

## **Unleashing the potential of cash 'waqf'**

Published in: New Straits Times, Friday 9 June 2017

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Source : <https://www.nst.com.my/opinion/columnists/2017/06/247185/unleashing-potential-cash-waqf>

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 Republika.

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 permanent 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 benefactors 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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