AICIF
PROCEEDING 7TH ASEAN UNIVERSITIES
International Conference on Islamic Finance
Revival of Islamic Social Finance To Strengthen Economic Development Towards A Global Industrial Revolution

Co Host:
PROCEEDING OF 7TH ASEAN UNIVERSITIES INTERNATIONAL CONFERENCE ON ISLAMIC FINANCE (AICIF) 2019
“REVIVAL OF ISLAMIC SOCIAL FINANCE TO STRENGTHEN ECONOMIC DEVELOPMENT TOWARDS A GLOBAL INDUSTRIAL REVOLUTION”

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“REVIVAL OF ISLAMIC SOCIAL FINANCE TO STRENGTHEN ECONOMIC DEVELOPMENT TOWARDS A GLOBAL INDUSTRIAL REVOLUTION”
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PROF. DR. AMAL FATHULLAH ZARKASYI, M.A.
Rector of University of Darussalam Gontor

Assalamu’alaikum warahmatullahi wabarakaatuh

As the Rector of University of Darussalam Gontor, it is a great honour for us to welcome our distinguished guests from neighbourhood countries. Hence, I feel very grateful to Allah, I would like to thank you for your kind willingness to attend and participate in our 7th ASEAN Universities International Conference on Islamic Finance (AICIF) 2019.

The development of Islamic economics and finance not only concerns on commercial issues, but also social finance (such as zakah, infaq and waqf). Since the Prophet Muhammad Rasulullah period, Waqf has been developed and played a major role in the socioeconomic of Muslim. On his arrival at Madinah in the first year of Hijrah, he constructed a mosque known as Quba. Subsequently, the Prophet built a new mosque known as Masjid an-Nabawi due to the increasing number of people who converted to Islam. In addition, the example of waqf in practical level when the Prophet encouraged Utsman ibn ‘Affan to buy Rumah well of water and finally he declared it as waqf to provide water for all citizens. Currently, this heritage has been extended to accommodate the need of society from across the world.

Based on the historical foundation, it would be extremely necessary supported by education and research related to Islamic social finance in an attempt to increase the welfare of the Ummah. Hopefully this conference will be one of the efforts in providing enlightenment and insight related to Islamic social finance and Islamic economics continues to grow worldwide, and provide benefits and prosperity for all mankind as well as the entire universe (rahmatan lil Alamein).

Therefore we all have a duty and responsibility to develop education and research related to Islamic economics. Let us pray to God for asking His assistance and guidance to carry out this duties and responsibilities together.

Finally, I congratulate all the faculty members in the Faculty of Syariah and Faculty of Economics & Management as well as all members of AICIF for organizing this conference. For the committees who have worked hard in preparing this conference, I suggested them to service all the guests very well. Make them feel like in their own homes. I would like to say good luck in joining the conference until completion. Thank you very much.

Wa’alaiikumsalam warahmatullahi wabarakaatuh
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

All praises due to Allah (swt), the Most Merciful, the Most Compassionate. May His peace and blessings be upon our beloved Prophet Muhammad (saw), his companions, descendants and all those who follow his steps.

On behalf of the IIUM Institute of Islamic Banking and Finance (IIiBF), International Islamic University Malaysia, I would like to congratulate the University of Darussalam, UNIDA Gontor, for the successfully organizing and hosting the 7th ASEAN Universities International Conference on Islamic of Islamic Finance (AICIF 2019). IIiBF, as the pioneering institution in organizing the AICIF, is indeed, very happy to note that the AICIF has already reached its 7th year of organization, with the consortium of universities joining the conference has increased to seven from only one when the IIiBF first hosted it in Kuala Lumpur in 2013.

The theme of the conference “Revival of Islamic Social Finance to Strengthen Economic Development Towards A Global Industrial Revolution” highlights the remarkable contributions and guidance of our beloved Prophet Muhammad (saw) on his various efforts on social welfare and sustainable social development policies. These efforts have led to the remarkable economic development of Islamic societies, which needs to be emulated by our leaders today in the Islamic banking and finance industry. While there is a remarkable growth and expansion of the Islamic finance industry today, a pertinent issue to highlight is the role and contribution of Islamic finance in the achievement of socio-economic goals of the society. Islamic financial institutions need to continuously innovate and go beyond their traditional role in providing financing just to the bankable. Efforts should be intensified to expand their scope of services and aim to achieve better financial inclusion to all levels of the society.

