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## Productive Waqf Management Model Innovation for Community Economic Empowerment in the Digital Era

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**Abstract:** This research aims to explore innovative productive waqf management models and their impact on community economic empowerment. Through a comprehensive literature review and analysis of various journal articles, books and other relevant sources, this research examines digital waqf innovation practices in developing countries. These findings highlight the potential of digital waqf innovations, such as crowdfunding, blockchain technology, and mobile applications, to increase the efficiency, accountability and reach of waqf management. This technology can expand the collection of waqf funds, increase transparency, and However, challenges such as the need to increase digital literacy, public trust in digital waqf management, and align waqf regulations with advances in digital technology must be addressed. This study provides insights and recommendations for stakeholders in developing countries, especially Indonesia, to utilize digital waqf innovation to support sustainable development programs more optimally. facilitate public access to participate in waqf.

**Keywords:** Productive Waqf, Community Economic Empowerment

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**Abstrak:** Penelitian ini bertujuan untuk mengeksplorasi model pengelolaan wakaf produktif yang inovatif serta dampaknya terhadap pemberdayaan ekonomi masyarakat. Melalui tinjauan literatur yang komprehensif dan analisis berbagai artikel jurnal, buku, dan sumber relevan lainnya, penelitian ini mengkaji praktik inovasi wakaf digital di negara-negara berkembang. Temuan ini menyoroti potensi inovasi wakaf digital, seperti crowdfunding, teknologi blockchain, dan aplikasi seluler, untuk meningkatkan efisiensi, akuntabilitas dan jangkauan pengelolaan wakaf. Teknologi tersebut dapat memperluas penghimpunan dana wakaf, meningkatkan transparansi, dan Namun tantangan seperti perlunya peningkatan literasi digital, kepercayaan masyarakat terhadap pengelolaan wakaf digital, dan penyelarasan regulasi wakaf dengan kemajuan teknologi digital harus diatasi. Kajian ini memberikan wawasan dan rekomendasi bagi pemangku kepentingan di negara-negara berkembang, khususnya Indonesia, untuk memanfaatkan inovasi wakaf digital guna mendukung program pembangunan berkelanjutan secara lebih optimal. mempermudah akses masyarakat untuk berpartisipasi dalam wakaf.

**Kata Kunci:** Wakaf Produktif, Pemberdayaan Ekonomi Masyarakat

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ملخص: الوقف أداة اقتصادية لها إمكانات كبيرة في تمكين المجتمع، وخاصة في البلدان التي بها أعداد كبيرة من المسلمين. وفي هذا العصر الرقمي، يمكن أن يكون الابتكار في إدارة الوقف الإنتاجي حلاً لزيادة الفعالية والكفاءة في إدارة أموال الوقف. يهدف هذا البحث إلى استكشاف نماذج إدارة الوقف الإنتاجية المبتكرة وأثرها على التمكين الاقتصادي للمجتمع. ومن خلال مراجعة شاملة للأدبيات وتحليل مختلف المقالات الصحفية والكتب والمصادر الأخرى ذات الصلة، يدرس هذا البحث ممارسات ابتكار الوقف الرقمي في البلدان النامية. تسلط هذه النتائج الضوء على إمكانات ابتكارات الوقف الرقمي، مثل التمويل الجماعي، وتطبيقات الهاتف المحمول، لزيادة الكفاءة والمساءلة ومدى وصول إدارة الوقف. يمكن لهذه التكنولوجيا توسيع نطاق جمع أموال الوقف، وزيادة الشفافية، ومع ذلك، يجب معالجة تحديات مثل الحاجة إلى

زيادة المعرفة الرقمية، وثقة الجمهور في إدارة الوقف الرقمي، ومواءمة لوائح الوقف مع التقدم في التكنولوجيا الرقمية. تقدم هذه الدراسة رؤى وتوصيات لأصحاب المصلحة في البلدان النامية، وخاصة إندونيسيا، للاستفادة من ابتكارات الوقف الرقمي لدعم برامج التنمية المستدامة على النحو الأمثل بتسهيل وصول الجمهور للمشاركة في الوقف.

