

Optimization of Cash Waqf-Based Crowdfunding: An Alternative Finance for Quality Education

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Abstract

Education in Indonesia still has significant problems such as the lack of adequate learning facilities, the low quality of education, the high cost of education and the large number of students who drop out of school. The main problem of Indonesian education is the high cost of education, making it difficult for students with middle to lower economy to continue their education. Waqf as an Islamic philanthropy can be a solution to education financing, supported by the MUI Fatwa with the provision of waqf developed with sharia securities through crowdfunding platforms. The regulation of cash waqf through the MUI (Indonesian Ulema Council) fatwa was developed following the times in Fatwa No. 140/DSN-MUI/VIII/2021. However, the collection of waqf funds for education financing is still not optimal. So, this research aims to provide an alternative to waqf as an Islamic social financing system that can develop the quality of education in Indonesia with the aim of SDGs (Sustainable Development Goals) in creating quality education. This research method uses library research method with literature study analysis through MUI fatwa approach. The results of this study explain the contract scheme that can make it easier for waqif to waqf through crowdfunding in the form of education financing investment, namely the *wakalah bil istitsmar* contract and the *syirkah* contract. However, crowdfunding for education financing is not widely applied for.

Keywords: Cash Waqf; Crowdfunding; Education

Abstrak

Pendidikan di Indonesia masih memiliki permasalahan yang signifikan seperti kurangnya fasilitas pembelajaran yang memadai, rendahnya kualitas pendidikan, mahal biaya pendidikan dan banyaknya siswa yang putus sekolah. Masalah utama pendidikan Indonesia adalah biaya pendidikan yang tinggi, sehingga siswa dengan ekonomi menengah ke bawah sulit melanjutkan pendidikan. Wakaf sebagai filantropi Islam dapat menjadi solusi pembiayaan pendidikan didukung dengan Fatwa MUI dengan ketentuan wakaf yang dikembangkan dengan efek syariah melalui platform crowdfunding. Regulasi wakaf tunai melalui Fatwa MUI (Majelis Ulama Indonesia) dikembangkan mengikuti perkembangan zaman dalam Fatwa No. 140/DSN-MUI/VIII/2021. Namun, pengumpulan dana wakaf untuk pembiayaan pendidikan masih kurang optimal. Sehingga penelitian ini bertujuan untuk memberikan alternatif wakaf sebagai sistem pembiayaan sosial Islam yang dapat mengembangkan kualitas pendidikan di Indonesia dengan tujuan SDGs (Sustainable Development Goals) dalam menciptakan pendidikan berkualitas. Metode penelitian ini menggunakan metode library research dengan analisis studi literatur melalui pendekatan fatwa MUI. Hasil dari penelitian ini menjelaskan skema akad yang dapat memudahkan wakif untuk berwakaf melalui crowdfunding dalam bentuk investasi pembiayaan pendidikan yaitu akad *wakalah bil istitsmar* dan akad *syirkah*. Namun, urun dana untuk pembiayaan pendidikan tidak banyak yang mengajukan.

Kata kunci: Crowdfunding; Pendidikan; Wakaf Tunai

INTRODUCTION

The quality of education in Indonesia currently has problems in its implementation (Ramadhan, 2023). The education whole now which is fewer facilities, expensive cost education, lack of empowerment of teachers, and low effectiveness of education are the main problems today (Fitrian, 2017). Supposedly, these educational problems can be solved properly because every generation of the nation has an opportunity to receive a maximum and equitable education. When referring to Indonesia's SDGs (Sustainable Development Goals) for the importance of quality education, it is necessary to encourage and strive to create quality educational development in every generation (Setyaningrum et al., 2021). The government's policy to achieve a 12-year compulsory education program with a minimum of high school graduation towards the golden generation of 2045 is still very far away when looking at the current condition of education with high education financing. As a solution, there needs to be awareness for the wider community to work together to create this ideal as this research provides an awareness and financing solution for the community in an easy way to save this nation's education through fintech crowdfunding donations, then waqf for the benefit of education.

The level of education of the people in Indonesia, based on report from Central Statistic Agency (BPS) the percentage of youth according to education in 2023 (Rizatya, 2024).

Table 1. The Percentage of Youth According to Education 2023

Educational Level	Percent
No School	19%
Finished Primary School	11,06%
Junior High School	48,08%
Senior High School	40,34%
College	33,76%

Source: Central Statistic Agency (BPS), 2023

Table 1 shows that the percentage of education in Indonesia is still very low because most of these graduated until Junior High School, the percentage of youth have never school or equivalent is 1,9 percent and is one of the problems that must be examined. In the world ranking, Indonesia ranks 67th out of 203 in the education system in 2023 (Yusro, 2023). This is due to the lack of equitable distribution of the education system and the high cost of education in the middle to low strata of society making their reasons for not continuing their education, as well as inadequate infrastructure and school facilities making learning less conducive and efficient.

