

## MANAGEMENT AND COLLECTION OF MONEY WAQF AT THE BAITUL ASYI WAQF FOUNDATION: A Study of the implementation of money Waqf law based on Islamic law

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### Abstract

The Baitul Asyi Waqf Foundation is one of the leading waqf institutions in Aceh, known for its active role in collecting and managing cash waqf. This study aims to examine the cash waqf collection strategies and management systems implemented by the Baitul Asyi Waqf Foundation. This study employs a qualitative research method with a normative legal research approach, utilizing secondary data in the form of primary legal materials and a review of Islamic legal literature. The study findings indicate that the foundation adopts a strategy based on community trust, transparency, and professionalism in managing endowment funds. Additionally, the use of information technology and collaboration with banks that entrust their endowment funds to be managed by the Baitul Asyi Endowment Foundation aims to ensure that endowment funds are managed by trustees, with the proceeds utilised for public or social purposes to enhance the effectiveness of fund collection. In terms of management, endowment funds are invested in productive sectors, such as property and Sharia-based businesses, with the proceeds used to assist Aceh Hajj pilgrims, education, and other social services. This study concludes that the management of monetary endowments is permissible under Islamic law, and according to the various schools of thought, monetary endowments are permissible.

**Keywords:** Baitul Asyi, Fund collection, Monetary, Waqf institution,

### Abstrak

Yayasan Wakaf Baitul Asyi merupakan salah satu lembaga wakaf terkemuka di Aceh yang dikenal dengan peran aktifnya dalam mengumpulkan dan mengelola wakaf tunai. Penelitian ini bertujuan untuk mengetahui strategi pengumpulan dan sistem pengelolaan wakaf tunai yang dilakukan oleh Yayasan Wakaf Baitul Asyi. Penelitian ini menggunakan metode penelitian kualitatif dengan pendekatan penelitian hukum normatif, dengan menggunakan data sekunder berupa bahan hukum primer dan tinjauan literatur hukum Islam. Temuan penelitian menunjukkan bahwa yayasan mengadopsi strategi yang didasarkan pada kepercayaan masyarakat, transparansi, dan profesionalisme dalam mengelola dana wakaf. Selain itu, penggunaan teknologi informasi dan kerja sama dengan bank yang mempercayakan dana wakaf mereka untuk dikelola oleh Yayasan Wakaf Baitul Asyi bertujuan untuk memastikan bahwa dana wakaf dikelola oleh nadzir dan hasilnya digunakan untuk kepentingan publik atau sosial untuk meningkatkan efektivitas pengumpulan dana. Dalam hal pengelolaan, dana abadi diinvestasikan di sektor-sektor produktif, seperti properti dan bisnis berbasis Syariah, dengan hasil yang digunakan untuk membantu jemaah haji Aceh, pendidikan, dan layanan sosial lainnya. Penelitian ini menyimpulkan bahwa pengelolaan dana wakaf uang diperbolehkan dalam hukum Islam, dan menurut berbagai mazhab, dana wakaf uang diperbolehkan.

**Kata kunci:** Baitul Asyi, lembaga wakaf, pengelolaan wakaf, wakaf uang

### INTRODUCTION

Waqf is one of the elements that can enhance the welfare of the community, and the benefits of effective waqf management also have a positive impact on the regional economy.<sup>1</sup> Based on the principles of waqf, an innovative waqf product has been created, namely, cash waqf, which is a waqf that is not only in the form of property but also in the form of cash. Efforts to revitalise waqf to provide various economic benefits require a breakthrough in thinking about the concept that is in line with current developments, but does not abandon the elements of sharia.

In Indonesia, the application of cash waqf has been legitimised by the Fatwa Commission of the Indonesian Ulema Council (MUI) on May 11, 2002, and was subsequently regulated in Law No. 41 on Waqf in 2004. Given that Indonesia has the largest Muslim population in the world, the capacity for cash

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<sup>1</sup> Yunita Wulandari, Management of waqf in Saudi Arabia and its implementation in Aceh waqf, (Journal of Family Law, vol. 5 No. 1, 2024, p. 41

waqf in Indonesia should be very significant. The Nazhir carries out waqf management. In accordance with Law of the Republic of Indonesia Number 41 of 2004 concerning waqf, Nazhir has the obligation to manage and advance waqf assets in accordance with their purpose, function, and use. In the process of managing and developing waqf assets, nazhir are prohibited from changing the use of these assets except with written permission from the Indonesian Waqf Board (BWI). Such permission can only be granted if the waqf assets cannot be used in accordance with the provisions stated in the waqf deed.<sup>2</sup>

The Indonesian Waqf Board (BWI) is an independent government agency established in 2004 based on Law No. 41 on Waqf. This institution aims to improve and promote waqf in Indonesia. BWI is located in the capital city and can establish representatives at the provincial, regency, and city levels as needed.<sup>3</sup> The collaboration between BMA, BWI, and Bank Aceh, as well as the full support of the government and the people of Aceh, will make the launch of the Cash Waqf Movement in Aceh a crucial moment in realising the vision of development and the implementation of Islamic law. Every contribution from the people of Aceh to the Cash Waqf Movement has a significant impact on the economic progress, education, and social welfare of Aceh. Together, we can achieve the dream of building a better, fairer, and more sustainable Aceh through the Cash Waqf Movement.<sup>4</sup>

Based on the explanation above, the researchers formulated the following questions: (1) How is cash waqf managed in Islamic law? (2) How is cash waqf managed and collected at the Baitul Asyi Waqf Foundation?

