

POTENTIAL OF INDONESIAN MILLENNIAL CASH WAQF AND INNOVATION

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Abstract

Cash waqf is one of the potential financial instruments in supporting social and economic development in Indonesia. The millennial generation, with its strong connection to digital technology, has great potential to increase participation in cash waqf through digital innovation. This study aims to analyze the potential of cash waqf among the millennial generation in Indonesia and identify innovations that can enhance such participation. Through a descriptive approach and qualitative analysis of relevant literature, this study finds that technological innovations, such as digital platforms and mobile applications, can expand the reach and transparency of cash waqf management. The estimated potential of cash waqf from millennial participation ranges from IDR 684 billion to IDR 2.052 trillion per year, depending on the level of participation. The results of this study indicate that with the right approach, cash waqf can become a significant instrument to support sustainable development in Indonesia.

Keywords: Cash waqf, millennial generation, innovation and digital technology

Abstrak

Wakaf uang merupakan salah satu instrumen keuangan yang potensial dalam mendukung pembangunan sosial dan ekonomi di Indonesia. Generasi milenial, dengan keterkaitan yang kuat dengan teknologi digital, memiliki potensi besar untuk meningkatkan partisipasi dalam wakaf uang melalui inovasi digital. Penelitian ini bertujuan untuk menganalisis potensi wakaf uang di kalangan generasi milenial di Indonesia serta mengidentifikasi inovasi yang dapat meningkatkan partisipasi tersebut. Melalui pendekatan deskriptif dan analisis kualitatif terhadap literatur yang relevan, penelitian ini menemukan bahwa inovasi teknologi, seperti platform digital dan aplikasi mobile, dapat memperluas jangkauan dan transparansi pengelolaan wakaf uang. Estimasi potensi wakaf uang dari partisipasi milenial berkisar antara Rp.684 miliar hingga Rp2,052 triliun per tahun, tergantung pada tingkat partisipasi. Hasil penelitian ini menunjukkan bahwa dengan pendekatan yang tepat, wakaf uang dapat menjadi instrumen yang signifikan untuk mendukung pembangunan berkelanjutan di Indonesia.

Kata kunci: Wakaf uang, generasi milenial, inovasi dan teknologi digital

INTRODUCTION

Waqf in Indonesia in the Era of the Industrial Revolution 4.0, as it is today, is expected to improve the welfare of society and the nation. Waqf is a form of social devotion with numerous benefits (Ahyani & Muharir, 2021). According to Law No. 41 of 2004 on Waqf, Article 1 explains that waqf is a legal act of the waqif (waqf donor) to separate and/or transfer part of their property to be utilized permanently or for a certain period according to their interest for worship and/or public welfare in accordance with Sharia.

Islam is based on three pillars that form the foundation of society, namely *aqidah* (faith), *akhlak* (morals), and Sharia. *Aqidah* and *akhlak* are constant and are not eroded by factors related to changing times, whereas Sharia is highly flexible. Sharia activities are divided into two parts: worship and *muamalah* (Hidayatullah, 2021). Worship refers to the relationship between humans and God, while *muamalah* refers to the relationship between humans and other humans. The scope of *muamalah* includes many aspects, one of which is economic activities. In Islamic economics, there are many instruments that can be used as a

means to empower society toward a prosperous life, such as ZISWAF (Zakat, Infak, Sadaqah, and Waqf) (Hasanah, 2018).

The development of waqf in Indonesia has not advanced as much as zakat. The Indonesian Waqf Board (BWI) identifies several factors that have caused waqf not to develop as much as zakat. BWI Commissioner Iwan Agus Setiawan Fuad mentioned that waqf regulations are newer compared to zakat regulations. The Zakat Law has been enacted since the 1990s, while the waqf law was only issued in 2004. This means that government pressure on waqf is also new. "Waqf and zakat are different; if zakat is obligatory, the government will find it easier to encourage people to pay zakat because it is a duty of Muslims," Iwan said some time ago. Therefore, everyone is interested in ensuring that Muslims properly fulfill their zakat obligations. On the other hand, waqf is voluntary, so it requires sufficient strength to encourage the community to participate in waqf on a large scale. Furthermore, another significant issue is the lack of public understanding of waqf. Waqf literacy has only recently been introduced to society, while zakat literacy is taught at elementary, secondary, higher, and university levels. For this reason, the Indonesian Waqf Board is working to raise awareness among millennials about waqf. BWI is going to schools to create a waqf movement and holding waqf seminars for millennials (KemenkoPMK, 2020).