The importance of technology in Islamic social finance could not be over-emphasized. Several important global cases borne out of the synergised approaches involving Islamic social finance with sustainabile digital technology. The International Federation of Red Cross and Red Crescent Societies (IFRC) has recently developed an online blockchain technology application providing organizations and individuals with the ability to track and follow up their contributions in highly complex humanitarian settings. This has helped in providing transparency and laying a platform for increased trust between humanitarian organizations and those in Islamic social financing activities. This digital innovation has received universal acceptance and recognition and is the IFRC’s first foray into Islamic finance, advancing their cause to develop Islamic social finance strategies and fundraising tools in support of IFRC’s humanitarian aid programs.
Islamic social finance supported by mobilisation of digital technology has also brought about the effective distribution of zakat contributions from the Malaysian state of Perlis towards a relief project in Kenya. The project became successful and profitable as the cash value of the crop grown exceeded the value of the seeds purchased, which in turn allowed subsistence farmers to acquire a certain amount of disposable income that can be channelled towards other social impact areas focusing on food, healthcare, and education.

I would have to mention, however, that our goal of revitalizing and rejuvenating Islamic social finance and socially responsible finance may not be achieved without well-coordinated inter-countries synergy and cooperation. We are very much aware of the remarkable progress recorded in ASEAN, and especially Malaysia and Indonesia, in terms of Islamic banking and finance innovation and Islamic finance in general, which have proven to be veritable tools for social development of the Ummah. We hope that efforts are made for new inter-countries’ cooperation within ASEAN and other destinations across the globe. It is high time that these vast experiences being shared to other parts of the world with more universities to join this consortium in efforts to remain abreast in the dynamic area of Islamic banking and finance.

Thank you. Wabillahi-tawfiq wal-hidayah, Wassalamu alaikum warahmatullahi wabarakatuh.

ASSOC. PROF. DR. SALINA KASSIM
Dean
IIUM Institute of Islamic Banking and Finance
Welcome to 7th AICIF 2019. We are very happy for the enthusiasm of all colleagues and participant to take part of the 7th ASEAN International Banking & Finance or 7th AICIF 2019. We are wholeheartedly grateful to University of Darusaalam Gontor Indonesia for organizing this event. AICIF has been held seven times in the Southeast Asia region. This event will took theme which highlighted the Revival of Islamic Social Finance to Strengthen Economic Development Toward a Global Industrial Revolution. We expect, this activity will increase the knowledge, abilities and role of stakeholders in facing the 4.0 industrial revolution. By strengthening the knowledge of Islamic social finance, hopefully it will be able to improve analytical skills to improve the welfare of Muslims. The challenges of Muslims today are very diverse, not only eradicating usury but also creating world welfare and hereafter. That’s why, it is very important to understand Islamic social finance clearly.

Besides, we also looking for the academic result from this event such as increasing the transfer of knowledge of in Islamic economics, cooperation in the field of research, journal publications, guest lectures, student exchange and etc.

We also would like to thank all co-organizer who were invited to attend this conference and members of the procedural committee. We are deeply grateful for enthusiastic support from all units and individuals, and we appreciate all the participant who undertake preparation and reception services during the conference. We hope you granted benefit from the exchange of ideas and research at 7th AICIF 2019 through discussions with colleagues, participants and conference sessions and activities. We would like to take this opportunity to fulfill our success stepping stone as co-organizers. It is our sincere hope that this collaboration will continue in the future. May Allah SWT bless us and continue to guide us in all our efforts. Aamiin. Wassalamualaikum Warahmatullah Wabarakatuh

DR. H. SYAFIQ M. HANAFI, S.Ag., M.Ag.
Dean of Faculty Islamic Economics and Business
Assalamu'aleykum warahmatullahi wabarakatuh

A warmest word of welcome to the organizers and participants of the 7th Asian Conference on Islamic Finance (AICIF) 2019. Our honored to the main organizer of the 7th AICIF University of Darussalam (UNIDA) GONTOR, Indonesia.

