



Maqasid al-shariah based reconstruction of cash waqf governance by Islamic banks in Indonesia

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Abstract

Purpose - This study analyzes the opportunities and governance challenges confronting Islamic bank-managed cash waqf in Indonesia and proposes a maqasid al-shariah-based institutional reconstruction model.

Method - A qualitative descriptive design was employed. Data were collected between January and March 2026 through semi-structured interviews with ten informants from Badan Wakaf Indonesia (BWI), Islamic banks, OJK, Bank Indonesia, and Islamic economics scholars, coded in NVivo 12 by two independent coders, and analyzed via Miles and Huberman's interactive model with source, method, and member-checking triangulation.

Result - Existing programs partially align with the five maqasid al-Shariah dimensions, with alignment strongest for *hifz al-mal* and procedural *hifz al-din* and weakest for *hifz al-nasl*, and are constrained by low public literacy, product narrowness, transparency deficits, inadequate *nazhir* capacity, inter-institutional coordination failures, and the marginal strategic positioning of cash waqf within banks. The proposed reconstruction framework comprises five components: maqasid-anchored governance, innovative product development, public literacy programs, transparent accountability, and multi-stakeholder coordination, operationalized through dimension-specific maqasid indicators.

Implication - Findings are limited to Indonesia's Islamic banking sector; the framework requires longitudinal validation and adaptation for non-bank *nazhir* and other Muslim-majority contexts.

Originality - This is among the first studies to systematically deploy maqasid al-shariah as a normative reconstruction lens for Islamic bank-managed cash waqf governance in Indonesia.

Keywords: Cash waqf; Islamic banks; Islamic social finance; Maqasid al-shariah; Waqf governance

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Introduction

Waqf constitutes one of the most historically significant and institutionally enduring instruments of Islamic philanthropy, serving for centuries as a cornerstone mechanism for the provision of public goods and the redistribution of surplus wealth across Muslim societies (Saiti et al., 2021; Jafar et al., 2025). From the early Islamic period, waqf facilitated the establishment of mosques, educational institutions, hospitals, water systems, and caravan routes, underpinning urban welfare services in ways that anticipated modern public finance (Cizakca, 1995; Mohsin, 2013). The institution's foundational characteristic—perpetual dedication of an asset's usufruct to charitable purposes while preserving the principal—aligned it closely with the Shariah principle of *sadaqah jariyah* (continuous charity), ensuring intergenerational benefit from a single endowment act (Asyari et al., 2024; Ibrahim et al., 2024). Historically, however, the operational scope of waqf was constrained by its reliance on immovable assets, principally land and buildings, which limited participation to those possessing substantial real property and thus excluded the broader Muslim community from direct contribution (Mahadi, 2022; Saiti et al., 2021).

The jurisprudential and institutional evolution of cash waqf (*wakaftunai*) represents a pivotal response to these exclusionary dynamics (Mohsin, 2013). By permitting the endowment of liquid monetary capital, cash waqf dramatically lowers the participation threshold, enabling individuals across all income levels to contribute to perpetual charitable causes (Amin et al., 2024; Widiastuti et al., 2025). The endowed capital is preserved through productive investment in Shariah-compliant instruments, with the generated returns distributed for designated social benefit (Laldin & Furqani, 2013; Thaker & Pitchay, 2018). This productive endowment model has attracted growing scholarly and policy attention as a vehicle for Islamic social finance capable of addressing contemporary welfare challenges (Saiti et al., 2021; Soemitra et al., 2022). In Indonesia, the formal legal recognition of cash waqf through Law No. 41 of 2004 on Waqf and Government Regulation No. 42 of 2006, alongside the establishment of the Indonesian Waqf Board (*Badan Wakaf Indonesia*, BWI) as the supervisory authority, marked a transformative regulatory milestone that formally authorized Islamic banks to act as Islamic financial institutions receiving cash waqf (*Lembaga Keuangan Syariah Penerima Wakaf Uang*, LKS-PWU), working alongside the registered *nazhir* (trustees) who manage the endowed funds (Mohamad, 2024; Soemitra et al., 2022; Badan Wakaf Indonesia, 2020).

Indonesia presents a singularly compelling context for the study of cash waqf, given its status as the world's most populous Muslim-majority nation (Farabi et al., 2025; Suhma et al., 2025). BWI estimates the annual potential of cash waqf at approximately Rp180 trillion, whereas cash waqf collections reported through LKS-PWU amounted to

only about Rp2.23 trillion in 2023, less than 2% of that potential, pointing to a systemic gap between the institution's theoretical capacity and its operational performance (Lucretie, 2024; Asyari et al., 2024; Widiastuti et al., 2025). This gap is attributable to multiple structural constraints: low public literacy regarding cash waqf mechanisms and their social returns, the persistent conflation of waqf with immovable assets among wide segments of the population, and the insufficient diversification of available cash waqf products to attract broad and sustained donor participation (Maulina et al., 2025; Suhma et al., 2025). The consequences extend beyond missed financial volumes; the unrealized potential of cash waqf represents a deferral of social investment in education, healthcare, and economic empowerment that Indonesia's development trajectory urgently requires (Haneef et al., 2015; Danlami et al., 2023).

Islamic banks occupy a structurally advantageous position within Indonesia's cash waqf ecosystem, combining Shariah operational compliance with sophisticated financial infrastructure, regulatory oversight, and established fiduciary credibility (Mujahidin et al., 2025; Danlami et al., 2023). As LKS-PWU and as partners of institutional *nazhir*, Islamic banks can offer governance safeguards—including mandatory external auditing, capital adequacy requirements, and consumer protection standards—that many non-bank waqf institutions cannot match (Farabi et al., 2025; Maulina et al., 2025). Their existing depositor and borrower relationships furthermore create natural channels for introducing cash waqf as an integrated component of Islamic financial planning, enabling cross-institutional synergies that amplify waqf mobilization (Widiastuti et al., 2025; Jafar et al., 2025). Despite these advantages, empirical evidence from the field suggests that Islamic banks' contributions to Indonesia's cash waqf ecosystem remain markedly below their potential, constrained by inadequate product diversification, fragmented inter-institutional coordination, transparency deficits, and chronic shortages of personnel possessing substantive waqf jurisprudence competencies (Sanuri et al., 2025; Soemitra et al., 2022).

A fundamental limitation of current cash waqf governance is the absence of a coherent normative framework to guide institutional design and evaluation beyond administrative compliance metrics (Razali et al., 2024; Haneef et al., 2015). The *maqasid al-Shariah* (objectives of Islamic law), classically articulated as the protection of religion (*hifz al-din*), life (*hifz al-nafs*), intellect (*hifz al-'aql*), progeny (*hifz al-nasl*), and wealth (*hifz al-mal*), provides precisely such a framework: it demands that Islamic economic institutions be assessed not only against technical criteria but against their capacity to advance human welfare across these five dimensions (Laldin & Furqani, 2013; Amin et al., 2024). Prior scholarship has applied *maqasid* frameworks to Islamic banking product design and performance measurement, yet their systematic operationalization as an evaluative and reconstructive framework for cash waqf governance managed by Islamic

banks remains underdeveloped in the Indonesian academic literature (Mahadi, 2022; Ascarya, 2022).

Extant research has addressed important but partial dimensions of the challenge. Studies on Indonesia's cash waqf have documented institutional potential and highlighted governance shortcomings (Saiti et al., 2021; Asyari et al., 2024), while behavioral studies have examined factors driving *waqif* (donor) participation, including financial literacy, religiosity, and trust (Widiastuti et al., 2025; Maulina et al., 2025; Pitchay et al., 2015). Comparative institutional analyses have identified persistent patterns of organizational fragmentation and accountability deficits across Muslim-majority economies (Mujahidin et al., 2025; Razali et al., 2024), and studies of Islamic banks' broader social finance roles have underscored the untapped potential for productive deployment of waqf capital (Ascarya, 2022; Thaker & Pitchay, 2018). What has been conspicuously absent, however, is a systematic, *maqasid*-anchored reconstruction model connecting normative objectives directly to actionable governance imperatives for Islamic bank-managed cash waqf in Indonesia—a gap this study is designed to fill.

