

Cash Waqf to Qard-Hassan Financing for Islamic Banks in Achieving Maqasid al-Shariah and Social Welfare

Ismail Mohamed^{1*}

Shahumeel Ahmed²

Aboubakar Mohamadou Souidi³

¹Ahmad Arfan bin Ismail INCEIF University

²Issa Hamadou Universitas Islam Internasional Indonesia (UIII)

³Mohammed Meeran Jasir Mohtesham International Islamic University Malaysia (IIUM)

*¹Corresponding email: inicontoh@gmail.com

ABSTRACT- Purpose: This study examines the current practical application of Qard-Hassan financing in Islamic finance, along with existing models of Waqf funds being utilized for providing Qard-Hassan financing and proposes solutions and recommendations for Islamic banks globally to address the social needs of the community through Cash Waqf to Qard-Hassan financing.

Keywords: Cash Waqf; Islamic Banks; Islamic Social Finance; Maqasid al-Shariah; Qard-Hassan

INTRODUCTION

Islamic banks, as the leaders of the Islamic finance industry, are often criticised for not meeting the public's expectations in achieving Maqasid al-Shariah (the higher objectives of Islamic law) on top of the bank's profit-making and Shariah compliance objectives (Alwi et al., 2022; Zuraidah & Sismanto, 2022; Habibullah et al., 2023). Most of the Islamic banks around the world use debt-based contracts, which guarantee them profit (Maikabara, 2019; Ahmed et al., 2022; Muneem et al., 2023); however, there are several Islamic banks currently using Qard-Hassan financing to facilitate their community, such as providing small business financing and liquidity financing (Jordan Islamic Bank, 2025; Fisal Islamic Bank, 2024; Iranian Islamic Bank, 2024; Ajma Bank, 2025; Zamzan Bank, 2025; Al-Amal Microfinance Bank, 2025). Nonetheless, a very few banks provide Qard-Hassan loans dedicated to social purposes to individuals in alleviating their financial burden in meeting necessities. One such bank that offers Qard-Hassan loans target individuals for social purposes is Jordan Islamic Bank (JIB) since 2010. The Jordan Islamic Bank has provided a total of JD 468 million Qard-Hassan financing by the end of 2024 to different social



purposes, specifically for education, healthcare, and marriage (Jordan Islamic Bank, 2024). These three categories of financing directly facilitate the protection of three major classical Maqasid al-Shariah elements, which are preservation of intellect, life, and lineage, thus putting Islamic banks in a position that meets Maqasid al-Shariah goals while making a real positive impact on the communities they operate in (Muhammad & Nasir, 2021; Kazak & Alim, 2022). Moreover, the essence of Qard-Ḥassan lending in Islam also emphasizes alleviating difficulties for individuals rather than being a financing tool for business ventures (Kouzo et al., 2025). In this regard, the following are a Quranic verse and a Hadith of the Prophet (ﷺ);

In Sura Hadid Allah (SWT) mentioned that:

“Indeed, the men who practise charity and the women who practise charity and (they who) have loaned Allah a goodly loan – it will be multiplied for them, and they will have a noble reward” (Qur’an, 57:18).

Prophet (ﷺ) said:

In Sura Hadid Allah (SWT) mentioned that:

“Indeed, the men who practise charity and the women who practise charity and (they who) have loaned Allah a goodly loan – it will be multiplied for them, and they will have a noble reward” (Qur’an, 57:18).

Prophet (ﷺ) said:

Thus, Islamic banks as commercial institutions that already offer Qard-Ḥassan for social purposes could benefit from a well-suited proposition in using Cash Waqf as a source of their Qard-Ḥassan lending fund, despite the regulatory hurdles that may be faced in different jurisdictions. Therefore, it would be significant to explore whether Islamic banks can utilise Cash Waqf in providing Qard-Ḥassan financing for social purposes, thereby achieving the Maqasid al-Shariah. Thus, this study examines the current practical application of Qard-Ḥassan financing in Islamic finance, along with existing



models of Waqf funds being utilised for providing Qard-Ḥassan financing and proposes solutions and recommendations for Islamic banks globally to address the social needs of the community through Cash Waqf to Qard-Ḥassan financing.

LITERATURE REVIEW

In this section, the discussion focuses on key concepts of Waqf and Qard-Ḥassan. It begins by examining the concept of Qard in Islam and the concept of Waqf, before exploring how Qard Ḥassan lending can be applied in achieving the elements of Maqasid al-Shariah. The section also considers the role of Integrating Waqf and Qard-Ḥassan Funds from a Shariah perspective.

THE CONCEPT OF QARD IN ISLAM

Qard, derived from the Arabic word “qirad” or “qaradha”, literally means “to cut,” signifying that the lender parts with a portion of his wealth to assist the borrower (Az-Zuhaili, 2003). When paired with the term hasan (meaning benevolence, goodness, or kindness), the concept of Qard-Ḥassan refers to an interest-free loan extended purely for social and moral purposes, without any expectation of financial gain (Ibn ‘Ābidīn, 1966; Urduniyah, 2010). Thus, in essence, Qard-Ḥassan represents a benevolent loan intended to ease the financial burden of the needy.

The legitimacy of Qard-Ḥassan is firmly established in the Qur’an and Sunnah. The Qur’an mentions this principle in several verses, among them Surah al-Baqarah (2:245), which states:

“Who is it that would loan Allah a goodly loan (qardan ḥasanan) so He may multiply it for him many times over? And it is Allah who withholds and grants abundance, and to Him you will be returned.”

Similar references appear in Surah al-Mā’idah (5:12) and Surah al-Ḥadīd (57:11, 18), all of which highlight the immense spiritual reward promised to those who extend benevolent loans (Ibrahim et al., 2023). These verses emphasise that lending is not merely a financial act but an act of devotion, symbolising generosity towards people while seeking the pleasure of Allah.

The Prophetic traditions also affirm the virtue of Qard al-Hasan. A narration reported by Ibn Mājah (2431) records that the Prophet (ﷺ) said:



“Charity brings a tenfold reward, and a loan brings an eighteen-fold reward.”

When asked why a loan was more virtuous than charity, the Angel Jibril explained that one may ask for charity without real need, while a borrower seeks a loan only in genuine hardship. Furthermore, historical reports confirm that the Prophet ﷺ himself engaged in borrowing, thereby demonstrating its legitimacy and practicality as part of Islamic financial ethics.

In contemporary Islamic finance, Qard-Ḥassan continues to be recognized as a legitimate contractual form. The Shariah Advisory Council (SAC) of Bank Negara Malaysia, in its 51st meeting (2005), resolved that financing products based on the principle of “*qard*” are permissible. However, the term “*hasan*” was omitted in official banking use to stress that repayment is obligatory and remains binding even upon the borrower’s heirs in case of death (Ibrahim et al., 2023). Despite this regulatory recognition, Bank Negara Malaysia has maintained that Qard-based financing is unsuitable for profit-oriented banking but remains relevant for social welfare objectives (Amin et al., 2024).

Therefore, qard in Islam represents a powerful ethical tool, blending financial support with social solidarity. While its use in commercial banking remains limited, its potential role in welfare-based financing continues to be significant, especially when combined with charitable mechanisms such as Waqf.

THE CONCEPT OF WAQF AND CASH WAQF IN ISLAM

The term Waqf is derived from the Arabic word waqafa, meaning “to stop” or “to hold.” In Islamic jurisprudence, it denotes the dedication of a movable or immovable asset for perpetual charitable purposes, while ensuring that the principal remains intact and only the benefits are utilised (Ab Rahman & Amanullah, 2017). Classical scholars across the four major schools of thought have elaborated on its nature, often differing on whether Waqf must be perpetual or can be conditional. Nonetheless, its central purpose remains the provision of continuous benefit (*tasbīl*) for society.

Historically, Waqf has encompassed a wide range of assets, from land and buildings to animals and weapons, intended for public welfare, such as mosques, schools, and hospitals. This division is often categorized as Waqf ghayr manqūl (immovable Waqf) and Waqf manqūl (movable Waqf), with the latter including livestock, books, tools, and money (Mohsin & Alhabshi, 2016). In modern times, the development of Cash Waqf has extended the classical doctrine, enabling monetary contributions to be invested, with proceeds allocated to charitable and developmental causes.

Scholarly opinions on the permissibility of Cash Waqf vary. The Ḥanafī school traditionally prohibited it, limiting Waqf to immovable assets, though later jurists allowed exceptions for movable assets based on juristic preference



(istihsān) when serving the public interest (Al-Kasānī, 1986). Similarly, the Shāfi‘ī school permitted movable Waqf by analogy to rental contracts, provided the asset’s benefits could be continuously utilised. The hadith of ‘Umar regarding land in Khaybar further supports the principle of perpetuity in Waqf, with cash funds providing necessary liquidity to sustain immovable endowed assets (Al-Shāfi‘ī, 1951).

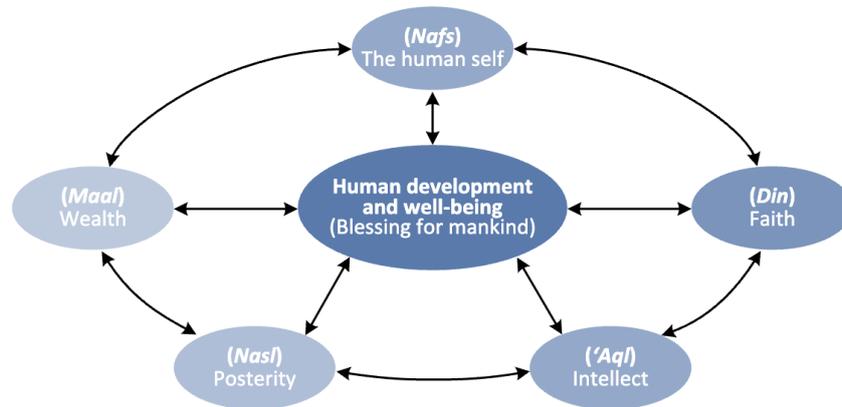
In contemporary practice, Cash Waqf is increasingly recognized as an effective tool for socio-economic development. It ensures the continuity of Waqf benefits even when physical assets deteriorate, and it provides liquidity for maintenance and expansion. Thus, Waqf and Cash Waqf embody Islam’s vision of sustainable charity and social justice, enabling wealth to be mobilized for the benefit of communities across generations.

