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Cash waqf as an instrument for sustainable islamic education development in indonesia

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Abstract
This study aims to analyze the concept and implementation of cash waqf in financing Islamic education, examine its contribution to the independence and sustainability of Islamic educational institutions, and formulate strategies for optimizing cash waqf in Indonesia. This research employs a qualitative approach through library research. Data were collected from books, scientific journals, legislation, and various relevant documents concerning waqf and Islamic education. The findings indicate that cash waqf possesses significant potential as a sustainable financing source for Islamic educational institutions. Through productive, transparent, and professional management, cash waqf can support operational costs, educational infrastructure development, scholarships, and institutional empowerment. Moreover, cash waqf contributes to reducing educational dependence on government funding and strengthens the economic resilience of Islamic educational institutions. The optimization of cash waqf requires regulatory support, professional nazhir management, digitalization, community participation, and synergy among stakeholders. This study concludes that cash waqf can serve as a strategic instrument for strengthening the sustainability and quality of Islamic education in Indonesia.

Keywords: Cash Waqf, Islamic Education, Educational Financing, Waqf Institution, Sustainability.

Introduction

Education plays a crucial role in developing human resources and advancing national civilization. In Indonesia, Islamic educational institutions such as pesantren, madrasah, and Islamic higher education institutions have significantly contributed to educational development and character formation. However, one of the major challenges faced by these institutions is the issue of sustainable financing. Many Islamic educational institutions still rely heavily on government assistance, tuition fees, and community donations, which are often insufficient to support long-term institutional development and educational quality improvement (Azra, 2019). The increasing demand for quality education requires substantial financial resources for infrastructure development, teacher professional development, educational technology, research activities, and student scholarships. Nevertheless, limited financial capacity often constrains Islamic educational institutions from achieving optimal educational outcomes. As a result, many institutions face difficulties in maintaining operational stability and ensuring educational sustainability in the long term (Munir & Suwaidi, 2018).

The sustainability of Islamic educational institutions is closely linked to their ability to secure independent and continuous sources of funding. Financial dependence on external assistance may create vulnerability, particularly during periods of economic uncertainty or changes in government policy. Therefore, the development of alternative financing mechanisms has become an urgent necessity for strengthening institutional resilience and ensuring the continuity of educational services. In this context, Islamic philanthropic instruments offer promising solutions for supporting sustainable educational financing. Islam encourages wealth redistribution and social solidarity through various philanthropic mechanisms, including zakat, infaq, sadaqah, and waqf. Among these instruments, waqf possesses unique characteristics because it emphasizes the preservation of assets while continuously distributing their benefits to society. Historically, waqf has played a vital role in financing educational institutions, libraries, research centers, and scholarship programs throughout Islamic civilization (Kahf, 2003).

The emergence of cash waqf has further expanded the potential of waqf as a sustainable financing instrument. Unlike traditional waqf, which is generally limited to land and buildings, cash waqf enables broader community participation through monetary contributions that can be managed productively. The flexibility of cash waqf allows funds to be invested in sharia-compliant financial instruments, generating sustainable returns that may be utilized for educational development and social welfare programs (Pitchay, Meera, & Saleem, 2022).

Indonesia has demonstrated significant potential for the development of cash waqf, supported by a comprehensive legal framework and growing public awareness of Islamic social finance. Furthermore, innovations such as Cash Waqf Linked Sukuk (CWLS) and digital waqf platforms have created new opportunities for optimizing waqf management and expanding its social impact. Despite these developments, the utilization of cash waqf for financing Islamic education remains relatively underdeveloped and requires further scholarly attention. Therefore, examining cash waqf as a sustainable financing instrument for Islamic education is highly relevant. This study seeks to explore how cash waqf can contribute to the financial independence, sustainability, and quality enhancement of Islamic educational institutions in Indonesia while identifying strategies for optimizing its implementation within the contemporary Islamic financial ecosystem.

