A Comparison of Corporate Waqf Models in Malaysia and Indonesia: An Empirical Analysis of Models, Sectoral Acceptance, and Governance Challenges

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ABSTRACT

Corporate waqf is increasingly recognised as an alternative fiscal policy instrument in contemporary Islamic economics, yet its implementation in Malaysia and Indonesia faces distinct structural constraints. This article compares corporate and productive waqf models in both countries through a Systematic Literature Review (SLR) of 156 academic articles (2016–2025) drawn from the ScienceDirect (Elsevier) database, supplemented by additional sources to ensure comprehensive thematic coverage. The findings show that corporate/SME sector acceptance is driven by knowledge and attitude rather than religiosity alone; Malaysia leads in Waqftech innovation and SRI Musharakah Sukuk, while Indonesia pioneers the Bank Wakaf Mikro model and the integration of Baitul Maal wa Tamwil. Both countries also face distinct governance challenges institutional financial vulnerability in Malaysia versus Nazhir professionalism and land registration issues in Indonesia. This article puts forward policy implications encompassing the digitalisation of governance, professional certification, standardisation of risk management, and structural support from the banking sector. The study also acknowledges the limitations of a single-database SLR approach and proposes directions for future research.

Keywords: *corporate waqf; productive waqf; waqf governance; Waqftech; Malaysia; Indonesia*

INTRODUCTION

Waqf or a perpetual trust, is one of the most powerful instruments of Islamic Social Finance (ISF) throughout the history of Islamic civilisation, with origins dating back to the era of the Prophet Muhammad (peace be upon him) approximately 1,400 years ago (Abdullah, 2019; Hassan, 2019). Within the Islamic economic system, waqf is defined by its distinctive core characteristics permanence, irrevocability, and perpetuity which distinguish it from ordinary charitable instruments (Abdullah & Ismail, 2017). These characteristics give waqf enormous potential to generate sustainable economic benefits for society and the environment while offering meaningful social returns and socioeconomic welfare (Ishak et al., 2025).

In the contemporary economic landscape, there is a pressing need to integrate Islamic commercial financial instruments with Islamic social finance in order to promote inclusive economic growth, alleviate poverty, and achieve the Sustainable Development Goals (SDGs) (Tamanni et al., 2022; Widiastuti et al., 2022). A systematic literature review and bibliometric mapping by Maulina et al. (2023) further confirms the growing research trend on the integration of Islamic social and commercial finance (IISCF) from 1979 to 2023, underscoring the significance of this theme in contemporary Islamic finance discourse. Studies show that the majority of the 17 SDGs are aligned with and compatible with the long-term objectives of Shariah, namely Maqasid al-Shariah (Abdullah, 2018). Through this alignment, waqf is no longer viewed merely as a traditional religious ritual instrument; rather, it is recognised as a dynamic alternative fiscal policy tool for financing public goods, enhancing community welfare, and providing a social safety net (Ambrose et al., 2018; Marzuki et al., 2023).

However, the practical implementation of waqf faces considerable structural constraints in the Southeast Asian region, particularly in Malaysia and Indonesia. In Malaysia, a large proportion of waqf land is reported to be idle and undeveloped, which directly contradicts the fundamental principle of waqf to generate sustainable benefit (Ishak et al., 2025). This constraint is compounded by the high cost of physical land ownership and development, which has driven an intensive push towards cash waqf and corporate waqf (Razak, 2020). In addition, state-level waqf institutions in Malaysia (State Islamic Religious Councils SIRCs) face weaknesses in governance practices and financial vulnerability that undermine the sustainability of their long-term operations (Kamaruddin & Hanefah, 2020; Sulaiman & Zakari, 2019).