ROLE OF QARD-HASSAN LENDING IN ACHIEVING MAQASID AL-SHARIAH AND WELL-BEING

Qard-Hassan is a loan offered without interest as a form of benevolent loan, and it is consistent with the Maqasid al-Shariah. Qard-Hassan serves a broad range of noble purposes, including enhancing social justice by providing financial assistance to small businesses and aiding with the financial hardship affected by the COVID-19 pandemic (Aderemi & Ishak, 2020; Mounira & Anas, 2009). According to Chapra (2008), the ultimate Sharī’ah goal of ensuring the well-being of all people (fallah) cannot be realised without first reforming and strengthening the human self (Nafs), and then it is also necessary to strengthen the four other primary Maqasid, namely faith (Deen), intellect (‘Aql), posterity (Nasl), and wealth (Maal), aligning with the classical approach Maqasid al-Shariah of Al Ghazali (Ascarya et al., 2016; Dayrobi & Tanjung, 2024). The following figure 1 shows Chapra’s Human Development and Well Being Based on Maqasid Al-Shariah.

Figure 1. Chapra’s Human Development and Well Being Based on Maqasid Al-Shariah





Source: (Ascarya et al., 2016)

The following specific roles that Qard-Hassan helps in maintaining the well-being of people on the five elements of Maqasid al Shariah.

Preservation of Religion (*Hifz al-din*)

The idea of Qard-Hassan reflects the generous spirit of the Qur'an and the Prophet (ﷺ) in economic ethics. It upholds *ihsan* in financial transactions by enabling individuals to obtain financial assistance while remaining faithful to Islamic principles, hence preserving *hifz al-din*. The ethics of Qard-Hassan encourage practices rooted in trust and faith-based finance rather than the interest-based systems, thus offering higher spiritual resilience. In the absence of rigorous academic literature on *hifz al-din*, Jalil et al. (2025) have reminded us of the widely recognised principle of Islamic ethics concerning Qard-Hassan and religious sustainability.

Preservation of Life (*Hifz al-nafs*)

Through Qard-Hassan, families and individuals will be able to address healthcare, emergencies, and daily necessities without the need for interest-bearing debt. Consequently, the Qard-Hassan model improves collective welfare and helps preserve dignity, particularly for the vulnerable society. For instance, the utilisation of Qard-Hassan facilities for micro-enterprise financing is instrumental in preserving the means of livelihood and enables the continuation of income-generating activities (Ibrahim & Alenezi, 2024).

Preservation of Intellect (*Hifz al-'aql*)



The Qard-Ḥassan service would enable the development of skills, education, and other essential factors encouraging rational thinking and intellectual development. It reduces the burden of tuition fees, thus mitigating the risk of dropping out and supporting human capital development (Widiastuti et al., 2022; Zamir & Bushra, 2015). One of the most recent examples of Shariah-compliant education financing reforms is demonstrated in the Maldives, where in March 2025, the president of the country gave orders to remove interest as well as the 1% administrative fee on government-issued student loans, making the scheme fully Shariah-compliant. They are set to be made more affordable and, with the reform applied retroactively, ensure a fair adjustment to outstanding balances, along with the intention to make it Shariah compliant, as the Maldives is 100% Muslim. The reform aligns with Islamic principles and is expected to alleviate the financial burden of thousands of Maldivian students, thereby fulfilling Maqasid al-Shariah (PSM News, 2025; Shujau et al., 2023; Zidhna, 2025).

Preservation of Lineage (*Hifz al-nasl*)

Marriage loans on interest free basis help with marriage expenses, thereby assisting in the formation of families and balancing the economy. It would also motivate those who are yet to get married through the accessibility of finance with no cost of funds, thus contributing in avoiding engaging in illegitimate relationships. Qard-Ḥassan maintains the lineage and family relationships in a respectful manner, as beneficiaries honor the social traditions in place without the burden of social exploitation (Mohd Zain and Engku Ali, 2017).

Preservation of Wealth (*Hifz al-mal*)

Qard-Ḥassan loans are interest-free, and the funds help to promote the ethical circulation of capital, especially when combined with sustainable structures like Waqf or revolving funds. With proper controls in place, the principal can be kept intact, allowing the funds to have a lasting social impact (Citaningati et al., 2022). Significantly, the availability of funds also allows individuals and micro-enterprises to engage in revenue-generating activities such as motorcycling for courier services or renovating a house for an apartment to be rented.

Shariah Perspective in Integration of Waqf and Qard-Ḥassan Funds

From a Shariah perspective, the integration of Waqf and Qard-Ḥassan is both legitimate and desirable. Waqf is endorsed by all four Sunni schools of law as a perpetual charitable institution that channels wealth into socially beneficial



uses (Ibn Qudāmah, 1985; Al-Kasānī, 1986; Ibn Musa, 2015). Similarly, Qard-Ḥassan is repeatedly encouraged in the Qur'an (2:245; 57:11) and Hadith, where it is praised as an act of kindness that earns multiplied rewards. Ibn Mājah narrates that the Prophet Muhammad (ﷺ) declared a loan to be more virtuous than sadaqah, as it combines financial assistance with dignity for the recipient.

Although scholars and regulators have discussed the potential of linking Waqf with Qard-Ḥassan, evidence of its practical application in Malaysia remains limited. Bank Negara Malaysia has previously highlighted that Qard-Ḥassan is not appropriate for profit-oriented banking, but rather serves a social function aimed at promoting collective welfare within society (Amin et al., 2024). At the same time, issues such as ownership and trusteeship remain central: once funds are dedicated as waqf, they cease to be privately owned and must be managed under trusteeship (*waqfiyyah*). This raises operational challenges for Islamic banks, particularly in ensuring that the funds are both safeguarded and efficiently utilised (Amin, Panggi, Shaikh, & Abduh, 2024).

Despite these concerns, the integration of Waqf or Cash Waqf, and Qard-Ḥassan aligns strongly with Maqasid al-Shariah. By channeling endowments into benevolent loans, Islamic banks can address pressing social needs such as education, healthcare, and microenterprise support, while preserving capital for long-term benefit. This dual role perpetuity through Waqf and immediacy through Qard-Ḥassan illustrates the dynamism of Islamic finance in promoting sustainable socio-economic development.

RESEARCH METHODOLOGY

The research methodology used in this study is a qualitative research method that relies exclusively on the large volume of literature review, analysis of documents, and comparative case study analysis of available online sources regarding Cash Waqf for Qard-Ḥassan financing. In this method, there is no primary method of collecting data i.e., interview, survey, but all the information is just secondary data gathered using scholarly publications, institutions report, regulatory documents, and credible online databases. Such methodology enables comprehensive synthesis and critical analysis of documented practices and experiences of Islamic financial institutions in different countries without direct field engagement (Bowen, 2009; Creswell, 2013).

Case Study Selection and Scope

Participative Cash Waqf for Qard-Ḥassan products in Jordan, Egypt, Iran, the UAE, Ethiopia, Yemen, Cameroon, and Pakistan are the eight Islamic financial institutions that are analysed systematically in the multiple case



study approaches. These were chosen cases because they were recorded to have been involved in Qard-Hassan financing that is done for the purpose of social welfare, e.g., marriage support, education, health care, microfinance, and salary advances. The research is based on the secondary information found in online institutional reports, published case studies, regulatory reviews, and scholarly articles to compare the operational features and impact narratives in various socio-economic and regulatory settings (Yin, 2014; Abidin et al., 2011).

Secondary Data Collection

Data collection centers on rigorous secondary data review. It contains government and central bank publications on and about Islamic banking, publications on the management of Waqf, institutional financial reports, and existing research articles on the topic available through open-access journals and institutional repositories. The focus was put on the recent studies and reports since 2020 to include the current practices and challenges, such as those caused by global economic disruptions, such as the COVID-19 pandemic (Amin et al., 2023; Suhairi et al., 2025).

To enhance validity, only the credible, peer-reviewed, or institutionally verified sources were examined, which guaranteed accuracy and reliability of the insights obtained. Identification of the regulatory frameworks, Waqf governance structures, Qard-Hassan financing modalities, and how they correlate with the principles of Maqasid al-Shariah was identified by use of secondary data without necessarily engaging with the participants (Bowen, 2009).

Data Analysis Process

Thematic content analysis is used to analyze the secondary data collected to derive pertinent themes in regard to the operationalization and socio-religious influence of Cash Waqf based Qard-Hassan financing. It is carried out by coding and classifying the textual information of institutional records and reports of case studies based on the conceptual dimensions of preservation of Maqasid al-Shariah goals (religion, life, intellect, lineage, and wealth), social welfare results, and institutional challenges. This method of analysis is systematic and iterative and allows the incorporation of multiple data points into a logical narrative that encompasses both theoretical and practical aspects of the topic of interest (Braun & Clarke, 2006; Yin, 2014).

The cross-case synthesis also makes it easier to compare the institutions and identify the differences in the context and success factors of common success in implementing Qard-Hassan financing financed by Cash Waqf. The paper critically discusses reported best practices and regulatory adjustments that



lead to the contribution of Islamic social finance to the fight against poverty and financial inclusion (Amin et al., 2023; Ibrahim et al., 2024).

Ethical Considerations and Limitations

This study does not present any direct ethical issues regarding human subjects because it uses publicly available secondary data only, which does not involve any of the ethical considerations of informed consent or confidentiality. However, the research adheres to the norm of proper citation and intellectual property in order to have ethical academic practices.

It is a methodological decision that by definition restricts the breadth of understanding to what is reported and published and may leave out experiential or subtle data only available in primary fieldwork. This removes the immediacy of data, but it enables a broad, comparative, and systematic comprehension of the Islamic Cash Waqf based Qard-Hassan financing models, as recorded by the credible sources (Creswell, 2013; Bowen, 2009). In order to secure the rigor of the findings, source triangulation is utilized, by triangulating the information on multiple documents, reports, and academic works (Creswell, 2013; Bowen, 2009). The analysis is based on the reflective approach to expose possible bias or gaps in the literature that is available. This research transparency contributes to the validity and reliability of the research findings even when secondary data have been used (Lincoln and Guba, 1985).

