



**REMODELING QARD HASAN WITH CASH WAQF FUND :
ECONOMIC STABILITY SOLUTION POST COVID-19**

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ABSTRACT

This paper aims to innovate the existing financing model in Islamic Banking, with the combination of two instruments which are Cash Waqf and Qard Hasan. This study adopted content analysis as a tool to remodel Qard Hasan (QH) by highlighting Cash Waqf (CW) as a source of funding mechanism to facilitate B40 and M40 households in Malaysia. This model aims to provide an alternative for personal financing during the economic crisis and particularly post- Covid-19. QH via CW model was developed with strict Standard Operating Procedure to ensure stability to the targeted parties. Moreover, when the chance to borrow is easy, the purchasing power will increase, and the economy will be boosted. Opportunity implementing the QH via CW fund is timely and important as an alternative solution to sustain the country's economy and the result shows that QHCW can be implemented without impediment from the standpoint of Shari'ah law. In conclusion, the QHCW model contributes to the innovation of current personal financing techniques and emerges as a new competitor to

advance the Islamic banking industry through innovation, especially in the face of the economic crisis.

Keywords: Qard Hasan, Cash Waqf, Post Covid-19, Financial Sustainability.

INTRODUCTION

Background

Sustainability refers to the ability to continuously maintain or support a process over time. As a result, sustainability aims to prevent the overexploitation of resources so that humans can use them indefinitely (UNESCO, 2012). These cycles are related to the elements of humanity (social), environment, and economy. From an Islamic perspective, the Holy Qur'ān emphasized some sustainability principles and guidelines, which included: justice, balance, middleness, mercy, trustworthiness and custodianship, cleanliness, truthfulness, and usefulness of knowledge (Matali, 2012).

Meanwhile, Muhammad Nouh (2012), has expressed five important pillars of sustainability principles in Islam namely, honoring human beings, comprehensiveness of the environment, balance, limited resources, and environmental protection. To bring the spirit of sustainability into practice, the United Nations (UN) General Assembly adopted the 2030 Agenda for Sustainable Development in September 2015 as a shared framework for addressing the triple bottom line of sustainability (van der Waal & Thijssens, 2020).

Financial sectors have a responsibility to help the economy sustainably expands, as stated in no. 8 of 17 Sustainable Development Goals (SDG) to promote sustained, inclusive, and sustainable economic growth. Economic growth requires capital; hence, CW or endowment is the right solution.

Mohd Farique and Mohd Fauzi (2021) reported that Malaysian unemployment rate increased to 4% in 2020. Previously, the trend of Malaysia's unemployment rate remained at 3.3% per year. The rate increased to 3.7% when the world financial crisis occurred and 3.2% during the Asian financial crisis in 1998.

On the other hand, the (IMF, 2020) expects the unemployment rate for Malaysia to reach 4.9% in 2020 and decrease in 2021 to 3.4%. Meanwhile, the Malaysian Institute of Economic Research (2020), made two expectations from the point of view of the unemployment rate in Malaysia if the MCO is extended. First, at least 2.4 million out of 16 million Malaysians will lose their jobs. These 2.4 million people consist of 1.6 million unskilled workers while 780,000 are skilled workers. The impact of the loss of jobs and household income will also detect a decrease in the household expenditure of 11% due to the loss of income

equivalent to RM95 billion (MIER, 2020). Secondly, a total of 951,000 people out of 16 million workers will lose their jobs with a breakdown of 647,000 unskilled workers and 780,000 skilled workers. Household income was lost by RM41 billion and household expenditure decreased by 4.9%.

In Malaysia, both banking institutions and non-banking organizations like governmental organizations, non-profits, and government-owned businesses provide Islamic microfinance services. The microfinance financing model is only targeted at those who want to restore their business as well as those who want to start a business. These are accessible through the SME Emergency Fund (SMEEF) program under SME Corp for affected Small and Medium Enterprises (SMEs), loans up to RM100, 000 without interest with a repayment period of up to five years with a 12-month moratorium (Mohamed Farid, 2020). Nonetheless, through Bank Islam Sadaqah House, which receives funding from public donations, Bank Islam has introduced new Islamic microfinancing known as Mikro Bangkit. It becomes available to those who are unbankable but want to start or grow a business (Nawai, 2021). So it is clear here, microfinancing is only focused on business, single individuals who have no business skills and who are not interested in doing business have been eliminated.

Therefore, Islamic banks' role is crucial in maintaining the country's financial stability by offering the right product for Malaysia's B40 and M40 income groups, especially post-Covid-19. However, with the limited product variations and high rates of charges on consumers of Islamic financing products, the ability of Malaysia Islamic banking institutions to meet the standard of Islamic social finance is questionable. The Covid-19 pandemic has significantly impacted household income and influenced the household structure for B40 and M40 in Malaysia, especially those who have lost their source of income during the Covid-19 pandemic. So, the present research attempts a new model for personal financing by adopting content analysis as a tool to remodel Qard Hasan (QH) by highlighting Cash Waqf (CW) as a source of funding mechanism to facilitate B40 and M40 households in Malaysia. In this way, it can overcome the problem of shortage and delay of aid. In general, to offer waqf-based microfinancing to this vulnerable group (B40 & M40), the model practiced in Malaysia is either to use cash waqf collected to buy waqf property that is through the use of waqf property (*manqūf*) or obtained from financial benefits or proceeds (*manfa'ah*) of waqf capital that is not from the principal. This implementation will take a long time, while, and those affected need immediate help. At the same time, the QHCW model can also be commercialized for those who are not affected by the condition that it is necessary to contribute to the CW fund first.

