

Challenges in Management of *Baitul Maal wa Tamwil* Based on Waqf

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Abstract—Poverty which is a problem in all countries to make it one of the priorities of the Sustainable Development Goals (SDGs) needs to be resolved from various aspects. In order to alleviate poverty, cash waqf is a very good alternative besides zakat. The potential of cash waqf in Indonesia is estimated to be quite large. Although there have been initiators and discourse by scientists related to the empowerment of the poor using instruments of Zakat, Alms and Endowments, the management of Waqf using *Baitul Maal wa Tamwil* (BMT) as a sharia financial institution to empower the poor in Indonesia is still underdeveloped. The most common problems experienced by waqf-based BMTs are related to regulations that must be used in institutions related to legal entities under OJK regulations as well as cooperatives and MSMEs, then human resources, and related to securing cash waqf communities in BMTs that are still low. the government needs to firmly provide direction in the form of regulations under the OJK as well as the Ministry of Cooperatives and MSMEs, while for human resources a continuous recruitment, training and workshop system is needed, a low understanding of the community is provided with existing stakeholders regarding waqf.

Keywords: *waqf, BMT, poverty, endowment*

I. INTRODUCTION

Poverty is a problem in all countries to make it one of the priorities of Sustainable Development Goals (MDGs) need to be given a solution from various aspects. One of the models of productive funding that is soft is waqf because there is no obligation to return funds and provide a certain level of profit to the waqf (which gives waqf funds) but channeling these benefits for the benefit of the people and keep the funds from being reduced.

In the context of Indonesia, the endowment of money for Muslims is relatively new. This can be observed with the birth of the fatwa of the Indonesian Ulema Council on the endowment of money stipulated on May 11, 2002. The law on waqf itself was also just passed by the President on October 27, 2004. This law is a new milestone for the management of waqf after the previous waqf regulated in PP no 28 of 1977 and Compilation of Islamic Law book III [1].

Potential cash waqf in Indonesia is estimated to be quite large Nasution said that the potential cash waqf that can be collected from 10 million Muslim residents is around Rp 3

trillion per year [2]. The same thing was conveyed also by Nafis if 20 million Indonesian Muslims want to collect cash waqf worth Rp. 100,000, - each month it will collect Rp. 24 trillion per month [3]. Great potential for cash waqf is needed Institutions that carry out management in a trustful, professional and full of commitment to play a role in alleviating poverty in Indonesia.

The cash waqf management model uses *Baitul Maal wa Tamwil* (BMT) for poverty alleviation precisely because BMT has the advantage of moving on two sides, namely (1) Baitul Maal by receiving Zakat, Infaq, Alms, and Endowments funds and optimizing its distribution by providing compensation to those who are entitled (asnaf) in accordance with the rules and mandates received; (2) Baitut Tamwil to conduct productive business development activities and investments in improving the economic quality of micro and small entrepreneurs [4]. Waqf-based BMT in Indonesia is still not much developed, BMT Endowments of Cendikia Amanah Individuals inaugurated on June 22, 2016 received waqf funds channeled through the Indonesian Waqf Board declared as the first full waqf BMT in Indonesia who are ready to provide financing and guidance on soft skills to their members so that they are empowered [5].

On the other hand recommendations for the establishment of waqf-based Islamic financial institutions to serve the poor have been raised by several previous researchers such as Cizacka suggesting the cash waqf model to serve social objectives one of which empowers the poor, El-gari proposes a financial institution model waqf-based sharia that uses the concept of non-profit so as to be able to provide qardul hasan services, Kahf and Ahmed direct the creation of zakat-based, wakaf and sadakah-based financial institutions [6-9]. Therefore, researchers try to deepen any problems faced by waqf-based BMT managers to be able to provide solutions / alternatives for their development for poverty alleviation in Indonesia.