This research aims to examine the role of waqf in improving the welfare of society Indonesian in the era of the Industrial Revolution 4.0 and explore how technological innovation can be optimized in waqf management. The contribution of this research lies in filling the research gap regarding the low literacy of waqf and the lack of innovation in its management. Most of the previous studies have

focused on more zakat as a rapidly growing Islamic, while the waqf aspect has received less academic attention. financial instrument Therefore, this research contributes in providing a more comprehensive analysis of waqf optimization through the use of digital technology strategies.

Involving millennials in the management of cash waqf to support education in Indonesia is a very strategic step. Millennials can bring new enthusiasm and innovation to cash waqf management, resulting in a broader and more sustainable impact. In this regard, the technological innovation brought by millennials can be an appropriate solution. For example, developing digital platforms for collecting and managing cash waqf, which allows for more transparent and accountable processes. Moreover, technology can also be used to monitor and report on the use of funds, enabling donors to see the impact of their contributions directly (Haerunniza & Muhammad, 2024). With this research, it is hoped that will be effective strategies found to increase community participation in waqf and accelerate the development of waqf as an Islamic economic instrument that can contribute to community welfare and national development in the digital era.

LITERATURE REVIEW

Cash Waqf

Cash waqf is a modern form of waqf that allows individuals to donate their money for social and religious purposes. This concept offers more flexibility compared to traditional waqf forms, which involve assets or land, requiring complex administrative processes and more time. Azmi (2020), defines cash waqf as a form of waqf that uses cash as the waqf object, managed to generate sustainable social benefits.

Azmi also emphasizes that with the development of financial technology, cash waqf has become increasingly accessible to the general public, including millennials who are more comfortable with digital transactions.

In the context of Indonesia, the development of cash waqf faces various challenges such as the lack of education on the concept and benefits of cash waqf, as well as the limitations of platforms supporting these transactions. Al-Mutairi & Al-Tamimi (2022) reveal that although the potential of cash waqf is substantial, especially with technological support, there are still shortcomings in transparency and effective management. Their research indicates that to enhance the effectiveness of cash waqf, there is a need for technology integration that simplifies the transaction process and improves transparency in waqf fund management. Therefore, innovations in the form of mobile applications and digital platforms are key to increasing public participation and trust in cash waqf.

Currently the ,development of cash waqf in Indonesia has accumulated to IDR 244 billion with the number of cash waqf nazirs reporting 111 institutions while the number reached of cash waqf institutions 272, meaning that around 161 institutions who have not reported the collected cash waqf funds make an obstacle or factor internal inhibiting for the development of the waqf, later it is hoped that the collected cash waqf funds will be developed with several models, health namely waqf, mosque , education, productive waqf (Lubis et al., 2021).

Millennial Generation

The millennial generation, generally defined as individuals born between 1981 and 1996, is characterized by traits that distinguish them from previous generations. Millennials are highly connected to digital technology, making

them more likely to use online platforms and mobile applications in their daily lives. They have a high level of social awareness and are more likely to engage in social initiatives and charitable activities, especially if their participation can be practical and transparent. They are also known for their preference for personalized experiences and quick, easy access through technology. High technological skills and a preference for digital-based solutions influence how millennials participate in various activities, including charitable actions and social investments, such as cash waqf (Ainiyah, 2018).

The birth of the millennial generation that relies on advances in internet technology has changed the way of communicating from manual systems to digital that are more automated and efficient. generation This is very active online and utilizes various internet-based applications such as web, VoIP, and email to interact. With this , the potential for tendency cash waqf among millennials can be optimized through digital , innovations such as platforms online and waqf blockchain technology that increase the transparency and efficiency of management waqf. fund This opens up opportunities new in the utilization of waqf for welfare wider and sustainable (Raharjo & Winarko, 2021).

Cash Waqf Innovation

According to the MUI fatwa, what is meant by with Cash Waqf, namely, waqf carried out by a person, group, institution or legal entity in the form of cash. Law No. 41 of 2004 ordered the the establishment of the Badan Wakaf Indonesia (BWI). For the establishment of this body, the President of the Republic of Indonesia has , which has the issued a Presidential Decree on the establishment of BWI task of manage and develop waqf in Indonesia (Firdaus, 2022).

Cash waqf can be done absolutely and also on a limited basis. Absolute and limited can be

seen in terms of the business cash waqf carried out by the nazir (free to carry out various types of lawful business / its beneficiaries (determined / not determined parties limited to certain) types of business and in terms of entitled to receive waqf benefits) (Abdullah, 2018).

