



## Reconceptualising the Juristic Legitimacy of Cash Waqf: A *Ta'Lilī* Examination of Classical Doctrines and Their Integration into Modern Financial Systems

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DOI: <https://doi.org/10.21154/justicia.v23i1.12468>

Received: Nov 29, 2025

Revised: Feb 4, 2026

Accepted: June 2, 2026

**Abstract:** This article aims to explore the arguments of Islamic legal scholars regarding the pros and cons of the concept of cash waqf and to contextualise these views in the reality of contemporary economic law. This study uses the *ta'lilī* method with a thematic approach to classical fiqh literature to identify waqf themes and determine the *'illah* that forms the substance of the waqf concept. The literature analysis is then enriched with interviews with waqf experts and practitioners as a form of confirmation of the relevance of fiqh arguments in modern practice. The results of the study show that there are three main reasons used by scholars who support cash waqf, namely the applicability of *'urf* (accepted social practice), the benefits generated, and the possibility of money being rented out or used productively. Meanwhile, scholars who reject cash waqf argue that money is *manqūl* (movable property) that is depleted when used, thus not fulfilling the requirement of permanence (*ta'bīd*) as an object of waqf. Interestingly, this study found that the concept of *'illah* waqf is actually used by the group that rejects cash waqf, emphasising that money is not permanent because it will be depleted when used. However, this argument becomes less relevant in the context of the modern economy, where money functions not only as a medium of exchange but also as an investment instrument. When a cash waqf is managed productively within the financial system, its principal value can be maintained and even grow. Thus, the permanence of waqf does not lie in the physical form of the asset, but in the sustainability of its value and benefits. This study provides a practical contribution by emphasising that the management of cash waqf integrated with the modern financial system allows for the fulfilment of the principles of sustainability and benefit of waqf.

**Keywords:** Cash waqf; *ta'lilī* reasoning; contemporary waqf governance

**Abstrak:** Artikel ini bertujuan untuk mengeksplorasi argumentasi para ahli hukum Islam mengenai perdebatan pro dan kontra terhadap konsep wakaf tunai serta mengkontekstualisasikan pandangan tersebut dalam realitas hukum ekonomi kontemporer. Penelitian ini menggunakan metode *ta'ālī* dengan pendekatan tematik terhadap literatur fikih klasik guna mengidentifikasi tema-tema wakaf serta menentukan 'illah yang menjadi substansi konsep wakaf. Analisis literatur tersebut kemudian diperkaya dengan wawancara kepada para ahli dan praktisi wakaf sebagai bentuk konfirmasi terhadap relevansi argumentasi fikih dalam praktik modern. Hasil penelitian menunjukkan bahwa terdapat tiga alasan utama yang digunakan oleh ulama yang mendukung wakaf tunai, yaitu keberlakuan 'urf (praktik sosial yang diterima), kemanfaatan yang dihasilkan, serta kemungkinan uang untuk disewakan atau dimanfaatkan secara produktif. Sementara itu, ulama yang menolak wakaf tunai berargumen bahwa uang merupakan harta *manqūl* (benda bergerak) yang habis ketika digunakan sehingga tidak memenuhi syarat keabadian (*ta'bīd*) sebagai objek wakaf. Menariknya, kajian ini menemukan bahwa konsep 'illah wakaf justru digunakan oleh kelompok yang menolak wakaf tunai, dengan menekankan bahwa uang tidak bersifat langgeng karena akan habis saat digunakan. Namun, argumentasi ini menjadi kurang relevan dalam konteks ekonomi modern, di mana uang tidak hanya berfungsi sebagai alat tukar tetapi juga sebagai instrumen investasi. Ketika wakaf tunai dikelola secara produktif dalam sistem keuangan, nilai pokoknya dapat dipertahankan bahkan berkembang. Dengan demikian, keabadian wakaf tidak terletak pada bentuk fisik aset, melainkan pada keberlanjutan nilai dan manfaatnya. Kajian ini memberikan kontribusi praktis dengan menegaskan bahwa pengelolaan wakaf tunai yang terintegrasi dengan sistem keuangan modern memungkinkan terpenuhinya prinsip keberlanjutan dan kemanfaatan wakaf.

**Kata Kunci:** Wakaf tunai; penalaran *ta'ālī*; tata kelola wakaf kontemporer.



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## Introduction

In Indonesia, as stated by the Chairman of BWI, Kamarudin Amin, the potential for cash waqf could reach 400 trillion rupiah. However, its realisation is still far from expectations.<sup>1</sup> This potential is actually supported by the generous nature of the Indonesian people. The World Giving Index (WGI) research by the

<sup>1</sup> Redaksi BWI.go.id, "Ketua Badan Wakaf Indonesia Ungkap Potensi Wakaf Rp400 Triliun," *Badan Wakaf Indonesia* | BWI.Go.Id, July 21, 2025, <https://www.bwi.go.id/>.

Charities Aid Foundation (CAF), released in 2024, shows that Indonesia has ranked first as the most generous country in the world since 2017.<sup>2</sup>

The low realisation of cash waqf is, of course, caused by many factors.<sup>3</sup> One factor that cannot be ignored is the existence of fiqh books. Not a few classical fiqh works reject cash waqf. According to Az-Zuhaili, in general, the jurists think that waqf objects are used by spending them, such as dinars and dirhams, which are not for decoration. The classical fiqhs, written dozens of centuries ago, are still studied and followed today in society.

The efforts to explore in depth the legal reasoning of Islamic scholars, both those who are pro and those who are contra to cash waqf, have not been very visible. As well, the attempt to raise a new idea based on the old opinion of the jurists hasn't appeared yet. In his article, Hatta stated that the argumentation of scholars who rejected cash waqf was because the substance of money could be used up with one use; besides, that money was created as a medium of exchange, not to withdraw benefits by renting out its substance.<sup>4</sup>

Meanwhile, according to Ja'far, the scholars who rejected cash waqf required that waqf assets must be *ta'bīd* (eternal) and that the use of these objects must be continuous (*dawām*), which cannot be fulfilled by money.<sup>5</sup> This is also supported by Abd Rahman et al, who in their research concluded that the sustainability of cash waqf assets is the main reason for this rejection.<sup>6</sup> The

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<sup>2</sup> CNN Indonesia, "Indonesia 7 Tahun Beruntun Raih Gelar Negara Paling Dermawan di Dunia," gaya hidup, November 20, 2024, <https://www.cnnindonesia.com/gaya-hidup/>; World Population Review, "Most Charitable Countries 2026," World Population Review, March 5, 2026, <https://worldpopulationreview.com/country-rankings/most-charitable-countries>.

<sup>3</sup> Wahbah Al-Zuhaili, *Zakat Kajian Berbagai Mazhab (al-Fiqh al-Islāmi Wa Adillatuh)* (Bandung: Remaja Rosdakarya, 1997); Ahmad Jafar, Hafsa Ibrahim, and Rizwan Malik, "Waqf: From Classical Charitable System to Modern Financial Tool," *International Journal of Ethics and Systems*, ahead of print, May 7, 2025, <https://doi.org/10.1108/IJOES-10-2024-0354>.

<sup>4</sup> Imam Mustofa et al., "Comparison of the Effectiveness of Productive Waqf Management in Indonesia and Singapore: A Comparative Study," *Risalah Iqtisadiyah: Journal of Sharia Economics* 3, no. 2 (December 2024): 20–27; Muneer M. Alshater et al., "A Bibliometric Review of the Waqf Literature," *Eurasian Economic Review* 12, no. 2 (June 2022): 213–39, <https://doi.org/10.1007/s40822-021-00183-4>.

<sup>5</sup> A. Kumedi Ja'far, "Analisis Pendapat Imam Madzhab Tentang Wakaf Tunai Dan Implementasinya Di Indonesia," *Asas* 11, no. 01 (August 2019): 63–77, <https://doi.org/10.24042/asas.v11i01.4643>; Erike Anggareni, Gustika Nurmalia, and A. Kumedi Ja'far, "Utilizing the Banking System For Digital Waqf Behavioral Approach of Millennial Muslims," *El-Usrah: Jurnal Hukum Keluarga* 7, no. 1 (June 2024): 390, <https://doi.org/10.22373/ujhk.v7i1.22562>.

<sup>6</sup> Amilah Awang Abd Rahman and Abdul Bari Awang, "Exploring the Dynamics of Cash Waqf: A Critical Analysis of Its Implementation in Malaysia," *Intellectual Discourse*, December 21, 2018, 1109–28, <https://doi.org/10.31436/id.v26i2.1260>; Leny Nofianti, Murniati Mukhlisin, and Andi Irfan, "Cash

MUI fatwa on cash waqf differs from classical scholars in that it emphasises what must be maintained in cash waqf.

