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Contemporary leadership of endowment trusts and cash Waqf by establishing a Waqf Bank in Saudi Arabia

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**Contemporary Leadership of Endowment Trusts and Cash Waqf by establishing
a Waqf Bank in Saudi Arabia**

A Thesis Submitted in Partial Fulfillment of the
Requirements for the Master Degree in
Islamic Financial Management

By
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and

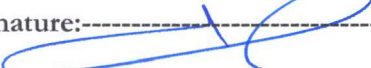
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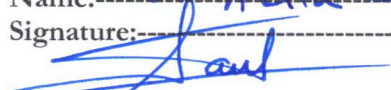
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**Contemporary Leadership of Endowment Trusts and Cash Waqf by establishing
a Waqf Bank in Saudi Arabia**

جامعة عفت
كلية إدارة الأعمال
قسم التمويل

**القيادة المعاصرة لصناديق الوقف والأوقاف النقدية من قبل بنك التنمية
(الوقف) في المملكة العربية السعودية**

رسالة مقدمة لاستكمال متطلبات الحصول على درجة (الماجستير) في الإدارة المالية
الإسلامية

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Effat University
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Declaration

This work is original and has not been previously submitted in support of any degree qualifications or course.

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Abstract

Waqf is the most significant role of Islamic finance around the world. As current, Waqf funds in Saudi Arabia facing many problems, it is important to develop a Waqf bank which can help the needy and poor to alleviate poverty. This study is done to explore how establishment of Waqf bank can help the Waqf administration and benefit the poor and need beneficiaries. Moreover, this research is addressed the possibilities of establishing Waqf bank by reflected the opinions of a variety of people for the Waqf bank including beneficiaries, publics and experts. Then, the study is relying on results from questionnaires and interviews. The questionnaires were distrusted as soft copy using Google Forms Survey. The findings shows that there is a demand for establishment of Waqf bank in Saudi Arabia, and its expected to be sharia complaint bank by providing services to the beneficiaries while making investment and managing Waqf funds.

Keywords: Waqf bank, cash Waqf, Sadaqat, Zakat, Nader.

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Table of Contents

Abstract	v
Acknowledgment	vi
Chapter One: Introduction	1
1.0 Introduction	2
1.1 Definitions of Waqf	3
1.2 Waqf in Prophet Muhammed age (Peace be upon him)	3
1.3 The current situation in Saudi Arabia and the Islamic countries	5
1.4 History of Andijani Waqf institution in Makkah	5
1.5 Problem Statement	6
1.6 Research Objectives and Questions	6
1.7 Significance of the research	7
1.8 Contributions.....	7
1.9 Scope and Limitations.....	7
1.10 Thesis Outline	8
Chapter Two: Literature Review	9
2.0 Introduction.....	10
2.1 Studies in Waqf.....	10
2.2 Waqf institutions structure.....	11
2.3 Social Banks.....	12
2.4 Waqf in Quran and Sunna.....	14
2.5 Waqf reflection for economy	17
2.6 Waqf institutions in non-Islamic countries	20
2.7 Advantages of Cash Waqf	22
2.8 Establishing the Bank (Waqf) and the Islamic Religious Law	24
2.9 Reasons to Establish Waqf Bank	25
2.10 Benefits of the Waqf Bank.....	27
2.11 Legal Framework	29
2.12 Management of the Waqf bank.....	31
2.13 Structure of the Bank	31
2.14 The Generators of the Waqf Bank Funds	32
2.15 Managing the Assets of the Bank	34
2.16 Cash Waqf Finally Permitted.....	40
Chapter Three: Methodology	42
3.0 Introduction	43
3.1 Research Design.....	43
3.2 Sample Selection.....	43
3.3 Type of Interviews	44
3.3.1 Quantitative Data	44
3.3.2 Qualitative Data	44
3.4 Questionnaires Distribution and Collection.....	44
3.5 Data Analysis	45
3.6 Research Methodology	45
3.6.1. Questionnaire analysis	45
3.6.2 Interviews.....	46
Chapter Four: Data Analysis.....	47
4.0 Introduction	48

4.1 Results.....	48
4.1.1 Questionnaire 1 (Public)	48
4.1.2 Questionnaire 2 (Experts)	50
4.1.2.1 Results from Nader	50
4.1.2.2 Results from Banker	56
4.1.2.3 Results from Others	61
4.1.2.4 The Total Results for Questionnaire 2	66
4.1.3 Interviews.....	73
Chapter Five: Discussion and Conclusion	75
5.1 Discussion	76
5.2 Conclusion	78
5.3 Limitations	79
5.5 Recommendation for Future Works.....	80
References.....	81

Chapter One: Introduction

1.0 Introduction

The Waqf banks are avenues that are capable of generating multiple funds for the Waqf and through these earnings, it can issue very low-cost credits to the poor and the underprivileged in the society (Abu Zahrah, 1971). These credits are usually unsecured and usually tend not to cause worry to the subscribers regardless of the financial status and position of the poor borrowers. By this, the nation's economy will rise to higher notches and the per capita income will increase ultimately alleviating the poverty existing in the country and the state.

To bridge the current gap that exists between the rich and the poor in the community there is the need for formation of a bank of the same structure and purpose as those of the Waqf bank (Roodman, 2009). The gap between the poor and the rich continues to widen every day with the wealth concentrated in the hands of the few rich people in the Islamic world leaving the greater poor multitude at the hands of the almighty and Allah.

Creation of a Waqf bank in the current situation is of paramount effect and essence as it helps lessen the gap. It able to reduce the burden by the state as it is able to aid the state in the provision of its services and social amenities to the poor in the community (Dreher, 2006). These services include but are not limited to the provision of education, shelter, and even employment opportunities. By this it is possible to form a Waqf bank, this is majorly done by utilizing cash Waqf and the very fundamental utility of Waqf bank and its operation which is in accordance with the Islamic jurisprudence (Siddiqi, 2004).

1.1 Definitions of Waqf

The meaning of Waqf, in the Arabic language, refers to stop, contain, or preserve. In Islamic terms, Waqf is a religious endowment made by Muslims to freeze the proprietorship of assets (Awqaf.gov.ae, 2010). For example, a voluntary and irrevocable dedication of one's wealth or a portion of it - in cash or kind (such as a house or a garden), and its disbursement for shariah compliant projects (such as mosques or religious schools...) (Alshibani, 1999).

1.2 Waqf in Prophet Muhammed age (Peace be upon him)

Waqf is a desirable tool to eradicate poverty as it ensures that the poor are provided with support in a sustainable way (Mishra, 2006). The principles majorly establishing this are the principles of inalienability of rights of the poor and the fact that it is a process that endures forever, unknown to many parties is the ability of Waqf to generate income and this is an essential aspect of the Waqf. There is very dire need to gear the Waqf to make the income generation and regeneration a reality. More light should be shed on this aspect and this can be achieved in very many ways (Haji Mohammad, 2015).

This sustainable nature of the Waqf has its foundation in the Quran and the Islamic religious laws. The prophet Mohammed was endowed with a lot of land and fruit orchards not to mention the water fountains (Haji Mohammad, Theoretical and trustees' perspectives on the establishment of an Islamic social (Waqf) bank. Humanomics, 2015). The Quran does not expressly mention the Waqf but then the prophet is seen to mention that an individual's hard work on the face of the earth ends when one is dead however there are a few exceptions; his work doesn't end at death if

he had provided Sadaqa, contributed to beneficial knowledge and had a diligent child (Morduch, 2002).

Of worth to consider in this context is Sadaqa (charitable activities). It is these charitable activities that are mentioned by the holy law and books of Islam. The prophet is seen to state that maintains and take care of the land and then let its produce to the poor and the needy. The prophet had created habs currently known as the Waqf which is economically self-reliant, charitable and sustainable. It is unlike other institutions of the Islamic religion such as the Sadaqa and kafart, the Waqf remain perpetually charitable (Obaidullah, 2007). It is able to achieve this because of its ability not to be subjected to revocation and to be transferred. It is also not only able to generate its own income but also to fund charitable activities to the poor and the economically underprivileged in the Islamic community and of worth noting is that the Waqf institution can be presented in different ways, one of them being the cash and the other being the real estate aspect (Bakar, 2005).

In the 19th century and even after, there were very many political conflicts in the Islamic nations which deterred to a great extent the maturity of the Waqf initiative. Still then, cash Waqf was not very predominant and the real estate Waqf had taken all the limelight (Barizah Abu Bakar, 2005). It was not prevalent in the colonial periods but very many independent Islamic states revived the Waqf system in their culture as the colonialism had done away with most of the aspects of the Muslim culture and spiritual beliefs. The Muslim nations had to retract back their steps to where they had lost it and reestablish the systems that were relatively long gone.

1.3 The current situation in Saudi Arabia and the Islamic countries

A huge gap has always existed between the poor and the rich Saudi Arabia and in the Islamic world, the international community has always tried its best to alleviate poverty in these sections to no avail. Despite the existence of banks there are over one billion people living in different kinds of poverty but poverty nevertheless, more than 500 million live in urban slums and close to one billion people live in persistent hunger in all the Islamic countries; a large part of this contributed by Saudi Arabia (Ahmed, 2004). The banks are doing nothing to bridge this gap, they, in turn, tend to serve the privileged in the society and the micro-finance institution tends to be interested in making profits at the expense of the poor and languishing (Abu Zahrah, 1971).

There is dire need for socio-capitalism since the developed countries are doing a shady job at development projects and the developing countries and the third world countries are literally funded by the non-governmental organizations, world bank and the international monetary funds that in turn make most of them incur unfathomable amounts of debts, doing more damage to the poverty situation already existing in these countries (Ahmed, 2004).

1.4 History of Andijani Waqf institution in Makkah

From one of the interviews (Chapter 4), Interviewee N (Nader) said the history of Bukhari's waqf garden through 130 years: If we start with the birth of Awqaf, we will notice that Makkah this blessed town is full of Awqaf. Also, many Muslim people around the world are driven to perform good deeds by human nature or for religious, social, family-related, and other reasons related to God. From those people there is a

benefactor called Shaikh Raheem Berday Bay Ben Aurtah Andijany, where he bought a big garden, inside it, there were four stores and well. The price for the garden was around 1000 Indian Rupees of silver. (Nowadays the price of this waqf is around hundred million Saudi real). It was on 21/11/1305 h. He set the garden as waqf for serving pilgrims to visit the holy mosque, which they're from Andijan. Also, for poor people who live near to the holy mosque, which they are from Andijan. The waqf became famous as a Bukhari's garden, and became one of 26 waqfs for Turkistan's country which a waqf located in Makkah.

1.5 Problem Statement

As current Waqf funds in Saudi Arabia facing many problems, it is important to develop a Waqf Bank which can help the needy and poor to alleviate poverty. This study is done to explore how interest free and affordable loans can be provided to the lower income and poor people in the society by establishing the bank and how this bank also will develop, protect, and maintain the Awqaf. Finally to explore how Waqf bank would affect the economic growth of Saudi Arabia.

1.6 Research Objectives and Questions

The following objectives expected to be achieved from this thesis.

- a- To investigate the demand for establishment of Waqf Bank in Saudi Arabia (from the Waqf Beneficiaries, Nader and Islamic finance experts).
- b- To explore the possibilities of establishment of Waqf Bank in Saudi Arabia.
- c- To formulate the structures of the bank including Sharia compliance, services rendering, investments and waqf distribution.

The following questions are expected to be answered from the research

- a- Is it possible to establish a bank purely to manage Wqaf?
- b- Will this bank contribute to the development of Waqf management?
- c- How this bank will help the poor and needy to benefit from the Waqf fund?

1.7 Significance of the research

This research addresses the possibilities of establishing Waqf bank. It is the first of this kind of research done based on Saudi Arabia. It also reflected the opinions of a variety of people for the Waqf bank (publics and experts).

1.8 Contributions

This research will contribute,

- To those whoever seeks for efficient and effective Waqf Management in Saudi Arabia.
- To policy regulators decide on the importance of establishment of bank for Waqf management.

1.9 Scope and Limitations

This research is based on questionnaires that targeted publics and experts in Waqf field. However, the results from interviewees and respondents are just opinions. Moreover, it is done in the western region of Saudi Arabia. This research needs to be done for more Islamic countries with official data from governments and Islamic institutions that related to the Waqf. Data needs to be analyzed with strategic planners for more accurate and realistic outcomes.

1.10 Thesis Outline

In this research paper, a literature review of Waqf bank will be addressed in chapter two going in details of the establishing the Waqf bank and its management through the history. Then, the research methodology will be explained along with the qualitative and quantitative data management in chapter three. In chapter four, results and data collected from the questionnaire's respondents and reviewers will be presented in tables and charts. Finally, data being collected will be discussed and concluded in chapter five.

Chapter Two: Literature Review

2.0 Introduction

This chapter, background information of Waqf is presented. Afterward, Waqf is addressed through different countries with several of situations. Finally, the topic of establishing Waqf bank and its management is presented.

2.1 Studies in Waqf

There isn't a single piece of literature available that ponders on the validity of the Waqf. Earlier literature however on the financial aspects of the institution have essentially dwelt on the manner in which the generally religious tendencies of the institution has influenced a lot of success of the financial development the Waqf properties and the manner in which the investments are initiated (Siddiqi, 2004).

The solutions to the problems as stipulated by the literature pieces point towards particular profit-making properties that are majorly non-existent. Another piece has put its main focus on the financing and the investments done by the Waqf.

Only a few authors had the audacity to delve into pertinent issues pertaining to the funding of the Waqf institutions and painting it as a lending institution that was particularly benevolent in its activities. Most of them, however, portrayed the Waqf institution as an institution whose main objective was to counter the influence of the conventional financial institution but which had inadequate assets to enable it to overcome the challenges that it was due to face (Amin, 2003).

These pieces of literature are however inadequate in their information of the very specific problems or the manner in which the solutions are to be implemented into the unlimited social activities that they are supposed to answer and solve.

There are however various ways of dealing with this information deficit, one of them is developing the original Waqf practice of social and economic empowerment and this is by improving the wealth creation to the maximum (Mohammad, Towards an Islamic social (Waqf) bank. *International Journal of Trade, Economics, and Finance*, 2011). This, in essence, ensures that the Waqf funds or other funds obtained by the bank are utilized in obtaining additional property and the additional funds are used to provide favorable micro-financing activities to the parties in the community who are less privileged and cannot afford the bank charges on financial lending.

2.2 Waqf institutions structure

Such a financial institution offers a new and very different structure of a financial institution that is both different from the conventional banks and the indigenous Waqf financial institutions as it amalgamates and consolidates the properties of the two institutions and installs them in a one package (Vakulabharanam, 2005).

This is done in the best interests of all the parties in the Islamic community; both the more privileged and the unbankable people of the community. The initiative is however in the best interest of the poor in the community (Haji Mohammad, Theoretical and trustees' perspectives on the establishment of an Islamic social (Waqf) bank. *Humanomics*, 2015). Their income generating activities of the financial institution are majorly targeting the rich and the privileged. This model, however, cannot embrace the microfinancing models in other Islamic and non-Islamic nations such as Yemen, Bangladesh, and England inter alia (Ammar, 2006).

The model in these countries are more conventional and the few Waqf social financial institutions that exist major on profit making initiatives so as to finance their

charitable activities. The others that exist in other jurisdictions such as in Bangladesh, only have a part of the Bank as the part that deals with the Waqf duties (Young, 2010).

Still, that part of the bank does not utilize the funds gained to supply the Waqf charitable activities but in turn, does the opposite and that is financing the bank. It is the section of the bank that provides the bank with financial funding. This does not in any way aiding the poor in the Islamic nation financially as it is only concerned with its own interests as a profit making institution but disguising in the name of a social Waqf institution. Examples of such institutions are the Islamic Social Bank of Bangladesh and the Vatif Bank of Turkey (Zarqa, 1994).

2.3 Social Banks

The Islamic Social bank, on the other hand, has tried its best to alleviate the poverty existing in the region. It's a non-profit organization which is innately dedicated to the economic and social welfare of the Islamic Saudi Arabia in an attempt at the economic development of the community and the upbringing of the micro-finance institutions so as to deal with the poverty situation in the Islamic states such as Saudi Arabi, Malaysia and Kuwait (Ammar A., 2006).

This Waqf Institution has many dimensional objectives and features. It may appear as a privately owned finance institution, social banking institution, income generating institution. It also appears as an institution that is interested in charity activities and interested in the redistribution of wealth (Ahmed, Waqf-based microfinance: Realizing the social role of Islamic finance. World Bank, 2007).