Innovation in waqf management, such as the development of cash waqf and the use of digital platforms, has opened new opportunities to maximize the potential of waqf as an economic instrument. Cash waqf allows for productive management of waqf funds, while digital technology facilitates public participation in waqf donations. These innovations have the potential to enhance community welfare and support sustainable economic development (Nuradi et al., 2024)

METODOLOGY

This research uses a descriptive approach by utilizing literature from various sources, such as articles, journals, and relevant online materials. The focus of the research is to analyze cash waqf, the millennial generation, and innovations. The secondary data used includes articles and journals as the primary references to understand the development and contributions of millennials in cash waqf, and materials from the Badan Wakaf Indonesia website. Topics discussed include the role of millennials in cash waqf, innovations in cash waqf, and the potential of millennial cash waqf in Indonesia. Data analysis is conducted qualitatively to describe the documents obtained related to cash waqf.

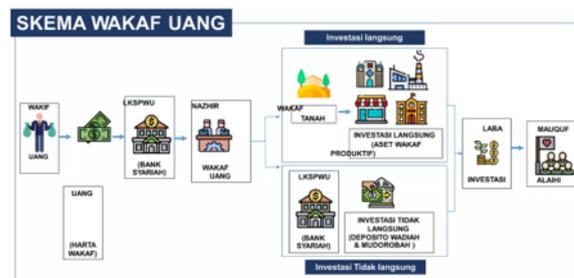
RESULTS AND DISCUSSION

Millennials and Cash Waqf

The millennial generation has unique characteristics based on regional and socioeconomic conditions. One of the main characteristics of millennials is their increased use and familiarity with digital communication,

media, and technology. Fueled by technological advancements, millennials are characterized as creative, knowledgeable, enthusiastic, and efficient. This generation leverages technology in all aspects of life. A clear example is that most of this generation chooses to use smartphones. By using these devices, millennials can become more productive and efficient individuals. With these devices, they can perform various activities such as sending text messages, visiting educational websites, conducting online business transactions, or ordering delivery services online.

Currently, most millennials have smartphones. Their lives seem inseparable from the digital world. Smartphones are no longer just communication tools but are also used for social, professional, and educational purposes. The millennial generation's familiarity with a cashless culture encourages them to deposit their funds into payment applications. Therefore, Indonesia needs a waqf management system that aligns with the characteristics of the millennial generation.



Source: slidershare.net

Figure 1.
Cash Waqf Practices in Indonesia



Source: slidershare.net

Figure 2.
Scheme for Organizing Waqf for Millennials in Indonesia

In this context, millennials, as potential waqif, can perform waqf instantly using their smartphones. They do not need to leave their homes to conduct waqf transactions. This technique is almost identical to other cashless payments. Waqif can directly access waqf products through two methods: first, through websites/applications provided by the Badan wakaf Indonesia, and second, through marketplaces such as OVO, LinkAja, GoPay, or Mobile Banking.

Innovation in Cash Waqf

Innovation in cash waqf has become a significant step in modernizing waqf management. This research finds that cash waqf innovations address the challenges of traditional waqf management, which often involves illiquid assets such as land or buildings. Cash waqf allows for broader community participation because it is more accessible and can be managed productively for various social and economic purposes. Here are some innovations in cash waqf:

1. Use of Digital Technology in Cash Waqf

One of the most significant innovations is the integration of digital technology in cash waqf management. Digital platforms and mobile-based applications have made it easier for the public, especially millennials, to participate in cash waqf. This technology not only improves the ease of donating but also provides greater transparency and accountability in managing waqf funds. According to Ali (2019), the digitization of cash waqf has encouraged increased millennial participation and expanded the reach of waqf beneficiaries.

2. Diversification of Cash Waqf Use/Management

Cash waqf allows for more flexible and modern usage of waqf funds. Cash waqf funds can be invested in various financial instruments that comply with sharia principles, such as sukuk or sharia bonds, with the proceeds used to fund social projects like education, health, and economic empowerment. This shows that cash waqf functions not only as a social instrument but also as a tool for economic empowerment.

3. Challenges and Opportunities in Cash Waqf Development

Although innovations in cash waqf show significant potential, this research also identifies several challenges, such as a lack of understanding and awareness about cash waqf concepts among the public and limited regulations supporting its management. Therefore, further efforts in public education and strengthening legal frameworks are needed to ensure that cash waqf management operates optimally and sustainably.

Overall, innovations in cash waqf have made a significant contribution to modernizing waqf in Indonesia. The use of digital technology and diversification in fund utilization are two key aspects supporting the development of cash waqf, but challenges related to education and regulation still need to be addressed to maximize its potential.