In Indonesia, the main challenges centre on the professionalism of Nazhir (waqf managers), low levels of waqf literacy among the public, the issue of unregistered idle waqf land without official certification, and continued low public trust in the managers of innovative instruments such as Cash Waqf Linked Sukuk (CWLS) (Fauzi et al., 2022; Ryandono et al., 2025). Furthermore, the commercial Islamic banking sector, which is expected to support waqf-based microfinancing, continues to suffer from the ‘Murabaha Syndrome’, whereby nearly 90% of bank financing is concentrated in mark-up sale contracts rather than the riskier profit-and-loss sharing (PLS) contracts (Miah & Suzuki, 2020).

This article therefore aims to systematically analyse and compare corporate and productive waqf models in Malaysia and Indonesia. The comparison examines the factors driving corporate/SME sector acceptance, recent technology-driven model innovations (Waqftech), and governance and risk-management gaps in both countries in order to formulate comprehensive policy implications.

RESEARCH METHODOLOGY

To construct a comprehensive, objective comparative analysis of high academic value, this study adopts a Systematic Literature Review (SLR) methodology. The SLR approach enables researchers to identify, evaluate, and synthesise research trends and empirical evidence in a systematic and replicable manner (Hasan et al., 2021; Widiastuti et al., 2025). This approach is consistent with the recommendation of Sukmana (2020), whose critical assessment of existing waqf literature emphasised the need for more systematic evidence synthesis to inform government policy and future research directions.

The SLR procedure in this study was structured around the ScienceDirect (Elsevier) scientific database, one of the most prestigious peer-reviewed academic literature indexes in the world (Özdemir & Selçuk, 2021). Among the key articles from the Elsevier journal collection (e.g., Heliyon and Social Sciences & Humanities Open) synthesised in this study are the waqf literature review by Sukmana (2020), the study on the integration of Islamic social and commercial finance by Maulina et al. (2023), the study on Islamic social finance governance models by Widiastuti et al. (2022), the Islamic fintech review by Alshater et al. (2022), as well as the study on critical success factors for waqf land development by Ishak et al. (2025) and the study on CWLS barriers by Ryandono et al. (2025). The methodological steps are detailed as follows:

1. Search Keywords: The literature search formula used the specific keyword phrase “corporate waqf model” to focus the search on model structures, corporate applications, and the productive waqf ecosystem.

2. Time Horizon: The search period was set from 2016 to 2025. This ten-year period was deliberately chosen as it represents a phase that witnessed a surge in digital innovation for Islamic social finance (Fintech), the rapid development of the SDG framework, and post-COVID-19 social financial resilience analysis (Rabbani et al., 2021; Widiastuti et al., 2025).

3. Sample Screening (Inclusion & Exclusion Criteria): Inclusion criteria encompassed academic articles discussing corporate waqf models, productive cash waqf, commercial-social finance integration, and empirical governance analysis in Malaysia and Indonesia. Articles unrelated to Islamic social finance institutions were excluded.

4. Search Results: Through these parameters, a total of 156 research articles were identified, screened, and critically analysed. The screening process followed these stages: (i) Identification: The initial keyword search yielded 283 records; (ii) Screening: After removing duplicates and filtering by title/abstract, 156 articles remained eligible for assessment; (iii) Eligibility: Full-text assessment against the inclusion and exclusion criteria removed articles not directly related to corporate/productive waqf models in Malaysia and Indonesia; (iv) Inclusion: The remaining 156 articles were ultimately synthesised in this study.

Diversity of Analytical Methods across the Synthesised Studies

This comparative article possesses a unique methodological strength in that it synthesises the diverse empirical scientific approaches employed across the 156 ScienceDirect studies to unpack the dynamics of waqf on the ground. Among the key analytical methods synthesised in this article are:

1. Theory of Planned Behaviour (TPB) & PLS-SEM: Used to examine corporate donor intention, SME owners' willingness to contribute to waqf, and the acceptance of digital e-wallet applications and Waqftech crowdfunding platforms among business entities (Laila et al., 2022; Megat et al., 2024; Shaikh & Amin, 2024).

2. Analytic Network Process (ANP) & Delphi-ANP: Used to model the priority hierarchy of productive waqf models in Indonesia and to map the cause-and-effect relationships between key barriers in waqf land development and CWLS instruments (Ascarya et al., 2022; Ryandono et al., 2025; Shuaib & Sohail, 2021).

