

WAQF ACCOUNTABILITY AROUND THE WORLD: A MINI-REVIEW

Ikhyanuddin^{1*}, Hendra Raza¹, Juni Akhyar², Muhammad Arief³, Hidayah Dwi Kusuma³

*Corresponding Author

¹Department of Accounting, University of Malikussaleh, Lhokseumawe, Indonesia,

²Department of Management, University of Malikussaleh, Lhokseumawe, Indonesia,

³Student of Department of Accounting, University of Malikussaleh, Lhokseumawe, Indonesia

ikhyanuddin@unimal.ac.id, hendraraza@unimal.ac.id, juniakhyar@unimal.ac.id

Abstract: This paper aims to review and understand about waqf accounting system in the world such as Asia, Europe, and African. The study of a review shows that a waqf accounting system in Asia, Europe, and Africa has similarities, such as every country has a waqf institution for organizing waqf accounting (waqf asset, cash waqf, etc.). Every country has its own way of regulating and operating waqf accounting. The growth of waqf in some minority countries is still constrained by several legal restrictions and the high cost of living in these countries.

Keywords: Waqf accountability, waqf, accounting standards, PSAK waqf, waqf management

Received
September 04, 2021

Revised
January 06, 2022

Accepted
September 30, 2022

Published
September 30, 2022

To cite this article: Ikhyanuddin, Raza, H., Akhyar, J., Arief M., & Kusuma, H.D. (2022). Waqf accountability around the world: a mini-review. *IJIBE (International Journal of Islamic Business Ethics)*, 7(2), 100-99.
<http://dx.doi.org/10.30659/ijibe.7.2.100-107>

INTRODUCTION

Waqf is one of the instruments in the Islamic economy. It is reported that waqf institutions have been established since the time of the Prophet Muhammad (peace be upon him) and have actively improved the lives of the people, Muslims and non-Muslims alike until the fall of The Ottoman Empire. In An Islamic history perspective, it is a donation that prompted to fulfill the needs of Moslem's spiritual activities such as building and maintaining masjid, setting up schools and hospitals, providing graveyard for the poor, providing scholars for the preachers, and supplying weapons for jihad. Nevertheless, the donors (wakif) are rarely ignored their family and surrounding. There is a condition in the certificate of endowment that allows the donor to set aside money for them and their dependents (Yaacob et al., 2015).

The institution of waqf in Islam is a voluntary contribution the aim of which is to finance a variety of projects that enable the Muslim community to alleviate poverty, improving the quality of life, increasing productivity, and promoting knowledge and understanding. The development of waqf institutions worldwide is due to the need and the demand from Muslim communities (Shaikh et al., 2019)

Endowment (Waqf) is a social institution in Islam that had such an important role in Muslim societies and the development of Moslem countries. But a waqf accounting system is differing from one country to other. Sometimes, this system is not only practices in

Moslem countries, but it also is a practice in minority Moslem countries, such as UK and Thailand. In most Moslem countries, the government supports the waqf accounting system with make law legal, institution, etc. But, in minority Moslem countries sometimes know about this system but not full support from the government. Previous studies about waqf institutions have been conducted in different countries to address the waqf in general. However, a few studies addressed the need of accounting standards of waqf. So, it is needed for accounting standards for waqf could help for harmonization practice among Muslim countries in the world (Shaikh et al., 2019).

This study is to review and understand about waqf accounting system in Moslem countries in the world. The mini-review of Waqf Accounting All in The World was conducted by reading through and analyzing 30 peer-reviewed journal articles. We choose to review the waqf accounting system in Asia, Europe, and African.

