

Optimizing Cash Waqf Through Improved Literacy Based Kantor Urusan Agama (KUA) in Indonesia

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ABSTRACT

This study analyzes the role of the Office of Religious Affairs (KUA) in promoting cash waqf literacy in Indonesia. Using a qualitative approach, it identifies key constraints such as limited public awareness, weak coordination, and regulatory gaps. Findings show that KUA plays a strategic role in socializing cash waqf, yet its efforts are often hampered by limited resources and lack of structured programs. The study proposes integrated strategies involving education, digital tools, and inter-agency collaboration to enhance KUA's effectiveness in optimizing cash waqf for socio-economic development.



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INTRODUCTION

Cash waqf, as an instrument of Islamic philanthropy, is now receiving increasing attention in an effort to improve the social and economic welfare of ummah. According to the 2021 World Giving Index report from The Charities Aid Foundation (CAF), Indonesia is ranked as the most generous country in the world. This demonstrates the great potential of waqf in Indonesia (Rahmania and Maulana, 2023). Data from the Directorate General of Financing and Risk Management (DJPPR) at the Ministry of Finance stated that the realization of the issuance of Retail Cash Waqf Linked Sukuk (CWLS) reached IDR 14.91 billion.

Meanwhile, the Indonesian Waqf Board indicates that the potential for cash waqf in Indonesia is huge, reaching IDR 180 trillion per year (M. Safrudin Sabto Nugroho, 2022). However, the low level of waqf literacy is a major obstacle to maximizing the potential of this instrument. According to the 2020 National Waqf Literacy Survey Report, the overall National Waqf Literacy Index (ILW) score of 50.48 falls into the low category, consisting of a Basic Waqf Literacy Score of 57.67 and an Advanced Waqf Literacy Score of 37.97. This means that most of the Muslim community in Indonesia has literacy levels in the basic and low categories (Setyo Tri Wahyudi and Dwi Retno Widiyanti, 2022).

Contradictions arise when the effectiveness of cash waqf management is considered. Some studies highlight the success stories and prospects of cash waqf for educational purposes (Bakar, 2018), while others point to obstacles such as socialization, regulatory issues, and nazir (waqf manager) capacity (Nadya et al., 2019). In addition, a study on Baitul Maal wat Tamwil (BMT) showed that strategic and operational policies are essential to optimize cash waqf management (Ascarya & Masrifah, 2022). However, initiatives in Pareto City to alleviate post-COVID-19 poverty through cash waqf have not been effective, indicating a misalignment with economic development goals (Faiz & Arwin, 2023).

Some cash waqf literacy studies take one of three perspectives: urgency, strategy, or object. The urgency perspective states that cash waqf literacy significantly affects waqf interests and decisions

(Rozalinda et al., 2023). In terms of strategy, literacy is improved through workshops involving academics and the community (Setyo Tri Wahyudi and Dwi Retno Widiyanti, 2022). Socialization through social media is effective in introducing waqf to millennials who are active on social media (Sulistiani et al., 2021). The object perspective suggests collaboration with organisations such as DMI, BKMM, and BKPRMI to improve mosque-based waqf literacy (Acep Zoni Saeful Mubarak, 2021). However, KUA's close and influential role in cash waqf literacy is often overlooked. As the spearhead of the Ministry of Religious Affairs and Waqf Pledge Deed Issuing Agency, the KUA should play a greater role, especially among prospective brides.

However, despite these findings, there seems to be a gap in addressing waqf literacy. Interestingly, various studies have reported low levels of waqf literacy among Muslims globally, with a particular focus on Indonesia, where attempts to measure waqf literacy have been found wanting (Akbar & Kassim, 2023). This lack of literacy is critical as it is positively related to the collection and utilization of waqf, and a higher level of literacy could potentially increase the effectiveness of waqf in achieving the expected socioeconomic benefits (Akbar & Kassim, 2023). Moreover, the issue of waqf literacy is not unique to Indonesia, as the need for waqf education and socialization is also echoed in other studies that emphasize the importance of increasing public awareness and understanding of waqf (Mukhid, 2024). In summary, while the role of waqf in social and economic development has been well-documented, there is a glaring gap in the literature on waqf literacy. Addressing this gap is crucial, as improving waqf literacy can result in more effective waqf collection and utilisation, thereby maximising its impact on community development (Akbar & Kassim, 2023; Mukhid, 2024).

