

JOHOR INTERNATIONAL WAQF CONFERENCE 2016

“SYNERGIZING CASH WAQF INTO PROPERTY WAQF”



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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

INTRODUCTION

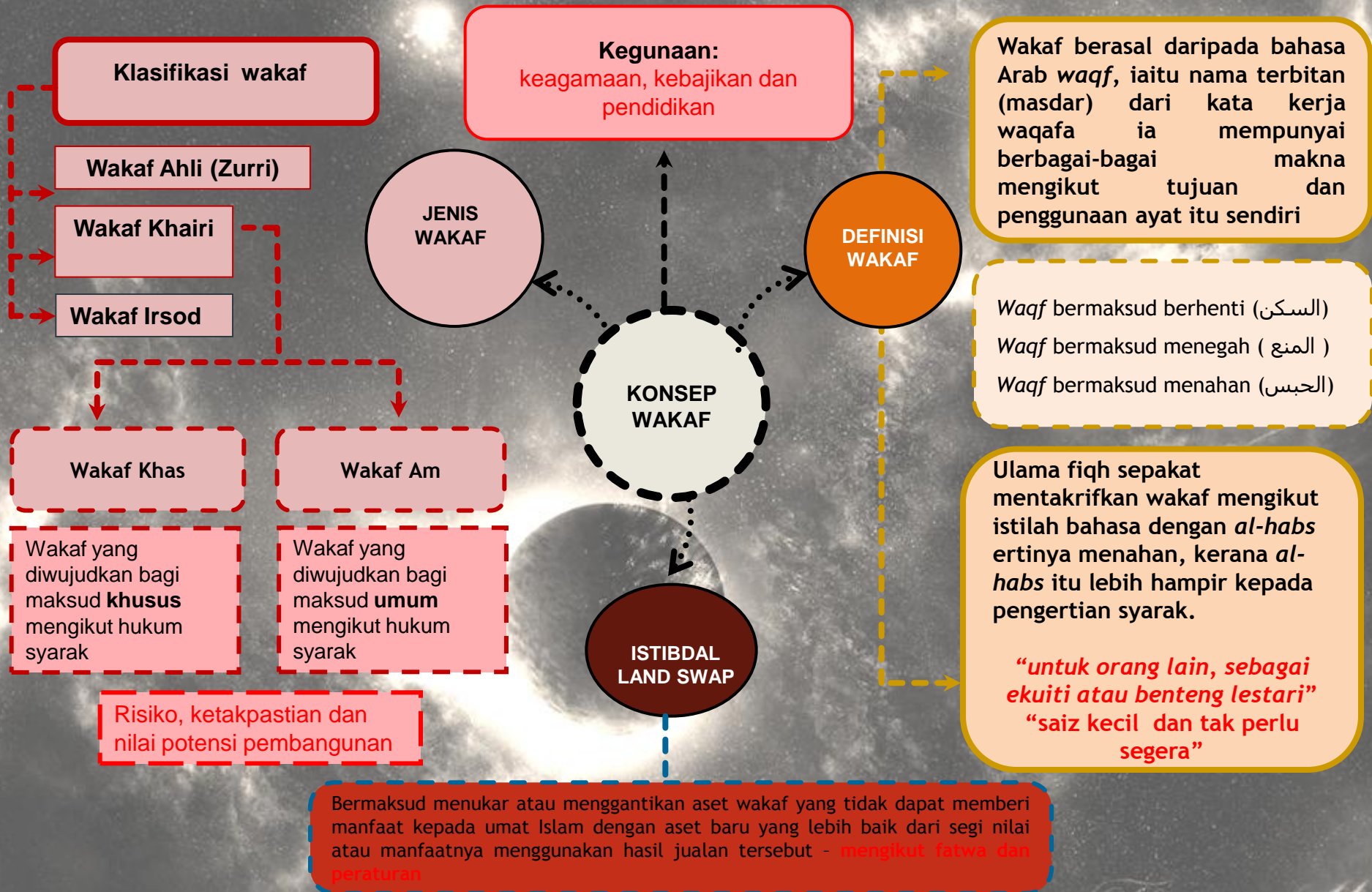
Waqf played important roles in developing socio-economic of the ummah

Religion - mosque, madrasah, cemetery such as An Nabawi Mosque, Al Mansur Mosque in Baghdad and Umawi Mosque in Syria.

