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Cash Waqf Optimization and Higher Education Quality Improvement: A Comparative Study between the Islamic University of Indonesia and IPB University

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Abstract

This study analyzed the optimization of cash waqf in improving the quality of higher education, using Universitas Islam Indonesia (UII) as a case study from the perspective of Islamic Economic Law. This study employed a qualitative normative-empirical approach with analysis of the 2024 Financial Report of the UII Waqf Board Foundation and a comparative study with Bogor Agricultural Institute (IPB), this research identified cash waqf management strategies and their implications for social goals. The reserach findings indicated that cash waqf management at UII reflected a structured management system oriented toward the sustainability of funds. These practices have successfully maintained the sustainability of the principal funds (hifz al-mal), yet have resulted in a limited proportion of benefit distribution. A comparison with IPB revealed a strategic difference in balancing the goals of sustainability and social impact, with IPB demonstrating more diverse program innovation and impact-oriented reporting. This study contributed by presenting a comparative analysis model for the implementation of cash waqf, providing insights into the strategic balance between investment and distribution to optimize the achievement of maqāṣid al-sharī'ah and SDG-4. The application of these findings can serve as a reference for higher education waqf institutions in formulating more innovative and impact-oriented management strategies.

Keywords: Islamic Economic Law, Higher education quality, SDG-4, Comparative study, Cash waqf

Abstrak

Penelitian ini menganalisis optimalisasi wakaf uang dalam meningkatkan kualitas pendidikan tinggi dengan studi kasus Universitas Islam Indonesia (UII) dari perspektif Hukum Ekonomi Islam. Penelitian ini menggunakan pendekatan kualitatif dengan desain deskriptif-komparatif berbasis analisis dokumen Laporan Keuangan Badan Wakaf UII tahun 2024. Selain itu, penelitian ini juga dilengkapi dengan studi komparatif terhadap praktik pengelolaan wakaf di Institut Pertanian Bogor (IPB) sebagai pembanding, guna memperoleh gambaran yang lebih komprehensif mengenai model optimalisasi wakaf uang dalam mendukung peningkatan mutu pendidikan tinggi. Penelitian ini mengidentifikasi strategi pengelolaan wakaf uang beserta implikasinya terhadap pencapaian tujuan sosial. Hasil penelitian menunjukkan bahwa pengelolaan wakaf uang di Universitas Islam Indonesia (UII) mencerminkan sistem pengelolaan yang terstruktur dan berorientasi pada keberlanjutan dana. Praktik tersebut berhasil menjaga keberlanjutan dana pokok (ḥifẓ al-māl), namun berdampak pada terbatasnya proporsi penyaluran manfaat. Perbandingan dengan IPB mengungkapkan adanya perbedaan strategi dalam menyeimbangkan tujuan keberlanjutan dan dampak sosial, IPB menunjukkan inovasi program yang lebih beragam serta pelaporan yang lebih berorientasi pada dampak. Penelitian ini memberikan analisis komparatif dalam implementasi wakaf uang pada lembaga pendidikan tinggi, serta memberikan wawasan mengenai pentingnya

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keseimbangan strategis antara investasi dan distribusi manfaat guna mengoptimalkan pencapaian maqāṣid al-sharī'ah dan SDG-4. Temuan penelitian ini dapat dijadikan rujukan bagi lembaga wakaf pendidikan tinggi dalam merumuskan strategi pengelolaan yang lebih inovatif dan berorientasi pada dampak.

Kata kunci: *Hukum Ekonomi Islam, Kualitas pendidikan tinggi, SDG-4, Studi komparatif, Wakaf uang*

A. INTRODUCTION

Higher education institutions play a strategic role in producing superior and competitive human resources. However, one of the biggest challenges faced by universities in Indonesia is the limitation of sustainable funding sources (Sevima, n.d.). Dependence on government funds or student tuition fees often results in constraints on quality development, such as low budget allocation for research, inadequate state-of-the-art laboratory facilities, and minimal scholarships that can guarantee educational access for all segments of society (Siahaan et al, 2022). This situation has encouraged the search for alternative funding sources that are not only oriented toward financial sustainability but also incorporate a dimension of blessing and spiritual value. In this context, the importance of integrating ethical values and sustainability principles in institutional financial management has been widely emphasized, particularly in ensuring long-term organizational resilience and social responsibility (Ramlah et al., 2025). Such funding solutions must also align with the global agenda, particularly the Sustainable Development Goals (SDGs) targets, to ensure inclusive and sustainable development. This funding solution must also align with the global agenda, particularly the Sustainable Development Goals (SDGs) targets, to ensure inclusive and sustainable development.

