



Analysis of Nazhir's Role in Realizing Productive Waqf in the Digital Era

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Abstract

This study explores the utilization of digital technology by nazhir in managing waqf and identifies factors influencing the successful adoption of technology in the context of productive waqf. this study uses a qualitative approach that is to explore the interaction between the role of Nazhir and digital technology in the management of productive Waqf, data collected through the method of library research, observation, and documentation analysis. The data analysis includes content analysis and critical analysis, transcription, theme coding, and similar code grouping to develop the main theme to answer the problem formulation, then synthesized into conclusions and recommendations. This study reveals that digital technology has great potential to improve the effectiveness and efficiency of Waqf management, although it still faces various challenges. Technologies such as crowdfunding platforms, blockchain, and asset management applications can optimize the collection, management, and distribution of waqf assets, as well as improve transparency and accountability. The challenges in utilizing digital technology by nazhir in Waqf management are low digital literacy, limited technological infrastructure, and regulations that do not support it still need to be overcome. Therefore, it is necessary to increase Nazhir's competence, provide technological infrastructure, and update regulations. The results of this study contribute to the development of strategies and

policies for more productive and sustainable Waqf management in the digital era.

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INTRODUCTION

Waqf is one of the instruments in Islamic economics with significant potential to improve community welfare (Haneef et al., 2013). The Waqf tradition, which has existed since the time of the Prophet Muhammad, has significant social and economic functions, ranging from the construction of mosques, schools, to other public facilities. As human needs evolve and become more complex, the role of waqf as one of the social Islamic financial instruments demands significant development in its management, aligning with current modernization (Diniyah Sukma, 2021). However, in this digital era, the management and utilization of Waqf still faces various challenges and obstacles that require innovation and adaptation to modern technology.

One of the key components in the management of waqf is the role of nazhir, which is the institution responsible for the management of waqf assets. Nazhir's role is crucial in ensuring that waqf assets are managed optimally and provide sustainable benefits to the community (Hasan, 2008). This goal will be achieved if Waqf is managed productively or what is often called productive Waqf.

However, in the current era of globalization and digitalization, nazhir must adjust and adapt to the use of digital technology to realize productive waqf management. In the digital age, there are many opportunities that can be utilized by nazhir to improve the effectiveness and efficiency of Waqf management. Digital technologies such as crowdfunding platforms, blockchain, and asset management applications can be used to optimize the collection, management, and distribution of waqf assets (Laili et al., 2023). In addition, information technology allows for greater transparency and accountability in Waqf management, thereby increasing public trust in waqf institutions (Basri, H., & Azwar, 2017).

However, the adoption of digital technology in Waqf management also faces various challenges. One of the reasons for the suboptimal management of productive waqf is the low competence of nazhir (Lubis et al., 2023), including a lack of digital literacy among Waqf managers, limited technological infrastructure, unsupportive regulations (Basri, H., & Azwar, 2017). Therefore, this study aims to analyze the role of nazhir in realizing productive Waqf in the digital era, focusing on existing challenges and opportunities.

This study will examine how nazhir can utilize digital technology to improve Waqf management, as well as identify factors that influence the successful adoption of technology in the context of productive Waqf management. Thus, the results of this study are expected to contribute to the development of strategies and policies that support more productive and sustainable Waqf management in the digital era.

METHOD

This study will use a qualitative approach. A qualitative approach is chosen as it allows researchers to explore phenomena deeply (Noor 2017) and understand the context in which nazhir's role and digital technology interact in waqf management. This research will be conducted at waqf institutions that have implemented digital technology in managing their waqf assets.

Data collection is carried out through library research, observation at waqf institutions to directly observe the use of digital technology in the waqf management process, and documentation analysis such as annual reports, internal policies, and technology usage guides to obtain additional information on the implementation of digital technology.

Data analysis includes content analysis and critical analysis by transcribing all notes from library research, observation, and documentation, identifying and coding the main themes that emerge from the data, grouping similar codes into broader categories, then developing main themes that answer the research problem formulation, which are then synthesized into conclusions and recommendations.

RESULT AND DISCUSSION

1. Utilization of Digital Technology by Nazhir in Productive Waqf Management

This research found that the utilization of digital technology by nazhir in productive waqf management has shown significant progress. Based on field observations and previous articles and research, several digital technologies have been adopted:

a. Platform Crowdfunding

Crowdfunding Platform is a technology used to raise funds from the wider community for waqf projects. The use of crowdfunding platforms allows transparency in fundraising and provides wider access for the public to participate in the waqf activities (Basri, H., & Azwar, 2017). Crowdfunding platforms can be an effective tool in managing Waqf in Indonesia. With the advent of crowdfunding platforms, people can easily participate in the collection of funds for waqf projects.