LITERATURE REVIEW

Definition of Waqf Accounting

Waqf is something that is given for public use (such as alms) or for purposes related to Islam, such as digging wells for public use or constructing a mosque (Shaikh et al., 2019). In the Arabic language, singular “Waqf” and the plural “Awqaf” means to stop, preserve, or contain. Waqf is simply interpreted as holding an asset (Maal) and limiting its consumption to frequently extract its usufruct for the benefit of an objective. In the technical or Islamic sense, it is defined as the act of dedicating or transferring the ownership of an immovable or movable asset or of usufruct to Allah to generate a recurring benefit to a defined segment of the community representing philanthropy/righteousness (Aldeen et al., 2020).

Based on Aldeen et al (2020), Waqf practices are ordinarily centered on the building or land. However, many donors cannot afford an asset to participate in Waqf. Hence, cash Waqf has come as a good option for donors who do not have a fixed asset but rather have movable assets i.e., cash for donating. Cash Waqf practices could be categorized into two ones, the first so-called is the direct one, for instance, channel waqf money to redevelop an old waqf property.

Based on PSAK 112, Waqf accounting includes waqf assets in the form of immovable assets, such as rights to land, buildings, or parts of buildings on land, plants and other objects related to land, property rights to apartment units, and movable assets, such as money, precious metals, securities, vehicles, property rights intellectual property, lease rights. In general, waqf accounting explains classification, recording till financial statement of waqf asset such as cash waqf, waqf properties, etc. (IAI, 2018)

Waqf Accounting in Asia, African, and Europe

Waqf Accounting in Asia

Asia is known as the big land with the most Moslem majority countries in the world. Islamic economic system such as waqf accounting enough popular in Asia. The countries that have applied this system such as Indonesia, Malaysia, India, Thailand, Singapore, Bangladesh, etc. That is an explanation of Waqf accounting in several Muslim countries in Asia.

Waqf Accounting in Malaysia

In Malaysia, cash, or cash waqf funds collected in a trust fund are managed by an inspector appointed by the State Islamic Council (MAIN) in the respective state. Waqf contributions from individuals, groups and particular organizations are collected into a waqf fund and converted into permanent assets, the benefits of which are used for public well-being as general waqf. In Malaysia, the waqf-share scheme has been supported by seven State Islamic Councils in order for Muslims to contribute through movable waqf for the betterment of their society (Suhaimi et al., 2014).

Waqf Accounting in Singapore

Waqf complements other forms of charitable activities for the Muslim community in Singapore. Some of these religious activities are further supported and governed by an act called the Administration of Muslim Law Act (AMLA). In Singapore, the waqf income is channeled to the mosques, madrasahs, charitable organizations, poor/needy, burial services, and financial assistance.

According to the waqf deeds, the income is not only distributed within the country. Most of the waqf in Singapore are created with the intention of building and maintenance of mosques. Financing the religious schools is another popular objective of waqf. The third beneficiary of waqf revenues in Singapore is the poor and the needy (Listiana & Alhabshi, 2020).

Waqf Accounting in Thailand

Waqf in various forms has been found in Muslim communities throughout Thailand. Waqf in Thailand can be found in various forms and mainly property waqf which includes mosque buildings, Islamic schools, agricultural land, and rental houses. Cash can also be found as a part of the process to purchase waqf properties. But waqf properties in Thailand are mostly managed by mosque committees but are not recorded anywhere in the mosque's reports and not report to the Provincial Islamic Committee. Meanwhile, cash waqf is recorded and reported as a part of receipts or income of the mosques and this report is sent to the Provincial Islamic Committee for inspection (Noipom & Hassama, 2017).

Waqf Accounting in India

In India, since the beginning of Muslim rulers, the Muslims dedicated property such as land and its revenue rights to Awqaf (plural of WAQF) created with the aim to maintain Mosques, Madrasahs, Daragahs, Khanqahs, etc. Over the years, almost 70% of the WAQF properties in India had been found lost due to several factors (Munuswamy & Bin Mohamed, 2016).

