



Sustaining Value-Based Intermediation Initiative via Cash Waqf Models*

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Abstract: Fundamentally, the Global Alliance for Banking on Values (GABV) is a networking synergy of banks to promote sustainable growth in economy, society, and environment via their financial services. Similarly, the Value-based Intermediation (VBI) in Islamic finance is an initiative by the Central Bank of Malaysia to strengthen the genuine role of Islamic financial institutions in social finance. Islamic social finance instruments, particularly cash waqf, have been predominantly proposed in various viable models in the literature. Some models have been put into practice, while several remain potentially workable in the future. As numerous research delve into the feasibility and enablers of cash waqf, the embed values have been marginally discussed, especially considering the functional roles of the financial intermediaries in an Islamic financial system. Moreover, Islamic banks have been criticized for several misconceptions of merely replicating conventional banking structures, imposing an exorbitant 'profit rate' without due understanding and consideration to the institutions as business entities. Such misconceptions contradict the philosophical underpinnings of Islamic banking and finance discipline. Hence, the adoption of VBI within Islamic banks is expected to strengthen their self-discipline towards serving the society, via redistributive instruments. In this study, cash waqf models proposed are summarized to establish the linkage between VBI and cash waqf structures. Employing content analysis, this article goes beyond the tangibility of cash waqf by deducing the imbued values to propose a sustainable value-based conceptual framework of cash waqf, which is hoped to further empower and encourage the stakeholders in a cash waqf structure.

Keywords: cash waqf, Islamic Financial Institutions (IFI), principle of brotherhood, social finance, socio-economic justice, Value-based Intermediation (VBI)

JEL Classification: A1, A10, A13

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Introduction

At the international level, value-based banking has been founded in 2009 under the initiative of Global Alliance for Banking on Values (GABV). GABV is an independent association of 'values-based banks' with a shared mission to use finance to deliver environmental, social, and corporate governance (ESG) positive outcomes. At present, GABV is participated by 60 members (financial institutions) from 44 countries, committed towards positive change in the banking sector. They shared a mission to use finance to achieve sustainable economic, social, and environmental growth, with a focus on social responsibility and ethical banking. Analysis in 2017 concluded that financial institutions participate in VBI earned better financial returns than those not (GABV, 2021). The GABV is a genuinely international network that has established five regional representatives namely North America, Latin America, Asia Pacific, Africa, and Europe; that advocate value-based programs, such as the Partnership for Carbon Accounting Financials (PCAF) program, targeting environmental sustainability. At present, Bank Muamalat is the only Malaysian bank participated GABV with the initiative of a restricted investment account based on the concept of Mudarabah, to serve the undeserved (gabv.org).

In line with the GABV alliance, Bank Negara Malaysia established the Value-based Intermediation (VBI) Guide in Islamic finance to strengthen the functional roles of Islamic financial institutions, consequently providing positive and sustainable impacts to the economy, community and environment (BNM, 2018). Hence, the services rendered by Islamic financial institutions should be utilized to serve the community, rather than merely profit-seeking motives. This is in line with two important fundamental differences between Islamic banking and its conventional counterpart as put forward by Wajdi (2007); first, the innate values of Islamic banking which guide the operation and outlook in a holistic manner, and second its social obligation in promoting economic and social welfare beyond capitalistic profit maximization.

Based on the VBI Guide of Central Bank of Malaysia (BNM, 2018), the adoption of VBI within Islamic banks (as one of Islamic financial institutions) is expected to strengthen their self-discipline towards serving the society, via any redistributive instruments of compulsory zakat or recommended waqf (endowment) and sadaqah (charity giving) (Abd Aziz et al., 2015, Cizakca, 2000). Moreover, Islamic banks can also improve their visibility and positive brand image via venturing into

various Corporate Social Responsibility (CSR) activities for capacity building or disaster relief or any charitable targets. Moreover, as an entity confined by the shariah, Islamic banks are given more expectations in CSR as compared to conventional banks (Wan Jusoh & Ibrahim, 2020).

Nevertheless, Islamic banks have been criticized with several misconceptions of merely replicating conventional banking structures (Ismail, 2002; Eddy Yusof, 2008), or imposing exorbitant 'profit rate' based on interest rate (Eddy Yusof, 2008; Khan, 2010), without due understanding and consideration to Islamic banks as a business entity. The misconceptions contradict with four fundamental values underpinning the establishment of Islamic banks; brotherhood, justice, benefit and balanced (Widigdo et al., 2016). Thus, the VBI initiative reflects the promotion of moral values and preventing harm to the society, via the functional roles of Islamic banks in executing its social responsibility, similarly concluded by Mahyudin & Rosman (2020). Such effort is in tandem with the philosophical underpinning in discipline of Islamic banking and finance. Hence, the motivation for this study is to correct the misconceptions about profit orientation of Islamic banks or Islamic financial institutions, as they can involve in Islamic social finance instruments, i.e cash waqf in this article, that clarifies their social responsibility and ethical banking endeavor.