الكلمات المفتاحية: الوقف الإنتاجي، التمكين الاقتصادي المجتمعي

## INTRODUCTION

Waqf is a form of charity that has existed since the time of the Prophet Muhammad SAW. Waqf has become one of the largest sources of income from wealth during the Islamic civilization. It has been proven that during the heyday of Islam, the enthusiasm of the community in implementing waqf attracted the attention of the state to manage and develop waqf. During the Umayyad and Abbasid dynasties, waqf was managed by the state-owned Baitul Maal and was not only intended for the poor, but also became a source of capital in establishing educational institutions, libraries, paying the salaries of staff and teachers as well as scholarships for students (Nurul Huda & Mohamad Heykal, 2010). Every economic activity at that time was mostly generated from waqf. Waqf has an important role in people's lives, because it is not only for the purposes of worship (Amirul Bakhri, 2016), but it can also be used for socio-economic matters for the benefit and welfare of the people (Zuki, 2012). However, in reality the use of waqf for the economy is very little felt by the community, because there are still many administrators or *nāẓir* who manage waqf using the traditional system (Alaiddin Koto dan Wali Saputra, 2016).

Waqf has a huge influence if it can be managed, developed and utilized in a more productive direction. One of the results of productive waqf (Mundzir Qahaf, 2005) The one that provides the most benefits is the empowerment of productive waqf for educational development, such as Al-Azhar (Kasdi, 2016). Apart from AlAzhar, there are also productive waqf management for education that are quite successful in the country, such as the Indonesian Islamic University Waqf Board (BWUII), the Sultan Agung Waqf Board Foundation (YBWSA), the Indonesian Muslim University (UMI) Makasar Waqf Board, and the Pondok Waqf Board Modern Gontor (Kasdi, 2016). Productive management and development of waqf can be used from the results of land waqf collection (Agung, 2017), building/property waqf, or cash waqf (Kahf & Mohomed, 2015) which has now been done by many countries, including Bangladesh. Cash waqf in Bangladesh is used as financing capital for small and medium enterprises, micro financing, consumer financing such as *murabahah*, *salam*, *istisna*, *ijarah* and other financing as well as investment financing in the capital market (Manirul, 2015). Other countries such as Singapore have spent ± \$140 million for the construction of 23 large mosques, the construction of 20 Kassim waqf housing units, commercial buildings, and the Wisma Indah development institution on Changi Road. Apart from that, there are also

investment waqfs that have been developed by Türkiye and Malaysia which are starting to introduce waqf share schemes, as well as Egypt which is able to make waqf productive in various business fields (Ascarya et al., 20016).

Of the various types of waqf above, Indonesia, which has the largest Muslim majority in the world, can optimize waqf assets in more productive ways. Muhammad Abdi Nizar (Muhammad Abdi Nizar, 2017) in his research, it was revealed that several institutions were starting to develop waqf assets, including Tabung Waqf Indonesia (TWI), which had developed cash waqf with the waqf allocated for education, health, da'wah and economic empowerment activities. There is also the Waqf Foundation for Building Conscience of the Nation (YWBNNB) with its cash waqf building property (Tower 165) which is rented out to companies that need offices. Baitul Maal Muamalat (BMM) develops cash waqf for micro business empowerment programs, Rumah Waqf Indonesia (RWI) develops cash waqf for school construction, investment in the financial sector (deposits) and property, as well as investment in the real sector such as home businesses. The development of cash waqf as described above appears to have begun to lead to productive activities for education, health and economic empowerment. Cash waqf distributed by waqifs to nāẓir has enormous potential for development. Mahadi Ahmad even said that cash waqf can function as a financing solution for poor people in developing their entrepreneurship (Ahmad, 2015). Because of its enormous benefits, cash waqf collection still needs to be carried out by socializing it to the community.

Socialization to the community has an important influence, because the phenomenon in society still considers that waqf is only intended for religious activities, so that people prefer to give waqf in the form of objects rather than cash waqf whose value can change (Ishom, 2014). This is an obstacle to increasing waqf productively. Therefore, the government as the policy owner can strictly enforce the rules regarding waqf in Indonesia, as regulated in Law No. 41 of 2004 concerning waqf which is strengthened by Government Regulation no. 41 of 2006 concerning the implementation of waqf. It is hoped that these laws and government regulations can make a positive contribution to the productive empowerment of waqf assets to improve community welfare, both external and internal welfare.

