

## THE ROLE AND POTENTIAL OF MONEY WAQF THROUGH BAITUL MAL WA TAMWIL IN EFFORTS TO ALLEVIATE POVERTY BASED ON PONDOK PESANTREN

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### Abstract

Abstract: The research conducted focuses on discussing how the role and potential of cash waqf collected by Baitul Mal Wa Tamwil (syariah cooperative), after the cash waqf funds have been collected, are managed by the sharia cooperative for efforts to alleviate poverty based on Islamic boarding schools. The method used in this research is literature study (Library Research) towards books and reading materials related to the discussion. The research results show the role and potential of cash waqf for Islamic boarding school-based poverty alleviation. It shows that sharia cooperatives that are present in Islamic boarding school-based educational institutions can be the spearhead in collecting cash waqf because to carry out cash waqf you don't need to wait to be rich or established, anyone can carry out cash waqf with a small nominal amount such as five thousand rupiah, so that with the collected cash waqf capital, you can immediately use it according to the purpose, such as making investments by providing convenience in terms of financing to the community around the boarding school. Islamic boarding school with small profit sharing so as not to burden the customers. Apart from that, sharia cooperatives, apart from providing financing, have another very important role in supervising customers, namely by empowering, spiritual and physical development with religious knowledge and sharia-based family financial planning as well as providing business assistance so that the objectives of the financing can be achieved in accordance with the plans that have been prepared.

**Keywords:** *Baitul mal wa tamwil, cash waqf, empowerment, financing, poverty, sharia cooperative*

### Abstrak

Penelitian yang dilakukan berfokus kepada pembahasan bagaimana peran dan potensi wakaf uang yang dihimpun oleh Baitul Mal Wa Tamwil (koperasi syariah), setelah dana wakaf uang terkumpul dikelola oleh pihak koperasi syariah untuk upaya pengentasan kemiskinan berbasis pondok pesantren. Metode yang digunakan dalam penelitian ini ialah studi pustaka (*Library Research*) terhadap buku-buku dan bahan bacaan yang berkaitan dengan pembahasan. Hasil penelitian menunjukkan tentang peran dan potensi wakaf uang untuk pengentasan kemiskinan berbasis pondok pesantren menunjukkan bahwa koperasi syariah yang hadir disebuah lembaga pendidikan berbasis pesantren bisa menjadi ujung tombak dalam penghimpunan wakaf uang karena untuk melakukan wakaf uang tidak perlu menunggu untuk kaya ataupun mapan, siapapun bisa untuk melaksanakan wakaf uang dengan jumlah nominal yang kecil seperti lima ribu rupiah, sehingga dengan modal wakaf uang yang terkumpul tersebut bisa langsung digunakan sesuai dengan tujuan seperti melakukan investasi dengan cara memberikan kemudahan dalam hal pembiayaan kepada masyarakat sekitar pondok pesantren dengan bagi hasil yang kecil sehingga tidak memberatkan para nasabah. Selain itu, koperasi syariah selain memberikan pembiayaan memiliki peran lainnya yang sangat

penting dalam rangka mengawasi nasabah yaitu dengan cara melakukan pemberdayaan, pembinaan ruhiyah dan jasadi dengan ilmu agama dan perencanaan keuangan keluarga berbasis syariah serta diberikan pendampingan usaha agar tujuan dari pembiayaan dapat tercapai sesuai dengan perencanaan yang sudah dirangkai

**Kata Kunci:** baitul mal wa tamwil, wakaf uang, pemberdayaan, pembiayaan kemiskinan, koperasi syariah.

## INTRODUCTION

Waqf is an important element in helping funding within a country. The aim of having this waqf will be to really help the country's economy, as long as the waqf is managed well and wisely. One example is during the Covid-19 pandemic, several literature studies concluded that waqf really helped the economy of the surrounding community, especially in the area of education costs<sup>1</sup>. Thus, it can be seen that waqf has a very important role in daily life within the scope of the community environment, with good management in accordance with the regulations that apply in a country and the rules of Islamic jurisprudence, the waqaf will later play a very important role in helping the community, especially those from disadvantaged groups.

Indonesia is one of the countries whose population adheres to the largest Islamic religion in the world. Therefore, because as a country with a large population of Muslims, according to the Indonesian Waqaf Agency, the opportunity for waqaf in Indonesia can reach a nominal value of IDR 180 trillion. This nominal amount is considered very large and can provide benefits to the Indonesian people if it can be managed well and wisely. However, in reality, the waqf has not been managed optimally so that its benefits have not been felt by the community as a whole. For example, most of the waqf that is practiced is not in the form of nominal money but in the form of movable and immovable objects such as land, buildings and wells<sup>2</sup>.