Economic development in this digital age creates new challenges for Islamic finance especially Islamic social finance institutions in the ASEAN countries. The increase of market competition demanding the Islamic industry to innovate continuously so that it is able to serve customers and create maslahat. Financial technology (Fintech) is also part of the challenges that must be faced. In this case, the Islamic social finance industry must be able to answer the advancement of financial technology while maintaining applicable sharia principles. On this occasion, the 7th AICIF raised the theme of Revival of Islamic Social Finance to Strengthen Economic Development towards a Global Industrial Revolution. This theme is very urgent to be discussed today as in its system, Islamic finance is not only seen from a commercial point of view, but also a social point of view. Contemporary Muslim society in particular is an important subject that must be prepared to support this revival and make Islamic social finance as a milestone in the power of Islam in giving rahmat for everyone in today's era. 7th AICIF is part of an effort to push the Islamic social finance system achieving betterment. I am sure that with the collaboration of experts, researchers, academics and practitioners in this forum, various innovations will emerge. Issues from various national and cultural backgrounds relating to Islamic social finance will be discussed here. Thus, each other can exchange ideas and provide inspiration in order to form decisions and policies that are needed both for educational institutions and government as well as leaders of Islamic institutions. In addition, this forum is also an effort to strengthen good cooperation between various parties who have high concern in order to develop the Islamic social finance system.
Therefore, I do appreciate and thank you for significant contribution of many parties including the main organizer, co-organizers, support organizations and sponsors for the success of the 7th AICIF 2019. To all the speakers and participants, we wish you all the best for your perspective involvement. I hope that you will have pleasant and enjoyable learning experiences in the Forum. Finally, I wish that the participants will put to new journeys of learning, sharing, and growing for a common reason "to make our system, a better one".

We are really honored for your participation and we look forward to meet you again in 8th AICIF 2020. Terima Kasih

Wassalamu'aleykum warahmatullahi wabarakatuh

PROF. OLIVIA FACHRUNNISA, Ph.D
Dean of Faculty of Economics, UNISSULA
Indonesia
First of all, I would like to take this opportunity to welcome you all to the 7th ASEAN Universities International Conference on Islamic Finance (7th AICIF) and to extend out deepest gratitude to Universitas Darussalam Gontor, Indonesia for hosting this year’s 7th AICIF held on 3rd and 4th December 2019.

Universiti Islam Sultan Sharif Ali (UNISSA), Brunei Darussalam, realized that this yearly conference served as an important platform with researchers, professionals coming in from all parts of the world in gaining further insights into the frontier of knowledge as well as understanding the broader scope of Islamic Finance.

I sincerely hoped that this conference will continue to play its role as an important platform for all stakeholders to meet and addressed issues related to Islamic Finance especially in this era of globalization where Islamic Finance industries have witnessed a significant growth over the past years. I also hope that this conference will be able to help in promoting and strengthening the networking and collaboration between researchers, academicians and professionals.

On behalf of UNISSA, I would like to extend my sincerest appreciation to the Main Organiser, Co-Organisers, sponsors and many thanks to everyone involved in organizing such a successful conference. To all participants and presenters attending this year’s AICIF, I hope you will be able to benefit greatly from this conference and take part in strengthening the role of Islamic Finance so that it can contribute to a more sustainable and well-balanced economic growth in the society.

Sincerely,

DR ABDUL NASIR BIN HAJI ABDUL RANI
Dean
Faculty of Islamic Economics and Finance
Universiti Islam Sultan Sharif Ali, Brunei Darussalam
Assalamu Alaykom Warahmatullahi Wa Barakato.

My heartfelt congratulations to the organizers or people behind the 7th ASEAN International Conference on Islamic Finance (AICIF). People see only the finished product and are not likely to have an idea of the enormous behind-the-scenes work that preparations for a grand activity like this entails.

The conference theme “Revival of Islamic Social Finance to Strengthen Economic Development Towards a Global Industry Revolution” cannot be more timely and auspicious. Hurtling into a future of prodigious and rapid change, the Islamic world should take stock and determine how we are holding up, coping, and keeping pace with the challenges of a global industry revolution. Although Islamic Finance is anchored on principles and core values enshrined in the Holy Qur’an and the Sunnah, which are practically etched in stone, we recognize the fact that failure to adapt to present realities stands to leave us stranded and marooned on the shore, or lagging behind while the rest of the world eagerly sets sails or takes great strides in the march of progress.

On the other hand, the taking of stock seems crucial to ascertain how faithful we have been to the philosophical underpinnings of Islamic Finance, which means we go back to the primary sources. Much as we wish for seamless transitions or smooth passages from where we stand now to a global industry, for example, these do not come easy. In fact, there are issues and gray areas that I hope will be taken up in this Conference like the enforcement of zakah and how, and how it can help in alleviating poverty, the questions of profit, competition and control in business, and the line between halal and haram in investment (when does a halal investment become haram?).