This financial institution (Waqf) as a profit making charity organization has tremendous potential of empowering the Muslim nation, however it usually has its challenges; one being the fact that it is underfinanced and also such like institution are usually annihilated very quickly due to the unfavorable conditions of poverty without financial aid from any other organization. These conditions make it incapable of performing its noble duties. (Arnawut, 2005).

A social bank in the Islamic state, as opposed to the conventional banks, runs according to the Waqf regulations. Conventional banks majorly issue charges on overdrafts and also earn profits from lenders. (Bennett, 1998). Nevertheless, the conventional bank still operates in a similar way to the Islamic banks and this may be a very reliable source of income for the Waqf community.

There is, however, a question of the viability of such an institution as the indigenous Waqf financing institution had been purely charity or organization with no prospect of making profits. The social bank, on the other hand, is in place to make profits from the earnings of the services offered by the bank to finance some of the social welfare activities and the micro-finances. The paper begins with a literature review but will successively survey the issues to the viability of the Waqf institutions (Bukhari).

A lot of focus should be put into alleviation of poverty in the Islamic community in general, how to evaluate the role of the Waqf and eventually diagnose the vitality and justify the validity of formation of the Waqf bank. The main issue in contention is how to eradicate poverty, for Muslims, it is essential to align almost every activity in accordance with religious (Buttle, 2007) regulations and laws. Social and economic empowerment initiatives in the Islamic community are no exception to this general

rule. The charity activities must operate in a manner consistent with the Islamic religious laws.

Therefore the major themes to be considered must be; eradication of poverty in the Islam community by whatever means at their disposal; financing and other anti-poverty measures, the Waqf bank to be created and its validity and also its permissibility in the society, the features that are acceptable to both the culture and the religious affiliations of the people, how the Waqf is going to achieve its goals is also a matter of concern (Cizakca, 1998).

2.4 Waqf in Quran and Sunna

Al-Quran, 2: 195: وَأَنْفِقُوا فِي سَبِيلِ اللَّهِ وَلَا تُلْقُوا بِأَيْدِيكُمْ إِلَى التَّهْلُكَةِ وَأَحْسِنُوا إِنَّ اللَّهَ يُحِبُّ الْمُحْسِنِينَ

And spend of your substance in the cause of Allah, and make not your own hands contribute to (your) destruction [...] (tr. By Yusuf Ali). Generally, Waqf cash system would be an outright implication of an acceptance of the Waqf bank but this might only take place once the cash system has a general recognition by the subjects and in this case the Islamic community (Arnawut, 2005). This Waqf bank, on the other hand, must operate under the strict rules of the Islamic rules and regulations. This pertains to its capital generation, its management and even in defining its owners.

The Quran is a major definer of the rules under which the Waqf bank will operate. The Quran recognizes the need for equitable distribution of wealth in the society. This, therefore, compels the Islamic community to recognize the importance and need to eradicate poverty (Dirdir, d. 1201 A.H.). In this, they are influenced to regard poverty in a bad light and as an ill in the community that should be done away with through any means possible.

This is seen in the usual tendency of the rich voluntarily transferring property to the poor in the community. Sometimes this activity is carried out by the state as its own initiative. This makes the Islamic nations responsible for the alleviation of their own poverty and aiding the underprivileged into economic and financial empowerment (Young, 2010).

Mostly, by this provision of this section of the Quran, the rich often tend to feel compassionate towards the poor in the community and this eases the economic empowerment of the poor in the society (Roodman, 2009). There is usually an interrelation between the state and the individuals in a bid to alleviate poverty. They usually put in similar effort to ensure the neighbor who goes without food and who cannot afford health care due to poverty reasons is helped and aided in whatever means possible (Dawwabah, 2005).

Specifically, various chapters of the Quran state and confirms this; in chapter 59 verse 7 acknowledges the existence of an economic disparity between the poor and the rich and the ills pertaining to the faculty of poverty (Obaidullah, 2007). Similarly, in Chapter 13 verse 11 encourages and implores the individual Muslims to strive towards achieving personal economic empowerment together with their personal spiritual empowerment, in the absence of these the one is bound for trouble. It encourages acquisition of material wealth as without this then one is bound to sin, dependence on others and even a form of self-caused demise (Renneboog, 2008).

Generally, the Quran sections encourage the Muslim community to strive to be wealthy so as to avoid sins of the flesh which often are prone to those without material wealth. They may be forced to covet the neighbor property and this is a sin. The Quran prophesies a society in which there is an equal distribution of wealth and

has a purpose of making the Muslim community such an ideal community by every individual embracing the spirit and the vision of the Quran; an ideal society (Dreher, 2006). The Quran encourages hard work as it paints a society which lacks no resources. It intends every individual to pursue a line of wealth search with only a few limitations on how to look for the wealth. Through hard work, diligence and transparency (Dirdir, d. 1201 A.H.).

In the above-mentioned chapters, the Quran also informs that just hard work is not sufficient, there also need to recognize the role Allah plays in this bid to acquire wealth regardless of the trade or work one indulges in. It is a directive from Allah that everyone should purpose to find a way to sustain his own life in accordance with the requirements of the Quran and the Sunna (Morduch, 2002).

Still, as a principle of the Quran, the state and every person in individual capacity should work in unity to manage resources, of this one of the most important is the land resource. In this particular resource, the Quran states that they should be sought, (Buttle, 2007) used and disposed of in a manner that does not create an inconsistency with justice as defined by the Quran. When the resources such as these are managed responsibly in shows that the individual Muslims care for not only the present generation but also the posterity (Dreher, 2006).

The state together with private citizens have a combined duty to protect and provide for the poor in the society and this they do by moderate consumption on their part so as to leave a portion for the less privileged in the society. This consolidated effort and duty are in a bid to counter the effects that unequal distribution of wealth and poverty has had on the community in general. The people ought to understand that the

resources were created in abundance by Allah and thus it should be able to sustain both animals and all human beings alike (Dunya, 2002).

The interrelations by the state and the individuals should and must ensure that there is an effective distribution of wealth. The Quran also informs in its sections that Allah holds in high regard those who issue their material wealth to the poor as this shows self-sacrifice and this is a virtue. One that puts others before himself/herself. This is by donating the personal property to the poor with regards to the Sadaqat and the awqaf doctrines of the Islamic religion (Zaman, 1999). The state fits into this equation by the fact that it regards itself as the custodian of all the resources and hence in is endowed with the duty to ensure that there is an equitable and just distribution of these resources.

2.5 Waqf reflection for economy

This implies the state duty for an economic development plan. In essence, it instructs the state to distribute wealth in accordance with the stipulations of Sharia laws (Siddiqi, 2004). In the development plans, the state should initiate programs that can support the poor in the community and also purpose to dwell on the issue of empowering the people by a provision of adequate employment opportunities that can sustain the community.

This also implies that the state should balance between the rights of the poor to benefit adequately from the treasury allocation of the state and also due regards to the remaining population; the other people are owed a spiritual and ethical duty of care (Hassan, 2010). Everyone must be shown the goodness and the kindness of Allah.

Many other Islamic religious concepts establish the financial status of the Islamic nations.

In a moral sense, there is a close relationship between both individual and the community in the Islamic society (Grodach, 2011). Still, a relationship of a similar nature exists in the relationship between the economic and the spiritual empowerment and development. It is through hard work, labor and investing that an individual gets spiritual and economic independence from the community at large, the family and the state.

Individual obligations towards others; be it family, community, and the state is enforced on when there is that freedom to act in total disregard of self-interest pertaining to material wealth and personal well-being (Zaman, 1999). In this quest to disregard self-interest pertaining to self-interest, the Islamic laws appreciate more if these are utilized in the provision of an economic and spiritual benefit to the less privileged in the society. Spirituality cuts across both striving to sustain self in the best way possible and also to ensure that a neighbor who is poor or is the lack of anything is an aid to adequately attain a life of self-sustenance by any means possible. This creates a society in which every individual strives to attain a decent self-sustenance and in which one is concerned about the welfare of the neighbor, aid the neighbor to attain a decent self-sustenance in life.

This becomes an essential pivot towards achieving economic development since the individual providing help to the neighbor is not by any means expected to look forward to a reward or appreciation for what he/she has done (Klugman, 2009). This philanthropic nature is an inner sense of responsibility according to the requisites of the Islamic religious teachings. It also makes one only consume that which is

adequate for him/her and not to unreasonably waste the resources while others are suffering hunger perils. As a teaching of the holy Quran all resources are created adequately by Allah and therefore should not be used by others excessively at the expense of the others who aren't exposed to these resources (Kahf, 1998).

If the principles of hard work, indulgence in labor and investments are amalgamated with the Islamic principle of Altruism then the poor people will not be exploited by those people who have an illicit and malicious intention of dominating and economically gaining from the poor in the society (Kahf, Role of Zakah and awqaf in reducing poverty: A proposed institutional setting within the spirit of Shari'ah. Thoughts on Economics, 2008). The poor will be exposed more to the opportunities be in the economic and spiritual fields and will have a fair chance at economic growth and empowerment.

In different circumstances, they are usually infringed on is that in many situations they are the marginalized communities especially in developed countries. In this sense, Altruism is not just a civic and a legal duty but then it also serves the purpose Allah and God almighty structured for all human beings and that is to be of service to each other and aid one another kindly.

This indicates that in economic relationships and transactions one should be righteous (taqwa) one should always uphold the principles of just fair and reasonability in these transactions. (Kuran, 2005) One should always keep away from such activities as fraud misrepresentation and unlawful betting as those are opposed to the principles stipulated in the holy Quran.

It is also a mandatory requirement to give to charity and also give Sadaqa to those who need it and the less privileged ensuring that the acts are in accordance with Ihsan

requirements which essentially means giving without being requested or reminded (Magda, 2009). Always these go in conjunction with cooperating with the other members of the community.

Islamic religious framework strives to eradicate by encouraging hard work and also suggesting the excellent modest living in conjunction with alleviating poverty by aiding the poor and those who are in need by the personal alienation of private property (Mandaville, 1979). It also recognizes the role of Allah in wealth distribution and the role of the state to equitably distribute the resources in a manner that ensures that the poor and the underprivileged in the Islamic society have a maximum benefit of these resources and in this transaction the state should not forget the spiritual obligation towards every individual in the society. With this set of operation, the Islamic state is eventually going to achieve the long-term ideal goal of alleviating poverty.

2.6 Waqf institutions in non-Islamic countries

England also has banks that masquerade as Waqf institutions despite the few inherent and fundamental distinctions. They have their own form of operation in which they obtain funds from parties and they use these to provide interest loans to the poor and the underprivileged that would otherwise lack collaterals and securities to make them eligible for loans. The one particular feature of these institutions is that the parties providing the funds must not be parties interested in achieving an ethical or charitable objective but on the contrary may be parties who are after a conventional means to an end (Zarqa, Financing and investment in Awqaf projects: a non-technical introduction. Islamic Economic Studies, 1994).

They might have the notion that the bank is generally any other conventional bank. The bank, however, in turn, use their earnings from these financial relationships to finance their almost charitable activities; that is, provision of unsecured loans to the poor and the unprivileged in the Islamic communities. A few of the examples of such banks are the Charity Bank of England and the England's Industrial common ownership Finance.

They focus majorly on social banking and social activities pertaining to the poor in a bid to bridge the overbearingly huge lacuna that exists between the poor and the rich in the Islamic community. The very activities have been influenced by the Waqf incessant and persistent bid to alleviate the poverty in most of the Islamic countries. The Waqf financial activities are closely related to the universal religious beliefs of the whole of the Islamic community making it easier to work and be effective in these countries and communities.

However to be noted is the fact that there is majorly a disparity in the implementation of these initiatives. It is a lot easier to implement the resolutions and solutions in the relatively developed countries such as the United Arab Emirates and Kuwait but on the other hand, it is almost impossible to overcome the ever widening economic differences between the rich and the poor in the developing countries such as in India, Pakistan, and Iraq.

Some others such as Somalia have both economic disparities with the poor becoming the predominant community and continuous political conflicts and instability making it impossible to implement such initiatives by the Waqf financial institutions (Mohammad, 2011).

This Waqf bank if established will need funding but then it will differ fundamentally from other conventional banks. Its lending will be to the advantage of individuals, other institutions, other parties whether Islamic or otherwise. An essential thing is to found these institutions in the Waqf fundamental principles first. If this is done then it will differ in very many aspects of the Social banking systems in England whose operation is more of a conventional system than a charity institution (Abu Zahrah, 1971).

2.7 Advantages of Cash Waqf

Cash Waqf has numerous advantages as has been stated by many jurists over time. Some of its prevalent advantages are that it creates more economic and social empowerment and progress. It also has a very high potential of income generation and this income is regenerated and constantly sustained (Arnawut, 2005). The investments initiated by cash Waqf can be diversified and used in very many opportunities still it stands out as the most effective method for the creation of a joint Waqf (Bakar, 2005). Its liquid nature also makes it beneficial in all sets of economic transactions.

One thing that should also be noted is the fact that the acceptance of the liquid assets, money of any currency or coins be it of the old ages or of the current age, and in any other form that can be used for such like transactions are considered to be an avenue to increase the income earned by the Waqf (Barizah Abu Bakar, 2005). This could have been the opposite scenario if the acceptance of the cash Waqf was only limited to the paper money and or of a certain specific currency.

This above use, however, has a limited extent of use as it cannot be used in avenues like procurement of a bank loan. In such like a scenario the only viable means of the

transaction would be the currency in any form of transaction to the use of liquid assets would only be beneficial in specific situations such as where the lender needed the asset; where there is a mutual want.

The cash Waqf has been proposed on numerous occasions to be the most effective mode to annihilate poverty in the Islamic community (Grodach, 2011). However, this is subject to very many limitations. One of which is the fact that there may be a deficiency in managing of the funds by the Waqf. Also of contention is the fact that some of the funds generated might be used by the managers for their own fraudulent uses and hence facilitating the destruction of the cash Waqf institution. In very many scenarios and as a practical example the funds gained and those that are earned by the Waqf are not usually accounted for therefore most parties usually use these for personal benefits instead of charity purposes (Zaman, 1999). In addition, the total number of cases against the awaqfs in the courts in Saudi Arabia amounted to 1,100 cases in one month due to the mismanagement of the endowments (Okaz-online, 2017).

There is, however, a remedy for this and in essence what is proposed as the remedy is the creation of a Waqf bank and the bank is used to provide various services for the generation of income. The income earned is then used to procure services to those that are poor in the community. One must however always keep in mind that the true essence of the creation of the Waqf is to facilitate the management of the Waqf funds and also to create chances of investments in various avenues (Buttle, 2007).

2.8 Establishing the Bank (Waqf) and the Islamic Religious Law

Due to its unique objectives and functions the question always arises on the subject of the category in which the Waqf bank can exist in; can it be a governmental agency, non-governmental organization, a development finance agency or a normal cooperation (Arnawut, 2005). Many parties have suggested the formation of a conventional institution but whose paramount interest lies with the provision of favorable services to the less privileged in the society or just the provision of the microfinance services to these poor people in the society in a bid to alleviate the predominant rates of poverty in the Islamic nations and communities (Bennett, 1998). The solid truth is that the Waqf bank operates to provide the micro-finance activities to the community with a special interest in the poor in the community (Abu Zahrah, 1971). This initiative may be run by various institutions including but not limited to non-governmental organizations, the private sector through corporations may also provide these services and not forgetting the governmental agencies that are usually put in place to manage the Waqf affairs.

The mere fact of who owns the Waqf bank does not define its activities. The main objective of the Waqf bank is to alleviate poverty and this is done by issuing cheap and affordable loans to the poor in the society (Dreher, 2006). They also invest in moral and ethical fields so as to ensure there is maximum benefit by the poor and those who can barely afford the cost of living in the Islamic community.

In this quest, they must also ensure that the whole community; that is both rich and the poor are not infringed upon in the process of the provision of the services. The Waqf bank owes the rich a moral if not a spiritual duty of care not to totally disregard their existence in the community and their rights in the community. (Renneboog,

2008) If this is fully achieved then there is no need to question the effectiveness of the Waqf bank. Generally what usually happens is that the income obtained by the activities of the Waqf bank are usually distributed among the less privileged in the society or they are recycled into the bank for a provision of services that can enable them to generate more income (Buttle, 2007). Established principle of the Islamic religion and jurisprudence usually play an essential role pertaining to the vitality and the essence of the Waqf bank.

2.9 Reasons to Establish Waqf Bank

Some writers employ analogical reasoning in which they state that cash Waqf can operate like any other conventional bank, similarly a Waqf bank essentially operates like cash Waqf. Therefore applying the analogy that cash Waqf is admissible in Islamic law then Waqf bank being not essentially distinguishable from the Waqf bank then the bank also is safe keeping at Islamic law (Zaman, 1999).

