

# Optimizing the potential of waqf through waqf legal education

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## Abstract

Waqf is an important Islamic institution with enormous potential to contribute to the welfare of the people, particularly in the fields of education, health, and social services. However, the optimization of waqf in Indonesia still faces various challenges, especially regarding legal understanding and public awareness of waqf management. This study aims to analyze efforts to optimize the potential of waqf through waqf legal education. This research employs a normative juridical method with a statutory and conceptual approach. The data used consist of secondary legal materials in the form of laws and regulations, books, and relevant scientific articles. The findings reveal that waqf legal education plays a vital role in strengthening the knowledge, awareness, and capacity of the community in managing waqf assets. Through comprehensive legal education, the public can better understand the legal basis, procedures, and benefits of waqf, thus supporting its development in accordance with the principles of Islamic law and national law. In conclusion, waqf legal education serves as a strategic step to optimize the potential of waqf for the realization of social welfare and sustainable development in Indonesia.

## Keywords

Waqf, Legal Education, Optimization, Welfare, Islamic Law

## Introduction

Based on terminology in Islamic law, the most widely used definition of waqf is “the use of an object that can provide benefits, by suspending the ownership rights of the donor or any other party over the object and channeling it toward lawful purposes or for the benefit of society and public welfare.” Another definition describes waqf as “preserving an object so that its ownership does not transfer permanently, while distributing its benefits to those in need or for noble purposes” [1].

Historically, the practice of waqf in Indonesia (the archipelago) has existed since the arrival of Islam [2]. A fundamental factor in waqf management is the synchronization between Islamic law and national law [3]. Islamic law, as an integral part of national law, is formally recognized and functions as a filter in shaping national legal materials [4].

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For centuries, waqf has been recognized by Muslim communities as a form of *ṣadaqah jāriyah* (ongoing charity), playing a vital role in social, economic, educational, and cultural development to promote collective welfare. One increasingly popular form of waqf is cash waqf, or waqf in the form of money. This type of waqf has become an alternative instrument to promote economic development and welfare and has been implemented in several Muslim-majority countries. For example, in Bangladesh, waqf has been managed by the Social Investment Bank Ltd (SILB), which plays a role in developing the social capital market in the voluntary sector [5]. In Indonesia, the regulation of cash waqf is based on Law No. 41 of 2004, which stipulates that the types, purposes, and functions of waqf should be directed toward productive uses [6].

One of the main challenges in managing productive waqf is the lack of knowledge and competence among nazhir (waqf managers) in handling waqf assets professionally and sustainably. Many nazhir still carry out their responsibilities conventionally, without applying strategies rooted in modern economic management, resulting in waqf assets that fail to grow optimally. In addition, existing regulations are often not flexible enough to accommodate innovations in waqf management in the digital era, such as the use of financial technology (fintech) in managing cash waqf and waqf asset investments. Weaknesses in monitoring and transparency also pose serious problems, as cases of unaccountable management and underutilized waqf assets are still found, failing to maximize benefits for beneficiaries (*mauqūf ‘alayh*).

Although the government, waqf institutions, and religious organizations have undertaken various efforts, the gap between the immense potential of waqf and the realization of its benefits remains a challenge that must be addressed through more innovative and structured approaches [7].

Based on this context, the research problem is formulated to examine the extent to which the potential of waqf can be optimized through waqf legal education. The approach employed in this study is normative, relying on library research, statutory analysis, and government policy review. Therefore, this study is expected to provide strategic recommendations for the government, waqf institutions, nazhir, and other stakeholders to enhance the contribution of waqf toward economic development and social welfare in Indonesia.

## Method

This study employs a normative juridical research method, which views law as a system of norms. The approach used is both statutory and conceptual, focusing on the analysis of legal provisions and doctrines related to waqf. The data consist primarily of secondary legal materials, including legislation, scholarly books, and academic articles relevant to waqf law. The analysis was conducted qualitatively by interpreting laws and concepts associated with waqf management and linking them with the importance of waqf legal

education. Through this approach, the study seeks to provide a comprehensive understanding of how legal education can serve as a strategic tool in optimizing the potential of waqf in Indonesia.

