



POTENTIAL OF CASH WAQF AS FINANCING FOR MSMEs IN MEDAN CITY

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ABSTRACT

This study aims to determine the role of cash waqf in empowering MSME actors in Medan City. The results of the study stated that the problem in implementing the Potential of Cash Waqf as the Empowerment of MSMEs in Medan City includes two important components, namely: internal and external. aspects of internal problems include two important aspects, namely: human resources and accountability issues. Meanwhile, the external problem lies in 2 aspects, namely: the problem of authority, the problem of society in general. Thus, things that become important in implementing the potential of cash waqf as an empowerment of MSMEs in Medan City from the authority side: 1) supervision issues, 2) nazhir certification 3) Violation penalties for nazhir who do not carry out their duties properly. Meanwhile, in terms of the general public,

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1. Introduction

In Indonesia, cash waqf has developed since 2001, where Islamic economists found that there are several aspects of waqf in Indonesia that are not running optimally. Indonesia as a country dominated by Muslim communities, of course, the opportunity for cash waqf management has great potential. The potential of cash waqf in Indonesia can be managed because it has a Muslim community of approximately 20 million people and waqf of its assets in the form of cash with a nominal value of Rp. 1 million rupiah/year, the potential for cash waqf collected can be around 20 trillion (Nasution.2012).

The Directorate of Waqf Empowerment of the Ministry of Religion of the Republic of Indonesia 2016, stated that the national waqf assets in the form of land were around 4.35 billion M² spread over 435,768 areas, including 287,160 lands that have been certified and 143,447 lands that have not been certified (Directorate of Waqf Empowerment, Ministry of Religion, RI).

Indonesia as the largest Muslim population, Islamic charity funds such as zakat, waqf, shadaqah, and the like, are potential funds to overcome the problems faced by the Ummah today. For example, the prospective accumulation of zakat, waqf, and other charities is very large (Indrawan & Herman, 2017).

This potential is an opportunity to formulate policies aimed at optimizing the welfare of Muslims. In this case the implementation of waqf is different from zakat, where zakat has eight asnaf, while waqf is not limited to beneficiaries (mauquf 'alaih), besides that waqf is said to be productive, namely if the cash waqf can be used as access for SMEs to get financing for their business.

Micro, Small and Medium Enterprises or with the abbreviation of MSMEs often experience obstacles, one of which is financing. Although these financing barriers are a big problem, they do not encourage MSME actors not to maintain their business. This is based on the efforts of MSME actors in supporting the lives of their families and surrounding communities.

The contribution of MSMEs to GDP (Gross Domestic Product) in 2016 was recorded at 60.34 percent, an increase from the previous year, which was 57.84. Likewise, MSMEs have also absorbed a lot of domestic workers by 97.22 percent from 96.99 percent previously. (Source: CNN Indonesia).

In 2018 MSMEs absorb more than 113 million workers or 93.88% of the total workforce. The total contribution of MSMEs to Indonesia's GDP in 2018 was around 57% or Rp. 8,457.3 trillion when Indonesia's economic growth was 5.20% and decreased to Rp. 6,830 trillion when Indonesia's economic growth was 4.20%.

According to Iwan Agustiawan Fuad, as the commissioner of the Indonesian Waqf Board (Indonesian Waqf Agency), stated that the total potential of cash waqf in Indonesia has reached Rp. 77 trillion, but at the end of 2018 the collection of cash waqf was only Rp. 225 billion from Rp. 77 trillion (Sitanggang, 2019).

Research conducted by Rusydiana and Al-Farisi (2016) with the title "Where Has Our Waqf Research Got?" concluded that there are problems that arise consisting of 4 (four) aspects, including: human resources (HR), trust, systems, and sharia. These aspects are prioritized, namely 1) the problem of trust (trust) to the donor, 2) the sharia problem, namely the non-fulfillment of the waqf contract requirements, 3) the human resource problem, namely misappropriation of waqf funds, and 4) system problems, namely weak governance system. Based on these priority aspects, there are strategies on the road for the development of cash waqf, namely 1) implementing computerized cash waqf fund management, 2) establishing waqf institutions, 3) improving the quality of waqf fund managers,

Next, the research conducted by Ibrahim (2013) "Cash Waqf: An Innovative Instrument for Economic Development" states that cash waqf has enormous potential in the economic field. Cash waqf has also encouraged various levels of society to be active in optimizing the welfare of Muslims. Waqf activities in several Middle Eastern countries are considered successful. One example of a country that has successfully implemented cash waqf management is Egypt, Kuwait, and Bangladesh.