Waqf Accounting in Bangladesh

As a Muslim majority country, Bangladesh is yet to incorporate Islamic vehicles of poverty reduction in the national development strategies. Waqf institutions in Bangladesh are lacking appropriate governance mechanisms that are resulting in information asymmetry. Waqf assets in Bangladesh can either be registered or unregistered. It is

managed based on its registration status. Ministry of Religious Affairs administers all the registered Waqf properties as the sole trustee. The responsibility for operating the Waqf estates is given to Waqf Bangladesh, a state-owned institution established to assist the Ministry of Religious Affairs. In the case of unregistered Waqf properties, the property is managed by the trustee appointed by the Waqif (Donor) (R. Hasan & Siraj, 2016).

Waqf Accounting in Europe

In a country where Muslims form the minority, waqf plays an even more important role for the advancement of Muslims in various social and economic sectors. In the UK, charitable organizations and solidarity groups are an important element within the Muslim community. The activities of the Islamic Relief are divided into the provision of emergency relief, infrastructure development, and the support of orphans. They have established cash waqf schemes under the Waqf Future Fund. The Waqf Future Fund (WWF) is a mechanism established by Islamic Relief to create cash waqf schemes, based on the waqf-shares scheme, for various long-term projects, encompassing many different schemes such as education waqf-share scheme, water and sanitation waqf-share scheme, orphans waqf-share scheme, Qurbani waqf-share scheme, healthcare waqf-share scheme, emergency and relief waqf-share scheme and income generation waqf share scheme (Islamic Relief) (Mohsin, 2012).

Waqf Accounting in African

In African, there are many Muslim countries that apply the waqf accounting system, such as Nigeria, Zanzibar. and The Republic of Guinea. The waqf properties in Zanzibar are under the supervision of the government-controlled and supervised institution called “Waqf and Trust Commission” (WTC). Zanzibar can benefit from using liquid assets, for example through the cash awqaf model. Another model that can be beneficially applied in the Zanzibar context is the application of waqf shares. The Waqf and Trust Commission of Zanzibar relies on fees charged on waqf properties especially from land (clove plantation) and rentals of waqf houses for accommodation and offices (Moh’d et al., 2017).

As of now, there is no dedicated law governing waqf operations in Guinea. As such, waqf establishments customarily operate in accordance with the rulings of the Maliki madhab for the reasons mentioned earlier. The Republic of Guinea, as well as other countries that have underdeveloped waqf governance frameworks, would actualize an increase in the standard of living and development within the community, which would in, turn create the space necessary for maximum productivity and ultimately bring about societal peace and harmony (Sano & Kassim, 2021).

METHOD

The mini-review of Waqf Accounting All in The World was conducted by reading through and analyzing 30 peer-reviewed journal articles. These articles are summarized in the tables below. The first table presents the information about the journal article regarding the title, authors, publishers, and the year of publication. The second table represents the contents of the journal articles, including the objectives of the study, the findings, and the recommendations.

RESULT

From the table of the article in the mini review, we have summarized the article systematically. We have found various conclusions. First, the growth of waqf in a country is very dependent on government policies and the transparency of waqf institutions. This is because the government's role is very important in making regulations and accounting standards for waqf reporting so that waqf institutions can report waqf more accountability. Thus, public trust in waqf management will increase which will indirectly increase the number of waqf receipts, because the prospective giver or potential waqf actor believes that the waqf will be managed responsibly by the waqf institution. Secondly, the role of waqf is very important in the progress of Islamic economics. Funds obtained from waqf have a very large impact on the lives of Moslem communities in various worlds. Waqf funds play an important role in the welfare of society. in various countries, waqf funds are also used to promote education, economy, social, and health. and countries with Muslim minorities also use waqf funds in the construction of mosques and madrasahs. Thus, waqf plays a very important role in advancing Islam in minority countries. Thirdly, the growth of waqf in some minority countries is still constrained by several legal restrictions and the high cost of living in these countries. coercive pressure such as government regulation contributes to challenges in the adoption of waqf accounting and reporting. Normative pressures contribute to challenges in formulating standardized waqf accounting and reporting, whereas mimetic pressure contributes to challenges in the comparability of the waqf accounting and reporting (Shaikh et al., 2019; Suhaimi Nahar & Yaacob, 2011).