Indonesia has an institution that regulates the management of a waqaf. This institution will act as a religious institution that will manage the income and expenditure of each waqf in a good and wise manner effectively so that it can provide benefits felt by all levels of society, especially the less fortunate. As explained in Law Number 41 of 2004, in an effort to create a prosperous environment, efforts are needed to explore and develop every potential contained in religious institutions which has economic benefits.

One of the waqf management institutions in Indonesia is Baitul Mal wa Tamwil (BMT) which is shaped like a cooperative. This institution will later collect and manage all waqf income that comes in the form of zakat, infaq, alms, endowments and other social funds in accordance with statutory regulations in accordance with sharia principles. In Islamic law, waqf is a series of muamalah activities between people which contain four elements in the formulation of the law, such as endowments (wakif), waqf objects (maukuf bih), the basic purpose of waqf allocation (maukuf 'alaih) and statements (ikrar/sighat).

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<sup>1</sup> Ahmad Sonjaya, "PENGARUH PERGERAKAN MAKROEKONOMI TERHADAP PEMBIAYAAN KONSTRUKSI PERBANKAN SYARIAH," *Jurnal Indonesia Sosial Teknologi* 4, no. 1 (2021): 6.

<sup>2</sup> Nur Syamsiyah, Ari Kamayanti, and Yusna Yusna, "Pemaknaan Aset Waqaf Dan Bentuk Pelaporannya Di Pondok Pesantren Daruttaqwa Gresik," *JlATAx (Journal of Islamic Accounting and Tax)* 2, no. 2 (2020): 81, <https://doi.org/10.30587/jlatax.v2i2.1283>.

The function of waqf activities is that it can help improve the economy and improve the welfare of the less fortunate in their survival. In the modern era, waqf should not always aim at religious and social facilities, but also function in maintaining the lives of people around by advancing general welfare. Therefore, waqf in the modern era has various forms, including waqf in the form of money, precious metals, securities, vehicles, intellectual property rights (Haki), rental rights and other movable objects. Thus, waqf in Indonesia should be managed well and wisely and accompanied by recognition of a related law regarding waqf so that later the waqf program can run smoothly and the benefits can be felt by all underprivileged groups of society.

The main objective of this study is to analyze the role and potential of cash waqf managed by Baitul Mal Wa Tamwil in efforts to alleviate poverty based on Islamic boarding schools. This study aims to show how waqf money can be used for economic empowerment of communities around Islamic boarding schools and create social benefits through investment and business financing that are friendly to the underprivileged.

Therefore, researchers will try to observe the role and potential of a cash waqf program managed by Baitul Mal Wa Tamwil aimed at alleviating poverty in the Islamic boarding school environment based on Islamic boarding schools.

## METHODS

This study uses a qualitative research method with a library research approach and field studies. Researchers collect data through analysis of scientific journal literature that is related to waqf, BMT, and Islamic boarding school-based economic empowerment and written interviews with Islamic boarding schools. The data collected are then analyzed descriptively-analytically to identify the potential and role of cash waqf in poverty alleviation efforts..

## RESULTS

### A. Waqf

Waqf linguistically comes from the word (وَقْفٌ - يَقِفُ) which means to stop, which is the opposite of istamarra (اسْتَمَرَّ). If seen in terms, according to the Islamic jurisprudence scholar Imam Abu Hanifah, the meaning of waqf is holding the principal assets under the control of the owner accompanied by providing benefits as alms to other people. (*habs al-'aini 'ala milk al-waqif wa tasadduq bi al-manfa'ah*) Furthermore, if traced from the view of the jumhur ulama, the meaning of waqf is to hold assets so that it is possible to take advantage of the permanence of these assets and to cut off management from the wakif and other things with the aim of getting closer to Allah. (*stop what is permissible al-'intifa' with it, not 'baqa' 'ainihi, with the amount of money spent by the waqif and others, close to Allah*). However, we can see that according to al-Kabisi, the definition is quite short but concise (*jami 'mani'*) The meaning of waqf is a definition from Ibnu Qudamah who takes it directly from the hadith of the Prophet, which reads 'retains the origin and flows the results' (*in syi'ta habasta aslaha fa tasaddaq biha*)<sup>3</sup>.