The literature review discussed in this paper serves as the basis for distinguishing it from previous studies, including the research conducted by Syifa Salsabila, DKK (2022). The similarity between this study and prior studies lies in their focus on collecting cash waqf. However, there is a difference in that previous studies used the Wadī'ah contract to collect and manage cash waqf with an emphasis on Wadī'ah yad dhamānah. Meanwhile, this study refers to Islamic law in its survey of the collection and management

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<sup>2</sup> Law of the Republic of Indonesia No. 41 of 2004, Management and Development of Waqf Assets, Articles 42-43.

<sup>3</sup> Winda Sinthia, Optimisation of Cash Waqf Management to Improve the Welfare of the Muslim Community (Case Study of the North Sumatra Provincial Cash Waqf Agency (BWI)), (Thesis: UMSU Medan, 2019), p. 2.

<sup>4</sup> Sayed M. Husen, The Importance of the Cash Waqf Movement in Aceh, (Baitul Mal Aceh, vol. 1. 2021). Accessed via <https://baitulmal.acehprov.go.id/post/pentingnya-gerakan-wakaf-uang-di-aceh>, on 6 November 2023.

of cash waqf. It applies the Mudārabah contract to manage funds received from business profit sharing. The responsibility of Islamic banks regarding the security of cash waqf needs to be considered, given the nature of waqf, which requires the integrity of the object. The challenges in implementing LKS-PWU by Islamic banks raise several questions regarding its implementation. Islamic banks are obliged to the Nazhir for cash waqf received through the Bank as LKS-PWU, where the Nazhir has a responsibility to the Wakif to ensure the proper implementation and utilisation of cash waqf in accordance with its objectives, as stipulated in the Waqf Law and BWI Regulations. When viewed from the characteristics of waqf, which must be preserved in its entirety, it is appropriate that the implementation of LKS-PWU in Islamic banks be carried out using the Wadī'ah contract. This is because the Wadī'ah contract provides a guarantee of trust to maintain the safety, security, and integrity of goods or money.<sup>5</sup>

Ilham Rutami (2024) conducted research that shows many similarities. Ilham Rutami also conducted a study on cash waqf at the Baitul Asyi Waqf Foundation. The findings indicate that the management of cash waqf at the Baitul Asyi Foundation has not been entirely successful, as waqf assets have not been optimally managed. This is due to the need for training for Nazhir, who manages the cash waqf, to improve its management. Ilham Rutami's research aims to analyse how cash waqf is managed by the nazhir at the Baitul Asyi Foundation and to explore the utilisation of cash waqf from the perspective of fiqh muamalah. The utilisation of cash waqf by the Baitul Asyi Foundation from the perspective of fiqh muamalah is subject to various laws, and this topic is a subject of debate among scholars.<sup>6</sup>

In the research conducted by Dhillia Fadhillia (2025), there are similarities between Dhillia Fadhillia's research and this study, namely that both discuss cash waqf and the community's perspective on it. Dhillia Fadhillia's research focuses more on explaining how to distribute waqf funds for worship activities. Additionally, it highlights the lack of knowledge among the people of Banda Aceh regarding cash waqf and their perspectives on it. However, Dhillia Fadhillia's research does not explain the management and collection of cash waqf funds at the Baitul Asyi Waqf Foundation. The conclusion of Dhillia

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<sup>5</sup> Syifa Salsabila, et al., Collection of cash waqf in Islamic banking based on Indonesian positive law, (*Jurnal Iqtisad*), vol. 9 no. 1, 2022, p. 32.

<sup>6</sup> Ilham Rutami, Utilisation of cash waqf at the Baitul Asyi Foundation from the perspective of muamalah fiqh, Thesis: UINAR, Banda Aceh, (2024), p. 71.

Fadhilla's research reveals that many people in Aceh remain unaware of the regulations governing cash waqf, and only a small number are aware of its existence in Aceh.<sup>7</sup>

Meanwhile, this study describes the management and collection of cash waqf at the Baitul Asyi Waqf Foundation and discusses the community's opinion regarding cash waqf. This study also illustrates the utilization of waqf funds and the benefits derived from them. Several previous studies have examined the existence of cash waqf, but none have specifically discussed the issues raised in this article.

## **DATA AND METHODS**

The method used in this study is a qualitative approach with a focus on normative legal research. The data sources used were secondary data, which included primary legal documents such as laws relating to waqf, regulations from the BWI, compilations of Islamic law, and secondary legal references such as journals, books, and relevant scientific articles, as well as information and data from primary legal sources, including data and direct interviews with Baitul Asyi managers. The purpose of this approach is to gather information directly from parties involved in managing cash waqf, thereby gaining a deeper understanding of the management practices associated with cash waqf.

## **RESULTS AND DISCUSSION**

### **A. Cash Waqf Management in Islamic Law**

From an Islamic law perspective, the management of cash waqf must also follow the principles of sharia, namely:

- a. The management of waqf funds must be carried out for the common good and social benefit. Waqf funds must be directed towards meeting the community's needs, such as in the fields of education, health, economic development, and social welfare.
- b. Endowment managers must have high competence and integrity. They are responsible for managing endowment funds effectively,

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<sup>7</sup> Dhillia Fadhilla, DKK, THE EFFECTIVENESS OF CASH WAQF REGULATION IN BANDA ACEH, INDONESIA: Examining the local people's perspective, (JURISTA: Journal of Law and Justice), Vol. 9, No. 1, 2025, pp. 16-34.

maintaining assets, and ensuring that the use of endowment funds aligns with Sharia principles.

- c. In the management of cash waqf, managers or other parties are not permitted to use waqf funds for personal gain. Waqf funds must be protected from misuse and used in accordance with Sharia law.
- d. Good supervision is essential in the management of cash waqf. Supervision can be carried out by the Waqf Institution, Islamic law experts, or authorised institutions.

