

Positive Law and Sharia Review of Waqf Deposit Products with a Content Analysis Approach

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Abstract

Waqf Deposits are a form of investment where funds are set aside for waqf purposes and are managed by Sharia Financial Institutions. The profits can be used for social or educational activities. This research uses a qualitative method of literature study/library search which tries to compare several existing regulations, then tries to conclude whether there is a need for new regulatory provisions related to waqf deposits, especially integration between waqf deposit management and the latest regulations, Indonesia Financial Services Authority (OJK) involvement in supervising waqf deposits, protection Customer Law in Waqf Deposit Products. This research provides an in-depth study of aspects of legal protection for customers who own funds in waqf deposit products, considering that there is still limited literature that examines this topic comprehensively. This research not only refers to existing laws, but also integrates the latest regulatory developments related to sharia fintech and the management of waqf funds in the form of deposits. This research also makes a significant contribution in understanding and developing waqf deposit products that comply with sharia law and regulations applicable in Indonesia.

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1. Introduction

Family Waqf deposit products have gained significant attention in the development of the Islamic financial sector in Indonesia, particularly after being included in the Sharia Banking Development Roadmap released by Bank Indonesia and the Financial Services Authority (OJK) in 2023. This roadmap identifies waqf deposits as a strategic priority to enhance social benefits through productive and sustainable fund management (Bank Indonesia, 2023). The recognition of waqf deposit products has been further strengthened by Law No. 4 of 2023 Concerning Development and Strengthening of the Financial Sector (P2SK Law), which mandates Islamic banks as *nazir* (custodians) to collect and manage waqf funds, including through deposit products. Additionally, ACTP2SK provides greater flexibility for Islamic fintech firms and Islamic cooperatives to develop and implement these products, fostering innovation and broadening access beyond traditional banking constraints.

As a concrete step to support the management of waqf deposits, OJK introduced the guideline for Cash Waqf Linked Deposit (CWLD) in 2024. These guidelines facilitate productive waqf management by integrating Islamic financial principles within a robust legal framework. CWLD employs an investment account concept that allows waqf funds to be managed under profit-sharing arrangements, thereby maximizing both economic and social benefits. While primarily designed for Islamic banks, these guidelines also enable Islamic fintech firms and cooperatives to leverage waqf potential in advancing sustainable development (OJK, 2024). This regulatory framework marks a crucial milestone in enhancing the credibility and operational efficiency of waqf deposit products.

The regulatory landscape governing waqf deposit products in Indonesia is further supported by key legislative instruments, including Law No. 41 of 2004 Concerning Waqf and Minister of Religious Affairs Regulation No. 73 of 2013 on Cash Waqf Management on Cash Waqf Management. These regulations acknowledge deposit-based waqf as a legally permissible instrument aligned with Islamic principles, provided that fund principal values are preserved with transparency and accountability. From an Islamic jurisprudence perspective, the legitimacy of waqf deposits is affirmed by the Indonesian National Sharia Council-Majelis Ulama Indonesia (DSN-MUI) through Fatwa No. 93/DSN-MUI/VII/2014 Concerning Cash Waqf on Cash Waqf and Fatwa No. 58/DSN-MUI/VIII/2007 on *Mudharabah* in Islamic Deposits. These fatwas ensure that waqf deposit products comply with the objectives of *maqasid al-shariah*, emphasizing ethical finance, sustainability, and equitable wealth distribution.

The integration of waqf deposits within Islamic fintech and cooperatives presents significant opportunities for financial innovation. Islamic fintech platforms utilize digital technology to attract *waqif* (donors) through crowdfunding mechanisms, promoting inclusive waqf contributions across diverse social segments. Concurrently, Islamic cooperatives combine traditional banking functions with fintech-based solutions to develop community-centric waqf ecosystems, directly benefiting their members. This dual approach enhances financial inclusion, enabling more individuals to participate in waqf-based philanthropy and economic empowerment initiatives.