Education plays a strategic role in developing human resources and advancing national civilization. However, financing remains one of the major challenges faced by Islamic educational institutions in Indonesia. Many pesantren, madrasah, and Islamic higher education institutions still depend heavily on government assistance, student fees, and community donations. Such dependence often creates financial instability and limits institutional development (Azra, 2019). Islamic philanthropy offers alternative solutions for sustainable educational financing. Among various Islamic philanthropic instruments, waqf has historically contributed significantly to educational development. During the classical Islamic period, waqf assets financed mosques, libraries, educational institutions, and scholarships. The sustainability of renowned institutions such as Al-Azhar University demonstrates the effectiveness of waqf in supporting education over centuries (Kahf, 2003).

The emergence of cash waqf has expanded the scope of waqf participation. Unlike traditional waqf, which is generally associated with land and buildings, cash waqf enables individuals to contribute according to their financial capacity. These funds can be invested in productive and sharia-compliant sectors, generating sustainable returns for social and educational purposes (Munir & Suwaidi, 2018). In Indonesia, the implementation of cash waqf has been legally supported through Law Number 41 of 2004 concerning Waqf and Government Regulation Number 42 of 2006. Despite this legal support, the utilization of cash waqf for educational development remains far from optimal. Challenges include low public literacy, limited professional capacity among nazhir institutions, and inadequate innovation in waqf management. Therefore, this study investigates the role of cash waqf as a sustainable financing instrument for Islamic education in Indonesia. "This study argues that cash waqf should not be viewed solely as an instrument of Islamic philanthropy, but rather as a sustainable Islamic educational endowment model integrated with modern Islamic financial mechanisms through Cash Waqf Linked Sukuk (CWLS), digital waqf platforms, and the institutional strengthening of nazhir management."

Method

This study employed a qualitative descriptive-analytical approach using library research to examine the role of cash waqf as a sustainable financing instrument for Islamic education in Indonesia. A library research design was considered appropriate because the study focuses on understanding the conceptual, institutional, regulatory, and developmental dimensions of cash waqf based on existing scholarly and documentary sources rather than collecting primary data from respondents or educational institutions (Fiantika et al., 2022). The analysis was directed toward understanding how cash waqf can be transformed from a philanthropic instrument into a productive and sustainable financing mechanism for Islamic educational development.

The data consisted of relevant primary and secondary documentary sources. Primary documentary sources included Indonesian regulations concerning waqf, particularly Law Number 41 of 2004 concerning Waqf and Government Regulation Number 42 of 2006 concerning the Implementation of the Waqf Law, as well as institutional documents related to the development and management of waqf in Indonesia. Secondary sources comprised scientific journal articles, academic books, and other scholarly publications discussing waqf, cash waqf, productive waqf management, Islamic social finance, educational financing, and sustainable development (Ardyan et al., 2023). The literature was selected based on its relevance to the research focus, particularly sources that provided information on the concept of cash waqf, its implementation and management, its potential contribution to educational financing, and strategies for strengthening its effectiveness in the Indonesian context.

Data collection was conducted through systematic documentation and literature review. The researchers identified, read, compared, and recorded information from the selected sources that was directly related to the research objectives. Documentation is appropriate in qualitative research for collecting and examining information contained in written and documentary sources relevant to the phenomenon being studied (Fiantika et al., 2022). The collected information was then organized according to four analytical dimensions: (1) the concept and Islamic foundation of cash waqf; (2) the implementation of cash waqf as a financing mechanism for Islamic education; (3) the contribution of cash waqf to the financial sustainability, accessibility, and institutional development of Islamic educational institutions; and (4) strategies for optimizing cash waqf through professional nazhir management, digitalization, regulatory support, innovative Islamic financial instruments, and stakeholder collaboration.

