

Cash Waqf in the Era of the Industrial Revolution 4.0 in Sharia Financial Institutions from a Sharia Economic Perspective

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ABSTRACT

Introduction: This study examines the issue of money waqf management in the era of the Industrial Revolution 4.0, especially in Sharia Financial Institutions, which is characterized by the digitization of financial services, fintech innovation, and changes in people's behavior in transactions

Methods: The research uses a qualitative approach with a literature study method and descriptive-analytical analysis of regulations, scientific literature, and digital-based money waqf practices in Indonesia.

Results: The results of the study show that the use of digital platforms, electronic payment systems, and technology-based reporting is able to expand waqf participation, increase the efficiency of fundraising, and strengthen public trust

Conclusion and suggestion: Digital transformation in the management of money waqf in Sharia Financial Institutions has great potential to support the economic empowerment of the people if accompanied by strengthening governance, adaptive regulations, and sustainable community education

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1. Introduction

The development of digital technology in the era of the Industrial Revolution 4.0 has brought fundamental changes in various sectors of life, including the financial system and Islamic philanthropy (Foenna et al., 2020). This transformation is marked by the presence of financial technology (fintech), big data, artificial intelligence, and digital payment systems that facilitate transactions without space and time limits (Abd Muin et al., 2022). On the other hand, money waqf as one of the instruments of Islamic philanthropy has great potential in encouraging the economic empowerment of the people, poverty alleviation, and sustainable social development (Jafar et al., 2025). However, this potential has not been fully optimized because there are still obstacles in terms

of management, community literacy, and institutional governance. This condition requires an innovation of a money waqf management model that is adaptive to technological developments, without abandoning the principles of sharia economics.

Sharia Financial Institutions have a strategic position in the development of money waqf because they play the role of nazhir or fund managers who are professional, accountable, and integrated with the formal financial system (Khotib et al., 2025). The digitization of services at Sharia Financial Institutions opens up new opportunities in collecting and distributing money waqf more effectively and transparently. Digital platforms allow people to make waqf with a small nominal, fast process, and real-time reporting. This has the potential to expand the waqf base, especially the younger generation who are familiar with technology. However, the integration of money waqf with digital technology also raises new problems, such as data security, sharia compliance in digital systems, and regulatory readiness that accommodates technology-based financial innovation. Therefore, an in-depth study is needed to ensure that the digital transformation of money waqf remains within the corridor of sharia maqashid, namely realizing benefits and preventing harm (Mulyati et al., 2026).

Based on this background, this study seeks to answer several main problem formulations. First, what is the role and strategy of Sharia Financial Institutions in developing money waqf in the era of the Industrial Revolution 4.0? Second, how can the application of digital technology increase the effectiveness, transparency, and accountability of money waqf management? Third, what are the challenges faced in the implementation of digital-based money waqf from the perspective of sharia economics? Fourth, how is the technology-based money waqf management model that remains in line with sharia principles and the goals of the people's economic development? The formulation of this problem is important to study so that the development of money waqf is not only oriented to technical aspects, but also considers the normative and ethical dimensions in Islamic economics.

This research has several important benefits. Theoretically, this research is expected to enrich the scientific treasures of Islamic economics, especially in the study of productive waqf and the digital transformation of Islamic finance. This study also makes a conceptual contribution on the integration between sharia principles and financial technology innovation. Practically, the results of the research are expected to be a reference for Islamic Financial Institutions, waqf nazhir, regulators, and policy makers in formulating a strategy for developing digital-based money waqf that is safe, transparent, and sharia-compliant. For the community, this research can increase understanding of the ease of waqf through digital platforms and the importance of participation in waqf-based socio-economic development.

The novelty of this research lies in the integrative focus between money waqf, Industrial Revolution 4.0 technology, and the perspective of sharia economics in the institutional context of Sharia Financial Institutions. So far, waqf studies tend to discuss aspects of classical fiqh or conventional management, while research on sharia fintech often does not specifically associate it with money waqf instruments. This research presents an approach that combines the normative dimensions of sharia, digital technology innovation, and modern institutional practices in one analytical framework. Thus, this study not only sees digitalization as a technical tool, but also as a means of socio-economic transformation that must be directed at the achievement of sharia maqashid, especially in maintaining wealth, improving welfare, and realizing distributive justice. This approach is expected to be able to provide a conceptual model that is relevant to the needs of the times while remaining rooted in Islamic values.

