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## Regulatory Factors Creating Waqf Bank the Third Sector Organizations: A Case Study in Indonesia

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**Abstract:** The development of waqf in Muslim countries has grown positively, contributing to socio-economics. Waqf, as one of the instruments of innovation, increases awareness of its value and widespread use. Banking functions as a profit institution centred on the financial sector by collecting and distributing funds to the public for the benefit of national development. The utilisation of the Banking and Waqf sectors is literally the opposite, but has great innovation for the long-term public interest. This phenomenon has given rise to civil organisations as third-sector organisations concerned with integrating the principles and benefits of the banking and waqf sectors. Unfortunately, developing countries in Indonesia, with a Muslim majority population, have high levels of generosity and religiosity, but literacy and inclusion of waqf are still low. The purpose of the study is to determine the regulatory factors that support the creation of waqf banks as third-sector organisations in Indonesia. The study uses a qualitative method with a systematic literature review. Data collection uses secondary data from international journals indexed by Scopus and SINTA published between 2011 and 2023 with the keywords "waqf bank regulation". Data analysis uses a systematic literature review (SLR). The study found that the regulation to create a waqf bank as a third sector organisation in Indonesia requires strengthening of waqf bank education, total government support, large contributions from waqf institutions of third sector organisations, the fundamental role of Islamic banking in waqf banks and services that extend without limits to waqf banks. The study implies that the better the regulation to create a waqf bank in Indonesia, the better the role of third-sector organisations in supporting regulation and education to the public.

**Keywords:** Waqf Bank, Indonesia, Third Sector Organization, Creation, Systematic Literature Review.

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**Abstrak:** Perkembangan wakaf di negara Muslim tumbuh positif berkontribusi pada sosial ekonomi. Wakaf sebagai salah satu instrumen inovasi meningkatkan kesadaran nilai dan pemanfaatannya secara luas. Perbankan berfungsi sebagai lembaga profit berpusat sektor keuangan dengan menghimpun dan mendistribusikan dana kepada publik untuk kepentingan pembangunan negara. Pemanfaatan sektor Bank dan Wakaf, secara harfiah bertolak-belakang, tetapi memiliki inovasi besar bagi kepentingan publik jangka panjang. Fenomena tersebut menumbuhkan organisasi sipil sebagai organisasi sektor ketiga konsern mengintegrasikan prinsip dan manfaat sektor bank dan wakaf.

Sayangnya negara berkembang di Indonesia dengan penduduk mayoritas muslim, tingkat kedermawaan dan religiusitas tinggi tetapi literasi dan inklusi wakaf masih rendah. Tujuan kajian mengetahui faktor regulasi yang mendukung penciptaan bank wakaf sebagai organisasi sektor ketiga di Indonesia. Penelitian menggunakan metode kualitatif dengan sistematik literatur review. Pengumpulan data menggunakan data sekunder jurnal internasional terindeks Scopus dan SINTA publikasi antara tahun 2011-2023 dengan kata kunci "regulasi bank wakaf". Analisis data menggunakan sistematik literatur review (SLR). Penelitian menemukan regulasi menciptakan bank wakaf sebagai organisasi sektor ketiga di Indonesia perlu penguatan edukasi bank wakaf, dukungan total pemerintah, kontribusi besar lembaga wakaf organisasi sektor ketiga, peran fundamental perbankan syariah pada bank wakaf dan pelayanan meluas tanpa batas bank wakaf. Implikasi penelitian semakin baik regulasi menciptakan bank wakaf di Indonesia, maka peran organisasi sektor ketiga semakin baik dalam mendukung regulasi dan edukasi kepada publik.

