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RESTRUCTURING THE CONCEPT OF SAHAM WAQF FOR CONTINUOUS LIQUID WAQF FUND IN MALAYSIA

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ABSTRACT

Saham waqf is a permissible fund, according to Muslim jurists, to assist waqf institutions in financing the development of waqf properties and other socio-economic projects. Nevertheless, the current practice of funds has unaddressed limitations that the saham waqf fund is illiquid, resulting in inadequacy of funds for waqf properties and other socio-economic developments. This study was conducted to overcome such restrictions. The study adopted a qualitative research design to achieve the objectives. A literature review and case study approach were used. Four waqf institutions were selected as case studies. The secondary data for literature review were gathered from annual reports, official websites, related journal articles, and textbooks. Primary data were obtained from observations and face-to-face semi-structured interviews. Both primary and secondary sources were compiled and analysed by using content analysis method. The result showed that the method of saham waqf had

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some restrictions that could not assist waqf institutions from having continuous liquid funds. For that reason, the fund should be restructured. Therefore, this study was proposed a new conceptual framework for saham waqf by including elements of Sharia-compliant investment to assist waqf institutions in having adequate liquid funds and provide continuous socio-economic projects for the ummah.

Keywords*: saham waqf, restrictions, liquidity, framework*

INTRODUCTION

Waqf, or Islamic endowment, is a well-known topic in Islamic jurisprudence, and Islamic economics. This topic has been discussed in great detail for hundreds of years, especially in Islamic studies, by Muslim jurists, scholars, and social scientists. Waqf is an old practice that has been in place since Prophet Muḥammad's time (Peace Be Upon Him). To date, many countries worldwide have waqf foundations, and waqf has huge potential in the socio-economic growth of communities, including poverty eradication, health, and education. Indeed, these goals are large, and require large amounts of capital. Despite current efforts to generate more income, it is currently inadequate.

Many researchers have studied various aspects of waqf, including laws, finance, location, registration, encroachment, and waqf databases. [3]

[3] Asiah Othman, Mohd. Ghazali, Hussin Salamon, Nasrul Hisyam, Adibah Muhtar and Akmaliza Abdullah, 'Pembangunan Tanah Wakaf: Isu, Prospek dan Strategi,' *Konvensyen Wakaf Kebangsaaan* (Kuala Lumpur, 2006); Mohd Nazri Chik, 'Wakaf dan Peranannya Dalam Pembangunan Ummah,' https://ilmuone.wordpress.com/2007/02/22/wakaf-dan-peranannya-dalam pembangunan-ummah/, accessed on 7 February 2020; Siti Mashitoh Mahamood, *Waqf in Malaysia Legal and Administrative Perspective* (Kuala Lumpur: University of Malaya Press, 2006), 299; Safiah Mohamed, Dalila Daud, Siti Rokyah Md Zain and Ahmad Che Yaacob, 'Ke Arah Perlaksanaan Sistem Perakaunan Wakaf yang Piawai,' *Konvensyen Wakaf Kebangsaan* (Kuala Lumpur, 2006); Mohammad Tahir Sabit Haji Mohammad and Abdul Hamid Hj. Mar Iman, 'Obstacles of the Current Concept of Waqf to the Development of Waqf Properties and the Recommended Alternative,' *Malaysian Journal of Real Estate*, vol. 1/1 (2006): 27-38; Burhan Uluyol, Silvana Secinaro, Davide Calandra and Federico Lanzalonga, 'Mapping Waqf Research: A Thirty-Year Bibliometric Analysis,' *Journal of Islamic Accounting and Business Research*, vol. 12/5 (2021): 748-767; Muhammad

Financial issues are the focus of this study, and are a matter of serious discussion among scholars, and social scientists. The financial issue of waqf is the most problematic, and challenging[4] because of the need for solutions to such problems to ensure that waqf activities run smoothly. In addition, only a few studies have been conducted on the financial aspects of waqf. Most researchers have studied financial management, and the general concept of waqf financial resources.[5]

Currently, various methods of financial resources are used to finance the development of existing waqf properties, and other socioeconomic welfare activities. Waqf institutions obtain financial resources by leasing waqf lands or buildings, borrowing money from financial institutions, and the government, collecting money from the public, and making a small investment to generate income.[6] With these assets, and income earned, waqf institutions use them as capital to finance the development of waqf properties, and other activities. The funds currently managed by waqf institutions can be divided into two types: waqf capital, and borrowed assets. Indeed, borrowed assets cannot be considered as waqf assets. Nevertheless, they can contribute to an increase in liquid funds if frequently used. Due to the nature of the cost, and risk involved, several waqf lands can be financed in this way. Therefore, the chance of generating income that can enhance adequacy is slim, not to mention the length of time involved before such income can be realized.