2. Literature Review

Cash Waqf

Money waqf is a development of the concept of waqf in muamalah fiqh which was initially synonymous with immovable assets such as land and buildings (Sulistiani, 2022). In its development, contemporary scholars allow waqf in the form of money because it has a value of benefits that can be managed productively without eliminating the principal, in line with the basic principle of waqf, which is to hold the principal property and flow its benefits (Sobriyah et al., 2025). The legitimacy of money waqf is strengthened by the ijthad of scholars, fatwas of religious authoritative institutions, and modern regulations in various Muslim countries. In terms of sharia maqashid, money waqf is an instrument that supports the protection of assets while realizing social benefits through financing education, health, economic empowerment, and other public services (Abdullah, 2018). With its flexible and liquid character, money waqf is a bridge between social worship and the modern financial system.

Dalam perspektif ekonomi syariah, wakaf uang dipandang sebagai instrumen redistribusi kekayaan yang berkelanjutan dan berorientasi pada keadilan sosial (Zauro et al., 2020). The management of money waqf requires the principles of trust, professionalism, transparency, and investment in accordance with sharia so that the benefits continue to grow. Waqf funds should not be consumed, but managed in productive sectors such as micro business financing, sukuk, or social projects that generate surplus benefits for recipients (Windianingsih, 2025). This concept is in line with the value of ta'awun, economic sustainability, and the strengthening of the real sector in Islam. Therefore, money waqf is not only a form of generosity, but also an instrument of economic development for the people that has spiritual, social, and financial dimensions at the same time.

Industrial Revolution 4.0

The Industrial Revolution 4.0 is a phase of the development of industrial civilization characterized by the integration of digital technology, cyber-physical systems, the internet of things, artificial intelligence, and big data analysis in various aspects of human life (Ryalat et al., 2023). This concept emphasizes connectivity, automation, and real-time data exchange that allows production, distribution, and service processes to run more efficiently, adaptively, and based on intelligent technology. In the social and economic context, the Industrial Revolution 4.0 has not only changed work patterns and business models, but also shaped a new ecosystem that is all-digital, including in the financial, education, and public service sectors. This transformation has given birth to innovations such as digital platforms, electronic payment systems, and application-based services that accelerate interaction while requiring the readiness of human resources, regulations, and ethics in their use to continue to provide wide benefits (Abikoye et al., 2021).

3. Methodology

The research method in this study uses a qualitative approach with a type of literature research combined with conceptual analysis. This research aims to understand in depth the concepts, regulations, and practices of money waqf management in the era of the Industrial Revolution 4.0 in the framework of sharia economics. The qualitative approach was chosen because it is able to explore the meaning, values, and normative principles that underlie the integration between money waqf and digital transformation in Sharia Financial Institutions.

The location of the research is not limited to a specific geographical area, but focuses on the institutional scope of Islamic Financial Institutions in Indonesia as the main context of the study. The selection of this context is based on the significant development of digitalization of Islamic financial services as well as national regulatory support for the development of cash waqf. Thus,

this research is conceptual-contextual in nature that reflects the practices and policies that develop in Islamic financial institutions.

The data sources in this study consist of secondary data obtained from various scientific literature, such as books, academic journals, previous research results, fatwas of authoritative institutions, and laws and regulations related to money waqf, sharia economics, and digital financial technology. In addition, data is also obtained from official reports of Islamic financial institutions and waqf management institutions that publish information on digital service innovations.

The data collection technique was carried out through documentation studies and literature studies. The researcher examines, reviews, and identifies various relevant written documents to gain a comprehensive understanding of the concept, implementation, and challenges of digital technology-based money waqf. This process is carried out systematically by grouping sources based on themes, relevance, and scientific authority so that the data obtained has academic validity.

The data analysis tools used are descriptive-analytical analysis with a normative-sharia economic approach. The collected data is analyzed by describing the concept and practice of money waqf in the digital system, then its suitability with sharia principles such as justice, benefit, transparency, and sustainability is examined. This analysis also highlights the relationship between technological innovation and the goals of sharia maqashid, so that a complete understanding of the money waqf management model is obtained that is relevant to the development of the Industrial Revolution 4.0 era.

4. Results And Discussion

According to the language, waqafa means to restrain or prevent, for example the word waqafu 'an al-sayri, which means "I refrain from walking". In the term sharia', waqf is a type of gift whose implementation is carried out by retaining original ownership, then making the benefits generally applicable (Santoso & Musthofa, 2022).

According to Sayyid Sabiq, waqf means holding property and providing its benefits in the way of Allah (Mawardi, 2023). According to al-Shan'ani, waqf is holding property that can be taken advantage of without depleting or damaging its object (*'ain*) and used for good (Jaharuddin et al., 2023).