The problem today coming from the state budget (APBN) for Indonesian has given the education sector a budget of 20 percent of the overall budget or IDR655 trillion (Kompas.com, 2024). This is so large enough amount to cover the requirement of education in Indonesia. But in reality, school fees are too high to realize proper school facilities. The high cost of education is still the main topic of education

problems, such as the latest increase of UKT (single tuition fee) for universities with a determination that does not adjust to economic capabilities, making it difficult for students who have low-income (KMENKO PMK, 2024). Needful financing outside the government's state budget to collaborate makes philanthropic institutions an alternative to fulfilling educational requirements (KMENKO PMK, 2024). Waqf as one of the philanthropists who inspired the government with student loans, will influence and contribute to recruiting donors who will donate their funds to help quality education in Indonesia (Waluyo, 2024). Education financing schemes by philanthropy in the form of scholarship loan programs are being designed by the government to be appropriate in providing subsidies (Waluyo, 2024). As planned by the government, this research wants to emphasise the contract scheme based on Fatwa MUI that is simple and easy to understand by the community to help the problem of education financing through fintech waqf crowdfunding. Based on this problem, a suitable alternative as a financing solution to develop quality education is to crowdfund that can build educational facilities, empower teachers, provide scholarships, help finance education, and maintain the quality of education. In this case, Islam provides a philanthropic solution in by waqf that can contribute as an economic source for social problems, including education (Azganin et al., 2021).

Al-Azhar Institution in Egypt is the oldest university in the world that has survived since 975 AD because of the waqf system, it is undeniable that waqf can be an alternative and solution to the development of Indonesian education (Arab & Zakariyah, 2023). This can be an achievement of Indonesia with waqf system that can provide quality education (Zawawi et al., 2023). Education is an important instrument to educate the nation and being part of the *maqasid sharia (hifz 'aql)* in maintaining the brain and mind, is very relevant to the nation's aspiration to achieve quality education (Newsunair, 2022). By strengthening the waqf system-based crowdfunding for quality education financing, it can realize welfare in the form of *hifz 'aql* and *hifz mal* which is marked by increasing educational programs, establishing educational institutions, and forming training in improving human resources that will lead Indonesia to the golden generation (Hasanah et al., 2024). A relevant goal to achieve the welfare of society through education, because quality education will give birth to human resources who are competent and able to compete in the future, so that *hifz mal* and *hifz 'aql* become a shared responsibility for the continuity of quality generations.

A waqf fundraising service that is currently efficient to use is the crowdfunding waqf model through digital media (Nasution & Medias, 2020). Indonesia has a large Muslim population that has great potential for cash waqf through crowdfunding platforms. This potential is seen on an annual scale, based on data from the Indonesia Waqf Board (BWI) which states the cash waqf in Indonesia can be collected up to IDR 180 trillion annually (Sulistiani et al., 2023). However, this waqf potential is not accompanied by optimal government support and only relies on the provisions of

sharia contracts through the MUI fatwa based on the Qur'an and Hadith (Sulistiani et al., 2023).

Several previous studies have discussed the utilization of waqf as a solution to education financings, such as research conducted by (Athahillah & Suhendri, 2019) which states that educational waqf can be utilized and developed in education to finance development and improve teacher welfare, scholarships and the need to improve human resource competencies. There is also ITTC (Islamic Teacher Training Collage) of Gontor which manages waqf as a student education fee and teacher welfare financing of cheaper tuition fees as researched by (Umam et al., 2023). Another study by (Hasan et al., 2019) conducted in Malaysia proved that waqf can have a positive impact amid economic instability and rising education costs, waqf can be a solution for outstanding students to reduce the burden of education costs. Previous research corroborates this study that waqf can provide urgency in improving the quality of education by providing scholarships for students who need it.

The alternative that will be provided through this research is an offer of a contract scheme through fintech cash waqf based on crowdfunding by looking at the huge potential of waqf in Indonesia and the proven success of waqf and the welfare of various countries that apply the education waqf base to overcome the problem of education financing. However, the collection of waqf funds through crowdfunding is still small in value because the sharia securities crowdfunding platform registered by the Financial Services Authority (OJK) has only 6 companies. So, researchers are interested in unravelling the problem of education financing by providing a solution gap for *nazir* waqf to maximize crowdfunding through sharia securities crowdfunding using the contract scheme offered by Fatwa MUI for cash waqf through the sharia securities crowdfunding platform as an alternative funding. The existence of this crowdfunding fintech provides convenience and transparency of fund distribution so that the waqf mandate from the waqif is conveyed to *mauquf 'alaih*.

This research is a study of waqf schemes on a fatwa that can be an alternative to digital-based waqf services for social interest, especially to achieve quality education. Based on the background, the purpose of this research is to find and analyze how a crowdfunding-based cash waqf scheme can be a suitable alternative to achieve quality education in Indonesia by optimizing the concept of the Islamic system through MUI fatwa.

LITERATURE REVIEW

Waqf Crowdfunding

Waqf as Islamic philanthropy includes many aspects of life, one of which is education by realizing the main value of togetherness between humanity, sharing welfare, and helping each other (Mahfudz, 2021). The definition of cash waqf is that waqf funds come from individual donors or investors it's called Waqif, groups or institutions, and legal entities that endow their assets with cash (Kementerian Agama

Republik Indonesia, 2013). The Indonesia Ulema Council (MUI), introducing cash waqf, defined waqf as: "holding asset (either in fixed or current assets) that can be utilized without the object or principal disappearing, by not taking any legal action against the object (selling, giving or bequeathing), to be distributed (to proceeds) to something permissible (not *haram*) (Kementrian Agama Republik Indonesia, 2013).