Ikmal Hisham Kamaruddin and Mustafa Mohd Hanefah. ‘An Empirical Investigation on Waqf Governance Practices in Waqf Institutions in Malaysia’, *Journal of Financial Reporting and Accounting*, vol. 19/3 (2021); Seila Nur Amalia Firdaus, ‘Analisis Perbandingan Wakaf Uang dan Wakaf Melalui Uang di Indonesia’, *Jurnal Peradaban dan Hukum Islam*, vol. 5/1 (2022).

4 Siti Mashitoh Mahamood, *Waqf in Malaysia Legal and Administrative Perspective*, 299; Mohammad Tahir Sabit Haji Mohammad, ‘Alternative Development Financing Instruments for Waqf Properties’, *Malaysian Journal of Real Estate*, vol. 4/2 (2009): 45-59.

5 Mohammad Tahir Sabit Haji Mohammad, ‘Alternative Development Financing Instruments for Waqf Properties, 2009; Mohamed Asmy Mohd Thas Thaker and Anwar Allah Pitchay, ‘Developing Waqf Land Through Crowdfunding-Waqf Model: The Cases of Malaysia’, *Journal of Islamic Accounting and Business Research*, vol. 9/3 (2018): 448-456.

6 Aminah Binti Mohsin and Mohammad Tahir Sabit Haji Mohammad, ‘Weaknesses of Current Capital Raising, Financing, and Investment Methods of Awqaf (Islamic Trusts)’, *International Conference on Social Science and Humanity* (Singapore: IACSIT Press, 2011), 402.

Moreover, all non-cash capital-raising methods are restricted by perpetuity, and inalienability.[7] Since land, and goods should exist in perpetuity, they are illiquid. They cannot be collateralized, and sold. Only in limited circumstances can properties be substituted for cash. Although these assets are leasable, the method of long-term leasing is ad hoc, and generates less cash. Therefore, they have limited application. In brief, these assets are illiquid, and consequently, or otherwise, they limit the chances of having adequate liquid funds. Alternatively, there is a need for investments that can generate more income, and contribute to solving the fund inadequacy problem.

Some of the income earned can then be distributed to the beneficiaries, a portion of which can be reserved. Reserves are investable funds that can gradually increase. Such funds can be used to finance the development of waqf properties, and socioeconomic projects. Three methods were used to generate income, which are limitedly applicable. Therefore, their effect is minimal in the development or redevelopment of waqf properties or financing socioeconomic projects. These methods do not fully assist waqf institutions in increasing their liquid funds to develop waqf properties. Various weaknesses arise in these methods, such as ad hoc or have resulted in non-transferable assets, incapable of investment, limited, dedicated for a specific purpose, repayable, and expensive to redeem. For this reason, it is necessary to search for more investment methods. This study focuses on the methods of Saham waqf to examine whether they could be transformed into new investment methods.

GENERAL CONCEPT OF SAHAM WAQF IN MALAYSIA

Generally, Saham waqf is a project-based concept. The funds are raised from members of the public, and will be used for the construction or purchase of fixed waqf assets only.[8] In Saham waqf, although the cash is a *mawqūf* donated by the *wāqif*, it is not considered a waqf capital that

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7 Aminah Binti Mohsin and Mohammad Tahir Sabit Haji Mohammad, 'Weaknesses of Current Capital Raising, Financing, and Investment Methods of Awqaf (Islamic Trusts)', 402; Azniza Hartini Azrai Azaimi Ambrose and Fadhilah Abdullah Asuhaimi, 'Cash Waqf Risk Management and Perpetuity Restriction Conundrum', *ISRA International Journal of Islamic Finance*, vol. 13/2 (2021).

8 Noh Gadot, Nurul Syuhada Yahya and Mohd Rilizam Rosli, 'Konsep Saham Wakaf Johor dan Perkembangannya di Malaysia', *Journal of Fatwa Management and Research*, vol. 16/2 (2019): 1-14.

should be preserved. The property purchased or developed by using the Saham waqf funds is considered waqf capital.[9] Therefore, the fixed waqf asset must be retained forever as a requirement of the waqf law.