In general, there are no verses in the Qur'an that clearly explain the concept of waqf. Because waqf is included in the category of infaq in the way of Allah SWT (Infāqun fī sabīlillāh), the basis used by scholars in explaining and elaborating on the concept of waqf is based on the generality of the verses of the Qur'an regarding infaq.

Among them is Surah al-Baqarah, verse 276, which means:

"O you who believe, spend (in the way of Allah) from the good things which you have earned and from that which We have produced for you from the earth. And do not choose the bad to give in charity, while you yourselves would not take it unless you close your eyes to it. And know that Allah is All-Sufficient and Praiseworthy."

Then Surah Ali Imran verse 92, which means:

"You will never attain righteousness until you spend of that which you love. And whatever you spend, Allah knows it."

And in Surah Al-Baqarah, verse 261, which means:

"The parable of those who spend their wealth in the way of Allah is like a seed which grows seven spikes; in each spike is a hundred grains. Allah multiplies (the reward) for whom He wills. And Allah is All-Encompassing (in His bounty) and All-Knowing."

In the first hadith narrated by Ahmad, which means:

"From Abu Hurairah, the Messenger of Allah (peace be upon him) said: 'When a person dies, his deeds come to an end except for three things: ongoing charity, beneficial knowledge, and a righteous child who prays for him.'"

The second hadith, narrated by Al-Bukhari, states:

"From Ibn Umar (may Allah be pleased with him), that Umar bin al-Khattab (may Allah be pleased with him) acquired land (a garden) in Khaybar, then he

came to the Prophet (peace be upon him) to ask for guidance regarding the land in Khaybar, which was the best property I had ever acquired. What is your command regarding it?" The Prophet SAW replied, "If you wish, keep the principal and give the proceeds in charity." (Sahih al-Bukhari, Hadith No. 2532)

The above hadith serves as the legal basis for waqf and is also cited by the MUI in its fatwa on the permissibility of cash waqf. According to experts, the legal basis for cash waqf has a strong foundation in Islamic teachings. The following are the views of several experts on the legal basis of cash waqf. In the book *Al-Fiqh al-Islāmī wa Adillatuhū*, it is mentioned that cash waqf is permitted through qiyas (analogy) with the legalisation of the transfer of immovable property as waqf. In addition, Imam Az-Zuhri, a prominent scholar and founder of *Tadwīn al-Hadīth*, permitted the waqf of dinars and dirhams to support the development of da'wah, social, and educational facilities.<sup>8</sup>

The book *Al-Qawaid al-Fiqhīyah* states that cash waqf is permissible based on the principle of "At-Turuq al-Mubtada'ah fī al-'Ibādāt Lā Tufsid al-'Aqd" (new methods of worship do not invalidate the contract). According to Dr. Monzer Kahf, an expert in contemporary Islamic economics, cash waqf is permissible based on the general principles of waqf in Islam, and there are no specific prohibitions in the Qur'an or Sunnah.<sup>9</sup>

## **B. Scholars' Views on Cash Waqf from the Perspective of Islamic Law**

The Hanafi school of thought permits the use of money as waqf, provided that it has become a customary practice in society. In this school of thought, there are ways to waqf money by utilising business capital through *Mudārabah* and *Mubādā'ah*. The profits obtained from these businesses are then donated to the recipients of the waqf.

Meanwhile, Imam Shafi'i defines waqf as an item that is held to provide benefits and has eternal value, by transferring the management rights from the waqif to the nazhir, who Sharia authorises. This group stipulates that the items

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<sup>8</sup> Al-Kabisi, M. A., *Ahkam al- Waqf fi al- Syari'ah al-Islamiyyah*, Baghdad: Matba'ah al-Irsyad, 2004

<sup>9</sup> Kahf, M., *Waqf and Its Sociopolitical Aspects*. In M. Iqbal (Ed.), *Financing Socioeconomic Development with Zakat and Waqf Institutions*. Jeddah: Islamic Development Bank, 2003, pp. 157-166.

donated as waqf must be eternal, i.e., not easily damaged or lost, and capable of providing sustainable benefits.

The Maliki school of thought permits waqf in the form of dinars and dirhams. In the book *Al-Mudawwanah*, the use of monetary waqf through the establishment of a loan fund is discussed. These funds are donated and lent to certain parties, whereby the borrowers are obliged to repay the loans.

According to scholars from the Shafi'i, Maliki, and Hambali schools of thought, they agree that there are four pillars in waqf, namely: the party giving the waqf (*Wakif*), the party receiving the waqf (*Mauquf 'alayh*), the goods or property being donated (*Mauquf*), and the declaration of the transfer of waqf to a specific individual or entity (*Sighat*).

The requirements are that the person donating their property (*wakif*) must have full rights over the property they wish to donate. That person must be of sound mind, in good mental health, and not under duress or emotional pressure. The property to be endowed must be clearly defined (i.e., it must not be in dispute and its existence must be known with certainty) and must be of a permanent nature (such as valuable items). The amount or value of the endowed property must be clear and wholly owned by the person making the endowment. The property must be separate and not combined or incorporated with other property.