It is my hope, too, that the Conference will be more productive of answers than of questions, and the discourses of the speakers bring greater enlightenment to the participants and all stakeholders.

Finally, the Mindanao State University looks forward to more collaborative efforts of this kind. Meaningful high-level discourse expected to ignite sparks can generate critical ideas for a more stable Islamic Finance and greater economic development.

My best wishes for the success of the Conference.

HABIB W. MACAAYONG
DPA President MSU System
Assalamu’alaikum Warahmatullah Wabarakatuh

It is a privilege for Tazkia University College of Islamic Economics to be co-hosted at the 7th ASEAN Universities International Conference on Islamic Finance that held on December 3rd & 4th 2019 at University of Darussalam Gontor. Tazkia University College of Islamic Economics is a pioneer of the development of Islamic economics and finance in Indonesia. Our joining in this event was a manifestation of our vision to become a world class university in 2025.

Tazkia University College of Islamic Economics has contributed to the development of Islamic Economics and Finance in Indonesia since 2 decades ago. We helped convert the 25 banks and conventional insurance to full fledged Islamic Banking. Besides that, Tazkia University College of Islamic Economics also empowers the grassroot by creating "Tazkia Islamic Village" located in Babakan Madang, Bogor Regency.

In the future, our joining in AICIF will contribute to strengthening Islamic Economic & Financial resilience in ASEAN through collaborative research, so that research is appropriate and supports the advancement of science in ASEAN moreover in the World.

We congratulate University of Darussalam Gontor as a Host from this conference and wish for the smooth running of this event so that the 7th AICIF theme is "Revival of Islamic Social Finance to Strengthen Economic Development Towards a Global Industry Revolution" can be achieved together.

Best Regards,

DR. MURNIATI MUKHLISIN M. ACC
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ABSTRACT

Cash waqf as a form of Islamic Social Finance in Indonesia has enormous potential, but it has not been managed optimally. Henceforth the role of cash waqf cannot be utilized in economic development properly. The causes are: the occurrence of asymmetric information, each nazhir runs on their own, the system of funding, financing, and mauquf that has not been integrated. Cash waqf is waqf in the form of money managed productively by nazhir, and the results are used for mauquf 'alaih. Therefore, the purpose of this article is to develop a new framework of Integrated Financial Technology model of Islamic Social Finance for Economic Development. The method of this research is by reviewing articles about cash waqf in economic development, finding gaps, and limitations. The results show that the New Integrated Financial Technology Model is a new model that is able to integrate funding, financing, and mauquf systems in a more comprehensive manner. With the new model, management of cash waqf is more transparent, accountable, can be accounted for internally and externally, and can reach muaqif and mauquf 'alaih more broadly both in its area and number, so that the role of cash waqf can be maximized for economic development.

Keywords: Cash waqf, New Integrated Financial Technology, Nazhir, Mauquf 'alaih.
I. INTRODUCTION

Poverty is a problem that has not been resolved until today. According to data from the Central Statistics Agency, the poverty rate in Indonesia in 2018 will be 9.82% or 25.95 million people. One of the efforts for economic empowerment is the management of cash waqf or Islamic social finance in a professional manner (Saifuddin, Kayadibi, Polat, Fidan, & Kayadibi, 2014), because these instruments are cheap, usury free, and social sources of funds. Cash Waqf can be used to develop unproductive land waqf, for example the land located in an industrial area which is then built for a hospital, educational institution, or trade center. The results can be used for social purposes such as scholarships for poor children, help for the economy of the poor society, and help for health of the poor. As strengthened by Rusydiana (2018) that cash waqf in Indonesia has great potential as a solution that can provide benefits to the community.

