

Encouraging The Islamic Endowment's Achievement Through Digital Technology

Sulistiyowati

Islamic Finance and Banking Management, Indonesia Banking School, Jakarta, Indonesia;
Islamic Economics Department, Airlangga University, Surabaya, Indonesia

DOI: <https://doi.org/10.56293/IJMSSSR.2022.4571>

IJMSSSR 2023

VOLUME 5

ISSUE 2 MARCH – APRIL

ISSN: 2582 - 0265

Abstract: Islamic Endowment (Waqf) Digitalization is an innovative breakthrough that can support waqf development. Currently, the waqf Collection, Management and Distribution (CMD) are eased by digital technology. However, there are unequal implementations among selected Organization of Islamic Cooperation (OIC's) member countries that affected of the waqf progress itself. Several countries optimized this media as important tool to enhance the huge of cash waqf potential while others got stuck on classical obstacles such as regulation and human resources. Therefore, the study aims to identify and analyze several issues and find a proper solution regarding to current waqf's digital technology uses. This qualitative research use content analysis of several previous references that obtained from numerous reputable journals and other relevant sources. The results show that the basic philosophy of waqf digital technology is benefit, *taysir*, *taghyir al ahkam*, *urf* and *maqashid sharia* for great waqf improvement. Through this philosophy, several countries' studies have shown significant development of waqf. However, there are implementation differences between them since the budget is a matter. It takes large funds to be achieved. Government involvement is required to overcome the main obstacle. In addition, waqf human resource expertise is an important aspect to master. Therefore, recommendations of the study for future relevant strategies and frameworks are integrating Islamic endowment funds and government budgets to foster waqf operationalization as well as formulating an appropriate human capital collaboration.

Keywords: Islamic Endowment (Waqf), Achievement, Digital Technology, Encouraging

1. Introduction

Digital technology is increasingly becoming the most important driver of economic innovation, competition, and growth worldwide. It presents both opportunities and challenges for the finance industry. Fintech (financial technology) has changed the landscape of the industry, enabled the environment for financial inclusion, and developed breakthroughs. Nonetheless, significant concerns in fintech occur, including technical failures, employment, regulatory loopholes, and consumer protection. As a result, well-coordinated rules and regulations are required to ensure that the financial market becomes more efficient and stable. At the same time, technical innovation in the industry continues to flourish at all levels. In the context of Islamic finance, fintech must also follow Sharia norms.

Islam strongly promotes all kinds of philanthropic and other Islamic charitable deeds, mainly waqf. Waqf (endowment) was recognised approximately fourteen centuries back and was introduced by the Prophet Muhammad PBUH as empirical evidence of Muslim's pious. The concept of waqf in the Shariah is regarded as an empirical embodiment of this very proposition. Waqf derives its origin from approximately fourteen centuries back, and is claimed to be first introduced by the Prophet himself (Karim, 2011).

Digital technology is a tool that makes everything easier and faster to achieve. Likewise with waqf, in practice it requires the role of technology to develop waqf in this modern era. Digitizing Waqf is a necessity to answer the challenges of the times. Islam has made waqf part of an economic system that functions to ignite and provide benefits.

The basic philosophy of digitizing waqf is the theory of benefit, *taysir*, *taghyir al ahkam*, *urf* and *maqashid sharia*. The current practices in waqf institution based on Middle Eastern, Asia and some selected non-Muslim countries

experience face many challenges. This study applied a comprehensive library research based for the waqf practices in selected OICs' member countries. Thus, this research aims to critically assess previous scientific papers combines with waqf practices, specifically waqf digital; waqf digitalization and waqf related to IT use.

2. Literature Review

Concept of Waqf

The term waqf (plural: awqaf) is derived from an Arabic phrase that literally means to hold or prevent. Waqf is defined as "keeping some property and maintaining it for the confined benefit of philanthropy and banning any use or dispose of it outside its specific goal" by Kahf (2003). In Islam, the goal of waqf is to foster socioeconomic wellbeing within Muslim society by making the "haves" recognize that they must share their money with the needy, destitute, and helpless. Islamic law of waqf consists of al Qur'an and hadits. Waqf verse in al Quran as follows.

