

Cash Waqf Linked Sukuk (CWLS): Returns and Social Programs in Indonesia

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Abstract. Cash Waqf Linked Sukuk (CWLS) Retail is a cash waqf investment in state sukuk. The returns generated from this investment will be channeled by nadzir (waqf managers) to finance social programs and economic empowerment of the people. The objectives of Retail CWLS include facilitating the community in distributing safe and productive cash waqf funds, developing social investment in Indonesia, encouraging inclusive and sustainable economic growth, supporting the national waqf movement and assisting the development of productive waqf in Indonesia, and strengthening the cash waqf ecosystem in Indonesia. . This study aims to determine the returns and social programs that are financed from the returns obtained by retail CWLS. Based on the explanation above, it can be concluded that the returns on retail CWLS are still limited in value to finance social programs carried out by nazhir and the results of retail CWLS investment funds are still far from the potential cash waqf in Indonesia so it is necessary to increase literacy to the community.

Keywords: CWLS, SBSN, Nazhir, Waqf, Social Program.

1 Introduction

Cash waqf is a form of waqf that has become popular in Indonesian society, even MUI has issued MUI Fatwa No.2. 2002 concerning Cash Waqf on May 11, 2002. In fact, since 2002 Baitul Maal Muamalat has had the Muamalat Cash Waqf program as a form of cash waqf management. However, the amount of collection is still far from the potential calculated by the Indonesian Waqf Board (BWI). The form of cash waqf can be in the form of cash, sukuk or waqf through money. This is because there are differences in the way they are collected. In this cash waqf, the principal value of the waqf money must always be kept intact and what is used to finance the mauqud alaih is the value of the waqf investment. Cash waqf must be invested in productive activities so that the value of the benefits of the waqf can be obtained and utilized for the benefit of the people.

Cash waqf is a legal action of Wakif to separate and/or surrender part of the money for worship and/or general welfare purposes according to the Shari'a for a certain period of time or forever. From several nazhir cash waqf, such as Tabung Waqf Indonesia has managed cash waqf in quite large amounts and management with empowerment in the economic field where cash waqf funds are placed in productive businesses. Both land waqf, productive waqf and cash waqf complement each other so that the waqf becomes productive and generates a surplus so that it can be used to finance the programs planned by Nazhir. Waqf assets that are managed in principle must be preserved and their value. To improve the ease of waqf, currently cash waqf can be carried out of various values. In principle, cash waqf can start with a value of IDR 1,000,000 so that a waqf certificate can be issued, however, it can be done in groups and collected up to IDR 1,000,000, as initiated by nazhir cash waqf. As of October 2022, there are 34 Islamic Financial Institutions Recipient of Waqf, consisting of Sharia Commercial Banks and Sharia People's Financing Banks (BPRS). For example, if there are 20 people and each waqf of Rp. 50,000 cash, a waqf certificate can be issued along with details of the names of the waqf. In contrast to other property waqf, for example land that has a high value, this cash waqf is a solution that the waqf movement is easy and in accordance with the ability of the wakif.

The Indonesian Waqf Board (BWI) was formed based on Law No. 41 of 2004, but the management is based on Presidential Decree No. 75/M of 2007 dated July 13, 2007. The Indonesian Waqf Board (BWI) has the task of helping nazhir to improve their competence and skills in managing waqf so that their assets - Waqf assets are managed professionally and can be productive. BWI is determined to manage waqf assets not only in the interests of worship, but also in the form of economic empowerment, social services to the development of public infrastructure. Challenges in waqf, among others, the awareness of the Indonesian people to perform waqf worship is also considered low and the public's mindset about cash waqf still needs to be improved. Therefore, BWI carries out many educational programs and socialization of cash waqf to improve public literacy.

Based on data from the Ministry of Religion (2018), the realization of cash waqf from 2011 to 2018 averaged only Rp. 31.9 billion every year. The Indonesian Waqf Agency (BWI) in September 2019, has released data that the potential for waqf assets per year reaches Rp. 2,000 trillion with a waqf land area of 420,000 hectares. Meanwhile, the potential for cash waqf can reach IDR 188 trillion per year. Of the total potential for waqf, only Rp 400 billion has been realized.