This study aims to complement previous research on improving cash waqf literacy by examining the role of the Office of Religious Affairs (Kantor Urusan Agama, KUA), which has duties, functions, and authority in waqf affairs at the local level. The focus of this study is to analyse the effectiveness of KUAs in cash waqf socialisation and education, as well as to identify the constraints faced and strategies to optimise their role in increasing public literacy and participation in cash waqf. To achieve this objective, the study asked three questions. First, what is the role of KUA in improving cash waqf literacy in the community? Second, what are the obstacles faced by KUAs in carrying out their duties of cash waqf education and socialization? Third, what strategies can be implemented to improve the effectiveness of KUA in increasing community participation in cash waqf? Through these questions, we hope that a comprehensive understanding of KUA's contribution to the management and improvement of cash waqf literacy can be obtained.

This study departs from the argument that optimizing cash waqf can be achieved by improving cash waqf literacy, as the main factor that shapes people's perception of cash waqf is understanding (Nasution et al., 2021). A better understanding of the concept, benefits, and mechanism of cash waqf will encourage more active community participation (Ambarwati & Hasanuddin, 2022). The Ministry of Religious Affairs launched two programs to empower the economy of the ummah and the community through the Productive Waqf Incubation and the Office of Religious Affairs (KUA). These programs encourage the improvement of the ummah's economic level through the productive development of waqf assets and empowerment of zakat funds through KUAs throughout Indonesia. According to the Director of Zakat and Waqf Empowerment, Waryono Abdul Ghofur, the KUA was chosen as the subject of the programme because it is a structure of the Ministry of Religious Affairs whose services are in direct contact with the community. The economic empowerment of the ummah through the KUA is expected to have a real impact, especially for the poor and the needy.

METHOD

This study employs a qualitative method using literature review and document analysis. Documents were selected based on relevance to cash waqf literacy, the role of KUA, and credibility of publication sources. The analysis used a thematic content analysis approach, drawing insights from multiple sources for triangulation. As emphasized by (Rahman, 2024), a structured design is essential to "accurately depict the current state and enhance comprehension of the phenomena under investigation" (p. 278), even when exploring complex social issues through literature and documentation and media publications published between 2016 and 2024. The inclusion criteria for selecting documents were: (1) relevance to the topic of cash waqf literacy, (2) specific reference to the

role of Kantor Urusan Agama (KUA), and (3) credibility and publication in peer-reviewed or official institutional outlets.

The analytical technique used was thematic content analysis, where key themes related to KUA's role, constraints in implementation, and strategies for improving cash waqf literacy were identified and categorized. Thematic patterns were drawn inductively from the data and then compared with existing theoretical frameworks in Islamic philanthropy and literacy. This approach allows for a deeper understanding of the structural and operational dynamics of KUA's involvement in promoting cash waqf at the grassroots level.

To enhance the validity of the findings, a triangulation strategy was applied by cross-checking different types of documents (e.g., empirical studies, government programs, and media reports) and comparing them with current regulatory frameworks and national literacy index data.

FINDINGS AND DISCUSSION

1. The KUA's Role in Socialising and Educating Cash Waqf

Waqf, one of the pillars of the Islamic economy, plays a strategic role in the development of society. Through waqf, Muslims can get closer to the Allah SWT while contributing to the welfare of mankind. In Indonesia, waqf has become an integral part of people's lives, particularly in the fields of education, health, and social affairs. However, the potential of waqf to provide wider benefits has not yet been fully explored.

Humanitarian challenges are mounting in the increasingly complex global context. Poverty, inequality, and natural disasters have become urgent issues that need to be addressed. Waqf, as an enduring philanthropic instrument, can be a long-term solution for addressing various social problems. In Indonesia, waqf has great potential to contribute to the achievement of Sustainable Development Goals (SDGs).

