

Development and Productivity Waqf in Sharia Insurance in Indonesia and Egypt: A Comparative Analysis

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Abstract

Professional management of waqf funds will facilitate its growth and development. This article aims to shed light on the development and potential of Islamic insurance waqf in Indonesia, with a view to increasing its productivity and scope of development. Following the issuance of the DSN-MUI fatwa in 2016, which addresses the issue of Waqf of Insurance Benefits and Waqf of Investment Benefits on the subject of sharia-compliant life insurance, Indonesia can benefit from the examples provided by countries in the Middle East, such as Egypt, which has long been a pioneer in the development of its waqf, which has become a permanent provision in Egyptian law. This research utilises a qualitative descriptive research design. The data collected is analysed by providing a comprehensive picture of the development of Islamic insurance waqf. The findings of this study indicate that the development of Islamic insurance waqf is positive and has significant potential in the future. This is due to the large Muslim population in Indonesia, which provides a great opportunity for the growth of this form of Islamic finance. Provided that the conceptual and concrete barriers that may hinder its development can be effectively addressed by the relevant authorities and the general public, its growth potential is quite significant.

Keywords: *Waqf Insurance, Islamic Insurance, Fatwa DSN-MUI.*

Introduction

Islam is a comprehensive religion that regulates human behaviour and provides guidelines on how to live as God's caliph in the world. Allah gave mankind a set of instructions to accomplish its caliphate duties. These instructions, contained in the Quran and Hadith, cover a wide range of laws and solutions relating to social life, politics and religious rituals. In order to ensure that the meaning of the verse or hadith is still truly universal and comprehensible to all Muslims, the scope of social relations between human beings remains a

topic that requires further elucidation and explanation from scholars of Islamic legal studies (Primadhany, 2022). The primary objective of Islam is to promote the general and social welfare of mankind, defined as a life of peace, harmony, and prosperity at the individual and collective levels.

Islamic teachings cover a wide range of topics, including waqf and its socio-economic dimensions. Muslims have followed this doctrine since the time of the Prophet until now. Waqf is defined as the conversion of private property into public property. Its essence is preserved, it can generate long-term benefits, and it is controlled and developed. Years later, there are still differences of opinion among jurists regarding the definition, purpose, and the best way to utilise waqf assets (Amrullah, 2023). Nevertheless, they agree that waqf is a valuable resource with significant potential to advance the welfare of Islamic society.

Waqf is the third hand of Muslims in the country and plays an important role in the growth of the Islamic world. Waqf has helped the state for centuries in solving all the problems that arise, such as funding public health, education, and infrastructure; providing water; compensating the poor; maintaining houses of worship; paying salaries of civil servants; and maintaining facilities that fall under the general responsibility of the state (Rashid, 2018). Waqfed assets are fully returned to Allah SWT so that they are no longer entitled to be inherited or donated. The concept of waqf is basically to eliminate individual ownership so that it cannot be transferred or even lost. Waqf is special because it has the potential to improve the welfare of society, especially through economic activities.

The fatwa of the Indonesian Ulema Council (MUI) has strengthened cash waqf and waqf insurance policies in Indonesia. The potential of the Islamic insurance market in Indonesia is increasing along with its growth. To maximise the potential of waqf, insurance policy-making is expected to be in line with current trends and look forward to a bright and thriving future. The plan to integrate Islamic insurance products with waqf is a new thing that may need to be studied further to gain a deeper knowledge of the meaning of waqf. This plan is expected to help the nation, especially Indonesia, in dealing with problems in order to maximise the existing potential of waqf (Effendi, 2024). MUI can emulate the waqf system in Middle Eastern Muslim countries such as Egypt, Medina, and others to create a waqf management programme in Indonesia, so that the implementation of waqf will be more advanced, more beneficial to the nation, and contribute to Indonesia's economic growth.

Literature Review

Waqf for the Ummah's Benefit

The term "waqafa" used to describe the act of giving a gift is not directly used to explain the hadith related to the concept of waqf. Instead, different linguistic configurations are used, but they still retain the same semantic core. Waqf theory posits that there are several types of waqf that contribute to fulfilling human needs. There are four types of waqf: *waqf khash* (personal waqf), *waqf khayrī* (charitable waqf), *waqf dhurrī* (family waqf), and *waqf al-nuqd* (liquid waqf) (Ulum, 2024). Waqf implies the permanence of property, which is not perishable and its benefits can be felt continuously. The Kaaba was the first building recorded by Allah SWT as a waqf building for the benefit of mankind (QS. Ali Imran: 96). Surah Al-Baqarah verses 177, 261 and 267, as well as Surah Al-Imran verses 92, 133 and 134 are six verses that discuss

waqf, among others. All of these letters are interrelated, especially in explaining aspects of goodness that explain human attitudes towards wealth, the command to give alms with quality assurance, and the sincerity of giving alms with assets that are highly admired (Rajuli, 2020).

