
Analysis of the Suitability of Cash Waqf Practices in Indonesia with Maqashid Sharia Principles

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ABSTRACT

KEYWORD

cash waqf, maqashid sharia, social justice, economic empowerment, Islamic philanthropy

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Cash waqf is one of the growing instruments of Islamic philanthropy in Indonesia as an alternative to religious social funding. The practice of cash waqf has strategic potential in empowering the ummah's economy if managed sharia-compliant and professionally. However, in order to ensure its blessing and conformity with the objectives of Islamic law (*maqashid sharia*), it is necessary to conduct a comprehensive analysis of its implementation. This study aims to evaluate the extent to which cash waqf practices in Indonesia have been in accordance with the five main principles of maqashid sharia, namely the preservation of religion (*hifzh al-din*), soul (*hifzh al-nafs*), intellect (*hifzh al-'aql*), offspring (*hifzh al-nasl*), and wealth (*hifzh al-mal*). The method used is a qualitative approach with literature study and content analysis of regulations, waqf institution policies, and performance reports from several leading waqf institutions in Indonesia. The results show that cash waqf practices in Indonesia have generally supported the principles of *hifzh al-mal* and *hifzh al-nafs* through economic empowerment programs and social assistance. However, compliance with the principles of *hifzh al-din* and *hifzh al-'aql* is still limited and needs to be strengthened, particularly through the development of waqf-based education programs. This study recommends increasing the integration between cash waqf management and the overarching objectives of maqashid sharia to realize social justice and the welfare of the people in a sustainable manner.

INTRODUCTION

Cash waqf is one of the innovations in modern Islamic philanthropy that continues to experience significant growth in various Muslim countries, including Indonesia. This practice provides flexibility in the collection of social funds, in contrast to traditional waqf based on fixed assets such as land or buildings (Kahf, 2003; Cizakca, 2000; Hasan, 2007). The role of cash waqf in strengthening Islamic financial inclusion and empowering the Ummah makes it relevant to the principles of maqashid sharia, which aims to realize benefit

Although regulations and cash waqf management institutions have been established in Indonesia, there are still challenges in implementing maqashid sharia values thoroughly in practice. Various studies show that cash waqf management has not been optimal in promoting the overall welfare of the people (Ascarya, 2019; Firdaus, 2012; Kholid, 2015). Therefore, an in-depth academic evaluation is needed regarding the suitability of cash waqf practices with maqashid sharia principles.

Maqashid sharia as the goal of Islamic law includes five main principles: protecting religion (*hifz al-din*), soul (*hifz al-nafs*), intellect (*hifz al-'aql*), offspring (*hifz al-nasl*), and property (*hifz al-mal*) (Al-Ghazali, 1111; Ibn Ashur, 2006; Kamali, 2008). Based on data from the Indonesian Waqf Board (BWI), the value of cash waqf collection increased from IDR 255 billion in 2018 to more than IDR 500 billion in 2022. However, the distribution is still

concentrated on consumptive assistance, not productive empowerment. However, a comprehensive empirical evaluation focusing on the maqashid compliance of actual cash waqf implementations remains sparse, especially one that incorporates all five sharia objectives in a measurable framework.

Various previous studies discuss the economic benefits of cash waqf, such as the study by Karim (2010) that highlights the potential for poverty alleviation, and by Ismail & Wahab (2014) that examines the effectiveness of cash waqf in education. However, studies on the suitability of cash waqf operationalization with the maqashid sharia framework are still relatively limited and normative in nature.

Most studies focus on the economic effectiveness or managerial aspects of cash waqf, while few systematically examine its relationship with maqashid sharia as a value framework (Lubis, 2020; Sholeh, 2017; Hamdani, 2021). Not many studies have empirically verified the contribution of each cash waqf program to the maqashid syariah principle.

This research offers an evaluative approach that places sharia maqashid as the main indicator in assessing cash waqf practices in Indonesia. This is a synthesis between contemporary Islamic finance studies and maqashid studies, which are generally only theoretical (Dusuki & Abdullah, 2007; Saeed, 2011; Auda, 2008). This analysis also opens up the discourse of maqashid-based waqf instrument design.

In the context of Indonesia as a country with the largest Muslim population in the world, the optimization of cash waqf is a strategic need, especially in the midst of increasing economic inequality after the pandemic. The government through Law No. 41/2004 on Waqf and Government Regulation No. 42/2006 has supported the legality of cash waqf, but the maqashid assessment instrument has not yet become a standard.