The administration, and management of Saham waqf differ among waqf institutions in each state. Table 1 shows the current administration of Saham waqf in four waqf institutions in Malaysia. The administration of Saham waqf in each waqf institution is either similar or different because every state has different laws, and regulations.[10]

Table 1: Administration of Saham Waqf

Waqf Institution/ Matter	MAIJ (Johor)	Waqf Corporation (Selangor)	MAIM (Melaka)	MUIP (Pahang)
Minimum Rate of Purchasing Share	RM10.00	RM10.00	RM2.00	RM10.00
Payment Method	Counter, Visa, Mastercard, check,bank-in,FPX	Counter, bank-in, salary deduction, agent, check, money order, postal	Counter	Counter, salary deduction
Tax Exemption	Yes	Yes	Yes	Yes
Beneficiary Purpose	Specific waqf	General waqf	General, and specific waqf	General, and specific waqf
Manageme nt Style	Waqf Department	Selangor Waqf Corporation (PWS)	Lembaga Wakaf Zakat, and Baitulmal (LUKMAL)	Saham Waqf Department

Source: Waqf Institution of Johor, PWS, MAIM, MUIP

According to Table 1, the administration of Saham waqf in the Johor Islamic Religious Council (MAIJ), and Melaka Islamic Religious Council (MAIM) is governed by waqf departments. Meanwhile, in the Selangor Islamic Religious Council (MAIS), waqf is managed by a corporation

9 Rules of Saham Waqf Pahang, 1998.

10 Rules of Saham Waqf Pahang, 199; Malacca Waqf Enactment, 2005; Selangor Waqf Enactment, 2015.

known as the Selangor Waqf Corporation (PWS). PWS also has a joint venture with Bank Muamalat Malaysia Berhad (BMMB), and it is agreed that the latter will only focus on two development purposes: waqf for health, and waqf for education in Selangor. In the Pahang Islamic Religious, and Malay Customs Council (MUIP), Saham waqf is managed by a specialized department known as the Saham waqf department. In terms of fund management, MAIJ is the only institution that specifies projects before the collection of funds. Therefore, the accumulated funding directly finances a specified project. Nevertheless, in MAIS, MAIM, and MUIP, funding may be distributed for both general, and specific purposes. The Saham waqf, for general purposes, is fully managed by the waqf institution, from the collection process until the point when the project was successfully completed. Meanwhile, for specific purposes, fundraising, and its development are fully managed by third parties, such as developers, mosque members, or village committees who want to develop a waqf project. Waqf institutions act as entrusted parties, and supervise funds until projects are completed.

Three waqf institutions have determined RM10.00 which is the minimum amount required to buy a unit of saham waqf: MAIJ, MAIS, and MUIP. For MAIM, the amount was RM2.00. The prescribed minimum amount is affordable, and may attract people from various groups. In the early establishment of Saham waqf, the public was required to go to the counter usually situated inside the building of the waqf institutions or any open counter provided by waqf institutions during any event. Nevertheless, this practice is considered inconvenient to the public; therefore, waqf institutions have diversified subscription methods to be easier, quicker, and more time-saving. Due to new technology, there are various ways of transferring cash, including bank deposits, online payments, visas, and mastercards, salary deductions, financial process exchanges (FPX), and checks. These optional methods provide a huge opportunity, and convenience to the public by making waqf donations available anytime, anywhere. Religiosity, educational level, and faith influence Islamic financial asset holdings.[11] Furthermore, there is an incentive for donors to participate in saham waqfs. Donors will qualify to receive income tax exemptions under Sections 44(6), 44(11 B), and 44(11C) of the Income

[11] Zainudin, Zeti Suhana, Abdul Molok and Nurul Nuha, ‘Advanced Persistent Threats Awareness and Readiness: A Case Study in Malaysian Financial Institutions’, *2018 Cyber Resilience Conference (CRC)* (Putrajaya, 2018).

Tax Act 1967. The maximum amount deducted from the aggregate income of any year is up to 7% for an individual, and 10% for a company.

A comparative study of global practice is crucial for finalizing the fundamental attributes of the Saham waqf concept. Several countries have applied the concept of saham waqf, namely Sudan, Indonesia, Kuwait, the United Arab Emirates (UAE), and the United Kingdom, as shown in Table 2. This table illustrates the similarities, and differences between Saham waqf in various countries. In Malaysia, only the Penang Islamic Religious Council (MAIPP) does not issue a share certificate of saham waqf, while in global practice, Indonesia has not issued a share certificate before collecting money from the public. The value of a share differs in various countries, and there is no rule or act to determine the share amount. This depends on the decisions of each waqf institution. Both the issuing of share certificates, and the minimum value of a share do not affect the fundamentals of Saham waqf.

