

An Analysis of the Management of Cash Waqf in Poverty Alleviation Efforts in Indonesia

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Abstract

The objective of this study is to examine how cash waqf is managed in Indonesia as a means of poverty reduction. Cash waqf is a sharia financial instrument with great potential to drive social and economic development, particularly in addressing the challenges of poverty. This study utilizes literature review data and a descriptive-analytical qualitative methodology. The results indicate that cash waqf assets can be developed using various modern cash waqf investment schemes, including Stock Waqf, Cash Waqf-Linked Sukuk (CWLS), Cash Waqf-Linked Deposits (CWLD), and other investment schemes. This can significantly reduce poverty if managed in a transparent, competent, and trustworthy manner.

Keywords: Cash Waqf, Waqf Management, Poverty Alleviation.

INTRODUCTION

Poverty within society is a matter of concern for the state. The state's inability to ensure the welfare of its people is a situation to be avoided at all costs. This is because if the state cannot provide welfare to its people, various social and economic problems—as well as other issues—will arise for that nation. A state that fails to provide economic stability for its citizens will become weak. A weak state is easily controlled by other nations. In fact, such a state may even be colonized by economically stronger nations. Consequently, poverty alleviation programs are consistently and *intensively* implemented by nearly all nations worldwide, particularly in developing countries or the Global South, including Indonesia (Kou & Yasin, 2024). Many factors contribute to the occurrence of poverty. Poverty can be caused by political, economic, cultural, and other factors. One of the factor's causing poverty is the imbalance and inequality in the distribution of income and wealth among the population. An unbalanced and unequal distribution of wealth leads to social and economic disparities within society (Gornick, 2024).

Social and economic disparities foster the seeds of conflict, discord, and hostility within society. On a broader scale, they pose a threat of national disintegration. This is precisely what warrants attention and anticipation. Social division and conflict can arise if the level of social and economic disparity continues to widen and deepen (Lindh & Anderson,

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2024).

In addressing the issue of poverty, Islam offers solutions to minimize and narrow the gap of inequality between the affluent (*aghniya'*) and the underprivileged (*dhuafa*) by ensuring the equitable distribution of income and wealth. Islam advocates for the equitable distribution of income and wealth throughout society. Income and wealth must be accessible to all segments of society. Islam prohibits the accumulation of wealth by a select few, while other groups are unable to secure a fair share of income and wealth. (Ashfaq et al., 2022).

In addition to zakat, infaq, and sadaqah, waqf is part of the solution offered by Islam to address the issue of poverty. Waqf plays a very important role in improving community welfare. In Islamic economic theory, waqf is one of the potential instruments that can boost the effectiveness of poverty alleviation programs (Hassanain, 2019). However, in practical, empirical terms, the concept of waqf has not yet been effectively implemented within society, so the driving force of waqf in improving community welfare has not yet been widely felt by the public. Many still view waqf with skepticism. Consequently, the potential of this waqf concept has not yet significantly contributed to broader efforts to improve public welfare (Linda et al., 2020).

The issue regarding the relationship between waqf and poverty alleviation certainly needs to be analyzed and examined more deeply and comprehensively. Since there are many aspects that need to be addressed in studying the issue of waqf, this paper will focus specifically on the management of monetary waqf in its efforts to alleviate poverty in Indonesia.

METHOD

This study employs a qualitative, descriptive-analytical literature review. It describes and analyzes primary and secondary data using textual sources (Roy et al., 2022). The data collection method in this study involves a literature review, which includes examining books, papers, literature, notes, and other scientific materials related to the topic of discussion. The information collected from these various sources will be examined, presented methodically and comprehensively, and critiqued in depth, sharply, and critically (Varsha et al., 2024).

RESULTS AND DISCUSSION

The Concept of Poverty

Many definitions have been developed by experts to describe poverty. Here are some of them: According to Friedman (1979), poverty is defined as the lack of opportunity for an individual to establish fundamental strategies for power within society, including property ownership (land and buildings). Conversely, poverty is defined by Shubik & Levitan (1980) as a lack of the resources, goods, and services needed to meet the needs of a decent life. Poverty is a multifaceted issue affecting society and can be viewed from various perspectives, including social, political, and economic ones (D'Attoma & Matteucci, 2024).