Existing studies have explored the role of waqf deposit mechanisms in economic sustainability and social financing. Aziz and Yusof (2019) analyzed how waqf-based banking instruments could support economic growth and social sustainability, emphasizing the role of waqf banks in financial inclusion. Uddin (2023) evaluated the performance of cash waqf deposit accounts in Bangladesh's Islamic banking system but did not explore their adaptation

in fintech and cooperative sectors. Gultom and Mihajat (2024) introduced the Cash Waqf Linked Deposit (CWLD) model to fund educational and poverty alleviation programs, yet lacked an in-depth regulatory and jurisprudential analysis. Rahman and Sohel (2019) examined the monetization of Islamic voluntary savings through cash waqf, but their study focused primarily on the Bangladesh banking sector. Tumanggor (2024) investigated the alignment of CWLD with Maqasid al-Shariah, emphasizing its role in social justice and financial inclusion but did not provide comparative insights into fintech and cooperative applications. Hossain and Nepa (2022) discussed the potential of private banks in managing cash waqf for sustainable social services, identifying key socio-legal challenges but without focusing on Indonesia's regulatory and operational framework.

Unlike these studies, this research provides a comprehensive legal and shariah-based analysis of waqf deposit products in Islamic banks, cooperatives, and fintech, bridging regulatory, operational, and jurisprudential gaps in the Indonesian context. This study uniquely integrates Maqasid al-Shariah principles with fintech-driven waqf innovations while assessing legal compliance and governance structures, offering a more holistic approach to waqf deposit management. This study aims to analyze the legal and Islamic jurisprudential foundations of waqf deposit products within Islamic banks, Islamic cooperatives, and Islamic fintech institutions. This research aims to provide strategic insights into optimizing waqf deposit implementation, ensuring regulatory compliance, and maximizing socio-economic impact.

The study is structured into five key sections: the Introduction, which outlines the research background and objectives; the Literature Review, which explicates the concept of waqf deposit; the Methodology, which explains the research approach; the Discussion, which provides an in-depth analysis of both legal and Islamic perspectives; and the Conclusion, which summarizes key findings and offers practical recommendations.

1. Research Method

A Waqf Deposit Product, also known as a Cash Waqf Deposit, is an innovative Islamic financial instrument that allows individuals (waqifs) to endow cash for perpetual charitable purposes, adhering to the principles of waqf (Islamic endowment) (Uddin 2023). Unlike traditional waqf, which primarily involves immovable assets such as land or buildings, a waqf deposit product enables individuals to participate in philanthropy with relatively small amounts of money. The principal amount of the waqf remains intact indefinitely, while only the returns generated from its investment in Shariah-compliant ventures are utilized for charitable activities. This mechanism ensures continuous financial support for social welfare programs such as education, healthcare, and poverty alleviation (Fakhrurozi, Pandayahesti Saputeri, and Pratama 2021; Ismail and Mohsin 2013; Susiatin and Haji-Othman 2023). The detail features of waqf deposit as follows (Uddin 2023; Syamlan et al. 2020; Gultom and Mihajat 2024; Rahman and Sohel 2019)

1. **Accessibility:** Individuals can initiate a cash waqf with a relatively modest amount, making it inclusive for a broader segment of the population. For instance, Islamic banks in Bangladesh permit the opening of a cash waqf deposit account with a minimum of Taka 1000 (approximately USD 10).

2. Perpetuity: The principal amount of the waqf remains intact indefinitely. Only the profits generated from investing this principal are utilized for charitable activities, ensuring a continuous benefit to society.
3. Management by Financial Institutions: Islamic banks and financial institutions act as trustees, managing the endowed funds on behalf of the waqif. They invest these funds in Shariah-compliant ventures to generate returns, which are then directed towards specified charitable causes.
4. Designated Purposes: Waqifs have the flexibility to specify the purposes for which the profits from their endowment should be used. Common areas include education, healthcare, social welfare, and infrastructure development.

Islamic financial institutions play a crucial role in managing waqf deposits, acting as trustees who invest the funds in accordance with Shariah principles. Institutions such as Social Islami Bank Limited (SIBL) in Bangladesh have pioneered cash waqf deposit accounts, allowing individuals to contribute towards social capital mobilization (Rahman and Sohel 2019). These accounts enable depositors to engage in Sadaqah Jariyah, a form of continuous charity that benefits society over time (Gultom and Mihajat 2024). Similarly, Takaful T&T in Trinidad and Tobago offers waqf deposit products that facilitate community development initiatives. Research suggests that such products significantly contribute to social capital accumulation and economic empowerment. A study on the implementation of cash waqf in Bangladesh found that it has been instrumental in financing educational and social projects, supporting national development efforts (Kachkar 2017).