Productive waqf is a movement that is able to make people more aware of the importance of waqf for accelerating economic growth. In collecting waqf funds, among others, it can be done through Retail CWLS (Cash Waqf Linked Sukuk), this is a new financial instrument based on waqf. Research on Retail CWLS (Cash Waqf Linked Sukuk) has not been too much because CWLS in Indonesia only started in 2020. As a form of cash waqf, CWLS must be preserved for the immortality or integrity of the waqf money. Because it is in the form of money, Nadhir must have the ability to manage finances. Basically cash waqf must also be productive so that the

return on investment can be maximized. Cash Waqf Linked Sukuk (CWLS) Retail is a cash waqf investment in state sukuk. The returns generated from this investment will be channeled by nadzir (waqf managers) to finance social programs and economic empowerment of the people. The benefits of waqf assets and/or their yields are for the public interest (mashalih 'ammah) which do not conflict with sharia principles. Retail CWLS is managed based on sharia principles, does not contain elements of usury, gharar (obscurity), and maysir (gambling), and has obtained the DSNMUI Statement Number B-109/DSN-MUI/II/2019 regarding the Statement of Sharia Alignment of Cash Waqf Linked Sukuk and statements Sharia compliance from the National Sharia Council – Indonesian Ulema Council (Number B-285/DSN-MUI/IV/2021 dated 7 April 2021).

Social programs that accept the use of retail CWLS include business empowerment based on Islamic boarding schools, educational scholarship assistance, livestock business development, assistance for the blind, sanitation and toilet assistance, illiteracy liberation, empowerment of MSMEs, procurement of medical equipment and others. The Indonesian economy, one of which is supported by MSMEs, the government must support the growth of MSMEs and the benefits of CWLS rewards are used to empower MSMEs. Indonesia has a very large potential for waqf and it is only a matter of realizing the existing potential.

The retail CWLS investment product has now issued the SWR003 series and is based on sharia principles, where there is no *masyir* (gambling), *gharor* (unclearness), and elements of usury. As a form of commitment to sharia principles, this CWLS investment has received a statement of sharia compliance from the National Sharia Council – Indonesian Ulema Council (DSN-MUI) Number B-0263/DSN-MUI/III/2022 dated March 25, 2022. The contract used in the management of CWLS this is a wakalah contract. The rewards for this retail waqf sukuk are paid monthly to Nazhir to be distributed to social programs that have been determined in advance. This SWR series CWLS uses State-Owned Goods (BMN) and APBN Projects as the underlying assets.

The objectives of Retail CWLS include facilitating the community in distributing safe and productive cash waqf funds, developing social investment in Indonesia, encouraging inclusive and sustainable economic growth, supporting the national waqf movement and assisting the development of productive waqf in Indonesia, and strengthening the cash waqf ecosystem in Indonesia. . Based on this explanation, we can see that the State of Indonesia has facilitated the CWLS program which has tremendous benefits for both the investor/wakif community, as well as the target community for the waqf program.

The advantages of Retail CWLS Investments include safe (all invested cash waqf is guaranteed by the State), amanah (management and utilization of cash waqf is carried out transparently and accountably), easy (there are easy facilities for investors/waqf), productive (investment returns are paid in a transparent manner). routine for financing social programs), intact (funds will return 100% after the maturity of SBSN), and blessings (investors/waqf have contributed to

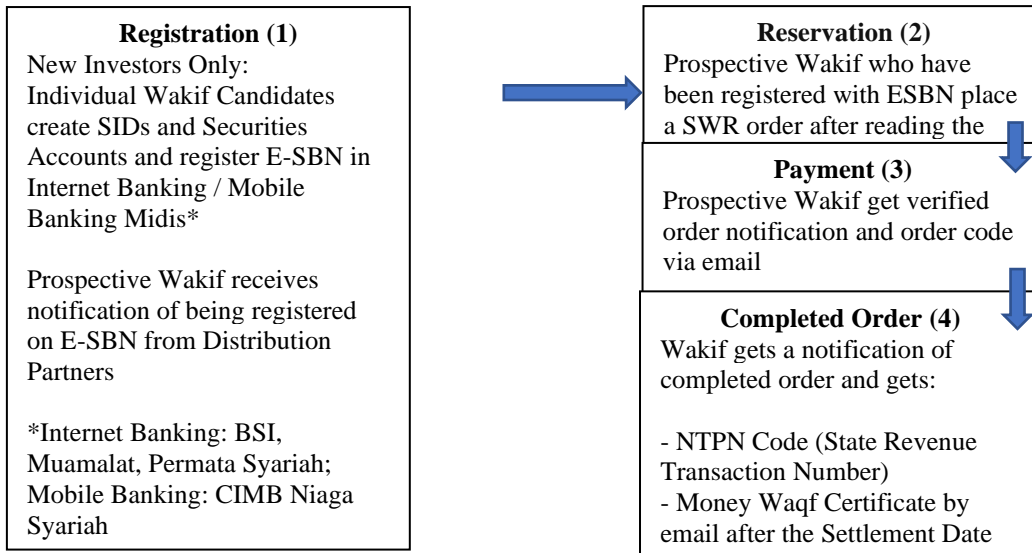
people's economic development with only a minimum of IDR 1 million). Waqif steps to perform waqf through CLWS:

1. Visiting distribution partners, so far distribution partners that have collaborated with the government are BSI (Bank Syariah Indonesia), Bank Muamalat, Bank CIMB Niaga, Bank Permata Syariah.
2. Registration, at this stage the wakif needs to create a SID and securities account and register E-SBN at the internet banking of registered distribution partners.
3. Ordering, this stage requires the wakif to fill out and approve the waqf pledge deed.
4. Payment, the prospective wakif will receive a verified order notification, and order confirmation via email. Then make payments on the various payment channels listed.
5. Completed order, this stage is the last stage where the wakif will get NTPN (fund receipt transaction number) and cash waqf certificate.
6. The stages above are the stages of buying online. If the wakif wants to order offline, the steps taken are more or less the same, only that there are more distribution partners available, namely BSI (Bank Syariah Indonesia), Bank Muamalat, Bank CIMB Niaga, Bank Permata Syariah, Bank Mega Syariah and Bank Bukopin Sharia.

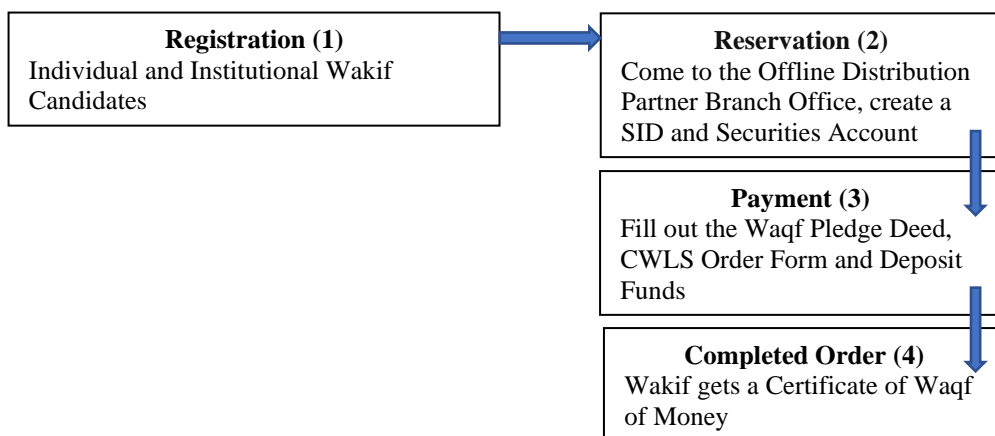
How To Waqf Money Through Retail CWLS Scheme (Online & Offline)

Retail CWLS orders can be made online or offline. The development of digital technology makes transactions easier, especially the millennial generation. Individual wakifs can order SWR Online and Offline, while Wakif Instusi can order SWR offline,

a. Scheme of online



b. Scheme of offline



Online distribution partner banks: BSI (Bank Syariah Indonesia), Bank Muamalat, Bank CIMB Niaga Syariah, and Bank Permata Syariah. Offline distribution partner banks: BSI (Bank Syariah Indonesia), Bank Muamalat, Bank CIMB Niaga Syariah, Bank Permata Syariah, Bank Mega Syariah and Bank Bukopin Syariah.

The government's commitment in developing social investment includes the issuance of Minister of Finance Regulation Number 107/PMK.08/2022 concerning Issuance and Sales of State Sharia Securities by Private Placement in the Domestic Primary Market; preparation of the design of the State Sharia Securities (SBSN) instrument for managing the portfolio of BWI

waqf funds within the CWLS framework with the SW series CWLS through Private Placement and SWR Series CWLS through Bookbuilding, and MoUs from the Ministry of Finance, Ministry of Religion, Bank Indonesia, and the Indonesian Waqf Board.

CWLS SWR series through Bookbuilding is a process of issuing securities, in which investors submit an offer to buy an SBSN product, in the form of the amount and price of the offer to buy, and it is recorded in the book order by the investment bank which acts as regulator; or SBSN sales activities to investors through Selling Agents with distribution partner banks. With the Bookbuilding method, the bid to closing ratio is 1.00. The funds obtained from the issuance and sale of SWR003 are used by the Government to finance the APBN including project financing in the APBN for the 2022 Fiscal Year.

