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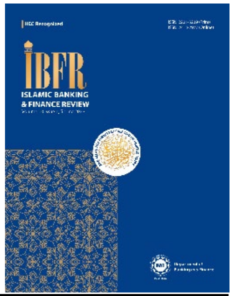

Title: **Integrating Cash Waqf Linked Sukuk (CWLS) and Corporate Waqf Schemes Model for Productive Financing: An Islamic Economic Analysis**

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Integrating Cash Waqf Linked Sukuk (CWLS) and Corporate Waqf Schemes Model for Productive Financing: An Islamic Economic Analysis

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Abstract

Cash waqf has gained increasing attention as a strategic instrument in Islamic social finance, supporting sustainable development and community empowerment. In Indonesia, the emergence of Cash Waqf Linked Sukuk (CWLS) represents an innovative mechanism that integrates waqf funds with government Sukuk to finance social programs. However, its effectiveness remains constrained by low Islamic financial literacy, limited participation by retail investors, and weak managerial capacity among *Nazhir* institutions. This study proposes a hybrid institutional model that combines CWLS as a government-backed fund-raising instrument with Corporate Waqf entities as professional fund managers. Using a descriptive qualitative approach based on library research, the study analyzes academic literature, regulatory frameworks, and institutional reports (2020–2025). Evidence from CWLS Series SWR001 and SWR003 indicates growing public participation and funding for healthcare and social programs. The findings suggest that the proposed hybrid model can enhance accountability, strengthen social impact, and increase public trust. This study contributes to the development of an inclusive and sustainable Islamic social finance system aligned with the objectives of *Maqasid al-Sharia*.

Keywords: cash waqf, CWLS, corporate waqf, Islamic social finance, *Maqashid Sharia*

Introduction

Waqf is one of the primary instruments in the Islamic social finance system, carrying not only a spiritual dimension but also profound socio-economic functions. It has been playing a central role in financing public services. Researchers examine Islamic social finance, zakat, infak, sedekah, and waqf (ZISWAF) from various perspectives. This shows that the contribution of waqf is very significant for modern development (Anis & Kassim, 2016;

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Bennett & Grabs, 2024). It has significance in climate change as well (Othman et al., 2025).

Samanthan May (2023) found the integrative social contributions of Islamic financial institutions, ZISWAF, within non-Muslim communities, especially during the COVID-19 pandemic. Islamic social finance also plays a role in the renewable energy sector. Morea and Poggi (2017), while studying Islamic finance and renewable energy. found Islamic social finance instruments (cash waqf linked sukuk, Zakat, Infak, and Sadaqah) as innovative instruments for addressing contemporary issues, including renewable energy, which is a concern for sustainable development goals (Wahyudi et al., 2025) and found that the integration of social and tijary contracts contributes to addressing crucial issues such as the climate crisis, extreme poverty, and disaster mitigation that cannot be funded by the limited state budget (Gunarto et al., 2018). In a broader context, integration has a wide-ranging impact on the social, educational, and humanitarian sectors. The interconnection of social finance with tijari contracts has become a source of funding for addressing extreme poverty in Indonesia (Bayinah et al., 2021).

The issues of renewable energy, energy efficiency, sustainable agricultural practices, and projects to reduce carbon emissions have become the main focus in the sustainable development goals (Said, 2023).These are also agreed upon outcomes in the Paris Climate Agreement and the European Green Deal (Abbass et al., 2022; Pinkse, 2023), not without the financial contributions of Islam. However, an inclusive long-term strategy needs to be developed to enhance the adoption and impact of broader environmental investments.

ZISWAF institutions, especially waqf (awqaf), serve as the foundation for the sustainability of various research development centers for the advancement of Science. Several renowned modern institutions such as the University of al-Qarawiyyin in Fez, Morocco, founded by Fatima al-Fihri in 859 AD and widely recognized as one of the oldest higher education institutions are still in operation today. Similarly, Al-Azhar University in Cairo, Egypt was established around 970–972 AD and developed into a major center of Sunni Islamic education in the modern world. In Andalusia, the tradition of Islamic knowledge also flourished through institutions such as the University of Córdoba, which reached the peak of intellectual achievement in the 10th to 11th centuries under Islamic civilization.

