

CHAPTER I

INTRODUCTION

A. Background of Study

Based on data from the Financial Services Authority (OJK), the potential for cash waqf (Islamic endowment) in Indonesia could reach IDR 180 trillion.¹ However, the realization of cash waqf collection until 2024 has reached Rp 2.9 trillion², although it has increased compared to 2023 which reached Rp 2.23 trillion, it is still far from the potential figure.³ The Indonesian public's low level of literacy about waqf, especially cash waqf, the lack of innovative and creative waqf programs, and the absence of strategic collaboration are some of the reasons for the suboptimal waqf collection.⁴

¹ Departemen Perbankan Syariah OJK, "Pengembangan Cash Waqf Linked Deposit (Cwld) Di Bank Syariah" (Otoritas Jasa Keuangan, 2023), p 4.

² Hanif Hawari, "Wakaf Uang 2024 Capai Rp 2.9 T, BWI: Mudah-Mudahan Tahun Depan Bisa Rp 5 T," *DetikHikmah*, accessed January 4, 2025, <https://www.detik.com/hikmah/ziswaf/d-7652209/wakaf-uang-2024-capai-rp-2-9-t-bwi-mudah-mudahan-tahun-depan-bisa-rp-5-t>.

³ M Imron et al., "Kajian Pemetaan Potensi Aset Wakaf Komersial Nasional Dan Identifikasi Sumber Pendanaan Pengembangan Aset Wakaf Dalam Kerangka Pengembangan Wakaf Uang," 2024, p 1.

⁴ Badan Wakaf Indonesia, "MUI Ungkap Penyebab Capaian Wakaf Di Indonesia Belum Maksimal," *Badan Wakaf Indonesia*, 2023, <https://www.bwi.go.id/8854/2023/06/06/mui-ungkap-penyebab-capaian-wakaf-di-indonesia-belum-maksimal-2/>.

Several government strategic programs have been implemented to optimize waqf collection. One of the most prominent programs is the Cash Waqf-Linked Sukuk (CWLS). In collaboration with the Indonesian Waqf Board, the government, through the Ministry of Finance, has launched the CWLS program. The waqf is collected through Sharia Financial Institutions-Recipients of Cash Waqf (LKS-PWU) appointed by the government.

In practice, the Cash Waqf Linked Sukuk (CWLS) raises cash funds to meet social funding needs, such as providing healthcare facilities, social infrastructure, and social programs in regions managed by waqf fund-collecting institutions.⁵ This helps promote economic growth and development in communities, positively impacting welfare. The CWLS implementation scheme for social funding begins with the Ministry of Finance informing the public about infrastructure projects. Then, donors (wakif) contribute cash waqf to a Nazir (waqf manager) from the Indonesian Waqf Board (BWI) in collaboration with Nazir partners or Sharia Financial Institutions-Recipients of Cash Waqf (LKS-PWU) for a specified period. The Nazir collected cash waqf, which is then used to

⁵ Mohammad Handi Khalifah and Hakan Aslan, "The Evaluation of Cash Waqf Linked Sukuk (CWLS) Retail Implementation and Its Potential Effects on Socioeconomic Development," *THE JOURNAL OF SOCIAL ECONOMIC RESEARCH* 23 (2023): p 55, doi:10.30976/susead.1351607.

purchase Government Sharia Securities (SBSN) from the Ministry of Finance through private placement or retail. The Ministry of Finance then utilizes the cash waqf from the SBSN the Nazir (BWI) purchased to finance government projects. The returns from the SBSN are received by BWI and passed on to the *mauquf alaih* (the beneficiaries), namely Nazir's partners.⁶

However, the Cash Waqf Linked Sukuk (CWLS) faces several challenges in its implementation as an innovation in the development of cash waqf. According to previous research, several key challenges generally relate to the lack of public awareness, low literacy, and inadequate education about waqf within communities.⁷ A specific challenge of CWLS that interests researchers is the low number of investors participating in waqf and supporting CWLS products, resulting in waqf collection is low of the expected targets.⁸

The low collection of CWLS funds by Islamic Banks as LKS-PWU has an impact on the increase in assets in the bidding but there will be a decrease

⁶ Bank Indonesia, "Laporan Ekonomi Dan Keuangan Syariah Tahun 2019" (Jakarta, 2020).

