CASH *WAQF* COLLECTION: ANY POTENTIAL FACTORS TO INFLUENCE IT?

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ABSTRACT

Cash Waqf is an alternative method for Muslims to achieve modern economics development. There are many states in Malaysia practicing this type of waqf and the fund will be channelled through educational, social and cultural development. Therefore, in order to provide clear understanding regarding to this practice, this study aims to analyse the trend of Cash Waqf collection and the factors that influence the trend. This employs quantitative methods to analyse the trend of Cash Waqf collection of three states in Malaysia and engages qualitative method through a semi-structured interview with Cash Waqf officers to clarify the factors that influence the collection. The trend of Cash Waqf collection is clearly different among these states. South State experiences increasing trend. While, North State and East Coast State experience fluctuating trends. Based on semi-structured interviews, the main factors to influence this collection are promotion, staffs, method, place of collection and authority. Therefore, it should be recommended to increase the promotion efforts in order to gain higher collection.

Key words: Cash *Waqf*, collection

Introduction

Cash *Waqf* means the giving of some money from one's possessions, and then perform a *waqf* based on that amount and offering it to people who are entitled to get the benefits from the return of *waqf* or allocating it for the community development. The fund from Cash *Waqf* payers will be collected by Cash *Waqf* fund managers and the money will be invested in the real sector or in any Shari'ah based investment opportunities (Khademolhoseini, 2013).

Cash *Waqf* is seen as an alternative to achieve modern macroeconomics development which can reduce government spending, government's reliance on debt and budget deficit, and finance development projects (Mohamad, 2012). Cash Waqf is a religious endowment by using cash collected in a trust fund under the management of the superintendent entrusted to manage this endowment for the welfare and benefit of the ummah ("Konsep Wakaf Tunai", 2016).

Cash *Waqf* has become a great alternative for individuals who do not have immovable asset but only have movable asset for endowment purposes (Osman et al., 2012). However, due to wrong perception among Muslims that *waqf* endowment can be made only through land and not in cash. Therefore, many Muslim did not get a chance to participate in *waqf* endowment. They believe that only land can fulfil the conditions of *waqf* (perpetuity, irrevocability and inalienability) (Ab. Aziz et al., 2013). An

individual endows usually when he/she feels of giving and donating his/her property as goodwill, while cash *waqf* and *infaq* (donate) has no specific time to implement. It means that he/she is free from any obligations to perform this social service (Mohamed Yusof et al., 2014). Most people believe that *waqf* obligation is only for Muslims society instead of *waqf* also may be donated by non-Muslim as well (Mohd Puad et al., 2014).

After gaining the profit from the investment, it can be allocated for poor families and also can be channelled through educational and cultural development. Then, *waqf* funds can provide health centre and providing reasonable price for medicines with appropriate quality (Masyita et al., 2005). From the economic perspective, *waqf* also can be used as a tool to create economic effect or social benefit multiplier effect (Adam & Lahsasna, 2013). However, Cash *Waqf* is not practiced aggressively nowadays due to debatable element in terms of its perpetuity and inalienability (Ibrahim et al., 2013)

The implementation of this cash *waqf* has attracted many researchers to study the potential and impacts of this instrument. However, there is a limited study that focuses on the trend of Cash *Waqf* collection. Therefore, this study aims to analyse the trend and factors that influence it in order to provide clear understanding regarding the implementation of Cash *Waqf*. This paper is divided into five sections. First section provides brief understanding on Cash *Waqf*. In the second and third sections are literature review and methodology of this study. The following sections are for finding and discussion, and the last section will conclude this paper.

Literature review

Philanthropic *waqf* was started during the era of Prophet Muhammad (pbuh) in Medina when the inflow of immigrant has caused for scares of water supply. This has caused for expensive price of water in Medina. After that, Prophet Muhammad (pbuh) called anyone of his companion to purchase the *Bir' Ruma* and declared it for *waqf*. Caliph Uthman volunteers himself and buys the well and declares it as *waqf* for the Medina societies (Allah, Kameel, Meera, & Yusuf, 2014).

First In Islamic history, the religious *waqf* is the mosque of Quba' which located in Medina (Mohamed Yusof et al., 2014) Originally, cash *waqf* was found back to ancient of Mesopotamia, Greece and Roman Empire, where they had to wait until sixteenth century for their full development and maturity in Islamic world, when among the Ottomans they became the most popular form of philanthropy (Cizakca, 2004).

