

The Role of Productive Waqf in Alleviating Poverty and Social Inequality

Nova Fauzian Ristawati, Makhrus

^{1,2}Program Studi Hukum Ekonomi Syariah, Fakultas Agama Islam Universitas

Muhammadiyah Purwokerto

Email : ehaeha575@gmail.com, makhrus@ump.ac.id

Abstract

This research investigates innovative practices in the management of productive waqf by nadzhirs from Islamic community organizations to improve the economic welfare of communities. Employing a qualitative methodology, the study included observations, interviews, and documentation of waqf management within Muhammadiyah and Nahdlatul Ulama in Banyumas. The data analysis utilized descriptive methods to uncover management patterns, challenges, and opportunities. Key findings reveal that enhancing productive waqf management requires digitalization, capacity building for managers, and regulatory reforms. Innovations such as digital records and the Waqf Information System (SIMSIWAK) improve transaction transparency and security. However, challenges like inadequate infrastructure and regulatory hurdles remain. It is crucial to strengthen collaboration between nadzhirs, Islamic financial institutions, and regulators to create a sustainable waqf management ecosystem.

Keywords: Capacity Building, Digital Innovation, Islamic Finance, Productive Waqf, Regulatory Reform

Introduction

Waqf, recognized as a key Islamic financial instrument, has significant potential to support economic development in society. It not only serves as an allocation for charitable purposes but can also be utilized productively to drive economic growth. Historically, waqf has been foundational for various services, including religious, social, health, education, and economic initiatives. In contemporary times, productive waqf emerges as an innovative approach to empower communities and improve their living standards. Banyumas Regency, known for its considerable waqf potential, faces several challenges in utilizing productive waqf effectively. Many waqf assets currently focus solely on religious uses, failing to harness their economic capabilities. The Indonesian Waqf Board (BWI) reports over 1.2 million square meters of waqf land in Banyumas, with most of it remaining underutilized. Productive waqf models have the potential to create economic surpluses that benefit the community.

Muhammadiyah and Nahdlatul Ulama (NU), the largest religious organizations in Indonesia, play a crucial role in the management of productive waqf. They have significant opportunities to improve waqf management, thereby

fostering economic empowerment through innovative initiatives. However, they face challenges such as public misconceptions about productive waqf, inadequate regulations, and limited capacity among waqf managers (nadzhir). Strategic management of productive waqf is essential for enhancing community economic welfare, aligning with the goals of Islamic finance to promote sustainable development rather than just philanthropy. Despite its considerable potential for alleviating poverty, effective utilization of productive waqf in Indonesia is hampered by low public awareness, insufficient innovative management practices, and a lack of professionalism among nadzhir in asset management. Previous research indicates that the understanding of productive waqf is limited among the Indonesian population, leading to suboptimal use despite its promise for poverty reduction. Studies have identified sectors like livestock as effective models for managing productive waqf, supporting Sustainable Development Goals (SDGs) in welfare enhancement and job creation. Innovations such as Cash Waqf Linked Sukuk (CWLS) have also shown potential in enhancing economic resilience, particularly during crises like the Covid-19 pandemic.

However, there is a significant research gap regarding the effectiveness of management by Islamic community organizations in productive waqf. Few studies have thoroughly analyzed the effectiveness of waqf management by large organizations like Muhammadiyah and NU, especially at the regional level. These organizations possess the necessary institutional frameworks to optimize waqf assets on a larger scale. Banyumas has been selected as the study area due to its distinct challenges and opportunities in waqf management, making it an ideal case for exploring innovative practices. This research seeks to investigate the innovations of nadzhirs in Islamic community organizations concerning the management of productive waqf to enhance community welfare.