The sustainability of waqf deposit products lies in their structured approach to wealth redistribution. By allowing individuals to allocate funds for designated purposes while ensuring professional fund management, these products provide a systematic way to enhance financial inclusion in Islamic philanthropy. As Islamic finance continues to evolve, integrating cash waqf deposits into broader financial systems could further strengthen their role in socio-economic development (Hasan et al., 2020). Ultimately, waqf deposit products represent a fusion of traditional Islamic endowment principles with modern financial innovation, ensuring a sustainable and impactful model of Islamic social finance.

This research uses a content analysis approach to analyze the positive and sharia legal framework related to waqf deposit products applied in three types of sharia financial institutions, namely sharia banks, sharia cooperatives, and sharia fintech. Content analysis is used to comb through and understand relevant regulations, both in terms of positive law and sharia, in order to develop comprehensive guidelines for managing waqf deposits appropriately and in accordance with maqasid al-shariah principles.

The analysis begins by identifying the main regulations that apply in Indonesia regarding waqf deposits, including Law no. 41 of 2004 concerning Waqf, Law no. 4 of 2023 concerning Development and Strengthening of the Financial Sector (ACTP2SK), as well as derivative regulations such as Minister of Religion Regulation No. 73 of 2013 concerning Cash Waqf Management. Apart from that, this research also refers to the latest guidelines from the Financial Services Authority (OJK), such as the Cash Waqf Linked Deposit (CWLD) guidelines published in 2024, and the sharia banking development roadmap from Bank Indonesia and OJK in 2023. From the sharia side, the analysis includes fatwa of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI), such as Fatwa No. 93/DSN-MUI/VII/2014 concerning Cash Waqf and Fatwa No. 58/DSN-MUI/VIII/2007 concerning Mudharabah on Sharia Deposits.

This research uses a content analysis approach with an analytical framework that

includes four main aspects to evaluate the positive legal and sharia foundations related to waqf deposits in sharia banks, sharia cooperatives and sharia fintech. The first aspect is the legality of sharia financial institutions in implementing waqf deposits or other waqf products. This analysis identifies regulations that support the role of sharia banks, sharia cooperatives and sharia fintech as nazir waqf, as well as exploring regulatory flexibility for each type of Sharia Financial Institution. Furthermore, waqf management will also be discussed, which includes the management of waqf funds in the form of deposits, starting from collecting funds, managing them, to distributing them for productive purposes in accordance with the principles of maqasid sharia and positive law in this first aspect.

The second aspect is the aspect of the agreement, the parties, and the rights and obligations which examines the type of contract used, such as mudharabah, musyarakah, or ijarah, as well as the rights and obligations of each party in maintaining the integrity of the agreement in accordance with sharia law and customer legal protection. The third aspect is dispute resolution, which includes conflict resolution mechanisms in each Sharia Financial Institution, ranging from deliberation to sharia arbitration and court, taking into account compliance with sharia principles and positive law. The final aspect is supervision and regulation, which reviews the role of regulators such as the OJK, Bank Indonesia, and the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) in ensuring operational compliance of waqf deposits with the provisions of positive law and sharia.

4. Discussion

4.1 Legality of Three Sharia Financial Institutions in Managing Waqf

The management of waqf within the financial sector involves various institutions that operate under different legal frameworks (Ascarya, Husman, and Tanjung 2023). In the context of Sharia-compliant finance, three key institutions play a role in managing Waqf Deposits: Sharia banks, Sharia cooperatives, and Sharia fintech companies (Syamlan et al. 2020). Each of these institutions is governed by specific legal foundations that define their roles, responsibilities, and limitations in waqf management. Below is a summary regarding the legality of three Sharia Financial Institutions in managing Waqf.

Table 1. Legality of Three Sharia Financial Institutions in Managing Waqf

Aspect	Sharia Bank	Sharia Cooperative	Sharia Fintech
Main Legal Foundations	<ul style="list-style-type: none"> Act no. 21 of 2008: Article 1 Paragraph (12), Article 4 Paragraph (1), Article 7. Act no. 41 of 2004: Article 22 Paragraph (2), Article 28 Paragraph (1). Act no. 4 of 2023: Article 4 Paragraph 3, Article 19A 	<ul style="list-style-type: none"> Act no. 25 of 1992: Article 3, Article 4 Paragraph (1). POJK No. 19/POJK.03/2014 : Article 5, Article 15. 	<ul style="list-style-type: none"> POJK No. 10/POJK.05/2020 : Article 16, Article 17. Act no. 4 of 2023: Article 1 Paragraph (2).