3. Content Analysis & Financial Ratios (Tuckman & Chang Model): An empirical method to assess Islamic banks' corporate social responsibility (CSR) disclosure based on AAOIFI standards, and to test the sustainability and financial vulnerability of waqf institutions' audited reports (Kamaruddin & Hanefah, 2020; Nugraheni & Khasanah, 2019; Sulaiman & Zakari, 2019).

4. Panel Data Analysis (Fixed-Effects & Random-Effects Models): Used to examine the financial sustainability, business performance, and long-term risk management of microfinance intermediary institutions such as Bank Wakaf Mikro (BWM) in Indonesia (Yusgiantoro et al., 2024).

5. Qualitative Case Studies & Focus Group Discussions (FGD): Provide in-depth contextual understanding of enterprise risk management (ERM) in waqf institutions, Shariah audit practices, and critical success factors for sustainable agricultural development on waqf land (Kamaruddin et al., 2023; Yakob et al., 2021; Ishak et al., 2025).

Through the combination of quantitative and qualitative empirical data from these 156 ScienceDirect studies, this article is able to present a highly in-depth, accurate, and reliable comparative analysis between the waqf models of Malaysia and Indonesia.

CORPORATE/SME SECTOR ACCEPTANCE AND BEHAVIOUR TOWARD WAQF (MALAYSIA VS INDONESIA)

SME Owner Participation in Malaysia and Indonesia

Analysing private-sector participation is a critical first step in designing a sustainable corporate waqf model. In a cross-country comparative study conducted by Laila et al. (2022), SPSS software was used to analyse randomly collected data from 175 Small and Medium Enterprise (SME) owners in Malaysia and Indonesia to test the influence of religiosity, knowledge, and attitude on their intention to participate in waqf.

The empirical findings revealed several notable insights:

1. Knowledge: Has a highly significant direct positive influence on SME owners' intention to give waqf in both countries (Laila et al., 2022). This demonstrates that SME owners who understand the mechanism, legal structure, and economic benefits of cash waqf are far more likely to contribute.

2. Attitude: A positive attitude toward the concept of corporate social welfare also shows a significant direct relationship with participation intention (Laila et al., 2022).

3. Religiosity: Interestingly, donors' level of religiosity was found to have no significant direct influence on waqf intention in either country (Laila et al., 2022).

These findings carry major policy implications. Promotional and marketing strategies for corporate waqf in Malaysia and Indonesia cannot rely solely on religious-obligation rhetoric or religious sentiment. Instead, waqf institutions and policymakers need to invest in formal training programmes, workshops, and integrated educational platforms to equip SME owners with practical knowledge of waqf's role in business sustainability and economic growth (Laila et al., 2022).

The Role of Information Disclosure and Waqif Trust

Another critical aspect of corporate waqif behaviour is the role of organisational transparency. Through a mediated philanthropy model grounded in Social Exchange Theory, Abd Jalil et al. (2019) argue that the long-term commitment of a committed waqif is built on trust. This trust acts as a key mediating variable between information disclosure by the waqf manager (mutawalli) and waqif commitment.

The study proposes five dimensions of information disclosure that waqf institutions must transparently present in order to foster trust:

- Basic Information: Profile, mission, vision, and management of the waqf institution.
- Financial Information: Audited annual financial statements, cash flow, and operating expenditure.
- Non-financial Information: Effectiveness of social programmes, number of beneficiaries, and socioeconomic impact of projects.
- Future Information: Plans for new waqf project development and investment growth projections.
- Governance Information: Governance policy, Shariah compliance, and the list of Board members.

This theory is empirically supported by Pitchay et al. (2025), whose study used Structural Equation Modelling (SEM) on 215 donors and found that all four dimensions of information disclosure (organisational background, financial, non-financial, and governance) directly influence donor trust levels. This trust acts as a highly significant mediator of giving behaviour. Furthermore, the study found that religious belief does not act as a moderator of the relationship between trust and giving behaviour, reinforcing the argument that modern corporate donors prioritise professional accountability and transparent financial disclosure over doctrinal factors alone.