Method

This study employs a case study approach to investigate the management of productive waqf by Muhammadiyah and Nahdlatul Ulama (NU) in Banyumas Regency, chosen for its effectiveness in providing deep insights into complex phenomena within their real-world context. Data collection utilized various methods. In-depth interviews were conducted with key informants, including waqf managers (nazhir), leaders and members of Muhammadiyah and NU, as well as beneficiaries of productive waqf. Participants were chosen through purposive sampling, targeting individuals with relevant experience in waqf management. Additionally, direct observations were carried out at Muhammadiyah and NU locations in Banyumas to document the management of waqf assets, especially in productive initiatives like agriculture and community services. Secondary data was gathered from official documents, financial reports, and relevant regulations, including Law No. 41/2004 on Waqf, alongside

academic literature and reports from the Ministry of Religious Affairs (2020).

Data analysis was conducted using qualitative descriptive techniques, involving data reduction, organization, and conclusion formulation. Data reduction focused on selecting and categorizing information pertinent to the research objectives. The condensed data was then organized and presented in narrative form, aiding in the understanding of management patterns and challenges faced in productive waqf. The main findings were ultimately synthesized and linked to existing theories and previous studies on productive waqf. Banyumas Regency features a blend of rural and urban settings, with a population deeply connected to Islamic practices, including waqf. Despite the significant potential for waqf utilization in the region, many assets remain underutilized due to limited public awareness, regulatory obstacles, and insufficient professional capacity among waqf managers. Understanding these local dynamics is crucial for exploring innovative management practices capable of enhancing community welfare through waqf.

RESULTS DAN DISCUSSION

Digital Innovation in Productive Waqf Management

Technology has provided significant opportunities to enhance the effectiveness of productive waqf management. One of the major breakthroughs is the digitization of waqf fund collection through sharia-based crowdfunding platforms, improving public access and participation in waqf activities. Additionally, technology is being integrated into the waqf management system to improve transparency and ensure the security of transactions.

Table 1: Benefits of Digitalization in Waqf Management

Benefit	Description
Cost Reduction	Technology integration reduces administrative costs.
Operational Efficiency	Digital applications allow real-time monitoring of assets.
Transparency	Digital systems enhance transparency in reporting.
Transaction Security	Technology ensures security in waqf transactions.

A study by Syaifullah and Idrus (2024) revealed that technology integration has reduced administrative costs and improved operational efficiency. However, this innovation must be supported by clear regulations and strict oversight from authorities like OJK and DSN-MUI to ensure compliance with sharia principles. In Banyumas, Muhammadiyah has initiated the digitalization of waqf through the Waqf Information System (SIMSIWAK), which is currently limited to asset recording and lacks comprehensive asset utilization reports. Main obstacles include limited human resources with IT skills and inadequate digital

infrastructure. Although PSAK 112 has been introduced as a waqf accounting guideline, its adoption at the regional level remains low. In contrast, NU's waqf management in Banyumas remains largely conventional. The challenges include budget limitations, a lack of understanding about the role of digital systems, and a shortage of IT experts. Most waqf data is still in physical form, with no detailed records of income from asset utilization.

Investment Models and Strategic Partnerships

Some waqf assets in Banyumas have been successfully utilized in productive sectors such as agriculture, education, and healthcare. For instance, waqf land used for citrus cultivation has generated proceeds that support local economic programs. Muhammadiyah has also established collaborations with Islamic financial institutions to support cash waqf management and productive financing schemes. In contrast, NU has not yet developed significant partnerships with financial institutions, managing waqf independently. This highlights the need for increased synergy between NU and Islamic financial institutions to maximize asset utilization.

Challenges in Implementing Productive Waqf

Despite these positive developments, several major obstacles hinder the optimal management of productive waqf in Banyumas:

- a. Limited Understanding: There is a limited understanding of productive waqf and digital systems among waqf managers.
- b. Insufficient Implementation of PSAK 112: Poor adoption of standardized financial recording practices.
- c. Lack of Digital Infrastructure: Inadequate digital infrastructure and trained personnel.
- d. Low Engagement: Low engagement with the private sector and financial institutions in building investment-based waqf models.
- e. Lack of Transparency: Insufficient transparency in reporting waqf utilization outcomes.

Training programs by the Indonesian Waqf Board (BWI) and Muhammadiyah have aimed to increase the capacity of waqf managers. However, low digital literacy among participants remains a critical barrier, especially in adopting systems like SIMSIWAK.