Meanwhile, according to Malikiyah's view, the meaning of waqf is to make the benefits of an asset owned with the aim of giving it to people who are entitled

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<sup>3</sup> Al-Kabisi, "Hukum Wakaf, Diterjemahkan Oleh Ahrul Sani Fathurrohman (et.Al.)" (Jakarta: IIMaN Press, 2004), Hlm 61.

to receive it with a contract. (*sit*) within a certain period of time according to the waqif's wishes. Then, from the Syafi'iyah school of thought, they argue that the meaning of waqf is to hold assets that can provide benefits from these assets and the material objects are eternal. (*al-'ain*) by deciding the right of management owned by the waqif which is intended to be handed over to the nazir who is responsible by shari'ah. While from among the Hanabilahs, they define waqf using simple language, namely withholding the original property (land) and donating the benefits generated from the waqf<sup>4</sup>.

According to Law No. 41 of 2004 concerning Waqf, "waqf is the legal action of a wakif to separate and/or hand over part of his property to be used forever or for a certain period of time in accordance with his interests for the purposes of worship and/or general welfare according to sharia." The act of separating or handing over part of the property owned by the wakif to the person who manages the waqf is called a nazhir for a permanent period or a certain period of time (temporary), thus it can be understood that the waqf property handed over to the nazhir is either permanent or temporary in accordance with the agreement of both parties, managed by the nazir in order to be on target for the benefit of the general welfare of the wider community regardless of their background such as religion, race, ethnicity as long as the waqf has nothing to do with the Muslim place of worship.

## B. Money Waqf

Cash waqf is carried out in the form of valid currency such as the rupiah which is managed in accordance with applicable regulations and in accordance with the rules of fiqh. The profits obtained will be given to mauquf 'alayh. The cash waqf funds that have been collected are waqf assets that must be kept at their basic value and invested in the real or financial sector which clearly must comply with sharia and law. However, we can determine the type or nature of investment that we will make, such as a business venture, but remain open to other types of investment. Investments made in capital from cash waqf aim to maintain its original value and generate profits so that it can create benefits or profits that can be distributed to waqf beneficiaries or create a project that aims to improve community welfare (mawquf alayh)<sup>5</sup>.

According to the Ministry of Religion of the Republic of Indonesia, cash waqf is waqf made by individuals, groups of people, and institutions or legal entities in the form of money. From the many explanations about cash waqf, the definition is: cash waqf is a form of waqf handed over by a wakif to the nazir in the form of cash. This is in accordance with the definition of waqf issued by the Fatwa Commission of the Indonesian Ulema Council on May 11 2002 when it released a fatwa regarding cash waqf<sup>6</sup>.

In this way, it means that waqf is no longer limited to objects that are fixed in form, but rather that waqf can be objects that have a fixed value or substance, such as money, money is included in the category of movable objects and the most

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<sup>4</sup> Said Agil Husin Al-Munawar, "Hukum Islam Dan Pluralitas Sosial" (Jakarta: Penamadani, 2004), Hlm 127.

<sup>5</sup> Fahrurroji, "'Wakaf Kontemporer'" (Jakarta: Badan Wakaf Indonesia, 2019), Hlm 57.

<sup>6</sup> Himpunan Fatwa Majelis Ulama Indonesia Tim Penyusun, "Dirjen Bimas Islam Dan Urusan Haji Departemen Agama RI" (Jakarta, 2003), Hlm 85.

important thing is that the existence of cash waqf really opens up opportunities for anyone to carry out the practice of cash waqf without having to wait, as in the past, to be established or rich to carry out good deeds such as waqf.

### C. Poverty Alleviation

Waqf institutions that are given the task of managing waqf assets will try to provide great benefits in life in society. One of the benefits if waqf is managed well and wisely is that it can help the economy of the community, especially among the less fortunate. Every asset donated will be more effective and efficient if its use can be felt directly by the community. For example, if empty land or buildings are donated, a hospital or school can be built which will be specifically for the less fortunate<sup>7</sup>. Thus, waqf can be used as an alternative solution to help the economy among underprivileged communities in various fields if the waqf is managed properly and wisely.

Waqf is an institution owned by Muslims which manages all assets that have been donated with the aim of creating a better life in society, especially among underprivileged families. Waqf institutions have the task of managing each waqf asset. Several Muslim countries such as Egypt, Saudi Arabia and Türkiye use the waqf money as capital to build several state facilities such as in the fields of education and health. Therefore, waqf wealth will become a source of funds from the community for the community.