The data were analyzed using qualitative content analysis. The analysis involved several interconnected stages: data identification and selection, data reduction, thematic categorization, comparison and interpretation, and conclusion drawing (Ardyan et al., 2023). During the identification and reduction stage, information that was not directly relevant to cash waqf and Islamic educational financing was excluded from the analytical focus. Relevant information was subsequently grouped into thematic categories corresponding to the four analytical dimensions of the study. The categorized findings were then compared across the literature to identify recurring arguments, potential contributions, implementation mechanisms, and challenges in the development of cash waqf. The final stage involved interpreting the relationships among these findings to formulate an integrated understanding of how cash waqf can support sustainable Islamic education in Indonesia.

Through this analytical process, the study does not merely describe the definition or historical development of cash waqf but examines its potential as a sustainable educational endowment. Particular attention was given to the relationship between productive management of waqf funds, the generation of sustainable returns, and their utilization for educational operations, infrastructure, scholarships, and institutional development. The analysis also considered contemporary mechanisms, including digital waqf platforms and Cash Waqf Linked Sukuk (CWLS), as part of the broader strategy for strengthening the effectiveness, transparency, and sustainability of cash waqf in Indonesia. A qualitative analytical approach allows these interconnected dimensions to be interpreted within their institutional and social contexts (Suhaimi et al., 2025). The methodological framework therefore enables the study to connect the conceptual foundation of cash waqf with its practical implementation, educational contribution, and strategic optimization.

Results and Discussion

Concept of Cash Waqf in Islamic Perspective

The term waqf originates from the Arabic word *waqafa*, which means to hold, preserve, or restrain. In Islamic jurisprudence, waqf refers to retaining the principal asset while allocating its benefits for charitable purposes. This concept emphasizes sustainability because the principal asset remains intact while its benefits continue to serve society. Waqf is one of the most important instruments of Islamic philanthropy that contributes to socio-economic development and public welfare. Unlike zakat, which is generally distributed directly to beneficiaries, waqf emphasizes the preservation of assets while continuously generating benefits for society. Historically, waqf has played a significant role in financing religious, educational, health, and social institutions throughout Islamic civilization (Kahf, 2003).

The development of modern Islamic finance has introduced the concept of cash waqf, which allows individuals to donate money rather than immovable assets such as land and buildings. Cash waqf provides greater flexibility, inclusiveness, and accessibility because it enables participation from individuals across different income levels. Moreover, cash waqf funds can be invested in productive and sharia-compliant sectors, generating sustainable returns for various social purposes (Mohsin, 2021). Cash waqf represents a contemporary development of the traditional waqf system. Instead of donating immovable assets, donors contribute monetary funds that are invested in productive sectors. The generated returns are then utilized to support educational, social, and religious programs. Historical evidence indicates that scholars such as Imam Az-Zuhri allowed the use of dinars and dirhams as waqf assets, demonstrating the legitimacy of cash waqf within Islamic legal traditions (Az-Zuhaili, 2005).

Cash waqf has gained increasing attention in contemporary Islamic economics because of its flexibility and scalability. Unlike traditional waqf, which is often limited to immovable assets, cash waqf allows wider community participation regardless of socio-economic status (Pitchay et al., 2022). This characteristic makes cash waqf particularly relevant in supporting sustainable educational financing. The flexibility of cash waqf allows broader participation from society. Individuals can contribute according to their financial capabilities, making waqf more inclusive and accessible. Consequently, cash waqf has emerged as one of the most promising instruments for Islamic socio-economic development.

Implementation of Cash Waqf in Financing Islamic Education

The implementation of cash waqf in education can take various forms. One model involves establishing educational endowment funds, where waqf capital is invested in sharia-compliant financial instruments. The investment returns are then allocated to operational expenses, infrastructure development, and educational programs. The implementation of cash waqf in educational institutions may take the form of educational endowment funds, scholarship programs, infrastructure development, and teacher capacity-building initiatives. Studies indicate that productive waqf management significantly contributes to institutional sustainability and service quality improvement (Ascarya, 2022).

