Journal of Islamic Monetary Economics and Finance
BANK INDONESIA
BANK SENTRAL REPUBLIK INDONESIA
Praise be to Allah the Most Gracious and Most Merciful

Evolution in Waqf Jurisprudence and Islamic Financial Innovation

BANK INDONESIA
BANK SENTRAL REPUBLIK INDONESIA

ISSN : 2460-6146 (Print)
ISSN : 2460-6618 (Online)

JOURNAL OF ISLAMIC MONETARY ECONOMICS AND FINANCE

DEBT-TAKING AND CHARITY-GIVING AMONG LOW-INCOME HOUSEHOLDS: STRENGTHENING RESILIENCE IN ISLAMIC PERSPECTIVE
Laily Dwi Arsyianti, Salina Kassim and Adewale Abideen Adeyemi

PROCYCLICALITY AND BANK LENDING BEHAVIOR IN INDONESIA: THE CASE OF DUAL BANKING SYSTEM
Muhamed Zulkhibri and Muhammad Rizky Prima Sakti

REVISITING ANALYSIS OF THE ROOT CAUSES ON FINANCIAL CRISIS IN ISLAMIC PERSPECTIVE
Mega T.R. Luik and Ahlis Fatoni

STUDY ON THE EFFICIENCY OF CASH WAQF MANAGEMENT IN MALAYSIA
Siti Razifah Khamis and Marhanum Che Mohd Salleh

ZAKAT FOR POVERTY ALLEVIATION AND INCOME INEQUALITY REDUCTION: WEST JAVA, INDONESIA
Qurroh Ayuniyyah, Ataul Huq Pramanik, Norma Md. Saad and Muhammad Irwan Ariffin

AN EMPIRICAL INVESTIGATION OF CONSUMPTION BEHAVIOUR IN SELECTED OIC COUNTRIES
Salman Ahmed Shaikh, Mohd Adib Ismail, Abdul Ghafar Ismail, Shahida Shahimi and Muhammad Hakimi Mohd. Shafiai

ZAKAT: CONCEPT AND IMPLICATIONS TO SOCIAL AND ECONOMIC (ECONOMIC TAFSĪR OF AL-TAWBAH:103)
Abdul Wahid Al-Faizin, Taqiyah Dinda Insani and Sri Herianingrum

THEORETICAL IMPACT OF ENHANCED MUSHARAKAH MUTANAQISAH HOME FINANCING ON REAL ESTATE PRICES
Alam I. Asadov and Mansor H. Ibrahim

EVOLUTION IN WAQF JURISPRUDENCE AND ISLAMIC FINANCIAL INNOVATION
Mohammad Abdullah

PROPOSING A MODEL FOR ENTREPRENEURSHIP DEVELOPMENT: THE ROLE OF ENTREPRENEURS' CASH WAQF INTENTION
Sherifah Oshioke Musa and Marhanum Che Mohd Salleh

Volume 4 • Number 1 • August 2018

(https://jimf-bi.org/JIMF/issue/view/138)

PDF (https://jimf-bi.org/JIMF/article/view/920/727)

Published: 2018-08-28

DOI: https://doi.org/10.21098/jimf.v4i1.920 (https://doi.org/10.21098/jimf.v4i1.920)

Keywords:
Waqf, Charity, Charitable Trust, Endowment, Innovation, Islamic Finance, Social Finance