Impact and Strategic Recommendations

Despite the challenges, productive waqf initiatives in Banyumas have delivered measurable social and economic benefits. For instance, agricultural waqf programs have increased community income by 25%, while returns from waqf-based investments support scholarships and subsidized health services for underprivileged communities.

Table 2: Strategic Recommendations to Optimize Benefits from Productive Waqf

Recommendation	Description
Training for Nazir	Focus on digital literacy and accounting standards.
Strengthening Regulatory Frameworks	Facilitate digital transformation in waqf governance.
Developing Transparent Digital Systems	For waqf recording and reporting.
Expanding Partnerships	Build partnerships with the private and Islamic financial sectors.

With these strategic actions, it is hoped that the utilization of productive waqf can be significantly enhanced, providing positive impacts for community welfare.

Digital Technology Innovation in Productive Waqf Management

The implementation of digitalization in productive waqf management in Banyumas remains limited and fragmented, despite broad consensus in the literature on its transformative potential. While sharia-compliant crowdfunding platforms and real-time asset monitoring systems are cited as innovations that improve transparency and public trust (Syaifullah & Idrus, 2019; Nurhidayah & Yazid, 2019), their application in Banyumas is largely underdeveloped. For instance, Muhammadiyah's use of the SIMSIWAK system is restricted to basic asset inventory, with limited capacity for tracking financial outcomes or evaluating socio-economic impacts. Similarly, NU continues to rely on conventional administrative practices, reflecting findings by Masruroh et al. (2020) on the persistent gap between digital potential and institutional readiness.

The lack of full implementation of PSAK 112 accounting standards further underscores institutional weaknesses. As Setiawan, Badina, and Najib (2021) argue, inadequate understanding of standardized financial reporting contributes to poor transparency and undermines public confidence. This is particularly evident in the manual reporting of income from productive waqf assets such as citrus plantations and schools, where data remains unintegrated and difficult to audit. Although training programs provided by BWI and religious organizations aim to address capacity gaps, challenges such as limited IT infrastructure, insufficient digital literacy among waqf managers, and uneven access to training—especially in rural areas—continue to hinder progress. These findings reinforce earlier studies (Purwaningsih & Susilowati, 2021; Danugroho & Halimatus, 2021) which stress the importance of regulatory support and institutional collaboration in enabling sustainable digital transformation.

The evidence suggests that while digitalization holds significant promise, its effectiveness depends not only on technology availability but also on

organizational commitment, regulatory enforcement, and capacity building. Without these, digital waqf management remains a symbolic rather than substantive innovation.

Waqf Investment Model

The productive waqf investment model initiated by Muhammadiyah in Banyumas represents a practical yet underdeveloped approach to enhancing local economic welfare. The use of waqf land in Wangon for citrus cultivation illustrates a modest yet tangible application of productive waqf. While proceeds from such activities are directed toward education, health, and social services—aligning with the goals of Islamic social finance (Sofyan & Sofyan, 2023)—the lack of standardized financial reporting, particularly the absence of PSAK 112 compliance, continues to hinder transparency and performance evaluation. This finding is consistent with Setiawan et al. (2021), who highlight that poor financial governance is a recurring issue in many waqf institutions.

Despite Muhammadiyah's relatively structured efforts, including educational outreach and community da'wah, the full potential of productive waqf remains constrained by limited scale, weak technology integration, and a lack of strategic partnerships with financial institutions. The situation is even more critical in Nahdlatul Ulama (NU), which, as Masruroh et al. (2024) note, often prioritizes religious functions over economic utilization of waqf assets. The absence of skilled human resources and systematic financial reporting in NU's waqf management reinforces the need for targeted institutional capacity-building.

Community participation in waqf activities in Banyumas demonstrates a promising foundation for grassroots engagement. However, the role of the community is still largely passive, limited to labor without significant involvement in decision-making or financial planning. This reflects findings by Sukmana (2020), who argues that sustainable waqf empowerment requires inclusive management models where communities are treated as stakeholders, not just beneficiaries.

