend beyond its use as a place of worship, as it also serves as an economic hub and a forum for the distribution of ZISWAF. The center of this savings and financing cooperative within the mosque is intended to raise the standard of living for the surrounding community.¹⁰

⁸ Ahmad Khoirudin Jefik Zulfikar Hafizd, 'Literasi Wakaf Tunai Untuk Memajukan Ekonomi Umat Islam Literature of Cash Waqf To Promote the Economy of Islamic', *Abdimas Galuh*, 4 (2022), 152–61.

⁹ Resfa Fitri and Heni P Wilantoro, 'Analisis Prioritas Solusi Permasalahan Pengelolaan Wakaf Produktif (Studi Kasus Kabupaten Banjarnegara)', *Al-Muzara'ah*, 6.1 (2018), 41–59 <<https://doi.org/10.29244/jam.6.1.41-59>>.

¹⁰ Sri Windari and Hanifah Nafita Amelia Nur, 'Masjid Agung Tuban : Studi Tentang Fungsi Dalam Kehidupan Sosial Kemasyarakatan 2004-2020', *Journal of Islamic History*, 1.1 (2021), 46–65 <<https://doi.org/10.53088/jih.v1i1.103>>.

The Sabilillah Mosque in Malang is one of the mosques that serves as a venue for ZISWAF administration in addition to providing financial support for the local community. Under the direction of KH. Masjkur, construction on this mosque started on August 8, 1974. Buildings for educational institutions, auditoriums, cooperatives, food courts, and a medical facility were constructed to the south and west of the mosque. In addition, the Sabilillah Mosque Sharia Cooperative Malang is a Sharia Cooperative Institution that manages cash waqf, with 6,800 donors and 64,609 beneficiaries of mosque activities. This mosque was named the best national mosque by the DMI (Indonesian Mosque Council) in 2022.¹¹

The previously mentioned description illustrates the fact that the mosque can effectively contribute to the social stability of the community through zakat, infaq, shadaqoh, and waqf. These activities, which can range from the waqf of goods to cash waqf, can have a significant impact on society provided that the nazhir waqf and waqif are aware of the fundamental principles, requirements, and goals of cash waqf in order to manage it in compliance with current Islamic law.

Islamic law management and contemporary management are intimately connected to good waqf management. As one of the Sharia Cooperative Institutions, Sabilillah Mosque Sharia Cooperative Malang is also expected to manage waqf in a professional and Amanah manner. Based on this, the purpose of this study is to determine if the waqf management at the Sabilillah Mosque in Malang, with regards to its collecting and distribution, complies with Islamic law. Because of this, the study takes the title: **“ISLAMIC LAW OVERVIEW ON CASH WAQF MANAGEMENT CASE STUDY AT SABILILLAH MOSQUE SHARIA COOPERATIVE MALANG”**

¹¹ Sabilillah, ‘Profil Masjid Sabilillah Malang’, *Masjid Sabilillah Malang*, 2022 <<https://masjidsabilillahmalang.id/>> [accessed 24 September 2024].

1.2. Problem Formulation of Study

1. How is the management mechanism of cash waqf at the Sabilillah Mosque Sharia Cooperative Malang?
2. How is the analysis perspective of Islamic law on management mechanism of cash waqf at Sabilillah Mosque Sharia Cooperative Malang?

1.3. Purpose of Study

The objectives of research and observation at the Sabilillah Mosque Sharia Cooperative Malang are as follows :

1. Get an overview of the cash waqf management mechanism carried out by the Sabilillah Mosque Sharia Cooperative Malang.
2. Analyzing the management of cash waqf at the Sabilillah Mosque Sharia Cooperative Malang based on Islamic law review.

1.4. Benefits of Research

The uses of the research that i compiled include the following :

1.4.1. For Academics

To fulfill the undergraduate thesis, as well as the bearer and addition of new knowledge and knowledge at Sabilillah Mosque Sharia Cooperative Malang. Also as a comparison material for further researchers to be developed again. And hopefully it will be useful to enrich the library treasures, especially in the field studied by researchers.