RESULTS AND FINDINGS

This section includes the current application of Qard-Hassan financing in Islamic finance, followed by existing models of Waqf funds being utilized for issuing Qard-Hassan financing in Islamic banks, and the subsequent section will provide proposed solutions and recommendations for Islamic banks in addressing the social needs of the community through Cash Waqf Qard Hassan.

Practical Application of Qard-Hassan in Providing Social Purposes

Qard-Hassan, which means “benevolent loan”, is a type of interest-free funding used in Islamic finance. One of the most important things is that those loans will help people and communities in need, not to make a profit. This system comes from the values in the Qur’an that encourage helping each other and showing kindness. Qard-Hassan supports important areas like reducing poverty, improving education, providing healthcare, and helping people start businesses. It helps make sure everyone has access to financial resources,



promotes fairness in society, and helps communities grow in a way that follows the goals of Islamic law.

Since this study focuses on providing social financing through Qard-Ḥassan, this finding reveals some of the Islamic Banks that provide Qard-Ḥassan financing, as follows: in Table 1, some of the Islamic Banks and Institutions that provided similar social financing through Qard-Ḥassan.

Table 1. Practical Application of Qard-Ḥassan Financing

Name of the Institutions	Country	Main Services Provided (Qard-Ḥassan)
Jordan Islamic Bank	Jordan	Social Purpose (Marriage, Education & Health care)
Faisal Islamic Bank	Egypt	Benevolent loans to certain account holders
Iranian Islamic Bank	Iran	Qard-Ḥassan Loans to Certain account holders
Ajman Bank	UAE	Staff Salary Advance form of Qard-Ḥassan
Zamzam Bank	Ethiopia	Energy and Community Support form of Qard-Ḥassan
Al-Amal Microfinance Bank	Yemen	Qard-Ḥassan Microfinance Services
Savana Islamic Finance	Cameroon	Families and communities Qard for education, social needs, and small-scale projects with broad social impact.
Akhuwat Foundation	Pakistan	Qard-Ḥassan Microfinancing Services

Source: Authors' Own

Jordan Islamic Banks, Jordan

In Jordan, Islamic banks have been using Qard-Ḥassan as a key part of their social responsibility efforts. This system allows banks to give out interest-free loans to people for social good. The money is only repaid as the original amount, which follows Shariah rules that do not allow interest. Jordan Islamic Bank (JIB), which was started in 1978, is known as a leader in offering these kinds of loans. These loans are usually used for helping students pay for school and related expenses, covering medical costs so families can get treatment without going into debt, meeting urgent needs for unexpected social or personal situations, such as marriage (JIB, 2024)

The bank uses a part of its social responsibility fund or zakat fund to support these loans, showing how it works both as a bank and as a community helper.



According to Al-Qaradawi (1999) and reports on Islamic banking in Jordan, Qard-Hassan is not meant to make a profit. Instead, it helps people get financial support, reduces poverty, and builds stronger communities. This shows how Islamic banks in Jordan use their faith-based money practices to help with social development.

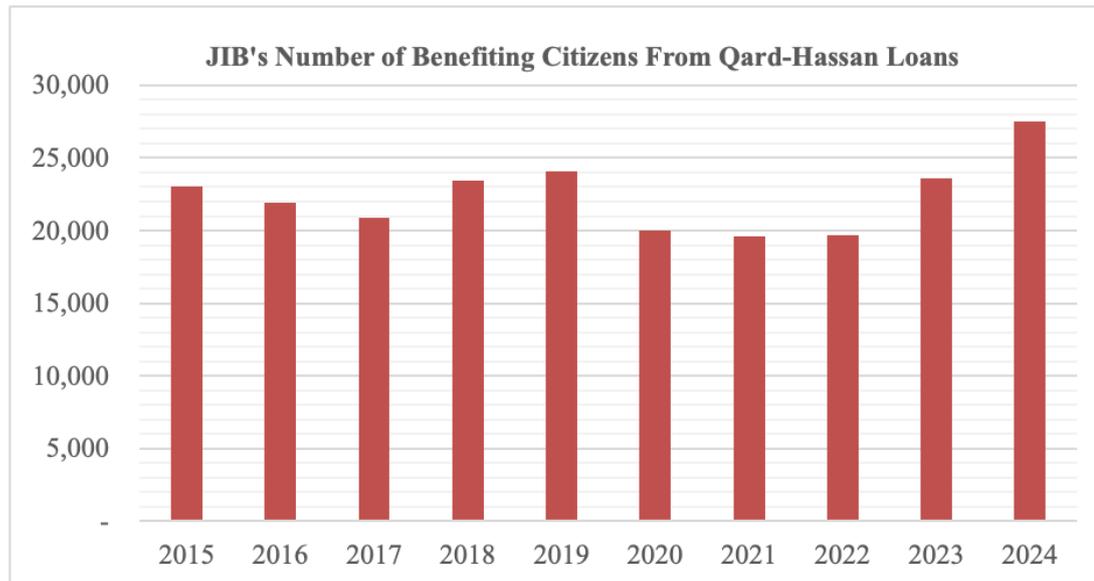
Table 2. JIB's Qard-Hassan Financing Allocation and Number of Citizens Benefited

Year	Benefiting (Citizens)	Education Loans	Health Care Loans	Marriage Loans	Total QH Loan
2015	23,000	JOD 1,443,910	JOD 655,410	JOD 279,140	JOD 2,378,460
2016	21,900	JOD 1,387,855	JOD 805,254	JOD 285,770	JOD 2,478,879
2017	20,900	JOD 2,091,502	JOD 988,755	JOD 327,370	JOD 3,407,627
2018	23,400	JOD 2,561,155	JOD 858,680	JOD 621,980	JOD 4,041,815
2019	24,100	JOD 1,897,157	JOD 862,210	JOD 624,780	JOD 3,384,147
2020	20,000	JOD 1,465,015	JOD 831,884	JOD 570,170	JOD 2,867,069
2021	19,600	JOD 462,770	JOD 403,230	JOD 584,010	JOD 1,450,010
2022	19,700	JOD 480,753	JOD 368,855	JOD 364,390	JOD 1,213,998
2023	23,600	JOD 478,860	JOD 370,840	JOD 351,350	JOD 1,201,050
2024	27,500	JOD 397,790	JOD 244,030	JOD 310,600	JOD 952,420

Source: Author's Own, Extracted from Annual Reports of JIB from 2015 to 2024

Chart 1. JIB's Number of Benefiting Citizens from Qard-Hassan Loans





Source: Author’s own, Extracted from Annual Reports of JIB from 2015 to 2024

The above Table 2 and Chart 1, shows the number of citizens in Jordan that have received interest free loans from the Qard-Hassan fund. The table 2 shows the total amount of funds given out in different social purposes i.e., education, health care, and marriage from 2015 up to 2024.

One significant change is that the total amount of Qard-Hassan Lending given out will be reduced drastically in 2020, from almost 2.8 million Jordanian dinars to about 1.2 million dinars followed with reducing in recent years, likely because of reduction in public funds received as a result of the COVID19 Pandemic. Even though the number of people getting loans slightly increased in 2024, the total money given out decreased. This might mean there was a change in the program’s rules, less money was available, or people were getting smaller loans.

Education loans were the biggest part of the total amount in most years, especially in 2018. But starting in 2021, marriage loans became the biggest or almost the biggest part. This change might show that the program is now focusing more on helping people with smaller, everyday needs rather than big expenses like education.

Savana Islamic Finance, Cameroon

Savana Islamic Finance is a leading Islamic microfinance organization in Cameroon that started operating in 2018. It follows a Shariah-compliant



approach, which is different from regular banks. By 2022, the number of people it helped went up from around 500 to 2,200 (Savanafinance, 2024). Savanan Islamic Finance provides Qard-Hassan financing is a type of social financing where the Financial Institute does not get any payment from the person who receives the money. The only thing the person has to do is return the original amount of money they borrowed when the time is up. This line of credit is meant to help with: allowing employees to have extra money on their salary accounts until the end of the month, helping parents of students pay school fees, supporting associations in funding their non-profit work, covering special life events like weddings, aqiqah, or loss of a loved one, and funding small projects that bring a lot of social benefit.

Akhuwat, Pakistan

The Akhuwat Foundation was started in 2001 by Dr. Muhammad Amjad Saqib in Lahore. It is Pakistan's main nonprofit organisation that provides interest-free small loans, called Qard-Hassan, based on the Islamic values of brotherhood and kindness (Akhuwat, 2025). It works through more than 800 branches in over 400 cities and has helped millions by providing loans ranging from PKR 10,000 to PKR 650,000 without charging any interest or requiring any collateral. Its support programs include education, healthcare, clothing distribution, and help for groups that are often overlooked, like transgender people (Akhuwat, 2025).

According to the Akhwat website, in the year 2024, they have distributed 4.5 million interest-free loans as a form of Qard-Hassan. This has reached more than 6 million families across Pakistan, in a monetary value which is equivalent to 220 billion Pakistan Rupees. The most successful part is that most of the borrowers have paid back their loans within the given time period. Therefore, this has helped most of their Qard-Hassan loans recover almost 99.9% on the timeline.

Existing Waqf incorporated Qard-Hassan Financing Models

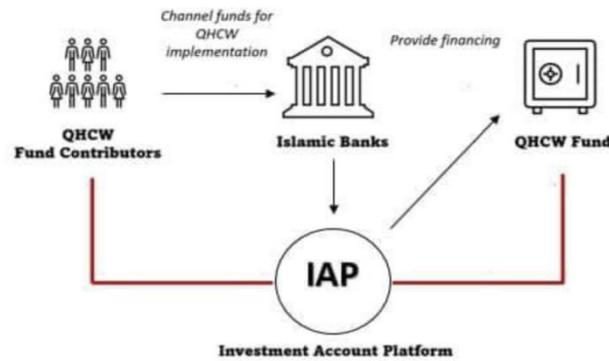
The following models are proposed in the literature for Islamic banks in offering Qard-Hassan using Waqf. The models will be explained focusing on its operational procedure and purpose or focus on beneficiaries of the models.