Although the benefits and impacts of waqf are very large for a country. However, regulations and accounting standards in managing waqf remain a problem in almost all countries. As if the government closed in solving the problem. So it is not surprising that waqf is difficult to develop in a country. So that the great potential of waqf in advancing a country just disappears. As a result, waqf in a country is only seen as a ritual of religion, so that the great potentials contained in waqf do not have much impact on the country (Abu Talib et al., 2020).

CONCLUSION

Based on the result, we can conclude that the growth of waqf in a country is very dependent on government policies and the transparency of waqf institutions. The role of waqf is very important in the progress of Islamic economics. Funds obtained from waqf have a very large impact on the lives of Moslem communities in various worlds. The growth of waqf in some minority countries is still constrained by several legal restrictions and the high cost of living in these countries. Although the benefits and impacts of waqf are very large for a country. However, regulations and accounting standards in managing waqf remain a problem in almost all countries. The Waqf accounting system in Asia, Europe, and Africa have similarities, such as every country has a waqf institution for organizing waqf accounting (waqf asset, cash waqf, etc). However, minority Moslem countries like Thailand, need more support for organizing waqf accounting. There are some countries that has law legal for waqf accounting. Every country has its own way of regulating and operating waqf

accounting. From that, we suggest to government should support to can develop a waqf accounting system in their country.

REFERENCES

- Abu Bakar, M. (2018). Concept of Revenue, Expenses and Liabilities in Accounting for Zakat, Waqf and Baitulmal in Malaysia: An Analysis from Shariah Perspective. *International Journal of Zakat*, 3(4), 1–16. <https://doi.org/10.37706/ijaz.v3i4.103>.
- Abu Talib, N. Y., Abdul Latiff, R., & Aman, A. (2020). An Institutional Perspective for Research in Waqf Accounting and Reporting: A Case Study of Terengganu State Islamic Religious Council in Malaysia. *Journal of Islamic Accounting and Business Research*, 11(2), 400–427. <https://doi.org/10.1108/JIABR-11-2016-0132>.
- Abu Talib, N. Y., Abdul Latiff, R., Aman, A., & Palil, M. R. (2018). An Exploratory Study of Accounting and Reporting Practice for Waqf Among State Islamic Religious Councils in Malaysia. *International Journal of Islamic Thought*, 13(1), 90–105. <https://doi.org/10.24035/ijit.06.2018.009>.
- Aldeen, K. N., Ratih, I. S., & Herianingrum, S. (2020). Contemporary Issues on Cash Waqf: A Thematic Literature Review. *International Journal of Islamic Economics and Finance (IJIEF)*, 3(3), 119–144. <https://doi.org/10.18196/ijief.3236>.
- Che Hassan, S. N. A., & Rahman, A. A. (2018). The Potential of Cash Waqf in the Socio-economic Development of Society in Kelantan: A Stakeholder's Perspective. *New Developments in Islamic Economics*, 8(1), 67–82. <https://doi.org/10.1108/978-1-78756-283-720181005>.
- Elesin, A. M. J. (2017). The Role of Al-Awqāf (Islamic Endowments) in Poverty Alleviation and Community Development in the Nigerian Context. *Journal of Muslim Minority Affairs*, 37(2), 223–232. <https://doi.org/10.1080/13602004.2017.1339497>.
- Habidin, N. F., Hussin, M. Y. M., Muhammad, F., Janudin, S. E., & Fuzi, N. M. (2017). Critical Success Factors, Benefit, and Auditing of Waqf Accounting. *International Journal of Academic Research in Business and Social Sciences*, 7(4), 1184–1189. <https://doi.org/10.6007/ijarbss/v7-i4/2925>.
- Haneef, M. A., Amin, M. F., & Muhammad, A. D. (2015). International of Waqf-Islamic Microfinance Model for Poverty Reduction The Case of Bangladesh. *Managerial Finance*, 8(2), 246–270. <https://doi.org/10.1108/mf.2008.00934jaa.001>.
- Hasan, R., & Siraj, S. A. (2016). Complexities of Waqf Development in Bangladesh. *Journal of Emerging Economies and Islamic Research*, 4(3), 17. <https://doi.org/10.24191/jeeir.v4i3.9093>.
- Hasan, Z. A., Othman, A., Ibrahim, K., Md Shah, M. A. M., & Noor, A. H. M. (2015). Management of Waqf Assets in Malaysia. *International Journal of Nusantara Islam*, 1(2), 59–68. <https://doi.org/10.15575/ijni.v3i1.412>.
- IAI. (2018). PSAK 112: Akuntansi Wakaf Telah Disahkan. IAIGLOBAL. <http://iaiglobal.or.id/v03/berita-kegiatan/detailberita-1113=psak-112-akuntansi-wakaf-telah-disahkan>.
- Khamis, S. R., & Che Mohd Salleh, M. (2018). Study on the Efficiency of Cash Waqf Management in Malaysia. *Journal of Islamic Monetary Economics and Finance*, 4(1),

