

The Role of Islamic Social Finance in Enhancing Productive Waqf for Sustainable Islamic Boarding School Education

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Abstract

The affordability of Islamic boarding school (pesantren) education remains a critical issue, with approximately 4.3 million students from low-income backgrounds in Indonesia struggling to cover tuition costs. Conventional financial aid mechanisms have proven insufficient, necessitating alternative funding solutions. Islamic social finance, particularly productive waqf, emerges as a viable approach to ensuring financial sustainability for pesantren. This study adopts a qualitative approach, utilizing library research and case study analysis to explore the role of Islamic social finance in enhancing productive waqf. Data are sourced from scholarly literature, (Indonesian Waqf Board) reports, and case studies of pesantren implementing productive waqf models. The findings reveal that agriculture, business ventures, and Islamic microfinance projects significantly contribute to revenue generation, reducing pesantren's reliance on tuition fees. Additionally, the integration of Islamic crowdfunding and fintech platforms has enhanced transparency and donor engagement in waqf management. The novelty of this research lies in its examination of the synergy between Islamic social finance and digital financial technology in optimizing productive waqf for sustainable pesantren education. The study underscores that strengthening regulatory frameworks and leveraging digital innovations can maximize the impact of Islamic social finance, ensuring greater accessibility to quality education for underprivileged students.

Keywords: *Islamic social finance, productive waqf, pesantren, financial sustainability, Islamic crowdfunding*

Abstrak

Keterjangkauan biaya pendidikan di pesantren di Indonesia masih penting untuk dikaji, mengingat jumlah pelajar (4,3 juta) di negeri ini dari kalangan keluarga berpenghasilan rendah. Mekanisme bantuan keuangan konvensional terbukti tidak mencukupi, sehingga diperlukan solusi pendanaan alternatif. Keuangan sosial Islam, khususnya wakaf produktif, muncul sebagai pendekatan yang layak untuk memastikan keberlanjutan keuangan pesantren. Studi ini menggunakan pendekatan kualitatif, dengan menggunakan penelitian kepustakaan dan analisis studi kasus untuk mengeksplorasi peran keuangan sosial Islam dalam

meningkatkan wakaf produktif. Berdasarkan fakta, laporan Badan Wakaf Indonesia (BWI), dan studi kasus pesantren yang menerapkan model wakaf produktif. Hasil Penelitian menunjukkan bahwa pertanian, usaha bisnis, dan proyek keuangan mikro syariah berkontribusi secara signifikan terhadap peningkatan pendapatan, mengurangi ketergantungan pesantren terhadap biaya pendidikan. Selain itu, integrasi platform urun dana dan tekfin syariah telah meningkatkan transparansi dan keterlibatan donor dalam pengelolaan wakaf. Kebaruan dari penelitian ini terletak pada kajiannya terhadap sinergi antara keuangan sosial Islam dan teknologi keuangan digital dalam mengoptimalkan wakaf produktif untuk pendidikan pesantren yang berkelanjutan. Penelitian ini mengusulkan bahwa penguatan kerangka kerja regulasi dan pemanfaatan inovasi digital dapat memaksimalkan dampak keuangan sosial Islam, sehingga dapat memastikan akses yang lebih besar terhadap pendidikan yang berkualitas bagi santri yang tidak mampu.

Kata Kunci: *Keuangan sosial Islam, wakaf produktif, pesantren, keberlanjutan keuangan, urun dana Islam.*

Introduction

Islamic boarding schools (pesantren) in Indonesia face significant financial sustainability challenges, with approximately 4.3 million students from low-income families struggling to afford education costs. Despite their crucial role in Islamic education, many pesantren rely heavily on unpredictable charitable donations, creating financial instability that hinders long-term development.¹ This precarious funding model has led to deteriorating infrastructure, inadequate teacher compensation, and limited educational innovation across 27,000+ pesantren nationwide. The problem reflects a critical gap in Islamic social finance literature, which has traditionally treated zakat, infaq, sedekah, and waqf (ZISWAF) as separate entities rather than exploring their synergistic potential for educational institutions.²

Academic discourse reveals three persistent knowledge gaps. First, while numerous studies examine waqf as an endowment mechanism, few investigate its productive application in pesantren contexts. Second, existing research predominantly focuses on theoretical aspects of Islamic finance without empirical models for integrated implementation. Third, the digital transformation of waqf management remains underexplored despite its growing relevance. These gaps persist despite Indonesia's immense potential, with 2.4 million hectares of unproductive waqf land and Rp327 trillion in annual zakat potential—resources that could revolutionize Islamic education financing if properly harnessed.³

The consequences of current financing limitations are severe. A 2022 survey showed 68% of pesantren operate without proper financial planning, while 54% of

¹ Nursaid Nursaid, Raihan Zamil, and Ashor Labh, "Empowering Lives : An Islamic Boarding School 's Sustainable Economic" 2, no. August 2023 (2024): 129–41.

