Optimization Cash Waqf Linked Sukuk (CWLS) to Support the Development of Social Investment and Productive Waqf

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Abstract

Waqf is a very important element of Islamic philanthropy because waqf is not only a dimension of worship but waqf has a very close relationship from the legal, social, and especially economic sectors. The economic sector is very important because, from waqf assets, assets with high economic value can be produced, the results of which can be utilized for the welfare of the people and have the potential to have an impact on social life, equitable development, and economic growth. One form of waqf that is currently being developed globally is cash waqf. However, at present, cash waqf has not been managed productively. According to the Indonesian Waqf Agency (BWI), the potential for cash waqf in Indonesia reaches IDR 180 trillion every year. But in fact, the realization of cash waqf is only Rp. 819.38 billion annually. This means that cash waqf has enormous potential to be developed but its management cannot be said to be optimal. The existence of this problem, the Indonesian government through the Indonesian Waqf Board (BWI) is trying to improve the development of cash waqf by issuing sharia financial instruments known as Cash Waqf Linked Sukuk (CWLS) but there is no specific integrity that is still connected digitally with mobile banking. This study analyzes the problem of Indonesian cash waqf against Cash Waqf Linked Sukuk. The method used in this research is the collection and analysis of quantitative data. With this research, Cash Waqf Linked Sukuk are expected to be well integrated and increase the potential of cash waqf for the development of social investment, strengthen the sharia sector, finance productive waqf assets, and support the implementation of social programs.

Keywords: Cash Waqf, Cash Waqf Linked Sukuk, Economy Indonesia.

1. Introduction

Waqf is a very important element in Islamic philanthropy because waqf does not only have dimensions of worship, but waqf also has a very close relationship from the legal, social, and economic sectors. The economic sector is very important because waqf assets can be produced with high economic value and the results can be used for the welfare of society, equitable development, and economic growth. The existence of waqf has proven to have helped many social activities in various parts of the world, especially Indonesia. Several of educational institutions, Islamic boarding schools, hospitals, and mosques in Indonesia are largely supported by their existence and survival by waqf. The Indonesian Ministry of Finance also emphasized that the waqf system could contribute significantly to reducing government spending. Reduced government spending can reduce the budget deficit and government loans (Ministry of Finance of the Republic of Indonesia, 2019).

One form of waqf that is being developed globally is cash waqf. Waqf is a carried out by a person, group of people, Cashinstitutions, or legal entities in the form of cash in securities (Virdita Ratriani, 2021). Cash waqf, in addition to getting rewards, can also strengthen the Islamic banking sector, increase sharia capital, drive the sharia economy, finance productive waqf assets, and support the implementation of social programs.

Several countries have developed cash waqf well, namely Saudi Arabia, Egypt, Jordan, Turkey, Bangladesh, and Malaysia (Fauza, 2015). In Egypt, Jordan, Turkey, and Bangladesh, waqf funds are used for the benefit of the state. Egypt has used waqf funds to cover the national budget deficit and build various public facilities so that the country can ease state spending. In Bangladesh the role of waqf as a substitute for the role of tax by issuing Cash Waqf Certificates (SWU) which can be purchased by the public for funding social projects (Mu'allim & Kunci, nd). These countries have been very advanced in the development of waqf and even have a special institution to manage waqf at the level of the ministry. Thus, waqf management makes a significant contribution to sustaining the country's economy.
Meanwhile, in Indonesia, the management of cash waqf is only regulated by one directorate under the auspices of the Ministry of Religion, namely the Indonesian Waqf Board or Badan Wakaf Indonesia (BWI) as the regulator in managing waqf funds. In addition, BWI collaborates with Nazhir as the manager of waqf funds, and the Islamic Financial Institution Recipient of Cash Waqf or Lembaga Keuangan Syariah Penerima Wakaf Uang (LKSPWU) as the party receiving and collecting waqf funds. Indonesia in the management and development of waqf funds cannot be said to be good. Strengthened based on data reported from the official website (bwi.go.id, 2021), the potential for Indonesian cash waqf reaches IDR 180 trillion every year. However, cash waqf only reaches Rp. 819.38 billion every year. Thus, it can be said that the management and development of cash waqf in Indonesia are still not optimal.