⁷ Rozaq Muhammad Yasin, "JEBIS: Jurnal Ekonomi Dan Bisnis Islam CASH WAQF LINKED SUKUK: ISSUES, CHALLENGES AND FUTURE," *JEBIS: Jurnal Ekonomi Dan Bisnis Islam* 7, no. 1 (2021): p 100, doi:10.20473/jebis.v7i1.24818.

⁸ Khalifah and Aslan, "The Evaluation of Cash Waqf Linked Sukuk (CWLS) Retail Implementation and Its Potential Effects on Socioeconomic Development," p 66.

in assets at the time of CWLS realization because funds from Islamic Banks are used to purchase Waqf Retail Sukuk (SWR).⁹ Of course, to overcome these problems, the government needs a solution to maintain and develop the sustainability of cash waqf.

Therefore, the opportunity to issue Cash Waqf Linked Deposits (CWLD) as an alternative for managing waqf could help meet the collection targets by broadening the appeal through customers of Sharia Financial Institutions.¹⁰ Developing waqf participation and integrating waqf management through various waqf instruments is a key strategy to increase waqf fundraising, especially in the case of CWLD, which offers several advantages for LKS-PWU, donors (wakif), customers, and waqf managers (*nazhir*).¹¹

To enhance waqf at Sharia Financial Institutions-Recipients of Cash Waqf (LKS-PWU), a financial program called Cash Waqf Linked Deposit

⁹ Otoritas Jasa Keuangan, "Pedoman Implementasi Cash Waqf Linked Deposit (CWLD)," *Otoritas Jasa Keuangan* (Jakarta: Otoritas Jasa Keuangan, 2024), p 3, <https://ojk.go.id/id/berita-dan-kegiatan/publikasi/Pages/Pedoman-Implementasi-Cash-Waqf-Linked-Deposit-CWLD.aspx>.

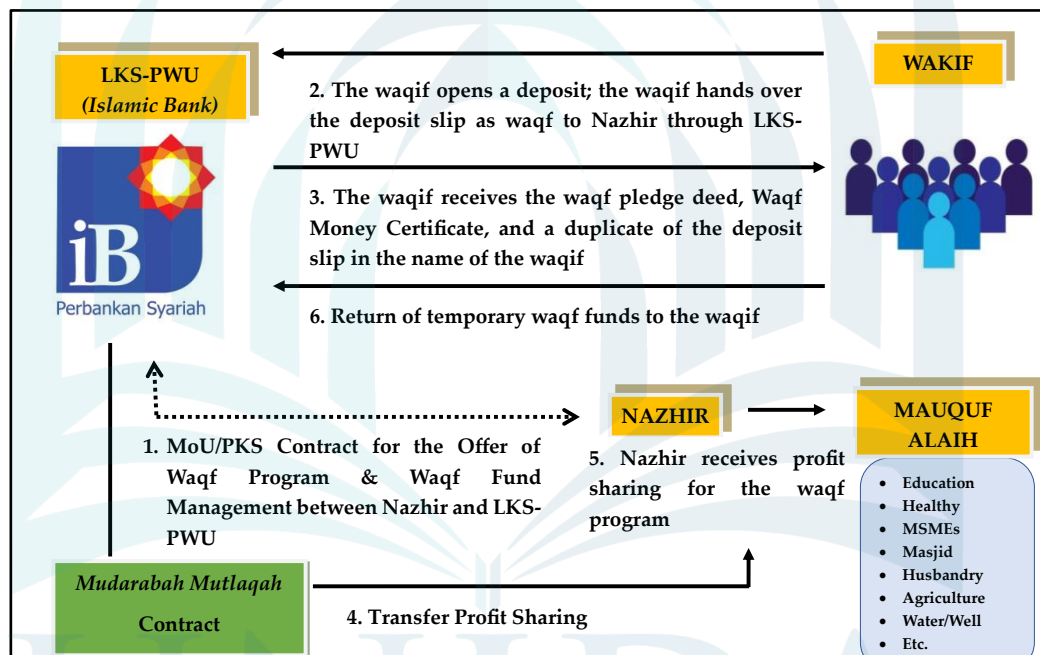
¹⁰ Badan Wakaf Indonesia, "Cash Waqf Linked Deposit (CWLD) Diluncurkan," *Badan Wakaf Indonesia*, 2023, <https://www.bwi.go.id/9160/2023/11/27/cash-waqf-linked-deposit-cwld-diluncurkan/>.