This study makes three scholarly contributions. Theoretically, it advances the application of *maqasid al-Shariah* as a normative reconstruction framework for institutional governance in Islamic social finance, extending its analytical utility beyond product-level applications to the governance of endowment institutions (Laldin & Furqani, 2013; Ibrahim et al., 2024). Methodologically, it employs Miles and Huberman's interactive qualitative model to generate richly contextualised, triangulated findings from multiple informant categories, ensuring both credibility and transferability (Ascarya, 2022; Danlami et al., 2023). Practically, it produces a structured reconstruction framework with actionable governance components—*maqasid*-anchored governance, product innovation, public literacy and *nazhir* capacity building, transparent accountability, and multi-stakeholder coordination, each operationalized through measurable *maqasid* indicators—adaptable to Indonesia's regulatory and institutional context (Sanuri et al., 2025; Mohsin, 2013).

Against this background, this study pursues two interrelated objectives: first, to analyze comprehensively the opportunities and governance challenges confronting Islamic bank-managed cash waqf in Indonesia; and second, to formulate a *maqasid al-Shariah*-based reconstruction model that reorients institutional governance from administrative compliance toward transformative welfare impact. The central research questions are: (RQ1) What are the primary opportunities and structural governance challenges in cash waqf management by Islamic banks in Indonesia? (RQ2) How can *maqasid al-Shariah* be operationalized as a governance reconstruction framework for Islamic bank-managed cash waqf in Indonesia?

Literature Review

Conceptual Foundations of Cash Waqf

The jurisprudential history of cash waqf reveals an institution with deep roots in the Ottoman tradition, where cash endowments (*nakit vakıf*) were widespread mechanisms for financing communal welfare services (Cizakca, 1995; Mohsin, 2013). Classical Islamic jurists debated the permissibility of monetizing the waqf principal, with the Hanafi school ultimately providing the strongest endorsement of cash waqf as a valid form of endowment, particularly where local custom (*'urf*) recognized money as a waqf-able asset (Mahadi, 2022; Mohamad, 2024). Contemporary Islamic jurisprudence has broadened this permissibility in response to the evolving needs of Muslim economies, and most contemporary scholars and fatwa-issuing bodies in Southeast Asia, including Majelis Ulama Indonesia (MUI), now unequivocally endorse cash waqf as jurisprudentially valid and socially desirable (Ibrahim et al., 2024; Sanuri et al., 2025).

From an economic perspective, cash waqf functions as a productive endowment model in which the capital principal is preserved—typically through investment in fixed-income Islamic instruments such as government sukuk, Islamic deposits, or Shariah-compliant equity—while the investment return is channelled to charitable beneficiaries (Saiti et al., 2021; Thaker & Pitchay, 2018). This model aligns cash waqf structurally with contemporary impact investing and social finance frameworks that seek dual financial-social returns (Haneef et al., 2015; Danlami et al., 2023). The democratization of participation is a defining feature: unlike land waqf, cash waqf allows contributions from individuals of modest means, effectively converting Islamic charitable giving from an elite institution into a mass participatory social finance mechanism (Amin et al., 2024; Widiastuti et al., 2025; Pitchay et al., 2015).

Islamic Banks in Cash Waqf Management: Roles, Capabilities, and Constraints

The designation of Islamic banks as LKS-PWU represents a deliberate regulatory strategy to leverage the governance infrastructure of the formal financial sector for the benefit of waqf management (Mujahidin et al., 2025; Jafar et al., 2025). Under BWI Regulation No. 1 of 2020, cash waqf is received through accounts held in the name of a registered *nazhir* at an LKS-PWU, which issues the cash waqf certificate, while the management and development of the funds are governed by an agreement between the *nazhir* and the LKS-PWU (Badan Wakaf Indonesia, 2020). In practice, several Islamic banks also operate through affiliated institutional *nazhir*; accordingly, Islamic bank-managed cash waqf in this study refers to both the receiving function of the bank and the management function performed by bank-affiliated or partner *nazhir*. As regulated financial intermediaries, Islamic banks bring significant institutional assets to cash waqf management: established compliance and risk management frameworks, qualified

financial professionals, extensive physical and digital distribution networks, and robust public accountability mechanisms imposed by prudential regulators (Farabi et al., 2025; Maulina et al., 2025). Comparative studies confirm that institutionally managed waqf, particularly where professional financial entities serve as *nazhir*, consistently outperforms informally managed alternatives on productivity, asset preservation, and beneficiary impact (Razali et al., 2024; Mujahidin et al., 2025).

However, evidence also indicates that Islamic banks' current performance in cash waqf management falls materially short of their institutional capacity (Soemitra et al., 2022; Asyari et al., 2024). Product innovation has been limited: the dominant cash waqf offering remains a basic waqf deposit account with modest return rates, constraining the instrument's productive potential (Mohsin, 2013; Thaker & Pitchay, 2018). Human resource deficiencies are significant—bank personnel frequently lack adequate fluency in waqf jurisprudence, limiting their ability to engage donors substantively (Mujahidin et al., 2025; Sanuri et al., 2025). Furthermore, coordination between Islamic banks, BWI, and other waqf ecosystem actors remains fragmented, creating systemic inefficiencies in the collection-to-impact pipeline (Ascarya, 2022; Haneef et al., 2015).

Maqasid al-Shariah in Islamic Economics

The theoretical architecture of *maqasid al-Shariah*, as systematized by al-Ghazali and Ibn 'Ashur and subsequently refined by contemporary Islamic economists, provides a multi-dimensional normative framework for evaluating the welfare implications of Islamic economic institutions (Laldin & Furqani, 2013; Amin et al., 2024). In its application to Islamic finance, *maqasid* analysis has been deployed to assess bank performance beyond financial metrics, evaluate product designs, and guide zakat distribution strategies, demonstrating its versatility as both an evaluative lens and a design principle (Mahadi, 2022; Ibrahim et al., 2024). The five classical *maqasid* dimensions—preservation of religion, life, intellect, progeny, and wealth—collectively constitute a comprehensive welfare function that subsumes both individual and collective well-being imperatives (Laldin & Furqani, 2013; Razali et al., 2024).

Applied to cash waqf, the *maqasid* framework reframes the institution from a purely devotional act to a strategic social investment vehicle. *Hifz al-mal* (preservation of wealth) demands transparent, low-risk investment of the waqf principal with zero capital dissipation through mismanagement (Farabi et al., 2025; Razali et al., 2024). *Hifz al-nafs* (preservation of life) mandates the allocation of waqf returns to healthcare and nutritional security services for vulnerable populations (Ascarya, 2022; Saiti et al., 2021). *Hifz al-'aql* (preservation of intellect) calls for investment in educational infrastructure and scholarship programs (Soemitra et al., 2022; Haneef et al., 2015). *Hifz al-nasl* (preservation of progeny) directs waqf resources toward family welfare programs and

community resilience-building (Jafar et al., 2025; Maulina et al., 2025). *Hifz al-din* (preservation of religion) ensures that the entire governance architecture remains within *halal* parameters and that waqf practices reinforce Islamic ethical values in public life (Amin et al., 2024; Mohsin, 2013).

Governance and Economic Empowerment Frameworks

Good governance in waqf management encompasses transparency in fund reporting, accountability of *nazhir* to *waqif* and beneficiaries, institutional effectiveness in asset deployment, and participatory mechanisms that sustain public trust (Razali et al., 2024; Mohamad, 2024). Scholarship on Islamic social finance governance consistently identifies transparency and accountability deficits as the principal inhibitors of donor confidence and, consequently, of waqf mobilization (Mujahidin et al., 2025; Ascarya, 2022). The economic empowerment dimension situates cash waqf within the broader framework of Islamic redistributive finance: alongside zakat and Islamic microfinance, productively managed waqf is theorized as a mechanism for reducing structural inequality and strengthening the productive capacity of lower-income communities (Danlami et al., 2023; Soemitra et al., 2022; Haneef et al., 2015).