This is due to the low literacy of cash waqf so that people do not know cash waqf well. The National Committee for Sharia Economics and Finance also said the same thing that the development of cash waqf in Indonesia was not optimal. One of the reasons was the low literacy regarding cash waqf (Merdeka.com, 2021). In addition, an important thing that causes the management of cash waqf in Indonesia to be not yet optimal is the cash waqf system that has not been well integrated. In Indonesia in assisting the management of cash waqf, BWI in 2020 issued a sharia financial instrument called Cash Waqf Linked Sukuk (CWLS). The instrument is a cash waqf to increase social investment and the development of productive waqf in Indonesia (Utami, 2020). Productive waqf is waqf management from the people whose results can be used for sustainable useful activities (bwi.go.id, 2018). Thus, Cash Waqf Linked Sukuk (CWLS) is here to optimize the Indonesian economy through the potential of waqf funds at a productive, safe, and competitive rate guaranteed by the state.

But in fact, the integration of CWLS implementation cannot be said to be optimal because CWLS does not yet have specific management. The implementation of CWLS is still carried out face-to-face and is still incorporated in the Islamic banking mobile banking feature, there is no digitalization specifically that handles CWLS. Therefore, this study aims to analyze the effect of optimizing CWLS Islamic financial instruments in the management and development of cash waqf to support the development of social investment and increase productive waqf in Indonesia. Here introduce the paper, and put a nomenclature if necessary, in a box with the same font size as the rest of the paper.

2. Literature Review

2.1 Social Investment Structure

Investment is often defined as the activity of setting aside funds for investment facilities to obtain economic value at a later date. According to (Fitria, 2019) Investment is the placement of several funds with the hope of gaining profits in the future. Currently, the types of investment are increasingly developing, one type of investment that is starting to be of interest to investors, there is social investment. Based on research conducted by (Santoso et al., 2018). Social investment is a type of investment that is not like a financial investment which only relies on profits from time to time but the social investment is an effort to improve people's welfare so that the results of social investment are beneficial for people. Lots. Then, in social investment, every resource used needs to be accounted for.

2.2 Cash Waqf

The Indonesian Ulema Council or Majelis Ulama Indonesia (MUI) defines Cash Waqf as waqf that is carried out by a person, group of people, institution, or legal entity in the form of cash. Cash waqf may only be used and distributed for which are permitted or syari', the principal value of the waqf may not be sold, granted or inherited. The definition of cash waqf is also interpreted the same by (Dwi Pusparini, 2016), namely that cash waqf is a kind of waqf which is different from building waqf but waqf is in the form of cash.

2.3 Cash Waqf Linked Sukuk

Cash Waqf Linked Sukuk (CWLS) is a sharia financial instrument in the form of Islamic debt securities, or Sukuk based on cash waqf. Waqf funds collected from this instrument can be invested in a safe and risk-free investment instrument, namely the sovereign Sukuk. So that it can help finance fiscal in social projects, especially in the fields of education, health, and development. The scheme or flow of the CWLS, namely the community as wakif who wants to invest in cash waqf ordering CWLS with a minimum price of 1 million Rupiah at the Sharia Financial Institution for Cash Waqf Receiving or Lembaga Keuangan Syariah Penerima Wakaf Uang (LKSPWU). Then, BWI as the manager of the waqf funds invested the waqf funds in the State Sukuk. Furthermore, BWI will channel the return from the State Sukuk yield through its nazir partner as the cash waqf manager. The distribution is to finance social activities and to finance the construction of social facilities and infrastructure projects that will become waqf assets. At the maturity date of the Sukuk Negara, the cash repayment is returned by BWI to the waqifs 100% (Faiza, 2019).
3. Methodology and Data

3.1 Method

The type of research that the author uses is quantitative, namely research that aims to develop theories or hypotheses related to natural or social phenomena.