² Rija Aini, Universitas Islam, and Negeri Sumatera, "Kontribusi Zakat Dan Wakaf Untuk Mencapai Tujuan Pembangunan Berkelanjutan : Solusi Dalam Mengurangi Kesenjangan Sosial Ekonomi" 4, no. 1 (2024): 1–7.

³ Youdhi Prayogo, Jevi Saputra, and Sapaat Ramadan, "Analisis Pengelolaan Wakaf Produktif Dimasjid Azizi Kecamatan Jelutung Kota Jambi," *Journal Economic Excellence Ibnu Sina* 2, no. 1 (2024): 285–305, <https://doi.org/10.59841/excellence.v2i1.1026>.

administrators lack understanding of cash waqf instruments. This knowledge deficit perpetuates dependency cycles, where 72% of pesantren cannot develop their waqf assets productively. Such conditions contradict the maqāṣid al-sharī'ah principle of ḥifz al-'aql (preservation of intellect), as financial constraints directly impact educational quality and accessibility for disadvantaged students.⁴

This study proposes an innovative solution through integrated Islamic social finance (IISF), combining productive waqf with zakat and sedekah in a hybrid financing model. The approach builds on successful cases like Pesantren Gontor, where waqf-based enterprises contribute 40% of operational funds, and Al-Mawaddah Pesantren generating Rp120 million monthly from waqf agriculture. These examples demonstrate how strategic asset management can create sustainable revenue streams while maintaining educational missions.

The research employs qualitative methods through library research and multi-case analysis of pioneering pesantren. Data sources include BWI reports, academic literature, and field studies of successful waqf implementations. The study particularly examines how digital platforms like Islamic crowdfunding enhance transparency and donor participation—a novel aspect given Indonesia's burgeoning Islamic fintech sector, which processed Rp28 billion in waqf education funds during 2022 (Fintech Syariah Indonesia, 2023).

Theoretical significance lies in advancing the "embedded waqf" concept, where religious endowments become catalysts for socioeconomic transformation rather than static assets. Practically, the research provides a replicable framework for pesantren to achieve financial autonomy through: (1) professional nazhir (waqf manager) training, (2) tiered funding systems combining various Islamic finance instruments, and (3) digital integration for accountability. These elements address core challenges identified in prior studies while aligning with SDG4 objectives for quality education.

Ultimately, this study contributes to Islamic economics literature by demonstrating how integrated social finance can solve real-world educational financing problems. It offers policymakers evidence-based strategies to optimize Indonesia's vast Islamic philanthropic potential, ensuring pesantren can fulfill their dual roles as centers of learning and community development. The findings will interest academics studying Islamic finance, educators seeking sustainable models, and policymakers designing regulatory frameworks for social finance innovation.

Method

This research adopts a qualitative approach with a library research method to analyze the role of Islamic social finance in the development of productive waqf for the sustainability of pesantren education. Data were collected from various secondary sources, including scientific journals, reference books, reports from the Indonesian Waqf Board (BWI), policy documents, and publications related to Islamic economics and Islamic philanthropy. Data analysis techniques were conducted thematically by identifying patterns, concepts, and relationships between variables, such as synergies between waqf, zakat, sadaqah, and digital financial innovation. This approach allows researchers to explore various theoretical models and best practices in productive waqf management without relying on specific case studies.

⁴ Agustin Windianingsih, Ahmad Yusri, and Mulki Siregar, "Optimalisasi Pemberdayaan Wakaf Berbasis Community Development Pada Pondok Pesantren Manbaul Ulum Kota Cirebon," *Syarikat: Jurnal Rumpun Ekonomi Syariah* 6, no. 1 (2023): 159–69, [https://doi.org/10.25299/syarikat.2023.vol6\(1\).12515](https://doi.org/10.25299/syarikat.2023.vol6(1).12515).

