

## Digital-Based Cash Waqf Management at Waqf Institutions in Indonesia

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**Abstract:** The objective of this study is to analyze the implementation of digital-based cash waqf management in six waqf institutions in Indonesia, and explore the impact of digitalization on transparency, accountability, and public participation while addressing the challenges and strategies related to regulations, infrastructure, and digital literacy. A qualitative research approach was employed, with case studies in six waqf institutions implementing digital systems. Data were gathered through relevant documentation and academic publications. This study employs a comparative method to analyze digital-based cash waqf management across six waqf institutions in Indonesia. The comparison involves identifying similarities, differences, and successes, presented in tabular form to facilitate the analysis of management practices. The findings reveal that while digitalization enhances transparency, accountability, and public participation, significant challenges persist. Key challenges include non-adaptive regulations, uneven technological infrastructure, and low public digital literacy. Strategies to address these obstacles include capacity-building, supportive regulatory development, and increased public education on digital cash waqf.

**Keywords:** cash waqf; digitalization; waqf management

### Introduction

Cash waqf is one of the Islamic financial instruments with significant potential to promote economic equity among the community and enhance social welfare. When managed effectively and transparently, cash waqf can serve as a substantial funding source for infrastructure development, education, healthcare, and economic empowerment initiatives. However,

several challenges hinder the optimal utilization of this potential. One key issue is the lack of professionalism among *nazhir* (the administrator of waqf assets)<sup>1</sup>, which often lack the capacity and skills necessary for productive management of cash waqf. Additionally, limited funding and insufficient support from various stakeholders<sup>2</sup> such as the government, financial institutions, and the wider community, further constrain the development and effectiveness of cash waqf.

The limited support from the government, particularly in terms of facilities and land waqf legalization, exacerbates the complexity of the challenges faced. Many waqf assets, especially land, lack official waqf deeds, leaving them unsecured and vulnerable to legal disputes<sup>3</sup>. Additionally, other challenges include the lack of transparency in waqf fund management, limited public access to participate in cash waqf, and the inefficiency of fund management by certain waqf institutions in Indonesia. These factors have resulted in cash waqf utilization falling short of its potential as an instrument for economic development within the community.

In the rapidly evolving digital era, the management of cash waqf continues to encounter significant obstacles. Therefore, the integration of modern, technology-driven innovations is essential to optimize cash waqf management in Indonesia<sup>4,5</sup>.

Research on the management of waqf at the Cerdas Bersama Wakaf Foundation reveals that the adoption of digital technology offers significant opportunities for waqf institutions to optimize the productive management of waqf funds. Through this technology, the foundation can undertake various business activities with positive impacts, such as

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<sup>1</sup> Haniah Lubis, Laily Hidayah Sakinah, and Siti Aisyah, "Conference on Islamic Economics ( AICIE ) Analysis of Nazhir ' s Role in Realizing Productive Waqf in the Digital Era," *Annual International Conference on Islamic Economics (AICIE)* 3, no. 1 (2024): 57–64.

<sup>2</sup> Ficha Melina Nuryanti, Haniah Lubis, Muhammad Tahir Cheumar, "Pengelolaan Dan Pengembangan Wakaf Uang Oleh Lembaga Nazhir Di Kota Pekanbaru," *Al-Muqayyad* 7, no. 2 (2024): 28–39.

<sup>3</sup> Nuradi, Nurul Huda, and Husnul Khatimah, "Inovasi Wakaf Di Era Digital Dalam Mengoptimalkan Potensi Untuk Pembangunan Berkelanjutan Di Negeri Berkembang," *El-Mal: Jurnal Kajian Ekonomi & Bisnis Islam* 5, no. 6 (2024): 3546–59, <https://doi.org/10.47467/elmal.v5i6.2773>.

<sup>4</sup> Nuradi, Nurul Huda, and Husnul Khatimah.

<sup>5</sup> Lubis, Sakinah, and Aisyah, "Conference on Islamic Economics ( AICIE ) Analysis of Nazhir ' s Role in Realizing Productive Waqf in the Digital Era."

empowering livestock farmers for qurban, which provides a sustainable source of income for beneficiaries. Furthermore, collaboration with e-commerce platforms like Bukalapak has expanded public access to waqf services, making the waqf process more accessible, efficient, and widely available to diverse segments of society<sup>6</sup>.

