

Contribution of Cash Waqf Linked Sukuk to the Development of Philanthropy-Based Fintech in Indonesia

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ABSTRACT

Cash Waqf Linked Sukuk (CWLS) is a new creative financing product from Indonesia and the first in the world. which provides a blessing impact all the time. The purpose of this writing is to ensure that Cash Waqf Linked Sukuk (CWLS) can make a maximum contribution to the development of philanthropy-based fintech in Indonesia. This type of research is a literature study using a qualitative approach. The data source for this research is secondary data. The data collection method uses literature study, where data is obtained from several references related to the main research theme. The results of this research are that Cash Waqf Linked Sukuk (CWLS) can make a substantial contribution to the development of the philanthropy-based Financial Technology (Fintech) sector in Indonesia. CWLS's contribution is not only seen in increasing financial efficiency, but also in creating a business model that prioritizes philanthropic values, encouraging fintech development in Indonesia and opening up new opportunities for inclusive and sustainable economic growth.

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INTRODUCTION

Waqf is clear evidence of Islam's contribution to solving economic problems. Waqf can eradicate sources of poverty and equalize the distribution of wealth. One of the main objectives of waqf is to improve the economic level of society and narrow the economic gap in society.

The practice of giving waqf has been implemented since the time of the Prophet until now, Indonesia has had a huge influence in realizing social welfare. Indonesia has a Muslim-majority population and a Muslim-majority country in the world which has the potential for waqf and cash waqf assets reaching IDR 2,000 trillion and IDR 180 trillion (Indonesian Waqf Board). Indonesia has the opportunity to strengthen waqf assets. Through innovative and efficient work, productive working time will increase efficiency, accelerate economic development, and increase community satisfaction (Indonesia, 2021).

Waqf is one aspect of funding and supporting the preservation, development and progress of Muslims in Indonesia. The practice of giving waqf has existed since Islam entered the archipelago, so that waqf has become an inseparable part of the life of Muslims. Waqf is a social financial instrument, where this waqf will be developed in a more productive direction, while the results of this development will be used to elevate the dignity and dignity of life of Islamic people and communities, so that they are able to achieve prosperity in their field (Lail, 2022).

In Islamic history, waqf has played two important roles, namely social and economic. Therefore, in order to realize community welfare, waqf functions as a source of funding for mosques, social services, health services and educational institutions. Waqf is not only limited to immovable assets or objects, but also includes movable objects known as cash waqf (Rahayu & Agustianto, 2020)

Cash waqf is a modern form of waqf that allows individuals or institutions to set aside a certain amount of money in the form of investments or savings, and the proceeds are used for charitable purposes or social benefits. In the cash waqf system, the funds donated are not only obtained from productive assets such as land or property, but also through financial instruments such as deposits, bonds or other investments. Cash waqf is becoming increasingly popular because it provides flexibility and has a more immediate positive impact in supporting various social, educational or health programs.

In Indonesia, the practice of cash waqf was only legalized after the Indonesian Ulema Council issued fatwa no. 2/2002 concerning cash waqf. According to the Fatwa, cash waqf is holding assets that can be utilized without having to physically lose the object through legal action against the object (selling, donating, or bequeathing it) and the proceeds are channeled to something that is permitted/not prohibited (Lail, 2022).

The advantages of cash waqf can be used to strengthen waqf assets, namely immovable objects that have not been handled properly. Because it can develop waqf objects that can generate sustainable profits, cash waqf is also often referred to as productive waqf. These profits can then be used as an endowment fund to help finance the needs of the people. (Rahayu & Agustianto, 2020).

Indonesia has enormous waqf potential because Indonesia is the country with the largest Muslim population in the world. However, this potential has not been fully realized. This can be seen from the realization of waqf funds which is still quite low. The total cash waqf funds collected as of February 2021 still amounted to IDR 830 billion, consisting of IDR 586 billion, IDR 244 billion and IDR 244 billion in the form of cash waqf. In fact, Indonesia has waqf assets with an annual potential of IDR 2,000 trillion and cash waqf assets with an annual potential of IDR 180 trillion (Indonesia, 2021).

One tool that can motivate people to give waqf is cash waqf. For example, cash waqf combined with sukuk is called Cash Waqf Linked Sukuk (CWLS). The Ministry of Finance, the Indonesian Waqf Board and Bank Indonesia are the drivers of this waqf-based sukuk. The aim of Cash Waqf Linked Sukuk (CWLS) is to provide facilities for cash waqf who place their cash waqf for social investment that has a positive, safe and productive impact (Afandi et al., 2022).