Waqf became a role model for financing in that era, surpassing wealth redistribution instruments like the dominant practices today, serving as a long-term social investment instrument for the development of science and knowledge, and an inspiration for world civilization. The institutional model of waqf is identified with the endowment fund system, which has become a source of funding for several prominent universities in the West, such as the University of Oxford (11th century), the University of Cambridge (1209), and Harvard University (1636) (Abdur-rashid, 2021).

The great potentials of Islamic social finance, such as zakat, infak, sedekah, and wakaf (ZISWAF), show a central role in development. In contrast, the contemporary context of ZISWAF shows great potential but limited realization, and a gap emerges, between normative potential and institutional reality. Moreover, one cannot ignore the incomplete identification of muzakki, resulting in the optimization of ZISWAF potential collection experiencing a paradox of abundance: great potential, small impact (Zuhirsyan & Fadhilah, 2025). The dominant charity approach over the productive approach also results in the great potential of waqf not having a broader impact on the empowerment and independence of the community. The mustahik predominantly receive Islamic social finance in the form of temporary consumption that helps meet basic needs, but it does not have a long-term impact, so the mustahik do not advance to become muzaki (Darajat, 2025). So, the great potential of endowments in the form of non-productive assets such as land, buildings, mosques, and graves have not yet generated economic value. Another issue is the non-professional *nazhir*, low investment, weak asset management, and unclear asset legality, causing endowments to often remain as dead assets, not productive assets (Faujiah, 2025).

Institutional fragmentation, which often operates independently, is also a problem that colors Islamic philanthropic institutions. Cross-sectoral collaboration is still weak, supported by unintegrated data that allows one family to receive aid repeatedly from different institutions, resulting in distribution duplication, program leakage, and low impact measurement (Darajat, 2025).

Many institutions are still unable to provide real-time reporting, impact dashboards, and digital audits, resulting in low public trust (Nashirudin et al., 2025). Moreover, technological innovation continues to grow and develop rapidly, outpacing the speed of regulatory debates. Waqf crowdfunding, digital waqf, zakat via e-wallet, blockchain philanthropy are among the rapidly growing innovations in Islamic finance. However, the problem is that regulations often lag behind technological innovations, resulting in Islamic financial instruments lacking legal certainty, authority overlap, and risks related to Shariah and data security (Terminanto, 2024).

Financing the knowledge economy was considered strategic in classical times when waqf funded universities, libraries (Bait al-Hikmah), hospitals, and observatories. However, in the development of contemporary waqf, the focus of waqf potential is oriented toward social assistance and the physical development of places of worship, and has not yet been directed much toward AI, university research, innovation funds, halal startups, and the green economy. This gap has given rise to what is called the civilizational decline of the waqf function (Faujiah, 2025; Isla Munthe, 2025).

The potential of cash waqf is further strengthened by its ability to be managed through secure and productive Islamic financial instruments. This innovation has taken the form of Cash Waqf Linked Sukuk (CWLS), a hybrid instrument that combines waqf principles with state sukuk mechanisms to finance strategic social projects.

CWLS marks a significant milestone in the effort to integrate Islamic social finance with national fiscal policy. Through this instrument, waqf funds can be raised from the public and invested in government sukuk, with the social returns directed toward financing public facilities such as hospitals, schools, and community service centers. For instance, CWLS series SWR001 funded the development of the Retina Center at Achmad Wardi Hospital in Banten, which stands as a tangible model of productive waqf utilization based on sukuk. Regulatory support and government participation have granted CWLS high legitimacy and strong public appeal.

Nevertheless, the effectiveness of CWLS has yet to reach its optimal point. Several structural constraints persist, including low levels of Islamic financial literacy among the public, limited participation from retail investors, and insufficient professional institutional capacity of *nazhir* in terms of investment and risk management. Fragmented coordination among stakeholders, from regulators and Islamic financial institutions to waqf management, also hinders the optimal potential of CWLS as a strategic social finance instrument.

In response to these challenges, the corporate waqf approach offers an alternative institutional model that is more adaptive. This model promotes modern governance through the establishment of legally recognized *nazhir*, such as productive foundations, Islamic cooperatives, or limited liability companies that focus on efficiency, accountability, and sustainability. In countries such as Malaysia and Singapore, this model has been effectively implemented through institutions like WANCorp and Warees Investment, which have successfully managed waqf funds in both commercial and social projects without compromising Islamic values.

