



Contemporary Applications Of Cash *Waqf* In Islamic Financial Institutions

Nur Farhah Mahadi^{1*}

¹IIUM Institute of Islamic Banking and Finance, Malaysia

Article Info

Article history:

Received June 10, 2025

Revised July 1, 2025

Accepted August 27, 2025

Available online December 1, 2025

*Corresponding author email:

farhahmahadi@iium.edu.my

Phone number:

Keywords:

Cash Waqf, Cash Waqf-linked Investment Products, Waqf Mu'auqqat, Waqf-Featured Fund (WQ-FF) Framework, Islamic Financial Institutions, Malaysia

Abstract

This study explores contemporary applications of cash waqf in Islamic financial institutions, comparing classical and modern juristic views. It examines innovative models and product structures, analyzes their Shari'ah principles and jurisprudential implications, and highlights their socio-economic impact and financial sustainability. Qualitative approach is used in this paper to conduct a comprehensive review of the diverse perspectives. This study synthesizes secondary data from a comprehensive review of academic and professional sources. The findings reveal that Islamic Financial Institutions (IFIs) are revitalizing cash waqf through innovative financial products. This study contributes to the understanding that, by seamlessly integrating the profit motive of finance with the social objectives of waqf, IFIs have pioneered innovative financial instruments, such as cash waqf-linked investment products, waqf-based unit trusts, and waqf-shares, that facilitate the channelling of pecuniary returns (manfa'ah) toward philanthropic endeavours, thereby bolstering the fund's sustainability and growth which aligns directly with Bank Negara Malaysia's (BNM) Value-Based Intermediation (VBI) vision and strategically embeds corporate social responsibility (CSR), environmental, social, and governance (ESG) investing, and sustainable and responsible investment (SRI). The findings provide crucial guidance for cultivating a supportive legal and regulatory framework to harness the long-term socioeconomic potential of cash waqf.

DOI: 10.21154/joipad.v5i2.11968
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INTRODUCTION

Malaysian government is actively championing cash *waqf* to advance its Islamic social finance agenda. This effort is supported by the 2021 launch of the Waqf-Featured Fund (WQ-FF) Framework¹ by the Securities Commission Malaysia (SC). This innovative framework serves a dual purpose: it aims to improve the transparency and accountability of *waqf* funds while also expanding the array of Islamic capital market instruments. By allowing investors to contribute a portion of their returns to social causes, the framework directly supports Bank Negara Malaysia's (BNM) Value-Based Intermediation (VBI) vision. The Securities Commission Malaysia's Waqf-Featured Fund Framework (2020) stipulates that the *waqf* is not the unit trust itself, but instead the income or profit derived from the investment. The revenue or profits generated from the unit trust's underlying assets would then be allocated for stipulated charitable or religious beneficiaries, as specified in the *waqf*'s terms and conditions.

The present legal framework governing *waqf* in Malaysia exhibits a notable disparity across its constituent states. Seven states have implemented dedicated *waqf* laws, providing a clear and comprehensive legal structure. In contrast, the remaining states lack such specific legislation, relying instead on limited provisions within their broader Islamic Law enactments (Mohamad & Laeba, 2022). This disparity creates a complex and fragmented legal landscape for *waqf* administration.

Within the Malaysian legal context, the prevailing understanding and application of *waqf*, deeply rooted in the tenets of the Shāfi'ī *madhhab*, traditionally emphasize its perpetual, irrevocable, and inalienable nature (Al-Nawawī, 1408H; Al-Ānṣārī, 1994). This dominant perspective, shared by the majority of Muslim jurists including the Shāfi'īs, posits a complete and irreversible transfer of ownership from the *wāqif* (founder) to the dominion of Allah SWT upon the valid establishment of the *waqf*. Consequently, any stipulation of a temporal limit on the *waqf* is generally deemed incompatible with its fundamental essence².

This study discusses the contemporary applications of cash *waqf* within Islamic financial institutions. It comparatively examines diverse interpretations from both classical and contemporary *fuqahā'*. This study rigorously examines the innovative models and product structures of cash *waqf* employed by Islamic financial institutions. It delineates between two primary categories: direct cash *waqf* and cash *waqf* facilitated through asset acquisition, with the latter serving as the exclusive focus of this study. This study analyses the Shari'ah compliance in the contemporary application of cash *waqf* in IFIs in Malaysian context. It endeavours to reconcile classical *fiqhī* tenets, drawing upon the diverse perspectives of the four major schools of thought (*madhāhib*) and contemporary juristic reasoning (*ijtihād*), with the modern implementation and evolving application of cash *waqf*, exemplified through different case studies by the Makmur myWakaf Fund (MWF), PMB–An-Nur *Waqf* Income

¹ Securities Commission Malaysia, "Expansion of *Waqf*-Featured Fund Framework", refer to <https://www.sc.com.my/annual-report-2022/enabling-a-more-relevant-efficient-and-diversified-market/broadening-and-deepening-the-islamic-capital-market>, 2021, retrieved on 20th April 2025.

² Refer to the Ḥanafīs (Ibn Al-Humām, 2003); the Shāfi'īs (Al-Ānṣārī, 2000); and the Ḥanbalīs (Al-Buhūtī, 1982)

Fund, Maybank Mixed Assets-I *Waqf* Fund (MMAIW), Kenanga *Waqf Al-Ihsan* Fund (KWAF), and iTEKAD CIMB Islamic Rider Entrepreneur Programme.

Literature Review

Cash Waqf (Waqf al-Nuqūd)

Historically, the practice of cash *waqf* has roots dating back to the time of Prophet Muhammad (ﷺ). During this period, a Companion of the Prophet reportedly donated his farmland as a *waqf*, dedicating the land's revenue to community development. The *waqf* property (*mawqūf*) are prohibited neither to be sold, inherited nor given away as a gift (Mahadi, 2022), the benefit derived from these *mawqūf* can reach infinity, *ceteris paribus* (Ambrose & Peredaryenko, 2022) to provide perpetual benefit. This precedent has established cash *waqf* as a potent tool for poverty alleviation, especially in Muslim-majority nations, where governmental funding for such programs is often insufficient.