Sukuk are sharia-based financial instruments issued by governments, companies or financial institutions to obtain funds. In the context of Islamic law, sukuk is a form of investment that avoids interest and is in accordance with the principle of profit sharing. Sukuk represent ownership of a specific asset or project, and sukuk holders share the risks and profits according to their investment contribution.

Based on statistical data regarding the issuance of state sukuk issued by the Ministry of Finance, the total accumulated issuance of state sukuk from 2008 to 1 April 2021 reached IDR 1,698 trillion with outstanding state sukuk from the total outstanding SBN, the outstanding amount of state sukuk on 1 April 2021 was IDR 1,048 trillion, and total project financing for 2013–2021 amounting to IDR 145.84 trillion, most of which is in the form of project-based government sukuk to support productive financing. The development of the sukuk market has contributed to an increase in GDP in Indonesia, due to increased productivity facilitated by better financial access (Salsabila, 2023).

Various state sukuk innovations are presented to meet community needs and accelerate the realization of existing potential. One of them is the launch and development of waqf-based sukuk products. The combination of waqf and sukuk into one context is currently becoming increasingly popular. Currently there are two types of waqf and sukuk combinations being developed, namely linked cash waqf sukuk (CWLS) and linked waqf sukuk (SLW) (Musari, 2021).

With the CWLS being able to empower a lot of unproductive waqf land, the CWLS instrument has the ability to optimize waqf assets. Thus, collaboration between waqf and sukuk can be a breakthrough in funding long-term and sustainable economic growth. where the sukuk which is integrated with waqf functions to empower the large amount of unproductive waqf land. Cash Waqf Linked Sukuk (CWLS) is a new creative financing product from Indonesia and the first in the world. which provides blessing benefits all the time. (Salsabila, 2023).

The development of fintech has provided a positive impetus for the implementation of Cash Waqf Linked Sukuk, creating significant innovation in the use of financial technology for sustainable philanthropy. Fintech facilitates the process of collecting funds and distributing benefits from Cash Waqf Linked Sukuk more efficiently and transparently. Digital platforms and Islamic finance applications make it easier for people to contribute to philanthropic projects through sukuk, increasing financial inclusion in the context of Islamic finance. With the combination of fintech and Cash Waqf Linked Sukuk, the potential for growth in the philanthropy and sharia finance sectors is increasingly open, making a positive contribution to sustainable development in Indonesia.

The development of fintech has an impact on every aspect of the financial services sector, including capital markets, banking, insurance, and so on. Basically, information technology has been used in the financial services sector for many years. Industrial innovation efforts are typically focused on improving system stability, resilience, and security as well as improving the efficiency of technological infrastructure. But in the last ten years, more modern fintech applications have emerged, offering fresher and more creative services through digital instruments. (Isabela & Umam, 2020).

One of the economic sectors with the fastest growth rate is fintech, which has seen a sharp increase in investment year on year. Fintech is growing around the world as technology advances, helped by more accessible internet, more affordable data plans and increasingly smart mobile devices. (Isabela & Umam, 2020).

The growth of fintech in Indonesia has been influenced by the expansion of fintech innovation globally, from only 4 fintech businesses in 2006 to 165 fintech companies in 2016. The development of the types of fintech models available in Indonesia is also influenced by the expansion of these fintech companies. In fact, among the countries in Asia Pacific that has the fastest market growth rate for fintech services is Indonesia. (Fahlevi, 2019).

Philanthropy in Indonesia has played an important role in supporting various social, educational and community welfare initiatives.. Philanthropists in Indonesia are often involved in humanitarian projects, social infrastructure development, and education, contributing to meeting basic needs and improving the quality of life in various communities. Through philanthropic organizations and voluntary activities, Indonesian people continue to strive to create positive change and improve collective prosperity. Philanthropy in Indonesia is a dynamic force that supports sustainable and inclusive development throughout the country.

Philanthropy is a form of Islamic teachings regarding concern and social justice for fellow humans. In the Al-Qur'an and hadith there are recommendations for Muslims to do this. In Islam, people who do not have social concern for each other are said to be religious liars (Fahlevi, 2019).