There are however express provisions in primary writings of Islamic law against the formation the bank, if however these are done away with and the Islamic laws were a bit reasonable then the validity of the cash Waqf could be extended to the Waqf bank.

By the very functions of the cash Waqf the philanthropic nature of provision of services beneficial to the poor in the society, (Amin, 2003) through its benevolence and also initiating investments that are geared towards the alleviation of poverty they qualify to involve the bank into reconsideration despite the writings expressly against the formation of such an institution in Islamic law (Arnawut, 2005). If the theories about cash Waqf of the Islamic communities of Hanafi and the Shafi'i are considered, particularly pertaining to the investment projects and the management of funds are

considered then the bank may be accepted in these particular communities (Buttle, 2007).

There are also various transactions that microfinance by the Islamic communities that can as well be done by the Waqf bank; this includes renting of coins by the Shafi to Ijara. If the Waqf bank can enforce such transactions then it qualifies to be considered as a valid bank under Islamic laws.

For the bank to be admissible the both the positive Islamic regard for the cash Waqf and the benefits that accrue to majorly alleviate poverty by the bank must be put to consideration.

Considering that the admissibility of the cash Waqf alone will influence the communities to accept the bank and disregard the directives by the spiritual writing is fatal (Young, 2010). Various scholars such as Cizacka have argued that the merger of the cash Waqf and the bank is in the best interest of the bank being recognized both for its actions and the fact that it utilizes cash Waqf.

The Waqf is being utilized to save the capsizing capitalistic financial systems of the Islamic nations and communities and also unknown to the Islamic communities, (Arnawut, 2005) if the Waqf banks use the cash Waqf then the chances of success will be increased by a tremendous margin. Still, the above situation in which the Waqf bank is rejected and at the same time the cash Waqf is accepted will be avoided since they will be seen and regarded as one.

Another question still rings in the mind whether the Waqf bank is acceptable at sharia law given that it has a nature in which there are deposits issued and from these earnings the bank gains profits (Roodman, 2009). This feature also has a justification at law by giving a consideration to the fact that it is the duty of the Nader to initiate

and facilitate the investments of the Waqf bank and who also has the mandate to choose from a variety the potential investment and the individual who can use the funded money for capital.

As such the fund manager's mandate is not only limited to the activities of the bank but can also diversify his option and seek investments out and that which is not related to the banks activities at all, provided it is in the prospect of gaining capital (Vakulabharanam, 2005).

The bank is established to service cheap loans and generate income that can be used to create the loan structure for the less privileged in the community at nominal interest rates (Siddiqi, 2004). At the onset of the formation of the bank the founders may contribute the initial capital but this capital doesn't belong to the bank. Once the bank has earned profits enough to sustain itself then the successive earnings would be used for the service if the community.

The bank is therefore put in place to earn profits which are used in the provision of loans at very cheap interests to the poor in the community and also to develop the assets of the bank by use of the demand fees that they (Morduch, 2002) levy on the loans and any other means they can. The bank is even authorized to get capital and funds from the public since there is no provision that prevents such kind of acquisition of capital.

2.10 Benefits of the Waqf Bank

If the bank is operating in accordance with the sharia laws then the bank can be permitted on its own fundamental nature and utility including its beneficiaries, its interests inter alia (Mishra, 2006). The bank essentially benefits the beneficiaries and

the Waqf. By its very nature, it can literally earn a lot of money. This money and assets (both liquid and otherwise) can be utilized to perform very many functions (Abu Zahrah, 1971). Among all it can do include but is not limited to; can be used for the provision of sufficient capital for the Waqf and progressive development of both the dormant and active assets of the Waqf. It also can be utilized in making the Waqf bank break away from dependence on other conventional banks and subsidies from the government, it can sustain itself independently (Buttle, 2007).

It can generate new assets for the Waqf and also prevent the already existing assets from annihilation. One of the major roles of this is that it prevents the cash Waqf from misappropriation and misuse as when the bank is put in place then all the books of accounts are placed in check to gauge the accountability of the individuals managing the Waqf bank. Also, it ensures that the Waqf does not lose property but only gains from the agencies that are not Waqf institutions. Still, an advantage to put into consideration is the fact that in a country with federal laws like the United States of America it can aid in facilitating a process in which the Waqf institutions go through state and federal regulations easily (Amin, 2003).

Of fundamental importance is that the bank through its funds can be able to fund many economic and social activities in the community, whether they are of high value or otherwise. The bank also has an obligation towards its beneficiaries and this can only be viable if the bank has generated some income (Dirdir, d. 1201 A.H.). The beneficiaries are therefore able to obtain the services at the desired conditions. In conjunction with the other benefits, there will be a constant supply of the liquid assets to the Waqf.

The liquid assets usually play an essential role in reviving the dormant properties and retaining the productive properties of Waqf. If these are revived and maintained then there is a sure prospect of an increase in the supply of funds that can enable the provisions to the beneficiaries who in this case are the poor to increase tremendously (Zaman, 1999). Trustees in this relationship have difficulty in their operations at this stage because Waqf banks tend to have fixed assets which can only be used to gain profits by their cultivation, these assets may be too inadequate to fund a new investment.

Financing these development schemes may be very difficult as they are unsecured loans that cannot suffice as an option in conventional banks. These institutions that are almost failing can be financed by the Waqf bank and in this sense, it would have aided both the institutions and its beneficiaries (Amin, 2003).

2.11 Legal Framework

In current jurisdictions, there are a various company, banking and finance laws that regulate the formation and registration of the company, banks and other financial institutions (Bennett, 1998). Still, it is possible and valid to form the Waqf bank in such Jurisdictions in the Islamic community.

The bank can be registered under the companies act as a company, therefore obtaining its own legal personality who can sue and be sued and which possesses legal rights and obligations. Being its own legal personality it is considered separately from its directors and shareholders. It can also in this capacity hold land and other assets in its own name. The veil of incorporation and distinct personality can only be lifted in special circumstances (Zaman, 1999).

It can also be registered as a corporative whose status of legal personality is similar to that held by a company. The members, in this case, will have limited liability since they will not be liable for any debts incurred by the business. The law does not stipulate a structure of how the cooperative of the Waqf banks can be formed therefore the law needs to be amended so as to fit this purpose. The bank is then registered and incorporated in accordance with the banking and company laws and the regulations put in place by the central bank of the Islamic jurisdiction the bank has been informed (Dumith, 2011).

Numerous legal statutes and sections define and regulate the operation of the banks, these include but are not limited to Islamic Banking laws, the Central Bank's regulations, the various conventional bank's laws, and laws governing the cooperative and societies (Abu Zahrah, 1971). However of most essence is the Islamic Banking Laws since the Waqf bank is established in the Islamic states and the rules pertaining to the finances of the losses. This legal framework involves; licensing, duties, financial requirements control of these financial institutions of such banks, business restrictions and the powers to supervise (Ammar A. M., 2006).

They are however more strict in their issuance of licenses as it depends on two major conditions (Arnawut, 2005); one of them being that they must alienate their performance from any activity that is inconsistent with the Islamic law and also there was a mandatory prerequisite that the Articles of association of formation of the bank must contain the Sharia Advisory Council which then offers the advice the bank on how to operate in accordance with the Islamic laws (Waqf laws).

The bank will generally be a new entity and therefore there will need to enact new laws that will regulate this institution or amend the existing laws so as to conform

with the requirements of the law especially when the bank will have been created (Bakar, 2005).

2.12 Management of the Waqf bank

If formed the institution will have the capacity to collect, and even concern itself with the distribution and recollection of funds and also indulge in the management of the charitable and the non-charitable finances. (Barizah Abu Bakar, 2005) The bank regardless of being a corporate or otherwise is able to operate by providing services or on the other hand, operate in a manner that generates profits to the bank which is obtained by the capital contribution from the non-Waqf members and also the profit generated by the assets of the bank.

The services provided by the bank will, in essence, originate from the dormant assets and property and they will be offered to public borrowing at very minimal charges to mostly the poor and welfare organizations (Dunya, 2002).

2.13 Structure of the Bank

The structure of the bank is able to take different forms depending on the type of jurisdiction and its laws and generally what these laws and rules stipulate. (Ammar A. M., 2006) It can also assume diverse forms depending on the form of ownership and the capital contribution, it can be a sole Waqf bank or it can be a cooperative entity on profit sharing between the investors and the Waqf.

2.14 The Generators of the Waqf Bank Funds

There are numerous means by which the funds of the Waqf bank can be generated. Particularly there are seven evident means by which this can be achieved; they can be contributed by the members of the public, the state through its handouts and subsidies (Grodach, 2011). Similarly, the funds can be generated by the non-governmental organizations that purpose and operate to alleviate poverty be it in the Muslim states and non-Muslim states.

The non-governmental organizations are usually the international organization such as the various organizations in the United Nations Organization (Dumith, 2011). Also to note is the fact that the Muslim community accepts funding from both Muslims and non-Muslims. The funding can also be done by both the federal government and state government.

In conjunction to this there are federal and state-based religious councils whose main function is to advise the bank but then its functions are not limited to these functions alone but also extend to the avenue of contribution of funds to the bank (Haji Mohammad, Theoretical and trustees' perspectives on the establishment of an Islamic social (Waqf) bank. Humanomics, 2015).

These religious institutions may contribute to the capital of the bank by either subscribing for the share capital or just depositing the nominal capital in a bid to either invest in the bank or merely provide the amount for safekeeping. Only the subscription for shares is considered as capital since the capital contribution by nominal capital contribution becomes the liabilities of the bank. In a situation of bankruptcy, they are debts that are mandatorily paid for. Additionally, the funds can

be contributed by any other bank and corporation be it conventional or otherwise (Bennett, 1998).

The Waqf bank is not restricted to any particular means of obtaining the funds. They may be obtained from group fund or individual funds and also they may be in the form of cash Waqf or the Waqf properties. (Hassan, 2010) Still, they may be used to fund various types of investments and charity projects. Not only can the bank obtain its funds from the other parties as mentioned above but also they can be as a product of self-generated income which the bank can devise very many methods to earn. In short, the bank's operations are not to adhere to a certain strict line of rules that are stipulated by the Islamic religious teaching and rules.

The process is however rather flexible except only when it is not aligned with the expressly stated rules that are recommended. If the Waqf institutions are not in a position to raise the capital then the cash Waqf is the best available means to generate the capital needed to form the Waqf bank (Klugman, 2009). They can start by inviting the members of the public to donate funds to the cash Waqf system, say this process continues for a few years; probably six years they will have millions of those who donate funds. If they arrive at that stage then the viability of the bank can be achieved. With enough capital, the bank can be created. All shares held by the subscribers, say if this were a joint operation between the Waqf agencies and any other corporate entity (Kuran, 2005).

Apart from this, the Waqf bank is also able to obtain funds and capital from the government whether federal or state government. This, as stated above may be in the form of grants and handouts or in the form of a loan. The sources do not end there as

there are various other means of gaining capital. They may be loaned by private institutions such as the conventional banks in the Islamic state (Magda, 2009).

Still, some agencies and companies that possess financial muscle by the fact that they are related to the government in any way. Still, there are donors and investors who may contribute to the capital just because of the fact that it is a Waqf institution whose intentions are to service the poor and the unprivileged in the society (Mandaville, 1979). In the long run, the Waqf would have been fully funded and the bank shall have gained the adequate capital to enable it to be established.

If the funds are still inadequate at this stage, there are still an unlimited number of means of acquisition of the funds. Other of the residuary means may be the seeking of benevolent loans and these may be obtained from the corporations and governmental agencies that are well endowed in the financial aspect (Magda, 2009). As seen in the above statements, most of them allude to the fact that the raising of capital for the establishment of the Waqf bank can be both an investment and a business opportunity and project. This principle can be acquired and well utilized by both the state and the federal government Waqf institutions and also these institutions may well enjoin the companies closely related to the government and also other financial agencies as they may deem fit (Kuran, 2005).

2.15 Managing the Assets of the Bank

In managing the assets of the bank the balance sheet is the main player in this field. It entails all the assets and the liabilities, the capital; both from the Waqf deposits and the donations from the members and shareholders of the bank. (Mishra, 2006) This alone is able to tell if the bank is faltering or is a success journey. All those factors

contained in the balance sheet are able to give one the picture of what is really happening in the bank even without a prima facie glance at the profit and loss account.

To ensure that there is no falter in the progress of the Waqf bank then the investment assets should be aligned with low-risk and very liquid objects to ensure immediate returns (Abu Zahrah, 1971). The nominal capital deposits should also be subjected to low risk and long term objects to ensure that they are maintained in the bank as they are more of a liability than an asset. The measure of the success of the Waqf bank is gauged on the basis of the achievement of the objectives of a Waqf rather than the amount of the capital that has been generated by the bank. Essentially it is gauged by what services and initiatives it has competed in the poor community and how many benevolent loans it has issued as opposed to how many issued loans have been successfully regained by the Waqf bank (Ammar A., 2006). To effectively achieve this means to an end there is the need for a good management of the funds.

These funds include those that are donated to the Waqf institution through majorly charitable means and those earned by the Waqf bank's service charges or the amounts borrowed from other organization. These need to be managed in accordance with the Islamic laws and under a diligent manager so as to ensure that the provision of the services to the poor communities is performed through a smooth means (Obaidullah, 2007).

There are also exceptions in which the bank is allowed to use some methods derived from the conventional bank's way of running its business and this is usually through investing in short term and products that are highly liquid. Still in the administration of this exception the managers should be careful so as not to operate beyond the

financial ability of the Waqf bank and always ensuring that the investments that the bank is indulging in are those that are highly likely to not only be viable but also those operating within the requirements of the Islamic laws (Renneboog, 2008).

The investment of these funds must adhere to the sharia laws as stipulated in the holy Quran and the related Islamic laws. Still, the laws and regulations pertaining to the given jurisdiction that the bank is established are of paramount importance; different Islamic jurisdictions have closely related regulations but which have specific differences however minimal they might be. They must be adhered to (Siddiqi, 2004).

Waqf bank usually has deposits and capital which are set aside generally to be used for the services to the poor and to perform its activities in accordance with the wishes of those who donate the funds. One of the best features of the Waqf is that the deposits can be used for the provision of the services and at the same time be used to generate income through the minimal charges administered on the loans that are at the disposal of the poor and the less privileged in the community (Young, 2010). Generally, it accepts deposits from various sources and then uses these sources to invest in diverse avenues and provision of disparate social services to the poor in the community.

These deposits especially in a situation of the nominal deposits where these are the liabilities of the bank (Abu Zahrah, 1971). The use of the savings and the current account is a very minimal risk but on the other hand, it does not generate any profit. Investment benefits on the share capital; those that pertain to the profit and loss sharing can be utilized to make and generate income like in the case of making a profit.

These returns include features such as Transaction deposits, Investment accounts; special or otherwise (Zaman, 1999). The transaction deposits are generally not used for the generation of income for the business but are used to complete the short liquidity balancing in the balance sheet and in essence, are not involved actively in the investments that generate income. They are therefore for safe keeping for the depositors but have a limitation in the sense that they cannot gain profits. These are based on the Islamic principles of al-wadiha and the quard has which also allows for the bank to give some provision for the depositors. The investment accounts are generally based the mudarabha al-mutlaqa principle. The Waqf bank therefore in this transaction becomes the party that has the freedom to oversee the investment activities and to invest in any place of their interest (Amin, 2003). The bank may accept these deposits merely on the basis that it is authorized by the Islamic jurisprudence of that particular jurisdiction. They must also obey the rules pertaining to the sharia law and the Islamic banking law.

The Waqf bank can then use these funds to establish and enhance the development of the Waqf properties. The Waqf activities are valid as long as they are viable and serve the purpose for which they were set up. The Special investment funds, on the other hand, do not possess any significant distinction from the investment account and how it generates income. (Bennett, 1998) It may accept any investment opportunities as stated by the mudarabha which must also be in accordance with the sharia laws and the applicable Islamic laws. The particularly distinctive feature is the fact that these investments are issued to particular big investors who then deposit the funds for a particularly known purpose or social activity. These deposits are usually issued directly to the given objective or purpose for which it is issued.

The Waqf funds can be used for very disparate and very essential uses, among them of a very great essence to the state. They can fund major agricultural projects besides being used in the development of urban settings (Amin, 2003). It can act as an aid to the state in the provision of the services that are only often provided by the government. In this still, the bank should not act beyond its mandate and always ensure that the activities it participates in are generally for the good of the poor in the community (Dreher, 2006). The Waqf bank should also not forget the fact that it is operating under the Islamic laws and Jurisprudence, there is, therefore, a need to ensure that there is the strict management of the resources and the capital of the Waqf funding.