In Malaysia, only the MAIJ issues the total units of shares according to the total cost of the waqf project to be developed or purchased. In other waqf institutions in Malaysia, and other countries, shares will continuously be issued regardless of whether a project will be developed or a specific scheme is determined. Additionally, the significant difference between Malaysian, and global practices is the use of accumulated saham waqf funds. In Malaysia, all waqf institutions use funds to convert them directly into illiquid assets to generate profits. In global practice, accumulated funds are invested in various Shari'ah-compliant investments. Subsequently, the profit earned from the venture is distributed to the waqf schemes specified by the waqf institution. These funds seem liquid, and can be invested in any good income-generating product, and service.

Table 2: Comparison of Saham Waqf Concept between Malaysia, and Other Countries

Country		**Issuance of Share Certificate**	**Value of a Share Unit**	**Size of Fund**	**Type of Investment**
Malaysia	MAIJ	Yes	RM10	Project -based	Illiquid waqf asset
	MAIP	Yes	RM10	General / Open	Illiquid waqf asset
	MAIM	Yes	RM2	General / Open	Illiquid waqf asset
	PWS	Yes	RM10	General / Open	Illiquid waqf asset
	MAIPP	No	Not specified	General / Open	Illiquid waqf asset
Global	Indonesia	No	Not specified	General / Open	Various investment portfolios
	Sudan	Yes	SP1,000 – SP10,000	General / Open	Muḏārabah mode
	Kuwait	Yes	US$1,000	General / Open	Various investment portfolios
	United Kingdom	Yes	US$1,900	General / Open	Various investment portfolios

Source: Restructuring the Concept of Saham Waqf and Waqf Saham in Malaysia

In summary, there is a fundamental difference between Malaysian, and global Saham waqf practices. The waqf capital in other countries is cash, while in Malaysia, it is real estate, indicating that Malaysian Saham waqf is illiquid, and rigid. Global Saham waqf is liquid, and can be disposed of when needed. This is not the case in Malaysia. Global practices can realize capital gains, but not in Malaysia. To that extent, Saham waqf does not contribute to the capital adequacy, and sustainability of waqf.

RESEARCH METHODOLOGY

This study adopted a qualitative research design. This design was chosen because it exhibits the reality of social or cultural occurrence. There are several basic approaches in the qualitative research design, namely phenomenology, ethnography, inductive thematic analysis, grounded theory, case study, discourse/conversation analysis, narrative analysis, and mixed method.[12] From eight approaches, the case study design was implemented in this research. In the context of waqf, it is proof that numerous previous waqf studies used case studies as the research approach to explore in depth a particular issue in particular locations. Furthermore, the case study design is more appropriate for application because this study investigates the current concept of Saham waqf implemented in four waqf institutions in Malaysia, namely, MAIJ, MAIS, MAIM, and MAIP.

Data were classified into two categories: secondary, and primary. In this research, all secondary data consisted of recorded data, such as books, conference papers, articles, journals, and Internet data. Data were examined, and extracted for inclusion in the study. For primary sources, semi-structured interviews were used to gather information. All recorded data, either in electronic or non-electronic form, were reviewed, and reread, and the recorded tapes were listened to, and finally rearranged. All information, and statistics obtained from the secondary, and primary sources were then combined, and clearly explained using content analysis. The findings from this data were used for a new framework of Saham waqf that could assist waqf institutions to have more liquid funds.

RESULTS AND DISCUSSION

The accumulated funds are converted to real estate based on the general concept of Saham waqf. This is in line with the fatwa issued by the states for maintaining the physical form of the waqf property. At best, they have become development funds. Therefore, waqf institutions are unable to use funds for general financing, investment, operations, and other expenses. Additionally, the implementation of Saham waqf has limited effects on the overall finances of waqf properties. This may help attract more funds for developing one project, but its utility is limited to that project. The accumulated funds are only used to finance specific projects mentioned by waqf institutions or donors. The funds are considered to be on an ad hoc

[12] Ranjit Kumar, *Research Methodology: A Step-by-Step Guide for Beginners*, 3rd ed (London: SAGE Publication, 2011).

basis.[13] After the fund is used to purchase land or for construction costs, it is automatically reverted to an illiquid waqf property.[14]

Further limitations of current practices in raising funds through Saham waqf may be observed in two stages. The first phase was during the collection phase. In addition to being slow, waqf institutions can either identify specific projects to be financed or the purposes for which the funds could be used. The second method may avoid the failure of the intended projects, provided that other matters are in order. Nevertheless, the fact remains that they promise to convert the accumulated funds to waqf real estate or others, as stipulated by Fatwa. Whether cash is used for the benefit of other waqf or a new productive, and consumable project, the fund is designed only for one-time use. As a result, the accumulated funds are depleted once they are utilized, and the return may or may not be as expected. Then, waqf institutions have to re-collect the Saham waqf fund, seek government funds, or borrow from Baitulmal to maintain the old properties or start new projects. They cannot dispose of their real estate either to self-finance their projects or to make profits because of the appreciation of waqf property value. When normal commercial flexibility is available, profits from selling waqf assets may finance small or medium waqf projects, thus contributing to the sustainability of waqf institutions.

