



MODERNIZING WAQF: NAVIGATING LEGAL AND DIGITAL FRONTIERS IN THE 21ST CENTURY

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ABSTRACT

Waqf, an ancient Islamic institution dedicated to charitable and social welfare, has been integral to the socio-economic fabric of Muslim societies for centuries. Traditionally, Waqf involves donating assets—such as land, buildings, or cash—to be held in perpetuity for religious, educational, or philanthropic purposes. However, the 21st century presents both unprecedented opportunities and challenges for the modernization of Waqf, especially within the context of rapid technological advancements and evolving legal frameworks and brings both opportunities and obstacles to the administration and effectiveness of Waqf institutions. This article explores how digital technologies, such as blockchain and online fundraising platforms, impact the management and transparency of Waqf assets. It also investigates the regulatory gaps and legal challenges posed by integrating digital tools into traditional Waqf practices. The research provides comparative insights from successful models in Turkey, Indonesia, UAE, and Pakistan, so that Malaysia can develop a comprehensive and forward-looking legal framework that will enable the effective integration of digital tools into waqf management, benefiting both current and future generations

Keywords: digital frontier; legal framework; waqf.

INTRODUCTION

The concept of Waqf has been present in Malaysia since the arrival of Islam in the region, dating back to the 15th century. Historically, Waqf assets included land, mosques, and educational institutions, which individuals endowed for the benefit of the community. Over time, Waqf played a crucial role in developing Islamic institutions and providing social services in Malaysia. In the pre-colonial period, the administration of Waqf was predominantly managed by local Islamic authorities and community leaders.

However, during the colonial era, British rule introduced new administrative structures that influenced the management of Waqf properties, leading to the integration of local practices with colonial legal frameworks.

THE LEGAL FRAMEWORK OF WAQF IN MALAYSIA: AN OVERVIEW

The legal framework for waqf in Malaysia is shaped by a combination of federal and state laws, reflecting the country's unique legal structure, where Islamic law is primarily a state matter. The Federal Constitution of Malaysia places matters related to Islamic law, including waqf, under the jurisdiction of the states. Each state in Malaysia has its own Islamic Religious Council (Majlis Agama Islam Negeri, or MAIN) that is responsible for the administration of waqf within its territory. These state religious councils act as the sole trustees of waqf properties in their respective states, which means that all waqf properties are legally vested in these councils, ensuring centralized management and regulation.

In Malaysia, each state has enacted their waqf laws and regulations, which govern the creation, management, and administration of waqf properties. These state enactments are based on Islamic law but are adapted to the specific legal and administrative needs of the state. The state religious councils under these enactments have responsibilities that include the registration of waqf properties, ensuring the proper use of waqf income, and maintaining the perpetuity of waqf assets.

While waqf is primarily a state matter, federal legislation also plays a role, particularly in areas such as land law and finance, which intersect with the

management of waqf properties. For example, the National Land Code (1965) is relevant to waqf, as waqf properties often involve land. The code provides the legal framework for the registration, transfer, and management of land in Malaysia, including waqf land. Additionally, the Department of Waqf, Zakat, and Hajj (JAWHAR), under the Prime Minister's Department, provides policy guidance and coordinates waqf management across different states. JAWHAR also works on developing national strategies for waqf development, including the modernization of waqf management and the introduction of new financial instruments.

In addition to that, disputes related to waqf are typically adjudicated in the Syariah Courts, which have jurisdiction over matters of Islamic law. These courts interpret and apply state waqf laws, ensuring that waqf assets are used following the intentions of the waqif (the person who creates the waqf) and Islamic principles. The decisions of the Syariah Courts in waqf matters can be complex, as they must balance the original intentions of the waqif with the practical needs of managing waqf properties in a modern context.

However, in recent years, there has been a growing emphasis on modernizing waqf management in Malaysia to maximize the socio-economic impact of waqf properties. This includes initiatives to develop waqf lands for commercial purposes, with the income generated being used for charitable activities. Innovative financial instruments, such as waqf-based sukuk (Islamic bonds), have also been introduced, allowing for the pooling of funds to finance large-scale waqf projects, such as hospitals, schools, and housing for the poor. In addition to that, the federal government, in collaboration with state religious councils, has been working to standardize waqf practices across the country, ensuring better governance, transparency, and accountability in the administration of waqf properties.