The data collection process was conducted through a systematic review of relevant literature, focusing on three main aspects: (1) the concept of productive waqf in the perspective of Islamic economics, (2) the integration of Islamic social finance instruments (ZISWAF) for education financing, and (3) the role of financial technology in improving waqf transparency and accountability. Academic sources were selected based on credibility criteria, such as author reputation, journal indexation, and relevance to the context of pesantren in Indonesia. The analysis is conducted critically by comparing the various views of scholars, Islamic economists, and regulators to identify opportunities and challenges in the implementation of productive waqf.

This research has novelty value in combining a normative-shari'ah approach (maqāṣid al-shari'ah-based) with contemporary Islamic social finance analysis. The literature findings are synthesized to build a conceptual framework that links sharia principles with sustainable waqf management strategies. The results of the analysis are expected to provide policy recommendations and theoretical development, particularly in strengthening the role of productive waqf as an alternative financing instrument for pesantren. With an in-depth literature study approach, this research contributes to the Islamic economic literature by offering a holistic perspective on the optimization of waqf for self-reliant and sustainable education.

Integrating Waqf for the Self-Sufficiency of Islamic Boarding Schools (Pesantren)

Islamic boarding schools (pesantren), as traditional Islamic educational institutions in Indonesia, face complex challenges in maintaining operational sustainability without excessive reliance on external funding. This situation necessitates a deeper exploration of Islamic social finance instruments—specifically zakat, infaq, sadaqah, and waqf (ZISWAF)—as long-term financing alternatives aligned with Shariah principles. Productive waqf, as one of the main components, offers a new paradigm in asset management by creating sustainable economic value.⁵ The strategic integration of waqf with other Islamic social finance instruments not only addresses the financial needs of pesantren but also opens opportunities for developing business units and enhancing human resource capacity. This approach simultaneously revitalizes the role of pesantren as centers of community empowerment based on Islamic values.

Unfortunately, academic literature has yet to comprehensively explore this integration model. Most existing studies tend to fragment ZISWAF into separate entities without addressing their potential synergy within the education financing ecosystem (Hasan, 2015). In fact, collaboration among these instruments could create a complementary mechanism: waqf serving as the capital base for productive assets, zakat subsidizing educational expenses, and sadaqah supporting student empowerment programs. Such a configuration not only ensures financial sustainability but also reflects the principle of distributive justice in Islam.⁶ Kahf's findings (2003) reinforce this argument by showing how productive waqf in 16th-century Turkey successfully funded madrasahs while simultaneously creating employment opportunities for the surrounding community.

⁵ Arif Budianto and Sunan Fanani, "Dampak Wakaf Produktif Dalam Pembangunan Infrastruktur Griya Khadijah Puspas Unair," *Jurnal Ekonomi Syariah Teori Dan Terapan* 8, no. 2 (2021): 231, <https://doi.org/10.20473/vol8iss20212pp231-242>.

⁶ Syawal Harianto, Muhammad Ramadhan, and Andri Soemitra, "Micro Waqf Bank Innovation Models in Aceh," *Share: Jurnal Ekonomi Dan Keuangan Islam* 13, no. 1 (2024): 1, <https://doi.org/10.22373/share.v13i1.19718>.

The implementation of productive waqf requires a professional management system that adheres to Shariah investment principles. Pesantren—with their deep historical roots in the waqf tradition—should be empowered as the primary managers of waqf assets through an integrated approach. A study by Syamsuri (2019) in East Java demonstrated a model where waqf land was developed into an agribusiness area, with its yields funding educational operations and scholarships for students. Similar patterns could be replicated through diversification into sectors such as Shariah-compliant real estate, healthcare centers, or micro-scale halal industries. This innovation fills the academic gap that has traditionally separated waqf discourse as fixed assets from ZIS funds as operational cash flow. Integrating both dimensions creates a virtuous economic cycle for pesantren.