Millennial Engagement in Digital Cash Waqf

The future of a sustainable corporate waqf model depends heavily on the ability to attract young donors such as the millennial generation. Using an e-generosity model, Sanusi et al. (2025) examined the factors driving cash waqf participation through digital platforms among 328 millennials in Malaysia using the Technology Acceptance Model (TAM), analysed via SmartPLS 4.0.

The results show that attitude, digital literacy, ease of platform use, and waqf knowledge are the primary drivers influencing millennials' decisions to contribute digital cash waqf. Conversely, trust in waqf institutions and perceived waqf usefulness were found to have no significant direct influence on their intention to donate on digital platforms. These findings demonstrate that ease of technological accessibility (fintech), user-friendly application interfaces (UI/UX), and digital literacy levels are the key determinants that convert millennial donation intention into actual giving.

INNOVATIVE CORPORATE AND PRODUCTIVE WAQF MODELS IN MALAYSIA

The "Waqftech" Application and Blockchain Smart Contracts

To address the issues of fund illiquidity and idle waqf land management in Malaysia, waqf financial technology (Waqftech) applications have begun to be introduced. Megat et al. (2024) explored the readiness of 210 decision-makers at small, medium, and large enterprises in Malaysia to adopt blockchain-based smart contracts for corporate waqf crowdfunding. The study combined Electronic Data Interchange (EDI) Theory and Triple Bottom Line (TBL) Theory. This development aligns with the findings of the Islamic fintech literature review by Alshater et al. (2022), which confirms that financial technology innovation including blockchain-based waqf applications is one of the fastest-growing research areas in Islamic finance since 2017.

PLS-SEM modelling results show that corporate entities' intention to adopt blockchain for waqf crowdfunding in Malaysia is significantly influenced by expected corporate benefits (such as improved brand image and operational efficiency) and expected social benefits (such as shared value creation for asnaf). However, expected environmental benefits were found to have no significant correlation with technology acceptance intention. This occurs due to digital misconceptions among corporate managers, who fail to see how digitalising transactions via blockchain smart contracts can directly affect the preservation of the biological and digital environment.

Overall, the Waqftech platform enables corporate waqf investment returns to be distributed transparently, quickly, and automatically to target beneficiaries via smart contract code that is free from third-party manipulation.

The ICWME-I Model (Integrated Cash Waqf Micro Enterprises Investment)

To address the financing access constraints faced by micro-enterprises, Mohd Thas Thaker et al. (2016) developed an alternative structured model known as Integrated Cash Waqf Micro Enterprises Investment (ICWME-I). This conceptual model is specifically designed to provide start-up capital or operational expansion funding to micro-entrepreneurs without imposing any interest (riba) or burdensome physical collateral requirements.

The ICWME-I model operates by combining cash waqf funds collected from the corporate/public sector by non-profit institutions (NGOs/SIRCs) with micro-enterprise expertise through a Musharakah Mutanaqisah (diminishing partnership) contract. Under this structure:

1. The waqf institution and the micro-entrepreneur jointly own the capital of a business.
2. The micro-entrepreneur gradually buys out the waqf institution's ownership share from the daily operating profits of the business.
3. Eventually, the micro-entrepreneur fully owns the business without being tied to long-term debt burdens.

Implementing this model helps reduce the government's expenditure burden in providing micro-entrepreneur grant assistance while creating a sustainable and competitive social entrepreneurship ecosystem.

SRI Musharakah Sukuk (Sustainable and Responsible Investment)

To develop high-value but idle waqf assets or land in Malaysia, the Islamic capital market offers a solution through Sukuk instruments. Zain and Sori (2019) proposed an innovative model for waqf property development using the SRI Musharakah Sukuk (Sustainable and Responsible Investment) instrument under the guidelines of the Securities Commission Malaysia.