The Impact of Digital Technologies on the Management and Transparency of Waqf Assets

Traditionally, the management of waqf assets has been a complex task involving the administration of properties, funds, and resources dedicated to religious, educational, and charitable causes. The management of waqf assets involves several challenges, including ensuring the efficient use of resources, maintaining the integrity of the endowment, and preventing mismanagement or corruption.

As the value and scope of waqf assets continue to grow, there is an increasing need for more transparent and efficient management practices. This is where digital technologies such as blockchain and online fundraising platforms come into play. However, the integration of digital technologies, particularly blockchain and online fundraising platforms, is revolutionizing waqf management by enhancing transparency, efficiency, and accountability.

Blockchain Technology in Waqf Management

Blockchain, a decentralized digital ledger technology, has gained widespread attention for its potential to transform various sectors, including finance, supply chain management, and governance. In the context of waqf management, blockchain technology allows for the creation of immutable records that cannot be altered or tampered with. This ensures that all transactions related to waqf assets, including donations, expenditures, and transfers, are permanently recorded and accessible to relevant stakeholders.

A blockchain-based ledger in waqf made it publicly accessible, allowing donors, beneficiaries, and the wider community to track how waqf assets are being utilized. This level of transparency helps build trust and confidence in the management of waqf assets. Similarly, blockchain technology enables the use of smart contracts—self-executing contracts with predefined rules and conditions. In waqf management, smart contracts can automate the distribution of funds or resources according to the specific terms set by the waqif (donor). This reduces the risk of human error or deliberate mismanagement.

In addition to that, every waqf transaction recorded on a blockchain is auditable, providing a clear and verifiable trail of how waqf assets are managed. This enhances accountability and ensures that waqf administrators are held responsible for their actions. Furthermore, the decentralized nature of blockchain means that no single entity has control over the entire system.

This reduces the risk of fraud, hacking, or other malicious activities that could compromise the integrity of waqf assets. Blockchain's cryptographic security measures ensure that the data stored on the ledger is secure and cannot be altered without the consensus of the network participants. This is particularly important in preventing the unauthorized modification of waqf records.

Besides, blockchain technology enables real-time monitoring of waqf assets, allowing administrators to track the performance and utilization of these

assets more effectively. This can lead to more informed decision-making and better resource allocation.

Online Fundraising Platforms for Waqf

Online fundraising platforms have become increasingly popular as a means of collecting donations for charitable causes. In the context of waqf, these platforms offer several advantages. For example, online platforms allow waqf institutions to reach a global audience, enabling Muslims from around the world to contribute to waqf projects. This expands the pool of potential donors and increases the financial resources available for waqf activities.

Online platforms make it easier for individuals to donate to waqf projects, as they can contribute from the comfort of their homes using a variety of payment methods. This convenience can lead to higher donation rates.

In addition to that, online platforms can provide regular updates to donors on how their contributions are being used. This level of transparency helps build trust and encourages continued support for waqf projects. Many online platforms offer features that allow donors to track their donations and see the impact of their contributions. This fosters a sense of ownership and accountability among donors.

Online fundraising platforms can automate many aspects of fund management, including donation collection, receipt generation, and fund distribution. This reduces administrative costs and allows more funds to be directed toward the intended charitable purposes. These platforms often come with data analytics tools that can help waqf administrators better understand donor behavior, identify trends, and optimize fundraising strategies.

Undeniably, online platforms enable waqf institutions to raise funds for specific projects, such as building schools, mosques, or healthcare facilities. Crowdfunding campaigns can be tailored to specific causes, making it easier to attract targeted donations. Crowdfunding campaigns can also engage the community by encouraging collective participation in waqf projects. This strengthens the sense of community and shared responsibility in supporting charitable causes.

REGULATORY GAPS AND LEGAL CHALLENGES IN INTEGRATING DIGITAL TOOLS INTO TRADITIONAL WAQF PRACTICES

The integration of digital tools into traditional waqf practices represents a significant shift in how these ancient philanthropic institutions are managed and operated. Waqf, which involves the endowment of assets for religious or charitable purposes, has historically been governed by Islamic law and local regulations specific to each jurisdiction. However, as waqf management increasingly adopts digital technologies such as blockchain, online fundraising platforms, and digital databases, new regulatory gaps and legal challenges are emerging.