Conceptualized in this way, cash waqf managed by Islamic banks can serve as an institutional bridge between the formal financial sector and the social welfare economy, creating value flows that neither commercial banking nor government transfer programs adequately provide (Saiti et al., 2021; Asyari et al., 2024). The behavioral dimensions of this empowerment model also matter: the decision of individual Muslims to endow cash waqf is shaped by social norms, religious identity, financial literacy, and trust in institutional governance—all factors that the proposed reconstruction framework must address (Widiastuti et al., 2025; Pitchay et al., 2015).

Synthesis and Research Gap

The reviewed literature converges on a central insight: the transformative potential of cash waqf managed by Islamic banks in Indonesia is real but systematically unrealized due to governance weaknesses, innovation deficits, and the absence of a *maqasid*-anchored normative framework. The weaknesses of current cash waqf management are visible in both aggregate data and specific institutional cases. At the aggregate level, BWI estimates the annual potential of cash waqf at approximately Rp180 trillion, yet collections reported through LKS-PWU reached only about Rp2.23 trillion in 2023 (Lucretie, 2024). The National Waqf Index (*Indeks Wakaf Nasional*, IWN), which assesses waqf performance across regulatory, institutional, process, system, outcome, and impact factors (Lestari et al., 2023), stood at 0.301 in 2023, with the outcome factor (0.010) and the process factor (0.022) contributing least to the composite score; BWI itself identified *nazhir* professionalism and public literacy as persistent constraints (Badan Wakaf

Indonesia, 2023). At the instrument level, the retail Cash Waqf Linked Sukuk, a flagship sovereign-backed instrument distributed through Islamic banks, mobilized Rp14.91 billion from 1,041 *waqif* in its first series (SWR001) in 2020 and Rp24.14 billion from 591 *waqif* in its second series (SWR002) in 2021 (DJPPR, 2020, 2021), volumes that are modest relative to the national potential.

The literature attributes these outcomes to four recurrent weaknesses. First, collection-centred product design: cash waqf offerings remain dominated by deposit-style accounts with modest returns and limited productive deployment (Mohsin, 2013; Thaker & Pitchay, 2018). Second, literacy and trust deficits: donors' intention to contribute cash waqf depends heavily on their knowledge of the instrument and their trust in the managing institution, both of which remain uneven (Kasri & Chaerunnisa, 2022; Asyari et al., 2024; Widiastuti et al., 2025). Third, accountability and disclosure gaps: reporting emphasizes funds received rather than the social outcomes generated, which weakens donor confidence (Razali et al., 2024; Mujahidin et al., 2025). Fourth, institutional fragmentation: the division of roles among LKS-PWU, *nazhir*, BWI, and financial regulators produces coordination gaps and non-standardized data (Ascarya, 2022; Mohamad, 2024). These weaknesses share a common root: performance is assessed mainly through administrative compliance and collection volume, without a normative reference point specifying what cash waqf is ultimately expected to achieve.

Maqasid al-Shariah supplies this missing reference point for three reasons. First, it establishes an explicit hierarchy of objectives in which the preservation of the waqf principal (*hifz al-mal*) is a necessary but not sufficient condition, because wealth is preserved in order to secure life, intellect, progeny, and religion (Laldin & Furqani, 2013; Abdullah, 2018). Second, it is measurable: *maqasid*-based indices translate each objective into operational indicators for Islamic financial institutions (Hudaefi & Noordin, 2019), and the objectives of waqf have been mapped directly onto measurable development outcomes (Abdullah, 2018). Third, it links governance to legitimacy: by grounding *hifz al-din* in the integrity and accountability of the managing institution rather than in formal product compliance alone, it addresses the trust deficit that constrains donor participation (Amin et al., 2024; Kasri & Chaerunnisa, 2022). Each weakness identified above, therefore, corresponds to an unmet *maqasid* objective: low productivity to *hifz al-mal*; narrow, urban-concentrated disbursement to *hifz al-nafs* and *hifz al-'aql*; the scarcity of family-oriented programs to *hifz al-nasl*; and accountability gaps to *hifz al-din*. This correspondence provides the rationale for structuring the reconstruction of cash waqf management around *maqasid al-Shariah* rather than around compliance metrics alone.

Existing studies have addressed these dimensions individually—behavioral determinants of *waqif* participation (Widiastuti et al., 2025; Pitchay et al., 2015),

institutional governance shortcomings (Mujahidin et al., 2025; Razali et al., 2024), Islamic social finance performance (Ascarya, 2022; Danlami et al., 2023), and cash waqf product architecture (Mohsin, 2013; Thaker & Pitchay, 2018)—but have not integrated these insights into a coherent reconstruction model grounded in *maqasid al-Shariah*. This gap provides the intellectual foundation for the qualitative inquiry and analytical framework elaborated in the following sections.

Research Methods

Research Design

This study employs a qualitative descriptive research design, which is appropriate for investigating complex institutional phenomena—such as cash waqf management by Islamic banks—where the objective is to generate contextually rich, interpretively nuanced understanding rather than statistical generalization (Asyari et al., 2024; Danlami et al., 2023). Qualitative inquiry enables the researcher to explore the perceptions, experiences, and institutional knowledge of multiple stakeholder categories, identify emergent patterns and tensions, and develop conceptual frameworks that integrate findings across data sources. The descriptive orientation focuses on characterizing the current state of Islamic bank-managed cash waqf management—its opportunities, challenges, and governance dynamics—while the analytical orientation moves beyond description to propose a normatively grounded reconstruction model anchored in *maqasid al-Shariah*. The overall research procedure is summarized in [Figure 1](#).

Research Setting and Informant Selection

The study was conducted in Indonesia, where cash waqf management by Islamic banks operates within a well-defined but imperfectly implemented regulatory ecosystem anchored by Law No. 41 of 2004 on Waqf, Government Regulation No. 42 of 2006, and the institutional authority of BWI (Mohamad, 2024; Mahadi, 2022). Informants were selected through purposive sampling to ensure that all four key institutional categories of Indonesia's cash waqf ecosystem were represented: (1) senior managers and waqf program coordinators at Islamic banks designated as LKS-PWU; (2) BWI officials responsible for *nazhir* supervision and waqf product development; (3) officers from the regulatory authorities—OJK and Bank Indonesia—with portfolios encompassing Islamic banking and social finance; and (4) academics in Islamic economics with research specializations in waqf, Islamic banking, and *maqasid al-Shariah*. The Islamic bank informants represented three institutions: two national Islamic commercial banks designated as LKS-PWU that actively operate cash waqf programs, including waqf features integrated into their mobile banking applications and

partnerships with institutional *nazhir*, and one regional Islamic bank whose cash waqf program is active but still at a developing stage. Bank identities are withheld to preserve informant confidentiality. Within these banks, the informants were selected because they hold direct responsibility for designing, operating, or reporting the bank's cash waqf products and programs, and therefore possess first-hand knowledge of how commercial priorities and the social mandate of waqf interact in day-to-day decision-making. In total, ten informants participated, each identified by an anonymized code (IB = Islamic bank; BWI = Badan Wakaf Indonesia; REG = regulator; ACD = academic), as summarized in Table 1. Informant selection prioritized experiential depth and positional knowledge over sample size, consistent with the information-richness principle of purposive qualitative sampling (Maulina et al., 2025; Widiastuti et al., 2025). The adequacy of the sample was evaluated through data saturation rather than being fixed in advance. After each interview, newly emerging codes were recorded in the codebook; the ninth and tenth interviews generated no new codes and only confirmed existing themes, indicating that code saturation had been reached (Guest et al., 2006; Hennink et al., 2017).

Data Collection

Primary data were collected through in-depth semi-structured interviews, which permitted a balance between structured thematic coverage and informant-led exploration of relevant dimensions (Ascarya, 2022; Soemitra et al., 2022). An interview protocol was developed based on the theoretical framework and research questions, covering (a) current practices and products in Islamic bank-managed cash waqf; (b) perceived opportunities and their enabling conditions; (c) key governance challenges and their root causes; and (d) informants' perspectives on *maqasid al-Shariah*-based approaches to institutional reform. Interviews were conducted between January and March 2026 in Bahasa Indonesia, lasted between 55 and 90 minutes, and were audio-recorded with participants' informed consent and subsequently transcribed verbatim for analysis. Secondary data were gathered from primary legal instruments—Law No. 41 of 2004 and Government Regulation No. 42 of 2006—annual reports published by BWI and OJK, and peer-reviewed academic literature (Mohamad, 2024; Razali et al., 2024). Secondary sources served both to triangulate interview findings and to provide contextual benchmarking on waqf performance and regulatory developments.

