

Editor's Preface

Islamic law, the Sharia, while it was revealed in a historical context markedly different from today's world, not only comprehensively addressed the economic, social, and cultural aspects of the time but laid down legislative measures tailored to both the immediate and anticipated future communal needs of that era. Moreover, Sharia was inherently equipped from those early days with mechanisms that allowed it to adapt to the evolving challenges and variations across different times and places, ensuring its continued relevance and applicability. This dynamic flexibility, deeply ingrained in the nature of Islamic law through the concept of *Ijtihād* (independent reasoning), has allowed it to adapt and evolve in response to changing societal demands. This book aims to further the discourse on key Islamic welfare institutions, particularly *Zakāt* and *Waqf*, demonstrating their enduring relevance and adaptability in modern contexts, focusing on the recent renaissance of these institutions.

At the heart of Islamic welfare is *Takāful*, the noun derived from the Arabic root verb “kafala,” which signifies guaranteeing or bearing responsibility. While the term is frequently associated with Islamic insurance today as a counterpart to conventional systems, embodying mutual guarantee and shared responsibility, this book emphasizes the original meaning with broader interpretation. Within these pages, *Takāful* is explored as a foundational concept of Islamic welfare, representing mutual responsibility and solidarity among Islamic community members. This broader perspective underscores the role of *Takāful* in supporting charitable practices central to institutions like *Waqf* and *Zakāt*, highlighting its significance beyond just the financial aspects. These pillars of Islamic charity have played a crucial role in

nurturing and sustaining Islamic societies by facilitating both obligatory and voluntary charitable acts.

This publication builds on research papers presented at a conference held on January 23rd and 30th, 2021 at the Asia-Japan Research Institute of Ritsumeikan University. It explores the evolution and flexibility of Islamic economic and financial institutions, with a focus on *Waqf* and *Zakāt*, which are fundamental to supporting and sustaining the various aspects of Muslim life. The narrative introduced in this book not only enriches theoretical understanding but also provides practical examples and case studies from *Waqf* and *Zakāt* institutions in Malaysia, Indonesia, and across Asia, offering a comprehensive look at their function and impact in the current era.

The *Waqf* system has had a profound impact on Muslim societies historically, particularly in developing public infrastructure such as mosques (masjids), marketplaces (souqs or bazaars), and hospitals. However, in recent times, many Muslim governments have reduced the role of *Waqf* through nationalization efforts, often justified by a push towards modernization based on Western models. Despite this, the latter half of the twentieth century saw an Islamic revival and the rise of Islamic finance, which ignited a resurgence in the significance of the institution of *Waqf*. Parallel to the revitalization of *Waqf*, there have been considerable efforts and legal rulings (*Ijtihād*) in the related institution of *Zakāt*, which in contrast to *Waqf*, has well-defined regulations established in the Qur'an, Hadith, and early Islamic legislation.

This revival is particularly notable in Southeast Asia, with a significant focus on Malaysia and Indonesia, where this book primarily concentrates its study.

The book comprises seven chapters, each exploring different dimensions of the above-mentioned pivotal institutions and elements.

In Chapter 1, the well-known expert on Islamic economics,

Professor Monzer Kahf, introduces the social aspects of Islamic economics, focusing on four key areas: the role of Islamic finance in the social economy, the principle of cooperation within Islamic economics, the importance of mercy and caring in the economic system, and the institutions of *Zakāt*, *Ṣadaqa*, and *Waqf* as forms of charitable giving.

Next, in Chapter 2, Dr. Rahmatina Awaliah Kasri examines the innovative role of digital technology in revitalizing *Zakāt* and *Waqf*. She presents empirical case studies that highlight how digital innovations in Islamic social finance can enhance the performance of these institutions, specifically through digital *Zakāt* and digital cash *Waqf* platforms.

In Chapter 3, Professor Raditya Sukma addresses the importance of Cash *Waqf* Linked *Ṣukūk* (CWLS) in Indonesia. This innovation, presently unique to Indonesia, combines *Waqf* with financial instruments to support social purposes, particularly in healthcare during the COVID-19 pandemic, while providing a secure source of investment for *Wāqif* (the founder of the *waqf*/donor).

