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The Role of Islamic Banking in the Implementation of Cash Waqf

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ABSTRACT

The purpose of this research is to find out how the implementation and use of cash waqf. The research method used is descriptive qualitative. Literature review is used to find reference sources and articles related to the Implementation and Management of cash waqf related to the research title. Islamic financial institutions receiving cash waqf have an important role in optimizing cash waqf. Because cash waqf cannot be handed over directly to the nazhir, but must go through the Islamic Financial Institution receiving cash waqf, in practice, this Islamic financial institution must be professional in carrying out management in collection, system mechanisms, and requires accountability and integrity in cash waqf reports .

ABSTRACT

Tujuan dari penelitian ini adalah untuk mengetahui bagaimana tradisi meugang dalam masyarakat aceh. Metode yang digunakan dalam penelitian ini adalah metode kualitatif dengan dekskriptif. Adapun hasil penelitian yang didapatkan adalah bahwasanya tradisi maugang merupakan tradisi yang berasal dari aceh yang masih dilakukan hingga saat ini. Tradisi ini dilakukan dengan menyembelih hewan ternak yang kemudian akan dibagikan kepada orang-orang yang membutuhkan, ini bertujuan untuk mempererat silahturahmi dan sekaligus bersedekah. Biasanya tradisi ini dilakukan sebagai wujud syukur untuk menyambut hari hari besar, seperti puasa ramadhan, Idul Fitri dan Idul adha..

PRELIMINARY

Waqf is one of the important instruments in supporting the economy of a country, thereby facilitating the whole community in utilizing it as well as social and places of worship. Even long before Islam came, endowments had taken place in

Makkah and in Palestine the building of the Kaaba and the al-Aqsa place of worship had become land that was donated for the benefit of the surrounding community. Therefore waqf needs to be preserved for the common welfare (Suhadi, 2002).

Waqf has long been known by the Muslim community as a form of charity that plays an important role in social, economic and cultural development in order to improve people's welfare. One form of waqf that has recently been widely introduced is cash waqf. Cash waqf as an alternative to poverty alleviation has been implemented in several Islamic countries. Especially in Bangladesh. waqf has been managed by Social Investment Bank Ltd (SIBL) which develops a social capital market (scientific, 2020). In the voluntary sector, cash waqf opens up unique opportunities for investment creation in the fields of religion, education and social services. Savings from high-income residents can be utilized through the exchange of Cash Waqf Certificates. Meanwhile, the income derived from managing the cash waqf can be spent for a variety of different purposes, such as maintenance of the waqf assets themselves. Apart from that, cash waqf can also function as a strategic investment to eradicate poverty and overcome lagging in the economic sector as well as in the fields of education, research and health (Lis Sulistiani & Sulistiani, 2021).

Increasing opportunities and public interest in cash waqf is a great potential to be put to good use for the welfare of the people. The realization of the welfare of the people through cash waqf is of course inseparable from the management of waqf funds by Nazhir through a network of Islamic Financial Institutions (LKS) appointed by the Minister of Religion. Islamic banking is one of the LKS that can receive cash waqf and is a place for managing waqf funds by nazhir (K & Fattah, 2021). With its various advantages, including the breadth of its office network and ATM network, reliable human resources and guaranteed waqf funds by the Deposit Insurance Agency, Islamic banking has tremendous potential to participate in optimizing the collection and management of waqf. It is not an exaggeration if the hopes of the people at this time depend on the shoulders of Islamic banking regarding the implementation of cash waqf. The role of Islamic banking in the implementation of cash waqf is at stake for the continuity of cash waqf itself, as well as for optimizing the welfare of the people.

RESEARCH METHODS

The research method used is descriptive qualitative and attempts to describe the implementation of cash waqf to the community. To be able to understand how the process of managing waqf money is to be managed and developed. Literature review is used to find reference sources and articles related to the Implementation and Management of cash waqf related to the research title. The literature study conducted for this research looked for writings on the existing subject. As well as to increase the author's knowledge which will be very helpful in this research, therefore a reference source is needed.

RESULTS AND DISCUSSION

Cash Waqf

What is meant by Waqf as referred to in Law no. 41 of 2004 concerning Waqf Article 1 is a legal act of a Wakif (a party who endows his property) to separate and/or surrender part of his property to be used forever or for a certain period of time in accordance with his interests for the purposes of worship and/or public welfare according to sharia . Property that can be donated is property owned and controlled by the Waqif including movable objects in the form of land rights; building; ownership rights to flats; as well as other immovable objects in accordance with sharia provisions and applicable laws and regulations. movable objects are property that cannot be used up because it is consumed in the form of money; precious metal; securities; vehicle; intellectual property rights; rental rights and other movable objects in accordance with sharia provisions and applicable laws and regulations. Based on the MUI Fatwa on Cash Waqf which was stipulated on May 11, 2002, Cash Waqf is defined as waqf made by a person, group of people, institution or legal entity in the form of cash, with the meaning of money including securities (Harrieti & Mulyati, 2018) .