3.2 Population

The population in this study is the Indonesian people with the most affordable population is the Indonesian people on the island of Java.

3.3 Sample

In this study, the authors took a sample of 140 Indonesians in the Jakarta, Bogor, Depok, and Bekasi (Jabodetabek) areas with an error rate of 5% so that there were as many as 100 Indonesians in the Greater Jakarta area.

3.4 Data collection

The data in this study were obtained from distributing questionnaires so that they were easily accessible to the public. Then the data were collected through questionnaires using a scaling technique consisting of 5 scales which were then tested through SPSS. Then, this study uses a description using regression analysis seen from the determinant coefficient table.

4. Discussion

4.1 The Influence of CWLS on Investment Development

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.787</td>
</tr>
<tr>
<td>CWLS</td>
<td>.659</td>
<td>.070</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Investment Development

Hypothesis testing of CWLS on Investment Development is declared "accepted" or means that there is an influence between CWLS on Investment Development. This is because the significance value of the t-test on this variable is 0.000 and fulfils the requirements for the acceptance of the hypothesis, namely the significant value must be less than 0.05, so it can be concluded that H0 is rejected, and Ha is accepted.

The result of the calculation of the coefficient of determination can be seen that the value of R square ($R^2$) is 0.391. Thus, the influence of CWLS on Investment Development is 39.1% while the remaining 60.9% is influenced by other variables. This supports the t-test and illustrates the effect of CWLS on Investment Development.
4.2 The Effect of CWLS on Productive Waqf

Table 3. T-Test for CWLS on Productive Waqf

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.405</td>
</tr>
<tr>
<td></td>
<td>CWLS</td>
<td>.651</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Productive Waqf

Testing the CWLS hypothesis on Productive Waqf is declared "accepted" or means that there is an influence between CWLS on Productive Waqf. This is because the significance value of the t-test on this variable is 0.000 and fulfills the requirements for the acceptance of the hypothesis, namely the significant value must be less than 0.05, so it can be concluded that H0 is rejected, and Ha is accepted.

Table 4. Coefficient of Determination for the Effect of CWLS on Productive Waqf

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.607</td>
<td>.369</td>
<td>.364</td>
<td>1.233</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), CWLS

The result of the calculation of the coefficient of determination can be seen that the value of R square (R²) is 0.369. Thus, the influence of CWLS on Productive Waqf is 36.9% while the remaining 63.1% is influenced by other variables. This supports the t-test and illustrates the effect of CWLS on Investment Development.

Indonesia is a country with the largest Muslim population in the world, based on data from the Ministry of Religion quoted from the website (Kompas.com, 2021) which as many as 227 million people have the potential to develop Islamic financial instruments Cash Waqf Linked Sukuk (CWLS) so that the optimization of these instruments can be optimized. Materialized. Accompanied by an increase in public knowledge regarding CWLS and the need for a special digitalization of CWLS so that the potential of cash waqf owned by Indonesia is in line with its realization. Based on the research data that has been done, CWLS has great potential in the development of social investment and the management of productive waqf.

With the productive management of cash waqf, Indonesia can use the cash waqf to help cover the APBN deficit and assist in building various public facilities so that cash waqf can be a solution in reducing state spending. In addition, good management of cash waqf can also help fund social projects. Thus, the Cash Waqf Linked Sukuk (CWLS) can contribute to sustaining the Indonesian economy.

5. Conclusion

This research was conducted to measure the factors that can increase productive waqf and investment development in Indonesia. The variables tested are Cash Waqf Linked Sukuk (CWLS) (X), Investment Development (Y1), and Productive Waqf (Y2). From the hypothesis test conducted by the researcher, the results are as follows:

- CWLS has a positive and significant impact on investment development. Thus, it can be concluded that CWLS is one of the factors that can influence investment development using a regression method.
- CWLS has a positive and significant effect on Productive Waqf. So, it can be concluded that CWLS is one of the factors that can influence Productive Waqf.

From these results, the authors conclude that CWLS is indispensable for the Indonesian people to develop existing investments and increase the potential of productive waqf.

References