Ismail Abdel Mohsin (2009) defines that Islamic social finance is the amount of funds owned by individuals, institutions, companies that are used for the welfare of the people. Indonesian Ulema Council Fatwa Commission (2002) explains that a). cash waqf or Islamic social finance are waqf made by a person, group of people, institutions or legal entities in the form of cash, with a minimum value of Rp 1,000,000. With these regulations, it is hoped that more people will participate as waqif. b). Cash Waqf may be invested in securities such as sukuk which risks are insured with the Sharia Insurance Institute. c). Waqf cash is legal. d). Cash Waqf may only be distributed and used for things that meet Islamic principles. e). The principal value of cash waqf must be guaranteed for its sustainability, it may not be sold, granted, or inherited. f). In addition, the funds represented cannot be given directly by waqif (cash waqf payer) to mauquf 'alaih (the party who is given / receiving waqf), but must be invested first by Nazhir (waqf management agency), then the investment returns are given to mauqaf 'alaih. Cash Waqf must be managed by a professional institution, with several criteria (Medaline, 2016), namely: (a) waqf management institutions have access to waqf, (b) waqf management institutions have the ability to invest cash waqf appropriately, (c) waqf management institutions have professional accounting administration skills, d). waqf management institutions are able to distribute investments appropriately, e). waqf management institutions have credibility that can be controlled and monitored by stakeholders. In 2017, there were 187 Nazir institutions as waqf management institutions in Indonesia under the Indonesian Waqf Board. Moreover, based on the decision of the Minister of Religion of the Republic of Indonesia, five Islamic Financial Institutions have been appointed as cash waqf recipients, namely BNI Syariah, Mu’amalat Bank, Mandiri Syariah Bank, Mega Syariah Bank, Syariah
However, according to Rusydiana (2018), there are still some obstacles to the implementation of cash waqf in Indonesia, including: aspects of the system, product, and regulation. In addition, several strategies are needed in the framework for developing cash waqf according which are transparency and accountability of waqf institutions, developing nadzir quality, and innovative marketing strategies from waqf institutions (Rusydiana, 2018). On the contrary, the results of this study do not guarantee the realization of transparency, without the support of financial technology. In the current technological era, all economic activities such as cash waqf management have been supported by the availability of information technology which is also called as financial technology (fintech) regulated by Financial Services Authority Regulation, Number 13 / Pojk.02/2018 concerning Digital Financial Innovation in the Sector Financial Services. Fintech can provide financial solutions (Arner, Barberis, & Buckley, 2015). Fintech is also a digital technology application for financial intermediation (Aaron, Rivadeneyra, & Sohal, 2017). Fintech simplifies the system and becomes a medium for all stakeholders related to cash waqf. Fintech is very helpful for anyone to perform waqf more easily, more practically, more effectively and efficiently, while reaching a wider area. Professional cash waqf management and the ease of making waqf payments will encourage the level of trust of waqif and other stakeholders towards waqf management institutions (Shukor, Anwar, Aziz, & Sabri, 2017).

In managing cash waqf, it has high potential of asymmetric information, the difficulty of integrating nadzir (waqf manager), funding system (fund collecting), financing (fund distribution), mauquf alaih (beneficiaries), as well as in the distribution of investment returns. According to Nizar (2017) Islamic financial institutions as managers of cash waqf function as intermediary institutions that bridge the funding parties with those who receive waqf funds (financing) and beneficiaries of waqf (mauquf ‘alaih) (qtd. in Pertiwi et al. 2019). During this time, the use of financial technology is only between waqif and nadzir, and the use is not yet related among waqif with the beneficiaries in integrated waqf funds. With the current model, it turns out that transparency and accountability have yet to be achieved, because the management of waqf has so far been spreading and running independently.

Therefore, because the four parties involved in the cash waqf are in interrelated systems, an integrated fintech is needed. Benefits of financial technology integration include: a) Eliminating asymmetric information between stakeholders; b) All stakeholders know the investment process for cash waqf funds and the results; c) All stakeholders know who the beneficiaries are and the
results of the Islamic social finance investment; d) Increase transparency, accountability and responsibility among stakeholders; e) Procedures are simpler, faster and cheaper; f) Fund collecting of waqf funds is easier and wider in coverage area, cash endowments can be developed professionally, so that they can be used as a solution to economic problems.

The purpose of this article is to develop a new framework for integration of financial technology on Islamic social finance, so that the funding and financing system as well as distribution of investment profits can be well integrated, which in turn cash waqf can be used for economic development.

The contribution of this article is the formation of a new framework of Integrated Financial Technology on the process and management system of Islamic social finance.

II. LITERATURE REVIEW

2.1. Cash Waqf and the Welfare of the Society

The potential for cash waqf in Indonesia is huge. Unfortunately, so far the existing cash waqf has not been managed optimally. The legal basis for waqf in the Qur’an is found in QS. Al-Baqarah: 261-262,267; QS. Ali Imran: 92; QS. Al-Hajj: 77; and based on the Hadith of the Prophet Muhammad (PBUH). Saifuddin et al. (2014) define cash waqf as handing over a certain amount of money from someone and establishing a waqf based on a certain amount and then managing it for investment. The investment proceeds are then used for social purposes, for example: scholarships and treatment for the poor.