Waqf is a part of Islamic philanthropy that can empower the economy that has not been widely applied, even though the waqf instrument can empower the Islamic economy for increasing social needs (El Daly, 2022). The development of cash waqf has now been made in such a way as to make it easier for waqifs to channel their funds with digital technology. This philanthropy hopes to provide internal welfare for the community and the country in the field of education.

The waqf law in 2024 was began, then transformed into cash waqf with more practical and productive, so the law was collaborated with DSN-MUI to development of financial institution products (Nugraha et al., 2022). When 2017 cash waqf was included to one of contract in securities crowdfunding based on fatwa MUI concerning Syariah Securities Crowdfunding. It's a way for waqif to explore more community to supply their donators.

Crowdfunding in general is a way to raise funds from various internet-based community networks that can be a financial supply for donations, awards, and investments to help and support the welfare of individuals or organizations (Ramdania et al., 2022). The presence of fundraising is an alternative to solving social problems such as education problems due to public dissatisfaction with the government that has not provided an adequate social security system (Daniswara & Rizal, 2017). Proven of the success of crowdfunding as a fundraising system is the increase in fundraising to Rp. 507.20 billion in the first half of 2022 (Annur, 2022).

Crowdfunding has four categories, namely donations, rewards, loans, and equity. Table 2 shows the explanation of each.

Table 2. Crowdfunding Categories

Crowdfunding Category	Explanation
Donate	Raising funds with the aim of funding or financing a humanitarian-based activity project without expecting money back
Awards	The raising of funds to reward an individual's participant in a project with the expectation of a reward as promised in the fundraising
Loans	Business model with loan application that conveys the purpose of the fundraiser
Equity	Crowdfunding that offers rewards in the form of share ownership

Source: Ministry of Finance Republic of Indonesia

Grounded on the crowdfunding category, cash waqf is classified as a donation-based fundraising category where investors raise funds through crowdfunding platforms in the form of waqf.

Securities Crowdfunding platforms that are members of the Indonesian Crowdfunding Association (ALUDI) are recorded as many as 33 platforms incorporated as PT, with 16 platforms that have obtained permission and are verified by OJK (ALUDI, 2023). For Sharia Securities Crowdfunding which is registered as a member of ALUDI and licensed by OJK, including PT Halalvestor Global Asia (Vestora), PT Urun Bangun Negeri (Urun RI), PT Shafiq Digital Indonesia (Shafiq), and PT LBS Urun Dana (LBS Urun Dana) (ALUDI, 2023).

This is interesting to research because, in some countries such as Malaysia, cash waqf crowdfunding has been implemented as a solution to financial problems to improve the education system (Fisol et al., 2020). In addition, the application of waqf at ITTC Gontor is the basis for this research to develop quality education because it has been proven through research (Umam et al., 2023) that waqf can be a solution to financial problems in the development of education. There is also UII (Universitas Islam Indonesia) which applies to supporting the SDGs program through its waqf institution (Mukharrom et al., 2022). But, the difference with this research is that the collection of funds uses digital crowdfunding services.

Waqf based on crowdfunding can respond to financial challenges to meet the ability of the high cost of education so that students are supported to pursue a decent and quality education as research implemented in Malaysia (Khairuddin & Ishak, 2021). Crowdfunding-based waqf does have great potential and has been proven to be used in neighbouring countries such as Malaysia, but the optimisation of waqf in Indonesia on a crowdfunding basis is still very low. Thus, this research wants to contribute in the form of offering waqf contract schemes listed in the MUI Fatwa in order to attract waqif to endow in a simple and transparent way. The collection of waqf funds does not stop as a form of donation but there is an investment scheme for waqf funds, the benefits of which can then be used for education financing needs. So that researchers, want to expand literacy insight, especially in the study of cash waqf crowdfunding so that people can find out and maximise the potential that exists.

Waqf for Education

The 4th SDG goal is the form of quality education, not only does the government take part in the success of this goal, but various parties can also take part. One of the contributions that can be made as a solution to the problems experienced by Indonesian education today. The waqf model is very relevant today to achieve the goals of the 4th SDGs (Rusydia et al., 2023).

Some problems of opportunity and access for children to get an education are entangled in poverty (Suhendar, 2024), so many children are unable to continue their schooling and have a better life, especially in remote areas in Indonesia (Syahidah,

2023). Waqf education is the best solution for the continuation of education for children who are less able to access quality education (None, 2024). The waqf system for education that is global was applied to educational institutions in Al-Azhar, Cairo which was used to fulfill the requirements of teachers and students (Muhammad et al., 2023). The other previous research also stated positive results that waqf for education helps to improve the welfare of the people and develop a social spirit to share with others (Hasan et al., 2019). This is a concern for researchers because the low level of education in Indonesia and the large opportunities for waqf have not been implemented optimally, so need to improve the literacy for society that waqf has been proven to provide as alternative education financing. In implementing waqf, a waqif must give full trust and commitment to the nazir to be willing to contribute to waqf education (Rasyidah et al., 2021).