Ethical Considerations

Formal ethics committee approval was not required under the institutional policy of Ibn Khaldun University Bogor for non-interventional, minimal-risk interviews with adult professionals speaking in their institutional capacity. The study nonetheless adhered to standard ethical principles. All informants received an explanation of the study's purpose, provided written informed consent, participated voluntarily with the right to

withdraw at any time, and are identified only by anonymized codes; audio recordings and transcripts were stored securely and accessed only by the research team. Quotations reported in this article were translated from Bahasa Indonesia into English by the authors.

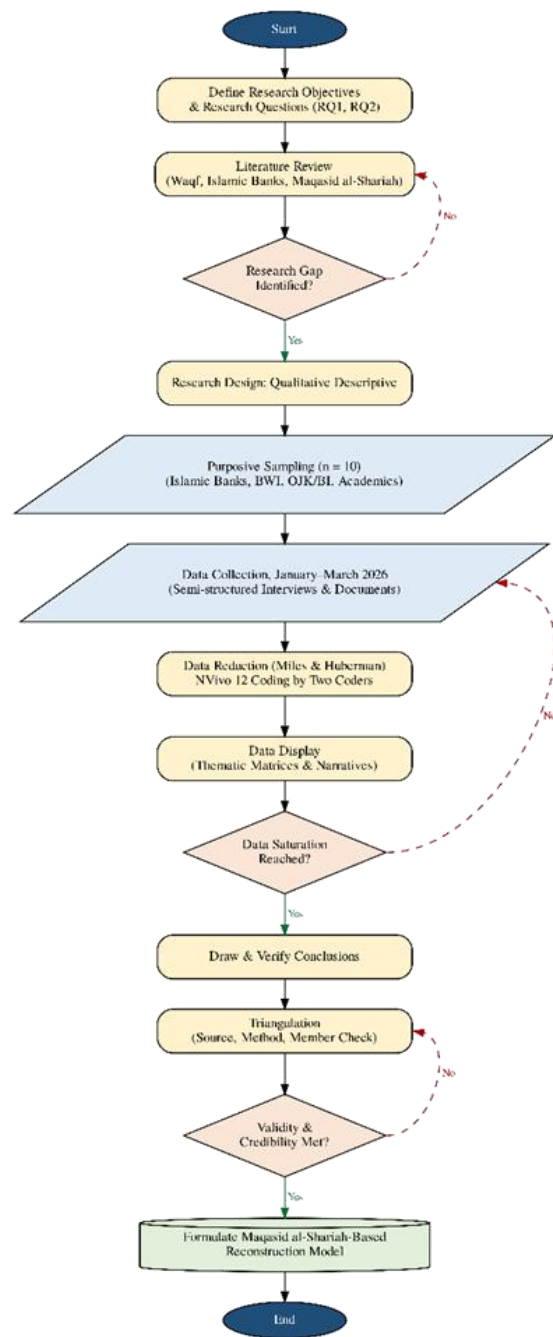
Data Analysis

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Analysis followed Miles and Huberman's (1994) interactive model of qualitative data management, comprising three concurrent activities: data reduction, data display, and conclusion drawing with verification (Farabi et al., 2025; Asyari et al., 2024). In the data reduction phase, transcripts and documentary materials were imported into NVivo 12 and coded independently by two researchers (the first and second authors) using a shared codebook. The codebook was initially structured around the conceptual anchors of *maqasid al-Shariah*, governance theory, and Islamic social finance (Saiti et al., 2021; Jafar et al., 2025) and was refined iteratively as new categories emerged from the data. Coding consistency was ensured in three ways: the two coders compared their coding of each transcript and resolved discrepancies through discussion until consensus was reached, with the third author adjudicating unresolved cases; agreed code definitions were documented in the codebook and applied consistently across all transcripts through constant comparison; and each final thematic category was checked against the full set of transcripts to confirm that it was grounded in data from more than one informant. In the data display phase, NVivo matrix coding queries were used to generate thematic matrices and frequency counts of coded references by informant group, complemented by narrative summaries that facilitated comparison across informant categories and data sources. The conclusion-drawing phase involved synthesizing thematic findings into interpretive propositions and developing the reconstruction framework by mapping identified governance imperatives onto the five *maqasid* dimensions.

The degree to which current practices align with each *maqasid* dimension was classified using an explicit three-level rubric applied jointly by both coders. A dimension was classified as *well-aligned* when dedicated institutional mechanisms or practices addressing it were reported by at least three of the four informant groups and corroborated by documentary evidence; as *partially aligned* when relevant programs existed but were limited in scale, geographic coverage, or continuity, or were not systematically measured; and as *weakly aligned* when no dedicated program or indicator was identified and the dimension was referenced predominantly as a gap or through ad hoc activities.

Figure 1
Research Flowchart



Source: Authors' work

Table 1. Informant Profile Summary

Category (Code)	Institution	Role/Expertise	Interview Duration
Islamic Bank Management (IB-1)	National Islamic Commercial Bank A (LKS-PWU)	Senior Manager, Waqf Products	75 minutes
Islamic Bank Management (IB-2)	National Islamic Commercial Bank B (LKS-PWU)	Waqf Program Coordinator	60 minutes
Islamic Bank Management (IB-3)	Regional Islamic Bank C (LKS-PWU)	Head of Social Finance Division	55 minutes
BWI Official (BWI-1)	Badan Wakaf Indonesia (1)	Deputy Commissioner, Nazhir Development	90 minutes
BWI Official (BWI-2)	Badan Wakaf Indonesia (2)	Program Officer, Waqf Innovation	70 minutes
Regulatory Authority (REG-1)	Financial Services Authority (OJK)	Senior Officer, Islamic Banking	65 minutes
Regulatory Authority (REG-2)	Bank Indonesia	Researcher, Islamic Social Finance	60 minutes
Academic (ACD-1)	State Islamic University (1)	Professor, Islamic Economics	85 minutes
Academic (ACD-2)	Private Islamic University (2)	Associate Professor, Waqf Studies	75 minutes
Academic (ACD-3)	Research Institute (3)	Senior Researcher, Islamic Finance	70 minutes

Source: Authors' work

Validity and Credibility

To ensure the trustworthiness of findings, three forms of triangulation were employed: source triangulation (comparing perspectives across Islamic bank managers, BWI officials, regulators, and academics); method triangulation (cross-checking interview findings against documentary evidence); and member checking (returning preliminary thematic summaries to key informants for confirmation of interpretive accuracy) (Mujahidin et al., 2025; Danlami et al., 2023). The iterative nature of Miles and Huberman's model, with its explicit provision for returning to data when emerging interpretations are insufficiently supported, further strengthened the credibility of analytic conclusions. [Figure 1](#) presents the complete research flowchart illustrating the sequential and iterative steps of the methodological process.

Results and Discussion

Contextual Overview of Cash Waqf Management

The findings, synthesized from interviews with informants across all four institutional categories and cross-referenced against secondary data sources, reveal a cash waqf management landscape in Indonesia that is simultaneously promising in its institutional foundations and constrained in its operational realization (Mujahidin et al., 2025; Soemitra et al., 2022). Islamic banks designated as LKS-PWU have established the basic infrastructure for cash waqf collection—dedicated product accounts, integration with mobile banking platforms, and formal reporting channels to BWI—yet the depth of institutional commitment to waqf as a strategic priority varies considerably across institutions. [Table 1](#) above summarizes the informant profile reflecting the diversity of perspectives integrated into the analysis.