Based on the definitions mentioned above, poverty is a condition resulting from an individual's inability to connect and interact with their environment to meet their material and non-material needs. (Judith et al., 2025). Poverty can be categorized into three types, namely: *First*, absolute poverty. If a person's income falls below the poverty line and is insufficient to meet their basic needs, such as food, clothing, housing, healthcare, and education, they are considered extremely poor. *Second*, relative poverty. Even if they live above the poverty line, a person considered poor still has less than the average person in their city. *Third*, cultural poverty. Cultural poverty is directly related to the mindset of individuals or groups of individuals who refuse to try to improve their standard of living even when others are willing to help. From an Islamic perspective, poverty is not viewed solely in terms of material deprivation and the lack of material possessions, but also in terms of the weakness and void in spiritual values, which are immaterial in nature. Poverty does not merely refer to a person's inability to meet their basic needs, such as food, clothing, and shelter, but also to an imbalance in the relationship between humanity and God. (Zailani et al., 2023).

The Concept of Monetary Waqf

From an etymological (linguistic) perspective, the word "waqf" derives from the verb: *waqafa* (past tense) – *yaqifu* (present tense) – *waqfa* (verbal noun), meaning to stop or *al-habsu* (to hold back). From a terminological (technical) perspective, the term "waqf" signifies the act of halting or retaining property, prohibiting its sale, disposal, reduction in quantity or value, donation, inheritance, or use as collateral for debt or similar purposes, while allowing its benefits to be utilized to the fullest extent for the welfare and interests of the broader community, solely as an act of worship seeking the pleasure of Allah SWT. (Rusli & Sukmana, 2024). More specifically, a waqf given in the form of movable property—in this case, cash—is referred to as a cash waqf. Cash is what is donated in a cash waqf. This differs from conventional waqf procedures, which typically involve real property such as buildings or land (Şimşek, 2024). In a cash waqf, a waqf donor (*wakaf*) may contribute a specific portion of their cash assets to a waqf administrator (*nazhir*), who will manage and profitably grow these assets so they can be used to support religious and community activities, social programs, and community initiatives (Nour Aldeen et al., 2022).

Waqf assets include movable and immovable property, in accordance with Law No. 41 of 2004, which regulates waqf in Indonesia. Cash waqf is one type of movable property waqf that is currently the subject of extensive study. Although cash waqf is sometimes translated as "cash endowment," it is more accurate to interpret it as "money waqf" given that the object of the waqf is money (Tajhi et al., 2025). The fundamental principles of waqf—preserving the principal and utilizing the proceeds—are upheld by cash waqf. In this context, the donated funds must be invested or managed to generate income that can be used for public benefit rather than being spent or losing their value (Saprida et al., 2024).

This concept aligns with the views of scholars who assert that waqf assets must be preserved, meaning that the principal cannot be reduced, lost, or depleted, and that the beneficiaries (*mauquf 'alaih*) must continuously and sustainably benefit from it (Peredaryenko & Ambrose, 2022). Many Islamic countries, including Saudi Arabia, Yemen, Egypt, Kuwait, and numerous other Islamic nations in the Middle East and surrounding regions, have long practiced cash waqf. These Islamic countries have adopted cash waqf procedures by adapting them to national laws. Consequently, each country has a different level of success in managing cash waqf. Nevertheless, Islamic countries that have adopted cash waqf procedures have generally recognized the benefits of doing so (Uddin, 2023).

The Fatwa of the Indonesian Ulema Council (MUI) explains that: *First*, a waqf established in the form of cash assets by an individual, a group of individuals, an organization, an institution, or a legal entity—whether a foundation or not—is known as a cash waqf. According to this provision, any individual or organization may establish a cash waqf, but the asset must consist of cash (Alshater et al., 2022). *Second*, securities are included in the cash assets mentioned in this fatwa. Thus, securities such as stocks, sharia bonds, sukuk, and so on can serve as waqf objects (waqf assets) in cash waqf. *Third*, the regulations regarding cash waqf are acceptable. Waqf in the form of money or other securities is permitted in accordance with the provisions of this fatwa. According to Sasongko (2021), this refers to individuals, institutions, organizations, or legal entities that possess assets in the form of cash or securities that meet the requirements for waqf. *Fourth*, Sharia principles must be followed in the management and use of waqf funds. Waqf funds must be implemented and managed in accordance with Sharia principles. These rules cannot be ignored or violated. Implementation and management may be suspended in accordance with Sharia if there is a violation of its requirements. *Fifth*, the principal value of waqf assets cannot be reduced, depleted, or lost, just as with the provisions of ordinary waqf. Similarly, the principal value of waqf assets in this cash waqf cannot be reduced, depleted, or lost. Waqf assets must be guaranteed to be sustainable, have a fixed principal value, and cannot be given away, exchanged, or inherited (Chen & Yu, 2023).