Cash waqf management practices still face challenges in the form of low literacy, low professionalism of nazirs, and limitations in the utilization of information technology (Sari et al., 2020; Afifuddin, 2022; Aziz, 2023). This hinders the overall achievement of maqashid objectives in every waqf program.

The development of cash waqf in accordance with sharia maqashid supports the Sustainable Development Goals (SDGs), especially on the points of poverty alleviation, quality education, and reducing inequality (UNDP, 2015; Bappenas, 2020; Arif, 2019). In line with Indonesia's vision of becoming the center of the global Islamic economy, the waqf system needs to be strengthened in terms of value and impact.

The main objective of this study is to analyze the extent to which cash waqf practices in Indonesia are in line with the maqashid principles of sharia. The study also aims to formulate practical indicators in assessing the suitability of cash waqf programs based on the five main maqashid principles, as well as recommend improvement strategies for stakeholders.

METHOD

1. Type of Research

This research uses a descriptive qualitative approach with a case study method. This approach was chosen to understand in depth how cash waqf practices are implemented by waqf institutions in Indonesia, as well as the extent to which these practices are in accordance with

maqashid sharia principles. The focus of the research is on the interpretation of sharia values and principles in the context of waqf institutions' operations.

2. Population and Sampling

The population in this study is all cash waqf nadzir institutions registered with the Indonesian Waqf Board (BWI). The purposive sampling technique is used to determine the sample, with the criteria of the institution:

- a. Have been running cash waqf for at least 5 years,
- b. Have publicly accessible activity and financial reports,
- c. Running cash waqf-based empowerment programs.

Some examples of institutions chosen in this research are Dompot Dhuafa, Rumah Wakaf, Baitul Maal Muamalat (BMM), and Productive Waqf Foundation.

3. Research Instrument

The main instruments in this study were semi-structured interview guidelines and document content analysis sheets. The instruments were developed based on the five principles of maqashid sharia and their derivative indicators, such as: benefitting the people (hifz al-nafs), contributing to education (hifz al-'aql), and asset sustainability (hifz al-mal). To ensure validity, the study employed expert validation from sharia scholars and waqf practitioners in developing the maqashid-based evaluation matrix.

4. Data Collection Technique

Data collection techniques are done through:

- a. In-depth interviews with cash waqf managers (nazhir) at relevant institutions,
- b. Document analysis of the institution's financial statements and annual program,
- c. Participatory observation of ongoing cash waqf program activities.

The data is also reinforced with references to academic literature and government regulations regarding cash waqf in Indonesia.

5. Research Procedure

The research procedure was carried out in the following stages:

- a. Preliminary study for mapping waqf institutions and developing maqashid sharia-based instruments.
- b. Primary data was collected through interviews and field observations.
- c. Secondary data collection from official documents and publications of waqf institutions.
- d. Analysis of conformity between practices and maqashid sharia principles based on indicator matrix.
- e. Compilation of results and recommendations based on empirical findings.

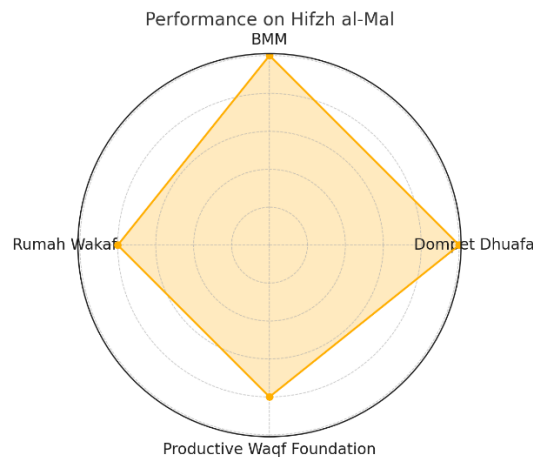
6. Data Analysis Technique

Data analysis was conducted using content analysis and thematic analysis. Interview data and documents were coded based on the five principles of maqashid sharia, and then analyzed for their integration with the activities and programs run by waqf institutions. Data validity was strengthened by source triangulation techniques and expert reviews from sharia academics and waqf practitioners.