Education - Abbasiyyah (754-1258M) until Ottoman (1299-1924M) including school, library, Al Azhar University (Egypt), Al-Qarawiyyin University (Maghribi) and Madrasa Nizamiyya (Iraq)

Economic - hotel, housing, cash, sukuk intifa', Culinary, chattel, farming etc.

KONSEP WAKAF



DEVELOPMENT OF CASH WAQF

- At the early 15th Century, the Ottoman Empire used to incorporate cash waqf into property investment and development.
- Using the cash waqf as an instrument, they have successfully developed property waqf
- Similar development has been sighted in the Islamic world years later especially in Egypt, Kuwait and Indonesia.
- In Malaysia, since the inception of the fatwa on the applicability of cash waqf in 2007, it has been promoted and capitalised cash waqf into property investment and development.

➤ INVESTMENT QUALITIES
(CASH VS PROPERTY)

inalienability / transferability
(except leasehold)

perpetuity and liquidity
(durability and security)

IDEAL income, demand, equity,
appreciation and leverage

Cash waqf is flexible. It is a monetary trust fund received by a mutawalli that will be invested or transferred into other types of assets (property) in generating some returns.

Providing public services needed by the community and funding for Islamic expansion in Europe eg cash waqf certificate program thru Social Investment Bank Limited (SIBL) had positively reduced the poverty in Bangladesh

Cash waqf in Malaysia no longer restricted on its traditional nature. It has evolved and extended towards contemporary approaches such as receiving cash via banking services like cash waqf Selangor Mualamat, through sukuk and shares waqf issuance as well as waqf crowdfunding.

Cash waqf aims to mobilize the public funds to be pooled as a waqf asset (either financial/ capital/endowment asset) that generate income stream besides maintaining its initial value to grow, or at least to preserve its perpetuity.

Cash as "spending money" is a necessity. Yet, the exclusive illiquidity character of cash waqf creates flexibility (transferability and convertibility) platform for sustainable economic growth

Based on majority of jurists from Malikies, Shafiies and Hambalies, cash *waqf* is permissible subject to an element of non-preservation of its corpus if it can be transferred into a sustainable asset

Anyhow limited knowledge and access to the potential investment instrument had caused materialising cash waqf monetary values restricted to real estate investment and ordinary general investment.

Malaysia is fast developing into various means of property. Property has been attracting considerable interest as it offers a range of different quality of comprehensive investment.

Property is perpetuity and hedge against inflation (HAI) as compared to cash waqf, since the average appreciation rate in property investment is always higher compared to inflationary rates.

PROPERTY INVESTMENT QUALITIES

- ▶ Property waqf is considered as a permanent instrument of protection or retaining wall of the ummah (the belt that reinforcing and strengthen the assets of the ummah in long term).
- ▶ Despite real estate waqf protects the ummah from erosion in landownership, the development of real property is highly capital intensive and encompass several of complexity layers.
- ▶ Currently, there are several financial supports that could secured waqf property financing but due to volatility of the economic situation, the use of the external financing for waqf property is risky and costly.
- ▶ Besides, there are other few challenges associated with property asset such as ageing infrastructure, inadequate funding, limited infrastructure information, globalisation and the need to satisfy multiple stakeholder demands.