According to Al-Tusūlī (1998), in his *Al-Bahjah fī Sharh Al-Tuhfah*, the Mālikī school of thought defines Cash *Waqf* as “the process of dedicating cash as *waqf* for the purpose of lending it to those designated as the beneficiaries without interest” (Kahf & Mohomed, 2017). In essence, it's the dedication of a capital sum to be used as a perpetual revolving fund, providing interest-free loans to the needy or for community projects, thereby creating an ongoing source of benefit (*ṣadaqah jariyah*) from the principal amount itself, for a specific philanthropic purpose. Conversely, the text referencing Ibn Nujaym's *Al-Baḥr al-Rā'iq Sharḥ Kanz al-Daqa'iq* highlights a different approach from the Ḥanafī school, as evidenced by the practice of Al-Anṣārī, a disciple of Zufar, made *waqf* of dirhams and dinars, and when questioned about the operational mechanics of such a cash *waqf*, Zufar clarified that the money is invested on a *Muḍārabah* basis, and the proceeds are allocated toward the specific charitable purposes stipulated for the *waqf*.³ This definition focuses on generating returns from the capital *waqf* to sustain the charitable activities. they used to give the cash on *Muḍārabah* basis and give out the proceeds to charity or for the *Waqf*'s purpose.

In essence, while both schools recognize the permissibility of cash *waqf*, they diverge on its operational methodology, as supported by Kahf (2014)⁴: the Mālikī school advocates for direct, cash *waqf* can be conceptualized as a revolving fund, where the principal cash is lent and subsequently collected from borrowers to be re-lent to others, thereby perpetuating its charitable function, whereas the Ḥanafī school favours an investment-based approach (*Muḍārabah*) to generate perpetual charitable proceeds, where its profit assigned to the beneficiaries of the *waqf*, while the principal capital remains intact and preserved. This was discussed and resolved by the OIC Fiqh Academy in 2004 (Resolution No. 140-15/6)⁵.

³ وَعَنْ الْأَنْصَارِيِّ وَكَانَ مِنْ أَصْحَابِ زُفَرٍ فِي مَنْ وَقَفَ الدَّرَاهِمَ أَوْ الدَّنَانِيرَ أَوْ الطَّعَامَ أَوْ مَا يُكَالُ أَوْ يُوزَنُ أَيْجُوزُ قَالَ نَعَمْ فَيَلَّ وَكَيْفَ قَالَ تَذْفَعُ الدَّرَاهِمَ مُضَارَبَةً ثُمَّ يُتَصَدَّقُ بِهَا فِي الْوَجْهِ الَّذِي وَقَفَ عَلَيْهِ

⁴ A key tenet, reaffirmed by Kahf (2014), posits that cash *waqf* can be actualized either of two distinct modalities: “cash may be made into lending *waqf* to be used for interest-free lending” or “cash may be invested and its net return assigned to beneficiaries of the *waqf*”.

⁵ وقف النقود:

(1) وقف النقود جائز شرعاً، لأن المقصد الشرعي من الوقف وهو حبس الأصل وتسييل المنفعة متحقق فيها؛ ولأن النقود لا تتعين بالتعيين وإنما تقوم أبدالها مقامها.

The concept of using cash for *waqf* is further supported by a *ḥadīth* from Abū Dāwūd and Nasā'ī, in which the Prophet Muhammad (ﷺ) advised an individual to use their *dinār* for personal endowment (Ṣaḥīḥ Bukhārī, 64(31)). The institutionalization of cash *waqf* was notably advanced during the Ottoman Empire. In the early fifteenth century, Ottoman courts began to approve the creation of cash endowments, a practice that gained widespread popularity across the empire's European provinces by the late sixteenth century (Cizakca, 2004b & Ibrahim et al., 2013)⁶.

The permissibility and operational modals of cash *waqf* (*waqf al-nuqūd*) necessitate careful consideration of established *uṣūl al-fiqh* (principles of jurisprudence) and *fatāwā* (legal rulings), giving rise to diverse scholarly discussions and specific *aḥkām* (rulings) concerning its implementation. The contemporary discussion on cash *waqf* generally positions it within the ambit of movable *waqf*. While scholarly analyses reveal subtle variations in interpretation, a general consensus tends to affirm its permissibility from a jurisprudential standpoint. Specifically, the Ḥanafī school permits the establishment of *waqf* on movable items (Ibn 'Ābidīn, 1996), that are customarily designated for such pious endowments in a given era. The Mālikī school (Al-Dasūqī, n.d.) adopts a broader criterion, validating the *waqf* of any asset possessing recognized property (*māl mutaqaawwim*), exhibiting discernible financial worth, or yielding tangible benefits (*manfa'ah maqsūdah*). The Shāfi'ī school offers a more explicit affirmation of the legitimacy of movable property as a subject of *waqf* (Al-Ramlī, 1984). Finally, the Ḥanbalī school permits the *waqf* of durable movable assets, those capable of yielding benefit without undergoing consumption, thereby excluding perishable items from this category (Ibn Qudāmah, 1984). Cash *waqf*, particularly within the framework of *waqf mushtarak*, enables its formation through the pooled financial contributions of multiple individuals or entities, promoting sustainable philanthropy in accordance with *Maqāṣid al-Sharī'ah*.

Time-limited i.e. Temporary Waqf (Waqf Mu'aqqat)

The concept of *waqf* (endowment) in Islamic jurisprudence generally requires perpetuity (*ta'bīd*), a condition rooted in the idea of providing a lasting charitable benefit. Scholars of the Shāfi'ī and Ḥanbalī schools of thought posit that a *mawqūf* must adhere to the principle of perpetuity, where it must remain intact, be non-perishable, and not cease easily. However, the concept of *waqf mu'aqqat*, or temporary *waqf*, presents a departure from the perpetual *waqf* (*waqf ta'bīdī*) model, which establishes a time-bound endowment. In this arrangement, the *wāqif* (the donor) dedicates an asset for a specific period, during which its usufruct, or the right to its benefits, is utilized for a designated charitable cause. Upon the expiration of this predetermined term, the ownership of the asset reverts to the original donor or their legal

(2) يجوز وقف النقود للقرض الحسن، وللاستثمار إما بطريق مباشر، أو بمشاركة عدد من الواقفين في صندوق واحد، أو عن طريق إصدار أسهم نقدية وفقية تشجيعاً على الوقف، وتحقيقاً للمشاركة الجماعية فيه.