According to A. Kumedi Ja'far, scholars who reject cash waqf stipulate that waqf assets must be *ta'bīd* (perpetual) and that their utilisation must be continuous (*dawām*), requirements that money cannot fulfil.<sup>7</sup> A novel aspect of the Indonesian Council of Ulama's (MUI) fatwa on cash waqf, which differs from the views of classical scholars, is the stipulation that the principle of cash waqf must be preserved. According to Kamal, this provision allows money to be accommodated as a waqf asset.<sup>8</sup> A similar viewpoint is also expressed by Mauludin.<sup>9</sup>

Local clerics (*ulama*) in various regions in Indonesia became two groups, agreeing and disagreeing. Ponorogo scholars who agree with cash waqf argue that in the Fiqh as-Sunnah of Sayyid Sabiq, waqf assets are defined as assets as usual, including money, so that money can be used as waqf.<sup>10</sup> Other scholars who agree require that money be guaranteed to be fixed or principal and not reduced by a penny. Meanwhile, those who explicitly refuse to adhere to several references, especially from the Shafi'iyyah madhhab.<sup>11</sup>

Generally, Ulama in Garut agree on cash waqf with different arguments.<sup>12</sup> First, cash waqf does not conflict with the essence of waqf, that is, alms of

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Waqf Innovation in Islamic Financial Institutions and Its Governance Issues, Case Studies: Indonesia, Malaysia, Türkiye," *Journal of Islamic Accounting and Business Research*, ahead of print, June 11, 2024, <https://doi.org/10.1108/JIABR-12-2023-0420>.

<sup>7</sup> A. Kumedi Ja'far, "Analisis Pendapat Imam Madzhab Tentang Wakaf Tunai Dan Implementasinya di Indonesia," *Asas, Jurnal Hukum Ekonomi Syariah* 9, no. 2 (2017), <https://doi.org/10.24042/asas.v1i101.4643>.

<sup>8</sup> Mustafa Kamal, "Wakaf Tunai Menurut Pandangan Fiqh Syāfi'iyah dan Fatwa Majelis Ulama Indonesia No.2 Tahun 2002 Tentang Wakaf Uang," *Jurnal Ilmiah Islam Futura* 15, no. 1 (2016): 93, <https://doi.org/10.22373/jiif.v15i1.560>.

<sup>9</sup> Muhammad Ikhwan Mauluddin and Asmak Ab Rahman, "Cash Waqf From the Perspective of Majelis Ulama Indonesia (MUI) and the Scholars of Aceh," in *New Developments in Islamic Economics*, preprint, Emerald Publishing Limited, 2018, 49–66, <https://doi.org/10.1108/978-1-78756-283-720181004>.

<sup>10</sup> Miftahul Huda, "Tipologi Pemikiran Kyai Pesantren Ponorogo Atas Eksistensi Wakaf Uang Dan Wakaf Berdurasi," *Dialogia* 10, no. 2 (2012): 253–74, <https://doi.org/10.21154/dialogia.v10i2.313>; Miftahul Huda and Lukman Santoso, "Implementation of Corporate Waqf Core Principles in the Development of Waqf in Indonesia," *Academic Journal of Interdisciplinary Studies* 11, no. 5 (September 2022): 114–24, <https://doi.org/10.36941/ajis-2022-0129>.

<sup>11</sup> Yusi Septa Prasetya and Miftahul Huda, "Relevansi Tatakelola Wakaf Turki Terhadap Pengembangan Wakaf Produktif Di Indonesia," *Justicia Islamica* 14, no. 2 (November 2017), <https://doi.org/10.21154/justicia.v14i2.1231>.

<sup>12</sup> Wawan Hermawan, "Pandangan Ulama Garut Tentang Wakaf Uang Dan Wakaf Mu'qqat," *Ijtihad: Jurnal Wacana Hukum Islam Dan Kemanusiaan* 13, no. 1 (2013): 49,

benefit that are useful with an eternal substance. Second, based on the principle of *maṣlahah mursalah*. The third analogy to the permissibility of sacrificing at the price of sacrificial animals, namely, money when meat is abundant, so that meat sacrifices can be of no use. Likewise, cash waqf is permissible when the waqf of immovable objects is already abundant, and land is also increasingly limited.

The debate regarding cash waqf in academic literature and Islamic institutional practice shows the dynamics of continuously evolving thinking. A number of contemporary works attempt to construct new arguments regarding the legitimacy of cash waqf. Muhammad Wahib Aziz, for example, views cash waqf as a form of financial contribution that can be contextualised in modern economic life, although he does not elaborate in detail on its fiqh legal basis.<sup>13</sup> Meanwhile, other opinions state that waqf objects can be developed through trade or productive management mechanisms.<sup>14</sup> Research by Ambrose Jagongo and colleagues shows that cash waqf has great potential as long as its management is accompanied by risk management that is integrated with Islamic economic doctrine. This view is reinforced by Mohd Laludin, who emphasises that the development of cash waqf must be linked to the framework of *maqāṣid al-sharīa* to remain in line with the fundamental objectives of sharia.<sup>15</sup>

In the Indonesian context, the discourse on cash waqf also emerged in religious forums. Within Nahdlatul Ulama, discussions on the use of money in waqf have been ongoing since the early 20th century through several congresses of the organisation.<sup>16</sup> At the Semarang Congress in 1929, for

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<https://doi.org/10.18326/ijtihad.v13i1.49-64>; Suhairi Suhairi et al., "Regulatory and Economic Challenges in Contemporary Crowdfunding-Based Cash Waqf," *MILRev: Metro Islamic Law Review* 4, no. 2 (July 2025): 822-67, <https://doi.org/10.32332/milrev.v4i2.10343>.

<sup>13</sup> M. Wahib Aziz, "Wakaf Tunai Dalam Perspektif Hukum Islam," *International Journal Ihya' 'Ulum Al-Din* 19, no. 1 (January 2017): 1-24, <https://doi.org/10.21580/ihya.18.1.1740>; Mahmudi Mahmudi and Danang Wahyu Muhammad, "Collaborative Governance in The Jogja Berwakaf Movement (Law, Model, and Transformation of Socio-Economic Empowerment)," *Justicia Islamica: Jurnal Kajian Hukum dan Sosial* 19, no. 1 (June 2022): 171-93, <https://doi.org/10.21154/justicia.v19i1.3759>.

<sup>14</sup> Azniza Hartini Azrai Azaimi Ambrose and Fadhilah Abdullah Asuhaimi, "Cash Waqf Risk Management and Perpetuity Restriction Conundrum," *ISRA International Journal of Islamic Finance* 13, no. 2 (2021): 162-76, <https://doi.org/10.1108/ijif-12-2019-0187>.

<sup>15</sup> Hayatullah Laluddin et al., "Revisiting the Concept of Waqf: Its Maintenance, Issues and Challenges," *International Journal of Islamic Thought* 20 (2021), <https://doi.org/10.24035/ijit.20.2021.210>.

<sup>16</sup> Ali Khosim and Busro Busro, "Konsep Nazhir Wakaf Profesional Dan Implementasinya Di Lembaga Wakaf NU Dan Muhammadiyah," *Al-Awqaf: Jurnal Wakaf Dan Ekonomi Islam* 11, no. 1 (2018): 49-74,

example, the use of money to pay workers for the construction of mosques was discussed. Similar discussions reappeared at the Surakarta Congress in 1935 regarding the purchase of mosque tiles from donation funds and at the Menes Banten Conference in 1938 regarding office inventory purchased with waqf funds. However, in these three forums, money was only positioned as a means to obtain waqf goods, not as the object of waqf itself. In the *Baḥthul Masā'il* Munas Alim Ulama forum in 2002 in Jakarta, it was concluded that the majority of scholars considered cash waqf to be invalid because it did not meet the requirements of waqf, although some Hanafi scholars allowed it.<sup>17</sup>

On the other hand, Muhammadiyah had already accepted the concept of cash waqf earlier.<sup>18</sup> This was evident in the Special Congress in Purwokerto in 1953, which opened the door to cash waqf, and was later reinforced by the 2018 fatwa of the Tarjih Council. In practical terms, support for cash waqf is reflected in the 2010–2015 program of the Muhammadiyah Central Waqf and Wealth Council, which emphasises the development of cash waqf and productive waqf as instruments for community empowerment and poverty alleviation.

Various empirical studies also show the social dimensions of this practice. A study by Masrizal and colleagues found that Indonesian community participation in cash waqf is mainly driven by religious motivation, namely the belief that waqf is part of religious obligations.<sup>19</sup> Meanwhile, Saprida argues that cash waqf is legally valid because it is recognised in Law No. 41 of 2004 concerning Waqf, although the discussion focuses more on the state's legal

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<https://doi.org/10.47411/al-awqaf.v1i1.28>; Syaiful Anam, "Efektivitas Pelaksanaan Wakaf Tunai Di NU-Care Lazisnu Daerah Istimewa Yogyakarta Dalam Mengentaskan Kemiskinan," *Qawānīn Journal of Economic Syaria Law* 8, no. 1 (June 2024): 61–83, <https://doi.org/10.30762/qaw.v8i1.428>.