The role of the state in developing waqf assets is very important, because the state with all its regulations can easily collect waqf assets. As has been done by many Muslim countries in the world, such as Egypt, Saudi Arabia, Jordan, Turkey, Bangladesh and Malaysia, they have developed waqf assets and have even become an instrument of state revenue to help overcome poverty problems. However, the management of waqf in Indonesia is still less directed towards

the economic empowerment of the people and tends to be more for consumptive needs of a religious nature (Ryandono & Hazami, 2016), such as waqf for mosques, Islamic boarding schools, majlis ta'lim, and others. Utilization and development of waqf in a productive direction that is managed professionally requires joint commitment between the government, ulama and the community as well as other relevant components. Productive management of waqf is an alternative solution for economic development and empowerment in order to improve community welfare (Yuli, 2015). Currently in Indonesia there are many Islamic philanthropic institutions that manage waqf professionally and in a productive direction, namely Tabung Waqf Indonesia (TWI) under the auspices of the Dompot Dhuafa Foundation, Waqaf under the auspices of the Ummat Care Justice Post (PKPU), Global Wakaf, Rumah Waqf Indonesia, and the Daarut Tauhid waqf institution. The concept of productive waqf, which focuses on utilizing waqf assets to generate income, is increasingly relevant in the modern era. With advances in digital technology, the potential of waqf to empower the community's economy can be increased through various innovations.

### **Productive Waqf from Classical Ulama Perspective**

Waqf is a form of voluntary charity which includes sadaqah in the form of mosques built, lodging for travelers, wells dug or other sadaqah given during his lifetime and continues to be useful after he dies (Ahmed, 2004). Scholars provide different definitions in interpreting waqf in terms of terminology. This difference has an impact on the resulting legal actions (Anshori, 2005). The differences in views of classical madzhab scholars are explained in the following discussion.

According to Imam Abu Hanifah, founder of the Hanafi madzhab, waqf is holding certain property or assets from waqf ownership by way of loan and providing the benefits for charitable purposes. According to him, the founder has the right to return the waqf property to its owner. So the owner can also sell it (Mohsin, 2016). Other scholars from the Hanafi school of thought such as Imam Syarkhasi, Abu Yusuf and Al-Murghiny have provided definitions of waqf. According to Imam Syarkhasi, waqf is defined as holding property that is still under the waqif's ownership by not using it as collateral and other things that can prevent the benefit from being taken from the property (Syarkhasi, 2000). Meanwhile, Abu Yusuf is of the view that waqf is holding an object as the property of Allah SWT, and giving every benefit resulting from the property to anyone who needs it. Likewise with Al-Murghiny, defining waqf is not much different from Abu Yusuf. He explained that waqf is holding property under its

owner, and giving the benefits to other people (Departemen Ekonomi dan Keuangan Syariah, 2017).

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Several scholars from the Malikiyah circle, such as Muhammad bin Arafah al-Māliki, provide the definition of waqf as providing benefits for something up to a certain time limit, while keeping the waqf objects in the hands of the owner (Al-Khursyi, 1899). Apart from that, Ibrahim al-Mishri is of the opinion that waqf is anything that is used while maintaining the objects intact according to the stipulated provisions. According to Wahbah al-Zuhaily, waqf is making the benefits of assets owned by the waqif even in the form of rent or proceeds such as dirhams (money) with a certain sighat within a certain period of time in accordance with the waqif's wishes (Al-Zuhaily, 1985). From the opinion of the scholars above, it can be concluded that waqf according to Malikiyah does not relinquish the waqif's ownership rights to the assets donated. It's just that the waqif relinquishes the right to use the donated assets. The person who donates his assets restrains the use of the assets donated and allows the proceeds to be used for good purposes within a certain period of time. Therefore, donated assets cannot be used forever. These scholars argue that there is no argument that requires the requirement of ta'bid (eternity) in waqf. According to Malikiyah scholars, the words *habasta aslaha wa tasaddaqta biha* in the hadith of the Prophet indicate that the essence of waqf is to give charity while the waqf objects remain in the hands of the waqif. However, waqifs are prevented from

transferring their property to other people in the form of buying and selling, gifts and inheritance (Al-Zuhaily, 1985).

Shafi'iyah scholars have expressed opinions regarding the definition of waqf, such as Al-Minawi. According to Al-Minawi, waqf is holding property owned and distributing its benefits while maintaining the principal of the goods and their immortality which comes from benefactors or the general public apart from immoral assets solely because they want to get closer to Allah SWT (Al-Minawi, 1990).

Meanwhile, according to Imam Nawawi, waqf is the holding of assets that can be utilized while maintaining the integrity of the goods, regardless of interference from the waqif or others, and the proceeds are channeled for good, solely to get closer to Allah SWT (Imam Nawawi, 2004). The majority of scholars from the Shafi'iyah circle define waqf as holding property that can be utilized by keeping objects that prevent the waqif and others from permissible legal actions or legal actions aimed at goodness and getting closer to Allah SWT (Al-Zuhaily, 1985). According to this definition, the majority of scholars are of the opinion that the waqf contract is binding (*luzum*). The Waqif cannot withdraw the assets that have been donated and cannot sell or inherit them. Therefore, assets that have been donated no longer belong to the waqif and move to belong to Allah SWT to be used for the good of the Muslim community.