Ironically, VBI as the proponent GABV, matters as it highlights the shared responsibility to satisfy the needs of various stakeholders (Hasan, 2019). One of them is to assure employee welfare in terms of opportunities provided, benefits, indemnity, and pension; second is to support the community through education, investments, health support, and qard al-hasan (benevolent loan); the third is to support philanthropic endeavors like almsgiving, zakat, and waqf; and there are many others. The successful execution of social function and value-based initiatives could be guaranteed by an efficient operationalization of these functions. Therefore, VBI matters much to encourage banks to care for the people and society, despite maintaining their business affairs, towards attaining the spirit of brotherhood and justice in line with the theoretical foundation of shariah-compliant banking. Hence, VBI potentially clears out the misconceptions towards Islamic banks.

This paper conceptually analyzes the attainment of VBI mission via cash waqf models, as potentially proposed in the literature and the recent practice of collaboration between cash waqf institutions with Islamic banks. These models target no other than raising waqf funds from the public to be channeled for waqf property development or other purposes in line with interest fulfillment of the public or specific named beneficiaries. Based on the premise, this article poses out two rese-

arch questions; what are the strengths of this redistributive instrument, and how can it enhance the VBI movement. Answers to the research questions is hoped to clear out the misconceptions towards the functional role of Islamic banks in an economic system. In addition, such findings are significant to encourage the participation of more Islamic banks in cash waqf collaboration with waqf institutions and empower the community to give as they are confident with facilities of Islamic banks in managing the cash waqf fund. Moreover, in recent development, the latest Financial Sector Blueprint 2022-2026 of Malaysia also motivates banking and financial institutions to engage in social finance initiatives including cash waqf (BNM, 2022).

Many research has propose various prospective models (Rosele & Johari, 2016; Che Mohd Salleh et al., 2020; Mohd Thas Thaker, 2018; Mohd Thas Thaker et al., 2021; Allah Pitchay et al., 2018; Mohd. Ramli , 2019), analyze factors influencing to engage in waqf (Adeyemi at al., 2016; Berakon et al., 2022), but less research analyses the values that permeate all the relevant stakeholders in a cash waqf structure. These values are indeed genuinely motivational and encouraging towards more involvement of the authorities as well as the contributors and will likely increase cash waqf projects in the future. The collected fund to be used for public interest potentially helps to reduce poverty, eliminate famine, promote good health, quality education, improve quality of life and water resources are indeed, parallel with the SDG (Social Development Goals) introduced by the UN as a global task for everyone in the planet. Therefore, in line with the call towards VBI in Islamic finance this article identifies and summarizes viable cash waqf models to highlight the innate values in cash waqf.

Literature Review

Waqf is an Arabic word denominated which literally means to stop, contain or to preserve. Technically, waqf refers to the legal and religious freeze of a subject matter not allowing it to be transferred or transacted, leaving the property to the trustee to be benefited by the society. Thus, waqf is a recommended worshipping which intends to channel infinite rewards to the person who agrees to waqf his possession, and hence will gain continuous reward as long as that property can be benefited. Waqf is acknowledged as one of charity in Islam as mentioned by Prophet Muhammad; when a man dies, his deeds come to an end except for three things: sadaqah jariyah (ceaseless charity); a knowledge which is beneficial, or a virtuous descendant who prays for him (Imam Nawawi, n.d). The perpetuity of waqf property is considered one

of the examples of a ceaseless charity besides the compulsory zakat as well as other recommended giving including sadaqah, hibah and waqf.

Waqf has a long track of history even before the advent of Islam (Magda, 2013). There are various insightful events of waqf reported in Islamic history. Among them is the waqf of a well named 'Rummah' by Uthman Affan, a companion of the Prophet (then the third Caliph), who was reported to buy the well and turn it into a waqf property, providing water supply without cost for the community. At present, the land has been developed, generating huge continuous income for the government. Ali (2013) reported luxurious projects which have been completed on the waqf land generating USD13.34 million. In similar occasion, Umar al-Khattab had devoted his precious land in Khaybar as waqf, to the poor and needy for the sake of Allah, not to be inherited or sold, as reported in a hadith (Imam Muslim, n.d). The waqf of Umar has been considered as among significant waqf event in Islam (Khan, 1989). Interestingly, the waqf property remains beneficial to the society while at the same time passing down unlimited rewards to its owners in perpetuity even after their demise.

Since then, waqf had been largely developed in Islamic countries in various forms; based on the timing, purpose and object of waqf. Timing refer to temporary or perpetual waqf while purpose of waqf can be classified into waqf khayri meant for education financing, waqf sabil for public utilities development and waqf al-awarid for assistance during emergency. On another note, the object of waqf is permissible to be either movable or immovable type of property, hence cash is accepted as a subject matter of waqf. In Islamic history, Cizakca (2000) annotates that the earliest cash waqf was reported in the eighth century, but only officially approved by the Ottoman courts in the 15th century, and later in the 16th century cash waqf was dominant over the country. At present, many Middle East countries including Kuwait, Oman, UAE and Saudi Arabia have put cash waqf into practice (Ahmad, 2015).

Ever since, cash waqf has grown in acceptance among Muslims. Various institutions including corporate and private companies, Islamic Financial Institutions (IFIs), public and private universities and non-governmental organizations (NGOs) have taken their role in initiating, advertising, collecting and sustaining cash waqf for socio-economic development. As banking institutions are the backbone of a financial system, collaboration between waqf institution and banking institutions is seen as a significant milestone in enhancing cash waqf system. In addition, the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)

has allowed cash waqf in its 33rd Governance Standard entitled Waqf with further conditions; to spend the generated income while retaining the principal, to utilize for permissible and safe investment and to distribute the profit to the beneficiaries. Similarly, cash waqf is gazetted as accepted and allowed by the Malaysian National Fatwa Council in 2007 (www.e-fatwa.gov.my) resulting in further encouragement towards waqf as a form of charity.