Role as Nazir	Sharia banks can act directly as Nazir (ACT P2SK Article 4 Paragraph 3).	Koperasi syariah dapat bertindak sebagai nazir atau mitra nazir sesuai ACT Wakaf dan POJK No. 19/2014.	Does not act as a Nazir, but as an intermediary or marketplace (ACT P2SK Article 1 Paragraph 2).
Special Guidelines	OJK CWLD Guidelines (2024): Arrange collecting and management of waqf funds based on Mudharabah Muqayyadah contracts.	Investment Implementation Guidelines for Nazir according to Fatwa No. 03/DSN-MUI/IV/2000 Concerning Sharia Deposits, 2007)	Using the Crowdfunding model or Securities Crowdfunding for technology-based waqf management in accordance with DSN-MUI Fatwa No. 117/2018.
Contract Used	Mudharabah Muqayyadah (CWLD).	Mudharabah, Musyarakah, Wadiah Yad Dhamanah.	Mudharabah, Cash Waqf, and Wakalah bil Istithmar.
Transparency Regulation	OJK requires reporting Periodic to the wakif and operational audit periodically.	POJK No. 19/2014 regulates transparency fund management by sharia cooperatives.	POJK No. 10/2020 Article 17 requires transparency use of funds, risks and returns to the wakif.
Main Advantages	<ul style="list-style-type: none"> Strong legality based on law CWLD laws and guidelines. A clear structure to maintain the principal value of waqf funds. 	Deep flexibility managing funds for community-based productive activities.	<ul style="list-style-type: none"> The use of technology enables broad community participation. High transparency through a real-time monitoring system.
Limitations	More process bureaucratic compared to cooperatives or fintech.	Depends on cooperative capacity and involvement member.	<ul style="list-style-type: none"> High risk on digital platform trust. Depend on technology regulation which continues to develop.

Regulatory Oversight	Directly supervised by OJK and the Board Sharia Supervisory (DSN-MUI).	Supervised by OJK, Supervisory Board Sharia, and administrators cooperative.	<ul style="list-style-type: none"> Supervised by OJK in accordance with POJK No. 10/2020 and Supported by DSN-MUI through relevant fatwas.
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Sharia banks have a solid legal basis for managing waqf deposits, which are explicitly regulated through various positive regulations and sharia principles (Asmara and Abubakar 2019). Law no. 21 of 2008 concerning Sharia Banking is the operational basis for sharia banks, where Article 1 Paragraph (12) explains that sharia banks are banks that carry out business activities based on sharia principles, including managing cash waqf through sharia products. Sharia banks are required to avoid practices that are contrary to sharia, such as usury, gharar and maysir, as regulated in Article 4 Paragraph (1). Specifically for waqf deposit products, Article 7 emphasizes that sharia banks must comply with the provisions of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI), including guidelines regarding cash waqf and appropriate contracts. This legal basis is strengthened by Law no. 41 of 2004 concerning Waqf, which gives legitimacy to sharia banks to act as nazirs of cash waqf. Article 28 Paragraph (1) of the Law states that cash waqf can be managed in the form of sharia deposits, provided that the funds.

These are used for social interests and the benefit of the people. Additional support is also available through Law No. 4 of 2023 concerning Development and Strengthening of the Financial Sector (ACTP2SK), where Article 4 Paragraph (3) states that sharia banks have the authority to collect and manage cash waqf. This law also introduces Article 19A, which supports the use of investment contracts such as Mudharabah for cash waqf management, which is relevant to the Cash Waqf Linked Deposit (CWLD) model.

The CWLD Guidelines, published by the Financial Services Authority (OJK) in 2024, provide an additional operational framework for waqf deposits, with a focus on the use of Mudharabah Muqayyadah agreements. This guideline is designed to encourage transparent and productive cash waqf management, while maintaining the security of the principal value of waqf funds. Apart from that, DSN-MUI Fatwa No. 93/DSN-MUI/VII/2014 concerning Cash Waqf and Fatwa No. 58/DSN-MUI/VIII/2007 concerning Mudharabah Agreements provides sharia guidelines that regulate the mechanism for storing waqf funds in the form of deposits in sharia banks. This combination of positive legal regulations and sharia guidelines ensures that the management of waqf deposits in sharia banks not only has legal legitimacy, but also complies with maqasid al-shariah (Utomo and Ismal 2024; Hossain and Nepa 2022).