According to Adi & Sugeng (2022), when compared to waqf of immovable property, cash waqf possesses specific advantages and benefits. Cash waqf offers far more benefits and objectives than conventional waqf. There are several benefits and advantages of cash waqf compared to waqf of immovable property, including: *First*, the nominal value of monetary waqf is varied and flexible. The amount of monetary assets intended for monetary waqf can vary and is not fixed at a specific amount. This means that anyone wishing to perform monetary waqf can donate their assets according to their ability and financial circumstances. Thus, the practice of monetary waqf is accessible to everyone—not limited to the wealthy alone. People with limited or minimal funds can also perform monetary waqf. *Second*, monetary waqf is easier to practice compared to waqf of immovable property. Monetary waqf can be carried

out via bank transfer. The waqif can perform monetary waqf from anywhere they are located. The waqif can hand over the funds directly or indirectly (via bank transfer) (Hamza, 2021). *Third*, with the practice of monetary waqf in the community, a very large amount of waqf funds will be collected, and these funds can be used to develop waqf assets in the form of land, waqf land that remains neglected, underutilized, and unproductive. With these cash waqf funds, waqf land assets can be developed and made productive, thereby generating even greater funds derived from the management of these waqf assets. *Fourth*, cash waqf funds can also assist various social, educational, and health institutions, as well as economic entities. Thus, through the management of these cash waqf assets, the Muslim community can become more self-reliant in addressing communal issues and is capable of developing and improving the economy, education, health, and other sectors without relying on the state budget (Kachkar & Alfares, 2022).

Mechanisms for the Implementation and Management of Monetary Waqf

Law No. 41 of 2004 on Waqf states that a waqf donor may transfer their monetary waqf to a Sharia Financial Institution (LKS) that has been licensed by the Minister of Religious Affairs. Sharia Financial Institutions (LKS) that have obtained such a license are also referred to as Sharia Financial Institutions Receiving Monetary Waqf (LKS-PWU). LKS-PWU are authorized to receive monetary waqf from the public and issue monetary waqf certificates. Subsequently, the monetary waqf funds from the waqif will be handed over to the nazhir, whether the BWI or a nazhir institution. The following is a diagram of the implementation of monetary waqf through Sharia Financial Institutions Receiving Monetary Waqf (LKS-PWU):

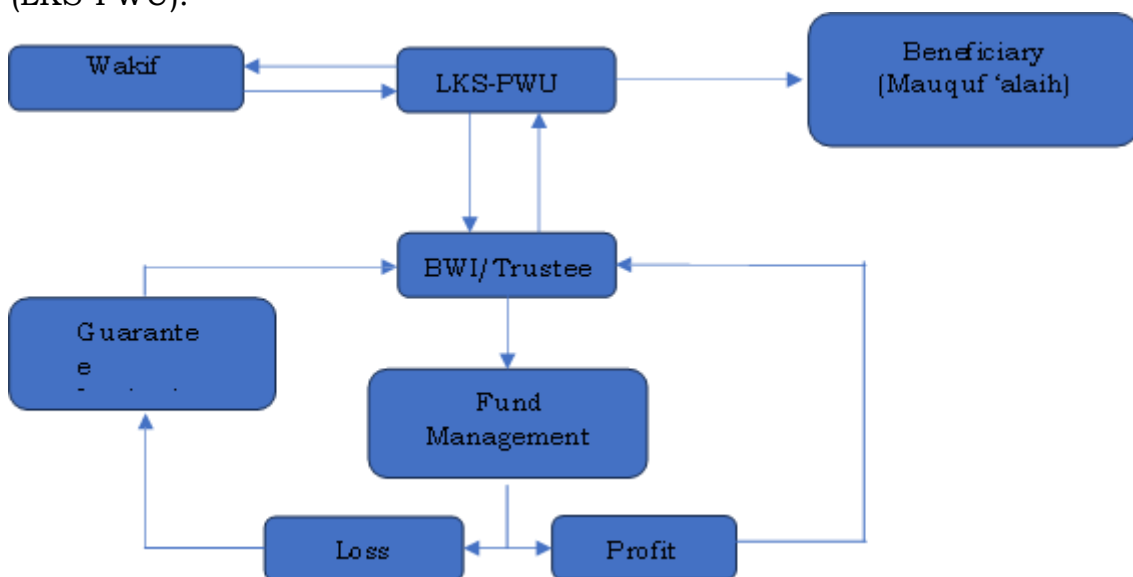


Figure 1. LKS-PWU as the Recipient of Cash Waqf Funds

Source: Sudarsono (2013)