Waqf for education can be utilized and developed into Islamic financing for all operations of educational institutions such as developing and improving the welfare of teachers, scholarships, and the requirement to improve the competence of human resources (Athahillah & Suhendri, 2019). Not only that, the development of waqf is also able to build the power of the Islamic economy and contribute to the development of the country's economy (Mujani, 2021). Thus, the permanence of educational waqf is more widespread and beneficial. The benefits that can be taken from this waqf also make an institution self-sufficient and independent to build productive businesses and reduce the burden on the government (Mohiddin, 2021).

Education funding through the waqf base that has been implemented in several educational institutions does have an influence on these educational institutions to handle their education financing. In this research, the scale of waqf fund collection is not like previous research at the internal school level only, but the target of this waqf fund collection is social welfare for general education financing in Indonesia, especially for school institutions that still have a lack of facilities such as in small areas and providing scholarships for children who cannot afford to continue their education in Indonesia. Thus, the crowdfunding platform as *nazir* provides information on the management of waqf and the intended educational institution as *mauquf 'alaih*.

RESEARCH METHOD

This research aims to analyze cash waqf crowdfunding as an alternative to financing quality education based on the Islamic principles contained in the MUI Fatwa. This research uses a descriptive analytical-qualitative method with a fatwa approach. This research data collection takes from literature studies based on legal regulations of MUI fatwas No 140/DSN-MUI/VIII/2021 concerning Islamic Securities Crowdfunding and MUI fatwas concerning Cash Waqf, Islamic law, books, and journals related to this research. The research analysis method uses analysis content by developing theories from the data collected by researchers. After the data is collected, the researcher processes with editing method and organizing data then

analyzed with deduction method (Hartanto & Sup, 2022). After the data which is then presented in descriptive form, chart and relationships between categories (Nugraha et al., 2022). The purpose of this research is to present a fatwa-compliant contract for cash waqf financing with digital crowdfunding services as an alternative to financing quality education.

RESULTS AND DISCUSSION

Financing Issues in Education

The problem of education financing in Indonesia is currently still fulfilled optimally by the government, including students who are unable to complete their education, lack of welfare of teachers, and inadequate infrastructure, and school facilities (Permana et al., 2023). The greatest factor of education problems is economic factors, where students are unable to continue their education and choose to drop out of school because there is no school fee (Badan Pusat Statistik, 2023) around 4,3 million children in school are unable to continue their education (Bappenas, 2020). The society with bottom and lower middle expenditure have a problems to finance the school fee. Based on completion rate by educational level and expenditure quintile survey at 2023, Figure 1 shows the explanation of the completion rate.

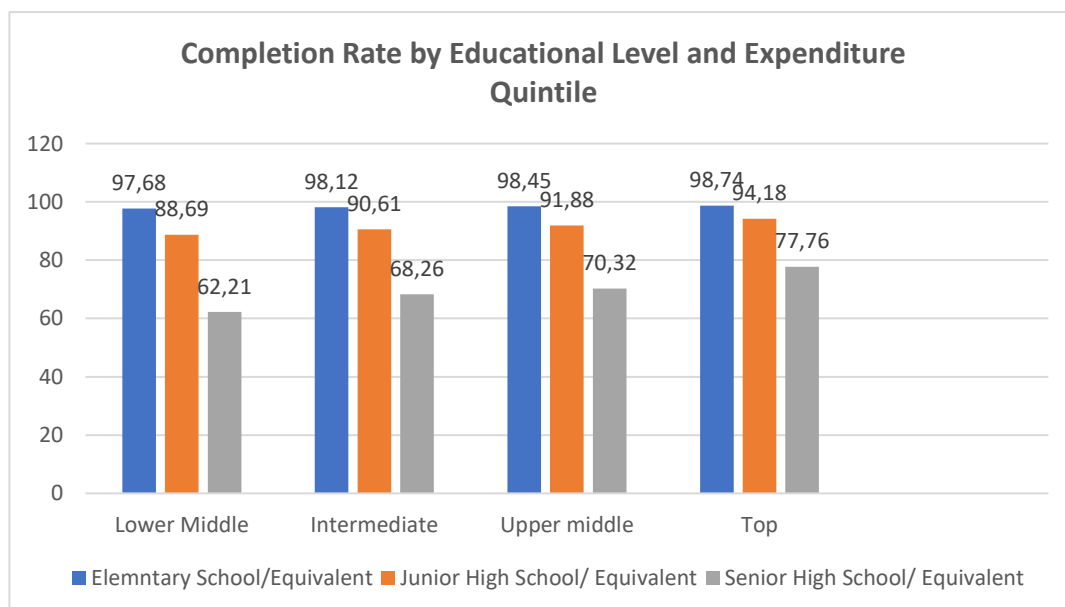


Figure 1. Completion Rate by Educational Level and Expenditure Quintile in April 2024

Source: Central Statistic Agency (BPS), 2024

Figure 1 shows that the level of education with the bottom and lower middle expenditure in Indonesia is still very low and is one of the problems that must be examined. In the world ranking, Indonesia ranks 67th out of 203 in the education system in 2023 (Yusro, 2023). This is due to the lack of equitable distribution of the education system and the high cost of education in the middle to low strata of society making their reasons for not continuing their education, as well as inadequate infrastructure and school facilities making learning less conducive and efficient.