II. METHOD

A. Research Design

The method used in this research is Exploratory Research with the number of respondents in this study consisting of five

people consisting of Waqf-based BMT Managers (BMT Insan Cendekia Amanah), the Indonesian Ulema Council, the Indonesian Waqf Board, the Academics and the Waqif (person who pay Waqf) with consideration that they are competent enough to represent the whole population.

B. Data

Data collection was carried out in 3 (three) ways, namely interviews, observation and documentation. The data collected is then analyzed and a triangulation process is carried out in order to get conclusions on the problems and challenges of waqf-based BMT management and their solutions

III. ANALYSIS AND DISCUSSION

Researchers focus on institutional aspects, human resources, operations, reporting and other external factors to describe challenges in the development of BMT based on waqf as follows:

A. Challenges in Management of Institutional Waqf-based BMT

Based on the operational definition of *Baitul Maal wa Tamwil* (BMT) by the Small Business Incubation Center, that is a people's economic business institution consisting of people or legal entities based on sharia principles and cooperative principles [10]. BMT is based on the contemporary function of a de facto financial institution must have two business units simultaneously in the field of management of ZIS and Islamic financial services. If one of them does not exist, then it is not called BMT but Baitul Maal or Baitut Tamwil alone. Both are a system in the BMT container that works in synergy and cannot be separated from each other [4,11].

The pillars of Waqf consist of waqif, maukuf bih, maukuf alih and shighat are also emphasized in PP no. 28 of 1977 and Presidential Instruction no. 1 of 1991 states, in addition to requiring the existence of the four pillars of the waqf, PP also determines the presence of nadzir, witnesses and PPAIW (Acts of Endowment Pledge Pledge) in waqf ties. Mannan Imam Hanifah further interpreted waqf by holding 'ain (principal) assets with the status of a waqf property and give away their benefits for the good of this are similar to Kahf's view that the purpose of the waqf project is to optimize the function of the waqf property as an infrastructure to improve the quality of life of human resources [12-14].

Management of Waqf needs to be improved because it seems less than optimal, according to Mustafa E. Nasution the condition of the waqf is expected to be motivated, among others, because the level of nadzir education is relatively low and lacks the knowledge to manage waqf properly so that mismanagement occurs, and is less able to see opportunities to empower assets waqf, this condition is supported by people who do not understand the essence of the meaning of waqf so that only a few participate and community attitudes are still tempted by the non-sharia economic system, where the activities of waqf institutions are not included in this part of the system. The government's political will is still relatively low because there is no law that can be used as a guideline in empowering waqf and differences in the views of ulama on

waqf fiqh especially regarding productive waqf objects have hampered the development of waqf property management in Indonesia [15].

Waqf-based BMT must be an institution that functions to collect cash waqf assets in this case money, then distribute it in accordance with the specific waqf contract which is intended by the waqf payers (waqf). Waqf-based BMTs must be able to meet the criteria of conditions and pillars of waqf, withholding their underlying assets in carrying out their functions. Waqf-based BMT management at the operational level faces challenges in the institutional aspect due to the lack of strict regulations governing the main BMT under OJK or the Ministry. The legal entity used for the foundation is a Sharia Cooperative, but when compared to the concept that the Sharia cooperative is a nadzir, there will be a contradiction in the concept of this management agency added in waqf-based BMT with clarity of fulfillment of terms and conditions, mastery of the Sharia Supervisory Board related to the implementation of BMT activities and A capable and certified manager and Human Resources.

B. Challenges of Waqf-based BMT Management Aspect of Human Resources

The concept of management which in contemporary language is known as management as a science and art that uses the power of others to do planning, organizing, controlling in achieving goals. The concept of management is explicitly absent in the Qur'an and Al-Hadith but the value of management is implicitly very much explained in Islam [4].

Hafiduddin and Tanjung define management as all activities that must be carried out neatly, correctly, in an orderly and orderly manner, the processes are followed well, it should not be done carelessly. In Surah Ash-shaff there are five concepts of how organizational management must be in place to create a solid organization, namely: (1) Conformity of concepts and implementation; (2) Team Solidity; (3) Accuracy in measuring and knowing strengths and challenges; (4) The concept of seriousness in working and struggling (5) has militant human resources [4,16].