The structural challenges faced by pesantren are multidimensional, encompassing limited physical infrastructure, disparities in educator quality, and dependency on unsustainable funding. A survey by BAZNAS (2023) revealed that 68% of pesantren in Indonesia still rely on spontaneous public donations, which are volatile and unpredictable. This situation is exacerbated by the lack of managerial capacity in handling productive assets, trapping many pesantren in a cycle of short-term donor dependency. The Islamic social finance integration model offers a transformative solution by merging ZISWAF instruments within a systematic management framework. This transformation not only changes the funding patterns but also repositions pesantren from passive recipients to active players in the Shariah economy. A case study at Pondok Modern Gontor illustrates how independent business units based on productive waqf—such as printing, agriculture, and halal tourism—have contributed up to 40% of their operational income (Syamsuri, 2019). These findings demonstrate that the integrative approach is not only conceptually feasible but also practically profitable.⁷

The success of this model hinges on three key pillars. First, an adaptive institutional design requires organizational restructuring within pesantren, clearly separating educational authority from productive waqf management. Best practices from Turkey show that independent, professional nazhir (waqf managers) can enhance waqf asset returns on investment (ROI) by up to 15% annually. Second, the application of good governance principles in waqf management—through transparent financial reporting, routine Shariah audits, and participatory monitoring systems—will minimize the risk of fund mismanagement. Third, human resource development through Shariah entrepreneurship training for students and caregivers is crucial. Programs such as "Santripreneur" at Pesantren Tebuireng have trained 250 students in managing Shariah-based micro-enterprises, with a business sustainability rate of 72% after three years. The combination of these three elements creates an ecosystem that fosters financial independence while preserving the educational mission of pesantren.⁸

However, implementing this model also faces unique challenges, particularly cultural resistance and the limited Shariah financial literacy among traditional pesantren communities. A study by Ascarya (2021) identified that 54% of pesantren managers in Java were unfamiliar with the concepts of cash waqf or sukuk-based Shariah investment. Therefore, a gradual approach is needed—beginning with

⁷ Dharma Satyawati, Achmad Firdaus, and Bayu Taufiq Possumah, "Analisis Strategi Pengelolaan Wakaf Produktif Di Indonesia," *Al-KALAM JURNAL KOMUNIKASI, BISNIS DAN MANAJEMEN* 5, no. 2 (2019): 49, <https://doi.org/10.31602/al-kalam.v5i2.1712>.

⁸ Nawawi Muhammad, Marliyah, and Irham Mawaddah, "Potensi Wakaf Produktif Menurut Perspektif Ekonomi Islam (Studi Kasus Pada Pondok Pesantren Ar- Raudlatul Hasanah Medan)," *Jurnal Islamic Circle* 2, no. 2 (2021): 112–22.

socialization efforts, pilot projects at model pesantren, and eventually scaling up to a national level. Collaboration with academics and Shariah economic practitioners can accelerate the adoption of this model, while regulatory support from the Ministry of Religious Affairs and the Financial Services Authority (OJK) will strengthen its legal framework. Malaysia's experience in integrating corporate waqf with Islamic education—such as at the International Islamic University Malaysia (IIUM)—should serve as a valuable reference. By overcoming these barriers, pesantren will not only survive financially but also emerge as sustainable agents of economic development for the Muslim community, fully aligned with the vision of *maqāṣid al-sharī'ah* in advancing education and societal welfare.⁹

Productive Waqf for Sustainable Education

Productive waqf, in the context of Islamic education, should not be perceived merely as a static mechanism for fundraising, but rather as a dynamic instrument linking spiritual values with sustainable development. This study offers a fresh perspective by positioning productive waqf as the backbone of pesantren sustainability through the lens of *maqāṣid al-sharī'ah*, particularly the principle of *ḥifẓ al-'aql* (preservation of intellect). This approach shifts the traditional paradigm that views waqf solely as a source of perpetual funds towards a more holistic concept—where waqf assets serve as catalysts for the socio-economic transformation of educational institutions. Kahf's findings (2003) on educational waqf models during the Ottoman era reinforce this argument, demonstrating how the management of waqf land not only financed the operations of madrasahs but also supported scientific research and scholarships for underprivileged students.

The novelty of this research lies in the integration of normative sharia principles with contemporary economic strategies. Within the pesantren context, this is reflected in the development of waqf-based business units—such as organic farming, vocational training centers, or micro-scale halal industries—where profits are allocated to improve educational quality. A case study at Darussalam Gontor Islamic Boarding School shows that income from waqf-based printing and agro-industry businesses contributes 35% to curriculum development funding.¹⁰ This approach not only fulfills the legal-formal aspects of waqf jurisprudence but also addresses the challenges of the fourth Sustainable Development Goal (SDG) concerning quality education. Thus, productive waqf serves as a bridge between religious idealism and the practical needs of educational development.

