

The Transformation of Islamic Philanthropy as an Economic Power: Multiplier Effect Cash Waqf Linked Deposit (CWLD) in Sharia Banking

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ARTICLE INFO	ABSTRACT
<p>Keywords: Islamic philanthropy, Cash Waqf Linked Deposit (CWLD), Islamic Philanthropy, Multiplier Effect, Islamic Banking, Productive Economy</p>	<p><i>Islamic philanthropy is transforming from a charitable model into a driver of sustainable economic development. A key innovation within this shift is Cash Waqf Linked Deposit (CWLD), a scheme that integrates cash waqf with Islamic banking deposits. This study analyzes the multiplier effect of CWLD on the community's economy by synergizing the social and commercial functions of Islamic banking. Using a descriptive-analytical qualitative approach and the PRISMA 2020 protocol, this research finds that CWLD significantly boosts Islamic banking liquidity through low-cost funds, which in turn strengthens financing for the real sector. The study's primary contribution is the deconstruction of the CWLD multiplier effect into a clear, three-stage model: fund mobilization and liquidity increase, real sector strengthening, and community income and consumption expansion. This layered impact empowers MSMEs, funds education, and enhances the capacity of nadzir institutions. Consequently, CWLD effectively integrates the commercial financial sector with philanthropic goals, transforming passive waqf assets into dynamic capital. This proves Islamic philanthropy can be a catalyst for inclusive economic growth. However, challenges remain, including the need for improved public literacy, nadzir capacity, and regulatory harmonization. Strategic recommendations include public education, institutional strengthening, and digitalizing governance to maximize CWLD's potential as an instrument of community economic resilience and sustainable national development in accordance with maqasid sharia.</i></p>

INTRODUCTION

Islamic philanthropy, which is firmly rooted in the teachings of the Qur'an and Sunnah, has long been a pillar of social welfare and distributive justice in Islamic civilization (Hasan, 2024). Instruments such as *zakat*, *infaq*, *alms*, and *waqf* (*Ziswaf*) have historically functioned as social safety nets, mitigating poverty and funding essential public services such as education and health. The allocation of *Ziswaf* funds for public services aligns with the goals outlined in the Sustainable Development Goals (SDGs), which emphasize the interconnectedness of various goals, including health and education (Mustaqim, 2024). Financial support in these sectors can improve people's well-being and reduce socio-economic disparities (Muqorobin & Urrosyidin, 2023). By directing *Ziswaf* funds to these sectors, various organizations can play an important role in meeting basic needs, thereby fostering a healthier and more educated society.

However, amid the complexity of modern economic challenges, there has been a paradigm shift in *Islamic philanthropic* discourse. The orientation that was originally charitable and consumptive has transformed into a more productive, sustainable, and economic empowerment-oriented approach. This transformation positions *Islamic philanthropy* not merely as an instrument of charity but as socio-spiritual capital with significant potential

to become an economic power. Among the various instruments of *Islamic philanthropy*, *waqf* (*endowment*) occupies a unique position due to the principle of the permanence of its principal assets (*raqs al-mal*). This potential has become increasingly relevant with the introduction of *cash waqf* innovation (*waqf al-nuqud* or *cash waqf*). This transformation allows *waqf* assets to extend beyond physical property to liquid assets that are professionally managed to generate sustainable economic benefits for the community (Nasir et al., 2025). *Cash waqf* offers flexibility, accessibility, and scalability that traditional fixed-asset *waqf*—such as land and buildings—lacks. The accumulation of substantial *cash waqf* funds opens investment opportunities in productive sectors that generate sustainable benefits, which can contribute to improving community socio-economic welfare (Ardiyansyah & Kasdi, 2021). However, this potential faces a fundamental challenge: managing and investing *waqf* funds professionally, transparently, and productively to maximize economic impact. Ineffective management risks turning *waqf* assets into idle funds that lose their productive potential.

In this context, the *Islamic banking* industry has emerged as the most strategic institution for professionally managing *waqf* funds, leveraging its infrastructure, risk management expertise, and broad public reach. The development of *Islamic banking* in Indonesia shows significant potential, though future challenges remain for it to contribute more optimally to inclusive and sustainable national economic development. One key challenge is its relatively small market share compared to conventional banking (Kurniawan et al., 2024). Innovative strategies are needed to boost market penetration and expand *Islamic banking* services, such as optimizing *Islamic financial* products. Innovation in *Islamic financial* products is essential to attract wider community participation in the *Islamic economic* ecosystem. One such innovative product, developed by the Financial Services Authority to enhance *Islamic banking*'s contribution, is the *Cash Waqf Linked Deposit (CWLD)*. This *CWLD* innovation optimizes Indonesia's vast *cash waqf* potential, which remains low at only 1.88% of the total in 2025 (Ministry of Religion, 2025). Thus, introducing *CWLD* represents a strategic step to boost *waqf* participation, channel funds to productive sectors, and strengthen the overall *Islamic financial* ecosystem.