Islamic philanthropy includes several different forms, such as zakat, infaq, alms, and waqf (ZISWAF). The number of national muzaki in Indonesia, the country with the largest Muslim population in the world, is quite high and continues to increase every year. According to BAZNAS data, there were 32,846 corporate/institutional muzaki and 5,848,107 individual muzaki registered in 2018 (Isabela & Umam, 2020).

Cash Waqf Linked Sukuk represents an innovation that combines sharia financial principles with a charitable spirit. This financial instrument allows individuals and philanthropic institutions to contribute their funds in the form of waqaf (charitable donations) through sukuk, creating a sustainable source of financing for social and humanitarian projects. Through the involvement of fintech, the process of collecting funds and managing waqf assets becomes more efficient, transparent and affordable. Philanthropists can see the immediate impact of their contributions, while financial technology ensures accurate reporting and high accountability in the use of funds.

Even though Cash Waqf Linked Sukuk has an important influence in supporting the development of philanthropy-based fintech in Indonesia, several problems may arise. First, the need for better awareness and understanding among the public regarding the benefits and objectives of Cash Waqf Linked Sukuk. Insufficient education can hinder public adoption and participation in this concept. Additionally, regulatory challenges may also arise, as the integration of sharia principles and financial technology requires a clear and supportive framework from supervisory authorities. Ease of access to technology in various regions of Indonesia is also a critical factor; in areas less covered by digital infrastructure, fintech implementation may face obstacles. Data security and privacy issues also need to be considered to build public trust in using financial technology. Therefore, joint efforts between the government, sharia financial institutions and fintech industry players are needed to overcome this problem and ensure that Cash Waqf Linked Sukuk can make a maximum contribution to the development of philanthropy-based fintech in Indonesia.

From the explanation above, the author is interested in conducting a more in-depth study of how CWLS contributes to the development of philanthropy-based fintech in Indonesia.

LITERATURE REVIEW

CASH WAQF

According to the Ministry of Religion, cash waqf is waqf made by a person, group of people, institution or legal entity in the form of money. Therefore, cash waqf is a type of waqf in the form of cash handed over by the wakif to the nazhir. This statement is in accordance with the concept of waqf given by the Fatwa Commission of the Indonesian Ulema Council (MUI) when issuing a fatwa regarding cash waqf on May 11 2002. "Retaining assets that can be utilized, by taking legal action against these objects (selling, donating, or bequeathing them), to give the proceeds to charity, without the object or item disappearing" (Fauzi & Tanjung, 2021).

Historically, cash waqf was introduced by Imam Az-Zufarin, a cleric of the Hanafiyyah school of thought, at the beginning of the second century Hijriyah. He advocated the use of cash waqf through mudharabah, with profits donated to social causes. Imam Bukhari also supports his argument. According to Imam Bukhari, Imam al-Zuhri proposed using Dinars and Dirhams as cash waqf for social assistance by using the funds as business capital and distributing the profits to Mauquf Al-Alaih (beneficiaries) (Cahyono & Hidayat, 2022).

Sukuk

According to terminology, sukuk is the plural form of Arabic, namely "sakk", namely proof of ownership or certificate. Sharia bond instruments or by definition contained in the DSN MUI fatwa No. 32/DN-MUI / IX/ 2002, namely: "...a long-term sharia-based security issued by an issuer to sharia bond holders which requires the issuer to pay income to sharia bond holders in the form of profit sharing/margin/fees as well as repaying the funds bonds at maturity" (Salsabila, 2023).

Sukuk are a Sharia-compliant alternative to regular bonds. Sukuk have similar exposure to bonds and depend on the financial strength of the issuer in many ways. Sukuk are sharia investment certificates in which each owner has a beneficial and inalienable right to ownership of the underlying assets. Therefore, Sukuk holders have the right to transact in the income generated by these assets, as well as the right to share in the innovation of Islamic financial products resulting from their realization (Cahyono & Hidayat, 2022).

One of the tools used by the government to finance infrastructure is sukuk. The government issued sukuk for the first time in 2008. In accordance with the provisions of Law of the Republic of Indonesia Number 19 of 2008 concerning State Sharia Securities/State Sukuk, the purpose of issuing sukuk is to support government projects and the state budget. Infrastructure development worth IDR 7.10 trillion was funded by sukuk between 2013 and 2015. The following year, this financing almost doubled to IDR 13.67 trillion. State sukuk financing for infrastructure reached IDR 22.50 trillion in 2018 (Fauzi & Tanjung, 2021).