In the first plan, the waqf channels its cash waqf funds to a sharia bank or a Sharia Financial Institution Receiving Cash Waqf (LKS-PWU). The waqf administrator (BWI or another waqf institution) receives funds from the LKS-PWU. This is because the funds are managed by another organization, such as the Indonesian Waqf Board (BWI) or a waqf institution, while the LKS-PWU functions solely as a recipient and distributor. These funds must be managed by the BWI or a waqf institution to ensure productivity and value appreciation. A guarantor is required to manage endowment funds. The reason is that endowment assets must not decrease, be depleted, or be lost. Therefore, a guarantor is needed to ensure that cash endowment assets will not decrease or be depleted due to losses or negligent management, thereby ensuring the sustainability of the endowment assets (Khalifah & Hakan, 2023).

Cash waqf can also be established through the Indonesian Waqf Board (BWI) or a certified waqf management institution that has obtained permission from the Indonesian Waqf Board (BWI) to manage cash waqf funds. The waqf donor can entrust their monetary waqf funds to the BWI or a certified waqf management institution for management and investment, so that the waqf funds can grow and increase in value and amount (Rahmania & Maulana, 2023). The following is a diagram of the implementation of cash waqf funds managed by the BWI or a waqf management institution:

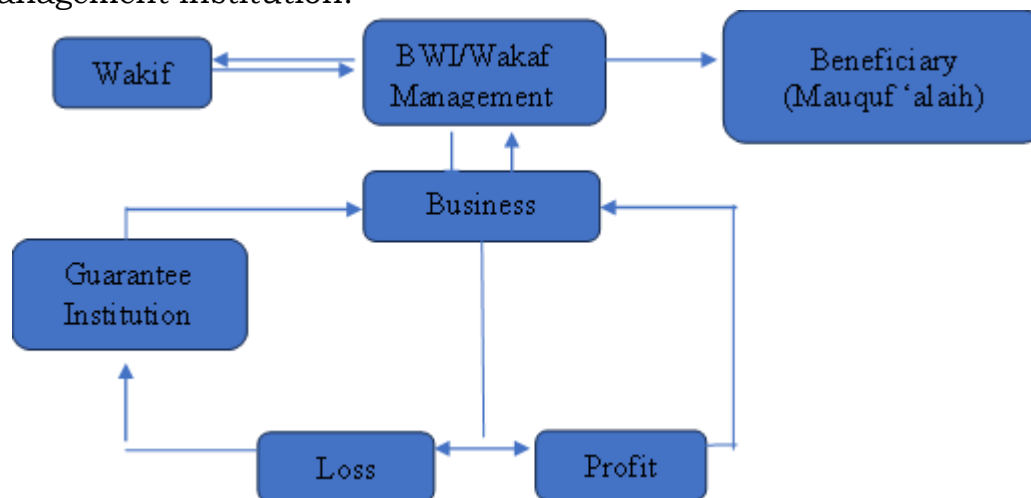


Figure 2. BWI or Waqf Management Institutions as Managers of Monetary Waqf Funds

Source: Sudarsono, H. (2013)

The waqf donor entrusts the management of their monetary waqf to an accredited waqf management institution. The monetary waqf funds are managed by the waqf management institution through business partnerships with commercial entities. The business partnerships established by the waqf management institution with commercial entities utilize the musyarakah or mudharabah contracts, without diminishing the value of the waqf assets. Additionally, the nazhir institution receives the endowment funds as additional assets and net profit based on the profit-sharing mechanism as commercial profit. A maximum of 10% of the income from the management of these waqf assets may be allocated to the

waqf *nazhir*, 40% to a reserve fund or for the development of waqf assets, and 50% to the beneficiaries (*mauquf 'alaih*) (Wicaksono & Agustianto, 2024).

Cash Waqf Investment Management

In the management of monetary waqf, greater skill, discernment, diligence, and caution are required from the waqf nazhir (waqf manager). This is done to ensure that the endowed funds are not lost, depleted, or managed in a way that results in losses. The waqf nazhir is responsible not only for safeguarding these monetary waqf assets but also for making them productive and developing them, so that the monetary waqf assets continue to grow in both quantity and value. Therefore, the waqf trustee is also required to possess knowledge of investments. This is because a solid understanding of investments enables the trustee to manage the cash waqf more effectively. The trustee will be able to select the most appropriate investment types for managing the cash waqf assets (Rahmalan & Abu Husin, 2021).

