

Cash Waqf : The Alternative To Generate The Facilities Of Property Development

Nurul Izzah Noor Zainan^{1,a}, Norsilawati Mohd Hassan^{2,b}, Che Bakar Che Mat^{3,c}

^{1,3}Acedemy of Contemporary Islamic Studies (ACIS),
UiTM Cawangan Kelantan.

²Faculty of Business Management,
UiTM Cawangan Kelantan.

^anurulizzah@kelantan.uitm.edu.my, ^bnorsi963@kelantan.uitm.edu.my,
^cchebakar@kelantan.uitm.edu.my

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Abstract. The development of property can get the fund under the government budget but to get the complete of the facilities in the property development does not income or fund. In the way for complete the facilities; cash waqf is one of alternative to generate the fund to complete the facilities in the property development. Besides that, cash waqf can help to development the muslim economic in the way to manage the property. The objective in this paper is to explain how the cash of waqf can be change for buying the facilities and how to manage the cash waqf without change the main of purpose. The methodology in this paper use the qualitative method through the document related to get the data for explain about the cash waqf instrument. The general of finding, in this research can get more of the alternative and efficiency in the cash waqf into the property development and can improvement to manage of the cash waqf.

Introduction

Waqf cash is a still-developing instrument used in the development and progress of the Malaysian economy. Waqf is generally a practice that is encouraged in Islam to spend its possessions on the path of Allah. This is because by means of waqf we can take advantage of the properties that we have and can help to develop the economy of the ummah besides gaining a lasting reward as long as the property is still in use. The habits of waqf practiced are non-alias property ie land and building waqf. Meanwhile, movable property consists of non-permanent elements in treasury assets such as cash and cash waqf.

Most of today's cash waqf amidst how and how to manage the cash flow of waqf is still weak to help the development of the ummah economy. Many lately have completed the cash transfers flow by spending on a more rewarding and sustainable path such as meeting the availability of facilities in the development of hospitals and schools. This is a better road and can meet the needs and development of the community and the State.

The Concept of Cash Waqf

The definition of term waqf is comes forms "waqafa" which means to hold still and last long. In others word, waqf is means the act of discharging one's ownership of an asset and transferring the ownership to the general public (Saifuddin el. Etc, 2014). According to Hailani & Sanep, 2009 states according to Sayid Sabiq waqf is to hold the substance (origin) of the object and use the result, namely holding the thing and utilizing its benefits in the path of Allah. Others, waqf is the locking up of the tittle of an awned asset from disposition and allotment of its benefits for a specific purpose or purposes, (AbulHasan, 2002).

The cash waqf can be defined as the dedication of some money from one's possessions and establishing a waqf based on that amount and offering it to the benefit of people generally or allocating it to make use of them by some segments of the community particularly, (Saifuddin el. Etc, 2014). In addition, cash waqf can be utilized for the designated purposes and used to be established bt the well-off people for some specific purposes, (AbulHasan, 2002). That means the cash waqf can endow the cash use to be target project were financed to earn the income.

Cash Waqf Earn For Facilities

Nowadays, more project for build the building of the development more get the fund from government. But, most the problem the fund is only for build the building such as hospital, government agencies, school, university and others. For fulfill the facilities does not have more fund to spent with it. With the cash waqf, the government and waqf institution need to plays a major role to manage the cash waqf to fulfill the facilities for public use and lasting benefit. AbulHasan, 2002

said that the institution of waqf made its contributions in the provision of education, health and physical facilities and hence should be treated as playing an important role in the poverty alleviation and socio-economic development. Then, he also stated in Bangladesh, more than 123,000 mosques are based on waqf, most of them have education facilities, especially in imparting religious education.

Saifuddin et al., 2014, no funds available to utilize the waqf assets to its full potential. The waqf concepts will access to raise fund from the public for relevant institutions in the development of their institutions (Abdullah & Asharaf, 2008). Moreover, which lack financial support in the abandoned assets, through cash waqf fund could be developed for sake of the Islamic economy. Cash waqf can help to manage and to cover financing what is not enough to complete the facilities by using for do works.