The waqf given must have a clear purpose, which is divided into two categories. The first is waqf to seek Allah's pleasure and to promote Islam out of religious motivation. The second is a waqf to help or ease the burden of a particular person or group without religious motivation, as long as it does not conflict with the interests of Islam.<sup>10</sup>

Waqf can also be divided into *khairī waqf* and *dzurri waqf*. *Khairī waqf* is a waqf where *Al-Wāqif* does not limit the target of the waqf to a specific party, but for the public interest. Meanwhile, *dzurri waqf* is a waqf where *Al-Wāqif* limits the target of the waqf to a particular party, namely his descendants. A statement of endowment, whether verbal, written, or signalled. The statement contains words that indicate the permanence of the endowment (*Ta'bīd*), the statement is realised immediately (*tanjīz*), the

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<sup>10</sup> Choirunnisak, *The Concept of Cash Waqf Management in Indonesia*, (*Ekonomika Sharia: Journal of Sharia Economic Thought and Development*), Vol. 7 No. 1, 2021. p. 72.

statement is definite, and the statement is not followed by conditions that invalidate the endowment.<sup>11</sup>

In the management of cash waqf, several principles must be observed to ensure that the management is carried out correctly and in accordance with Islamic Sharia. The following are the principles of cash waqf management:

1. Sharia Principle (Sharia Compliance): The management of monetary waqf must be in accordance with the principles of Islamic sharia, such as not containing elements of usury, gharar, and maisir.<sup>12</sup>
2. Institutional Principle: The management of cash waqf must be carried out by an institution that has the authority to manage waqf, such as Nazhir or the Indonesian Waqf Board (BWI).<sup>13</sup>
3. Good Governance Principle: The management of cash waqf must be carried out in accordance with sound governance principles, such as transparency, accountability, responsibility, independence, and fairness.<sup>14</sup>
4. Productivity Principle: The management of waqf funds must be carried out productively to generate profits that can be used for the benefit of the Mawqūf 'Alayh (waqf beneficiaries).<sup>15</sup>
5. Fairness Principle: The management of waqf funds must be carried out fairly and not provide benefits only to certain parties.<sup>16</sup>
6. Sustainability Principle: Waqf funds must be managed sustainably to provide long-term benefits to the Mawqūf 'Alayh.<sup>17</sup>

Waqf funds can be managed through various types of investments such as Mudārabah, Musyārahah, or Murābahah. The proceeds from these waqf

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<sup>11</sup> Andri Soemitra, *Islamic Banks and Financial Institutions*, Jakarta, Kencana Prenadamedia Group, 2012.

<sup>12</sup> Law of the Republic of Indonesia No. 41 of 2004, Management and Development of Waqf Property, Article 2.

<sup>13</sup> Government Regulation No. 42 of 2006 concerning the Implementation of Law No. 41 of 2004 concerning Waqf, Article 4.

<sup>14</sup> Indonesian Waqf Board Regulation No. 1 of 2009 concerning Guidelines for the Management and Development of Movable Waqf Assets in the Form of Money, Article 3.

<sup>15</sup> Law of the Republic of Indonesia No. 41 of 2004, Management and Development of Waqf Property, Article 43

<sup>16</sup> Indonesian Waqf Board Regulation No. 1 of 2009 concerning Guidelines for the Management and Development of Movable Waqf Assets in the Form of Money, Article 3.

<sup>17</sup> Law of the Republic of Indonesia No. 41 of 2004, Management and Development of Waqf Assets, Article 43

funds can be invested in the real sector or in products from Shariah-compliant financial institutions, whether for development financing or business capital for the community. Optimal waqf management can provide more significant contributions and benefits in both economic and non-economic fields.<sup>18</sup>

The collection and management of cash waqf can be maximised and sustained if carried out by professional and competent nazhir (trustees) at the individual, institutional, or legal entity level. The existence of these problems makes the cash waqf management system unclear and seems to be stagnant. The Indonesian Waqf Board (BWI) must be able to identify all internal and external factors related to the problems of cash waqf management carried out by the cash waqf nazhir.<sup>19</sup>

In conclusion, the management of waqf money according to Islamic law is permissible. This has been explained in the Qur'an and Hadith. Various books also mention that cash waqf is acceptable based on the principle of qiyas. Additionally, all schools of thought also permit cash waqf. Therefore, cash waqf is permissible under Islamic law, as long as it fulfils the requirements and pillars of waqf and is in accordance with the principles of cash waqf.

### **C. Management and Collection of Cash Waqf at the Baitul Asyi Waqf Foundation**

The Baitul Asyi Waqf Foundation was officially launched in Mecca, Saudi Arabia. The launch event was attended by Baitul Asyi officials in Mecca and witnessed by hundreds of pilgrims from Aceh. This foundation was established in Banda Aceh on Wednesday, June 8, 2022. The inspiration for establishing this foundation came from the management of Baitul Wakaf Habib Bugak Asyi in Mecca. In addition, the Baitul Asyi Waqf Foundation also contributes to providing health services, such as ambulances, in Saudi Arabia. The foundation's main programme aims to support services for pilgrims in Aceh and Saudi Arabia, enabling them to perform their religious duties, such

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<sup>18</sup> Weny Dwi Jayanti, *Legal Review of Islamic Law on the Management of Cash Waqf in Indonesia*, (THESIS: IAIN Palopo, 2023), pp. 55-56

<sup>19</sup> Indah Sulistya, Neneng Hasanah, M. Iqbal Irfany, "Strategies for the Management of Cash Waqf by the Indonesian Waqf Board," *Al-Awqaf: Journal of Waqf and Economics*, Vol. 13, No. 1, 2020, p. 41

as tawaf and sa'i, perfectly. Additionally, if possible, ambulances will be available for Acehnese citizens.<sup>20</sup>

