

التحديات التي تواجه تنفيذ الوقف النقدي في منظمة نهضة العلماء الدينية الإسلامية

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الملخص:

يعد الوقف النقدي من أشكال الوقف التي تتمتع بإمكانات كبيرة في إندونيسيا، وهو شكل حديث نسبياً من أشكال الوقف، وتصل موجوداته إلى 180 ترليون روبية، أي ما يعادل حوالي 12.6 مليار دولار، إلا أن هذا الشكل من الوقف لم

يتطور بالشكل المطلوب. وتهدف هذه الدراسة إلى تحليل التحديات التي تواجهها منظمة نهضة العلماء (NU) في تنفيذ الوقف النقدي، وقد استخدم هذا البحث منهج دراسة الحالة لاستكشاف العقبات والتحديات في ممارسة تنفيذ هذا النوع من الوقف في مؤسسة الوقف التابعة لنهضة العلماء، وتم إجراء مقابلات شبه منظمة مع رؤساء مؤسسات الأرض والوقف لجمع البيانات. وأظهرت النتائج الرئيسية أن منظمة نهضة العلماء واجهت عدة تحديات في تنفيذ الوقف النقدي، تشمل نقص المعرفة لدى أعضاء المنظمة حوله، وانخفاض جاهزية النظار لإدارته، إضافة إلى نقص الشفافية والمساءلة في الحوكمة.

الكلمات المفتاحية: الوقف النقدي، إدارة الوقف، منظمة العمل الخيري الإسلامي، التمويل الاجتماعي الإسلامي.

The Challenges Of Implementing Cash Waqf In Islamic Religious Organization Nahdlatul Ulama

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Abstract:

Cash waqf is a relatively new form of waqf in Indonesia. The potential for cash waqf in Indonesia is very large, reaching up to 180 trillion rupiah or around \$12.6 billion, however it has not developed well. The objective of this study is to analyse the challenges encountered by Nahdlatul Ulama (NU) in the implementation of cash waqf. This research employed a case study method to explore the obstacles and challenges in the practice of implementing cash waqf at the NU Waqf Institution. We conducted semi-structured interviews with the heads of the land and waqf institutions to collect the data. The main findings reveal that NU faced several challenges in implementing cash waqf. The challenges are the lack of knowledge of NU members about cash waqf, Nazir's readiness in managing cash waqf is low, lack of transparency and accountability in governance.

Keywords: Cash Waqf, Waqf management, Islamic philanthropy organisation, Islamic social finance.

INTRODUCTION

Indonesia is one of the countries with the largest Muslim population in the world. Out of the approximately 279 million people living in Indonesia, 86.7% identify as Muslims (Hefner, 2019). The Muslim community possesses significant potential to boost local business and advance the national economy. One effort that can be utilized for economic empowerment is waqf (Islamic endowment). Waqf for a Muslim is the realization of worship to Allah through the property he owns, namely by releasing the objects he owns for charitable purposes and the benefit of mankind (Huda et al., 2021; Hamzah et al., 2023). Additionally, from the standpoint of Islamic economics, the Waqf serves a variety of developmental goals in society, including lowering the poverty rate, bolstering the educational system, and assisting those employed in the rural and agricultural sectors. As a result, the Waqf is now considered as one of the possible instruments for promoting social and economic development in Muslim communities (Arshad et al., 2018; Sapuan & Zeni, 2021).

There are two types of assets that are usually the object of waqf, namely immovable property waqf and movable property waqf. In Indonesia, immovable property endowments are generally in the form of land. Based on data obtained from the Indonesian Waqf Board, the amount of waqf land in Indonesia as of 2024 will reach 57,263.69 ha spread across 34 regions and 440,512 locations throughout Indonesia. Most of the utilization of waqf land is for mosques, cemeteries, and madrasas (Syarief, 2021, Supriatna et al., 2024). Alongside land waqf, which refers to the waqf of immovable assets, another type of waqf that is becoming increasingly recognised in Indonesia is cash waqf or an-nuqud waqf (also referred to as liquid assets donation), which involves the waqf of movable assets in the form of money. Mohsin (2018) asserted that cash waqf is a good alternative for someone who does not have fixed asset, but they are keen to donate their fund. In addition, Saifuddin et al. (2014) mentioned that cash waqf can be used for developing the waqf assets. Cash waqf is a relatively new form of waqf in Indonesia. It began to be

recognized after the issuance of the cash waqf fatwa by the National Shari'ah Council of the Indonesian Ulema Council in 2012. However, up to now, cash waqf in Indonesia has not developed well. Based on data from the Ministry of Religious Affairs (2023), the recorded realization of cash waqf from 2012 to 2023 shows that the cash waqf movement has stagnated, with an accumulated cash waqf amounting to only IDR 2.23 trillion or around USD150 million. However, according to (Suwandari et al., 2022), the potential for cash waqf in Indonesia is very large, reaching up to IDR 180 trillion or approximately USD 12.6 billion, and it is still very vast to be realised in the near future.