يَا أَيُّهَا الَّذِينَ ءَامَنُوا أَنْفِقُوا مِنْ طَيِّبَاتِ مَا كَسَبْتُمْ

O believers! Donate from the best of what you have earned and of what we have produced for you from the earth. Do not pick out worthless things for donation, which you yourselves would only accept with closed eyes. And know that Allah is Self-Sufficient, Praiseworthy
QS. Al-Baqarah: 267.

لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ ۚ وَمَا تُنْفِقُوا مِنْ شَيْءٍ فَإِنَّ اللَّهَ بِهِ عَلِيمٌ

You will never achieve righteousness until you donate some of what you cherish. And whatever you give is certainly well known to Allah. QS. Ali Imran: 92.

يَا أَيُّهَا الَّذِينَ ءَامَنُوا ارْكَعُوا وَاسْجُدُوا وَاعْبُدُوا رَبَّكُمْ وَافْعَلُوا الْخَيْرَ لَعَلَّكُمْ تُفْلِحُونَ

O believers! Bow down, prostrate yourselves, worship your Lord, and do 'what is' good so that you may be successful. QS. Al-Hajj: 77.

Waqf implies "detention," "prevention," or "restraint." Waqf is a dedication of property, either explicitly or implicitly, for any charity and religious reasons to secure benefit for a human being (Mahamood, 2006; Mahamood & Rahman, 2015). As a result, several studies have concluded that waqf funds are used not only for social causes, but also to fund commercial initiatives funded by Islamic philanthropy (Ascarya *et al*, 2107), (Tanjung, 2018), (Khan, 2015). Meanwhile, hadits or Sunnah from Prophet Muhammad PBUH as follows.

إِذَا مَاتَ الْإِنْسَانُ انْقَطَعَ عَمَلُهُ إِلَّا مِنْ ثَلَاثَةٍ مِنْ صَدَقَةٍ جَارِيَةٍ وَعِلْمٍ يُنْتَفَعُ بِهِ وَوَلَدٍ صَالِحٍ يَدْعُو لَهُ

When someone dies, then his deeds will be cut off except for three things (namely): charity, knowledge that is used, or the prayer of a pious child. HR. Muslim. HR. Muslim.

إِنْ شِئْتَ حَبَسْتَ أَصْلَهَا ، وَتَصَدَّقْتَ بِهَا

If you want, you keep the tree and donate the fruit (result).

وَعَنْ أَبِي هُرَيْرَةَ - رَضِيَ اللَّهُ عَنْهُ - قَالَ : - بَعَثَ رَسُولُ اللَّهِ - صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ - عُمَرَ عَلَى الصَّدَقَةِ . . - الْحَدِيثُ , وَفِيهِ : - وَأَمَّا خَالِدٌ فَقَدْ اخْتَبَسَ أَذْرَاعَهُ وَأَعْتَادَهُ فِي سَبِيلِ اللَّهِ - مُتَّفَقٌ عَلَيْهِ .

From Abu Hurairah radhiyallahu 'anhu, he said that the Prophet sallallaahu 'alaihi wa sallam sent Umar to collect zakat-al-hadith-. And in it it is stated, "As for Khalid, he has donated his armor and armor to defend the way of Allah. HR. Bukhari and Muslim

Waqf Digital Technology

Waqf is a powerful socioeconomic tool for lowering the public sector deficit and breaking the cycle of intergenerational poverty (Cizakca, 2021). Waqf that strongly engaged to digital technology have more possibility to realize its goals for ummah well-being. Furthermore, there are fiqhiyyah principles of digitalization as waqf operation guidance.

التَّابِعَاتُ

“What follows must follow.”