**Kata Kunci:** Bank Wakaf, Indonesia, Organisasi Sektor Ketiga, Penciptaan, Sistematik Literatur Review

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**ملخص:** قد نما تطور الوقف في البلدان الإسلامية بشكل إيجابي مما ساهم في تعزيز الاقتصاد الاجتماعي. الوقف كأحد أدوات الابتكار يزيد من الوعي بقيمته واستخدامه على نطاق واسع. تعمل الخدمات المصرفية كمؤسسة ربحية تتمحور حول القطاع المالي من خلال جمع وتوزيع الأموال على الجمهور لصالح التنمية الوطنية. إن الاستفادة من قطاعي البنوك والأوقاف هو أمر معاكس تمامًا، ولكنه ينطوي على ابتكار كبير لتحقيق المصلحة العامة على المدى الطويل. وقد أدت هذه الظاهرة إلى ظهور المنظمات الأهلية كمنظمات قطاع ثالث تهتم بتكامل مبادئ وفوائد القطاع المصرفي والوقف. ول سوء الحظ، فإن البلدان النامية في إندونيسيا ذات الأغلبية المسلمة ومستويات عالية من الكرم والتدين ولكن معرفة القراءة والكتابة وشمول الوقف لا تزال منخفضة. الغرض من الدراسة هو تحديد العوامل التنظيمية التي تدعم إنشاء بنوك الوقف كمنظمات القطاع الثالث في إندونيسيا. تستخدم الدراسة طريقة نوعية مع مراجعة منهجية للأدبيات. يستخدم جمع البيانات بيانات ثانوية من المجلات الدولية المفهرسة بواسطة Scopus و SINTA المنشورة بين عامي 2011-2023 مع الكلمات الرئيسية "تنظيم بنك الوقف". يستخدم تحليل البيانات مراجعة الأدبيات المنهجية (SLR). وجدت الدراسة أن تنظيم إنشاء بنك وقف كمنظمة قطاع ثالث في إندونيسيا يتطلب تعزيز تعليم بنك الوقف، والدعم الحكومي الإجمالي، والمساهمات الكبيرة من مؤسسات الوقف التابعة لمنظمات القطاع الثالث، والدور الأساسي للخدمات المصرفية الإسلامية في بنوك الوقف وخدماته. والتي تمتد بلا حدود إلى بنوك الوقف. تشير الدراسة إلى أنه كلما كان التنظيم أفضل لإنشاء بنك وقف في إندونيسيا، كلما كان دور منظمات القطاع الثالث أفضل في دعم التنظيم والتعليم للجمهور.

**كلمات رئيسية:** بنك الوقف، إندونيسيا، منظمات القطاع الثالث، الإنشاء، المراجعة المنهجية للأدبيات.

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## INTRODUCTION

The development of waqf in various Muslim countries provides a conducive climate for the theory and practice of waqf, which began during the time of the Prophet Muhammad in 2 Hijri in Medina. This condition is marked by the development of the economy and the social participation of the community in helping the government provide public facilities such as hospitals, school infrastructure, and so on. (Quddus & Hasib, 2023). In essence, the history of waqf has proven the impact felt from that time to the present.

The development of waqf in this era has grown positively, contributing to the socio-economic and distribution of wealth, which is marked by increasing awareness of professional waqf management with cross-country involvement and various waqf products or types (Syukur, 2019). For this reason, waqf is one of the innovative instruments with increased awareness of its values and widespread use.

Along with the development of waqf, the growth of Islamic banking is more progressive because profit-oriented institutions are centred on the financial sector by collecting and distributing funds to the public according to Sharia principles for the benefit of national development (Maulina et al., 2023). In a literature review, Sukmana (2020) revealed that up to 2020, there was research linking waqf and banking finance, reaching 35%. The utilisation of the banking and Waqf sectors is literally opposite to each other, but it has great innovation for the long-term public interest. The growth of the banking sector is higher than waqf due to regulatory factors, infrastructure, human resources, awareness and literacy.

Strengthening waqf in Indonesia, starting with the regulation of Law Number 41 of 2004 as the spirit of waqf, then as a strengthening of the institution in 2007, the Indonesian Waqf Agency (BWI) was formed as an independent institution to develop waqf in Indonesia, then the growth of other waqf management institutions. However, along with the emergence of waqf regulations and BWI, in addition to building a more professional and widely beneficial waqf civilisation, it turns out that the waqf law regulation is suspected of weakening the waqf itself so that an amendment is needed (Sugarman, 2021).

The weakness of regulations in waqf in Indonesia leads to the failure of the government's role, so the waqf law needs to be revised (Sugarman, 2021). The revision must cover several issues, including the role of BWI, guidelines for the coordination framework, and the introduction of other government institutions and financial institutions into the Waqf business process (Sugarman, 2021). Other opinions also reveal that waqf management in Indonesia is not optimal in terms of waqf regulatory aspects (Havita et al., 2013; Budiarto, 2021).

The development of waqf in Indonesia still needs to be improved, where there is a gap between its potential and its realisation. In some literature, this gap is caused by regulations and regulators (Lestari et al., 2023). Then the lack of systematic working relationships between the government and waqf institutions, the absence of an integrated waqf database, and an unsupportive regulatory framework are some of the factors that have the potential to limit the development of the waqf sector (Sugarman, 2021).