In Malaysia, the history of Cash *Waqf* came from the Balkans to the Malay world, as it is implied by all school of Islamic jurisprudence for general acceptance. Cash *Waqf* emerged with *Waqf* revenues that was collected by *Majlis Agama Islam Negeri* (State Islamic Religious Councils) and became the most capital provider to establish Malaysian first Islamic bank, Bank Islam Malaysia Berhad in 1983 and Takaful Malaysia in 1984 (Ab. Aziz et al., 2013). This effort shows a great potential of Cash *Waqf* for the economic development.

The word *waqf* comes from the Arabic root verb "*waqafa*" that means "causing something to stop and standstill". It also defines as holding or keeping. In the view of Shari'ah, *waqf* is defined as "holding a *maal* (property) and prevent the usage for the purpose of issuing benefits continuously to represent truth objective or the good of charity (Ab. Aziz et al., 2013). In other opinion, literally *waqf* means "religious endowment", which is accepted by Islamic law as religious and donation of charity. This fund has been used to build mosque, *madrasah* (school), educational institutions, libraries, and travellers' lodges (Mohammad & Mar Iman, 2006).

In the contemporary context, Cash *Waqf* seems to be one of the most preferable methods for endowment in perpetuity, because of its liquid nature. This is arguably because cash is free to endow, easy to manage, more practical to distribute its benefits among the wider sections of beneficiaries and easy to utilise for beneficiaries day to day needs (Abdullah Nadwi & Kroessin, 2013). Imam Az-Zuhri, ruled that for the sake of Islamic purposes, the welfare of society and development of the *Ummah*, *waqf* in the form of dinar (money) is allowed (Ibrahim et al., 2013). The ruling has made by the *Majlis Fatwa Kebangsaan* (National Council Ruling) which permitted the Cash *Waqf* practices and it was followed by several states in their respective Islamic Council (Osman et al., 2012).

There are two common traditional practices of *waqf* contribution by Muslims. First practice is *sadaqah* or *waqf* in the form of a small amount of charity. The second is land *waqf*, while there is also another practice that combines cash *waqf* and land *waqf*. However, many people still view this as *hibah* or *sadaqah*. The concept of Cash *Waqf* is thus relatively new as compared to the two traditional practices (Siswantoro & Dewi, 2007).

Waqf divided into two main types which is *waqf khayri* and *waqf* members or *dhurri*. For the *waqf khayri* it is a form of charitable endowments for general charitable purposes in a specified period, and then it is donated to a certain person or certain people, such as land donated to an institution. Second types are *waqf* members or *dhurri*; it is a form of endowments performed by someone (*waqif*) to a particular person or certain people for the general welfare. The other waqf is waqf *mutlaq* it is endowments made by *waqif* without specifying *mawquf 'alayh*' as:" I have endowment my land", then *waqf muqayyad* is endowments made by *waqif* to determine *mawquf 'alayh*, as: "I endowed this land to Ahmad" (Muda & Awang, 2008).

Waqf property is classified into 2 categories, which is movables *waqf* property (*manqul*) and immovable *waqf* property (*`aqar*) (Candra & Ab Rahman, 2010). Article 128 of the *Mejelle* defines the terms movable as any property which can be transferred from one place to another (Mohammad Hussin & Mohammad Hussin, 2011). This include cash, jewellery such as gold and

silver, valuable notes, vehicles, intellectual rights, rights over rents, and other movable assets in accordance with Shari'ah law and the prevailing law (Candra & Ab Rahman, 2010). The definition of non-movable property can be found in Article 129 of the *Mejelle* where it was called as real property and cannot be transferred to another place (Candra & Ab Rahman, 2010) such as real estate or ownership of real estate, building or part of a building, crops, ownership of an accommodation in accordance to the prevailing law, and other non-movable assets in line with Shari'ah law and the prevailing law (Candra & Ab Rahman, 2010).

There are four elements of the pillar of *waqf* which are *Waqif* (founder), *Mawquf 'alaih* (beneficieries), *Mawquf* (property), *Mutawalli* and *Waqfieh* (waqf contract) (Khademolhoseini, 2013). *Waqif* is defining as the person who endows his property or cash for the purpose of charity, while *mawquf 'alaih* is a persons who gets or areas which are the purpose of *waqf*. In other word, those are the people that entitled to get the benefit from return of *waqf*. *Mawquf* means an assets or fund which is endowed as *waqf* for charitable purposes. Besides, *mutawalli* is a cash *waqf* trustee or a person or institution who is assigned as legal keeper over *mawquf* which is not belonging to him. He is obligate to govern the *mawquf* to the best interest of the *mawquf 'alaih* once *waqif* had determined the type of management of his or her *waqf*. *Waqf* contract is where *sighah* occur or the way in which a *waqif* give his or her asset or fund as *waqf* (Khademolhoseini, 2013).