الْوَسَائِلُ لَهَا أَحْكَامُ الْمَقَاصِدِ

“The tolls (*wasilah*) are punished according to their purpose”.

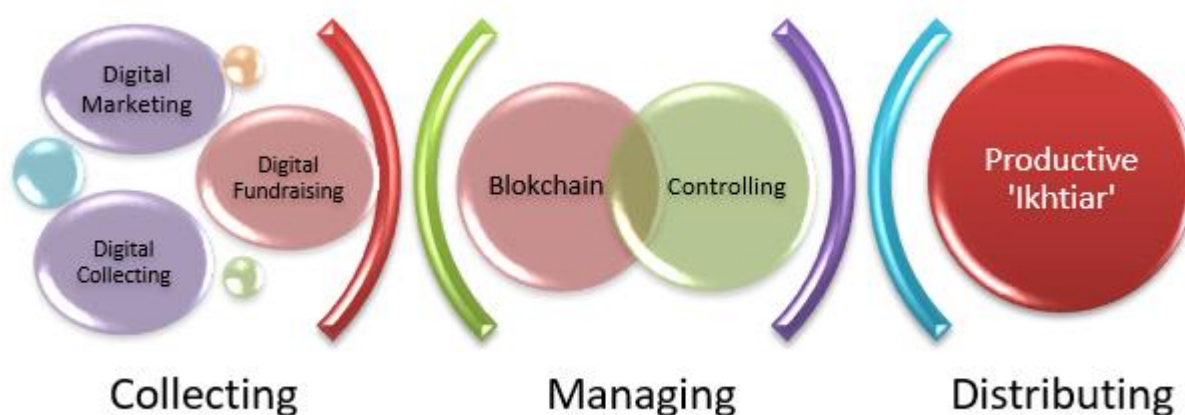


Figure 1 Digital Engagement of Waqf Management

Source: (Misno, 2022; author modification)

The development of waqf digitalization is mandatory. Various studies occurred to examine waqf management in the digital era. Rahmawati et al (2018) suggest that the use of digital technology in waqf management (collecting, managing, distributing) is the main step to optimize the realization of waqf potential. This phase must be completed in stages, beginning with internal digitalization, digitizing nazhir, and enhancing the ecosystem and innovation in digital waqf management. According to figure 1, digital engagement waqf management that consists of collecting, management dan distribution can not be separated from the digital technology role.

Selected OIC Members Countries

The Organization of Islamic Cooperation (OIC) was founded on September 25, 1969, in Morocco. The OIC is the second largest international organization after the United Nations (UN), with 57 members spread across four continents. The formation of OKI has several goals, one of which is to enhance Islamic brotherhood and collaboration among member countries (OIC, 2019). Despite the fact that the OIC has been in existence for 50 years, there is still a significant difference in economic and social problems between member countries. Qatar, for example, is currently the world's third-richest country, with a GDP per capita of USD 50,805.464. However, 14 OIC country members are among the 25 poorest countries in the world. Mozambique is the fourth poorest country, with USD 455.01 per capita, followed by Afghanistan, Sierra Leone, Niger, and Chad in the seventh, ninth, tenth, and twelfth places, respectively (IMF, 2021).

The OIC not only attempts to settle such issues, but it also has various programs in agriculture, food security, the environment, water, social finance, microfinance, education, and other areas (OIC, 2020). These massive initiatives above imply that OIC requires additional funding to run and maintain the project. Cash waqf is one possible source of funding. Waqf has played an important role in enhancing people's welfare through supporting the improvement of worship facilities and infrastructure, education, and hospitals, as well as decreasing societal problems such as poverty and others (Gustina and Ihsan (2018). The use of digital technology for waqf practices

among OIC member countries varies. Several countries with high technology and large financial resources have shown high success in increasing waqf (.

Previous Study

Several previous researches were compiled as follows.