As for the sources of the Waqf bank capital as already discussed above, they are majorly obtained from the charity activities in the Waqf systems such as the Sadaqat, zakat (Kuran, 2005). It can in many situations initiate a distribution of the profits earned to the investors and other parties. Minimum charges can be levied on these issued funds to cater for the expenses of the bank and also to take care of unexpected depreciation in the currency. These initiatives are prudent for short term circumstances as they bring immediate returns. The investments from all the sources shall then be invested in a manner consistent with the Sharia and the Muslim laws pertaining to that particular jurisdiction (Buttle, 2007).

The Waqf often delves in business banking since there is a need for continuous success by the bank through its lending activities and the other income generating activities. With a good management of the funds, the Bank can be a success (Abu Zahrah, 1971). The Islamic laws rules and regulations encourage that the investment projects should not only be put in place to ensure a profitable return but also it states

that these they should be inculcated so as to ensure that the Waqf property is maintained or if possible the property is developed.

It is also a requisite of the Islamic law to ensure that the area of operation decided by the Waqf bank is an area that is permitted by the Islamic banking regulations and the Islamic laws in general. Besides this, the bank has the duty to ensure that there is risk aversion (Dirdir, d. 1201 A.H.). The Bank must always ensure that there is always adequate measures put in place so as to offer the best protection of the capital; especially the nominal capital that is put in place for safe keeping as they are usually more of a liability than an asset to the Waqf bank (Klugman, 2009). To ensure that this is achieved the Waqf bank must always ensure that when dealing with the Islamic conventional banks in any form of transactions it must always choose exclusively low to medium risk investments. High-risk investments are expressly discouraged in the Waqf systems and institutions (Grodach, 2011).

To effectively manage the revenues and the funds it gains, the Waqf bank should run a yearly assessment of its profit and loss account so as to ensure that there are no losses running in the bank and in case there is then there is need to put in adequate measures to figure out the problem and propose new ideas to end such a trend and also make further profits (Bukhari). Distribution of the funds should also in the manner as prescribed by the directors and the depositors of the bank. The zakat and the sataqat and the Waqf donations of the bank may be utilized in the provision of microfinancing services in the poor community of the Islamic nations.

The bank can be used to develop the Waqf properties however this usually isn't very easy since the Waqf bank and institution are usually charitable organizations. They are essentially put in place to service the unsecured loans, most of the poor people do

not usually have the securities that are needed for the loans in the conventional banks. The conventional banks by this fact will not issue loans to the Waqf banks as it is too much of a risk (Dumith, 2011). The bank also majors in the provision of micro-finance business and other micro-finance activities which are majorly run on two fronts; the profit sharing and the quad hassan.

In the quad hassan, the deposits issued are distributed to the needy and the welfare activities in the Islamic community. They are usually issued to the micro-credit activities of the bank (Abu Zahrah, 1971). The returns from the loans issued are also reinvested or reissued to the needy and the poor in the society. On the other hand, the Waqf microfinance is usually utilized to procure cash Waqf to facilitate trading with the poor community. A section of its profits are granted to the needy in the community and in most cases, this goes to those who are below the poverty cut line (Roodman, 2009).

2.16 Cash Waqf Finally Permitted.

Cash Waqf has remained a controversial subject among many Islamic nations despite its being one of the best modes of profit making and can create a sustainable entity. This reluctance was majorly due to the fact that it is not expressly provided for in the Quran and any other Islamic religious writing (Renneboog, 2008). This is regarding the acceptance or prohibition.

The subject, therefore, was left for analogical interpretation and therefore its acceptance or rejection was as a result of the personal interpretation of the various communities pertaining to the subject. In addition, those who accepted it viewed it as a movable property as the early Quranic notions were more concerned with property

than a medium of trade (Roodman, 2009). There are various authors who recognized the cash Waqf and they considered it as a means of trade and a comparable asset.

This argument is accepted as the Quran and the Sunna recognizes moveable property and also the few jurists that recognized this cash Waqf recognized it as a means to procure a loan. Others, on the other hand, gave it recognition because they had to consider Waqf, and the society in the bargain but still the reluctance to embrace the cash Waqf was prevalent in many jurisdictions; one of which is the Shafi'i school which even responded negatively to the advice by Imam to embrace the concept of cash Waqf. The validity of the cash Waqf, however, is still accepted especially in the concept if it is able to sustain and derive its own profits and that they operated as a means to procure loans and establish investments.

Many other schools also have begun to recognize the validity of the cash Waqf; these include the Hanafi's and the Maliki's who had a different reason for giving the recognizing the cash waqf but mostly they recognized it for its ability to influence the establishment of investments.

Current Jurists also do rule in favor of the admissibility and the acceptance of the concept of the cash Waqf for its purposes in investments and in addition, it has gone ahead to recognize the role of the cash Waqf in the investments involving bonds and banks. Some even go further to recognize not only currencies but also liquid assets pertaining to the cash Waqf.

Chapter Three: Methodology

3.0 Introduction

In this chapter, the methodology used to represent the study is explained to achieve the study objectives. This section will explain the questionnaire and its distribution and collection.

3.1 Research Design

The best approach that can be given to the research methodology is getting the views of the Waqf practitioners, investors, those who make the policies, and the donors. This, however, is difficult as it is very expensive and also time-consuming. The most effective method, therefore, is the study of the Waqf institutions that were seen to be seriously involved in the Waqf affairs and still only those who are seemingly interested in giving the information. Questionnaires can be used at this stage to the willing publics and experts in the Waqf bank for personal views and opinions based on reports and official data. This research looked at already existing research papers and discussed the possibilities to apply them in Saudi Arabia.

3.2 Sample Selection

In order to get appropriate and sufficient data, interviewees and respondents were carefully chosen. Publics who had background or experience in dealing with Waqf institutions participated in the interviews. These participants include people who contributed/donated to Waqf institutions or beneficiaries, while, the experts were people who are working in Waqf institutions and Islamic banks.

3.3 Type of Interviews

In this thesis, both types of interviews (Structured and Unstructured) were used.

3.3.1 Quantitative Data

The structured interviews were prepared in closed questions questionnaires. Two different of questionnaires were made. One is for public and another one is for experts in Waqf management.

3.3.2 Qualitative Data

Beside the questionnaires, face to face interviews were made in order to support the data and to have closer look at the actual situation and to take opinions and recommendations from experts and poor/needy people.

3.4 Questionnaires Distribution and Collection

The questionnaires were made in a soft copy (electronically), in order to make them easy to spread and collected. Moreover, it will be easier and more efficient to analyze them. Two different questionnaires were made targeting two different categories of people. The first was the public and the second was people who work/worked or have/had experience in finance and banking.

The questionnaires were sent via emails and what's app application to addresses and cellphone numbers that we asked their owners previously to fill the questionnaire. These people are mostly bankers, Naders, and others who have experience in the Islamic finance. Those experienced people hold jobs in different sectors such as private banks, Islamic cooperation, private Islamic banks, and academics.

3.5 Data Analysis

There are two approaches to research, deductive and inductive. This thesis used a deductive approach. The type of data is a primary data, which are questions created by the author in order to get specific answers that were used to examine the thesis hypothesis.

The questionnaires have different types of questions that require different responses. Type 1 the response would be (Yes/No/Don't know). Type 2 (Agree/Neutral/Disagree/Don't know), while type 3 is a choose one of the giving answers. Responses are scaled in number of answers and the percentage of each question. In Yes/No and Agree/Disagree questions, the response Yes and Agree considers as positive responses that would support the objectives of this research. No and Disagree would be an opposite reaction, while Neutral and Don't know would be a neglected responses.

3.6 Research Methodology

This research adapted two type of research methodology to analyze the data which was obtained from the Questionnaire and interview.

3.6.1. Questionnaire analysis

There two sets of questions. In first type of question the responded were asked Yes, No or Don't Know responses. In order to know if the answers are positive or negative, a percentage was set to the first question in the two questionnaires which is 50% or more people has to answer (Yes). The question to publics was would you join Waqf bank if it is established while the question to experts was would you participate in the

establishment of Waqf bank. Answering the other questions in the questionnaires would help to get the reasons for answering the first question and to give a clear vision to how the Waqf bank should be or be operated when it is established.

In second type of questions Agree, disagree, neutral or don't know was the answers. Both of these two types of questions are analyzed using the simple statistics of average and mean. Fifty percentages was deciding rate for conclusions.

3.6.2 Interviews

The interviews were done with open-end questions with the experts in the field of Waqf and banking industry and Waqf beneficiaries. The interviews were categories into the following themes. Based on these themes the results were concluded.

Background of Waqf
Opinions in awqaf
Establishing of Waqf Bank
The Mission of waqf bank
The vision of waqf bank

Chapter Four: Data Analysis

4.0 Introduction

As explained in the previous chapter, results were collected. Results from both questionnaires and interviews were quantitatively analyzed. This chapter will represent the results and the data analysis.

4.1 Results

The questionnaires were collected and analyzed descriptively. There were 189 responses from the public questionnaire and 120 from the Nader/Banker/Others questionnaire. 13 questionnaires from the second one were eliminated because there were more than 50% unanswered questions. Therefore, questionnaire 2 became 107 (Table 1-5).

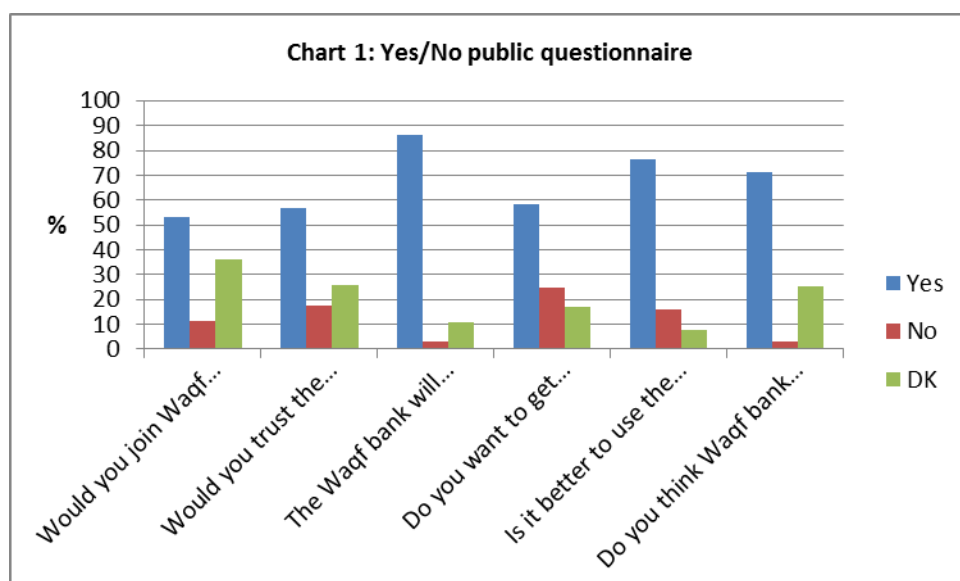
4.1.1 Questionnaire 1 (Public)

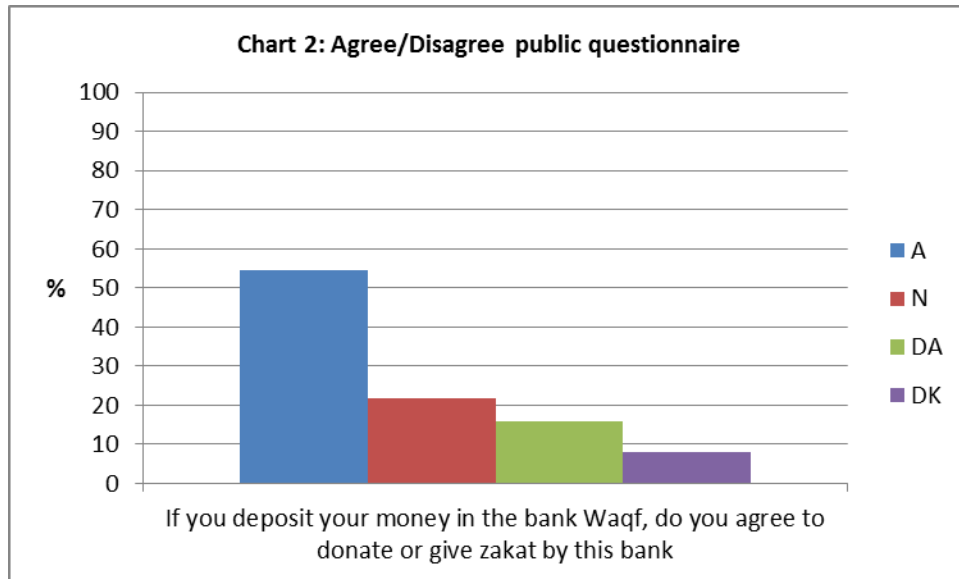
The primary of objective of the research as to get to know the need and usage of Waqf is established. Questionnaire 1 below show the results obtained.

Questionnaire 1 : Public			
	Yes	No	DK
Would you join Waqf bank if it is established	100 (52.9)	21 (11.1)	68 (36)
Would you trust the Waqf bank if they do charity	107 (56.6)	33 (17.5)	29 (25.9)
The Waqf bank will provide halal investments, for example they will offer qard al-hasan (without interest). Do you think it will attract clients to join the bank	163 (86.2)	6 (3.2)	20 (10.6)
Do you want to get returns for your investment by investing in Waqf bank	110 (58.2)	47 (24.9)	32 (16.9)

Is it better to use the charities and zakat from Waqfeen and donators to provide services for the community	144 (76.2)	30 (15.9)	15 (7.9)
Do you think Waqf bank can play a rule in economical development of Saudi Arabia?	135 (71.4)	6 (3.2)	48 (25.4)
	A	N	DA
If you deposit your money in the bank Waqf, do you agree to donate or give zakat by this bank	103 (54.5)	41 (21.7)	30 (15.9)
			15 (7.9)
Note: DK = Don't know (also used when the question left blank). A = Agree. N = Neutral. DA = Disagree. Results are displayed as [number of respondents (percentage)].			Table 1

The public was asked if they will join the Waqf bank if it is established. More than 50% said yes, while a small percentage said no. Also, they trust the bank to do charity and zakat for them. Furthermore, the public wanted to get returns from their investments. In addition, the public indicated a strong tendency among the bank services, especially for the community. Moreover, they believed that the Waqf bank can play rule in the Saudi economic development. Charts 1 and 2 show the public questionnaire answers.





Responses from the public showed that the majority of people see that the establishment of Waqf bank would benefit the society. They indicated the need for this kind of bank and its services. What makes such a bank is highly needed is that the bank is Al Sharia compliant and provides services with no interests.

4.1.2 Questionnaire 2 (Experts)

Another primary objective of the research was to get view point of Nader (Waqf administrators) and Islamic Banks’s expert on the establishment of Waqf bank on sharia principles.

4.1.2.1 Results from Nader

The second questionnaire was focused on people with finance background. Therefore, it was a longer questionnaire with more structure and detailed questions. It also separated the respondents into three categories, Nader/Banker/Other. The results of

this questionnaire would answer our question, whether we can or we cannot establish the Waqf bank and could it achieve the research objectives or not (Table 2-5).