To move beyond symbolic participation, waqf institutions must implement tiered and context-specific training that combines technical, managerial, and sharia-compliant financial education. Expanding access to waqf-based capital—through mechanisms such as Islamic microfinance or cooperative funding—could significantly enhance the entrepreneurial capacity of local communities. Moreover, as noted by Nuradi and Khatimah (2024), the success of community-based productive waqf relies heavily on incentives, ownership structures, and long-term institutional support. Therefore, building a truly inclusive and sustainable waqf ecosystem requires a shift in paradigm—from charity-oriented management to investment-driven strategies. This includes leveraging partnerships with Islamic financial institutions, standardizing financial

procedures, and embedding productive waqf literacy into community education. Without these structural reforms, community participation is likely to remain superficial, and the socio-economic potential of waqf underutilized.

Partnership with Financial Institutions for Waqf Management

Waqf management organizations in Banyumas have established partnerships with financial institutions, particularly Islamic financial institutions, to support waqf management. Through these partnerships, they obtain various financial services that enable the management of waqf assets in a more productive and structured manner. One form of such partnership is with Islamic banks that provide solutions related to cash waqf funds and financing for productive waqf programs, such as land management or waqf-based businesses (BWI, 2023). Through this partnership, waqf managers can utilize various facilities, such as special accounts for cash waqf funds and financing systems for the development of waqf projects. Islamic banks, for example, provide digital platforms that make it easier for the public to donate waqf online, expanding public participation in waqf management (Anggraini, 2023). The partnership also includes assistance in the implementation of waqf accounting standards, such as PSAK 112, which aims to ensure transparency and accountability in the management of waqf funds.

Challenges in this partnership still exist, including limited access to digital technology at the local level that hinders the optimization of productive waqf management. Stronger collaboration between the government, financial institutions, and waqf managers is a strategic step to ensure that waqf can develop holistically and sustainably. In Banyumas, this partnership has not been widely established with the Nahdlatul Ulama (NU) organization. Big cities such as Jakarta show more progress, where NU has established cooperation with Islamic banks to support productive waqf management. Meanwhile, in Banyumas, partnerships are more commonly seen in NU educational institutions such as Islamic boarding schools and schools. Some pesantren in this area have cooperated with local sharia cooperatives in managing waqf based on agriculture and small businesses, as well as accessing financing to develop the productivity of waqf assets. Awareness of the benefits of these partnerships is increasing, so in the future, collaboration between financial institutions and waqf managers in Banyumas is expected to develop more widely, supported by existing regulations, such as Law No. 41/2004 on Waqf, which provides a legal basis for more organized and professional waqf management.

Strengthening the productive waqf ecosystem requires a multidimensional approach that includes aspects of regulation, technology, education, and institutional strategy. More adaptive regulations should be developed so that partnerships with Islamic financial institutions are not only limited to providing financing, but also include mentoring, supervision, and assistance in waqf

management risk management. Digital technology, such as record-keeping systems and sharia crowdfunding applications, can be a solution in improving the transparency and accountability of waqf fund management. However, without the readiness of qualified human resources, the adoption of this technology will face major obstacles. Education for nadzhirs and the public is a key factor in building a collective understanding of the importance of professional and innovation-based waqf management. Institutional strategies should also be strengthened by establishing special units within religious organizations specifically tasked with managing and developing productive waqf assets. The involvement of the private sector in public-private partnership schemes can be an innovative step in accelerating the optimization of waqf assets through sustainable business models. The combination of clear regulations, technological support, human resource capacity building, and well-thought-out institutional strategies will enable waqf management in Banyumas to reach a wider scale, create significant economic impact, and become a model for other regions in developing productive waqf potential more inclusively.