The regulatory environment provides a supportive but imperfectly implemented framework. Law No. 41 of 2004 and its implementing regulations establish clear jurisdictional authority and operational standards, but informants consistently identified coordination gaps between Islamic banks, BWI, OJK, and Bank Indonesia as a source of systemic friction (Mohamad, 2024; Razali et al., 2024). As one regulator explained, “The legal framework is in place, and the division of institutional roles is reasonably clear. The constraint we face lies in aligning reporting among banks, waqf managers, and the authorities, so that information on management outcomes cannot always be read in the same format” (REG-1). The absence of standardized reporting formats across *nazhir* institutions, combined with limited real-time data-sharing mechanisms, impedes the aggregation of waqf performance data and complicates evidence-based policy reform. These findings align with the broader literature documenting governance fragmentation as a structural inhibitor of waqf effectiveness in Muslim-majority economies (Mujahidin et al., 2025; Ascarya, 2022).

Opportunities for Islamic Bank-Managed Cash Waqf

The analysis identifies six categories of opportunity that Islamic banks are positioned to exploit in developing Indonesia's cash waqf ecosystem (see [Table 2](#)). First, the demographic foundation: Indonesia's Muslim population creates an unparalleled donor base for cash waqf (Farabi et al., 2025). Informants from BWI consistently emphasized that even modest per-capita waqf contributions from a fraction of this population would generate transformational annual collection volumes: “The base of potential *waqif* in Indonesia is very large. If the public understands that cash waqf can start from a small amount and be given regularly, collections could rise without waiting for large donors” (BWI-1). This demographic potential is amplified by rising rates of financial inclusion and

Islamic banking penetration, which reduce transaction barriers for potential *waqf* (Widiastuti et al., 2025; Asyari et al., 2024).

Second, digital infrastructure presents a transformative opportunity. Mobile banking platforms and digital payment systems operated by Islamic banks can dramatically reduce the transaction cost of cash waqf contributions, enabling real-time, small-denomination donations from geographically dispersed donors (Suhma et al., 2025; Thaker & Pitchay, 2018). Several informants cited the successful integration of waqf payment features into Islamic banking applications as a proof-of-concept for scalable digital waqf mobilization—an approach already demonstrating rapid growth in comparable Muslim-majority economies (Widiastuti et al., 2025; Maulina et al., 2025). A bank informant nevertheless emphasized that digital access must be matched by information: “The waqf feature in the bank’s application lets customers give at any time. The challenge is not only providing a payment button but ensuring that customers see information about the program and how the funds are subsequently used” (IB-2).

Third, product innovation offers substantial untapped potential. Islamic banks possess the financial engineering capacity to develop sophisticated waqf instruments—waqf-linked sukuk, *wakaf-linked* deposit products, waqf-backed microfinance schemes, and endowment-style waqf portfolios—that optimize risk-adjusted returns while maintaining Shariah compliance (Mohsin, 2013; Saiti et al., 2021). Such innovations can transform waqf from a passive collection exercise into a productive asset management function aligned with capital markets (Thaker & Pitchay, 2018; Haneef et al., 2015). A senior bank manager described both the opportunity and its precondition: “So far, the product customers understand most easily is still a cash waqf deposit. We see opportunities to develop products linked to sukuk, micro-waqf, and productive portfolios, but the risk design must be clear from the outset” (IB-1).

Fourth, the regulatory architecture enabled by Indonesia’s legal framework creates institutional conditions for multi-stakeholder waqf development that smaller or less formally regulated *nazhir* cannot access (Sanuri et al., 2025; Ascarya, 2022). A regulator noted that this potential depends on integration: “Collaboration among BWI, the financial authorities, and the banks can become a lever if data standards and responsibilities are agreed. Each institution has its mandate, but the results are felt only when the workflow is integrated” (REG-2).

Fifth, *maqasid*-based social framing offers a communication and legitimacy opportunity. Framing cash waqf in terms of the welfare objectives it serves makes its social returns intelligible to donors, particularly the growing urban Muslim middle class (Laldin & Furqani, 2013; Saiti et al., 2021; Maulina et al., 2025). An academic informant observed that “cash waqf becomes easier to understand when its benefits are explained through the objectives of protecting wealth, education, health, the family, and religious

values. The *maqasid* framework connects financial activity with social change that the public can grasp” (ACD-1). Sixth, international benchmarking provides a source of governance and product learning, as waqf institutions in Malaysia, Saudi Arabia, and Turkey have developed management and investment models that offer reference points for Indonesian practice (Mujahidin et al., 2025; Razali et al., 2024). Informants stressed, however, that such models require contextual adaptation: “The experience of waqf management in other countries can be a learning resource, especially in governance and product innovation. However, models from Malaysia, Saudi Arabia, or Turkey need to be adjusted to Indonesian law and institutional readiness” (ACD-3).

Table 2

Strategic Opportunities for Cash Waqf Development by Islamic Banks

Opportunity	Strategic Dimension	Key Enabling Condition	Supporting Literature
Demographic Foundation	Scale of Muslim donor base (230 million+)	Rising financial inclusion and Islamic banking penetration	Farabi et al. (2025); Asyari et al. (2024)
Digital Infrastructure	Mobile and digital waqf payment channels	Islamic banks' existing digital banking platforms	Widiastuti et al. (2025); Suhma et al. (2025)
Product Innovation Capacity	Sukuk-linked waqf; productive waqf; micro-waqf schemes	Islamic banks' financial engineering expertise	Mohsin (2013); Thaker & Pitchay (2018)
Regulatory Architecture	Structured BWI-OJK-Bank Indonesia coordination framework	Existing institutional mandates and legal framework	Sanuri et al. (2025); Ascarya (2022)
Maqasid-Based Social Framing	Alignment of waqf with the five maqasid al-Shariah dimensions	Growing Islamic finance literacy among urban Muslim middle class	Laldin & Furqani (2013); Saiti et al. (2021)
International Benchmarking	Learning from Malaysia, Saudi Arabia, and Turkey waqf models	Comparative institutional research and bilateral cooperation frameworks	Mujahidin et al. (2025); Razali et al. (2024)

Source: Authors' work

Governance Challenges

Table 3 presents the key challenges identified through thematic analysis, organized into six challenge categories. Figure 2 illustrates the frequency with which each category was referenced by each informant group, providing a cross-group perspective on the distribution of institutional concerns; the values are raw counts of coded references and are not normalized for the size of each informant group. Public literacy deficits were among the most consistently shared constraints, raised by all four informant groups. The majority of Indonesia's Muslim population continues to associate waqf primarily with immovable assets—land and buildings—and lacks awareness of cash waqf's legal validity, operational mechanics, and social impact potential (Asyari et al., 2024; Widiastuti et al., 2025). A BWI official described this from field experience: “In outreach activities, many people still associate waqf only with land or buildings. Before discussing products, we first have to explain that cash waqf is valid and has a different management mechanism” (BWI-2). This literacy gap is not merely an information problem but a deeper cultural and educational challenge rooted in the historically property-centric pedagogical treatment of waqf in Indonesian Islamic education (Suhma et al., 2025; Maulina et al., 2025).

Product limitation was emphasized most strongly by Islamic banks and academic informants. Current cash waqf offerings are predominantly structured as simple deposit-style accounts, which generate modest returns and offer limited engagement with the productive investment potential of the Islamic financial system (Mohsin, 2013; Soemitra et al., 2022). This product's narrowness reflects both risk aversion on the part of bank management and insufficient inter-departmental coordination within banks between their waqf program units and investment management divisions. As a regional bank informant explained, “The choice of waqf products at our institution is still limited, so conversations with prospective *waqif* often stop at the collection account. Creating productive instruments requires support from the investment unit and a risk-mitigation framework” (IB-3).

Transparency deficits represent a significant trust-erosion factor, emphasized particularly by regulators, BWI officials, and academics: many potential *waqif* are deterred by the absence of clear, accessible information about how waqf funds are invested, managed, and disbursed (Maulina et al., 2025; Razali et al., 2024). Current reporting practices, while technically compliant with regulatory minimums, do not meet the disclosure expectations of an increasingly digitally informed donor population. An academic informant captured the gap: “People can see how to deposit waqf, but it is not always easy to find reports on where the funds are placed and who receives the benefits. Disclosure needs to reach social impact, not only the amount of funds received” (ACD-2).