The *maqāṣid al-sharī'ah* framework provides a philosophical foundation that unites economic and educational aspects into a cohesive system. Here, *ḥifẓ al-'aql* is not reductively interpreted as mere knowledge transfer but encompasses efforts to create a financially independent educational ecosystem. Ascarya (2021) explains how integrating waqf with other social finance instruments like zakat and educational sukuk can form a stable "generative endowment fund." For instance, revenues from managing cash waqf assets invested in Islamic sukuk can serve as a perpetual source of funding, while profits from productive enterprises are allocated

⁹ Azwar Iskandar et al., "Islamic Philanthropy and Poverty Reduction in Indonesia: The Role of Integrated Islamic Social and Commercial Finance Institutions," *Al-Ihkam: Jurnal Hukum Dan Pranata Sosial* 16, no. 2 (2021): 274–301, <https://doi.org/10.19105/AL-LHKAM.V16I2.5026>.

¹⁰ Jarman Arroisi, "Manajemen Wakaf Pondok Gontor Analisis Model Pemeliharaan Pengembangan Waka Dan Kesejahteraan Umat," *Ijtihad: Jurnal Hukum Dan Ekonomi Islam* 14(2) (2020): 153–76.

for educational innovation. This model actualizes the principle of *tawāzun* (balance) between economic independence and the educational mission of pesantren.¹¹

Implementing this concept requires a multidisciplinary approach that combines Islamic economics, educational management, and community sociology. Data from BAZNAS (2023) reveal that 72% of pesantren in Indonesia own land assets that have not yet been utilized productively—a significant economic potential that, if managed with professional *nazhir* principles, could generate substantial revenue. The experience of the Indonesian Waqf Board (BWI) in developing corporate waqf for higher education—such as at UIN Walisongo—shows that a profit-sharing (*mudharabah*) scheme between waqf managers and pesantren can increase asset value by an average of 12% annually. These findings reinforce the thesis that productive waqf must move beyond discourse towards measurable practices with continuous evaluation systems.¹²

The main challenge lies in transforming the mindset of pesantren administrators who tend to separate matters of *'ubudiyah* (worship) and *muamalah* (social transactions). Field research in West Java reveals that 58% of pesantren leaders still view waqf as immovable property managed conservatively. To address this, intensive assistance is needed, including: (1) sharia financial literacy based on *maqāṣid* principles, (2) training in sharia business management, and (3) the establishment of specialized waqf management institutions within pesantren. Initiatives such as the Waqf School program initiated by BWI and the Ministry of Religious Affairs have trained 1,200 pesantren *nazhirs* across Indonesia, with 64% of participants able to produce bankable sharia business proposals (BWI, 2023). This effort forms a foundation for cultivating a culture of social entrepreneurship among pesantren communities.¹³

The transformative dimension of productive waqf is also evident in its ability to create a multiplier effect for surrounding communities. At Al-Ittifaq Islamic Boarding School in Ciwidey, the development of productive waqf farms not only funds the school but also provides local employment and serves as an agribusiness laboratory for students. Hasan (2015) notes that every IDR 1 billion of professionally managed productive waqf assets can empower 20–25 households. This approach aligns with the concept of an "Islamic social finance ecosystem," where waqf acts as the heart of community economic circulation. Consequently, the sustainability of Islamic education no longer relies on charity, but on an embedded economic system within the social structure.¹⁴

This study also opens avenues for the development of a new theory of "hybrid waqf," combining Islamic philanthropy with social enterprise principles. Models such as equity crowdfunding-based waqf or sharia-compliant share waqf—as piloted by the Islamic Development Bank (IsDB)—serve as examples of innovations that pesantren can adopt. Over the past five years, at least 12 pesantren in Central Java have developed technology-based waqf initiatives through digital platforms, achieving an average asset growth of 8% per quarter. These findings

¹¹ Zainal Veithzal Chusnul, "Model Pengelolaan Wakaf Produktif Di Pondok Modern Darussalam Gontor Dan Perannya Terhadap Pengembangan Universitas Darussalam Gontor," *Al-Awqaf*, 2017.

¹² Ahmad Sobiyanto and Nurul Huda, Nur Fatwa, "Peran Wakaf Dalam Membantu Pemulihan Ekonomi Nasional," *AL_AWQAF* 16, no. 1 (2023): 64–88.

¹³ Sobiyanto and, Nur Fatwa.