¹¹ Kementerian Agama - KNEKS - BWI, *Peta Jalan Wakaf Nasional 2024 - 2029* (Jakarta: Kementerian Agama, Badan Wakaf Indonesia, Komite Nasional Ekonomi dan Keuangan Syariah (KNEKS, 2023), p 34.

(CWLD) was launched in 2023 by the Financial Services Authority (OJK), the Ministry of Finance, and the Indonesian Waqf Board (BWI) for the development of productive waqf.¹²

The following Figure 1 explains the scheme of the Cash Waqf Linked Deposit.

Figure 1 Scheme of CWLD



Source. Financial Services Authority (OJK)

Figure 1 explains the first step, where there is a contract between the bank as LKS-PWU (Sharia Financial Institution-Recipient of Cash Waqf) and the Nazir (fund manager) or the Indonesian Waqf Board (BWI). The

¹² Muhammad Afifullah and Irwan Triadi, "Peluang Dan Tantangan Manfaat Cash Waqf Linked Deposit Pada Sektor Hijau Dalam Hukum Lingkungan Indonesia," *Amandemen: Jurnal Ilmu Pertahanan, Politik Dan Hukum Indonesia* 1, no. 2 (2024): p 208.

wakif (donor) opens a deposit account and receives a waqf pledge deed. The next step is to give the returns from the CWLD to the Nazir, who distributes the benefits to the community (*mauquf alaih*).¹³ Finally, the temporary waqf funds are returned to the wakif.

As a new instrument in the development of cash waqf, the Cash Waqf Linked Deposit has significant potential for increasing waqf fundraising because the wakif comes from customers who save money with Sharia financial institutions. Waqf through deposits is a new product, as the deposit-based waqf becomes a temporary cash waqf that is returned to the wakif (deposit owner) at the end of the waqf period. In contrast, the profit-sharing from the deposit is managed and distributed to the mauquf alaih.¹⁴

Until 2024, based on data from the Ministry of Religious Affairs and supervised by the Financial Services Authority (OJK), the number of Islamic banks that are managing reached 51 banks.¹⁵ Among the LSK-PWU and Nazhirs that have collaborated in the CWLD program.

¹³ Pusat Ekonomi dan Bisnis Syariah, "IEI FEB UI Bersama ILUNI FEB Dan PEBS FEB UI Adakan Kuliah Tamu Dengan Tema 'Cash Waqf Linked Deposit,'" *Pusat Ekonomi Dan Bisnis Syariah*, 2024, <https://pebs-febui.org/en/12769/iei-feb-ui-bersama-iluni-feb-dan-pebs-feb-ui-adakan-kuliah-tamu-dengan-tema-cash-waqf-linked-deposit/>.

¹⁴ Afifullah and Triadi, "Peluang Dan Tantangan Manfaat Cash Waqf Linked Deposit Pada Sektor Hijau Dalam Hukum Lingkungan Indonesia," p 213.

