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## *Waqf* Assets Management: Harnessing Tool for Muslims' Welfare

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### Abstract

This article discusses the potential of *waqf* in harnessing the Muslims' welfare. A professional and effective administration of *waqf* is seen essential and regarded as a basic tool for a highly impact economic instrument in Islam. The varieties of *waqf*'s objectives at the same time provide support for wide spreading religious and philanthropic activities. The potential of *waqf* institution strongly depends on Muslims's understanding towards *waqf* and significantly influenced by effective administration of its fund. Therefore, this writing aims to put forward a conceptual discussion on the meaning of *waqf* and its role in the Malaysian society. In addition, it is also importance to highlight the necessity to legislate a standardized law on *waqf* and its administration in developing Muslim socio-economy.

**Keywords:** learning style; Muslim; philanthropic; *Waqf*; welfare

### INTRODUCTION

*Waqf* is a practice where the ownership of an asset being hold in order to donate its benefit (Al-Jerjani, 2003). The main objective of *waqf* practice is to gain rewards from Allah and considered as one of highly encouraged practices in Islam (Al-Zuhaili, 1984). The ownership of a property will be removed from its donor once the property is donated as *waqf*. In other words, the previous owner cannot claim his property back and has no jurisdiction on it anymore (Al-Syirazi, 1996). The administration of *waqf* property under a professional institution has a big potential in developing and strenghtening the Muslims' economy (Latif & Hassan, 2005). In Islamic history, *waqf* has been expanded from lands and orchards to mosques, schools, libraries, wells, roads, hospitals and orphanage (Said Sobri, 2008). Moroever, items that can be donated as *waqf* include immovable and movable properties. Modern shape of *waqf* has reformed from books, Quran and prayer mats to cash *waqf*, share *waqf*, corporate and others (Latif & Hassan, 2005). All these methods of *waqf* do not only assist the government in establishing public facilities for the society but also contribute to the development of Muslims' socio-economics.

## RESEARCH METHODOLOGY

This is a qualitative study. The findings in a qualitative study were sought not from statistic or other quantification methods (Corbin & Strauss, 2008). In a qualitative study, the researcher is the main instrument in collecting and analyzing the data whether in term of words or illustrations. Research was conducted in a natural background while an inductive analysis will be done in where the meaning given by participants is the main focus (Lebar, 2017). Data in this study are collected from primary and secondary resources including books, authentic articles, documents, artifacts, maps, pictures, and through interviews and observations (Awang, 2009), In this paper, data related to *Waqf* are sought from classic and contemporary books, closely related articles, artifacts, and documents such as paper reports and news archive. This data collection is vital in revealing how *Waqf* has been used as a tool in harnessing Muslim's welfare. The results of the collected data are analyzed accordingly. In this context, content analysis is used. Content analysis, as been quoted by Wilkinson and Birmingham (2003) from Krippendorff is a research technique for making replicable and valid inferences from data to their context.

## RESULTS AND DISCUSSION

*Waqf* is not only an act of worship. It has its own potential in strengthening and uplifting the Muslim's socio-economic status. It can be done through a well-managed administration of *waqf*. Together with the zakat institutions, *waqf* is not only used to eliminate poverty and social problems but functions to enhance the income of the Muslims society.

*Waqf* activities have promising contribution to development of the nation physically by establishing education and health facilities and defense equipment. These can be achievable if the administration of *waqf* is properly reformed and institutionalized that can benefit many parties that can be taken from existing *waqf* fund (Kahf, 2003).

By practicing permanent nature of *waqf*, the ownership of Muslims towards land and real estate can be secured. The ownership of donated assets for *waqf* will never be transferred to anyone else and remains in the hand of the Muslims to ensure the authority of *waqf* assets will remain intact.