### D. Baitul Mal Wa Tamwil

In the general sense of BMT (*Baitul Mal wa Tamwil*) has the meaning of an institution that manages public finances using the savings and loan method. Where finances are managed by means of community funds being saved in the form of savings, then distributed back to the community in the form of loans<sup>8</sup>.

In carrying out its work program, BMT does not only rely on one legal basis, but a legal rule is also the basis of this institution. For example, there is a law regarding Zakat Management as stated in Law Number 23 of 2011, there is also a law regarding Cooperatives in Law Number 25 of 1992, and there is also a law regarding Microfinance Institutions in Law Number 1 of 2013, and other regulations.

The beginning of the formation of BMT in Indonesia, in 1984 ITB students at the Salman Mosque tried to mobilize a financial institution in the community for small business capital that was built in accordance with sharia principles. Then ICMI took over BMT to further improve it into a program whose work was handled directly by the Small Business Incubation Center (PINBUK)<sup>9</sup>.

With the explanation above, we can see that the existence of BMT can be seen in two main roles, namely as a means to apply religious assets such as zakat,

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<sup>7</sup> Heppy Purbasari et al., "Bibliometric Waqf Management in Indonesia," *Riset Akuntansi Dan Keuangan Indonesia* 8, no. 2 (2023): 195–201, <https://doi.org/10.23917/reaksi.v8i2.3054>.

<sup>8</sup> Dede Khoirunnisa, Heni Noviarita, and Evi Eka Elvia, "Media of Law and Sharia Revitalisasi Baitul Maal Wat Tamwil Sebagai Pilar Dalam Meningkatkan Perekonomian Masyarakat" 4 (2023): 361–71, <https://doi.org/10.18196/mls.v4i4.47>.

<sup>9</sup> Arina Novizas, "PINBUK, Pedoman Cara Pembentukan BMT , 'EKSISTENSI BAITUL MAL WA TAMWIL (BMT) DALAM PEREKONOMIAN ISLAM,'" vol. 03 (Jakarta: PT Bina Usaha Mandiri Indonesia, 2018), Hlm-28.

infaq, alms and waqf, for benefit and benefit. And it can also act as a productive institution operating in the investment sector like other financial institutions, for example banks. And BMT is expected to be a solution as an institution supporting economic activities for lower class people, with a BMT economic system that adheres to sharia principles<sup>10</sup>.

Baitul Mal wa Tamwil is a sharia-based financial institution that has unique characteristics in its operations, namely by carrying out social and commercial functions, both of which can be carried out simultaneously. Baitul Mal wa Tamwil in its social functions can collect funds whose sources come from the community, such as carrying out zakat, infaq, alms and waqf (ziswaf) associations. These social funds can be used to move the wheels of the community's economy, such as increasing people's purchasing power so as to support the real sector of the economy.

Baitul Mal wa Tamwil can also play a role in commercial functions, namely accepting deposits/savings and financing made by the public in the form of money using contracts that are in accordance with sharia values such as wadiah or mudharabah, murabahah, musyarakah. Customers who save or save their money at Baitul Mal wa Tamwil with a mudharabah agreement will receive the profit sharing agreed upon at the beginning of the contract. Another commercial role carried out by Baitul Mal wa Tamwil in managing finances is by providing financing services to people who need capital with sharia-compliant contracts, namely mudharabah, murabahah, musyarakah, making funds saved by customers then managed by Baitul Mal wa Tamwil as well as possible in the hope that it will produce multiple profits in a halal manner in accordance with sharia rules.

## E. Islamic Boarding School

Islamic boarding school is an institution owned by Muslims in the field of education. Islamic boarding schools have been around since the colonial era until now they still exist despite facing various changes in situations and conditions over time. The role of a kyai or ustadz and his students is the most important factor in maintaining the existence of education in the Islamic Boarding School<sup>11</sup>. In the early 70s, there were differences of opinion among Islamic boarding school administrators, some administrators wanted additional general subjects for their students by adopting an external learning system, but others wanted the learning system in Islamic boarding schools to maintain its distinctive and traditional characteristics in the learning system<sup>12</sup>.

As time goes by, the pattern of Islamic boarding school education is increasingly changing and is required to be able to keep up with the times. Some Islamic boarding schools have different attitudes in facing the changing times, some of them are reluctant to keep up with current developments for the reason that they don't lose their identity or the characteristics of the Islamic boarding school and others accept and follow the developments of the times with the aim of being accepted in life in society.