In Islamic tradition, *waqf* (endowment) is a philanthropic instrument with significant potential to support educational development. The Qur'an provides a strong indication of the importance of *sadaqah jariyah* (ongoing charity), whose rewards continue even after the donor has passed away, as affirmed in a hadith of the Prophet Muhammad narrated by Muslim:

إِذَا مَاتَ الْإِنْسَانُ انْقَطَعَ عَنْهُ عَمَلُهُ إِلَّا مِنْ ثَلَاثَةٍ: إِلَّا مِنْ صَدَقَةٍ جَارِيَةٍ أَوْ عِلْمٍ يُنْتَفَعُ بِهِ أَوْ وَلَدٍ صَالِحٍ يَدْعُو لَهُ

"When a man dies, his deeds come to an end except for three things: ongoing charity (*sadaqah jariyah*), beneficial knowledge, or a righteous child who prays for him." (Sahih Muslim, No. 1631)(Berliana Intan Maharani, n.d.).

This hadith forms the normative basis for the development of *waqf*, including cash *waqf*, as an instrument for educational sustainability. From a broader perspective of Islamic economic development, financial instruments are not only evaluated based on material outcomes but also on their alignment with spiritual and ethical dimensions, reflecting the integrated nature of Islamic economic principles (Maidarfrida et al., 2026). International experience demonstrates the successful management of *waqf* in supporting educational institutions. For example, Al-Azhar University in Egypt has been able to finance its operations for centuries without charging student fees because it possesses substantial *waqf* assets that are managed productively (Don & Hussin, 2024). The success of this model has inspired various countries, including Indonesia, to adapt the potential of *waqf* within a modern context.

In the Indonesian context, the practice of cash *waqf* has gained legal legitimacy through Law No. 41 of 2004 concerning Waqf and Government Regulation No. 42 of 2006. Several studies have examined the conceptual and juridical aspects of cash *waqf*. Sasmita and Diva emphasized the potential of productive *waqf* as an instrument for sharia-based economic development (Diva Azka Karimah, 2024), while Hasanah et al. highlighted the institutional challenges for *nazhir* (*waqf* managers) in optimizing cash *waqf* in Indonesia (Iqbal Irfany, Indah Sulistya, and Neneng Hasanah, 2021). Research by Rizky focused on the factors influencing the interest of students at the Islamic University of Indonesia in contributing to cash *waqf* through LWU UNISIA, finding that religiosity has a significant influence, whereas knowledge does not (Ferry Rizky, 2022). On the other hand, research by Furqon et al. discussed the management of cash *waqf* at Bogor Agricultural University (IPB), which was integrated with the university's management (Furqon et al., 2022). However, these studies have tended to focus on individual psychological aspects or institutional management in a partial and isolated manner. There remains a research gap for a comprehensive comparative analysis that specifically investigates the differences in strategies for balancing the goals of financial sustainability (*hifẓ al-māl*) and direct social impact (*maṣlaḥah 'āmmah*) in cash *waqf* management. In addition, studies on maqāṣid-based analysis have highlighted that Islamic teachings emphasize prioritization in achieving public benefit, where the arrangement of objectives reflects a hierarchy of values that can also be applied in contemporary financial decision-making (Asrizal Mustofa et al., 2025). A comparison between UII and IPB, each representing different

strategic tendencies within the framework of Islamic Economic Law and *maqāṣid al-sharī'ah*, becomes highly relevant for addressing this gap while also evaluating their strategic contribution to achieving SDG-4.

The Islamic University of Indonesia (UII) is one of the universities with a long history in *waqf* management. Since its establishment, UII has been supported by *waqf* assets in the form of land and buildings and has continued to develop cash *waqf* as one of its educational funding instruments (Universitas Islam Indonesia, 2021). Meanwhile, Bogor Agricultural University (IPB) is also known as one of the universities active in managing productive *waqf*, particularly through programs integrated with sharia financial institutions such as BSI (Bank Syariah Indonesia)(Furqon et al., 2022). The approaches and implementation models of cash *waqf* at these two institutions demonstrate significant differences that are relevant for further study.