(3) إذا استثمر المال النقدي الموقوف في أعيان كأن يشتري الناظر به عقاراً أو يستصنع به مصنوعاً، فإن تلك الأصول والأعيان لا تكون وقفاً بعينها مكان النقد، بل يجوز بيعها لاستمرار الاستثمار، ويكون الوقف هو أصل المبلغ النقدي.

⁶ Çizakça (2004b) revealed that nearly 20% of Bursa's cash endowments persisted for over a century, as documented in the Bursa Cash Waqf Census Registers. Despite ongoing 16th and 17th Century controversies, cash waqfs flourished, with 1,161 established in Istanbul between 1456 and 1551 (46% of all waqfs) and 761 in Bursa during the 18th Century. Çizakça (2004a) stated that the capital of extant Ottoman cash waqfs was consolidated in 1954 to form Turkey's modern Vakıflar Bankası (the Bank of Awqaf).

heirs. However, there is some divergence among the major Sunni schools of law regarding the validity of a temporary *waqf* (*waqf mu'aqqat*).

The concept of *waqf mu'aqqat*, or temporary endowment, is a significant point of discussion within classical Islamic jurisprudence. The Ḥanafī and Mālikī schools of thought permit the establishment of a temporary *waqf*, a type of revocable endowment that is valid for a limited duration. Of particular note are the views of Abū Hanīfah, offers a unique theoretical framework for understanding the flexibility and application of *waqf* while remaining consistent with the principles of Sharī'ah. Contrary to the prevailing view that a *waqf* must be perpetual, Abū Hanīfah posited that a *waqf* is allowed for a more enduring and adaptable application, enabling it to address short-term or temporary community needs without compromising its core function as a charitable endowment. This intellectual contribution remains a cornerstone for scholars and jurists seeking to explore innovative applications of *waqf* in contemporary contexts.

Global Sharī'ah bodies and standard-setting institutions have formally recognized the concept of *waqf mu'aqqat* through several key contemporary resolutions. This recognition is notably articulated in the International Islamic Fiqh Academy's Resolution No. 181 (7/19), adopted during its 19th meeting in 2009 in the United Arab Emirates⁷, unequivocally affirmed the permissibility and validity of temporary *waqf*; and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) further solidified this position in its Sharī'ah Standard No. 33, specifically in Clause 3/1/4⁸, which provides detailed guidance on the legal and operational frameworks for temporary endowments.

This temporary form of *waqf* is particularly relevant in contemporary Islamic jurisprudence and finance. According to Kahf (2014), some individuals are willing to provide financial assistance for a specific duration but with the expectation of a full principal repayment. This arrangement, he argues, is consistent with the Sharī'ah definition of a *qard*, which is considered an act of charity where the lender forgoes the use of their capital for the *qard*'s term. It offers a flexible alternative for individuals and institutions who may be hesitant to permanently relinquish ownership of valuable assets. By providing a temporary mechanism for charitable giving, *waqf mu'aqqat* can be a powerful tool for activating underutilized resources for social welfare and economic development. The temporary nature of this endowment allows for a more dynamic response to evolving community needs and can be tailored to support specific, short-term projects. While it challenges the traditional emphasis on perpetuity, many scholars recognize its validity and potential, provided that the terms and duration are clearly stipulated at the time of the endowment's creation.

In Malaysia, *waqf* falls under the jurisdiction of state authorities, as outlined in the State List (List II) of the Ninth Schedule of the Federal Constitution (Kunhibava *et. al.*, 2023). Consequently, the 13 states and the Federal Territories independently govern their respective *waqf* institutions through their own enactments⁹, leading to variations in the permissibility of

⁷ For more details, please refer to the URL for the International Islamic Fiqh Academy on *Waqf of Shares, Sukūk, Moral Rights, and Benefits*: <https://iifa-aifi.org/en/32991.html>, issued on 30th April 2009.

⁸ For more details, please refer to the URL for the AAOIFI SS (33) *Waqf*: <https://aaoifi.com/ss-33-waqf/?lang=en>

⁹ Article 74(2), List II, Ninth Schedule, Federal Constitution of Malaysia.

temporary *waqf* across these jurisdictions¹⁰. Of these, seven jurisdictions¹¹ have enacted specific *waqf* regulations. The remaining six states and the Federal Territories have instead incorporated provisions for *waqf* into their general administrative regulations for Islamic matters. Hence, it can be stated that the establishment of a cash *waqf*, regardless of whether it is structured as a permanent or temporary *waqf*, is considered permissible and generally acceptable within the Malaysian legal framework.

RESEARCH DESIGN AND METHODOLOGY

This research will employ a qualitative approach to examine the *Shari'ah* compliance and practical application of cash *waqf* structures within Malaysian banks. The qualitative component consists of documents analysis.

2.1 Data Collection

This study is an exhaustive analysis of secondary data, drawing from a wide range of foundational and contemporary scholarly and professional sources. It examines the modern applications of cash *waqf* within Islamic financial institutions, utilizing a comprehensive review of academic manuscripts, journal articles, and research papers, as well as professional documents, reports, and digital publications.

2.2 Data Analysis

This research seeks to achieve its objectives by using the descriptive analytical approach based on the references, relevant *fatwas*, legal texts, regulatory guidelines (e.g., *Waqf-Featured Fund (WQ-FF) Framework*), *waqf* regulations, and academic literature concerning cash *waqf*, *habs al-āshl*, *tamlīk*, and related *Shari'ah* principles to reach solutions and recommendations that goes along with the nature of the modern time and achieve the desired goals. This will analyse the *Shari'ah*-compliant structures underpinning cash *waqf* instruments as currently applied within Islamic banking frameworks and critically evaluate the potential avenues for its enhanced development and broader societal impact in the evolving landscape of Islamic finance.