On the other hand, sharia cooperatives have greater flexibility in managing waqf deposits than sharia banks, because they operate under a legal framework that emphasizes the principles of kinship and justice. The main legal basis for sharia cooperatives is Law No. 25 of 1992 Concerning Cooperatives, where Article 3 emphasizes the aim of cooperatives to improve the welfare of members and society. In the context of sharia, cooperatives can manage cash waqf by paying attention to sharia principles, such as avoiding usury, gharar and maysir. Article 4 Paragraph (1) of this Law also regulates that cooperatives must carry out business activities that are in line with sharia values and family principles.

The presence of special regulations such as Financial Services Authority Regulation 31/POJK.05/2014 Concerning Implementation of Sharia Financing Business further strengthens the legality of managing waqf deposits by sharia cooperatives. Article 5 of this regulation states that sharia cooperatives can raise funds through sharia contracts such as Mudharabah, Musyarakah and Wadiah. In addition, sharia cooperatives can act as nazir or nazir partners, as regulated in Law No. 41 of 2004 concerning Waqf, which allows the management of cash waqf for social purposes.

In its implementation, sharia cooperatives also follow sharia guidelines from DSN-MUI. DSN-MUI Fatwa No. 94/DSN-MUI/2014 Concerning Investment Implementation Guidelines for Nazir is the main reference in ensuring that waqf funds managed by cooperatives are used productively and in accordance with sharia. With this combination, sharia cooperatives have the space to offer flexible waqf deposits, involve communities, and provide significant social impact.

Sharia Fintech has a legal framework designed to support innovation in collecting and managing waqf funds digitally (Ali et al. 2018; Medias, Pambuko, and Artha 2021). The main basis is Financial Services Authority Regulation No. 10/POJK.05/2020 Concerning the Implementation of Information Technology-Based Sharia Financial Services, which regulates that sharia fintech must use sharia contracts such as Mudharabah and Cash Waqf in managing funds. Articles 16-17 of the POJK state that sharia fintech is obliged to provide transparent information to wakifs, including the purpose of using funds and potential investment returns.

Within the framework of the P2SK Law (2023), sharia fintech acts as an intermediary or marketplace platform, which connects wakifs with waqf-based productive projects. Article 1 Paragraph (2) of this Law explains that sharia fintech can facilitate the collection of waqf funds without directly managing the funds, maintaining a focus on transparency and accountability. The investment model used in sharia fintech often involves a crowdfunding or securities crowdfunding system, which allows the wider community to participate in productive waqf. Sharia support is also present through DSN-MUI Fatwa No. 117/DSN-MUI/II/2018 Concerning Information Technology-Based Financing Services Based on Sharia Principles. This fatwa provides guidelines on how sharia fintech can use sharia contracts in digital transactions, including in collecting and managing waqf funds. With these regulations and guidelines, sharia fintech has a strong legal foundation to expand the reach of waqf deposits, increase community involvement, and support waqf-based development.

Aufa et al. (2023) indicates that the integration of cash waqf and sukuk through sharia fintech platforms can enhance public participation in sharia-based investments while supporting sustainable economic development. On the other hand, despite significant growth in the sharia fintech sector, challenges remain in ensuring compliance with Islamic principles, particularly concerning effective supervision and regulation (Sudarwanto, Kharisma, and Cahyaningsih 2024). With these regulations and guidelines, sharia fintech has a strong legal basis to expand the collection of waqf funds, increase community involvement, and support waqf-based development.