Thus, a research gap remains in understanding variations in cash *waqf* management practices within higher education institutions in Indonesia. This article sought to address this gap by analyzing the optimization of cash *waqf* in improving the quality of higher education from the perspective of Islamic Economic Law. This research explored the practices of cash waqf management at Universitas Islam Indonesia (UII) and a selected unit within Institut Pertanian Bogor (IPB) to generate comparative insights, particularly in relation to their alignment with the principles of *maqāṣid al-sharī'ah* and their contribution to Sustainable Development Goal (SDG-4) on inclusive and quality education.

B. RESEARCH METHODOLOGY

This research employed a descriptive qualitative method with a descriptive-comparative design, using a normative-empirical approach. This combination of approaches was chosen because the problem under investigation required legal and theoretical analysis (normative), which was subsequently examined for its relevance and implementation in actual practice (empirical) at the Islamic University of Indonesia (UII). The normative approach was conducted by analyzing the concept of cash *waqf* from the perspective of Islamic Economic Law through a review of regulations and the opinions of contemporary scholars such as Yusuf al-Qaradawi, Wahbah al-Zuhayli, and Monzer Kahf. This analysis served as the theoretical basis for assessing field practices. Meanwhile, the

empirical approach focused on investigating the implementation of cash *waqf* at Universitas Islam Indonesia (UII) and a selected unit within Institut Pertanian Bogor (IPB) to generate comparative insights.

Data collection in this research was carried out through document study (document analysis). This technique was chosen because the research analyzed institutional practices recorded in official documents from two case studies, namely the Islamic University of Indonesia (UII) and Bogor Agricultural University (IPB). Furthermore, to enrich the theoretical foundation, a literature review was conducted through the examination of relevant books, journals, and prior studies. The data sources in this research consisted of:

1. Primary Data

a. For the UII case study: Policy documents, cash *waqf* management reports, and official publications related to waqf programs obtained from the UII *Waqf* Board. The documents used consisted of the 2024 Financial Report, funding policy documents, and scholarship program publications.
b. For the IPB case study: Documents and official publications obtained from the institution's online sources, primarily from the period around 2022, such as benefit distribution reports, news articles on the official IPB website, and publicly available waqf program publications.

2. Secondary Data

a. Academic literature in the form of books, reputable journals, and previous research articles relevant to the themes of cash *waqf* and educational financing. Specifically, for an in-depth analysis of the cash *waqf* management model at IPB, this study used the scientific article entitled "Empowering Higher Education Funding through Cash *Waqf*: A Case Study of IPB University" (Furqon et al., 2022) as the main secondary data source.
b. Legislation, including Law No. 41 of 2004 concerning *Waqf* and Government Regulation (PP) No. 42 of 2006.
c. Other scientific sources that support the theoretical and comparative analysis in this research.

The available data for Universitas Islam Indonesia (UII) were derived from two sources, namely institutional-level documents from the UII *Waqf* Board (2024) and supporting data from a faculty-level unit (Faculty of Law) for 2025, which represent different operational contexts. Meanwhile, the data for Institut Pertanian Bogor (IPB) were primarily sourced from literature reflecting university-level conditions around 2022. These differences in institutional level and time period limit the possibility of direct comparison of absolute figures (such as total funds collected).

Therefore, the comparative analysis in this research focused on comparing the strategies, policies, benefit distribution models, and management patterns that characterize each institution. However, it should be acknowledged that these aspects are dynamic and contextual in nature, so differences in time period and institutional level may influence the comparison results. Accordingly, the findings of this study are exploratory and interpretative, and were not intended to produce absolute generalizations.