Moreover, allocating zakat funds or sadaqah to help vulnerable from B40, and M40 during post Covid-19 is not enough. Zakat and sadaqah funds are

distributed to existing *asnaf* equally during post-Covid 19 endemics. Whereas, the needs of individuals affected by the Covid-19 crisis are different from one another. So much so that, they are willing to ask the government, for permission to withdraw their EPF savings. This means that they need specific financing assistance. Moreover, according to (Zakariyah & Abdulrahman, 2021), it is not permissible to use zakat revenues without specific goals in mind, as this is a violation of the Quranic text and the intent of Islamic Shari’ah regarding Zakat expenditures. Zakariyah and Abdulrahman (2021) suggested that zakat institutions establish a fund to provide Qard Hasan to non-zakat recipients.

LITERATURE REVIEW

Theoretical Framework

The theoretical framework in research is based on existing theories. Meanwhile, the conceptual framework and process development are based on the theoretical framework, as reported by Imenda (2014) and (Lindgreen et al., 2020). The present study attempts to conceptualize theories of the economy from the Islamic perspective by dismantling several instruments from Islamic jurists’ theories in Al-Qur’ān, al-Ahādīth, and contemporary and classical jurists’ books. Based on the concepts of QH and CW theory, some tangles must be unraveled to innovate a new model in a way that is more beneficial to those who are less qualified to make microfinancing in banking institutions.

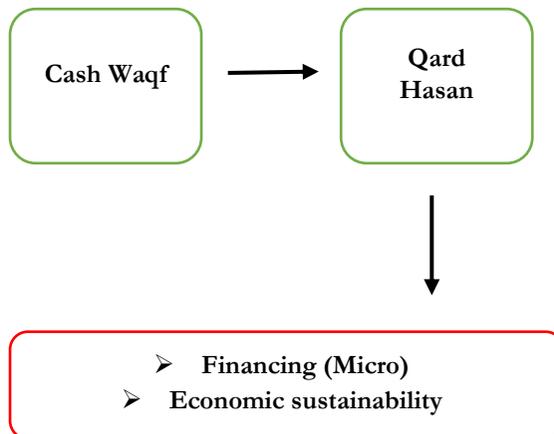


Figure 1: (Theoretical Framework)

Figure 1, illustrates that CW is used as a fund to mobilize QH. CW funds will be channeled to those who need interest-free microfinancing. CW contributions come from general contributors that are open to the public and those who

personally want to use the model. The QHCW model provides loans for personal financing as an innovative solution to Islamic financing products to assist targeted groups (B40 and M40) in emerging from the financial crisis and promoting economic stability. As a result, it can be a medium to boost the rate of borrowing in society, empowering purchasing power and ultimately mobilizing the economy.

QHCW Post COVID-19

In the recent situation of economic uncertainty and a highly dynamic digital era, financial institutions particularly in the Islamic banking sector must have high adaptability. Islamic banking in carrying out the scenario also needs to continue to be improved and sustained even more in the products offered. In these processes, Islamic banking can be revitalized by modeling products.

This modeling will be able to tackle injustice that occurs in existing products. As a result, the products produced are more elastic and attractive. The model must also be continuously reviewed and remodeled to lead towards constant stability, and improvement and coincide with current conditions.

The management of the Covid-19 pandemic's impact on local economies can be reviewed by learning from previous experiences. In 2003, the example from Malaysia experienced a significant decline in local industries, especially tourism, during the Severe Acute Respiratory Syndrome (SARS) outbreak in East Asia. As a result, the Gross Domestic Product (GDP) declined from 7.1% in the third quarter of 2002 to 4.6% in 2003. However, with the comprehensive economic stimulus package, the country's economy achieved a stable recovery rate of 6.5% in the fourth quarter of 2003. The government has implemented the same approach in managing the economic impact of Covid-19 in the year 2020 through various stimulus packages.

However, the Covid-19 pandemic triggered a global economic recession in 2020, as predicted by the International Monetary Fund (IMF). The effects were worse than the global financial crisis in 2008. Many countries have taken great fiscal action to improve public health and simultaneously protect companies and employees (IMF, 2020). In the Malaysian context, the RM63 billion loss was estimated by the Malaysian government due to the countrywide lockdown in 2020 (Shaharuddin, 2020). Thus, it is timely and more important than ever for IBs to aggressively play their role in maintaining the country's financial stability by offering the right product for the B40 and M40 income groups in Malaysia, especially post Covid-19.