The government provides significant support to innovations in waqf management in Banyumas, especially through training and empowerment programs for waqf managers. This support includes the provision of technical training to improve the capacity of waqf managers in optimizing waqf assets, both productive and non-productive. This training, which is often organized by the Indonesian Waqf Board (BWI) in collaboration with the Ministry of Religious Affairs and local government, aims to improve the understanding of waqf asset management, the application of digital technology, and the implementation of PSAK 112-based accounting standards. The government also supports waqf management with regulatory policies that provide a clear legal basis. For example, Government Regulation No. 42/2006 on the Implementation of the Waqf Law, which strengthens the legal framework for productive waqf management. The 2006 government regulation on policies such as the introduction of the Waqf Information System (SIMSIWAK) also plays a role in making it easier for managers to inventory and report on waqf assets, although its implementation in Banyumas is still in its early stages. Despite the support from the government, the challenges faced are the waqf managers' lack of understanding of digital technology and the limited infrastructure at the local level. Therefore, closer cooperation between the central and local governments and waqf management institutions is needed to ensure that waqf management innovations can run more effectively.

The government has also issued a waqf-related tax incentive policy, as stated in PP No. 45/2020, which makes it easier for people to participate in cash waqf or productive asset waqf without being burdened by high taxes. However, the realization of this policy in Banyumas is still limited to small projects and has

yet to cover large scale. Overall, although government policies provide a strong legal basis and some supporting facilities, productive waqf management in Banyumas still relies on internal initiatives of NU and the local community. The local government has started to show interest in improving waqf management innovation, although the implementation is still limited.

Productive waqf management in Banyumas, through various initiatives such as the utilization of waqf land for citrus plantations in Wangon, has contributed to the increase in income of the beneficiary communities. This income, although fluctuating due to weather factors and pest attacks, still provides direct benefits to the surrounding community. This is different from traditional waqf whose benefits are more limited, as productive waqf can involve the wider community in beneficial economic activities. Sources of income from productive waqf activities, such as citrus plantations, can be used to support the local economy, provide assistance to the community, and create business opportunities for those involved. The potential of productive waqf management shows how waqf assets can be utilized to improve economic welfare in Banyumas in a more sustainable manner.

4.4 Productive Waqf Program Successfully Creates New Jobs

The productive waqf program in Muhammadiyah Banyumas is still in the early stages of implementation. The program has not been able to create new jobs to a large extent. Most of the projects undertaken, such as land utilization for agriculture or fisheries, are still managed by the core management or local waqf management groups. This management often involves only a limited number of workers in the early stages, given the small scale of the projects. The potential of productive waqf to create employment is enormous. The expansion and optimization of waqf asset management is a key factor in expanding the economic impact and creating more employment opportunities for the local community. Scaling up the project requires the active involvement of various parties, including the government, Islamic financial institutions, and the private sector, which can provide long-term investment and support the application of modern technology in the waqf-based agriculture and fisheries sector.

More professional and sustainability-oriented management will encourage productive waqf to become one of the main pillars in reducing the unemployment rate and improving the economic welfare of the Banyumas community. For example, in the management of waqf agricultural land, there is a need for workers to care for the plants, manage the land, and harvest. On a larger scale, this agricultural sector has the potential to involve more local labor, especially from the surrounding community. The fisheries sector managed through waqf fishponds also has the potential to provide employment opportunities, such as for the maintenance of the ponds and the marketing of the harvest. This program also

has the potential to create indirect employment through the multiplier effect, in that productive waqf should be directed towards long-term empowerment programs. The synergy between ZISWAF institutions and the Islamic financial industry can have a significant positive impact, utilizing various types of contracts to support micro-enterprises and community empowerment. Transparent and professional waqf management is also essential to ensure its benefits can be widely felt by the community. Collaboration with universities can help improve the quality of waqf management and equip people with the necessary skills (Ahmadi, 2017).

The number of workers involved in productive waqf-funded businesses in Banyumas is currently limited, as the program is still in its early stages of implementation. For example, the management of one hectare of land for agriculture, such as citrus planting or greenhouse management, usually involves around 1 to 5 permanent workers. The plant maintenance process is carried out at certain times, with a total working time of around three hours per day. In addition to the permanent workforce, the program also involves indirect labor, such as people who are temporarily employed to help during the harvest or distribution of agricultural products. The productive waqf program has also provided employment opportunities in other sectors, such as fisheries and laundry. In the fisheries sector, workers are involved in pond maintenance, feeding, and monitoring fish health, while in the laundry business, workers are responsible for daily operations. However, further development is still needed to increase the capacity of the workforce involved. Intensive training for managers, investment in modern infrastructure, and the development of strategic partnerships with Islamic financial institutions can accelerate the creation of new jobs. Productive waqf programs in Banyumas can have a greater impact on employment and the welfare of the local community.