Meanwhile, other studies indicate that the application of digital technology in managing cash waqf at the MUI Waqf Institution has successfully streamlined the donation process, improved the efficiency of fund collection, and strengthened accountability through enhanced financial transparency. This digitalization not only encourages public participation by providing broader and easier access but also enhances public trust in waqf institutions. By facilitating access to information on fund flows and waqf programs, the public gains greater confidence in channeling their cash waqf contributions<sup>7</sup>.

Most previous studies have focused on the use of digital systems for the collection and distribution of waqf funds without delving into critical aspects such as the low level of digital literacy among the community and the lack of supportive regulations. Existing regulations are often not adaptive to the needs of digital innovation, and there is insufficient alignment of regulations to adequately support digital waqf management.

In light of these issues, this study aims to further explore the challenges faced by *nazhir* in managing cash waqf in the digital era across various waqf management institutions in Indonesia. Additionally, it seeks to identify strategies to address the barriers to implementing digital technology in cash waqf management, based on the experiences of digitally operating waqf management institutions within Indonesia.

## Research Methods

This study employs a qualitative approach with a case study method, focusing on waqf institutions in Indonesia that have implemented digital-based cash waqf management. The study examines six cash waqf

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<sup>6</sup> Nugroho Heri Pramono, Merlina Merlina, and Wiji Astuti, "Cerdas Bersama Wakaf (Cb Wakaf)": Strategi Dan Inovasi Pengelolaan Wakaf Uang Di Era Digital," *Sains Manajemen* 5, no. 2 (2019): 172–82, <https://doi.org/10.30656/sm.v5i2.1867>.

<sup>7</sup> Ahmad Munandar and Asyari Hasan, "Tinjauan Mekanisme Pengelolaan Wakaf Uang Berbasis Digital Pada Lembaga Wakaf Majelis Ulama Indonesia Pusat," *Jurnal Ilmiah Ekonomi Islam* 9, no. 01 (2023): 1057–63.

institutions as its sample, namely: Cash Waqf Management Through the Online Platform Wakafin.Com, Productive Waqf at the Bani Umar Waqf Foundation, Indonesian Waqf Board (BWI), Indonesian Ulema Council (MUI) Waqf Institution, Digital Cash Waqf for Millennials (Wakdimin), and the Cerdas Bersama Wakaf Program (Cb Wakaf). These institutions were selected because they have successfully implemented digital cash waqf management and are considered effective in their practices.

The study utilizes secondary data collected from institutional documentation, reports, and related academic publications. Through a qualitative method, the research explores non-quantifiable aspects such as the readiness and competencies of *nazhir* (waqf managers) in managing digital cash waqf, stakeholder support, and public perceptions regarding transparency and accountability in digital cash waqf management.

A comparative approach is employed to analyze the management of digital-based cash waqf across the six institutions. This approach aims to identify similarities, differences, and patterns to gain a deeper understanding of their management practices. The comparisons focus on identifying shared practices, key differences, and successes while providing relevant recommendations for improving digital cash waqf management. The summarized data are presented in tabular format, facilitating a clear analysis of management practices. This approach allows the researcher to gain a more comprehensive understanding, as each institution offers unique perspectives and strategies for digital cash waqf management.

## **Result and Discussion**

### **Digital-Based Cash Waqf Management in Indonesia**

With advancements in digital technology, digital-based cash waqf management has emerged as an innovative solution to address various challenges in waqf administration. Digitalization enables the collection, management, and distribution of waqf funds to be conducted more transparently, accountably, and efficiently. Moreover, the use of technologies such as mobile applications and crowdfunding platforms facilitates public access to waqf, potentially increasing participation in supporting social and economic empowerment.

Thus, digital-based waqf management represents a strategic step in strengthening the role of waqf as a pillar of sustainable development in

Indonesia. Several institutions in Indonesia are already leveraging digital platforms to manage cash waqf and productive waqf effectively:

**1. Cash Waqf Management Through the Online Platform Wakafin.Com with a Crowdfunding Concept**

Wakafin.com represents an innovation in waqf management by leveraging advancements in technology. Information technology (IT) has undergone rapid development, primarily driven by the emergence of network technology (the Internet), which connects millions of computers worldwide. Furthermore, IT has evolved into a universal technology, meaning it can be utilized across various aspects of human life, including the field of waqf management.

Wakafin.Com stands for WAKAf FINtech, an online platform based on a mobile application that utilizes a crowdfunding concept to connect Wakif (the donor), Nadzir (the administrator of waqf assets), and the public. This platform aims to contribute to enhancing the quality of the economy in Indonesia. After the development and launch of the Wakafin.com platform, the next phase involves socialization and promotion through various mass media, including social media platforms such as Facebook, Twitter, Instagram, and others<sup>8</sup>.