Behind the lack of quality education in Indonesia, there are contributing factors such as the lack of financing in educational institutions due to obstructed funds, issues of agency funds, lack of maintenance of facilities, and weak supervision of educational institutional facilities. Government funding of unequal facilities and high school fees requires the right solution because a person's education is closely related to the quality of human resources in the next generation.

Solutions that can be done in this case to alleviate financing and build infrastructure and facilities can be by renovating and building school buildings, providing scholarships for underprivileged students distributing qualified educators evenly in remote areas, and educating the public about the importance of education.

Waqf as an Alternative to Quality Education

Waqf can be the right solution and alternative to overcome the main problem of the low quality of education in Indonesia (Muhammad et al., 2023). The high cost of education and the lack of adequate school facilities require a solution in this regard (Permana et al., 2023). Waqf as Islamic financial development philanthropy, is used as an alternative to fulfil the current education needs as a form of the welfare of the people and the nation. As the welfare in a country will be maintained if the *dharuriyat* needs are met. Among the *dharuriyat* needs are *hifdz 'aql* and *hifdz mal*, both of which are primary needs that are important to maintain (Khairuddin & Ishak, 2021). In this case, *hifdz mal* in waqf will protect some of the assets owned to be used in social activities. Meanwhile, *hifdz 'aql* is a safeguard for the nation's intelligence which is implemented with quality education. Thus, waqf and education have a correlation to build the welfare of the people, namely by waqf it will keep the wealth to be able to continue rotating in the wheels of the economy and waqf for education then not only keep the wealth but maintain the nation's intelligence by utilizing waqf assets as financing for quality education. This practice is carried out in several waqf-based educational institutions such as Al-Azhar University.

The use of waqf as an economic support in society has been widely proven. As an example that has been presented in the previous discussion, through waqf funding, an agency can build quality facilities for education and provide scholarships and good quality education. So the researcher will develop the discussion through a contract scheme that is by the MUI fatwa to build the quality of education that has not been maximally handled by the government.

Waqf development does not only develop in the world of pesantren, but at the university level some apply waqf as an educational development instrument. Universitas Islam Indonesia (UII) is one of the higher education institutions that apply the waqf model as an educational development. Until now, UII has succeeded in organizing and developing educational waqf through YBW by establishing kindergartens, high schools, and universities, and currently, the UII Waqf Collection Board is preparing buildings for elementary and junior high schools (Mukharrom et al., 2022).

It is clear, then the provisions of waqf contribute greatly to the world of education by supporting and innovating as a form of instrument in financial sustainability (Arab & Zakariyah, 2023). The characteristic of waqf is that have a fixed and sustainable value, this helps the world of education such as schools or universities to further develop their institutions. In addition, in existence of waqf that supports education will greatly help and support individuals who are in education. Thus, the opinion of the researchers of waqf can be the right solution to develop and improve the quality and quality of education, especially in Indonesia.

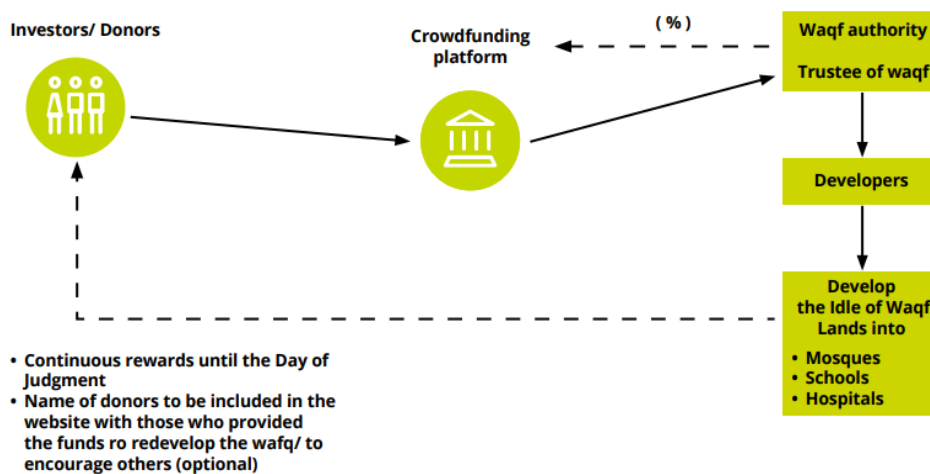
Waqf Contract on Cash Waqf Crowdfunding Based on MUI Fatwa’s

The crowdfunding waqf mechanism in developing the quality of education is categorized as donation-based crowdfunding involving three parties, including waqf institutions, administrators, and crowd funders consisting of donors.

The utilization of waqf must follow the purpose of giving waqf, if the purpose of waqf is for the benefit of education then the utilization of waqf is for the benefit of education. One of the crowdfunding platforms that implement the distribution of waqf funds is KitaBisa (Maghfira, 2019), in giving waqf for the needs of school infrastructure development and economic empowerment using the waqf crowdfunding strategy to produce waqf from donated funds (Muhammad, 2023).