The *nazhir* capacity gap—inadequate waqf jurisprudence literacy among Islamic bank personnel—emerged as a structural impediment across all four informant categories. Front-line banking staff frequently cannot distinguish between different waqf structures, explain the difference between *nazhir* roles and donor rights, or articulate the *maqasid*-based rationale for specific disbursement decisions (Mujahidin et al., 2025; Jafar et al., 2025). This competency gap is compounded by the absence of standardized professional certification requirements for Islamic bank personnel engaged in waqf management—a structural deficit that no individual bank can resolve unilaterally. A BWI official underlined the need for standards: “Waqf management requires an understanding of both jurisprudence and financial governance. Staff training is not sufficient without consistent competency measures, so standards and certification need to be strengthened” (BWI-1).

Regulatory coordination was the challenge most frequently referenced by regulators (Figure 2). Waqf data are held in separate institutional systems—those of BWI, the LKS-PWU, and the financial authorities—without a fully harmonized format (Mohamad, 2024; Ascarya, 2022). A regulator summarized the consequence: “Waqf data are stored in different systems and institutions, while their formats are not yet fully uniform. This makes it difficult to combine information and evaluate policy, especially when reports are requested across institutions” (REG-1). The problem is structural rather than technical: without an agreed data standard, no single institution can produce a reliable national picture of cash waqf performance, which in turn weakens evidence-based policy calibration.

Strategic positioning emerged as a distinct, bank-internal challenge, raised predominantly by Islamic bank managers and academics (Figure 2). Within many banks, cash waqf is treated as an ancillary activity rather than as a core business and social-impact priority, which limits the resources allocated to product development, staffing, and reporting (Farabi et al., 2025; Maulina et al., 2025). As one bank manager put it, “Waqf programs are still often positioned as supporting activities, not as a business and social-impact priority of the bank. Without targets included in management's work plan, product innovation and reporting struggle to obtain resource support” (IB-1). This finding indicates that several of the other challenges—product narrowness, transparency deficits, and capacity gaps—are partly downstream consequences of the low strategic priority accorded to cash waqf at the board and senior-management level.

Maqasid al-Shariah Integration in Cash Waqf Governance

The thematic analysis reveals that existing cash waqf management practices by Islamic banks partially—but inconsistently—align with the five dimensions of *maqasid al-Shariah*. Table 4 presents this alignment analysis, classifying each dimension as well-

aligned, partially aligned, or weakly aligned according to the rubric described in the Data Analysis section. Figure 3 presents the conceptual framework synthesizing these relationships, illustrating how the five *maqasid* dimensions mediate between institutional inputs and governance mechanisms to produce socioeconomic outcomes.

Hifz al-mal (preservation of wealth) is one of the two well-aligned dimensions, reflecting the basic *nazhir* responsibility to preserve the waqf principal from dissipation. Islamic banks' investment-grade asset management practices and regulatory oversight mechanisms provide structural protection for waqf capital that aligns with this *maqasid* imperative (Razali et al., 2024; Farabi et al., 2025). However, informants noted that maximum returns on waqf capital are rarely pursued, with many banks investing waqf funds in low-yielding instruments rather than optimizing productive deployment through diversified investment strategies (Mohsin, 2013; Thaker & Pitchay, 2018). A regulator framed the balance as follows: "The first thing that must be safeguarded is the integrity of the waqf principal. Investments must be Shariah-compliant and risk-controlled, but managers also need to assess whether the returns can truly deliver adequate social benefit" (REG-2).

Hifz al-nafs (preservation of life) and *hifz al-'aql* (preservation of intellect) alignment is partial and uneven. Several Islamic banks have established partnerships with healthcare providers and educational institutions to channel waqf distributions toward health services and scholarship programs—practices that directly reflect these *maqasid* (Saiti et al., 2021; Soemitra et al., 2022). However, the scale of these programs remains modest relative to needs, and their geographic coverage is concentrated in urban centers, excluding rural and peri-urban populations (Ascarya, 2022; Haneef et al., 2015). As a bank informant observed, "Waqf returns can be directed to access to health services and to scholarships and education. Such programs are already known, but the distribution of beneficiaries and their continuity still need to be measured, especially outside urban areas" (IB-2).

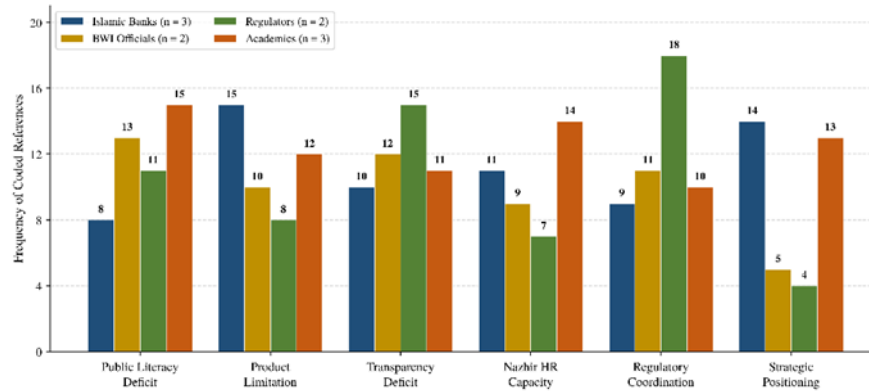
Hifz al-din (preservation of religion) is the second well-aligned dimension in its procedural sense: Shariah compliance is embedded in contracts, investment placements, and supervisory arrangements, and informants described it as the foundation of every stage of cash waqf management (Amin et al., 2024; Mohsin, 2013). Informants nevertheless cautioned that preserving religion also requires the integrity and accountability of the managing institution to be visible in practice: "Shariah compliance is the foundation of every stage, from the contract to the distribution of benefits. However, preserving religious values is not achieved merely by ensuring that the product is halal; the accountability and integrity of the manager must also be evident in practice" (ACD-1). The substantive dimension of *hifz al-din* is therefore closely tied to the transparency deficits identified above. *Hifz al-nasl* (preservation of progeny), by contrast, presents the

most significant alignment gap. Family welfare programs funded through waqf are rare among bank-affiliated *nazhir*, reflecting the absence of social outcome frameworks that explicitly operationalize this dimension in disbursement planning (Ibrahim et al., 2024; Jafar et al., 2025). An academic informant made the same point: “The protection of the family and future generations has not yet become a prominent indicator in cash waqf programs. Assistance for vulnerable families and orphans should be formulated as measurable outcomes, not one-off activities” (ACD-2).

Table 3*Key Challenges in Islamic Bank-Managed Cash Waqf*

Challenge Category	Core Problem	Informant Perspective	Supporting Literature
Public Literacy Deficit	Low awareness; waqf perceived as land-only instrument	Unanimous across all four informant groups	Asyari et al. (2024); Widiastuti et al. (2025)
Product Limitation	Narrowly focused deposit-style products; no diversified portfolio	Primarily raised by Islamic banks and academics	Mohsin (2013); Soemitra et al. (2022)
Transparency Deficit	Inadequate public disclosure of fund use and disbursement impact	Emphasized by BWI, academics, and regulators	Razali et al. (2024); Mujahidin et al. (2025)
Nazhir HR Capacity	Bank staff lack waqf jurisprudence expertise; no professional certification standard exists	Consistent across all four informant groups	Jafar et al. (2025); Sanuri et al. (2025)
Regulatory Coordination	Fragmented data-sharing; policy misalignment between BWI, OJK, and Bank Indonesia	Raised by regulators and BWI officials	Mohamad (2024); Ascarya (2022)
Strategic Positioning	Cash waqf treated as ancillary product; not a core strategic business priority	Raised by Islamic bank managers and academics	Farabi et al. (2025); Maulina et al. (2025)

Source: Authors' work

Figure 2*Thematic Emphasis Across Informant Groups Based on Qualitative Coding*

Source: Authors' work

Proposed Maqasid al-Shariah-Based Reconstruction Framework

Building on the empirical findings and the *maqasid al-Shariah* normative framework, this study proposes a five-component reconstruction model for Islamic bank-managed cash waqf governance in Indonesia (Table 5). Table 6 operationalizes the model by specifying measurable *maqasid* indicators for each dimension, and the logic model presented in Figure 4 illustrates the structural progression from institutional inputs through activities and outputs to short-term outcomes and long-term *maqasid*-aligned impact.