**2. Productive Waqf at the Bani Umar Waqf Foundation**

The Bani Umar Waqf Foundation is one of the nazhir institutions located in South Tangerang, with the authority to collect waqf assets from donors, manage the accumulated assets, and distribute the benefits of waqf to the beneficiaries (mauquf alaih). Providing the best services in waqf management is an ongoing goal, especially given the limitations of human resources within the Foundation. By delivering excellent services, the foundation aims to develop the waqf institution. Therefore, Bani Umar Waqf continues to enhance the quality of its services, one of which involves utilizing digital services through the internet.

The Bani Umar Waqf Foundation has embraced digital-based services in its waqf management to keep pace with rapid technological

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<sup>8</sup> Mochammad Masrikhan, "Optimalisasi Potensi Wakaf Di Era Digital Melalui Platform Online Wakafin.Com Dengan Konsep Crowdfunding Sebagai Penggerak Ekonomi Masyarakat," *Istismar: Jurnal Ekonomi Syariah* Vol. 1, no. 1 (2019): 1-12.

advancements. This initiative is aimed at reaching a broader audience and facilitating a more modern and efficient waqf process. The foundation is present on various digital platforms, such as Facebook, Instagram, and Twitter, and collaborates with the Wakaf Hasanah service from BNI Syariah, which facilitates online waqf donations. Through this approach, the Bani Umar Waqf Foundation hopes to increase public participation and create a more significant impact in the management and distribution of waqf<sup>9</sup>.

The services provided through the Facebook page of the Bani Umar Waqf Foundation include educational content related to waqf, information about the number of waqf donors (wakif), details on the total value of waqf assets, and more. In general, the educational content on the Facebook account is designed to address all matters related to the Bani Umar Waqf Foundation. The goal is to gain the trust of the public and waqif donors.

In addition to Facebook, the Bani Umar Waqf Foundation also utilizes Instagram and Twitter, with the same objective of increasing access to waqf-related information. It is hoped that the use of Instagram and Twitter will enable more individuals and communities to engage with information about waqf.

Beyond social media, the Bani Umar Waqf Foundation is also involved in Wakaf Hasanah, an initiative provided by BNI Syariah in collaboration with several waqf managers (nazhir) across Indonesia. A total of 24 nazhir institutions participate in this initiative. Each participating nazhir is allocated a slot on the BNI Syariah website at the address: <https://wakafhasanah.bnisyariah.co.id/#>. This slot serves as a platform for each nazhir to introduce themselves and showcase their key activities. The Bani Umar Waqf Foundation's participation in this initiative is one of the ways to collaborate with the banking sector, both online and offline.

### 3. BWI in Mobilizing Waqf in the Digitalization Era

On July 1, 2021, the Indonesian Waqf Board (BWI) launched e-services for waqf managers (nazhir) in Indonesia, providing an electronic platform for the registration process of nazhir. This

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<sup>9</sup> Hamli Syaifullah and Ali Idrus, *Inovasi Pelayanan Wakaf Produktif Era Digital: Studi Kasus Di Yayasan Wakaf Bani Umar 2018*, ZISWAF: Jurnal Zakat Dan Wakaf, vol. 6, 2019, <https://doi.org/10.21043/ziswaf.v6i2.6415>.

initiative is part of the second phase of BWI's digital transformation efforts aimed at strengthening the national waqf development ecosystem. Given that 52 percent of Indonesia's population consists of millennials and Generation Z, digitalization has become a strategic step that BWI needs to take.<sup>10</sup>

The Indonesian Waqf Board (BWI) has undertaken a three-phase digital transformation process to enhance waqf management in Indonesia. First, BWI focused on strengthening internal digitalization by launching platforms such as *berkahwakaf.id* and *sahabatbwi.com*, as well as e-services for nazhir registration, designed to facilitate the public's ability to make waqf contributions and expedite the registration process for nazhir. Second, BWI's focus shifted to digitalizing nazhir and integrating waqf data, enhancing the quality of reports and integrating waqf data with the Waqf Information System (SIWAK) from the Ministry of Religious Affairs and the National Land Agency (BPN) system, ensuring data reliability and the efficiency of waqf land certification. Lastly, BWI is strengthening the digital waqf ecosystem by developing innovative waqf management models, such as the potential for the Sharia Securities List (DES) for waqf stocks, and increasing the integration of digital platforms for waqf fundraising with other nazhir to improve accountability and efficiency in waqf management<sup>11</sup>.