Potential of Millennial Cash Waqf in Indonesia

To estimate the value of cash waqf in Indonesia based on the participation of young Muslims, several basic assumptions can be used based on the number of young people (millennials) and the percentage of those who might participate in cash waqf. Based on the assumption that 10% to 30% of Indonesian

youth will participate, here are the calculation steps:

1. Calculation of the Number of Young Muslims in Indonesia: Based on the current population data of Indonesia, which is 283,731,720 as of Saturday, August 10, 2024, according to World meter from the latest data from the United Nations. According to this data, around 87% of Indonesia's total population is Muslim. We will use this proportion to calculate the number of young Muslims. The Central Statistics Agency (BPS) estimates that there are 64.16 million young people in Indonesia in 2023. This number is equivalent to 23.18% of the total population last year.
 - a. Total number of youth (Millennials and Generation Z): 66 million people.
 - b. Number of young Muslims: 0.87×66 million = 57 million people.
2. Participation in Cash Waqf: We assume that 10% to 30% of these young Muslims will participate in cash waqf.
 - a. 10% participation: 0.10×57 million = 5.7 million people.
 - b. 30% participation: 0.30×57 million = 17.1 million people.
3. Value of Cash Waqf per Person: Suppose each person donates cash waqf amounting to Rp120,000 per year. This is a conservative and simplified assumption for ease of calculation.
 - a. 10% participation: 5.7 million people \times Rp120,000 = Rp684 billion per year.
 - b. 30% participation: 17.1 million people \times Rp120,000 = Rp2.052 trillion per year.

Therefore, the estimated value of cash waqf in Indonesia, with an assumption of 10% to 30% participation from young Muslims, ranges from Rp684 billion to Rp2.052 trillion per year. This estimate can vary depending on the level of

participation and the amount contributed per person.

Table 1. Potential of Cash Waqf

Participation Level	Number of Muslim Youth	Monthly Waqf Rate	Annual Waqf Rate	Annual Waqf Potential (Money)
10% participation	5.700.000 people	Rp10.000	Rp120.000	Rp864 Billion
20% participation	11.400.000 people	Rp10.000	Rp120.000	Rp1,368 Billion
30% participation	38.889.000 people	Rp50.000	Rp100.000	Rp2,052 Billion

Source: Processed Data (2025)

Estimated Potential Benefits of Millennial Cash Waqf in Indonesia

Cash waqf is an instrument with significant potential to support social and economic development in Indonesia, particularly among the millennial generation, whose numbers are substantial. By channeling cash waqf from the millennial generation, the potential benefits generated can be immense if managed optimally.

For instance, if cash waqf funds amounting to Rp2.052 trillion were collected from the total population of Indonesian millennials, this figure could be achieved through widespread participation by millennials contributing regularly and systematically. These waqf funds could then be invested through the CWLD (Cash Waqf Linked Deposit) scheme, which is one of the sharia-compliant investment instruments. Assuming a net profit-sharing rate equivalent to 4% per year, the investment returns from these waqf funds could reach Rp82.080 billion per year or approximately Rp6.84 billion per month.

The investment return of Rp82.080 billion per year could be distributed to the *mauquf alaih*, which in this scenario refers to Indonesian youth. These funds could be used for various empowerment and development programs, such as educational scholarships for underprivileged youth, skill training and business capital to support entrepreneurship, the development of social infrastructure like community centers and

sports facilities, as well as providing free or subsidized healthcare services, especially for youth in remote areas.

With proper management, the benefits of this cash waqf could have a broad impact, improving the quality of life and productivity of Indonesian youth. Additionally, the programs funded by the waqf proceeds could also potentially reduce unemployment, enhance education, and promote well-being among the younger generation. Overall, the potential collection and utilization of millennial cash waqf not only benefit direct beneficiaries but also the broader community, supporting more inclusive and sustainable development in Indonesia.

CONCLUSIONS

The Indonesian millennial generation is vast and can be maximized through digital technology innovation. The millennial generation, with its strong attachment to technology, is able to utilize digital platforms to participate in cash waqf easily and transparently. This innovation not only broadens public participation in waqf but also enhances the effectiveness and accountability in the management of waqf funds. By leveraging this potential, cash waqf can become an important instrument to support various social and economic projects, as well as accelerate sustainable development in Indonesia.

However, the success of cash waqf innovation also depends on efforts to educate and increase public literacy about the concept and benefits of cash waqf. Existing challenges, such as the lack of public awareness and understanding, must be addressed through more intensive campaigns and supportive regulations. Thus, the integration between the great potential of the millennial generation and innovation in cash waqf will have a significant impact on

improving social and economic welfare in Indonesia.

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