Questionnaire 2 : Nader/Banker/Other (Nader)				
	Yes	No	DK	
Would you participate in the establishment of Waqf bank	8 (72.7)	2 (18.2)	1 (9.1)	
Do you prefer to work in the Waqf bank with a suitable salary instead for working in a privet business with Waqef	4 (36.4)	4 (36.4)	3 (27.3)	
Do you think establishing this kind of bank will prevent mismanagement of administrators and misuse of funds by Waqf beneficiaries	7 (63.6)	1 (9.1)	3 (27.3)	
	A	N	DA	DK
Do you agree that the Waqf bank should be a Shariah compliant	10 (90.9)	0	1 (9.1)	0
Do you agree that the Waqf bank should be an accumulate welfare funds	3 (27.3)	5 (45.5)	3 (27.3)	0
Do you agree that the bank Waqf should contribute to national economy	9 (91.8)	2 (18.2)	0	0
Do you agree that the Waqf bank should be a full bank (doing retail banking, commercial and Investment banking)	8 (72.7)	3 (27.3)	0	0
Do you agree that the modes of transactions used by equity participations	6 (54.5)	3 (27.3)	1 (9.1)	1 (9.1)
Do you agree that the Waqf bank should be a domestic and international	6 (54.5)	3 (27.3)	2 (18.2)	0
How do you think the use of the capital of charitable funds would be				✓
Zakat and Sadaqat be invested				3 (27.3)
Waqf capital be invested				0
Waqf reserves be invested				0

All above	8 (72.7)
Don't know	0
Choose one of the following according to the priority that you considered important when using the revenue from the charitable funds	
Beneficiaries of Waqf/zakat/Sadaqah	3 (27.3)
Micro-credit to the poor and needy	4 (36.4)
Poor and needy who are defaulting borrowers of Islamic banks assisting innocent bankrupts	4 (36.4)
Zakat, its capital and revenue, for borrowers of Waqf bank	0
Don't know	0
Do you agree that the legal status of the bank should be classified as	
An independent statutory body	5 (45.5)
A subsidiary of another statutory body	3 (27.3)
A corporation or a company	1 (9.1)
A cooperative financial institution	2 (18.2)
Don't know	0
Do you think the investment of funds be based on the following principles	
The bank equity participation	4 (36.4)
The bank is the wheel of depositors	4 (36.4)
The bank is borrower from saving and current accounts	1 (9.1)
The Invest funds in credit based sales	2 (18.2)
Don't know	0
Do you agree that the sources of capital should be from	
Public	3 (27.3)
Islamic corporation	1 (9.1)
Government	1 (9.1)
Islamic bank	2 (18.2)
Charity	1 (9.1)
Zakat ministry	0
All above	3 (27.3)
Don't know	0

Note: DK = Don't know (also used when the question left blank). A = Agree. N = Neutral. DA = Disagree. ✓ = This answer has been chosen. Results are displayed as [number of respondents (percentage)].

Table 2

We asked the Naders if they would participate in establishing the Waqf bank or not. Their responses reflected a big approval. Moreover, their responses for whether the Waqf bank should be complaint with Al Shariah and would such a bank should contribute to the national economy, was more than 90% of agreement. Naders also gave a good percentage to the Waqf bank should provide full banking services and this bank would prevent mismanagement of administrators and misuse of funds by Waqf beneficiaries. The responses for the modes of transactions used by equity participations and the bank should be an international as well were just above the 50%. However, Naders did not agree to the Waqf bank should be accumulated welfare funds. Furthermore, they had a reticence to working for the Waqf bank. Charts 3, 4 and 5 show the responses from Naders. Answers to choices questions can be seen in table 2 and chart 5.

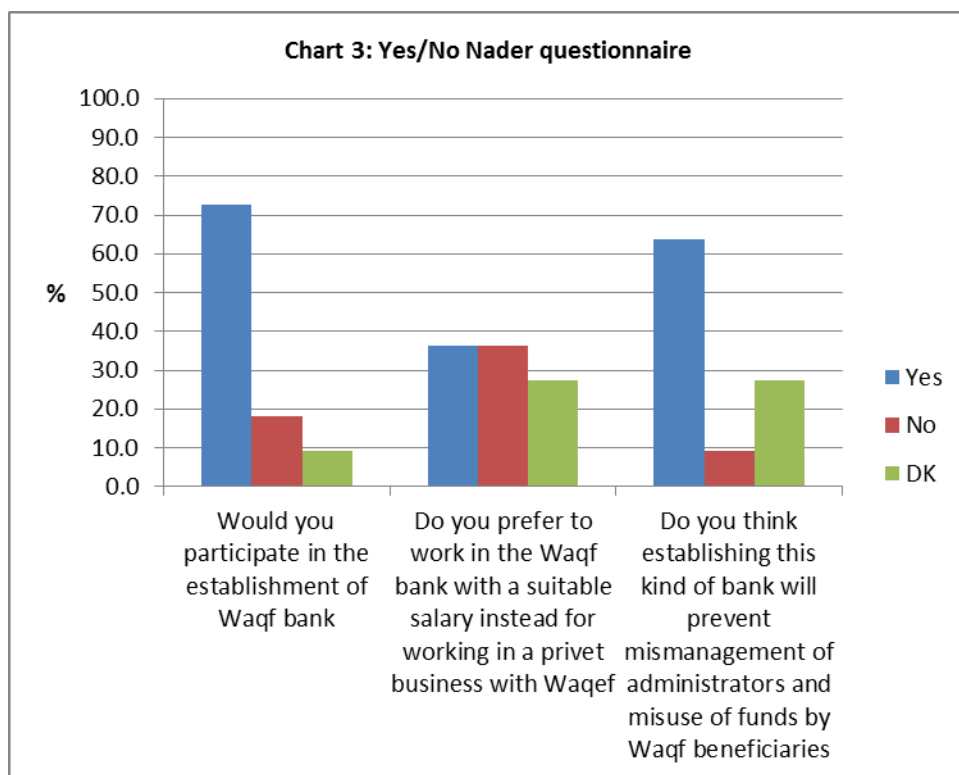


Chart 4: Agree/Disagree Nader questionnaire

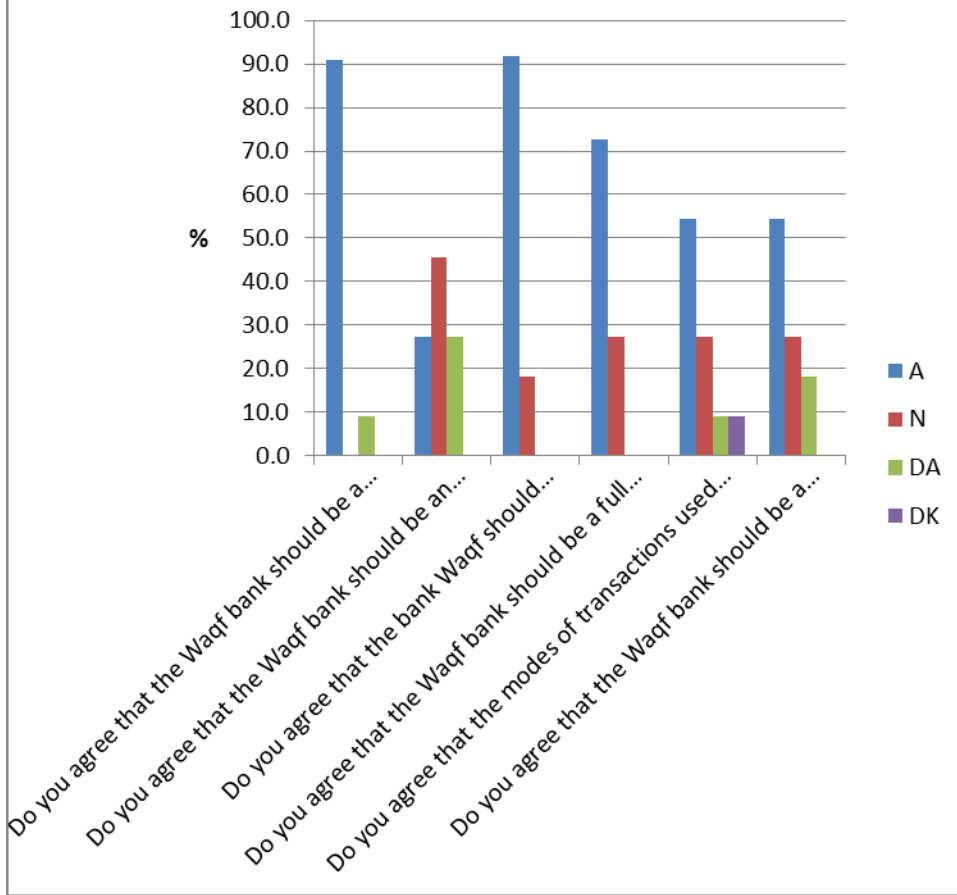
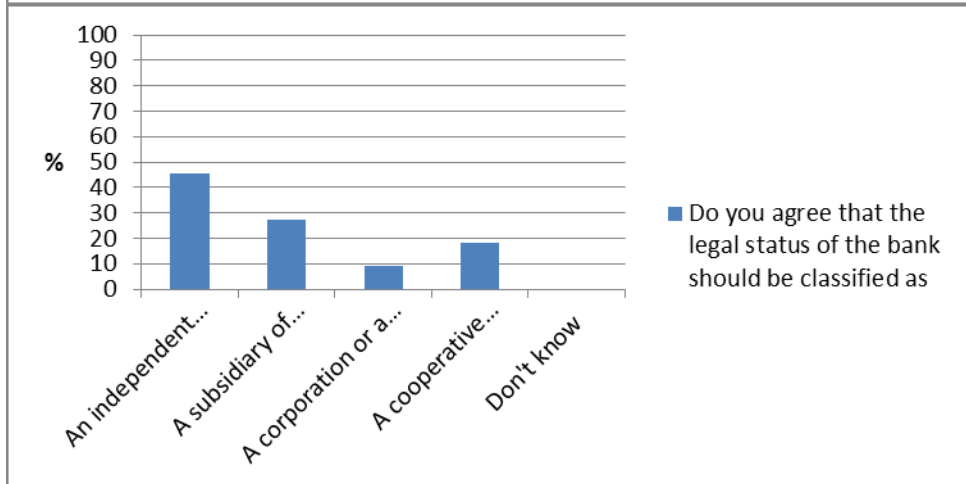
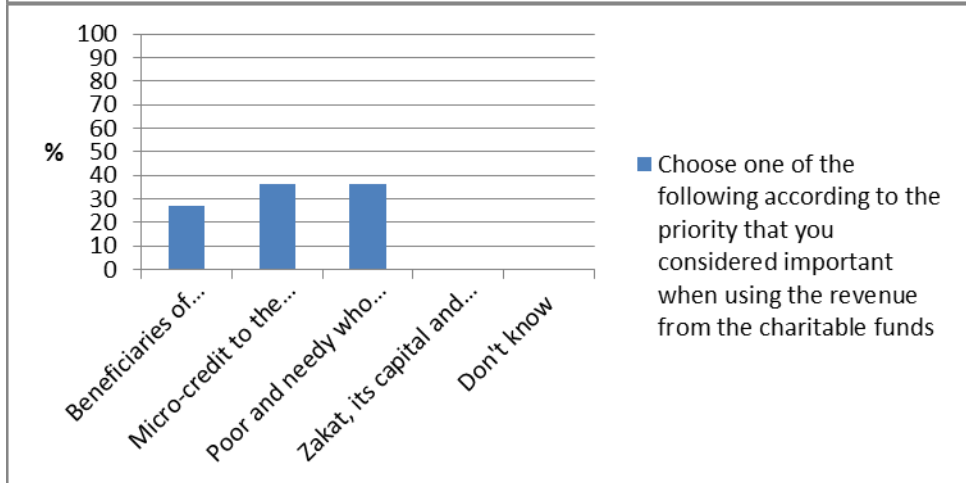
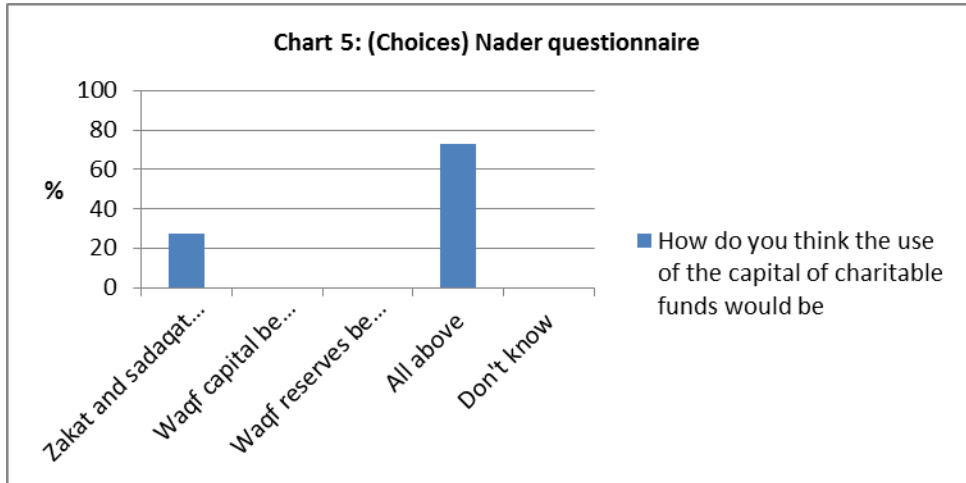
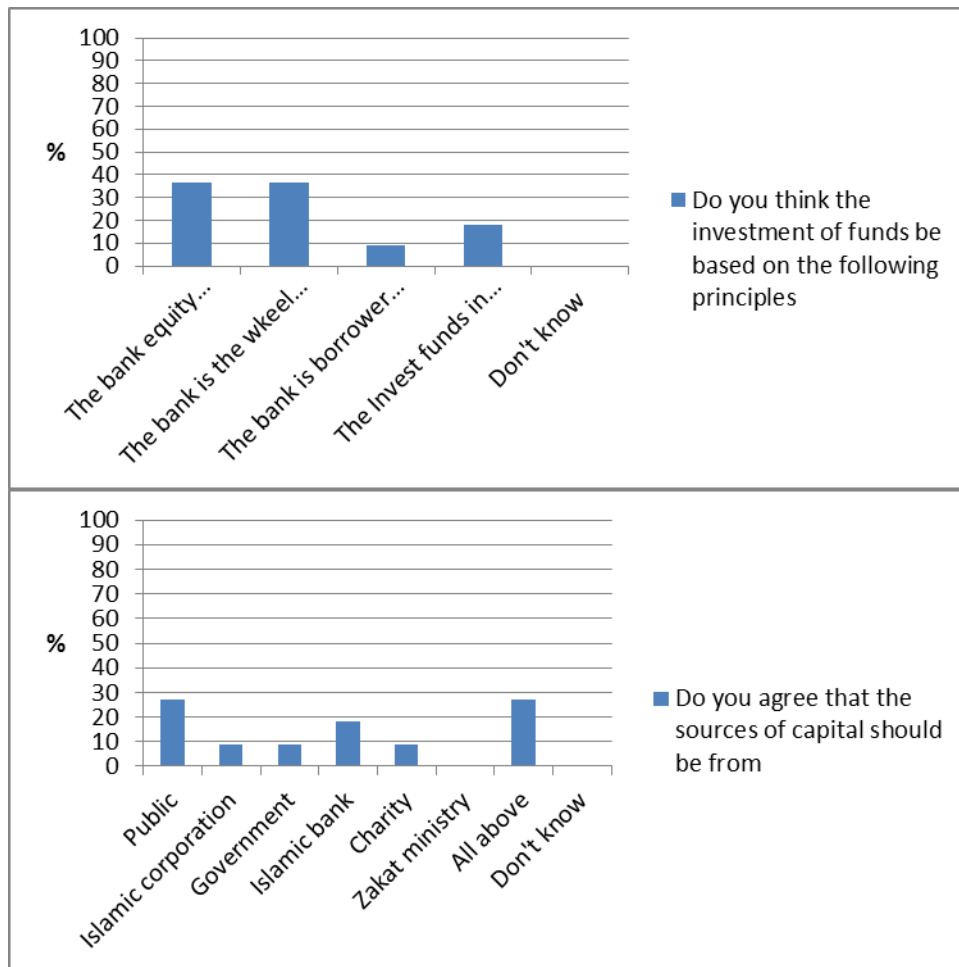


Chart 5: (Choices) Nader questionnaire





4.1.2.2 Results from Banker

In table 3, bankers agreed with Naders in some questions and disagreed or they had different opinions on some other questions. Naders and bankers agreed in points where Waqf banks should be Al Shariah compliant and they should contribute to national economies with a high percentage of agreements (more than 90%). They also agreed in the Waqf bank would prevent mismanagement of administrators and misuse of funds by Waqf beneficiaries and the bank should give full banking services. However, Naders were more acceptable for the establishing the bank than the bankers. Where bankers saw that the bank should be international as well while Naders did not

give a high percentage to this point. In addition, bankers indicated that they would work for the Waqf bank more than Naders. Finally, unlike Naders, bankers agreed that the Waqf bank should be accumulate welfare funds (table 3 and charts 6-7). The answers of bankers to the choices questions can be found in table 3 and chart 8.

