






# The Role of Share Waqf on Economic Resilience in Indonesia

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**Abstract.** Waqf has become a form of Islamic philanthropy which has two aspects, namely worship, and social aspects. In addition, waqf has also become an instrument to be able to distribute wealth to those in need. Coupled with the development of waqf which is not only in the form of immovable objects, but movable objects such as shares. In relation to the contribution to economic resilience, especially in Indonesia, this paper asks the question: how is the contribution of share waqf to economic resilience in Indonesia? By using a qualitative method, this article discusses the role or contribution of share waqf to Indonesia's economic resilience which is reflected in the establishment of several provisions for investors who wish to waqf in the form of shares. The findings include that there is an increasing trend of share waqf from year to year and the increasing number of Islamic stock issuers and the huge potential for share waqf in Indonesia. This article offers a critical review and opens opportunities to optimize share waqf as an instrument capable of contributing to economic resilience in Indonesia.

**Keywords:** Share Waqf · Economic Resilience · Sharia Stock

## 1 Introduction

Waqf in its initial form was only limited to objects in the form of fixed assets or immovable objects in the form of land, buildings, and others. Along with the development of the times, which are based on the principle of benefit, which is intended to be widespread, later new forms of movable objects such as money, securities, and shares appeared. The emergence of waqf with movable objects such as money, securities, and shares are the result of the ijthad of scholars. Especially in Indonesia, the Indonesian Ulema Council (MUI) has also issued a fatwa since 2002 that waqf using cash, securities, and shares is allowed. The regulation has also been stated in Law no. 41 of 2004. Although there are still differences of opinion regarding the law of waqf using movable objects. [1]

In addition, today the global economy is in a difficult position. Global economic uncertainty is affected by the war between Russia and Ukraine, inflation, and the economic slowdown, especially in poor countries. [2] Indonesia's economic growth in 2022 is estimated to only grow 5.4% compared to Singapore's 3.9% and Thailand's 2.9%. This as a better condition cannot be separated from a number of steps taken by the government

to improve Indonesia's weakening economic condition. Apart from the policies carried out by the government, the contribution of the Islamic economy, namely the economic instruments in Islam, also contributes to overcoming the problems faced by the community. The instruments in question include the role of zakat, shadaqah, infaq, and also waqf [3] Waqf as one of the instruments in the Islamic economy aims to improve welfare and alleviate poverty. So far, the dominant role of waqf comes from static waqf, namely immovable waqf assets. From 440,512 locations, the number of registered waqf lands is 57,263.69 hectares [4]. One of the roots of the problem is the lack of productivity of waqf assets. A number of breakthroughs are needed, namely the development of waqf products such as stock waqf.

With regard to the potential for waqf shares in Indonesia, it can be categorized as quite high, this is based on the number of Muslims in Indonesia which reaches 87.18%. [1] Based on data from the Indonesian Waqf Agency (BWI), cash waqf assets in Indonesia as of 2017 reached 400 billion rupiah. The data on share waqf investors also increased in line with the number of Islamic stock investors in Indonesia. From 2011 to 2018, the number of Islamic stock investors was 531 investors, then in 2018 there were 44,536 investors. The large potential of share waqf in Indonesia, it is necessary to describe the extent to which the existence of share waqf in Indonesia contributes to realizing the economic resilience of a country, especially in Indonesia.

Economic resilience is very influential on national security. Therefore, every country must be able to maintain economic resilience in order to maintain national resilience. To be able to make it happen, then all forms of problems related to economic resilience must be overcome or resolved. The problems faced by economic resilience are in the form of high levels of poverty and unemployment. Share waqf as a form of new breakthrough in the world of waqf with enormous potential in Indonesia is expected to be able to contribute to maintaining economic resilience in Indonesia. [5].

## **2 Method**

The research method used in this research is library research. Data collection techniques used various written reference sources, namely from journals, related books related to share waqf. The research was conducted by collecting the sources of the literature and then categorizing them according to the questions in the research. Then the data that has been collected is abstracted to be able to display the facts. These facts are then interpreted to provide new knowledge and information. [6].