Several previous studies have explored *CWLD* and similar *Islamic social finance* instruments, offering insights while revealing research gaps. Ascarya (2022) analyzed the role of *Islamic social finance* in economic resilience, highlighting *CWLD*'s potential but addressing its multiplier effect in general terms without detailed mechanisms. Huda & Nasution (2023) examined digital transformation in *Islamic social finance*, noting *CWLD*'s integration potential but emphasizing technology over economic impact. Adinta & Nur (2020) underscored *waqf*'s role in national finance, recognizing *CWLD*'s multiplier potential but lacking empirical validation and transmission mechanisms. Utomo & Ismal (2024) analyzed *CWLD*'s potential for revitalizing *Islamic banking*, identifying liquidity benefits but not systematically deconstructing multiplier stages. Collectively, these studies acknowledge *CWLD*'s importance but limit the multiplier effect to a generalized concept rather than operational stages with clear mechanisms.

The primary novelty of this research is its systematic deconstruction of the *CWLD* multiplier effect into a clear, measurable three-stage model. Unlike prior studies, it delineates distinct phases: (1) Fund Mobilization and Liquidity Increase, (2) Real Sector Strengthening, and (3) Income and Consumption Enhancement. This framework transforms the abstract multiplier effect into a tangible model with identifiable indicators and transmission mechanisms. Moreover, it 3521niform3521 stage interactions within the *Islamic banking* ecosystem, establishing causal links between *CWLD* implementation and economic outcomes, advancing beyond existing literature.

CWLD is a temporary *cash waqf* instrument integrated with *Islamic bank* deposit products, designed to harness *Islamic philanthropy*'s potential for social and economic initiatives. It enables *waqif* to place funds in time deposits at *Islamic financial institutions*, channeling returns to social beneficiaries while safeguarding principal for return post-maturity. *CWLD* integrates *cash waqf*'s potential with *Islamic banking* for broader economic impact, serving as a responsive social fundraising mechanism and driver of sharia-compliant sustainable economy aligned with national goals (Nasution et al., 2025). This synergy enhances *Islamic banking*'s growth through social-commercial finance integration and sustains social welfare funding. It aligns with demands for sharia economic governance emphasizing social and environmental sustainability beyond profitability. Combining *Islamic banking*'s opportunities with *CWLD* generates multiplier effects for stakeholders, accelerating economic and social goals (Adinta & Nur, 2020). For *Islamic banking*, this expands market reach amid rising public interest, fortifying the *Islamic financial* ecosystem and national growth. *CWLD* optimizes previously underutilized *waqf* funds while positioning *Islamic banking* as a productive, transparent modern *waqf* solution for community empowerment. Broadly, the multiplier effect creates simultaneous economic-social value, benefiting *wakif*, banks, and society via sustainable investment reflective of *Islamic banking*'s holistic financial solutions.

Based on the above, further elaboration is needed on the *CWLD* mechanism supporting synergy between *Islamic banking*'s social and commercial functions and optimizing its multiplier effect for inclusive, sustainable national economic power. The general objective is to analyze *CWLD*'s potential as an innovative instrument enhancing social welfare and sustainable growth in the *Islamic banking* ecosystem and explore its role in revitalizing *Islamic banking* as a socio-economic development agent. Additionally, it aims to identify the *CWLD*-*Islamic banking* combination's contributions to *waqf* reform and the *Islamic financial* system and provide practical recommendations for advancing *Islamic philanthropy* as a new economic force.

METHOD

This research employed a qualitative approach with a descriptive-analytical method to explore the multiplier effect from the synergy of social and commercial functions through *CWLD* implementation in *Islamic banking* (Sugiono, 2020; Ernani et al., 2023). The descriptive method described the operational mechanism and implications of *CWLD* implementation, while the analytical method evaluated its impact on *Islamic banking* growth and community welfare. As library research, the study reviewed academic literature from books, journals, documentation, scientific articles, regulations, policy documents, official government reports, and relevant data sources (Sya'ban et al., 2024).

The study identified perspectives on the *CWLD* concept, opportunities, challenges, and implementation in Indonesian *Islamic banking* institutions, along with implications for the *Islamic financial* ecosystem and economy. Data were comprehensively analyzed to identify patterns and themes for a solid conceptual framework. A PRISMA 2020 flowchart illustrated the literature selection process, from initial identification to final eligible studies for the systematic review.