2. Method

The research method used is the ANP (Analytic Network Process) method where the respondents in this study are five experts and practitioners of Islamic Economics with competent considerations. Respondents who are considered valid in the ANP are respondents who are experts in the field of cash waqf and MSMEs. Therefore, the respondents selected in this survey are experts/researchers of Islamic economics and SMEs in Medan City who are involved in the world of cash waqf. This research is qualitative-quantitative in nature with the aim of providing an overview through experts and practitioners of Islamic Economics about the potential of cash waqf as MSME financing in the city of Medan. The data analysis technique used ANP with superdecision V 3.0 software.

Analytical Network Process

Analytic Network Process (ANP) is a theory that can analyze the relationship with the assumption-in problem solving approach. The ANP method is used as a consideration for solving complex problems by describing the synthesis and accompanied by a priority scale. ANP which can explain the bound factor systematically. Decisions taken using the ANP method are carried out by considering the truth of empirical practice. The ANP-AHP method is mostly carried out by researchers in certain areas, one of which is the research of Sipahi and Timor (2010), Lee (2010) and Ho (2008). ANP has four axioms including (saaty, 2006):

1) Reciprocal;

If PC (EA, EB) is a comparison of the pair values of elements A and B, seen from the parent element C, where the element shows how many elements A has what element B has, then $PC(EB, EA) = 1/PC(EA, EB)$. For example, if element A is three times larger than B, then B is 1/3 of the size of A.

2) Homogeneity;

The comparison elements should not be too many from the existing ANP structure, because it will result in a high error rate in determining the value of elements that support and influence decisions.

3) Priority;

namely a scoring technique using an interval scale [0.1] which is used as a relatively dominated measure.

4) Dependent condition

The arrangement is based on the composition of the instrument which is formed in the form of clusters or parts.

Table 1 Pairwise Comparison Rating Scale

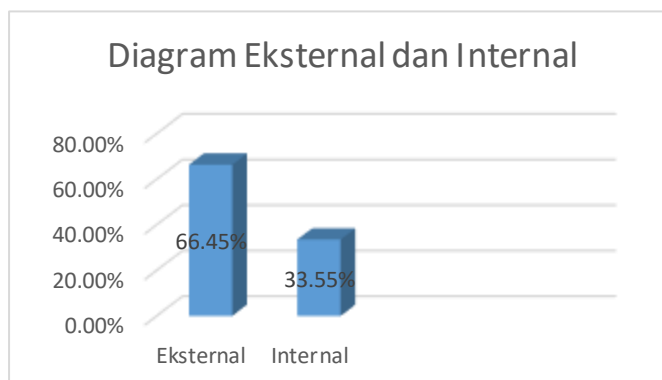
Intensity of Interest Description

- 1 Both elements are equally important
 3 One element is slightly more important than the other
 5 Elements one is more important than other elements
 7 One element is clearly more absolutely important than the other elements
 9 One element is absolute more than the other elements
 2,4,6,8 Values between two adjacent consideration values Inverse If activity i gets one point compared to activity j, then j has the opposite value compared to i

Source: Saaty, (2006)

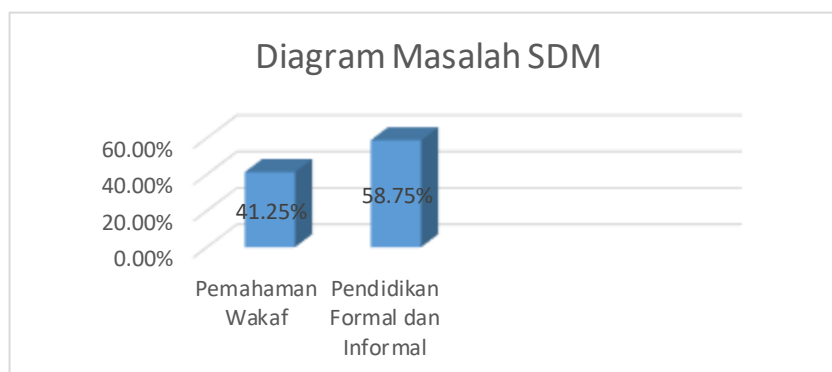
3. Results and Analysis

Statistical results show that external problems are a priority problem in the potential constraint of cash waqf as the empowerment of MSMEs in the city of Medan to develop cash waqf for optimization of 66.45%. Then internal problems become the next important thing with a weight of 33.55%.