Qard Hasan with Cash Waqf proposed by Ibrahim et al. (2024)

Ibrahim et al. (2024) proposed two models, which both apply the same mechanism that is integrating cash waqf and Qard-Hassan, but its objective differs. While one model is to respond to entrepreneurs and SMEs, while the second model is to respond to the COVID-19 economic crisis.

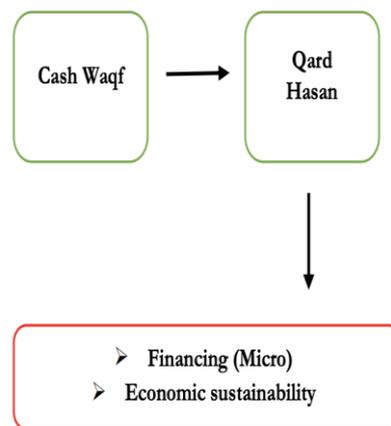
Figure 2. QHCW Model





Source: Ibrahim et al. (2024)

Figure 3. QHCW Model (COVID-19)



Source: Ibrahim et al. (2023)

Both models shown above were proposed by Ibrahim et al. (2024) to integrate Qard-Ḥassan and cash waqf as innovative mechanisms for Islamic social finance. The underlying idea in both models is that cash waqf serves as a source of funds, while Qard-Ḥassan functions as the financing tool to support individuals and businesses without interest.

In his first Model, which is QHCW for Microfinance and SMEs, he suggests establishing a fund jointly contributed to by community members and financial institutions. Its purpose is to provide interest-free loans to small and medium-sized enterprises (SMEs) and local entrepreneurs. The fund is managed by a committee to ensure transparency and Shariah compliance. Borrowers repay without interest, allowing the capital to revolve and sustain future financing. This model mainly targets entrepreneurs and SMEs to drive



economic growth and financial inclusion, especially for those considered “unbankable.”

While in the second Model 2, which is QHCW in the Context of COVID-19 here, the model applies the same mechanism as the first, but its objective is to respond to the COVID-19 economic crisis. Here, Cash Waqf contributions are mobilized specifically to assist individuals in the B40 and M40 income groups who lost income and faced financial instability. Unlike the first model, this one focus less on entrepreneurship and more on providing personal financial relief. It is designed to help protect people in need from borrowing from illegal lenders and gives them time to fix their finances while searching for new work. To ensure sustainability, Islamic banks are encouraged to link the funds to the Investment Account Platform (IAP), where investment profits can help cover repayment defaults.

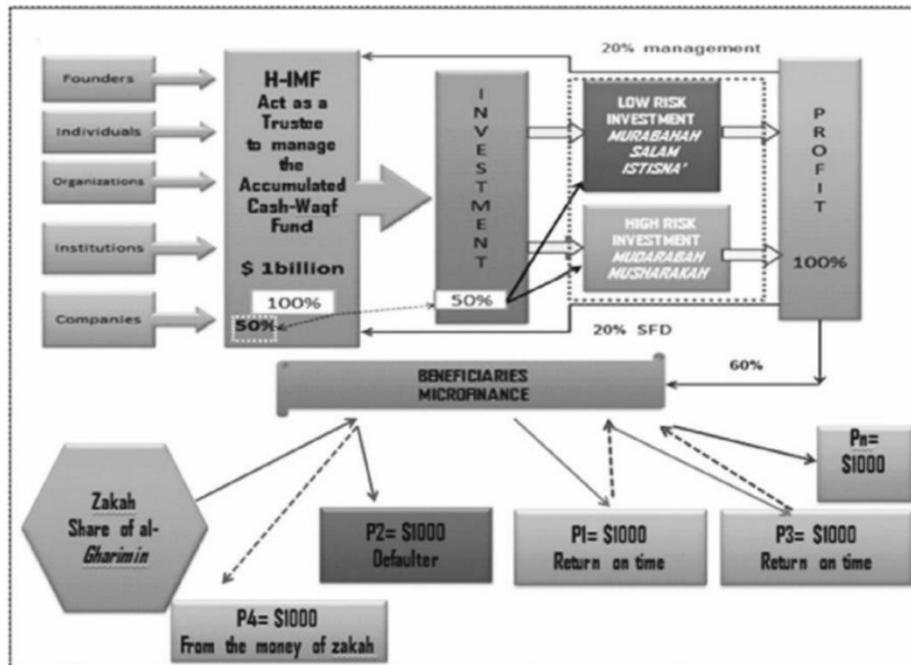
Therefore, we see the key difference between his two models is that while both models rely on the integration of Cash Waqf and Qard-Hassan, their target beneficiaries and objectives are different. In the first model, he focuses on economic empowerment through SMEs and entrepreneurship, whereas in the second, he emphasises social protection and financial relief for households affected by COVID-19. In short, Model 1 is growth-oriented, while Model 2 is crisis-relief oriented.

Hybrid Model of Islamic Microfinance (HM-IMF)

This model, the Hybrid Model of Islamic Microfinance (HM-IMF) (Magda et al., 2016), brings together Shariah-compliant finance with new methods to help build the economy and society. Figure 4 shows how the model works and the explanation of the model.

Figure 4. Hybrid Model of Islamic Microfinance (HM-IMF)





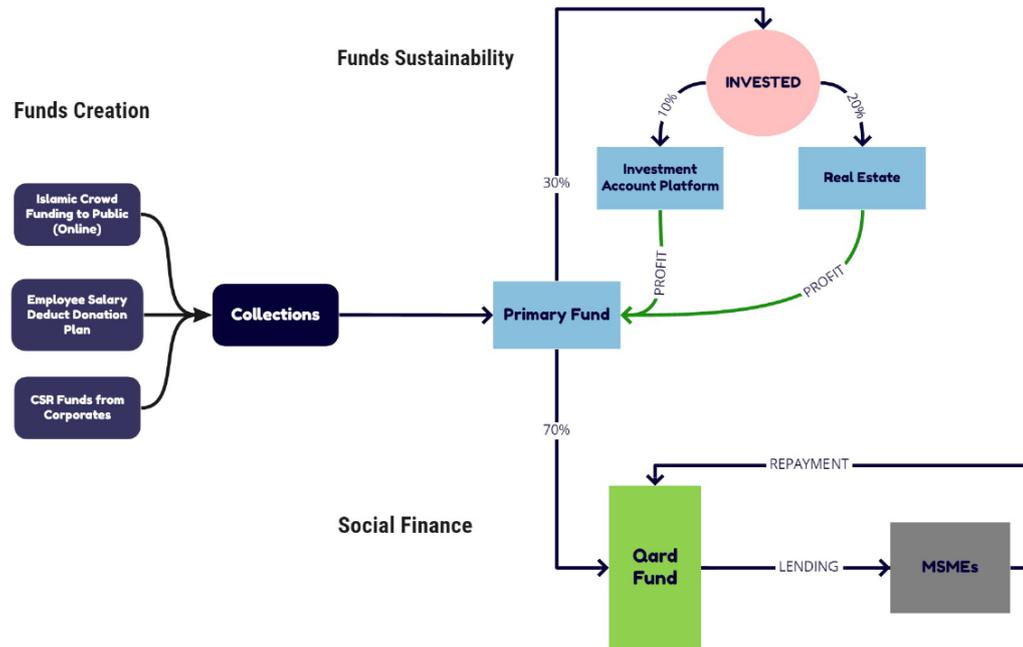
The Hybrid Model for Islamic Microfinance (HM-IMF). The Author of this model (Magda et al., 2016) has developed her paper that uses Cash Waqf to support the poor and those in need. Her model makes sure the system is sustainable according to Islamic guidelines. In this model, firstly, the process starts by collecting money as Cash Waqf from various sources like organizations, companies, NGOs, banks, governments, and individuals. This model then acts as a trustee. They are managing this money according to the Waqf rules. Part of the funds are kept safe for the long term, while the rest are used to provide loans to small business owners who need them. These loans are either low-risk or high-risk, depending on the entrepreneur’s ability and situation. The trustee loan provider will monitor the entrepreneurs, provide them with education and training, and hold weekly meetings before they start the program. In this model, the loan range is from \$3,000 to \$10,000, which depends on the individual’s skills, knowledge, and the type of loan they choose. It may be low-risk loans, then there are different options available, such as Murabaha, where an item is bought and sold with a profit added, and the money is repaid in installments; Salam, where the person pays in advance for something that will be delivered later, and then sells it at a profit; and Istisna, where a product is made or built with an agreed-upon profit margin.

Sustainable Islamic Social Financial Instrument based on Al-Qard Concept



This model was developed by (Mohamed, 2021). The model has been suggested to offer long-term financial help to small and medium businesses that were impacted by the COVID-19 pandemic. Below will be the figure showing how the model works and the explanation of the model.

Figure 5. Sustainable Islamic Social Financial Instrument based on Al-Qard Concept



Source: Mohamed (2021)

Sustainable Islamic Social Financial Instrument based on the Al-Qard Concept model developed by (Mohamed, 2021) in his paper the model that has been suggested offering long-term financial help to small and medium businesses that were impacted by the COVID-19 pandemic. After collecting all the potential sources. These loans will help them either restart or keep running their businesses, and also support new businesses to start up using the funds from this model. The model is split into three main parts: 1. creating funds, 2. keeping funds sustainable, and 3. using social finance funding. This model can suggest that collection may come from the Islamic crowdfunding, employee salary-deduction donations, and corporate CSR contributions organization that is able to follow Islamic social finance or Shariah rules and principles. Though not mentioned, the money generated from this model will be a form of Waqf as it is a donation, and the Qard-Hassan loan is issued from the proceeds on a perpetual basis.