The profit of waqf fund can be allocated for poor "Family Rehabilitation" by enhancing poor people's welfare and can be apportioned through educational and cultural development. It is a new dimension in the mobilization of waqf fund for educational development such as by funding relevant research, supplying free books, and improving educational programmes. Then, waqf funds can provide health and sanitation for poor people by establishing health care centre and providing reasonable quality medicines (Masyita et al., 2005). From the economic perspective, waqf is a tool to create economic effect or social benefit multiplier effect (Adam & Lahsasna, 2013). Nowadays, technological innovation making cash waqf more user friendly and easier by sending SMS (short message send) using mobile phone that are implemented by Bank Islam and Maybank through Yayasan Restu Waqf and Maybank Waqf (Ibrahim et al., 2013). In other method, Selangor has introduced "S*aham Infaq*" in 2009 which enables people to pay Cash *Waqf* through monthly salary deduction for only RM5 (Perbadanan Wakaf Selangor, 2011). At the same time, Yayasan Dakwah Islamiah Malaysia (YADIM) also offers the National Cash *Waqf* Scheme at the minimum price of RM 10 (Ibrahim et al., 2013).

Methodology

In Malaysia, there are 13 states and three Federal Territories. To analyse the trend of Cash *Waqf*, this study choose the states based on non-probability sampling which was purposive sampling. This study selected three states fom 13 states that manage and collect Cash *Waqf* sistematically, Pulau Pinang (North State), Johor (South State) and Pahang (East Coast State).

Pulau Pinang (North State)

The contributors represent MAINPP to endow any property income because Allah SWT. The donation as low as RM 5.00 per unit and there is no minimum limit. All funds collected will be channeled to the property remains as a condition to an endowment was established. In the last 19 years established waqaf Penang successful collect RM 2,164,640.23 fund. RM 2,347,130.00 of this amount was used to buy 4 buildings endowment and the balanced RM 182,489.77 taken from the leased building endowment funds that have been leased ("Dana Wakaf", 2016).

Johor (South State)

The initial stage managed by the President of the Johor Religious Department. MAINJ placed under the Administration of Johor Religious 1978/2003. Johor is one of the states in Malaysia that implements Cash *Waqf* which is known as "*Saham Wakaf Johor*". The payment can be made through credit cards, money orders, cheques and FPX (financial process exchange) (Ismail, Muda, & Ahmad Hanafiah, 2014). It is also offered by the Majlis Agama Islam Negeri Johor with the RM 10 per unit to be owned by Muslims and endow the shares to Johor Religious Council with the purpose of the benefit granted to Muslims("Konsep Wakaf Tunai", 2016)

Pahang (East Coast State)

Saham Wakaf Pahang units operate officially on August 1, 1999 at the State Mosque Kuantan. Saham Wakaf Pahang religious endowment is a means by cash by buying units of shares offered endowments and endowment of these shares to the Council as trustee. Valuation of shares offered is RM10.00 per unit. ("Saham Wakaf Pahang",2016)

The trend was analyzed through Microsoft Excel to indicate the percentage of contribution of Cash *Waqf* for each states from 2006-2013. The graph of trends is showed in Graph 1. This study also engages qualitative method to gain the information about the trend of cash *waqf* collection through a semi-structured interview with the officers who are responsible for managing the collection in these three states. The telephone interviews were made and recorded on 16th October 2015 for North State Officer (NSO), 18th October 2015 for East Coast State Officer (ECSO) and on 20th October 2015 for South State Officer (SSO).