<sup>17</sup> Ries Wulandari and Ismi Khumaedah, "Do Entrepreneur Aspect Matter on Cash Waqf Program at Islamic Organization Nahdlatul Ulama?," *Jihbiz : Jurnal Ekonomi, Keuangan Dan Perbankan Syariah* 5, no. 2 (July 2021): 134–55, <https://doi.org/10.33379/jihbiz.v5i2.871>; Raditya Sukmana, "Critical Assessment of Islamic Endowment Funds (Waqf) Literature: Lesson for Government and Future Directions," *Heliyon* 6, no. 10 (October 2020): e05074, <https://doi.org/10.1016/j.heliyon.2020.e05074>.

<sup>18</sup> Hilman Latief, Syarif As'ad, and Miftakhul Khasanah, "Fleksibilitas Pemaknaan Wakaf Tunai Di Indonesia: Studi Terhadap Lembaga Filantropi Dan Lembaga Keuangan," *Afkaruna: Indonesian Interdisciplinary Journal of Islamic Studies* 11, no. 1 SE-Articles (June 2015): 66–95, <https://doi.org/10.18196/aaijjs.2015.0044.66-95>.

<sup>19</sup> Masrizal Masrizal et al., "Investigating The Determinants of Cash Waqf Intention: An Insight From Muslims in Indonesia," *Journal of Islamic Monetary Economics and Finance* 9, no. 1 (2023): 17–38, <https://doi.org/10.21098/jimf.v9i1.1607>.

perspective than on fiqh analysis.<sup>20</sup> From a historical perspective, Mahadi Ahmad emphasises that cash waqf has played an important role in the history of Islamic economics, especially as an alternative to minimise usury-based practices.<sup>21</sup> In line with this, Sudirman argues that cash waqf can be understood through the *istihsān* approach, namely as a legal option that is considered to bring more benefits in the development of productive waqf.<sup>22</sup>

The practice of cash waqf has also developed internationally.<sup>23</sup> Research by Mahyudin and Rahman shows that in Malaysia, through Bank Muamalat Malaysia Berhad, cash waqf has been used to support the development of educational facilities.<sup>24</sup> This example shows that Islamic legal principles do not stop at classical doctrines but continue to adapt to the needs of contemporary society, particularly in strengthening the education and Sharia economy sectors. However, the issue of the validity of cash waqf remains a significant academic debate. An analysis of 242 publications between 1979 and 2025 shows that sentiment towards cash waqf is divided into 20% negative, 46% neutral, and 34% positive.<sup>25</sup> Negative sentiment is generally related to doubts about the legitimacy of cash waqf in fiqh. Conversely, the stronger the arguments supporting its validity, the greater the positive sentiment that emerges in the literature. These findings indicate that strengthening the normative and methodological foundations is an important factor in encouraging wider

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<sup>20</sup> Saprida Saprida et al., "Cash Waqf: An Analysis of the Legality of Productive Waqf Management for Sustainable Development (SDGs)," *Profetika: Jurnal Studi Islam* 25, no. 02 (2025): 303–16, <https://doi.org/10.23917/profetika.v25i02.7203>.

<sup>21</sup> Mahadi Ahmad, "Cash Waqf: Historical Evolution, Nature and Role as an Alternative to Riba-Based Financing for the Grass Root," *Journal of Islamic Finance* 4, no. 1 (2015): 63–74, <https://doi.org/10.12816/0024801>.

<sup>22</sup> Omer Faruk Tekdogan, "The Introduction of Waqf Into Fractional and Full Reserve Banking System to Achieve Economic Stability," *Journal of Islamic Monetary Economics and Finance* 6, no. 3 (2020): 531–54, <https://doi.org/10.21098/jimf.v6i3.1132>; Muhammad Ridhwan Ab Aziz, "Developing Islamic Waqf Bank as a Mechanism for Financial System Stability," *Journal of Islamic Monetary Economics and Finance* 3, no. 1 (2017): 61–80, <https://doi.org/10.21098/jimf.v3i1.710>.

<sup>23</sup> Sudirman Suparmin, "Istihsan Methodology In The Productive Waqf Application," *FITRAH: Jurnal Kajian Ilmu-Ilmu Keislaman* 6, no. 1 (2020): 117–30, <https://doi.org/10.24952/fitrah.v6i1.2650>.

<sup>24</sup> Mohd Izuwan Mahyudin and Asmak Ab Rahman, "The Role of Cash Waqf for Education: The Case Study of Bank Muamalat Malaysia Berhad," *Jurnal Syariah* 31, no. 2 SE-Articles (August 2023): 232–56, <https://doi.org/10.22452/syariah.vol31no2.3>.

<sup>25</sup> Mouez Khalfaoui, "Teaching Islamic Law in a Modern Secular Context: The Didactical Challenge," *Journal of Islamic Studies and Education* 4, no. 2 (February 2026): 1–17, <https://doi.org/10.63120/jise.v4i2.129>; Abdulazeem Abozaid, "Towards New Sharia Governance for Islamic Financial Institutions," *Justicia Islamica* 18, no. 1 (February 2021): 39–58, <https://doi.org/10.21154/justicia.v18i1.2341>.

acceptance of the practice of cash waqf in contemporary Islamic legal discourse.<sup>26</sup>

This paper aims to comprehend the opinions expressed by the jurists from the 4 *madhhabs* (legal schools)—both those who support them and those who disagree—in greater detail and place them in the perspective of the present. This study argues that ‘illah waqf is the preservation of asset benefits (*baqā’ al-manfa‘ah*), not physical permanence, so that cash waqf is doctrinally valid through functional permanence. There are two problems to be answered in this paper. First, what are the arguments of the jurists who agree and disagree with cash waqf? Second, how to contextualise the opinions of scholars in today's modern world?

This study uses a thematic analysis framework developed by Virginia Braun and Victoria Clarke to examine the fiqh discourse on the legitimacy of cash waqf.<sup>27</sup> The analysis process was carried out in six stages. The first stage was familiarisation with the data, which involved repeatedly and thoroughly reading various classical and contemporary fiqh literature to identify patterns of arguments that support or reject the validity of cash waqf. At this stage, the researcher sought to build a comprehensive understanding of the epistemological foundations, legal reasoning constructs, and intellectual contexts behind these texts. The next stage involves systematic data coding to identify the main arguments, doctrinal positions, interpretive strategies, and basic assumptions underlying the views of the *fuqahā’* regarding the validity of cash waqf. The codes are then grouped into themes based on recurring patterns of reasoning in the fiqh discourse. The resulting themes are critically reviewed to ensure internal coherence, analytical consistency, and relevance to the overall dataset before finally being conceptually defined and synthesised into a systematic academic narrative.<sup>28</sup>

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<sup>26</sup> Syahdatul Maulida, Nashr Akbar, and Salina Kassim, “Sentiment Analysis of Cash Waqf Using the SentiStrength Lexicon-Based Approach,” *Journal of Islamic Economics Lariba* 11, no. 2 (August 2025): 767–90, <https://doi.org/10.20885/jielariba.vol11.iss2.art5>.

<sup>27</sup> Virginia Braun and Victoria Clark, *Thematic Analysis A Practical Guide* (London: Sage Publications Ltd, 2022).

<sup>28</sup> M. Abdullah, “Classical Waqf, Juristic Analogy and Framework of Awqāf Doctrines,” *ISRA International Journal of Islamic Finance* 12, no. 2 (2020): 281–96, <https://doi.org/10.1108/IJIF-07-2019-0102>; Rimanto Rimanto, Sonny Zulhuda, and Agus Hermanto, “Repositioning the Independence of The Indonesian Waqf Board in the Development of National Waqf: A Critical Review of Law No. 41 of 2004

To focus the analysis on substantive aspects, this study also uses the *ta'wīlī* approach, which is legal reasoning based on the identification of *'illah* (effective legal causes). Through this approach, the study attempts to trace the essence of waqf according to the *fuqahā'* by identifying the causal factors that form the basis for determining waqf law. In the study of *Ushul Fiqh*, the existence of *'illah* has been widely accepted; Abu Hamid al-Ghazali defines it as something on which Sharia law depends and which marks its applicability.<sup>29</sup> In the practice of legal reasoning, *'illah* serves as the basis for analogy (*qiyās*) for issues that do not yet have explicit provisions, as well as an evaluative instrument to assess whether the legal cause is still relevant or has changed with the times.<sup>30</sup>

However, there are limitations to the texts analysed because they do not fully represent the overall views of each *madhhab* (legal school), as not all fiqh works from each madhhab can be examined. The selection of sources is more pragmatic, for example, prioritising works that have a clear discussion structure over texts that are compiled narratively without clear chapter divisions. Therefore, further research on madhhab literature—both intra-madhhab and comparative between madhhabs—is still very much open. In addition, the findings of this study are normative-conceptual in nature, requiring further empirical studies to test the continuity and practical implementation of cash waqf in the contemporary socio-economic context.