## **3 Discussion**

### **3.1 Share Waqf**

Before knowing what is meant by stock waqf, it is necessary to first know about waqf. Waqf is the holding of certain property and then preserving it for certain philanthropic benefits and prohibiting any use or disposition outside that specific purpose [7]. In this sense that the notion of waqf is not limited to immovable property but includes donations in the form of immovable assets such as cash or shares. Waqf is explored as a source of

funding by Islamic organizations to provide endowment for their social responsibility programs. This argument is in line with Ramli and Muhamed (2013) who assert that the purpose of waqf is to provide sustainable charity that can generate a perpetual income stream for the needy. They argue that waqf can be used as a mechanism to improve the standard of living of the ummah and reduce poverty and hardship among the poor. [7].

Shares are the capital participation of a person or party (business entity) in a company or limited liability company. By including this capital, the party has a claim on the company's income, claims on company assets, and is entitled to attend the General Meeting of Shareholders (RPUPS). [3] Meanwhile, stock waqf is part of the type of productive waqf in the capital market which is classified as a movable asset waqf. The mechanism for waqf shares is similar to waqf other assets, but what is different is the property being waqf, namely shares [8]. In the DSN fatwa no. 40 of 2003 sharia shares as proof of ownership of a company that meets the criteria as stated in Article 3 (criteria for issuers and public companies), and does not include shares that have special rights. The practice in Indonesia refers to the definition of pure sharia shares from prohibited practices, then sharia shares are screened in the list of sharia securities issued every 6 months in accordance with the provisions of the MUI National Sharia Council (DSN). The list of securities is stated in the Jakarta Islamic Index (JII) in the form of superior shares with the highest capitalization (30 shares) [9].

The shares that can be allocated for waqf are only sharia shares and conventional shares from halal or permissible companies. Sharia shares are shares that can be included in the Jakarta Islamic Index (JII) group or the Indonesian Sharia Stock Index. Stocks that can be included in the two indices are stocks that are already shariah compliance or according to sharia rules [10]. The object of share waqf is sharia shares listed on the Indonesia Stock Exchange and included in the Indonesian Sharia Stock Index (ISSI), and/or profits from investing in sharia shares. Law No. 41 of 2004 concerning Waqf, Regulation of the Minister of Religion No. 73 of 2013 and the MUI Fatwa. Investors can make transactions in the Shariah Online Trading System (SOTS), which is an online sharia stock transaction system that meets sharia principles in the capital market. SOTS already has a certificate from the DSN-MUI because it is an elaboration of the DSN-MUI fatwa no. 80 of 2011 concerning the Implementation of Sharia Principles in the Mechanism of Trading Equity Securities in the Stock Exchange Regular Market [3].

Based on the provisions regarding the permissibility of share waqf in Indonesia, the permissibility of share waqf must at least be based on the following provisions: [11]

1. The waqf shares are sharia shares. Such shares are halal in accordance with DSN MUI Fatwa No. 40/DSN-MUI/X/2002 concerning the Capital Market and General Guidelines for the Implementation of Sharia Principles in the Capital Market and International Sharia Standards. The same thing is confirmed by the regulation that shares do not conflict with sharia principles because shares are securities as proof of capital participation from investors to companies which then investors will get profit sharing in the form of dividends (Hana, 2018). The concept of equity participation with profit sharing rights is a concept that does not conflict with sharia principles or *musharaka/syirkah* activities. If the underlying assets of the shares are halal, donating the shares means donating halal assets like waqf of movable or immovable assets that are halal and cheap.

2. The waqf shares have clear object and value. For example, donating how many shares, their value, and including whether the waqf is shares or only the benefits (benefits) of shares, each has legal consequences.
3. Since the waqf, the shares are owned by mustahik who are authorized to nazir to be managed, so as to produce benefits intended for *mustahik*.
4. *Istibdal* to shares if the investment period has finished. The intention is to change the waqf assets by selling or exchanging them with other assets as a substitute because there are benefits of waqf.

### 3.2 Share Waqf Mechanism in Indonesia

Substantially, stock waqf and cash waqf have similarities. This is because the instruments used by both are both money. However, the source of money in stock waqf specifically comes from stock management. In addition, there are two stock models that have been launched by the Indonesia Stock Exchange (IDX). First, stock waqf which is sourced from the profits of stock investors. Second, share waqf which makes sharia shares the object of the waqf itself.