Statistics

Read Counter : **4298**
Download : **2976**

Crossmark/ Data Version

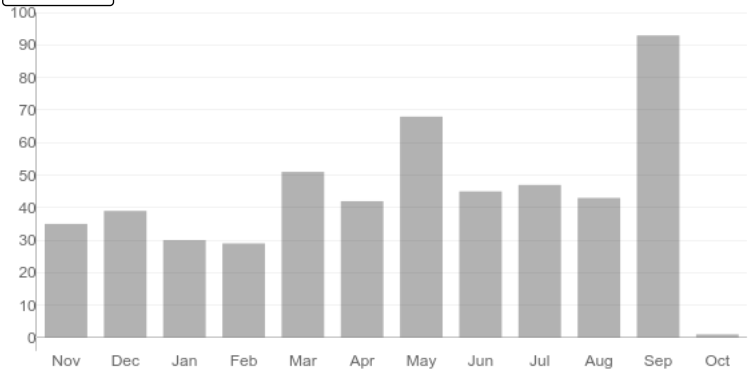
Check for updates

Mohammad Abdullah
FAB, Siraj, United Arab Emirates

Abstract

This paper aims to analyse the evolutionary process in the jurisprudential structure of modern *waqf* (Islamic endowment) and underlines the scope of Islamic financial innovation through the mechanism of *waqf*. The paper proposes the innovative models of parallel *waqf*, *waqf*-based social and financial instruments, *waqf*-based *ṣukūk*, micro-*takāful*, and *waqf*-based commodity bank. The research adopts the qualitative approach and employs socio-legal research methodology for the analysis. The paper relies on desk-based research. Compared to the classical structure of *waqf* which was confined within the domain of a perpetual charitable institution, this paper finds that modern *waqf* has ushered in several new dimensions into its fold. Modern *waqf* is in the process of re-evolution. *Waqf*, in the current scenario, has evolved into a financial product, a property-conveyance tool, an instrument of contract, an investment tool, a risk mitigation mechanism and an incorporated entity. The scope of this paper is limited to analysing the jurisprudential evolution of *waqf* and its impact on the Islamic finance industry. It does not seek to discuss the overall role or impact of *waqf* on the society as a whole. This paper also does not endeavor to compare and contrast the mechanism and modalities of other philanthropic institutions vis-ā-vis *waqf*. This paper examines the jurisprudential underpinnings of *waqf* and their implications and applicability to the Islamic finance industry. The paper draws on the process of how the mechanism of *waqf* has already been employed to develop various innovative Islamic financial products and how this process can be a catalyst for further innovation in the Islamic finance industry. The main contribution of the paper is encapsulated in the analysis of how the jurisprudential structure of the modern *waqf* has been evolving in the last few decades to accommodate the modern needs of Islamic finance. It further enumerates a few innovative Islamic financial products which can be developed by exploiting the available flexibility in the evolved version of modern *waqf*.

Downloads



HOW TO CITE

Abdullah, M. 2018. Evolution in Waqf Jurisprudence and Islamic Financial Innovation. *Journal of Islamic Monetary Economics and Finance*. 4, 1 (Aug. 2018), 161–182. DOI:https://doi.org/10.21098/jimf.v4i1.920 (https://doi.org/10.21098/jimf.v4i1.920).

More Citation Formats

ISSUE

Vol. 4 No. 1 (2018) (https://jimf-bi.org/JIMF/issue/view/138)

SECTION

Articles

(http://creativecommons.org/licenses/by-nc/4.0/)

Journal of Islamic Monetary Economics and Finance is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License (http://creativecommons.org/licenses/by-nc/4.0/).

AUTHOR BIOGRAPHY

Mohammad Abdullah, FAB, Siraj, United Arab Emirates
Analyst (Shariah Department), FAB, Siraj (the Islamic Window of First Abu Dhabi Bank), United Arab Emirates

References

Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) (2015), Shariah Standards, AAOIFI, Manama, Bahrain.

Abdul-Karim, S. (2010), “Contemporary Sharīʿah compliance structuring for the development and management of Waqf assets in Singapore”, doctoral thesis, Durham University, Durham.

Abdullah, M. (2015), “Analysing the moral aspect of qard: a Sharīʿah perspective”, International Journal of Islamic and Middle Eastern Finance and Management, Vol. 8 No. 2, pp. 171–184.

Abu Zahra, M. (1972), Muhāḍarāt fī al-Waqf. Dār al-Fikr al-ʿArabī, Cairo.

Ibn ʿĀbidīn, M.A. (2010), Radd al-Muḥtār ʿalā al-Durr al-Mukhtār (Vol. 4), Dār al-Fikr, Beirut.

Ahmad, H. (2007), “Waqf-based micro finance: realizing the social role of Islamic finance”, paper presented at the International Seminar on Integrating Awqaf in the Islamic Financial Sector, 6-7 March, Singapore.

Ahmad, M. (2015), “Cash waqf: Historical evolution, nature and role as an alternative to ribā-based financing for the grass root”, Journal of Islamic Finance, Vol. 4 No. 1, pp. 63-74.

Ali, E., Odierno, H. and Ismail, A. (2008), Essential Guide to Takaful (Islamic Insurance), CERT Publications, Kuala Lumpur.

Al-Humoudi, Y. A. (2012), “Islamic insurance Takaful and its application in Saudi Arabia”, doctoral thesis, Brunel University.

Al-Khassaf, A. B. (1904), Aḥkām al-Awqāf, Dīwān ʿUmūm al-Awqāf al-Miṣriyah, Egypt.