By integrating qualitative data, this research aims to provide a comprehensive understanding of the contemporary applications of cash *waqf* in IFIs in Malaysia, offering recommendations for enhancing its effectiveness and promoting its wider adoption within the banking sector and key stakeholders, while remaining firmly grounded in established *Shari'ah* principles and regulatory requirements, as well as responsive to contemporary needs.

¹⁰ For instance, these provisions have recognised temporary *waqf*, i.e. section 17 of the Kaedah-kaedah *Waqf* 1983 of the State of Johor recognises both permanent and temporary *waqf*, Fatwa 1/2014, 4, of Selangor Fatwa Committee, section 18 *Wakaf* (Terengganu) Enactment 2016, and section 2 Administration of Islamic Law (Federal Territories) Act 1993.

¹¹ Sabah, Perak, Johor, Selangor, Negeri Sembilan, Terengganu, and Malacca

RESULT AND DISCUSSION

This paper emphasizes the conceptualization of *waqf*, advocating for a focus on the perpetual nature of benefits (substance) rather than the perpetual nature of the *mawqūf* (form). This reorientation offers a crucial opportunity to unlock a significant portion of idle assets, which could then be leveraged to advance social finance and the social economy. Furthermore, this approach is vital for safeguarding public welfare (*maṣlahah*) and ensuring the more effective and productive utilization of existing *mawqūf* assets.

3.1 Cash Waqf Initiatives Spearheaded by Islamic Financial Institutions (IFIs) in Malaysian Context

Here are some of the Cash *Waqf* initiatives spearheaded by Islamic Financial Institutions (IFIs) subsequent to the Securities Commission Malaysia's (SCM) promulgation of the *Waqf*-Featured Fund (WQ-FF) Framework in Malaysia. For instance, Bank Islam Malaysia Berhad (BIMB) offers *Awqāf* Ummah financing, which supports individuals and businesses involved in *waqf* projects. The *Awqāf* Ummah Financing represents a strategic tripartite collaboration between Bank Islam Malaysia Berhad, the Bumiputera Agenda Steering Unit (TERAJU), and the Credit Guarantee Corporation Malaysia Berhad (SJPP)¹². This synergistic partnership is specifically designed to empower Bumiputera developers and contractors actively engaged in the development and realization of *awqāf* projects.

3.1.1 Cash Waqf Linked Investment Products

Furthermore, the study observes the emergence of Cash *waqf* linked investment products. These ingenious instruments allow individuals to invest in Shari'ah-compliant ventures¹³, with a predetermined portion of the returns or even the principal itself being irrevocably designated as *Waqf* upon maturity or at specific junctures. Currently, Malaysian financial landscape comprises four unit trust funds¹⁴ and one wholesale fund¹⁵ that have integrated a *waqf* component into their investment strategies. BIMB Investment Management Bhd pioneered the Makmur myWakaf Fund (MWF)¹⁶, a Securities Commission-approved, Shari'ah-compliant, and SRI-designated unit trust. This innovative instrument enables investors to allocate investment returns as *waqf* contributions for Malaysian underprivileged communities, representing a novel intersection of investment and Islamic philanthropy as stated in Diagram 1.

¹² Unit Peneraju Agenda Bumiputera (TERAJU) and Syarikat Jaminan Pembiayaan Perniagaan (SJPP)

¹³ Impact investing, an approach with varied outcomes across asset classes, strategically integrates corporate social responsibility (CSR), environmental, social, and governance (ESG) investing, and sustainable and responsible investment (SRI).

¹⁴ Makmur myWakaf Fund, PMB An-Nur *Waqf* Income Fund, Kenanga *Waqf* Al-Ihsan Fund, and Maybank Mixed Assets-I *Waqf* Fund.

¹⁵ Emergency *Waqf* Musā'adah Fund of Kenanga Sustainability Series. Kenanga, *Kenanga Investors Launches Emergency Waqf Musā'adah Fund*, refer to <https://www.kenanga.com.my/news/media-releases/kenanga-investors-launches-emergency-waqf-musaadah-fund/>, 11 October 2022.

¹⁶ BIMB Investment, "*Makmur MyWakaf Fund is a Qualified Sustainable and Responsible Investment (SRI) Fund Under The Guidelines On Sustainable and Responsible Investment Funds*", refer to <https://www.bimbinvestment.com.my/public/files/1e2943593d594e97a73eaca338c21dd3d670c813d21e82bcc2145e39bb5800d9.pdf>, issued on 28th February 2025.

The detailed distribution of Makmur myWakaf Fund (MWF) as at 31 December 2024 are as follows:				
Name of Project	Location	Collection Goal (RM)	Description of the project	MWF Wakaf Asset Contribution (RM)
Solar Dome Dryer	Perlis	136,000	The Solar Dome Dryer (SDD) is the first project under myWakaf 2.0, designed for distribution across all 14 states in Malaysia to empower local communities. ¹⁷ The SDD enables fishermen and farmers to dry their products, such as salted fish and dried fruits, irrespective of weather conditions. This initiative is expected to boost their household incomes significantly. A total of RM40,000.00 from the <i>wakaf</i> asset was utilised to construct a platform at the selected site in Kampung Pulau Ketam, Perlis, which is located near a seawater waterway. It was crucial to elevate the site and build the platform before installing the SDD to protect it from potential damage and corrosion.	40,000
Solar Dome Dryer (70% Deposit)	i. Pulau Penang ii. Perak	1,500,000	The Solar Dome Dryer (SDD) is the first project under myWakaf 2.0, designed for distribution across all 14 states in Malaysia to empower local communities. The SDD enables fishermen and farmers to dry their products, such as salted fish and dried fruits, irrespective of weather conditions. This initiative is expected to boost their household incomes significantly. ¹⁸ A total of RM151,200.00 has been utilised to pay a 70% deposit for two SDD units in Penang and Perak. The remaining balance of RM64,800.00 will be settled upon receipt of the vendor's invoice.	151,200
Projek Hassan	Kedah	100,000	This collaborative project between LZNK, MLC, AIBIM, and INCEIF University aims to enhance <i>zakāt</i> initiatives, specifically supporting the <i>aṣnāf</i> in improving their welfare, economic status, and social inclusion. By optimizing zakat disbursement and management, the project seeks to create a more substantial and lasting impact on these vulnerable groups. The initiative focuses on social empowerment, ensuring that zakat not only meets immediate needs but	100,000