The collection made from pilgrims from Aceh in 2022 was voluntary and without coercion, as it was carried out after the pilgrims received their rights from the waqf given by Habib Bugak at Baitul Asyi Makkah. During the collection process, not all pilgrims wished to make a waqf, but this was not a problem, as the cash waqf activity did not force them to do so. The waqf assets owned by the Baitul Asyi Waqf Foundation initially took the form of cash waqf or money from pilgrims from Aceh. The Baitul Asyi Waqf Foundation has successfully collected waqf funds from pilgrims, amounting to Rp 322,000,000. This cash waqf was promised by the waqf donors when they were in the holy land to be used in their homeland.<sup>21</sup>

However, that is not all; the Baitul Asyi Waqf Foundation also provides funding to the community and is open to the public, allowing anyone to access and utilise its services (Access to Public). The committee that became the forerunner of the Baitul Asyi Waqf Foundation's management consists of individuals well-known and trusted by the waqf congregation, which is why the congregation wishes to establish a waqf for the Baitul Asyi Waqf Foundation.<sup>22</sup>

Thus, in 2024, the endowment assets in the form of cash endowments at the Baitul Asyi Endowment Foundation reached IDR 2.4 billion, sourced from the 2022 Hajj congregation funds, the people of Aceh, and a cooperation with Bank Aceh Syariah on the Cash Wakaf Link Deposito (CWLD) program. The funds owned by Baitul Asyi are then managed in the form of productive waqf with third parties under a profit-sharing scheme (Mudārabah), with a portion of the proceeds subsequently given to Mawqūf 'Alayh.<sup>23</sup>

According to Huda (2018), waqf assets are resources provided by the waqif who declares how the assets will be used and their purpose, so that they will be managed by the nazhir and distributed to the rightful recipients of the waqf proceeds, namely the Mawqūf 'Alayh.

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<sup>20</sup> aceh.tribunnews.com, Baitul Asyi Endowment in Mecca, 2022

<sup>21</sup> Interview with Mr. Mizaj Iskandar, Chairman of the Baitul Asyi Waqf Foundation, on Thursday, 20 February 2025 at UIN Ar-Raniry Banda Aceh

<sup>22</sup> Febrian Hidayat, ANALYSIS OF THE MANAGEMENT OF WAQF ASSETS OF THE BAITUL ASYI WAQF FOUNDATION THROUGH FUNDRAISING STRATEGIES, THESIS: USK Banda Aceh, 2024, pp. 52-59

<sup>23</sup> aceh.tribunnews.com., Baitul Asyi Waqf Foundation signs a productive cooperation agreement for Hajj pilgrims' waqf worth Rp 150 million, 2022

One of the nazhir, Sheikh Abdul Latief Baltou, recounted that in 2022, when welcoming representatives of the Aceh Hajj pilgrims at his residence in the Aziziyah area of Mecca, Sheikh Abdul Latief Baltou had already served as nazhir for more than ten years. Now, many nazhir in Aceh have taken steps to arrange waqf deeds, as a form of awareness of the importance of maintaining waqf assets lawfully and legally. However, administrative enthusiasm alone is not enough. Managers or nazhir must genuinely care for and develop waqf with a professional and trustworthy approach.

The wakif at the Baitul Asyi Waqf Foundation is Habib Abdurrahman bin Alwi Al Habsyi, better known as Habib Bugak Asyi, especially to pilgrims from Aceh. Meanwhile, Mawqūf 'Alayh are the pilgrims from Aceh who receive support from the Baitul Asyi Waqf Foundation. The Baitul Asyi Waqf Foundation also assists the Barbate Islamic City Waqf Dayah.

#### **D. Cash Waqf Management**

The management and administration of the waqf, overseen by the Baitul Asyi Institution, primarily follows the waqf management model established by Habib Bughak in Mecca, where waqf assets, in the form of cash, are managed to generate income. These cash waqf assets originate from the waqf of pilgrims performing the Hajj pilgrimage to the holy land. These assets do not only come entirely from pilgrims but also include the community and various religious study groups.<sup>24</sup>

In addition to the pilgrims in 2022 and the general public, the Baitul Asyi Waqf Foundation also collaborates with banks that entrust the management of their waqf funds to the Baitul Asyi Waqf Foundation. The purpose of waqf fund management by the nazhir is so that the profits generated can be used for the benefit of the community or for social purposes.

Bank Aceh's role in its collaboration with the Baitul Asyi Waqf Foundation is as an institution that receives cash donations from residents and channels them to the Foundation. Bank Aceh acts as an intermediary, making it easier for the people of Aceh to donate through the Islamic banking services it offers. Through this collaboration, Bank Aceh is actively involved in educating and facilitating the acceptance of cash donations, which is still relatively new in Indonesia, especially in Aceh, so that residents can participate in waqf efficiently and transparently.

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<sup>24</sup> Interview with Mr Mizaj Iskandar, Chairman of the Baitul Asyi Waqf Foundation, on Thursday, 20 February 2025 at UIN Ar-Raniry Banda Aceh

The Baitul Asyi Waqf Foundation functions as an institution that productively manages waqf funds to benefit the community. In addition, this foundation also serves as a nazhir, tasked with managing, fostering, and monitoring the management of waqf funds in accordance with applicable regulations, including those specific to Aceh. This foundation was launched in Mecca and follows in the footsteps of the waqf initiated by the figure Habib Bugak Asyi, and has obtained official permission as a waqf money nazhir institution.