Hanabilah scholars such as Syamsuddin al-Maqdisi, define waqf as retaining the origin and giving the results. According to Muhammad Abid Abdullah al-Kabisi (Al-Kabisi, 2004), Syamsuddin al-Maqdisi has a definition that is most in line with the hadith of Rasulullah SAW, when Umar bin al-Khattab asked the Prophet for his opinion regarding his Khaibar land. Apart from that, the majority of scholars from the Hanabilah circle such as al-Syaibani and Abu Yusuf formulated the definition of waqf, namely holding assets that can be utilized by keeping objects that prevent waqifs and others from taking legal action that is permitted, which aims for good in order to get closer to Allah SWT (Al-Zuhaily, 1985). The definition of waqf put forward by the Hanabilah scholars above shows that the waqf contract is customary (binding). This is in line with Syafi'iyah's opinion. According to Ahmad ibn Hanbal, waqf is not normal unless the waqif releases his ownership rights from his authority and hands them over to someone else. Thus, the waqif cannot withdraw his waqf assets<sup>1</sup>.

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<sup>1</sup> Syaikh al-Imam al-Alamah Mauqif al-Din Abi Muhammad Abdullah ibn Ahmad ibn Qudamah, al-Mughni, Juz 6, (Beirut: Dar al-Ilmiyah, t.th), h. 188

From the various definitions of waqf that have been expressed by scholars from among the four schools of thought, this group (classical) requires that the assets donated must be assets that are eternal in material material (al-'ain), in the sense that these assets are not easily damaged or destroyed and can be benefit from it in a sustainable manner. If you look at the definition from an economic substance perspective, the waqf in question is not very specific in terms of productive waqf. Waqf is still intended for religious needs that are felt directly by the community. However, Hanafiyah scholars are of the opinion that based on istihsan it is permissible to donate movable objects, such as money (dinar and dirham) which has been valid according to custom, book waqf and waqf for funeral equipment (Ibn Abidin, 2015). This shows that it is not a problem if cash waqf is practiced by the community.

### **Productive Waqf from the Perspective of Contemporary Ulama**

The terminology of productive waqf has at least emerged from the opinion of scholars from the Hanafi madzhab who emphasize the eternity of the benefits of assets that have been donated, regardless of whether they are in the form of immovable objects such as land and buildings or movable assets such as money, investments, services and so on (Suryani & Isra, 2016). However, the substance of productive waqf lies in its economic activities, not in the benefits felt directly by the community. Therefore, productive waqf requires an integrated management pattern and ways of preserving waqf so that it can continue to provide maximum benefits to the community. Contemporary scholars and figures have provided definitions regarding productive waqf such as Nazih Hammad and Mundzir Qahaf. According to Nazih Hammad, waqf as a contract holds waqf assets and distributes the benefits to sabilillah (Nazih Hammad, 1995). It's just that Nazih Hammad emphasized his distribution to sabilillah. According to Mundzir Qahaf, productive waqf is part of the form of waqf based on its economic substance. He defined that productive waqf is a waqf of assets used for production purposes, both in the fields of agriculture, industry, trade and services, the benefits of which are not from the waqf objects directly, but from the net profits resulting from the development of the waqf which are given to people who are entitled in accordance with purpose of waqf (Agustin & Iin, 2021).Shahir Md Zuki stated that waqf from an economic perspective can be an investment of funds and other assets that are used to obtain results and income for future consumption by both individuals and society. Thus, waqf provides certain welfare enhancing services to the community which are financed through the investment of allocated resources (Yuliza et al., 2022).

### **Community empowerment**

Economic empowerment is an effort to make the economy strong, large, modern and highly competitive within the correct market mechanism. The theory that can be used as a basis for economic empowerment is the theory of economic growth expressed by Schumpeter where he emphasized the importance of the role of entrepreneurs in realizing economic growth. In this theory, it is shown that entrepreneurs are a group that will continuously make updates or innovations in economic activities. This innovation includes introducing new goods, increasing the efficiency of production methods in producing goods, expanding new markets, developing new sources of raw land and making changes in the organization with the aim of increasing the efficiency of company activities. There are two efforts so that economic empowerment can be carried out, firstly preparing people in the community to become entrepreneurs, secondly providing assistance (Hutomo, 2000). Empowerment means providing resources, opportunities, knowledge and skills to increase people's ability to determine their own future and to participate in community life (Ife, 2008). Empowerment is basically the same as development and growth, empowerment refers to the ability of people, especially vulnerable and weak groups so that they have the strength or ability of society to meet their needs (E. Suharto, 2016).