The Indonesian Waqf Board (BWI) projects an annual potential of around IDR180 trillion for cash waqf in Indonesia. However, the actual collection in 2020 only reached IDR850 billion. This is due to two factors: lack of experience among waqf managers (nadzir) and low awareness of the waqf concept (57.67%). In addition, the BWI website notes that there are 134 waqf land properties in Indonesia. A total of 327 plots of land designated for waqf have been certified by the National Land Agency (BPN), with an area of approximately 111,481,173 square meters. This equates to an average of 1,063.53 square meters of certified waqf land per parcel (Tohor, 2021).

Empirical studies agree that waqf funds help address the challenges faced by the state, including social, educational, and healthcare issues. In the social sector, waqf can be utilized as a tool for wealth redistribution aimed at alleviating poverty. Furthermore, waqf is an effective instrument for the success of educational programs in society. This includes providing scholarships, building educational infrastructure, improving welfare, and empowering local economic potential around educational institutions. This emphasis is more effective in producing high-quality human resources. Additionally, waqf can facilitate improvements in public health in terms of accessibility and can also be used for the construction of hospitals (Hiswi, 2020).

The Indonesian Waqf Board (BWI) projects that every year there is a potential of around IDR 180 trillion in cash waqf that can be collected in Indonesia, but the realization that was successfully collected in 2020 was only IDR 850 billion. This is due to two reasons, namely the non-optimal and incompetent waqf nadzir, and the very low level of waqf literacy (57.67%). Several empirical studies have agreed that waqf helps solve problems faced by the state, including social, education and health. In the social aspect, waqf can be used as a wealth redistribution tool to alleviate poverty. Waqf is also very useful in the success of community programmes in the field of education (Saidon, 2019,) such as providing scholarships, building educational infrastructure, improving the welfare of ustadz, or empowering the economic potential of the community around educational institutions. This reality will be more effective in producing quality human resources (Kurniawan, 2020). Waqf also helps improve community welfare in the health sector by considering the affordability factor,¹⁶ and can also be used for hospital construction (Hiswi, 2020).

Sharia Insurance and Its Implementation

In Islamic finance, insurance is known as takaful, takaful is an Arabic word meaning mutual guarantee, this word comes from the root word kafala, which means mutual guarantee, bear, or be responsible (al-Amri, 2017). DSN-MUI (2001) states that according to Islamic teachings, insurance is an effort to give and bear each other among a number of people or parties through investment patterns in accordance with sharia principles, provided that it is carried out in accordance with the principles of sharia finance and to face certain risks. Sharia insurance product agreements must not contain elements of uncertainty, speculation, interest, injustice, bribery, ugliness, or haram assets. The product must provide peace of mind and true

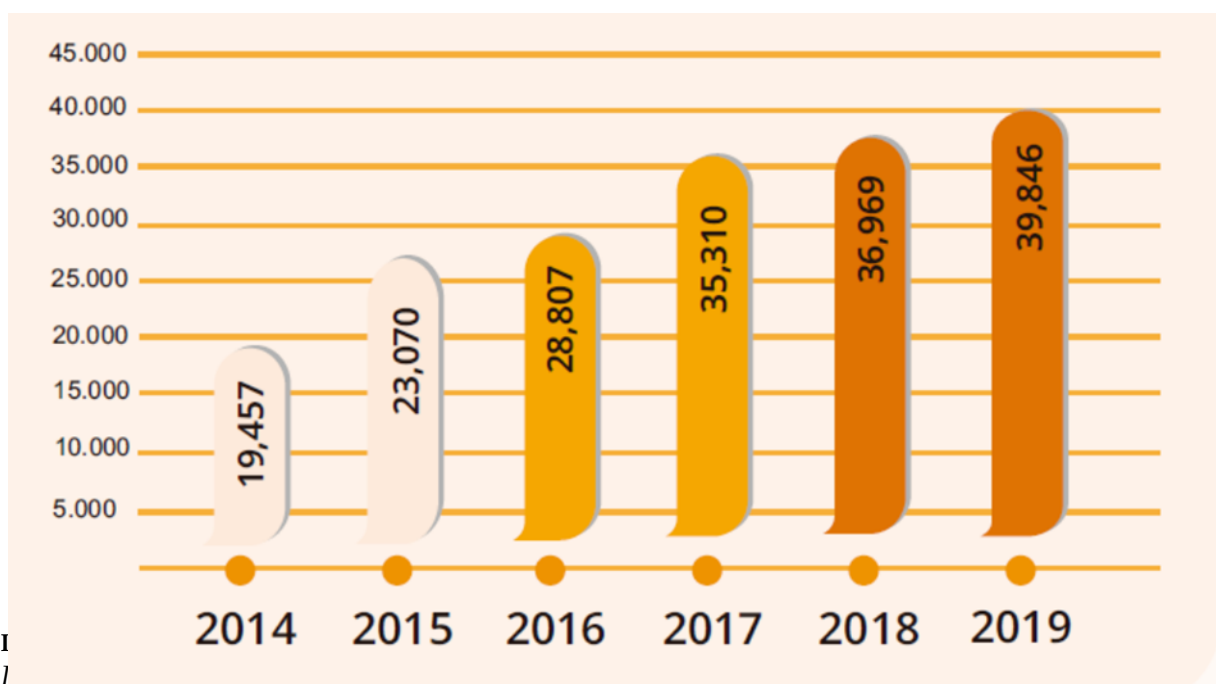
benefits for its customers. Islamic insurance is managed professionally based on a *tijarah* contract, where the insurance company gets a reward and a share of the profits from the funds it manages.