In the first model, the source of the waqf comes from the profit percentage of stock investors. The profit from the shares will then be directly deducted from the margin of the sale of the shares. These profits are managed by institutions that are members of the stock exchange and have a Sharia Online Trading System (SOTS). The percentage of profits will be set aside to *nazhir* or waqf managers based on an agreement with the wakif or waqf giver, stock exchange managers or members of the stock exchange, and waqf managers. *Nazhir* as the waqf manager will later convert the share profits into productive assets or it can also become a direct social asset for the construction of mosques, and others. [1]

While in the second model, stock waqf comes from the purchase of stock investors for sharia shares for waqf. In this model, it is not the profits of the waqf that become the instrument, but Islamic shares that have been purchased by investors. The stock waqf mechanism of this model is sharia shares which waqf is handed over to the institution that manages the investment to be managed. The management of these Islamic shares will later generate profits which are then handed over from the stock or investment management agency to the waqf manager or *nazhir*. Then, the *nazhir* or the waqf management institution converts the profits into productive assets or assets that directly provide direct social benefits. [1]

As of July 23, 2021, the Financial Services Authority (OJK) has issued a Decree of the Board of Commissioners of Financial Services Number: KEP/33/D.04/2021 concerning the List of Sharia Securities of the Board of Commissioners of the Financial Services Authority. The decree is effective as of August 1, 2021 and in it there are 443 shares that are included in the Sharia Securities List. That way, stock investors who want to do waqf can refer to the list. These include 45 companies in energy companies, 62 raw goods companies, 37 industrial companies, primary consumer goods companies, and many others. [12]

### 3.3 The Contribution of Waqf to Economic Resilience in Indonesia

Waqf is one of the main means of distributing wealth or assets of the people and has a public nature. Thus, through waqf, economic resources are expected not only to be centered on people who have wealth, but it is very possible to distribute them to the poor or people in need. In Islam, this waqf is positioned as a religious doctrine and from an economic point of view it is seen as a significant means to achieve prosperity. However, in the course of the practice of waqf in Indonesia in the early days it was often carried out by socio-religious organizations that distributed waqf assets only in the form of immovable objects such as mosques, Islamic boarding schools, schools, hospitals, and others. [13]

Based on its development, productive waqf emerged in which in the form of movable assets. In this context, the share waqf is included in the productive waqf. The reason is, shares are movable goods and are seen as having the ability to provide a stimulus to the results that can be used for the benefit of the people or the public. In fact, stocks with large capital will be able to contribute quite a lot compared to other trading commodities [14]. This share waqf can further be taken from part or even all of the stock investor dividends distributed for the public interest. That way, the greater the capital used for shares, the greater the contribution of these shares for the benefit of the people [10]

Before entering into economic resilience, Indonesia as a large country needs national resilience so as not to experience colonization by other nations. In other terms, national resilience is the ability and strength possessed by a country to be able to face various problems that could disrupt the sovereignty and stability of the country. Furthermore, realizing this national resilience also requires strong economic resilience. The reason is that good economic conditions are something that is absolutely needed by citizens in a country. When economic conditions deteriorate, these conditions are vulnerable to causing social conflicts and chaos that can disrupt national security [5]

Economic resilience, especially in Indonesia, is a condition of the nation's economic existence based on Pancasila democracy. In addition, economic resilience is also one of the components of national resilience, given the increasing number and diversity of human needs. Then, it is important for a country to build the foundation of national stability by achieving economic resilience [13]. Although actually economic resilience is not the main goal in the economy, this is because countries have tried to create strong, sustainable, and balanced growth (SSBG) [15].

To be able to realize economic resilience, all forms of problems related to this must be resolved. For example, the problems of economic resilience currently engulfing Indonesia include high rates of poverty and unemployment. Appropriate solutions are needed to overcome various problems faced by economic resilience in the form of poverty and unemployment and other problems [5]. Especially in recent years, with the global Covid-19 pandemic that hit various countries including Indonesia and with the war between Russia and Ukraine. Muhammad Misbakul Munir said in his writing "Economic Resilience of Yogyakarta Muslim Households during the Adaptation to the Covid-19 Pandemic", this pandemic has created many new unemployed. It was recorded that there were around 212,394 workers affected by termination of employment (PHK). As a result, there is an increasing state budget deficit and a slowdown in economic growth. It should also be noted that the government has also implemented several policies for

the economic resilience of the Indonesian people. These policies include community assistance programs in the form of the Family Hope Program (PKH), and many programs carried out by the government even though they are quite late [15].