### **The Concept of Cash Waqf**

In Arabic, it is called *وقف النقود* (*waqf al-nuqūd*).<sup>31</sup> The emergence of the term cash waqf cannot be separated from the idea of M.A. Mannan, who founded Social Investment Bank Limited (SIBL), a bank that manages waqf money in Bangladesh. In its fundraising efforts, SIBL issued a product called a cash waqf

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Concerning Waqf," *Justicia Islamica: Jurnal Kajian Hukum Dan Sosial* 18, no. 1 (February 2021): 59–78, <https://doi.org/10.21154/justicia.v18i1.2303>.

<sup>29</sup> Abu Hamid Al-Ghazali, *Al-Mustashfa Min 'Ilm al-Ushul* (Beirut: Dar al-Fikr, 2020).

<sup>30</sup> Muchlis Bahar, "Metode Penemuan Alasan Rasional Dalam Hukum Islam (Masalik Al-'Illat)," *Fitrah: Jurnal Kajian Ilmu-Ilmu Keislaman* 1, no. 1 (2016): 177–88, <https://doi.org/10.24952/fitrah.v1i1.334>.

<sup>31</sup> Abu Su'ud Muhammad, *Risalah Fi Jawazi Waqf An-Nuqud* (Beirut: Dar Ibn Hazm, 1997); Abdullah A. Afifi, "The Legacy of Waqf: Foundation and Its Continuities," *WAQF Business Review* 1, no. 1 (July 2025): 1–13; Habib Ahmed, "Integrating Waqf and Islamic Finance: Creating Synergies for Social Impact," in *Waqf Development and Innovation* (Routledge, 2021).

certificate, which is a certificate given to people who endow money in a certain amount.<sup>32</sup>

The 2002 Indonesian Council of Ulama (MUI) Fatwa on Cash Waqf defines cash waqf as waqf made by a person, group of people, institution, or legal entity in the form of cash. Meanwhile, according to BWI Regulation No. 1 of 2009 concerning Guidelines for Management and Development of Waqf assets Article 1 Paragraph (1), cash waqf is a waqf in the form of money that is managed productively, the proceeds of which are used for *mauqūf 'alaih* (beneficiary).<sup>33</sup> Meanwhile, in the Waqf Act and the Government Regulations regarding its implementation, there is not even a single definition.

The discourse on cash waqf in Indonesia began to surface as a legal issue when the Director of Zakat and Waqf Development at the Ministry of Religion of the Republic of Indonesia requested a fatwa from the Indonesian Ulama Council (MUI) regarding the legality of cash waqf. The request for a fatwa was submitted by letter Number Dt.1.III/5/BA.03.2/2772/2002 dated 26 April 2002. MUI issued a fatwa decision by the MUI Fatwa Commission No. 02 of 2002 concerning cash waqf dated 28 Shafar 1423 H/11 May 2002, which states that cash waqf is valid.

Approximately two years following the publication of the MUI fatwa, Law Number 41 of 2004 addressing Waqf was enacted, followed by two years of implementing regulations, notably Government Regulation No. 42 of 2006. In the waqf law, cash waqf is explicitly recognised and regulated. Cash waqf is subject to a distinct regulatory framework that differentiates it from other forms of waqf. In accordance with Article 28 of Law No. 41 of 2004 concerning Waqf, the execution of cash waqf must be conducted through an Islamic financial institution formally appointed by the Minister.<sup>34</sup> Further regulatory

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<sup>32</sup> Tim Depag RI, *Pedoman Pengelolaan Wakaf Tunai* (Jakarta: Direktorat Pemberdayaan Wakaf Dirjen Bimas Islam Depag RI, 2008), 12; Achmad Siddiq et al., "Reconstructing Waqf Share Policies: A Maqashid Sharia Approach with Insights from Indonesia," *El-Mashlahah* 15, no. 1 (June 2025): 79–100, <https://doi.org/10.23971/el-mashlahah.v15i1.9029>.

<sup>33</sup> Muhammad Ikhwan Mauluddin and Asmak Ab Rahman, "Cash Waqf From the Perspective of Majelis Ulama Indonesia (MUI) and the Scholars of Aceh: An Analysis," in *New Developments in Islamic Economics*, ed. Asmak Ab Rahman (Emerald Publishing Limited, 2018), 49–66, <https://doi.org/10.1108/978-1-78756-283-720181004>.

<sup>34</sup> Teguh Tresna Asmara and Lastuti Abubakar, "Juridical Study on the Optimization of Cash Waqf Management by Islamic Banking in Indonesia," *Padjadjaran Jurnal Ilmu Hukum (Journal of Law)* 6, no. 3 (February 2025), <https://doi.org/10.22304/pjih.v6n3.a1%0D>; Ascarya Ascarya, Jardine A. Husman, and Hendri Tanjung, "Determining the Characteristics of Waqf-Based Islamic Financial Institution and

specification is provided in the Decree of the Minister of Religious Affairs of the Republic of Indonesia No. 92–96 of 2008, which designates five Islamic financial institutions as official Cash Waqf Receiving Institutions (*Lembaga Keuangan Syariah Penerima Wakaf Uang/LKS-PWU*). These institutions are Bank BNI Syariah, Bank Muamalat Indonesia, Bank DKI Syariah, Bank Mandiri Syariah, and Bank Mega Syariah.

Subsequently, the cash waqf funds are placed in a safekeeping (*wadi'ah*) account under the name of the *nāzir* appointed by the *wāqif*, as stipulated in Article 25 (d) of Government Regulation No. 42 of 2006 concerning the Implementation of Law No. 41 of 2004 concerning Waqf.<sup>35</sup> Thereafter, the Cash Waqf Receiving Institution (LKS-PWU) issues and delivers a Cash Waqf Certificate to both the *wāqif* and the *nāzir* as formal proof of the transfer of the cash waqf.

The management of cash waqf is also subject to regulatory limitations. Pursuant to Article 48 (2) of Government Regulation No. 42 of 2006, the management and development of cash waqf assets can only be undertaken through products offered by Islamic Financial Institutions (*Lembaga Keuangan Syariah, LKS*) and/or Sharia-compliant financial instruments.<sup>36</sup> Furthermore, Article 48(3) stipulates that where the cash waqf is designated for a specified period, the *nāzir* is authorised to manage and develop the waqf assets exclusively through the appointed Cash Waqf Receiving Institution (LKS-PWU).

The pros and cons against cash waqf are not only between madhhabs, but also among practically all madhhabs of fiqh. Therefore, grouping scholars based on the madhhab itself becomes less relevant. This paper attempts to classify based on opinions between the pros and cons, although the emergence of madhhab in this discussion is unavoidable.

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Proposing Appropriate Models for Indonesia,” *International Journal of Ethics and Systems* 39, no. 1 (April 2022): 143–64, <https://doi.org/10.1108/IJOES-01-2022-0001>.

<sup>35</sup> Khurun'in Zahro' et al., “Assessing the *Nāzir* Waqf's Professionalism of Pondok Modern Darussalam Gontor (PMDG) from an Islamic Perspective,” *Al-'Adalah* 22, no. 2 (December 2025): 409–38, <https://doi.org/10.24042/adalah.v22.25964>; Ghazy Triyatno and Yuniarti Hidayah Suyoso Putra, “Integrating Waqf in Shariah-Compliant Asset and Wealth Management,” *Talaa: Journal of Islamic Finance* 5, no. 1 (December 2025): 13–29, <https://doi.org/10.54045/talaa.v5i1.781>.

<sup>36</sup> M. Huda and A. P. Supriyadi, “Productive Waqf Law Reform: A Solution to Support Indonesian Local Economy amid Contemporary Global Recession,” *MILRev: Metro Islamic Law Review* 4, no. 1 (2025): 319–59, <https://doi.org/10.32332/milrev.v4i2.10210>.

## 1. Arguments that are pro cash waqf

There are various arguments of those who allow cash waqf. Among them who explicitly and directly mention money. Some say that the waqf of movable objects is permissible, which is then developed into money. But there are also those who allow cash waqf without an explicit argument.

### a. 'Urf

'Urf is what is familiar to the community and applies among them, whether in the form of words, actions, or prohibitions.<sup>37</sup> Two of Abu Hanifah's prominent students, Abu Yusuf and Muhammad al-Shaybani, permitted movable objects, because it has become 'urf (a custom), such as horses and weapons for war.<sup>38</sup> The legitimacy of cash waqf based on 'urf was emphasised again by the later Hanafiah scholar, namely Abu Su'ūd.<sup>39</sup> MUI Fatwa No. 2 of 2002 concerning Cash Waqf, in one of its preambles, stated that according to Wahbah Zuhayli, a *mutaqadimin* (it is reported that the scholars who lived during the era of the hadith) from the Hanafiyah scholars allowed dinar and dirham cash waqf based on *Istihsān bi al-'urf*.