In summary, the primary function of Bank Aceh is as a channel and liaison for receiving cash waqf, while the Baitul Asyi Waqf Foundation acts as a nazhir that manages and distributes these waqf funds to provide social and economic benefits to the community.<sup>25</sup>

These cash waqf assets are utilised through collaboration to develop productive businesses. The profits from these businesses will be allocated to communities in need. The businesses generated from cash waqf assets consist of grocery stores and noodle stalls. The income generated from these businesses was handed over to Dayah Wakaf Barbate during the week of December 23, 2023, with a total donation of IDR 12,155,000, comprising business zakat of IDR 5,655,000 and alms from business management of IDR 6,500,000.<sup>26</sup>

#### **a. Mitra Abadi Grocery Store**

Mitra Abadi Grocery Store is a shop located at Jalan Angkasa No. 7, Batoh Market, Banda Aceh. This shop is one of the businesses run by the nazhir to productively utilise the cash waqf owned by the Baitul Asyi Waqf Foundation by entering into a 2-year cooperation contract from 2022 to 2024 with the prospective person in charge of managing the shop, Mr. Saimi Usman, to establish a grocery business with a total contract value of IDR 150,000, , using a Mudārabah contract scheme with a 70:30 profit sharing ratio in the first year, whereby the management receives 70 per cent of the profits. The nazhir gets 30 percent, and a 60:40 profit-sharing ratio in the second year, whereby management receives 60 percent of the profits. The Nazhir gets 40 percent, with the condition that any losses are borne entirely

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<sup>25</sup> ANTARA., Bank Aceh Syariah establishes cooperation with Baitul Asyi cash waqf recipients, 2024, accessed via <https://www.antaranews.com/berita/4077027/bank-aceh-syariah-jalin-kerja-sama-penerima-wakaf-uang-baitul-asyi>, on 5 August 2025.

<sup>26</sup> Results of an interview with Mr. Mizaj Iskandar, Chairman of the Baitul Asyi Waqf Foundation, on Thursday, 20 February 2025, at UIN Ar-Raniry Banda Aceh

by the management. In 2023, when the profits were distributed, the Baitul Asyi Waqf Foundation received a profit share from the Mitra Abadi grocery store business, amounting to IDR 21,172,000. In 2024, the Baitul Asyi Waqf Foundation received another profit share from the grocery store, amounting to IDR 46,577,000. Over the two years of cooperation with the Mitra Abadi Grocery Store, the Baitul Asyi Waqf Foundation received a total profit share of IDR 67,749,000.<sup>27</sup>

#### **b. Video Tron**

As for productive waqf through Video Tron, it is located at the Dhapue Kupi coffee shop in Gampong Sukadamai, Lueng Bata District, Banda Aceh City. The collaboration was carried out from 2022 to 2023, utilizing the Mudārabah contract and mechanism, with a contract value of IDR 60,000,000 and a profit-sharing ratio of 75:25, meaning that the management receives 75 percent of the profits. The Nazhir gets 25 percent, provided that the management bears all losses. The cooperation with the Video Tron management party of the Baitul Asyi Waqf Foundation resulted in a profit share of IDR 25,000,000 under the one-year cooperation contract.<sup>28</sup>

#### **c. Mie Gobang**

Productive waqf in the form of cooperation with a noodle business is also one of the choices of the Baitul Asyi Waqf Foundation's nazhir in increasing waqf assets. The Mie Gobang business, located in the Rex Jalan Safiatuddin area, utilizes a Mudārabah contract and mechanism for a period of one year, from 2022 to 2023, with a contract amount of IDR 100,000,000,000 and a profit-sharing ratio of 70:30. Under this arrangement, the manager receives 70% of the profit, while the nazhir gets 30%. In the event of a loss, the manager bears full responsibility. The collaboration with the Mie Gobang business is still in progress and has not yet entered the profit-sharing phase ( ) for the one-year partnership.<sup>29</sup>

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<sup>27</sup> Interview with Mr Mizaj Iskandar, Chairman of the Baitul Asyi Waqf Foundation, on Thursday, 20 February 2025 at UIN Ar-Raniry Banda Aceh

<sup>28</sup> Interview with Mr Mizaj Iskandar, Chairman of the Baitul Asyi Waqf Foundation, on Thursday, 20 February 2025 at UIN Ar-Raniry Banda Aceh

<sup>29</sup> Interview with Mr Mizaj Iskandar, Chairman of the Baitul Asyi Waqf Foundation, on Thursday, 20 February 2025 at UIN Ar-Raniry Banda Aceh

Based on the interview on February 20, 2025, Mr Mizaj Iskandar, chairman of the Baitul Asyi Waqf Foundation, also added that the nazhir wanted to continue developing Baitul Asyi's waqf assets to build hotels and hospitals, which would then be able to help many people in need. "The hope is that in the future our assets can grow and we can have a hotel around the 5-way intersection, such as the Kriyad hotel. If possible, we would also like to have a hospital, such as the Zainal Abidin hospital, so that we can help many people, and the profits can also be given to those in need."

According to Huda (2012), a productive waqf utilizing the Mudārabah contract is one option for waqf managers or nazhir in managing waqf assets to generate profits. The profit sharing is determined at the beginning of the agreement, stipulating that the value of the productive waqf assets must not decrease during the cooperation period. Good management is essential in enabling waqf assets to grow rapidly, and the steps taken by the nazhir of the Baitul Asyi Waqf Institution are considered appropriate. This is because the waqf obtained from pilgrims and the general public can be developed well, as evidenced by the significant increase in the grocery store business that collaborates with the institution.