This model draws on the successful case of Sukuk Ihsan, issued by Khazanah Nasional Berhad (Noordin et al., 2018). Compliance analysis reveals that Sukuk Ihsan fully complies with the reporting standards, information disclosure, project eligibility, and independent social impact assessment set out under Malaysia's SRI framework. Unlike ordinary commercial sukuk:

- SRI Musharakah Sukuk for waqf allows funds from institutional investors to be pooled to build commercial buildings, schools, hospitals, or agricultural farms on idle waqf land.
- Investors receive periodic investment returns from rental income or project profits, while the physical asset remains permanently held under waqf ownership for the sustainable welfare of the ummah.

INNOVATIVE CORPORATE AND PRODUCTIVE WAQF MODELS IN INDONESIA

The Bank Wakaf Mikro (BWM) Ecosystem

Indonesia has pioneered a highly structured waqf-based microfinance innovation through the Bank Wakaf Mikro (BWM) entity, directly supervised by the Financial Services Authority (Otoritas Jasa Keuangan — OJK) (Yusgiantoro et al., 2024). BWMs are established within pesantren (Islamic boarding school) compounds to integrate the socio-religious role of pesantren with local community economic activities.

Yusgiantoro et al. (2024) conducted an empirical quantitative study using monthly panel data analysis (Fixed-Effects Model) of 39 BWMs in Indonesia from 2018 to 2020 to examine the determinants of their sustainability, performance, and financial risk. The study's key findings reveal:

- Governance & Social Capital: Transparent governance practices and strong local social capital (such as community trust and pesantren networks) are the most critical factors ensuring BWMs' long-term survival.
- Market Environment (Lending Density): BWMs operating in regions with higher lending density from other financial institutions were found to record lower financial performance due to intense market competition.

This study concretely demonstrates that productive waqf can be integrated with the commercial microfinance system to achieve dual objectives simultaneously: institutional economic sustainability and the social empowerment of the poor.

Hierarchy of the Best Productive Waqf Model in Indonesia

To determine the most suitable productive waqf model structure for implementation in Indonesia, Ascarya et al. (2022) developed a model using the qualitative-quantitative Analytic Network Process (ANP) method, based on feedback from waqf experts and practitioners in the field. The study proposed and compared five alternative productive waqf models:

1. Cash-waqf and self-managed model.
2. Islamic bank financing and self-managed model.
3. Sukuk and external partnership model.
4. Cash-waqf and external partnership model.
5. Cash-waqf plus co-financing and external partnership model.

The ANP priority results demonstrate that the cash-waqf and self-managed model is the best model for application in Indonesia. This model received the highest score because it offers the most robust level of Shariah compliance, enhanced asnaf well-being, and moral/ethical values most aligned with the Tawhidi unity-of-knowledge theory. This model is recommended as an initial step for new waqf institutions before progressing to more complex external-partnership or sukuk models as their operational experience grows.

Segmentation of Upper-Middle-Class Donors for Productive Waqf

In an effort to attract large-scale productive waqf fund participation in Indonesia, Maulina et al. (2025) conducted a psychographic cluster analysis of upper-middle-class Muslims in Indonesia. The study successfully identified six distinct donor clusters exhibiting heterogeneous characteristics based on economic rationality values, family values, and community orientation.

To maximise fund-collection potential, the study proposes a hybrid marketing strategy and divides participation scenarios into three main forms:

- As Waqf Donor Only: A group that contributes waqf funds solely for the social welfare of asnaf.
- As Capital Provider Only: An economically rational group seeking to invest in productive waqf projects for financial returns.
- Hybrid Participation (Waqf Donor & Capital Provider): A group that acts simultaneously as a waqf donor and a commercial capital provider within an integrated investment scheme.

These findings negate the effectiveness of a one-size-fits-all strategy, thereby requiring Indonesian waqf institutions to design flexible productive waqf products tailored to target psychographic profiles.