¹⁷ For more details, please refer to the following URL: <https://www.mywakaf.com.my/our-projects/?project=54>

¹⁸ *Ibid.*

			also serves as a catalyst for long-term economic growth. Through more effective allocation and utilisation of <i>zakāt</i> funds, the project aspires to help <i>aṣnāf</i> transition from dependency to self-sufficiency, enabling them to contribute meaningfully to the broader economy.	
TOTAL DISTRIBUTION				291,200
The detailed distribution of Makmur myWakaf Fund (MWF) as at 31 December 2023 are as follows:				
Name of Project	Location	Collection Goal (RM)	Description of the project	MWF Wakaf Asset Contribution (RM)
Van for Youth Empowerment Foundation (YEF)	Semenyih, Selangor	74,105	MyWakaf project of the collaboration between Pusat Wakaf MAIWP and Bank Islam for delivery of Waqf: A Van for Youth Empowerment Foundation (YEF). The Van purchased is within the fund's affordability which is Proton Exora.	29,642
TOTAL DISTRIBUTION				29,642

Diagram 1: The detailed distribution of Makmur myWakaf Fund (MWF)

Source: BIMB Investment Management Berhad, Makmur myWakaf Fund (MWF)¹⁹

Similarly, the PMB–An-Nur *Waqf* Income Fund²⁰, launched by PMB Investment in collaboration with *Waqaf* An-Nur, enables investors in Class A to indirectly contribute to *waqf* through annual income distributions, whereby 30% is allocated for *waqf* purposes managed by *Waqaf* An-Nur for community benefit, and 70% is reinvested²¹, as seen in Diagram 2 below.

¹⁹ For more details, please refer to the URL for the Makmur myWakaf Fund (MWF):

<https://www.bimbinvestment.com.my/public/files/1e2943593d594e97a73eaca338c21dd3d670c813d21e82bcc2145e39bb5800d9.pdf>, issued on 28th February 2025

²⁰ Pelaburan MARA, (2025), *PRESS STATEMENT - PMB Investment Launches PMB An-Nur Waqf Income Fund*, refer to <https://pelaburanmara.com.my/news/32/press-statement-pmb-investment-launches-pmb-an-nur-waqf-income-fund>, issued on 21 April 2025

²¹ Notes:

1. Thirty percent (30%) of the income distribution on the investment made by Unit Holders in Class A will be allocated and distributed as a *waqf* contribution in the form of cash and remitted to the Waqf Institution. Such contribution will be used by the Waqf Institution to purchase *Waqf* Assets as such contribution has yet to constitute benefit. When benefit is constituted, it will be utilized for the purposes as illustrated in the diagram below.
2. Seventy percent (70%) of the income distribution will be credited into the Class A Unit Holders' investment account in the form of units.
3. The sales charge is applicable to any additional investments from *Waqf* Assets to the Fund, subject to the Manager's discretion.

For more details, please refer to the URL for the PMB-An-Nur Waqf Income Fund: https://www.pmbinvestment.com.my/uploads/images/funds/product_highlights_sheet_phs_23_1751341887.pdf, issued on 1st July 2025.

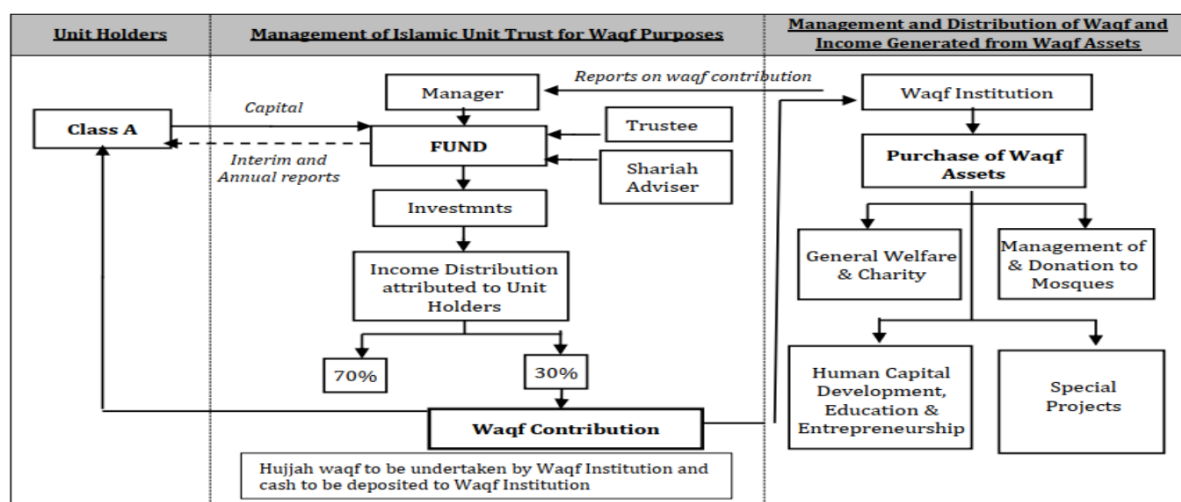


Diagram 2: The *Waqf* Mechanism of the Fund for Class A

Source: PMB-An-Nur Waqf Income Fund²²

For Class B, the *Waqf* Institution is entitled to receive the complete distribution of income, proportional to its investment holdings within the Fund. This income, disbursed in cash, represents a direct benefit that the institution will then utilize as outlined in the diagram below.