The permanent nature of *waqf* also resulted in the accumulation of *waqf* properties all over the Muslim lands. The varieties of their objectives at the same time provide support for widespread religious and philanthropic activities. These play important roles in the socio-political life of Muslim societies and communities (Kahf, 2011). Together with a proficient administration, proactive efforts must be taken to encourage Muslims society to practice *waqf*. An optimum involvement of Muslims in this practice will undoubtedly strengthen the Muslims' economy as stressed earlier in this article (Nik Hassan, 1999).

By donating cash *waqf*, for example, the Muslim community funds can be established that enable them to buy highly potential lands and real estates. These types of lands and real estates are usually sold at high price where only selected Muslims were affording to buy them. Therefore, cash *waqf*; help the Muslim generates sufficient funds to purchase the properties to elevate the income for the Muslim community. Hence, the same fund can be used to build hotels, commercial centers, shops and other physical infrastructure. The-generated income will then be disbursed for the importance of Muslims. The Grand Puteri Hotel in Terengganu, Malaysia, is an example of a *waqf* hotel that was set up to produce income for the benefit of *waqf* institution.

The *waqf* has a vast potential, especially the cash *waqf*. The fund raised from cash *waqf* plays a vital role in developing the community. It can be utilized to strengthen small businesses and to fund new entrepreneurs who face difficulty to attain financial support from banks and other institutions. These entrepreneurs can be financially help if *waqf* institution is properly administered (Tohirin, 2010). At the same time the funding of cash *waqf* through qard al-hasan will eradicate the phenomena of illegal lenders. Lahsasna (2010) in his article is agreed with this function when he claims that cash *waqf* can be utilized to finance low risk loan in order to make profit and increase the fund. He also argues that cash *waqf* is a powerful mechanism in generating fund and investment that significantly contribute to improve industrial, financial system and economic development (Lahsasna, 2010).

*Waqf* fund can also be utilized for educational purposes which includes establishment of libraries, books, teacher and staff salaries and stipends for students. *Waqf* financing is not restricted to students of Islamic studies, but-also-conceal any related programmes. The practice of financing through *waqf* has promoted educational freedom that contributes the growth of educated scholars not necessarily produced from the rich and noble classes (Kahf, 2011). For example, the University of Al-Azhar is set to be an excellent example of how *waqf* fund can be used to fortify the education in the society.

*Waqf* fund also sustenance the government in providing infrastructures for the public as shown during the days of the Ottomans. Cizakca (2011) states that if the practiced of cash *waqf* is prolonged until now; greater achievements can be accomplished as what had happen in the days of the Ottomans empire. He further elaborate that *waqf* fund can also help to achieve modern micro-economic objective which is to decrease the government's expenditures, downsize the country's deficit budget and lessen government dependencies towards loan as a source of financing development projects. Health services which include hospitals construction and wages payment for physicians, apprentices and patients are clear examples of public infrastructures that can be developed through this fund. Another-justification is the formation of health *waqf* in Istanbul, called Shishli Children Hospital which was founded in 1898 (Kahf, 2011). In Malaysia, Johor Corporation Berhad (JCorp) has donated its share as *waqf* in three listed subsidiaries which were Kulim Bhd., KPJ Healthcare Bhd and Johore Land Bhd with net asset value amounted to RM200 million under the management of Kumpulan Waqaf Annur Bhd. The dividend generated from these shares will be reinvested, given to the State Islamic Religious Council and distributed for charity works for the benefits of Muslim's welfare in the country (Institut Kefahaman Islam Malaysia, 2014).

In another perspective, *waqf* is closely associated with philanthropic purposes and can serve the function of alleviating social problems. Many social problem occurrences are caused by financial glitches such as insufficient fund for marriage which can contribute to baby dumping. Adding to the above notion, young Muslims can be facilitated to secure stronger financial income for their marriage. Moreover, *waqf* fund can be channeled to help drug rehabilitation centers that are in need for financial support in order to carry out their programmes.