Digital tools have the potential to revolutionize waqf management by enhancing transparency, efficiency, and accessibility. For example, blockchain technology offers a decentralized and immutable ledger system that can track waqf transactions with unprecedented accuracy. Online fundraising platforms enable waqf institutions to reach a global audience and streamline donation processes. Digital databases allow for better record-keeping and easier access to information about waqf assets and beneficiaries.

While these technologies promise numerous benefits, their integration into waqf management also poses significant regulatory and legal challenges. These challenges stem from the need to balance traditional Islamic principles with modern technological advancements and to ensure that digital tools are implemented in a way that is both legally compliant and culturally appropriate.

Lack of Specific Legislation for Digital Waqf and Ambiguity in Shariah Compliance

In many jurisdictions, including Malaysia, there is no specific legal framework that addresses the use of digital tools in waqf management. The existing laws governing waqf are primarily based on traditional practices and may not adequately cover the complexities introduced by digital technologies. Similarly, the application of digital tools in waqf management raises questions about Shariah compliance, particularly concerning the use of blockchain and smart contracts. The traditional principles of waqf require that the original endowment remains intact and unaltered, which may be challenging to ensure with the decentralized and automated nature of blockchain technology.

While digital technologies offer significant benefits for waqf management, some challenges need to be addressed especially regarding regulatory compliance. The adoption of blockchain and online fundraising platforms requires a supportive legal framework that addresses issues such as data protection, cybersecurity, and financial regulation. Waqf institutions must ensure that their use of digital technologies complies with existing laws and regulations. Similarly, waqf management must also adhere to Islamic principles, which may require careful consideration of how digital technologies are used. For example, the use of blockchain and smart contracts must align with Shariah guidelines to ensure the legitimacy of waqf transactions.

As Malaysia advances into the digital era, the legal framework governing the country's digital frontiers faces significant challenges and opportunities. The rapid development of digital technology has transformed various sectors, including commerce, communication, education, and governance. However, this transformation also brings complexities that necessitate a robust legal framework to protect rights, ensure security, and foster innovation. Despite the robust legal framework, the management of waqf in Malaysia faces several challenges. These include issues related to the underutilization of waqf assets, lack of standardized practices across states, and bureaucratic inefficiencies. Additionally, there is often a lack of public awareness about the potential of waqf as a tool for socio-economic development.

Lack of Digitalization Provisions

Malaysia's waqf laws, including the Waqf Enactment in various states, were crafted in an era that did not anticipate the rapid evolution of digital technologies. These laws mainly address traditional methods of waqf administration, with limited reference to digital tools like blockchain or crowdfunding platforms. There is a lack of clear guidelines on how these tools could be used for the collection, management, or distribution of waqf funds and assets.

Lack of Transparency

One of the primary challenges in waqf management in Malaysia is the lack of transparency in how funds are utilized and the management of waqf assets. Traditional accounting and reporting systems are often opaque, leading to public

mistrust. Blockchain technology, with its immutable ledger, can enhance transparency, but there are no clear regulations on how blockchain-based waqf operations could be legally recognized or integrated into existing systems.

Crowdfunding Regulation

Besides, it is to be noted that crowdfunding has emerged as a promising way to raise funds for various projects, including waqf initiatives. However, Malaysia's crowdfunding regulations (under the Securities Commission's guidelines) are largely tailored for equity or donation-based crowdfunding for commercial purposes, rather than for charitable endowments like waqf. There is ambiguity regarding how waqf projects can legally raise funds via crowdfunding platforms and how these funds should be accounted for and managed.

Inheritance and Ownership Issue

It is also to be noted that the legal framework governing waqf in Malaysia is also not equipped to handle complex issues arising from the digitalization of waqf assets. For example, if a waqf endowment is created using cryptocurrency or other digital assets, the ownership and management of these assets may not be clearly defined under existing waqf laws. Additionally, the question of whether digital or virtual assets can be legally endowed as waqf remains unresolved.

Lack of Clear Governance for Digital Waqf Institutions

While some Malaysian institutions are exploring the use of digital waqf, there is no clear governance framework to regulate these institutions. Digital waqf platforms, such as those that accept donations via online platforms or cryptocurrencies, often lack the legal and regulatory oversight that traditional waqf institutions have, leading to potential legal and ethical concerns.