4.2 Roles, Rights and Obligations of Each IMFIs

Table 2. Roles, Rights and Obligations of Each IMFIs

Aspect	Sharia Bank	Sharia Cooperative	Sharia Fintech
Main Role	Nazir and waqf fund managers through sharia products (Act No. 41/2004, Article 28 Paragraph (1); Act P2SK Article 4 Paragraph (3))	Nazir/through the community to manage waqf according to the principle of kinship (Act No. 25/1992, Articles 3 and 4)	Technology platform that brings together waqfs with productive waqf projects without managing funds directly (POJK No. 10/POJK.05/2020)
Main Contract	Mudharabah, Wadiah, Ijarah (Bank acts as mudharib with responsibility for managing funds)	Mudharabah, Musyarakah, Ijarah (Cooperatives as fund managers with a community model)	Wakalah bil Istithmar, Ijarah (Fintech only facilitates transactions and accepts ujah for platform services)
Wakif Rights	Receive transparent and detailed reports regarding fund management and distribution of proceeds to Mauquf Alaih (Act No. 41/2004, Article 22 Paragraph (2))	Obtain reports on the use of funds and distribution of results according to the contract (Act No. 25/1992, Article 4 Paragraph (1))	Get transparent information about projects, waqf results reports, and guaranteed transaction security on the platform (POJK No. 10/POJK.05/2020, Article 16-17)
Wakif Obligations	Handing over waqf funds according to the agreed contract, ensuring intentions comply with sharia maqasid principles (DSN-MUI Fatwa No. 93/2014)	Hand over funds according to the terms of the contract and follow community rules in managing waqf (Act No. 25/1992, Article 3)	Submit funds via the platform according to specified rules and ensure project information is properly understood (POJK No. 10/POJK.05/2020)
Rights of Sharia Financial Institutions	Have the right to manage funds according to the contract and	Have the right to manage funds for the benefit of the community by	Have the right to receive ujah for platform services and ensure

	receive profit sharing from productive activities (DSN-MUI Fatwa No. 58/2007)	sharing the results according to the agreement (Act No. 25/1992, Article 4)	compliance with operational rules (POJK No. 10/POJK.05/2020, Article 17)
Obligation of Sharia Financial Institutions	Manage waqf funds according to sharia principles, maintain trust, provide transparency, and ensure that the results are distributed to the mauquf alaih (Act No. 41/2004, Article 28 Paragraph (1); Act P2SK Article 4 Paragraph (3))	Manage waqf funds in a trustworthy manner, provide regular reports, and ensure the sustainability of waqf projects for the benefit (Act No. 25/1992, Article 3)	Transparency, data monitoring, and maintaining the trust of wakifs and waqf projects so that they comply with maqasid sharia (POJK No. 10/POJK.05/2020, Article 16-17)
Main Regulations	Act no. 21/2008, Law no. 41/2004, Act P2SK (2023); DSN-MUI Fatwa No. 93/2014 (Cash Waqf), No. 58/2007	Act no. 25/1992, POJK no. 19/POJK.03/2014; DSN-MUI Fatwa No. 94/2014 (Nazir Investment)	POJK No. 10/POJK.05/2020, DSN-MUI Fatwa No. 117/2018; Refers to sharia marketplace principles with a wakalah agreement

Sharia banks act as nazir, directly responsible for the collection, management and distribution of waqf funds in accordance with sharia principles. Based on Law no. 41 of 2004 concerning Waqf, Islamic banks are permitted to hold waqf money in the form of deposits with the responsibility to ensure that these funds are used for the benefit of the people (Article 28 Paragraph (1)). This legality is strengthened by ACTP2SK (2023) Article 4 Paragraph (3), which states that sharia banks can act as cash waqf managers.

In managing funds, Islamic banks use contracts such as Mudharabah, where the bank acts as mudharib (manager) and the wakif as shahibul maal (fund owner). Profits from fund management are distributed to the mauquf alaih (waqf beneficiaries). DSN-MUI Fatwa No. 93/2014 provides guidance regarding cash waqf management, while DSN-MUI Fatwa No. 58/2007 explains the mudharabah framework relevant to this scheme. In addition, Islamic banks can use Wadiah contracts to ensure the security of principal funds or Ijarah contracts if funds are allocated to productive rental assets. Waqif rights in Islamic banks include transparency in reports regarding the use and results of managing waqf funds. The Wakif also has the obligation to hand over funds according to the contract, ensuring that the waqf's

intentions are in accordance with the maqasid of sharia. Meanwhile, banks have the right to share profits from productive activities of waqf funds, with the obligation to maintain trust, transparency and accountability in fund management.