Table 1Relevant Previous Waqf Digitalization Research

RESEAR CHER; YEAR	TYPE OF RESEARC H; DATA; METHOD	TITLE; RESULT		RECCOMMENDATIO N
Amaliyah & Hartono, 2022	Quasi-Quantitative ; Primary; PLS-SEM	Impact of Digital Shariah Banking Systems on Cash-Waqf amongst Muslim Millennials	Performance Expectancy, Effort Expectancy, Social Influence have a positive effect on Muslim millennials behavioral intention to use BSI mobile banking, because the services provided by Indonesian Islamic banks, namely the BSI mobile banking provide convenience for waqf donors in carrying out theironline cash waqf payments	Lack of system convenience and the lack of CS assistance in assisting waqf donors in making online cash waqf payments using BSI mobile banking. So it is necessary to increase the ease of CS complaints if there are problems in online cash waqf payments on BSI mobile banking.
Rahmatulla h & Putra, 2020; Fundraising	Qualitative; descriptive analysis	Digital Fundraising Model of Cash Waqf	finding of directional duration of data namely Digital Analysis, Digital Vision, Digital Message, Digital Channel, Digital Campaign, and Digital Report for waqf fundraising maximization.	a systematic stages of digital waqf fundraising for philanthropy institutions
di & Nurzaman, 2020; Marketing Fundraising	Quasi-Quantitative ; Primary; PLS SEM	Millennials Behaviour towards Digital Waqf Innovation	Performance Expectancy, Effort Expectancy, and Social Influence are major determinants toward waqf technology acceptance. 'Waqf's Video marketing' is also found to be very effective as a marketing tool for digital waqf.	Good collaboration between conventional Nazir and digital waqf platform players; Nazhir and Waqif skills and knowledge incresement
Kamarubah rin & Ayedh, 2018; Manajemen – Performanc e	Qualitative; Secondary; Library research	Critical Review on Waqf Experiences: Lessons from Muslim and Non-Muslim Countries	Singapore waqf experience was extraordinary splendid in terms of transparency, quality services, gain the public confidence in waqf management and waqf investment; Kuwait records an outstanding performance due to the less interruption by the government and establishment of governance, internal control and accountability tools.	N/A

3. Method

The study applied a comprehensive library research based on the waqf research regarding to digital aspect. The area that has been research is selected OIC's member countries. This study benefited from various articles on the methods for performing the research on the literature review while creating this research on the waqf

Digitalization literature review. The data of this qualitative research were gathered from reputable journals and other relevant resources.

4. Discussion

The practices of waqf in the selected OIC's member countries is dynamic and diverse (Fatoni, 2021). The digital mastery and its implication to waqf sector is the most important of innovation, competitiveness and waqf growth among OIC's member countries. The appropriate and specific features of the modern digital technology are determined.

Highly developed countries of OIC members have the best level of waqf digitization. They have high-quality access to the Internet, a high level of scientific and technological capacity development and human resource's high skill. Meanwhile, result show OIC's developing countries at the beginner level are struggling of digital technology implementation. Digital waqf aims To transform; to facilitate; to Empower the ummah; and to add value on Waqf best practices.