Empowerment contains two meanings, firstly to give power authority, which includes power, transferring power or delegating abilities to those who are not yet empowered, secondly, to give ability to or enable, namely giving ability or empowerment and providing opportunities for other parties to do something. The goals and targets of empowerment vary, such as in the fields of economics, education or health, where all of them must include three main things, namely development, community potential to develop and empower (R. Adi, 2008). Based on the definition above, it can be explained that power is an ability that society should have so that they can carry out development independently, while empowerment is a gradual process that must be carried out in order to obtain and gain power, the process of transferring ability from one party who is capable to another. have not been able to provide resources, opportunities, knowledge and skills in order to build community independence. However, in this research the focus is economic empowerment.

Empowerment is divided into two levels, namely the individual level and the community level. Empowerment theory at the individual level looks at individuals learning and trying to achieve their goals. Meanwhile, at the community level, we see how community awareness and participation develops to jointly utilize resources so that they have better beneficial value (E. Kennedy, 2013). The theory of results is measured by the achievement of



indicators as developed by S. Daz, namely the emergence of self-confidence, willingness to participate in various activities, contributing to increasing family income, utilization of existing resources, increased mobility, role in making decisions, and increased role in various groups (Daz, 2013). The theories above are considered relevant to economic empowerment in the form of community or group empowerment, where empowerment is focused on economic activities around Islamic boarding schools.

### **Economic Empowerment and Endowments**

According to Uswatun Hasanah, The management of waqf must be handled by professional *nāẓir*, so that waqf can be developed productively and the results can be used to empower the community's economy (Hasanah, 2015). This statement shows that there is a relationship between productive waqf that is managed professionally and community economic empowerment. The more professional you are in managing productive waqf, the greater the benefits and results you will obtain for the economic empowerment of the community.

Muhamad Nafik Hadi Ryandono and Bashlul Hazami stated that waqf for economic empowerment activities with the aim of increasing welfare can be carried out in 4 process stages and activities, namely: formation of Islamic spiritual character, training and business practices, mentoring and monitoring and evaluation, as well as business development and expansion. Of the 4 process stages and activities, the main and first activity is capacity building, the aim is to develop and form the character of faith so that they are empowered first mentally and spiritually. The successful formation of Islamic character and behavior is the key to successful empowerment. A good spiritual mentality will make someone have the spirit to move forward and get out of welfare problems. If the spiritual mental development and formation has been successful, the next stage is capacity building in accordance with the needs and potential of the community, namely aspects of building economic independence, including entrepreneurship, work skills and other capacities according to their needs when carrying out their economic activities. This business incubator process is a medium or place for small and medium entrepreneurs and prospective new entrepreneurs to practice, ask questions and discuss ways to develop or realize their business, as well as to solve business management problems, both individually and in groups. This process is accompanied by experts who are tested and experienced in their fields. Development of business incubators as a forum for the formation and development of entrepreneurs and/or giving birth to new entrepreneurs. This process must be differentiated based on the business groups being fostered, both based on the type and scale of business and the potential of the community that has existed so far. On the other

hand, the material provided must be simple so that it is easy to understand, especially for those with a low level of education, even for those who have never attended formal education and the material is based on Islamic teachings (Ryandono & Hazami, 2016).

Rizal Muttaqin in his research has proven that indicators of economic empowerment have a relationship with coaching. The coaching in question can be built by empowering. The indicators used as a measure of economic empowerment are strengthening ownership of production factors, strengthening control over distribution and marketing, strengthening communities to obtain information, as well as knowledge and skills (Rizal Muttaqin, 2011).