The nazhir's expertise and understanding of investments encompass both general investments and those compliant with Sharia. Since regulations mandate the management and development of cash waqf assets based on Sharia-compliant investments, the cash waqf nazhir requires in-depth knowledge of Sharia-compliant investments. This aligns with Article 48 of Government Regulation No. 42 of 2006, which stipulates that only investment schemes in Sharia-compliant banking products, Sharia-compliant financial institutions, and/or Sharia-compliant financial instruments may be used to manage and develop cash waqf assets.

According to this regulation, there are two categories of cash waqf investment instruments: investments in Sharia-compliant financial or banking institutions, and investments in other Sharia-compliant instruments. All investments, whether made through Sharia banking, Sharia financial institutions (LKS), or other Sharia-compliant financial instruments, must be insured in accordance with applicable regulations to protect the principal value of cash waqf assets from depreciation. In practice, collaborating with Micro, Small, and Medium Enterprises (MSMEs) and investing in other large-scale productive companies are two additional ways for cash waqf investments to promote economic stability. Several models, such as the following, can be used to manage cash waqf investments (Hassan et al., 2021): *First*, cash waqf investment in the real sector. This investment model involves allocating cash waqf funds to be invested in real sectors. This investment comprises two methods: direct and indirect. The direct method is employed by the nazhir by investing cash waqf funds directly into productive enterprises, such as trade, agriculture, livestock, fisheries, and among others. The nazhir uses these cash waqf funds to establish and operate a specific business or enterprise. However, direct investment in the real sector requires a high degree of caution, careful consideration, and sound business calculations to prevent losses or business bankruptcy. As for the indirect method, this

is the approach used by the nazhir to invest cash waqf assets by entering into business partnerships with entrepreneurs, whether at the MSME (Micro, Small, and Medium Enterprises) level or on a larger scale. In managing and developing cash waqf assets, the nazhir collaborates with other parties—in this case, entrepreneurs—under Sharia-compliant contracts and systems. There are several contracts that can be applied when investing cash waqf funds in the real sector, such as *mudharabah*, *murabahah*, *musyarakah*, *muzara'ah*, *ijarah*, *istibdal*, *istishna*, and so on. *Second*, investment through Islamic banks or Islamic financial institutions (IFIs). This investment model involves investing monetary waqf assets through products offered by Islamic banks or IFIs, such as savings accounts, time deposits, or other Sharia-compliant products. Subsequently, the Islamic bank invests these funds either in the real sector or through other Sharia-compliant instruments. The returns from these investments belong to the Islamic bank or SFI, and the Islamic bank or SFI then transfers the investment returns from the cash waqf funds to the trustee (nazhir) to be distributed to the beneficiaries (*mauquf 'alaih*) and used to fund other social programs. *Third*, cash waqf investment in the sharia investment portfolio sector. This investment model involves investing cash waqf assets into a sharia investment portfolio, such as stocks, sukuk, sharia mutual funds, sharia insurance, and so on.

According to Hasan (2022), the management of cash waqf investments continues to grow rapidly, including this third investment model. The investment portfolio continues to expand and diversify. This has led to the emergence of new terms within the contemporary waqf lexicon. Some terms currently emerging in relation to cash waqf investment management are as follows:

a. Stock Waqf

Stock waqf, also commonly known as *corporate waqf*, is an extension of the more familiar cash waqf. The object of stock waqf is the stock itself, as a movable asset. The stocks permitted for waqf are sharia-compliant stocks (equity-based securities that meet sharia requirements). The permissibility of stock waqf is regulated in the MUI Fatwa on Monetary Waqf dated May 11, 2002, and MUI DSN Fatwa No. 135 on Stocks. The elements that must be present in a stock waqf are: the waqf donor (wakif), the trustee (nazhir), the waqf asset (*mauquf bih*), the beneficiary (*mauquf 'alaih*), the waqf declaration (ikrar wakaf), and a Stock Exchange Member that has a *Sharia Trading Online System* (Niswah et al., 2023). Meanwhile, the investment model for stock waqf is as follows:

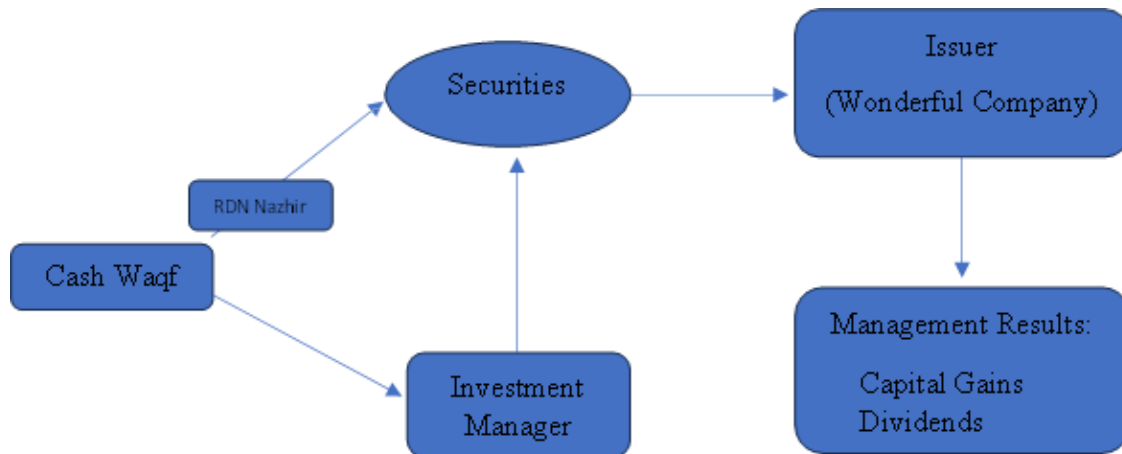


Figure 3. Stock Waqf Investment Model

Source: Huda (2024)

In the diagram above, it is illustrated that a monetary endowment made by the endower can take the form of shares owned by the endower, or the endower may transfer the endowment in the form of cash to the trustee, who then uses those funds to purchase shares through a designated investment manager. To ensure these shares generate returns, the investment manager will invest them in stable and promising companies (*wonderful companies*). Subsequently, the proceeds from the management or the profits (capital gains and dividends) are handed over to the trustee to be distributed to the beneficiaries (*mauquf 'alaih*). Meanwhile, the principal amount of the cash waqf will be returned to the waqf if the waqf is temporary (time-limited). And if the waqf is perpetual (permanent), it will be managed again by the trustee.

b. *Cash Waqf Linked Sukuk (CWLS)*

A portion of investments in SBSN (State Sharia Securities) assets is represented by sukuk, which are securities issued by the government based on Sharia principles and can be denominated in foreign currency or rupiah. Sukuk investment instruments must comply with Sharia principles, which include: (1) the existence of underlying assets in the form of state-owned assets (BMN) or state budget projects; and (2) the use of Sharia-compliant contracts, such as *isthisna*, *ijarah*, and so on, in all transactions.

Law No. 19 of 2008 on State Sharia Securities serves as the legal basis for the issuance of sukuk. Fatwa No. 69–72 of 2002 from the National Sharia Council (DSN) of the Indonesian Ulema Council (MUI) and Fatwa No. 76 of 2010 on State Sharia Securities (SBSN) regulate the permissibility of sukuk issuance under Sharia law. Waqf assets can be managed and developed using this sukuk investment instrument. The sukuk investment plan allows the nazhir to invest cash waqf assets. Cash Waqf Linked Sukuk (CWLS) is the name of this concept for investing cash waqf assets. More specifically, Cash Waqf Linked Sukuk (CWLS) is an investment of cash waqf assets in government sukuk. The nazhir distributes the income to the beneficiaries (*mauquf 'alaih*) and uses it to fund community social initiatives (Lahsasna, 2018). CWLS can be utilized in the management of cash waqf assets, in accordance with Islamic law. MUI

DSN Fatwa No. 578 of 2020 regarding Retail CWLS serves as the basis for this. Waqf donors can use the CWLS investment model to transfer their cash waqf into safer investment products, as the government guarantees them. The consolidation of social funds and enabling their use to finance and build social infrastructure projects is the promise of the cash waqf investment instrument, or CWLS. Furthermore, CWLS will enhance social financing and funding by promoting sustainable expansion and innovation in the Islamic finance and social investment sectors (Nurhaida et al., 2023).

c. *Cash Waqf Linked Deposit (CWLD)*

One of the contemporary cash waqf investment schemes available today is *the Cash Waqf Linked Deposit (CWLD)*. This CWLD represents a new innovation in the diversification of productive cash waqf products. The CWLD scheme *was launched* by the Indonesian Waqf Board (BWI) in 2023. *The Cash Waqf Linked Deposit (CWLD)* is a promising innovation in the management and development of cash waqf assets. By integrating the principles of waqf and sharia-compliant deposits, the CWLD offers an effective way to collect, manage, and grow cash waqf funds so that they continue to increase and expand, thereby increasing the sources of funding and financing for the implementation of social programs (Gultom & Mihajat, 2024).