From one point of view, the *Shari'ah*-compliant products in Malaysian IBs show minimal variation. This is because all the Islamic finance products offered by IBs have the same requirement model (profit-sharing contracts) and

debt financing instruments (Rahman, 2010). For example, the mechanism for profit-sharing of the Mudārabah contract involves a financier (*rabbulmal*), who provides a specific amount of capital and acts as a silent or dormant partner, and an entrepreneur (*mudārib*), who serves as a trustee or a business agent (Sapuan, 2016). However, the latest trend can be seen, where IBs in Malaysia operate a *Tawarruq* mode (Muhammad & Abu Bakar, 2021). From the observation, the *Tawarruq* mode is more suitable for business financing and not for dealing with those affected by financial problems individually, especially in the microfinancing sectors.

The minimal product variations limit the ability of IBs in facilitating customers, especially the economically affected B40 and M40 groups' post Covid-19. Thus, it is crucial to innovate and remodel Islamic financing products to help targeted groups rise from the financial crisis, mobilize the microfinance segment, and strengthen Value-Based Intermediation (VBI). Community of Practitioners (CoP) has recommended the VBI as a strategy for conducting and offering a positive and sustainable impact on the economy (Shaharuddin, 2020).

Qard Hasan

Several studies such as Asbeig (2019) and Selim (2020) have discussed on QH. Through profound observation, *QH's* research has shifted direction to the research on Islamic social finance and microfinance sectors for SMEs, as can be seen in the previous studies, namely Zakariyah and Abdulrahman (2021), Muneer and Khan (2019), Aderemi and Ishak (2020), Afonso and Khan (2019), Sa'ad & Pitchay (2019), Khan (2017) and (Sadr, 2017).

Meanwhile, bank-related studies and research on QH from 2017 to 2021 found eight articles published by authors namely Al-muwallad and Idris (2021), Ahmad et al. (2021), Shahabi et al. (2021), Selim and Hassan (2020), Asbeig, (2019), Cahyono, (2019), Selim, (2019) and (Fesharaki and Sehhat, 2018).

Furthermore, the number of QH research in the Malaysian context declined and disappeared, especially in the Islamic banking sector. These happen because of Shariah Resolutions in Islamic Finance Second Edition: The Shari'ah Advisory Council of Bank Negara Malaysia ruled that financing products using the "Qard" principle was permitted. Therefore, the word "*Hasan*" should be omitted from the term "*Qard Hasan*" to indicate that the borrower must repay the given *Qard* to the lender or financier, and the borrower's heirs will bear this responsibility if the borrower dies before he can settle all of his debt obligations. As a result, Malaysian Islamic banking institutions are tied to the Islamic financial resolution decided by the Shariah Advisory Council of Bank Negara Malaysia, where the *Qard* term is more regular to describe loans in Islam, and *Hasan's* words describe sincere giving for the sake of Allah.

In short, QH products have been applied in the Islamic banking system in Malaysia as noted in Ariffin (2010). QH method was discovered from the six verses in the Quran as reported in (Sadr, 2014) and Ariffin (2010). Therefore, the QH concept was used by the traditional Islamic financial system without emphasizing innovative elements, so that, its authenticity is preserved from usury.

Moreover, in countries like Malaysia where Manjah *Al-'Ashā'iratt* has adhered, *Mutashābihāt* verses could not be simply understood via direct interpretation. For example, the word 'borrowing' is referred to as an act done by Allah, which is very inaccurate and violates the method of *Mutashābihāt* verses interpretation based on *Al-'Ashā'iratt*. This is because, Allah does not need a loan, so the verse needs to be carefully interpreted.

Cash Waqf

CW is extracted from the moveable assets discussion by considering that CW has not been mentioned directly in the Qur'ān. Meanwhile, Abdullah found evidence of CW in the Ottoman Empire (Abdullah, 2020). For that reason, in brief, most of the jurists from Hanafī's, Mālikī's, Shāfi'īs, Hanbali's, Zāhiri's, and Imāmi's allow the legitimacy of *Waqf*. However, there were disputes about the perpetuity of the assets, either movable or immovable. Thus, that disputation leads to the discussion of the CW.

Waqf is from a donation contract, which is intended for donations and charity, and the original principle of Waqf is permitted, and there is no obstacle to doing so, whether the owner contributes his property, such as alms and gifts, or he contributes monetary benefits or terminates his original ownership in traditional Waqf. Thus, nothing prevents it, except evidence from Sharī'ah or religious orders that make it forbidden. In turn, the law of CW is valid.

Modern Islamic jurist scholars often debate propositions to allow the CW. Based on the traditional *Waqf* characteristics that usually concentrate on the permanent and immovable property such as land, buildings, graves, trees, and books, even there is no significant difference between traditional *Waqf* and CW approaches. Traditional jurists define Waqf (*Al-Ta'bid*) as perpetual and inalienable (*'adam al-taraju'*). In other words, it hands over original ownership or can be defined as any restriction on the transferability or use of an entitlement (Rose-Ackerman, 1985), and irrevocability (*Luzūm al-waqf*) Çizakça (1995), i.e. *Waqf* is created solely for philanthropic purposes (Aziz, 2017).

Even so, traditional scholars disagree with CW, and the difference is due to the requirement for perpetual use of the suspended assets, while CW has no provisions for utilization (*Al-intifā'*). As long as assets remain utilized, that reward will flow. The more lasting it is, the better. Waqf is vital to social,

economic, cultural, and religious life (Cizakca, 2004). The waqf topic is usually addressed to high-value waqf products such as land, houses, fruit trees, and water wells.