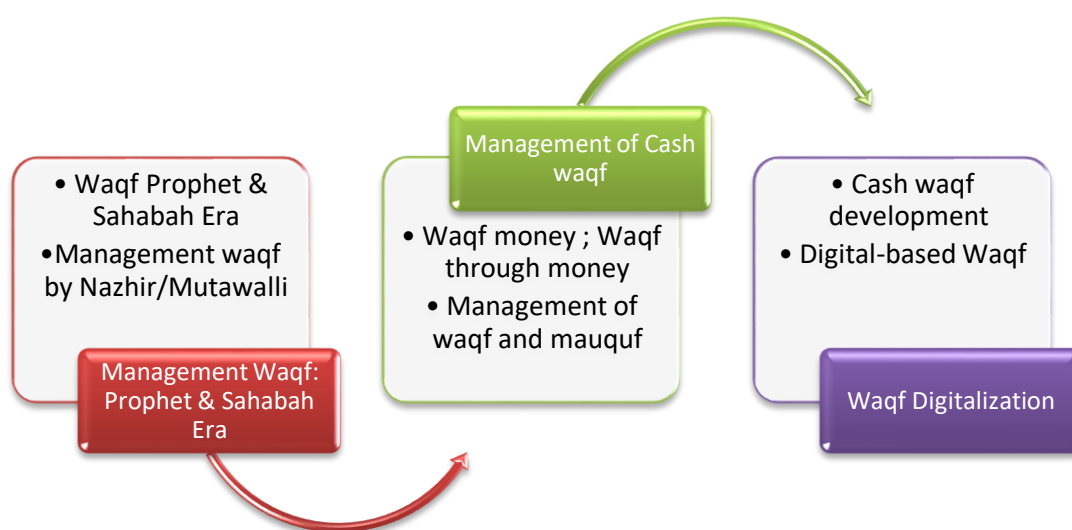


Figure 2 Digital Waqf Process

Source: Authors' own

The importance of digitizing waqf institutions, mobilization of waqf and various challenges of waqf digitalization in the current situation, mainly during Covid-19 forces digitalization to form a new order and accelerate of waqf sector. The existence of a pandemic has become a momentum for all of us to accelerate digital transformation, as well as waqf itself. The urgency of digitalization that millenials have begun to understand. Waqf has great potential and continues to increase every year. Cash waqf is the greatest potential and is the proper Islamic social financial instrument to improve the welfare of the people. The existence of digitalization in the process of collecting cash waqf has a simpler process through digital platforms.

Several important things in waqf digitalization are educational programs, literacy, and waqf mobilization. Waqf products with the development and digitization of these products are a community need. The appropriate target object can be done by building a customer journey. Utilization of social media platforms, email, and websites as promotion and marketing media; and doing boosters through influencers, digital advertising, and utilizing search engine optimization, is an urgent project to be implemented. Furthermore, conducting analysis, evaluation, and improvisation by measuring results and improving the next agenda. Disseminating waqf literacy digitally can now be done through various social media and applications such as Instagram, YouTube, and Tiktok.

The current challenges and risks that still exist in waqf are digital transformation. These challenges take the form of cyber threats and security issues, lack of nazirs with digital expertise, lack of suitable technology partners, uncertainty, and lack of government support regarding ICT policies and infrastructure. Risks can also be

experienced, one of which is data leakage which is then sold by hackers. However, there is a big opportunity in the potential for the development of digitization using artificial intelligence to identify waqf assets.

In addition, there is a need for principles in digitization. The most important thing is the principle of morality. Because whatever the institution and program is, if it's not run by people with morals, it won't work properly. The impact can be problems and competence in the digitalization activities carried out. Thus, there is a need for trustworthiness, competence, harmony, loyalty, adaptability, and collaboration as part of morals as a principle. In terms of waqf, waqf literacy needs to be disseminated on a massive waqf campaign. For this reason, the state can take a role by providing adequate resources and supporting regulations. That way, the more people donating waqf, the government will be helped by the more empowered people through various independent activities financed by waqf.

5. Conclusion

Digital Technology in the waqf area is a necessity to answer the challenges of the times. Islam has made waqf part of an economic system that functions to ignite and provide benefits. According to the aims, the study show that the basic philosophy of waqf digital technology is benefit, *taysir*, *taghyiral ahkam*, *urf* and *maqashid sharia* for great waqf improvement. Through this philosophy, several countries' studies have shown significant development of waqf. However, there are implementation differences between them since the budget is a matter. It takes large funds to be achieved. Government involvement is required to overcome the main obstacle. In addition, waqf human resource expertise is an important aspect to master. Therefore, recommendations of the study for future relevant strategies and frameworks are integrating Islamic endowment funds and government budgets to foster waqf operationalization as well as formulating an appropriate human capital collaboration.