The application of the principle of *ta'awun/help* in sharia insurance is explained in Law Number 40 of 2014. First, policyholders are entitled to compensation in the event of an unexpected risk. The insurance company guarantees coverage for all losses suffered by policyholders in accordance with the terms and conditions described in the insurance policy. Second, insurance customers are entitled to benefits from funds managed by insurance companies. If the insurance customer dies or is still alive at the end of the insurance period, then his heirs are entitled to receive part of the insurance benefits promised by the company.

There are four different models of Islamic insurance: (1) *Mudharabah* (profit-sharing) model, where shareholders share profits and losses with policyholders; (2) *Wakalah* model; Agent fees are received in advance of contributions and transferred to shareholder funds. (3) Hybrid Model (*Mudharabah* and *Wakalah*): This model is used in Bahrain, United Arab Emirates, and the Middle East. (4) Model used in Pakistan and South Africa; part of the capital contributed is irrevocable (al-Amri, 2017).

In the Islamic insurance system, there is a *tabarru* fund which is the core of the mutual guarantee and protection agreement between participants regarding loss or damage that has been determined beforehand (Redzuan, et al, 2009). In accordance with the provisions stipulated by DSN-MUI, the *tabarru* contract is not intended for commercial purposes. Rather, it is a mutually beneficial contract, designed to provide protection and assistance to policyholders. This is the implementation of the Quranic commandment as stated in the Quranic verse of Surah Al-Maidah verse 2. This is also the difference between Islamic insurance and conventional insurance which does not fulfil the element of mutual assistance. Funds contributed by participants are invested in accordance with sharia principles, with the approval of the Sharia Supervisory Board (DPS) (Fadilah, 2019).

Figure 1. The Statistics of the Development of Sharia Insurance Investment in Indonesia from 2014-2019



Source: *Financial Services Authority, (2019)*

Research Method

This study uses a descriptive qualitative approach (Creswell, 2019), focusing on the management and empowerment of Islamic insurance and Islamic insurance waqf following the issuance of the DSN MUI fatwa in 2016, which discusses the benefits of waqf in insurance and investment benefits in Islamic life insurance. The design of this study aims to describe the management and empowerment of both aspects. Data analysis is conducted by providing in-depth interpretation and presenting all data obtained regarding insurance waqf and Islamic insurance. This aims to provide a comprehensive picture and a thorough understanding of the issues surrounding waqf in Islamic insurance, which will ultimately lead to conclusions and research findings.

Result and Discussion

The Concept of Insurance Waqf

A new variation that can be used to support the development of cash waqf is insurance waqf. Islamic Insurance Waqf is a type of worship that is directed towards the pleasure of Allah and is considered a type of *maliyah* (wealth), which is worship through the distribution of assets owned in the way of Allah. The resources used in Islamic insurance Waqf are assets that can be transported in the form of currency. Since the assets donated are long-term and become fixed assets, this is allowed by Indonesian law and religion. Waqf is based on the idea that properties are donated, are permanent, long-lasting, and productive; they cannot be depleted or reduced (Subhan, 2023).