Cash waqf needs to be managed appropriately and adequately so that it can grow and develop, similar to the development of the Baitul Asyi Habib Abdurrahman Al-Habsyi or Habib Bugak Asyi fund, which has shown significant progress. The proceeds from the development of this waqf are distributed to pilgrims from Aceh. For this year, the Baitul Asyi waqf fund for Aceh pilgrims in 2023 amounts to SAR 1,500, which Sheikh Abullatif Baltou handed over as the waqf nazhir. Additionally, Mr. Mizaj explained that the land currently used as a hotel is consistently profitable for the Al-Habsyi Endowment due to its proximity to the Grand Mosque (Masjidil Haram). The profits from this hotel are distributed annually during the Hajj season. The amount varies, ranging from 1,000 to 2,000 Riyals. When the expansion of the Masjidil Haram was carried out, the waqf land was also affected. The waqf administrators used the compensation funds to purchase two plots of land located approximately 500 meters from the Masjid al-Haram. These lands were developed into a hotel by a businessman under a profit-sharing system. From there, bonuses for pilgrims from Aceh flow every Hajj season.<sup>30</sup>

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<sup>30</sup> Interview with Mr Mizaj Iskandar, Chairman of the Baitul Asyi Waqf Foundation, on Thursday, 20 February 2025 at UIN Ar-Raniry Banda Aceh

Seeing the above developments, the Baitul Asyi waqf foundation has the desire to do the same. Optimization of cash waqf development is necessary to provide benefits to the community. Of course, a nazhir must possess an entrepreneurial spirit, such as being brave enough to take on challenges and continue to seek opportunities even in difficult situations, so that this becomes a driving force for the development of waqf in the future. Current research shows that nazhirs who possess an entrepreneurial spirit are better able to develop waqf.<sup>31</sup>

Therefore, to optimise the potential of waqf, the donated assets need to be managed and utilised with good and modern management. The empowerment of waqf is essential for building the economic strength of the people and improving the welfare of society as a whole. Of course, to realise this empowerment, cooperation is needed from all parties, especially the banking sector, which has the funding capacity to provide loans, as well as other third-party institutions interested in the development of waqf. This cooperation actually requires strong support and commitment from all parties, such as the government, community leaders (ulama), professionals, scholars, entrepreneurs, banks, and others. Thus, the potential of waqf can be maximised to play a significant role in the national economic structure.<sup>32</sup>

The administrators of the Baitul Asyi Waqf Foundation, from the first administrators to the present, realise that based on the noble values established by the founders of the foundation, the management concept adopted must be an Islamic management concept, so that all positions within the Baitul Asyi Waqf Foundation organisation are defined as a trust.

In this regard, a manager, especially one in a leadership position, when designing a policy or making a decision, needs to first ask themselves whether the content of the policy and decision aligns with the principles of Sharia (the Qur'an and the Sunnah of the Prophet Muhammad). Suppose the substance is found to be in accordance. In that case, the next question is whether the method and process of its establishment, the results, and the possible impacts align with the general policy direction stated in the foundation's statutes and support the interests of Ukhūwah islāmiyyah.

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<sup>31</sup> Interview with Mr Mizaj Iskandar, Chairman of the Baitul Asyi Waqf Foundation, on Thursday, 20 February 2025 at UIN Ar-Raniry Banda Aceh

<sup>32</sup> Interview with Mr Mizaj Iskandar, Chairman of the Baitul Asyi Waqf Foundation, on Thursday, 20 February 2025 at UIN Ar-Raniry Banda Aceh

Any decision or policy to be taken must comply with the principle of *Musyarakah*, or mutual agreement. In this way, the process of policy formulation and implementation always prioritises Sharia values and the propagation of Islam.<sup>33</sup> Additionally, the foundation has revitalized MSMEs in Aceh through these two businesses, creating new job opportunities for the local community. As a result, in 2023, the Baitul Asyi Waqf Foundation received two awards. The first was from the Aceh Provincial Development Planning Agency (Bappeda), which serves as a model institution in making waqf productive, and the second was from Bank Indonesia at the Sharia Festival, recognizing it as the second-best Ziswaf institution in Aceh.<sup>34</sup>

The Baitul Asyi Waqf Foundation has been in partnership with the Barbate Waqf since its establishment in 2022. Since then, the Foundation has provided substantial assistance, both in the form of financial support and equipment, to support the Dayah's operations. To date, the total funds disbursed have reached 25 million rupiah, which has been obtained in stages since the first year. The provision of assistance to the Dayah is not done on a fixed schedule, but is adjusted according to Baitul Asyi's circumstances. Sometimes, if the Dayah needs something, they can also submit a request to Baitul Asyi. If the Foundation is able, it will assist with laptops and other necessary equipment. Alhamdulillah, every year the aid continues to increase; in the first year, it may have been only 10 million, while in the second year it has reached 15 million. Hopefully, Baitul Asyi can further increase its assets so that it can help more, as it has done for Dayah Barbate.

Mr. Erdi, who is one of the administrators responsible for the needs of students at Dayah Wakaf Barbate Islamic City, especially related to clothing, food, and shelter, stated that the waqf given by the Baitul Asyi Waqf Foundation, both in the form of money and goods, greatly supports the fulfillment of some of the students' needs at Dayah. This includes funds for consumption, computers for operations, and other needs. So far, the Baitul Asyi Waqf Foundation has been one of the prominent supporters of the growth of the Barbate Islamic City Waqf Dayah, both directly and indirectly. In particular, Ustadz Mizaj, who serves as the nazhir of the Baitul Asyi Waqf Foundation, has established cooperation between the Dayah and the

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<sup>33</sup> Ilham Rutami, the utilisation of cash waqf at the Baitul Asyi Foundation from the perspective of *fiqh muamalah*, Thesis: UINAR, Banda Aceh, 2024), p.71.