### b. Beneficial

Maliki scholars develop "beneficial" as the argument for the validity of cash waqf. The Maliki madhhab does not dispute movable objects as waqf assets. The principle held by this madhhab, as stated by Al-Muhibbaji, is that basically all objects of value to property that have benefits for the good and preservation of the object can be donated as a waqf.<sup>40</sup> Al-Muhibbaji stated that, according to Abu Qasim (Sahnun, one of the scholars of the Maliki madhhab), food and money (the term used is نقود,

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<sup>37</sup> Syaikh Abdul Wahhab Khallaf, *'Ilm al-Uṣūl al-Fiqh Wa Khulāṣah Tārīkh at-Tasyrī' al-Islāmī* (Cairo: Dar al-Fikr, 1995); Muhammad Ayub et al., "Waqf for Accelerating Socioeconomic Development: A Proposed Model with Focus on Pakistan," *Qualitative Research in Financial Markets* 16, no. 5 (February 2024): 937–61, <https://doi.org/10.1108/QRFM-07-2023-0161>.

<sup>38</sup> Alā ad-Dīn Muhammad bin Aḥmad Al-Samarqandī, *Tuhfat Al-Fuqahā'* (Beirut: Dar al-Kutub al-Ilmiyyah, 1144); Syamsuri et al., "New Waqf Paradigm: Integration of Islamic Commercial Finance and Islamic Social Finance," *Iqtishadia Jurnal Ekonomi & Perbankan Syariah* 11, no. 1 (July 2024): 18–36, <https://doi.org/10.19105/iqtishadia.v11i1.10758>.

<sup>39</sup> Muhammad, *Risalah Fi Jawazi Waqf An-Nuqud*; Faiza Elmahgop et al., "The Socio-Economic Impacts of Waqf Investment Funds as a Model for Sustainable Financing in Saudi Arabia," *Sustainability* 17, no. 9 (January 2025): 3805, <https://doi.org/10.3390/su17093805>.

<sup>40</sup> Muhammad Sukhal Al-Majjaji, *Al-Muhadhdhab Min al-Fiqh al-Maliki Wa Adillatih* (Damascus: Dar al-Qalam, 2010).

not dinars), which basically run out when used, can be donated as waqf by way of lending. Another Malikiyah figure, Ḥabīb Ṭāhir, stated that what is waqf is property that has benefits, even if it is in the form of animals whose benefits are rides or food or money (the term used is عین, not dinars or nuqūd) by way of lending, then returning it at the right time.<sup>41</sup>

c. Available for Rent

Abu Thawr, a scholar of the Shafi'i madhhab, stated that the Dinar and Dirham waqf were valid. This history contains the possibility that waqf is distributed to be taken advantage of, not to be spent.<sup>42</sup> The most advanced opinion that allows dinar and dirham waqf was inspired by a narration from Nafi', which states that Hafsa's waqf is in the form of jewellery for 20,000 (dinar) for the wives of the al-Khaṭṭāb family.<sup>43</sup> On this basis, according to the history of Abu Tsaur from the Shafiyyah madhhab, he allowed the waqf of dinars and dirhams to be leased.<sup>44</sup> Syekh 'Utsaimin, a Salafi figure, stated that cash waqf is legitimate by lending it to people in need. There are no barriers to doing so and no reason to forbid it, because the goal is to give kindness to others.<sup>45</sup>

2. Arguments against cash waqf

Those who disagree often argue that money is considered a manqūl (movable object) that depletes when used. Money does not meet the eternal requirements, so it is not valid as a waqf. Mainstream studies are almost always around the issues of 'iqār and manqūl, eternal and broken/consumed. However, this objection can be explicitly divided into two, namely, because money can be used up and because of the function of money.

a. Money runs out when used.

Al-Kasani emphatically said that Hanafi prohibited endowments of movable objects, including horses and weapons, because these movable

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<sup>41</sup> Mohd Ma'Sum Billah, *Awqaf-Led Islamic Social Finance: Innovative Solutions to Modern Applications* (Routledge, 2020); Wahbah al-Zuhayli, *Al-Fiqh al-Islami Wa Adillatuh*, VII (Damsyiq: Dar al-Fikr, 1985).

<sup>42</sup> Abu al-Hasan 'Ali bin Muhammad bin Habib Al-Mawardi, *Al-Ḥāwī al-Kabīr Fī Fiqh Mazāhib al-Imām Asy-Syāfi 'ī* (Beirut: Dar al-Kotob al-Ilmiyah, 1994).

<sup>43</sup> Imam An-Nawawi, *Al-Majmū' Syarḥ al-Muhadzdzab* (Beirut: Dar al-Kotob al-Ilmiyah, 1971).

<sup>44</sup> Al-Mawardi, *Al-Ḥāwī al-Kabīr Fī Fiqh Mazāhib al-Imām Asy-Syāfi 'ī*; Muhammad Ayub, Khurram Khan, and Muhammad Ismail, *Waqf in Islamic Economics and Finance: An Instrument for Socioeconomic Welfare* (Taylor & Francis, 2024).

<sup>45</sup> Syaikh Muhammad bin Shalih al-' Utsaimin, "Panduan Wakaf, Hibah dan Wasiat Menurut al-Qur-an dan as-Sunnah," *Trans. Abu Hudzaifah*, (Jakarta: Pustaka Imam Asy-Syafi'i, 2009). 26.

objects are impermanent, as they are damaged.<sup>46</sup> Among the Maliki madhhab, as Sahnūn stated, the waqf of clothes and saddles for sabīl Allāh is permissible.<sup>47</sup> However, not all movable objects can be donated, for example, food, because they are consumed by consumption.<sup>48</sup> According to some Shafi'iyyah scholars, the waqf of dinars and dirhams is invalid because they run out, like food.<sup>49</sup> Ibn Qudamah al-Maqdisi of the Hanbali madhhab states that it is not permissible to donate goods that run out when used, such as the price (asmān) of food and perfume.<sup>50</sup> As-Sayyid Sābiq refused to accept the waqf of money, candles, food, and drinks for the same reason as the Maliki and Shafi'i madhhab, namely, because of their utilisation by spending them.<sup>51</sup>

#### b. Money Function

Those who disagree argue that dinars and dirhams were made not to be rented out as jewellery or used as a means of investment, but as a medium of exchange.<sup>52</sup>

Based on the foregoing discussion, the arguments supporting and opposing cash waqf are summarised in the following table 1:

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<sup>46</sup> Abi Bakr Ibn Mas'ud AL-Kasani, *Badai' Sanai' Fi Tartib al-Sharai'* (Beirut: Dar al-Kutub al-'Ilmiyyah, 1986).

<sup>47</sup> Sahnun bin Sa'id at- Tanukhi, *Al-Mudawwanah al-Kubra* (1905); Safri Haliding, Nur Fathlia Putri, and Nasrullah Bin Sapa, "Optimizing Productive Waqf: Challenges and Opportunities in Digitalization," *Jurnal Iqtisaduna* 11, no. 1 (May 2025): 53–68, <https://doi.org/10.24252/iqtisaduna.v11i1.50829>.

<sup>48</sup> Imam Hilal bin Yahya Al-Bashri, *Ahkam al-Waqf* (Beirut: Dar Ibn Hazm, 859); Rindawati Maulina, Wawan Dhewanto, and Taufik Faturrohman, "Upper-Middle-Class Muslim Characteristics on Cash Waqf (Islamic Endowment) Participation for Productive Purposes: Does One-Fits-All Strategy Still Works?," *Journal of Islamic Accounting and Business Research* 16, no. 4 (October 2023): 722–47, <https://doi.org/10.1108/JIABR-04-2023-0134>.

<sup>49</sup> Abū Ishāq Al-Syīrāzī, *Al-Muhazzab Fi Fiqh al-Imām al-Syāfi'i* (Beirut: Dār al-Kutub al-'Ilmiyyah, 1995).

<sup>50</sup> Imam Mufiq al-Din Abu Muhammad Abdullah bin Ahmad bin Muhammad Qudamah Al-Maqdisi, *Al-Muqni' Fi Fiqh Al Imam Ahmad bin Hambal* (Jeddah: Maktabah al-Sawadi Li al-Tauzi', 2000).

<sup>51</sup> Sayyid Sabiq Muhammad At-Tihamiy, *Fiqh As-Sunnah* (Beirut: Dar al-Fikr, 1983); Sholahuddin Al-Fatih et al., "Artificial Intelligence in Indonesia's Financial Sector: Regulatory and Islamic Law Perspectives," *Justicia Islamica* 22, no. 2 (November 2025): 303–26, <https://doi.org/10.21154/justicia.v22i2.10479>.