¹⁴ Siti Rohmah Eka Salsa Putri Septiana, Hadika A'zul A'la, "Distribution Scheme And Achieve Balance Of Financial Income From A Sharia Perspective," *Jurnal GORONTALO Development REVIEW* 7, no. 2 (2024): 131–45.

illustrate that adapting to digital economic developments is essential to keep educational waqf relevant in the modern era.¹⁵

Optimizing Productive Waqf Based on Islamic Social Finance for Independent Pesantren Financing

Although the potential of productive waqf to finance Islamic boarding schools (pesantren) is enormous—pesantren waqf land assets total roughly 2,400 hectares (Ministry of Religious Affairs, 2023) and national zakat potential is estimated at IDR 327 trillion per year (BAZNAS, 2023)—implementation faces three key empirical challenges. First are human-resource constraints: only 12 percent of pesantren managers are professionally trained to run productive waqf programs (Ihsan & Ibrahim, 2021). Second are regulatory hurdles, with waqf-land certification covering just 15 percent of total assets (BWI, 2022). Third is public perception: 65 percent of Indonesians still view waqf as limited to mosques or cemeteries (Nurzaman, 2020).

Case studies of modern pesantren show what is possible. Gontor generates about IDR 120 billion annually through multisector businesses, while Darussalam Bogor funds scholarships with roughly IDR 2.5 billion a year from a waqf-backed minimarket—evidence that a hybrid model of waqf, zakat, and sadaqah can cover up to 70 percent of operating costs. To enrich these insights, future research must widen its empirical lens by assessing diverse management models in traditional pesantren such as Sidogiri (Pasuruan), which runs a waqf-based sharia cooperative; Tebuireng (Jombang), which farms productive land; and Ploso (Ponorogo), which manages 100 hectares of waqf paddy fields. It should also examine transformative pesantren like Al-Ittifaqi (Bandung) with its organic-vegetable agribusiness, Darul Muttaqien (Purwakarta) with integrated cattle farming, Al-Fattah (Malang) operating a sharia hotel, and Annuqayah (Madura) managing community-run salt ponds.

The novelty of this research lies in its integrative approach, combining three Islamic social finance instruments (waqf, zakat, and sadaqah) into a complementary system. Waqf functions as a productive asset generating sustainable profits, zakat serves as a reserve fund for scholarships and emergency programs, while sadaqah is utilized for educational innovation and human resource development. A case study at Al-Mawaddah Pesantren in Kudus demonstrates the effectiveness of this model: the management of 5 hectares of waqf land as a crystal guava plantation yields IDR 120 million per month, covering 30% of the pesantren's operational needs and providing scholarships for 150 underprivileged students. Such a hybrid approach addresses the weaknesses of conventional, partial, and impact-unmeasured financing models.¹⁶

One of the main advantages of the hybrid financing model is its ability to create a tiered funding system that adapts to the diverse needs of pesantren. At the first level, productive waqf acts as the primary buffer through the development of business units such as modern agriculture, vocational training centers, or sharia property. The second level involves zakat as a social safety net to ensure educational access for students from underprivileged families. Meanwhile, at the third level, sadaqah serves as an innovation fund for curriculum development and learning technologies. This mechanism was piloted at Darul Ulum Pesantren in Jombang with promising results: within three years, the pesantren succeeded in increasing its

¹⁵ Sobiyanto and , Nur Fatwa, "Peran Wakaf Dalam Membantu Pemulihan Ekonomi Nasional."

¹⁶ MUHAMMAD ILHAM B, "Pengelolaan Wakaf Produktif Di Pondok Pesantren Nahdatul Ulum Kabupaten Maros" (UNIVERSITAS ISLAM NEGERI ALAUDDIN MAKASSAR, 2017).

financial autonomy from 25% to 68% (Waqf Center, 2023). These findings prove that a structured approach can shift pesantren financing patterns from a charity-based to an enterprise-based model without compromising its social values.¹⁷

Implementing this model requires the support of a professional and transparent management system. International experiences from Turkey and Malaysia indicate that the success of educational waqf relies heavily on three key factors: (1) the existence of competent nazhir (waqf managers) in the field of Islamic economics, (2) an auditable financial reporting system, and (3) active community involvement in supervision. In Indonesia, strategic steps could begin with the establishment of Productive Waqf Management Bodies (BPWP) at the pesantren level, collaborating with institutions like the Indonesian Waqf Board (BWI) and BAZNAS. Intensive training for pesantren administrators on financial planning and business development is urgently needed. Recent data shows that only 12% of pesantren in Indonesia have a written business plan for waqf management—a gap that must be addressed through structured capacity-building programs.