Cash Waqf Linked Sukuk

Cash Waqf Linked Sukuk (CWLS) is a form of social investment in Indonesia where cash waqf collected by the Indonesian Waqf Board (BWI) as Nazdir through Sharia Financial Institutions Receiving Cash Waqf (LKSPWU) will be managed and placed in State Sukuk or SBSN (Surat State Sharia Values) published by the Ministry of Finance (Fauzi & Tanjung, 2021).

The Director General of Financing and Risk Management at the Ministry of Finance believes that the existence of CWLS can make it easier for waqf donors to allocate their funds to safe and profitable businesses. It was recorded that the initial issuance of CWLS, which was carried out through a private placement, resulted in a nominal value of IDR 50.8 billion. Nazhir, or waqf managers, will receive competitive returns with very little risk or perhaps no risk when using the CWLS instrument (Salsabila, 2023).

CWLS is an example of innovation because it is a new and different product. Cash Waqf Linked Sukuk (CWLS) is a mechanism for placing waqf funds (cash waqf) in Government Sharia Securities (SBSN) to support social facility development programs. With the publication of this CWLS, the private sector can be actively involved in the construction of government public installations to gain various benefits. The main advantage of CWLS is that it can be expanded by providing public facilities managed by the government with strong governance and a low risk threshold (Cahyono & Hidayat, 2022).

FINTECH

Fintech is an abbreviation of financial technology. The word "fintech" has become increasingly popular lately. When someone hears the word fintech, they immediately think of all the ease and speed with which financial activities can be completed, including sending, borrowing, payments, and so on. Fintech should be able to save money, time, stress and energy (Fahlevi, 2019).

Financial technology (fintech) can be defined as the application of technology in the provision of various financial services. Fintech companies are innovative financial intermediaries that use technological advances to support new business models, adapt operational procedures, and provide better goods and services. Fintech first emerged in the early 1990s, along with the internet revolution. The internet has become one of the important factors determining the growth of the fintech sector. Fintech is believed to offer the opportunity to make finance more transparent, consumer friendly and cost effective (Firmansyah et al., 2022).

According to Fahlevi (2019), there are several main driving factors for fintech, namely:

1. Shifts in customer preferences and attitudes
2. Electronic and portable gadgets
3. Speed of change
4. Reduced public trust in financial institutions
5. Reduced barriers to entering the digital disruptor space
6. Attractive profitability
7. Rules and guidelines are adhered to

PHILANTHROPY

Philanthropy is one of the most important aspects of education. Literally, philanthropy has existed since the beginning of Islam. However, based on scientific and collective efforts, the problem of Islamic foreign policy has not yet reached its maximum level, especially in Indonesia. One of Islamic teachings about human dignity and relationships between humans is philanthropy. There are several verses from the Koran and hadith that encourage Muslims to advocate for caring for others (Fahlevi, 2019).

Philanthropy is a voluntary action carried out by someone based on their desire for the public interest. Philanthropy is usually referred to as an attitude of generosity or helping other people. It is said that charitable activities have an impact on systemic change towards a just society towards systemic change towards a socially just society (Fahlevi, 2019).

PRIOR RESEARCH

Research by Firmansyah et al., (2022). Factors Affecting Fintech Adoption: A Systematic Literature Review This paper aims to review the latest literature on fintech adoption or acceptance using the Scopus database (2019–2022). The final documents reviewed were sixteen journal articles published by various journals from various country contexts and theoretical backgrounds. With using systematic literature review (SLR) techniques. The results of this paper show that several studies used self-developed constructs and found various significant factors that determine fintech adoption, such as trust and financial literacy. For example, trust has been proposed as an important element in fintech adoption because customers dealing with fintech companies virtually require a high level of trust from the fintech platform. Gaining customer trust is one of the keys to establishing long-term relationships with customers and is the key to sustainable fintech companies.