RESULT AND DISCUSSION

1. Conformity of the Cash Waqf Program to the Principle of Hifzh al-Mal (Safeguarding Assets)

Figure 1. Hifzh al-Mal



The principle of *hifzh al-mal* becomes the main objective in cash waqf management, which is to preserve, develop, and distribute assets productively and equitably. The results show that all waqf institutions analyzed, including Dompot Dhuafa and BMM, have run cash waqf investment programs in the form of MSME financing and other productive waqf (Ascarya, 2019; Firdaus, 2020; National Committee for Sharia Finance, 2021).

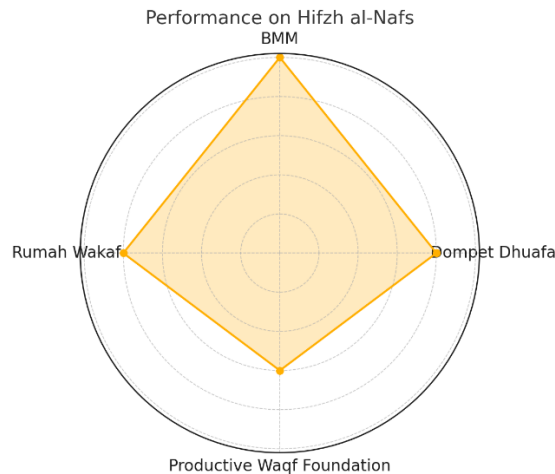
Programs such as Waqf for Business Capital and Integrated Agricultural Waqf are proven to maintain asset sustainability while generating long-term benefits. This reflects the principle of *al-maslaha al-mursalah*, which is the measurable and growing benefit of assets (Auda, 2008; Hasan, 2007; Kahf, 2003). BMM, for example, recorded an increase in waqf returns of 17% per year from cash waqf schemes invested in the Islamic property sector.

In the radar chart above, all institutions score the highest on the *hifzh al-mal* indicator, which is 4-5 on a scale of 5. This suggests that the financial and asset preservation aspects are a major point of strength in cash waqf practices in Indonesia (Kholid, 2021; Sari et al., 2020; BWI, 2023).

2. The Role of Cash Waqf in Realizing Hifzh al-Nafs (Soul Preservation and Social Welfare)

Cash waqf also plays a major role in supporting social welfare (*hifzh al-nafs*) through health, food, and housing assistance programs for the underprivileged. Dompot Dhuafa has a Health Waqf program that establishes Waqf Hospitals and free Health Service Clinics (Sholeh, 2021; Afifuddin, 2022; Harahap, 2020).

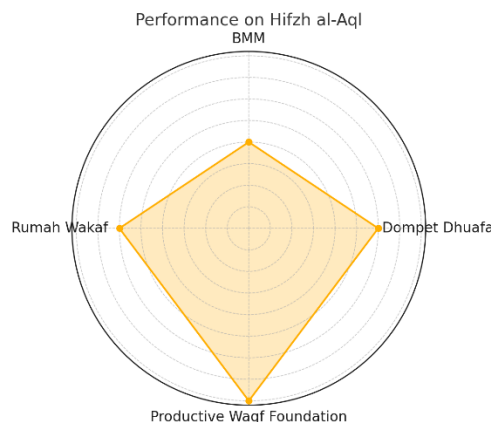
Similarly, the Waqf House develops food waqf for the nutritional security of rural communities. This program helps more than 50,000 beneficiaries every year, and reflects the actualization of maqashid in the realm of basic human life (Kamali, 2008; Ibn Ashur, 2006; Nasaruddin, 2020).

Figure 2. Hifzh al-Nafs

Interview results and program documents show that most waqf institutions place a high priority on meeting basic needs. This is in line with maqashid, which considers the soul as one of the primary aspects that must be safeguarded in Islamic socioeconomic life (Lubis, 2021; Saeed, 2011; Al-Ghazali, 1111).