The Role of Baitul Maal wa Tamwil (BMT) Integration

Baitul Maal wa Tamwil (BMT) is a unique entity in Indonesia's Islamic social microfinance landscape that unites the social role of Baitul Maal (collecting and distributing zakat, infaq, sadaqah, and waqf) with the commercial role of Baitul Tamwil (providing business capital financing) (Wulandari & Kassim, 2016; Wulandari, 2019).

A qualitative study by Wulandari and Kassim (2016) reveals that BMT acts as a sophisticated risk-mitigation system for poor entrepreneurs at the bottom of the economic pyramid:

1. BMT provides microfinancing without requiring physical collateral through joint-liability financing structures.
2. If a micro-entrepreneur experiences business failure and is unable to repay financing, social welfare funds from Baitul Maal (zakat, infaq, sadaqah, waqf) are legitimately used to cover the resulting default.
3. BMT also integrates risk management by providing religious capacity-building programmes to cultivate entrepreneurs' trustworthiness and integrity.

To improve the performance of interest-free welfare loan (Qardhul Hassan) disbursement to the poorest groups, Wulandari (2019) emphasises the importance of separating the governance function and operational structure between the Baitul Maal (social) and Baitul Tamwil (commercial) units to ensure efficiency and avoid conflicts of financial interest.

STRUCTURAL, GOVERNANCE, AND RISK MANAGEMENT CHALLENGES (GAP ANALYSIS)

The following comparative analysis highlights the significant gap between the theoretical idealism of Islamic finance and the operational realities in Malaysia and Indonesia.

Operational, Financial, and Shariah Audit Constraints in Malaysia

1. Financial Vulnerability of SIRC/SWI: Applying the Tuckman & Chang (1991) non-profit financial ratio model, Sulaiman and Zakari (2019) analysed the audited annual financial statements of seven State Islamic Religious Councils (SIRCs) in Malaysia. The study found that only one state waqf institution was

confirmed to be financially sustainable and healthy across all four components of the model (equity balance, revenue concentration, administrative cost, and operating margin). The majority of SIRCs face serious financial vulnerability, threatening the long-term operational continuity of waqf management.

2. Sub-Optimal Enterprise Risk Management (ERM) System: A qualitative case study by Yakob et al. (2021), based on structured interviews with nine waqf institution managers, reveals that ERM practices in Malaysia remain at a sub-optimal level. Although officers demonstrate good understanding of ERM at the strategic level, they neglect ERM implementation at the day-to-day operational level and exhibit critical weaknesses in systematic risk monitoring.

3. Weak Governance and Shariah Audit Structure: Kamaruddin and Hanefah (2020) analysed SIRC annual reports using binary content analysis and found that waqf governance practices (encompassing policy, board, and process) remain at a moderate aggregate level. Nonetheless, corporatisation reform was shown to have a markedly positive impact in improving the transparency of governance disclosure to the public. This issue is compounded by the findings of Kamaruddin et al. (2023) through focus group discussions (FGD) with 38 waqf officers, which found that Shariah audit implementation in Malaysia’s zakat and waqf sector remains lax due to the absence of uniform external Shariah audit guidelines and a shortage of professional competency among Shariah auditors.

Trust, Nazhir Competency, and Idle Land Issues in Indonesia

In Indonesia, the central challenge does not lie in government financial vulnerability but rather in the professionalism of Nazhir at the grassroots level. Based on ANP network analysis by Fauzi et al. (2022) and Ryandono et al. (2025):

- The Nazhir (Waqf Manager) Aspect as the Greatest Barrier: The majority of Nazhir in Indonesia remain unprofessional, unlicensed, and manage assets in a traditional manner.

- Land Certification and Idle Land Issues: There is an abundance of idle, uneconomic waqf land due to the very slow waqf land title registration process and the absence of legally valid official waqf certificates.

- Public Distrust: Ryandono et al. (2025) demonstrate that the main barrier causing the failure to meet sales targets for the innovative Cash Waqf Linked Sukuk (CWLS) instrument in Indonesia is public distrust of the transparency of CWLS managers (importance score 0.052630), followed by Nazhir competency issues (0.049331), low waqf literacy (0.044858), and lack of transparency in report disclosure (0.044482).