It is noteworthy that allowing cash waqf in Indonesia was based on a fatwa Indonesian Ulema Council (MUI) No. 2 of 2002 on cash waqf. Cash waqf development in Indonesia is supported at the national level by Government Decree (PP) No. 42 of 2006, which stipulates that cash waqf must be submitted through an Islamic bank that has been granted permission to act as an Islamic financial institution recipient of cash waqf (LKS-PWU). Twenty Islamic banks that operate in Indonesia as LKS-PWU have been established by the government of Indonesia. Not only does LKS-PWU exist, but there is also nazir of cash waqf in the shape of Islamic Savings and Loans and Financing Cooperatives (KSPPS), Baitul Maal Wat Tamwil (BMT), universities, and other cash waqf institutions (Faizi et al., 2022, Badan Waqf Indonesia, 2020). Islamic philanthropy in Indonesia is inextricably linked to the role of Islamic largest organizations, particularly Nadlatul Ulama (NU) and Muhammadiyah. These two largest organizations, through their respective philanthropic institutions, are regarded as the primary driving forces behind waqf, zakat, infaq, alms, and charitable activities (Dennis et al, 2018; Fauzia, 2017). These Islamic charitable organizations' activities have expanded over time to include education, health care, disaster relief, economic, social, and religious programs. Financing tools have also developed to make cash waqf an effective instrument for mobilizing financial resources for charitable activities and programs (Jauhari, 2024).

In Indonesia, the cash waqf movement has been launched by various religious organizations. One of these organizations is NU. This organization has approximately 150 million members. With such a large number, NU has great potential to raise funds through cash waqf. In early 2023, while commemorating the centenary of NU, the NU Executive Board officially launched a cash waqf initiative called Nahdliyin Community Endowment Fund (DAUN). This cash waqf is planned to be used for productive waqf, including businesses, hospitals, Islamic boarding schools, mosques, and scholarships for orphans. Given its large membership, the potential for NU's cash waqf is certainly significant, but by the end of June 2024, NU had only managed to collect around IDR 53 million or approximately USD 3,300 in cash waqf. Data on cash waqf receipts from December 2022 to June 2024 are presented in Table 1.

Table 1: Collected Cash Waqf per Month

Month/year	Number of wakif	Amount in Indonesian Rupiah (IDR)	Amount in US dollars (1USD =IDR16,100)	Percentage
June 2024	17	2,500,000	155.28	4.64
May 2024	11	1,462,090	90.81	2.72
April 2024	2	800,000	49.69	1.49
March 2024	30	1,484,675	92.22	2.76
February 2024	4	910,000	56.52	1.69
January 2024	10	1,291,000	80.19	2.40
December 2023	4	930,000	57.76	1.73
November 2023	6	324,238	20.14	0.60
October 2023	12	1,322,000	82.11	2.46
September 2023	15	3,364,841	209	6.25
August 2023	7	377,435	23.44	0.70
July 2023	12	1,697,960	105.46	3.15
June 2023	8	20,247,220	1,257.57	37.61
May 2023	6	34,520	2.14	0.06
April 2023	8	235,952	14.66	0.44
March 2023	36	2,696,724	167.50	5.01
February 2023	159	12,753,256	792.13	23.69
January 2023	1	5,000	0.31	0.01
December 2022	7	1,401,764	87.07	2.60
Total	355	53,838,675	3,344	100.00

Source: <https://www.wakafnusa.id/laporan-wakaf/>

Table 1 describes that the amount of collected fund is still very small. The total cash waqf collected is IDR 53,838,675,- (USD 3,344) from 355 donations (<https://www.wakafnusa.id/2024/06/>). Table 1 exhibits that every month, the collected fund has various amount between IDR 5,000, - (USD 0,31) to IDR 20,247,220, - (USD 1.255,6) which number of wakif 1 – 159. The amount

donated has a big gap, the smallest was IDR. 20, - (USD 0.00124) and the highest was IDR10,000,000, - (USD 620.11). Meanwhile, in order to achieve the waqf certificate, the minimal donation is Rp.1.000.000, - (USD 62.01).