1.4.2. For the Development of Knowledge at the University

As additional information about cash waqf management at the Sabilillah Mosque Sharia Cooperative Malang and how it is reviewed according to Islamic law. in addition to fulfill lecture material as well as for the establishment of cooperation between

Darussalam Gontor University and the Sabilillah Mosque Sharia Cooperative Malang.

1.4.3. For the Object Under Investigation

It can be a reference and a concern in reviewing the management of cash waqf in Sabilillah Mosque Sharia Cooperative Malang by Islamic law and the compilation of waqf laws. It can strengthen relationships and friendships as well as cooperation between university students and the Sabilillah Mosque Sharia Cooperative Malang.

1.5. Literature Review

The following is a study and literature that also examines and discusses the cash waqf that the author examines. There are several studies and discussions that have been carried out and become references for the author, namely:

First, according to the thesis research by Gilang Adiputra (2022), that employs qualitative method and data collection techniques by means of observation, interviews, and documentation. In recognizing that the Darul Istiqomah Islamic Boarding School still uses a consumptive or traditional approach to waqf asset management, whereby the benefits of waqf objects are still managed to support the requirements of the Islamic Boarding School. The cash waqf contract at Darul Istiqomah Boarding School, as disclosed by the author, is also in violation of positive law since the management of the waqf is not conducted by a Sharia savings and financing cooperative (LKS). As a result, the cash waqf procedure does not conclude with the creation of a cash waqf pledge certificate (AIW-U), as required by PP No. 42 of 2006 regarding the implementation of Law No. 41 of 2004 concerning waqf.¹²

¹² Gilang Adiputra, "Tinjauan Hukum Islam Dan Hukum Positif Terhadap Pengelolaan Wakaf Tunai", Thesis, (Islamic State Institute of Ponorogo (IAIN), 2022)

The similarities between this thesis and what we propose are in terms of data collection techniques, and the difference is in the place of research and research variables, where researchers discuss positive law reviews and Islamic law, while in the thesis we submit only discusses Islamic law reviews related to cash waqf management.

Second, a thesis prepared by Yulia Fitri (2022), the method used is descriptive qualitative and data collection by interviewing related parties and also documentation. The author states that the Qurrata A'yun Batusangkar Education Building was constructed through the Wihdatul Ummah Batusangkar Islamic Education and Da'wah Foundation's cash waqf program. The program's initial goal is to enhance the social assistance of teachers and staff. There are two ways to obtain cash waqf: directly from the Foundation, through a nazir who delivers it to the waqif, or online via the waqf nazir's website. According to the author, the Foundation's management of cash waqf has not been operating efficiently over a range of issues, including shortage of planning documents for the creation of management plans, a shortage of weekly and monthly meetings, inefficient administration of funds, and a lack of effective community education regarding cash waqf. Additional obstacles in the management of cash waqf include a lack of public understanding of its significance.¹³

The similarities with the thesis we propose are in the research methodology and data collection techniques, while the difference is in the place of research and also the topic of discussion, where the previous researcher only discussed cash waqf management, while the research we propose requires comparing cash waqf management with Islamic law.

Third, according to research written by Essi Nila Novitasari (2021), the data collection technique used is qualitative by making observations to the research site directly. Therefore, it can be said that BMW Minhadhul

¹³ Yulia Fitri, "Manajemen Pengelolaan Wakaf Tunai Di Yayasan Pendidikan Dan Dakwah Islam Wihdatul Ummah Batusangkar", Thesis, (Mahmud Yunus State Islamic University Batusangkar, 2022)

Ulum only uses qard financing with infaq for operating costs of 2.5% to 3% in a year, managing these funds with its business activities. The loan sum is limited to Rp. 1,000,000 to Rp. 3,000,000 with weekly installment payments. Additionally, the funds that the Minhadhul Ulum Micro Waqf Bank lends to its clients are applied as startup capital to expand those clients' microbusinesses.¹⁴

The similarities between this research and the research that we will examine are in terms of methodology and data collection techniques and research variables, namely cash waqf management, as for the differences in terms of the place carried out by researchers, as well as discussions related to the form of waqf financing carried out by the Institute.