<sup>34</sup> Interview with Mr Mizaj Iskandar, Chairman of the Baitul Asyi Waqf Foundation, on Thursday, 20 February 2025 at UIN Ar-Raniry Banda Aceh

Foundation, allowing this effort to continue since 2022 and will continue until 2024.<sup>35</sup>

Regarding the organisation carried out by the Baitul Asyi Waqf Foundation, the Nazhir of the Baitul Asyi Waqf Foundation does not yet have a specific Nazhir to manage the waqf, or in other words, there is a lack of human resources to serve in this role, so lecturers take on the role of Nazhir. Therefore, the management of cash waqf is still intended to meet academic needs.<sup>36</sup>

According to Mr. Mizaj, there is still a lack of human resources for nazhir who possess specific knowledge of cash waqf, as the Amil Zakat Institution is responsible for forming cash waqf. Therefore, there is still a lack of human resources for Nazhir who understands cash waqf, especially since I am the only one who truly understands cash waqf. Therefore, the management of cash waqf remains suboptimal. Not only that, but the cash waqf of the Baitul Asyi Waqf Foundation is still in the process of socialisation.<sup>37</sup>

Based on an interview with the chairman of the Baitul Asyi Waqf Foundation, Mr Mizaj Iskandar, he said that the use of cash waqf at the Baitul Asyi Waqf Foundation is related to the reasons for the establishment of the foundation and the development of the foundation's efforts to increase waqf among the people of Aceh. Most of these waqf funds are obtained from pilgrims channelled through the Nazhir Wakaf Habib Bughak Baitul Asyi in Mecca.

The following are the Baitul Asyi Waqf Foundation's plans for the future: establishing cooperation with various banks to raise cash waqf for the Baitul Asyi Waqf Foundation, such as Bank BSI, Hikmah Wakilah, and others. Scholarship programmes will be provided to the descendants of Habib Bugak living in Aceh. They will be gradually expanded to offer scholarships to people in need in all districts of Aceh. In addition, the foundation will build dormitories that will be rented out, primarily to students in Banda Aceh, allowing the rental income to support those in need. The foundation will also

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<sup>35</sup> Febrian Hidayat, ANALYSIS OF THE MANAGEMENT OF THE ENDOWMENT ASSETS OF THE BAITUL ASYI ENDOWMENT FOUNDATION THROUGH FUNDRAISING STRATEGIES, THESIS: USK Banda Aceh, 2024, pp. 59-60

<sup>36</sup> Interview Results with Mr. Mizaj Iskandar, Chairman of the Baitul Asyi Waqf Foundation, on Thursday, 20 February 2025 at UIN Ar-Raniry Banda Aceh

<sup>37</sup> Interview with Mr Mizaj Iskandar, Chairman of the Baitul Asyi Waqf Foundation, on Thursday, 20 February 2025 at UIN Ar-Raniry Banda Aceh

develop a fully electronic-based financial management programme to reduce the risk of errors, such as human error. It will manage productive waqf in the form of deposits, sukuk, and other forms.<sup>38</sup>

## CONCLUSION

From an Islamic legal perspective, the management and collection of cash waqf is permitted and must be carried out in accordance with the applicable provisions and conditions. The implementation process must adhere to the principles established in relation to cash waqf, and the use of cash waqf funds must be carried out correctly and in accordance with the objectives outlined in the Waqf Law and BWI Regulations.

The waqf funds obtained by the Baitul Asyi Waqf Foundation come from two sources: Hajj pilgrims and the general public. These funds are collected through various branding efforts carried out by the foundation, such as socialisation activities and the dissemination of news through online platforms. Furthermore, the funds successfully collected will be managed by Nazhir in the form of a productive waqf through various collaborations with third parties. The profits will be distributed in accordance with an agreed-upon agreement, while the third party will bear the entire risk of loss.

The management of cash waqf at the Baitul Asyi Waqf Foundation has not been carried out optimally. As a result, cash waqf at the Baitul Asyi Waqf Foundation has not been managed to its full potential due to a lack of human resources or nazhir (trustees) tasked explicitly with managing cash waqf. As a result, the Baitul Asyi Waqf Foundation must evaluate its systems and working mechanisms as well as the operational aspects of waqf management. Therefore, the institution's management must have a better understanding of how the waqf mechanism operates in accordance with its guidelines and how waqf management is carried out in accordance with its intended purpose. This is because Nazhir is the most critical factor in every waqf organisation.

In relation to the above findings, and also to increase the visibility of the Baitul Asyi Waqf Foundation in the community's eyes, the foundation should hold socialization seminars to introduce itself to the community. These seminars should be more competent and can also be conducted online on social media to provide complete and open information to the community, so

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<sup>38</sup> Febrian Hidayat, ANALYSIS OF THE MANAGEMENT OF THE WAKAF ASSETS OF THE BAITUL ASYI WAKAF FOUNDATION THROUGH FUNDRAISING STRATEGIES, THESIS: USK Banda Aceh, 2024, pp. 58-59.

that the community can easily find out about every activity carried out by the foundation, thereby making it easier for the community to become interested in making waqf donations.

The foundation should also conduct socialisation activities to introduce cash waqf to the general public and rural communities, such as those living in remote areas who lack up-to-date information about the foundation and cash waqf. The public also lacks awareness of the existence of cash waqf, which aims to raise awareness of its importance in alleviating poverty and helping those in need, thereby enabling the community to enjoy a better quality of life.

To maximise the distribution of benefits to Mawqūf 'Alayh, Mawqūf 'Alayh should not only come from Dayah Wakaf Barbate, but also from other communities that need the benefits of the Baitul Asyi Waqf Foundation. Do not focus solely on one place, but also consider the various communities that are experiencing difficulties. Waqf institutions should also improve the quality of nazhir in managing waqf funds, services, and optimising administration, as well as enhancing cooperation with other institutions, so that cash waqf fundraising can increase optimally.

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