

Cash Waqf in Bangladesh and the Need for Innovative Approach towards Awqāf: Lessons from Selected Countries

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DOI: 10.6007/IJARBSS/v7-i4/2795 URL: <http://dx.doi.org/10.6007/IJARBSS/v7-i4/2795>

ABSTRACT

This paper is an attempt to respond to the pressing needs to revive and explore the prospects of *awqāf* in Bangladesh. *Awqāf* in Bangladesh represents a sector with huge potentials for welfare oriented developments and the benefits of unprivileged section of the population. The institution of *waqf* in Bangladesh faces a stagnant situation due to which many *waqf* properties remained unutilized or even idle generating no yield. This paper finds that there is a pressing need to work on reforming and developing the *waqf* establishment in Bangladesh from legal and regulatory framework as well as the administrative set up of the *waqf* administration, which is expected to contribute as stepping stones for further research and stimulate future researchers to come up with innovative ideas for the developments of *awqāf* in Bangladesh.

Keywords: *Cash waqf, wāqif, Mudaraba, Islami Bank, Shariah, Social service.*

INTRODUCTION

This paper is an attempt to introduce cash waqf and its practice in Bangladesh. Brief sketch of cash waqf practices in some selected countries; namely Bahrain, Indonesia, Kuwait, Malaysia, Singapore and Turkey, have also been included so as to induce learning from them and encourage similar initiatives in Bangladesh so as to make *awqāf* more relevant and thereby more beneficial in the social context of the country.

Today, cash waqf is recognised in the whole Muslim world as one of the most effective mechanisms in realising the socio economic and welfare objectives of the institution of waqf. In the Muslim world, it was Imam Zufar who had approved of the cash waqfs for the first time in the eighth century, on condition that the cash endowed should be invested through *mudaraba* and the returns generated be spent for charity (Cizacka, 2009). Cash waqfs practice can also be traced back to ancient Mesopotamia, Greece and the Roman Empire (Cizacka, 2009). During the Ottoman Empire, the Ottoman courts approved the practice of cash waqf as early as in the beginning of fifteenth century and by the end of sixteenth century it gained huge popularity all over Anatolia and as far as the European provinces of the empire (Cizacka, 2004) and by then

cash waqf accounted for more than half of all the newly created awqāf in the Ottoman Empire (Cizakca, 2004).

A renewed enthusiasm towards cash waqf can now be seen in many parts of the Muslim world, including Bangladesh. Compared to the standard traditional concept of dedicating immovable properties as waqf, cash waqf is a favourite to many Muslims, affluent or otherwise. Bangladesh is one of the densely populated third-world countries where land is becoming increasingly scarce every day even for agriculture and housing sector. Therefore cash waqf is a futuristic alternative that is gaining popularity and acceptance to a wider range of the population willing to get involved in welfare oriented activities.

RESEARCH METHODOLOGY

The research methodologies applied in the research were quantitative, in which it is field study that use qualitatively which is documentations research that apply deductive and inductive method. In executing this research, a combination of fieldwork and library research was conducted. Thus, both, primary and secondary data were used. Relevant documents were collected from *waqf* administration in Bangladesh which was anticipated to be difficult as it involved access to some confidential documents. Owing to the general notion of prevalent corruption in the country, collection of data from the *waqf* estates and government offices was the biggest challenge. Data was gathered from a wide variety of sources through fieldwork, such as interviewing selected key officials, for instance, judges who have decided cases involving *waqf* disputes; authors of *waqf* literature on Bangladesh and media reporters and journalists who have reported on various aspects of *waqf*, individual *mutawalli* /caretakers of various *waqf* estates as well as some beneficiaries.

The result of this data is obtained from the field research whereby the researchers, and from documentation research refers to reading material in relation to Cash waqf practices have been presented, represent a combination of countries with different demographics; such as overpopulated country like Indonesia, The data obtained from the sources stated above will be reviewed and used as guidelines for the construction of Cash waqf.

What is Cash Waqf?

Cash waqf has been defined by many scholars (Mahadi, 2015). With minor variations, however, their definitions come to a common point that cash waqf is a charitable endowment established with cash capital permanently dedicated and privately (Cizakca, 2009) owned by a Muslim, or a group of Muslims or a corporate body governed according to shariah with perpetual dedication (Magda, 2009) of its usufruct to be spent on any purpose recognised by shariah. The definition of waqf in section 2 of the Waqfs Ordinance 1962 includes 'any other endowment or grant' to be within the ambit of waqf for the purposes mentioned in the Ordinance (Section 2(10) of the *Waqfs Ordinance 1962*), as such cash waqf is deemed to be covered by the definition.