- 61–84. <https://doi.org/10.21098/jimf.v4i1.732>.
- Lawal, I. M., & Plc, H. B. (2018). Waqf: a Contributory Tool for Bridging Infrastructural Deficit in Nigeria. *European Journal of Islamic Finance*, 0(11), 1–8. <https://doi.org/10.13135/2421-2172/2667>.
- Listiana, L., & Alhabshi, S. M. (2020). Waqf and Legacy of Altruism in Singapore: Challenges and Development. *Jurnal Ekonomi Dan Bisnis Islam (Journal of Islamic Economics and Business)*, 6(1), 116–133. <https://doi.org/10.20473/jebis.v6i1.19736>.
- Mahat, M. A., Jaaffar, M. Y., & Rasool, M. S. A. (2015). Potential of Micro-Waqf as an Inclusive Strategy for Development of a Nation. *Procedia Economics and Finance*, 31(15), 294–302. [https://doi.org/10.1016/s2212-5671\(15\)01193-4](https://doi.org/10.1016/s2212-5671(15)01193-4).
- Masruki, R., & Shafii, Z. (2013). The Development of Waqf Accounting in Enhancing Accountability. *Middle East Journal of Scientific Research*, 13(1), 1–6. <https://doi.org/10.5829/idosi.mejsr.2013.13.1873>.
- Moh'd, I. S., Mohammad, M. O., & Saiti, B. (2017). The Role of Waqf and Trust Commission (WTC) in Zanzibar: Problems and Prospects. *Journal of Islamic Economics, Banking and Finance*, 13(1), 96–107. <https://doi.org/10.12816/0051157>.
- Mohd Thas Thaker, M. A. Bin. (2018). A Qualitative Inquiry into Cash Waqf Model as a Source of Financing for Micro Enterprises. *ISRA International Journal of Islamic Finance*, 10(1), 19–35. <https://doi.org/10.1108/IJIF-07-2017-0013>.
- Mohd Thas Thaker, M. A. Bin, Mohammed, M. O., Duasa, J., & Abdullah, M. A. (2016). Developing Cash Waqf Model as an Alternative Source of Financing for Micro Enterprises in Malaysia. *Journal of Islamic Accounting and Business Research*, 7(4), 254–267. <https://doi.org/10.1108/JIABR-09-2014-0029>.
- Mohd Thas Thaker, M. A., Amin, M. F., Mohd Thas Thaker, H., Khaliq, A., & Allah Pitchay, A. (2020). Cash Waqf Model for Micro Enterprises' human Capital Development. *ISRA International Journal of Islamic Finance*, 1(1), 1–18. <https://doi.org/10.1108/ijif-08-2018-0091>.
- Mohsin, M. I. A. (2012). Waqf-shares: New Product to Finance Old Waqf Properties. *Banks and Bank Systems*, 7(2), 72–78. <https://doi.org/10.30997/jsei.v6i1.2502>.
- Munuswamy, S., & Bin Mohamed, Z. (2016). Financial Disclosure Pattern of State Waqf Boards in India : An Exploratory Study. *Journal of Islamic Economics Banking and Finance*, 12(4), 138–154. <https://doi.org/10.12816/0050983>.
- Noipom, T., & Hassama, A. (2017). Waqf in a Non-Muslim Country: a Preliminary Survey of Waqf in Thailand. *Share: Jurnal Ekonomi Dan Keuangan Islam*, 6(1), 41–52. <https://doi.org/10.22373/share.v6i1.1517>.
- Rahman, M. M., & Sohel, M. N. I. (2019). Cash Waqf Deposit Product: An Innovative Instrument of Islamic Banks for Socio-Economic Development in Bangladesh. In *Revitalization of Waqf for Socio-Economic Development, Volume I (Issue October)*. Springer International Publishing. <https://doi.org/10.1007/978-3-030-18445-2>.
- Saad, N. M., Kassim, S., & Hamid, Z. (2016). Best Practices of Waqf: Experiences of Malaysia and Saudi Arabia. *Journal of Islamic Economics Lariba*, 2(2), 57–74. <https://doi.org/10.20885/jielariba.vol2.iss2.art5>.
- Sano, M. A. A., & Kassim, S. (2021). Waqf Governance in The Republic of Guinea: Legal Framework, Issues, Challenges and Way Forward. *ISRA International Journal of*