Problems that pose challenges include the availability of Human Resources who are able to take a fairly long training of 14 days, the ability of different human resource levels of education, Consistency in ongoing coaching this is because training is usually only at the beginning of the recruitment process, Salaries are small and rarely have certification manager of financial services and nadzir waqf.

C. Challenges for Management of Waqf-based BMT Operational Aspects

Cash waqf actually also make it easier for people who intend to vacation (jariah charity), which can mean that they cannot be fulfilled if they have to give up a concrete object / property in the form of land or building, due to inability. But with the cash waffle, people can pay whatever they can. Now what is needed is a waqf institution that can fulfill this cash waqf mechanism. The institution becomes a function of collecting cash waffles in this case, and then distributing them

in accordance with the specific waqf policy adopted by the waqf (if any) payers.

Waqf based BMT if analyzed using the concept of Monzer Kahf, then waqf based BMT is allowed to develop assets that involve the process of accumulation of productive capital and assets through current investments for future benefit, so that the management of waqf has a sacrifice of current consumption opportunities for the purposes of provide better income and services for future generations [17].

Most BMTs are willing to finance new and growing businesses in their environment. This kind of thing is very rarely done by banks, both conventional and sharia. Banks are usually more interested in financing businesses that are already established (sustainable). Understanding established here is not related to the size or nominal size of the loan, but with an assessment of the stage of development of the business concerned. Businesses that are growing, especially those just starting to run, are usually characterized by the lack of consolidation of financial statements. BMTs are generally brave enough to finance businesses that are not yet well established, where the economic calculations are not only based on projections with past data [18,19].

Establishment of Waqf-based BMT based on data collected experiencing operational challenges in general is in the initial capital of the establishment, the high cost of IT so it is worried that a lot of waqf funds are absorbed in this case so that the usefulness and eternity of waqf assets are questioned.

D. Challenges of Waqf-based BMT Management Reporting Aspects

Waqf is a form of philanthropy (philanthropy) as a realization of worship to God, whose practice is always recommended as seen in the message of Islamic teachings. As a worship that has been prescribed, the problem of waqf has a legal basis both from the Qur'an and the hadith [20]. Muslims are *sunnah* to give alms this is because that alms will continue to provide benefits / reward to the perpetrators. Waqf which is usually referred to as alms *jariyah* [21]. However, reporting is an obligation for waqf-based BMT managers to stake holders which are strengthened by the Regulation of the Minister of Cooperatives, OJK.

Waqf-based BMT reporting must be transparent and accountable because the amount of cash waqf managed by BMT is relatively small, reporting to Kemenkop-UMKM but partly health measures use from OJK, related to reporting transparency, the basis of reporting whether to use SAK ETAP or SAK Syariah and the high accounting system and IT-based operations, BWI has not been able to record the total number of endorsements of Money waqf recipients actually operating in Indonesia.

E. Challenges of Management of External Aspect Waqf-based BMT

This aspect sees that there are several factors that encourage the community to fulfill cash waqf. This is in line with researches that people's intentions in taking action are

influenced by Attitude, Subjective Norms, and Behavioral Control [20-22].

Community understanding and intentions are not yet interested in distributing waqf in waqf based BMTs, Technical, capital and synergy related networks Routine training to DPS - MUI with expertise related to the concept of waqf based business model.

IV. CONCLUSION

The most common problems experienced by waqf based BMTs are mainly related to regulations that must be used in institutions related to legal entities under OJK regulations as well as the ministries of cooperatives and MSMEs, then human resources, and related to the understanding of cash waqf communities in BMT which is still low. the government needs to be firm in providing directives in the form of regulations under the OJK and the Ministry of Cooperatives and MSMEs, while for human resources a continuous system of recruitment, training and workshops is needed, low community understanding is provided with joint awareness of stakeholders related to waqf.

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