At present, cash waqf has been successfully implemented in several countries, be it Muslim majority or minority. The middle east countries such as Saudi Arabia, Egypt, Qatar, Jordan including Palestine administer waqf via a ministry, whereas Singapore as a Muslim minority country administer waqf via a council with specific and systematic legislations. Indeed, Singapore is often referred to in explaining waqf development projects (Omar & Ab. Rahman, 2013). Eventually this is a sign of cash waqf viability in line with its tremendous historical achievements which sustain through time and proven from several significant waqf events as elaborated earlier. Based on the literature, cash waqf is instrumented via various forms; waqf shares, deposit cash waqf, compulsory cash waqf, corporate cash waqf and deposit waqf product (Magda, 2013), provided the property is sustained for public interest.

In Malaysia, waqf has undergone series of development. As summarized by Saiyin (1998), albeit early waqf administration could not be tracked due to limited application of documentation, the earliest enactment regarding waqf was initiated by the state of Johor in 1911. This is followed by Perak in 1951, and following independence in 1957, all matters of waqf is under the purview of the Sultan (royal head of the states) in each state via the function of State Islamic Religious Council (SIRC) as the sole trustee for waqf properties. The Federal Government assistance in planning and coordinating waqf was later initiated through JAWHAR in 2004. In 2008, Yayasan Waqf Malaysia was established as a waqf foundation under the Trustee Act 1952, to raise up funds, including in cash, to finance and develop waqf properties.

In 2019, the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) empower cash waqf initiatives with six Islamic banks; Affin Islamic Bank Berhad, Bank Islam Malaysia Berhad, Bank Muamalat Malaysia Berhad, Bank Rakyat, Maybank Islamic Berhad and RHB Islamic Malaysia Berhad, who hold membership with AIBIM. The initiative, named mywakaf is a standardized cash waqf initiative between the participating Islamic banks and SIRC or cash waqf institutions (www.mywakaf.com). Mywakaf allows wider outreach of potential contributors via utilization of financial facilities provided by the banks. The initiative is parallel with the

Financial Sector Blueprint 2011-2020, endorsed by the Central Bank of Malaysia (BNM), which encourage wider financial inclusion and community empowerment via banking services (BNM, 2011). Similar aspiration has been continuously carried out in the latest Financial Sector Blueprint 2022-2026 which highly values social finance initiatives of Islamic financial institutions (BNM, 2022).

Methodology

This study adopts a qualitative method of inquiry to comprehend the aspiration of VBI via social finance, in this case, cash waqf, that will assist in exploring the strength and advantages of cash waqf in sustaining VBI initiative. According to Maria (2016), qualitative inquiry is a natural, interpretive, and inductive study whereby the researcher attempts to interpret and make sense of a particular subject under study. In such attempt, the researcher uses creativity, sensitivity and flexibility to make sense of the subject. As a qualitative inquiry seeks meanings from non-quantitative data, this study analyses cash waqf models highlighted in the literature, regardless the model is in practice or proposed in previous research but potentially able to be offered by Islamic financial institutions in a functional Islamic financial system. For that purpose, content analysis is performed on relevant literatures, as it helps in data collection, selection and extraction which subsequently assist in preparation, organization and reporting of results or answers to the research questions (Elo et al., 2014).

A systematic literature review (SLR) is important research endeavor by itself and not merely a review of previous writings. It responds to a specific topic and is a methodology that locates existing studies, proper selection, focused analyses and reports reasonably clear conclusions of the topic under research. SLR differs from narrative reviews by providing well-targeted review following specific procedures. Adapting Systematic Literature Review (SLR) of Thome et al. (2016), this research is arranged in four consecutive major steps; framing the topic, identifying and selecting relevant publications, data extraction and interpreting. Motivated to clarify misconceptions on the functional role of Islamic financial institutions, this article sought answer to the framed research question of how VBI can be embed in cash waqf. Hence, utilizing the Scopus database, the key word 'cash waqf' and 'cash waqf model' are used, generating 62 articles, while the Google Scholar database generates 397 articles. Based on the steps of Mohamed Shaffril et al. (2020), screening is performed based on several criteria; implemented models of cash waqf and articles written in English. Hence, proposed or developed models are excluded, as well as

empirical analysis of factors encouraging cash waqf. For that purpose, automatic and manual screening is performed via observation on the titles, abstracts and keywords. The screening had left only 15 articles for data extraction phase. Based on the literature, there are four models of cash waqf; takaful based, micro-enterprise based, cooperative based or mutual agreement between waqf trustee and third part waqf institutions, with the support from financial institutions. These models are then critically analyzed to match the VBI initiative of Islamic social finance.

The observation on cash waqf models inductively reflects on the VBI initiative as highlighted by BNM (2018). In deriving such conclusion, this study employs a general inductive approach which according to Thomas (2006) suitable to summarize data, establish links between research objectives and findings and finally develop a framework of the underlying subject under study. Thus, in this study, the general inductive approach strategizes the research in data condensing and summarizing the cash waqf models to establish the linkage between VBI and cash waqf, and finally develops a framework of VBI sustainability via cash waqf. Such methodology is suitable for research guided by specific research questions and objectives, not emerging from an existing theory or phenomena, but rather allowing conceptions or frameworks to emerge from the data (Thomas, 2006), which matches the nature of this study.