Acknowledgements

I would like to thank the Bank Indonesia Institute, the National Amil Zakat Agency (BAZNAS) and the Ministry of Education, Culture, Research and Technology and the Indonesian Banking School for supporting the research, one of the outputs of which is this article.

References

1. Amaliyah, H. & Hartono, D. 2022, Impact of Digital Shariah Banking Systems on Cash-Waqf amongst Muslim Millennials, Budapest International Research and Critics Institute-Journal (BIRCI-Journal), Vol. 5(1), Pp. 3212-3225.
2. Ascarya, A. 2021, The role of Islamic social finance during Covid-19 pandemic in Indonesia's economic recovery, *International Journal of Islamic and Middle Eastern Finance and Management*.
3. Ali, S.N & Oseni, U. A. 2021, Waqf Development and Innovation: Socio-Economic and Legal Perspectives, Book 1st Edition, Pp 302, ISBN9781003158073.
4. Fatoni, A. 2021, Initiating The Integrated Cash Waqf Model Among OIC Countries, *International Journal of Waqf*, Vol 1(1), Pp. 1-6.
5. Gustina, and Ihsan, hidayatul. 2018. Penggunaan asset waqf di manajemen perguruan tinggi. *Jurnal Menara Ekonomi*, IV(2), 21–29
6. Kahf, M. 2003. The Role of Waqf In Improving The Ummah Welfare. The International Seminar on "Waqf as a Private Legal Body," 1–26. Retrieved from http://monzer.kahf.com/papers/english/ROLE_OF_WAQF_IN_THE_WELFARE_OF_THE_UMMAH.pdf
7. Kamarubahrin, A. F. & Ayedh, A. M. A. 2018, Critical Review on Waqf Experiences: Lessons from Muslim and Non-Muslim Countries, *IQTISHADIA Jurnal Kajian Ekonomi dan Bisnis Islam*, Vol. 11(2), Pp. 332-353, DOI: 10.21043/iqtishadia.v11i2.3272
8. Khan, M.T. 2015, Historical Role of Islamic Waqf in Poverty Reduction in Muslim Society, *The Pakistan Development Review*, 4 (2), pp. 979–996.
9. Misno, A. 2022. Basic Philosophy of Waqf Digitalization. Community Service's National Webinar on Waqf Digitalization entitled Digitalisasi Wakaf: Masalah dan Solusi, conducted by SHARIA Community and Indonesia Banking School, On December 9th 2022. <https://www.youtube.com/watch?v=fJZh22s4tDw&t=5346s>.
10. Mutmainah, L., Nurwahidin, & Huda, N. 2021, Waqf Blockchain in Indonesia: at A Glance, *Al Awqaf*

- Jurnal Wakaf dan Ekonomi Islam Vol. 1(4), Pp. 31-49.
11. Rahmatullah, P. & Ramadhan, B. 2020, Digital Fundraising Model of Cash Waqf, Jurnal Ilmiah Ekonomi Islam, Vol 6(03), Pp. 553-556.
 12. Rahmawati et al., 2021, Transformasi Digital Wakaf BWI Dalam Menghimpun Wakaf Di Era Digitalisasi,” Jurnal Tabarru’: Islamic Banking and Finance 4, no. 2: 532–40, [https://doi.org/10.25299/jtb.2021.vol4\(2\).8375](https://doi.org/10.25299/jtb.2021.vol4(2).8375).
 13. Tanjung, H. 2018, An Integration of Waqf and Venture Capital: A Proposed Model for Indonesia, *Journal of Islamic Economics and Finance*, Special Issue (2), pp 163-182.
 14. Wadi, D.A. & Nurzaman, M.S. 2020, Millennials Behaviour towards Digital Waqf Innovation, *International Journal of Islamic Economics and Finance (IJIEF)*, Vol. 3(2), Pp. 1-30, Special Issue: Islamic Social Finance and Ethics.