The analysis method used was qualitative content analysis. This analysis was conducted through several systematic stages, including a comparative analysis of findings from both case studies:

1) Data reduction**:** Summarizing, selecting, and focusing on key information relevant to cash waqf management at both institutions (UII and IPB) obtained from the available documents. This process involved identifying important themes, such as collection models, investment instruments, and *waqf* fund allocation.
2) Data presentation: Compiling findings from the documents into a systematic and coherent narrative, which was then analyzed within the framework of Islamic Economic Law analysis. At this stage, the practices of cash *waqf* at UII and IPB were presented comparatively to identify the similarities, differences, and best practices of each model.
3) Conclusion drawing and verification: Formulating conclusions regarding the contribution of cash waqf to improving the quality of higher education and its relevance to achieving SDG-4. The verification process was conducted by testing data credibility through source triangulation, namely by comparing information from various documents, including the 2024 Annual Report, funding policy documents and scholarship program publications, to ensure the consistency of the findings.

Through this combination of a normative-empirical approach and a document study method, the research was expected to provide a comprehensive overview of the optimization of cash waqf at UII, compare it with practices at IPB as a credible alternative for higher education financing, and analyze the alignment of these practices with the principles of Islamic Economic Law.

C. RESULTS AND DISCUSSION

Result

1. Management of Cash Waqf at the Islamic University of Indonesia (UII)

The Islamic University of Indonesia (UII) has maintained a deep historical connection with the tradition of waqf. Since its establishment, UII has positioned *waqf* as an institutional foundation through the UII *Waqf* Board Foundation (Yayasan Badan Wakaf or YBW UII) (Yayasan Badan Wakaf Universitas Islam Indonesia, n.d.-b). YBW UII functions as the official *nāẓir* (*waqf* manager) responsible for managing *waqf* assets, including cash *waqf*, based on the principles of accountability and transparency (Yayasan Badan Wakaf Universitas Islam Indonesia, n.d.-f). For instance, the foundation's annual financial reports are audited and published online. Furthermore, the profile of the Audit Institution (LA YBW UII) states that financial and performance audits are conducted regularly for work units and business units under the foundation(Yayasan Badan Wakaf Universitas Islam Indonesia, n.d.-f). However, no specific publication presenting separate cash *waqf* financial reports or periodically updated cash *waqf* reports was found in available online documents.

The cash *waqf* collection model at UII is implemented through several main products that *wakif* (donors) can participate in: Permanent Cash *Waqf*, Term Cash *Waqf*, and Collective Cash *Waqf* (Fakultas Hukum UII, n.d.). This process is supported by a broad institutional ecosystem, including a strong alumni network and lecturers/staff who serve as potential *wakif* and program drivers. In implementing the management and distribution of *waqf* proceeds, YBW UII collaborates with Sharia Financial Institutions Receiving Cash *Waqf* (LKS-PWU), including BPRS Unisia owned by UII, to manage the funds securely and in accordance with sharia principles. Additionally, YBW UII collaborates with Lazis Unisia as a partner in distributing social waqf benefits to the

community. Through this approach, YBW UII ensures that waqf funds are managed professionally and generate optimal social impact.

As a case study to examine the benefit distribution strategy, data on cash *waqf* management at the faculty level, specifically at the UII Faculty of Law, as of September 2025, can be used as a reference. The data indicated a total managed fund of IDR 1.225 billion(Fakultas Hukum UII, n.d.). These funds were allocated to sharia investment instruments, such as *mudharabah* deposits, sharia sukuk, and halal real sectors to generate returns. However, the realized distribution of directly observable benefits remained relatively limited, indicating a strategic balance between maintaining the sustainability of the principal fund (*hifz al-mal*) and distributing benefits. From this amount, the total profit sharing from the cash waqf was IDR 36.6 million, equivalent to approximately 3% of the total fund(Fakultas Hukum UII, n.d.). Meanwhile, the distribution of waqf benefits for social programs, scholarships, and community empowerment was recorded at IDR 22.5 million (less than 2% of the total accumulated funds)(Fakultas Hukum UII, n.d.). This relatively conservative distribution ratio reflects a strategy that emphasizes the principles of prudence and long-term principal sustainability (*hifz al-mal*). While the distribution of directly experienced benefits remained relatively minimal, the social effectiveness of cash *waqf* utilization still requires further enhancement.