The Office of Religious Affairs (Kantor Urusan Agama, KUA), as a government institution tasked with serving the religious affairs of the community, plays a crucial role in the development of waqf in Indonesia. As the spearhead of service at the sub-district level, KUA has direct access to the community and can be the main facilitator in increasing public awareness and participation in waqf. Religious Affairs Offices play an important role in the implementation of cash waqf, a form of Islamic philanthropy aimed at the welfare of society. Despite its potential benefits, the implementation of cash waqf faces various challenges, such as a lack of socialization and legal issues. In Bahontula Village, the Religious Affairs Office has attempted to disseminate information about waqf to convert, but this initiative has not been fully effective due to inconsistent socialization schedules (Nurkhaerah et al., 2022). Similarly, in Central Java, the implementation of cash waqf is hampered by low public interest, lack of interagency coordination, and lack of understanding among the community (Islamiyati et al., 2021).

The launch of the KUA Waqf Corner by LWP PWNU in collaboration with the Ministry of Trade of DKI Jakarta marked significant progress in promoting waqf contributions, particularly wedding expenses. The initiative aims to facilitate waqf contributions through a structured program and improve the overall practice of waqf in society (MediaIndonesia.com 2023).

Recently, the NU Care-LAZISNU DIY launched a digital cash waqf program to make it easier for people to give waqf. Waqf money will be used to fund various social programs, such as education, health, and economic development. This program is a collaboration between NU Care-LAZISNU DIY and the Ministry of Religious Affairs of the Republic of Indonesia ("LAZISNU Yogyakarta Manages Digital Cash Waqf for Tens of KUAs" 2021).

Collaboration between the Regional Office of the Ministry of Religious Affairs of Yogyakarta, Bank Indonesia of Yogyakarta, Yayasan Edukasi Wakaf Indonesia, and the Indonesian Waqf Board (BWI) of the Yogyakarta Region has resulted in the "Digital Cash Waqf Corner" program. Increasing waqf literacy is one of the main objectives of the Digital Cash Waqf Corner program (Harian Jogja Digital Media, 2021). The implementation of this program in all KUAs shows a joint commitment to the development of the waqf sector in Indonesia. The synergy between institutions is expected to overcome the challenges of waqf socialization and encourage the utilization of waqf assets for the welfare of society. In addition, by expanding access to waqf information through KUAs, it is hoped that the community will better understand the concept and benefits of waqf. This effort is in line

with the government's efforts to encourage sharia-based economic growth and strengthen social values.

2. Challenges and Constraints

Despite various initiatives, the implementation of cash waqf in Indonesia still faces several challenges. One of the main obstacles is the low public interest, as identified by Islamiyati et al. (2021). Factors such as a lack of understanding, limited perceptions, and doubts about fund management were the main causes. In addition, the lack of coordination between institutions, as highlighted by Ascarya and Masrifah (2022), leads to overlapping programs and inefficient use of resources. Finally, Akbar and Kassim (2023) reported that low waqf literacy is a significant obstacle, resulting in public misunderstanding and reluctance to participate.

One of the main challenges to improving waqf literacy is the public's misperception of waqf. Many consider waqfs to be only rich or unproductive assets. Therefore, educational programs need to highlight the correct concept of waqf, its benefits to society, and real-life examples of successful waqf management.

In addition, the government needs to develop more comprehensive regulations and provide incentives to people who donate waqf. Waqf management institutions must improve transparency and accountability in the management of waqf funds. In addition, socialization and education about waqf need to be conducted massively to increase public awareness of the importance of waqf and eliminate existing misconceptions. Thus, cash waqf could be a solution to overcome various social and economic problems in Indonesia.

Nurkhaerah et al. (2022) underline the importance of continuous socialisation to increase public awareness of cash waqf. However, the challenges in implementing this socialization are quite complex. Limited resources are often the main obstacle to reaching all levels of society. In addition, the difficulty in adjusting socialization methods to the diverse characteristics of the community is also a challenge. Moreover, the lack of attractive and easy-to-understand educational materials is an obstacle to delivering effective information to the community.

Faiz and Arwin (2023) highlight the importance of legal clarity as a strong foundation for the implementation of cash waqf. Unfortunately, the lack of clarity in the interpretation of Sharia law related to cash waqf remains an issue that needs to be addressed. In addition, the lack of comprehensive regulations governing cash waqf management is an obstacle. For this reason, harmonization between positive law and Islamic law in the context of cash waqf needs to be continuously pursued so that the implementation of waqf can run more effectively and accountably.