Analysis and Discussion

This section is divided into two parts. The first part elucidates cash waqf models which have been in existence as well as models that potentially proposed in the literature. The models are explored to allow further inductive analysis on the sustainability of VBI via cash waqf operating structure in an Islamic financial system. Consequently, the second part inductively points out the attainment of VBI via cash waqf structures and critical analysis on the advantages and potential policy reforms. To conclude, the author illustrates the framework of VBI sustainability via cash waqf instruments.

Cash Waqf Models

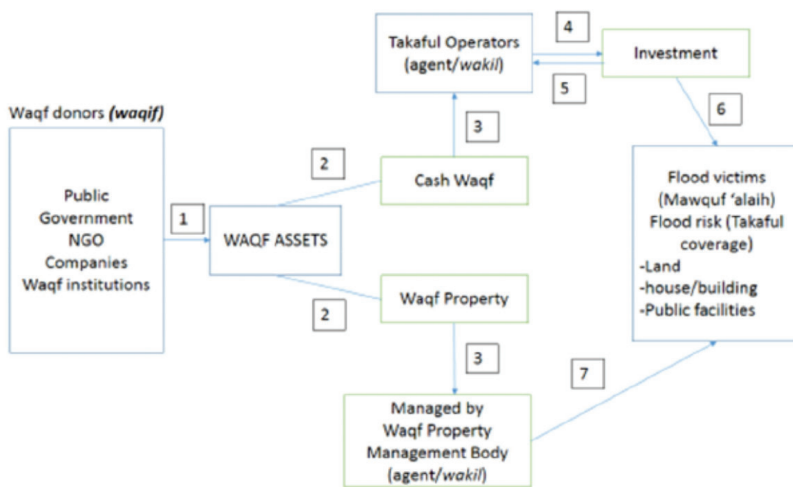
In the literature, scholars have proposed various models of cash waqf. This section explores the models to allow further analysis on their potential role in sustaining VBI initiative.

Waqf-based Takaful Model

In the waqf-based Takaful Model, as elaborated by Rosele & Johari (2015) and Engku Ali (2008), participants contribute to the takaful operator a certain agreed contribution which is collected as cash waqf fund. The fund is then invested to generate profits that will be ploughed back into the cash waqf fund to be channeled to those inflicted with disaster or difficulties, as agreed in the waqf trust deeds. Handling and administrative costs will be charged on the cash waqf fund, while the takaful operator will receive wakalah fees (agency fees) for the service. On the other hand, it is also proposed that takaful operator receive some profits based on mudarabah contract, as the mudarib (entrepreneur). The trust deed also elaborates on the profit distribution to the beneficiaries and the amount of compensation that will be given if the protected risks encounter any participants.

Similarly, Che Mohd Salleh et al. (2020) proposed a waqf-based takaful model targeting to assist flood victims in Malaysia, via collection from the public. Based on their model, the waqf fund is considered as property of the society in tandem with the intention of waqf contributor (waqif). This model provides philanthropy platforms for takaful operators to play their part in alleviating difficulties among the society, potentially as a CSR activity. Similarly, other corporate bodies may also engage in this model as their CSR. Fig. 1 below illustrates the modus operandi of waqf-based takaful model.

Figure 1. Waqf-based Takaful Model

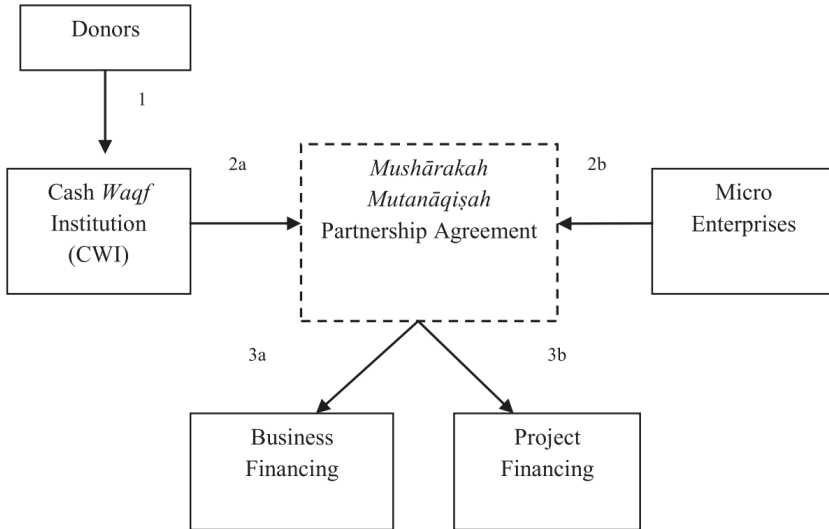


Source: Che Mohd Salleh et al. (2020)

Integrated Cash Waqf Micro-Enterprise Investment model

The integrated cash-waqf micro enterprise model as proposed by Mohd Thas Thaker (2018), targets improved financial accessibility of micro-enterprises, via cash waqf fund. As illustrated in Fig. 2, the model collected cash waqf fund from the public. Interestingly, besides cash, the model also suggests cash waqf certificates to be offered by the cash waqf institution. The model targets joint engagement of *musharakah mutanaqisah* (diminishing partnership) arrangements between the CWI and micro enterprises in business or project financing. Such arrangements implied that the micro enterprise will possess the business or property gradually, once they completed purchasing their shares via *ijarah* or rental fees. Since the suggested model does not impose any collateral as to provide leniency towards the micro entrepreneurs, due scrutinization of the enterprise is needed to ensure sustained cash waqf fund as intended by the contributors. In a recent publication, Mohd Thas Thaker et al. (2021) suggested cash waqf model for human capital development micro enterprises.