Table 1. Cash Waqf Management at Universitas Islam Indonesia (UII)

No	Description	Amount / Information
1	Total managed cash waqf fund	IDR 1,225,000,000
2	Investment instruments	Sharia mudharabah deposits, sukuk, halal real sector
3	Total profit-sharing (return)	IDR 36,600,000 (≈3%)
4	Total benefit distribution	IDR 22,500,000 (<2%)
5	Managing institution	Yayasan Badan Wakaf UII
6	Distribution partners	LKS-PWU, Lazis Unisia

Source: Yayasan Badan Wakaf Universitas Islam Indonesia

The table indicates that cash waqf management at Universitas Islam Indonesia (UII) tends to prioritize capital preservation over immediate benefit distribution. This is reflected in the relatively low proportion of profit-sharing (approximately 3% of total funds) and an even smaller allocation for direct social distribution (less than 2%). Such figures suggest a highly cautious investment strategy, where the primary objective is maintaining the sustainability of the principal fund (*hifz al-māl*), rather than maximizing short-term social impact. While this approach ensures long-term financial stability, it also indicates that the social effectiveness of cash waqf utilization remains limited and could be further optimized.

2. Distribution and Utilization of Cash Waqf at UII

The distribution of cash waqf at UII demonstrated tangible contributions in four main areas(Pasifamal.id, n.d.):

a. Educational Scholarships: Cash waqf played a crucial role in providing educational access for underprivileged students. Data showed that in August 2024, YBW UII together with Lazis Unisia awarded the Next Scholarship to 46 UII high school students, 30 of whom were funded by waqf(Yayasan Badan Wakaf Universitas Islam Indonesia (YBW UII), n.d.). In May 2025, another 30 scholarships were granted, 25 of which were sourced from YBW UII(Yayasan Badan Wakaf Universitas Islam Indonesia, n.d.-a). Furthermore, in 2018, Lazis UII distributed scholarships to 271 high-achieving underprivileged students(Universitas Islam Indonesia, n.d.-a). This program aligned with Target 4.3 of SDG-4 on equal access to affordable higher education and reflected the spirit of *ta'āwun* (cooperation) in Islam.
b. Research and Publication: Cash *waqf* also supported the development of knowledge at UII. Through the YBW UII Research and Community Service Grant, lecturers received funding for innovative research aimed at enhancing scientific publications and producing applicable work. Funding for leading research reached up to IDR 50 million (DPPM UII, 2024). This support contributed directly to improving UII's academic reputation through quality scientific publications. The UII Faculty of Law also developed an endowment fund based on *waqf* to support collaborative research. The integration of *waqf* into research was a significant innovation as it expanded the scope of Islamic philanthropy from social consumption to strengthening the

intellectual capacity of the community, in accordance with the principle of *ḥifẓ al-'aql* (preservation of intellect) in *maqāṣid al-sharī'ah*.

c. Construction of Educational Facilities: A number of strategic educational facilities were constructed with the support of YBW UII, supporting the academic environment. Examples include the UII Faculty of Law Building (Yayasan Badan Wakaf Universitas Islam Indonesia, n.d.-c), the FIAI Building (Yayasan Badan Wakaf Universitas Islam Indonesia, n.d.-e), and the Dr. Soekiman Wirjosandjojo Faculty of Medicine Building (Universitas Islam Indonesia, n.d.-b). Additionally, the construction of the UII Islamic Boarding School further strengthened student character education. This investment aligned with practices at Al-Azhar University in Egypt, which has long supported educational facilities through *waqf* (Mu'allim, 2015).
d. Social Activities and Public Benefit (Kemaslahatan): Cash *waqf* also supported social activities and community empowerment. YBW UII allocated returns from the Permanent Cash *Waqf* (WUP) for underprivileged student scholarships, the construction of the Rumah Tahfiz RCQU, and support for student activities (Yayasan Badan Wakaf Universitas Islam Indonesia, n.d.-d). UII collaborated with Lazis Unisia and Rumah Sehat Baznas in conducting outreach, providing financial assistance, and running community service programs (Yayasan Badan Wakaf Universitas Islam Indonesia, n.d.-d). This demonstrated that cash *waqf* not only enhanced university quality but also generated broad social impact for the surrounding community, embodying *maslahah 'ammah* (public benefit).

From the above description, it can be concluded that cash *waqf* from the perspective of Islamic Economic Law was not only normatively valid but also contextually relevant in supporting higher education. The management of cash waqf at UII through YBW UII demonstrated a modern sharia-based governance practice, with benefit distributions covering scholarships, research, educational facilities, and social activities. Through this model, cash *waqf* has the potential to become a strategic instrument for improving the quality of higher education while supporting the achievement of SDG-4. Therefore, it was important to analyze more deeply how this practice aligned with the framework of Islamic Economic Law.