Management and Development of Cash Waqf

The BWI regulation states, among other things: Management and development of cash waqf can be carried out in the form of investments outside of Islamic Financial Institution products with the approval of BWI. Approval from BWI was given after BWI first conducted a review of the feasibility of the investment in question. The distribution of cash waqf investments (money waqf portfolio) can be carried out with the condition that 60% investment is in LKS instruments and 40% outside LKS. The importance of cash waqf was put forward by M. Syafi'I Antonio, he tried to illustrate how important it is to use cash waqf. In the world of education, for example, he sees that there are three basic philosophies that must be emphasized when we want to apply the principle of cash waqf in the world of education. First, the allocation of cash waqf must be viewed in terms of an integrated project, not parts of separate costs (Qahaf, 2002) .

An example is the assumption that waqf funds will run out when used to pay building wages, while waqf must last forever. With a project framework, waqf funds will actually be allocated to educational programs with all kinds of costs included in it. Second, the principle of nazhir's welfare. For too long nazhir has often been positioned as haphazard work alias lillahi ta'ala (in the sense of leftover time and not the main concern) and is obliged to fast (Fauza, 2015) .

Islamic Banks, Purpose and Functions, and Their Advantages

Sharia Bank as one of the PWU LKS has a legal basis, namely Law no. 21 of 2008 concerning Islamic Banking, which explains that Islamic Banks are Banks that carry out their business activities based on Sharia Principles and by type consist of Islamic Commercial Banks and Islamic People's Financing Banks (article 1 number 7). The purpose of Islamic banks is to support the implementation of national development in the framework of increasing justice, togetherness and equity of people's welfare (article 3), with the function of collecting and distributing public funds (article 4 paragraph 1) (Kamaluddin, 2020) .

In carrying out the function of collecting and distributing public funds, including in the implementation of cash waqf, there are several Islamic bank products, namely:

1. Wadiah current accounts are deposits that can be used as a means of payment and withdrawals can be made at any time by using a check, where the fundraising contract uses a wadiah contract, which is a money deposit contract between a party who has money and an Islamic bank who is entrusted with the aim of maintaining safety , security, and integrity of money.

2. Wadiah savings are deposits whose withdrawals can only be made according to certain agreed conditions, where the fundraising contract uses a wadiah contract, which is a money deposit contract between the party who has the money and the Islamic bank (Al Arif, 2010) .

The Role of Islamic Banks in the Implementation of Cash Waqf in Indonesia

Syari'ah banking as a professional institution in managing public funds and other social funds such as zakat waqf and shadaqah funds, should also expand its business by developing cash waqf. Therefore, with the issuance of Law Number 41 of 2004, since then Islamic banking has played a major role in the development of cash waqf in Indonesia. According to Article 28 of Law no. 41 of 2004 stipulates that waqifs can endow movable objects in the form of money through a sharia financial institution appointed by the Minister. For the wakifs themselves, in order to deposit cash waqf to the Syari'ah bank (LKS-PWU), wakifs must follow several procedures, including:

1. Waqf money that can be donated is the rupiah currency.
2. In the event that the money to be waqf is still in the form of foreign currency, it must first be converted into rupiah.
3. The waqif must state his intention to make cash waqf at the LKS-PWU.
4. Waqif explains the origin of ownership of the money to be donated.
5. Waqif deposits waqf funds in cash to LKS PW
6. The wakif fills out the wakif's will statement form which will later be included in the cash waqf certificate.
7. If the wakif cannot be present when depositing funds at LKSPWU, then the wakif can appoint a representative or proxy to replace his presence, in this case Nazhr does not need to be present when the wakif donates money, and
8. LKSPWU will ask the waqif which nazir he will choose to manage his cash waqf.

Banking provisions and banking activities related to waqf issues include:

1. Decree of the Board of Directors of Bank Indonesia concerning Commercial Banks Based on Syari'ah Principles, which stipulates: "banks can act as baitul maal, namely receiving funds originating from zakat, infaq, shadaqah, waqf,

grants or other social funds and channeling them to those entitled to them in the form of compensation and/or benevolent loans (qardhul hasan)