Data Protection and Privacy Concerns.

One of the concerns about data protection and privacy concerns is the inadequacy of data protection laws. As waqf institutions increasingly rely on digital databases and online platforms, they collect and store large amounts of sensitive data, including personal information about donors and beneficiaries. In many jurisdictions, data protection laws may not be robust enough to safeguard this information from cyber threats, leading to potential breaches of privacy.

Further on, the global nature of online fundraising platforms means that waqf institutions may need to transfer data across borders. This raises legal issues related to jurisdiction and the applicability of data protection laws, particularly when data is transferred to countries with different legal standards.

Cybersecurity and Cybercrime

As reported by Cyber Security Malaysia, statistics show that a total of 8226 cases involving cybercrime occurred from January 2021 to September 2021. Among the most reported cases were fraud cases of 5899 cases, followed by intrusion of 1198 cases. With the increasing reliance on digital platforms, Malaysia faces a growing number of cyber threats, including hacking, ransomware, phishing, and cyber espionage.

The existing legal framework, including the Computer Crimes Act 1997, is often seen as outdated and insufficient to address the sophisticated nature of modern cybercrimes [10]. Furthermore, cybercrimes often transcend national borders, making it difficult to enforce laws that are primarily designed for physical jurisdictions. The challenge lies in coordinating with international bodies and foreign governments to effectively combat cyber threats.

Data Protection and Privacy

When it comes to data protection and privacy, a question arises whether Malaysia has an adequate legal framework to combat this issue. In 2010, Malaysia made significant strides in establishing a legal framework to address data protection and privacy, primarily through the enactment of the Personal Data Protection Act 2010 (PDPA). The PDPA is the cornerstone of Malaysia's data protection and privacy framework. It regulates the processing of personal data in commercial transactions and applies to any individual or organization that processes or controls data in Malaysia and covers a wide range of data processing activities, from collection and storage to usage and disclosure.

The PDPA grants data subjects several rights, including the right to access personal data, the right to correct inaccurate data, and the right to withdraw consent. These rights are fundamental to empowering individuals to control their personal information. The PDPA also imposes various obligations on data users (those who process data), such as obtaining consent, providing

notice to data subjects, and implementing appropriate security measures. These obligations are designed to protect data integrity and privacy.

In addition, the PDPA establishes the Personal Data Protection Commissioner, who is responsible for overseeing the implementation of the Act, investigating complaints, and enforcing compliance. This provides an institutional mechanism to monitor and regulate data protection practices. Besides, the PDPA includes provisions for penalties against data users who fail to comply with the law. These penalties can include fines and, in some cases, imprisonment, which serves as a deterrent against data breaches and mishandling.

However, as digital technologies are increasingly adopted in the management of waqf assets, including databases for donors and beneficiaries, online platforms for donations, and digital records of waqf properties, the protection of this data becomes critically important. The PDPA applies to commercial transactions, but its application to waqf institutions, which are non-commercial religious entities, can be ambiguous. The PDPA excludes federal and state governments from its scope, and since MAINs are state institutions, there is a potential gap in the application of the PDPA to waqf data. For example, in instances where the PDPA does apply, waqf institutions would be required to adhere to its provisions, such as obtaining consent before collecting personal data, ensuring data security, and providing data subjects with access to their data. However, the extent to which waqf institutions comply with these requirements can vary, and there may be a lack of standardized practices across different states.

In addition, with the digitization of waqf management, there is a growing risk of data breaches, unauthorized access, and misuse of personal data. The existing waqf legal framework does not explicitly address data protection, leaving a potential gap in safeguarding the personal information of donors and beneficiaries. There may be varying levels of awareness and understanding of data protection obligations among waqf administrators. Some waqf institutions, particularly in states with less digital infrastructure, may not fully implement or prioritize data protection measures.

Similarly, for waqf institutions that do fall under the purview of the PDPA, there can be challenges in aligning their operations with the requirements of the Act, particularly when balancing religious and legal obligations. For

example, ensuring data privacy while maintaining transparency in waqf administration can be complex.

It is a fact that PDPA does not provide specific guidelines tailored to the unique context of waqf institutions. Unlike commercial entities, waqf institutions operate on principles of Islamic law, and there may be specific considerations related to the handling of personal data that are not addressed by the PDPA.