<sup>52</sup> Al-Imam Abu Zakaria Muhyiddin bin Syaraf An-Nawawi, *Al-Majmu' Syarah al-Muhadzdzab* (Pustaka Azzam, 2009).

**Table 1.** Critical Comparison of Madhhab Positions

Madhhab	Legal Basis	Illah Identified	Validity of Cash Waqf
Hanafi	‘urf & istiḥsān	benefit- preservation via use	Conditional-valid
Maliki	istiḥlāḥ	benefit + trustee governance	Valid with lending
Shafi’i	physical perpetuity	object-based clarity	Mostly invalid
Hanbali	benefit + ijarah	non-exhaustion	Split opinions

Source: Authors, 2025

### Contextualization of Cash Waqf: The Perpetual Function of Cash Waqf

The arguments advanced by scholars in favour of cash waqf do not explicitly address the ‘illah of waqf, which represents the essential nature of waqf. Rather, the scholars implicitly identify the ‘illah of waqf through analogical reasoning. Abu Hanifah describes waqf as borrowing.<sup>53</sup> Some scholars of the Maliki madhhab have compared waqf with *al-hijr* (forgiveness or guardianship). The issue is that the owners are unable to manage their own assets.<sup>54</sup> Meanwhile, Shafi’i madhhab scholars describe waqf with grants and buying and selling, because both of them change ownership.<sup>55</sup>

According to al-Ghazālī, one way to identify the ‘illah is through indirect indications or references provided by the textual evidence (*naṣ*).<sup>56</sup> Al-‘Amīdī states that if a textual source mentions a particular attribute alongside a legal ruling, that attribute points strongly toward being the ‘illah.<sup>57</sup> In this case, the attribute mentioned in the hadith is the continuity or perpetuity asset. Waqf

<sup>53</sup> Shams al-A’imma As-Sarakhsi, *Al-Mabsut* (Beirut: Dar al-Ma’rifah, 1989); Hussein Elasrag, *Endowments (Awqaf) in Islam* (CreateSpace Independent Publishing Platform, 2018).

<sup>54</sup> Al-Zuhaili, *Zakat Kajian Berbagai Mazhab (al-Fiqh al-Islāmī Wa Adillatuh)*.

<sup>55</sup> Mulyono Jamal et al., “Tanmiyah Waqf Al-Manāfi Min Ajl al-Istiqlāliyah Fī Majāli al-Iqtisād: Dirāsah Fī Ma’had Tazakkā al-‘Aṣrī,” *Al-Ahkam* 33, no. 1 SE-Articles (April 2023): 89–112, <https://doi.org/10.21580/ahkam.2023.33.1.13586>.

<sup>56</sup> Abū Hāmid Muhammad ibn Muhammad al- Ghazālī, *al-Mustaṣfā min ‘Ilm al-Uṣūl*, ed. Hamzah ibn Zuhayr (Madinah: Shirkah al-Madīnah al-Munawwarah li al-Ṭibā’ah, 2008).

<sup>57</sup> Abu Ishaq Ibrahim Ibn Musa Asy-Syatibi, *Al-Muwafaqat Fi Ushul al-Ahkam* (Riyadh: Dar Ibn’ Affan, 1997).

objects must be lasting.<sup>58</sup> The terms used are different, including *ta'bid* (التأبيد),<sup>59</sup> *baqā'* (بقاء) and *dawām* (دوام).<sup>60</sup>

Theoretically, viewed from their equivalent, assets are divided into two, namely *qīmi* assets (قيمي) and *miṣlī* assets (مئلي). *miṣlī* assets are goods that have an equivalent without any significant difference, which allows one to replace one another. *Miṣlī* goods can be measured with measures, such as wheat, gasoline, oil, and so on. Some are weighed with scales, for example, gold and silver. There is also a nominal value, for example, money.<sup>61</sup>

Meanwhile, *qīmi* assets are the opposite of *miṣlī* assets, namely assets that do not have an equivalent or have an equivalent, but they differ from each other, so they cannot replace one another. It is called *qīmi* because there is a difference in values. Objects that include *qīmi* are objects that have changed in type or price, such as animals, jewellery made from handicrafts, household appliances, and so on. The limitations of *qīmi* treasures in practice are not very rigid. For example, damaged household appliances can be replaced with others of the same price.

Implicitly, there is actually a debate about the meaning of 'ain, whether *mistli* or *qīmi*. The debate about *istibdāl* (waqf exchange) shows that. For those who agree, they see the substance of waqf. Those who disagree, they see waqf assets in their physical form. For the scholars of the Hanbali madhhab, waqf can be sold and bought back in a similar or non-similar form. For them, the important thing is that the benefits are still given to the party appointed at the beginning.<sup>62</sup>

These different points of view have implications for whether or not an asset may become a waqf asset. The physical form of money cannot be defended, because in almost every transaction, there must be a change. But

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<sup>58</sup> M. Iqbal, "A General View of Qiyās: A Dialectical Reading," in *Logic, Argumentation and Reasoning* (2022), 25:1-12, [https://doi.org/10.1007/978-3-030-91676-3\\_1](https://doi.org/10.1007/978-3-030-91676-3_1).

<sup>59</sup> AL-Kasani, *Badai' Sanai' Fi Tartib al-Sharai'*; Arif Ali Khan and Tauqir Mohammad Khan, *Encyclopaedia of Islamic Law: Law of Waqf in Islam* (Pentagon Press, 2006).

<sup>60</sup> An-Nawawi, *Al-Majmu' Syarah al-Muhadzdzab*.

<sup>61</sup> Muhammad Uthman Shabir, *al-Madkhal ila Fiqh al-Mu'amalat al-Maliyyah* (Amman: Dar al-Nafais lil Nashr wa-al-Tawzi', 2004); Ibrahim Ibn Al-Shatibi, *The Reconciliation of the Fundamentals of Islamic Law: Al-Muwafaqat Fi Usul al-Shari'a*, trans. Imran Ahsan Khan Nyazee (Reading, UK: Garnet Publishing, 2012).

<sup>62</sup> Abu Muhammad Abdullah bin Ahmad bin Muhammad bin Qudamah Al-Maqdisi, *Al-Muqni' wa Asy-Syarh al-Kabir wa al-Insaf* (Cairo: Dar Hijr, 1995).

the substance of money in the form of nominal can be maintained for the long term. The change in cash waqf objects is one of the arguments for the rejection, for example, of some scholars in Aceh.<sup>63</sup>

In the texts of both the Qur'an and hadith, which form the basis of waqf syari'at, there is no term of 'ain. The hadith about Umar Ibn Khattab's waqf, which is the clearest basis for waqf, also does not mention the word 'ain. In the hadith that is ordered to be defended is *al-ashl* (احيساصلها). The word *al-ashl* means اسفلكلاشيئى, the basis or principal of everything, or اسفلالشيئى, the basis or essence of something.<sup>64</sup> As the words *dawām* and *baqo'* also do not appear in the hadith, the term 'ain also does not exist. The term emerged in the understanding of the jurists who were later understood by their followers, so that an understanding of understanding occurred, as happened to some of the Acehese scholars above.

The word 'ain means eye, a source of water, continuous rain, available treasure, money, and gold, and one-sidedness in the scales.<sup>65</sup> For Arabs, it means the essence or substance of something. Thus, 'ain waqf is the substance of the waqf property. 'Ain waqf is not solely physical, but its substance, namely the benefits that can be provided by these assets. More broadly, economic growth supported by waqf money is different from growth supported by the private sector.<sup>66</sup> Cash waqf does not belong to individuals, nor does it even belong to the state. Waqf belongs to Allah SWT, who exists for the benefit of mankind, especially those who cannot afford it. With such a status, waqf can reduce the concentration of capital ownership in the state.<sup>67</sup> The role of the state is limited because its main support, namely taxes, is also limited.

Although waqf is not a state institution, it is also not a private sector. *Waqf* or *awqaf* (plural in Arabic), an important third sector institution that has long

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<sup>63</sup> Mauluddin and Rahman, "Cash Waqf From the Perspective of Majelis Ulama In."

<sup>64</sup> Muhammad ibn Ya`qub Firuzabadi, *al-Qamus al-muhit*, in Cet, vol. 8 (Beirut: Mu'assasat al-Risalah, 1987); Amelia Fauzia, Till Mostowlansky, and Nurfadzilah Yahaya, "Muslim Endowments in Asia: Waqf, Charity and Circulations," *The Muslim World* 108, no. 4 (2018): 587–92.

<sup>65</sup> Ibnu Manzhur, *Lisan al Arab* (Beirūt: Dar al-Kutub al-Ilmiyah, 1985).