## Results and Discussion

### *The Great Potential of Waqf in Indonesia*

According to data from the Indonesian Waqf Board (*Badan Wakaf Indonesia*, BWI) in 2025, the national waqf potential is estimated to reach IDR 400 trillion annually. However, the realization of cash waqf remains very limited. Waqf assets in the form of land cover more than 400,000 locations, yet the majority have not been optimally utilized.

Based on the Waqf Information System (*Sistem Informasi Wakaf – SIWAK*) managed by the Ministry of Religious Affairs in 2021, the management of waqf assets in Indonesia is still inadequate. There are approximately 56,208.40 hectares of waqf assets spread across 429,810 locations, but only 20,987.41 hectares have been certified. The potential of cash waqf, according to BWI's 2021 data, was valued at IDR 180 trillion, yet only IDR 11.45 billion was successfully collected that year. Moreover, the management of waqf assets is still largely dependent on traditional methods, which generate minimal returns. Waqf properties are rarely managed in productive sectors, and the benefits have not yet been fully directed toward public welfare [8]. The exchange or transfer of waqf assets may be carried out with written permission from the Minister, based on the recommendations of BWI [9].

Indonesia ranks fourth in the world in terms of population size. Based on the 2019 census, the population was projected to exceed 270 million people. Furthermore, Indonesia is the country with the largest Muslim-majority population. The religious composition includes 87.2% Muslims, 6.9% Protestants, 2.9% Catholics, 1.7% Hindus, 0.7% Buddhists, and 0.05% Confucians. With such a large population and a dominant Muslim majority, Indonesia holds tremendous potential in the field of waqf to address various economic challenges. If Indonesian society becomes more aware and consistent in practicing waqf, the results could significantly alleviate economic problems, particularly in meeting basic needs.

To achieve economic prosperity through waqf, appropriate strategies and concrete steps are required. Such strategies must be capable of reducing poverty and must also be widely accepted by society [10].

### *Challenges in Waqf Management*

#### **1. Lack of Public Knowledge about Waqf Law and Procedures**

Public understanding of waqf can be measured through the Waqf Literacy Index (WLI). In 2020, the national WLI score was recorded at 50.48, which falls into the low category. The causes include limited knowledge about the duties and responsibilities of *nazhir*

(waqf managers), the basic requirements of waqf, and the legal provisions related to waqf pledge deeds (*akta ikrar wakaf*). The provinces with the lowest WLI scores were Riau, Central Kalimantan, and Central Jakarta.

The establishment of the Indonesian Waqf Board (*Badan Wakaf Indonesia* – BWI) aims to serve as an institution that promotes and develops waqf at both national and international levels. Amid the lack of studies and research on waqf models, BWI functions as a mediator in formulating strategic plans with stakeholders such as Bank Indonesia, international institutions like the IDB, waqf foundations, and several leading universities in Indonesia. These collaborations are carried out through BWI's programs, where stakeholders engage in synergy and outreach to enhance waqf development [11].

The advancement of waqf requires strong cooperation between academics, practitioners, entrepreneurs, and the government to explore models for waqf development and empowerment in Indonesia. In fact, all levels of society should support, assist, and collaborate in strengthening the role of waqf. Many people still hold conventional views that waqf is limited to the donation or transfer of fixed assets such as land or buildings for static religious purposes, such as the construction of mosques, cemeteries, or Islamic boarding schools (*pesantren*). This perspective, shaped by longstanding traditions, regards waqf as a passive religious practice that ends with the transfer of assets, without further efforts to actively manage these assets for sustainable economic benefits.

As a result, much of Indonesia's waqf potential remains underutilized, with some assets even neglected or failing to contribute meaningfully to social welfare. This stems from the absence of modern, planned, and professional management strategies to maximize the economic value of waqf assets. The lack of understanding of productive waqf also leads to low public participation in more innovative and strategic forms of waqf, which could otherwise serve as an effective instrument for strengthening the Muslim economy and alleviating poverty.