¹⁵ Kementerian Agama Republik, "Kemenag Tetapkan Dua Bank Sebagai Lembaga Keuangan Syariah Penerima Wakaf Uang," *Kementrian Agama Reoublik Indonesia*, accessed

Tabel 1 Cash Waqf Linked Deposit Data Series

Islamic Finance	CWLD Series	CWLD Organisation Plan	CWLD Realisation
		CWLD Value	CWLD Value
KBBS	MPW PDM Grobogan-KBBS-Seri 1-Penggembukan Bibit Kambing	390.000.000	390.000.000
	Waqf Warriro-KBBS-Seri 1-Gerobak Berkah	644.000.000	644.000.000
	MPW PDM Jawa Timur-KBBS-Seri 2-Pemberdayaan Ultra Mikro	260.000.000	260.000.000
BPRS Hijra	Waqf Warrior-BPRS Hijra-Seri 1-Gerobak Berkah	675.000.000	675.000.000
	Waqf Indosat-BPRS Hijra-Seri 1-Sumur Berkah Pahala	1.050.000.000	on progres
Bank Jatim Syariah	Gerakan Waqf Indonesia-Bank Jatim UUS-Seri 1-Program MBKM	2.222.250.000	1.222.237.500

	Rumah Waqf Indonesia-Bank Jatim UUS-Seri 1- Pemberdayaan Ultra Mikro	1.500.000.000	1.500.000.000
BRK Syariah	Yayasan BRKS- BRK Syariah-Seri 1- Transportasi Da'i	605.000.000	605.000.000
	Yayasan BRKS- BRK Syariah-Seri 2- Pengadaan Gerobak UMKM	487.000.000	487.000.000
Bank BJB Syariah	Yayasan BJBS Ikhlas- BJB Syariah-Seri 1- Pemberdayaan Usaha Ikhlas Berdaya	354.430.157	354.430.157

Source. Financial Services Authority (OJK)

The initial rollout of the Cash Waqf Linked Deposit (CWLD) products, which has been issued in the education sector and is currently under development, is produced by Bank Syariah Indonesia (BSI) in collaboration with IPB University. The product, under the series Nazhir IPB-BSI-01-Alumni IPB, functions as temporary cash waqf in a deposit scheme where the entire principal of the Waqf Deposit will be returned to the wakif (customers) at the end of the waqf period, and the returns from the Waqf

Deposit will be distributed as scholarships for IPB University students.¹⁶

This collaboration through the IPB-BSI-01 series has introduced innovation and the potential to attract public interest in waqf, though there remain criticisms and significant opportunities for improvement.¹⁷

Since the Cash Waqf Linked Deposit is a newly introduced instrument, it is still in the experimental stage, with various potential issues that may arise, including moral hazard, conflict of interest, and sharia non-compliance. Proper management is essential for a waqf institution to regulate Cash Waqf Linked Deposit matters by involving various stakeholders, such as regulator, wakif, Nazir, and waqf practitioners. This collaboration is crucial for the success of a waqf institution.

Afifullah and Triadi (2024) conducted a study on the challenges and opportunities of CWLD. They examined the prospects and challenges of Cash Waqf Linked Deposit from a legal perspective.¹⁸ The research findings indicate that CWLD's potential in the sustainability sector comes from the legal substance of regulations, but the challenge is the absence of specific

¹⁶ Bank Syariah Indonesia, "Partnership Project BSI Deposito Wakaf" (Bank Syariah Indonesia, 2023).

¹⁷ Eric Kurniawan, M Roslianor Maika, and Fitri Nur Latifah, "Cash Waqf Linked Deposit ; Sebuah Alternatif Pendanaan Pendidikan Tinggi" 8, no. 2 (2024): p 245.