Thus, this study opposes the current practice of converting liquid funds into illiquid assets, at least for the objectives of income- generating assets. The illiquid waqf asset is automatically bounded by two classical waqf characteristics: inalienable, and perpetual. The concept of perpetuity limits the generation of additional funds. This concept prohibits illiquid waqf assets from being alienated, transferred, disposed, or mortgaged. Meanwhile, the inalienability characteristic may prohibit waqf properties from being charged or mortgaged. Only a few financial institutions or investors are willing to take the risk of financing the development of waqf properties, as waqf properties cannot be transferred. This issue makes waqf

13 Mohammad Tahir Sabit, Abdul Hamid and Ismail Omar, 'An Ideal Financial Mechanism for the Development of the Waqf Properties in Malaysia' (Ph.D Thesis, Universiti Teknologi Malaysia, Skudai, 2005).

14 Mohammad Tahir Sabit, Abdul Hamid and Ismail Omar, 'An Ideal Financial Mechanism for the Development of the Waqf Properties in Malaysia,' 2005; Aminah Binti Mohsin, 'Restructuring the Concept of Saham Waqf and Waqf Saham in Malaysia' (Ph.D Thesis, Universiti Teknologi Malaysia, 2016).

institutions helpless in financing the development of waqf properties[15] in the sense of securing finance for new projects through collateralization, and without losing waqf assets. Even though illiquid waqf assets may generate income through short- or long-term leasing (*ḥikr*), it still does not solve the problem of insufficient funds faced by waqf institutions because of the low rental yields. The long-term leasing method is ad hoc, and generates less cash. Less cash may contribute to the inadequacy of funds for waqf institutions to manage, and develop properties.

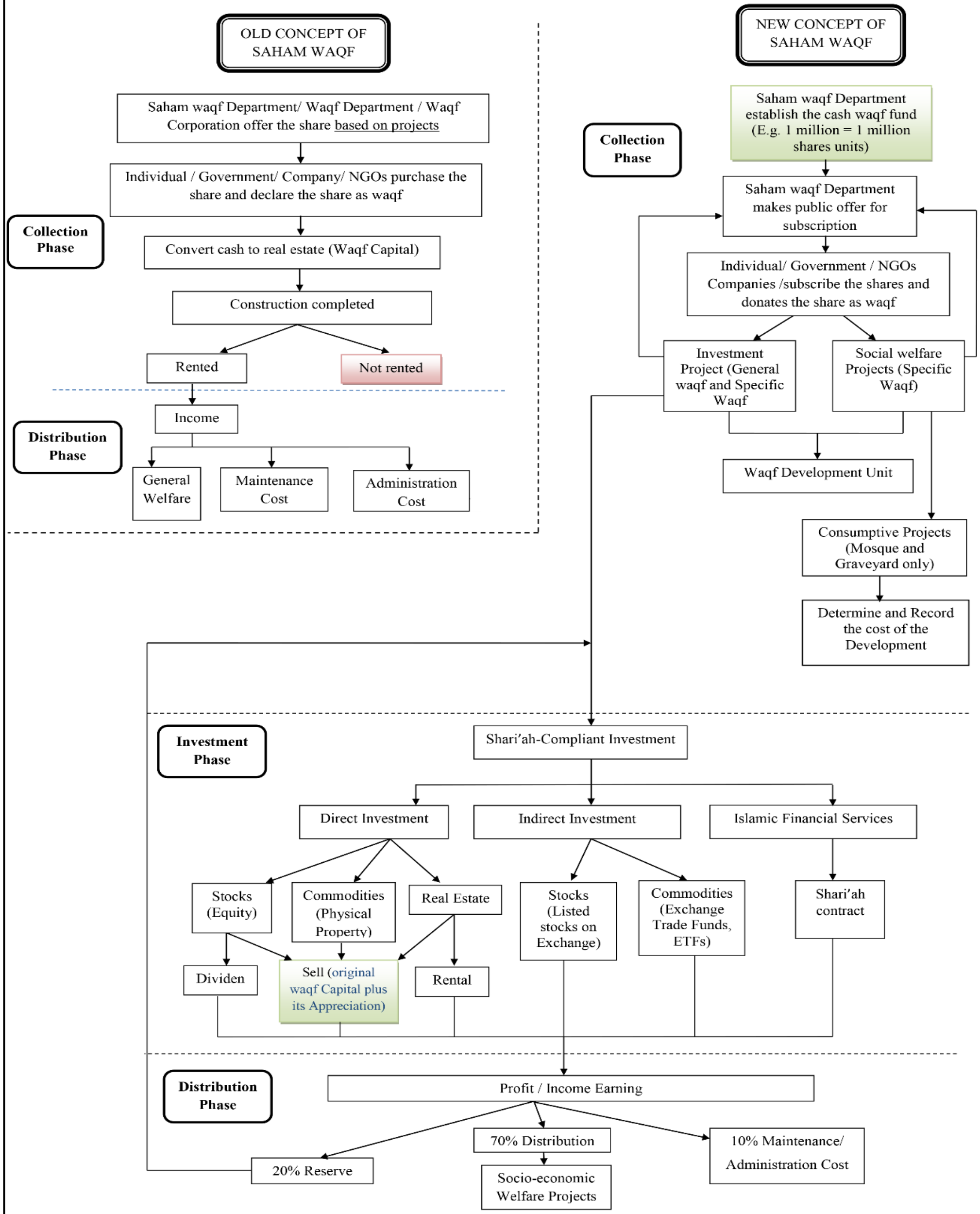
From the findings, the current concept, and practice of Saham waqf have restrained waqf institutions from raising or acquiring more liquid capital.[16] Therefore, this study proposes a restructuring of the Saham waqf conceptual framework. The ultimate goal of restructuring this concept is to assist waqf institutions in generating more liquid capital. Figure 1 shows the proposed conceptual framework of the Saham waqf. This framework is divided into three phases: collection, investment, and distribution. The collection of Saham waqf begins with the establishment of a waqf fund divided into several shares by the Saham waqf department. The difference between new, and old processes is that the latter is based on real estate projects. For instance, in Johor, the building or land is assessed in advance by the waqf institutions of Johor (MAIJ), and divided into a number of unit shares that could be purchased by the *wāqif*. The current process converts liquid assets to illiquid assets, which is incapable of reinvestment. Illiquid waqf capital (real estate) is bound by the classical characteristics of waqf, which are perpetuity, inalienability, and irrevocability.[17] These assets are then capable of generating income, if intended. Nevertheless, the capital gain due to its appreciation in the market is not realizable.