Questionnaire 2 : Nader/Banker/Other (Banker)					
		Yes	No	DK	
Would you participate in the establishment of Waqf bank		15 (68)	2 (9.1)	5 (22.7)	
Do you prefer to work in the Waqf bank with a suitable salary instead for working in a privet business with Waqef		19 (86.4)	2 (9.1)	1 (4.5)	
Do you think establishing this kind of bank will prevent mismanagement of administrators and misuse of funds by Waqf beneficiaries		17 (77.3)	2 (9.1)	3 (13.6)	
		A	N	DA	DK
Do you agree that the Waqf bank should be a Shariah compliant	21 (95.5)	1 (4.5)	0	0	
Do you agree that the Waqf bank should be an accumulate welfare funds	12 (54.5)	4 (18.2)	6 (27.3)	0	
Do you agree that the bank Waqf should contribute to national economy	21 (95.5)	1 (4.5)	0	0	
Do you agree that the Waqf bank should be a full bank (doing retail banking, commercial and Investment banking)	15 (68.2)	2 (9.1)	5 (22.7)	0	
Do you agree that the modes of transactions used by equity participations	11 (50)	5 (22.7)	6 (27.3)	0	
Do you agree that the Waqf bank should be a domestic and international	17 (77.3)	2 (9.1)	2 (9.1)	1 (4.5)	
How do you think the use of the capital of charitable funds would be				✓	

Zakat and Sadaqat be invested	5 (22.7)
Waqf capital be invested	4 (18.2)
Waqf reserves be invested	2 (9.1)
All above	11 (50)
Don't know	0
Choose one of the following according to the priority that you considered important when using the revenue from the charitable funds	
Beneficiaries of Waqf/zakat/Sadaqah	8 (36.4)
Micro-credit to the poor and needy	8 (36.4)
Poor and needy who are defaulting borrowers of Islamic banks assisting innocent bankrupts	3 (13.6)
Zakat, its capital and revenue, for borrowers of Waqf bank	2 (9.1)
Don't know	1 (4.5)
Do you agree that the legal status of the bank should be classified as	
An independent statutory body	13 (59.1)
A subsidiary of another statutory body	1 (4.5)
A corporation or a company	0
A cooperative financial institution	8 (36.4)
Don't know	0
Do you think the investment of funds be based on the following principles	
The bank equity participation	11 (50)
The bank is the wheel of depositors	7 (31.8)
The bank is borrower from saving and current accounts	0
The Invest funds in credit based sales	2 (9.1)
Don't know	2 (9.1)
Do you agree that the sources of capital should be from	
Public	4 (18.2)
Islamic corporation	1 (4.5)
Government	0
Islamic bank	4 (18.2)
Charity	2 (9.1)
Zakat ministry	0
All above	11 (50)
Don't know	0

Note: DK = Don't know (also used when the question left blank). A = Agree. N = Neutral. DA = Disagree. ✓ = This answer has been chosen. Results are displayed as [number of respondents (percentage)].

Table 3

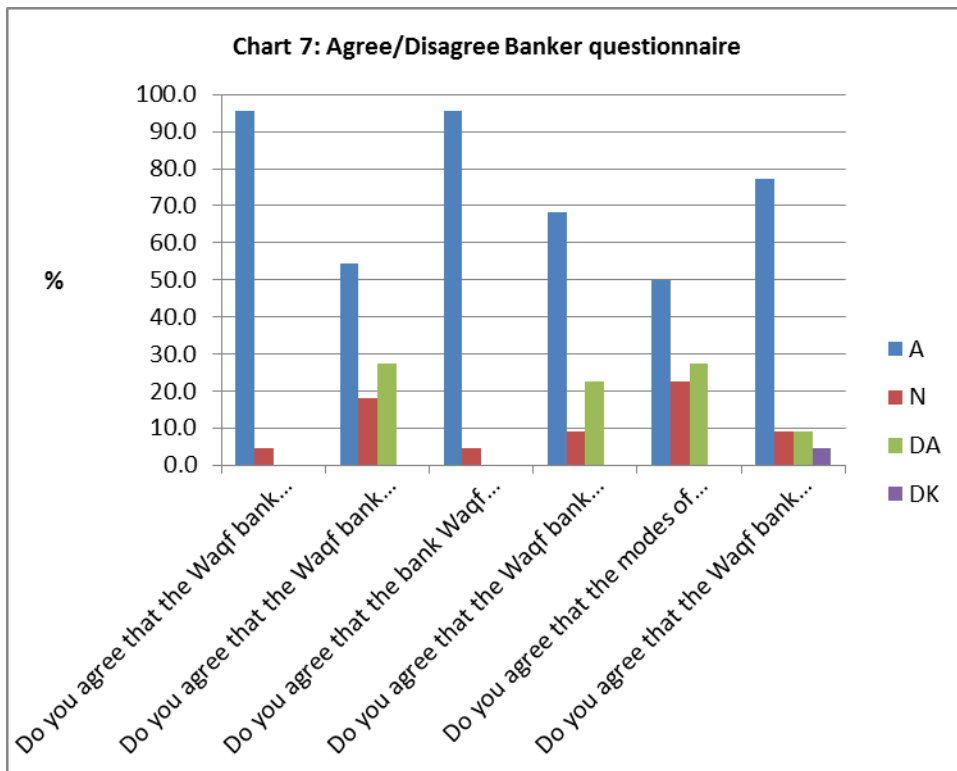
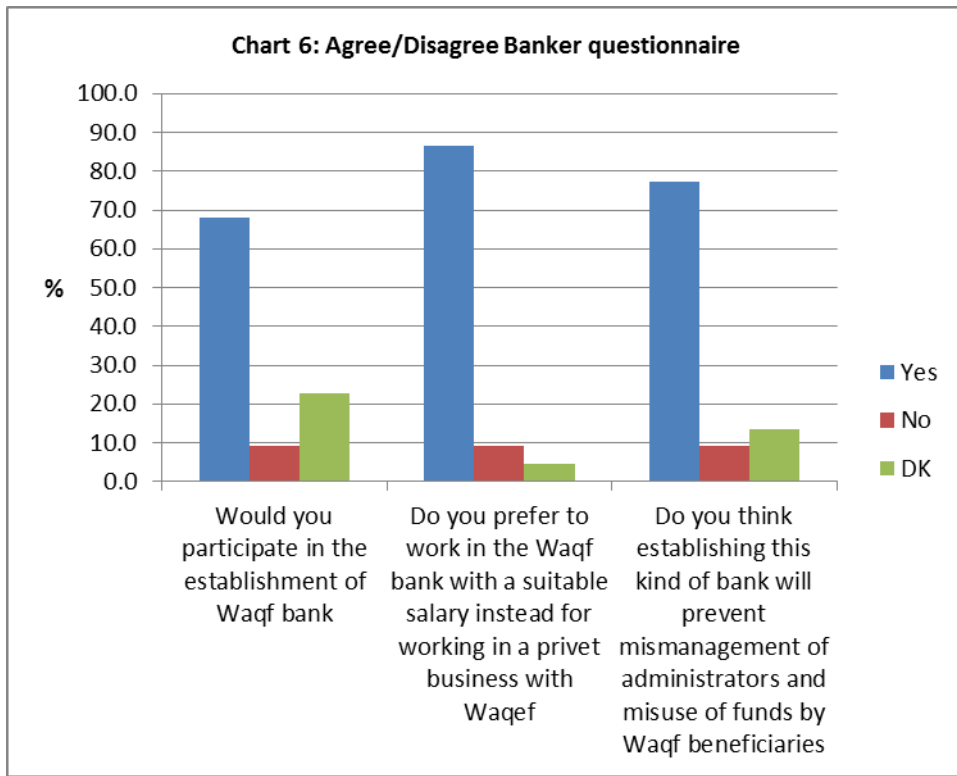
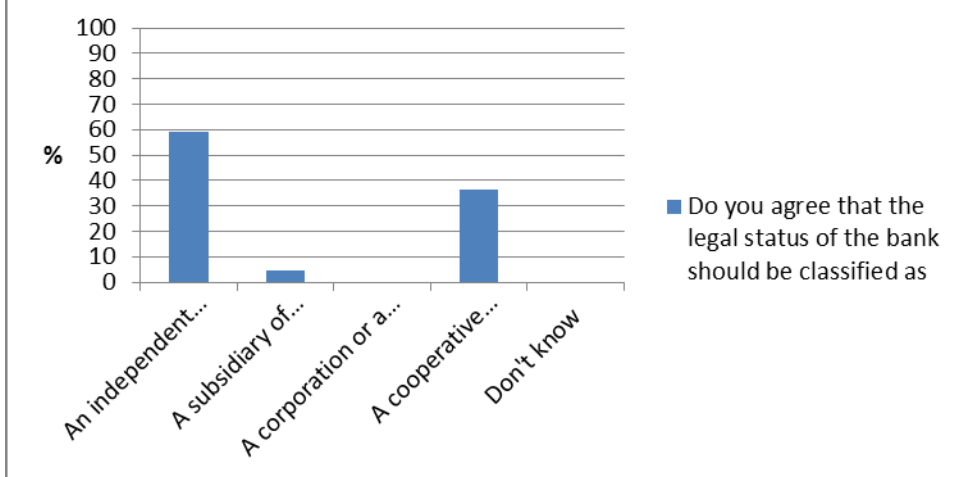
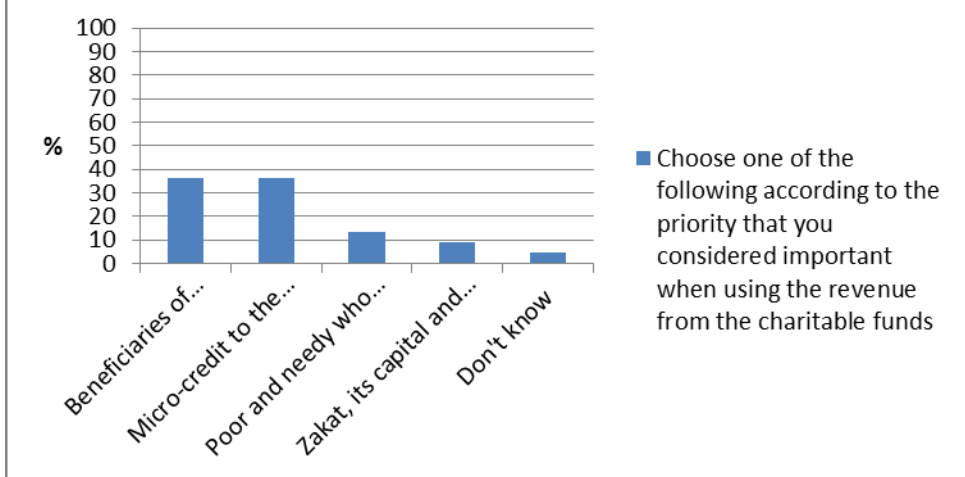
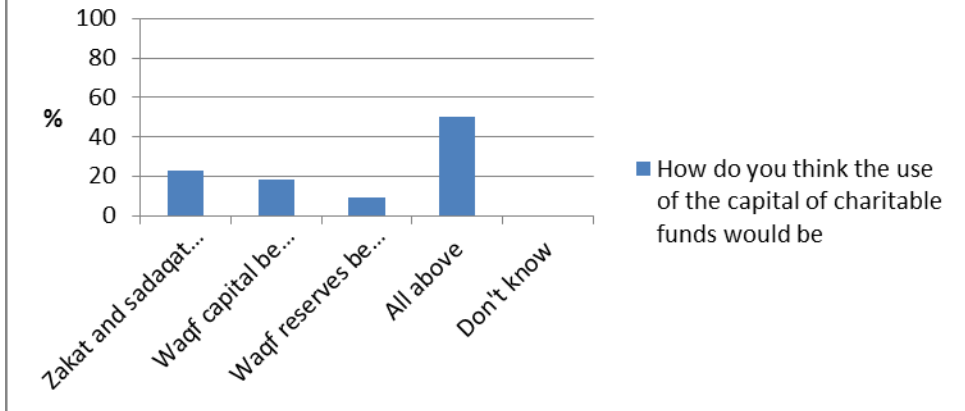
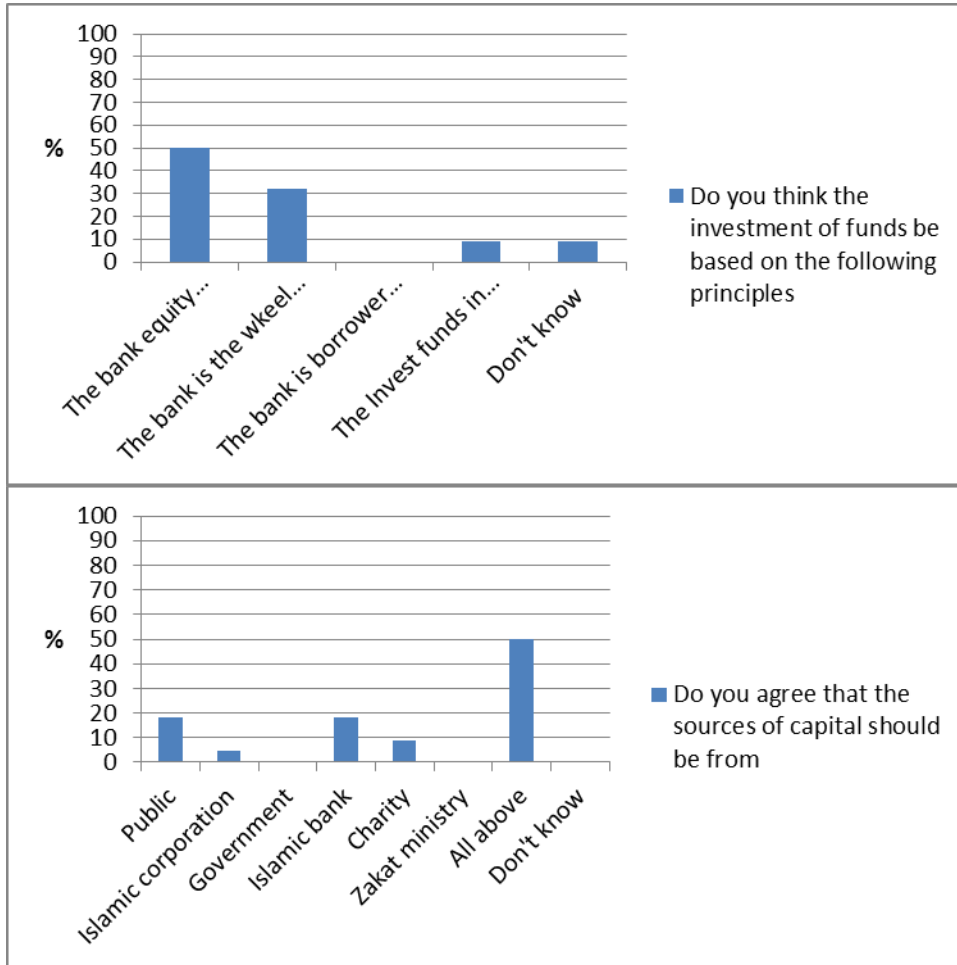


Chart 8: (Choices) Banker questionnaire





4.1.2.3 Results from Others

The last category of the second questionnaire is the others, people who worked or had experience in finance. Unlike the Naders and bankers, others did not see that they would participate in establishing the Waqf bank. However, they give percentages between 50% to 70% to all other Yes/No and Agree/Disagree questions except for that the Waqf bank should be Al Shariah complaint. Table 4 and charts 9-11 summarize the results.

Questionnaire 2 : Nader/Banker/Other (Other)					
		Yes	No	DK	
Would you participate in the establishment of Waqf bank		31 (41.9)	14 (18.9)	29 (39.2)	
Do you prefer to work in the Waqf bank with a suitable salary instead for working in a private business with Waqef		52 (70.3)	8 (10.8)	14 (18.9)	
Do you think establishing this kind of bank will prevent mismanagement of administrators and misuse of funds by Waqf beneficiaries		43 (58.1)	7 (9.5)	24 (32.4)	
		A	N	DA	DK
Do you agree that the Waqf bank should be a Shariah compliant	67 (90.5)	4 (5.4)	1 (1.4)	2 (2.7)	
Do you agree that the Waqf bank should be an accumulate welfare funds	39 (52.7)	21 (28.4)	6 (8.1)	8 (10.8)	
Do you agree that the bank Waqf should contribute to national economy	51 (68.9)	13 (17.6)	4 (5.4)	6 (8.1)	
Do you agree that the Waqf bank should be a full bank (doing retail banking, commercial and Investment banking)	49 (66.2)	12 (16.2)	8 (10.8)	5 (6.8)	
Do you agree that the modes of transactions used by equity participations	39 (52.7)	16 (21.6)	6 (8.1)	13 (17.6)	
Do you agree that the Waqf bank should be a domestic and international	47 (63.5)	16 (21.6)	7 (9.5)	4 (5.4)	
How do you think the use of the capital of charitable funds would be				✓	
Zakat and Sadaqat be invested				14 (18.9)	
Waqf capital be invested				5 (6.8)	
Waqf reserves be invested				5 (6.8)	
All above				48 (64.9)	
Don't know				2 (2.7)	
Choose one of the following according to the priority that you					

considered important when using the revenue from the charitable funds	
Beneficiaries of Waqf/zakat/Sadaqah	13 (17.6)
Micro-credit to the poor and needy	30 (40.5)
Poor and needy who are defaulting borrowers of Islamic banks assisting innocent bankrupts	18 (24.3)
Zakat, its capital and revenue, for borrowers of Waqf bank	10 (13.5)
Don't know	3 (4.1)
Do you agree that the legal status of the bank should be classified as	
An independent statutory body	33 (44.6)
A subsidiary of another statutory body	9 (12.2)
A corporation or a company	6 (8.1)
A cooperative financial institution	24 (32.4)
Don't know	2 (2.7)
Do you think the investment of funds be based on the following principles	
The bank equity participation	29 (39.2)
The bank is the wheel of depositors	22 (29.7)
The bank is borrower from saving and current accounts	7 (9.5)
The Invest funds in credit based sales	14 (18.9)
Don't know	2 (2.7)
Do you agree that the sources of capital should be from	
Public	9 (12.2)
Islamic corporation	10 (13.5)
Government	5 (6.8)
Islamic bank	2 (2.7)
Charity	0
Zakat ministry	1 (1.4)
All above	46 (62.2)
Don't know	1 (1.4)

Note: DK = Don't know (also used when the question left blank). A = Agree. N = Neutral. DA = Disagree. ✓ = This answer has been chosen. Results are displayed as [number of respondents (percentage)].