Cash waqf may not be submitted directly to the mauqif ‘alaih, but must be managed by the waqf management institution whose results are submitted to the mauqif ‘alaih. In the cycle of waqf management from funding, financing to benefit distribution has the high potential of fraud, so it must be managed using financial technology. The aim is that no party is harmed, and can benefit all stakeholders associated with waqf. This was explained by Stakeholders Theory.

Cash Waqf as Islamic social finance has several benefits, including: a) the amount of cash waqf can vary from IDR 1,000,000 to unlimited, so that the potential to reach muaqif is wider and more extensive, b) through cash waqf, waqf assets in the form of vacant land can be put to good use, by building a building or processed for agricultural land, c) cash waqf funds can also help some Islamic educational institutions, d) cash waqf is more flexible and becomes a driver for waqf of objects to be more productive, e) cash waqf opens opportunities to create investments to provide religious services, educational services, and social services. Cash waqf can be a solution to empower national
waqf assets that are idle or unemployed and have not been utilized so far (Hasan, 2010), f) Waqf funds can be invested by Nazhir into various halal and productive business sectors for example the development of cash waqf in the product of Islamic financial institutions by building a trading area where facilities and infrastructure are built on waqf land and from waqf funds. This project is intended to help the poor who want to trade, so that their welfare can increase.

2.2. Integrated Financial Technology on Islamic Social Finance

Financial technology (Fintech) can be used to support the management of cash waqf or Islamic Social Finance. Romānova & Kudinska (2016), define fintech as one of the software and modern technology-based businesses that provide financial services. Fintech is able to provide financial services that are very standardized, low-cost and internet-based (Romānova & Kudinska, 2016). Lee & Shin (2018), Fintech promises a new ecosystem for the financial industry with lower costs and more efficient quality of financial services. Fintech according to Bank Indonesia Regulation number 19/12 / PBI / 2017 concerning the Implementation of financial technology can organize financial activities in the form of: a) Payment system, b) Market Supporter c) Investment Management and Risk Management, d) Loans, financing and capital supply, e) Other financial services.

Management and development of Islamic social finance in Indonesia can be achieved through investment in products of Islamic financial institutions and / or Islamic financial instruments (Sifa, 2016). The collection of funds (funding), management (financing) and the distribution of investment returns to be more efficient and well-controlled must utilize information technology. There are several advantages of the Islamic social finance system based on integrated financial technology, including: a) Easier mobilization of waqf funds from the public with wider area coverage, b) Islamic social finance is more flexible and becomes a driver to optimize the assets of waqf that are not productive, c) Encouraging equal distribution of mauquf ‘alaih, d) Easier to monitor and control the behavior of waqf managers, so that no party is harmed. This is reasonable, because Integrated Financial Technology will increase transparency, accountability and responsibility of all stakeholders related to waqf.

III. METHODOLOGY

This research method in this paper is reviewing articles about cash waqf for economic empowerment and then finding the gaps and the limitations.
IV. RESULTS AND ANALYSIS

4.1. Management of Cash Waqf in Indonesia Recently

The potential for cash waqf in Indonesia reaches 3 trillion per year with an estimated number of generous Muslims of 10 million and an average monthly income of Rp 500,000 to Rp 10,000,000. However, the management of waqf in Indonesia has not been maximized, as expected when compared to other Muslim countries, such as: Bangladesh, Malaysia, and Egypt that have developed cash waqf optimally. Moreover, Pertiwi et al. (2019) find that in Indonesia with a high majority of Muslims, the use of cash waqf is still low and the majority of waqf is in the form of land and buildings which is called as Traditional waqf management, whereas Singapore with a Muslim minority, the use of cash waqf is more optimal and more productive, it is called as The professional waqf management.