Main Features of Cash Waqf

The distinguishing features of Cash Waqfs are as follows:

Liquid Fund as Corpus. In a 'Cash Waqf' the main corpus is a 'cash capital' as opposed to standard immovable waqfs in which the corpus is usually a 'real estate'. Any corpus should be waqfable, as long as it gives some usufruct for others to benefit from it. In Bangladesh many waqf lands have perished and disappeared by river erosion (Office of the Administrator of *Waqfs*, 6) so, there is nothing non-perishable. Everyone on the face of earth is perishable (*Surah Ar-Rahman*: 25). Simply by being perishable a corpus does not lose its eligibility of being waqfable as long as shariah approves it, therefore, cash waqf is the best option for current circumstances.

Immediate Usufruct. Unlike real estate, benefit from cash waqf follows almost immediately after creating it. An immovable property, such as a piece of land may be worth millions but unless it is developed into an income generating project, it is unable to give any benefit; whereas, even a small amount of cash waqf may start generating income through investment right from its inception.

Affordable and Convenience. Buying real property and dedicating it as waqf is only affordable to the rich people. With cash waqf it is much easy and affordable compared to real estate due to high expense and scarcity of immovable properties. Many Muslims who wish to contribute to the society through awqāf cannot afford to buy an immovable property, i.e. land or real estate property because such properties are both expensive and scarce. Cash waqf brings that opportunity even to not-so-rich people.

Remarkable mobility of cash waqf. It enables transfer of waqf capital across economic sectors (Kuran, 2001: 874) simply by redirecting loans from one set of borrowers to another. This makes a huge difference. The core objective of creating a waqf, cash or otherwise, is to do a good deed by helping others. This objective is better achievable by cash waqf.

Benefits from cash waqf. It can be provided to varied types of activities such as education, food, social and religious services (Baskan, 2002: 13) When the waqf is in the form of cash-capital and it is invested in order to grow, a regular usufruct can be earned and has the flexibility to be spent for any welfare purposes. Such flexibility is not available when the waqf property is an immovable property such as land; particularly if the land is not being utilised and not producing regular harvests or otherwise earning a steady income from rentals etc. If a land based waqf is not at its best in terms of its location, size and productivity, it is unable to be a steady source of regular usufruct and the land, despite its current value, lies worthless.

Economic Benefits of Cash Waqf

The institution of awqāf in general and the cash waqf in particular has brought multidimensional economic benefits to many Muslim nations throughout Islamic history. Many essential services, which otherwise would have been an economic responsibility and burden on the state, were provided to the citizens at no cost to the state (Cizakca, 1998: 1). The cash waqf could fulfil these functions by voluntary donations made not only by the well to do and rich but also such donations may as well be made by the poor according their ability, even in small amount of cash. Thus, privately accumulated capital may be voluntarily endowed to finance all sorts of social services to the society. By doing this it helps reduce government expenditure and consequently the rate of interest. Thus waqf can be instrumental in lowering interest rate (Cizakca, 1998: 1) by providing the most essential social services without the government having to spend any money on them. Because it helps reduce government expenditure therefore the rate of interest goes down. Thereby, a cash waqf based system can reduce and even eliminate *riba*. Such services include, but not limited to, the following:

In Bangladesh the pioneer bank in Islamic banking is Islami Bank Bangladesh Limited (IBBL), which has introduced a “*Mudaraba Waqf Cash Deposit Account*” with specified options of purposes. This list of purposes is made readily available to the wāqif who will have the right to choose the purpose(s) to be served either from the list or any other purpose(s) permitted by the Shariah. The list of purposes includes the following areas (IBBL: 2004: 836).

- a. Family Rehabilitation: This includes improving the conditions of absolutely poor living below poverty line, rehabilitating physical handicapped and disadvantaged group of people, beggars, destitute women and uplifting of urban slum dwellers.
- b. Education and Culture: This covers providing formal and informal education for orphans and poor, development of proper education for skill development, supporting physical and vocational training, providing scholarship for deserving students, conducting da’wah activities, supporting religious education and research, religious and social services and establishing educational chair.
- c. Health and Sanitation: This area includes village health care and sanitation, supplying drinking water, establishing hospitals and clinics, health research grant and research in particular disease.
- d. Social Utility Service: This includes providing legal aid for the deserving people in dispute settlement, assisting in marriage of poor girls, rehabilitating reverted Muslims (New-Muslims) and providing assistance to peace-loving non-Muslims, maintenance of public roads, mosques, *eidgahs*, graveyards, plantation of trees, construction of public utility services and creating social awareness to prohibit social vices such as gambling and other anti-social activities.

The services mentioned above provided by IBBL through its cash waqf programmes would have been otherwise the government’s responsibility. These services through awqāf would definitely reduce economic burden on the Bangladesh government.