Waqf is one of the economic backbones of Islam that existed since the time of Prophet Muhammad (s.a.w.) that catalyzes economic development of Muslims from various aspects of life. During the Ottoman Empire, the waqf institution would lend money to households and merchants by renting the shops and lending the cash for interest (istirbah) in order to earn income. The income will then be used to provide public services such as soup kitchens for the poor, inns for travelers, water fountains, places for worship, educational services and other basic infrastructural facilities (Mohd Zakaria, Abd. Samad & Shafii, 2012). Additionally, history has shown that waqf has benefited various education institutions and provided vital financial support for the success of establishments and the development of educational institutions at that particular time.

(Saifuddin, Kayadibi, Polat, Fidan, & Kayadibi, 2014) found that another significant waqf in Islamic history is the waqf for drinking water that was created by Uthman bin Affan R.A. It was reported that the Prophet S.A.W called upon Muslims to buy the well and render the water free for the public upon realizing that water was sold at a high price. Uthman bin Affan R.A answered the calling of the Prophet S.A.W's by buying the well and rendering the water free for everyone's disposal.

Modus operandi for cash waqf financial institutions (CWFI)

Originally, the main objective for the establishment of cash waqf is to open the door wider for more founders to create cash waqf to meet their needs on one hand and to seek compound rewards in the hereafter, this will encourage more founders to contribute to this institution even with the least amount of money they can afford to donate. Moreover, this CWFI can also act as a fundraising to generate the funds needed to re-develop the old waqf buildings on one hand and to generate services and open new jobs for many people on the other hand. Hence, the modus operandi for the proposed CWFI can be as follows:

- (1) Main founder(s) can be individuals, organization, company, corporation, NGOs, or financial institution (the main founder is the first one to establish the waqf, in this case the CWFI).
- (2) This CWFI in its role as the trustee can provide a list of beneficiaries and can call for more founders/contributors to donate/contribute cash waqf (either direct or indirect) for the selected beneficiary.
- (3) The CWFI can then managed the accumulated cash waqf and channelled it according to the type of the created cash waqf, either for direct or for indirect cash waqf (for more information on direct and indirect waqf please refer to Monzer Kahf, 1998):

- *For the direct cash waqf.* To ensure the perpetuity of the direct cash waqf, the accumulated funds of the cash waqf must be channelled directly to re-develop any old waqf property. In this case istibadal/exchange from liquid money to re-developing the real state can be made and which is acceptable in Shari'ah. This means that the funds can be channel directly to re-develop idle and unproductive old waqf buildings, such as waqf schools, waqf colleges, waqf universities, waqf hospitals, waqf clinics, waqf factories, waqf agriculture lands, etc. as seen in Figure 1. Achieving so, all the old waqf properties can regain its role in providing the goods and services needed in each society besides employing majority of people.
- *For the indirect cash waqf.* To ensure the perpetuity of the indirect cash waqf, the accumulated cash waqf must be invested and only the revenue generated can be channelled to the beneficiaries. Hence, for the investment of the accumulated cash waqf it can be invested in low risk investment or high risk investment as recommended by the contemporary Muslim scholars mentioned above. To ensure the perpetuity of the capital of liquid waqf it is much recommended as an entail stage to invest only 50 per cent and to keep 50 per cent intact. Out of this 50 per cent, which is meant for investment, it is also much recommended to invest 30 per cent in low risk investment and 20 per cent in high risk investment.