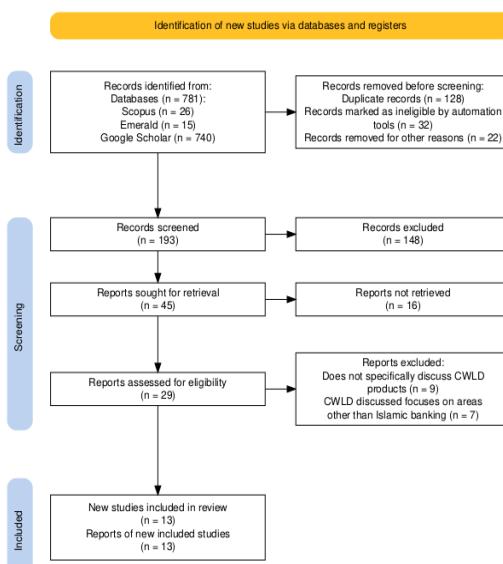


Figure 1. PRISMA 2020 Flow Diagram

This study utilized secondary data from supporting literature, including writings, regulations, DSN-MUI fatwas, scientific journals, books, and articles on *Islamic economics*, *waqf*, *CWLD*, and *Islamic banking* sourced from official agencies such as the Ministry of Religious Affairs, Indonesian Waqf Board, DSN-MUI, and Financial Services Authority (Ultavia et al., 2023). Data collection involved documentation studies reviewing secondary documents on *CWLD*'s legal basis, operational mechanisms, benefits, impacts, and implementation in *Islamic banking*. Literature analysis examined main texts on *CWLD*'s multiplier effects in *Islamic banking*, followed by data comparison across sources to identify alignments, differences, and unique contributions.

Data analysis proceeded through data reduction by filtering relevant information, classification by grouping into themes—*CWLD* as strategic innovation in *Islamic banking*, multiplier effect potential, and implementation challenges/opportunities—and interpretation of concepts for practical implications, conclusions, and recommendations. Validity was ensured via source triangulation, comparing diverse literature on *CWLD*'s concepts, mechanisms, and impacts from multiple perspectives for comprehensive understanding (Sugiono, 2020).

RESULTS AND DISCUSSION

Islamic philanthropy has developed a lot and shows quite significant dynamics, both conceptually and institutionally. Islamic philanthropy, which generally includes social activities based on religious values such as zakat, infaq, alms, and waqf (ZISWAF), which is inherent as a form of individual generosity, has now developed into a strategic instrument in the economic development of the ummah. In today's modern context, Islamic philanthropy plays a role as one of the mechanisms for wealth redistribution and community empowerment, especially in reducing socioeconomic disparities and encouraging sustainable development (Sulaiman & Hasan, 2017). One of the Islamic philanthropies that currently has the potential for great economic value is waqf. So far, the practice of waqf is still dominated by direct waqf forms such as the construction of mosques, schools, and tombs. In fact, if managed professionally and productively through Islamic financial instruments, waqf has the potential to become an alternative source of funding that supports national economic development, especially in the context of community empowerment and poverty alleviation. In this context, Islamic banking has an important role as a financial intermediation institution that can manage and develop the waqf funds more effectively. The integration between the waqf sector and the Islamic banking sector has given birth to a promising latest product innovation, namely Cash Waqf Linked Deposit (Kurniawan et al., 2024). This scheme allows cash waqf funds collected by *nadzir* (waqf managers) to be placed in Islamic banks as special deposits with a profit-sharing scheme or competitive rewards, which then becomes a source of low-cost funds for banks to be channeled as productive financing and will ultimately have an impact on improving people's welfare and strengthening the people's economy.

The Transformation of Islamic Philanthropy

Philanthropy, generally defined as an act of generosity aimed at supporting social well-being, is deeply embedded in various religious and cultural traditions. In Islam, philanthropic practices are closely related to religious teachings and rituals, with terms such as zakat, infaq/alm and waqf as fundamental concepts. Islamic philanthropy has origins sourced from the Qur'an such as for zakat, infaq/alm, waqf and grants and other alms. The Qur'an has many verses that affirm the importance of philanthropy in Islam. Surah At-Taubah verse 60 explains about 8 (eight) groups that are entitled to receive zakat (*asnaf*), while verse 103 emphasizes that zakat functions as a means of purifying souls and property. Surah Al-Baqarah verse 177 encourages Muslims to give wealth to relatives, orphans, the poor, and travelers, while Surah Ali Imran verse 92 emphasizes the importance of giving some of the treasures of the beloved. In verses 133 and 134, the Qur'an encourages Muslims to compete in doing good deeds and allocating wealth both in leisure and in short. In addition, Surah Fathir verse 29 describes the virtue of giving some sustenance, both secretly and openly. These verses show that Islamic philanthropy is not just a form of social generosity, but a manifestation of faith and piety that unites the spiritual (*habluminallah*) and social (*habluminannas*) dimensions (Shihab, 2002). Thus, the practice of Islamic philanthropy has a central position in Islamic teachings, because in addition to being an instrument of equitable distribution of welfare, it is also a tangible manifestation of a servant's love and obedience to Allah SWT who brings goodness in this world and the hereafter.