Recognizing the importance of this issue, efforts to improve waqf literacy must be carried out on a massive, structured, and sustainable scale, involving all relevant stakeholders. Such literacy strategies must reach all segments of society, both urban and rural, through contextual approaches rooted in local wisdom. This would enable the public to understand waqf not only from its normative and textual legal-religious aspects but also its broader essence and potential as an inclusive Islamic social finance instrument, competitive in nature and capable of addressing socio-economic challenges collectively and sustainably. Increased understanding and awareness are expected to foster enthusiasm and active public participation in developing productive waqf, thereby strengthening its role as a driver of community development toward a just, prosperous, and economically as well as spiritually empowered society [12].

## 2. Weak Oversight of Asset Management by Nazhir Institutions

According to Article 11 of Law No. 41 of 2004, *nazhir*—whether individuals, organizations, or legal entities—are required to submit annual reports. However, based on surveys in 2021, approximately 44% of *nazhir* demonstrated moderate quality (scores of 0.41–0.60), 31% low quality (0.21–0.40), 6% very low quality (0–0.20), and only 19% good quality (0.61–0.80).

Despite these findings, many *nazhir* still lack strategic plans, and some were reluctant to provide data to researchers citing security concerns. Furthermore, according to BWI's 2021 report presented at a hearing with Commission VIII of the Indonesian Parliament (DPR RI) on February 14, 2022, out of 303 registered *nazhir*, fewer than 10 submitted annual reports to BWI. The absence of publication of these reports further weakened transparency. Another issue is that *nazhir*'s financial reports are often inconsistent with the Waqf Accounting Standards (PSAK 112), which became effective in 2021.

## 3. The Stigma of Waqf as Merely Passive Charity

The lack of knowledge among *nazhir* regarding productive waqf and modern asset management techniques has caused most waqf management in Indonesia to remain focused on social benefits alone, rather than economic productivity. In fact, the Waqf Law stipulates that waqf institutions, as religious entities with economic benefits, must be managed effectively and efficiently for the public interest and to enhance social welfare.

Nevertheless, the prevailing problem is that many *nazhir* maintain a traditional and rigid mindset in interpreting waqf, which results in underdeveloped management practices. This stigma—that waqf is merely a form of passive charity—remains deeply entrenched, thereby limiting innovation and the development of productive waqf models capable of supporting economic empowerment and sustainable community welfare.

### *Waqf Legal Education as a Strategic Solution*

#### 1. Integration of Waqf Curriculum in Religious and Legal Education at Schools and Universities

The dynamics of waqf law in Indonesia continue to evolve in line with regulatory changes, societal demands, and the need to manage waqf assets more productively and with broader benefits. Initially, the practice of waqf in Indonesia was mostly static, with donated assets generally limited to land used for religious purposes such as the construction of mosques, cemeteries, and Islamic schools (*madrasah*) [13].

Waqf holds great potential for collaboration with educational institutions. This can be achieved through strategic partnerships, where waqf organizations cooperate with schools and universities to develop mutually beneficial educational programs such as

internships, training, and research projects. Waqf can also facilitate community-based educational programs, thereby helping to reduce disparities in access to education. Furthermore, waqf is often involved in socially oriented educational activities, such as seminars, workshops, and public campaigns, aimed at raising awareness about the importance of education [14].

## **2. Training and Certification of Nazir by Official Institutions**

The Waqf Law in Indonesia categorizes *nazhir* into three types: individual *nazhir*, organizational *nazhir*, and legal-entity *nazhir*. To qualify as a *nazhir*, one must meet several requirements, including being an Indonesian citizen, Muslim, of legal age, trustworthy, physically and mentally capable, and legally competent. These conditions apply to all types of *nazhir*. For organizational and legal-entity *nazhir*, the institutions must operate in the fields of social, educational, community, and/or Islamic religious activities. Specifically, for legal-entity *nazhir*, the organization must be established in accordance with applicable laws and regulations.

Based on observations, the Daarut Tauhiid Waqf Institution falls under the legal-entity category because it operates under the Daarut Tauhiid Foundation, a legal body engaged in social, educational, and Islamic religious activities. Such legal-entity *nazhir* provide a pathway toward more professional waqf management [15].

To improve professionalism, *nazhir* must undergo training to enhance their skills and knowledge in managing waqf. Generally, training programs focus on three aspects: knowledge, skills, and attitude. Beyond technical competence, training should also foster motivation and a sense of responsibility, since work quality is strongly influenced by internal factors within the individual [16].

