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UNLEASHING THE POTENTIAL OF CASH 'WAQF'

The concept acts as a catalyst in socio-economic development such as employment creation, poverty eradication, microfinance empowerment and infrastructure development

WAQF (an Islamic endowment of property to be held in trust and used for a charitable, or religious purpose; or a Muslim religious or charitable foundation created by an endowed trust fund) has a long history in Islam.

It has played — and, in many cases, continues to play — a pivotal role in the advancement of socio-economic well-being of the Muslim community.

Many phenomenal architectural relics and public infrastructures, all over the world, from the Atlantic to the Pacific, throughout the centuries, were funded by *waqf*. Al-Azhar University in Egypt, University of Cordova in Spain and Al-Noori Hospital in Damascus, to name a few, are among the public projects financed by *waqf* funds. Some *waqf* institutions have survived for more than a millennium.

Despite its phenomenal achievements, the management of *waqf* also experienced failures. There were vast idle *waqf* lands and properties, throughout the centuries, resulting from mismanagement.

Many people, due to their lack of understanding of the dynamic aspects of *waqf*, perceived it as associated mostly with immovable properties and lands for religious and educational purposes.

This misconception had stirred Muslim scholars to introduce a new, innovative *waqf* model, namely the cash *waqf*.

Historically, cash *waqf* traces its origin to the Ottoman empire in 15th century. It has since evolved into an important engine of economic growth and poverty eradication for many centuries. The practice of cash *waqf* expanded to the European provinces of the Empire as well as all over Anatolia.

In Malaysia, cash *waqf* has been introduced since 1957 by the Perak Islamic State Religious Council under rules 18(2) *Waqf Regulation Control* 1959.

The collection, management and distribution of cash *waqf* are essentially supervised by the



State Religious Council of each state. The Jabatan Waqaf, Zakat & Haji (JAWHAR) and Yayasan Wakaf Malaysia (YWM) play the role as the coordinators for the cash *waqf*-based project initiatives since *waqf* is a matter within the states' power. Each of them has their own set of laws governing the matter.

Through such coordination, few important projects such as the construction of several *waqf* hotels, i.e. Grand Puteri Hotel in Kuala Terengganu, the Regency Seri Warisan Hotels in Taiping and Pantai Puteri Hotel in Tanjung Keling were successfully materialised. Some corporate entities have also actively engaged in cash *waqf* initiatives.

For example, the Johor Corporation, through its arm, the Waqf An-Nur Corporation Berhad, has developed several public services using cash *waqf*, including Waqf An-Nur Hospital (HWAN) and Waqf An-Nur Clinics.

In Indonesia, the development of cash *waqf* model was pioneered by a non-profit organisation, Dompot Dhuafa Republik.

Through its dedicated *waqf* body known as Tabung Waqf Indonesia (Indonesian Waqf Box), the cash *waqf* proceeds are used for various initiatives, including poverty alleviation programmes, free medical services, educational and entrepreneurship development programmes.

In Singapore, Majlis Ugama Islam Singapura (Muis) has initiated a salary deduction scheme for *waqf* fund and managed to collect an approximate SGD130 million (RM401.34 million), which was used to construct 22 mosques in the country.

The Social Islamic Bank Limited in Bangladesh has introduced a cash *waqf* deposit scheme where the donors contribute cash *waqf* as perma-



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nent deposits, without any options for withdrawal.

The seeding amounts remain, but the proceeds are utilised for microfinance empowerment. Apart from the above, cash *waqf* model was also used to fund the development of tourism infrastructure such as the building of the Zam Zam Tower, next to the Masjidil Haram in Saudi Arabia.

It is clear that cash *waqf* offers great potential as a catalyst in socio-economic development such as employment creation, poverty eradication, microfinance empowerment and infrastructure development.

The concept offers twin main advantages compared with alternative forms of *waqf*.

Firstly, it offers flexibility and simplicity in *waqf* management, since it does not require a significant amount of wealth and space.

Secondly, cash *waqf* may easily solve the problem of unproductive and immobilised *waqf* properties.

Realising the huge potential and flexibility of cash *waqf* concept, the federal government and state authorities should assume a central role in providing a level playing field for the development of cash *waqf*.

It is a settled law that *waqf* is a matter administered exclusively by the states as specified in Item 1 of State List and Item 15(c) of the Ninth Schedule of the Federal

Constitution. Fundamentally, the federal government shall not interfere in its administration. Although such power is to be exercised by the state independently, it only has power over its Muslim subjects.

Placing *waqf* solely within the states' power would limit the mobilisation endeavour of *waqf* asset and enjoyment of this noble concept by non-Muslims.

Hence, the current position of *waqf* needs to be revisited so that the concept can be extended to non-Muslims too.

Moreover, the regulation to recognise cash *waqf* as tax deductible, like zakat, will most likely encourage people to participate in cash *waqf*.

The regulation to allow Islamic banks to offer cash *waqf* deposits, similar to the Social Islamic Bank Limited of Bangladesh, will also assist potential beneficiaries easily to place their *waqf*, be it for charitable or developmental objectives, into a designated *waqf* fund.

More importantly, effective campaigns on cash *waqf* are necessary to increase public awareness and understanding of the dynamic aspects of *waqf*.

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