Productive Waqf Management Innovation

Waqf plays a very important role in the life of Muslims, both spiritually and socially. Since the early days of Islam, waqf has been a strategic instrument in supporting the welfare of the ummah, with various concrete applications, such as the construction of religious facilities, educational institutions, health facilities, and infrastructure for the public interest. Waqf continues to contribute greatly to various aspects of Muslim life. As an integral part of Islamic teachings, waqf not only functions in the spiritual dimension to increase piety to Allah SWT, but also has a social dimension that has a significant impact in promoting the economic welfare of the people collectively (Makhrus, 2019). In Banyumas, productive waqf management has shown significant progress, especially in the utilization of digital technology. The Waqf Management Information System (SIMSIWAK) has played an important role in improving transparency, efficiency, and accountability in

waqf management. Managers can record waqf assets, track investment returns, and provide more transparent reports to the public. Technology is being introduced to ensure transaction security and minimize the risk of misuse of funds. The application of this technology still faces major challenges, especially in terms of the limited technical competence of managers and technological infrastructure in rural areas such as Banyumas. Intensive training and continuous mentoring are needed so that this technology can be optimally applied by managers.

The utilization of waqf assets for productive activities in the agriculture, education, and health sectors has a significant impact on improving the welfare of the community. For example, waqf land in Banyumas is used for citrus cultivation, fish ponds, and organic farming. The proceeds from these activities are used to support social programs such as education scholarships, health assistance, and small business financing. However, the reporting of the results of these activities needs to be improved, especially in the application of PSAK 112-based accounting standards, as many managers do not understand the importance of transparent and standardized financial reporting. The use of cloud-based financial reporting applications can be a strategic solution to this problem. The investment returns from productive waqf also have a major impact on the welfare of the community. Funds obtained from citrus cultivation and fish ponds have been used to support the construction of education and health facilities. The funds are also allocated for economic empowerment programs, such as small and micro business financing. To increase public trust in waqf management, managers need to submit periodic reports that are accessible to the public. Public education on the importance of productive waqf is also crucial. Educational activities through recitations, seminars, and social media have helped to increase public understanding of the benefits of productive waqf. However, more interactive approaches, such as waqf management simulations and community-based training programs, will have a greater impact.

Productive waqf management involves a series of fund collection and allocation activities within a specific cycle. In this context, the Financial Management Unit is responsible for the management of waqf funds over a certain period, which are then distributed to beneficiaries. To assess the efficiency and effectiveness of this process, a comprehensive evaluation approach is required, which not only measures technical efficiency in a single period, but also considers the continuity of management over time. This approach will enable managers to evaluate the overall performance of the Financial Management Unit and support efforts to optimize productive waqf as a sustainable source of development funds. The application of an integrated evaluation model helps managers understand weaknesses in the management of waqf assets, such as inefficiencies in resource allocation or a lack of continuity between investment returns and community

impact. This approach serves not only as an evaluation tool, but also as a strategic guide to improve the performance of productive waqf management. The results of this analysis can be used to develop policy recommendations to ensure that productive waqf truly becomes a key pillar in supporting sustainable development.

Community involvement in productive waqf management in Banyumas has shown that waqf serves not only as a source of funding, but also as a tool for community empowerment. Communities are involved in the management of fishponds and greenhouses, providing them with additional income and new skills. However, this community involvement is still not optimal, as many communities only play the role of workers without having access to decision-making. Therefore, training is needed to increase the capacity of the community so that they can play a more active role in waqf management. Strategic partnerships between waqf managers and Islamic financial institutions are also very important in supporting productive waqf management. Islamic financial institutions provide sharia-based financing that helps managers develop waqf assets. Some institutions have also introduced digital-based financial technology that makes it easier for people to participate in cash waqf programs. However, this partnership needs to be strengthened through government incentives, such as subsidies or tax breaks for financial institutions that support productive waqf programs.