Current Practices of Cash waqf in Bangladesh

The emergence of Cash Waqf in Bangladesh is an encouraging trend and the degree of awareness on cash waqf in recent years in Bangladesh has been remarkable. A couple of private banks in Bangladesh have pioneered in introducing cash waqf. After government of Bangladesh enacted the Private University Act of 1992, many private universities and higher learning institutions have been established in the country some of which are financed by cash waqf. One such institution is the Social Science Institute (SSI) (Sadeq, n.d: 168). SSI has an endowment fund which is a cash waqf. The cash waqf fund is kept in the investment fund of an Islamic Bank which operates on the basis of mudarabah. Then the profits are spent for fulfilling some Islamic objectives laid down in the constitution of SSI. This is an encouraging trend for the rich segment of Muslims in the country who may come forward and pool their fund to create cash waqf to help the poor segment of the population. In this way cash waqf may add a new dimension to the charity activities in the country.

Cash Waqf as Financing Means of Islami Banks in Bangladesh

The Social Islamic Bank Bangladesh (SIBL), for instance, offers both conventional financial services and microfinance loans in accordance with Islamic principles and participates in developing and managing the waqf and other religious institutions. SIBL started to operate in 1995. As corporate objective, SIBL defined its operation in three different sectors – formal, non-formal and voluntary. While formal sector deals with general commercial activities as a scheduled bank, non-formal sector aims at ‘Empowering Family’ by creating investment opportunities for micro and SME clients. Its voluntary sector offers Cash Waqf Certificate Scheme which is an innovative financial product aimed at social welfare. The Waqf properties are converted into income generating units and the income so derived is utilised as per instruction of the Wāqif or in the absence of such instructions, on the basis of Islamic Shariah.

The Islami Bank Bangladesh Limited (IBBL) has introduced a ‘Mudaraba Waqf Cash Deposit Account’ (MWCD) scheme which came into force with effect from first July 2004. In this scheme the deposited money is invested and the profit is spent in accordance with the will and wishes of the wāqif (IBBL: 2004: 836). The main objectives of the MWCD scheme are as follows:

- a. To provide Banking services as facilitator to create cash waqf and to assist in the overall management of waqf;
- b. To assist mobilisation of social savings by creating cash waqf with a view to commemorating alive or deceased parents, children and to strengthen the integration of the family relationship of the well-off people and the rich;
- c. To increase social investment and to transform the social savings into capital;
- d. To benefit the general public, specially the poor sections of the people out of the resources of the rich;
- e. To create awareness among the rich regarding their social responsibilities to the society;
- f. To assist in developing capital market;

- g. To assist in overall development efforts of the country and to make a unique integration of social security and social peace.

Operational Guidelines of Cash Waqf Based Products Adopted by Some Islami Banks in Bangladesh

Cash Waqf deposit accounts have long been introduced by a number of Islamic Banks in the country. All these banks have guidelines for operating this type of account that are convenient, customer-friendly and motivational in promoting good deeds.

Cash Waqf based 'Mudaraba Deposit Account'

Islami Bank Bangladesh (IBBL), Exim Bank, Shah Jalal Islami Bank and Social Islami Bank all have introduced '*Mudaraba* Cash Waqf Deposit' as a product that creates an opportunity for the wealthy people to invest in different religious, educational and social services. Income generated from the Cash Waqf fund is spent for different purposes chosen by the *Wāqif*.

The Objectives of Cash Waqf Mudaraba Deposit Accounts (CWMDA)

The followings are the objectives set by the above banks for the Cash Waqf based mudaraba deposit accounts:

- a. To provide assistance in overall development efforts of the country and to make a unique integration of social security and social peace.
- b. To help transform the collected Cash Waqf to social capital, as well as to help develop social capital market.
- c. To help increase social investment aiming eradication of poverty;
- d. To motivate, promote and encourage rich communities' awareness on their responsibility for social development in the country and to create awareness among the rich regarding their responsibilities to the society.
- e. To stimulate integration between social security and social welfare.
- f. To provide banking services as facilitator to create Cash Waqf and assist the deprived people of the society.
- g. To assist mobilisation of social savings by creating Cash Waqf with a view to commemorating alive or deceased parents, children and to strengthen the integration of the family relationship of the well-off people and the rich.
- h. To benefit the general public, especially the poor sections of the people out of the resources of the rich.
- i. To facilitate for religious activities that are otherwise neglected due to lack of financial resources.

Cash Waqf in Perpetuity and Mutawalli's Discretions

These Cash Waqf *Mudaraba* Deposit Accounts are created in Perpetuity where cash deposit is received as endowment on *Mudaraba* principle. Bank manages the Waqf Fund on behalf of the *Wāqif*. The principal amount of the account will not be allowed to be withdrawn. But the *Wāqif* in his/her life time may however transfer the account elsewhere at his/her own discretion.

In life time, the *Wāqif* himself will act as the *Mutawalli*. A *Mutawalli* nominates his successive *Mutawalli* through written application to the bank. After the demise of the *Wāqif*, *Mutawalli* will not be allowed to dismantle the Waqf deposit amount.