The emergence of crowdfunding platforms, brought several opportunities for the development of money endowment programs. Today, crowdfunding platforms have become popular in Southeast Asia, including in the markets of major Muslim countries such as Indonesia and Malaysia. However, until now, the main focus of the money Waqf scheme has been on channeling funds for social activities rather than individuals who do not have access to banks. For example, the platform Kitabisa.com facilitate donations for social activities such as the construction of boarding schools, mosques, and support for orphanages. Platform users can donate according to their chosen goals through bank transfers and track the fundraising progress of their chosen social goals through the platform (Indonesia, 2021).

Here are some of the benefits of using crowdfunding platforms in Waqf management in Indonesia:

- 1) **Accessibility**
Crowdfunding platforms allow anyone with internet access to participate in waqf fundraising. This expands the potential fundraising reach and allows wider community participation.
- 2) **Transparency**
Crowdfunding platforms can provide greater transparency in the use danaof Waqf funds. Fundraisers danacan publicly communicate information about the waqf project, including its progress, expenditures, and impact. This helps build trust among supporters of productive waqf projects.
- 3) **Cost Efficiency**
The use of crowdfunding platforms can reduce the administrative costs associated with the collection danaof Waqf funds. Compared to traditional methods such danaas direct fundraising or through amil institutions, crowdfunding platforms tend to be more cost-efficient.
- 4) **Use Of Technology**
Crowdfunding platforms utilize information and communication technologies to facilitate fundraising. This allows fundraisers to reach a larger audience and connect more with donors.
- 5) **Community Involvement**
Through the crowdfunding platform, people can feel more directly involved in the waqf project. They can choose the projects they want to support and see the impact of their donations firsthand.

However, there are some considerations that need to be considered in using crowdfunding platforms for Waqf management in Indonesia. First, there needs to be a clear mechanism to ensure sharia compliance in the collection and management of funds. Secondly, it is important to ensure that the proposed waqf project is in line with the needs of the community and has a sustainable impact. Finally, the use of crowdfunding platforms also needs to be balanced with educating the public about the importance of Waqf and their role in supporting it.

b. Blockchain

Blockchain technology is applied to improve transparency and accountability in the management of waqf assets. The data stored on the blockchain cannot be changed, thus ensuring that all transactions are properly recorded and auditable. Blockchain can provide several benefits in waqf management, including (Basri, H., & Azwar, 2017):

- 1) **Transparency**
All transactions recorded in the blockchain can be seen by all authorized parties, increasing transparency in waqf asset management.
- 2) **Security**
The data stored in the blockchain is encrypted and distributed to various nodes in the network, making it difficult to manipulate or delete.
- 3) **Accountability**

Every transaction that occurs in the blockchain is permanently recorded, allowing for easier and more accurate audits.

4) Efficiency

Using smart contracts in blockchain can automate various aspects of waqf management, reducing the need for manual processing and minimizing errors.

With the innovative potential of blockchain technology, the use of endowment funds can be increased for greater social and economic impact in society. Awareness and active participation of the community, digital Waqf management can be a useful solution in this digital era (Elgazzar & Rahman, 2020).

c. Asset Management Applications

The use of asset management applications helps nazhir in managing and monitoring waqf assets efficiently. The app enables real-time monitoring of asset conditions and facilitates reporting to related parties (Laili et al., 2023). The benefits of the asset management system not only include the above but also (Panda, 2023):

- 1) Have the ability to monitor and manage the entire life cycle of an asset, from the initial stages of acquisition to periodic maintenance and gradual write-off of inventory.
- 2) Lead to increased compliance through careful and detailed recording, as well as the preparation of easy-to-understand reports.
- 3) Allows to supervise the use of assets and make improvements as needed.
- 4) Provide facilities to carry out preventive maintenance and routine inspections to avoid high repair costs and security risks associated with poor asset management.
- 5) Help in maximizing the life of the equipment to avoid premature replacement.
- 6) Ensure that assets can function as needed.
- 7) Provides a greater level of transparency in managing assets, which in turn increases accuracy and accountability.
- 8) Reduce waste and increase profitability.
- 9) Carry the potential for brand reputation enhancement as it reduces risks related to asset ownership, increases efficiency and effectiveness, and increases profitability.

The benefits described provide a deep understanding of the importance of an effective asset management system and how it can have a broadly positive impact on various aspects of an organization's operations and reputation. Likewise in Waqf Management, sistem manajemen an asset management system is needed to assist nazhir in managing and monitoring waqf assets efficiently.