#### **4. Digital-Based Waqf Management at the Indonesian Ulema Council (MUI) Waqf Institution**

The digital-based waqf management implemented by the MUI Waqf Institution aims to enhance productivity and public accountability. The steps taken include facilitating donations through barcode technology without the need for bank account numbers, improving accountability with transparent financial reporting, and publishing waqf activities and programs via social media to reach a broader audience. Additionally, the importance of an integrated

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<sup>10</sup> Basar Dikuraisyin and Atok Syihabuddin, "Strategic Management of Waqf Assets Using the Community-Based Management ( CBM ) Method in the Waqf Institution of Malang" 8, no. 2 (2024): 193–207.

<sup>11</sup> Rahmawati et al., "Transformasi Digital Wakaf BWI Dalam Menghimpun Wakaf Di Era Digitalisasi," *Jurnal Tabarru': Islamic Banking and Finance* 4, no. 2 (2021): 532–40, [https://doi.org/10.25299/jtb.2021.vol4\(2\).8375](https://doi.org/10.25299/jtb.2021.vol4(2).8375).

information system with a robust database is crucial to optimizing waqf management and supporting transparency in reporting.

The adoption of digital-based management by the MUI Waqf Institution is driven by the paradigm shift of megatrends that have transformed lifestyles and technology since the 2000s. With the vision of converting mustahik (beneficiaries) into muzaki (donors) and wakif (endowers), the MUI Waqf Institution launched various flagship programs, such as the MUI Micro Waqf Bank, Green House Aquaponic at Pesantren, the Halal MSME Packaging & Marketing Center, the Green Waqf MUI Modern Vaname Shrimp Pond, and the MUI Healthcare Clinic. Currently, only the MSME and agriculture programs are operational, with profit-sharing arrangements of 60:40, expected to gradually provide a positive impact<sup>12</sup>.

The Indonesian Ulema Council (MUI) Waqf Institution (LWMUI) has established six strategic steps, as outlined by the management on May 24, 2022:

1. The LWMUI will prioritize the development of productive waqf strategies in Indonesia.
2. The management governance system at LWMUI will become more transparent, accountable, and informative, in accordance with the relevant regulations regarding waqf in Indonesia.
3. Information on waqf collection can be accessed through the websites [www.wakafmui.or.id](http://www.wakafmui.or.id) and [www.wakafmui.com](http://www.wakafmui.com), which provide data related to LWMUI's profile and programs.
4. LWMUI will also establish stronger professional partnerships with various stakeholders, particularly in the management of productive waqf, both in terms of funding and operations.
5. LWMUI is committed to fostering collaboration among all parties to create widespread, significant, and rapid impacts through policies and regulations that support da'wah (Islamic outreach) and strengthen the economy of the ummah.
6. LWMUI will focus on social programs that directly benefit society, ensuring fair and equitable distribution, to improve welfare and stimulate the economic growth of communities.

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<sup>12</sup> Munandar and Hasan, "Tinjauan Mekanisme Pengelolaan Wakaf Uang Berbasis Digital Pada Lembaga Wakaf Majelis Ulama Indonesia Pusat."

## 5. Digital Cash Waqf for Millennials (Wakdimin)

WAKDIMIN is an application that enables users to make waqf using digital currency. The app is integrated with various services, including banks and e-money platforms such as Gopay, OVO, Link Aja, e-Tol, Dana, and minimarkets. This integration aims to provide greater convenience for waqif (donors) in making waqf contributions.

WAKDIMIN will publish financial reports and activity reports within the app to assure millennials of the transparency and accountability of their waqf contributions. This feature will allow the public to conduct checks and balances on WAKDIMIN. In this way, it is hoped that waqif will be able to track the outcomes of the waqf they have made<sup>13</sup>.

WAKDIMIN actively promotes and encourages millennials to engage in waqf by collaborating with influencers on social media platforms. This approach is taken because millennials spend a significant amount of time on these platforms. Additionally, WAKDIMIN regularly shares infographics about the benefits of waqf through its app, using language that resonates with the characteristics of the millennial generation.