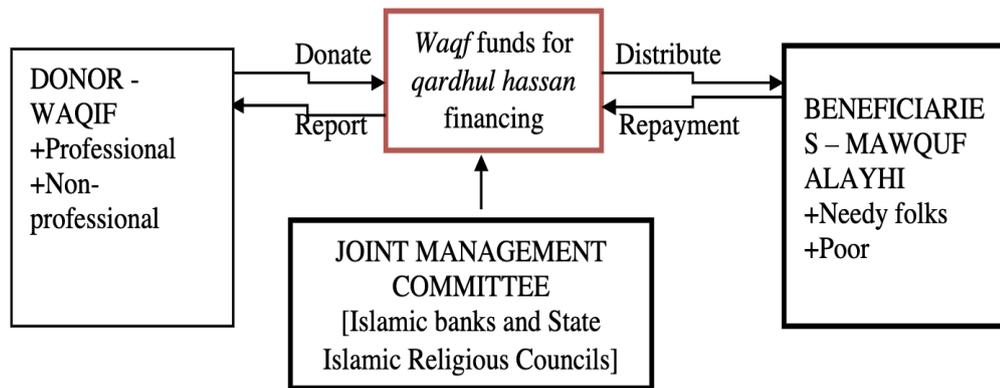
A significant function of this model includes its allocation of 30% of collected funds for investment where 20% from it is suggested to be invested in low-risk risk and 10% high high-risk investments. This can help to generate funds for the future sustainability of Qard-Hassan Fund and to recover the expenses of the administrative costs. The remaining 70 % of the collected funds can facilitate and provide financing facilities to provide MSMEs with interest-free loans based on Qard-Hassan (Interest Free loans).

This structure allows for flexibility during crises such as pandemics, offers perpetual social benefits similar to Waqf, and ensures continuity through reinvestment and recycling of repaid funds, with the option to transfer operations to zakat or charitable institutions in the future under Shariah governance.

Waqf-based Qardhul Hassan Financing Models proposed by Amin (2022)

Amin introduced three significant Waqf-based Qardhul Hassan financing models, each contributing uniquely with its features. Figures 6, 7, and 8 below are diagrams showing the three different models, followed by an explanation of the three models.

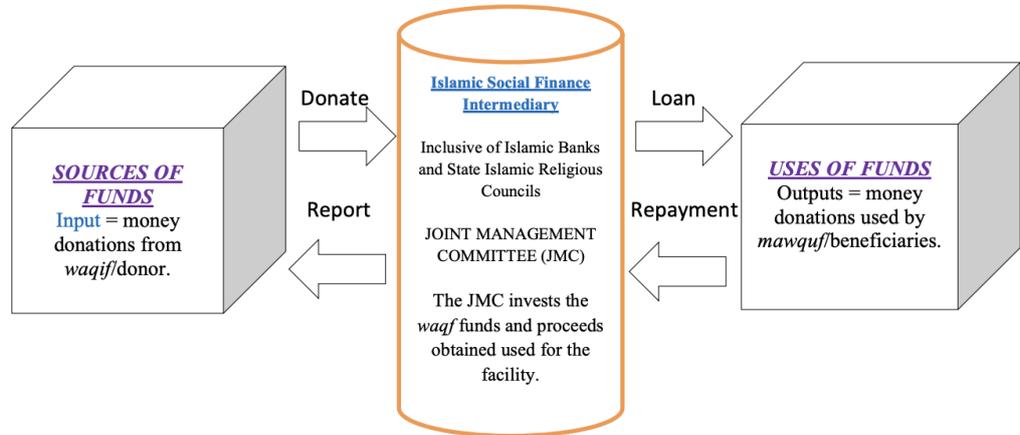
Figure 6. Waqf-based Qardhul Hassan Financing Model



Source: Amin (2022)

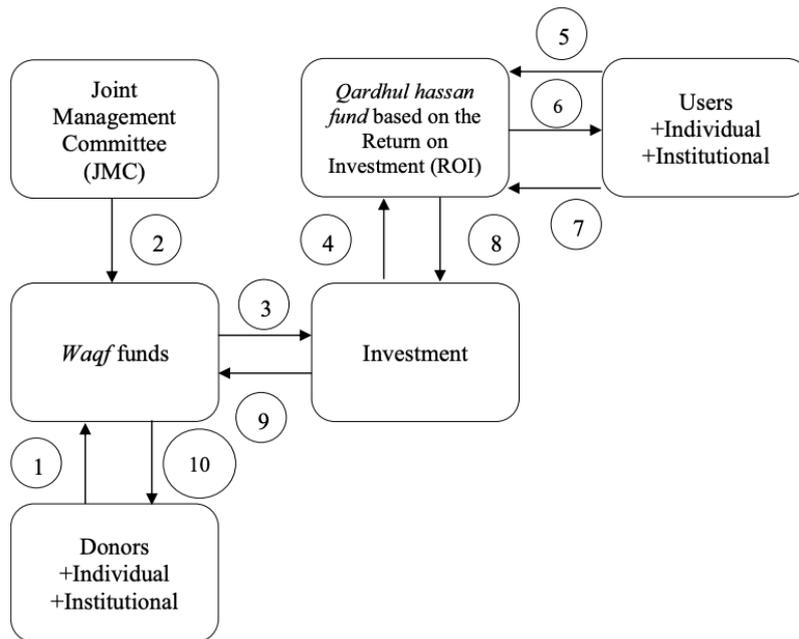


Figure 7. Simplified Waqf-based Qardhul Hassan Financing Model



Source: Amin et al. (2023)

Figure 8. Waqf-based Qardhul Hassan Financing Model (WQAFM)



Amin et al., (2024)

Amin introduced three significant Waqf-based Qardhul Hassan financing models, each contributing uniquely with its features. His first model, the Waqf-based Qardhul Hassan Financing Model, aims to help individuals facing overwhelming financial hardship, especially those of the lower class,



during crises such as the COVID-19 pandemic. The model builds on the works of Mohammed et al. (2008) and Khan and Ghifari (1992), while focusing on consumer behaviour in the light of the Maqasid al-Shariah, did not consider the financing dimension. Amin's model is distinct because it incorporates the QAFSCALE measurement tool, which enables the evaluation of Waqf-based Qardhul Hassan financing and its adherence to Maqasid al-Shariah in a structured manner, something that was previously lacking.

Amin also developed the second model of the Simplified Waqf-Based Qardhul Hassan Financing Model. The recipients continue to be the poor and financially troubled individuals, but an Islamic Social Finance Intermediary is used to operationalize the financing. Its rationale comes from the growing approval of the role of joint institutional mechanisms in the management of Islamic social finance. A major development of the model is the establishment of the Joint Management Committee (JMC), composed of Islamic banks and State Islamic Religious Councils (SIRC), which manages the Waqf funds, investing them in halal ventures, and uses the returns for qardhul hassan financing. This new structure facilitates operations, manages funds more efficiently, and provides greater repayment flexibility, as borrowers repay in small monthly installments.

The Waqf-Based Qardhul Hasan Financing Model (WQAFM) from Amin's framework focuses on addressing the poor and needy as recipients, but unlike the earlier models, it incorporates strong governance and accountability. Amin's concern with Waqf management stems from donor trust and reporting issues, and this model tries to incorporate a comprehensive governance framework that addresses those issues. Its main distinction is the governance framework with its phased approach. In the first phase, donors will contribute funds through Waqf accounts, which are managed by the JMC, which then takes charge of recognition, investment, disbursement, and reporting in the later phases. Repayments are used to cover administrative expenses and provide enhanced reporting to build trust and accountability from the donors.

Reflecting upon models one, two, and three, the goal of all the models is socio-economic welfare improvement using Waqf funds for qardhul hassan financing for the vulnerable societies. The features that distinguish the models are the first's use of QAFSCALE for performance measurement, the second's simplification of operations with the use of the JMC as an intermediary, and the third's increase in accountability through structured fund flows and reporting.



Propositions for Islamic Banks in Using Cash Waqf based Qard-Hassan Finacncing

As discussed in 4.2, the existing models in both in Islamic microfinance and Islamic banks are taken into consideration for providing the following propositions. The recommendations are unique to Islamic banks to provide Qard-Hassan financing using Cash Waqf funds to individuals facing social issues that are calculated i.e., education, health care and marriage.

Islamic Bank’s Internal Cash Waqf Fund and Proceeds Utilized for Social Lending

Under this approach, the Islamic bank creates an internal Cash Waqf fund that serves as a dedicated pool for Qard-Hassan financing directed toward social welfare. Contributions to this fund come from several sources: customers may allocate a portion of their returns from mudarabah investment deposits, salary account holders can opt for small regular deductions, and the bank itself may channel part of its corporate social responsibility (CSR) funds to support the initiative. The accumulated Cash Waqf is then invested in Shariah-compliant instruments, such as sukuk and other Islamic investments, allowing the bank to generate sustainable returns. The profits derived from these investments are transferred into the Qard-Hassan fund, which is used exclusively to provide interest-free financing for socially beneficial purposes, including education, healthcare, and other welfare needs. This approach reflects the Sustainable Islamic Social Financial Instrument based on the Al-Qard Concept model proposed by Mohamed (2021), highlighting the integration of Cash Waqf and Qard-Hassan as a practical tool for helping the small and medium businesses that were impacted by the COVID-19 pandemic.

External Cash Waqf Funds and Proceeds Channel to Islamic Bank’s Social Lending

The external Cash Waqf fund approach operates by investing the Waqf contributions outside the bank, with the fund managed by an independent trustee. The returns generated from these investments are then transferred to the Islamic bank, which uses them to provide Qard-Hassan financing for social purposes. This model is particularly useful in contexts where Islamic banking regulations create difficulties for banks to manage Cash Waqf funds internally. A similar approach is discussed in the model presented by Amin



(2022), where management was undertaken through a joint committee structure; however, this study emphasizes that fully external management can also play an important role in ensuring flexibility and compliance.