- ▶ Comparing to cash, property offers low liquidation rate that it is taking a longer time to convert into cash. It takes a longer while to subdivide, partition or amalgamation whilst cash has high liquidity with lengthy processes and procedures.
- ▶ Difficulties in waqf property are confined to 3 categories; legal and administrative, economic and financial and socio-political elements of waqf land supply constraints:
 - ▶ First, the legal and administrative frameworks are consisting of lacking in terms of proper registration of waqf land and inadequate database etc
 - ▶ Secondly, the financial rules in securing fund for development from banks and financial institutions had dampened the initiatives to develop waqf land
 - ▶ Thirdly, regarding socio-political agenda, sensitivity of the ownership and survivorship of the Malay/Muslims agenda had adversely affected the way waqf land must be viewed to enhance its highest and best use and the achievement of best and highest price in the open market.

PROPERTY AS AN INVESTMENT

- ▶ Professor Sirman Jaffe of the University of Wisconsin-Madison in the United States of America pointed out that investment in property offers IDEAL kind of investment (*income* producing, always have *demand*, *equitable*, capital and rental *appreciation* and *leveraging* with the bank loan) which indicated that the investment in property is good prospects.
- ▶ Furthermore, with reference to socio-political agenda, sensitivity of the ownership and survivorship of the Malay/Muslims, the way cash waqf must be viewed in enhancing property highest and best use and the achievement of best and highest price in the open market. In the end, it has to be able to protect the ummah in the long run.

RELATED CASH WAQF WORLDWIDE

	COUNTRIES	APPLICATION OF CASH WAQF
1.	UAE, Turkey, Indonesia, United Kingdom and USA	Deveopment and implementation of endowment/ cash waqf in various ways such as shares, coupon/ certificate of cash waqf and funds for commercial and social activities
2.	UAE, Indonesia, United Kingdom and USA	Applying various methods of cash waqf such as collection of cash waqf in collaboration with banks, on-line, SMS, salary and public kiosk
3.	Egypt, Kuwait, and United Kingdom	Investment of cash waqf fund / endowment into various potential industries such as manufacturing, food and drinks, investing in Islamic banking, as well as properties including hotel, housing, office building, petrol station, etc.
4.	Saudi Arabia and Singapore	Application in Suku' Intifa' dan Suku' Musyarakah.
5.	Bangladesh and Nigeria	Collaborate with GLC or NGO who are having huge welfare funds.
6.	Turkey	Establishment of waqf bank for financing real estate development.
7.	Malaysia	Development of cash waqf, share, corporate waqf, university endowment etc

CONSTRAINING FACTORS ON PROPERTY WAQF IN MALAYSIA

LEGAL

- I. Constraints on ownership and land tenure
- II. Restriction in interests and conditions of land uses under NLC 1965
- III. Registration
- IV. Transaction costs
- V. Undivide shares
- VI. Perspectives from agents and agencies

PLANNING

- I. Lack on integrated planning
- II. Only reserved land without own zoning
- III. Need various studies

ADMINISTRATION AND MANAGEMNET

- i. Human resources
- ii. Holding costs
- iii. Out dated records
- iv. Lacking of fundings

ECONOMIC

- I. Financial resources
- II. Rental and leaseholding

PHYSICAL

- I. Location
- II. Topography
- III. Size
- IV. Trespassing
- V. Land availability

SOME ICONIC WAQF PROPERTIC IN MALAYSIA

KUALA LUMPUR FEDERAL TERRITORY



IMARAH WAQF TOWER MAIWP

- Development and construction cost about RM151 million
- in 2016 valued more than RM250 million
- building height 34 storey



PULAU PINANG



TAMAN WAKAF SEETEE AISAH

- Construction costs more than RM13.79 Juta million
- 76 unit terrace houses and 9 unit shop/offices
- partnership between MAINPP and UDA Land (North) Sdn. Bhd.