Historically, zakat, infaq/sadaqah and waqf are the three main instruments as roots in Islamic philanthropy. All three play a role in economic equity, social empowerment, and poverty alleviation in Muslim society (Kahf, 2007). However, along with the times and global economic dynamics, the conventional approach that is consumptive is beginning to shift towards a productive philanthropic model that is able to provide a sustainable economic impact. This paradigm shift places Islamic philanthropy not just as a form of generosity, but as a strategic instrument to strengthen the economic structure of the ummah. This significant transformation from traditional practices to a more modern, productive, and integrated model opens up new opportunities to optimize the potential synergies with the Islamic financial system. In the digital era, the world of Islamic philanthropy is entering a new era. The combination of the digital world and modern philanthropy can become digital philanthropy, where the movement uses more social media and digital media but does not abandon conventional principles. One of the transformations of Islamic philanthropy is marked by the emergence of Islamic social finance interesting, such as Cash Waqf Linked Deposit (CWLD), social sukuk and zakat-linked microfinance, which links spiritual values with modern economic activities. One of them, CWLD is a concrete form of Islamic philanthropy that is integrated with the Islamic banking system, where cash waqf funds are channeled to sharia-based deposits to generate returns used in social activities and economic empowerment. This model reflects a fundamental shift from a charity-based paradigm to investment-based philanthropy (Ascarya, 2022). In addition, through the integration of digital technology, such as the use of mobile banking to distribute ZISWAF, it has helped accelerate the transformation process by increasing transparency, efficiency, and public accessibility to philanthropic programs. Thus, Islamic philanthropy is entering a new phase as an economic force that is not only oriented towards social justice, but also on inclusive and sustainable economic growth (Huda & Nasution, 2023). Furthermore, this transformation is also in line with the vision of Islamic economics which emphasizes a balance between spiritual and material

aspects. Therefore, the transformation of Islamic philanthropy not only serves as an expression of religiosity, but also as an alternative economic pillar that contributes to national economic resilience and the achievement of sustainable development goals (Sustainable Development Goals or SDGs) (OJK, 2024).

Mechanism and Implementation of CWLD in Sharia Banking

CWLD is an innovative hybrid instrument that integrates the principle of cash waqf with Islamic bank deposit products, where customers place their funds in the form of deposits where part or all of the proceeds are waqf for social or religious purposes (Harianto et al., 2024). As an innovation product in Islamic banking, CWLD contains elements of monotheistic values, justice and social welfare which are manifested in real form as a productive financial instrument. This product seeks to integrate the social and commercial functions of Islamic banking through clear regulations, appropriate sharia contracts, and innovative fund management mechanisms (Sayuti et al., 2025). CWLD is a symbol of synergy between philanthropy and Islamic banking in encouraging economic development based on Islamic values. CWLD products can help customers (waqf) to make waqf through Islamic banks, strengthen the funding side of Islamic banks, become an alternative product to improve the management of existing waqf assets and become an attractive product for waqf because waqf funds are temporary. This product is a temporary cash waqf instrument involving *nadzir* and Islamic banking as a Sharia Financial Institution Recipient of cash waqf (LKS-PWU) in designing an attractive waqf program through an emotional waqf approach to waqf beneficiaries. Several Islamic banks have formed strategic partnerships with *nadzir*, including Bank Muamalat Indonesia with Yayasan Baitulmaal Muamalat (BMM) and Bank Syariah Indonesia with Yayasan Bangun Sejahtera Indonesia Maslahat (BSI Maslahat). The Cash Waqf Linked Deposit (CWLD) mechanism in Islamic banking is an innovative form of Islamic philanthropic fund management that integrates the principles of waqf with the modern banking system. Technically, CWLD operates with a mechanism where cash waqf funds are deposited by the waqf to Islamic financial institutions (LKS-PWU) in collaboration with *nadzir*. The funds are placed in the form of sharia deposits, with the provision that the principal of the waqf fund must be maintained, while the profit sharing proceeds from the deposits are used for social programs, economic empowerment, and other productive activities (Indonesian Waqf Agency, 2024). This scheme ensures the sustainability of waqf benefits through a safe, transparent, and compliant system with the principles of *maqasid sharia*. The mechanism of CWLD products in Islamic banking can be described as follows:

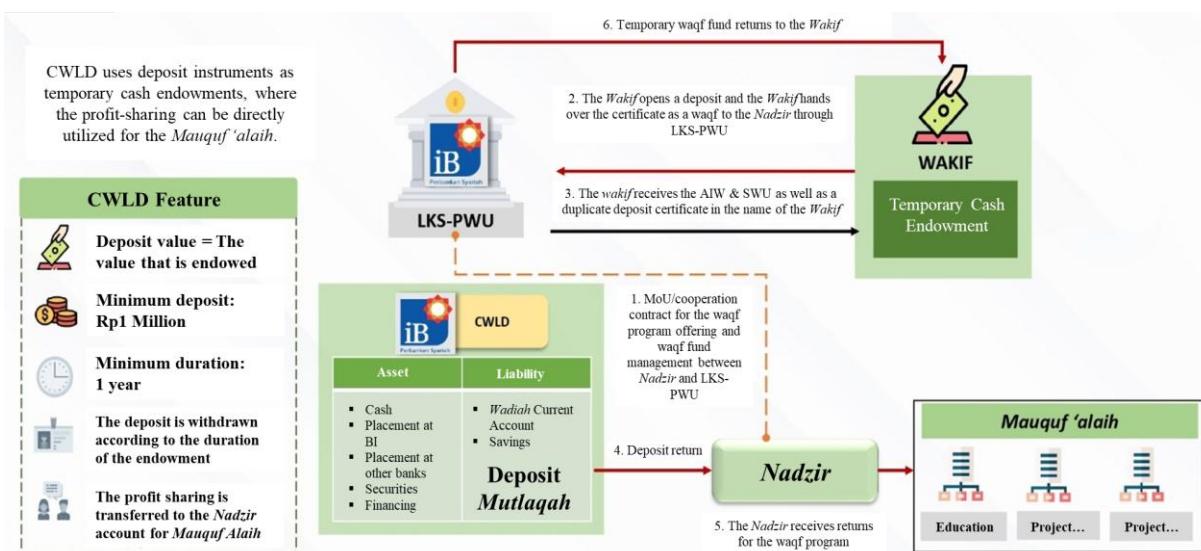


Figure 2. Mechanism of Cash Waqf Linked Deposit (CWLD)

Source: OJK, 2023.

The mechanism in CWLD products involves several parties, namely *wakif* (donors), Islamic banks, *nadzir* and *mauqif 'alaih*. *Wakif* places its waqf funds in the form of deposits at Islamic banks that have been designated as Sharia Financial Institutions Recipients of cash waqf (LKS-PWU). The principal of the deposit remains the property of the *wakif* and will be returned by the Islamic bank after maturity. Islamic banks manage waqf deposit funds with sharia principles. The results of the profits (profit sharing) from the management of the fund are handed over to the *nadzir* (waqf manager). *Nadzir* then channeled the proceeds of the profits to *mauqif 'alaih* to finance various social programs, such as education, health and community economic empowerment projects, for example, MSMEs. The use of this instrument is expected to increase funding or

third-party funds (DPK) for Islamic banks with a longer liquidity maturity, considering that waqf funds cannot be withdrawn for a predetermined period of time. In more detail, the implementation of CWLD provides various strategic advantages for Islamic banking, including increased liquidity, expansion of deposits with lower funding costs, and increased income from financing distribution or other productive assets (Sayuti et al., 2025). CWLD products offer greater flexibility in the distribution of waqf funds, making them an attractive option for individuals and institutions who want to participate in social financing and education in accordance with sharia principles (Hidayati & Inayah, 2024). In practice, the implementation of CWLD involves several parties who have a strategic role. First, waqf as a contributor to waqf funds; second, *nadzir* who is in charge of managing and distributing waqf results; and third, Islamic banks that function as investment managers through deposit schemes. Through this tripartite cooperation, Islamic banking is not only a financial intermediation institution, but also a strategic partner in strengthening the Islamic social economy. The involvement of Islamic banking in CWLD expands its social function, making the institution not only profit-oriented, but also on the social and economic sustainability of the people (Financial Services Authority, 2024). In terms of innovation, CWLD is a representation of social finance innovation that answers the challenge of modernizing Islamic philanthropy.

The implementation of CWLD in Indonesian Islamic banking has begun to show positive developments through cooperation between the Indonesian Waqf Agency (BWI), the Financial Services Authority (OJK), and a number of national Islamic banks. This implementation model is accompanied by clear regulations and guidelines, including regarding *nadzir* accountability and the reporting mechanism for productive waqf funds. Some Islamic banking institutions have launched CWLD products with different characteristics, such as profit-sharing rates and specificity of social goals. One of the implementations of CWLD products in Islamic banking for educational scholarships can be explained in the following figure.