The mechanism of *the Cash Waqf Linked Deposit (CWLD)* can be illustrated in the following diagram:

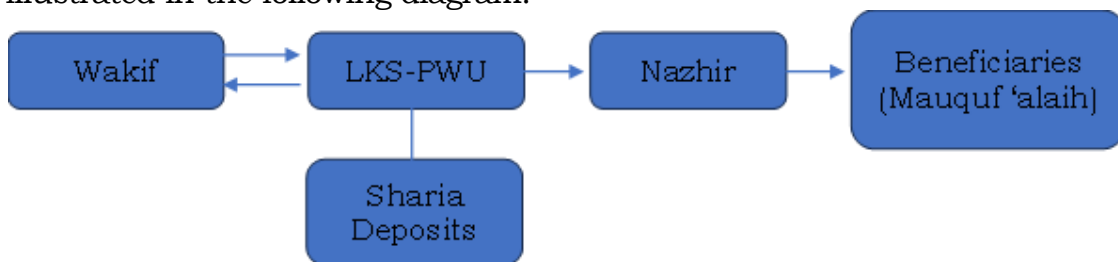


Figure 4. Mechanism of the *Cash Waqf Linked Deposit (CWLD)*

Source: Compiled from various sources (2024)

From the figure above, it can be seen that *the Cash Waqf Linked Deposit (CWLD)* is a cash waqf investment scheme in which waqf assets are placed in the form of Sharia deposits at Sharia banks or Sharia Financial Institutions (LKS). The returns from these deposits are then given to the nazhir to be distributed to the beneficiaries (*mauquf 'alaih*) and used to finance other social community programs (Utomo & Ismal, 2024).

Cash Waqf as a Solution for Poverty Alleviation

Poverty is one of the greatest challenges faced by many countries worldwide. Efforts to alleviate poverty have been undertaken through various programs and policies. Various methods and approaches have been employed to reduce poverty rates; however, this poverty problem remains an issue that has yet to be fully resolved. The enormous funding requirements for implementing poverty alleviation programs remain a key challenge for which solutions are still being sought. The limited national budget allocated to reduce poverty levels is a latent issue that needs to

be addressed immediately. Currently, one solution that is beginning to gain attention in addressing the funding problem for poverty alleviation is cash waqf. Cash waqf is believed to be an innovative solution for efforts to resolve the poverty problem occurring within society (Yumna et al., 2024).

Cash waqf is a form of waqf carried out in the form of movable assets, specifically cash. Cash waqf—which is flexible, versatile, and accessible to all segments of society (not limited to the wealthy but also available to those with limited financial means)—holds immense potential for Islamic philanthropic fundraising. This potential is supported by data from the Indonesian Waqf Board (BWI), which indicates that if just 10% of Indonesia’s Muslim population were to contribute a cash waqf of Rp10,000 per month, a massive amount of waqf funds would be collected annually. Furthermore, the rapid development of cash waqf investment management in the modern era can accelerate the process of improving community welfare. The cash waqf investment models that continue to be conceived and implemented bring a breath of fresh air to the management and development of waqf assets today. The emergence of diverse, safe, and profitable contemporary investment schemes, such as Stock Waqf, *Cash Waqf-Linked Sukuk* (CWLS), *Cash Waqf-Linked Deposits* (CWLD), and other waqf investment schemes, will serve as a powerful tool for accelerating the growth of social funds. Waqf assets that are continuously explored, managed productively, and invested in Sharia-compliant investment schemes will ensure that social funds for the community continue to grow in both quantity and scale (Eugenia et al, 2022).

Cash waqf funds invested, whether in the real sector or in sharia financial investment schemes, will drive the community’s economy. These invested funds will be absorbed by the market and will stimulate the community’s economy. The greater the amount of funds absorbed, the faster the community’s economic activity will accelerate. This, of course, impacts the country’s economic growth. The proceeds from the management and development of these waqf assets are then used to fund social and poverty alleviation programs, such as economic empowerment for the underprivileged, educational scholarships for underprivileged children, medical assistance for underprivileged families, and other community-based social programs. As exemplified by Dompot Dhuafa, which has successfully implemented the Productive Waqf program in the health sector, such as the construction of the Waqf Hospital in Parung, Bogor. This hospital provides free healthcare services to the underprivileged. The existence of this hospital demonstrates that monetary waqf can be used to improve access to healthcare services for the underprivileged (Sulistiyowati et al., 2022).