NU's cash waqf programme has immense potential to mobilise substantial financial resources for the purpose of benefiting the community and Islam. Nevertheless, there exists a noticeable disparity between this potential and the tangible levels of funding accomplished. The existence of this gap serves as the foundation for investigating the challenges that hinder NU from fully harnessing the potential of cash waqf. In the view of Utomo et al. (2020), cash waqf has not yet been able to meet the expectations of the community/stakeholders due to the absence of clear regulations, supervision and governance. It is possible that the obstacles in collecting waqf may be due to the fact that waqf is not an obligation for Muslims, unlike zakat Osman et al. (2016).

A number of studies have been undertaken in various countries to examine the challenges associated with cash waqf. For instance, Ali & Markom (2020) in Malaysia, Hossain & Nepa (2022) in Bangladesh. Research in Indonesia that examines cash waqf focuses more on behavioral studies (for example: Ahmad, 2019; Purnamasari et al., 2021; Mujahidah & Rusydiana, 2023; Allah Pitchay et al., 2023; Maulina et al., 2024; Asyari et al., 2024). Apart from behavior, many researchers have studied cash waqf linked sukuk (for example: Yunita, 2020; Ubaidillah et al., 2021; Yasin, 2021; Fauziah et al., 2021; Cahyono & Hidayat, 2022; Musari, 2022; Ismal, 2022; Rusydiana et al., 2023; Kamaluddin et al., 2023). This research develops previous research by identifying the challenges faced by Islamic organizations in implementing cash waqf.

Despite variations in technique, topic matter, and objectives compared to previous research, the present study has commonalities with past studies in its emphasis on the implementation of cash waqf in Indonesia. This article undertakes an analytical investigation of cash waqf inside the NU.

The objective of this study is to analyse the challenges encountered by NU institution in the implementation of cash waqf. Based on the aforementioned background, this article aims to answer the following questions: what are the challenges encountered by the NU in adopting cash waqf and what strategies might be employed to overcome them for achieving successful outcomes?

This paper is organised as follows: an introduction, followed by a literature review; the methodology section is next, followed by results and discussion; the final section presents conclusions.

LITERATURE REVIEW

Definitions of waqf

Waqf is one of the Islamic economic instruments that aims to utilise waqf assets productively so that the results can be utilised for the benefit of the people. Waqf in Islam is basically property that is withheld from use and the proceeds are donated for religious or social purposes. Unlike traditional waqf that tends to be static, such as land or buildings for mosques, cash waqf is more dynamic as it utilises the cash for economic activities that generate sustainable profits.

Multiple interpretations of waqf have been proposed by fiqh expert from the Shafi'i, Hanafi, Maliki and Hambali Mazhab (Asni et al., 2023; Fahrany & Intihani, 2024). Waqf in the Shafi'i Mazhab is defined as the withholding of property that can be benefited from, while the ownership of the waqif (donor or benefactor) remains intact, and it is utilised for a permissible purpose. Meanwhile, according to the Hanafi Mazhab, for example, waqf is described as the act of performing an action on an object, which remains as property, by donating its benefits to other parties for the sake of virtue, both now and in the future. While, the Maliki Mazhab posits that in waqf, a person does not relinquish their property from ownership. However, waqf can prevent the waqif from taking actions that could release their ownership of the property to other parties. The waqif is also obliged to donate the benefits, and may

not revoke their waqf. In addition, the Hambali Mazhab defines waqf as an absolute restraint on the freedom of the owner of the property to manage it for their benefit while the property remains intact. It also states that the owner relinquishes all control rights over the property, with the benefits of the property being for the good in getting closer to Allah. While there may be variations in the concept among the four mazhabs, it is evident that waqf refers to the act of reserving property that is possessed for the purpose of benefiting the community and religion.

Types of Waqf

Based on its designation, waqf can be categorised into three distinct types: khairi waqf, ahli waqf, and musyarak waqf (Alharthi, 2021; Ab Rahman et al., 2024)

1. al-Waqf al-Khayri (The charitable waqf)

al-Waqf al-Khayri is a specifically designated form of waqf that is implemented with the intention of serving public and long-term objectives, such as the construction of mosques, hospitals, and schools. al-Waqf al-Khayri requires that the donated property must provide social advantages and contribute to the well-being of the society.