Then, in Chapter 4, Dr. Muhammad Hakimi Mohd. Shafiai discusses inclusive Islamic social finance through *Waqf* and *Qarḍ Ḥasan*. He proposes a combination of these instruments with academic and entrepreneurial incubation programs to promote sustainable development within Islamic finance.

In Chapter 5, Professor Dian Masyita evaluates the impact of Cash *Waqf* on reducing income inequality in Indonesia, exploring its potential to significantly improve economic disparities and contribute to fairer national development. She addresses the shortcomings in existing *Waqf* institutions and suggests ways to harness the huge untapped potential of Cash *Waqf*.

Next, in Chapter 6, Dr. Salman Ahmed Shaik explores the challenges of institutionalizing *Zakāt* and *Waqf* in contemporary economic systems. He details the evolution of wealth and production

methods and suggests extending *Zakāt* rules to new forms of wealth to resolve discrepancies and recommends an integrated Islamic microfinance model that incorporates existing social institutions to encourage more engagement and enhance the delivery of Islamic social finance services.

In Chapter 7, the editor (Ammar Khashan), offers an analysis of the Islamic *Waqf* system, studying its historical origins and legal interpretations through the *Nuzum* theory. He emphasizes the role of *Ijtihād* in adapting *Waqf* through *Nuzum* theory to meet the evolving needs of Islamic societies.

This book sets the stage for an overall exploration of Islamic welfare institutions, particularly *Waqf* and *Zakāt*, aiming to bridge historical practices with contemporary applications, contributing to academia by enriching understanding of these fundamental components. By revisiting the foundational principles of *Waqf* and exploring its modern revitalizations, the book reflects a blend of historical continuity and innovative adaptation, thereby offering a comprehensive view of the dynamic nature of Islamic welfare systems.

I would like to extend my deepest appreciation to all the respected authors and collaborators whose insights and dedication have profoundly shaped this extensive exploration of *Waqf*, *Zakāt*, and *Takāful* in general. My special thanks go to the Asia-Japan Research Institute of Ritsumeikan University, which facilitated and hosted the event that sparked this publication, and to everyone who participated in the publication process. I am particularly grateful to Professor Kosugi Yasushi, the director of the Institute, for his substantial support and presence during all stages of this book's development, which significantly enriched the perspectives presented in this volume. Special thanks are also due to Professor Anthony Brewer, whose editorial efforts and guidance were indispensable in bringing this book to fruition. In

conclusion, I would like to express my sincere appreciation to Mr. Okamoto Tahei for his invaluable efforts in editing and preparing this volume for publication, and to all my colleagues in the Asia Japan Institute, without whose support and advice I could not have completed this work.

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Ammar Khashan

Publisher's Note

Inconsistencies in the romanization of Arabic terms due to their various countries of origin have been standardized in this book according to the Hans Wehr Arabic Dictionary, except for terms that have already been widely anglicized and are commonly used in English, such as Sharia, Qur'an, and Hadith.

Dr. Ammar Khashan



Chapter 7. Envisaging the Islamic *Waqf* System: the Qur'an, Sunna, *Ijtihād* and *Nuẓum* Theory

Dr. Ammar Khashan is an Associate Professor at the Asia-Japan Research Institute of Ritsumeikan University. He graduated from the Faculty of Sharia at Damascus University in 2004. He completed his master's program in Hadith

studies at the Graduate School of Damascus University in 2011 and earned his Doctorate in Area Studies from the Graduate School of Asian and African Area Studies (ASAFAS) at Kyoto University in 2017.

Among his publications, “Portraying the Islamic Economy in its Primordial Grand Design: From its Birth in the Prophetic Period through its Legal Formulation to the Contemporary Innovations,” (in Japanese) was published by Nakanishiya Shuppan in February 2022. His doctoral thesis, “Historical Interpretation and Contemporary Reconstruction of Legal Sources of Islamic Economics: Focusing on Interest-Free Finance and Halal Food.”

Dr. Khashan's current research themes include the new trends in Islamic economics and mutual assistance in Islamic countries, focusing on the innovations in the Islamic welfare systems and jurisprudence. His work emphasizes the integration of traditional Islamic welfare institutions like *Zakāt*, *Waqf*, and *Infāq* into a cohesive mutual assistance system, exploring their principles of self-help and altruism across Southeast Asia, South Asia, and West Asia.