15 Mohammad Tahir Sabit Haji Mohammad and Abdul Hamid Hj. Mar Iman, 'Obstacles of the Current Concept of Waqf to the Development of Waqf Properties and the Recommended Alternative,' 2006.

16 Aminah Binti Mohsin, 'Restructuring the Concept of Saham Waqf and Waqf Saham in Malaysia,' 2016.

17 Mohammad Tahir Sabit Haji Mohammad and Abdul Hamid Hj. Mar Iman, 'Obstacles of the Current Concept of Waqf to the Development of Waqf Properties and the Recommended Alternative,' 2006.

Figure 1: New Conceptual Framework of Saham Waqf



This new process brings about a change in the issuance of shares. In contrast to the old process, donated cash is declared waqf capital under the new method. For instance, the Saham waqf department has a funding target of one billion. The amount is then divided into units, where the value of a share is fixed at RM10 per unit. The Saham waqf department may then offer a total of 100,000,000 units of shares to the public for subscription. Interested *wāqif* (individuals, companies, government, and non-government organizations) would subscribe to the shares, and donate them to their desired causes. The *wāqif* has the power to specify the use of funds that may be flexible to facilitate the Saham waqf department to invest, and generate high income for a purpose expressed by the *wāqif*.

The *wāqif* may intend to distribute funds for investments or social welfare projects. Social welfare projects may be categorized as specific waqf (waqf *khāṣ*). In this category, only mosques, and graveyards can be chosen by *wāqif*. The two projects are considered consumptive projects; thus, no income will be obtained by the Saham waqf department. The waqf development units have a duty to determine, and record all development costs involved. Meanwhile, investment projects will be either specific waqf or general waqf. For general waqf, the Saham waqf department may invest funds, and distribute profits freely without any conditions from the *wāqif*. For a specific waqf, the Saham waqf department may restrict the conditions from the *wāqif*; for example, the *wāqif* may state that the profit earned needs to be channelled to the orphanages. The conditions of the *wāqif* should be implemented as long as they do not conflict with Islamic laws.

The second phase is the investment phase. The accumulated cash capital from the Saham waqf, and a portion of the reserve from dividends or capital gains after the disposal of shares must be invested in Shari'ah-compliant investments. This study proposes to invest in three categories: direct, and indirect investments, and Islamic financial services. In direct investment, this study highly recommends investing in real estate compared to stocks, and gold. The accumulated liquid waqf capital may purchase commercial property such as a house or shop office. Property selection should be carried out carefully, including the types of property, and its location, so that it may have a high commercial value. Additionally, buying properties auctioned by the bank is recommended, as the auction price is usually lower than the market price.