Besides, the decentralized nature of waqf administration in Malaysia means that practices can differ significantly from one state to another. This lack of uniformity can lead to inconsistencies in how data protection and privacy are handled, potentially leaving gaps in the legal framework.

Digital Economy Regulation

The digital economy, encompassing e-commerce, fintech, and digital services, is growing rapidly in Malaysia. However, the legal framework has struggled to keep pace with the innovation in these sectors. Issues such as the regulation of cryptocurrencies, digital contracts, and platform economies (like ride-sharing and delivery services) require more comprehensive and dynamic legal approaches. Therefore, it is a challenge for regulators to strike a balance between fostering innovation and ensuring that regulations are in place to protect consumers, prevent fraud, and maintain market fairness.

Adapting Traditional Laws to the Digital Age

Many of Malaysia's laws were created before the advent of digital technology and are ill-equipped to address the unique challenges posed by the digital age. For example, intellectual property laws may not fully cover digital content and its distribution, and consumer protection laws may not adequately address issues related to online transactions.

In addition, the rapid pace of technological change often outstrips the legislative process. By the time new laws or amendments are enacted, they may already be outdated, creating a lag in effective governance.

Digital Inclusion and Equity

The legal framework must also address issues of digital inclusion, ensuring that all Malaysians, regardless of location or socio-economic status, have access to

digital technologies and are protected by the same legal standards. This includes the challenge of extending digital infrastructure to rural and underserved areas.

COMPARATIVE INSIGHTS FROM OTHER JURISDICTIONS

Turkey's Modernization of Waqf (Digital and Blockchain Adoption)

Turkey's Directorate General of Foundations (VGM) has pioneered efforts to digitalize waqf administration. The government has integrated digital tools to manage waqf assets more efficiently, including a national registry that allows for online management and monitoring of waqf properties. Notably, Turkey has explored blockchain as a means to enhance transparency, particularly in property registration and asset management. This has helped in minimizing corruption and ensuring accountability in the use of waqf assets.

Thus, Malaysia could emulate Turkey's model by creating a national digital registry for waqf properties and integrating blockchain for transparent record-keeping and asset management.

Indonesia's Legal Framework for Waqf Crowdfunding

Indonesia has made strides in regulating digital waqf by allowing waqf institutions to raise funds through online crowdfunding platforms. In 2018, Indonesia's Waqf Board (BWI) partnered with fintech companies to launch a digital waqf platform that allows Muslims to contribute to waqf causes via mobile apps and online payment systems. The platform also incorporates a Sharia-compliant framework for online giving and ensures that funds are properly channeled to the intended projects.

Indonesia's model of regulating digital waqf through crowdfunding platforms could serve as a blueprint for Malaysia. Clear guidelines could be developed for online waqf fundraising, focusing on Sharia compliance and transparency.

United Arab Emirates (UAE) - Blockchain for Waqf Management

The UAE has taken significant steps towards modernizing the waqf system, particularly in terms of blockchain adoption. The UAE Ministry of Economy has supported the use of blockchain for waqf asset management and recording.

Blockchain allows for better tracking of waqf donations and asset usage, reducing administrative costs and enhancing trust.

As blockchain technology can be utilized in Malaysia to improve the efficiency and transparency of waqf management, UAE's approach could guide Malaysia in drafting regulations that integrate blockchain with existing waqf legal structures, creating a more robust, accountable system.

Pakistan - Waqf Digitization and Financial Inclusion

Pakistan has been working towards digitizing its waqf assets through the Pakistan Waqf Properties Board. The country is focusing on integrating financial inclusion into waqf management by leveraging digital platforms to raise funds. These platforms allow Muslims to contribute to waqf causes through mobile payments, with the contributions tracked via a centralized digital system.

Financial inclusion could be a key aspect in Malaysia's waqf modernization. By facilitating easy digital contributions and tracking, Malaysia could enhance public participation in waqf programs.

PROSPECTS AND OPPORTUNITIES

As technology continues to evolve, the laws and regulations governing its use must also evolve. There are few proposals as to the prospects and opportunities of Malaysia's legal framework in digital frontiers reflect the country's broader efforts to embrace the digital age while safeguarding the rights and security of its citizens, especially in strengthening the legal frameworks.