<sup>66</sup> Mohammad Dliyaul Muflihin et al., "An Interpretation of Cash Waqf for Islamic Economic Growth and Development from The Perspective of Waqf Nazhir," *Filantropi : Jurnal Manajemen Zakat Dan Wakaf* 6, no. 2 (September 2025): 55–69, <https://doi.org/10.22515/finalmazawa.v6i2.11857>.

<sup>67</sup> Shabir, *al-Madkhal ila Fiqh al-Mu'amalat al-Maliyyah*; Syed Nazim Ali and Umar A. Oseni, *Waqf Development and Innovation: Socio-Economic and Legal Perspectives* (Routledge, 2021).

existed in the Islamic heritage, is a dynamic third sector organisation.<sup>68</sup> The two sectors that have been the reference so far, namely the state and private sectors, have created many economic disparities, so that they are no longer sufficient to sustain economic development.<sup>69</sup> Thus, cash waqf has an important position in economic development.

Attempts to expand the meaning of “ain” have been made by the Indonesian Ulama Council through a fatwa on cash waqf. The fatwa states that the principal value of Cash Waqf must be guaranteed for its sustainability, and may not be sold, donated, and/or inherited. According to Kamal, this stipulation regarding the principle of waqf is the MUI's *ijtihad*, which is to accommodate money as waqf assets. However, in this fatwa, MUI did not explain its argument.

Based on the foregoing analysis, money fulfils the essential requirements of waqf property, namely perpetuity and durability. However, in practice, cash waqf has been highly dependent on the banking sector, as normatively it must be channelled through state-appointed Cash Waqf Receiving Islamic Financial Institutions (*Lembaga Keuangan Syariah Penerima Wakaf Uang*, LKS-PWU). Such a regulatory arrangement has contributed to the perception of cash waqf as relatively elitist and institutionally restrictive.

Greater flexibility should therefore be afforded to the public in implementing cash waqf by involving a more socially accessible state institution, namely the Office of Religious Affairs (*Kantor Urusan Agama*, KUA), designated as the Official Waqf Pledge Deed Registrar (*Pejabat Pembuat Akta Ikrar Wakaf*, PPAIW) for cash waqf, with authority to issue the corresponding certificates. In this capacity, the KUA would also undertake supervisory and guidance functions in the management of cash waqf.

### **The Governance of Cash Waqf**

Cash Waqf differs from non-cash waqf. Unlike physical assets, cash cannot be directly witnessed or seen, which is why cash waqf requires adequate

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<sup>68</sup> Mohd Nahar Mohd Arshad Arsyad and Mohamed Aslam Mohamed Haneef, “Third Sector Socio-Economic Models: How Waqf Fits In?,” *Institutions and Economies* 8, no. ue 2 (April 2016): 72.

<sup>69</sup> Arsyad and Haneef, “Third Sector Socio-Economic Models: How Waqf Fits In?”; Maulina, Dhewanto, and Faturohman, “Upper-Middle-Class Muslim Characteristics on Cash Waqf (Islamic Endowment) Participation for Productive Purposes.”

protection. According to Asy-Shatibi, Shariah is intended to safeguard human welfare in both this world and the hereafter. Cash waqf is considered one of the five objects of protection, which include religion, life, lineage, property, and intellect.<sup>70</sup> Broadly speaking, such protection entails the involvement of the state. In Indonesia, cash waqf is formalised through the issuance of a Cash Waqf Certificate, popularly known as *Sertifikat Wakaf Uang* (SWU), as explained above.

**Figure 1.** The Protection of Cash Waqf in the Shariah Context



Source: Authors, 2025

The Figure 1 above illustrates that the protection of cash waqf in the Shariah context is rooted in the fundamental objective of Shariah (*maqāṣid al-sharīa*), which seeks to preserve five essential elements: religion (*ḥifz al-dīn*), life (*ḥifz al-nafs*), lineage (*ḥifz al-nasl*), property (*ḥifz al-māl*), and intellect (*ḥifz al-‘aql*), as articulated by al-Shāṭibī. A similar system exists in Bangladesh and Malaysia. Bangladesh can be considered a pioneer of cash waqf in banking, where the Cash Waqf Certificate was first introduced as a financial instrument

<sup>70</sup> Ahmad Mu’is, Laila Farida, and Achmad Miftachul Huda, “Cash Waqf in Contemporary Islamic Law Perspective,” *Filantropi: Jurnal Manajemen Zakat Dan Wakaf* 3, no. 1 (April 2022): 1–19, <https://doi.org/10.22515/finalmazawa.v3i1.5454>; D. Siswanto, “Sustainability of the Productive Cash Waqf Institutions in Indonesia from an N-Helix Perspective,” in *Competition and Cooperation in Economics and Business* (Routledge, 2017).

in voluntary banking, used to manage donation funds.<sup>71</sup> This marked a significant innovation in the history of voluntary-sector banking.<sup>72</sup> The authority over cash waqf differs across countries. In Indonesia, the management of cash waqf is carried out by nazhir from both state institutions, namely the Indonesian Waqf Board (*Badan Wakaf Indonesia*/ BWI), and private entities, including mass organisations and legal bodies. Before the establishment of BWI, which was mandated by the Waqf Law, the nazhir for waqf was entirely private.

In Malaysia, cash waqf nazhir are state institutions, both at the federal and state levels. At the federal level, the nazhir is the Malaysia Waqf Foundation (*Yayasan Wakaf Malaysia*/ YWM).<sup>73</sup> At the state level, it is MAIN, the sole state institution responsible for managing and developing waqf assets in each state. In Bangladesh, waqf management is conducted by the Office of the Administrator of Waqf (OAW) under the Ministry of Religious Affairs, operating in a highly centralised system. Although OAW has operational units across all regional divisions, the divisional and local offices have no decision-making authority, and day-to-day practical management is carried out by the *mutawalli* committee (waqf managers).<sup>74</sup>

Empirically, at least three cash waqf management models have been developed and implemented. The first model, referred to as *Cash Waqf Linked Deposit* (CWLD), represents an innovative approach to the management of cash waqf by linking endowed funds with Islamic banking instruments to support productive and social sectors. This model is designed as a practical solution that enables broader public participation in waqf through a mechanism that is accessible, transparent, and measurable. Warrior is an excellent example, having been named a Collaborative Innovator of Cash Waqf Linked Deposit

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<sup>71</sup> Md. Faruk Abdullah et al., "Sharia Solutions to Minimising Personal Bankruptcy Cases in Malaysia: A Juristic Analysis," *Al-Ahkam: Jurnal Ilmu Syari'ah dan Hukum* 8, no. 1 SE-Articles (June 2023): 35–53, <https://doi.org/10.22515/alahkam.v8i1.6305>.

<sup>72</sup> Arin Setiyowati and Ma'ruf Sya'ban, "Profesionalisme Nazhir Dalam Pengelolaan Wakaf Uang: Belajar Dari Tata Kelola Wakaf Uang Di Bangladesh," *Jurnal Balance* 16, no. 2 (2019): 247–62.

<sup>73</sup> Dea Reren Rafita, Yeti Vera Bella, and Anggoro Sugeng, "Analysis of Cash Waqf Management in Indonesia and Malaysia: A Literature Highlight," *Journal of Contemporary Applied Islamic Philanthropy* 1, no. 1 (2023): 21–28, <https://doi.org/10.62265/jcaip.v1i1.15>.

<sup>74</sup> Md Thowhidul Islam, "Historical Development of Waqf Governance in Bangladesh," *Intellectual Discourse* 26, no. Special Issue (2018): 1129–65.

(CWLD) by the Indonesian Minister of Religious Affairs as part of the Waqf City program.<sup>75</sup>

The second model is Cash Waqf Linked Sukuk (CWLS), an innovative instrument in Islamic social finance that integrates cash waqf with Sovereign Sukuk (Sharia Government Securities/SBSN). In this scheme, waqf funds collected from the public are invested in sukuk issued by the government, and the returns (coupons) generated from the sukuk are allocated to social programs, while the principal of the waqf remains intact. Institutions that act as *nazhir* (waqf managers) implementing CWLS include the Indonesian Waqf Board BWI,<sup>76</sup> Dompot Dhu'afa.<sup>77</sup>

Conventionally, one of the most well-known models is the Microfinance-Based Waqf Model, which combines waqf funds with Islamic microfinance to provide financial access to low-income entrepreneurs. This model channels cash waqf through microfinance institutions using Shariah-compliant financing instruments such as qard al-hasan (benevolent interest-free loans), mudarabah (profit-sharing), and musharakah (partnership-based financing), as implemented by Baitul Maal wat Tamwil (BMT).<sup>78</sup>

Cash waqf in BMTs is managed by their Baitul Maal division and invested within the BMT itself. According to Abdani, the manager of BMT Surya Madani in Boyolali, Central Java, the cash waqf is invested using a mudharabah (profit-sharing) contract. He said: "We have been managing cash waqf since 2015, and to date, we have not faced any issues. Each year, we can distribute the funds to beneficiaries in need. It has also been advantageous for us, as it contributes to increasing our capital."<sup>79</sup>

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<sup>75</sup> Hamdan Fuadi et al., "What Drives Generation Z to Adopt Cash Waqf Linked Deposits in Indonesia?," *Share: Jurnal Ekonomi Dan Keuangan Islam* 14, no. 2 (December 2025): 921-40, <https://doi.org/10.22373/share.32008>.