Table 2. Distribution of Cash Waqf Utilization at UII

No	Sector	Form of Utilization
1	Education	Scholarships for underprivileged students
2	Research	Research funding and community service programs
3	Infrastructure	Academic buildings and boarding school facilities
4	Social programs	Community empowerment and student social activities

Source: Yayasan Badan Wakaf Universitas Islam Indonesia

This table illustrates that the utilization of cash waqf at UII covered several key sectors, with a focus on strengthening the functions of higher education and social services. The data were presented categorically to demonstrate the diverse sectors benefiting from cash *waqf*.

3. Comparison with the IPB Study

A comparison of cash *waqf* management between the Islamic University of Indonesia (UII) and the Bogor Agricultural University (IPB) provided important insights into best practices for cash waqf management in higher education. Although both institutions share the same goal of utilizing cash *waqf* for the welfare of the community, there were significant differences in their implementation.

a. Benefit Distribution Proportion

At IPB, cash *waqf* funds were not only invested for sustainability but were also allocated significantly to social programs. For example, through the BSI *Waqf* Deposit program launched in November 2023, funds amounting to IDR 20.09 billion were collected, and the profit-sharing was distributed to 165 student beneficiaries in the first phase by Bank Syariah Indonesia(Furqon et al., 2022). In contrast, at UII, the distribution of benefits from cash waqf funds remained limited, with total profit-sharing from cash waqf amounting to IDR 36,618,253 (3% of the total fund) and total benefit distribution of IDR 22,499,000 (1.8% of the total fund)(Fakultas Hukum UII, n.d.). This difference indicated a divergence in strategy regarding balancing the objectives of *hifz al-mal* (fund sustainability) and *maslahah 'ammah* (social benefit) through cash waqf.

b. Social Program Innovation

IPB developed various social programs based on cash waqf, such as the BWI-IPB Scholarship Waqf, which distributed a total of IDR 39,700,000 in scholarships to 21 students (Wakaf IPB University, n.d.). Furthermore, IPB also implemented a Waqf Deposit program that allowed the public to participate in waqf fund collection through sharia deposit instruments (Furqon et al., 2022). IPB's more diverse social program innovations, including medical equipment donations, water station installations, and funeral support, demonstrate a broader scope of social impact (Furqon et al., 2022). On the other hand, UII remained in the development stage of social programs based on cash waqf, with its main focus on fund collection and investment.

c. Collaboration with Sharia Financial Institutions

IPB established a strategic collaboration with PT Bank Syariah Indonesia Tbk (BSI) in the BSI Waqf Deposit program to manage cash waqf funds, including investment in Cash Waqf Linked Sukuk (CWLS) through BSI(Furqon et al., 2022). Meanwhile, YBW UII also collaborated with sharia financial institutions, including BPRS Unisia, which was its business unit, to manage waqf funds. However, there was no indication that YBW UII invested in CWLS as IPB did, indicating a difference in investment approach between the two institutions.

d. Transparency and Accountability

IPB regularly published reports on the benefit distribution from the BSI Waqf Deposit program, including the amount of funds collected, the number of beneficiaries, and the allocation of profit-sharing funds from Bank Syariah Indonesia(Bank Syariah Indonesia, n.d.). This demonstrated a high level of transparency and accountability in managing cash waqf funds. UII also made efforts to improve transparency but still required further strengthening in terms of reporting and information disclosure to the public. More specifically, YBW UII's publications tended to focus on annual financial reports, whereas IPB's publications appeared to be more oriented towards impact reporting and specific program narratives, which can be more accessible and engaging for the public.

This comparison showed that although UII possessed a strong legal and regulatory foundation for managing cash waqf, there were opportunities to improve its effectiveness. IPB could serve as an example in terms of benefit distribution proportion, social program innovation, collaboration with sharia financial institutions, and

transparency and accountability in managing cash waqf funds. By adopting best practices from IPB, UII could optimize the potential of cash waqf as a productive and sustainable social financial instrument.