### **Productive Waqf and Community Welfare**

Waqf in the past has succeeded in meeting the needs of the general public and weaker sections of society in particular. Waqf has played a role in empowering society. In a global context, waqf aims to address and support the achievement of Sustainable Development Goals (SDGs) which include poverty alleviation and increasing access and quality of public health and education. The potential for waqf to realize this is possible because it is estimated that waqf assets worldwide reach USD 1 trillion. If on average waqf assets are managed productively and are able to generate a rate of return of 10% per year, then every year global funding of USD 100 billion will be available from waqf benefits. The enormous potential of waqf will have a huge impact on improving community welfare and is in line with the maqasid shari'ah approach by referring to three levels of public interest, namely daruriyat needs, hajjiyat needs, and tahsiniyat needs (Abdullah, 2018). The maqasid framework demands the implementation of three levels of public interest given in the highest order to ensure the preservation of human life and dignity which is the key to the higher goals of sharia (Auda, 2006). Productive waqf practices that play a role in improving community welfare both directly and indirectly include waqf for VIP rooms (Very Important People) at RSI Malang, I Khaibar minimarket, and Alkhaibar II minimarket which are managed by Nāẓir Institution of the Islamic University of Malang. The existence of productive waqf managed by the Nāẓir Institute of the Islamic University of Malang contributes to the welfare of society. Community welfare in this research includes the existence of the RSI Malang VIP room which can provide an alternative choice for people who want comfortable rooms, clean rooms and fast hospitality. Meanwhile, minimarkets can provide convenience to local people in meeting their daily needs because these places are easy to access and the prices are quite cheap compared to others. In addition, the existence of productive waqf VIP rooms and minimarkets provides job opportunities for people who have the qualifications required by nāẓir. The distribution of the results of VIP

and minimarket productive waqf management is based on a direct distribution pattern, such as community development and empowerment carried out directly by nāẓir. Empowerment through da'wah programs is implemented by carrying out several programs such as grants/incentives for diniyah teachers, incentives for mosque imams, mosque operational costs, and cash for the local environment (Rofa'I et al., 2016).

### **Digital Platforms (Ecommerce)**

E-commerce can be defined as business activities with the help of digital technology or the online internet, for example buying and selling and online payment systems. This online business can use the web, email and social media. Advances in information technology have had a positive influence on increasing trade traffic, both for business actors and especially for consumers. One proof of advances in information technology that consumers feel the benefits of in the field of trade is e-commerce. Through e-commerce, consumers have wider space for transactions, so that consumers have the ability to collect and compare the goods and services they want, and consumers become more active (Mulasih & Saefullah, 2024). Electronic Commerce (e-commerce) is a new concept which is usually described as the process of buying and selling goods or services on the World Wide Web Internet or the process of buying and selling or exchanging products, services and information via information networks including the internet. E-commerce can be defined from the following perspectives:

- a. Communication Perspective: e-commerce is the delivery of product/service information, or payments via telephone lines, computer networks or other electronic means.
- b. Business Process Perspective: e-commerce is an application of technology towards automating transactions and company work flow.
- c. Service Perspective: e-commerce is a tool that fulfills the desires of companies, consumers and management in cutting service costs while improving the quality of goods and accuracy of service.
- d. Online Perspective: e-commerce is related to the capacity of buying and selling products and information on the internet and other online services

The presence of the internet eliminates the limitations of space and time. A company or organization managing zakat will have the same opportunity to access and be accessed by the wider community, the benefits that can be obtained for the organization or institution are:

- a. Expanding the market to include national markets and global markets, so that companies can reach more customers and strengthen relationships with business partners.
- b. Reducing costs in terms of preparation, manufacturing process, distribution, storage and all matters related to access to information using paper-based materials.
- c. Enables companies to realize highly specialized businesses
- d. Reducing inventory and overhead costs by facilitating "pull" type value chain management whose process starts from customer orders and uses just-in-time manufacturing
- e. Reducing the time between payment and receipt of products/services.
- f. Increase employee productivity through business process reengineering
- g. Reducing telecommunications costs, because it is much cheaper to use internet facilities than using a VAN
- h. Faster access to information

Apart from having benefits for companies, e-commerce also has benefits for consumers, namely : 1. Allows consumers to shop or carry out other transactions at any time (7 days 24 hours). 2. Provide customers with more product and supplier choices. 3. Enable consumers to get cheaper products and services, because consumers can shop in many places and make quick comparisons. 4. Digitalized products, e-business enables fast and real-time product delivery. 5. Allows customers to interact with other customers in electronic communities and exchange ideas and experiences. 6. Allowing customers to participate in virtual auctions and at the same time facilitating existing competition will ultimately result in substantial discounts. There are quite a lot of benefits that can be felt by using the Marketplace-commerce Platform facilities in collecting waqf funds, for example waqf institutions that have collaborations with e-commerce, including the ability to capture global markets via the internet. By providing access to relationships between suppliers and consumers,

e-commerce also shortens the product distribution chain. Cost minimization is one of the advantages generally associated with implementing ecommerce<sup>2</sup>.

Based on the background above, the main problem in the research that will be carried out is how to innovate the Productive Waqf Management Model for Community Economic Empowerment in the Digital Era.