Research by Cahyono & Hidayat, (2022). Cash waqf and the deployment: a case study of cash waqf linked sukuk in Indonesia. This writing aims to do an integrated analysis of the Linked Sukuk Cash Waqf in Indonesia. The method used is a literature review utilizing many data sources. The results of this paper show that Cash Waqf Linked Sukuk (CWLS) is a tool for placing waqf money (cash waqf) in Indonesian State Sukuk (SBSN) which was developed to support social activities in facility development programs. With the presence of CWLS, the private sector can actively contribute to the government's development of public facilities for broad benefits. The main advantage of CWLS is that its advantages can be increased through the provision of government-managed public infrastructure with solid governance and a low level of risk. The Indonesian Waqf Board, Bank Indonesia, Ministry of Finance, Sharia Financial Institutions, Zakat Institutions, Ministry of Religion, Investors, and (Mauquf Alaih) Beneficiaries are involved in managing CWLS. This study finds that CWLS may be able to help communities achieve more sustainable and equitable economic growth.

Journal 1

1	Author's name, year and journal title	: Khairunnisa Musari (2021) Title of Esham's article, The Origins of Sukuk Facing Crisis: Historical Experience.
2	Purpose of journal articles	: Esham as a solution in facing the crisis.
3	The essence of the journal	<i>This research tries to describe the historical experience of esham, one of the fiscal instruments in the Islamic world that helped the Ottoman Empire overcome the crisis..</i>
4	Study results	The results of the research show that Esham mobilizes more cheap funds from the community in a relatively short time. Esham is a better choice than looking for foreign debt.
5	Similarities with researchers	research (2021) has a relationship with the author's research because they are both part of the funding market or increasing sharia-based financial inclusion, namely to make a positive contribution to development in Indonesia.

Journal 2

1	Author's name, year and journal title	: Eko Fajar Cahyono, Sutan Emir Hidayat (2022), Article title Cash waqf and the deployment: a case study of cash waqf linked sukuk in Indonesia.
2	Purpose of journal articles	: Integrated analysis of cash waqf linked sukuk applications in Indonesia.
3	The essence of the journal	With the presence of CWLS, the private sector can actively contribute to the government's development of public facilities for broad benefits. The main advantage of CWLS is that its advantages can be increased through the provision of government-managed public infrastructure with solid governance and a low level of risk. The Indonesian Waqf Board, Bank Indonesia, Ministry of Finance, Sharia Financial Institutions, Zakat Institutions, Ministry of Religion, Investors, and (Mauquf Alaih) Beneficiaries are involved in managing CWLS. This study finds that CWLS may be able to help communities achieve more sustainable and equitable economic growth.
4	Study results	The results show that the Cash Waqf Link Sukuk (CWLS) is a tool for placing waqf money (cash waqf) in Indonesian Government Sukuk (SBSN) which was developed to support social activities in the facility development program.
5	Similarities with researchers	Research by Eko Fajar Cahyono, Sutan Emir Hidayat (2022) has a relationship with the author's researchers, namely analyzing the big influence of the presence of CWLS in Indonesia.

Journal 3

1	Author's name, year and journal title	: Firmansyah et al (2022) , Article title Factors Affecting Fintech Adoption: A Systematic Literature Review.
2	Purpose of journal articles	: writing aims to review the latest literature on fintech adoption or acceptance using the Scopus database (2019–2022).
3	The essence of the journal	The results of this paper show that several studies used self-developed constructs and found various significant factors that determine fintech adoption, such as trust and financial literacy.
4	Study results	Proposing trust as an important element in fintech adoption because customers dealing with fintech companies virtually requires a high level of trust from the fintech platform. Gaining customer trust is one of the keys to establishing long-term relationships with customers and is the key to sustainable fintech companies.
5	Similarities with researchers	Firmansyah et al's research (2022) has a relationship with the author's researchers, namely analyzing and extensively studying the development of fintech in Indonesia.

RESEARCH METHOD

This type of research is literature study research that uses a qualitative approach. This research uses literature reviews obtained from books, websites and scientific journals of previous research that are relevant to the topic under study.

The main data source in this research was obtained through data from the Indonesian Waqf Board (BWI). The data source in this research is secondary data. Data was obtained from books about waqf, websites and scientific journals from previous research that discussed the topic under study.

The data collection method uses literature study, where data is obtained from several references related to the main research theme. After the data is collected, qualitative descriptive data analysis will be carried out, with several studies such as data reduction, data presentation to obtain conclusions that will help build a study that is relevant to the research theme.

RESULTS AND DISCUSSION

1. Cash Waqf Linked Sukuk Concept

Waqf in Indonesia has undergone various transformations, currently being developed as a model for developing waqf assets. Waqf sukuk is currently being developed to become one of the most productive and profitable waqf asset development models. In several Muslim countries, sukuk have long been used as sharia investment instruments. Bahrain is the first country to utilize sukuk as a means of financing social infrastructure and state spending. In a short time, this brilliant idea has gone viral in various parts of the world, including Indonesia.