On the other hand, Waqf in Indonesia has become a form of worship that touches the interests of the community, not only in terms of worship facilities but also for social welfare. This is reflected in several forms; First, waqf is used to fulfill basic needs such as food, education, shelter, and health. Second, waqf has sought to increase opportunities for all people equally. Third, waqf is also intended to carry out structural changes enough to change social institutions and change systems that are less able to favor the weak community [13]. Waqf has also become an instrument that has the potential to be developed by the Muslim community, especially in developing countries like Indonesia. Even though waqf should be used productively from the start so that its benefits can be used to empower the people [16].

With the existence of stock waqf as a new breakthrough, many benefits are generated and also things have been allowed. Considering the huge potential of share waqf in Indonesia, where every year there are more investors who do share waqf in accordance with applicable regulations [14]. The emergence of share waqf is also motivated by the existence of social and technological structures in the community. As one of the developments of productive waqf, this share waqf was launched because it is considered more productive than other forms of waqf such as cash and immovable property [10].

Moreover, Indonesia has strong potential in raising social funds among the Islamic community. This condition is inseparable from the fact that Indonesia is a country with a majority Muslim population reaching 87.18% based on the Central Statistics Agency in 2010. This is also in line with the huge potential for share waqf and has increased significantly every year. Since 2011 when the Indonesian Islamic stock index (ISSI) and the Syariah Online Trading System (SOTS) were launched, since then until 2018 investors have continued to increase. From 531 investors in 2012, in 2018 there were 44,436 investors. In addition to the increase in the number of Islamic stock investors, Islamic stock issuers also experienced an increase [1]. From the most recent data, there were 93,870 investors in the Islamic stock market in March 2021 with an average annual growth of 65% from 2016 to 2021. Of course, this share waqf can be a potential investment in the world and the hereafter among stock investors [17].

The management of this share waqf can ultimately support the economy and sustainable development in Indonesia. Especially after the Covid-19 pandemic where the problems of economic resilience are unemployment and poverty. The benefits of this share waqf can be used as working capital assistance, additional capital for those who were previously affected, as well as helping the poor as a form of active participation, especially from the rich and willing to provide assistance [16]. In addition, it can also be a source of income for the state which is quite large and can be used for the benefit of the general public [18]. It can be said that the contribution of this share waqf can improve the welfare of society in general by suppressing the unemployment rate and distributing wealth to the poor or needy. In this way, the problems faced by economic resilience can be overcome.

## 4 Conclusion

Waqf has become a form of Islamic philanthropy which has two aspects, namely worship and social aspects. In addition, waqf has also become an instrument to be able to distribute wealth to those in need. Coupled with the development of waqf which is not only in the form of immovable objects, but movable objects such as shares. In relation to the contribution to economic resilience, especially in Indonesia, the findings include that there is an increasing trend of share waqf from year to year and an increasing number of Islamic stock issuers and the huge potential for share waqf in Indonesia waqf. This stock can ultimately become a supporter of the economy and sustainable development in Indonesia. Especially after the Covid-19 pandemic where the problems of economic resilience are unemployment and poverty. The benefits of this share waqf can be used as working capital assistance, additional capital for those who were previously affected, as well as helping the poor as a form of active participation, especially from the rich and willing to provide assistance. In addition, it can also be a source of income for the state which is quite large and can be used for the benefit of the general public. Waqf in Indonesia has become a form of worship that touches the interests of the community, not only in terms of worship facilities but also for social welfare. This is reflected in several forms; First, waqf is used to fulfill basic needs such as food, education, shelter, and health. Second, waqf has sought to increase opportunities for all people equally. Third, waqf is also intended to carry out structural changes enough to change social institutions and change systems that are less able to favor the weak community.

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