Figure 2. Integrated Cash-Waqf Micro Enterprise Investment Model



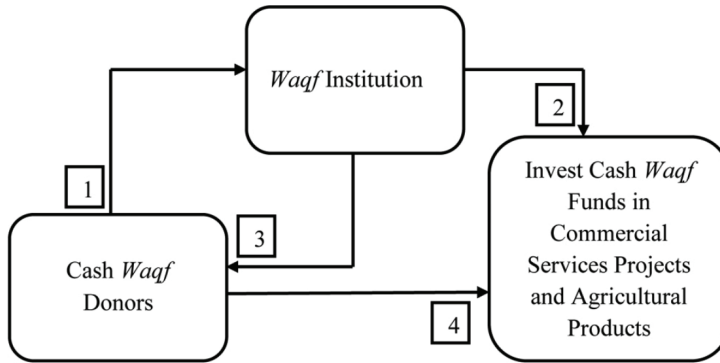
Source: Mohd Thas Thaker (2018)

Cooperative-Waqf Model

The Cooperative cash waqf model proposed by Allah Pitchay et al. (2018), targets to solve liquidity issues among waqf institutions whilst promoting cash waqf con-

sistency among donors. In tandem with the targets, this model collects cash waqf from via salary deduction, as well as consistent offline or online transfer. In turn, the contributors will be given waqf certificates informing the purpose of their waqf as proof or for tax exemption arrangements. As illustrated in Fig. 3, the cash waqf fund will be utilized for the mentioned project implying the collaboration between waqf institutions and the contributors. Interestingly, the model suggested membership arrangements to allow the contributors to benefit from the projects in terms of discounted rate or other relevant privileges once the commercial projects are completed, since they are considered as ‘members’ cooperating in developing the project.

Figure 3. Cooperative-Waqf Model

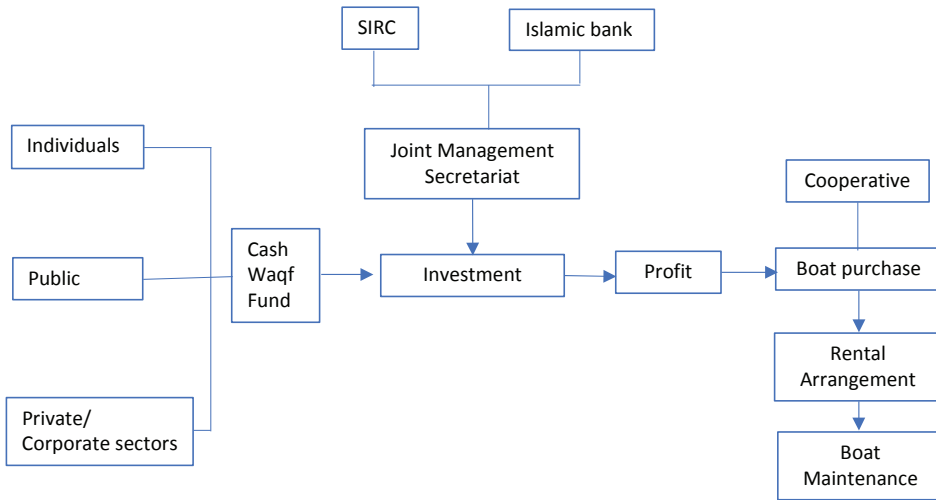


Source: Allah Pitchay et al. (2018)

Boat Cash Waqf Innovation Model

In 2016, the Perak (a state in Malaysia) via its Fatwa Committee had decided to permit Boat Cash Waqf Model, as illustrated in Fig. 4. As elaborated by Mohd Ramli (2019), the project is materialized with an agreed collaboration between Perak SIRC and Maybank Islamic, whereby the bank acts as the intermediary in fund collection from the public and corporate sectors. The bank is also responsible for investment and systematic distribution of the investment proceeds, via a Joint Management Secretariat which membership includes from both SIRC and the bank. The project is only used to purchase boats which are then leased to the fishermen as a physical capital for them to generate income. Interestingly, the purchasing, rental, monitoring and maintenance of the boats are handled by a cooperative, to control the use of fund for fishermen boats only.