CWMDA Created with Lump Sum Amount or by Instalment

Wāqif has a choice to create cash Waqf with a lump sum amount given at once or on instalment basis where he/she may start with a minimum deposit of Tk,10,000.00 (taka ten thousand) only and the subsequent deposit shall also be made in thousand or in multiple of thousand taka. In case of instalment basis Cash Waqf, advance payment for any number of instalments will be received by the bank. In the event that the *wāqif* fails to continue depositing the instalment(s), the amount accumulated so far throughout the period shall be counted for profit to be given to that account. Next year the *Wāqif* will get the opportunity to deposit his/her instalment(s) again. Mentionable that, one particular *Wāqif* will not be entitled to repeat non-depositing of instalment(s) more than five times.

Issuance of CWMDA Certificate and Receipt

Cash Waqf is accepted in specified Endowment Receipt and a Certificate for the entire amount is issued as and when the declared amount is built up in full. In case of failure of the *Wāqif* to deposit instalment any more, the *Wāqif* may request in writing to the effect that he is unable to deposit the rest amount to cover the declared Cash Waqf. Thereby, he may be issued Cash Waqf Certificate considering the amount so far deposited.

How CWMDA Operates

Cash Waqf *Mudaraba* Deposit Account (CWMDA) operates as a contract between the depositor and the bank where the account will be governed by the *Mudaraba* Principles of Islamic Shariah. In this contract, the depositor is termed as *Wāqif* or *Saheb-Al-Maal* or owner of fund and the Bank as *Nadjir* or *Mudarib* or business organiser.

Investment in Conformity with Shariah

The amount deposited in the Cash Waqf account is invested as per Bank's own decision in conformity with the Shariah.

High Rate of Investment Income

The *Wāqif* or the beneficiary under MCWD scheme shall get maximum 65% of investment income or the percentage as the Bank decides from time to time to their proportion of deposit applying the weightage allocated there-against. Weightage against deposit of *Mudaraba* Cash Waqf Deposit (MCWD) Account is 1.19.

Distribution of Usufruct to the Beneficiaries

Before declaration of final rate of profit, monthly profit amount will be credited to the account as per provisional rate of profit offered by the bank from time to time. Profit under this scheme shall be adjusted annually i.e. after declaration of final rate of profit of the bank. Profit amount only will be spent for the purpose(s) specified by the *Wāqif*. Unspent profit amount is automatically added to Waqf amount. Profit earned can be withdrawn and spent by the Bank/*Wāqif*/Mutawalli for the cause(s) specified in the list. Specified cause may however, be changed by the *Wāqif* during his/her life time. The *Wāqif* can give standing instruction to the bank to transfer specified instalment from his/her account maintained with the branch. In such cases the bank charges a minimal service charge from the *wāqif*'s account.

Profit Loss Sharing

As the waqf fund is operated under Mudaraba Principle, the waqf amount may not remain intact due to sharing the profit and loss. As per Mudaraba Principle if any loss is incurred in course of business, the loss is to be realised through deduction of the Waqf deposit.

Waqf Management Committee

A special Waqf Management Committee comprising of the officials of the bank will manage the waqf fund. In case of any query/complaint (if raised by the *Wāqif*) regarding the mismanagement of the fund or others, the committee shall look upon the issue and the decision of the Committee will be the final.

Readily Available List of Purposes

The *Wāqif* has the right to choose from the list of purposes to be served either from the following list or any other purposes permitted by Shariah:

a. Family Rehabilitation

This includes providing food to the poor; making shelter for the poor; improving the conditions of hardcore poor living below the poverty line, rehabilitation of physically handicapped and disadvantaged people; street beggars; destitute women and Upliftment of urban slum dwellers.

b. Education, Sports, Da'wa & Culture

Providing Education facilities to the orphans; such as supplying books, development of technical education for skill development and vocational education in general, providing

scholarships to deserving students and also deserving dependants and descendants, financing research and establishing educational chair. Physical education and sports facilities. Conducting Dawah activities. Supporting to Islamic culture, heritage and art promotion. Celebrating different Islamic Festivals.

c. **Health & Sanitation:**

Providing health care by establishing hospitals, clinics and providing health care programmes especially for the poor. Health research grant and research in particular disease. Supplying sanitation facilities to villages and supplying pure drinking water by providing dip tube well.

d. **Social Service**

This includes providing legal aid to the poor and deserving people. Providing assistance to dowry-less marriage(s) to poor girls. Planting and maintaining trees on the sides of public roads; to rehabilitate the Reverted Muslims (New Muslims). Providing assistance to peace loving Non-Muslims and solving their problems. Creating social awareness to prohibit gambling and other social vices such as theft and other anti-social activities. Construction, installation and development of public utility services. Maintenance of specific mosque(s) with/without an income generating project. Maintenance of a specific graveyard with/without an income generating project. Maintenance of specific Eidgah(s) with/without an income generating project.

Arrangement after Serving the specific purpose or Death of Wāqif

If the goal/purpose of waqf is attained/ended, the income/profit of the waqf account will be spent as per additional indication of the wāqif which is to be mentioned at the time of opening the account. If it is not mentioned or if there arise any contradiction, the Committee's (Waqf Management Committee) decision shall be final.