Alpay, S and Haneef, M. A. (Eds.) (2015), Integration of Waqf and Islamic Microfinance for Poverty Reduction: Case Studies of Malaysia, Indonesia and Bangladesh, SESRIC & IIUM, Kuala Lumpur.

Al-Qardawi, Y. (1985), Fiqh al-Zakat, trans. by M. Kahf, Dar al-Taqwa Ltd, London.

Al-Shaybānī, M. (1997), Sharḥ Kitāb al-Siyar al-Kabīr, Dār al-Kutub al-ʿIlmiyyah, Beirut.

Bakar, M. D. (2009), “Sharīʿah principles governing Takāful models”, in Archer, S., Karim, R. A. A. and Nienhaus, V. (Eds.), Takāful Islamic Insurance: Concepts and Regulatory Issues, John Wiley & Sons, Singapore, pp. 31-47.

Budiman, M. A. (2011), “The economic significance of waqf: a macro perspective”, paper presented at the 8th International Conference on Tawhidi Methodology Applied to Microenterprise Development, 7-8 January, Jakarta.

Çizakça, M. (1998), “Awqaf in history and its implications for modern Islamic economies”, Islamic Economic Studies, Vol. 6 No. 1, pp. 43-70.

Çizakça, M. (2000), A History of Philanthropic Foundations: The Islamic World from the Seventh Century to the Present, Bogazici University Press, Istanbul.

Çizakça, M. (2011a), Islamic Capitalism and Finance: Origins, Evolution and the Future, Edward Elgar Publishing Limited, Cheltenham, UK.

Çizakça, M. (2011b), “Waqf in history and its implications for modern Islamic economies”, in Kahf, M. and Mahamood, S. M. (Eds.), Essential Readings in Contemporary Waqf Issues, CERT, Kuala Lumpur, pp. 1-42.

Çizakça, M. (2013), “The New Waqf Law prepared by IDB/IRTI and the Kuwait Public Foundation: A Critical Assessment”, paper presented at the PNB Paribas-INCEIF Centre for Islamic Wealth Management Colloquium, 19 December 2013, Kuala Lumpur, available at: http://www.inceif.org/download/Session%206%20%20PROF.%20DR.%20MURAT%20CIZAKCA.pdf (accessed 21 October 2015).

Ellias, M., Kadir, A., Harun, M. (2015), “Cash waqf and its operational issues: an analysis from the Islamic perspective”, paper presented at the International Conference on Cash Waqf: Towards the Implementation of Cash Waqf, 28-30 May 2015, Sepang.

Hamad, A. (2015), “The new waqf (Islamic trust) law in the Emirate of Sharjah”, Law Update: Latest Legal News & Developments, Al Tamimi & Co., available at: http://www.tamimi.com/en/magazine/law-update/section-7/june-5/the-new-Waqf-islamic-trust-law-in-the-emirate-of-sharjah.html (accessed 20 October 2015).

Hennigan, P. C. (2004), The Birth of a Legal Institution: The Formation of the Waqf in Third Century A.H. Hanafi Legal Discourse, Brill, Leiden.

IIFA (2013), Fatwa on Cash Waqf, available at: http://www.fiqhacademy.org.sa/qrarat/15-6.htm (accessed 3 March 2013).

IRTI (2014), Islamic Social Finance Report, Thomson Reuters, Jeddah.

Islamic Relief Academy (IRA) (2015), Comparing the Effectiveness of Waqf and English Charitable Trusts, Islamic Relief Academy, Birmingham, UK.

Islahi, A. A. (2013), “Cash waqf: is it a usurious piety?”, working paper no. 43610, Islamic Economics Research Center, King Abdulaziz University, Jeddah, 7 January.

Islamic Development Bank (IDB) (2015), Awqāf Properties Investment Fund (APIF), available at: http://www.isdb.org/irj/portal/anonymous?NavigationTarget=navurl://097e223be0761cdd343b213dfd855b77 (accessed 22 October 2015).

Joseph, S. (2014), “Waqf in Historical Perspective: Online Fatāwā and Contemporary Discourses by Muslim Scholars”, Journal of Muslim Minority Affairs, Vol. 34 No. 4, pp. 425-437.

Kahf, M. (1999), Towards the Revival of Awqaf: A Few Fiqhi Issues to Reconsider, paper presented at the Harvard Forum on Islamic Finance and Economics, 1 October 1999, Harvard University, Cambridge, available at: http://monzer.kahf.com/ (accessed 12 April 2015).

Kahf, M. (2004), Ṣūrah Mustajiddah min al-Waqf, available at: http://monzer.kahf.com/ (accessed 12 May 2016).