Figure 4. Boat Cash Waqf Model



Source: Mohd Ramli (2019)

Cash Waqf Fund by Islamic Banks

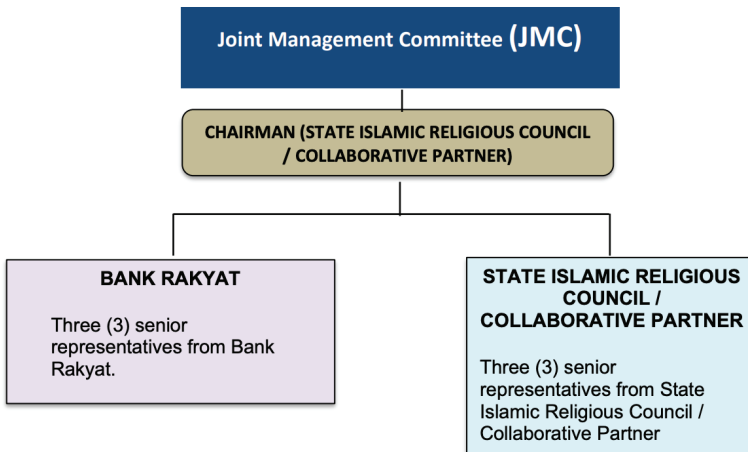
The effort to standardize cash waqf collection has been officially recommended to all SIRC in 2017 by Bank Negara Malaysia via a program named, mywakaf. Initially, the AIBIM Working Group of mywakaf has proposed Bank Kerjasama Rakyat Malaysia (Bank Rakyat) to take the lead by offering Bank Rakyat Waqf & Sadaqah initiative in collaboration with Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM), the SIRC for Terengganu state. This initiative targets to assist the collaborating partners in cash waqf collection from the public, including its management, investment, distribution and sustainability arrangements, as contained in the waqf trust deed agreed by both parties. The first project refers to MAIDAM Haemodialysis Centre launched in 2020 and successfully completed a year after.

Such cash waqf initiatives offered by Islamic banks is an engagement of the financial institution in social finance, aiming to empower the public in philanthropy while at the same time provide sustained assistance to the waqf beneficiaries. As a result, the bank workers, customers, and depositors, as well as the general public are being informed and encouraged towards charitable giving via cash waqf. Moreover, engaging in cash waqf fund is merely continuing what has long been running in a banking system; to facilitate savings, liquidity, payment and investment functions of an economic system. Hence, the joint venture between banking ins-

titions and waqf institution is a good effort towards developing waqf properties preventing them to be idle thus contradicted with the spirit of perpetuity rewards in waqf.

As depicted in Fig. 5, the governance structure of this cash waqf initiative involves representatives from both collaborating parties, to form the Joint Management Committee. The appointed chairperson can either be from both parties and each party should equally be represented by three members respectively, regardless of who chairs the committee. Such structure of governance is applied not only to maintain transparency of projects, but most importantly to fulfil the legislative nature of waqf property in Malaysia, which hands over waqf administration to SIRC as the sole trustee. Thus, this cash waqf initiative is built on collaborative partnership in initiating and sustaining waqf projects.

Figure 5. Governance Structure of Bank Rakyat Sadaqah and Cash Waqf Initiative



Source: bankrakyat.com.my

Bank Rakyat has successfully ventured into three cash waqf projects with Kolej Professional Baitulmal (KPB), Universiti Sains Islam Malaysia (USIM) and Yayasan Waqf Malaysia (YWM) respectively, where they collaboratively collect and manage the fund by utilizing the functions and facilities of the banking institution. KPB, USIM and YWM functionalize as cash waqf institutions, legally recognized by the SIRC to collect cash waqf funds. Meanwhile, Bank Rakyat, within its function of an Islamic bank, plays its role to promote, collect, invest, and distribute the fund

accordingly as agreed. The cash waqf funds will be utilized for education funding and public facilities development. The collected cash waqf fund will be invested in Shariah-compliant investment instrument to further expand the collection. Profit generated from the investment will be divided proportionately; 40% for the waqf recipient, 40% for reinvestment, and another 20% for administrative costs including promotion and advertising costs (www.bankrakyat.com).

In conclusion, all the four models initiate public crowdfunding and involve in investment activities served by the financial institutions, as shown in Table 1. The collected cash waqf fund is used for different purposes and retained in the form of takaful risk protection, microfinancing, or capital for community development projects.

Table 1.

Summary of cash waqf models.

	Cash Waqf Model	Crowdfunding	Investment	Function
1.	Cash Waqf-based takaful	√	√	Risk protection
2.	Cash Waqf Micro-Enterprise Investment	√	√	Microfinance
3.	Cooperative Waqf Model	√	√	Microfinance
4.	Boat Cash Waqf Model	√	√	Microfinance (for fishermen)
5.	Cash waqf funds in Islamic banks	√	√	Community wellness (health, education etc.)

Realizing VBI in Cash Waqf

The cash waqf models list both psychological and physical benefits. Physical benefits are tangible, such as developed properties and amenities, as well as renovations or upkeep of an existing property, all of which are supported by financial waqf. Additionally, the higher quality of life falls under the category of tangible benefits. For instance, giving the poor cash waqf for educational purposes may help them live better lives in the future. However, monetary waqf for educational purposes is unique since it not only enhances the physical quality of life but also instills ethics and empathy in the recipients, thus empowering the community. Cash waqf also has other spiritual benefits that cannot be seen, such as achieving Allah’s pleasure, socioeconomic fairness, and fraternity.

Spiritually, the monetary waqf models reflect on one's surrender to seek Allah's pleasure through worshipping acts in this life and the life to come. Being involved in charity as a Muslim is gratifying and draws one closer to Allah. Waqf theoretically offers contributors unlimited rewards as long as the principal waqf fund or property is preserved or converted into immovable property. For instance, regardless of the amount donated, benefits for contributors to the cash waqf for mosque development will continue as long as the mosque is still in use.