Fourth, a research in the form of a journal from a student named Angga Syahputra and Khalish Khairina (2021), they concluded that e-payment was proven to be able to help optimize the collection of waqf funds. E-payments managed by LKS-PWU and Islamic philanthropy institutions can make it easier for prospective *wāqifs* to make waqf without having to come to the physical office of the institution, transactions are safer, more convenient, anytime and anywhere and do not burden prospective *wāqifs*. With a nominal amount of Rp. 10,000 or even Rp. 1,000, prospective *wāqifs* can make a waqf, without having to wait for their funds to accumulate larger. The e-payment platform also helps the transparency of data on the collection and distribution of waqf funds and is connected to the Indonesian Waqf Board system, so that waqf achievements can be measured and controlled much better.¹⁵

The difference between this research and the research that we want to propose is regarding the application in the collection of waqf funds through E-Payment, where the researcher mentions that E-Payment can

¹⁴ Essi Nila Novitasari, "Analisis Perkembangan Pengelolaan Wakaf Tunai Dalam Meningkatkan Manfaat Harta Wakaf", Thesis, (State Islamic University Raden Intan Lampung, 2021)

¹⁵ Syahputra and Khairina. "Optimalisasi penghimpunan dana wakaf melalui E-Payment" *Jurnal Ilmiah ekonomi Islam*, 2021, hlm. 106-112

optimize the collection of waqf funds, but has not explained the laws and procedures whether it is in accordance with the review of Islamic law or not.

Fifth, is a research in the form of a journal made by Ridwan Munir and Ulfah Nurfadilah (2022), the method of research used in this research is to use the research method used in this research. The research method used is to use field research and a qualitative approach. researchers concluded that waqf in the Tarogong Kidul Religious Affairs Office Tarogong Kidul Religious Affairs Office is in accordance with the terms and conditions of waqf, but cash waqf has not been implemented properly because most people who do waqf do not fully understand cash waqf and the need for socialization of waqf to the community. The implementation of cash waqf at KUA Tarogong Kidul has not been implemented for the following reasons: 1) Lack of public understanding of cash waqf and the need for socialization to the community about cash waqf. socialization to the community regarding cash waqf, 2) Public fear of the waqf manager (Nadzir), 3) Not knowing how the waqf is managed and what it is intended for anything.¹⁶

The difference between this research and the thesis we submit is in the object of research, where the location studied by the researcher has not implemented cash waqf, while the location studied by us is a location that has implemented cash waqf management, we take this research as a foundation in our research because in this study it discusses the reasons for not implementing cash waqf properly.

¹⁶ Ridwan Munir, Ulfah Nurfadilah, "Implementasi Wakaf Tunai Dalam Prespektif Hukum Islam (Studi Kasus di KUA Tarogong Kidul)", *Jurnal Hukum Ekonomi Syariah* Vol. 01, 2022.

1.6. Research Methods

1.6.1. Types of Research

The type of research used by the author is qualitative, descriptive, this type involve field research and include case research, which is research conducted on independent variables without making comparisons or connecting with other variables where this research is independent to describe precisely the nature of individuals, circumstances, and symptoms to determine the frequency or distribution of a particular symptom, carried out by going directly to the field where the author will visit the location of the research site, namely at Sabilillah Mosque Sharia Cooperative Malang.¹⁷

1.6.2. Research Object

The author will conduct research at the Sabilillah Mosque Sharia Cooperative on Ahmad Yani Street No. 15 in Malang City. Because the Sabilillah Mosque is a mosque that received the title of DMI (Indonesian Mosque Council) as the best national mosque in 2022 with three categories of selection: 1) *Idarah*, 2) *Imarah*, 3) *Inayah*.