Khaleel, F. and Abdullah, M. (2016), “Waqf (Islamic endowment), human capital and humanitarian aid”, Interdisciplinary Journal of Economics and Business Law, Vol. 5 No. 2, pp. 36-52.

Mandaville, J. E. (1979), “Usurious piety: the cash waqf controversy in the Ottoman empire”, International Journal of Middle East Studies, Vol. 10 No. 2, pp. 289–308.

Manjoo, F. (2012), An Appraisal of Longevity Risk: Conventional and Islamic Perspectives, ISRA Research Paper No. 44/2012, International Shari’ah Research Academy for Islamic Finance (ISRA), Kuala Lumpur.

MIFC (2014), Awqaf: Powerful Socio-Economic Vehicles, Bank Negara Malaysia, Kuala Lumpur.

Mohammad, M. T. S. (2011), “Towards an Islamic social (waqf) bank”, International Journal of Trade, Economics and Finance, Vol. 2 No. 5, pp. 381–386.

Mohsin, M. I. A. (2009), Cash Waqf: A New Financial Product, Prentice Hall, Malaysia.

Mohsin, M. I. A. (2013), “Financing through cash waqf: a revitalization to finance different needs”, International Journal of Islamic and Middle Eastern Finance and Management, Vol. 6 No. 4, pp. 304–321.

Mohsin, M. I. A. (2014), Corporate Waqf From Principle to Practice: A New Innovation for Islamic Finance, Pearson Malaysia, Kuala Lumpur.

Obaidullah, M. (2014), Engineering a Waqf for Adahi: New Zealand Awqaf, available at: http://sadaqa.in/2014/04/15/engineering-a-Waqf-for-adahi-Awqaf-new-zealand/ (accessed 21 September 2015).

Ramli, A. M. and Jalil, A. (2013), “Banking model of corporate waqf: an analysis of Wakaf Selangor Muamalat”, paper presented at the International Accounting and Business Conference (IABC), 22 April 2013, Persada Johor, Johor Bahru.

Shirazi, N. S. (2014), “Integrating zakāt and waqf into the poverty reduction strategy of the IDB member countries”, Islamic Economic Studies, Vol. 22 No. 1, pp. 79–108.

Suhaimi, F. M., Ab Rahman, A. and Marican, S. (2014), “The role of share waqf in the socio-economic development of the Muslim community: The Malaysian experience”, Humanomics, Vol. 30 No. 3, pp 227-254.

Tamanni Views (2013), “Corporate waqf: marrying the past with the present”, available at: https://marketviews.wordpress.com/2013/01/18/corporate-Waqf/ (accessed 5 October 2015).

Wan, A. and Rahman, W. M. (2011), “The concept of waqf and its application in an Islamic insurance product: the Malaysian experience”, Arab Law Quarterly, Vol. 25 No. 2, pp. 203–219.

Wizārat al-Awqāf wa al-Shuʾūn al-Islāmiyyah (1404-1427 H), Al-Mawsūʿah al-Fiqhiyyah, Ministry of Awqaf and Islamic Affairs, Kuwait.

Zuhayli, W. (1996), Al-Waṣāyā wa al-Waqf fī al-Fiqh al-Islāmī, Dār al-Fikr, Damascus.

JIMF PROFILE

Aims and Scope (http://jimf-bi.org/index.php/JIMF/about#focusAndScope)

Peer Review Process (https://jimf-bi.org/index.php/JIMF/about#peerReviewProcess)

Open Access Policy (http://jimf-bi.org/index.php/JIMF/about#openAccessPolicy)

APC (http://jimf-bi.org/index.php/JIMF/about#apc)

Editorial Board (https://jimf-bi.org/index.php/JIMF/editorial-board)

Contact us (https://jimf-bi.org/index.php/JIMF/contact)

Indexed By (http://jimf-bi.org/index.php/JIMF/indexedby)

Crossmark Policy (http://jimf-bi.org/index.php/JIMF/crossmark)

Visitor Statistic (https://statcounter.com/p11807657/?guest=1)

INDEXED BY



(https://www.scimagojr.com/journalsearch.php?q=21101090012&tip=sid&exact=no)



(https://www.scopus.com/sourceid/21101090012)



(https://www.scopus.com/sourceid/21101090012)



(https://sinta.kemdiktisaintek.go.id/journals/profile/6126)