HR Problems (Internal)

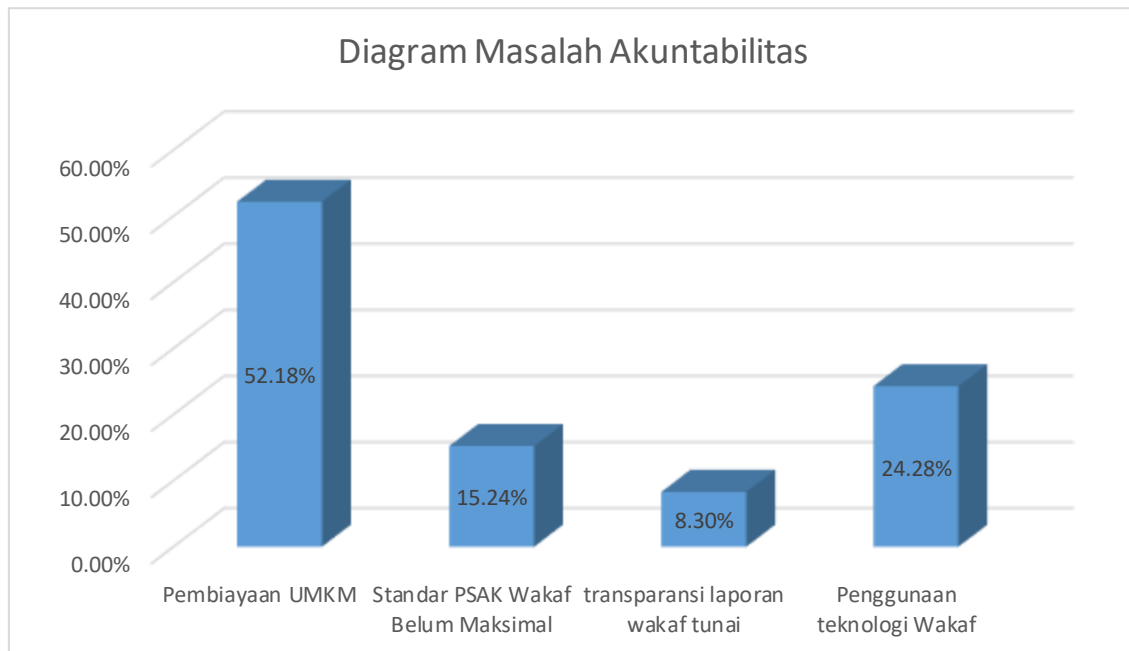
The HR Problem Diagram shows that the priority problems in the HR aspect are the lack of understanding of waqf for the community by 41.25%, and the last priority is the formal and informal education of the community by 58.75%. So in general, understanding related to waqf is relatively low. This is in line with research conducted by Rusydiana (2018b) and Rusydiana and Rahayu (2019) stating that the problem of public understanding regarding waqf and cash waqf still looks low. So this is the basis for the need to improve education about waqf in general in Indonesia, especially in the city of Medan.



Accountability Problems (Internal)

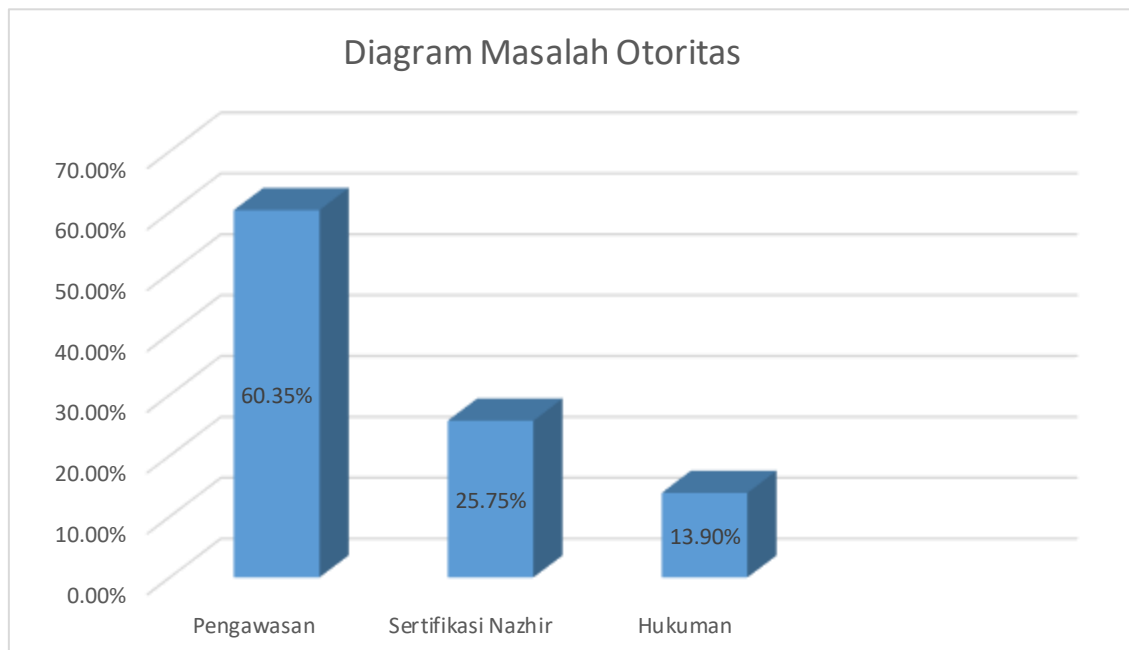
The Accountability Problem Diagram shows that, the priority of accountability issues lies in financing MSMEs with cash waqf of 52.18%. This problem is supported by the not yet maximal standard of PSAK Waqf by 15.24% and transparent cash waqf reports by 8.3%, and the last priority problem is related to waqf technology by 24.28%. Overall, the issue of accountability in Islamic financial institutions, including waqf institutions, is important. Where this is related to organizational management, it is in