The management and development of monetary waqf assets are also carried out by the Indonesian Waqf Fund (TWI), where TWI manages monetary waqf by investing it in the real sector. One such initiative is through productive agriculture and livestock development programs that involve local communities as workers and beneficiaries (*maukuf ‘alaih*). The proceeds from these productive investments are channeled to the

beneficiaries (*maukuf 'alaih*) in the region through economic empowerment programs, educational scholarships, and healthcare assistance. A revolving fund mechanism can be used to distribute support for economic empowerment initiatives in the form of additional working capital. In the economic sector, this assistance is productive. The economy can generate more goods and services by increasing production capacity with this additional capital. Waqf revenue will increase as a result of rising national income, which will also boost development funds. Meanwhile, the proceeds from the establishment and management of cash waqf assets (investments) allocated to health, education, and other social sectors are largely consumptive in nature. The purchasing power of beneficiaries will increase as a result of this consumptive assistance (*maukuf 'alaih*). The consumption of beneficiaries or the community is directly influenced by this increased purchasing power, as they are now able to purchase daily necessities (Cahyono & Hidayat, 2022).

Increased public demand for products will lead to a shift in aggregate economic demand. Increased investment results from producers' positive response to this rise in aggregate demand, namely an expansion of production capacity. Government revenue, particularly tax revenue, will also be influenced by this increased production capacity. National development funding will rise in tandem with government revenue. This will have an indirect impact on the increase in waqf revenue, proving that waqf funds can influence waqf revenue both directly and indirectly through processes within the national economy (Kamaruzaman & Ishak, 2024).

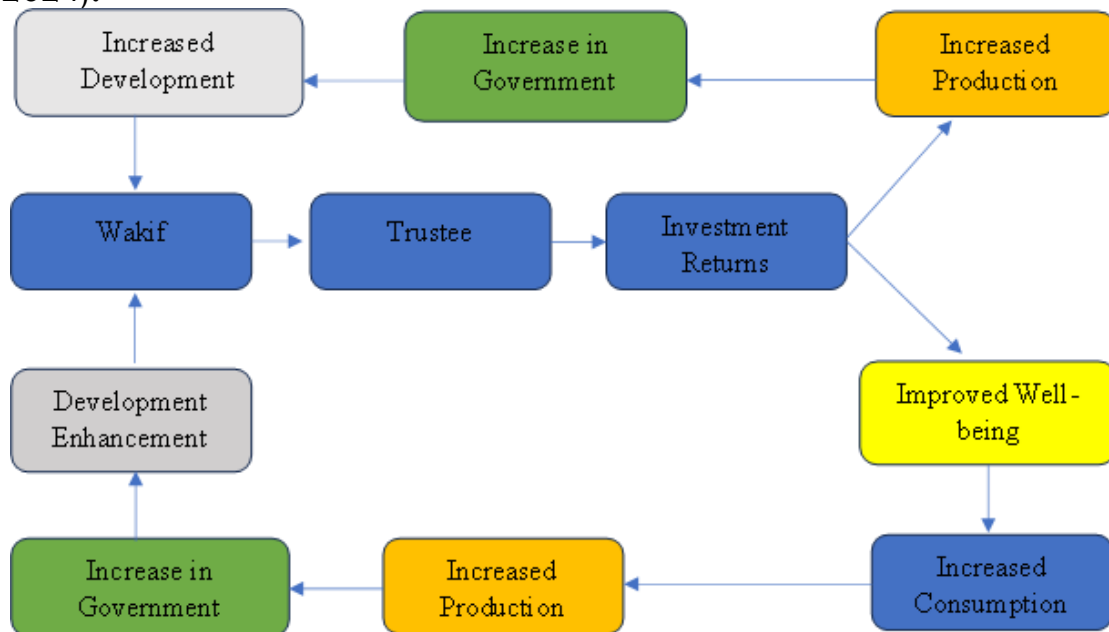


Figure 5. The Effect of Cash Waqf Management on the National Economy

Source: Arif (2012)

The trends mentioned above indicate that waqf funds have several significant consequences for the national economy. This will lead to improved public welfare. The impact of waqf funds on the economy, particularly in reducing poverty, increases in tandem with the amount of

funds under management.

CONCLUSION

Cash waqf holds great potential and plays a significant role as an innovative solution for poverty alleviation efforts in Indonesia. With proper, trustworthy, transparent, and professional management and administration, supported by the use of technology, cash waqf can have a significant positive impact on society. The success of implementing monetary waqf will heavily depend on synergy between the government, religious scholars, Sharia Financial Institutions (SFIs), trustees, and the community. With a shared commitment, monetary waqf can become one of the main pillars in achieving social welfare and prosperity in Indonesia.

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