Table 3. Comparative Analysis of Cash Waqf Management Aspects between Universitas Islam Indonesia and Institut Pertanian Bogor

Aspect	UII	IPB
Management Strategy	Conservative approach focusing on fund sustainability	More balanced approach between sustainability and social impact
Total Cash Waqf Fund	IDR 1.225 billion *(faculty-level data)*	IDR 20.09 billion *(institutional-level)*
Investment Pattern	Sharia deposits, sukuk, halal real sector	Waqf deposit, Cash Waqf Linked Sukuk (CWLS)
Benefit Distribution Model	Less than 2% of total fund distributed	Distributed to 165 beneficiaries
Program Orientation	Education and institutional support	Education, social empowerment, and innovation programs
Governance & Reporting Style	Annual financial report	Program-based and impact-oriented reporting

Source: YBW UII and Waqf IPB University

Discussion

1. Main Findings of the Study

The findings of this study showed that cash waqf management at Universitas Islam Indonesia (UII) tended to prioritize fund sustainability (*hifẓ al-māl*) over immediate benefit distribution. This was reflected in the relatively low proportion of profit-sharing (approximately 3% of total funds) and the even smaller allocation for direct benefit distribution (less than 2%).

This pattern suggested a conservative management strategy, where maintaining the principal fund became the primary objective. These findings further indicated that

while the sustainability-oriented approach aligned with the normative principle of preserving the principal asset (*habs al-'ayn*), it also created a practical trade-off between long-term fund security and the immediacy of social benefit distribution.

2. Alignment with Previous Studies

This finding was consistent with previous studies that emphasized the importance of sustainability in waqf management. Diva Azka Karimah (2024) highlighted that productive waqf serves as a strategic instrument for sustainable sharia-based economic development, particularly when funds were managed through investment mechanisms that preserve their long-term value.

Similarly, Iqbal Irfany, Indah Sulistya, and Neneng Hasanah (2021) underlined that effective cash waqf management required strong institutional governance and a focus on maintaining the continuity of waqf assets. Their study suggested that sustainability was a key principle in ensuring that waqf funds continued to generate benefits over time.

These findings reinforced the argument that sustainability had become a dominant paradigm in contemporary cash waqf management, particularly within institutional settings.

3. Differences and Analytical Development

However, this study revealed a different tendency compared to several previous studies on productive waqf, which advocated a more balanced approach between sustainability and social impact. In these studies, effectiveness was not solely measured by capital preservation, but also by the extent of benefit distribution to beneficiaries.

In this regard, the relatively limited proportion of benefit distribution at UII indicated that the potential of cash waqf as a social financial instrument had not yet been fully optimized. When compared with practices at Institut Pertanian Bogor (IPB), which demonstrated a more progressive allocation of waqf returns toward beneficiaries and social programs, the difference becomes more apparent.

This contrast suggested that while UII demonstrated strength in maintaining financial sustainability, it still had room to improve in translating financial performance into tangible social impact, particularly in areas such as educational access, scholarships, and community empowerment.

4. Research Contribution and Position

Therefore, this study demonstrated that the optimization of cash waqf in higher education requires a more balanced integration between the principles of sustainability (*hifẓ al-māl*) and public benefit (*maslahah 'āmmah*). While the preservation of the principal fund remains essential, it should not overshadow the importance of generating meaningful and measurable social impact.

This research contributed to the literature by demonstrating that an effective cash waqf model in higher education was not merely defined by financial sustainability, but fundamentally depended on its ability to generate measurable social impact. Therefore, a dynamic balance between these two dimensions became essential. In this context, cash waqf could serve as a strategic instrument for advancing inclusive and equitable education, as outlined in SDG-4.

Thus, the findings of this study provided both conceptual and practical insights for improving cash waqf management strategies in higher education institutions, particularly by encouraging a more proportional balance between investment sustainability and social distribution.

5. Challenges and Recommendations

Building upon the findings and discussion above, this section identifies key challenges and proposes strategic recommendations for optimizing cash waqf management at Universitas Islam Indonesia (UII).

The first major challenge lay in the limited proportion of benefit distribution. The findings indicated that the allocation of returns for direct social purposes remained relatively low compared to the total accumulated funds. This reflected a structural imbalance between fund sustainability and benefit distribution, which in turn limits the immediate social impact of cash waqf on students and the wider community.