2. al-Waqf al-Ahli (The family waqf)

al-Waqf al-Ahli, sometimes referred to as family waqf, is a type of waqf established to support the overall well-being of blood relatives. Its purpose may include funding for children's education, purchasing a house, or meeting the living expenses of the family. al-Waqf al-Ahli requires that the donated property must provide tangible economic advantages that may be experienced by the wakif's family.

3. al-Waqf al-Mushtarak (The joint waqf)

In essence, al-Waqf al-Mushtarak is a hybrid of al-Waqf al-Khayri and al-Waqf al-Ahli, as it provides benefits to both the general public and the descendants of the wakif. Examples include the establishment of waqf

for the purpose of constructing roads, the leasing of private wells for communal use, or the provision of waqf to fund religious endeavours. Under al-Waqf al-Mushtarak, the given assets can be collectively utilised by the economically disadvantaged community.

Furthermore, Waqf can also be categorised according to its assets. Within this categorisation, assets are partitioned into three distinct groups: immovable property waqf, movable property waqf other than money, and movable property waqf paid in money (Faisal, 2021; Syibly et al., 2022). Immovable property waqf refers to a type of waqf that represents tangible assets that are immovable and cannot be relocated, such as houses, land, and gardens. In this waqf, the wakif possesses a certificate pertaining to the specific land that is being designated as a waqf. Moveable property waqf refers to assets that are not monetary in nature, including automobiles, intellectual property rights, securities, transportation, and other such items. Money-based movable property waqf, also known as cash waqf or al-Nuqud waqf, is a type of waqf established by an individual, group, institution, or legal entity in the form of cash, shares, or similar assets.

Waqf Components

Waqf consists of four primary components: Al-waqif; Al-mauquf alaih; Al-mutawalli; and Al-mauquf (Ismail et al., 2023; Bank Indonesia, 2018). Each component may be elucidated as presented in table 2.

Table 2: Explanation of Waqf Components

Waqf Components	Explanation
Al-waqif	Someone who contributes their property. The four prerequisites for al-waqif are as follows: firstly, the donor of the waqf must own complete ownership of the property, therefore granting them the freedom to bestow the property upon anybody of their choosing. Secondly, he must possess rationality, as it is not justifiable to provide donations to individuals who are unintelligent, mentally unstable, or intoxicated. Thirdly, he must attain maturity. The fourth requirement is that he must possess legal capacity (rashid). The inference is that individuals who lack intelligence, demonstrate laziness, or have poor memory are not eligible to contribute their riches.
Al-mauquf alaih	The designated individual responsible for receiving the benefits derived from the distribution of Waqf assets, as specified in the Waqf Pledge Deed, in conformity with the preferences of the beneficiaries
Al-Mutawalli	Comprises individuals or entities who possess the capacity, confidence, and determination to fully execute the will of the waqf. Individuals responsible for the administration and management of waqf assets are referred to by different names. Includes among them are mutawalli, nazir, and qayyim.
Al-mauquf	The property of the waqif that is endowed. Endowment of property requires the fulfilment of several criteria. An essential need is that the property must possess inherent value and the item must be identifiable and ascertainable. Furthermore, the property must be entirely held by the individual who is endowing it.

Cash waqf and its implementation in Indonesia

As explained previously, cash waqf refers to a type of waqf established by an individual, group, institution, or legal entity using monetary funds. The

four principal advantages of cash waqf are as follows. First, cash waqf can be in varying amounts, thus enabling an individual who has limited funds to commence giving their waqf funds without having to wait until they own land. Second, through cash waqf, waqf assets in the form of vacant land can be utilised by constructing buildings or cultivating agricultural land in order to become more productive. Third, cash waqf funds can also assist other institutions, such as schools or Islamic educational establishments that are constrained in their ability to remunerate their teaching and administrative staff. Fourth, it enables Muslims to become more autonomous in the development of their educational and business pursuits Ma'ani (2014); Saifuddin et al. (2014)