Unfortunately, the implementation of the corporate waqf model in Indonesia remains limited and tends to be sporadic. The absence of a comprehensive regulatory framework results in a lack of systemic support for the development of professional waqf institutions. This creates a gap between the vast potential of cash waqf and the realities of its implementation on the ground. Therefore, this article proposes the design of a hybrid institutional model that synergizes CWLS as a state-based Islamic fundraising mechanism with corporate waqf as a productive and results-oriented fund manager. This integration aims to build a more resilient, progressive Islamic social finance ecosystem aligned with the principles of *maqashid sharia.* This research seeks to answer a key question: how can a hybrid institutional model be constructed to synergistically integrate CWLS and corporate waqf? By positioning CWLS as the entry point for funding, and corporate waqf as the engine for asset management, this model aspires to create an Islamic social finance system that is competitive, sustainable, and in harmony with *maqashid sharia.*

Literature Review

Cash waqf has evolved as one of the main pillars in contemporary Islamic social finance. Unlike traditional waqf that is based on fixed assets, cash waqf offers high flexibility, strong liquidity, and the potential for rapid and strategic disbursement of funds to productive sectors of the Muslim community. Bahri et al. (2023) show that optimal management of cash waqf can create a multiplier effect on the economy, especially when allocated to the real sector, such as MSME financing or investment through professional Islamic financial institutions.

In this matter, one significant breakthrough in the Indonesian context is the introduction of the Cash Waqf Linked Sukuk (CWLS), an innovative financial instrument that combines cash waqf with government sukuk.

CWLS provides a legal and operational framework that enables public participation in supporting strategic social projects, such as the development of health and education facilities, through a financing structure that is transparent, secure, and supervised by national fiscal authorities (Cahyono & Hidayat, 2022). As an instrument integrated with fiscal policy, CWLS strengthens the legitimacy of cash waqf as part of Islamic public finance.

However, the effectiveness of CWLS still faces major challenges. Low Islamic financial literacy, limited innovation in distribution strategies, and the marginal participation of retail investors are serious obstacles. Findings by Umam et al. (2025) underline that the success of CWLS is highly dependent on the ability to create synergy among institutions, fiscal regulators, Islamic capital market authorities, *nazhir*, and the Islamic finance industry. Said and Hadiningdyah (2025) even emphasized that the absence of a collaborative ecosystem among stakeholders has hindered the acceleration of cash waqf transformation from symbolic to systemic.

On the other hand, the corporate waqf approach is emerging as a more adaptive institutional model. In this model, waqf funds are managed by legal entities such as cooperatives, productive foundations, or sharia-based companies. This approach combines the principles of Islamic philanthropy with modern business governance, enabling professional, measurable, and broadly impactful management of waqf assets. The study by Huda and Santoso (2020) highlights the successful implementation of corporate waqf in Malaysia and Singapore, such as WANCorp and Warees Investment, which have funded large-scale social projects such as housing, hospitals, and schools based on social values.

From a global perspective, the study by Hassan et al. (2019) shows that successful waqf management in Bangladesh through the Social Investment Bank Limited (SIBL) reflects the importance of integrating professional management, modern information systems, and a focus on socio-economic impact. Likewise, the experience of the Awqaf Properties Investment Fund (APIF), supported by the IDB Group, demonstrates that institutional structure and access to global capital are key in transforming waqf into long-term productive assets. These international experiences serve as important benchmarks for the development of the waqf system in Indonesia, which still faces institutional fragmentation and operational scale limitations.

To date, CWLS and corporate waqf have developed in parallel without adequate institutional bridges. Yet, integrating the two presents a significant opportunity to establish a waqf governance model that is efficient, professional, and rooted in public participation. CWLS provides stability as a channel for collecting waqf funds within the framework of national fiscal policy, while corporate waqf offers a dynamic institutional platform for managing funds productively. The absence of a systemic connection between the two leaves an institutional gap that can be filled by developing a hybrid institutional model that synergistically combines the strengths of both approaches.

From the perspective of institutional theory, the sustainability of the waqf system is determined not only by regulatory strength but also by institutional legitimacy and the organizational capacity to build public trust. CWLS has gained formal legitimacy through the involvement of the Ministry of Finance and BWI. However, substantial legitimacy requires strengthening *nazhir* governance based on professionalism, transparency, and accountability. The implementation of Waqf Core Principles (WCP), as recommended by IRTI-IsDB, becomes crucial in designing corporate-based *nazhir* entities that can gain the trust of the public and social investors (Ryandono et al., 2025).