According to Cizakca (2000), monetary waqf has a great potential to advance socio-economic justice in a state or nation aside from Allah's pleasure. Besides Allah's pleasure, cash waqf has been attributed by Cizakca (2000) to huge potential in promoting socio-economic justice in a state or country. Cash waqf provides equal opportunity to all contributors, regardless of income level, to contribute for public interest. Hence, those without immovable properties can contribute cash as they afford. They can help based on their interest or belongingness. For instance, the members of a particular organization can help their organization and they will be encouraged to do so due to the feeling of belongingness and loyalty. Thus, the possibility of contributing cash, notwithstanding the amount, increases the likelihood of engaging in cash waqf. As for the beneficiaries, they are privileged with financial assistance in terms of capital for business start-up, or quality education which at a later stage potentially leads towards sustainable development. Philosophically, Ibn Khaldun (2015) attributed moral value and justice to sustainable development. Similar opinion is also supported by Chapra (2007).

As some cash waqf fund is initiated for disaster relief to help the casualties, it infuses the spirit of brotherhood. Occasionally, cash waqf has also been initiated to build or refurbish schools or shelters which are necessarily needed by all, but incapable and unaffordable to start and build one. Thus, the spirit of brotherhood, humanity, and empathy influences others in a more fortunate state to lend a hand. As supported by Umar et al. (2022), the application of waqf goes beyond physical construction of public facilities to strongly support the practice of brotherhood. Indeed, Imam (2016) had attributed the success of a public religious education institution, Gontor, in Indonesia to the concentrated spirit of brotherhood.

Looking into each and one of the models, collaborative partnership between Islamic banks and the cash waqf institutions is the ultimate need in ensuring the success of cash waqf initiatives. Without strategic partnership and collaboration, the cash waqf initiative will not be materialized due to several challenges in ensuring perpetuity of waqf property, facilitative legal structure, transparent disclosure

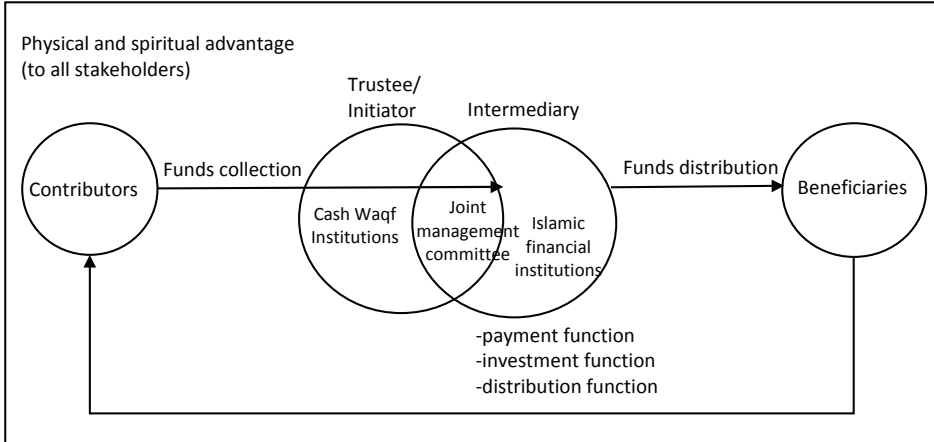
and distribution (Ali & Markom, 2020) as well as trust towards the cash waqf institutions (Mohd Mokhtar et al., 2015). These issues can be mitigated via well-structured collaboration and comprehensive contracts which can settle potential disputes between the collaborating parties. Moreover, referring to the situation in Malaysia, whereby SIRC is sole trustee of waqf property, collaborative partnership can provide legal managerial right to the Islamic banks and the cash waqf institution. Such collaboration overcomes the limitations faced by cash waqf institutions in accumulating the fund by utilizing various banking services including monthly standing instructions or salary deduction. Nevertheless, the collaborative partnership needed a proper governance structure to monitor the promotion, collection, investment and distribution of cash waqf, besides fulfilling obligations of transparent disclosure of a bank, as generally required by the Anti Money Laundering Acts, practiced in various countries.

Briefly, cash waqf is a significant instrument in VBI sustainability. As depicted in Fig. 6, cash waqf operates in a value-based beneficial environment of physical and spiritual advantages towards all the stakeholders; the contributors, cash waqf institutions, intermediaries and most importantly the beneficiaries. Besides performing the existing functions in an Islamic financial system, the intermediaries can also engage in CSR activities via cash waqf, thus sustaining values engagement of the intermediaries. Interestingly, the assisted beneficiaries can later contribute as well once they have the capacity to contribute, acknowledging their physical and spiritual advancement was owed from the cash waqf distribution.

Based on Fig. 6, the collaborative arrangement between cash waqf institution and Islamic financial institutions is suggested by establishing a joint management committee, to jointly manage the fund in promoting, investment, distribution and sustaining the fund to uphold the condition of waqf perpetuity. Thus, stakeholders should enhance their networking initiatives to introduce their institutions and the core activities to help them initiate cooperation and start any project of public interest. As explained by Klitgaard (2012) and Brinkerhoff et al. (2011), public-private collaboration is needed to catalyze social progress and solve pressing community issues, besides mitigating corruption which may raise from bureaucratic nature of administration. Moreover, according to Wang et al. (2022), public-private collaborations had effectively assisted during extreme events, thus the strength of such collaborations should not be marginalized. Although the research found that private-public collaboration led by private is more effective, in certain cases a jointly established team may constructively deal with the issue to fairly manage the colla-

boration. For instance, referring to the legal trustee of waqf property in Malaysia which lies solely to SIRC, a joint management team might be the best solution whereby official and proper terms of agreement (TOR) can essentially guide the involved parties.