Nevertheless, an individual picture or understanding of *Waqf* is generated as time passes, not only based on high-value items but also on giving money. Fundraising from the public aims to raise awareness among those privileged to incorporate social stability and well-being with religious meaning. The utilization terms in traditional *Waqf* do not apply in *CW* unless the money is used or invested in multiplying profits and returns. Therefore, Islam places *Waqf* as one of the most encouraging worship (Rahman, 2009).

Waqf is derived from the Arabic word "waqafa", which means to stop or hold. According to the *Musnad al-Shāfi'ī*, Al-Shāfi'ī (1951), waqf is the same as *tabbīs* and *tasbīl* which means to hold /lock: it is said *waqafu khabḍa* means I hold it, according to the term of *Shar'u* is to maintain several assets that can be utilized, while the principal (assets) remains intact. Likewise, Muslim jurists from four leading schools of jurisprudence, namely, *Hanafī*, *Malikī*, *Hanbalī* and *Shafi'ī*, varied in the waqf declaration explicitly defines whether a waqf can be made conditionally or committed to perpetuity (Ab Rahman and Amanullah, 2017). As a result, it will lead to a discussion on *CW* in contemporary practice. The most correct (*Al-Rājih*) of the dispute scholars is the argument that *CW* is permissible by analogy (*Al-qiyās*).

As a result of the prohibition, such as narrowing the excellent need, in other words, immovable assets may lose their benefit when it is damaged or no longer useable. Then *CW* is a solution to ensure its benefits continue. For example, before damage occurs, assets must be serviced and repaired. So the benefits will continue to flow. For this reason, the present study intends to turn on the role of *Qard Hasan* as a loan financing instrument and will include *CW* as a tool to raise funds.

METHODOLOGY

The present study employs content analysis as a research strategy by exploring the QH and *CW* operations. A qualitative method is used to excavate *CW* and QH reliable information from its appearance to the modern-day. Data was collected from classical Islamic books, case studies, journal papers, and websites. Moreover, Islamic jurists' discussion on *CW* and QH has been elaborated, and this present study argued its validity to state that QH and *CW* are good approaches as financing models for B40 and M40 in Malaysia during post Covid-19. From the point of Islamic law, the model constructed has been agreed upon by consensus by the Muslim scholars, with no element of burden to the borrower, and coincides with the Shari'ah objective.

Finally, the present study adopts the modeling structure by Dinc (2020) with some necessary adjustments. The Dinc's framework design consists of seven (7) steps, namely, (1) idea generation, (2) initial screening, (3) market evaluation, (4) product design, (5) technical development, (6) full market launch and, (7) evaluation. Dinc also suggests that all these processes need to be monitored and designed by the product development department and experts. **Figure 2** illustrates the conceptual framework for the model construct.

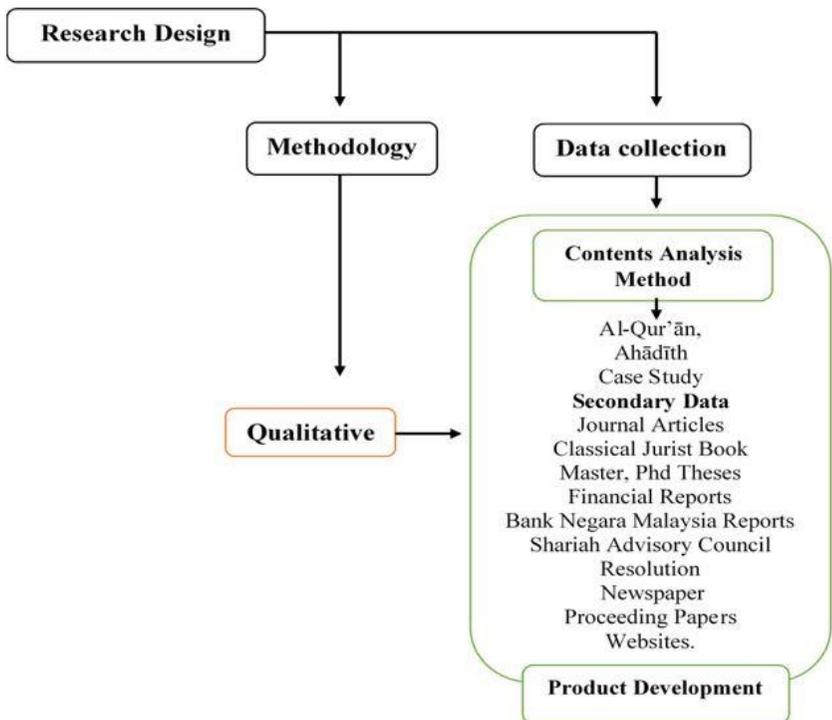


Figure 2: (Conceptual Framework For QHCW Model)

CONTENT ANALYSIS RESULTS

Model and Procedures Development

The QHCW model and procedures were developed based on the outcomes of the content analysis, and the standard operating procedure for model construct (SOP) is detailed to facilitate general understanding. Establishing and using standard operating procedures is an essential part of the effectiveness of the quality system. It also gives individual knowledge about implemented procedures

correctly and enhances continuity in product quality and reliability or result (Fatt et al., 2020). In this section, the present study provides the SOP, so that the reader will get a better understanding and how is being implemented.