The waqf contract scheme based on MUI fatwa for cash waqf sukuk can be applied with four types of contract including, *mudharabah*, *ijarah*, *wakalah bil istismar*, and *musyarakah* (Dewan Syariah Nasional MUI, 2019). Meanwhile, the contract specifications used in waqf through crowdfunding services only use a *wakalah bil istismar* and *musyarakah/syirkah* contract. The following is a scheme in the waqf crowdfunding process (Mahfudz, 2021).

Figure 2. Waqf Crowdfunding Process



Source: Mahfudz, 2021

The Waqf crowdfunding mechanism is implemented as follows:

1. The waqf institution plans to develop its waqf land through projects, such as hotels, buildings, hospitals, or schools. Furthermore, the waqf land and its potential are identified and promoted to obtain funds from donors.
2. The institution submits the proposal to the board through the platform by specifying the funding period.
3. Donors choose the project to be funded through the platform that has been provided.
4. Donors send funds via online payment to a financial funding body that collaborates with the waqf institution.
5. If funding is approved, it can then be donated to the waqf institution.
6. The management of the crowdfunding platform then channeled the funds from the Nazhir of the waqf institution.
7. The waqf Nazhir manages donations and monitors projects in the system to ensure transparency of fund management.
8. The manager submits donation reports to donors through the platform (Syamsuri et al., 2023).

Based on the above process, the investor as the owner of the funds donates the assets through the crowdfunding platform, and then the waqf funds are given to *muquf alaih* and developed in waqf land which is used for mosques, schools, or hospitals. Schools are a very important educational instrument to be considered in reviewing the quality of education and moral ethics as well as creating a supportive environment for students to develop academic and nonacademic abilities (Chadha, 2023). However, the importance of schools and the facilities within them also affect the continuity of education.

Wakalah bil Istismar Contract

Contract based on the MUI fatwa to use a waqf contract on crowdfunding to provide alternatives in developing quality education is a *wakalah bil istismar* contract, with the provisions written in MUI fatwa no. 131 concerning cash waqf sukuk with a *wakalah bil istismar* contract as follows (Dewan Syariah Nasional MUI, 2019): (1) The investor (*muwakil*) enters into a *wakalah bil istismar* contract with the representative (*wakil*); (2) The representative is the nazir or the third party issuing the Sukuk, in this case the waqf institution; (3) *Muwakil* gives *wakalah* to the deputy to develop and invest (*istismar*) the *muwakil's* funds to optimize the waqf assets; (4) If the sukuk is issued by the nazir, the beneficial position of the waqf asset may be leased by the sukuk *wakalah bil istismar* entity; (5) If the loss is due to the fault of the nazir in business activities funded from the proceeds of the issuance of sukuk *wakalah bil istismar*, the nazir is liable to the extent of the proceeds from the development (*tsamrah*) of the waqf assets and may not reduce the waqf assets; (6) If sukuk is issued by a third party, the third party may enter into a contract with the nazir following

sharia principles; (7) Sukuk funds must be used for *istismar* (investment/business activities) that are halal and by sharia principles and applicable laws and regulations; (8) The entire proceeds of the *istismar* become the *muwakil's*; (9) If the deputy succeeds in obtaining *istismar* result over a certain profit target, then the excess may be agreed to be the deputy's right, either in part or in full; (10) The deputy is obliged to return the *muwakil's* capital at maturity or as agreed; (11) Other provisions related to *wakalah* that have not been regulated in this fatwa, apply the provisions and limitations as stated in DSN-MUI fatwa No. 12/DSN-MUI/VII/2019 concerning sukuk *wakalah bil istismar* and fatwa DSN MUI No. 127/DSN-MUI/VII/2019 concerning sukuk *wakalah bil istismar* and DSN MUI fatwa No. 10/DSN-MUI/IV/2000 regarding *wakalah*.

In the MUI fatwa relating to crowdfunding, the mechanism of sharia securities trading can be transferred with a *bai'* contract, *hibah*, *waqf*, *infaq*, *zakat*, inheritance, dowry, or in other ways that do not conflict with sharia and legal regulations. Majelis Ulama Indoensia, "Fatwa DSN MUI No 140 Layanan Urun Dana (Islamic Securities Crowd Funding)." Waqf is one of the transfer contracts in Islamic securities training using a *wakalah bil istismar* contract.

Wakalah bil Istismar contract acts as command from the Investor as *muwakil* to the waqf authority as *wakil*. The command by *wakalah* contract donates his property to the crowdfunding as a funder from various investors to invest the fund. A command from the investor of the asset to the authority waqf as *wakil* who carries out business activities to develop the asset. After the assets are given to developers, the assets are managed through business activities that can generate profits of margin, fee, and profit sharing. The profit will be distributed to social facilities and *muwakil*.