Table 4

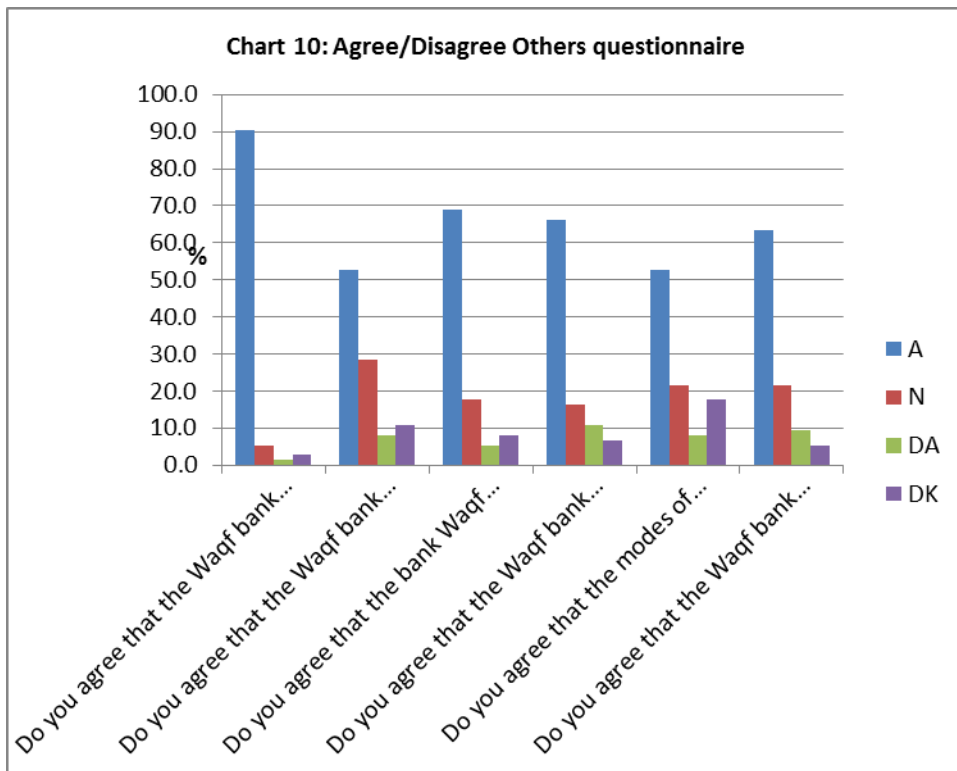
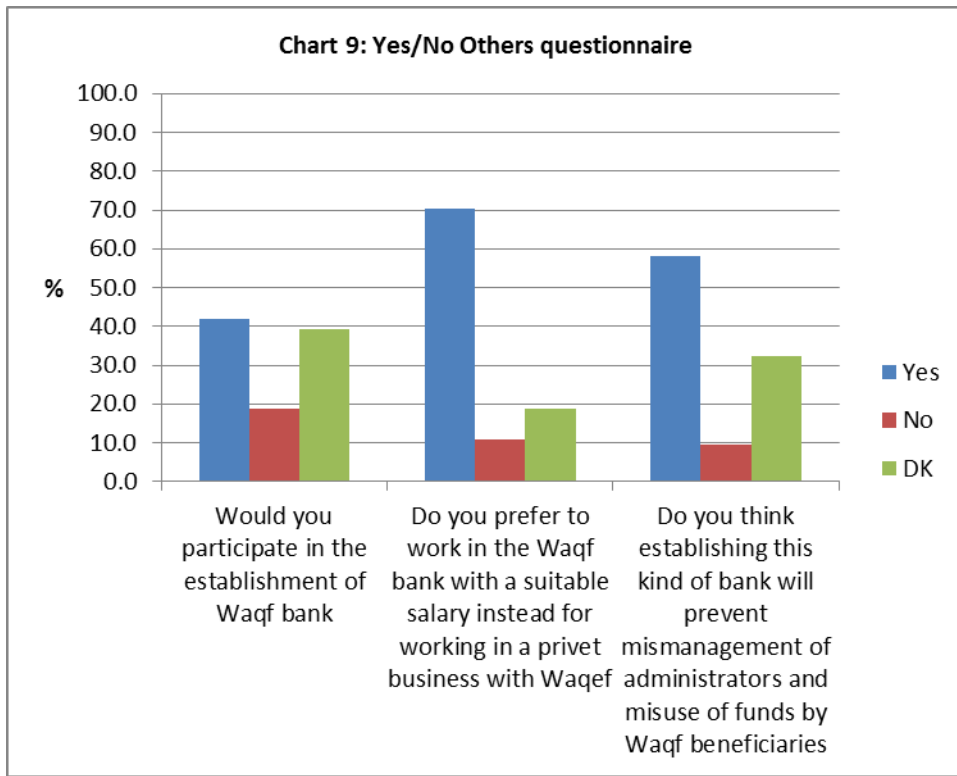
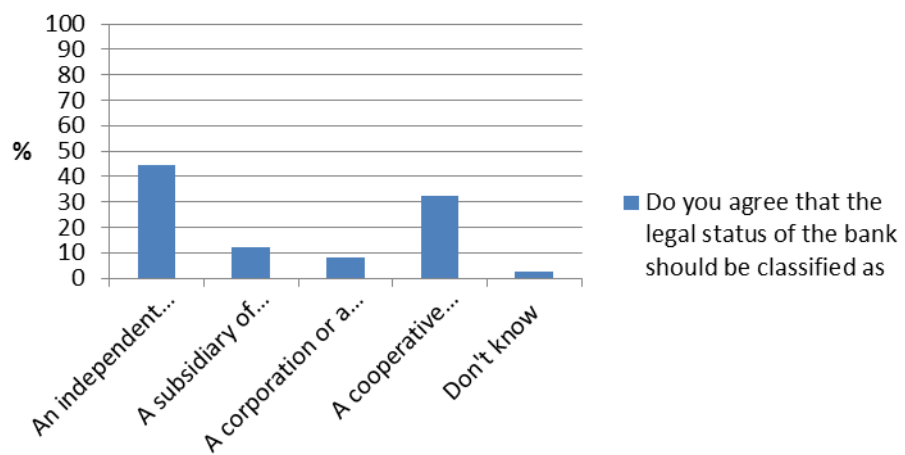
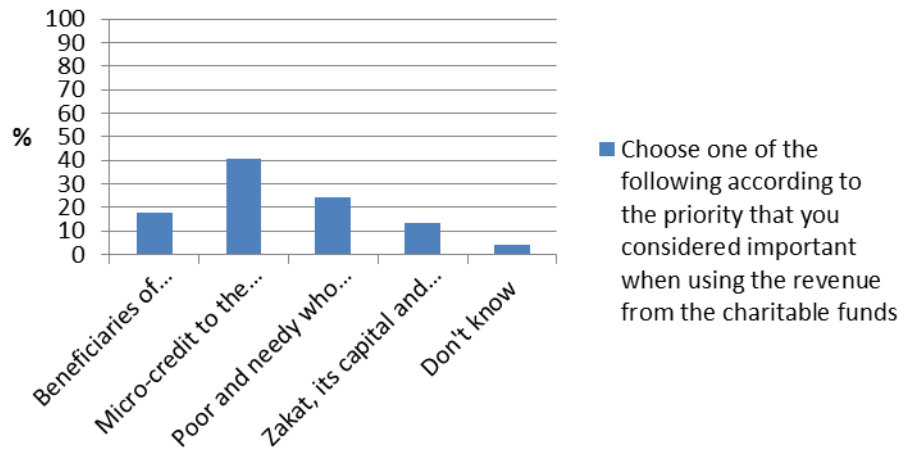
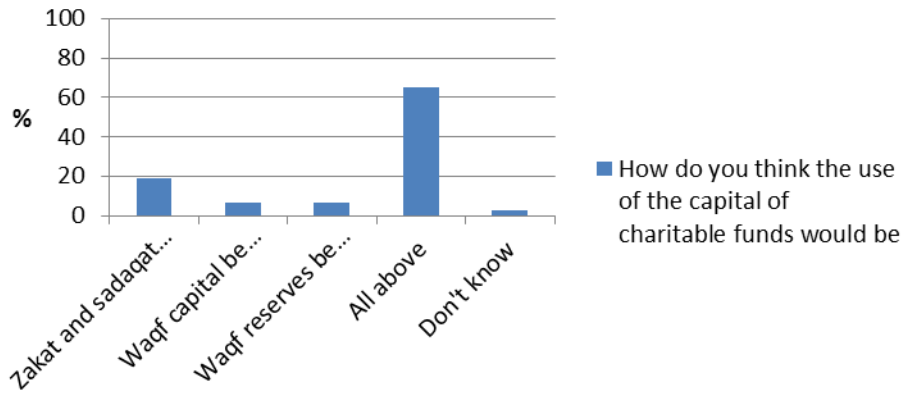
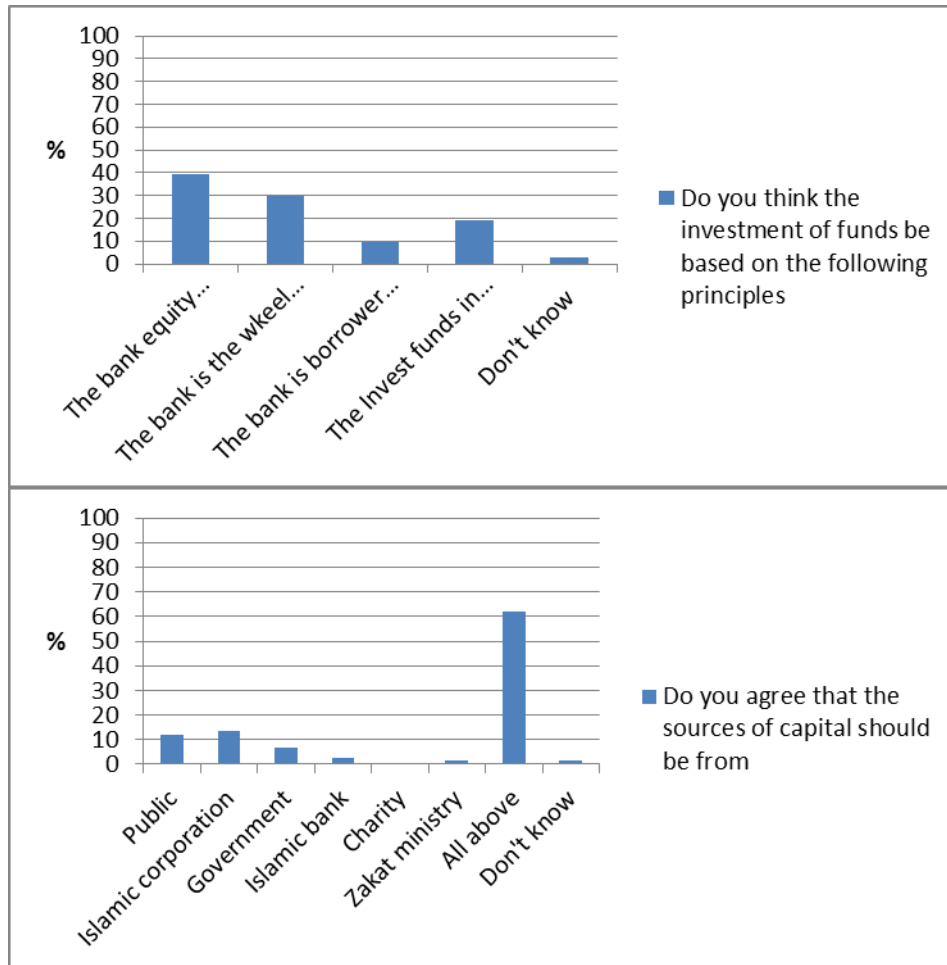


Chart 11: (Choices) Others questionnaire





4.1.2.4 The Total Results for Questionnaire 2

Finally, the three categories of people in the second questionnaire were combined and then got the percentage in order to get the total response of the questionnaire. In fact, the questionnaires should have responses from different of people and professionalism of the same field as they will give different responses for each question.

In the total results, 50.5% of the responses answered yes for participation in the establishment of Waqf bank. The responses from others questionnaire had a negative effect on the percentage of the question. The percentage of the second question has

risen to 70%. Respondents agreed that establishing this kind of bank will prevent mismanagement of administrators and misuse of funds by Waqf beneficiaries.

In general, most respondents indicated that the bank should be Al Shariah compliant and the bank should contribute to the national economy with percentages of 91% and 75% respectively. Just above 50% of respondents agreed that the Waqf bank should be accumulated welfare funds and the modes of transactions used by equity participations. Around 65% of respondents saw that such a bank should provide full banking services and should be international as well.

Furthermore, answers from the choices questions had a variety of responses. In the question of the capital of charitable funds would be, 20% chose zakat and Sadaqat be invested, 8% Waqf capital be invested, only 6% Waqf reserves be invested, and over 62% chose all above with only 2% said don't know. 39% chose Micro-credit to the poor and needy in the question of the priority that you considered important when using the revenue from the charitable funds and around 23% chose beneficiaries of Waqf/zakat/Sadaqah and Poor and needy who are defaulting borrowers of Islamic banks assisting innocent bankrupts. Only 11% chose zakat, its capital, and revenue, for borrowers of Waqf bank with 3% said don't know. In the third question, a big percentage (47%) said that the legal status of the Waqf bank should be an independent statutory body, and then 31% said a cooperative financial institution. 12% thought it would be a subsidiary of another statutory body while 6% said it would be corporation or company with only 2% said don't know. The responses from the investment of funds are based on the following principles were 41% for the bank equity participation, 30% the bank is the wakeel of depositors, 7% the bank is a borrower from saving and current accounts, 16% the Invest funds in credit-based sales and 4%

don't know. Finally, 15% of the respondents saw that the sources of capital should be from should be from the public, 11% from Islamic cooperation, 5% from government, 7% from Islamic banks, 3% from charity, and only 1% said zakat ministry and don't know. However, most of them agreed to be from all above (56%). Table 5 and charts 15-17 show the total responses to the second questionnaire.