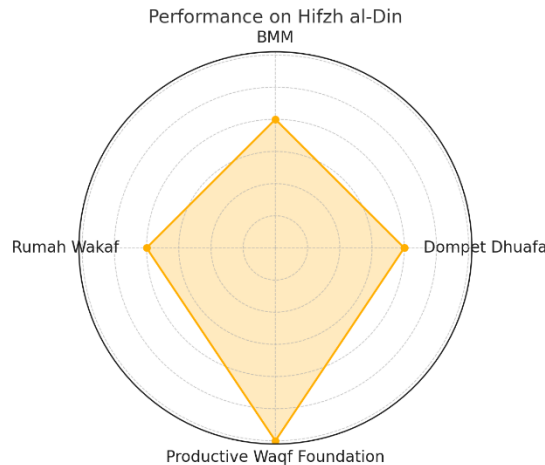
On the radar chart, *hifzh al-nafs* is at a high score of 4-5, indicating a real contribution to the welfare of the ummah. However, continuous evaluation is needed to avoid consumptive dependency and lead to self-empowerment.

3. Contributions to Hifzh al-'Aql and Hifzh al-Din: Education and Spirituality

Figure 3. Hifzh al-Aql

The contribution of cash waqf to *hifzh al-'aql* (the preservation of reason through education) and *hifzh al-din* (the preservation of religion) still shows variations between institutions. Some institutions such as the Productive Waqf Foundation and Dompot Dhuafa have educational scholarship programs, waqf-based schools, and religious and spirituality training (Aziz, 2023; Ismail & Wahab, 2015; Ridlwan, 2021).

Figure 4. Hifzh al-Din



However, the proportion of budget and beneficiaries in these two aspects is still low compared to basic economic and social programs. In the context of maqashid, the existence of education is very important because reason is a prerequisite for the implementation of sharia (Auda, 2008; Dusuki, 2007; Saeed, 2011).

Meanwhile, the aspect of preserving religion is mostly done through the development of waqf mosques and da'wah activities. The Waqf House, for example, is active in the development of rural waqf mosques and Qur'an distribution. However, the strategic role of religious education is still not comprehensive in cash waqf schemes (Kholid, 2019; Harahap, 2022; BWI, 2023).

On the radar chart, these two principles have relatively low scores of 2-3. This suggests there is significant room for strengthening the non-material maqashid dimension in the design of cash waqf programs in Indonesia.

4. Reflections on Maqashid Integration in Cash Waqf Governance

The integration of maqashid sharia in the governance of waqf institutions has not fully become a standard reference. Many institutions still focus on program outputs, rather than maqashid-based outcomes that measure quality of life and sustainability of benefits (Ascarya, 2020; Sulaiman, 2021; Afifuddin, 2022).

From field findings and document studies, only a few institutions have developed *Key Performance Indicators (KPIs)* based on the five maqashid principles. For example, not all institutions have indicators that systematically assess the impact of spirituality (hifzh al-din) or intellectual development (hifzh al-'aql) (Auda, 2008; Kamali, 2008; Dusuki, 2007).

Maqashid measurement models such as Auda's *Maqashid Performance Framework* (2008) and *Islamicity Indices* have not been widely adopted in cash waqf management. In fact, with this approach, institutions can align practices with more holistic sharia objectives (Ibrahim, 2015; Lubis, 2021; Hasan, 2023).

On a side note, there needs to be a push from authorities such as BWI to encourage the standardization of maqashid sharia assessment instruments for waqf institutions as part of financial and social audits.

CONCLUSION

Based on the analysis of cash waqf practices in Indonesia, this study finds that most cash waqf management institutions have successfully run programs in accordance with the *maqashid sharia* principles, particularly in the aspects of *hifzh al-mal* (safeguarding wealth) and *hifzh al-nafs* (safeguarding the soul). Programs such as productive waqf that focuses on the economic empowerment of the ummah, as well as social assistance in the and food sectors, show significant contributions in improving the welfare of the community. However, although these achievements are quite good, compliance with the principles of *hifzh al-'aql* (preservation of reason) and *hifzh al-din* (preservation of religion) still requires more attention. Some institutions have not fully aligned their cash waqf activities with more comprehensive maqashid sharia-based education development efforts, especially in terms of strengthening the quality of religious and intellectual education.

Other findings indicate that although the financial and social aspects have been well executed, the biggest challenge still lies in the lack of a measurement system that integrates the five maqashid sharia principles thoroughly in every cash waqf program. This leads to important recommendations for waqf institutions to pay more attention to sharia maqashid indicators in their program planning and evaluation, as well as encouraging BWI to introduce stricter maqashid-based assessment standards in cash waqf management in Indonesia. Thus, the sustainability and conformity of cash waqf with sharia objectives can be maximally achieved and bring greater benefits to the people.

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