In general, there are 5 elements in cash waqf, namely, the endowment (waqf), the waqf trustee/manager (nazir), the waqf object (mauquf), the waqf beneficiary (Mauquf alaih), and the waqf declaration (wakaf contract). The cash waqf scheme in Indonesia, which applies in general, is as follows. Wakif can come directly to the office of the Shari'ah Financial Institution Receiving Cash Waqf (LKS-PWU). Ministry of Religion Determines 42 LKS-PWU. The Wakif must fill out the Waqf Pledge Deed (AIW) with complete and correct data and in accordance with the actual situation. Apart from that, a wakif must also provide or attach a photocopy of a valid identity card. After that, the wakif can deposit money into the waqf according to the desired nominal value. If you come directly to the Shari'ah Financial Institution office, the money can be given in cash. Apart from that, money for waqf can also be given via bank transfer to a predetermined official bank account. The Wakif must then pronounce the waqf shigah (waqf contract) clearly and be heard or witnessed by witnesses. The waqf carried out must meet the waqf requirements that have been determined previously. After that, the active member must sign the AIW. Apart from being signed by the wakif, this document was also signed by more than two people as witnesses and also one bank official. The bank official here acts as the AIW Making Official (PPAIW). LKS-PWU will then print proof of waqf handover in the form of a Cash Waqf Certificate (SWU). After that, LKS-PWU will provide AIW and SWU to the wakif as legal proof of having

made waqf.

Cash waqf that have been deposited from the wakif through LKS PWU, will then be managed by Nazir. Nazir manages and develops cash waqf through two mechanisms: (1) Cash waqf and cash waqf investment by nazir must be aimed at optimizing profit generation and/or economic empowerment of the community, (2) Nazir's investment in cash waqf must be aimed at empowering the community's economy and/or religious social activities. Nazir can then invest the waqf money received in the financial sector or the real sector. In the end, the investment results will be divided for Mauquf alaih 90% and for Nazir 10%. The cash waqf flow can be depicted in Figure 1.

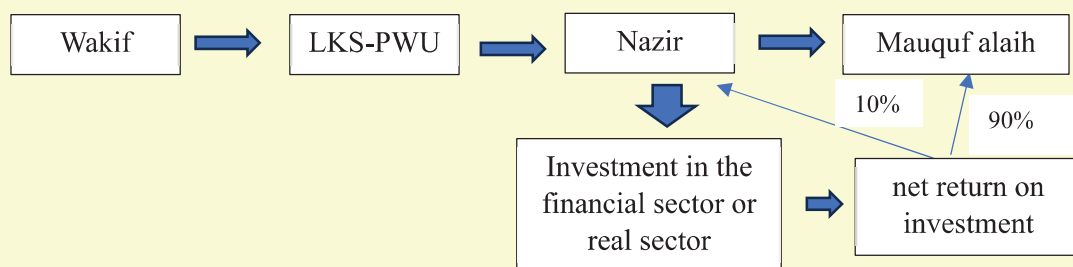


Figure 1: The Cash Waqf Flow

METHODOLOGY AND DATA

The main aim of this research is to investigate the current obstacles and challenges of waqf institutions in Indonesia. The NU Waqf and land institutions were examined for the purposes of this research. This research uses a case study method to explore the obstacles and challenges in the practice of implementing cash waqf at the NU Waqf Institution. In order to obtain data for this study, interviews were conducted. We conducted semi-structured interviews with two heads of the land and waqf institutions and two Nahdliyins. The purpose of this kind of interview was to establish a more relaxed atmosphere in which the subject would feel more at ease to offer additional pertinent information that might not have been addressed in the set of questions. The interview with Nahdliyin aims to evaluate their understanding of cash waqf. The following

questions were posed during interviews with two heads of the land and waqf:

- What is the legal foundation of the fiqh principles employed by your organisation to execute cash waqf?
- What strategies do NU institutions employ to implement financial waqf benefits for NU members?
- Do you do socialisation of cash waqf among ulama or community leaders?
- Do you disseminate cash waqf materials via seminars, social media, or brochures?
- Does your organisation possess adequate resources to facilitate the management of cash waqf?
- What measures does your organisation implement to guarantee transparency in the management process of cash waqf?
- How do you disseminate information to the public regarding the financial particulars and allocation of cash waqf monies? Are periodic reports published that provide detailed information on the investment of cash waqf? If yes, what is the structured format of the reports?