Corporate Shariah Compliance: AAOIFI Standards and the “Murabaha Syndrome”

The Islamic banking sector, which should be a key driver of corporate waqf microfinancing, also faces compliance and reporting issues:

1. The ‘Murabaha Syndrome’ of Islamic Banking: Miah and Suzuki (2020) confirm the existence of a serious ideological gap, whereby nearly 90% of Islamic banks’ total financing portfolios are concentrated in low-risk mark-up sale (Murabaha) contracts. Islamic banks avoid profit-and-loss sharing (PLS) contracts such as Musharakah and Mudarabah due to concerns over risk exposure and financial uncertainty prohibited under current Shariah interpretation.

2. Weaknesses in CSR Reporting and AAOIFI Compliance: A cross-country study by El-Halaby and Hussainey (2016) of 43 Islamic banks reveals that aggregate compliance with international reporting standards (AAOIFI) is only moderate, at around 56%, with CSR component disclosure recording the lowest score at just 27%. Nugraheni and Khasanah’s (2019) study shows that the level of CSR disclosure by Islamic banks in Indonesia under AAOIFI standards is also still low, though positively supported by increased frequency of Shariah Supervisory Board (SSB) meetings. This finding is supported by Wijayanti and Setiawan (2023), who found that the size and independence of the Board of Directors and SSB support the quality of Islamic banks’ global sustainability reporting.

CONCLUSION

Conclusion and Policy Implications

The integration of Islamic commercial and social instruments has been shown to generate significant socioeconomic impact at the regional level. Quantitative empirical evidence from the Islamic social finance

integration model study (Economic Rescue, Recovery, Reinforcement, Resilience 4ER) by Widiastuti et al. (2022) confirms that integrated Islamic social finance programmes are 12% more effective in improving welfare and transforming the economy of the poor compared with non-integrated programmes.

To optimise the potential of Corporate Waqf in Malaysia and Indonesia, this article puts forward four key policy implications:

1. Digitalisation of Governance (Waqftech): Integrating blockchain smart contracts and crowd funding platforms to enable real-time display of corporate waqf investment transaction audit trails, addressing public distrust and enhancing Waqif commitment (Megat et al., 2024; Ryandono et al., 2025).

2. Professional Certification & SME Training: Mandating a professional Nazhir certification scheme in Indonesia to build productive waqf governance competency, and providing comprehensive training to SME owners in both countries to foster knowledge and positive attitudes toward corporate waqf (Laila et al., 2022; Ryandono et al., 2025).

3. Standardisation of Risk Management (ERM) & Shariah Audit: Establishing dedicated Enterprise Risk Management (ERM) guidelines for the day-to-day operations of waqf institutions in Malaysia, alongside tightening Shariah audit regulation through the introduction of an independent external Shariah audit code (Kamaruddin et al., 2023; Yakob et al., 2021).

4. Structural Support from the Banking Sector: Encouraging Islamic banks in Malaysia and Indonesia to shift from the ‘Murabaha Syndrome’ toward hybrid models, for example by channelling their CSR funds into Musharakah Mutanaqisah (ICWME-I) micro-investment schemes for poor entrepreneurs (Miah & Suzuki, 2020; Mohd Thas Thaker et al., 2016).

STUDY LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

This study has several limitations that must be acknowledged. First, this SLR relies primarily on a single main database (ScienceDirect), and may therefore overlook relevant literature indexed exclusively in other databases such as Scopus or Web of Science; future studies are recommended to employ multi-database cross-searching. Second, as a secondary literature synthesis, this study’s findings depend entirely on the accuracy and scope of the original studies cited, without primary data verification by the authors. Third, the study’s focus is limited to the Malaysian and Indonesian contexts only; generalisation of findings to other Muslim-majority countries should therefore be made with caution. Future research is recommended to conduct primary empirical studies (such as surveys or interviews) to validate the policy implications proposed in this article.

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