2. Challenges in Digital Technology Adoption

Although there are various opportunities that can be utilized, the adoption of digital technology in Waqf management also faces several challenges, namely:

- 1) Low digital literacy among nazhirs. This is one of the main obstacles in the management of waqf in Indonesia. Many nazhir are still not familiar with digital technology and how to use it to manage waqf effectively (Lubis et al., 2023).

- 2) Limited teknologi infrastructure. Some waqf institutions face technological infrastructure limitations, such as unstable internet access and lack of adequate technological devices. This hinders the optimal implementation of digital technology.
- 3) Regulations that have not been supported. Regulations governing the use of technology in Waqf management are still not fully supported. There is a need to update the regulation to better match the development of digital technology (Basri, H., & Azwar, 2017). The main challenge on platform crowdfunding platforms that want to offer money Waqf schemes is the lack of integrated regulation. Although government regulation 42 of 2006 on the enforcement of Law No. 41 of 2004 stipulates that Islamic Financial Institutions, under the appointment of the Minister of religious affairs, are responsible for overseeing money Waqf schemes, the situation becomes more complex when fintech companies step in. Although the Waqf structure is regulated by the Ministry of Religious Affairs and the Indonesian Waqf Board (BWI), fintech companies are under the supervision of the Financial Services Authority (OJK). Due to different objectives, each institution has different regulations that must be followed by crowdfunding platforms for money waqf (Indonesia, 2021)

3. Factors Influencing the Successful Adoption of Digital Technologies

The study also identified several factors that influence the successful adoption of digital technology in Waqf management:

- 1) Competence of nazhir
Nazhir's competence, namely their readiness in adopting digital technology, largely determines the success of technology implementation. Training and capacity building for nazhir are key to overcoming low digital literacy (Hasan, 2008).
- 2) Support structure
The existence of adequate technological infrastructure, such as stable internet access and adequate technological devices, is very important to support the implementation of digital technology in Waqf management.
- 3) Policies and regulations related to the management of productive Waqf.
Policies and regulations that support the use of technology in Waqf management will encourage wider adoption of technology. There needs to be regulations that regulate and support technological innovation in Waqf management (Basri & Azwar, 2017). Regulations related to Waqf, especially in Indonesia, are regulated by law No. 41 of 2004 and government regulation (PP) number 42 of 2006 on Waqf. Although there are regulations governing Waqf, it is still considered inadequate to overcome the growing problems in waqf in Indonesia. The current legislation is considered to be less supportive of productive waqf development policies. One of them, in an effort to develop productive Waqf, the nazhirs are constrained by the regulations stipulated in law No. 41 of 2004 related to the development of productive Waqf in the form of money. Therefore, it is necessary to strengthen and improve the law No. 41 of 2004 related to more comprehensive Waqf governance, including rules related to the use of technology does not yet exist.

This study shows that digital technology has great potential to improve the effectiveness and efficiency of Waqf management. However, the adoption of digital technology by nazhir still faces various challenges that need to be overcome. The importance of increasing digital literacy among Muslims, providing adequate technological infrastructure, and updating regulations are key factors in supporting productive Waqf management in the digital era.

The utilization of digital technologies such as crowdfunding platforms, blockchain, and asset management applications can bring significant changes in Waqf management. By utilizing this technology, nazhir can optimize the collection, management, and distribution of waqf assets, as well as increase transparency and accountability which will strengthen public trust in waqf institutions.

Therefore, the results of this study make an important contribution to the development of strategies and policies that support more productive and sustainable Waqf management in the digital age. The adoption of digital technology must be balanced with an increase in the capacity of Nazhir and adequate policy support to achieve optimal and sustainable Waqf management.

CONCLUSION

This study reveals that the use of digital technology by nazhir in Waqf management has shown significant progress, especially through the use of crowdfunding platforms, blockchain technology, and asset management applications. However, the adoption of digital technology in Waqf management in Indonesia still faces several challenges, such as the low number of literacy of digital, limited technological infrastructure, and regulations that are not fully supportive.

The use of crowdfunding platforms has increased transparency, accessibility, and cost efficiency in danaendowment fundraising. Blockchain technology, with its transparent, secure, and accountable nature, can increase public confidence in the management of waqf assets. Asset management application helps nazhir manage waqf assets efficiently with real-time monitoring and easy reporting.

However, to maximize the potential of digital technology in Waqf management, it is necessary to increase the competence of the Waqf through training and capacity building, the provision of adequate technological infrastructure, and regulatory updates that support the use of technology in Waqf management. The current regulations need to be refined to support the development of productive Waqf and the adoption of digital technology.

By utilizing digital technology optimally, nazhir can optimize the collection, management, and distribution of waqf assets, increase transparency and accountability, and strengthen public trust in waqf institutions. The results of this study make an important contribution to the development of strategies and policies that support more productive and sustainable Waqf management in the digital age.

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