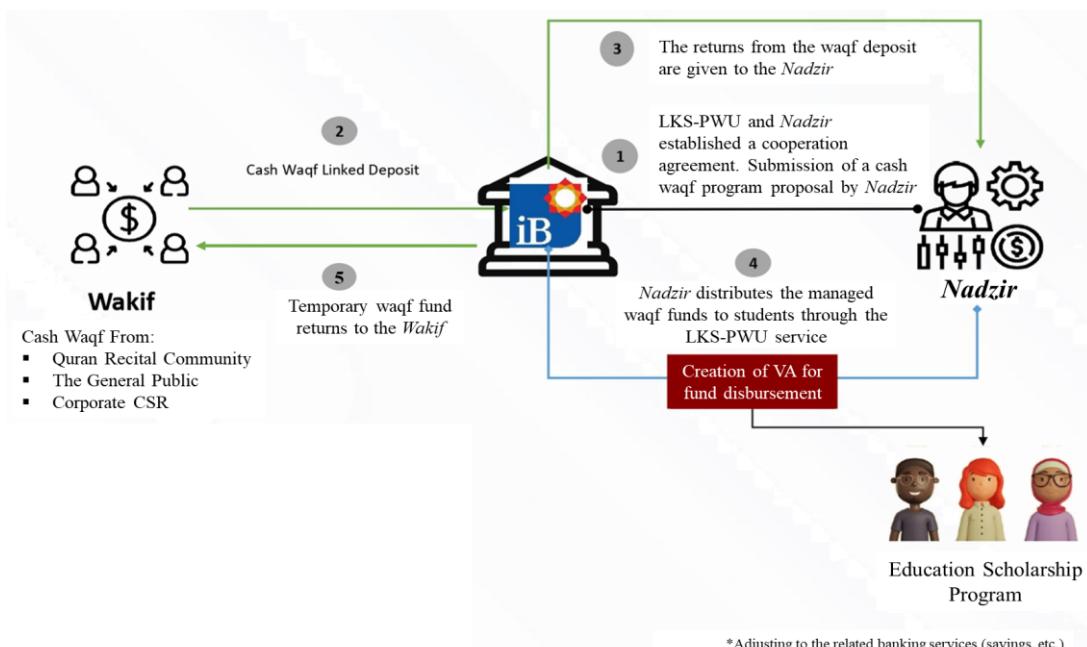


Figure 3. Implementations of CWLD

Source: OJK, 2023.

Nadzir has a cash waqf program, which is a program for basic and secondary education scholarships (*mauquf alaih*) for underprivileged students. The program is outlined in a proposal that will be collaborated with Islamic banks. The target of CWLD products from Islamic banks is aimed at waqf, such as the study community, the general public and the Company's CSR in the form of temporary cash waqf stored in the form of deposits. Suppose that the educational scholarship program is intended for 20 students with a scholarship fund of Rp1.5 million per person per month, so the required funds are around Rp30 million per month. Therefore, to obtain monthly profit sharing funds to finance the program, a deposit of Rp10 billion is required with a minimum placement period of 1 year and an estimated minimum return of 4.5% per year. After a period of time, the profit sharing from deposits that had previously been placed in Islamic banks is given to *nadzir* and then the managed funds are distributed to scholarship recipients (*mauquf alaih*) through the virtual account (VA) of Islamic banks. After the maturity date of the deposit, the principal deposit is returned to the waqf. This program is a clear example that integration between the financial and social sectors can produce an

inclusive, just, and sustainable Islamic economic system. Thus, CWLD is not only an innovation in Islamic philanthropy, but also an effective mechanism to realize the economic independence of the ummah. Through a structured and professional system, CWLD strengthens the position of waqf as an instrument of economic development based on Islamic values. The successful implementation of CWLD in Islamic banking is proof that the Islamic economy is able to provide strategic solutions that harmoniously combine spiritual, social, and economic dimensions.

Multiplier Effect of CWLD for Sharia Banking

CWLD's innovation emphasizes an integrative approach between waqf, sharia investment and the digitalization of fund management. In addition, CWLD innovation also creates opportunities for diversification of investment portfolios, such as distributing profit-sharing funds to productive sectors, such as MSME financing, education and public health services (Jes Unisla, 2023). The multiplier effect of CWLD in Islamic banking provides insight into how these financial instruments, in addition to functioning as a social but also able to drive economic growth. One of the main advantages of CWLD is its potential to increase liquidity in Islamic banking, which can lead to increased financing for development projects. CWLD addresses the limitations of existing Islamic financial products by allowing banks to leverage cash waqf contributions as part of their funding structures (Utomo & Ismail, 2024). This integration not only provides a stable flow of deposit funds but also promotes an ethical investment climate, thereby contributing to socio-economic empowerment through financing for projects that benefit the public interest. A multiplier effect occurs when waqf funds are reinvested into the community, resulting in increased consumer spending and economic activity. CWLD is in line with the principles of *maqasid sharia* which focuses on poverty alleviation, economic justice, and social welfare, resulting in broader economic benefits (Tumanggor, 2024). When Islamic banking makes effective use of CWLD, the resulting financial flows can trigger further economic transactions, resulting in a multiplier effect that magnifies the initial investment into significant economic growth. In addition, the role of Islamic banks in managing these funds is very important. The application of instruments such as CWLD can increase financial inclusion by facilitating the participation of underprivileged communities in the economy (Rahayu & Agustianto, 2020). By channeling waqf funds to productive businesses, Islamic banks can support social entrepreneurship and community-focused projects, thereby increasing overall economic stability. In addition, the integration of these funds into the Islamic banking system can improve liquidity and financial stability in the sector. Liquidity fluctuations can affect financial ratios in banks, so by implementing CWLD, banks can stabilize their liquidity positions while fulfilling their social responsibilities (Jazmiyanti et al., 2024). This stabilizing effect further amplifies the multiplier effect by maintaining consistent financial support for various economic activities.