MELAKA



HOTEL PANTAI PUTERI (JAWHAR-MAIM)

- Construction cost RM25.6 million
- Building height 7 storey three star rating
- Partnership between JAWHAR and MAIM



PERAK

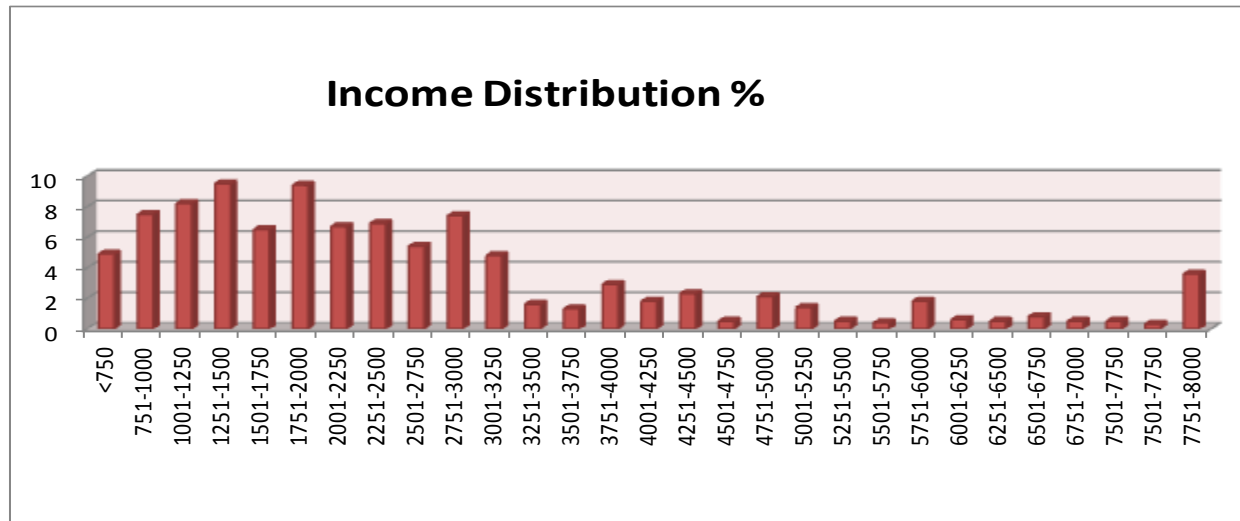
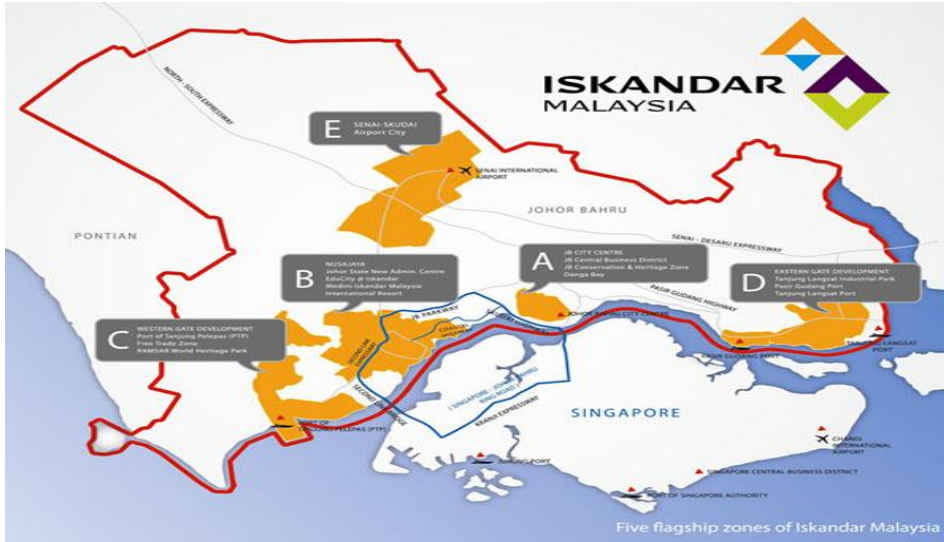