QHCW model is for personal financing only, the priority is given to those who have financial problems due to the economic crisis, the first-time borrower by looking to the *daruriyyah* (the essential / the necessities) and *hājīyyāt* (the complementary/ needs). The *tabsiniyyāt* (the luxuries) are allowed but must contribute to the CW fund first. Debt repayment according to the borrower's ability with mutual agreement between the borrower and the QHCW principal. No lease or mortgage transaction.

Moreover, the QHCW fund accepts donations openly, anyone can contribute even if they don't borrow. The contribution amount for *hājīyyāt* (the complementary) and *tabsiniyyāt* (the luxuries) depends on the QHCW principle. Those who do not have financial problems are required to contribute first before borrowing. The amount of contribution depends on the financial institution as the fund manager. For example, (1) financing for RM 3000 to RM 5000, have to contribute RM 500 to the fund. (2) Financing for RM 5000 to RM 10 000, have to contribute RM 700 to the fund. (3) Financing for more than RM 10 000 has to contribute RM 1000 to unlimited donations without compulsion. Likewise, banks can charge a certain percentage according to the borrower's financial level such as 10% for each loan, or, contributions to the CW fund according to the level of household income. To prioritize justice, the contribution from T20 should be different from M40 and B20 accordingly. In brief, financing for unecessities conditions has to contribute to the QHCW fund first. This is to ensure the purity of QH and the fund itself. QHCW funds also receive donations from the public 24/7 and non-Muslims can also apply this financing model. In terms of risk and management, the failure to pay off debts with reasonable reasons, i.e., joblessness/disability, the principal can take cash from the fund to settle a deferred payment. Before that, attestation in a loan contract is required to manage credit risk. Those who deliberately do not pay their debts will be subject to court action. To guarantee the stability of the fund, the fund operator or trustee should invest the fund and take an actual (minimum) amount as a wage for the service provided. This means the source of funds comes from two directions, first, from the endower and the revenue of the investment.

The effectiveness of the implementation of QH has been proven, but its operation is still based on the traditional method of borrowing and charging an actual cost to the financier. For example, the financial institutions of Al Qard al Hasan Association in Lebanon, Indonesia, and Malaysia with NORIBA activists and some Islamic countries like Egypt, Jordan, Pakistan, and Nigeria have achieved a successful approach in their financial system that can be used as a

benchmark to be applied in Malaysia and other Islamic banking systems. The success can be added either by developing a new model for product QH. So, QH does not operate in the traditional way as in the past. Evidence of success stories can be traced through research studies that have been written and attached in the previous studies section. In terms of the sustainability of the model, currently, Malaysian Islamic banks offer new products that allow customers to invest and share profits from *Shariah*-based investment activities. It is known as Investment Account (IA). Through the QHCW model, CW funds can be directly channeled to the Investment Account, and profits from investment activities can be used as revolving funds for the QHCW model.

IA supports an investor's various risk-return options that take into account the performance of the underlying asset. Investors can choose to put money in IAs that are in line with their risk tolerance.

According to Bank Negara 2021 on its website, six Islamic banking institutions joined forces to introduce the Investment Account Platform (IAP) in February 2016 as part of the use of the financial technology (fintech) revolution. IAP is the first fintech platform with bank involvement that combines the knowledge of Islamic banking institutions with the effectiveness of technology to direct investors' money to successful ventures. Small and medium-sized businesses (SMEs) and other businesses in advanced and rapidly developing growth sectors are among the targeted businesses.

Legitimacy of QH

QH is a concept of debt that is written in the *Qur'an* as well as the *ahādīth*. QH is an interest-free loan which was practiced by Prophet Muhammad (ﷺ) whenever borrowing money from others. Six verses in the Quran indicate the legitimacy of the QH, which tells the extent of its great reward and goodness that a person will get from it. For example, Allah (SWT) says in Al-Baqarah, verse 245, Al-Mā'idah, verse 12, Al-Hadīd, verse 18, Al-Ĥadīd, verse 11, At-Taghābun, verse 17 and Al-Muzzammil, verse 20.

Meanwhile, the legitimization of QH in *al-ahādīth* aims to be a supporter of the verses in the *Qur'an*. Therefore, it can be concluded that lending is highly encouraged in Islam, especially to those in need. The rewards of the hereafter and the worldly are also mentioned in the *ahādīth* of the Prophet Muhammad (ﷺ). Prophet Muhammad (ﷺ) also taught his followers, those who borrowed to give more to the creditors as a token of gratitude. In *Sahīh Muslim*, hadīth No 6793, Vol. 17, it is mentioned that; On the authority of Abu Hurayrah (may Allah (SWT) be pleased with him), the Prophet (ﷺ) (peace and blessings of Allah (SWT) be upon him) said: 'Whoever removes a worldly grief from a believer, Allah (SWT) will remove from him one of the griefs of the Day of Resurrection.