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<sup>10</sup> Andri Soemitra, "Bank Dan Lembaga Keuangan Syariah," (Jakarta: Kencana, 2014), Hlm-452.

<sup>11</sup> Abudin Nata, "Sejarah Pertumbuhan Dan Perkembangan Lembaga-Lembaga Pendidikan Islam Di Indonesia," (Jakarta: PT Grafindo persada, 2001), 100-102.

<sup>12</sup> Nurcholish Madjid, "Bilik-Bilik Pesantren" (Jakarta: P3M, 1985), Hlm-126.

In the early 20th century, the education system in the Islamic boarding school environment could be categorized into three groups, including<sup>13</sup>: First, Islamic boarding schools as Islamic educational institutions that have an educational system, a santri or student is required to reside/live in the Islamic boarding school. Second, Islamic boarding schools are Islamic educational institutions that have an education system, namely that a santri or student is not required to reside/live in the Islamic boarding school, but the students only live around the corner of the Islamic boarding school and the learning pattern will be that the students will only come to study on certain days according to what has been agreed upon. Third, a combined and more complex system by combining the two systems already mentioned and having a more modern education and teaching system by combining religious subjects with general subjects, in this third pattern it can be known as a modern Islamic boarding school.

Having a modern type of feel by combining the teaching of religious knowledge and general science, modern Islamic boarding schools are here to fill the scientific space in the midst of people's lives while still using classical teaching patterns (teaching in the classroom) and supported by neat and appropriate curriculum preparation. The religious knowledge and general knowledge taught in Islamic boarding schools are very proportional while still prioritizing religious knowledge as a mandatory knowledge that must be studied by every student.

Since the 1970s, modern Islamic boarding schools have continued to experience very rapid development, this progress can be seen through its educational system or institutions which are very well organized, a combination of religious knowledge and general knowledge which is appropriate and proportional as well as mastery of the languages required for its students, such as English and Arabic. Another development that modern Islamic boarding schools have is that they already have educational levels like those in general, for example at primary, secondary and even higher education levels. With these advances, Islamic boarding schools already have a very good management system and can compete with other public education<sup>14</sup>.

## **DISCUSSION**

### **A. Potential Of Money Waqf**

Cash waqf has great potential to be developed in Indonesia because with this cash waqf concept, its potential reach will be much more evenly distributed to members of society when compared to the concept of waqf which has been known since ancient times until now, namely in the form of physical assets which are usually carried out by relatively well-off families. One concept that can be improved in the mobilization of cash waqf is the concept of Perpetual Funds, namely funds collected from various sources in various legal and halal ways. Then the large amounts of funds collected are invested in investment instruments labeled sharia with a high level of security, marked by supervision by related institutions such as the Financial Services Authority, Capital Markets and the Deposit Insurance Corporation.

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<sup>13</sup> Hasbullah, "Kapita Selekta Pendidikan Islam" (Jakarta : Rajawali Press, 1996), Hlm-45.

<sup>14</sup> Imam Barnawi, "Tradisionalisme Dalam Pendidikan Islam" (Surabaya: Al Ikhlas, 1993), Hlm-108.

Theoretically and conceptually, in the fields of religion, education and social services it turns out that cash waqf has a great opportunity to generate investment in these various fields. Cash waqf whose funds are collected from small, medium and upper middle income communities from the collected cash waqf funds can be managed by Baitul Mal Wa Tamwil to carry out empowerment practices by providing business capital and business assistance to small communities in the environment around the established Islamic boarding school.

Baitul Mal Wa Tamwil created the concept of cash waqf which is intended for empowerment and assistance programs in poverty alleviation efforts in the Islamic boarding school environment so that this very good project is not just discourse and wishful thinking, there must be appropriate ideas, plans and tactics for the implementation and development of cash waqf. The following steps are taken so that planning can run well:

1. Baitul Mal Wa Tamwil must provide good outreach to the leadership of an Islamic boarding school regarding cash waqf, then if the leadership of the Islamic boarding school is interested in promoting cash waqf, it will be used to alleviate poverty or empowerment with the main capital coming from cash waqf organized by Baitul Mal Wa Tamwil.
2. Separating the practices of Baitul Mal and Tamwil in sharia financial institutions such as Baitul Mal Wa Tamwil must be done so that there is no overlapping of work in carrying out tasks. The section that manages Baitul Mal focuses on managing zakat assets, alms infaq and waqf. The main role of sharia financial institutions such as Baitul Mal Wa Tamwil is to disseminate information in order to provide good and correct knowledge about cash waqf and its benefits so that stakeholders in Islamic boarding schools have a good understanding of the practice of cash waqf and are determined to carry out cash waqf.
3. Carrying out the collection of cash waqf to all stakeholders in Islamic boarding schools after carrying out a good socialization process about cash waqf, it is hoped that the knowledge gained will further develop the enthusiasm and awareness of stakeholders about waqf, thereby increasing their enthusiasm for waqf.
4. If the cash waqf collection process has been completed, the next step is for Baitul Mal Wa Tamwil to manage the cash waqf funds that have been collected and immediately carry out the tasks given by the boarding school leadership.
5. Baitul Mal Wa Tamwil in carrying out the management of cash waqf must be very careful because the waqf money cannot be managed haphazardly, the nominal value of the money cannot be reduced by a penny, even the waqf funds must increase. So, if you want the amount of waqf money to increase then its use must be right on target, such as providing financing for access to capital in opening new businesses or additional capital for existing businesses to communities in need around Islamic boarding schools with relatively small profit sharing so as not to burden customers. If it is likened to waqf money, it must increase and continue to increase like a snowball that rolls towards a lower level, the further it rolls, the bigger the circular ball it makes will be, likewise with waqf money, if the principal remains but brings in profits, it will increase and become more useful for the people. Apart from providing capital

to small communities within the Baitul Mal Wa Tamwil Islamic boarding school, they are required to empower customers who apply for financing.

6. Profits obtained from the results of management carried out by Baitul Mal Wa Tamwil must be carried out with good financial planning, such as dividing the profits as much as 10% for the development of sharia cooperatives, 50% to be given to the poor or orphans inside and outside the boarding school can be used for consumptive purposes or cadres in the educational sector, then 40% is used for the development of Baitul Mal Wa Tamwil such as for operational needs starting from providing wages to employees, buying office equipment and other costs. related to office activities.

## **B. Empowering Money Waqf, Business Models, And Contracts Baitul Mal Wa Tamwil In Poverty Alleviation**

### **1. Empowerment Through Money Waqf**

The presence of a sharia financial institution such as Baitul Mal Wa Tamwil which can provide financial access for people outside the boarding school at the small and medium economic level with the requirement of being a member, there are several benefits that can be felt such as making it easier to get access to capital or financing for people at the small and medium level because it is difficult to connect with other sharia financial institutions, then this institution is not just to provide financing but there are mandatory roles that must be carried out such as providing empowerment, business assistance and socializing financial planning to business actors who apply. financing to such as Baitul Mal Wa Tamwil in order to manage finances and develop businesses not haphazardly.

In the course of its operations, Baitul Mal Wa Tamwil is expected to be able to form a new ecosystem in society as sharia financial inclusion, especially in the Islamic boarding school environment and surrounding communities whose lives are very far from formal sharia-based financial institutions. Islamic boarding schools can really play a further role, not just in charge of producing experts in the field of religion, experts in the Koran, experts in reading the Yellow Book, but Islamic boarding schools that have sharia financial institutions such as Baitul Mal Wa Tamwil will be able to be more extensive and maximal in helping serve and empower the economy of the people living in the Islamic boarding school environment, that way the community will not only get a spiritual touch but will also provide additional insight and knowledge regarding procedures for managing finances and building businesses so that they can help the community to avoid getting caught in the trap. loan sharks, online loans, online gambling and so on.

Baitul Mal Wa Tamwil in carrying out the empowerment of cash waqf must be very careful because the management of waqf money cannot be done carelessly, the nominal value of the money cannot be reduced even by a penny, even the waqf funds must increase. So, if you want the amount of waqf money to increase, its use must be right on target, such as providing financing for access to capital in opening new businesses or additional capital for existing businesses to communities in need around Islamic boarding schools accompanied by giving relatively small profit sharing so as not to burden customers. If it is likened to waqf money, it must continue to increase, like an

increasing snowball rolling towards a lower direction, the further it rolls, the bigger the circle that resembles a ball will become, likewise with waqf money, if the principal remains but generates profits, the money will increase and the benefits that will be given to the people will increase. Apart from providing capital to small communities in the Baitul Mal Wa Tamwil Islamic boarding school environment, they are required to provide empowerment and assistance to customers who apply for business financing.