To build trust among millennials, the WAKDIMIN app will routinely publish financial and activity reports every month. This initiative is expected to strengthen millennials' confidence in the credibility of WAKDIMIN in managing waqf funds. Once the waqf funds are collected, WAKDIMIN, as the nadzir (manager), will manage these funds by investing them.

The investments will take two forms: financial investments such as Islamic stocks, Islamic mutual funds, Islamic bonds, and other Islamic financial products, as well as real investments in businesses such as minimarkets and service enterprises. The profits from these investments will then be allocated, with 10 percent designated for WAKDIMIN's operational costs and 90 percent allocated to the needs of the *mauquf alaih*. Priority will be given to community empowerment

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<sup>13</sup> Agung Minto Wahyu and Navilah Laila Wardani, "Wakaf Uang Digital Untuk Milenial (Wakdimin): Pemanfaatan Bonus Demografi Melalui Aplikasi Wakaf Uang Digital Untuk Mengembangkan Industri UMKM Halal," *El-Aswaq* 1, no. 1 (2020): 17–22.

for establishing and developing halal SMEs (small and medium enterprises) to help them grow and thrive.

#### **6. Management of Cash Waqf in the Digital Era through the Cerdas Bersama Wakaf Progame (Cb Wakaf)**

In the current era of digitalization, the Cerdas Bersama Foundation established Cerdas Bersama Wakaf as a platform for managing waqf. Since 2016, the Cerdas Bersama Foundation has been actively collecting and distributing waqf funds to the Al Kayyis Islamic boarding school. In 2019, Cerdas Bersama Wakaf introduced an innovative approach by partnering with Bukalapak to simplify the process for the public to make waqf contributions. Bukalapak, a digital platform developed by Ahmad Zaky, functions not only as a marketplace but also as a means for social organizations to collect and distribute charitable funds. This partnership includes the creation of a special campaign aimed at facilitating the collection of waqf funds<sup>14</sup>.

Innovation in the management of cash waqf to empower communities is carried out by establishing platform-based organizations (fintech), which can take the form of websites or Android applications. The focus is on managing cash waqf to support the empowerment of livestock farmers for qurban, the creative economy industry, student dormitories, as well as vehicle rental services<sup>15</sup>.

Digital cash waqf management in Indonesia represents a strategic step in utilizing technological advancements to enhance the efficiency, transparency, and accountability of waqf management. By leveraging mobile applications, crowdfunding platforms, and social media, the public can more easily access information and contribute to waqf. Initiatives such as Wakafin.com, Yayasan Wakaf Bani Umar, and the digitalization program by the Indonesian Waqf Board (BWI) demonstrate the significant potential of digitalization in developing a productive waqf ecosystem.<sup>16</sup> Platforms like Wakafin.com adopt a crowdfunding model to connect wakif, nazhir, and beneficiaries, while

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<sup>14</sup> Pramono, Merlina, and Astuti, "Cerdas Bersama Wakaf (Cb Wakaf)": Strategi Dan Inovasi Pengelolaan Wakaf Uang Di Era Digital."

<sup>15</sup> Pramono, Merlina, and Astuti.

<sup>16</sup> B Dikuraisyin, G H Ningrum, and ..., "Asset Waqf Management Model in the Health Sector LAZNAS Daarut Tauhiid Peduli Surabaya," *AL-FALAH: Journal of ...*, 2022, <http://journal.iaincurup.ac.id/index.php/alfalah/article/view/4921>.

Yayasan Wakaf Bani Umar utilizes social media and collaborates with the banking sector to facilitate the collection and distribution of waqf.

BWI leads the digital transformation with the launch of e-services, data integration through SIWAK, and innovative models such as stock waqf, strengthening national waqf management. The Waqf Council of Indonesian Ulema (MUI) also implements digitalization through barcode technology, integrated information systems, and productive waqf programs such as halal SMEs and modern agriculture. Meanwhile, the WAKDIMIN platform targets millennials with an application connected to e-money services, enabling flexible and transparent waqf contributions.