Imagine that the price of the real estate purchased was RM50,000 (RM A). During capital appreciation, real estate can be sold, and its price may increase to RM150,000 (RM B). Nevertheless, capital appreciation depends on fluctuations in the economy; thus, it may take up to ten years to hold real estate before selling it. In RM B, there is a part amount of liquid waqf capital to be protected, and the other part is the income from the sale of capital appreciation. To further enhance the value of the fund, RM B can be traded in equities for several years, for example, 10 years. Equity investment, in turn, will increase funds, for instance, to RM200,000 (RM D). The value of RM D is already sufficient to buy another two real estates if each is valued at RM100,000. From commodity real estate, the waqf institution can not only generate monthly income, but may also acquire another waqf property in the long term.

Possessing commodity real estate causes waqf institutions to receive two types of revenue: capital gain, and building rental revenue. Waqf institutions may obtain periodic income provided that the building is rented. Moreover, rental revenue can be increased according to the market circumstances, and any improvement has been made to real estate, such as facility improvement. For example, waqf institutions may purchase the property at a cost of RM50,000, with a potential rental return of RM350.00. This monthly amount is gained by assuming that there is a leaseholder, and the amount can be increased according to the agreement by both parties. The second type of revenue is capital gains. The waqf institutions may sell the property if they think it is a necessary, and perfect time. The addition of liquidity sources could assist waqf institutions to have adequate liquid funds to provide socio-economic welfare to the ummah.

Furthermore, one way to reduce the risk of investment is to diversify investments, and not merely to focus on one type. Therefore, this study suggests indirect investments. Waqf institutions may invest in various potential businesses, and expect dividends. In addition, waqf institutions may provide financial services to the public. This can be achieved through microfinance, where the waqf institution may act as a fund provider assisting the public in financing their projects. Shari'ah-compliant financial products need to be used to avoid prohibiting investment. The prohibited elements include *mushārakah*, *mutanāqiṣah*, *muḍārabah*, *bay' bithaman'ajil*, *murābaḥah*, *ijārah*, *al-ijārah thumma al-bay'*, *istithnā'*, and *salam*. However, the product of *murābaḥah*, *al-ijārah thumma al-bay'*, and *istithnā'* may be the best contract to be implemented by waqf institutions in providing Islamic financial services to customers.

All income from the investment may be divided into three categories: 70% for the purpose of distribution to socio-economic welfare, 20% for reserves, and 10% for administrative costs. Seventy% is allocated to the development of socio-economic welfare either for waqf *'ām* or waqf *khāṣ*.

Meanwhile, 20% of the profits will be reinvested to earn profits on an ongoing basis. Another 10% may be used for administrative costs, including the wages of the nāẓir, and maintenance.

Additionally, in the context of the permissibility of this new conceptual framework, according to Islamic law, the new concept proposed appears like the cash waqf concept. The reason for this is the cash accumulated from the public, and the difference between cash waqf, and the new Saham waqf concept is the collection method. For Saham waqf, the amount of funds to be collected is set in advance, and divided into share units with a predetermined price. Meanwhile, for a cash waqf, there is direct cash collection from the public. Because the subject matter is cash funds, the permissibility of cash waqf[18] could be applied to validate the new Saham waqf concept. The cash is situated under the moveable type of *mawqūf*. Therefore, the permissibility of a moveable *mawqūf*[19] as waqf must be read together. In addition, the new Saham waqf concept is also adopted from global practices, such as Indonesia, Sudan, Kuwait, the United Kingdom, and the United Arab Emirates. Based on Table 2, these countries have also applied the concept of Saham waqf, where the liquid capital collected in

[18] Perbadanan Wakaf Selangor, 'Keputusan Fatwa Negeri Selangor,' https://www.muftiselangor.gov.my/2023/10/26/fatwa-penggunaan-wang-skim-saham-wakaf-selangor-dan-wang-manfaat-wakaf-selangor/, accessed on 20 June 2015; Malacca Enactment No. 5, has been enforced on 1 August 2005 [M.P.U. 38/05], 2005.