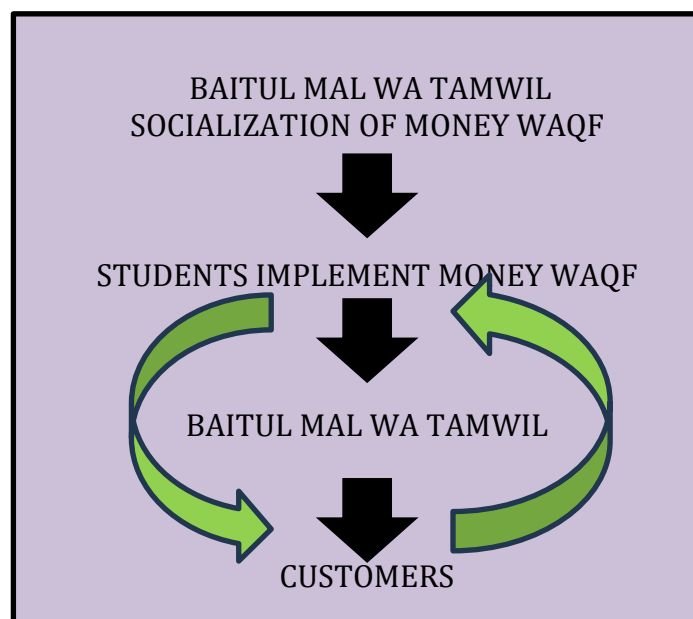
## 2. Business Model

Baitul Mal Wa Tamwil must manage existing funds by providing financing accompanied by empowerment and assistance efforts to its customers. Customers who are allowed to apply for financing are:

- a. The poor in the Islamic boarding school area who have skills but because they don't have capital so they don't earn from their skills, with the Baitul Mal Wa Tamwil institution, these poor can apply for new business financing with low levels of profit sharing and return on capital.
- b. For Islamic boarding school communities who already have small businesses because they feel they need capital, waqf banking institutions can be a solution to be there to provide assistance by providing capital with easy returns.

Baitul Mal Wa Tamwil customers who have received financing funds or additional capital for business are required to follow all the rules that have been set, such as participating in mandatory gatherings for 5 days and weekly gatherings organized by Baitul Mal Wa Tamwil in order to provide benefits in the form of nutrition for the heart and mind in the fields of religious knowledge and family financial management so that the funds received by customers from Baitul Mal Wa Tamwil can be used as well as possible according to the needs proposed by the customers for the progress of the customers themselves.

### Cash Waqf Implementation Scheme - Customers Pay Installments for Baitul Mal Wa Tamwil Financing



- a. Santri carry out the practice of cash waqf organized by sharia cooperatives at a predetermined rate, for example IDR 5,000/month, carried out once every 2 weeks.
- b. The cash waqf that has been collected is temporarily stored by Baitul Mal Wa Tamwil for one year in line with the implementation of the cash waqf for one year.
- c. The cash waqf that has been collected for one year is managed by Baitul Mal Wa Tamwil to carry out financing, empowerment and assistance to all customers with easy installments and small profit sharing so that it does not burden customers in repaying
- d. The customer returns the financing money in installments every month until it is paid off according to the agreed time, basic price + profits obtained by Baitul Mal Wa Tamwil.
- e. The profits obtained by Baitul Mal Wa Tamwil are allocated into 3 purposes, namely 50% is used for charity such as educational scholarships for orphans, tabarru loans and others, and 35% is used for additional operational costs of Baitul Mal Wa Tamwil and 15% is given for the development of Islamic boarding schools.

The main findings of this study are that cash waqf managed by Baitul Mal Wa Tamwil can be an effective tool for poverty alleviation by providing business financing and capital for communities around Islamic boarding schools with low profit sharing. In addition, BMT plays an important role in empowering communities by providing training and assistance in sharia-based family financial planning. This study also shows that cash waqf opens up opportunities for anyone to contribute, even with small amounts such as IDR 5,000

### **3. Contracts Used By Baitul Mal Wa Tamwil (Sharia Cooperation)**

Baitul Mal Wa Tamwil in managing the proceeds from collecting cash waqf, the money must be used as well as possible, including ways to protect the money from the waqf proceeds so that it is contaminated with transactions that are prohibited by Islamic law, so when Baitul Mal Wa Tamwil carries out management it must use the contracts that exist in Islam, the following is a choice of contracts that can be implemented by Baitul Mal Wa Tamwil:

- a. Mudharabah: DSN Fatwa DSN Fatwa No. 07/DSN-MUI/Iv/2000 concerning Mudharabah Financing (qiradh), DSN Fatwa No. 115/DSN-MUI/IX/2017 concerning mudharabah contracts.
- b. Musyarakah: DSN Fatwa No. 08/DSN-MUI/Iv/2000 concerning musyarakah financing, DSN-MUI Fatwa No. 105/DSN MUI/IX/2016 concerning Guarantee of Return of Mudharabah Financing Capital. Musyarakah and wakalah bil istitsmar.
- c. Murabahah: DSN Fatwa No. 04/DSN-MUI/Iv/2000 concerning murabahah, DSN Fatwa No. 84/DSN-MUI/XII/2012 concerning methods for recognizing Al-Tamwil bi Al-Murabahah (murabahah financing) profits in sharia financial institutions.
- d. Ijarah: DSN Fatwa No. 09/DSN-MUI/Iv/2000 concerning Ijarah Financing, DSN Fatwa No.112/DSN-MUI/IX/2017 concerning Ijarah Agreement.

- e. Greetings: DSN Fatwa No.05/DSN-MUI/IV/2000 concerning Buying and Selling Greetings.
- f. Istishna: DSN Fatwa No.06/DSN-MUI/IV/2000 concerning Istishna' Buying and Selling, DSN Fatwa No.22/DSN-MUI/III/2002 concerning Parallel Istishna' Buying and Selling.
- g. Ijarah Muntahiyah bit tamlik (new contract made by a financial institution with murabahah which has been converted: DSN Fatwa No.49/DSN-MUI/II/2005 concerning conversion of murabahah contracts.

## **CONCLUSION**

From the research research carried out, there are several conclusions that can be written in this conclusion:

1. Cash waqf is a platform that can be used to practice good deeds by anyone without waiting to be rich. Cash waqf provides the opportunity for small communities to carry out the practice of waqf, even with small amounts starting from IDR 5,000.
2. Cash waqf planning carried out in an educational institution has very large potential so that it can be utilized by educational institutions that provide cash waqf to provide service to the community around the Islamic boarding school.
3. Cash waqf funds that have been collected by sharia financial institutions can be used as capital to alleviate poverty because they can be accessed directly by the community around the Islamic boarding school, used as capital to open a new business or develop an existing business accompanied by a low profit sharing distribution of 3%, financing payments in installments, and most importantly, there is a process of spiritual assistance and family financial planning carried out by Baitul Mal Wa Tamwil every week on a regular basis which must be followed by customers.
4. Financing, empowerment and business assistance for customers who receive capital assistance are provided with knowledge about the good and true Islamic religion, carried out regularly every week by Baitul Mal Wa Tamwil. To ensure that the funds provided by the waqf bank are used in accordance with the application plan made by the customer so that there is no misappropriation of financing funds.

## **RESEARCH STRENGTHS:**

1. Innovation in the economic empowerment approach: This study offers an applicable solution in overcoming the problem of poverty through transparent cash waqf management that is accessible to all levels of society.
2. Focus on practical aspects and direct applications: This study is not only theoretical, but also provides concrete examples of how cash waqf can be integrated into the economic empowerment ecosystem in Islamic boarding schools.
3. Approaches that are relevant to the Indonesian context: Given the large potential of waqf in Indonesia, this journal is very relevant in discussing how cash waqf management can have a direct impact on community economic empowerment.

### RESEARCH LIMITATIONS:

1. Limitations on data sources: This study relies on literature studies, which may not cover all perspectives or practical experiences in implementing BMT in Islamic boarding schools.
2. Lack of field data: Although the analysis is strong, this study does not include empirical field data or direct case studies that can enrich the existing findings, especially in the real-time context of cash waqf implementation in Islamic boarding schools.
3. Limitations in geographical coverage: This study does not cover the diversity of Islamic boarding schools in various regions of Indonesia which may have different challenges or opportunities in implementing cash waqf.

### RELEVANCE TO TOPICS:

This journal is very relevant to the research theme on economic empowerment in Islamic boarding schools, especially in the context of cash waqf management. For research that focuses on poverty alleviation based on religious education, this article provides important insights into how Islamic financial institutions such as BMT can play a role in improving the economy of the people, especially among the poor.

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