This phenomenon has given rise to civil organisations as third-sector organisations (TSOs). These, namely non-profit institutions, are concerned with aspects of regulation, values, and the social order of society. For this reason, the role of TSOs in waqf management is expected to integrate the principles and benefits of the banking and waqf sectors. Unfortunately, in developing countries like Indonesia, third-sector organisations are perceived as less profitable in the long term in raising public awareness and issues.

The problem of why TSOs and the government in Indonesia have not been strongly integrated according to Scanlon & Alawiyah (2015) that stakeholders can work to reduce these challenges. The next obstacle is that the partnership between the government and TSOs may be based on resource dependence, where TSOs depend on government funding and regulation. In contrast, the government relies on TSOs' expertise and knowledge to respond quickly to any social problems (Dostál, 2015). The next factor is regulation or regulators as an obstacle to the development of third-sector organisations (Carman & Fredericks, 2008; Bach-Mortensen & Montgomery, 2018).

Integrating waqf regulations, banking regulations, and waqf banks of third-sector organisations in Indonesia requires strong regulations in the creation of waqf banks so that it does not cause academic debate and Sharia principles. Academic debate, where banks have clear ownership, and the level of profit is determined, but waqf with ownership owned by Allah is utilised for the public (Sukmana, 2024).

However, in developing a waqf model through intermediary institutions such as banking, professionalism and integrity of waqf managers (*nazir*) are needed which are supported by all stakeholders, especially the government that holds all strategic policies, *nazir* and other social components so that waqf can have a direct impact on social improvement (Medias, 2017).

The importance of this research is because waqf is currently showing positive growth, literacy and financial inclusion are slowly growing although slowing down, and banking shows a surplus of funds and distributes them to those in need for business continuity; in addition, social institutions/waqf TSOs need funds and distribute them for the survival of their members (Sukmana, 2024).

Previous research that discussed social programs through non-profit TSO institutions was studied by Bach-Mortensen dan Montgomery (2018) by evaluating the obstacles faced by non-profit TSO institutions with a literature review approach. Furthermore, Sugarman (2021) examined the contribution of third-sector organisational waqf institutions in Indonesia to the development of the socio-economic waqf with a literature review approach. Then Lestari et al. (2023) examined the development of the national waqf index as a strengthening of regulations and waqf management institutions as third-sector organisations in Indonesia with a mixed-method research approach. At the same time, this study focuses on regulatory factors in the creation of third-sector organisations and banks in Indonesia, using a systematic literature review. The exception in this study does not use the word element "micro waqf bank" and is also used as a limitation of this study. The author reasons not to use the word in order to focus on waqf banks as an element of banking regulation in Indonesia. In contrast, micro waqf banks are based on Islamic microfinance regulations and cooperative regulations that focus on financing ultra-micro and micro businesses.

## **LITERATURE REVIEW**

### **Waqf Regulation in Indonesia**

The formulation of policies or regulations on waqf in Indonesia has undergone reform due to adjustments to conditions and developments in public needs, especially among Muslims. The following are some forms of waqf regulations:

1. Law Number 5 of 1960 concerning Agrarian Affairs. Article 49 contains the following provisions. a) For worship and other sacred needs, as referred to in Article 14, land directly controlled by the state with usage rights may be provided. b) Waqf of owned land is protected and regulated by government regulations (UU 5, 1960).
2. Government Regulation Number 28 of 1977. Among them is the definition of waqf, which reads: waqf is a religious institution that can be designated as a means to develop religious life, especially for Muslims, in order to achieve spiritual and material welfare towards a just and prosperous society based on Pancasila (PP 28, 1977).
3. In the compilation of Islamic Law Article 215 of 2011, paragraph (1), waqf is defined as follows: Waqf is a legal act of a person, group of people or legal entity that separates part of their property and institutionalises it forever for the sake of worship or other public needs in accordance with Islamic teachings (Mahkamah Agung, 2011).
4. Law Number 41 of 2004 Article 1 paragraph (1) states that Waqf is a legal act of a wakif to separate and hand over part of his property to be used forever or for a certain period in accordance with his interests for the sake of worship and public welfare according to sharia (UU 41, 2004).
5. Government Regulation Number 42 of 2006 Article 1 paragraph (1), the definition of waqf is the same as the definition of waqf in Law Number 41 of 2004. Waqf is a legal act of a waqif to separate and hand over part of his property to be used forever or for a certain period according to his interests for worship and/or public welfare according to Sharia (PP 42, 2006).
6. Government Regulation Number 25 of 2018 concerning Amendments to Government Regulation Number 42 of 2006 concerning the Implementation of Law Number 41 of 2004 concerning Waqf, which stipulates that the submission of a new exchange process can only be carried out if there is proof of ownership of the exchange property is not in sync with the land acquisition process for public interest (PP 25, 2018).