- Islamic Finance, 1(1), 1–18. <https://doi.org/10.1108/ijif-03-2020-0064>.
- Shaikh, Z. H., Sarea, A. M., & Khalid, A. A. (2019). Accounting Standards for Awaqf: A Review. *International Journal of Accounting & Finance Review*, 4(2), 37–42. <https://doi.org/10.46281/ijafr.v4i2.424>.
- Suhaimi, F. M., Rahman, A. A., & Marican, S. (2014). The Role of Share Waqf in the Socio-economic Development of The Muslim Community: The Malaysian Experience. *Humanomics*, 30(3), 227–254. <https://doi.org/10.1108/H-12-2012-0025>.
- Suhaimi Nahar, H., & Yaacob, H. (2011). Accountability in The Sacred Context: The Case of Management, Accounting and Reporting of a Malaysian Cash Awqaf Institution. *Journal of Islamic Accounting and Business Research*, 2(2), 87–113. <https://doi.org/10.1108/17590811111170520>.
- Yaacob, H., & Nahar, H. S. (2017). Investigating Awqaf Management, Accounting and Investment Practices in Malaysia: The Case of a State Religious Institution. *Global Journal Al-Thaqafah*, 7(1), 59–70. <https://doi.org/10.7187/gjat12720170701>.
- Yaacob, H., Petra, S., Sumardi, A., & Nahar, H. S. (2015). Accountability Through Accounting and Reporting Lenses: Lessons from an Awqaf Institutions in a Southeast Asia Country. *Humanomics*, 31(3), 299–313. <https://doi.org/10.1108/h-07-2013-0049>.
- Yusof, N. (2021). Specific Accounting Standards for Waqf Institutions: The Impact of Its Non-Existence to Waqf Accounting Practices in Malaysia. *Journal of Emerging Economies and Islamic Research*, 9(1), 29–42. <https://doi.org/10.24191/jeeir.v9i1.11305>.
- Zain, N. S., & Muhamad Sori, Z. (2020). An Exploratory Study on Musharakah SRI Sukuk for the Development of Waqf Properties/Assets in Malaysia. *Qualitative Research in Financial Markets*, 12(3), 301–314. <https://doi.org/10.1108/QRFM-09-2018-0099>.