Finding and discussion

Table 1 shows the total collection of Cash *Waqf* for NS, SS and ECS from 2006 to 2013. For the NS, the lowest collection was in 2007 which accounted to RM13,700 and the highest was RM127,400 in 2013. Meanwhile, the lowest collection for ECS in 2006 and maintained throughout the period except in 2007 with the highest collection, RM302,900. The highest collection for SS was

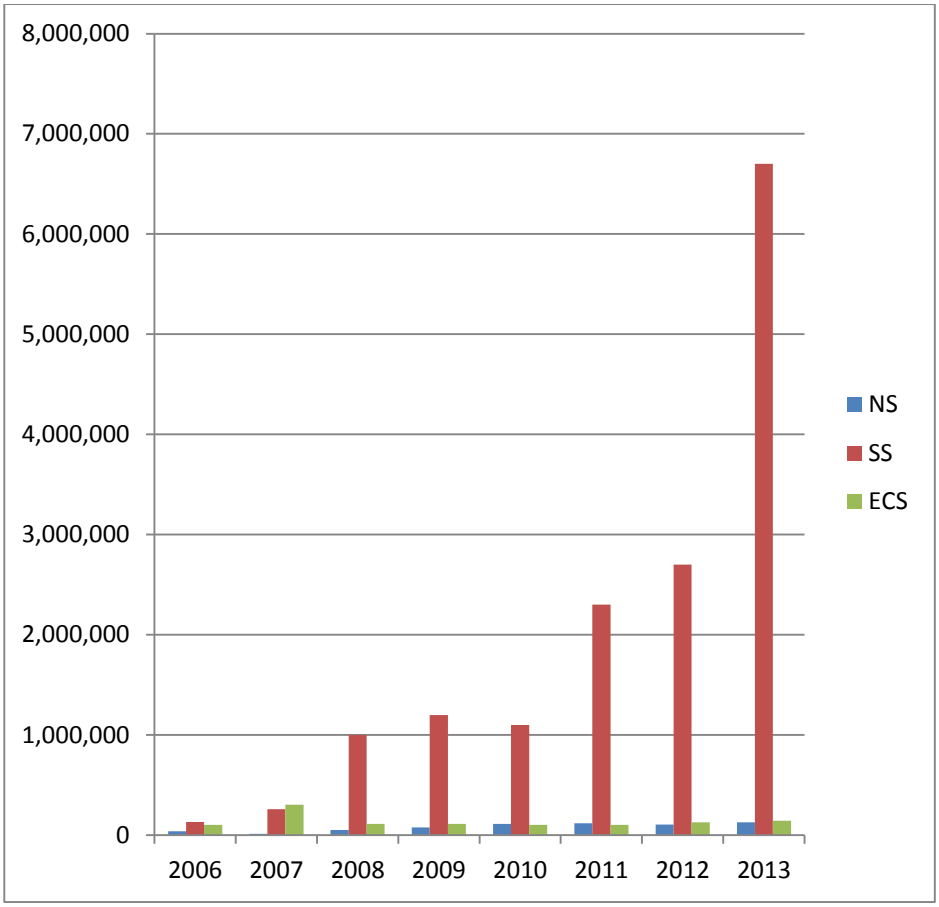
in 2013 which accounted to RM6,700,000, while the lowest was in 2006, RM132,000. ECS experienced the highest collection in 2007 among these three state. NS experienced the lowest collection throughout the period except in 2010 and 2011 which were accounted to RM112,600 (2010) and RM120,400 (2011).

Table 1: Collection of Cash *Waqf* (2006-2013)

Year	North State (NS) (RM)	South State (SS) (RM)	East Coast State (ECS) (RM)	Total (RM)
2006	37,600 (14%)	132,000 (48%)	104,100 (38%)	273,700 (100%)
2007	13,700 (2%)	258,000 (45%)	302,900 (53%)	574,600 (100%)
2008	51,200 (4%)	1,000,000 (86%)	111,900 (8%)	1,163,100 (100%)
2009	76,200 (5%)	1,200,000 (86%)	112,000 (8%)	1,388,200 (100%)
2010	112,600 (9%)	1,100,000 (84%)	101,700 (8%)	1,314,300 (100%)
2011	120,400 (5%)	2,300,000 (91%)	104,200 (4%)	2,524,600 (100%)
2012	104,800 (4%)	2,700,000 (92%)	129,500 (4%)	2,934,300 (100%)
2013	127,400 (2%)	6,700,000 (96%)	146,000 (2%)	6,973,400 (100%)

Graph 1 illustrates the trend of Cash *Waqf* colllection from 2006 to 2013. This study indicates that in 2006, there was no significant differences between these three states. In 2007, there was a significant increase in ESC and SS. Nonetheless,in 2008, total collection for ECS decreased sharply and maintaied the collection till 2013. Throughout this period, there was no significant differences on the trend of NS's Cash *Waqf* collection. Nevertheless, SS experienced a significant increasing trend in 2008 and dropped slightly in 2010. In 2013, the trend of Cash *Waqf* for SS's collection rose sharply from RM2,700,000 to RM6,700,000.