In the event of death of Wāqif, profit of that Waqf Account will be spent as per option given by the Wāqif. However, in case of the shortfall amount of the declared amount (if any) may be deposited by the successor(s) of the deceased Wāqif.

Liabilities and Rights of the Bank

The Wāqif agrees that the bank will not be liable for any loss or any damage if the bank is unable to provide services in connection with the account(s) due to postal, courier, electrical, mechanical, telecommunications or by reason of act of god, catastrophe, war, civil or industrial disturbance, computer failure or any other cause beyond Bank's control and that cannot be overcome by reasonable diligence and without unusual expenses. Operation of this account will be guided by the Money Laundering Prevention Act-09 and other terms & conditions as prescribed by the Bank from time to time. VAT/Tax, Excise Duty or other charges (if applicable) to be deducted from the account as per prevailing rules of competent authority (ies). Bank

reserves the right to change/amend/alter/modify the weightage, profit distribution principles or any of the rules of the scheme from time to time as per Bank's standard & policy.

The laws, rules and regulations of Bangladesh and custom and procedures applicable to the scheduled bank in Bangladesh shall apply to and govern the conduct of the account opened with bank. Though the Bank maintains strict confidentiality in all affairs of the account, Bank shall always be entitled to disclose any information regarding Wāqif's accounts held with the Bank to any of the followings:

- a. Any regulatory, supervisory, governmental or quasi governmental authority with the jurisdiction over the bank.
- b. Any person to whom the bank is required or authorised by law or court order to make disclosure.

Any change of the information furnished by the Wāqif must be notified to the bank immediately, otherwise the bank will not be liable for the consequences.

APPLICATION OF CASH WAQF IN SELECTED COUNTRIES

Cash Waqf practices have flourished in different parts of the world. In order to highlight the learning points from those countries, some of the countries are being briefly evaluated in this paper that include Bahrain, Indonesia, Kuwait, Malaysia, Singapore, and Turkey.

Bahrain

A Cash Waqf Fund was established in Bahrain in November 2006 under the auspices of the Central Bank of Bahrain (CBB) in partnership with Islamic Financial Institutions (IFIs) in Bahrain (The Central Bank of Bahrain: 2014).

1. Objectives of the Waqf Fund

The main objectives of this Cash Waqf Fund is to finance research, education and training in Islamic finance (the Waqf Fund); and is active in working with the industry and stakeholders in developing industry standards and the standardisation of market practices.

2. Contributors of Waqf Fund

Among the founding IFIs were Arcapita Bank, Bahrain Islamic Bank, Kuwait Finance House (Bahrain), AlBaraka Banking Group, Unicorn Investment Bank, ABC Islamic Bank, Shamil Bank (now Ithmaar Bank) and Gulf Finance House. The member institutions made one-time contributions to the Waqf Fund's corpus which is invested in Islamic money market instruments and the return is used to finance the Fund's initiatives. These initiatives are executed through partner organisations.

3. Waqf Fund Sponsored Programmes

Ever since its establishment, the Waqf Fund has been active in sponsoring some important flagship initiatives that include:

a. Human Capital Development in Islamic Finance

There is a global shortage of the right human resources who combine conventional as well as Islamic principles, understanding of the underlying principles and standards and exposure of practical issues facing Islamic financial institutions. Therefore in order to provide the right human resource capital the Waqf Fund sponsors important training and qualification development programmes for a number of organisations central to the development of Islamic finance. Such organisations include 'the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) that provides its flagship Islamic accounting qualification 'Certified Islamic Professional Accountant' (CIPA) programme (*The Review*:39, 2014).

Besides, the Waqf Fund has also been instrumental in organising various other human capital development programmes that include launching a training programme for the senior management officials in order to qualify them as Islamic finance leaders. Waqf Fund also holds Corporate Governance Workshop for CEOs and Directors.

b. Research and Collaboration with Other Nations

As part of its support for Islamic finance training, education and research, the Waqf Fund hosts and sponsors regular dialogue, monthly conferences and special sessions with leading Shari'a and Islamic finance Scholars. The Waqf Fund sponsors government collaboration with other Muslim and non-Muslim nations in the field of Islamic Finance.

c. Curriculum Development

The Waqf Fund is playing a crucial role in developing the curriculum for Islamic financial services sector. The Fund joined hands with University of Bahrain to provide financial support to its 4-year Bachelor degree in Shari'a for Banking & Finance programme. The Waqf Fund has also announced the launch of Diploma in Islamic Commercial Jurisprudence aimed primarily at those working for Internal Shari'a Review departments of Islamic Financial Institutions.