RESULTS AND DISCUSSION

The interviews conducted have demonstrated three main issues encountered by NU Institutions in the implementation of cash waqf. These challenges include the limited understanding of Nahdliyin regarding cash waqf, the insufficient competence of nazir in managing cash waqf, and the absence of effective governance, particularly in terms of accountability and transparency. First, lack of knowledge about cash waqf among NU members (Nahdliyin). Interviews with Nahdliyin indicated that, according to their interpretation, waqf mostly pertains to immovable assets such as land donations, mosques, or Islamic boarding schools. The following viewpoints exemplify their comprehension.

“I am unable to comprehend the concept of cash waqf. However,

I am aware that waqf is concerned with religious objectives, such as the acquisition of property for the construction of mosques and Islamic boarding schools”

In reply to the Nahdliyin statement, the leaders of the land and waqf movement said that

“That is the primary challenge we are currently encountering. Most people of NU lack understanding about cash waqf. Although efforts have been made to educate them about it, the dissemination of information is still restricted and not widespread.”

The interview findings indicate that there are a significant number of Muslims who lack comprehension of cash waqf. The socialisation of cash waqf has been conducted, although it remains only to a limited extent. Further, the informant elaborated that the socialisation of cash waqf has covered the advantages, procedures, and legal considerations associated with cash waqf. This finding is consistent with prior studies which indicate that the limited knowledge among Muslims about cash waqf poses a serious obstacle for waqf institutions (Hossain & Nepa, 2022; Amalia & Ali; 2023).

Large-scale enhancement of cash waqf literacy among NU residents is needed in order to fully realise their current potential. A contributing element to NU Muslims’ ignorance about cash waqf is their incomplete comprehension of the concept. The majority of NU Muslims continue to believe that waqf takes the form of fixed assets. Waqf is still commonly understood to refer to immovable property, such as land, mosques, and graveyards. As a result, it is crucial that people understand cash waqf law from an Islamic standpoint. The discussion of cash waqf is not limited to religious matters; it also encompasses the management of these funds. In order for cash waqf to have a positive impact on the economy and income of the people in Indonesia, it is essential that these funds be utilised productively (Siddiq, 2011). The general public in Indonesia is still largely unaware of the concept of cash waqf. Therefore, it is necessary to educate them about its fiqh, methods, utilisation and impact on the welfare of the community.

The NU waqf institution has so far reached out to NU citizens and educated them about cash waqf. The goal of this socialization is to increase NU Muslims' knowledge and comprehension of the idea, advantages, and workings of monetary waqf as future donors and recipients. This organization has conducted outreach regarding cash waqf in a variety of settings, including mosques and NU youth organizations. Social media has not yet been used by this NU institution to instruct NU citizens. Social media gives people a platform to engage, allowing NU Muslims and other members of the public to discuss cash waqf and ask direct questions. Posts, videos, or live streaming are effective and quick ways to spread the word about cash waqf. People will become more aware of and interested in the cash waqf program when there is attractive content available. Previous researchers have extensively examined the significance of understanding cash waqf in order to enhance its acceptance. The results of the research suggest that literacy influences the intention to engage in cash waqf (Muthiah & Saptono, 2021; Qurrata et al., 2022; Masrizal et al., 2023; Qomar et al., 2024; Asyari et al., 2024)

Second, the readiness of the Nazir in managing cash waqf is still lacking. This study's findings suggest that the coaching, education, and literacy efforts for Nazir have not been fully optimised, as elucidated by one of the informants.

“Only a small number of nazirs has professional qualifications, and some of them lack knowledge of the legal aspects of waqf, including their rights and responsibilities. NU has initiated a program to enhance the training and certification of Nazirs in order to ensure that they comprehend the administration and development of cash waqf. Nazir should possess the competence to efficiently oversee cash waqf, hence enhancing the confidence and involvement of NU members in cash waqf”

The informants also emphasized that the Nazir is the recipient of waqf assets from the wakif, who is responsible for the management and development of cash waqf as determined, therefore the purpose of the training is to enable the Nazirs of cash waqf to develop innovative concepts and initiatives in the field

of cash waqf.