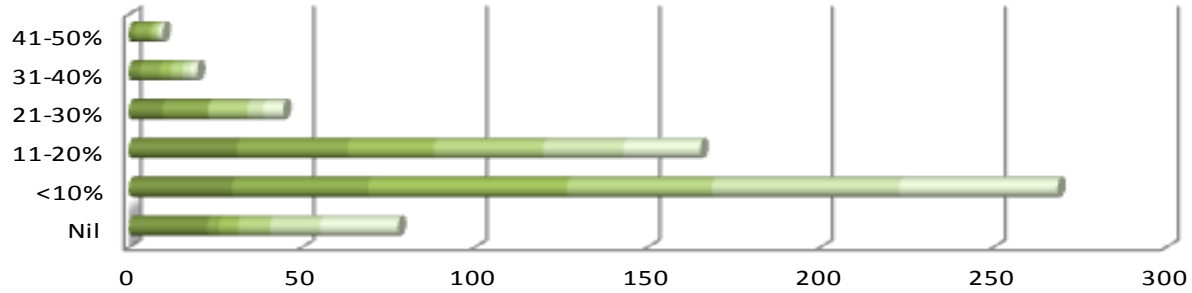
TAMBUN BUSINESS MALL

- cost RM1.6 million
- 4 unit shophouses and 4 unit offices

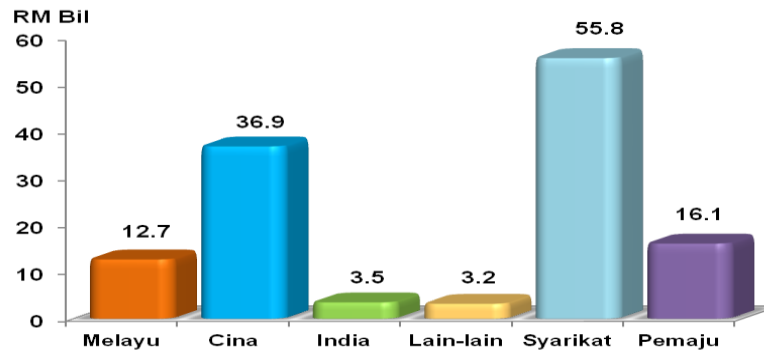


THE CASE STUDY - ISKANDAR MALAYSIA





	Nil	<10%	11-20%	21-30%	31-40%	41-50%
■ Perumahan	22.7	29.9	31.3	9.8	3.3	1.7
■ Makanan	3.4	39.4	32	13	5.8	4.3
■ Pakaian	5.5	57.5	24.9	0.3	3.1	0.9
■ Pengangkutan	9.3	41.9	31.7	11.2	3.4	1.3
■ Telekomunikasi	14.5	54.2	23.2	4.6	2	0.6
■ Utiliti	22.5	45.8	22.3	5.8	2.2	1



ECONOMIC WASATIYYAH

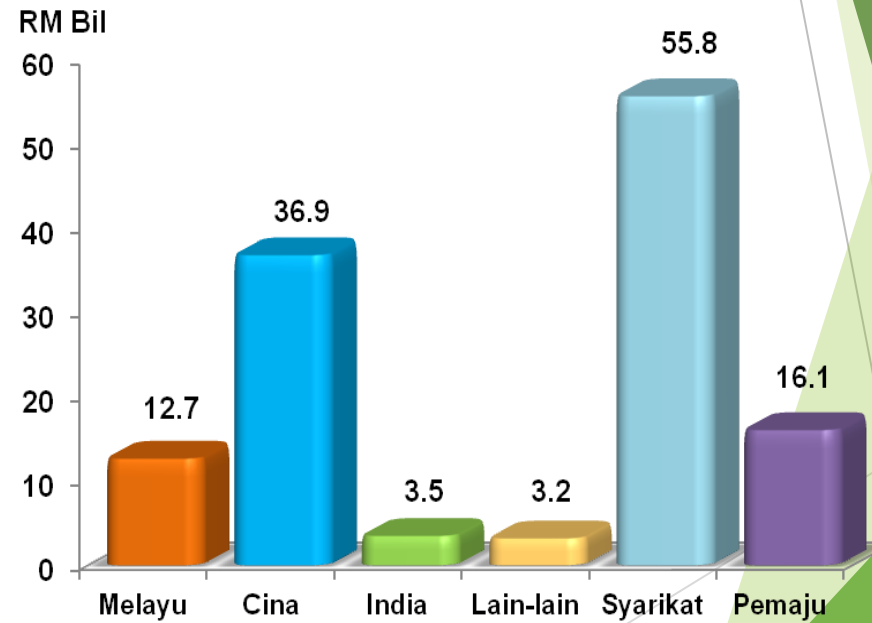
Property Distribution in Iskandar Malaysia 2013