Thus, the development of waqf regulations in Indonesia has evolved from 1960 to 2018; this indicates that regulations in the development of science and knowledge require adjustments because they are the basis of human needs. With regulations that are responsive to the needs and challenges of endowments in the future, the active role of stakeholders is very much needed.

### **Banking Regulations in Indonesia**

In understanding banking regulations and policies in Indonesia as follows:

1. Law Number 14 of 1967 concerning the Principles of Banking explains that a Bank is a Financial Institution whose main business is to provide credit and services in the flow of payments and money circulation (UU 14, 1967).
2. Law Number 7 of 1992 concerning Banking explains that it has begun to regulate Islamic banks, although it does not use the term Islamic bank but uses the term "bank based on the principle of profit sharing." (UU 7, 1992).
3. Law Number 10 of 1998 concerning Amendments to Law No. 7 of 1992 concerning Banking, is "a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and/or other forms in order to improve the standard of living of the people" (UU 10, 1998).
4. Law Number 21 of 2008 concerning Islamic Banking, which regulates Sharia as one of the national banking systems, requires various supporting facilities in order to provide maximum contribution to the national economy. One of the vital supporting facilities is the existence of adequate regulations and in accordance with its characteristics (UU 21, 2008).

Thus, the growth of banking regulations evolved from 1967 to 2008, which indicates the importance of banking services and the need for them, which are developing rapidly along with advances in science and technology. The role of banking regulations is very important, considering that financial services contribute more to socio-economic growth.

### **Third Sector Organizations**

The public sector is crucial, considering the large population and geographical area, and the role of third-sector organisations (TSOs) is important in building a society that prioritises public and community functions. Third-sector organisations (TSOs) are types of organisations that are neither public nor private but have characteristics of both. (Enjolras & Salamon, 2017). TSOs are usually non-profit or charitable organisations but can also be for-profit businesses that reinvest their profits into organisations or communities.

In other words, the third sector is an independent sector that is sourced from and builds community strength directly. The Third Sector is a sector of independence that continues to work together with the First Sector (government) and the Second Sector (Business) (Scanlon & Alawiyah, 2015). Every activity in this sector is first initiated from the needs of the community and carried out by the community. Ultimately, all the benefits that can be achieved are intended for the wider community to be useful. TSOs have the same goal, namely to make a positive difference in the lives of the people they work with (Bach-Mortensen & Montgomery, 2018).

Including voluntary and community organisations (both registered charities and other organisations such as associations, self-help groups, and community groups), social

enterprises, mutuals and cooperatives. Third-sector organisations (TSOs) are generally independent of the government. (Wæraas & Byrkjeflot, 2012).

Thus, third-sector organisations in developing countries are one of the important contributors to community and state development. This indicates that the role of public and non-profit organisations, charities, non-governmental organisations, social institutions and philanthropic institutions is the driving force of social innovation in society.

### **Waqf Bank**

Waqf banks, by legal definition or regulation in Indonesia, have not become general provisions that must be known along with the strengthening of regulations based on various factors; for this reason, literature is needed that is able to provide explanations and understanding to the public about what, how and the function of waqf banks.

The definition of a waqf bank is an institution that collects charitable funds, known as waqf, for social and economic development. The aim is to use these funds for various community projects, including education, health care, and infrastructure. The value of waqf banks plays an important role in alleviating poverty and encouraging sustainable development in areas with a Muslim-majority population (BWI, 2017).

The purpose of waqf banks is through the management of waqf land (with or without cash waqf) for productive projects. In addition, it is permissible to issue sukuk and invest in the capital market (stocks, sukuk, mutual funds, etc.) with measured risks. The waqf bank is a Nazir institution that can accept cash waqf from individuals and institutions at home and abroad. The purpose of waqf bank financing can be allocated to halal livestock (on waqf land), including sheep, goats, cows, chickens, fish and animals that are not prohibited by sharia. The development of waqf bank orientation with domestic and export needs includes the halal food processing industry, basic chemical factories for medicines with raw materials from within the country and empowerment of small and medium enterprises (Sukmana, 2024).