And whoever alleviates the needy person, Allah (SWT) will alleviate his needs in this world and the Hereafter. Whoever shields [or hides the misdeeds of] a Muslim, Allah (SWT) will shield him in this world and the Hereafter. And Allah (SWT) will aid His slave so long as he aids his brother'. In another verse of hadīth, Ibnu Mājah, hadith 2430, Vol. 2. 'There is no Muslim who lends something to another Muslim twice, but it will be like giving charity once'. Al-Tirmidhi said: "A good, authentic hadīth in the book of Al-albānī in Irwā' al-ghhalīl fī takhrīj ahādīth manār al-sabīl, vol 5 p.225.

Moreover, based on Ibnu Mājah, hadīth 2431, Vol. 2. 'On the night on which I was taken on the Night Journey (Isrā'), I saw written at the gate of Paradise: 'Charity brings a tenfold reward, and a loan brings an eighteen fold reward.' So I said: 'O Jibrīl! Why is a debt better than charity?' He said: Because a person may ask for charity when he does not need it, but the borrower only borrows in cases of dire need."

In Sahīh Muslim, hadīth 4048, Vol. 11. Abū Rāf' reported that the Messenger (ﷺ) took from a man as a loan a young camel (below six years). Then the camels of *Sadaqa* (the name of a camel herder) were brought to him. He ordered Abu Rafi' to return to that person, the young camel (as a loan return). Abu Rafi' returned to him and said: I did not find better camels above the age of six among them. He (the Holy Prophet (ﷺ)) said: Give that to him for the best men are those who are best in paying off the debt. While, in Sahīth al-Bukhārī, hadīth 2392, Vol. 3. Narrated Abū Hurayrah: A man came to the Prophet (ﷺ) and demanded a camel (the Prophet (ﷺ) owed him). The Messenger (ﷺ) told his companions to give him (a camel). They said, "We do not find except an older camel (than what he demands). (The Prophet (ﷺ) ordered them to give him that camel). The man said, "You have paid me in full, and may Allah (SWT) also pay you in full." The Messenger (ﷺ) said, "Give him, for the best amongst the people, is he who repays his debts most handsomely."

Based on Sunan an-Nasa'ī, hadith 4683, Vol. 5 narrated from Isla'il bin Ibrahim bin 'Abdullah bin Abi Rabi'ah, from his father, that his grandfather said: "The Prophet (ﷺ) borrowed forty thousand from me, then some wealth came to him, and he paid me back and said: 'May Allah (SWT) bless your family and your wealth for you: the reward for lending is praise and repayment."

In a nutshell, the Prophet (ﷺ) encourages his followers to help the needy by giving loans. Then when it's time to repay the debt, give more. The act of giving more is a good deed, and it is considered a sign of gratitude. So, the above ahādīth supports the verses of the Qur'ān in encouraging people to lend, and it will be rewarded. The similarity can be seen through, first: the debt should be paid, second: the debt payment should be more if able to do so, and third: the reward will be rewarded by Allah to the creditors (if sincere).

Jurists' Doctrines on The Validity of *Cash Waqf*

Perpetuity and the right to benefit are the main features of *Waqf*. Abū Hanīfah and Abū Yūsuf do not allow CW under any circumstances (Ibn Qudāmah, 1985). Thus, money is among the items that cannot be endowed, except animals and swords for the use of war, as it is clearly stated in the al-hadīth. So then, the condition of the assets that want to be endowed must remain immovable.

Moreover, in the Hanafī school of thought, permissibility was given to endowing what was done in culture (norm) from moveable assets. The firmness of the Hanafī school of thought in the waqf issues was very clear. However, Hanafis provide flexibility to endow moveable assets for public interest according to juristic preference (*Al-Istihṣān*) (Al-Kasānī, 1986). For that matter, they give a general argument by saying that, "What the Muslims saw is well, good for Allah too" narrated by Ibnu Mas'ūd and the hadīth was *Mawqūf*, related by Ahmad in *Al-Musnad*. On the other side of view, Zufar and Ansārī from Hanafī school allow the CW to be as invested through the concept of *mudārabah*, by bringing the arguments based on the concept of analogy *qiyas* (Ibn Musa, 2015).

In comparison with Al-Shāfi'ī's, the point of difference in Shāfi'ī school of thought in CW, guided by *Al-Ijārah* (rental) if the asset can be rented, then it can be endowed too and otherwise (Al-Shāfi'ī, 2000). And this is more correct (*al-ṣah*) in Shāfi'ī thought. This argument is supported by Hadīth 'Umar, when 'Umar got a piece of land in Khaibar. The Prophet (ﷺ) said, "If you wish you can keep it as an endowment to be used for charitable purposes." So, 'Umar gave the land in charity, i.e. as an endowment on the condition that the land would neither be sold nor given as a present, nor bequeathed, used for the poor, the kinsmen, slaves, *Jihad*, and for guests and travelers; and its administrator could get some wages in a reasonable manner, and he also could feed his friends without intending to be wealthy by its means." (Al-Shāfi'ī, 1951), *Al-Musnad*. We can extract that; as long as the goods' benefits are there and the goods remain utilized, *waqf* is allowed. In other words, the benefit of the goods remains continuous. Based on Umar's hadith, the continuity of *waqf* land must be maintained by the executor so that the benefits continue. To guarantee continuity, a sufficient fund needs to be established, then, cash waqf will play its role. In other words, when the land is endowed for public use, the ongoing maintenance of the land needs to be maintained with cash liquidity. Thus, the propriety of establishing a cash *waqf* fund is very necessary to guarantee the continuity of immovable assets. As a result, cash *waqf* is also important in the management of immovable assets. Then the cash *waqf* argument can be linked to the hadith of Umar too.