This study aims to determine the returns and social programs that are financed from the returns obtained by retail CWLS. As stated in the SWR Series of issued Sukuk Waqf Information Memorandum (Cash Waqf Linked Sukuk).

2 Method

This is a library research project, so the data sources are books, reports, papers, news, seminars, articles, or other scientific works that support this research. Data collection requires documentation. Primary data sources include waqf regulations, DSN-MUI Fatwa on sukuk waqf, and government SBSN regulations. While secondary data sources include articles, previous research findings, papers, seminars, scientific journals, and proceedings, as well as provisions discussing Cash Waqf Linked Sukuk. The descriptive method is used in data analysis to interpret and present the data so that it can be understood and concluded

3 Results and Discussion

Cash Waqf Linked Sukuk retail from 3 times issued has reached Rp. And each issuance experienced an increase in the value of CWLS compared to SWR001. The SWR002 series increased by 61.89% compared to SWR001 and SWR003 experienced an increase of 58.46% compared to SWR002. In SWR001 the average order is Rp. 14,324,688 from 1,041 wakif, while in SWR002 the average order is Rp. 40,847,716,- from 591 wakif and SWR003 the average order is Rp. 55,600,291,- from 688 wakif.

Gross yields obtained from SWR001, SWR002 and SWR003 amounted to Rp 8,139,905,381,- (before tax) and net yields were Rp 7,325,914,842. The average yield per month from SWR001 is Rp. 60,102,256,-, while SWR002 is Rp. 100,856,269,- and SWR003 is Rp. 144,287,925,- so that the average per month is Rp. 305,246,451.

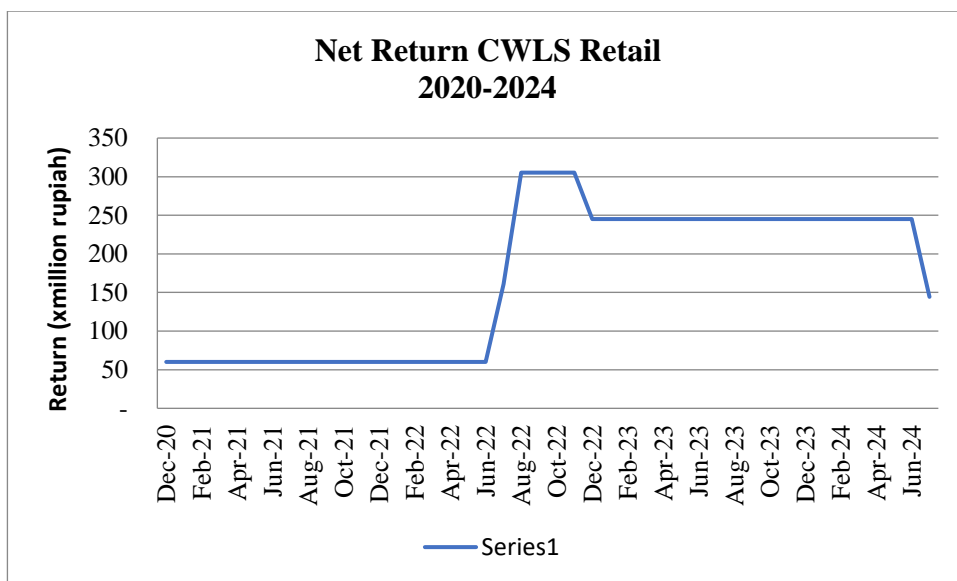


Fig. 1. Net Return CW1.S Retail

Yield is SWR001 from December 2020 to November 2022, SWR002 from July 2022 to June 2024, and SWR003 from August 2022 to July 2024. The highest yield is accumulated in August 2022-November 2022 due to the sum of the three SWRs. The greater the return received by Nazhir, the wider the social program that is implemented because the social programs proposed by Nazhir are listed in the SWR series retail CWLS information memorandum.

Bank Indonesia acts as the payer of Rewards/Coupons and/or Nominal Value of SWR Series Waqf Sukuk from the Government, and pays Rewards/Coupons and/or Nominal Value of SWR Series Waqf Sukuk to Owners of SWR Series Waqf Sukuk in accordance with the provisions of the SBSN Law. Meanwhile, the bank as a distribution partner will offer and/or sell the SWR Series Waqf Sukuk. The SWR Series Waqf Sukuk Rewards/Coupons are owned by Nazhir Waqf Series SWR Sukuk to finance the implementation of the SWR Series Waqf Sukuk Programs/Social Activities. The SWR Series Waqf Sukuk Rewards/Coupons will be received by the Party whose names are recorded in the Bank Indonesia Administration System and Sub-Registry within 2 (two) Business Days.