The first component, *maqasid*-anchored governance architecture, entails the formal integration of *maqasid al-Shariah* criteria into the institutional design, strategic planning, and performance evaluation of cash waqf programs within Islamic banks (Laldin & Furqani, 2013; Amin et al., 2024). This requires the adoption of *maqasid*-based social performance indicators that move beyond financial metrics to measure waqf programs' contributions across all five dimensions of human welfare (Ibrahim et al., 2024; Razali et al., 2024). As a BWI official emphasized, "success cannot be judged only by the size of collections. Indicators also need to cover preservation of the principal, the returns distributed, the reach of beneficiaries, and the transparency of reporting to *waqif*" (BWI-2). The second component, innovative product architecture, addresses product narrowness by developing a diversified cash waqf product portfolio—including waqf-linked sukuk, productive microenterprise waqf, health and education endowment products, and digital micro-waqf schemes calibrated to low-income donor capacity (Mohsin, 2013; Thaker & Pitchay, 2018; Saiti et al., 2021). Each product should have a defined *maqasid* dimension as its primary social outcome target.

Table 4
Maqasid al-Shariah Dimensions and Cash Waqf Application

Maqasid Dimension	Arabic Term	Core Imperative	Cash Waqf Application	Alignment Status
Preservation of Religion	Hifz al-din	Sustain halal governance; reinforce Islamic values in public life	Shariah-compliant investment protocols; support for Islamic community institutions	Well-aligned
Preservation of Life	Hifz al-nafs	Ensure access to healthcare and nutritional security	Waqf distributions to healthcare facilities, clinics, and nutrition programs	Partially aligned
Preservation of Intellect	Hifz al-'aql	Promote education and cognitive development	Scholarship programs, school and library infrastructure funding	Partially aligned
Preservation of Progeny	Hifz al-nasl	Support family welfare and intergenerational resilience	Family welfare and orphan support schemes; community resilience programs	Weakly aligned
Preservation of Wealth	Hifz al-mal	Protect and productively grow waqf capital	Investment in Islamic instruments; nazhir oversight and capital preservation	Well-aligned

Source: Authors’ work

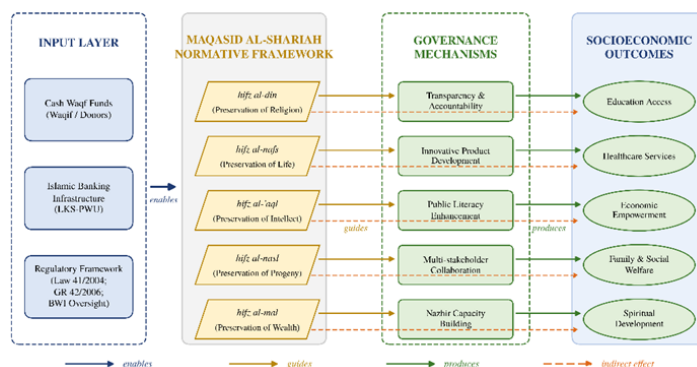
The third component, a public literacy ecosystem, encompasses both internal bank staff capacity building through mandatory waqf jurisprudence training and external community literacy programs that position cash waqf as a practical solution to contemporary social challenges (Widiastuti et al., 2025; Maulina et al., 2025). The fourth component, transparent accountability infrastructure, requires digital reporting platforms providing *waqif* with real-time access to information about their endowment's investment performance and social disbursement outcomes (Razali et al., 2024;

Mujahidin et al., 2025). Standardized reporting formats, agreed across Islamic banks and BWI, would enable aggregated national data on cash waqf performance and facilitate evidence-based regulatory calibration (Mohamad, 2024; Ascarya, 2022). The fifth component, structured multi-stakeholder coordination, formalizes the collaborative architecture between Islamic banks, BWI, OJK, Bank Indonesia, civil society, and academics through a permanent Cash Waqf Development Forum with shared data infrastructure and joint accountability to national welfare indicators (Sanuri et al., 2025; Danlami et al., 2023; Haneef et al., 2015).

To make the framework operational and comparable across institutions, the *maqasid* dimensions are translated into measurable indicators adapted from established *maqasid*-based performance indices for Islamic financial institutions (Hudaefi & Noordin, 2019), the mapping of waqf objectives onto development outcomes (Abdullah, 2018), the outcome and impact factors of Indonesia's National Waqf Index (Lestari et al., 2023), the governance principles of the Waqf Core Principles (Bank Indonesia et al., 2018), and the regulatory parameters for cash waqf management set by BWI (Badan Wakaf Indonesia, 2020). Table 6 presents the resulting indicator set. Indicators for *hifz al-mal* focus on principal preservation, net return relative to an Islamic benchmark, and the share of net returns channelled to beneficiaries, which BWI Regulation No. 1 of 2020 sets at a minimum of 50%. Indicators for *hifz al-nafs*, *hifz al-'aql*, and *hifz al-nasl* measure the volume, reach, and continuity of health, education, and family-welfare disbursements, including their coverage beyond urban centers. Indicators for *hifz al-din* combine procedural Shariah compliance with the substantive integrity of the managing institution, captured through disclosure and accountability measures. Because each indicator is linked to a specific framework component, the indicator set allows Islamic banks, their partner *nazhir*, and BWI to monitor whether the reconstruction produces *maqasid*-aligned outcomes rather than merely higher collection volumes.

Figure 3

Conceptual Framework: Maqasid al-Shariah Integration in Cash Waqf Governance



Source: Authors' work

Table 5*Proposed Maqasid al-Shariah-Based Reconstruction Framework Components*

Framework Component	Maqasid Alignment	Bank Implementation Actions	Expected Outcome
Maqasid-Anchored Governance Architecture	All five maqasid dimensions	Adopt maqasid-based social performance indicators; integrate into board-level strategic planning and annual reporting	Coherent normative direction for waqf program design and evaluation
Innovative Product Development	<i>Hifz al-mal; hifz al-nafs; hifz al-'aql</i>	Develop sukuk-linked waqf, micro-waqf, and productive waqf products; optimize investment return on waqf portfolio	Diversified portfolio maximizing social returns for multiple beneficiary groups
Public Literacy Ecosystem	<i>Hifz al-din; hifz al-'aql</i>	Mandatory nazhir certification program; community literacy campaigns using maqasid-framed communication	Increased donor participation; competent front-line bank personnel
Transparent Accountability System	<i>Hifz al-mal</i>	Digital waqf tracking platforms; standardized multi-channel public reporting; independent audit mechanisms	Enhanced waqif trust, improved donor retention, and institutional legitimacy
Multi-stakeholder Coordination Forum	All five maqasid dimensions	Establish permanent Cash Waqf Development Forum with BWI, OJK, BI, and civil society; develop shared data infrastructure and joint KPIs	Reduced fragmentation; evidence-based policy-practice alignment

Source: Authors' work

Comparative Analysis with Prior Studies

Table 7 positions the findings and reconstruction model against prior studies. Comparison reveals that this study advances the literature in several respects. Studies by Saiti et al. (2021) and Asyari et al. (2024) documented the potential scale of Indonesian cash waqf and highlighted governance weaknesses, but did not develop a *maqasid*-anchored governance framework. Behavioral studies by Widiastuti et al. (2025), Maulina et al. (2025), and Pitchay et al. (2015) examined donor motivation but did not address

the institutional design of Islamic bank-managed cash waqf. Comparative institutional analyses by Mujahidin et al. (2025) and Razali et al. (2024) identified systemic governance deficits without proposing reconstruction pathways grounded in normative Islamic theory. The reconstruction framework proposed in this study synthesizes these partial insights into an integrated, *maqasid*-driven institutional reform agenda—constituting the primary theoretical contribution of the inquiry. Policy and practice implications are summarized in [Table 8](#).