The second challenge concerned the balance between sustainability and social benefit. While maintaining the principal fund (*hifẓ al-māl*) was essential in waqf management, an excessive emphasis on capital preservation could reduce the effectiveness of cash waqf as a social financial instrument. This condition highlighted the need for a more proportional approach that allows sustainability and benefit distribution to function in a complementary manner.

The third challenge related to the limited innovation in social program design. The current utilization of cash waqf at UII tended to focus on general programs and investment-based schemes, with relatively limited development of more adaptive and inclusive models such as micro-waqf schemes, structured scholarship ecosystems, or community-based empowerment programs.

The fourth challenge involved the optimization of fundraising strategies and communication. Compared to other institutions, the communication of waqf impact at UII remains less oriented toward measurable outcomes. This could affect public trust and participation, as potential wakif increasingly require transparent and impact-driven reporting to inform their philanthropic decisions.

In response to these challenges, several strategic recommendations were proposed.

First, UII should formulate a policy that establishes a more proportional annual distribution target from investment returns. Such a policy would ensure that the principle of sustainability was maintained while simultaneously enhancing the realization of *maslahah 'āmmah* and supporting the achievement of SDG-4.

Second, it was important to diversify and innovate social programs based on cash waqf. This could be achieved by developing structured scholarship schemes integrated with mentorship programs, as well as introducing micro-waqf initiatives that enabled broader community participation and faster benefit distribution.

Third, UII should strengthen transparency through the development of periodic impact-based reporting systems. These reports should not only present financial data, but also include measurable indicators such as the number of beneficiaries, program reach, and the tangible outcomes of waqf-funded initiatives. Such an approach would enhance accountability and increase public trust.

Fourth, expanding strategic collaboration with sharia financial institutions and social organizations was essential. In addition to existing partnerships, UII could consider diversifying its investment portfolio into instruments such as Cash Waqf Linked Sukuk (CWLS) to optimize returns while maintaining compliance with sharia principles.

Finally, improving governance through the adoption of impact-oriented evaluation frameworks was crucial. This included exploring the integration of digital technologies to enhance transparency, as well as strengthening collaboration with the

private sector through corporate philanthropy schemes. These efforts could significantly expand the reach and effectiveness of cash waqf programs.

Through these strategies, cash waqf at UII had the potential to function not only as a sustainable financial instrument, but also as a transformative mechanism that could deliver broader and more measurable social benefits, particularly in supporting inclusive and equitable higher education.

D. CONCLUSION

This study examined the optimization of cash waqf in enhancing the quality of higher education through a comparative analysis between Universitas Islam Indonesia (UII) and Institut Pertanian Bogor (IPB) from the perspective of Islamic Economic Law. The findings indicated that cash *waqf* management at UII demonstrated a strong orientation toward financial sustainability, particularly in maintaining the principal fund (hifẓ al-māl) through conservative investment strategies. In contrast, the IPB case reflected a relatively more balanced approach, where sustainability was accompanied by a more active distribution of benefits and program innovation.

This comparison showed that differences in management orientation influence the extent to which cash waqf contributed to social impact, particularly in supporting educational access and development. While the UII model emphasized long-term financial stability, it also revealed a relatively limited proportion of direct benefit distribution. Meanwhile, the IPB model illustrated how a more distributive approach could enhance the immediate social function of cash waqf, although it requires careful management to maintain sustainability.

From the perspective of Islamic Economic Law, these findings suggested that the optimization of cash waqf in higher education was not solely determined by financial performance, but also by the ability to balance sustainability (hifẓ al-māl) and public benefit (maslahah ʻāmmah). Therefore, an effective cash waqf model required a proportional integration of these two dimensions, rather than prioritizing one over the other.

The main contribution of this study lay in providing a comparative analytical perspective that highlights how different management approaches shape the role of cash waqf in higher education. These findings were expected to serve as a reflective reference

for waqf-based institutions in developing more context-sensitive and impact-oriented management strategies.

This study was limited by its reliance on document-based data, which constrains the analysis of operational dynamics and stakeholder perspectives. Future research is recommended to incorporate qualitative methods, such as interviews with nazhir, donors, and beneficiaries, as well as longitudinal data analysis, in order to provide a more comprehensive understanding of cash waqf management practices.

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