## **RESEARCH METHODS**

This type and approach to research uses descriptive qualitative methods with literature studies intended to provide data that is as accurate as possible about people, conditions or other symptoms. Especially to confirm hypotheses, so that they can help in strengthening old theories or in the framework of developing new theories (Sugiyono, 2011). Literature study is an activity of taking and collecting data from books, previous research journals, or trusted websites, then reading, recording and processing it again. The aim of this research method is that researchers want to answer how innovations in productive waqf management models have the potential to empower the community's economy in the digital era. This literature study research analyzes it carefully and in depth to obtain objective results regarding the problems taken (Ibrahim, 2018).

## **RESULTS AND DISCUSSION**

### **Innovation in Productive Waqf Management**

- a. Online waqf : A digital technology-based waqf system that allows people to donate easily and quickly via an application or website (Suhirma, 2015). Technological advances must be utilized optimally. Changing dynamics in society must be responded to quickly, today's society is very familiar with digitalization, so maximizing waqf collection by providing a web-based online platform has become a necessity for waqf activists in the country.
- b. Digital waqf crowdfunding : A digital platform that makes it easy to collect waqf funds from the wider community by utilizing crowdfunding technology (Fitriani & Taufiq, 2023). Collecting funds using the crowdfunding method for business purposes certainly has no doubt about its success in collecting funds from the public. Using this method in collecting community waqf funds, for example with cash waqf, is expected to maximize the potential of waqf in Indonesia.

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<sup>2</sup> <https://www.djkn.kemenkeu.go.id/kpknl-palembang/baca-artikel/15814/Memanfaatkan-E-Commerce-Dengan-Benar.html>

- c. Digital Productive Waqf Investment : Use of digital technology to manage and develop waqf assets to be more productive, such as digital waqf for agriculture, trade, and others (Amaliyah & Maslahah, 2022). Today's waqf no longer focuses on 3M (mosques, madrasas and cemeteries) which are less productive. There needs to be more productive development so that the impact of this waqf is maximized. Of course, it requires smart human resources (nazhir) who are always thinking about how productive digital waqf can be developed in every sector that has economic potential.
- d. Waqf blockchain : Utilization of blockchain technology to increase transparency, accountability and security in managing waqf assets (Amir & Nasution, 2018). Waqf is a large trust, so recording it is no longer sufficient traditionally, for example verbally, but must be done professionally and digitally with the aim of avoiding disputes in the future. For this reason, in recording it requires a technology that can minimize errors and the existence of the waqf blockchain can be a solution in the transparency and accountability of waqf fund management.

### **Use of Waqf Funds for Community Economic Empowerment**

Through innovative management models, productive waqf can have a significant impact on community economic empowerment, having great potential to support sustainable development programs in developing countries, especially in the following aspects :

- a. Community Economic Development: Waqf assets can be managed productively to generate income that can be used for community economic empowerment, such as providing business capital, assistance with entrepreneurship training, etc.
- b. Provision of Public Facilities: Management of waqf assets can be allocated for the construction of public facilities that are beneficial to the community, such as schools, hospitals, religious facilities and other basic infrastructure (Tamimah, 2021).
- c. Poverty Alleviation: Waqf funds can be used to provide social assistance, health programs and education for underprivileged communities, thereby improving their quality of life and opening up economic opportunities.
- d. Environmental Conservation: Waqf assets can be used for environmental conservation activities, such as building city parks, nurseries, or environmentally friendly waste management facilities (Aurellia, Indrasari, & Putri, 2024).

### **The Role of Stakeholders in Encouraging Digital Waqf Innovation**

To be able to optimize the potential of digital waqf innovation in supporting sustainable development, an active role is needed from various stakeholders. Several things that can be done by related parties include :

- a. Government: Develop clear and accommodating regulations for technological developments, as well as provide infrastructure and incentives that support the implementation of digital waqf innovation. One step that the government can take is to create clear regulations and support the development of digital waqf. This could include the establishment of a special institution or agency tasked with supervising and regulating the implementation of digital waqf. The government can also provide incentives and financial support for digital waqf players, both individuals and institutions, to encourage investment and innovation in this field.
- b. Waqf and nazir institutions: Increase institutional and human resource capacity to manage waqf digital platforms in a professional, transparent and accountable manner. As the main stakeholders in waqf management, waqf institutions and nazhir have the responsibility to ensure that waqf assets are managed efficiently and transparently. Encouraging digital waqf innovation is by adopting technology in the waqf asset management process. This can be done by using digital platforms to monitor and track waqf assets, as well as manage financial transactions more efficiently. With technology, accountability and transparency in the management of waqf assets can be maximized, thereby increasing public and donor trust. As a facilitator of collaboration between various parties in the development of digital waqf innovation and can also provide access to digital platforms to facilitate information exchange and collaboration between stakeholders (Maisyarah & Hadi, 2024).
- c. Academics and researchers: Conduct studies and research to develop digital waqf innovation models that suit local needs and context. Academics and researchers have the ability and knowledge to carry out research and development related to technology and finance, so that they can be the main movers in developing innovative solutions to advance the waqf sector. Conduct in-depth research regarding the application of technology in waqf management. Identifying needs and challenges in managing waqf assets, as well as developing appropriate technological solutions to overcome these problems. Become a source of information and strategic thinking for waqf institutions and nazhir in adopting digital waqf innovation. Pioneer in educating the public about the benefits and potential of digital waqf for sustainable development.