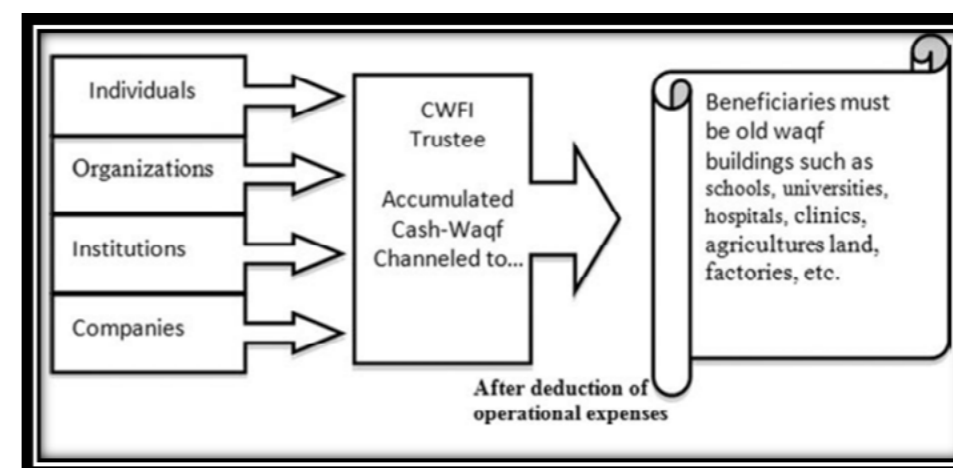


Figure 1: CWFI for Direct Cash-Waqf

- (4) Profit generated from the indirect cash waqf investment can be channelled to three parties in different proportions, for example 10 per cent to go for the management team, 70 per cent to be channelled to the beneficiaries (services needed), and 20 per cent as a self-financing device (SFD) specifically to add up to the capital, i.e. to the 50 per cent (to cater if any lose happened in the future), as seen in Figure 2.

From the above practices it has been realized that cash waqf has been ascertained as one of the successful financial institutions in financing different goods and services needed in the different Muslim and Muslim minority countries without depending on the government's budget. A matter which urged contemporary Muslim scholars to come up with a resolution not only to show the importance of the creation of cash waqf as a fundraising scheme at the present time to meet Muslim society's needs, but to highlight the different modes of investment for cash waqf while insuring its perpetuity. Among the goods and services provided by the six cash waqf schemes in the different Muslim societies are: constructing and building; mosques, religious schools, centers to teach Arabic language, colleges, universities, giving scholarship, financing computer training centers, providing entrepreneur development programs, financing medical facilities, providing physical amenities, providing free medical services to the poor and needy, providing medical equipment's and building hospitals, building dental clinics, building hospital for cancer patients, sponsoring and sheltering the orphans, financing widows, destitute and disabled persons, providing free interest loan, financing burials of poor Muslims, constructing dams, digging well, financing tree planting, financing charity projects, developing the existing old waqf properties, besides, opening jobs for the majority of people.

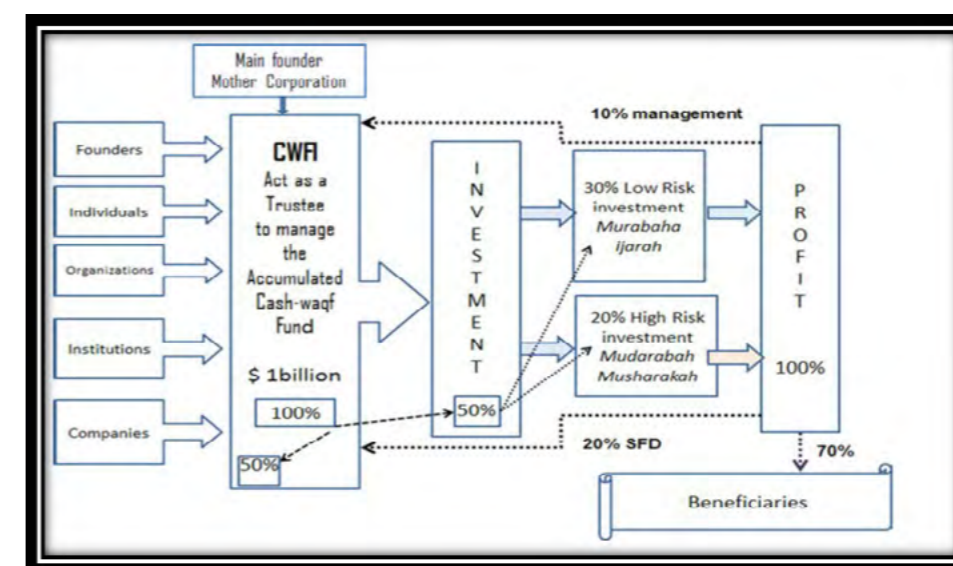


Figure 2: CWFI for Direct Cash-Waqf

This helps the author to come up with a frame work for CWFI which can be easily adopted by any Muslim society in order to assist in providing their needs without depending on their governments. Moreover, the proposed CWFI can also play a unique micro-financial institution which can provide small entrepreneur with Qard Hassan loan/free-interest loan in order to start their businesses.