(https://doaj.org/toc/2460-6618?source=%7B%22query%22%3A%7B%22filtered%22%3A%7B%22filter%22%3A%7B%22bool%22%3A%7B%22must%22%3A%5B%7B%22term%22%6618%22%7D%7D%2C%7B%22term%22%3A%7B%22_type%22%3A%22article%22%7D%7D%5D%7D%7D%2C%22query%22%3A%7B%22match_



(https://app.dimensions.ai/discover/publication?search_mode=content&and_facet_source_title=jour.1314466)



(https://scholar.google.co.id/citations?user=6QjQMCwAAAAJ&hl=id)



(https://garuda.kemdiktisaintek.go.id/journal/view/15414)



(https://search.worldcat.org/search?q=Journal+of+Islamic+Monetary+Economics+and+Finance&offset=1)



(https://www.ebsco.com/)

FOR AUTHOR

Author Guideline (http://jimf-bi.org/index.php/JIMF/author-guidelines)

Publication Ethics (http://jimf-bi.org/index.php/JIMF/publication-ethics)

Document Requirements (http://jimf-bi.org/index.php/JIMF/docreq)

Register For Alert (http://jimf-bi.org/index.php/JIMF/subscribe)

ISSUES

Current Issues (http://jimf-bi.org/index.php/JIMF/issue/current)

All Issues (http://jimf-bi.org/index.php/JIMF/issue/archive)

TUTORIAL

For Author (https://jimf-bi.org/index.php/JIMF/authortutorial)

For Reviewer (https://jimf-bi.org/index.php/JIMF/reviewtutorial)

For Managing Editor (https://jimf-bi.org/index.php/JIMF/editortutorial)

EVENTS

Conference (https://jimf-bi.org/index.php/JIMF/jimfconference)

Call for Papers & Special Issue (https://jimf-bi.org/index.php/JIMF/announcement)

Milestone (https://jimf-bi.org/index.php/JIMF/journalhistory)

METRICS JOURNAL

Most Downloaded (http://jimf-bi.org/index.php/JIMF/mostdownloaded)

Most Cited (http://jimf-bi.org/index.php/JIMF/mostcited)

 (https://statcounter.com/p11807657/?guest=1)
View JIMF Stats (https://statcounter.com/p11807657/?guest=1)

LICENSE

 (http://creativecommons.org/licenses/by-nc/4.0/)
JIMF is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License (http://creativecommons.org/licenses/by-nc/4.0/).

MOST READ

Shari'ah Analytics of Arabic Currency Terms and Implications for Cryptocurrency (https://jimf-bi.org/JIMF/article/view/3328)
355

Revitalising Indonesian Islamic Banking Performance: A Stakeholder Analysis (https://jimf-bi.org/JIMF/article/view/1373)
193

Halal Cosmetics Repurchase Intention: The Role of Marketing in Social Media (https://jimf-bi.org/JIMF/article/view/1379)
168

ESG and Banking Performance in Emerging and Developing Countries: Do Islamic Banks Perform Better? (https://jimf-bi.org/JIMF/article/view/2429)
144

Determinants of the Intention to Pay Zakat Online: The Case of Indonesia (https://jimf-bi.org/JIMF/article/view/1664)
118

Published by Bank Indonesia Institute (https://www.bi.go.id/id/bi-institute/Default.aspx)
B Tower (Safruddin Prawiranegara Tower), 4th floor
Jl. M.H. Thamrin No.2, Jakarta, 10350
Phone: +62-21-29817335

Principal Contact

Prof. Mansor H. Ibrahim
mansorhi@inceif.edu.my (mailto:Mansorhi@inceif.edu.my)
journal.jimf@gmail.com (mailto:Journal.jimf@gmail.com)

Support Contact

Jimmy Kathon (Management Team)
Phone. +62-21 29816702
jimf@bi.go.id (mailto:Jimf@bi.go.id)

Bank Indonesia Institute Journal Group (Journal Bank Indonesia)

Journal of Islamic Monetary Economics and Finance (JIMF) Scopus (https://www.scopus.com/sourceid/21101090012)
Bulletin of Monetary Economics and Banking (BMEB) (https://bulletin.bmeb-bi.org/) Scopus (https://www.scopus.com/sourceid/21100933703)
Journal of Central Banking Law and Institutions (JCLI) (https://jcli-bi.org/index.php/jcli/index) Scopus (https://www.scopus.com/sourceid/21101281531)

Social Media Journal

(https://x.com/BI_Journals?t=Sj2YGiozEfGQfirtWXngqQ&s=09) (https://www.linkedin.com/company/bank-indonesia-journals/) (https://www.instagram.com/bi_journals/)