In the event that the investor/wakif participates in the SWR Series Waqf Sukuk temporarily, the investor/wakif is entitled to the nominal value; otherwise, the SWR Series Nazhir Waqf Sukuk will have Nominal Value Rights. Distribution Partners will distribute the nominal value of the SWR Series Waqf Sukuk to the SWR Nazhir Waqf Sukuk Waqf by debiting the SWR Series Waqf Sukuk Owner's funds account which will then be transferred to the SWR Series Nazhir Waqf Sukuk account for Waqf and its management in accordance with applicable regulations. Nazhir CWLS is the Party that manages the cash waqf funds invested in the SWR Series Waqf Sukuk in accordance with the provisions of the legislation.

3.1 Implemented Social Programs

Nazhir CWLS SWR Series is required to compile a program and report on the distribution of returns on CWLS SWR Series to be submitted to the Indonesian Waqf Board, Ministry of Religion, Ministry of Finance of the Republic of Indonesia and Wakif. In the case of CWLS waqf management, Nazhir CWLS SWR Series can receive a reward from the net proceeds for the management and development of waqf assets of a maximum of 10% (ten percent). Social programs that are financed from returns are determined jointly by Nazhir, the Indonesian Waqf Board, the Ministry of Religion, the Ministry of Finance of the Republic of Indonesia and Wakif. Social programs funded by retail CWLS include the Community Sanitation Program, MSME Empowerment, Sheep and Goat Breeding, Development of Islamic Boarding School-Based Business Clusters, Community Empowerment Through Animal Livestock, Renovation of Islamic Houses, Productive Food Waqf, Productive Livestock Waqf, Productive Economic Waqf, Endowments for Capital for Micro, Small and Medium Enterprises, Dusun Zakat Program – Gaduh Kambing, Program to Build Superior Villages – Goat Livestock Business Development, Energy Security: Installation of Solar Panels for the Salman Mosque ITB, Food Security: Urban Farming Based on Mosques in Urban, Social and Community Programs Da'wah, Program for Procurement of Medical Devices, and Empowerment of Cattle Breeders.

3.2 Nazhir Involved

Nazhir's involvement in retail CWLS since SWR001 to SWR 003 continues to increase, and currently there are 6 banks as distribution partners and Nazhir involved is registered with distribution partner banks. At Bank Syariah Indonesia registered nazhir include LAZISMU, BSMU FOUNDATION, Indonesian Waqf Board (BWI); Nazhir registered Muamalat Banks include Baitulmaal Muamalat, YPM Salman ITB (Salman Waqf); Nazhir registered Mega Syariah Banks include the Indonesian Waqf Board (BWI); Nazhir-registered Bukopin Sharia Banks include the Bangun Conscience Waqf Foundation, the Global Waqf Foundation; Nazhir registered Sharia CIMB Niaga Banks include the Dompot Dhuafa Republika Foundation; Nazhir's registered Sharia Bank Permata includes the Al-Azhar Islamic Boarding School Foundation (YPIA). Yields are distributed to nazhir in accordance with the funds collected in distribution partner banks and planned social programs. Each nazhir has different social programs according to the initial plan which was presented in the retail CWLS information memorandum.

Strategies to increase the realization of the SWR series retail CWLS include:

1. Promotion and socialization innovation is needed to increase public awareness of Retail Sukuk Waqf because as a new instrument, SWR may not be known or understood by the public.
2. Ease of waqf, where CWLS products are intended for the younger generation who have income.
3. Create a webinar by inviting resource persons from BWI and the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance;

4. Improving CWLS literacy of waqf products through money waqf nazhir such as the Indonesian Waqf Education Foundation has also been actively socializing waqf with retail CWLS since 2021;
5. Providing SWR offers to existing wakifs, especially priority customers registered with Islamic Financial Institutions Recipient of Cash Waqf (LKS-PWU);
6. Improving nazhir's competence in increasing the capacity of cash waqf managers, especially CWLS

4 Conclusion

Based on the explanation above, the following conclusions can be drawn:

1. The retail CWLS yields are still of limited value to finance the social programs carried out by nazhir.
2. The results of the retail CWLS investment funds are still far from the potential cash waqf in Indonesia, so it is necessary to increase literacy to the community

Acknowledgments. The author would like to thank Allah SWT finally this article can be completed and the author would like to thank everyone who helps, motivates, and inspires me, especially lecturers at Asia e-University, Malaysia. I hope this article was useful and will be warmly received..

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