In terms of objectives and benefits, this is different from the understanding of waqf banks, which are fully aimed at improving the welfare of Muslims and also the wider community but are profit-oriented or oriented towards economic profit (Havita et al., 2013a).

Waqf banks are institutions that are free from all orientations of economic profit and are fully dedicated to social welfare, namely by providing financing for small businesses and focusing on the economic development of marginalised communities (Mohammad, 2011).

Thus, waqf banks can be understood as formal banking institutions that are sourced from waqf and comply with banking and waqf regulations as part of the contribution to the development of the state and society in a just and prosperous manner in the long term.

## RESEARCH METHODOLOGY

The study used a qualitative method with a literature review. Data collection used secondary data from international journals indexed by Scopus, Google Scholar and SINTA published between 2011 and 2023 with the keyword "waqf bank regulation". Data analysis used a systematic literature review (SLR). Data analysis techniques used for planning, implementation and reporting (Linnenluecke et al., 2020).

This study uses a qualitative method with a descriptive approach. While data analysis uses a systematic literature review (SLR). Where the type of research is to identify, evaluate and interpret all sources of research data on the formulation of the problem to be studied (Kitchenham et al., 2009). On the other hand, SLR is defined as a way of synthesising scientific evidence to answer research questions transparently by including published sources with research objectives (Lame, 2019). Meanwhile, in collecting data using the systematic literature review method from secondary data in the form of research results and research findings qualitatively or quantitatively (Snyder, 2019).

The beginning of SLR is the development of Evidence-Based Software Engineering (EBSE), which enters the realm of software engineering with the following process: (Nightingale, 2009).

### 1. Planning

At this point, it is important to know what is needed to conduct a literature review. This is not the same as reading a book that we do not know what it contains and want a "surprise" when we finish it. Before reading a scientific paper, we need to know what it contains. Note that this is just a summary. Finding a research question is the second step in this section. This is what underlies the literature study.

### 2. Implementation

At this step, he will search for literature sources. This includes finding research, selecting primary research, assessing the quality of books, collecting data and monitoring it at all times and collecting data. Often, LSR uses "search" media that already exists in some indexers.

### 3. Reporting

At this stage, well-organized literature material is created. Often, hundreds of sections are broken down into dozens, and dozens are ready to be read and analysed. There are usually three steps. The first is a database search, which uses free or paid online indexers to find hundreds of pieces of information. Second is a review of the abstract, title, and keywords that are poured into numbers. Third, there are about thirteen complete reviews in this study, and the number does not have to be too many.

The SLR research methodology is carried out in accordance with the steps outlined by Piper (2013) as follows:

### 1. Develop a series of research questions.

This study consists of three research questions (PP) as follows:



- a. What is the problem with third-sector organisations' waqf bank regulation in Indonesia? (BW1)
  - b. What strategies are applied to overcome the problem of waqf bank regulation? (BW2)
  - c. How recommended a waqf bank regulation strategy that can be implemented? (BW3)
2. Conduct a comprehensive literature review in response to the research questions posed. The literature search technique was carried out on various national and international journal search platforms. To simplify the process of finding relevant material, the researcher used a set of predetermined criteria that were in accordance with the research questions. Therefore, any findings from the literature that did not meet these criteria would be removed from the study.

The criteria determined in the study using the SLR approach are as follows:

- a. The data used is only related to the regulatory problems of waqf banks, including various types of difficulties, tactics used to overcome them, and the effectiveness of the strategy.
  - b. Data was obtained from the websites <https://scholar.google.com/>, <https://sinta.kemdikbud.go.id/>, and [www.scopus.com](http://www.scopus.com).
  - c. The data used ranges from 2011 to 2023.
3. Evaluating and filtering literature that is considered appropriate. This stage involves searching and selecting comprehensive material that is relevant and able to answer the research questions.