The concept of waqf in Islamic insurance products takes the form of policies that combine the values and advantages of investment insurance, where policyholders can contribute with the consent of the heirs. The goal of insurance is to transfer or mitigate risks to participants or beneficiaries of the insurance policy. One clever way to assist Muslims in developing waqf in Indonesia is through waqf in Islamic insurance (Zahro', 2024). Waqf Benefits is a unique Islamic insurance product designed to fulfill the spiritual investment goals of the waqif through productive waqf and social waqf, managed by official waqf institutions. Its aim is not only to generate income for self-protection against future misfortunes and dangers but also to fulfill the spiritual investment goals of the waqif. The availability of the waqf benefits insurance industry helps address the current economic and social challenges in Indonesia (Hakim, 2020).

The relevant regulation refers to Law No. 41, Article 1 of the 2004 Waqf Law, which states that "waqf functions to actualize the economic potential and benefits of donated assets for religious purposes and to improve the welfare of the general public." This statement indicates that the potential for the development and growth of insurance products related to waqf funds is substantial. The profits generated from these products can be distributed to social programs that support and improve the general welfare of society.

Waqf Insurance is the transfer of a number of funds obtained from insurance benefits or investment value in Islamic insurance policies, in accordance with the terms

and conditions of the policy. The funds are then managed and utilized by the appointed nadzir as optimally as possible, with the aim of eliminating the principal. This is tantamount to denial of inheritance. Furthermore, the proceeds are channeled to the permissible recipients of the waqf. Some people still hold the view that insurance is not recommended in the teachings of the Prophet Muhammad. This creates controversy and difficulties for the general public, especially those with limited knowledge of Islam. Islam does not prohibit the ownership of insurance policies. Insurance is permissible provided the necessary funds are available and collected and managed in accordance with Islamic law. Shariah-compliant waqf insurance practices have been socialised and implemented by some Islamic waqf since 2012. However, it has only recently been recognised as a legal entity. October 2016, DSN-MUI issued Fatwa No. 106/DSN-MUI/X/2016 on waqf insurance benefits and investment benefits in Islamic life insurance (Malik et al, 2020).

In 2020, the concept of waqf underwent a significant evolution. The traditional inanimate form of waqf has been transformed into a more dynamic and flexible form of waqf that includes movable assets and cash waqf. In addition to financial contributions, charitable donations can also be made in the form of insurance policies. This form of waqf is increasingly popular among Indonesians. In 2016, DSN MUI issued a fatwa No. 106 on waqf of insurance benefits invested in Islamic life insurance. DSN-MUI allowed both waqf models. Insurance-based waqf benefits are the transfer of a certain amount of funds derived from *tabarru'* funds to individuals or entities affected by disaster or to designated recipients. It is important to note that the benefits of investment in waqf go beyond financial contributions. Indeed, the funds allocated to participants of the insurance programme come from investment contributions and the profits generated by those investments (Eriyanto, 2023).

The waqf insurance plan for Islamic life insurance is specifically designed to meet the investment needs of the waqif community, with the aim of providing their financial security in the hereafter, facilitating productive waqf, and supporting religious and social activities. The beneficiaries of the policy are individuals related to the insured, such as spouses, children, or siblings. Furthermore, with the consent of all heirs, the policy's sum insured and, if applicable, the investment returns will be transferred to the designated charitable institution. This agreement is legally validated through a notarial deed signed by all heirs.

The success of driving Islamic financial institutions in the fields of insurance and waqf is highly determined by the integration of society in general and customers in particular. This waqf variant will make it easier for someone who wishes to make a waqf with their wealth, as it does not require them to have the full nominal amount donated or accumulated. Through a Shariah-compliant life insurance policy, customers only need to set aside 500,000 per month, and 500 million is ready to be donated at any time upon the customer's death. This is the advantage of the Shariah life insurance waqf policy compared to waqf in other forms. Shariah life insurance waqf is a form of waqf fund that complies with Shariah principles, which allows the primary insured to donate the investment value or insurance benefits to waqf, with the heirs' consent. This is done with the understanding that the insurance policy's benefits will be paid upon the policy's maturity or the death of the waqif.

It is important for both Islamic insurance companies and the waqif to understand and adhere to the regulations in place to ensure the legitimacy of the waqf from both religious and

legal perspectives. There are four requirements that must be met for a life insurance policy to qualify as a waqf benefit.