Sharia cooperatives offer greater flexibility in managing waqf funds than sharia banks. As a community-based institution, cooperatives can act as nazir or nazir partners in managing waqf funds. Based on Law No. 25 of 1992 concerning Cooperatives, cooperatives have the aim of improving the welfare of their members through the principles of kinship and justice (Article 3). With this foundation, sharia cooperatives can use sharia contracts such as Mudharabah, Musyarakah, or Ijarah. In the Mudharabah context, the cooperative acts as mudharib and is responsible for managing funds for agreed productive activities. The Musyarakah contract allows cooperatives and wakifs to share capital contributions in certain projects, with profit sharing according to their respective portions. Meanwhile, the Ijarah contract is used if waqf funds are managed in the form of rental assets that provide sustainable benefits for the mauquf alaih. The wakif's rights in sharia cooperatives include receiving transparent reports and sharing of results if funds are managed using productive agreements such as mudharabah. The wakif's obligation is to ensure that the contribution of funds is in accordance with the agreement and to support waqf-based social activities. On the other hand, cooperatives have the right to the results of managing funds according to the agreement, with the obligation to maintain trust, involve the community, and provide regular reports to the wakif.

Sharia fintech plays a role as a technology platform that facilitates the relationship between waqifs and productive waqf projects. In contrast to banks and cooperatives, fintech does not manage funds directly but acts as an intermediary according to POJK No. 10/POJK.05/2020. Fintech uses the Wakalah bil Istithmar agreement, where the wakif gives authority to the platform to channel funds to certain projects.

Sharia fintech can also use an Ijarah agreement, where the fintech receives ujah (fees) for the platform services provided. This system allows fintech to maintain transparency and utilize technology to increase community participation in productive waqf. DSN-MUI Fatwa No. 117/2018 supports technology-based services that comply with sharia principles. Wakif rights in sharia fintech include obtaining transparent information about waqf projects, reports on fund management results, and guaranteed transaction security. The Wakif has an obligation to understand the details of the project and approve the contract before providing funds. Fintech has the right to obtain ujah from platform services, with the obligation to maintain transparency, data security and ensure compliance with sharia principles.

4.3 Dispute Resolution

Dispute resolution in the management of waqf deposit products by Sharia Financial Institutions, whether Sharia Banks, Sharia Cooperatives, or Sharia Fintech, must refer to sharia principles and applicable positive legal regulations. In this context, dispute resolution is carried out in several complementary stages, which aim to maintain the trust of waqf funds and provide legal protection to the parties involved. The first stage that is generally carried out is internal deliberation, as regulated in Article 28 Paragraph (2) of Law Number 41 of 2004 concerning Waqf. This principle of deliberation is in line with the Islamic approach which prioritizes peace and consensus between the parties. In Sharia Banks, Sharia Cooperatives and Sharia Fintech, deliberation is the first step to resolving

disputes, especially in cases of differences in views regarding the management of waqf funds or implementation of contracts (Law Number 41 of 2004).

If internal deliberations do not produce an agreement, settlement can proceed through sharia arbitration, which is usually carried out through the National Sharia Arbitration Board (BASYARNAS). This sharia arbitration refers to Law No. 3 of 2006 Concerning Religious Courts which provides guidelines for resolving disputes related to sharia-based products, including waqf deposits. This arbitration can be utilized by all Sharia Financial Institutions, including Sharia Fintech involved in disputes over sharia contract-based services (Government of the Republic of Indonesia 2006).

As a last resort, disputes can be brought to the Religious Courts. Based on Article 49 of Law No. 3 of 2006 Concerning Religious Courts, the court has the authority to handle cases related to waqf, including disputes in the management of waqf deposits. This route is generally chosen during deliberation and arbitration does not produce results or if there are elements of broader legal violations (Law Number 3 of 2006). Apart from the formal channels above, there are several alternative dispute resolution institutions. In the context of Sharia Banking, the Indonesian Banking Mediation Institute (LPMI) can be used to resolve non-litigation disputes related to sharia transactions, in accordance with Law Number 21 of 2008 concerning Sharia Banking. Meanwhile, Sharia Cooperatives often utilize community-based mediation or local community leaders, as regulated in Article 29 of Law Number 25 of 1992 concerning Cooperatives. For Sharia Fintech, OJK through Article 19 Paragraph (2) of OJK Regulation Number 10/POJK.05/2020 provides guidance for resolving disputes non-litigationally through mediation or arbitration (OJK Regulation Number 10/POJK.05/2020; Law Number 25 of 1992).

Overall, the dispute resolution mechanism in the management of waqf deposits by Sharia Financial Institutions is designed to protect the interests of all parties, including customers as wakif, management institutions as nazir, and mauquf alaih as beneficiaries. This mechanism ensures that the principles of justice and accountability are maintained, in accordance with maqasid sharia and positive legal regulations in Indonesia (Law Number 41 of 2004; Law Number 21 of 2008; OJK Regulation Number 10/POJK.05/2020).