Utilising Zakat Al-Qarimin Portion to Recover Legitimate Defaulters

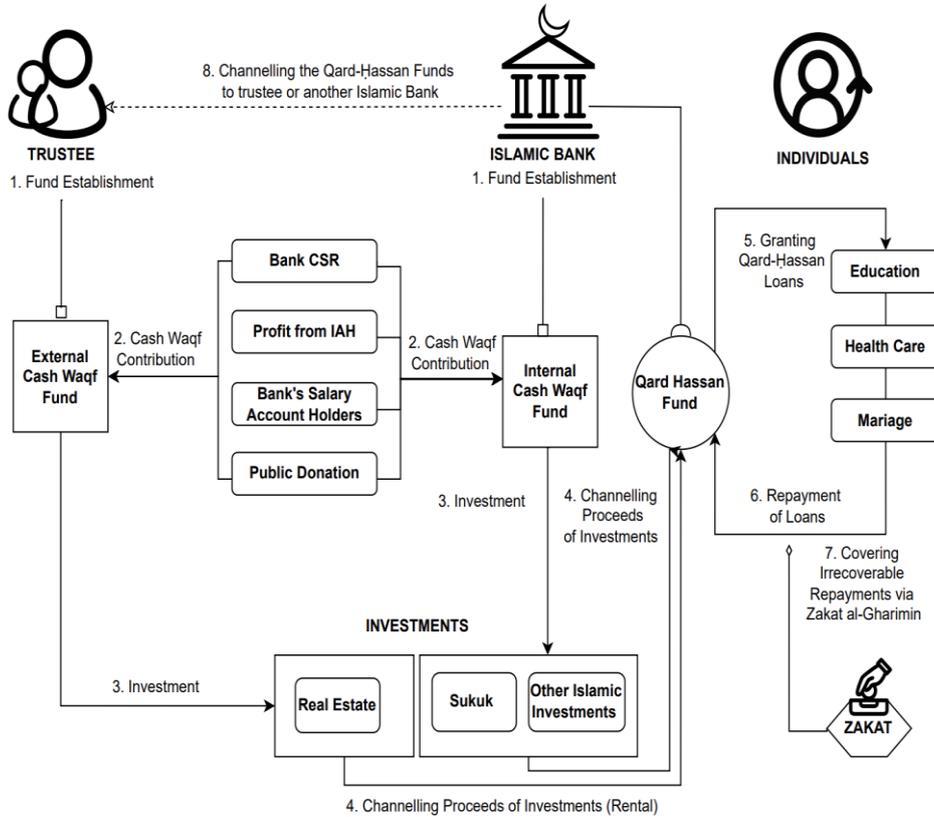
Since it is not advisable to pressure debtors or customers who have obtained Qard-Ḥassan financing to repay their debts unless non-repayment is proven to be intentional, zakat funds may be utilized through the al-Gharimin portion to cover such obligations. However, a proper and thorough assessment should be conducted to determine whether the debtors are genuinely unable to repay. This ensures that assistance reaches those most in need, aligning with the core purpose of Qard-Ḥassan financing. Such an approach is consistent with the hybrid model of Islamic microfinance proposed by Magda et al. (2016), which emphasizes combining different Islamic social finance tools to maximize social impact.

Proposing a General Model for Cash Waqf integrated Qard-Ḥassan Financing for Islamic Banks

The model proposed is a comprehensive model drawn from all the abovementioned propositions supported by the existing models and existing literature. The following figure 9 illustrates the proposed model for Islamic banks in general to utilize Cash Waqf funds sourced internally and externally in offering Qard-Ḥassan financing to the public.

Figure 9. Comprehensive Cash Waqf to Qard-Ḥassan Financing Model





Modus Operandi:

Table 3. Combination of External and Internal Cash Waqf based Qard-Hassan Model

No	External Model	Internal Model
1	Establishment of Cash Waqf & appointment of a trustee to manage Waqf fund.	Establishment of an internal Cash Waqf fund within the Islamic bank.
2	Contribution to Cash Waqf: a. Bank CSR b. Public donation	Contribution to Cash Waqf from: a. Bank CSR b. (A portion of) profit from Mudarabah investment deposit



		<ul style="list-style-type: none"> c. Salary account holders d. Public donation
3	Investment of contribution: <ul style="list-style-type: none"> a. Real estate 	Investment of contribution: <ul style="list-style-type: none"> a. Sukuk b. Other forms of Islamic Investments
4	Proceeds of profit/rental from investment will be channelled to an Islamic bank's Qard-Hassan fund.	Proceeds of profit Investment to Islamic Bank's Qard-Hassan fund.
5	Qard-Hassan financing will be allocated to the deserving applicants for calculated social purposes as follows: <ul style="list-style-type: none"> a. Education b. Health Care c. Marriage 	
6	The Qard-Hassan loan will be paid back by the borrowers on periodic basis and channeled back to Qard-Hassan fund.	
7	In case of failure to repay back the Qard-Hassan loans, Zakat al Gharimin portion will cover the amounts after proper checking.	
8	In case of the bank discontinuing the Cash Waqf fund operation, the funds will be channeled back to the trustee.	The remaining money will be channeled to another Islamic bank's Qard-Hassan Cash Waqf fund as public Waqf donation.

As illustrated in figure 9 and stated in the modus operandi above, two approaches are considered: the External Model, where the Islamic bank establishes an independent Cash Waqf fund and appoints a trustee to manage the Cash Waqf fund, and the Internal Model, where the Islamic bank itself establishes and administers the Cash Waqf fund. Both models outline the sources of contributions, methods of investment, and the mechanisms by



which proceeds are transferred into the Qard-Hassan fund to support targeted social purposes, which can be education, healthcare, and marriage.

External Model

In the external model, a Cash Waqf fund is first established, and a trustee is appointed to manage it independently from the Islamic bank. Contributions to this fund may come from the bank's CSR or from public donations. The trustee then invests these contributions in real estate.

The proceeds from the investment, that is, rental income, are transferred to the Islamic bank Qard-Hassan fund. From this fund, financing is extended to the deserving applicants for socially beneficial purposes such as education, health care, and marriage support. Beneficiaries are expected to repay the Qard-Hassan loan in installments, and repayments are recycled back into the Qard-Hassan fund to sustain the cycle. In cases where borrowers are proven unable to repay, the Zakat al-gharimin portion can be used to cover the outstanding amount after due verification. Finally, in any case, if the process were to stop, the remaining funds are returned to the trustee for redistribution in line with waqf principles.

Internal Model

In this model, the Islamic bank itself establishes and manages the cash waqf fund as part of its operation. Contributions are drawn from multiple sources, including the bank's CSR funds, a portion of profits generated from mudarabah investment deposits, salary account holders, and public donations. These contributions are then invested in sukuk and other Shariah-compliant instruments. The returns from these investments are transferred directly into the bank's Qard-Hassan fund, which finances applicants for essential social purposes such as education, health care, and marriage. Borrowers repay the financing in installments, and repayments are recycled back into the fund to maintain sustainability.

If some borrowers fail to repay, despite genuine need, the shortfall may be covered by the zakat al-gharimin fund. In case the bank decides to discontinue its cash waqf operations, any remaining funds are redirected to another Islamic bank's Qard-Hassan cash waqf fund as a public waqf donation, ensuring continuity of benefit.

ANALYSIS AND DISCUSSION

The literature presents several models that propose Cash Waqf as a source of Qard-Hassan financing for Islamic banks, many of which hold significant potential for practical application. For instance, Jordan Islamic Bank (JIB)



currently relies on public deposits for its social financing initiatives. However, channeling resources from a dedicated Cash Waqf fund could provide greater sustainability and resilience. Unlike conventional social deposits, which may be depleted during times of recession, economic downturn, or pandemic, a Waqf based fund would be maintained as a long-term pool of capital, benefiting both the bank and the wider community while ensuring the continuity of social objectives. Hence, the model proposed in section 4.3.4 is expected to make a long-term impact and change in the current Qard-Ḥassan lending of Islamic banks. The following sections will discuss the significance of the overall proposition, and the model proposed, followed by several challenges that may be faced by Islamic banks in implementing the proposition, along with recommendations to overcome those challenges.

Significance on the Propositions for Islamic banks

The propositions suggested in section 4.3 carry significant implications for Islamic banks in strengthening their role as socially responsible financial institutions. First, by integrating Cash Waqf with Qard-Ḥassan financing, Islamic banks can establish a sustainable mechanism for addressing pressing social needs such as education, health care, and marriage. This reinforces the attainment of Maqāṣid al-Shariah, particularly the preservation of wealth, intellect, and family. Second, the dual structure of internal and external Cash Waqf funds enhances flexibility, allowing banks to adapt to jurisdictional and regulatory constraints while ensuring transparency and accountability in fund management. Third, the use of zakat al-gharimīn to cover genuine defaults provides a safety net that preserves the charitable spirit of Qard-Ḥassan without compromising the financial soundness of the institution. Finally, the general model offers a comprehensive framework that combines investment sustainability with social impact, positioning Islamic banks not merely as profit-driven entities but as agents of socio-economic justice and resilience in times of crisis or otherwise.

Potential Challenges in the Implementation of the Models and Recommendations

The following are some of the potential issues, risks, and challenges, and ways to mitigate them in a practical application of the model proposed in 4.3.4.

Jurisdictional Challenges in Establishing Waqf Funds

One of the very important challenges that face while implementing the Cash Waqf of Qard-Ḥassan financial facilities will be the legal and jurisdictional problems. Within a country, there is often confusion between regular laws and



Shariah laws, which can slow down resolving issues and make things less efficient. For example, in Malaysia, different views on how state Islamic councils and regular courts handle Waqf matters create uncertainty. Across countries, there is also no agreement on the rules, making it hard to do Waqf projects that involve more than one country. Malaysia has a centralized system, while Indonesia has a more spread-out approach, which makes it difficult to work on projects that go beyond one country (Cizakca, 2011). Therefore, before implementing the model, a proper study on the regulatory and unique jurisdictional challenges shall be addressed, either using different terms or any possible approach that gives the outcome of the model proposed.

Risk of Not making significant revenue from the investment made

Another challenge when setting up Cash Waqf models is the risk of not making enough money from the investments. For instance, investing in real estate, the Waqf can be risky during times of economic downturn. This was seen during the COVID-19 pandemic when many sectors saw almost no rental income because of lockdowns and lower demand, according to the World Bank (World Bank 2020). In such situations, the money earned from Waqf funds might not be enough to support the community's needs through loans or funding. Even investments that seem safe, like government-backed sukuk, can have risks. In small countries like the Maldives, issuing sukuk has helped with development money, but the country's limited financial resources and heavy foreign debt make investors vulnerable to possible defaults, as noted (IMF in 2021). If these defaults happen, it could harm the funds donated by Waqf supporters and weaken the main goal of the Waqf system, which is to keep helping those in need over time. To prevent this, those managing Waqf funds need to spread their investments wisely and use strong ways to manage risks (Ambrose and Asuhaimi, 2021).