Indonesia

A non-profit organisation under the Ministry of Religious Affairs in Indonesia has turned the concept of Cash Waqf into a movement (dompetdhuafa.org: 2014). A group of Indonesian journalists established the non-profit organisation named Dompot Dhuafa Replubika (DDR) to raise a pool of fund for the welfare of the poor through Zakat, Infaq, Sadaqah and Waqf (ZISWAF). Though informally established in 1993, Dompot Dhuafa Republik (DDR) was registered in October 2001 with the government as National Zakat Institution (Lembaga Amil Zakat) under the auspices of the Ministry of Religious Affairs.

DDR Cash Waqf Fund

DDR then created a waqf fund named Indonesian Waqf Fund (Tabung Wakaf Indonesia) with a four fold network of welfare programmes that includes Healthcare, Education, Economy and Social Development.

a. Healthcare

DDR has established several healthcare institutions to serve the poor patients. Under this programme they have a hospital named Rumah Sehat Terpadu (RST) equipped with inpatient and outpatient services including surgery and intensive care units. Located in Bogor, West Java this hospital provides healthcare services free of charge for the poor who are unable to afford adequate health care. This hospital serves more than 50,000 patients a year.

They have also established a Free Clinic named 'Layanan Kesehatan Cuma Cuma' that provides medical services to the poor patients who do not need to be warded in hospital. Many Muslim doctors come forward to serve in this clinic on voluntary basis.

b. Education

DDR helps Indonesian deserving children selected to pursue their education and provide them regular stipend under scholarship programmes. Under this division several training schools and business schools are run, such as 'Sekolah SMART Ekselensia Indonesia' and 'Umar Usman Business School' which has a campus named Prophetic Entrepreneur Campus where they introduced a special entrepreneurship programme. Their training schools also offer 'Character Building Trainings'.

c. Economic Empowerment and Social Welfare

DDR has various empowerment programmes to reduce poverty in Indonesia and create entrepreneurs who are otherwise less privileged. In return, these entrepreneurs are gaining the ability to contribute to the social development later by themselves. DDR works on disaster management, migrant workers welfare, da'wah activities, free funeral services and other voluntary services.

Kuwait

In Kuwait, the Waqf, whether cash or non-cash, is aimed at contributing to the efforts intended to serve the revitalisation of the Waqf practice and tradition by putting forward developmental projects in Islamic forms in order to meet the needs and requirements of the society. This aim is usually achieved by requesting the people to donate cash funds or other norms of assets as Waqf. These Waqf funds are managed and overseen by Kuwait Awqāf Public Foundation (KAPF) in order to meet the social as well as developmental needs as addressed by various action programmes. These action programmes grant Waqf authority an allowance for achieving the highest developmental return and to help achieve the connection among the Waqf projects. This is conducted between them and other projects undertaken by Government Agencies and Associations of Public Benefit.

Objectives of Kuwait Awqāf Public Foundation (KAPF)

The Kuwait Awqāf Public Foundation has set several objectives of Waqf funds, which are outlined below:

- a. To restore and revitalise the practice and tradition of Waqf by calling for projects which are closer to the hearts of the people and more responsive to their needs,
- b. To renew and modernise the developmental role of the Waqf,
- c. To advance the Charity Work by introducing a new model to be followed as an example,
- d. To meet the needs of the society and the citizens in the domains which are not properly subsidised,
- e. To create a balance between external charity work and the internal one,
- f. To bring into effect the popular participation in the call for Waqf and managing its projects, and
- g. To start off the Waqf work through an "Organisation" that fulfils flexibility as well as discipline at the same time.

Waqf Fund Managed by a Board of Directors

In Kuwait, each Cash Waqf fund is managed by a Board of Directors consisting of a number of popular and eminent persons to be chosen by the President of Waqfs Affairs Council. This council is permitted to add representatives of some Government Agencies interested in the areas of work of the fund. The Board is appointed for two years with the possibility of further renewal of term. The Board shall choose a Chairman and two Vice-Chairmen from the Members. The Board of Directors is assisted by a Fund Manager, who is appointed by the Secretary General. The Secretary General is chosen from the general staff of the Kuwait Public Awqāf Foundation. He must be an ex-officio Member of the Board of Directors, and would act as the Secretary of the Board. An assistant to the Director may be appointed, according to the needs of the project.

Malaysia

There are several issues pertaining to Waqf management in Malaysia in general and cash Waqf in particular. Waqf administration in Malaysia is regulated and managed under different laws and regulations within the purview of the States Islamic Religious Council (SIRC) consisting of thirteen states and federal territories (Mahamood, 2006). As Waqf institutions are governed by state laws, the nature of the administration of these institutions may differ from one state to another. Such dissimilarity could cause inefficiency in cash Waqf collection and management in Malaysia.