Table 6

Maqasid al-Shariah Indicators for Evaluating Islamic Bank-Managed Cash Waqf

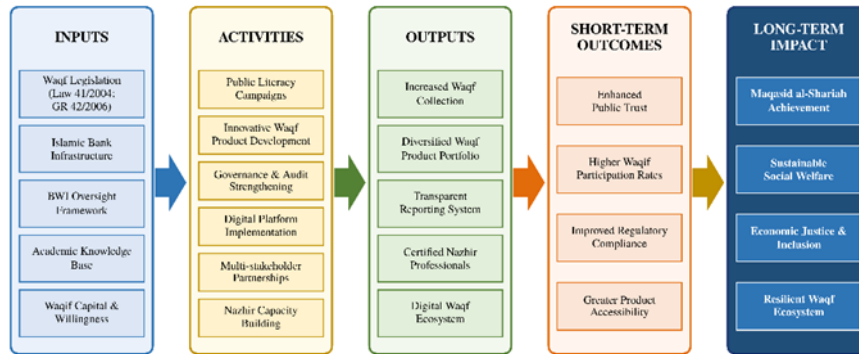
Dimension	Indicator Domain	Measurement Indicators	Framework Component	Sources
<i>Hifz al-din</i> (religion)	Shariah compliance and integrity	% of funds in Shariah board-approved instruments; disclosure of <i>nazhir</i> governance, audit opinion, and complaints	Governance; accountability	Hudaefi & Noordin (2019); Bank Indonesia et al. (2018)
<i>Hifz al-nafs</i> (life)	Health and nutrition	% of distributed returns to health and nutrition; beneficiaries served (urban/rural)	Product development	Abdullah (2018); Lestari et al. (2023)
<i>Hifz al-'aql</i> (intellect)	Education and literacy	Scholarships and facilities funded; literacy program reach; % of staff with <i>nazhir</i> certification	Literacy ecosystem	Abdullah (2018); Hudaefi & Noordin (2019)
<i>Hifz al-nasl</i> (progeny)	Family welfare	Vulnerable families and orphans in multi-year programs; program continuity rate	Product development; coordination	Abdullah (2018); Soemitra et al. (2022)
<i>Hifz al-mal</i> (wealth)	Capital preservation and growth	Principal preservation ratio; net return vs. Islamic benchmark; % of net returns to beneficiaries (min. 50%); permanent vs. temporary waqf share	Governance; accountability	Badan Wakaf Indonesia (2020); Lestari et al. (2023)

Source: Authors' work

Table 7
Comparative Analysis with Prior Studies

JIAFR 302	Study	Focus	Methodology	Key Finding	Advancement by This Study
	Saiti et al. (2021)	Global cash waqf as poverty reduction tool	Qualitative review	Cash waqf has significant poverty alleviation potential	Adds maqasid-based governance reconstruction framework for Indonesian context
	Asyari et al. (2024)	Behavioral drivers of online cash waqf	Survey-based	Knowledge and trust drive waqf behavioral intention	Provides institutional governance complement to individual-level behavioral analysis
	Widiastuti et al. (2025)	Millennial waqif behavioral determinants	Survey-based	Social influence and religiosity drive online waqf participation	Addresses institutional rather than individual-level determinants
	Mujahidin et al. (2025)	Cross-country waqf management challenges	Comparative qualitative	Governance fragmentation is a universal constraint	Adds a normative maqasid-based reconstruction agenda
	Razali et al. (2024)	Waqf institution efficiency via DEA	Quantitative (DEA)	Institutional scale and governance quality drive efficiency	Provides qualitative governance mechanism detail for the Indonesian context
	Mohsin (2013)	Cash waqf as a financing instrument	Conceptual-normative	Cash waqf can revitalize Islamic social finance	Extended with empirical Indonesian evidence and applied maqasid framework

Source: Authors’ work

Figure 4*Logic Model: Maqasid-Based Cash Waqf Reconstruction Framework*

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Source: Authors' work

Table 8*Policy and Practice Implications by Stakeholder*

Stakeholder	Recommended Action	Primary Maqasid Dimension	Priority
Islamic Banks	Develop diversified waqf product portfolio; invest in nazhir HR certification programs; implement digital waqf performance tracking systems	<i>Hifz al-mal; hifz al-nafs</i>	High
Badan Wakaf Indonesia	Establish national nazhir certification standards; develop standardized performance reporting framework applicable to all institutional nazhir	All five dimensions	High
OJK/Bank Indonesia	Issue adaptive waqf-specific prudential guidance; streamline administrative waqf registration and reporting processes	<i>Hifz al-mal</i>	High
Central Government	Simplify administrative waqf procedures; allocate public budget for national waqf literacy campaigns and digital infrastructure	<i>Hifz al-din; hifz al-'aql</i>	Medium
Academic Institutions	Develop and validate maqasid-based waqf performance indicators; offer accredited nazhir training and certification programs	<i>Hifz al-'aql</i>	Medium
Civil Society Organizations	Partner with banks and BWI to amplify literacy outreach; validate community disbursement impact through independent monitoring	<i>Hifz al-nasl; hifz al-nafs</i>	Medium

Source: Authors' work

Conclusion

This study has demonstrated that Islamic bank-managed cash waqf in Indonesia operates within a structurally sound but operationally underperforming institutional framework. Empirical findings from qualitative interviews with ten key informants across the cash waqf ecosystem confirm that existing programs meaningfully contribute to education, healthcare, and economic empowerment—providing partial but inconsistent alignment with the five dimensions of *maqasid al-Shariah*: alignment is strongest for *hifz al-mal* and, in its procedural sense, *hifz al-din*; partial for *hifz al-nafs* and *hifz al-'aql*; and weakest for *hifz al-nasl*. In response to RQ1, the primary opportunities lie in Indonesia's vast Muslim population, expanding digital financial infrastructure, the product innovation capacity of Islamic banks, the established regulatory architecture, *maqasid*-based social framing, and international benchmarking, while structural challenges encompass low public literacy, product narrowness, transparency deficits, *nazhir* capacity gaps, inter-institutional coordination failures, and the marginal strategic positioning of cash waqf within banks.

In response to RQ2, this study proposes a five-component *maqasid al-Shariah*-based reconstruction framework: (1) *maqasid*-anchored governance architecture; (2) innovative waqf product development; (3) a public literacy ecosystem; (4) transparent accountability infrastructure; and (5) structured multi-stakeholder coordination, operationalized through dimension-specific *maqasid* indicators (Table 6). Each component addresses an identified governance gap and is grounded in the normative imperatives of the *maqasid al-Shariah* framework, ensuring that the reconstruction agenda moves beyond administrative compliance to transformative social impact. The theoretical contribution is the systematic deployment of *maqasid al-Shariah* as a governance reconstruction lens for Islamic bank-managed cash waqf—extending the *maqasid* framework's reach from product design to institutional governance. The practical contribution is a structured, actionable model with differentiated implications for Islamic banks, BWI, regulatory authorities, and academic institutions (as summarized in Table 8).

Several limitations merit acknowledgment. The qualitative design, while appropriate for the study's exploratory and normative objectives, does not yield statistically generalizable findings; the reconstruction framework requires empirical validation through longitudinal studies of implementation outcomes. Although code saturation was reached within the ten interviews, the informant pool did not include *waqif* or beneficiaries, and the bank perspective was drawn from three institutions. The study's scope is limited to Indonesia's formal Islamic banking sector; future research should examine how the framework might be adapted to non-bank *nazhir* institutions and to cash waqf ecosystems in other Muslim-majority economies. Additionally, the behavioral

validation of *maqasid*-framed literacy interventions—specifically their effect on donor participation rates across diverse socioeconomic segments—merits dedicated experimental study. Future research directions include: development and pilot testing of standardized *maqasid*-based performance indicators for Islamic bank *nazhir*; experimental evaluation of *maqasid*-framed versus conventional literacy program designs; cross-country comparative studies of *maqasid*-based governance innovations in cash waqf; and longitudinal analysis of the relationship between governance quality and waqf collection volumes in Indonesia.

Authors' Declaration

The authors made substantial contributions to the conception and design of the study, data collection, qualitative analysis, and interpretation of the findings. The authors participated in developing the *maqasid* al-Shariah-based governance reconstruction framework, critically reviewing the manuscript, and refining its theoretical and practical implications. All authors have read and approved the final version of the manuscript and agree to take responsibility for the integrity and accuracy of the research.

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