In this case, the scheme of cash waqf formation is a *wakalah bil istismar* contract as stipulated in MUI fatwa no. 131 on waqf sukuk with *wakalah bil istismar* contract (Dewan Syariah Nasional MUI, 2019) and waqf crowdfunding scheme (Mahfudz, 2021) through crowdfunding services for the development and improvement of the quality of education can be illustrated as follows:

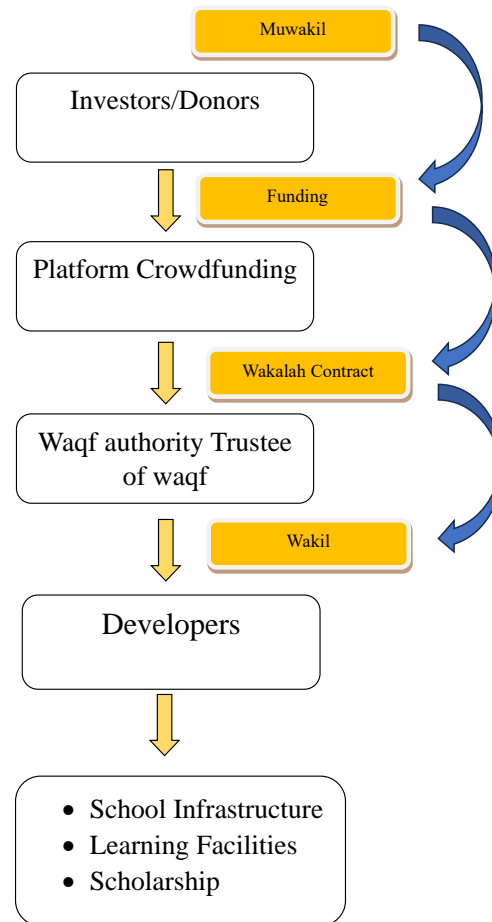


Figure 3. Process *Wakalah bil Istismar* Contract Scheme

Source: National Committee for Islamic Economy and Finance (KNEKS)

The mechanism of scheme shown in Figure 3 is implemented as follows:

1. Investors such as *wakif* and *muwakil* donate funds to be endowed for school quality development to crowdfunding platforms that have proposed projects through social media.
2. The crowdfunding platform acts as a fund collector who then distributes the collected waqf funds to trusted waqf authorities that have submitted project proposals. In this case, the position of waqf authority as a third party is as a *nazir* and *wakil*.
3. The waqf authority, through *nazir*, then invests the waqf funds to the developer as the manager of the waqf funds to be managed in profitable business activities.
4. From the proceeds of the profitable business activities, the developer then provides the waqf assets for financing that are used for school infrastructure, educational facilities, and scholarships.

The waqf scheme above, explains that donors (*wakil*) provide waqf funds to the crowdfunding platform (*muwakil*) which is tasked with providing information to waqf management institutions that need funds to be channeled to *mauquf alaih* as a

form of waqf in the form of infrastructure development of educational institutions, education facilities, and education financing in the form of scholarship.

From the funding provided by the waqf to those in need, in this case, it is an educational facility that helps to improve the quality of education to the quality of learning in the classroom, as an effort to achieve the quality of education by the SDGs plan. This endowment does not involve the government but comes from the community for its social interest.

Syirkah Contract Scheme

Another contract solution in developing waqf through crowdfunding services uses a *syirkah* contract, with the provisions of DSN-MUI fatwa No. 144 of 2017. In the scheme used in the *syirkah* contract is waqf through crowdfunding services for educational needs. In the use of a *syirkah* contract, waqf funds in the form of cash waqf can be invested in productive businesses, but if it is different from funds invested for educational needs. The following illustrates the scheme in cash waqf through crowdfunding services for education financing.

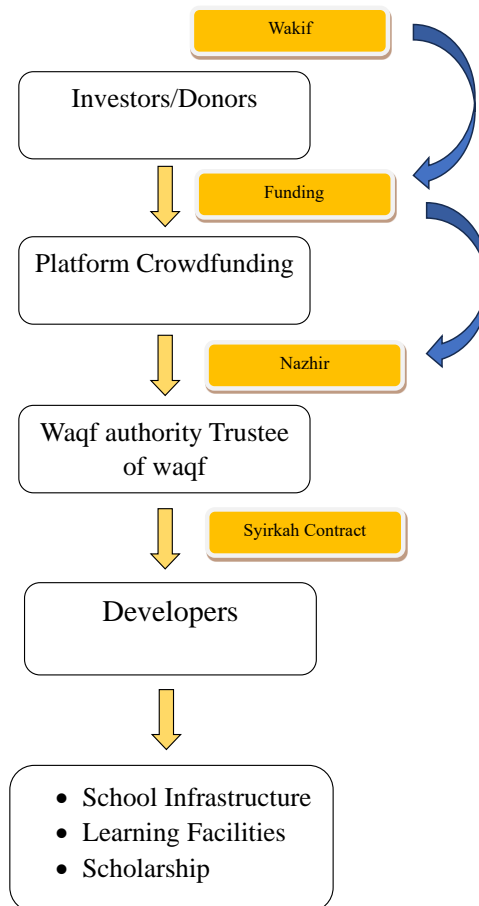


Figure 4. Process *Syirkah* Contract Scheme

Source: National Committee for Islamic Economy and Finance (KNEKS)

The mechanism of scheme shown in Figure 4 is implemented as follows:

1. In *syirkah* (cooperation) contract, the investor as a wakif raises funds for the crowdfunding platform
2. The crowdfunding platform as a place to raise funds then finds a waqf authority as a cooperative investment partner
3. The product of waqf funds that have been invested from investors and waqf authority are then managed by the developers
4. The developers in the form of profit-making business activities
5. The full profit from the business is then converted and distributed to beneficiaries in the form of productive assets that have social benefits, in this case, education institutions.
6. Educational institutions that receive waqf benefits can develop the quality of education by providing financing in the form of school infrastructure, school facilities, and scholarships.