Education has historically been one of the primary sectors supported by waqf institutions. Several renowned educational institutions in the Muslim world, including Al-Azhar University, have benefited from waqf-based financing systems for centuries. Contemporary studies indicate that cash waqf can serve as an effective mechanism for financing educational infrastructure, scholarships, research activities, and institutional development (Ascarya, 2022). The integration of cash waqf into educational financing systems is increasingly relevant in the context of rising educational costs and limited public funding. Productive management of cash waqf can create a sustainable endowment fund that supports the long-term financial stability of educational institutions while enhancing educational accessibility and quality (Hasan, 2023).

In addition, cash waqf can be used to provide scholarships for students from low-income families, ensuring wider access to quality education. Recent developments in Indonesia have also introduced innovative instruments such as Cash Waqf Linked Sukuk (CWLS), which integrates waqf funds with government sukuk investments. This innovation offers a secure and productive mechanism for generating sustainable benefits from waqf assets while supporting national development programs.

Contribution of Cash Waqf to Islamic Educational Development

Cash waqf contributes significantly to strengthening the financial independence of Islamic educational institutions. Sustainable returns generated from productive investments provide alternative funding sources that reduce dependence on tuition fees and government subsidies. Cash waqf contributes not only to financial sustainability but also to educational equity. Through scholarship schemes and educational assistance programs, underprivileged students can gain greater access to quality education. Such contributions align with the broader objectives of Islamic social finance in promoting welfare and social justice (Hasan, 2023).

Furthermore, cash waqf supports educational equity by providing scholarships and educational assistance to economically disadvantaged students. This contribution enhances social justice and promotes equal opportunities in accessing education. From a sustainability perspective, cash waqf aligns with the principles of sustainable development. The perpetual nature of waqf ensures that educational benefits can be enjoyed by both present and future generations. Therefore, cash waqf functions not only as a financing instrument but also as a long-term social investment mechanism.

Strategies for Optimizing Cash Waqf in Indonesia

Several strategies are required to optimize the role of cash waqf in educational development. First, public literacy regarding cash waqf must be improved through educational campaigns and socialization programs. Many people still associate waqf exclusively with land and buildings. Second, the professionalism of nazhir institutions should be strengthened through training in financial management, sharia investment, governance, and digital technology. Professional management is essential for ensuring accountability and public trust.

Recent developments in Indonesia demonstrate that digital fundraising platforms and Cash Waqf Linked Sukuk (CWLS) provide innovative opportunities for expanding waqf participation and enhancing transparency. These innovations have the potential to increase public trust and maximize the socio-economic impact of waqf funds (Ascarya, 2022; Hasan, 2023). Recent innovations in Islamic social finance have expanded the potential impact of cash waqf. The introduction of digital waqf platforms has improved fundraising efficiency, transparency, and public participation. Furthermore, the implementation of Cash Waqf Linked Sukuk (CWLS) in Indonesia represents a significant innovation that combines waqf funds with government sukuk investments to generate sustainable social benefits (Badan Wakaf Indonesia, 2024).

These developments demonstrate that cash waqf is no longer limited to traditional charitable activities but has evolved into a strategic financial instrument capable of supporting sustainable development objectives, including educational advancement. Third, digital transformation should be promoted to facilitate fundraising, reporting, and transparency. Digital platforms can significantly expand community participation in cash waqf programs. Fourth, regulatory support and supervision should be enhanced to create a conducive environment for productive waqf management. Finally, collaboration among government institutions, waqf boards, Islamic financial institutions, educational organizations, and civil society is crucial for maximizing the impact of cash waqf.

Conclusion

Cash waqf represents a strategic Islamic philanthropic instrument capable of supporting sustainable Islamic educational development in Indonesia. Through productive and professional management, cash waqf can provide long-term financing for educational operations, infrastructure, scholarships, and institutional development. The contribution of cash waqf extends beyond financial support by promoting educational accessibility, social justice, and institutional independence. Therefore, optimizing cash waqf requires improving public literacy, strengthening nazhir professionalism, expanding digital innovation, enhancing regulatory support, and fostering multi-stakeholder collaboration. With proper management, cash waqf can become a sustainable solution for improving the quality and resilience of Islamic education in Indonesia.

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