Other innovations, such as the Cerdas Bersama Wakaf program in collaboration with Bukalapak, highlight how partnerships with digital platforms can expand outreach and support socio-economic empowerment. Overall, digital cash waqf management opens significant opportunities to empower communities, increase public participation, and position waqf as a central pillar of sustainable development in the digital era. Here is a comparative table based on the six waqf management institutions and their strategies, focusing on their similarities, differences, and achievements:

**Table 1.**  
Similarities, Differences and Achievement of Six Waqf Management Institutions

| No. | Name of Waqf Management Institutions | Similarities  | Differences  | Achievements   |
|-----|--------------------------------------|---|--|--|
| 1.  | Wakafin.com (Crowdfunding Platform)  | <ul style="list-style-type: none"> <li>a. Utilizes digital technology for waqf management.</li> <li>b. Focuses on public participation and transparency.</li> </ul> | <ul style="list-style-type: none"> <li>a. Implements a crowdfunding model connecting wakif (donors), nadzir (managers), and the public.</li> <li>b. Mobile App-based platform for waqf.</li> </ul> | <ul style="list-style-type: none"> <li>a. Increased public participation in waqf through digital engagement.</li> <li>b. Expansion of waqf's role in Indonesia's economic</li> </ul> |

|    |  |   |   |  |
|----|--|---|---|--|
|    |  |   |   | development.   |
| 2. | Bani Umar Waqf Foundation                    | <ul style="list-style-type: none"> <li>a. Digitalization to improve waqf management.</li> <li>b. Uses social media for outreach and engagement.</li> </ul>                    | <ul style="list-style-type: none"> <li>a. Collaborates with BNI Syariah for online waqf donations.</li> <li>b. Focuses on expanding waqf impact through educational content and social media platforms.</li> </ul>  | <ul style="list-style-type: none"> <li>a. Increased trust and transparency through social media.</li> <li>b. Expansion of donor engagement and collaboration with financial institutions.</li> </ul>                                       |
| 3. | Indonesian Waqf Board (BWI)                  | <ul style="list-style-type: none"> <li>a. Digital transformation in waqf management.</li> <li>b. Integration of technology to improve transparency and efficiency.</li> </ul> | <ul style="list-style-type: none"> <li>a. Focuses on national level waqf integration with multiple platforms (e.g., <a href="http://berkahwakaf.id">berkahwakaf.id</a>, <a href="http://sahabatbwi.com">sahabatbwi.com</a>).</li> <li>b. Implements stock waqf and land certification.</li> </ul> | <ul style="list-style-type: none"> <li>a. Launch of e-services for nazhir registration.</li> <li>b. Improved data reliability and certification efficiency.</li> <li>c. Introduction of innovative models for waqf fundraising.</li> </ul> |
| 4. | MUI Waqf Institution                         | <ul style="list-style-type: none"> <li>a. Digitalization of waqf management.</li> <li>b. Focus on transparency and public accountability</li> </ul>                           | <ul style="list-style-type: none"> <li>a. Emphasizes productive waqf programs like MSMEs, agriculture, and healthcare.</li> <li>b. Uses barcode technology for donations without needing bank accounts.</li> </ul>  | <ul style="list-style-type: none"> <li>a. Launch of impactful social programs (e.g., micro waqf banks, Green Waqf projects).</li> <li>b. Strong partnerships with various stakeholders for waqf development.</li> </ul>                    |
| 5. | Wakdimin (Digital Cash Waqf for Millennials) | <ul style="list-style-type: none"> <li>a. Targets millennials using digital platforms.</li> </ul>   | <ul style="list-style-type: none"> <li>a. Mobile app integrated with banks and e-</li> </ul>  | <ul style="list-style-type: none"> <li>a. Increased millennial participation in</li> </ul>   |

|    |                                 |  |   |  |
|----|---------------------------------|--|---|--|
|    |                                 | b. Promotes transparency in waqf fund usage.   | money services (e.g., Gopay, OVO).<br>b. Focuses on empowering small businesses and community projects.   | waqf.<br>b. Transparency through monthly financial reports.<br>c. Investment in halal SMEs to boost community development.                     |
| 6. | Cerdas Bersama Wakaf (Cb Wakaf) | a. Uses digital platforms for waqf management.<br>b. Focuses on social empowerment and transparency. | a. Collaborates with Bukalapak for crowdfunding waqf contributions.<br>b. Targets community empowerment through livestock and agriculture programs. | a. Increased outreach and contributions through Bukalapak.<br>b. Empowerment of communities through livestock and creative economy industries. |

Source: Processed Data, 2024

This table highlights the commonality of utilizing digital tools, especially mobile apps and social media, to manage waqf in an efficient and transparent way. However, each platform has unique strategies, such as Wakafin.com's crowdfunding model, Bani Umar's collaborations with banks, BWI's national integration efforts, MUI's focus on productive waqf, Wakdimin's appeal to millennials through digital payment systems, and Cerdas Bersama's partnership with e-commerce platforms for wider reach. Each has had measurable success in increasing engagement, improving transparency, and driving socio-economic empowerment.