4.4 Positive Legal and Sharia Aspects related to Supervision

Sharia banks are supervised by the Financial Services Authority (OJK) as regulated in Law No. 21 of 2008 concerning Sharia Banking and Law No. 41 of 2004 concerning Waqf. Sharia banks are required to comply with sharia principles set by the National Sharia Council-Indonesian Ulema Council (DSN-MUI) in every transaction, including the management of waqf deposits. Under supervision internally, the Sharia Supervisory Board (DPS) has the obligation to ensure the conformity of all bank operations with sharia principles (Article 7 of Law No. 21 of 2008 Concerning Sharia Banking). The main obligations of sharia banks towards customers include transparency in fund management, protecting data confidentiality, and regular reporting regarding the use of waqf funds in accordance with Article 4 of Law No. 21 of 2008. In addition, the obligation of banks to report waqf management activities to the Indonesian Waqf Board (BWI) provides a guarantee that waqf funds are used for social purposes and in accordance with the principles of maqasid al-shariah.

Sharia cooperatives are under the supervision of the Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM), as regulated in Law No. 25 of 1992

Concerning Cooperatives. Based on Article 20 of Law No. 25 of 1992, sharia cooperatives are required to provide transparent reports to their members regarding fund management. In the context of waqf deposits, sharia cooperatives have an obligation to protect customer rights by ensuring safe management of funds, providing clear information regarding waqf products, and maintaining the principal value of waqf funds in accordance with sharia principles. Minister of Cooperatives and SME Regulation No. 8 of 2021 also regulates the governance of multi-party cooperatives, including sharia cooperatives which carry out social functions through waqf management. In addition, supervision over waqf management is carried out by the Indonesian Waqf Board (BWI) to ensure that waqf funds are used according to their legal purposes.

Sharia fintech is supervised by OJK in accordance with OJK Regulation no. 10/POJK.05/2020 concerning the Implementation of Information Technology-Based Sharia Financial Services. In managing waqf deposits, sharia fintech is obliged to use sharia contracts such as Cash Waqf or Wadiah, as regulated in Article 16 and Article 17 of the POJK. Internal supervision is carried out by the Sharia Supervisory Board (DPS), while regular audits by OJK ensure compliance with positive law and sharia principles. Sharia fintech obligations include transparency in fund management, providing complete information to customers, as well as protecting customer personal data, as regulated in Article 27 POJK No. 10/POJK.05/2020. In addition, fintechs are required to report the use of waqf funds to BWI to ensure their use is in accordance with maqasid al-shariah principles.

Overall, the three Sharia Financial Institutions have the main obligation to protect customer rights, including transparency in fund management, regular reporting to supervisory institutions, and maintaining the security of the principal value of waqf funds. However, there are differences in the supervisory structure, where sharia banks and fintech are supervised by the OJK, while sharia cooperatives are under the supervision of the Ministry of Cooperatives and SMEs. This supervisory approach ensures adequate legal protection for customers, with an important role for BWI as a special supervisor in waqf management.

5. Conclusion

Sharia Financial Institutions—Sharia Banks, Sharia Cooperatives, and Sharia Fintech—serve as key pillars in the effective management of waqf funds. Each institution offers unique advantages: Sharia Banks provide structured and well-regulated fund management, Sharia Cooperatives emphasize community-driven participation, and Sharia Fintech utilizes digital innovation to expand accessibility and efficiency. These diverse approaches allow waqf to be managed in a way that aligns with both sharia principles and modern financial needs.

Transparency and accountability are fundamental in ensuring the sustainability of waqf funds. Customers, as wakif, have the right to clear reporting on fund utilization and returns, while financial institutions must uphold trust through responsible governance. Sharia Banks ensure stringent oversight, Sharia Cooperatives build trust through shared ownership, and Sharia Fintech enhances openness with technology-driven reporting mechanisms. These measures collectively reinforce public confidence in waqf as a sustainable economic tool.

With their distinct roles and contributions, Sharia Financial Institutions help strengthen waqf as a means of long-term socio-economic development. By integrating

ethical finance, regulatory compliance, and innovative strategies, they create a solid foundation for productive waqf management. The synergy between these institutions ensures that waqf funds are not only preserved but also optimally utilized for the benefit of society.

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