Furthermore, the behavioral finance approach adds an important dimension in understanding the public's decision to participate as *waqif* (a person who donates their property or money as waqf in Islamic practice). Trust in the managing institution, perceived social benefits, and spiritual motivation play a significant role, particularly for the younger urban generation that is increasingly aware of sustainable finance. Therefore, public education strategies, enhancement of Islamic financial literacy, and narratives that emphasize blessings (*barakah*) and social justice need to be reinforced as part of the national *waqf* communication strategy.

Within a digital ecosystem that emphasizes inclusion and collective participation, CWLS can also be viewed as part of the sharing economy, in which communities contribute to funding social projects collectively through structured instruments under state supervision. By combining this logic with the corporate *waqf* approach, the proposed hybrid model can serve as a bridge between public finance and community-based Islamic philanthropy that aligns with the principles of *maqashid sharia*, particularly in protecting *hifzh al-mal* (wealth), fulfilling *daruriyat* (essential necessities of life), and creating sustainable *maslahah ammah* (public benefit)

(Cahyono, 2022). The table below presents the proposed hybrid model:

Table 1

The Design of the Hybrid Model and Its Implications

Aspect	Cash Waqf Linked Sukuk	Corporate Waqf
Source of Funds	Individual/institutional cash waqf through government sukuk schemes	Direct cash waqf donations from the public or institutions
Managing Entity	Government (Ministry of Finance, BWI) and Islamic finance partners	Legally incorporated entities: cooperatives, foundations, Islamic companies
Institutional Structure	Integrated with national fiscal policy	Independent, based on professional governance
Investment Objectives	Social development: hospitals, education, and public facilities	Development of productive real estate, MSMEs, education
Strengths	High stability, transparency, and strong legal protection	Growth potential, and innovation
Challenges	Low financial literacy, limited investor participation	Limited regulation, not yet nationally integrated
Institutional Legitimacy	Strong (supported by fiscal authorities and national policies)	Developing: depends on the institution's reputation and accountability
Implementation Examples	Achmad Wardi Hospital (Banten), CWLS Series 1 & 2 projects	WANCorp (Malaysia), Warees Investment (Singapore)
Benefit Distribution Scheme	Social and spiritual returns; principal remains intact	Profits from assets allocated to social projects

As presented in the table above, this article proposes a hybrid cash waqf model for productive financing that integrates CWLS as a state-based fundraising channel and corporate waqf as a professionally institutionalized fund manager. This model is designed to address problems related to financial literacy, institutional coordination, and the limited operational scale of *Nazhir* institutions, which have so far hindered the optimization of cash waqf potential.

This hybrid entity can take the form of a legally recognized *nazhir* institution (such as a limited liability company, association, or Islamic cooperative) that is directly affiliated with the CWLS scheme as a state instrument. Waqf funds raised through CWLS will be allocated to this entity to be managed productively in strategic real sectors such as education, healthcare services, and MSME financing. The accountability of fund management is ensured through regular reporting to the public and regulators, the implementation of Good Corporate Governance (GCG) standards, and independent Sharia audits. This model not only expands the social reach of cash waqf but also strengthens the position of waqf within the national financial system as an alternative instrument for sustainable development financing. Amid growing fiscal pressures and social inequality in the post-pandemic era, this institutional innovation becomes highly relevant and urgently needed as part of the reform of Islamic finance in Indonesia.

A review of contemporary literature shows that the evolution of cash waqf as part of Islamic social finance instruments has undergone significant progress over the past decade. A major innovation in this landscape is the emergence of the Cash Waqf Linked Sukuk (CWLS), a sharia-compliant financial instrument that connects cash waqf funds with government sukuk. CWLS is designed to bridge the social interests of the Muslim community with the fiscal needs of the state, while also offering a low-risk investment channel for waqf funds that were previously only distributed in static forms. In the study conducted by Cahyono and Hidayat (2022), it is emphasized that CWLS can act as a leverage point for synergy between Islamic philanthropy and public finance, providing space for public participation in legally guaranteed and measurable social development projects.