line with research conducted by Rusydiana (2018a) which states that the important criteria for selecting waqf institutions are related to accountability factors.



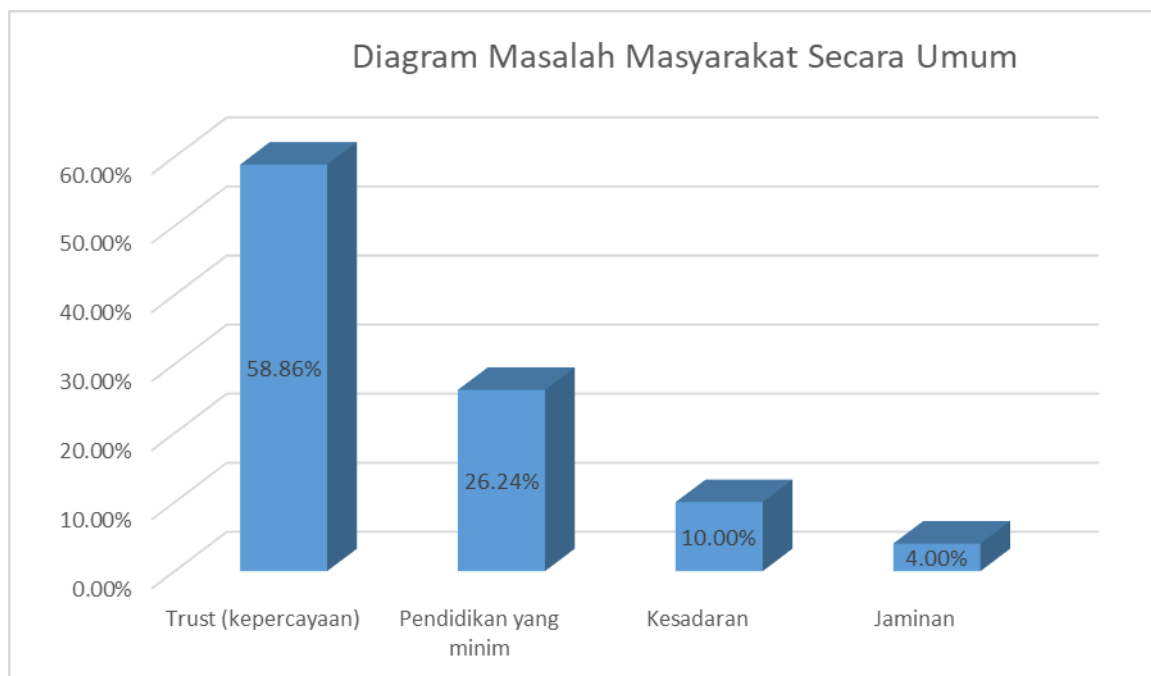
Authority issues (External)

The problem of authority lies in the problem of supervision 60.35%, nazhir certification by 25.75%, and penalties against customers for nazhir who do not carry out their duties by 13.9%.



Public Problems in General (External)

Public problems in general lie in trust (trust) in cash waqf managers 58.86%, the problem of lack of education related to cash waqf to the community by 26.24%, public awareness of cash waqf 10%, guarantee of waqf management by nazhir at cash waqf management institutions 4 %.



4. Conclusion

The results of the study stated that the problem in implementing the Potential of Cash Waqf as the Empowerment of MSMEs in Medan City includes two important components, namely: internal and external. aspects of internal problems include two important aspects, namely: human resources and accountability issues. While the external problem lies in 2 aspects, namely: the problem of authority, the problem of society in general. Thus, the things that become important in implementing the potential of cash waqf as empowerment of MSMEs in Medan City from the authority side are: 1) supervision issues, 2) nazhir certification 3) Violation penalties for nazhir who do not carry out their duties properly. Meanwhile, from the perspective of the general public, it consists of a priority order: 1) trust (public trust) which is still relatively low 2) Minimal education,

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