Based on Article 1 of Law Number 41 of 2004, Waqf is a legal act of *waqif* 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. So waqf is a sunnah act for good purposes, such as helping the development of the religious sector, both material and spiritual development.

Cash Waqf

In the history of Islam, the first person to introduce money waqf was Imam Zufar (8th century AD), one of the scholars of the Hanafi Mazhhab (Umar, 2023). Imam Zufar outlined that the money waqf fund must be invested through *mudarabah* and the profits are spent on *charity*. Imam Bukhari and Ibn Syihab al-Zuhri also stated the same thing. Imam Bukhari mentioned that Imam al-Zuhri allowed the waqf of dinar and dirham. The trick is to make the dinar and dirham as business capital (commerce), then distribute the profits as waqf. Al-Zuhri, one of the leading scholars and the founder of *tadwin al-hadith*, gave a fatwa that the community was encouraged to waqf dinar and dirham for the development of *da'wah*, social and educational facilities for Muslims at that time. The ability of money waqf is also stated by the Hanafi School. Even some scholars of the Shafi'i School also allow money waqf.

The definition of cash waqf is the handing over of property rights in the form of money to a person or nadzir with the provision that the proceeds or benefits are used for things in accordance with the teachings of Islamic law by not reducing or eliminating the principal amount (Khotimah, 2023).

Money waqf has a flexible and very large benefit value, among other things, because the amount of money waqf can vary so that even someone who has limited funds can give their waqf funds without having to wait to become rich first. Money waqf can also be used to empower waqf assets in the form of immovable objects that have not been managed productively (Ulum, 2022).

Waqf of movable objects in the form of money is also specifically regulated in the Implementing Regulation of the Waqf Law, namely Articles 22-27, Article 43, Article 48 paragraphs 2-5 of the Waqf Regulation. Articles 22-27 of the Waqf Government Regulation include determining the position of Sharia financial institutions as Sharia Financial Institutions Receiving Cash Waqf that receives money waqf carried out by the waqf. The appointment of Sharia financial institutions as Sharia Financial Institutions Receiving Cash Waqf is carried out by the minister of religion on the basis of suggestions and considerations from Indonesian Waqf Agency. The Indonesian Waqf Agency's suggestions and considerations are given to Sharia Financial Institutions that meet the requirements, namely submitting a written application to the Minister of Religion, attaching articles of association and ratification as a legal entity, having an operational office in the territory of the Republic of Indonesia, engaged in Islamic finance and having the function of receiving deposits (*wadi'ah*). Article 43 of the Waqf Government Regulation regulates the administration of the registration of money waqf to the Minister of Religion by passing it to Indonesian Waqf Agency and article 48 paragraphs 2-5 of the Waqf Government Regulation regulates the management and development of money waqf assets which can only be done through investment in Sharia Financial Institutions products and/or sharia financial instruments (Sucianti, 2025).

Especially for money waqf with a certain period of time, nazhir can only manage and develop money waqf assets at Sharia Financial Institutions Receiving Cash Waqf. The management and development of money waqf assets through Islamic banks must follow the program of deposit guarantee institutions and if invested outside Islamic banks, they must be insured under Islamic insurance. These provisions show the large role of Sharia Financial Institutions, especially Islamic banks, in the management of money waqf, on the one hand Islamic banks as Sharia Financial Institutions are only positioned as Sharia Financial Institutions Receiving Cash Waqf, but on the other hand Islamic banks are also given the authority to manage money waqf assets with the approval of nazhir.

Figure 1. Development of Money Waqf in Indonesia until 2024



Source: <https://www.bwi.go.id/8706/2023/04/16/indeks-wakaf-nasional-2025/>

Industry 4.0 is an opportunity for Islam to be more economically advanced, if the exploration of potential is carried out quickly, especially in Indonesia. Because, in terms of capital, Islam has considerable potential, in terms of human resources, in Indonesia there are many Muslims who are creative and innovative, it is just a matter of how capital and human resources are brought together and then accompanied as they should be. That way, the face of Islam is the face that first smiles in this industrial era 4.0 related to waqf (Ahyani & Muharir, 2021).

This research shows that digitalization has changed the pattern of collecting and managing money waqf in Islamic Financial Institutions to be more adaptive to the needs of modern society. The main findings show that the use of digital platforms, Islamic mobile banking, and integration with electronic payment systems can significantly increase the accessibility of money waqf. The community is no longer limited by distance and time, so the participation of waqf from various layers, including the younger generation, has increased. In addition, digital systems allow for neater transaction recording, transparent tracking of funds, and fast and accurate reporting to the public. This strengthens public trust in waqf management institutions.