1. The designated insurance beneficiary must make a legally binding promise (wa'd mulzim) to contribute the insurance benefits.
2. The maximum allowable donation of insurance benefits is 45% of the total insurance benefits.
3. All potential beneficiaries or designated successors to the insurance contract must give their express consent; and
4. The waqf pledge is made after the insurance benefit is given to the designated party or its successor. In essence, the purpose of an insurance waqf fund is to mitigate the risks faced by the insured or the designated waqf fund recipient (DSN-MUI, 2016).

One of the distinguishing factors between Islamic insurance and conventional insurance is the practice of waqf. In addition to providing personal and family protection, Islamic insurance waqf also provides benefits and advantages for others (Nopriansyah, 2016). Meanwhile, the conditions for waqf investment benefits are as follows (Hassan, 2019):

1. Investment benefits can be contributed by insurance policyholders. In this context, insurance companies not only provide life insurance but also manage investments in accordance with sharia principles. The investment funds can be allocated and developed in the form of sharia stocks, bonds, mutual funds, deposits, and other financial instruments. This is done with the aim of managing and developing the invested premiums.
2. The amount of investment benefits that are allowed to be inherited is a maximum of one-third of the total assets and/or wealth, which is agreed upon by all heirs (DSN-MUI, 2016).

Upon the occurrence of a relevant event, the management of waqf assets will be conducted in accordance with contemporary principles and practices, and in co-operation with financial instruments and diversification strategies. The basic principles of waqf are inviolable and may not be changed. In accordance with the fatwa of the Indonesian Ulema Council No. 106/2016, the management of waqf assets should not result in the depreciation of their real value. Assets designated as waqf must be protected from any form of transfer, including sale, grant, or inheritance. This is because the waqif has pledged the assets concerned as collateral to ensure their utilisation for the benefit of the designated recipient.

Waqf funds collected by Islamic banks will be managed and developed by the bank in collaboration with a waqf institution or nadzir registered with the Indonesian National Waqf Board (BWI). The role of the waqf management institution is to organise the administration of waqf assets, supervise and improve their management and development in accordance with the provisions of waqf, supervise and safeguard waqf assets, and provide reports on the implementation of their duties to BWI.

The management of funds from the *tabarru'* pool by waqf institutions through a *wakalah bil ujah* contract must comply with the applicable regulations. The management or investment of *tabarru'* funds will generate surpluses or profits. The surplus guarantee is generated after the *tabarru'* funds are collected and optimally distributed to assist participants affected by disasters, as well as those who file claims. The purpose of these productive activities is to improve the welfare of society through various initiatives, including the

establishment of Islamic boarding schools (pesantren), provision of clean drinking water, construction of hospitals, provision of capital for expanding small and medium enterprises (SMEs), and other similar efforts. The surplus underwriting will be distributed back to the beneficiaries as specified in the initial agreement. The distribution of the underwriting surplus profit is structured with a 40:30:30 ratio. This means that 40% is allocated to the insured participants, 30% is reinvested into the *tabarru'* account to generate further profits, and the remaining 30% is deposited into the company's general account.

This contract or agreement is based on the principle of *tabarru'*, where participants make contributions that are then used to help other insured individuals who face misfortunes or situations beyond their control. Therefore, the funds are separated from other capital and invested with a special management structure. The funds allocated for *tabarru'* are used when the insured files a claim due to an unforeseen event, such as an accident or death. The proceeds from managing these waqf funds will be used for productive activities aimed at improving the welfare of society. These activities may include the establishment of pesantren, provision of clean water, construction of hospitals, provision of capital for the development of small and medium enterprises (SMEs), and other similar efforts.

Egyptian Waqf Management Mechanism

Egypt is one of the Muslim countries that has a well-managed waqf system. Attention to waqf began during the rule of Muhammad Ali Pasha. The first effort made was to organize waqf lands through supervision and maintenance, with the proceeds intended for public welfare in accordance with the conditions that had been set. Additionally, the Egyptian government also provides protection to the *mustahiq*. The next step was the establishment of the Diwan al-Waqf, which became the precursor to the Ministry of Waqf.

The waqf mechanism in this country adheres to government regulations that have already been established. These include the legislation issued in 1926 regarding waqf, Law No. 48 of 1946, which regulates waqf and its conditions, Law No. 180 of 1953 concerning the abolition of private waqf and its implementation regulations, and Law No. 247, which deals with the supervision of charitable waqf and the publication of waqf maintenance expenses. In 1957, Law No. 30 was issued regarding the establishment of hospitals, followed by Law No. 152 on the replacement of agricultural land donated for the public good. For the regulation of agricultural land replacement, Law No. 20 was issued in the same year. In 1958, Law No. 51 was enacted as an amendment to Law No. 152 of 1957. Finally, the development of waqf is regulated under Law No. 80 of 1971 (Achfas, 2016).