Figure 6. Framework of VBI sustainability via cash waqf



Source: Authors' illustration

Based on Fig. 6, in conjunction to the BNM Guideline of VBI, there are several potential policy reforms to ensure cash waqf sustainability. First is to increase strategic partnership between waqf trustees and public or private institutions, encompassing companies, corporations, entrepreneurs, or anchor companies. To guarantee a successful joint venture, relevant stakeholders need to be identified and a proper agency relationship needs to be initiated and documented. For that purpose, this research also suggests on proper implementation of wakalah contract as referred to the official documents published by the Accounting and Auditing Organization for Islamic Financial Institution (AAOIFI), or BNM at the local level. Such partnership allows the sharing of expertise in fund collection, investment and administrating cash waqf fund. Technical expertise is needed in ensuring profitable investment is made, minimizing risk loss and most importantly sustaining the capital fund, in line with waqf structure.

On another note, policy makers can adjust and adapt appropriately to widen the implementation of wakalah in various waqf sectors including education, financing, agriculture, or transportation. For that purpose, financial institutions can use their reputation and connection with depositors to donate towards cash waqf. The

policy makers can create an encouraging situation for the public to contribute by initiating interesting incentives such as tax exemptions, or other privileges. Active industrial development will open up economic avenues for businessmen and traders, by providing business grants or start-up capital, besides creating employment for the community.

Hence, the framework is significant in assisting the comprehension of stakeholder in the Islamic banking and finance industry on VBI initiative specifically via cash waqf structure. The comprehension can build up synergy among Islamic financial institutions to craft potential strategic partnership of cash waqf structures especially with the waqf trustee, in line with the BNM guidelines. This is significant as in Malaysia, the SIRC is the sole trustee challenged to develop waqf property despite the fact that it is a government administrative agency and not a profit-making company. Furthermore, SIRC administers Islamic affairs and lacking with expert personnels in the development sector. Hence, development of waqf property challenges their financial and expertise capacity.

Conclusion

Ironically, cash waqf as one of social finance instruments potentially reflects on the socio-economic role of Islamic financial institutions, as aspired in the VBI initiative. Various innovations in cash waqf models as highlighted in the literature can be implemented by the respective Islamic financial institutions, be it a takaful operator, Islamic banks or cooperative. Regardless of the model in place, the pillars, and conditions of waqf should not be neglected but preserved as they affect the validity and perpetual rewards of waqf itself, thus further legal structure or trust deed is essentially needed.

Involving in cash waqf initiative literally means that Islamic financial institutions play their existing role in a financial system, particularly the roles in payment, investment and distribution. Nevertheless, beyond the formal roles in a financial system, cash waqf structure necessitates the institutions to play their role in promotion activities as it can create awareness and increase confidence among customers and the public at large to contribute, and potentially accumulate huge and consistent fund to be used by the eligible beneficiaries, or as decided by the cash waqf institution. Moreover, payment facilities via e-banking and standing instructions make it easier for account holders to contribute consistently and confidently.

This study provides insights to the stakeholders of a cash waqf infrastructure to continue strengthening their role by understanding the embedded physical and

spiritual values and benefits of their acts. For instance, the surplus units continue their contribution via payment facilities provided by the intermediaries whilst generating perpetual rewards. Meanwhile the beneficiaries are able to overcome their difficulties, or waqf properties get to be maintained and sustained, solving the issue of undeveloped waqf properties due to capital insufficiency. Thus, it is pertinent for the authority to further encourage VBI among Islamic financial institutions, towards attaining the pure philosophical foundations of Islamic banking and finance; i.e., the principles of socio-economic justice and brotherhood. Moreover, the involvement in cash waqf can rectify the misconceptions inflicted upon Islamic banks as it provides the opportunity to render their services in light of four salient values; brotherhood, justice, benefit and balanced, as attributed by Widigdo et al. (2016).

This article also supports the significant role of strategic partnerships to collaborate in cash waqf. Such collaboration has been to be agreed advantageous in potentially increases community empowerment in social finance, as Islamic financial institutions offer various services such as e-banking and standing instructions which facilitate public contribution. Such facilities empower the community to be involved in social finance, in tandem with VBI guidance as proposed by the BNM (2018). In addition, the collaboration also can potentially promote cash waqf initiatives via Islamic financial institutions platforms and customers, which assists the dissemination of relevant information on a larger scale. On another note, collaborative partnership ensures the perpetuity of waqf via a proper and official trust deed or Memorandum of Agreement (MoA) between the involved parties. Thus, potential and relevant stakeholders should enhance their networking initiatives to introduce their institutions and the core activities to help them start any project of public interest, suitable for the cash waqf initiative. As for the authorities, it is also crucial to further encourage strategic collaboration between cash waqf stakeholders via suitable incentives such as tax exemption. Nevertheless, this study recommends further research to formulate comprehensive legal guidelines or trust deed structure that can optimize the benefits of such collaboration while at the same time preserving the pillars and conditions of waqf. In addition, future research can also propose and validate a model of cash waqf collaborative partnership which can ensure sustainability of waqf amidst various financial risks.

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