Public Response to cash waqf in Malaysia

Studies reveal that the response of the Malaysian public towards cash Waqf is still lacking (Mohsin, 2009: 16). According to Mohsin (2009:16) who reported that even though the amount of cash Waqf collected is quite considerable the response received is not significant. This view is shared by many who think that cash Waqf collected from Waqf shares are leverage to buy a

property and other approved project. While there have been some improvements in the cash Waqf management it still needs more effort to strengthen Waqf as a third sector in an Islamic economic system. Understanding of Malaysian public toward cash Waqf is too narrow where they only linked it with the construction of mosque and Waqf land for cemetery despite a wider function and roles of Waqf itself (Arshad, 2011). This is also supported by Laldin (2005) saying that in Malaysia Waqf is only for donation for the purposes of building mosque and sites for graveyard. He also argued that Malaysian donors are not aware of the fact that Waqf properties are wider in terms of uses compared to zakat and sadaqah. However, subsequent developments, as discussed in the following paragraph, suggest otherwise and this author is of the view that the future of cash waqf in Malaysia looks very promising.

Potential for Cash Waqf in Malaysia

Some studies have revealed that cash Waqf in Malaysia has a potential to grow. For example, Salleh & Muhammad (2008:13-37) estimated that the cash Waqf collection in Malaysia could reach RM4.3 billion a year if each Muslim adult Malaysian citizen donated RM1 a day or RM30 a month to the cash Waqf fund. They further revealed that the State of Penang has a very high potential to develop a cash Waqf fund because of its planning and marketing strategies, which are used for the promotion of the cash Waqf funds (Amir, Masron & Ibrahim, 2010).

Another research (Sayyin, Ali & Suyurno, 2006: 46) stated that the cash Waqf implementation through Selangor Waqf Shares Scheme has a high potential growth. The study by Mahmood, (2007: 61-83) stated that cash Waqf cash in Malaysia is not very popular. Nevertheless, Perak State Islamic Religious Council has in fact has established cash Waqf in their respective council a very long time ago under the rules 18 (2) Waqf Regulation Control 1959 and followed by Pulau Pinang Islamic State Religious Council in July 2005.

Cash Waqf Shares and the State Islamic Religious Council (SIRC)

In Malaysia, cash Waqf model has been supported by seven out of nine State Islamic Religious Council (SIRC). All of which are in the states of Peninsular Malaysia, such as Selangor, Johor, Melaka, Pulau Pinang, Pahang, Perak and Negeri Sembilan (Mohsin, 2009: 14). In Malaysia, cash Waqf is usually executed by people through shares or stock and several states in the country have already established this kind of Waqf. According to Section 2 of Selangor Waqf Enactment 1999, the creation of cash Waqf is through shares which is offered to buyer who buys it and then dedicates it to the Council as Waqf. However, the implementation process and relevant guidelines have been specified under Section 17(1) of the same enactment. It also stated that the council can offer cash Waqf shares of any property acquired or to be acquired to any person for the shares to be purchased and subsequently endowed (Waqf) to the council (Mahamood, 2007: 12).

Singapore

In Singapore, the first known Waqf that was created in the country is the Waqf of the Omar Mosque of Kampung Melaka, which was endowed by the late Syed Omar Aljunied, who originally was a trader from Indonesia. The first Waqf legislation in the country was passed by the British legislation in 1905, which was provided under the Muhammedan and Hindu Endowments Ordinance and was enacted on 8th September 1905. In fact, philanthropists like Syed Omar Aljunied created or built not only mosques but also revenue stream to ensure that these mosques have income for their maintenance and religious activities. These philanthropists had actually developed a socio-religious enterprise model, which is now becoming a new trend in charity and non-profit enterprises.

Cash Waqf by Salary Deduction

However, Waqf in the form of cash is found to be unique here in Singapore, and the cash Waqf fund there included mostly the Mosque Building Fund. Under this kind of cash Waqf philosophy, each Muslim employee is required to contribute a stipulated amount to the fund on a monthly basis. As of 1 July 2005, there were about 175,000 Singaporean Muslim employees who contributed towards this fund. Their contribution was deducted from their monthly salary by their employer and then channeled it through the Central Provident Fund.

As of the same date as mentioned earlier, the fund received an estimated \$6 million contribution annually from those Muslim employees. This fund has enabled Waqf authority to build 22 mosques with an accumulated amount of \$130 million. In fact, the act of creating a Waqf from a pool of fund to build mosques is proven to be excellent instruments. These instruments have been used to generate income streams, which will enable the mosque to have a continuous income for the maintenance and subsistence of those mosques.

Turkey

During the 15th and 16th Centuries, the Ottoman Courts approved a particular form of endowment or trust fund, the cash endowment, by which money was settled for social and pious purposes (Cizakca, 2004:34). In fact, the majority of Turkey's awqāf (endowments) were land, where the permanence and security of the act of 'continuous charity', which is central to the Waqf (endowment), is easily realised. Some moveable assets, such as furniture, books or farm animals, were also tied up in a Waqf.