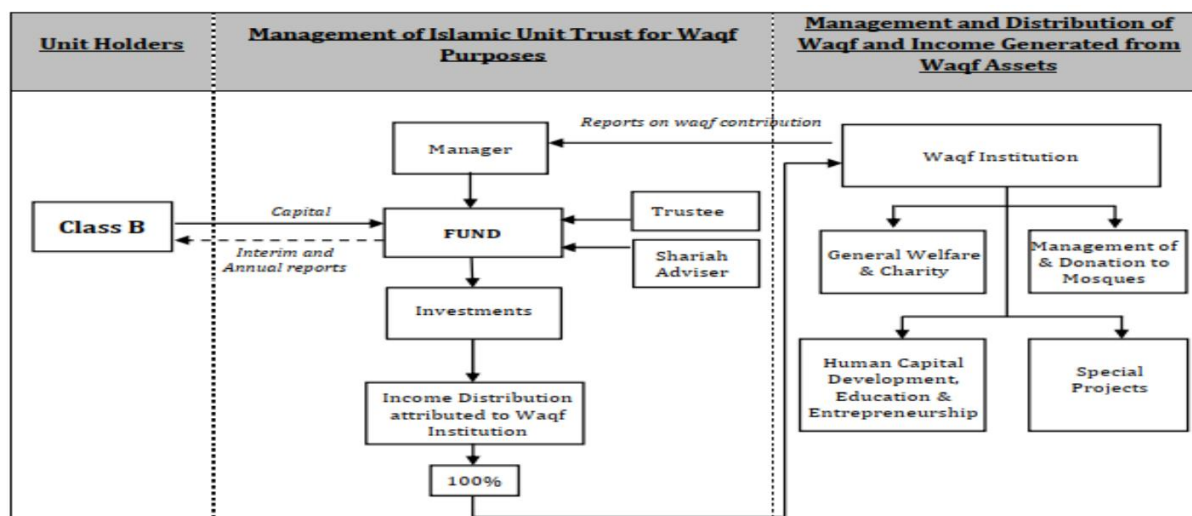


Diagram 3: The *Waqf* Mechanism of the Fund for Class B

Source: PMB-An-Nur Waqf Income Fund²³

²² For more details, please refer to the URL for the PMB-An-Nur Waqf Income Fund: https://www.pmbinvestment.com.my/uploads/images/funds/product_highlights_sheet_phs_23_1751341887.pdf, issued on 1st July 2025.

²³ For more details, please refer to the URL for the PMB-An-Nur Waqf Income Fund: https://www.pmbinvestment.com.my/uploads/images/funds/product_highlights_sheet_phs_23_1751341887.pdf, issued on 1st July 2025.

Furthermore, the Maybank Mixed Assets-I *Waqf* Fund (MMAIW)²⁴ aims for income and capital growth via diversified Shari'ah-compliant assets, channelling a portion of returns to *waqf* purposes. This synergistic fusion of investment and philanthropy appeals to a discerning clientele seeking both financial growth and the accrual of *al-ājr al-jāriyah* (continuous reward) in designated projects that span critical sectors such as education, healthcare, economic empowerment, and environmental sustainability as seen in Diagram 4 below. Indeed, such initiatives necessitate meticulous Shari'ah structuring and rigorous oversight to ensure the sanctity of the *waqf* principle while offering competitive investment propositions.

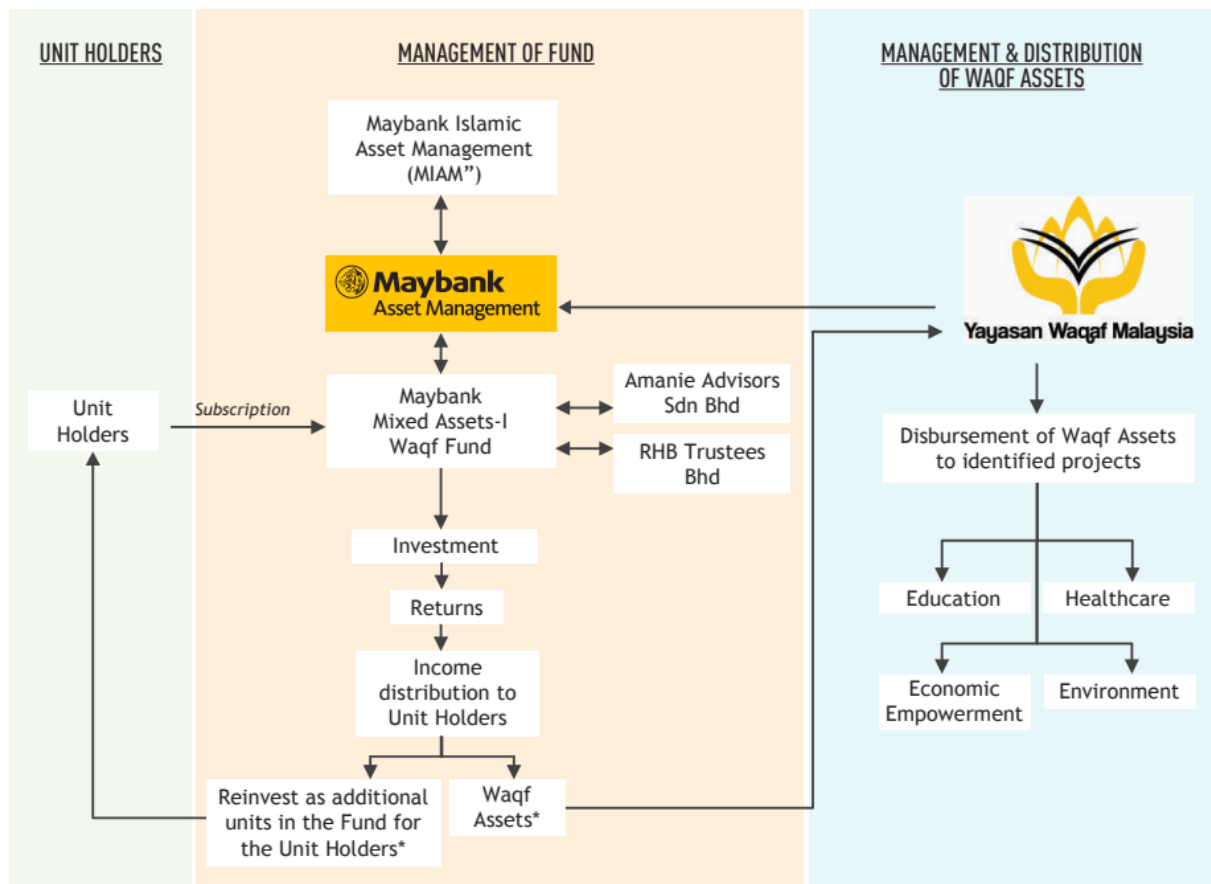


Diagram 4: The Maybank Mixed Assets-I *Waqf* Fund
Source: The Maybank Mixed Assets-I *Waqf* Fund²⁵

Correspondingly, the Kenanga *Waqf Al-Ihsan* Fund (KWAF)²⁶, adhering to Shari'ah principles, seeks to generate income and capital growth through diversified investments,

²⁴ Maybank Asset Management, 'Maybank Mixed Assets-I *Waqf* Fund', refer to https://www.maybank-am.com.my/list-of-funds/-/fund/view_entry/446, retrieved on 20th April 2025.