Challenge in Ensuring Enough Waqf Contribution as Compared to Social Deposits

In the financial models that use Waqf is getting enough cash contributions from donors. This is harder than getting social deposits, which people can easily put into banks and take out when they need money. Waqf donations are usually meant to be kept for a long time and cannot be taken back, which makes some people less likely to give because they want the option to use their money when needed. Several studies point out the main reasons behind this problem. A review of existing research shows that low public awareness, lack of trust in Waqf organizations, and poor promotion are key obstacles to people participating in Cash Waqf. People are more willing to donate when



they understand the goal of the Waqf, trust the people managing it, and can see a clear purpose and positive impact from their contribution (Ahmad, 2019). Conducting awareness on Cash Waqf and efforts to promote the initiatives will play a big role in making people make financial contributions. When there are public campaigns and programs that educate people about Waqf, it helps a lot in encouraging Muslims more by showing how the waqf helps society.

Challenges in Allocating the Deserving Beneficiaries

Another challenge in the Cash Waqf is making sure the money is given fairly and efficiently to those who really need it. Often, there are more people asking for help than there is money available, which makes it hard to decide who gets support when many people are in similar difficult situations. This can lead to people feeling unfair treatment, losing trust in the system, and weakening the Waqf's role in helping society. Some of the Studies show that this problem usually comes from poor management and no clear rules for choosing who gets help (Saif Rahman and Ashiqun Nabi 2025). Without proper checks on people's economic situation, decisions might be based on personal feelings or unfair favoritism. Also, point out that Waqf-based small loans face problems in finding the most suitable people to help. This issue became even clearer during the COVID-19 pandemic, when there was a sudden rise in need for financial help, but organizations did not have enough information or tools to identify and support everyone who needed it (Hasan and Siraj, 2016). Proper investment and focus on due diligence and through examination would also help to reach and allocate the most deserving beneficiaries.

Complexity and Cost in Recovering debts from Intentional Bad Debtors

Recovering money from people who deliberately avoid paying debts is a big problem for Waqf-based financing. Unlike people who are not able to afford to pay due to financial trouble, those who intentionally do not pay know that Waqf is meant to be charitable. They might not want to be chased legally because that could go against the Waqf's goal of helping others. The process of getting the money back is complicated and expensive, which means the Cash Waqf fund does not get as much benefit. Also, long legal battles can take a lot of time, making it hard to use the money for new people in need, which affects the long-term success of the Waqf. So, it is important to have good ways to check who is trustworthy and follow rules that are approved by Shariah.



Challenges in Dealing with the Cash Waqf in Case of Discontinuation

A potential problem may arise when the Islamic bank that manages Cash Waqf funds stops its operation for any reason. If the bank closes the account or stops participating, it might be hard to find another bank to take over the management of the Waqf-based Qard-Ḥassan fund. This can cause delays in giving out loans and collecting repayments, which makes people who use the service and those who donate lose trust. Also, moving the Waqf funds to a new institution can involve legal, paperwork, and religious law challenges, making things slower and putting the long-term success of this model at risk. Therefore, during the creation of the Cash Waqf fund, it can stipulate strategies and recommended Islamic banks or trustees to relocate the fund, which could carry out the goals of the Waqf in providing Qard-Ḥassan to the public on social purposes.

CONCLUSION AND WAYFORWARD

This study has highlighted the potential of integrating Cash Waqf with Qard-Ḥassan financing as a sustainable solution for Islamic banks to address social welfare while fulfilling the objectives of Maqasid al-Shariah. Current practices, as seen in institutions such as Jordan Islamic Bank, Savana Islamic Finance, and Akhuwat Foundation, demonstrate that Qard-Ḥassan financing can effectively support education, health care, and marriage, thereby preserving intellect, life, and family. However, reliance on temporary social deposits exposes these initiatives to risks during economic downturns and limits their long-term impact. By contrast, Cash Waqf provides a perpetual and stable source of funding, ensuring that benevolent lending remains resilient and capable of serving vulnerable communities in times of both stability and crisis.

The proposed comprehensive model in section 4.3.4, consolidates existing frameworks by offering both internal and external Cash Waqf mechanisms, complemented by Zakat al-Gharimīn to safeguard against genuine defaults. This integration strengthens the social responsibility of Islamic banks and also enhances their credibility as institutions committed to justice and equity beyond profit-making. While challenges remain such as regulatory inconsistencies, limited public awareness, and governance concerns these can be mitigated through stronger oversight, transparency, and community engagement. Ultimately, adopting Cash Waqf for Qard-Ḥassan financing positions Islamic banks as transformative agents of socio-economic development, ensuring that Islamic finance continues to align with its higher ethical and humanitarian purpose.



FURTHER RESEARCH AND RESEARCH LIMITATIONS

Further research could be conducted on Islamic banks on studying their ability and willingness in mobilizing Waqf funds and their willingness in providing Qard-Hassan lending to the deserving groups of the community upon proper due diligence. Research could also be conducted in determining the potential of Cashwaqf funds to be raised from public sources for Qard Hassan lending. A major limitation for this study includes lack of proper disclosure by Islamic financial institutions regarding the Qard-Hassan lending, especially Islamic banks.

REFERENCES

- Ab Rahman, M. F., & Amanullah, M. (2017). The nature of temporary waqf, its ruling and public interest. *Global Journal Al-Thaqafah*, 7(2), 175–1187. <https://doi.org/10.7187/gjat122017-11>
- Abidin, A. Z., Norhayati Mohd Alwi, & Noraini Mohd Ariffin. (2023). A Case Study on the Implementation of Qardhul Hasan Concept as a Financing Product in Islamic Banks in Malaysia. *International Journal of Economics, Management and Accounting*, 19(3). <https://doi.org/10.31436/ijema.v19i3.201>
- Aderemi, A. M. R., & Ishak, M. S. I. (2020). adopting qard al-hasan and mudarabah crowdfunding for, micro enterprise. 3(2), 26–38. <https://doi.org/10.53840/ijiefer40>
- Ahmad, H. (2019). factors influencing willingness to contribute in cash waqf: case of south tangerang, Indonesia. *islamiconomic: Jurnal Ekonomi Islam*, 10(2). <https://journal.islamiconomic.or.id/index.php/ije/article/view/135/91>
- Ahmed, F. H. S., Mohamed, M. A., & Mohamed, Z. H. (2022, September 30). polemic of debt-based vis-equity-based transactions. <https://jurnal.nung.com/index.php/tijari/article/view/283>
- Alwi, Halim, F. A., Mazlin, Kadir, A. H. A., & Fikri, A. A. A. H. S. (2021). maqasid al-shariah' in islamic banks before value-based intermediation implementation. *Social and Management Research Journal*, Vol 18, No 2 (2021) 173-189.



['MAQASID AL-SHARIAH' IN ISLAMIC BANKS BEFORE VALUE-BASED INTERMEDIATION IMPLEMENTATION](https://www.researchgate.net/publication/354337689)

- Amin, H. (2022). A Preliminary Study of QAFSCALE Measuring Waqf-Based Qardhul Hassan Financing Receptiveness. *E-Jurnal Penyelidikan Dan Inovasi*, 1–23. <https://doi.org/10.53840/ejpi.v9i2.90>
- Amin, H., Abduh, M., Shaikh, I. M., Panggi, F., Ag Omar, P. M. F. F., Rizal, H., Ghazali, M. F., & Razak, D. A. (2023). Waqif Preference of Waqf-Based Qardhul Hassan Financing in Malaysia: An Analytic Hierarchy Process Perspective. *International Journal of Islamic Economics and Finance (IJIEF)*, 6(2), 337–360. <https://doi.org/10.18196/ijief.v6i2.17701>
- Amin, H., Faizah Panggi, Shaikh, I. M., & Muhamad Abduh. (2024). Waqif preference of waqf-based qardhul hassan financing in Malaysia using a maqāsid approach. *Journal of Islamic Accounting and Business Research*. <https://doi.org/10.1108/jiabr-02-2023-0054>
- Ambrose, A. H. a. A., & Asuhaimi, F. A. (2021). Cash waqf risk management and perpetuity restriction conundrum. *ISRA International Journal of Islamic Finance*, 13(2), 162–176. <https://doi.org/10.1108/ijif-12-2019-0187>
- Ascarya, A., Rahmawati, S., & Sukmana, R. (Eds.). (2016). measuring the islamicity of islamic bank in indonesia and other contries based on shari'ah objectives. *Conference: 11th Islamic Conference on Islamic Economics and Finance At: Kuala Lumpur, Malaysia*. <https://www.researchgate.net/publication/314093831> MEASURING THE ISLAMICITY OF ISLAMIC BANK IN INDONESIA AND OTHER COUNTRIES BASED ON SHARI'AH OBJECTIVES
- Bowen, G. A. (2009). Document Analysis as a Qualitative Research Method. *Qualitative Research Journal*, 9(2), 27–40. <https://doi.org/10.3316/qrj0902027>
- Braun, V., & Clarke, V. (2008). Using thematic analysis in psychology. *Taylor & Francis*. <https://www.tandfonline.com/doi/abs/10.1191/1478088706qp0630a>