Developing a Clear Legal Framework for Digital Waqf in Malaysia

Malaysia's existing waqf laws should be updated to clearly define how digital tools, such as blockchain and crowdfunding platforms, can be incorporated into the management and administration of waqf. This may include new guidelines for the use of digital currencies, smart contracts, and decentralized finance (DeFi) systems in waqf operations.

Expansion of the Scope of Computer Crime Act

Given the challenges outlined above, there is a strong case for expanding the Computer Crimes Act (CCA) scope to protect waqf institutions from cyber threats better. The CCA could be amended to include specific provisions that

address the unique cybersecurity needs of waqf institutions. This might involve defining offenses related to unauthorized access to waqf data, the fraudulent use of waqf funds, and the manipulation of online waqf platforms. By explicitly recognizing waqf-related cybercrimes, the law would provide clearer guidance for both waqf administrators and law enforcement agencies.

The expanded CCA could impose stricter penalties for data breaches involving waqf-related information. This would incentivize waqf institutions to adopt stronger cybersecurity measures and deter potential offenders. Additionally, the law could mandate that waqf institutions implement specific cybersecurity protocols, such as encryption, regular security audits, and secure data storage practices.

To ensure the effectiveness of the expanded CCA, enforcement mechanisms need to be strengthened. This could include specialized training for law enforcement agencies in dealing with waqf-related cybercrimes and the establishment of a dedicated task force to monitor and respond to cyber threats targeting waqf institutions. Collaboration between federal and state authorities would be crucial in ensuring that the expanded CCA is uniformly applied across all states, regardless of the specific waqf regulations in place.

The expansion of the scope of the CCA to better regulate and protect waqf in Malaysia is both necessary and timely. As waqf institutions increasingly adopt digital platforms for management and fundraising, they become more vulnerable to cyber threats that could undermine their operations and public trust. By including waqf-specific provisions in the CCA, strengthening data protection measures, and enhancing enforcement mechanisms, Malaysia can ensure that its waqf institutions are well-protected in the digital age. This expansion would not only safeguard valuable waqf assets but also reinforce Malaysia's commitment to preserving the integrity and effectiveness of its waqf system in the face of emerging cyber challenges.

Updating the PDPA

There is a growing call for the PDPA to be revised to expand its scope and strengthen enforcement mechanisms. This could include extending coverage to government agencies, introducing higher penalties for non-compliance, and incorporating elements of the EU's General Data Protection Regulation (GDPR) to enhance consumer rights. The government should also invest in public

awareness campaigns and support SMEs in complying with data protection laws through subsidies or training programs.

This would address concerns about the unequal treatment of public and private sector data practices. The PDPA should be revised to address modern data processing technologies, including provisions for big data, AI, and IoT. This could include stricter regulations on automated decision-making and profiling.

Similarly, to enhance enforcement, the government could allocate more resources to the PDPC, enabling it to investigate complaints more efficiently and take proactive measures to ensure compliance across all sectors. The government and relevant agencies could run more extensive public awareness campaigns to educate businesses and the public about their rights and responsibilities under the PDPA. This would help improve compliance and empower individuals to better protect their data.

Alternatively, to align with global best practices, Malaysia could consider adopting provisions similar to the GDPR, particularly concerning data subject rights and cross-border data transfers. This would not only enhance data protection standards but also make it easier for Malaysian businesses to operate internationally, especially in markets where GDPR compliance is required.

Adoption of a Flexible Regulatory Framework

Malaysia could also adopt a more dynamic and flexible regulatory framework that can adapt to the rapidly changing digital economy. This includes clear guidelines on emerging technologies like blockchain and AI, as well as a more nuanced approach to regulating digital platforms and services. Strengthening consumer protection laws in the digital space is essential. This includes addressing issues like online fraud, data breaches, and the rights of consumers in digital transactions.

A thorough review and modernization of Malaysia's legal framework are also required to ensure that traditional laws are adapted for the digital era. This could involve introducing new laws specifically targeting digital content, intellectual property in the digital realm, and online dispute-resolution mechanisms. To keep pace with technological advancements, Malaysia could explore ways to expedite the legislative process for digital-related laws, perhaps through fast-track procedures or temporary regulatory sandboxes.