²⁵ For more details, please refer to the URL for the Maybank Mixed Assets-I *Waqf* Fund: https://www.maybank-am.com.my/html/fund_documents/34398/1713509705754_eng_maybank_mixed_assets_i_waqf_fund_brochure_300421.pdf, retrieved on 5th September 2025

²⁶ Kenanga Investors, *Kenanga Waqf Al-Ihsan Fund*, refer to <https://www.kenanga.com.my/wp-content/uploads/kenwealth/KWAF%20PHS.pdf>, issued on 9th February 2024.

allocating a portion of income for *waqf* initiatives. Subject to the availability of income, the Fund shall annually distribute its income, with a moiety (50%) allocated as *waqf* asset and the remaining half (50%) remitted to the unit holders. The flow chart in Diagram 5 below explains the Waqf Asset's distribution mechanism in the Kenanga *Waqf Al-Ihsan* Fund (KWAF).

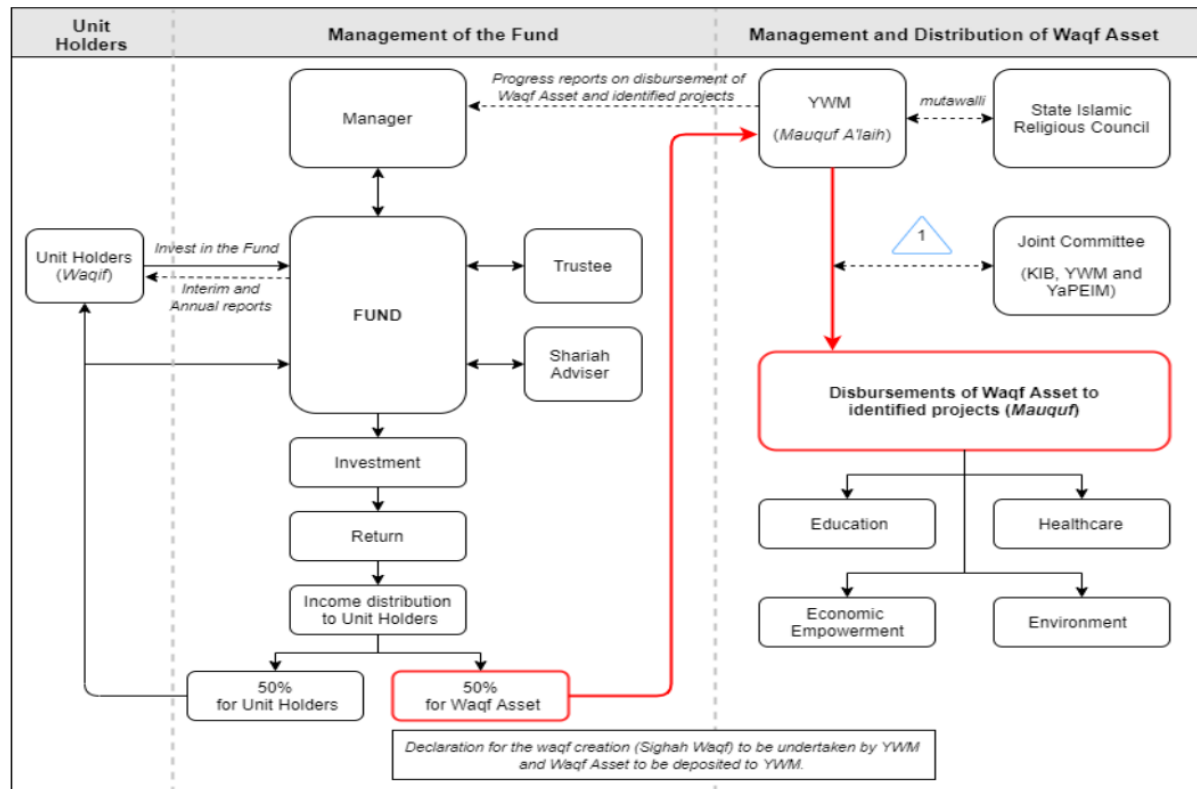


Diagram 5: Waqf Asset's distribution mechanism in the Kenanga *Waqf Al-Ihsan* Fund (KWAF).

Source: Kenanga *Waqf Al-Ihsan* Fund (KWAF)²⁷

Acting with the Shari'ah Adviser's approval, the Manager will select a *waqf* institution as a recipient of the *waqf* contribution²⁸ and may appoint more than one *waqf* institution as a recipient of the *waqf* contribution of the Fund. The Manager has appointed YWM as the recipient and the administrator of the *Waqf* Asset. As such, 50% of the income distribution allocated as a Waqf Asset will be remitted to YWM. A joint committee²⁹, with representatives from the Manager, YWM, and Yayasan Pembangunan Ekonomi Islamic Malaysia, will oversee the distribution of the *Waqf* Asset by YWM to designated projects in key sectors, including

²⁷ For more details, please refer to the URL for the Kenanga *Waqf Al-Ihsan* Fund (KWAF): <https://www.kenanga.com.my/wp-content/uploads/kenwealth/KWAF%20PHS.pdf>, issued on 7th February 2025.

²⁸ Based on the following criteria: (a) the *waqf* institution shall be authorised by the Federal or State Islamic religious council to act as a *mutawalli* (*waqf* administrator) or collection agent for *waqf* purposes; (b) the *waqf* institution shall have a proper governance structure and framework; (c) the *waqf* institution shall have an audited annual financial statement; and (d) the *waqf* institution shall have a published annual report on its *waqf* distribution and/or utilisation.