To facilitate the implementation of the aforementioned laws, the government established a waqf management structure. This management includes various parties, such as the Minister of Agriculture, the Minister of Population, and the Minister of Waqf. It also includes advisors and the Waqf Ministerial Council. The assets in question are those designated by the government to be included in the general budget, as well as assets used as debt collateral, gifts, bequests, charitable donations, aside from documents. It also includes funds or prices that must be allocated for expenses and assets that are eligible for management. Additionally, the outcomes of other beneficial actions that can be taken to enhance and develop waqf are also considered.

The management of waqf can succeed if the following factors are considered. Essentially, the waqf manager must save and/or invest the financial returns of the waqf, which may take the form of currency, in banking institutions. This allows the capital to grow. Second, the government, particularly the Ministry of Waqf, plays an important role in the establishment of Islamic banks, which are crucial for driving economic growth among Muslims. Third, the Ministry of Waqf has established collaborative initiatives with various parties, including those involved in livestock management, housing development, and other sectors. Fourth, the Ministry of Waqf supervises the management of uninhabited waqf land for productive purposes, through the formation of economic institutions that collaborate with steel companies and others.

The results of waqf fund investments in various companies are not only used for the establishment of places of worship and educational institutions, but also for the benefit of the community, including the construction of model hospitals and the provision of free services to the general public (Hasanah, 2019). Al-Azhar University is one of the outcomes of waqf management. Al-Azhar University does not charge tuition fees for its students, and even provides scholarships to Muslim students each year. This university, as one of the waqf managers in Egypt or as a waqf nadzir, only takes the proceeds from the waqf for educational purposes (Mu'allim, 2015). Thus, it can be said that both the Egyptian society and government place great importance on the management of waqf assets, ensuring they are managed productively and seriously by experts. This is evident in the regulations made by the government, which are relevant and applicable. This reflects the significant attention given to waqf management in Egypt.

Analysis of Egyptian Waqf Management

In the management of waqf in Egypt, which takes place properly and correctly and has produced several educational institutions and hospitals that are intended for the Egyptian people in particular and Muslims as a whole (Mu'allim, 2015). This shows that there are supporting factors for the waqf management system, ranging from public awareness of the importance of waqf to the creation of regulations relating to waqf, so that the movement of waqf management is maintained and maintained by the regulations set by the government. Therefore, there are several aspects that need to be considered in the management of waqf that has been carried out by the Egyptian state, namely as follows (Abdullah, 2020):

1. Government Policy

Government policy regarding matters closely related to public trust is an indirect form of support for it. For example, the government policy regarding the status and protection of Online Motorcycle Taxis (Ojek Online) in Indonesia. This policy is needed to protect the existence and ensure the safety of online motorcycle taxi drivers from attacks or threats. Similarly, with regard to waqf (Suwaidi, 2011).

In Egypt, the management of the waqf system is carried out enthusiastically not only by the Egyptian people but also by the local government. It can be said that the support for the formation of waqf regulations arose from the desire and enthusiasm of the people who wanted to make waqf a tool for the development and improvement of the welfare of the Egyptian people. Several years later, the Egyptian government issued policies that were incorporated into the country's legislation. With the issuance of this law,

several institutions were formed to support the sustainability of waqf. In the end, the management of waqf resulted in the creation of several educational institutions dedicated to the Egyptian people. The significant development of waqf is always accompanied by government policies that continuously support the advancement of waqf in Egypt.

2. Waqf Management

The system of waqf management in Egypt operates in accordance with Islamic law. This can be seen in the allocation of the proceeds from waqf management. The results of this management are directed towards the welfare of the people, such as the construction of Islamic places of worship, free educational institutions, and hospitals, the costs of which are covered by the Egyptian government. The waqf assets managed by the government come from donations, bequests, gifts, and land documents, which are managed productively by the government, with the results being allocated for the welfare of the community (Suwaidi, 2011).

Development of Waqf Insurance in Indonesia

As a Muslim-majority country, Indonesia has the potential to become a significant contributor to the global waqf fund. Jamal (2023) estimates that there are around 20 million Muslim philanthropists in Indonesia who endow their assets worth 1 million annually, thus the potential accumulation of waqf funds reaches 20 trillion. The growth of waqf funds in Indonesia and other Muslim countries has been quite positive in recent years. This is partly due to the flexibility of the waqf concept which does not require donors to wait until they own a piece of land or building before making a donation. The concept of cash waqf allows anyone with financial assets, regardless of value, to easily endow them. This ease of access began with the issuance of cash waqf. This has indirectly led to the modification of the concept of financial waqf, including the emergence of Islamic insurance waqf (Effendi, 2016).