According to the Hanābilah school of thought, they are allowing all tradable assets to be endowed. In the condition of assets that cannot be utilized by only consuming it, Al-Hanābilah is not allowed to endow (Ibn Al-Qudāmah, 1985). On the other hand, *Waqf* by lending (*waqf bi iqrādhā*) is possible, and Imam Malik supports this opinion (Al-Dasūqī , 2010) as well as Imam Ibnu Taymiyyah too as reported in (Fathullah & Jasni, 2017) study.

The reason for the dispute among jurists on CW leads to the following conclusions. Firstly, the endowment is not required for perpetual leads to permissibility on CW. Secondly, the endowment of assets cannot be used except by destroying/consuming it, considered a real *Waqf* transaction. *Waqf* is part of the donation contract; the basic principle is allowed by *Shariah*. Whether the owner contributes money or assets, or alms and gifts, contributes to money's benefits after investing activities. The validity and legality of *Waqf* came from the generals' evidence as no specific verses from the Qur'ān. The basic principle about *Waqf* is not to prohibit it until it is necessary to limit it to the legal text source.

Moreover, endowing the movable assets and property occurred in the time of the Prophet Muhammad ﷺ, and he allows *Waqf* of animals and weapons for *Jihād*. In modern times, the need for property *Jihād* is more important than the *Jihād* of weapons and animals. Allah mentioned four times in the Qur'ān regarding (*jihād amwāl*) more than self-*jihad*. So if endowing weapons and animals are allowed, then the money is better, even more so in the economic crisis. Permissible to CW is stronger based on the logical reasoning (*qiyās*) method and more beneficial to the public. At the same time, the prohibition in it is to narrow a door of goodness. This paper remodels QH through CW and the discussion will be elucidated in the discussion section.

DISCUSSION

Justification Of The Standard Operating Procedures Constructed

Based on the hadīth of the Prophet (ﷺ) who ordered to pay more after borrowing, it is the main characteristic feature in the development of SOPs for this model. Contribution to the fund is very important to ensure stability. Here is an easy way to raise funds for the start-up stage. The CW approach comes first before participants borrow with the QHCW financing. According to the hadīth of the Prophet (ﷺ), the practice of exceeding the amount of debt payment when paying debts is a noble practice, and the Prophet (ﷺ) showed it himself. This can be seen from the hadith narrated by Jābir Ibn 'Abdullah: The Prophet (ﷺ) owed me a debt and gave me something extra when he paid it (Sunan Abī Dāwud 3347). At the same time, Imam al-Nawawi mentioned in his explanation of Sahih Muslim that it is encouraged (*mubāh*) the debtor to exceed the value of the debt

payment while settling the debt Nawawi (1997). Similarly, in the hadith narrated by Abū Rafī RA, the Prophet (ﷺ) said: "Give him, for the best amongst the people, is he who repays his debts most generously."

Moreover, interestingly, this model involved the law of imposing conditions before borrowing. In this case, the conditions imposed are to raise funds by CW. The benefit is not directed to the lender, but to the funds collected. According to Prophet (ﷺ) said: the best of people is he who discharges his debt in the best manner. (فَإِنْ خِيَارَ النَّاسِ أَحْسَنُهُمْ قَضَاءً) (Reported by Muslim in chapter business transactions no. 1600). Therefore, requiring a contribution first before making financing is permissible from the point of *Shari'ah* view. Likewise the condition in the hadith, "Any loan that draws profit/interest is usury" (كُلُّ قَرْضٍ جَرَّ نَفْعًا فَهُوَ رِبَا). According to (Kilani, 2004), all the hadiths are not authentic, but from the point of the meaning, it is correct. Avoiding injustice or cruelty to any party needs to be avoided, so the addition of credit debt is unethical.

Overpayments on loans are advanced as a CW concept. Whereas in hadith of Prophet (ﷺ), the overpayment of debts is paid over after the end of repaying the loan. The act of overpaying the debt amount when paying it is a *sunnah* and is encouraged because the Prophet (ﷺ) showed it himself when he paid the debt. The matter is not obligatory but is done based on repaying the good done by the creditor (rewarding charity with kindness - **مكافأة الاحسان** **بالاحسان**) like the fatwa issued by Sheikh Abdul Aziz Bin Baz (Sheikh Abdul Aziz Bin Baz Charitable Foundation, 2022). Thus, if the debtor pays debt over the value borrowed, it is allowed and counted as a gift to the creditor, and it is not included in *ribā Nasi'ah*. In societal life, lending and borrowing are widespread. This is because finding perfection in life and fulfilling all the necessities is rarely possessed by a person. Thus, help from peers will lead to love and mutual respect for one's sacrifice to one's brother. Hopefully, with the right and sincere implementation, this will bring blessings to each other. This is in line with Al-Quran: Allah said: "And cooperate in righteousness and piety, but do not cooperate in sin and aggression. And fear Allāh; indeed, Allāh is severe in a penalty" (Al-Māedah: 2).