²⁹ The joint committee is responsible for: (a) determining the manner in which the *Waqf* Asset is to be distributed; (b) approving the identified projects that the *Waqf* Asset is to be distributed; (c) monitoring the progress of the identified projects; and (d) approving the financial report prepared by the *Waqf* Institution on the administration of the *Waqf* Asset on a semi-annual basis prior to such report being sent to the Manager.

education, healthcare, economic empowerment, and the environment. An administrative fee at the rate of 2% of the amount of *Waqf* Asset deposited each time with YWM is payable to YWM for administering and distributing the *Waqf* Asset. The following expenses (or part thereof) may also be payable from the *Waqf* Asset or in such other manner as may be determined by the joint committee: (a) remuneration and out of pocket expenses of the members of the joint committee; and (b) any other expenses as may be approved by the joint committee.³⁰

Cash *waqf*-linked investment products are a transformative instrument poised to create a robust socio-economic framework in Malaysia by catalyzing both charitable giving and commercial investment while simultaneously revitalizing dormant *waqf* properties to generate socio-economic benefits and expand the nation's Islamic social finance sector.

3.1.2 Cash *Waqf* in the Operationalization of *Waqf Mu'aqqat* (Temporary *Waqf*)

On another note, the study highlights the utilisation of cash *waqf* in the operationalization of *waqf mu'aqqat* (temporary *waqf*). It is noteworthy that the legal framework concerning *waqf mu'aqqat* in Malaysia demonstrates a degree of divergence across state jurisdictions³¹. CIMB Islamic, Yayasan Waqaf Malaysia (YWM), and Yayasan Belia Malaysia (YBM) launched the second iTEKAD CIMB Islamic Rider Entrepreneur Programme via a *waqf mu'aqqat* model³². Through the application of *waqf mu'aqqat*, the *waqf* funds collected are converted to motorcycles ('*Ayn waqf*), and temporarily entrusted to YBM (*waqf mu'aqqat*) for 12 months. Subsequently, these assets are extended as loans ('*Āriyah*) to programme participants. Upon successful completion within the stipulated timeframe, the motorcycles are conferred as *hibah* (gifts), aligning with the current administration's prioritisation of *waqf* instruments for socio-economic empowerment of the *aṣnāf* and B40 communities.

Therefore, the cash *waqf* model, as operationalized through Islamic banks in the Malaysian context, stands as a potent tool for social and economic empowerment. By effectively harmonizing philanthropic intent with sound financial principles, it contributes to the realization of a more equitable and economically robust society, all while adhering to the dictates and spirit of *Shari'ah*.

³⁰ For more details, please refer to the URL for the Kenanga *Waqf Al-Ihsan* Fund (KWAIF): <https://www.kenanga.com.my/wp-content/uploads/kenwealth/KWAF%20PHS.pdf>, issued on 7th February 2025.

³¹ Terengganu (Wakaf Enactment 2016, Sec. 18), the Federal Territories (Administration of Islamic Law Act 1993, Sec. 2), and Sabah (through provisions for Waqf Khas) explicitly define or accommodate *waqf mu'aqqat* within their statutory definitions, the state of Johor's Waqf Rules 1983, though not explicitly defining *waqf mu'aqqat* in its initial sections, does contain subsequent provisions that address aspects of *waqf mu'aqqat*. This suggests a spectrum of legal recognition and articulation of *waqf mu'aqqat* across these states. Mohamad, Nor Asiah, and Muhamad Laeba, *op.cit.*

³² CIMB, "CIMB Islamic, Yayasan Waqaf Malaysia and Yayasan Belia Malaysia kick off the second edition of iTEKAD CIMB Islamic Rider Entrepreneur Programme through the concept of Temporary Waqaf", refer to <https://www.cimb.com/en/newsroom/2022/cimb-islamic-yayasan-waqaf-malaysia-and-yayasan-belia-malaysia-kick-off-the-second-edition-of-itekad-cimb-islamic-rider-entrepreneur-programme-through-the-concept-of-temporary-waqaf.html>, 17th August 2022, retrieved on 24th April 2025.

CONCLUSION

Contemporary applications of cash *waqf* in Islamic financial institutions (IFIs) have moved beyond traditional philanthropy to become innovative tools for economic development and social welfare. This study highlights several key findings on the models and product structures employed by IFIs.

One of the most significant findings is the successful integration of cash *waqf* into the commercial financial sector. IFIs have introduced cash *waqf*-linked investment products, *waqf*-based unit trusts, and *waqf*-shares that combine the social objective of *waqf* with the profit motive of finance. These models enable *waqf* pecuniary benefits or proceeds (*manfa'ah*) used for philanthropic purposes, thereby ensuring the sustainability and growth of the *waqf* fund, which aligns directly with Bank Negara Malaysia's (BNM) Value-Based Intermediation (VBI) vision and strategically embeds corporate social responsibility (CSR), environmental, social, and governance (ESG) investing, and sustainable and responsible investment (SRI).

This study has discussed and analyzed different Cash *waqf* linked investment products e.g. the Makmur myWakaf Fund (MWF), PMB–An-Nur *Waqf* Income Fund, Maybank Mixed Assets-I *Waqf* Fund (MMAIW), and Kenanga *Waqf Al-Ihsan* Fund (KWAf) that combine traditional *waqf* principles with modern business and social goals, which often involve synergic partnerships between IFIs, government bodies (like State Islamic Religious Councils, Yayasan Waqaf Malaysia), and non-profit organizations (like Yayasan Belia Malaysia, etc).

The findings offer pivotal insights for policymakers and regulatory bodies, guiding the cultivation of a conducive legal and regulatory framework to facilitate the long-term socio-economic impact through cash *waqf*. By applying modern investment strategies, cash *waqf* can create a sustainable cycle of wealth distribution, with the accrual of *al-ājr al-jāriyah* (continuous reward) in designated projects that span critical sectors such as education, healthcare, economic empowerment, and environmental sustainability, shifting from a mere charitable handout to a productive asset that generates long-term benefits for the community.

Acknowledgement

This research is funded by the Bank Kerjasama Rakyat Malaysia Berhad through Sponsored Research Grant Scheme (SPP25-302-0302).

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