The implementation of CWLD has a significant multiplier effect on the economy and the performance of Islamic banking through three main stages, namely fund mobilization and liquidity increase, real sector strengthening, and increasing income and consumption. CWLD creates a sustainable economic cycle and is in line with the principles of *maqasid sharia*. This chain effect shows how Islamic philanthropy is not only social, but also has a real contribution to national economic stability and growth (Ascarya, 2022). The implementation of CWLD produces a multiplier effect that moves the wheels of the economy through several stages, namely:

Phase I: Fund Mobilization and Liquidity Increase

In the initial stage, the multiplier effect of CWLD starts from the process of mobilizing cash waqf funds through Islamic financial institutions. Waqf funds deposited by the waqf are placed in the form of sharia deposits with a safe and transparent partnership (profit sharing) scheme. This scheme will increase Third Party Funds (DPK) in Islamic banks, which directly strengthens the liquidity of these financial institutions (Financial Services Authority, 2024). With increased liquidity, Islamic banks have a greater capacity to distribute financing to more productive sectors. This creates a multiplier effect that strengthens economic circulation and opens up new job opportunities (Hasan, 2021). In addition, the CWLD model also contributes to the diversification of bank funding sources, because waqf funds are medium- to long-term, thereby strengthening the stability of bank funding (Hasan, 2021). This process also strengthens the intermediation function of Islamic banking that connects social funds with real economic activities and mobilizes philanthropic funds from the community that may not have been managed properly and productively before.

Phase II: Strengthening the Real Sector

The second stage of the multiplier effect of CWLD can be seen in the strengthening of the real sector. The funds from waqf management placed in sharia deposits generate returns which are then channeled to

support various productive activities such as MSME development, education, health, and social development (Indonesian Waqf Agency, 2024). The distribution of these funds encourages the growth of small and medium enterprises that are the backbone of the national economy, thereby creating new jobs, increasing people's incomes and strengthening the domestic production base. In this context, CWLD is a catalyst for increasing the economic competitiveness of the community through a value-based intermediation approach. The strengthening of the real sector also helps Islamic banks to balance their financing portfolios, thereby reducing the risk of financial volatility (Huda & Nasution, 2023). On the other hand, CWLD funds are used by nad'Irs to finance socio-economic projects, such as MSME development, educational scholarships, or the procurement of medical devices that will also contribute to economic turnaround.

Phase III: Increased Income and Consumption

The final stage of the multiplier effect of CWLD is reflected in the increase in people's income and consumption. With the growth of economic activity in the real sector, there is an increase in income for business actors and workers, which in turn encourages people's purchasing power and consumption. The continued effect of this increase in consumption creates new demand for goods and services, which in turn spurs production activities and strengthens the economic cycle. In addition, increasing the welfare of the beneficiary community (*mauquf alaih*) will expand the economic base of the ummah and strengthen financial inclusion. This cycle keeps repeating itself, creating a domino effect that extends to various sectors of the economy. Thus, CWLD produces multi-layered multiplier effects ranging from collecting social funds, strengthening Islamic banking, to macro impacts on equitable and sustainable economic growth.

Overall, the three stages show that CWLD is not just a philanthropic instrument, but a strategic mechanism that integrates social, financial, and economic development aspects. Through this scheme, Islamic banking plays a key role in connecting the potential of social funds with productive financing needs, creating an inclusive and highly competitive Islamic economic system. Thus, CWLD serves as concrete proof that Islamic philanthropy can be an economic force that has a lasting effect on people's welfare and the stability of the national financial system. The CWLD scheme makes cash waqf more dynamic and adaptive to the modern financial system, as well as strengthens the position of Islamic banking as a strategic partner in managing socio-religious funds professionally and productively (Financial Services Authority, 2024). The implementation of CWLD in the Islamic banking system has had various positive impacts that are significant for the strengthening of the ummah's economy and the development of Islamic social finance. One of the most prominent impacts is the increase in the productivity of philanthropic funds, which were previously consumptive in nature, to become a sustainable social investment instrument. In addition to providing economic value, CWLD also contributes greatly to the equitable distribution of welfare and social empowerment. The results of CWLD fund management are generally channeled to productive sectors such as education, health, micro business empowerment, and the development of social infrastructure that have a multiplier effect on the local economy (Ascarya, 2022). This model is in line with the goals of *maqasid sharia* which emphasizes the importance of maintaining the welfare of the community through a fair distribution of wealth.

From a macroeconomic perspective, CWLD has the potential to expand the funding base in the Islamic financial system while increasing national economic stability. CWLD also helps expand financial inclusion by involving people from all walks of life in productive economic activities in accordance with sharia principles. The integration between philanthropy and Islamic banking makes CWLD a social financial instrument that is able to unite spiritual, social, and economic values in one sustainable development framework (Huda & Nasution, 2023). Furthermore, CWLD helps strengthen public trust in Islamic financial institutions through transparent, measurable and accountable management practices. This transparency not only increases the credibility of waqf institutions and Islamic banks, but also encourages public participation to contribute to Islamic philanthropic activities in a sustainable manner. Thus, CWLD plays a strategic role as an instrument that not only strengthens the economic resilience of the ummah, but also realizes Islamic social values in a modern economic system that is just. In this context, Islamic philanthropy is no longer just a mechanism for redistributing wealth, but also a means of economic development that has a multiplier effect on the real sector, employment and community welfare (Hasan, 2021). Thus, CWLD becomes an economic instrument that is not only socially oriented, but also able to provide a multiplier effect on the national economy.