In addition to the establishment of cash waqf as the precursor to the emergence of Islamic insurance, the growth of cash waqf in recent years will also influence the development of Islamic insurance. The Islamic financial industry, including insurance, has the potential to become a significant competitor in the global arena of Islamic finance. These opportunities can be identified in several key areas. First, Indonesia has a Muslim majority population of over 230 million people (Gustani, 2016), which represents a significant customer base for Islamic finance. Second, Indonesia's economy has experienced significant growth in recent years, with an estimated annual expansion rate of 6.0% to 6.5%. Third, Indonesia's upgrade to investment-grade credit status can attract investors looking to invest in the domestic financial sector. Fourth, the allocation of natural resource wealth can serve as a foundation for financial transactions in the Islamic finance sector (Effendi, 2024).

It can be concluded that the potential for Islamic insurance is considerable, especially since it only represents a small portion of the overall growth of Islamic insurance. The potential of Islamic insurance waqf in Indonesia can be mapped after identifying the opportunities and challenges faced in developing waqf as an Islamic insurance product. As with cash waqf, Islamic insurance waqf also impacts the flexibility of mobilizing public funds (BWI). Some of the reasons that support the development of Islamic insurance waqf include:

1. Waqf as a form of waqf has a wider range of participants than conventional waqf.

2. The significant growth of the Islamic insurance industry in Indonesia has gradually encouraged the inclusion of waqf as one of the products in this industry.
3. The majority of Indonesia's population, 87% of the total population or approximately 230 million people, follow Islam. This demographic is a promising market for the development of Islamic insurance products, including waqf insurance.
4. The various facilities offered by Islamic insurance companies to their customers regarding waqf products will certainly attract the interest of the Muslim community to endow waqf through these insurance companies.

Mapping the potential of sharia waqf funds cannot be separated from the potential of waqf funds in general, especially those that are monetary in nature. Indonesia's 268 million population, the majority of whom are Muslims (BPS), is an important asset for the collection and development of financial and insurance waqf, including sharia-compliant insurance waqf. Through effective management, the collected funds can be utilised for community empowerment and welfare.

The calculation of the waqf potential of movable assets in the form of money may vary, depending on the basic assumptions and principles used. *Firstly*, the 2014 Susenas data shows that the Muslim population in Indonesia is estimated at 197 million and spread across 33 provinces. *Second*, the calculation of the potential of movable asset waqf is based on the income level of the population, which is divided into two categories, namely middle-income people and high-income people. The income level is the basis for calculating the potential for waqf of movable assets in the form of money. *Third*, the potential for charitable donations in the form of money is calculated based on three assumptions::

1. The lower group, the population that has made waqf, is estimated to represent only 10% of the total Islamic population. This group is responsible for the creation of waqf worth IDR 10,000 per individual every month;
2. The moderate category, which includes waqifs, is estimated to represent 25% of the Muslim population. This group is responsible for the creation of waqf worth IDR 10,000 per individual every month;
3. High, 50% of Muslims have more monthly income and a monthly waqf contribution of IDR 10,000.

The data shows that approximately 98.89% of the potential contributions for cash waqf come from Muslims with a middle-income level, while the remaining percentage comes from Muslims with a high-income level. If 10% of the Muslim population contributes IDR 10,000 in cash every month, the total generated would IDR 197.0 billion per month, or about IDR 2.36 trillion per year. If more than 10% of the Muslim population contributes in the form of waqf funds, the potential for growth would increase significantly (Nizar, 2016). In addition to relying on the concept of cash waqf, the concept of sharia-compliant insurance waqf also depends on the existence of sharia-compliant insurance instruments. Sharia insurance companies are financial institutions that offer waqf products and manage the accumulation of waqf funds in participants' accounts for investment in accordance with sharia principles.

The development of sharia insurance over the past five to ten years leads to the conclusion that the integration of waqf into insurance companies holds considerable prospective potential in the coming years. It is still too early to draw such a conclusion,

considering that the integrated waqf and sharia insurance concepts were only introduced in the last four years. However, an optimistic view is the right initial approach in developing waqf as an insurance product under management (Hakim, 2020).