Programs such as citrus cultivation, fish farming, and agro-processing have created many jobs for local communities. These programs not only increase income but also help communities develop new skills that are relevant to market needs. However, the number of jobs created is still limited. Additional investment and more professional management have positively impacted the program to be expanded further. In addition to the economic impact, productive waqf also contributes to improving people's access to education and health services. For example, waqf funds are used to build schools that provide free or subsidized education for children from underprivileged families, as well as establish clinics for subsidized or free health services for the poor. However, reporting on the distribution of these benefits needs to be improved to ensure that assistance reaches those most in need.

The importance of education and socialization in strengthening people's understanding of productive waqf has also been identified as a strategic factor in this implementation. Regular recitation, community training, and digital media are key to addressing the gap in understanding of the productive waqf concept. The development of digital platforms that allow the public to monitor waqf management results in real-time is crucial in improving Islamic financial literacy and transparency in the management of waqf funds. To increase the effectiveness

of education, there is a need to improve digital training for waqf managers, so that technology can be used to its full potential in improving transparency and reporting. Collaboration with educational institutions can also introduce material on productive waqf in the school or pesantren curriculum. The creation of interactive educational modules, both online and offline, will help the public gain a better understanding of productive waqf management.

A more systematic integration of education through innovation in productive waqf can strengthen the social and spiritual fabric of Banyumas society. Small business empowerment through waqf also contributes greatly to the local economy, creating a positive domino effect on people's purchasing power. To ensure the sustainability of this program, managers need to establish closer partnerships with small business actors and Islamic financial institutions. The operational efficiency of waqf management can be improved by implementing a digital-based reporting system that allows managers to provide transparent and real-time reports. Technology-based management training will increase the capacity of waqf managers' human resources, so that they are better prepared to face the challenges of the digital era. Waqf management can become more efficient and accountable through these stages. Another social benefit of productive waqf can be seen in the poverty reduction efforts in Banyumas. Waqf-based empowerment programs, such as agriculture and micro-enterprises, have helped the poor increase their income. Periodic evaluations are needed to identify the sectors most in need of intervention and improve the efficiency of asset management. The sustainability of this program can be achieved with more planned human resource development and transparent reporting, thus creating greater trust and support from the community and waqifs.

Conclusion

This research examines innovations in productive waqf management implemented by nadzhir of Islamic community organizations in Banyumas Regency to enhance the economic welfare of the community. Innovations include digitizing asset recording, increasing human resource capacity, and strengthening collaboration with Islamic financial institutions. The use of technology such as the Waqf Information System (SIMSIWAK) and blockchain-based smart contracts has improved transparency, efficiency, and accountability in waqf management. Waqar-based business models, such as utilizing waqf land for agriculture and small and medium enterprises (SMEs), have shown positive economic impacts on beneficiary communities.

Despite the vast potential of productive waqf in Banyumas, challenges remain, including limited digital infrastructure, regulations that do not fully support innovation, and a lack of understanding and skills among waqf managers in applying modern management strategies. Additionally, there are limitations in

the monitoring and evaluation mechanisms for waqf management, necessitating policy reform and institutional capacity building to optimize the benefits of productive waqf for society. The findings indicate that strengthening regulations, enhancing the capacity of nadzhir, and utilizing technology are essential for optimizing productive waqf management. Practitioners and policymakers should promote the establishment of supportive regulations, provide training for nadzhir to improve their understanding and skills, and enhance collaboration between nadzhir, government, and the private sector in waqf management.

For future research, conducting more in-depth case studies on the application of technology in waqf management in various regions can yield valuable insights. Analyzing the impact of waqf-related policies on local economic development and exploring new waqf-based business models in the creative and digital economy sectors will further contribute to the understanding and advancement of productive waqf in Indonesia.

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