Public Facilities Supported by Cash Waqf

During the Ottoman period, education, public works, health and religious services were financed by cash waqf. Educational services financed by the Turkish government today were financed by awqāf in the Ottoman Empire. Cash waqf was also used as a means of social security; thus, they played a vitally important role in the Ottoman social fabric and did so without any cost to the State.

Financial Services Provided by Cash Waqf

The Cash Waqf provided much needed credit and other financial services. Cizakca estimated that during the eighteenth century about 10 per cent of the total population of the city of Bursa, which averaged about 60,000 inhabitants during that period, borrowed from Cash Awqāf. Cash waqf records show that the awqāf' expenditures had been mainly done in the following areas: education, food, family, justice; such as salaries of judges in local courts, and payments to the jails, maintenance of Waqf buildings, mosques, rent, religion, social services such as repair of pavements, social baths, helping the public to pay their taxes, mutawalli's salaries, water works and workers.

Revenue Earned by Cash Waqf

Cash Waqf in Turkey was used to earn revenue through profit bearing loans. This credit provision aspect of Cash waqf raised interesting questions for Islamic law and has proved a modern debating point for jurists and historians. Did Cash waqf violate the Islamic prohibition on riba (interest)? Some historians have claimed that the Cash waqf lent money on interest, or used transactions which were designed to get around the strict legal prohibition on riba but produced an 'interest-like' payment.

Cash Waqf and the Debate on Interest

Many critics argued that Cash waqf violated the waqf tradition of immovable property and Islamic injunction against interest collection. However, defenders (including clerics) did not deny religious objections but argued for the practice on the grounds of practicality and economic need. So, the practice remained hotly debated among legal and religious scholars and, despite the controversy, remained popular among those who saw a need for protecting 'liquid' wealth and flexibility in directing charitable investments. Interest / profit charged on loans by Cash waqf was often fixed to 'comply' with Sharia. However, it is undeniable that by organising such things as financing expenditure on education, health, welfare and a host of other activities, cash endowments fulfilled services that are today financed by the State or local authorities.

Role of Cash Waqf in Poverty Alleviation

Since the concept of Waqf is similar to trust and endowments of resources Cash Waqf can actually be used for any specified purpose that benefits mankind, including poverty alleviation programmes and interest-free loans. Although most established Waqf Institutions are based on real estate, there have been examples in history during the Ottoman Empire where waqf institutions were established for the specific purpose of giving out interest-free loans to the beneficiaries of the Waqf, who were actually living in poverty. These loans were considered to be self-sustaining and were based on the Islamic finance concept of Diminishing Musharaka. In this framework, borrowers are provided loans against their houses, although they continue to stay in them by paying a fixed rental. Borrowers pay back the principal through a series of transactions, leading to eventual ownership. So it can be argued that a cash waqf fund could be tailored to provide the poorest communities an easy access to finance and help them to come

out of poverty and impoverishment. This has been an interesting model, which was implemented in Bangladesh by a private bank, namely Social Islami Bank Limited (SIBL).

CONCLUSION

It has been regrettably observed that there is no initiative at all from the Office of the Waqf Administration in Bangladesh to introduce and nurture cash waqf practices in the country. As such this paper has focuses on private and non-government initiatives for cash waqf developments in the country. Some of the private Islamic Banks have come up with some products on cash waqf. However, these products are not enough to bring this practice to the door steps of the greater audience. This paper has discussed the current situations of cash waqf in Bangladesh and argued for the need of modern and innovative approach towards awqāf in general and cash waqf in particular drawing lessons from selected countries including Bahrain, Indonesia, Kuwait, Malaysia, Singapore and Turkey.

The purpose of this paper is by no means to deal with cash waqf comprehensively, because the scope of it does not warrant that. The topic of cash waqf deserves to be undertaken as an independent topic of graduate level research and it has been so suggested for the future researchers in the conclusion of this paper. However, since there have been no extensive studies before on waqf sector in Bangladesh, this paper attempted to show where does the country stand in terms of cash waqf practices, without which this research would have remained incomplete. The purpose to include some discussion on cash waqf practices in selected countries is to draw lessons from those countries as cash waqf holds a lot of potential for an overpopulated country like Bangladesh where the prospects for creating land based waqf has narrowed down substantially.

The six countries, of which cash waqf practices have been presented, represent a combination of countries with different demographics; such as overpopulated country like Indonesia; Muslim-minority country like Singapore; and affluent Muslim nations like Bahrain, Kuwait, Malaysia and Turkey. It has been shown in this paper that cash waqf practices in these countries address different welfare needs of the deserving sections of population and sectors of these countries. And it has been demonstrated well with specific examples of cash waqf based projects from these nations that irrespective of a country's economic and demographic standing; cash waqf can play its role of welfare not only for the poor countries' unprivileged population but also for the deserving section of population in apparently rich and wealthy countries.

ACKNOWLEDGEMENT

Special appreciation is owed to Universiti Sultan Zainal Abidin (UniSZA) & Research Management, Innovation & Commercialization Centre (RMIC) UniSZA.

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