In terms of quantity, the growth of sharia insurance in Indonesia is quite significant, with both domestic and foreign insurance companies offering the majority of their products in this field. At least in 2012, there were 46 insurance and reinsurance companies operating in accordance with sharia principles. Moreover, the total premiums for sharia insurance also show positive growth, even though the market share of sharia insurance is only 3.96% of the total insurance market. This figure continues to increase. In line with this, DSN-MUI stated, based on insurance data, that there are currently more than 40 insurance and reinsurance companies operating in the sharia-compliant sector.

The issuance of the DSN-MUI Fatwa (No. 106/DSN-MUI/X/2016) on the waqf benefit of insurance and investment in sharia life insurance presents an opportunity for Indonesia's Waqf Fund to expand its activities in the field of cash waqf through sharia insurance. In addition to corporate waqf instruments through LKS-PWU, which are already operational, other instruments have been developed. Several insurance companies have developed integrated products that facilitate the integration of waqf into their offerings. Among these are Family Takaful, which launched the "Takafiling Salam Waqf" product in 2017, Allianz, which incorporated waqf features into its sharia insurance offerings, and the latest being AXA Mandiri Syariah, which launched a waqf product. These insurance companies represent a portion of the Indonesian insurance industry that has developed products offering insurance-based and investment-based waqf (Hazami, 2016).

However, in addition to the opportunities and potential, sharia insurance waqf also faces challenges and shortcomings. Some of these challenges include:

1. Lack of intensive socialisation is a significant obstacle to the growth of waqf funds in this sector.
2. The current segmentation of Islamic insurance waqf funds is still limited to most waqf funds in big cities. However, the participation of waqf funds in smaller cities is still lacking as they are not familiar with this form of waqf fund.
3. Another important challenge is the lack of public awareness of the potential benefits of shifting from conventional forms of waqf (such as land waqf, etc.) to more productive models, including waqf of Islamic insurance investment benefits.

The lack of public understanding of the concept of waqf is primarily due to the absence of effective socialization initiatives. As reported by the Indonesian Waqf Board (BWI), the National Waqf Literacy Index (ILW) has only reached a score of 50.48%. This figure is considered low, with the Basic Waqf Literacy score at 57.67 and the Advanced Waqf Literacy score at 37.97. The latter includes concepts such as productive waqf, cash waqf, and also waqf insurance (BWI, 2020). These challenges will hinder the growth of the waqf fund for sharia insurance, despite its considerable potential. If these three obstacles can be effectively addressed and mapped, it is possible that this waqf fund will contribute significantly to the welfare of the community, particularly in the areas of education, economy, health, and national infrastructure (Hakim, 2020).

The continued development of the waqf fund for sharia insurance is also influenced by several factors that have hindered it from making a meaningful contribution to community empowerment initiatives. First, there is a need to improve public understanding of the principles of waqf. Most of the public is only familiar with waqf as donations of land or the construction of places of worship. Second, the internal management of waqf does not yet meet the expected standards. As a result, a significant amount of waqf assets remain idle, and in some cases, these assets are even lost. Third, there needs to be strict oversight of waqf management institutions to ensure that assets are managed effectively and benefit all parties (Arno, 2018). Moreover, government policies regarding waqf should be given more attention, not just as a fatwa from MUI, but also as a law or government regulation concerning waqf management and the centralization of waqf funds as a whole, in order to advance the welfare of the community. This would increase awareness and concern for sharia insurance waqf among the public, similar to how Egypt has implemented such regulations, which has had very positive results and led to further development.

Conclusion

From the above, it can be concluded that Indonesia has great potential to become a leader in waqf insurance innovation by integrating Islamic insurance and waqf products for social and religious purposes. This innovation has the potential to optimize the utilization of waqf assets in Indonesia and reach a wider segment of society. On the other hand, Egypt, with its extensive experience in managing traditional waqf, provides valuable lessons on how to effectively manage and centralize waqf assets. The waqf infrastructure and regulations in Egypt have proven effective, providing stability that can be applied on a larger scale. In this regard, Indonesia can learn from Egypt to increase waqf productivity, especially in managing and centralizing assets. Meanwhile, Egypt can learn from Indonesia's waqf insurance innovation to expand the scope and social impact of waqf. This collaboration and knowledge exchange can maximize the potential of waqf to improve the welfare of the people in both countries. Waqf insurance in Indonesia is an emerging innovation, supported by regulation and the involvement of Islamic financial institutions. Meanwhile, Egypt has a strong infrastructure in managing waqf, although its approach tends to be more conservative and focuses on traditional waqf. This comparative study shows that Indonesia has great potential to lead in waqf insurance innovation, while Egypt can provide valuable lessons in managing and centralizing waqf assets. Both countries can learn from each other to maximize waqf productivity for the welfare of the ummah.

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