2. Decree of the Board of Directors of Bank Indonesia concerning Rural Banks based on Syari'ah Principles stipulating that BPRS can act as baitul maal, namely receiving funds originating from zakat, infaq, shadaqah, waqf grants or other social funds and channeling them to those entitled to them in the form of compensation and/or or benevolent loans (qardhul hasan).
3. Bank Indonesia Regulation No. 2/27/PBI/2000 concerning Commercial Banks does not explicitly state the activities of Sharia Branch Offices (KCS) which are under the Sharia Business Unit (UUS) of Conventional Commercial Banks relating to waqf. however, by mentioning that KCS can carry out business activities based on the intended Shariah principles in accordance with Article 1 number 13 of Law no. 7 of 1992 concerning banking as amended by Law no. 10 of 1998, then implicitly KCS can also carry out activities related to cash waqf.
4. In the Decree of the Board of Directors of Bank Indonesia it is stated that "Syari'ah banks in carrying out their business activities may carry out other activities normally carried out by banks as long as they are approved by the National Sharia Council." It is also stated that "In carrying out its business activities, a BPRS may carry out other activities normally carried out by a BPRS as long as it is approved by the National Sharia Council."
5. The Sharia Banking Law has also stipulated explicitly that Islamic banking as a social body is allowed to carry out social functions as a baitul mal institution, namely receiving zakat, infaq, shadaqah, grants or other social funds and channeling them to zakat management organizations, and currently Several Syari'ah banks that have been appointed as LKS-PWU by the Ministry of Religion also play a role in collecting social funds from cash waqf and channeling them to the nadzir as the will of the waqif.

There are 4 objectives of the bank as a manager of cash waqf funds, namely:

a. Providing banking services by issuing cash waqf certificates and managing the cash waqf.
b. Assist in mobilizing social savings and transforming social savings into

capital.

c. Providing benefits to the community, especially the poor through optimizing the resources of the rich.
d. Helping the development of the social capital market (social capital market) (Kamaluddin, 2020) .

The role of LKS-PWU in optimizing cash waqf

The history of Islamic financial institutions in Indonesia cannot be separated from the law that was made by the government No. 7 of 1992. This law is considered as a legal umbrella for the birth of Islamic financial institutions. This law mentions the possibility of establishing a bank with a profit sharing system. This law later became the basis for the birth of Bank Muamalat Indonesia. This law was then perfected by Act No. 10 of 1998 concerning Banking which allows for the operation of a dual banking system within the national banking system. As a result, a number of conventional banks in Indonesia have opened sharia divisions in their service systems for customers.

In 2005, 3 Islamic Commercial Banks (BUS) were established, such as: Bank Muamalat Indonesia (BMI), Bank Syariah Mandiri (BSM), and Bank Syariah Mega Indonesia (BSMI). In addition, there are at least 19 Sharia Business Units (UUS), such as: IFI, Bukopin, Danamon, Commerce, BNI, BRI, BII, HSBC, BTN, Bank DKI, Bank Jabar, BPD North Sumatra, BPD Riau, BPD Kalsel, BPD Aceh, BPD NTB, West Kalimantan BPD, and South Sumatra BPD. In addition to this Sharia Business Unit, 92 Sharia BPRs have operated. Along with the increasing number of banks providing sharia services, these banks have also opened a network of offices in several regions in Indonesia. Of course, the spread of office networks in these areas follows the level of business activity in these areas.

The strategic role of LKS in the development of cash waqf in Indonesia is mainly related to the network owned by this institution. Most Islamic Financial Institutions have a network of branch offices and ample ATM facilities, SMS banking, Internet Banking, Phone Banking, and auto debit facilities. The breadth of the bank's network and facilities in turn makes it easier for Muslims in all corners of Indonesia to be able to participate in performing cash waqf worship. In addition to an extensive network, LKS in Indonesia also has reliable human resources that can support the optimal collection of community waqf funds. In addition, the funds collected in these Islamic financial institutions are generally under the guarantee of the Deposit Insurance Corporation so that the security of the cash waqf funds collected can be guaranteed. This strategic role fosters new optimism that LKS-PWU can support the productive cash waqf movement in Indonesia (Hastuti, 2018) .

CONCLUSION

One of the roles of Syari'ah banks in Indonesia is as waqf fund safekeeping. Technically operationally, the wakif deposits his waqf funds into the Syari'ah bank on behalf of the BWI account in the Syari'ah bank and in return the wakif will receive a cash waqf certificate. The cash waqf certificate was issued by BWI and deposited in a Syari'ah bank. The cash waqf certificate will be given to the waqif and administered separately from the bank's wealth in order to conceptualize the waqf.

Money Waqf Recipient Islamic Financial Institutions (LKS-PWU) have a very important role in optimizing cash waqf. This is because cash waqf cannot be handed over directly to the nazhir, but must go through the Islamic Financial Institution Recipient of Cash Waqf (LKS-PWU). And to support this, Islamic Financial Institutions Receiving Cash Waqf must have professional management in collection and management mechanisms, and need accountability and integrity in terms of reporting on the management of cash waqf received.

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