<sup>76</sup> Haseena Khalida Faaza et al., "The Transformation of Islamic Philanthropy as an Economic Power: Multiplier Effect Cash Waqf Linked Deposit (CWLD) in Sharia Banking," *Enrichment: Journal of Multidisciplinary Research and Development* 3, no. 8 (November 2025): 3520-30, <https://doi.org/10.55324/enrichment.v3i8.553>.

<sup>77</sup> Cash Waqf Literacy: Invest Blessings via CWLS 006; Eko Fajar Cahyono and Sutan Emir Hidayat, "Cash Waqf and The Development: A Case Study of Cash Waqf Linked Sukuk in Indonesia," *El-Barka Journal of Islamic Economics and Business* 5, no. 1 (June 2022): 150-82, <https://doi.org/10.21154/elbarka.v5i1.3713>.

<sup>78</sup> Edy Tri Sujarwadi et al., "Ethical Governance in Cash Waqf: A Systematic Review of Traditional and Contemporary Models," *Petita: Jurnal Kajian Ilmu Hukum Dan Syariah* 10, no. 2 (2025): 705-30, <https://doi.org/10.22373/petita.v10i2.905>.

<sup>79</sup> Abdani, Manager of BMT Surya Madani, Ngemplak, Boyolali, Central Java, *Interview*, 15 October 2025.

A similar statement was made by Suprihatin, the Chair of KSPPS BMT Mitra Mandiri in Wonogiri, Central Java, who also serves as the manager of the cash waqf program. He explained: “We manage cash waqf sourced internally from the BMT’s board members and management. Thus far, the program has been running effectively. The profit-sharing proceeds are allocated to the Ar-Royan Islamic Boarding School in Wonogiri.”<sup>80</sup>

Meanwhile, modern management practices involve the integration of financial technology (fintech), hybrid investment strategies, and data-driven management systems, which have enhanced efficiency, transparency, and sustainability in the collection, distribution, and investment management of waqf funds.<sup>81</sup> A concrete example of this transformation is the Cash Waqf Linked Sukuk (CWLS), which has emerged as one of the most innovative models in this shift.<sup>82</sup> The Cash Waqf-Linked Sukuk (CWLS) effectively mobilises public funds, providing benefits to the government by supporting basic needs and enhancing waqf management in Indonesia. In addition, CWLS significantly improves the quality of life for communities through social projects funded by its proceeds.<sup>83</sup>

In addition to investments in banking, sukuk, and property, cash waqf should also be emphasised to be invested in the MSME sector, as illustrated in the following figure 2:

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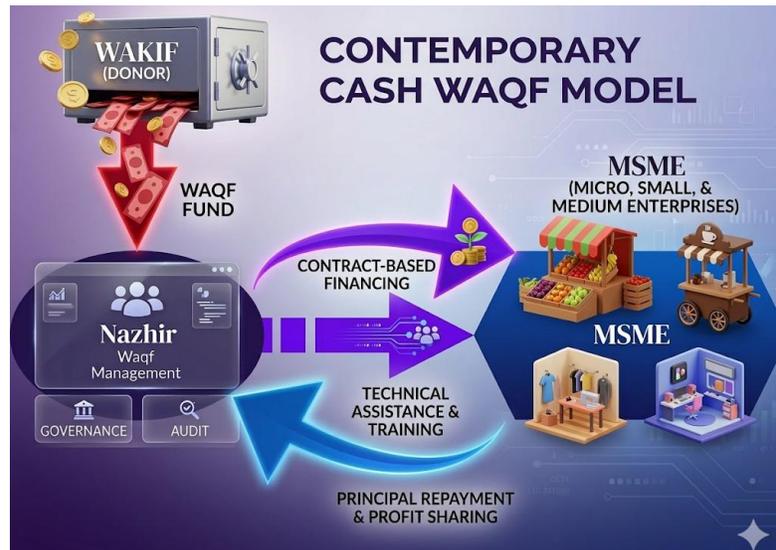
<sup>80</sup> Suprihatin, the Director of KSPPS BMT Mitra Mandiri, Selogiri, Wonogiri, Central Java, *Interview*, 22 December 2025.

<sup>81</sup> Mustakim, Manager Of BMT Mitra Dinar Karanganyar, The Branch Office of KSPPS BMT Banyuanyar Solo, Central Java, *Interview*, 5 January 2026

<sup>82</sup> Sujarwadi et al., “Ethical Governance in Cash Waqf: A Systematic Review of Traditional and Contemporary Models.”

<sup>83</sup> Nisful Laila et al., “Critical Assessment on Cash Waqf-Linked Sukuk in Indonesia,” *Qualitative Research in Financial Markets* 17, no. 4 (2024): 849–79, <https://doi.org/10.1108/qrfm-11-2023-0291>.

Figure 2. The Cash Waqf Model Investment in the MSMe Sector



Source: Authors, 2025

Figure 2 illustrates the dynamic and productive mechanism of the cash waqf ecosystem. This process begins when the waqif channels cash waqf funds to the *nazhir* as the manager. In the modern management model, the *Nazhir* is required to work professionally and transparently through the implementation of good governance and periodic audits. The cash waqf funds received are then managed productively by being invested in micro, small, and medium enterprises (MSMEs). The support provided is not only in the form of sharia-based financing, but also includes mentoring, supervision, and business capacity building to minimise the risk of failure. When MSMEs make a profit, part of the proceeds are distributed to the *nazhir* as the waqf manager, while the rest can be reinvested to strengthen MSME empowerment programs. This circular scheme allows the principal value of the waqf to be maintained while generating sustainable economic benefits. Thus, cash waqf is not only a philanthropic instrument but also plays a strategic role in strengthening the economic capacity of low-income communities through the development of the real sector.

### Conclusion

The conclusion of this study shows that the debate among scholars regarding cash waqf, both those who support and those who reject it, generally does not

explicitly use *ta'li'lī* reasoning in constructing their arguments. Arguments in favour of cash waqf are mostly not directly related to the substance of the waqf object, except in terms of its benefits. Conversely, although the arguments against cash waqf do not formally use the *ta'li'lī* approach, the implications of the arguments still lead to the determination of *'illat*. This study confirms that the *'illat* of waqf lies in the achievement of benefits accompanied by the preservation of the waqf object. This preservation does not mean indefinite, but rather that it is not exhausted by its use. In addition, the object of waqf does not have to be physical, but can also be an economic value. The theoretical implication of this finding is the need to reconstruct the understanding of waqf fiqh by placing the concepts of benefit and sustainability of value at the core of the *'illat* of waqf, thereby opening up space for the legitimacy of cash waqf within the framework of *maqāṣid al-sharī'a*. The methodological limitations of this study lie in its normative analytical approach to fiqh arguments, which means that it has not fully examined the empirical practice of cash waqf management in a comprehensive manner. Future research needs to examine the governance, security mechanisms, and transparency of cash waqf management in modern financial systems, including a comparison of the roles of the state and society in ensuring the sustainability and accountability of cash waqf in various countries.

### **Acknowledgement**

The authors express their sincere gratitude to all parties who contributed to the completion of this research on cash waqf in Indonesia. Particular appreciation is extended to scholars, practitioners, and *nazhir* institutions whose insights and experiences have enriched the understanding of contemporary cash waqf practices. The authors also acknowledge the important role of the Ministry of Religious Affairs, the Indonesian Waqf Board (BWI), and religious leaders for their continued efforts in promoting and strengthening the national waqf ecosystem. Their initiatives in disseminating knowledge and enhancing public trust in cash waqf have provided valuable context for this study. This research highlights the importance of stronger promotion and greater transparency by cash-waqf *nazhir* institutions in demonstrating the tangible social benefits of cash waqf, especially in comparison with the more visible nature of land waqf, as illustrated by the

experience of BMT Mitra Dinar in Karanganyar, Central Java. Any remaining limitations of this article remain the sole responsibility of the authors.

### **Disclosure Statement**

In this article, Muh. Zumar Aminuddin was responsible for the research design, development of the theoretical framework, data collection and analysis, as well as communication with the journal. Ali Sodikin refined the theoretical framework, particularly the *ta'lili* method. Khoirudin assisted with the technical aspects of writing and provided data. All authors participated in every stage of the article's preparation.

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