In the national context, exploration of various cash waqf investment models have been conducted by Bahri et al. (2023), who identified at least ten development models of cash waqf in Indonesia. These include the CWLS scheme, MSME financing based on waqf, and investments in sharia-compliant stocks. However, this study is descriptive and does not explicitly address the potential for integration across models within a unified institutional system. This gap is important, considering that the successful optimization of cash waqf greatly depends on a governance design that can combine the strengths of the various existing approaches.

Meanwhile, other studies such as those conducted by Said et al. (2024) and Rabbani et al. (2023) have highlighted the importance of multi-stakeholder synergy in strengthening the CWLS ecosystem. In this context, the roles of institutions such as the Indonesian Waqf Board (BWI), the Ministry of Finance, KNEKS, and Islamic financial institutions are emphasized as key pillars for strengthening governance. However, the approaches offered remain limited to sectoral reinforcement and have yet to touch upon institutional integration that connects the role of CWLS as a state instrument with corporate *nazhir* entities as productive managers of waqf funds. This indicates the need for a hybrid institutional model that can merge these two strengths into a coherent, long-term-oriented system.

In addition, the study conducted by Cahyono and Hadayat (2022) provides a conceptual contribution by linking CWLS to the theory of the sharing economy and social impact bonds (SIBs). While theoretically compelling, the study does not result in an applicable framework that can be institutionally implemented. A similar situation is seen in the study conducted by Ryandono et al. (2025), which employs the Decision-Making Trial and Evaluation Laboratory–Analytical Network Process (DEMATEL-ANP) approach to map strategies for optimizing CWLS, yet without discussing institutional integration with corporate waqf systems. This demonstrates that the aspect of institutional synergy in cash waqf management remains a relatively unexplored area in the literature.

Considering these findings, it can be concluded that there is a clear research gap in designing a productive waqf governance model based on corporate institutions, directly connected to the CWLS system. The absence of a model that integrates CWLS as a state-based sharia fundraising mechanism with modern waqf institutions as professional management entities has limited the effectiveness of waqf in reaching productive sectors. In fact, such integration holds vast potential to support long-term financing for strategic sectors such as education, healthcare services, and microeconomic empowerment of the Muslim community.

Therefore, this article seeks to provide a scholarly contribution by designing a hybrid cash waqf model that combines the strengths of CWLS and corporate waqf entities within a structured institutional system. This approach is intended not only as a response to theoretical needs but also as a practical solution to the challenges of cash waqf management in the digital era and fiscal decentralization. The proposed model is expected to broaden the scope and effectiveness of Islamic social finance, while also promoting a more inclusive, technologically adaptive, and SDG-aligned reform of national waqf governance.

Methodology

This study employs a descriptive qualitative approach using library research methodology for its suitability in exploring theoretical frameworks and formulating conceptual models based on rich and verified secondary data. This approach enables in-depth examination of conceptual dynamics, institutional policies, and innovative practices within the Islamic social finance system, particularly in the context of integrating the Cash Waqf Linked Sukuk (CWLS) with institutional models based on corporate waqf.

The data sources for this research include relevant peer-reviewed academic literature, such as SINTA 1–2 and Scopus-indexed scientific journals, authoritative reference books, government regulations and policies, strategic reports from national institutions such as the Indonesian Waqf Board (BWI), the Ministry of Finance, and the National Committee for Islamic Economy and Finance (KNEKS), as well as publications from credible non- governmental institutions. The data analyzed focuses on the period from 2020 to 2025 to ensure empirical relevance and timeliness of the findings. Key references such as Bahri et al. (2023), Cahyono and Hidayat (2022), Ryandono et al. (2025), and Said et al. (2024) are used to examine theoretical constructs, institutional model designs, and implementation dynamics in the development of Islamic social finance. This examination is deepened through thematic content analysis, which allows for the identification of key themes, conceptual relationships, and narrative patterns within the literature reviewed.

The analytical approach is reinforced by a theoretical framework consisting of three main perspectives: Institutional Theory, to examine institutional structures, legitimacy, and adaptability; Behavioral Finance Theory, to understand the psychological and social behavior dimensions of *waqif* participation; and the concept of the Sharing Economy, which provides a normative perspective on collective contributions in managing Islamic social finance. As a complement to the theoretical framework and secondary literature, this research also examines limited case studies of CWLS implementation, particularly series SWR001 and SWR003, selected for their success in representing actual practices in the collection and distribution of waqf funds through government sukuk. In addition, the professional *nazhir* management models by institutions such as Dompet Dhuafa and Daarut Tauhiid are analyzed as representations of modern waqf institutions in Indonesia. Data from these case studies are used as empirical comparators to assess the feasibility and prospects of the proposed CWLS–corporate waqf hybrid model integration.