In the waqf scheme model above, waqf funds are invested with a *syirkah* contract by the waqif to a digital crowdfunding platform that serves as a Nazir, then channeled to waqf institutions or directly to waqf managers who need waqf funds. After the funds are managed through a business unit, the proceeds from the investment are endowed to help finance education in the form of school infrastructure improvements, financing learning facilities, and scholarships for students who need school fees.

The Potential of Waqf-Based Crowdfunding for Increasing Quality Education

Both schemes used as alternatives to current education financing, are more excellent than other schemes because fundraising by digital media will easier for to investors channel their funds to the waqf authority trustee or the waqf authority trustee that is looking for funding. The crowdfunding platform as a forum for collecting funds by digitalization makes it easier for the public to able to access and reach wider donations and the transparency of data available on the crowdfunding platform also increases public trust in waqf (Liang et al., 2024). So that the potential achieved from waqf philanthropy of 180 trillion rupiahs each year can be maximized for social purposes (Murtado, 2024).

This paper shows that crowdfunding platforms come to get more investors for waqf especially in the education sector. Based on the data available on the platform page, the allocation of funds for educational needs has been fulfilled but only a few share applications are available on the crowdfunding platform. Most of the funding available on the crowdfunding platform is dominated by large projects such as trading businesses. On the Sharia Securities Crowdfunding platform, the following funding is available to meet the needs of education in Indonesia, as shown in Table 3.

Table 3. Crowdfunding for Education Needs

No	Sharia Securities Crowdfunding	Contract	Project	Fund	Category
1	Shafiq	Musyarakah	Lab Equipment Procurement Project in several Universities Project Procurement of 1 Unit of Laboratory	IDR 900,000,000	Education Facility
2	Shafiq	Musyarakah	Equipment with Prospective Users of State Universities in Indonesia	IDR1,650,000,000	Education Facility
3	URUN-RI	Musyarakah	Project Phase 1 Procurement of Fresh Fish for Pesantren	IDR 102,300,000	School Infrastructure
4	LBS Urun Dana		None		Education Services

Source: Platform Sharia Securities Crowdfunding

Most of the contracts used in crowdfunding investments are musyarakah contracts with funding categories used to meet the needs of educational facilities and school infrastructure. Not all Sharia securities crowdfunding has projects for education funding, so this is very unfortunate. Based on the researcher's findings, the potential for waqf funding through crowdfunding already exists, but optimisation and socialisation related to this is still lacking. With this crowdfunding, it is very easy for business managers to find financing and fulfil their needs.

The contract scheme for cash waqf is chosen by looking at the great potential in investing, through the *syirkah* contracts, the waqif will donate his waqf funds through a platform that will be channeled to the *nazir* for managed it and generate profits that can be used for the benefit of *mauquf alaih*, in this case, financing quality education. Through a waqf scheme with an investment contract, waqf funds do not stay at one object but can developed into several objects so that waqf is more useful. So then, this waqf will be an alternative to the problem of financing education with great potential.

CONCLUSION

This research result concludes that waqf crowdfunding has been in great demand abroad such as in Malaysia which has optimized digital-based waqf management for social activities, while in Indonesia there are still few enthusiasts of waqf crowdfunding and less than the level of ability to waqf the Muslim society. Waqf crowdfunding is a philanthropy in the form of donations that are invested so that the funds collected from waqif or investors are not used up for waqf but can be

developed in the form of waqf investment. This is the uniqueness of cash waqf in Islamic financing. In the application of waqf crowdfunding in Indonesia by the provisions of the MUI fatwa, the contract model scheme can use two categories, namely 1) *wakalah bil istismar* contract, waqif or investor represent their waqf fund through the crowdfunding platform as a representative of the channeling of funds to be managed by educational institutions which then the funds will be distributed to meet educational needs, 2) *syirkah* contract, waqif or investors provide funds to be invested through the waqf crowdfunding platform which are then channeled and managed by educational institutions to help with educational needs, then the investment returns obtained are not returned to investors but waqf to educational institutions. The efforts of applying cash waqf contracts through crowdfunding services can be an alternative to constraints on education financing and make quality education by the ideals of the SDGs.

The advantage of this research is the ease for investors to do waqf on crowdfunding platforms with the waqf scheme offered in this research. As well as identifying that crowdfunding services for financing educational needs have a great opportunity but have not been optimised, seen from the small number of shares in the education category. As a suggestion for future research, it is expected to identify more deeply on the crowdfunding platform for the allocation of education funds and use quantitative methods to measure the opportunities of education funding through Sharia Securities Crowdfunding.

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