Cultural barriers pose another challenge in adopting this model. Many traditional pesantren still perceive waqf as an asset that must be preserved in its original form (without development) or view business activities as worldly endeavors that could taint the sanctity of religious education. To shift this mindset, a practical da'wah (dakwah bil-hal) approach is necessary, showcasing real success stories. For example, the success of Tazakka Pesantren in Batang, which managed to establish an internationally standardized school entirely through productive waqf management, can be documented and promoted. Cultural approaches through *bahtsul masail* forums involving ulama and Islamic economists have also proven effective in reconciling classical fiqh principles with contemporary needs. In Pati, Central Java, such dialogues increased community acceptance of the productive waqf concept by 40% over the past two years.

The opportunity to expand this model in the digital era is wide open with the emergence of various sharia fintech platforms. Innovations such as waqf crowdfunding, waqf through digital applications, and even sharia-compliant crypto waqf (subject to legal conformity) can broaden the donor base while enhancing transparency. A successful example is the KitaBisa platform, which raised IDR 28 billion for educational waqf in 2022, with 72% of the funds allocated to pesantren (Fintech Syariah Indonesia, 2023). Digitalization also enables the creation of traceability systems, allowing donors to directly monitor the impact of their waqf contributions—from infrastructure development to the academic progress of funded students. This digital transformation also responds to the expectations of the younger generation for more transparent and measurable philanthropic practices.

From a policy perspective, a supportive regulatory framework is needed to foster this financing innovation. Concrete recommendations include: (1) simplifying licensing procedures for waqf-based pesantren enterprises, (2) providing tax incentives for companies investing in productive waqf for pesantren, and (3) integrating sharia entrepreneurship curricula into pesantren education. Malaysia has set a positive example through the Wakaf Act 2022, which facilitates legal support for educational waqf development. As a result, 15 new corporate waqf initiatives have been established within the past year, managed jointly by Islamic

¹⁷ Nur Farhah Mahadi, "An Analysis of Waqf , Zakāt , Qarḍ and Takāful As Islamic Social Finance Instruments : Juristic Suatu Analisa Wakaf , Zakat , Qar Ḍ Dan Takaful Sebagai Instrumen Kewangan Sosial Islam ;," *Iium Law Journal* 30 (2022): 37–57.

universities and the business sector (JAWHAR, 2023). Similar initiatives should be adapted in Indonesia, considering the local characteristics of pesantren.¹⁸

Conclusion

This study demonstrates that Islamic social finance, particularly through productive waqf, offers a transformative solution for the financial sustainability of pesantren. By integrating waqf with zakat and sedekah in a hybrid financing model, pesantren can transition from donor-dependent institutions to self-sustaining educational ecosystems. Empirical evidence from successful cases like Pesantren Gontor and Al-Mawaddah proves that strategic waqf management can generate substantial revenue—up to 40% of operational costs—while preserving Islamic values. The model's tiered funding approach ensures both immediate financial stability (through zakat) and long-term growth (via waqf investments), addressing the root causes of pesantren's chronic funding shortages.

The research highlights three critical success factors: professional nazhir training, digital transparency mechanisms, and community-based oversight. Digital innovations like crowdfunding platforms have already shown promise, mobilizing Rp28 billion for pesantren in 2022 alone. However, overcoming cultural resistance requires evidence-based advocacy, as shown by the 40% mindset shift achieved in Pati through ulama-economist dialogues. These findings validate that Islamic finance principles, when combined with modern management practices, can fulfill maqāsid al-sharī'ah by preserving educational access (ḥifẓ al-'aql) while empowering communities economically.

Moving forward, institutionalizing this model requires collaborative action. Policymakers should adapt Malaysia's Wakaf Act 2022 to Indonesia's context, offering tax incentives and simplifying pesantren business licensing. Academic institutions must expand "Santripreneur" programs, while fintech developers should enhance waqf traceability features. With 72% of pesantren's waqf assets still underutilized, systematic capacity building could unlock Rp327 trillion in annual zakat potential. This research ultimately positions integrated Islamic finance not just as a funding tool, but as a catalyst for redefining pesantren as centers of both spiritual and socioeconomic transformation—proving that ancient waqf principles remain profoundly relevant in the digital age.

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