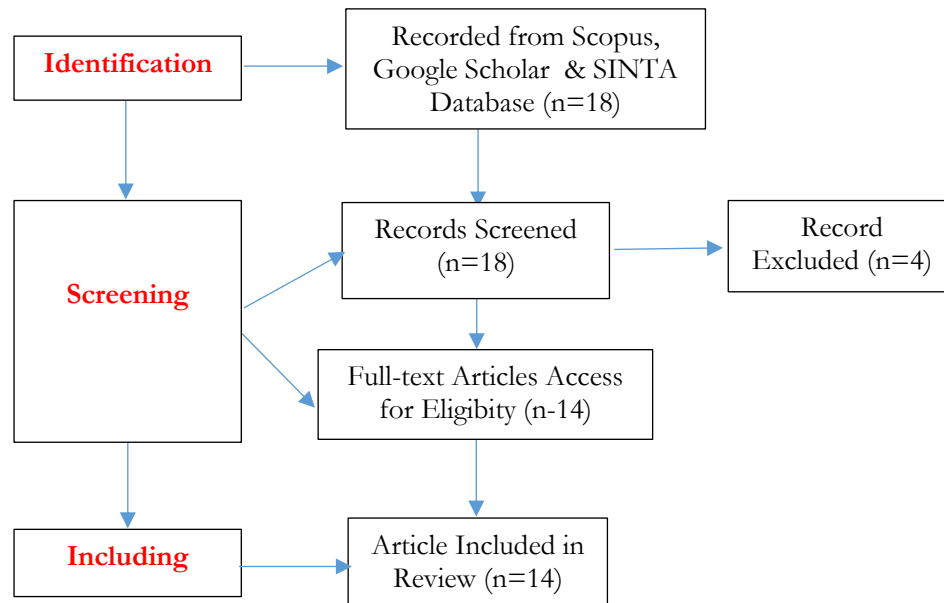
The literature data found in this study will be assessed using a screening procedure that is in accordance with the predetermined quality assessment standards. The screening will be carried out as described below:

- a. Regulatory problems of waqf banks in Indonesia (specifically related to PP1)
- b. The right strategy used to overcome regulatory problems of waqf banks in Indonesia from 2011 to 2023 (specifically related to PP2)
- c. Recommendations used to address waqf bank regulations from 2011 to 2023 (specifically referring to PP3)

For each question mentioned above, the corresponding answer value will be given below in each journal article.

- a. Y (Yes): for journal papers that meet PP (publication),
- b. X (No): for journal articles that do not meet PP.

From the SLR, 18 articles were obtained. The screening was carried out with 4 published articles, so those included in the analysis were 14 journals identified from the screening results that were confirmed to answer the research questions. The following process provides a clearer visualisation of the stages involved in the screening process as shown below:



**Figure 1. Literature Screening Process**  
Source: (Lame, 2019)

4. Analyze and synthesise findings from literature research.  
The process of synthesising and analysing research literature consists of categorising, evaluating, and presenting material in a research report. The purpose of collecting relevant information is to provide material for discussing research findings.
5. Establish quality control.  
The review of related literature and the results of the analysis of that literature, which are presented in the discussion and conclusion, constitute quality control. To mitigate potential bias in research findings, quality control is carried out through deliberations involving guidance and counselling from lecturers and group participants.
6. Compile a final report.  
The final result consists of a research paper that has been submitted to an accredited journal.

## RESULTS

Based on the planning, screening and including that has been carried out to facilitate understanding of the contents of the literature that has been analysed as follows:

Table 1. Data Extraction Results

<b>Author's Name &amp; Year</b>	<b>(HLM1) Constraints</b>	<b>(HLM2) Strategy</b>	<b>(HLM3) Recommendations</b>
(Baharuddin & Possumah, 2022)	Limited Regulations to Strengthen Waqf Banks in Indonesia	Regulation of Blended Finance (the use of waqf as public funds through financial services oriented to public interest development financing) in Indonesia. The existence of a juridical framework for waqf banks with special conditions that are different from existing banks in accordance with the provisions of Bank Indonesia and the Ministry of Finance.	Practically Able to Strengthen the Potential of Waqf Regulation Through Waqf Banks
(Rahmah, 2022)	Lack of Public Understanding of Waqf Regulations and Implementation in Financial Services Determined by the Government	Education and socialisation of waqf regulations in their use in Islamic banking	Suggesting that the Islamic Development Bank and the Indonesia Waqf Board establish a Waqf Bank
(Sudirman, 2014)	Waqf regulations in Indonesia have yet to reach more modern banking-based waqf, and waqf in Indonesia has a distinctive pattern according to the region.	Law 41/2004 can be said to be the top answer to the anxiety of waqf regulations.	Strengthening Law 41/2004 on waqf with modern banking regulations
(Yusof et al., 2021)	Limited regulation of waqf bank structure	Developing a regulatory model for waqf banks as a new world that must be in line with Sharia law	It requires a review of regulations in banking practices and cash waqf funds for the development of the Islamic economy.
(Ab. Aziz, 2017)	Limited in the field of cash waqf, especially in the development of Islamic waqf banks	Waqf banks can implement a cash waqf structure, where cash waqf funds must be converted into fixed assets such as land and buildings.	Appropriate waqf bank regulations must be developed to avoid obstacles in terms of capital requirements, risky investments, a limited number of experts in the field of Islamic banks and waqf, and legal and regulatory requirements.
(Aziz & Yusof, 2014)	Waqf regulations have yet to be optimal in alleviating poverty using a socio-economic development approach.	Cash waqf is a trust fund established with money to support services for the benefit of humanity in the name of Allah. The donated capital is "transferred" to the borrower for a certain period, which is then spent for	Regulations that regulate the right deposit method and the appointment of Sharia waqf banks as agents in collecting