Nadya et al. (2019) emphasised the importance of nazir capacity building in managing cash waqf. Challenges in this regard include a lack of knowledge and skills in modern financial management. In addition, limitations in the utilization of technology for waqf management and reporting are obstacles. Therefore, it is necessary to develop investment strategies that are in accordance with Sharia principles and oriented towards social benefits. Thus, cash waqf management can be conducted in a professional and transparent manner.

3. Strategies to Improve Waqf Literacy

To overcome the challenge of low waqf literacy, serious efforts must be made to improve public understanding. Mukhid (2024) suggests the development of educational programmes tailored to various segments. The cash waqf curriculum can be integrated into formal education, whereas workshops and seminars can target professional groups. In addition, the use of digital technology as proposed by Wibowo (2023) can expand the reach of waqf socialization. Mobile applications, social media, and e-learning platforms can be effective tools for delivering information about cash waqfs in an interactive and engaging manner.

The government's role is crucial in encouraging waqf development. The government plays an active role in the:

- a. Formulation of supportive regulations
- b. Massive socialisation
- c. Collaboration with religious institutions
- d. Facilitation of waqf infrastructure development

Inter-institutional collaboration is key to success in improving cash waqf management. Khairani et al. (2023) emphasise the importance of establishing a coordination forum to share information and best practices. In addition, strengthening the capacity of the nazirs is an important step. Ibrahim et al. (2020) highlight the need for Islamic financial and investment management training for nazirs. With adequate capacity, nazirs can manage cash waqfs professionally and accountably.

The government can provide fiscal incentives, such as income tax reductions, for people who donate waqf. In addition, the government can also allocate a special budget to support waqf development programs. Collaboration between the government, religious institutions, and philanthropic organizations can create a strong synergy in promoting waqf development.

Simplifying the waqf administration process is a strategic step toward attracting more people to participate. Thoarlim et al. (2016) proposed the digitisation and simplification of waqf procedures. In addition, the development of innovative cash waqf products, as proposed by Ayub et al. (2024), may attract the younger generation and certain groups of society. Project-based waqf and integration with other Islamic financial instruments are attractive options.

Innovative waqf products can be developed by involving various parties, including academics, practitioners, and the community. For example, technology-based waqf products such as stock waqf or Islamic mutual fund waqf can be developed. Thus, waqf could be an attractive investment instrument for various groups.

Mass media play a very important role in building public awareness of waqf. The media can provide accurate and interesting information about waqf, as well as concrete examples of the benefits of waqf to society. In addition, social media can be an effective platform for disseminating information about waqf.

Education about waqf should begin at an early age. Waqf materials can be incorporated into religious education curricula in schools. Thus, the younger generation will grow with a good understanding of waqf and will be motivated to participate. In addition to formal education, informal education also needs to be promoted, such as through extracurricular activities, camps, or writing competitions about waqf. Social media can be used to create creative and engaging educational content such as animated videos, infographics, or quizzes.

Transparency and accountability are key to building public trust in waqf management. Alshater et al. (2021) emphasized the importance of a transparent reporting system and regular audits. The use of blockchain technology can improve the security and transparency of waqf transactions. Regular evaluation of the implemented programs and policies is essential to measure success and identify areas for improvement. The results of this evaluation can be used as a basis for future program improvement and development. Additionally, it is important to continuously innovate and adapt to changing times.

Evaluation is done not only on the program, but also on the performance of the nazir. A nazir performance assessment system can be developed to ensure that waqf is professionally and accountably managed. In addition, feedback from the community is very important for improving existing programs.

CONCLUSION

Improving waqf literacy is a complex endeavor that requires commitment from various parties. By combining the efforts of education, technology, collaboration, and appropriate regulations, it is hoped that waqf literacy in the community will increase significantly. This will have a positive impact on community welfare and nation building. The implementation of these strategies in an integrated and sustainable manner is crucial for achieving long-term success in today's fast-paced business environment. In addition to implementing these strategies, it is also important to regularly review and assess their effectiveness to make any necessary adjustments and ensure continued success in the ever-changing landscape of today's business world.

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