Proper administration of *waqf* fund will not only benefit human but also other living things such as animals as implemented in Damascus where specific *waqf* fund is allocated to treat abandoned animals (Kahf, 2011). The *waqf* system as stated here shows that the practice of *waqf* has

varied and emerged significantly. Indeed Islam allows many forms of *waqf* practices as long as it complies with Islamic jurisprudence.

Bakar (1999) believes that the development of *waqf* property is compulsory. *Waqf* property must not be kept stagnant without any added value activities. The administrators of *waqf* (the nazirs and mutawallis) are obliged to develop these potential assets so it can benefit not only the beneficiaries but the Muslim society as a whole. This development can be done through direct investment in the stock market, unit trust or Islamic Banking investment scheme. Kahf (1998) supports this view when he suggested that the development of *waqf* asset should be done through Islamic instruments in the contemporary financial system.

This is one of many roles that can be played by the Islamic Banking in strengthening *waqf*. Islamic banks can help *waqf* institution for better asset investments because they usually have more expertise and experience in determining the best investment to breed these assets. On the other hand, most *waqf* institutions do not have enough expertise and experience to deal with this matter. Opening mudharabah accounts with any Islamic banks is an example of investment that can be adopted by *waqf* institutions. In addition, Islamic banks can also operate specific counters for those who want to donate their cash as *waqf*. Online transfer service, *waqf* through short message service (SMS), monthly salary deduction, direct debit order should be introduced to collect cash *waqf*.

Some other innovations to enrich the collection of cash *waqf* must be implemented. Islamic banks can allocate a special personal loan for those who need cash in order to establish *waqf* entity. This is done with a minimum or lower loan rate as a token of cooperation between Islamic banks and customers who wants to contribute something worthy to the society. This is in line with the Islamic teaching that urges Muslims to help each other's in doing good deeds.

Finally, Islamic banks themselves may utilize a portion of its annual profit as *waqf*. It is a sign of good initiative if the government takes a strong move to initiate this type of donation which is collected from banks, institutions or individuals and provides tax rebate from each completed donation. It is an essential effort to develop *waqf* assets particularly cash *waqf* which can be used to provide public infrastructures and strategically will help the government to reduce its-expenditure.

## CONCLUSION

If modern economy is able to imitate the practice and administration of *waqf* like the days of the Ottomans, the macroeconomic objective will be achieved to attain a fair income distribution and reduce tax solely as the government source of income and reduce the tax burden on the society. The potential of *waqf* institution strongly depends on the understanding of the Muslims towards *waqf* and on effectiveness of the fund administration. Without these two variables, *waqf* institution cannot function to its maximize capacity. Therefore, in order to ensure the best impact of *waqf* on the Muslims' socio-economy status, it is crucial to comprehend the Muslims about the concept and functions of *waqf*. Besides, it is also essential to legislate a standard and complete law on *waqf* and its administration. In Malaysia, *waqf* is generally perceived as a charity act of worship and its concept is restricted to immoveable properties. However Muslims society needs to change this perception on *waqf* as it has been expanded to moveable properties such as cash, vehicles and scientific equipment. This reformed understanding and interpretation of the concept of *waqf* is very important to be understood by the government, financial institutions and society. It is an appropriate time for

Muslims society to put their effort in supporting government's action in upholding *waqf* institution in order to increase Malaysian socio economy. In ensuring *waqf* can be utilized at its maximum capacity, the coverage of *waqf* item must be expanded from land and real estate to many other moveable properties. The succes model of *waqf* institutions as practiced in Singapore, Egypt and Kuwait should be considered as guideline by Malaysian authority to further develop local administration of *waqf*. In depth studies on rules and regulations enforced in these countries must be conducted to enable a standard and comprehensive *waqf* law to be drafted in Malaysia. The legislation of such law which can also be used as guideline by the state governments, will significantly contribute in enhancing the administration of *waqf* in Malaysia and at the same time will not violate the original intention of the *waqif* that is to worship Allah.

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