- Citaningati, P. R., Kamaluddin, & Haeba, I. D. (2022). Implementation of the Qardhul Hasan Agreement at Indonesian Islamic Financial Institutions. *FITRAH: Jurnal Kajian Ilmu-Ilmu Keislaman*, 8(2), 237–256. <https://doi.org/10.24952/fitrah.v8i2.5903>
- Creswell, J. W. (2013). Qualitative inquiry and research design. <https://collegepublishing.sagepub.com/products/qualitative-inquiry-and-research-design-3-235677>
- Dayrobi, M., & Tanjung, D. (2024). Maqasid Syariah Perspective Abu Hamid Muhammad bin Muhammad Al-Ghazali. *AMK Abdi Masyarakat UIKA*, 3(3), 111–116. <https://doi.org/10.32832/amk.v3i3.2218>
- Habibullah, M., Faruque, A., Faruque, O., & None Md Atiullah. (2023). Islamic Economic Framework for the Exercise of Islamic Financial Activities: its Conformity with Maqasid Shari`ah. *Deleted Journal*, 7(1), 81–92. <https://doi.org/10.31436/alburhn.v7i1.300>
- Hasan, Rashedul, and Siti Alawiah Siraj. “Complexities of Waqf Development in Bangladesh.” *Journal of Emerging Economies and Islamic Research*, vol. 4, no. 3, 30 Sept. 2016, pp. 17–26, myjms.mohe.gov.my/index.php/JEEIR/article/view/9093/4091, <https://doi.org/10.24191/jeeir.v4i3.9093>.
- Ibrahim, A. A., & Alenezi, A. (2024). Leveraging Qardh al-Hasan within Islamic Finance: A Conceptual Framework for Advancing Sustainable Development among Early-stage Enterprises. *Tazkia Islamic Finance and Business Review*, 18(1), 18–54. <https://doi.org/10.30993/tifbr.v18i1.368>
- Ibrahim, Z., Nur Farhah Mahadi, Habeebullah Zakariyah, & Hasan, A. (2023). Remodeling Qard Hasan with Cash Waqf Fund : Economic Stability Solution Post Covid-19. *AZKA International Journal of Zakat & Social Finance*, 1–23. <https://doi.org/10.51377/azjaf.vol4no2.160>
- Ibrahim, Z., Nur Farhah Mahadi, Habeebullah Zakariyah, Hasan, A., & Junarti Bahtiar. (2024). Cash Waqf: Ethical & sustainable Qard Hasan Microfinancing in Malaysia for B40 & M40 inclusion. *Environment-Behaviour Proceedings Journal*, 9(29), 31–37. <https://doi.org/10.21834/e-bpj.v9i29.6014>



- Jalil, M. S., Zakaria, Z., & Awang, M. (2025). The Foundations of Creativity in Malaysia Madani Representative of Islamic Social Finance Grounded in the Principles of Maqasid Syariah. *International Journal of Research and Innovation in Social Science (IJRISS)*, IX(XVIII).
<https://doi.org/10.47772/IJRISS.2025.SPiKEM3>
- Jordan Islamic Bank. (2015). Annual Report of Jordan Islamic Bank 2015.
<https://www.jordanislamicbank.com/uploads/2023/01/annual-report-2015.pdf>
- Jordan Islamic Bank. (2016). Annual Report of Jordan Islamic Bank 2016.
<https://www.jordanislamicbank.com/uploads/2023/01/engannualbook-120160.pdf>
- Jordan Islamic Bank. (2017). Annual Report of Jordan Islamic Bank 2017.
<https://www.jordanislamicbank.com/uploads/2023/01/annual-report-2017.pdf>
- Jordan Islamic Bank. (2018). Annual Report of Jordan Islamic Bank 2018.
<https://www.jordanislamicbank.com/uploads/2023/02/annual-2018-en.pdf>
- Jordan Islamic Bank. (2019). Annual Report of Jordan Islamic Bank 2019.
<https://www.jordanislamicbank.com/uploads/2023/04/annual-reoprt2019en.pdf>
- Jordan Islamic Bank. (2020). Annual Report of Jordan Islamic Bank 2020.
<https://www.jordanislamicbank.com/uploads/2023/12/jib20en-sam-final0.pdf>
- Jordan Islamic Bank. (2021). Annual Report of Jordan Islamic Bank 2021.
<https://www.jordanislamicbank.com/uploads/2023/01/anuual-report-2021-1.pdf>
- Jordan Islamic Bank. (2022). Annual Report of Jordan Islamic Bank 2022.
<https://www.jordanislamicbank.com/uploads/2023/06/jib22enfinal4.pdf>



- Jordan Islamic Bank. (2023). Annual Report of Jordan Islamic Bank 2023. https://www.jordanislamicbank.com/uploads/2024/06/jib22enfinal_2.pdf
- Jordan Islamic Bank. (2024). Annual Report of Jordan Islamic Bank 2024. <https://www.jordanislamicbank.com/uploads/2025/06/jib24en-final.pdf>
- Kazak, H., & ALIM, H. B. (2022). Qard Al-Hassan Model as an Institutionalised Method of Islamic Finance. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.4128000>
- Kouzo, I., Setiawan, D., Falikhatun, F., & Arifin, T. (2025). enhancing the sustainability of qard hasan through the mesbah point: a mathematical and ethical framework. *The International Conference on Sustainable Economics Management and Accounting Proceeding*, 1, 1776–1798. <https://doi.org/10.32424/icsema.1.1.212>
- Kvale, S., & Brinkmann, S. (2009). *InterViews: Learning the craft of qualitative research interviewing* (2nd ed.). Sage Publications, Inc.
- Maikabara, A. A. (2019). Why Islamic banks focus more on Debt-Based financing than Equity-Based which is more shariah compliant? *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3492835>
- Mohamed, I. (2021). Using Islamic Social Financial Instruments to assist the MSMEs in Post COVID-19. *GISRAS Journal of Management & Islamic Finance (GJMIF)*, 1(1). <https://gjmf.com/index.php/GJMIF/article/view/6>
- Mohd Zain, N. R., & Engku Ali, E. R. A. (2017). An Analysis on Islamic Social Finance for Protection and Preservation of Maqāṣid al-Sharī‘ah. *Journal of Islamic Finance*, 6, 133–141. <https://doi.org/10.31436/jif.v6i0.262>
- Monetary Fund, International . “Maldives: 2021 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Maldives.” *IMF*, 11 Nov. 2023, www.imf.org/en/Publications/CR/Issues/2023/11/09/Maldives-2021-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-541370.



- Mounira, B. A., & Anas, E. (2009). Ethical Investment and the Social Responsibilities of the Islamic Banks. 123–130. <https://doi.org/10.5539/ibr.v2n2p123>
- Muhammad, & Nasir, M. (2021). Maqasid al-Shari'ah in Islamic finance: Harmonizing theory and reality. *The Journal of Muamalat and Islamic Finance Research*, 108–119. <https://doi.org/10.33102/jmifr.v18i1.334>
- Muneem, A., Razif, N. F. B. M., Ali, A. K., & Rosele, M. I. (2023). Debt-Based Financing: A Case Study of Malaysian Islamic Banks. *Global Business and Economics Review*, 1(1), 1. <https://doi.org/10.1504/gber.2023.10050906>
- Murat Cizakca. (2011). Islamic Capitalism and Finance. *RePEc: Research Papers in Economics*, 1(9780857931481).
- Naturalistic Inquiry*. (1985). SAGE Publications Inc. <https://us.sagepub.com/en-us/nam/book/naturalistic-inquiry>
- Perwataatmadja dan M. Syafi'i Antonio. (1999). Apa dan Bagaimana Bank Islam. Yogyakarta: Dana Bhakti Prima Yasa
- PSM News. (2025). Maldives Scraps Interest, Admin Fee on Student Loans. <https://psmnews.mv/en/154939>
- Saif Rahman Samrat, and Ashiqun Nabi. "Integrating Cash Waqf into Islamic Microfinance: A Sustainable Funding Solution for Economic Development in Bangladesh." *International Journal of Research and Innovation in Social Science*, vol. IX, no. II, 1 Jan. 2025, pp. 4496–4505, www.researchgate.net/publication/390140790_Integrating_Cash_Waqf_into_Islamic_Microfinance_A_Sustainable_Funding_Solution_for_Economic_Development_in_Bangladesh, <https://doi.org/10.47772/ijriss.2025.9020355>.
- Shujau, A., Mahomed, Z., & Muneza, A. (2023). A SHARI'AH ANALYSIS OF THE NATIONAL HIGHER EDUCATION LOAN SCHEME IN THE MALDIVES. *International Journal of Islamic Economics and Finance Research*, 2021(1), 1–15. <https://doi.org/10.53840/ijiefer109>
- Suhairi, S., Saputra, A. A., Alimuddin, A., & Khareng, N. M. (2025). Regulatory and Economic challenges in contemporary Crowdfunding-Based Cash WAQF. *MILRev Metro Islamic Law Review*, 4(2), 822–867. <https://doi.org/10.32332/milrev.v4i2.10343>



- Widiastuti, T., Ningsih, S., Prasetyo, A., Mawardi, I., Herianingrum, S., Robani, A., Al Mustofa, M. U., & Hady, A. F. (2022). Developing an integrated model of Islamic social finance: toward an effective governance framework. *Heliyon*, 8(9), e10383. <https://doi.org/10.1016/j.heliyon.2022.e10383>
- World Bank 2020 . “WORLD BANK: Global Prospects Report.” *Africa Research Bulletin: Economic, Financial and Technical Series*, vol. 56, no. 12, Feb. 2020, <https://doi.org/10.1111/j.1467-6346.2020.09285.x>.
- Yin, R. K. (2014). *Case study research: Design and methods* (5th ed.). SAGE Publications.
- Zamir, I., & Bushra, S. (2015). Islamic Finance and the Role of Qard-Al-Hassan (Benevolent Loans) in Enhancing Inclusion: a Case Study of Akhuwat. *ACRN Oxford Journal of Finance and Risk Perspectives Special Issue of Social and Sustainable Finance*, 4(44), 23–40. <https://www.acrn-journals.eu/resources/jfrp0404b.pdf>
- Zidhna, F. (2025). President Dr Muizzu Eliminates Administrative Fees on Student Loans to Ensure Shariah Compliance. Maaldif. <https://en.maaldif.com/5826/>
- Zuraidah, Z., & Sismanto, S. (2022). Performance of Islamic banks in maqasid shariah perspective Abu Zaharah and Abdul Majid Najjar index; a conceptual study - Repository of Maulana Malik Ibrahim State Islamic University of Malang. *Uin-Malang.ac.id*. <http://repository.uin-malang.ac.id/11587/7/11587.pdf>