[19] Mazhab al-Mālikiyyah, al-Shāfiʻiyyah and al-Ḥanābilah. See Abū Bakr Aḥmad bin ʻAmrū al-Khaṣṣāf, *Aḥkām al-Waqf* (Qāhirah: Maktabah al-Thaqāfah al-Dīniyyah, t.t.), 34-35; Shams al-Dīn, *al-Mabsūṭ al-Sarakhsī*, vol. 12 (Bayrūt: Dār al-Maʻrifah, 1398H), 45; Ibn al-Humām Kamāl al-Dīn al-Sīwāsī, *Fatḥ al-Qadīr*, vol. 5 (Bayrut: Dār al-Fikr, 1380H), 49; al-Jamal Sulaymān, *Ḥāshiyah Ibn ʻĀbidīn*, vol. 4 (Qāhirah: Muṣṭafā al-Ḥalabī, 1386H), 363; Mālik bin Anas, *al-Mudawwanah*, vol. 6 (Qāhirah: Maṭbaʻah al-Saʻādah, t.t.), 99; Muḥammad bin Muḥammad al-Maghribī, *Mawāhib al-Jalīl*, vol. 7 (Bayrūt: Dār ʻAlam al-Kutub, 1423H), 630; Abu ʻAbd Allāh Muḥammad al-Khurshī, *Sharḥ al-Khurshī*, vol. 4 (Bayrūt: Dār al-Kutub al-ʻIlmiyyah, n.d), 80; Yaḥyā bin Sharaf al-Nawawī, *al-Rawḍah al-Ṭālibīn* (Bayrūt: Dār ʻAlam al-Kutub, 1423H), 378; Muḥammad al-Sharbīnī al-Khaṭīb, *Mughnī al-Muḥtāj*, vol. 2 (Bayrūt: Dār al-Maʻrifah, 1997), 377; Sulaymān al-Jamal, *Ḥāshiyah al-Jumal*, vol. 3 (Bayrūt: Dār al-Fikr, t.t.), 577; ʻAbd Allāh bin Muḥammad Ibn Qudāmah, al-Mughnī, vol. 8 (Qāhirah: Dār al-Ḥijr, 1408H), 231; ʻAlā' al-Dīn ʻAlī bin Sulaymān al-Mardāwī, al-Inṣāf, vol. 7 (Qāhirah: Maktabah al-Sunnah al-Muḥammadiyyah, 1376H), 7; Manṣūr bin Yūnus al-Bahūtī, Kashshāf al-Qinā', vol. 3 (Bayrūt: Dār ʻAlam al-Kutub, 1423H), 203.

advance is invested in various investment portfolios to generate more liquid funds. Afterwards, income earning will be distributed to socioeconomic development.

CONCLUSION

Illiquid assets are deemed waqf capital that must be preserved eternally. These fixed assets are directly bounded by the classical characteristics of waqf: perpetuity, and inalienability. The effect of both characteristics may limit waqf institutions' ability to generate more liquid funds. Commonly, from an illiquid waqf property, waqf institutions may only generate income from the rent of the property. The income earned is sufficient to cover the maintenance, and administrative costs. For this reason, waqf institutions must regain liquid funds from the public or the government must develop other properties.

Owing to the slim opportunity to generate more liquid funds, the concept was restructured. The proposed framework removed these restrictions, and opened a big opportunity to generate more liquid funds in waqf institutions. Adequate liquid funds in waqf institutions may reduce their dependence on the government, and make waqf institutions self-reliant. Additionally, having more liquid funds may provide more socioeconomic welfare to the ummah, and achieve the ultimate objective of the waqf.

The limitations of income sources may contribute to the inadequacy of liquid funds, possibly harming waqf activities. Nevertheless, in the proposed concept of Saham waqf, capital is in the form of liquid assets. Therefore, more liquid capital may open up more investment opportunities to generate more liquid income for waqf institutions. Adequate liquid funds will contribute to the continuity of providing various socioeconomic projects to society. Adequate liquid funds in waqf institutions may make them self-reliant bodies, and become no longer dependent on the federal government, the treasury or zakat, and other financial institutions to obtain liquid funds. Furthermore, continuously providing welfare to the community may give a good image to the public that the waqf institution is strong, and indirectly attracts more people to participate in this waqf activity. For waqf saham, the type of waqf capital in the old concept is in the form of illiquid assets. This may restrict waqf institutions from generating more liquid funds, as they are bound to the perpetuity, and inalienability characteristics. In addition, fund management is not under the waqf institution's control. Therefore, the new waqf Saham concept introduced the concept of dedicated liquidity, whereby the donated shares are valued by waqf institutions according to the current market price; subsequently, the value is considered the waqf capital, and not the share. The main advantage here is that, since the value as waqf capital needs to be preserved, the share can be disposed of if the circumstances demand doing so. The ability to dispose of shares may contribute to the enhancement of liquidity funds in waqf institutions, and may invest in other profitable businesses.

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