In order to mobilize productive waqf, CWLS is an innovative Islamic social finance instrument that combines commercial and social finance. This integration can optimize the collection of social funds, in this case cash waqf, so that it can increase the ability to improve community welfare in a more inclusive manner.

The government views CWLS as one of the new innovations in the social finance and sharia investment system that can support the growth of the sharia financial market and encourage variations in contracts and business ventures of sharia financial institutions. This innovation in the Cash Waqf Linked Sukuk (CWLS) model is anticipated to support optimizing the utilization of unproductive waqf assets.

Sharia bonds or sukuk that are based on cash waqf are called Cash Waqf Linked Sukuk (CWLS). Cash waqf-based sukuk, where the funds collected are put into state sukuk as an investment. to facilitate the financing of fiscal measures in social contexts, such as those related to development, health and education. Cash Waqf Linked Sukuk (CWLS) aims to facilitate safe and profitable waqf transactions for individuals. and productive, encouraging the growth of social investment funds and productive waqf in Indonesia, assisting the National Waqf Movement, strengthening Indonesian investment funds, strengthening the waqf ecosystem in Indonesia, and encouraging fair and long-term economic development. sustainable and equitable economic expansion.

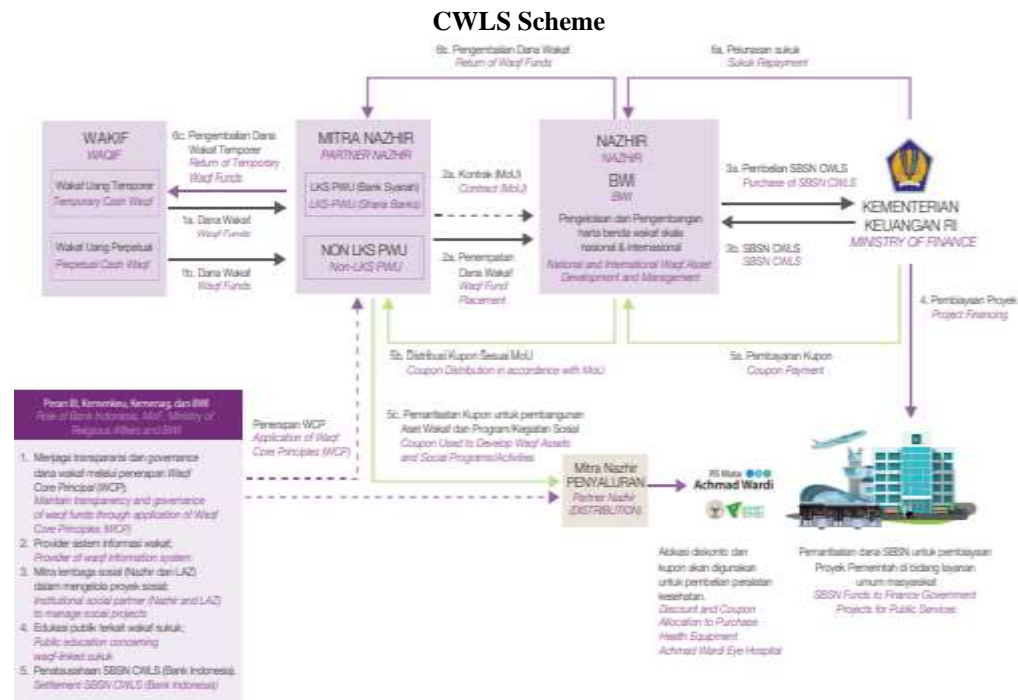
State Sharia Securities (SBSN) also supports the Cash Waqf Linked Sukuk (CWLS) instrument so that its legality can be explained. DSN-MUI Fatwa No. 131/DSN-MUI/X/ 2019 concerning waqf sukuk is the driving force for the issuance of CWLS which is based on sharia principles, where there are provisions for the issuance of CWLS. The issuance of Indonesia's legal basis, namely Law no. 41 of 2004 concerning waqf and Law no. 19 of 2008 concerning State Sharia Securities (SBSN) also supports cash waqf instruments. These provisions include general provisions, provisions relating to contracts, provisions relating to nazhir, and provisions relating to the sukuk mechanism. Apart from that, this can encourage the creation of new products in the sharia financial market with the aim of optimizing waqf assets and sukuk returns for the benefit of worship and general welfare (Indonesia, 2021).