In conclusion, overpayment in debt is allowed provided that it is not stipulated upon the execution of the loan contract and it's merely based on the discretion of the borrower, and in the present study for this new model, excess payments are put into the CW fund for proliferation and investment to guarantee the stability of the fund.

Cash-Waqf (CW) Investment

Generally speaking, investment is related to all economic activities that involve using resources to produce goods and services (Jackson and Jackson, 1982),

which can also be defined as growth (Al-Kasānī, 1986). So how to get the benefits of goods if can't be invested? The statement above is related to CW. The benefits of money will be lost if used. But the cash's value and the price will grow if involved in economic activities, which is an investment. In (Aldeen et al., 2020), all the topics on CW are categorized into eight sub-topics, namely (1) CW for microfinance (2) CW for small- and medium-sized enterprises (3) CW for education (4) CW for poverty alleviation (5) Factors influence the contributors of CW (6) Management of the CW (7) E-CW and (8) CW for socio-economic development. Aldeen's findings depict that Malaysian and Indonesian scholars show a robust research commitment to CW during 2002-2019. All those categories will lose their liquidity if they are not developed with investment.

Moreover, Zabri and Mohammed (2018) have emphasized a corporate Cash-Waqf Model such as *Cash Waqf-Financial Cooperative-Musharakah Mutanaqishab* (CWFCMM) home financing model. The model has long been highlighted by Wakaf Selangor Muamalat in collaboration with Bank Muamalat Malaysia Berhad (BMMB) (Ramli and Jalil, 2014). Muamalat Invest Sdn. Bhd. plays its role as a *Shari'ah*-compliant investment entity.

Besides, Ismail (2013), in his study, listed six schemes of CW operational, namely: co-operative waqf scheme, *waqf* shares scheme, deposit CW scheme, compulsory CW scheme, corporate *waqf* scheme, deposit product *waqf* scheme. According to Ismail (2013), the schemes are a public *waqf* emerging in Muslim and Muslim minority countries such as Malaysia, Indonesia, Kuwait, and the UK in recent decades. This scheme's primary goal is to earn cash or raise public funds to support society's welfare. To trace how those countries invest in the CW scheme is difficult, but the scheme was well known and famous (Borham, 2011). It can also be proved by the success of the *Sabah Waqf Johor* that has been implemented. Investment-generated revenues were used to fund various projects such as the development of the existing *waqf* lands, the construction of mosques and religious schools, the financing of medical facilities, the physical provision of the Muslim community and religious facilities, the purchase of *Da'mah* vehicles, and the construction of religious centers.

Likewise, Kuwait General Endowment Foundation or Kuwait Awqaf Public Foundation (KAPF) was established in 1993 and has a specific purpose for endowment and development of endowment projects for the community. The projects undertaken by KAPF have provided effective benefits to the community. Among the projects carried out are providing financial assistance to needy students and assisting the Kuwait Autistic Center. Other charitable activities carried out by KAPF that comply with the *waqif* conditions are the provision of free drinks in public places, providing food assistance to the needy, providing clothing assistance to needy families, providing food during Ramadan

for needy and needy families, and others (Rahman, 2009). Kuwait General Endowment Foundation or Kuwait Awqaf Public Foundation (KAPF) aimed at the investment of *waqf* funds and the proceeds are distributed through effective community partnerships.

QHCW model refers to the accumulated cash *waqf* funds that must be invested and the profit from the investment used as a CW product. In other words, the survival of the cash *waqf* fund will be guaranteed from two sources, namely investment and donations from the ongoing cash *waqf* mechanism.

In brief, without relying on the budget of the government, CW has been recognized as one of the successful approaches in financing various goods and services in many Muslim countries. Last but not least, for the public benefit (*al-maṣlahab al-'āmmah*), the QHCW model should be run under blockchain technology in the future. This is due to the nature of blockchain, organizations can save operational costs, and it improves the efficiency of transaction processing. It also reduces manual tasks such as data aggregation and editing, as well as reporting and auditing. In general, blockchain helps businesses save money by eliminating the middlemen, vendors, and third-party providers that traditionally provide the processing that blockchain can do.

CONCLUSION

This study highlights the *Qard Hasan* financing model, supported by the CW instrument as a tool for raising funds. The effects of Covid-19 have caused many to lose their source of income. Then with the CW fund invested, those who lack the conditions of eligibility to borrow from financial institutions can take a deep breath to borrow from CW funds by choosing the product *Qard Hasan*. Financial institutions, mainly Islamic banks, nowadays cater to those who want to develop businesses, not too affected individuals. Not all those affected by the economic problems caused by the crisis have the motivation to do business. Most individuals who lost their source of income need help to structure their finances before finding new job opportunities. Thus, it can indirectly prevent loans with unlicensed financial institutions. Banks must invest in the Investment Account Platform (IAP) for sustainability purposes, a new approach from Islamic banks in Malaysia. If there is a failure to repay, banks can take the profit from the investment to cover the risk management process.

RECOMMENDATION

Content analysis suggests that the proposed model has no negative implications from the point of Islamic law perspective as well as any Islamic financial institution. Therefore, the present study suggests that stakeholders' and

shareholders' views on this model should be studied to further understand how Islamic banks and customers perceive the model.

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