- d. Private sector: Participate in developing digital waqf products and services, as well as making technology-based productive waqf investments. The private sector can be the main driver in developing digital platforms for waqf management. For example, developing applications and information systems that enable the management of waqf assets efficiently and transparently. Facilitate financing and investment for digital waqf projects. Be a pioneer in developing innovative financing schemes, such as crowdfunding, to support waqf projects that use digital technology which can essentially increase accessibility and liquidity in the waqf sector (Hendrawan, 2020).
- e. Community: Increasing digital financial literacy and trust in digital waqf platforms, as well as actively participating in giving waqf through digital media. As the main party in the waqf ecosystem, the community has a key role in accelerating the adoption of digital technology in managing waqf assets and promoting the growth of the waqf sector as a whole. Increase awareness and understanding of the potential of digital technology in managing waqf assets. Communities can open the door to the adoption of innovative solutions in their waqf practices. Support the development of the digital waqf platform through active participation in the use and development of technology so that it can provide constructive feedback, identify user needs, and ensure that the solutions developed are in line with the needs and expectations of the community. Take part in supporting the financing of digital waqf projects through participation in innovative financing schemes, such as crowdfunding or others. Lastly, building an inclusive and sustainable digital waqf community (Yusuf et al., 2022).

Collaboration between these stakeholders will strengthen the digital waqf innovation ecosystem and increase its impact in supporting inclusive and sustainable economic development.

### **Challenges of Implementing Waqf Innovation in the Digital Era**

In supporting sustainable development, although waqf is known to have great potential, implementing waqf innovation in the digital era faces several challenges (Rohmaningtyas & Sa'idaturrohman, 2023). **First**, there is still low digital financial literacy and inclusion among the public, apart from that the issue of public trust in digital platforms is also an obstacle, considering that waqf involves valuable assets. Of course, it cannot be denied that the digital era not only has a positive impact but can also have a negative impact if it is not used wisely, especially with the presence of individuals in society who use these facilities to commit digital crimes. **Second**, clear regulations and policies regarding digital waqf innovation



are needed so that they can accommodate technological developments, while maintaining sharia compliance. Waqf is a form of worship in Islam, included in the category of mahdhoh worship which is highly recommended. As a form of worship, in its implementation it must not conflict with sharia principles so that in its development compliance with sharia principles must be a top priority because accountability is not only in this world but also accountability in the afterlife before Allah Azza Wajalla. **Third**, the need for adequate institutional capacity and human resources to manage the waqf digital platform effectively. In developing the digitalization of waqf, not only sophisticated tools are needed, but it also requires an institution that is professional and concerned and supported by the availability of human resources who are experts in the field of waqf, so that they are not only competent in technology but also understand the principles of waqf that have been stipulated in the Shari'a. This of course requires an institution that can control and supervise the implementation of digitalization. **Fourth**, the challenge of developing digital waqf products and services that can reach all levels of society, including those in remote or less accessible areas (Alam,2018).

It is common knowledge that educational and technological facilities in Indonesia are not evenly distributed throughout the archipelago so that the level of public understanding and openness of thought between urban and rural communities is not the same. For this challenge, of course, it is hoped that there will be waqf ambassadors who are ready to provide digital waqf literacy education in remote or remote areas of the country so that rural communities understand as well as people in cities understand.

## **CONCLUSION**

Based on the results of this research and discussion, through a literature review and comprehensive analysis of various digital waqf innovation policies and practices, this qualitative study seeks to provide insights and recommendations for stakeholders to exploit the potential of digital waqf innovation. These findings highlight the potential of digital waqf innovation to increase the efficiency, accountability and reach of waqf management, thereby strengthening inclusive and sustainable economic growth. However, challenges such as the need for digital literacy, public trust, and legal alignment with developments in digital technology must be overcome. Collaboration between stakeholders is essential to realize the full potential of digital waqf innovation for sustainable development in developing countries.

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