Microfinance Institutions: Specialized Financial Institutions

In Malaysia, Infaq Lil - Waqf is an Islamic cooperative/microfinance plan developed by ANGKASA through its Syariah Services Department to facilitate the cooperative community and salary deduction customers to make monetary donations based on the waqf concept. Funds collected are channeled through waqf projects to help develop the livelihood of cooperative members and the community at large. Donors can donate in installments or lump sum via salary deduction, cheque, bank drafts or cash. The aim of Infaq Lil- Waqf is to raise funds for projects or programs that will enhance socio-economic status of co-operatives. The benefits of Infaq Lil- Waqf can be enjoyed by all cooperative members and society in general. It will be used for a variety of activities that do not conflict with Islamic law. ANGKASA and cooperatives shall reap the benefit of Infaq Lil-Waqf such as establish educational institution.

At the state level, a number of initiatives have been spearheaded by Islamic financial institutions in collaboration with the respective State Islamic Religious Councils (SIRC), including the introduction of cash waqf to finance waqf activities while allowing waqf assets to be beneficially utilized. A cash waqf master agreement is currently being developed with five Islamic financial institutions and SIRCs to serve as a template for operationalizing cash waqf arrangements. Currently, also saw the introduction of a new Islamic debit card with a waqf feature and a crowd funding platform which facilitates donations to charitable organizations with increased transparency, traceability and efficiency. Waqf is also being reviewed as a new growth area for developing sustainable funding for social welfare purposes (Figure 3).(BNM, 2017)

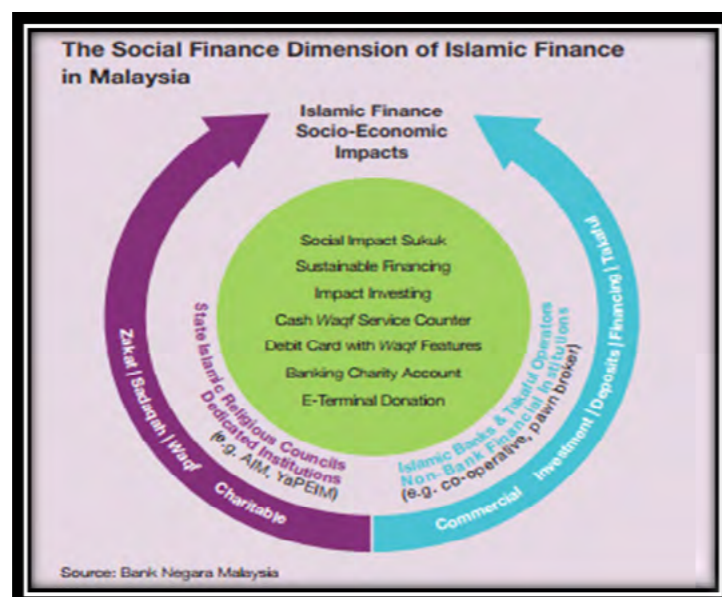


Figure 3: The Social Finance Dimension of Islamic Finance in Malaysia.
Source: Bank Negara Malaysia

Conclusion

This paper was written with the intention to discover the prospective of cash waqf beyond religious purposes. As it was accomplished by the Prophet (S.A.W) and his Companions, it is proven that cash waqf has a resilient prospect in developing the socio economic sector, especially to reduce poverty. The elasticity landscape of cash waqf, enables more individual especially from the middle income group to contribute in the waqf institution. However, since the concept of cash waqf is fairly new in Malaysia, it is essential that the society is well informed of the potential and prospects of cash waqf. Better understanding of cash waqf among the general public and improvement of waqf management are the essentials pre requisites of a successful implementation of cash waqf in Malaysia. With the active participation from the public and the correct implementation by the authorities, cash waqf can indeed be the solution to the centuries-long problem of poverty. In conclusion, with the support of the Malaysian government along with the private sector and general public, the institution of waqf in general and cash waqf in specific could develop and prosper to play important roles in the socio development policy implementation in the country.

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