## 7. Challenges in Managing Digital Cash Waqf in the Digital Era

The challenges faced in managing digital cash waqf in Indonesia, which impact the optimal utilization of its potential, can be viewed from several aspects:

**a. Regulatory and Policy Aspects**

One of the challenges in managing digital cash waqf is the lack of regulatory adaptability to technological advancements, particularly concerning monitoring systems and transparency. Regulations related to data security and digital transactions have not fully addressed the specific needs of cash waqf, creating risks of fund misuse or legal uncertainties.

The absence of clear regulations means that wakif (donors) are not protected from the risks of fraud or mismanagement of waqf funds, potentially making the system vulnerable to data breaches and cybersecurity threats. Therefore, it is essential to implement policies that protect data and establish security standards for digital transactions, ensuring that donors feel safe when contributing through digital platforms.

To address the regulatory and policy barriers, the government should create regulations that are adaptable to the development of digital technologies<sup>17</sup>, while upholding more efficient and innovative management principles. These policies must also ensure compliance with sharia law and be easily accessible to the public. The regulations should mandate transparency and accountability standards that can be monitored by the public, thus encouraging greater public participation in digital cash waqf.

**b. Technological and Infrastructure Aspects**

One of the main challenges is the limited access to digital infrastructure in some regions, particularly in areas that lack adequate internet connectivity. This condition hinders public participation in making waqf contributions through digital platforms, especially in rural areas or regions with limited technological access. As a result, the significant potential of waqf cannot be fully optimized across all areas of Indonesia<sup>18</sup>.

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<sup>17</sup> Nuradi, Nurul Huda, and Husnul Khatimah, "Inovasi Wakaf Di Era Digital Dalam Mengoptimalkan Potensi Untuk Pembangunan Berkelanjutan Di Negeri Berkembang."

<sup>18</sup> Fortune, "Menuju Era Wakaf Digital," n.d.

Not all waqf institutions have adequate technological infrastructure, making it difficult to optimize the management and promotion of digital waqf. Additionally, another challenge is cybersecurity, particularly in safeguarding waqf data and funds from theft or manipulation. There is also the need to ensure secure transactions and the protection of personal data for users of digital waqf platforms. With the proliferation of digital platforms serving as intermediaries for waqf management, such as e-wallets or Islamic crowdfunding applications, reliable security systems are required to maintain public trust in online waqf transactions. For instance, fintech platforms in Indonesia that support digital waqf must ensure data encryption security and implement stringent transaction verification to avoid the risks of data misuse or cyberattacks<sup>19</sup>.

In addition, the digitalization of waqf requires the development of user-friendly applications and educating the public on how to use them. Many potential waqf donors are still unfamiliar with technology and feel uncertain about the financial security managed through digital systems. Therefore, efforts to educate the public about the ease and security of digital platforms, alongside improvements in technological infrastructure, are essential for the growth of digital waqf and for effectively reaching all segments of society.

### **c. Aspects of Literacy and Public Trust**

The low level of public literacy regarding cash waqf and how to donate through digital platforms can reduce public participation in waqf. Many people are unfamiliar with or do not receive information related to digital finance, which leads to a lack of trust in existing digital waqf platforms. The lack of trust in the security of digital transactions also causes hesitation among the public to engage in online cash waqf<sup>20</sup>.

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<sup>19</sup> Muflih Adi Laksono dan Jainan, "Peluang Dan Tantangan Penyuluh Agama Islam," *Jurnal Hikamuna* 9, no. 2 (2024): 647–59, <https://doi.org/10.15575/Hikamuna.v3i2.19346>.

<sup>20</sup> Nuradi, Nurul Huda, and Husnul Khatimah, "Inovasi Wakaf Di Era Digital Dalam Mengoptimalkan Potensi Untuk Pembangunan Berkelanjutan Di Negeri Berkembang."

This mistrust is further exacerbated by limited understanding of digital transaction security. Many individuals remain hesitant and concerned about potential data misuse or fraud risks in online transactions. These concerns negatively impact public interest in digital cash waqf, as they lack confidence that their transactions will be secure and accountable.

Additionally, the lack of education from waqf institutions about the advantages and security of digital cash waqf further widens the information gap. Consequently, some individuals prefer traditional methods, which they perceive as safer, despite the numerous benefits offered by digital methods, such as accessibility and transparency.