Similarly, continued investment in digital infrastructure, particularly in rural and underserved areas, is crucial. Legal frameworks should also ensure that digital services are accessible to all citizens and that digital literacy programs are implemented nationwide. The legal framework must ensure that all Malaysians, regardless of their digital literacy level, have equitable access to legal protections and resources in the digital space.

POLICY RECOMMENDATIONS FOR KEY STAKEHOLDERS

1. State Religious Councils

State Religious Councils, which manage waqf properties at the state level, must be actively involved in the transition to digital waqf management. Their role is crucial in ensuring that the digital platform is compliant with Islamic law while enhancing transparency and efficiency. Every State Religious Council should set up dedicated digital waqf units that oversee the adoption of digital platforms for waqf fundraising, asset management, and monitoring. This unit would be tasked with vetting technology solutions and ensuring Sharia compliance in digital platforms. Similarly, State Religious Council can issue state-specific guidelines to facilitate the collection and management of waqf funds via digital channels. These guidelines should outline the principles of Sharia compliance, data protection, and transparency. State Religious Council should partner with fintech and blockchain companies to develop secure and Sharia-compliant digital waqf platforms. Through public-private partnerships, these stakeholders can create a trustworthy infrastructure for digital waqf transactions.

2. JAWHAR (Department of Waqf, Zakat, and Hajj)

JAWHAR plays a central role in overseeing waqf policy and administration at the federal level. As the main coordinating body, it should spearhead the modernization of waqf through digital tools. JAWHAR should create a comprehensive, nationwide regulatory framework for digital waqf, ensuring consistency across states. This would include common standards for fundraising, asset management, and governance that align with both Islamic principles and Malaysian law.

In addition, JAWHAR should establish a Sharia advisory panel within JAWHAR to assess the compliance of digital waqf platforms and tools, such as

blockchain, with Islamic law. This panel would provide oversight to ensure digital tools adhere to Sharia principles of transparency, trust, and charitable intent. Similarly, JAWHAR should lead nationwide campaigns to raise awareness about digital waqf options, ensuring that Muslims understand how to use digital platforms for waqf contributions while maintaining trust in the system.

3. Policymakers (Government and Legislative Bodies)

Policymakers, including the Ministry of Religious Affairs, Ministry of Communications and Multimedia, and the Ministry of Finance, must work together to create a legal environment that accommodates the integration of digital tools into waqf management. Policymakers should revise existing laws, including the Waqf Enactment in each state, to explicitly allow the use of digital tools (e.g., blockchain and crowdfunding platforms) in waqf administration. They should ensure these laws accommodate the management of digital assets as part of waqf endowments. Besides, policymakers should introduce specific regulations for digital waqf crowdfunding platforms, detailing the legal obligations of these platforms, including how funds are raised, distributed, and reported. Regulations should include transparency measures, such as regular audits and public access to donation reports. Other than that, policy makers should also provide tax incentives or subsidies for fintech firms developing innovative solutions for waqf management. Such incentives can encourage the creation of digital tools that are Sharia-compliant and beneficial to the waqf sector. Policymakers should also facilitate partnerships between Islamic banks, fintech startups, and waqf institutions to leverage Islamic finance principles (e.g., sukuk bonds for waqf asset funding) alongside digital innovations like blockchain for enhanced waqf management.

CONCLUSION

The modernization of Malaysia's waqf system, especially through digital tools like blockchain and crowdfunding, holds immense potential for improving efficiency, transparency, and public participation. However, addressing the regulatory gaps in Malaysia's legal framework is critical to achieving these goals. By learning from successful models in Turkey, Indonesia, UAE, and Pakistan, Malaysia can develop a comprehensive and forward-looking legal framework that

will enable the effective integration of digital tools into waqf management, benefiting both current and future generations.

In addition, the legal framework of waqf in Malaysia is a complex but well-structured system that integrates Islamic principles with the country's modern legal and administrative requirements. By placing waqf under the jurisdiction of state religious councils and providing a combination of state and federal oversight, Malaysia has created a system that both preserves the traditional values of waqf and adapts them to contemporary needs. As the country continues to develop its waqf sector, the focus on modernization, transparency, and efficiency will be key to unlocking the full potential of waqf as a vehicle for social and economic development.

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