CWLS was first introduced by the government through the Ministry of Finance in March 2020 with the non-retail serial number SW001 with a private placement mechanism, but public interest is still quite low. This is because CWLS is a new form of investment model, many people still don't know and understand it. On 9 October - 20 November 2020, the government again offered CWLS with retail serial number SWR001 with a wakalah agreement. The SWR001 series CWLS uses State Property (BMN) and the 2020 APBN Project as underlying assets. The total amount of purchase orders collected was IDR 14,912,000,000 with 1,041 wakifs throughout Indonesia and they have donated the funds through 4 LKS-PWU. The total value obtained is still very low compared to the potential for waqf in Indonesia, which is relatively large (Indonesia, 2021).

The low interest in CWLS is caused by several things, namely;

1. Lack of public knowledge and understanding about cash waqf.
2. Scarcity of human resources, especially Nadhir who is an expert in the field of waqf.
3. In terms of monitoring cash waqf, BWI has not been fully utilized or optimized.

The government reissued the CWLS series SWR002 series from April 9 to June 3 2021, and succeeded in collecting funds amounting to IDR 24,141,000,000 from all orders. As a form of support for the National Waqf movement and efforts to support the development of social capital and empowerment of productive waqf in Indonesia, the government is showing its seriousness in this way. The contract used in the CWLS series SWR002 is the Wakalah contract, utilizing BMN and projects from the 2021 State Revenue and Expenditure Budget (APBN) as the basic assets. The government as facilitator of the SWR002 series Retail CWLS program, aims to provide freedom and comfort to prospective wakifs to invest part of their waqf funds in successful and responsible businesses (Indonesia, 2021).



Source: Indonesian Waqf Board

The scheme above shows the implementation of cooperation between authorities in an effort to maximize the growth of waqf assets in the form of cash to improve community welfare.

Receipts from cash waqf are placed in State Sharia Securities (SBSN) instruments to support development programs and public services, such as infrastructure, education and health. The CWLS scheme integrates the commercial and social financial sectors with the real sector. The CWLS model generally consists of four main processes: (1) raising funds; (2) placement of funds; (3) distribution and utilization of returns; and (4) distribution and utilization of returns (Indonesia, 2021).

a. Fundraising

As the waqf property management authority, BWI receives and collects cash waqf funds from waqifs through the Sharia Financial Institution Receiving Cash Waqf (LKS-PWU).

b. Fund Placement

BWI invests cash waqf in the form of Sukuk or SBSN issued by the Ministry of Finance through private placement. Government initiatives in the field of public services are then financed with money the government receives from the issuance of SBSN. Currently, among other things, Bank Indonesia is involved in SBSN ownership registration, clearing and settlement in its capacity as SBSN administration agent.

c. Distribution and Utilization of Results

The government pays returns to BWI in the form of discounts and coupons. This payment is then distributed to the waqf management institution to finance projects or social activities. BWI collaborates with the waqf management institution, the waqf management institution. The construction and development of waqf assets is funded by discounts on the initial investment received.

Growth of waqf assets, including Islamic boarding schools, madrasas, clinics, and development of other social infrastructure (CWLS was first used to build an eye hospital in Serang, Banten Province). The implementation of non-physical social programs, such as compensation for the poor and orphans, free health services for underprivileged communities, economic empowerment for low-income communities, and other social programs, is possible with the regular receipt of coupons. Investment in CWLS offers competitive returns because BWI is not subject to tax, so the returns are competitive.

d. Refund of Waqf Funds

When the Government Sukuk or SBSN matures, the government pays the principal to BWI, which is then returned in full to the wakif (for temporary cash waqf) or managed by BWI in the future (for short-term cash waqf) or remains supervised by BWI (for cash waqf long-term).