However, currently in Indonesia cash waqf is developing. Management in the development of productive waqf in Singapore uses istibdal method that allows waqf institutions to get funds for waqf investment projects through substitution of useless waqf land (assets) which is then applied in various forms so as to make waqf assets have high value and productivity (Pertiwi et al., 2019). The Government strongly supports waqf as reflected in Law No. 41 of 2004 and Government Regulation number 42 of 2006. However, the regulation was revised by Government Regulation of the Republic of Indonesia Number 25 of 2018 concerning Amendment to Government Regulation of Number 42 of Year 2006 Regarding the Implementation of Law Number 41 of 2004 concerning Waqf to improve the security, effectiveness, efficiency and accountability of the management of waqf property and to adjust to the laws and regulations governing the acquisition of land for development in order to obtain the benefit in general, it is necessary to improve Government Regulation Number 42 of 2006 concerning the Implementation of Law Number 41 of 2004 concerning waqf. With the existence of the latest law, it is expected that waqf can be managed professionally. However, the law has not yet explained about digital-based cash waqf management.

4.2. New Framework of Integrated Financial Technology on Islamic Social Finance for Economic Development

Cash Waqf as Islamic social finance in its operations involves many stakeholders, starting from muaqif, nadzir, and mauquf ‘alaih, which connects funding, fate, financing, and mauquf ‘alaih. These stakeholders are interrelated with one
another called as an interconnected system, so that it will be easier and more efficient to use integrated financial technology. This connection is explained by Stakeholders Theory.

Likewise, the distribution of investment assets in the form of cash waqf (portfolio of cash waqf) can be made with the provisions of 60% (sixty percent) of investment in LKS instruments and 40% (forty percent) outside of LKS. From the results of the net management of waqf property, Nazhir can receive a profit of not more than 10% and the distribution of proceeds and benefits of waqf to its allocation (mauquf 'alaigh) not less than 90%. The provisions of this waqf law are to maximize the function of the waqf.

Management of land waqf is different from managing cash waqf or Islamic social finance. In this case, Nazhir does not work alone. But it must involve Islamic financial institutions as strategic partners in managing Islamic social finance. However, due to cash waqf which is in the form of mobile money that is easily lost, the value of cash waqf is insured to Islamic financial institutions. Likewise for the portfolio value of cash waqf with a combination of 60% cash waqf funds to be invested in financial investment (for example sukuk, shariah shares, shariah mutual funds), while 40% is real investment. The results of this investment are then distributed with a composition of 10% for Islamic financial institutions as managers of cash waqf, while 90% must be distributed to the mauquf 'alaigh. All these components are interrelated by using integrated financial technology, so that it is more transparent, accountable, and responsible. Nazhir even knows who the beneficiaries of the investment of cash waqf are and its amount. The model, if managed professionally, can be used as a model for economic development. The figure of the model is as follow:

![Figure 1. Integrated Financial Technology on Islamic Social Finance for Economic Development](image-url)

7th AICIF UNIDA Gontor Indonesia, 3rd & 4th December 2019 |
4.3. Implementation of Integrated Financial Technology on Islamic Social Finance for Economic Development

To implement integrated financial technology on Islamic social finance for economic development, several supporting components are needed, including: the commitment of the government in the implementation of financial technology-based cash waqf, the quality and quantity of human resources that will manage cash waqf, socialization and education to the community concerned dealing with financial technology-based cash waqf, adequate infrastructure that supports the implementation of cash waqf with integrated financial technology, and the needs to improve government regulations to support the implementation of financial technology-based cash waqf.

4.4. Key Success Factor of Implementation of Integrated Financial Technology on Islamic Social Finance for Economic Development

Integrated Financial Technology on Islamic Social Finance for Economic Development will succeed if there are several conditions, including: commitment of all parties and leadership. In addition, future research needs to identify important components that will implement the model, including: the quality and quantity of human resources, adequate infrastructure, and supporting regulations.

V. CONCLUSION AND RECOMMENDATION

5.1. Conclusion

In conclusion, the results show that Integrated financial technology is a new approach that is able to integrate waqif, nazhir, and mauquf ‘alaih, as well as between funding, financing and mauquf ‘alaih. In addition, with this new approach, cash waqf management is more transparent, accountable and can be accounted for. It also means that the amount of funds collected has increased significantly because of the wider scope of the waqf area and the distribution to mauquf ‘alaih is according to the precise target so that it leads to the community economic empowerment.

5.2. Recommendation

Recommendation for future research: a) This article is still in the form of a frame work of integrated financial technology on Islamic social finance for economic development, so empirical testing should be done to test the reliability of the model; b) Need to improve the regulation of cash waqf based on integrated
information technology; c) For future research, it is better to identify important factors that determine the successful implementation of integrated financial technology on Islamic social finance for economic development, such as: quality and quantity of human resources, culture, adequate infrastructure, and supporting regulations.

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