Efforts to enhance digital literacy and provide clear information on platform security are essential to addressing public skepticism and fostering trust in digital waqf platforms. To address this challenge, waqf management institutions should undertake broader educational campaigns to inform the public about cash waqf, its benefits, and secure ways to donate digitally. Additionally, socialization efforts focusing on transparency and fund management are needed to build public trust and encourage participation.

#### **d. Transparency and Accountability**

Ensuring transparency in the use of digital waqf funds remains a critical challenge in maintaining public trust. Waqf institutions must provide accurate, real-time reports to demonstrate accountability in fund management. However, many institutions still lack adequate digital systems to support transparent and efficient reporting.

This shortcoming is often attributed to limitations in technological resources and infrastructure, as well as a shortage of skilled personnel capable of managing digital reporting systems that meet high transparency standards. These challenges hinder efforts to establish trust and effectively communicate the impact of waqf fund utilization to stakeholders<sup>21</sup>.

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<sup>21</sup> Jainan, "Peluang Dan Tantangan Penyuluh Agama Islam."

In digital fund management, implementing a transparent reporting system requires advanced technology capable of recording and displaying financial flows in real time. Such systems demand not only significant investment but also regular updates and maintenance to ensure data accuracy and security.

These constraints lead some waqf institutions to continue relying on manual reporting, which is prone to human error and delays. Furthermore, digital platforms lacking robust encryption and stringent verification standards may compromise the credibility of reports. To maintain public trust, institutions must enhance the security and integrity of their data, ensuring that their digital platforms meet high standards of reliability and accountability<sup>22</sup>.

To address the challenges outlined, the solution lies in providing a digital reporting system that is accessible to the public and transparently details the allocation and utilization of funds. The adoption of blockchain technology, for instance, could be an effective option to enhance transparency and accountability in the management of waqf funds.

#### **e. Competence and Human Resource (HR) Aspect**

The success of waqf management heavily depends on the competence and integrity of the *nazhir* or waqf managers<sup>23</sup>. As those responsible for managing, developing, and distributing waqf funds, *nazhir* play a central role in ensuring that the trust of the *wakif* (donor) is upheld in alignment with the objectives of Islamic law. The *nazhir's* expertise in financial management, a deep understanding of Shariah principles, and the ability to utilize technology and innovation are critical factors that influence the effectiveness of waqf management.

In the current era of digitalization, *nazhir* are required to be technologically literate. However, their competence in leveraging digital technology and managing digital-based investments

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<sup>22</sup> BWI, "Digitalisasi Wakaf Melalui Uang: Kemudahan Berbagi Manfaat," Badan Wakaf Indonesia, 2021.

<sup>23</sup> Haniah Lubis et al., "Faktor-Faktor Yang Mempengaruhi Optimalisasi Pengelolaan Wakaf Produktif Pada Badan Wakaf Indonesia Di Propinsi Riau," *AT-TAWASSUTH: Jurnal Ekonomi Islam* VIII, no. I (2023): 157–73.

remains low. Many *nazhir* lack understanding of digital technology and its potential applications for effective waqf management. This issue is compounded by the fact that only a small portion of the population is aware of how to participate in waqf through online platforms, resulting in a limited number of *wakif* registered with online waqf institutions.

The most effective way to address the challenges related to *nazhir* competence is to provide training and capacity-building programs focused on digital technology and Islamic financial management. These programs should equip *nazhir* with the skills to manage cash waqf effectively, including digital marketing, cybersecurity, and data analysis.

Addressing these challenges requires collaborative efforts from the government, waqf institutions, and the broader community to maximize the potential of cash waqf in the digital era and enhance its impact on the economy and societal welfare.

## **Conclusion**

The digital-based waqf management institutions discussed in this research show that digitalization in cash waqf management has increased transparency, accountability and public participation. However, main challenges such as unadaptive regulations, uneven digital infrastructure, and low public digital literacy still hinder the optimization of cash waqf management. This study emphasizes the importance of increasing *nazhir* capacity, more responsive regulatory support, and public education to utilize digital technology effectively. In order to optimize the potential of digital-based cash waqf, it is recommended that the government accelerate the preparation of regulations that support digital innovation while still complying with sharia principles. Apart from that, it is necessary to improve digital infrastructure, especially in underdeveloped areas, train *nazhir* to master the latest technology, as well as digital literacy campaigns to increase public trust in the digital-based waqf system. Implementation of technologies such as blockchain could be considered to ensure greater transparency and accountability.

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