As an Islamic financial tool, cash waqf is anticipated to assist in resolving people's socioeconomic issues if it is managed effectively and professionally. There is a dearth of expertise and proficiency among the Waqf managers (Nazirs). Nazirs may also face challenges in developing investment models from cash that can be utilized to generate income and have a positive social impact on the surrounding community. Additionally, the absence of a business plan may impede the acceleration of cash waqf management. One of the main challenges of cash waqf is making sure the endowment lasts forever (Siti & Marhanum Che Mohd, 2018). Waqf institution and nadzhir must be trusted to make sure that cash waqf is well managed, distributed and effectively and efficiently utilised (Utomo et al. 2020; Sargeant & Lee, 2004; Aryani et al., 2021). Thus, it can be said that in order for nazir to do their obligations, they need to be knowledgeable in at least two areas: waqf regulations and the tasks that need to be completed in line with the waqf that is being maintained. A Nazir needs to be aware of their responsibilities when it comes to handling cash waqf, particularly those that include making investments or creating endowment funds for cash waqf. Another impediment to the expansion of cash waqf is the constrained availability of liquid funds for endowment, as individuals may be more inclined to invest in tangible assets or other financial instruments (Titania et al. 2022). The capacity to mobilise and effectively manage cash waqf funds is of paramount importance for their optimal utilisation (Abdullah & Kroessin, 2013). Prior research has highlighted the significant function of Nazir in the administration of cash waqf. Their findings suggest that effective waqf management has the potential to bolster waqif trust (Dewi et al., 2024) and may elevate the intention to contribute cash waqf (Utomo et al., 2020; Adirestuty et al., 2022)

Third, lack of transparency and accountability in cash waqf governance. The lack of reporting standard in cash waqf highlights the low levels of accountability and transparency, as elucidated by the head of waqf below.

“NU Waqf Institutions in each region are responsible for preparing annual accountability reports for cash waqf. The specific format of the accountability report may vary from institution to institution. Currently, there is no established structure for the content of the accountability report. Each NU Waqf Institution individually prepares its own version of the report”.

The aforementioned discovery aligns with the study conducted by Ali & Markom (2020), which identified open and accountable governance as a significant challenge in the implementation of cash waqf. Accountability and transparency are crucial concerns in institutions responsible for managing cash waqf funds. Wakif transfers cash waqf monies to nazir for the purpose of management and distribution of benefits to be received by mauquf’alaih. Establishing good governance will give rise to the fundamental concepts of accountability, transparency, and compliance. Therefore, it is crucial to develop and uphold rigorous levels of openness and accountability in the administration of cash waqf monies. This encompasses routine reporting, audits, and transparent governance procedures.

In particular for institutions responsible for managing cash waqf monies, this process emphasises the need of transparency and accountability. Annual reports are necessary to provide transparency around the allocation of finances, therefore promoting confidence in the organisation among stakeholders. However, the absence of a standardised format might result in inconsistent reporting, which can hinder the comparison and assessment of the efficiency of various organisations. The implementation of a standardised framework would enable all NU Waqf Institutions to experience more accountability and transparency, therefore enhancing governance and fostering greater involvement of stakeholders. The existing studies on accountability and transparency indicates that organisational accountability has the potential to enhance trust in waqf (Hasan et al., 2019) and also boost the intention to contribute cash as waqf (Ahmad & Rusdianto, 2020; Rofiqo, 2022).

CONCLUSION

The cash waqf has significant potential to empower communities and provide assistance for a range of social and religious objectives. While the motive behind cash waqf is commendable, its complete implementation has been hindered by three arising challenges. Firstly, the NU members have a profound lack of comprehension of the notion of cash waqf.. Furthermore, Nazir's lack of preparedness in handling cash waqf is further exacerbated by the limited number and competency of Nazir. Thirdly, the inadequate management of cash waqf in NU institutions, particularly with transparency and accountability.

The implications of these findings suggest that improving the implementation of cash waqf in NU requires a comprehensive approach. In order to enhance comprehension of cash waqf among members, NU institutions should implement rigorous socialisation initiatives. Socialisation of cash waqf can occur either through in-person interactions or through social media platforms. Furthermore, enhancing the professionalism of Nazir through training and certification will aid in enhancing their competency and trustworthiness, thereby enabling more efficient execution of cash waqf administration. Thirdly, enhancing transparency and accountability in NU waqf institutions, particularly by establishing reporting standards, regular financial reporting, audits, and implementing technology for immediate fund monitoring.

This study presents several limitations. The management of waqf funds by NU commenced in 2023, resulting in limited financial data availability. Arranging meetings with informants poses challenges due to their demanding schedules. It is essential that future studies cover how cash waqf is used in Indonesian charitable organizations and other religious associations. Comparing their experiences with those of other countries that employ cash waqf is another useful feature of future research.

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