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13TH INDES 2024
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THE 13TH INTERNATIONAL INNOVATION, INVENTION & DESIGN COMPETITION 2024

EXTENDED ABSTRACTS

e-BOOK

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CROWDFUNDING FRAMEWORK FOR WAQF PROPERTY OPTIMISATION OF WAQF INSTITUTION

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ABSTRACT

Waqf property provides an institution with fortune and prosperity. Hence, waqf property must be utilised and managed properly to achieve the best results in eradicating poverty and improving people's well-being. During the 2023 Budget Presentation, Malaysian Prime Minister emphasised that only approximately 3,500 hectares, or merely 12 percent of the registered waqf land, has been successfully developed. This clearly shows that waqf institutions are dealing with problems in managing and optimising waqf property which affect the development and management of the property, which has an impact on the development and administration of the property. Furthermore, the organisation is unable to pool money efficiently due to a shortage of funds and the continued use of the traditional way of collecting waqf funds. Thus, there is a need to improve the management and the process of collecting funds for the purpose of optimising the waqf property. This study took on a qualitative method, employing a case study and purposive sampling to achieve the objective. Data were collected using formal, semi-structured in-depth interviews and document review. The significant findings of this study aim to propose the crowdfunding framework for the optimisation of waqf property by waqf institutions, which consists of four basic components; i) input; ii) process; iii) output; and iv) feedback. Through the development of this framework, waqf institutions will be able to increase the waqf funds using the crowdfunding platform. Furthermore, this framework will reduce the liquidity constraints among the waqf institutions and also create many spaces for collaboration between waqf institutions and other agencies. Additionally, by optimising more waqf property in Malaysia, this approach will boost public confidence and trust in waqf organisations. This framework is adaptable to various types of waqf institutions in order to promote more proactive and optimum growth and optimisation of waqf property.

Keyword: Crowdfunding, Finance, Framework, Waqf Property Optimisation.

1. INTRODUCTION

Waqf stands as one of the most vital institutions driving socioeconomic growth in the Muslim world (Fahmi Medias et al., 2022). Waqf can be implemented using two methods, namely immovable property and movable property. These waqf properties are contributed not only by individuals but also by the government, as part of their commitment to community welfare. The government recognises the importance of waqf property development as a contribution to economic growth. Under the 12th Malaysia Plan (RMK-12), which employs a 'whole-of-nation' approach, waqf institutions collaborate to enhance the socioeconomic conditions of the community, thereby contributing to the country's overall economic progress (Sukmana, 2020).

Currently, the Malaysian government serves as the primary funding source for SIRCS' waqf property development, particularly for land-based projects. As of 2021, the estimated value of waqf real estate assets across Malaysia is approximately RM1 billion, encompassing a total waqf land area of 30,000

hectares (JAWHAR, 2021). JAWHAR's statistics reveal that among the total waqf land, only 12% (3,600 hectares) has undergone successful development, leaving 88% (26,400 hectares) undeveloped. Moreover, about 2% of waqf land is situated within or near primary growth centres (Nor Azlan et. al., 2020). Consequently, it becomes evident that fostering the growth of waqf assets demands innovative financing mechanisms and additional funding sources beyond government support.

To address the challenges associated with the underdeveloped state of certain waqf properties due to insufficient funding, this study aims to delve into the issues surrounding fund collection for waqf property development management through crowdfunding. Furthermore, it will explore the optimal utilisation of waqf property to enhance the governance of waqf institutions. Waqf crowdfunding emerges as a fitting solution to effectively address or alleviate the liquidity constraints faced by Malaysian waqf organisations. This strategy stands apart from the current practice of generating cash waqf, which is also conducted online by financial institutions and state government entities. Therefore, the purpose of this study is to develop the crowdfunding framework for waqf property optimisation. Indirectly, the establishment of this framework may increase the waqf funds of every waqf institutions through the crowdfunding which also increase the public confidence and trust towards waqf institutions by optimising more waqf property in Malaysia.

2. METHODOLOGY

The qualitative research approach was used to attain the research objectives because it aids the research process toward the study's goals. Qualitative research emphasises the quality of entities, processes and meaning (Merriam & Tisdell, 2016). The other justification for using this methodology is presumably related to the sampling size. A survey's sampling size is insufficient for this study because there are just four SIRC that need to be looked at. Additionally, this qualitative technique will give researchers useful information because this study requires more in-depth data. Thus, this study utilised the qualitative approach by using a case study and purposive sampling to achieve the main objectives.

3. FINDINGS

This framework stands as a pivotal contribution of this research, representing a systematic blueprint to enhance the efficacy and efficiency of fund collection for waqf property optimisation. Furthermore, it holds the potential to bolster public trust and confidence in the fund collection efforts of waqf institutions. This framework comprises four integral components: (i) input, (ii) output, (iii) process, and (iv) feedback.

The initial element of the proposed framework is the input stage. This serves as the foundational step in the crowdfunding framework for optimising waqf property within waqf institutions. Following that, the second element is the process which takes place after the input phase. In this phase, the institution will promote and publicise their projects on social network platforms and also the institution's official website to pitch their project to the funders. Once the targeted amounts are reached, the institution will then proceed with the development, leading to full optimisation.

The third component is output, which ensures that the fully optimised waqf property brings benefits to the public. The optimised waqf property can generate various advantages for the public. The last component is feedback. These feedback components are crucial for waqf institutions to comprehensively optimise and enhance the collection of waqf funds.

4. CONCLUSION

In conclusion, this study framework is likely to assist waqf institutions in more efficiently collecting funds. This is because the development of waqf property may be achieved if the funding is in good shape. This framework may also contribute to the respective waqf property institutions in strengthening their administration and management in developing the waqf property. Through crowdfunding, the establishment of this framework may indirectly raise the waqf funds. Hence, by optimising more waqf property in Malaysia, this framework may also boost public confidence and trust in waqf organisations. Furthermore, this proposed framework aligns with the call to action for the establishment of the National Waqf Committee, striving for waqf to contribute 20% to the development of the Islamic social finance sector by 2030. The Wakaf Madani initiative, introduced by the Prime Minister of Malaysia earlier this year, underscores the potential of waqf development in contributing to the nation's economic growth.

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