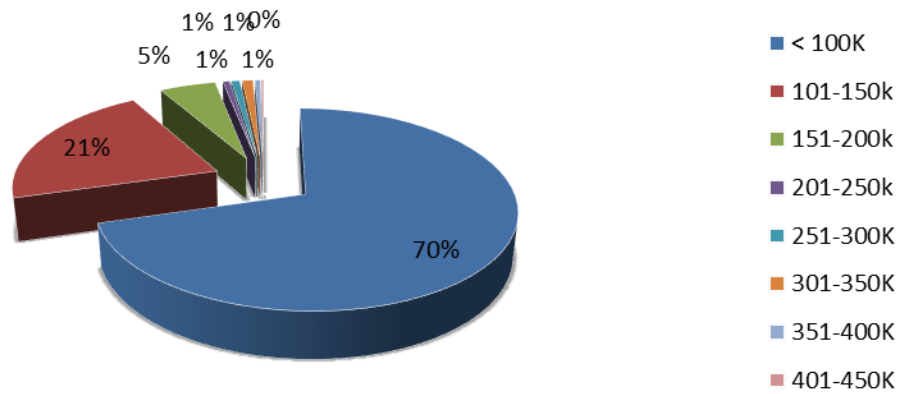
Chinese based
companies

75%

Malays

18%





**Table 2.0: Demographia International Housing Affordability Survey
Housing Affordability Rating Categories**

Rating	Median Multiple
Severely Unaffordable	> 5.1
Seriously Unaffordable	4.1 - 5.0
Moderately Unaffordable	3.1 - 4.0
Affordable	< 3.0

	Flagship				
	A	B	C	D	E
Median Household Income (RM)	1750	2750	2000	2250	2250
Median Single Storey Terrace	200000	202084		145000	155000
Median Double Storey Terrace	310000	277000		200000	220000

Median Multiple	A	B	C	D	E
Median Multiple Single Terrace	9.52	6.12	-	5.37	5.74
Median Multiple Double Storey Terrace	14.76	8.40	-	7.41	8.15

CONCLUSION

- ▶ There are structural and behavioural elements that influencing the initiative to undertake property ownership within Iskandar Malaysia in 2015. About 70% can afford to buy property up to RM300,000. As such, cash waqf may be useful to contribute to increase their affordability.
- ▶ There are problems with inaffordability of the people to invest and buy property on their own using bank loan. As an alternative, waqf cash can be promoted to contribute to the financing waqf property and using the manfaat to help the people in providing habitable shelters to them.
- ▶ In addition, waqf property will be beneficial to protect the people in the long run using the “protected shield and retaining wall” to the ummah as a whole. In so doing, waqf will provide alternative ways in redesigning fragile geopolitical boundaries in the very near future. Therefore, these solutions may pave the way forward for the transformation agenda of waqf property in the country.





wakaf produktif
untuk masa depan
pendidikan
dan
dakwah

⌘ **TERIMA KASIH** ⌘
⌘ **LEBIWA KASIH** ⌘