		all kinds of pious and social purposes, including investment purposes. The method and contribution structure for Islamic waqf banks can be applied in the future to ensure their success.	cash waqf funds, there is a strong tendency that the operations of Sharia waqf banks will run effectively.
(Mohammad, 2011)	The Regulatory Debate discusses the ability to establish waqf (non-profit social bank) in Islamic law.	Cash donations and waqf proceeds can be used to form waqf bank capital.	Waqf regulations and their sustainability and protection can be applied to bank capital and must be in accordance with waqf principles.
(Baharuddin & Taufiq, 2016)	The regulation of waqf-based Islamic banks only serves a small percentage of poor Muslims.	Waqf Bank Regulation gives rise to a source of capital	The regulation on the establishment of waqf banks is expected to be an oasis in the midst of the state's efforts to improve people's living standards to be more feasible and better in the fields of education, health, employment and so on.
(Ab. Aziz & Yusof, 2019)	Weak waqf regulation to avoid speculative financial products	The use of regulations on sharia financing facilities by having a bank account with waqf instruments in the form of waqf banks	The application of waqf bank regulations for the development of financing instruments
(Havita et al., 2013b)	Waqf has not been optimally managed, so regulations are needed	Regulation of waqf as a source of Sharia financing through waqf banks	The idea of building the ideal waqf bank regulation is to be implemented in Indonesia to develop money waqf and overcome poverty through the management of various Islamic investments (education, health, social services and productive capital)
(Medias, 2017)	Existing regulations in Indonesia have yet to be fully implemented as a mechanism for implementing waqf banks by involving the infrastructure and structure of society as	Waqf bank regulations in Indonesia need to be expanded with the potential of money waqf to improve the social and economic welfare of the Indonesian people.	The most appropriate waqf bank model regulation to be implemented in Indonesia and the role of waqf banks in managing money waqf and

	well as Indonesia's culture.		overcoming poverty in Indonesia
(Maulina et al., 2023)	One example is stricter banking regulations, its governance and prudential principles, and various policy references that apply globally. Lack of support for waqf bank regulation	Muslim students consider Islamic waqf bank regulation to be the best option to finance their education because they are not obligated to repay their loans if they make significant commitments in the future.	The regulation of waqf banks is feasible based on the characteristics of Muslims and regulations in certain countries or across countries.
(Syahputra et al., 2022)	Limited regulations on the use of waqf as an Islamic financial mediator in the form of banking to overcome the problem of education financing	The regulation of the existence of the Amal Jariyah Student Waqf Bank and STF UIN Syahid Jakarta is the right model for other campuses to establish a waqf bank.	The regulation of the waqf bank model makes a great contribution not only to students but also to the wider community.
(Munthe & Prihatini, 2018)	Banks can't play the role of nazir in regulation because waqf banks are only nazir partners (i.e., custodians) in the management of waqf, so Islamic banks cannot act as nazir because they have different goals.	In the establishment of a waqf bank, the money waqf nazir can act as a shareholder of the waqf bank and as a successor to the provisions of the waqf mandate.	Waqf banks, as banks that manage money waqf, can be established through several alternative ways, namely, the establishment of new banks, acquisitions, conversions or waqf windows in Islamic banking. It is necessary to amend the Waqf Law along with its implementing regulations and special laws for the establishment of waqf banks.

Based on the results of the SLR analysis obtained from the 14 types of literature above, it can be seen that there are several regulatory problems of third-sector organisational waqf banks in Indonesia. From these problems, a waqf bank regulation strategy emerged and recommended the strategy.