¹⁸ Afifullah and Triadi, "Peluang Dan Tantangan Manfaat Cash Waqf Linked Deposit Pada Sektor Hijau Dalam Hukum Lingkungan Indonesia," p 219.

regulations for the development of CWLD products. Kurniawan et al¹⁹ examined the potential the possibilities of CWLD in raising waqf funds for education. The study found that the CWLD series IPB-BSI-01 successfully attracted public interest in waqf, raising more than IDR 19 billion in waqf funds. However, this figure only reached 19% of the national target of IDR 100 billion, indicating a significant opportunity for improvement. Utomo and Ismail evaluated the CWLD product, focusing on the positive response and support from stakeholders for the proposed CWLD product. They view CWLD as a facilitator for wakif to donate waqf through Islamic banks, serving as an alternative product to increase existing waqf assets.²⁰

Previous studies on CWLD discussed the challenges from a legal perspective, its potential for education, and the evaluation of CWLD implementation. However, no research has specifically focused on the challenges of implementing and the future potential of CWLD. Therefore, this study aims to explore the challenges and potential directions for implementing CWLD from a stakeholder perspective.

¹⁹ Kurniawan, Maika, and Latifah, "Cash Waqf Linked Deposit ; Sebuah Alternatif Pendanaan Pendidikan Tinggi," p 243.

²⁰ Gunawan Setyo Utomo and Rifki Ismail, "CASH WAQF LINKED DEPOSIT POTENTIAL FOR REVITALIZING ISLAMIC BANKING IN INDONESIA," *Jurnal Ekonomi Dan Keuangan Islam* 13, no. 1 (2024): p 86, doi:10.22373/share.v13i1.22087.

B. Problem Formulation

Based on the background described above, the researcher intends to formulate the research problems related to the opportunities and challenges of implementing Cash Waqf Linked Deposit from the stakeholder's perspective. The research problems that will serve as the foundation for this study are as follows:

1. What are the challenges in implementing the Cash Waqf Linked Deposit instrument according to stakeholders?
2. What are the future opportunities and potential for the Cash Waqf Linked Deposit instrument?

C. Research Objective

Based on the problem formulation mentioned above, the objectives of this research are as follows:

1. To analyze the challenges in implementing the Cash Waqf Linked Deposit instrument according to stakeholders.
2. To investigate the opportunities and potential for the future implementation of the Cash Waqf Linked Deposit.

D. Research Limitation

This study will analyze the challenges and investigate the potential of CWLD to expand the reach of cash waqf collection. The challenges and potential for future CWLD implementation will be examined from the stakeholders' perspective. These indicators differentiate this research from previous studies, and it is hoped that this study will contribute valuable insights to knowledge development.

E. Research Benefits

This research will generally contribute to three aspects: theoretical, practical, and institutional.

Theoretical Contribution

Using the Stakeholder Approach to Cash Waqf Linked Deposit, this research is expected to identify relevant theoretical components to sustain CWLD as an instrument for developing cash waqf. It is expected to aid in the advancement of knowledge and broaden the existing literature.

Practical Contribution

This study is expected to benefit waqf institutions and stakeholders by helping them sustain CWLD as an instrument for developing cash waqf by

identifying opportunity and challenge indicators, thereby providing greater benefits to the community.

Government Contribution

This research is expected to serve as a foundation for the government's formulation of policies related to CWLD regulations, support their implementation, and evaluate their execution and impact.

F. Systematic Discussion

This research will analyze the opportunities and challenges of sustaining CWLD from a stakeholder perspective. The structure of the thesis discussion will include the following sections:

Chapter I: Introduction, which includes the background, problem formulation, research objectives, benefits, and discussion structure.

Chapter II: Theoretical framework, which covers previous research and the theoretical foundation of this study, including theories related to cash waqf, deposits, CWLD, and stakeholders.

Chapter III: Research methodology, detailing the measurement and analysis using qualitative methods, including documentation, observation, and interviews.

Chapter IV: General discussion, which describes the opportunities and challenges of the CWLD program from a stakeholder perspective. This chapter also includes data collection, identification of opportunities and challenges related to CWLD, and research findings and discussion.

Chapter V: Conclusion, summarizing the analyzed research title and research objectives, and providing recommendations.