In terms of fund management, the study found that money waqf collected through digital systems tends to be more easily directed to productive and measurable sharia investment instruments. Sharia Financial Institutions have risk management infrastructure, sharia compliance systems, and experience in managing people's funds that make them strategic actors in optimizing money waqf. The use of technology also supports operational efficiency because the administration, verification, and reporting processes can be carried out automatically. Thus, management costs can be reduced and waqf benefits can be distributed more widely to mauquf 'alaih, especially in the education, health, and microeconomic empowerment sectors.

However, the findings of the study also show that there are a number of challenges that need serious attention. The uneven digital literacy of the community causes some prospective waqif to still hesitate to use technology-based waqf services. On the other hand, cybersecurity risks are an important issue because digital fund management is vulnerable to data misuse and potential financial crime. Another challenge relates to the sharia compliance aspect, especially in ensuring that all digital processes, including the use of third parties in the payment system, remain within the corridor of sharia contracts and principles. This condition requires strengthening the role of the sharia supervisory board that not only understands the fiqh of muamalah, but also has adequate technological literacy.

Analysis from the perspective of sharia economics shows that digital transformation in money waqf is basically in line with the basic values of Islam, as long as its management maintains the principles of trust, justice, transparency, and benefits. Digitalization is not only a technical innovation, but also a means of expanding the distribution of the benefits of waqf assets in a sustainable manner. This sustainability concept is in line with the character of waqf which emphasizes the preservation of the principal fund and the optimization of its benefits for the community. With the support of technology, the cycle of collection, management, and distribution of waqf can take place faster and more measurably, so that the resulting socio-economic impact becomes more real.

Overall, this discussion emphasizes that the Industrial Revolution 4.0 era presents strategic opportunities for the development of money waqf through Islamic Financial Institutions. The success of this transformation is highly dependent on the balance between technological innovation and adherence to sharia economic principles. With strong governance, regulatory support, and capacity building for human resources, digital money waqf has the potential to become an important

instrument in strengthening the economic independence of the people and realizing more equitable welfare.

5. Conclusion

The discussion of money waqf in the era of the Industrial Revolution 4.0 in Islamic Financial Institutions shows that digital transformation opens up great opportunities in optimizing waqf management in a more inclusive, efficient, and transparent manner. The integration of technology such as digital platforms, electronic payment systems, and data-based reporting expands public participation in waqf and strengthens the accountability of management institutions. From the perspective of sharia economics, this innovation is in line with the goals of maqashid sharia because it encourages the maintenance of property, equitable distribution of welfare, and the strengthening of productive social sectors. However, the use of technology must still be guided by the principle of prudence so as not to pose the risk of irregularities, sharia non-compliance, or data security vulnerabilities.

The results of the study also confirm that the role of Sharia Financial Institutions is very strategic as a link between the potential of community money waqf and the economic development needs of the people. Professionalism of management, regulatory support, and collaboration with technology institutions are important factors in the success of this transformation. The challenges that arise include the low digital literacy of some people, the limitation of human resources who understand both sharia and technological aspects, and the need for an adaptive supervision system for digital innovation. Therefore, the success of the development of money waqf is not only determined by technological sophistication, but also by the quality of governance and institutional integrity.

Based on these findings, it is recommended that Islamic Financial Institutions strengthen secure and user-friendly digital infrastructure, while increasing the transparency of technology-based waqf reporting. Regulators need to develop policies that are responsive to Islamic digital finance innovation without ignoring the principle of prudence. On the other hand, public education about digital money waqf needs to be expanded through sustainable Islamic financial literacy. Synergy between financial institutions, sharia authorities, academics, and technology players is the key to realizing a trustworthy, productive, and benefit-oriented digital money waqf ecosystem.

Author contribution statement

The author states that the entire process of compiling this article is carried out collaboratively in accordance with their respective roles. The first author contributes to formulating research concepts, developing a theoretical framework regarding money waqf from the perspective of sharia economics, and conducting an analysis of the role of Islamic financial institutions in the era of the Industrial Revolution 4.0. The second author plays a role in data collection and processing, literature search, and strengthening academic arguments related to the implementation of money waqf in Islamic financial institutions. All authors are involved in the process of writing, reviewing, editing the manuscript, and approving the final version of the published article.

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