The regulatory problems of waqf banks were obtained from several kinds of literature, including public education, government support, the role of third-sector organisational waqf institutions, Islamic banking institutions and expanded services. Based on the identification of regulatory problems of waqf banks in Indonesia, there are five alternatives to the dominant problems based on the results of the articles obtained, which are described in this discussion.

*First*, public education is important, where waqf and waqf banks become a new world of Islamic economics. The Indonesian Waqf Agency expressed this because waqf is a source of

the future economy. It is necessary to conduct studies and education for the wider community, as this reminds us that future economic sources need to be prepared for development with the principle of effectiveness and the role of waqf itself. (IsDB, 2018). The community is a source and beneficiary of waqf banks, so it is necessary to understand the rules or regulations regarding waqf banks so that the intent, principles and objectives are understood as part of the role and responsibility of Muslims in this life. This is in accordance with the opinion of Ab. Aziz, (2017) who emphasised the importance of waqf bank education to stakeholders, considering that the ownership of this waqf belongs to Allah. Furthermore, education and socialisation about waqf regulations in Indonesia need to be intensively carried out to increase the low literacy and inclusion of waqf in Indonesia (Soraya & Zulfikar, 2023).

*Second*, government support is an element that contributes greatly to regulations. Considering that Indonesia is a democratic country and based on law, waqf bank regulations are basic guidelines that are known, understood, and implemented as legal consequences. The proposed, discussed, and decided-upon waqf bank regulations by the government could be clearer because the waqf banks are united. This is in accordance with the view of Munthe & Prihatini (2018) If the waqf bank establishes a new bank without involving existing Islamic banks, then, in essence, new regulations can be made, and, of course, previous regulations can be revised.

*Third*, the waqf institution, the role of third sector organisations, is an important part of the involvement of the principles, operations and impacts of the waqf bank. If the regulations governing the waqf bank require the contribution of waqf institutions, then this role becomes significant because it functions as a nazir. Supporting this statement, Arshad (2015) explains that waqf regulations are not only for sector organisations but also for corporations with waqf banks, corporate waqf, and public waqf, where the state initiates waqf. In waqf bank regulations, of course, the principle is that no waqf is better than other waqf because it is solely based on the amount of assets or income received in return for the services provided (Belabes, 2017). In addition, how third-sector organisations contribute to the regulation of waqf banks, which are analysed, especially in Indonesia, a Muslim-majority country with high religiosity, will understand the context of waqf bank regulation as a high value of the level of worship.

*Fourth*, Islamic banking institutions are one of the formal institutions supported by much better banking regulations, both in terms of systems, human resources, infrastructure and cooperation. The principle of Islamic banking is one of the basic principles of waqf banks that provide services to the community related to financial services. One of the basic things in waqf bank regulations in Indonesia is that the contribution of Islamic banking is growing, although not fast, but expanding with Sharia products; the same thing was expressed in Ab. Aziz (2017) states that proper waqf bank regulations must be developed to avoid obstacles in terms of capital requirements, risky investments, and a limited number of experts in the field of Islamic banking and waqf and legal and regulatory requirements.

*Fifth*, services extend to the public, where the nature of waqf banks is not limited to Muslims but everyone; this is an important note. This opinion is supported by Baharuddin and Taufiq (2016) who stated that in the regulation of waqf banks, services must be broad and not

stereotyped, whereas waqf banks are intended only for certain groups, namely the poor. Then, in principle waqf, IsDB (2018) explains that wakif and beneficiaries are not limited to Muslims, but non-Muslims are allowed to use it properly, except for non-Islamic houses of worship.

Thus, the regulation creates waqf banks as third-sector organisations in Indonesia with the strengthening of waqf bank education, total government support, large contributions from third-sector waqf organisations, and fundamentals of Islamic banking in waqf banks and services extending without limits to waqf banks.

## CONCLUSION

Indonesia has a majority Muslim population supported by the highest level of generosity and religiosity in the world, so it has great potential to develop waqf as an instrument of national development. Waqf banks are an issue and hope that has been discussed among academics and practitioners of Islamic banking and the public interest. Regulation of waqf banks is very important considering the provisions and principles of waqf itself, and the waqf bank management institution must have high integrity and accountability. Third-sector organisations such as waqf institutions in waqf bank regulations play a very important role in educating the public, encouraging the government to issue waqf bank regulations, promoting the role of Islamic banking, and expanding waqf bank services. The research implies that the better the regulation creates waqf banks in Indonesia, the better the role of third-sector organisations in supporting regulation and education to the public.

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