## **3. Dissemination of Waqf Law through Digital Media, Seminars, and Religious Outreach**

One of the Indonesian Waqf Board's (BWI) key approaches in promoting waqf is through education. BWI actively organizes seminars, training programs, workshops, and awareness campaigns across various regions. These educational programs target *nazhir*, academics, students, and the general public, with the aim of improving overall waqf literacy—including knowledge of cash waqf and productive waqf. According to the 2020 Waqf Literacy Index survey conducted by BWI and Bank Indonesia, the level of waqf literacy among Indonesians stood at 50.48%, categorized as moderate. This finding encouraged BWI to expand educational outreach so that the public does not only associate waqf with land donations for mosques or cemeteries, but also understands its economic potential through productive waqf.

The digital era has transformed communication patterns, and BWI has adapted to this development by utilizing social media platforms such as Instagram, YouTube, Facebook, and Twitter as modern channels for religious outreach. The content produced includes educational videos, infographics, donor testimonials, and news updates about waqf activities in various regions. BWI also launched the campaign *Gerakan Nasional Wakaf*

*Uang* (National Cash Waqf Movement) in collaboration with the Ministry of Religious Affairs and Islamic financial institutions to increase public participation in cash waqf. Leveraging digital platforms allows BWI to effectively engage younger generations and urban communities who are more familiar with information technology. Content is designed to be simple, visually appealing, and contextually relevant to contemporary social issues such as poverty, education, and economic inequality.

In its outreach strategy, BWI also collaborates with a wide range of institutions, including Islamic banks, universities, Islamic mass organizations, and government ministries. Examples include partnerships with Bank Muamalat and BSI in developing cash waqf through digital payment gateway systems, as well as cooperation with the Ministry of Religious Affairs in the National Waqf Literacy Program. Collaborations with national media outlets such as *Republika*, *TVRI*, and *Kompas* further strengthen waqf's positioning as a strategic national issue relevant to public welfare.

BWI has also launched several digital platforms such as **berkahwakaf.id** and **Sahabat Wakaf**, which allow the public to make online cash waqf contributions, access distribution reports, and read educational articles on Islamic philanthropy. These platforms function both as educational tools and transparent waqf transaction systems. BWI has also partnered with Islamic fintech startups to build a digital waqf ecosystem that supports sharia-based transactions, complete with monitoring and reporting systems accessible to the public. This innovation represents a digital transformation of religious outreach designed to enhance public trust in waqf management.

Beyond educational and digital approaches, BWI has also developed a participatory outreach model by directly involving communities in empowerment activities funded by waqf. One example is the *Waqf for MSMEs* program, in which waqf funds are distributed to support micro, small, and medium enterprises owned by underprivileged communities. This approach not only builds public trust in BWI but also strengthens social ties between donors (*muwakif*), *nazhir*, and waqf beneficiaries. Through this model, outreach is not merely symbolic or communicative, but also practical—addressing real-life community needs with concrete solutions.

## Conclusion

The optimization of waqf potential in Indonesia greatly depends on public understanding of the legal framework that governs it. Waqf legal education plays a crucial role in raising awareness, strengthening the capacity of *nazhir*, and establishing a professional waqf management system. Therefore, waqf legal education must be prioritized as part of the national strategy for waqf development. Waqf legal education can be optimized through three main approaches: the integration of waqf curriculum into religious and legal education at various levels, training and certification of *nazhir* by authorized institutions, and the dissemination of waqf law through digital media, seminars, and community-based religious outreach. This aligns with the mandate of Law No. 41 of 2004 on Waqf, which emphasizes that waqf must be managed professionally,

productively, and transparently for the benefit of society. In addition, the application of Financial Accounting Standard PSAK 112 on waqf accounting serves as an important foundation for promoting accountable waqf asset management. Accordingly, synergy among the government, academics, educational institutions, Islamic financial institutions, and the wider community is essential in creating a modern, participatory, and effective waqf ecosystem. With improved literacy and legal understanding of waqf, it is expected to serve as a driving force for inclusive and equitable socio-economic development in Indonesia.

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