To enhance objectivity and internal validity, this research employs source triangulation and an interdisciplinary approach. Data from academic journals, regulatory documents, and institutional reports are cross-verified to obtain a solid and comprehensive conceptual synthesis. This approach also minimizes interpretative bias in drawing theoretical and conceptual conclusions. Although this study does not involve the collection of primary data through surveys or field experiments, this limitation is compensated by the depth of literature exploration and clarity of conceptual construction. This research serves as an initial theoretical foundation that can be followed up in further studies using action research, simulation studies, or participatory methods involving *nazhir*, regulators, and Islamic finance industry players at both local and national levels. Thus, the findings of this article are expected to contribute not only to the development of academic discourse but also to provide a starting point for reforming national waqf policy based on a more inclusive, adaptive, and sustainable hybrid model.

Nonetheless, this study has several limitations that must be explicitly acknowledged. First, the approach employed is qualitative-descriptive using library research methodology, meaning that the findings are conceptual in nature and have not yet been tested through quantitative or experimental methods. Second, the empirical analysis in this study is limited to secondary data and selected case studies (such as CWLS series SWR001 and SWR003), so generalizing the model to regional or national contexts requires further validation. Third, limited access to internal financial data from *nazhir* entities and the CWLS platform constrains the depth of evaluation regarding detailed implementation and managerial aspects.

Results and Discussion

Based on the results of thematic analysis and comprehensive literature synthesis, this study proposes a conceptual hybrid model that integrates the Cash Waqf Linked Sukuk (CWLS) as a state-based sharia fundraising channel with corporate-form *nazhir* entities as productive and results-oriented waqf fund managers. This model is designed as a response to the structural stagnation in the implementation of cash waqf in Indonesia, and as an effort to address the need for a more adaptive, professional, and sustainable institutional architecture within the Islamic social finance system. The following table summarizes the key findings:

Table 2

CWLS Data

Data	CWLS Series SWR001	CWLS Series SWR003
Issuance Date	October 2020	11 April – 7 July 2022
Total Funds Raised	Rp 14.91 billion	Rp 38.25 billion
Number of Wakif	1,041 (99.6% individuals)	688 (99.8% individuals)
Return (Coupon)	5.5% per annum (fixed)	Data Not Available
Tenor	2 Years	2 Years
Social Impact	Funds allocated to Waqaf Salman ITB for social and economic empowerment programs	Funds used for procurement of retina medical equipment, free cataract treatment for 2,513 underprivileged people, procurement of ambulances, and 1,000 free eyeglasses for students.

First, CWLS has proven to be a strategic social finance innovation, as it successfully unites religious, social, and fiscal missions within a standardized financial instrument. Institutional support from the Ministry of Finance, the Indonesian Waqf Board (BWI), and the National Committee for Islamic Economy and Finance (KNEKS) positions CWLS as a legally credible instrument that is fiscally and socially secure. However, the optimization of investment returns from CWLS still heavily depends on the management quality of the *nazhir*, which currently tends to operate under conventional institutional schemes with limited managerial capacity.

Second, the institutional approach based on corporate waqf offers a strategic solution to strengthen the managerial capacity of *nazhir* institutions. By establishing legal entities that apply the principles of Good

Nazhir Governance, such as transparency, accountability, professionalism, and sharia compliance, waqf fund management can be conducted more efficiently and responsibly. Structurally, these entities are capable of handling complex managerial functions, including investment, risk mitigation, and accountable financial reporting, without compromising the core values of *maqashid sharia*. The success of this model in countries like Malaysia and Singapore demonstrates that corporate waqf entities can operate similarly to Islamic financial institutions with strong social performance.

Third, the integration of CWLS and corporate waqf into a single hybrid institutional system enables the creation of a complete Islamic social finance value chain, spanning from fundraising and fund management to the distribution of waqf benefits. In this structure, the state acts as the issuer of financial instruments and guarantor of fiscal stability, while corporate *nazhir* entities manage funds and allocate investment returns to productive sectors such as MSMEs, education, and healthcare. Thus, the model represents not merely a technical integration, but an institutional transformation in cash waqf management.