1.6.3. Data Source

Sources of data taken by the author to be used as writing material, namely there are two sources of data:

1. Primary Data

Primary data or general data (core) obtained from documentation and the results of the author's interview with the manager or resource person concerned, namely regarding

¹⁷Rifa'I Abubakar, *Pengantar Metodologi Penelitian*, (Yogyakarta:SUKA Press UIN Sunan Kalijaga, 2021), hlm. 6.

the management of cash waqf at the Sabilillah Mosque Malang.¹⁸

2. Secondary Data

Secondary data or additional data that will be obtained and searched by the author with standard books, waqf management books, theses, or dissertations, the internet, and regulations on fatwas of the Indonesian Ulema Council law number 41 of 2004 concerning waqf.¹⁹

1.7. Data Collection Technique

This study uses several data collection techniques with certain methods that will be carried out by researchers, namely:

1. Observation

Observation is the observing and recording of facts needed by researchers, researchers will use passive participation observation to observe the management of cash waqf carried out by cooperatives, where the presence of researchers in an organized activity, but researchers do not involve themselves in the series of activities. Researchers will observe how cash waqf management is carried out by the Sabilillah Mosque Sharia Cooperative Malang.²⁰

2. Interview

An interview is a meeting of two people to exchange information and ideas through questions and answers, so that they can construct meaning in a particular research topic, researchers use interviews with a form of structural questions where researchers will conduct questions and answers including evidentiary statements related to cash waqf management at the Sabilillah Mosque Sharia Cooperative Malang to obtain field facts to fulfill the research so that

¹⁸ Sandu Siyoto, *Basic Research Methodology*, Issue 1 Publisher: Yogyakarta Media Literacy Publishing 2015, p. 28

¹⁹ Nasrul Amanu, 'Wakaf Tunai Dalam Kajian Fiqh Muamalah', *At Taajir : Ekonomi Bisnis Dan Keuangan Syariah*, 1.2019 (2019), 29–36.

²⁰ Sugiyono, *Metode Penelitian Pendidikan*, p. 310

the necessary data will be obtained from the Sabilillah Mosque Sharia Cooperative Malang.²¹ There are three parties who will be interviewed by researchers on September 20, 2024, namely :

- a. Sabilillah Mosque Cooperative Malang as Nadzir Waqf
 - b. Mr. Eko and Mr. Sukarto as Waqif
 - c. Mr. Heru as staff of Sabilillah Mosque Cooperative Malang
3. Documentation

documentation is a way of collecting data through examining written sources such as books, reports, meeting minutes, diaries and so on that contain data or information needed by researchers, researchers will pay attention, find out, collect and study records, archives that have a relationship with cash waqf management at the Sabilillah Mosque Malang.²²

1.8. Technique of Data Analysis

The data analysis technique used by researchers is qualitative data analysis by processing and analyzing the data collected so that it can become systematic, measurable and meaningful data. Qualitative data analysis used by researchers is cultural theme analysis where researchers will look for existing relationships from the management of cash waqf at the Sabilillah Mosque Cooperative Malang and associate it with the values of Islamic law review so that it can create a view that something that is studied in the form of cash waqf management, is a whole and has a relationship with Islamic law.²³ The researcher will do the following:

²¹ Kristin, G, Esterberg, *Qualitative Methods in Social Research*, cited in Sugiyono, *Metode Penelitian Pendidikan*, Bandung (Alfabeta, 2011) p. 317.

²² Guba, Lincoln, in Lexy J. Moleong, *Metodologi Penelitian Kualitatif*, Bandung (PT Rosdakarya, 2001) p. 217

²³ Rifa'i Abubakar, *Pengantar Metodologi Penelitian*, Cetakan Pe (Yogyakarta: SUKA-Press UIN Sunan Kalijaga, 2021).

- a. Dissolving or integrating myself as much as possible during the research to live the cash waqf management carried out by the Sabilillah Mosque Cooperative Malang.
- b. Search for universal themes on cash waqf and Islamic law that are usually contained in existing theories.
- c. Summarize all data and information available on the management of cash waqf by the Sabilillah Mosque Cooperative in Malang.
- d. Make a comparison to trace similarities and differences to bring out other alternative themes.