Graph 1: Trend of Cash *Waqf* Collection (2006-2013)



This study employs a semi-structured interview through telephone calls with NSO, ECSO and SSO where the informants were asked regarding the factors that influence Cash *Waqf* collection. Table 2 clarifies the answer of each informants.

Table 2: Factors that Influence Cash *Waqf* Collection

	Interview segment	Categories	Codes	Descriptions
NSO	"There was **lack of promotion** in the year 2006, 2007 and 2012. One of the factors is **human resources problem**. There was only one staff to do all the work without any assistants and teams. It was difficult to manage the Cash *Waqf* fund. The **authority also did not prepare any initiatives** to handle this problem."	Marketing	Promotion	Lack of promotion
		Human Resource	Staff	Only one staff
				No assistant
				No team
		Authority	Action	No initiatives to handle the problems
ECSO	"The East Coast State is wide. It gives problems for those that are staying in the other district to donate into the cash *waqf* because before this cash *waqf* collection **can only be made in the city**. *Majlis Agama Islam* (Islamic Religious Council) **stops any talk** during *maghrib* (dusk) at the mosque due to **limited staff** in the information officers unit. The information officers **did not perform well** in their job and it contributed to the decreasing amount of cash *waqf* collection. At the beginning of 2007, *Majlis Agama Islam* faced a critical situation which was the decreasing trend of Cash *Waqf* collection when one of the information **officers died**. Then, to overcome the problem, they hired a new information officer and he **resigned** after a few years. After that, *Majlis Agama Islam* **stopped hiring new** information officer."	Place	Location	The wide of East Coast State.
				Focus only in city.
		Marketing	Promotion	Stop any talks during *maghrib* (dusk)
		Human Resource	Staff	Limited staff
			Quality of jobs	Not perform well.
			Condition of staff	Died Resign
		Authority	Action	Stop to hire new staff

SSO	"The fluctuation of cash *waqf* collection is due to **lack of promotion** over the years. We also **don't have any special department** in doing marketing part and only have **two staffs** in *waqf* unit who do the entire jobs. At the beginning of 2005 and 2006, we started to collect the funds around the state by using **manual methods**. It was difficult to gain higher collection."	Marketing	Promotion	Lack of promotion
		Human Resource	Department	No special department
			Staff	Only two staffs
		Method	Collection method	Manual method of collection

This study indicates five mains factors that influence Cash *Waqf* collection. These three informants agree that the element of marketing is significant to influence the collection. Therefore, to increase the total collection, this study recommends that the Islamic Religious Council should promote Cash *Waqf* through online channels such as Website, Facebook, Twitter and Instagram and offline channels like radio, television and newspaper. However, they ought to deal with the costs of offline channels which are more expensive than online channels. These three states also concern with human resource as one of the main problems that influence the collection. Human resource is important to promote and collect the Cash *Waqf*. Therefore, the authority should employ more staffs in order to increase the collection and may promote in every districts in each state. The authority also should create a marketing department to promote and collect the Cash *Waqf*. The method of collection should also be improved instead of using manual collection method. Automatic payment through online banking or auto-debit may be implemented to ease the donator to pay the Cash *Waqf*. It will also reduce the cost of authority to employ a new staff just for collection purposes.

Conclusion

Cash *Waqf* is a potential instrument to develop and expand Muslim economy. The availability of funds is significant to establish a well financial sector. Thus, it is relevant with the implementation of Cash *Waqf* in order to have wider sources of fund in line with the main objective of Islamic economic. In order to achieve the development of modern macroeconomic and well-being, the cash *waqf* are needed. It shows the relations between the human and social aspects within the society. The system of *waqf* also shows the nature of Islam.

This study indicates the potential factor that influence Cash *Waqf* collection are promotion and human resource. Therefore, this study suggests that Islamic Religious Council in Malaysia should increase their promotion efforts to rise the awareness of the donator and also will increase the total collection for every year. At the same time, they also should employ staffs with high motivation in order to promote and collect this fund. It is possible with Cash *Waqf* fund collection, Malaysia will become a developed country by practicing the Islamic economy (Che Ahmad, 2012)

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