CWLD Development Challenges and Strategies

The implementation of CWLD in the Islamic banking system faces a variety of complex challenges, both in terms of regulation, literacy, and institutions. One of the main challenges lies in the low level of public literacy towards the concept of productive cash waqf and the CWLD mechanism itself. Many people still view waqf as limited to physical assets such as land or buildings, so innovative products such as CWLD have not received widespread attention. This low awareness has a direct impact on the lack of individual and corporate waqf participation in the CWLD scheme which actually has great potential to strengthen the social and economic sectors of the people. The limited network/reach of Islamic banks as LKS-PWU still needs to be improved, so that CWLD products can be accessed by the wider community. In addition, Islamic philanthropic institutions are now required to be more professional, transparent and accountable in managing public funds, in line with the principles of good governance and *maqasid sharia*. Strengthening the capacity of philanthropic institutions, such as *nadzir* and *amil* is a priority to ensure that the management of philanthropic funds can provide maximum and sustainable benefits (Indonesian Waqf Board, 2024). The capacity as a cash waqf manager needs to be improved, both in terms of investment management, transparency, and accountability reporting. The lack of integration of digital systems for tracking endowment funds also weakens public trust and hinders the broader scale of CWLD development. On the other hand, regulatory barriers are also a crucial issue. The legal framework and technical guidelines governing CWLD are still relatively new and have not been uniformly implemented across Islamic banking. Uncertainty about the *fiqh* mechanism, the determination of the profit-sharing ratio, and the distribution of benefits to *mauquf alaih* has led to variations in practices between banks and *nadzir* institutions (Jes Unisla, 2023). However, these challenges are offset by great opportunities, such as the significant potential of the waqf market in Indonesia, as well as government and OJK support for the development of Islamic banking and innovative products such as CWLD. In the context of future development, a number of strategies can be applied to optimize the role of CWLD as a productive and highly effective Islamic philanthropic instrument. First, there is a need to strengthen clear regulations and governance through the issuance of guidelines and regulations related to CWLD by the Financial Services Authority (OJK) and the Indonesian Waqf Agency (BWI). The regulation is expected to be able to provide legal certainty, maintain compliance with sharia principles, and encourage integration between Islamic financial institutions and professional *nadzir* (OJK, 2024). Second, increasing financial literacy and waqf education needs to be massively encouraged. This education can be carried out through public campaigns, training and digitization of educational content that is easily accessible to the wider community, thereby fostering trust and active participation of the community in giving cash waqf. The next strategy is the allocation/implementation of CWLD products that are more inclusive and have a direct impact on productive sectors such as education, health, MSME empowerment, and environmentally friendly projects. The diversification of the placement of cash waqf funds to the real sector which has a high multiplier effect is expected to strengthen the contribution of CWLD to national economic development. In addition, strengthening synergy between stakeholders, such as Islamic banks, waqf institutions, the government and the community will be key in creating a sustainable Islamic philanthropic ecosystem. This collaboration can be realized through a data integration system, transparency of management results, and digital reporting mechanisms that allow the public to directly monitor the economic and social benefits of the CWLD program. Another development strategy that can be done is to make CWLD products more applicable to be able to become an alternative product in developing Islamic banks and cash waqf, namely by: (1) making the waqf program offered by *nadzir* more innovative and has a clear benefit value for the community, so that it can arouse *waqif* to make cash waqf and Islamic banking as LKS-PWU can provide very profitable rewards competitive, (2) the value/nominal profit sharing of CWLD funds is quite significant, especially with a fairly high profit sharing ratio and realization, and (3) the value of CWLD funds is significant enough to add to and support the deposit side of Islamic banking so that it can strengthen liquidity and increase financing capacity for the productive sector. Thus, these various strategies show that the optimization of CWLD products not only has the potential to improve the intermediation function of Islamic banking, but also strengthens its social role as a productive waqf fund manager as well as a means of driving a sustainable economy in accordance with sharia principles.

CONCLUSION

This study established *Cash Waqf Linked Deposit (CWLD)* as a pivotal innovation transforming *Islamic philanthropy* from a consumptive model into a productive engine for socio-economic development through synergy between sharia deposits and *cash waqf* mechanisms. Its primary contribution was deconstructing the *CWLD* multiplier effect into a three-stage model: (1) Fund Mobilization and Liquidity Enhancement bolstering *Islamic banks*' funds and financing; (2) Real

Sector Strengthening channeling returns to MSMEs, education, and health for job creation; and (3) Income and Consumption Expansion driving sustainable economic cycles via increased purchasing power. Optimization requires strategies like enhancing public literacy on *CWLD*, strengthening *nazhir* governance, and harmonizing regulations. Thus, *CWLD* emerges as a new economic force aligned with *maqashid ash-sharia* for inclusive financial ecosystems. Future research should empirically test this model using longitudinal data from Indonesian *Islamic banks* to quantify multiplier impacts across regions.

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