Fourth, from the perspective of Institutional Theory, the success of this model depends on three main elements: (1) public legitimacy toward corporate *nazhir* entities with high credibility, (2) the existence of an inclusive regulatory framework that supports institutional innovation, and (3) the creation of cross-sector collaborative synergy among regulators, market actors, and civil society. Meanwhile, the behavioral finance perspective shows that participation by *waqif* in this model is strongly influenced by psychological factors such as perceptions of investment safety, the spiritual value of *barakah*, and transparency in fund management.

Fifth, the concept of the sharing economy serves both as the normative foundation and operational strategy of this model, where waqf is positioned as a collective and participatory instrument for wealth distribution. The use of platform-based digital technology facilitates greater transparency and public engagement, especially among urban youth who are digitally oriented, spiritually inclined, and socially conscious. Therefore, digital integration in this hybrid scheme not only supports operational efficiency but also expands public participation in Islamic social finance.

Conclusion

In light of the above findings, the hybrid institutional model integrating CWLS and corporate waqf offers a systemic approach capable of strengthening the intermediation function of Islamic social finance. This model is designed to address structural challenges in cash waqf management while providing a progressive and inclusive institutional solution. In the context of national development, this integration aligns with the Sustainable Development Goals (SDGs) and the principles of *maqashid sharia*, particularly in terms of *ḥifẓ al-māl* (wealth protection), promotion of *taḥqīq al-maṣlaḥah* (public welfare), and equitable, sustainable economic empowerment of the *ummah*. This study affirms that the integration between the Cash Waqf Linked Sukuk (CWLS) and corporate-based waqf institutional models is a visionary and relevant strategy to address the challenges of Islamic social finance in the contemporary era. In essence, CWLS has proven effective in bridging the fiscal needs of the state with the philanthropic aspirations of the Muslim community, while corporate waqf demonstrates greater institutional capacity in terms of professionalism, adaptability, and accountability in the productive management of waqf funds.

The hybrid model proposed in this study offers an institutional system that combines the strengths of both approaches into a single, integrated, and results-oriented entity. By positioning CWLS as a state-based public fundraising instrument and corporate *nazhir* as a productive investment manager, this system is believed to facilitate the transformation of waqf from a religious symbol into a strategic instrument for national development. This model is designed with a strong theoretical foundation, encompassing Institutional Theory, Behavioral Finance, and the Sharing Economy, and is grounded in the values of *maqashid sharia*. In the context of public policy and the architecture of national social finance, this model serves as a bridge between the spiritual vision of Islam and the inclusive needs of sustainable development.

Recommendations

It is recommended that strengthening regulation and institutional synergy should be prioritized for better outcomes. First, the government should formulate policies that enable formal collaboration between CWLS issuers and corporate *nazhir* entities, including the drafting of specific regulations concerning hybrid waqf structures. Second, a national guideline on good *nazhir* governance is needed for standardizing corporate *nazhir* governance, aligned with the waqf core principles, to enhance managerial capacity and accountability within *nazhir* institutions.

Third, the development of an integrated digital waqf platform should be accelerated to increase transparency, efficiency, and public participation, particularly among the younger generation and urban communities. Fourth, CWLS process should be directed not only to social sectors but also to productive sectors such as MSMEs, *halal* agriculture, and *sharia* startups, which can generate a broader multiplier effect for diversifying investment portfolios. Finally, field testing (pilot projects) of this hybrid model in local contexts using participatory approaches involving *nazhir*, local governments, and Islamic finance actors is necessary to assess its effectiveness and scalability for further empirical research. Accordingly, this study is expected to provide a strong foundational basis for the development of a more integrative, adaptive, and sustainable national waqf system. The integration of CWLS and corporate waqf not only enhances the social intermediation role of Islamic finance but also positions waqf as a strategic instrument.

Author Contribution

Muhammad M Said: writing –review & editing. **Anisya Amalia Tursina:** writing-original draft. **Yessi Fitri:** resources, methodology. **Nanang Fatchurohman:** data curation, validation.

Conflict of Interest

The authors of the manuscript have no financial or non-financial conflict of interest in the subject matter or materials discussed in this manuscript.

Data Availability Statement

Data supporting the findings of this study will be made available by the corresponding author upon request.

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