2. Philanthropy-Based Fintech Financing

The use of digital technology in the financial sector to increase the efficiency of collecting funds, one of which is in the ISF sector. ISF institution managers can take advantage of various conveniences and automation of contribution payments. This can provide information and feedback to donors so that they have higher motivation to be able to spend their holdings to gain satisfaction in terms of philanthropic activities. One example is automatic zakat payment with mobile pay payments and sharing information by contributing via various technologies, which will significantly save costs and can reach a number of groups while maintaining the confidentiality of contributors when participating.

financing of fintech projects has a crucial role in driving financial innovation that focuses on positive social impact. These projects pursue philanthropic goals such as community economic empowerment, financial inclusion, and increasing the accessibility of financial services for disadvantaged groups. Philanthropy-based fintech project financing can be obtained through various sources, with one prominent instrument being Cash Waqf Linked Sukuk (CWLS).

fintech is an innovation in the financial sector that combines financial technology with philanthropic principles. Cash Waqf Linked Sukuk is a financial product that can help the development of philanthropy-based fintech. This financial instrument, called Cash Waqf Sukuk, combines the concepts of Islamic debt securities, or sukuk, and waqf, or alms.

CWLS allows people to participate in financial philanthropy by donating funds as waqf, which is then integrated into sukuk. Funds collected from this sukuk can be allocated to support fintech projects that adhere to philanthropic principles. Through CWLS, philanthropy-based fintech project financing can be inclusive, involving the community in efforts to create effective financial solutions for vulnerable groups.

The positive impacts of this financing include empowering the local economy, increasing access to financial services, and increasing financial literacy among underserved communities. In addition, philanthropic-based financing of fintech projects through CWLS can also provide financial benefits for investors, while still complying with sharia financial principles.

It is important to create regulations that support and facilitate the financing of philanthropy-based fintech projects, including CWLS. Collaboration between governments, financial institutions and other stakeholders is essential to create a conducive environment for the growth of this sector. Ultimately, philanthropy-based financing of fintech projects through CWLS is not just about financial innovation, but also about providing a broader positive impact on the welfare of society.

3. Cash Waqf Linked Sukuk as a Manifestation of Islamic Philanthropy

Philanthropy is a form of love for humanity which is manifested in acts of charity towards other people. Another way to conceptualize philanthropy is as the act of conceptualizing voluntary association, voluntary service, and voluntary giving. Voluntary associations and services to help the less fortunate. Giving willingly to those in need is a selfless way to show love. The term "charity" is also sometimes used interchangeably with philanthropy, as in the sense of charitable giving. Regarding the term "Islamic philanthropy", this term indicates the existence of charitable practices in the Islamic religion through the practices of zakat, infaq, alms and endowments.

Cash Waqf Linked Sukuk (CWLS) is a manifestation of Islamic philanthropy that combines Islamic economic principles with the spirit of charity. In this framework, CWLS represents the contribution of Muslims in supporting social and economic projects through sharia financial instruments. This concept is reflected in the principle of waqf, where funds collected from sukuk are used to fund philanthropic projects that are in accordance with Islamic values.

CWLS enables Muslims to carry out their philanthropic responsibilities while remaining compliant with sharia principles. By investing in CWLS, communities can make sustainable contributions to support education, health and economic empowerment of communities in need. This reflects the values of humanity and solidarity that are firmly held in Islamic teachings.

As a manifestation of Islamic philanthropy, CWLS is also a means of increasing financial inclusion and community economic empowerment. This innovation reinforces the concept that financial success is not only measured from an individual perspective, but also the extent to which society can develop together. CWLS, in its essence, is a symbol of financial practices that not only benefit sukuk holders, but also provide a broad positive impact in supporting social welfare, creating harmony between finance and human values embedded in Islamic teachings.

CONCLUSION

Cash Waqf Linked Sukuk (CWLS) is an instrument that can be used to maximize waqf assets, where sukuk combined with waqf can help empower a lot of unproductive waqf land. Cash Waqf Linked Sukuk (CWLS) aims to facilitate safe and profitable waqf transactions for individuals. and productive, encouraging the growth of social investment funds and productive waqf in Indonesia.

Cash Waqf Linked Sukuk (CWLS) makes a substantial contribution to the development of the philanthropy-based Financial Technology (Fintech) sector in Indonesia. Through the integration of sharia financial principles and financial technology, CWLS not only provides financing alternatives based on sharia finance, but also encourages the growth of innovation in the fintech sector. Through an approach that combines sharia financial principles with philanthropic objectives, CWLS can encourage operational efficiency, transparency and accessibility in the use of waqf funds. CWLS's contribution is not only seen in increasing financial efficiency, but also in creating a business model that prioritizes philanthropic values, encouraging fintech development in Indonesia and opening up new opportunities for inclusive and sustainable economic growth.

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