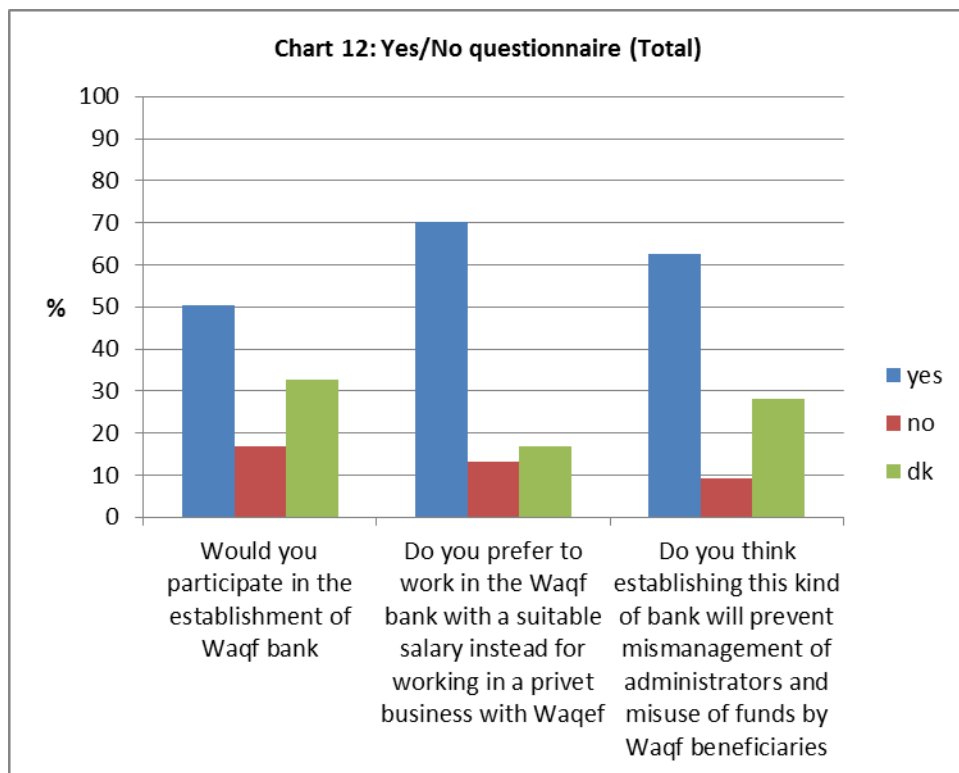
Questionnaire 2 : Nader/Banker/Other (Total)					
		Yes	No	DK	
Would you participate in the establishment of Waqf bank		54 (50.5)	18 (16.8)	35 (32.7)	
Do you prefer to work in the Waqf bank with a suitable salary instead for working in a privet business with Waqef		75 (70.1)	14 (13.1)	18 (16.8)	
Do you think establishing this kind of bank will prevent mismanagement of administrators and misuse of funds by Waqf beneficiaries		67 (62.6)	10 (9.3)	30 (28)	
		A	N	DA	DK
Do you agree that the Waqf bank should be a Shariah compliant	98 (91.6)	5 (4.7)	2 (1.9)	2 (1.9)	
Do you agree that the Waqf bank should be an accumulate welfare funds	54 (50.5)	30 (28)	15 (14)	8 (7.5)	
Do you agree that the bank Waqf should contribute to national economy	81 (75.7)	16 (15)	4 (3.7)	6 (5.6)	
Do you agree that the Waqf bank should be a full bank (doing retail banking, commercial and Investment banking)	72 (67.3)	17 (15.9)	13 (12.1)	5 (4.7)	
Do you agree that the modes of transactions used by equity participations	56 (52.3)	24 (22.4)	13 (12.1)	14 (13.1)	
Do you agree that the Waqf bank should be a domestic and international	70 (65.4)	21 (19.6)	11 (10.3)	5 (4.7)	

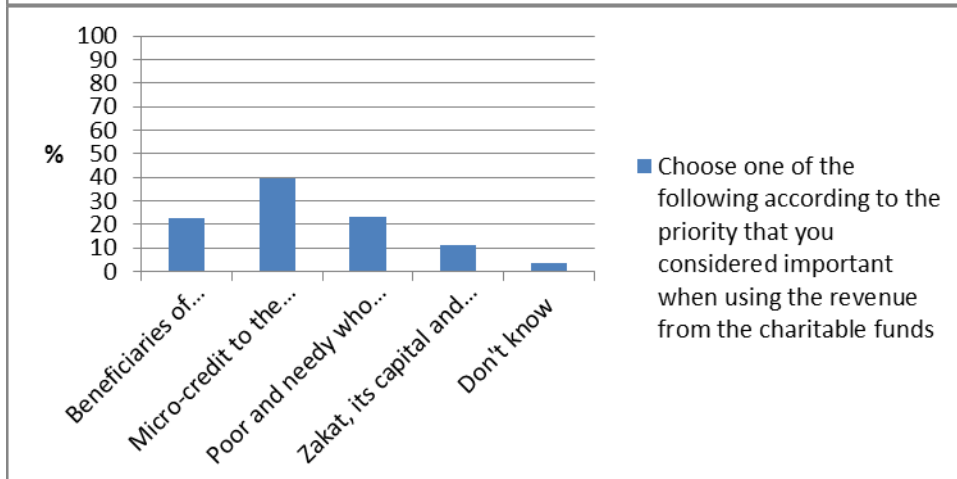
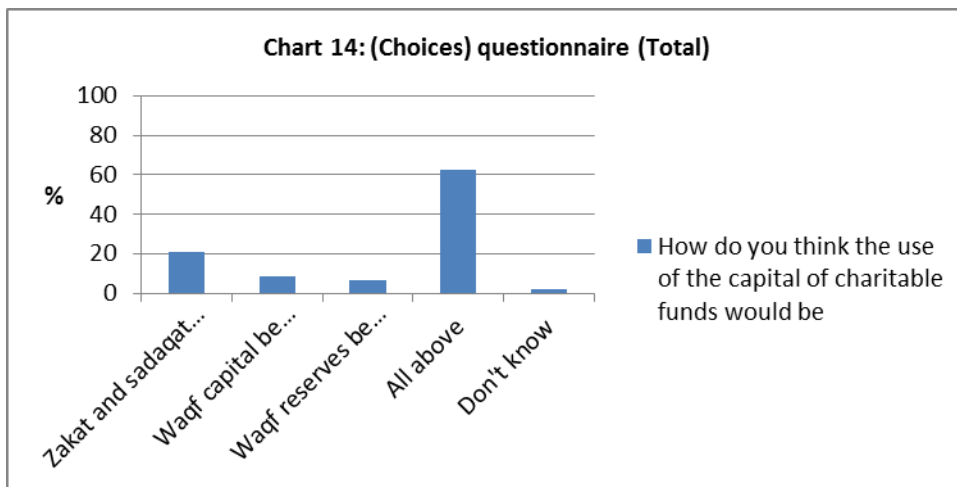
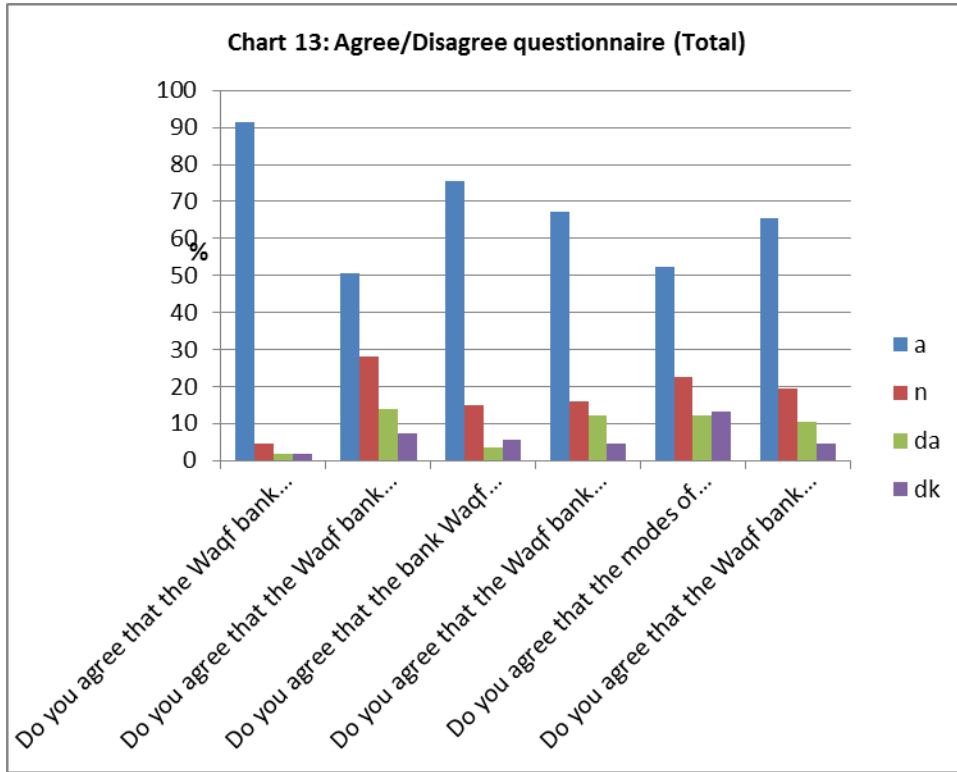
	✓
How do you think the use of the capital of charitable funds would be	
Zakat and Sadaqat be invested	22 (20.6)
Waqf capital be invested	9 (8.4)
Waqf reserves be invested	7 (6.5)
All above	67 (62.6)
Don't know	2 (1.9)
Choose one of the following according to the priority that you considered important when using the revenue from the charitable funds	
Beneficiaries of Waqf/zakat/Sadaqah	24 (22.4)
Micro-credit to the poor and needy	42 (39.3)
Poor and needy who are defaulting borrowers of Islamic banks assisting innocent bankrupts	25 (23.4)
Zakat, its capital and revenue, for borrowers of Waqf bank	12 (11.2)
Don't know	4 (3.7)
Do you agree that the legal status of the bank should be classified as	
An independent statutory body	51 (47.7)
A subsidiary of another statutory body	13 (12.1)
A corporation or a company	7 (6.5)
A cooperative financial institution	34 (31.8)
Don't know	2 (1.9)
Do you think the investment of funds be based on the following principles	
The bank equity participation	44 (41.1)
The bank is the wheel of depositors	33 (30.8)
The bank is borrower from saving and current accounts	8 (7.5)
The Invest funds in credit based sales	18 (16.8)
Don't know	4 (3.7)
Do you agree that the sources of capital should be from	
Public	16 (15)

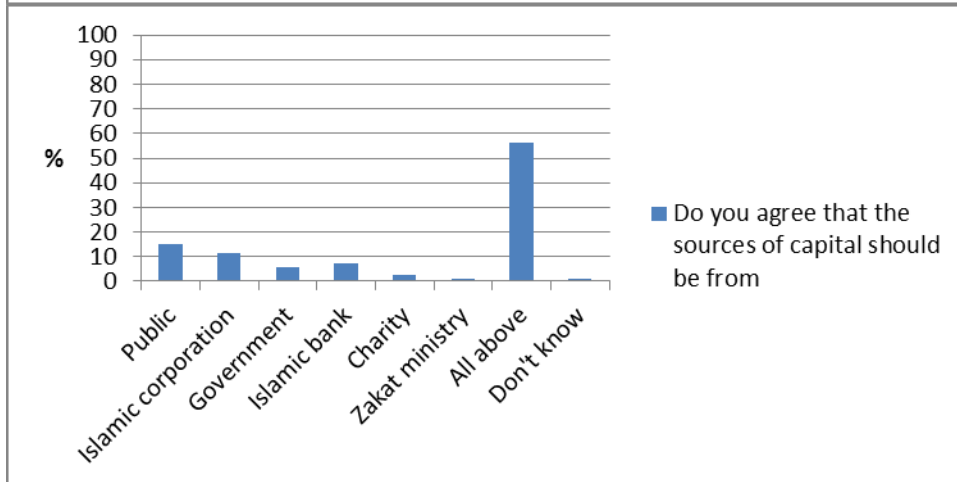
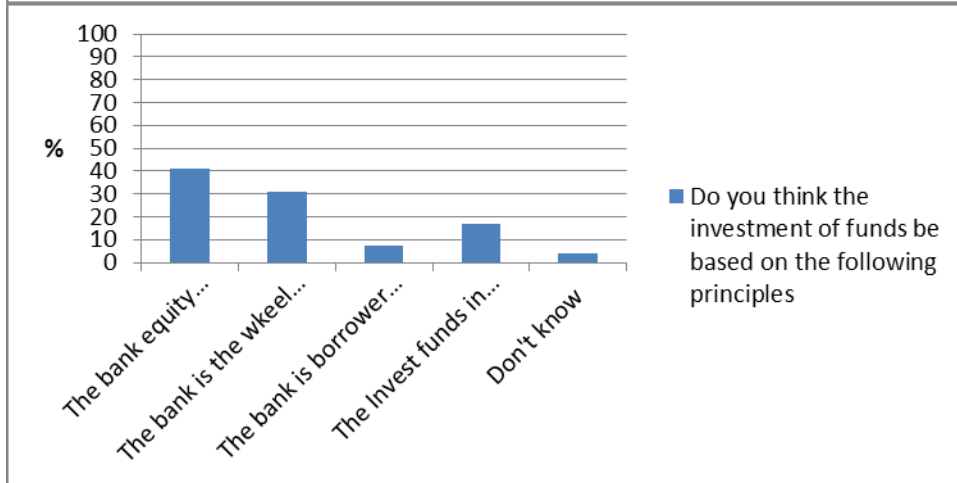
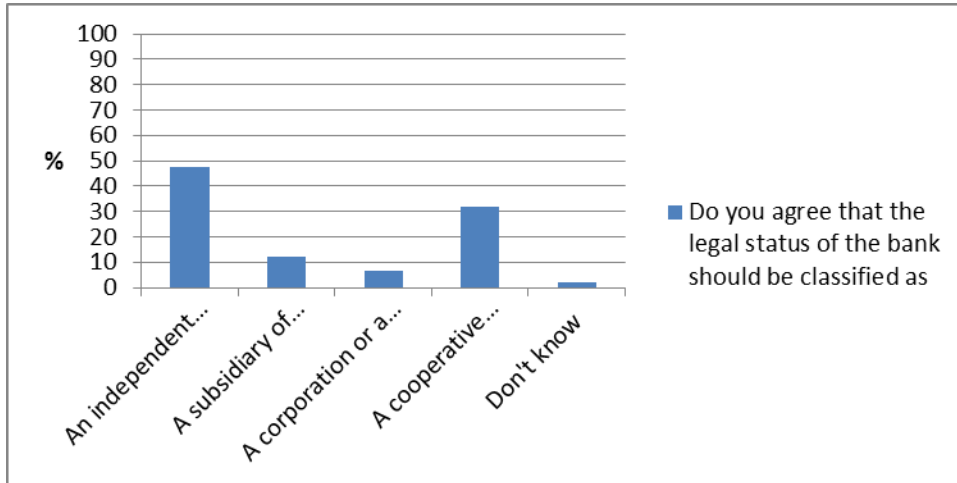
Islamic corporation	12 (11.2)
Government	6 (5.6)
Islamic bank	8 (7.5)
Charity	3 (2.8)
Zakat ministry	1 (0.9)
All above	60 (56.1)
Don't know	1 (0.9)

Note: DK = Don't know (also used when the question left blank). A = Agree. N = Neutral. DA = Disagree. ✓ = This answer has been chosen. Results are displayed as [number of respondents (percentage)].

Table 5







4.1.3 Interviews

The open-ended interviews were conducted to know opinion regarding the establishment of Waqf bank in Saudi Arabia. The interviews were conducted with Naders, Islamic bank experts and the beneficiaries. Two interviewees (Naders) had agreed in their opinions and suggestions which are the Waqf bank would be very helpful in investing and using the held cash Waqf in the banks or Islamic cooperation. Moreover, they expressed their needs to build real estates and services for poor and needy people as well as Hujaj who have no money to do the Al Hajj. Such a bank would help the Naders to manage the administrative works and the spending plans. They needed for experts for strategic planning and they believed that the bank would solve the problem.

While wondering around the Islamic cooperation, one beneficiary came to the interviewer (author) to complain from provided services and the unfair cash distributed. The Waqf bank would prevent the mismanagement and the dishonest of administrative and Naders in the Islamic cooperation and what they do would put them in the legal questioning. The Waqf bank would solve all the problems and they can take their worthy on time.

Theme to be discussed	Interviewee N	Interviewee A	Interviewee G	Interviewee M
Background of Waqf	All of them had a perfect knowledge of Waqf			
Opinions in awqaf	Both of them had magnificent ideas in order to help the needy people and raise the Saudi's economy.			

Establishing of Waqf Bank	All of them were agreed that Waqf bank if is it established it will be a unique develop for raising Awaqf in Saudi Arabia.	
The Mission of waqf bank	Both of them were agreed that the waqf bank will help the hold cash waqf in order to run many waqf investments.	Both of them were agreed that the waqf bank will reduce robberies, mismanagement, and dishonesty.
The vision of waqf bank	All of them had the same vision of waqf bank that it will help the community service and development through contributions to needy people.	

Chapter Five: Discussion and Conclusion

5.1 Discussion

In the questionnaire 1 (public), 100 respondents out of 189 (53%) responded to the first question with the answer Yes. The responses were positive and fulfill with the author hypothesis. Answers to all other questions were more than 50% responded with Yes or Agree. Big percentage (86%) demanded that the Waqf bank should provide full banking services and 71% saw that this bank can play a role in the development of Saudi Arabia economy. However, considered a high percentage (36%) said Don't Know if they will join the Waqf bank or not.

Questionnaire 2 (experts) were separated into four and each one was analyzed. Three for each Nader, banker, others, and the fourth is the three combined. Nader gave big percentage to participating (73%) in establishing the Waqf bank. They agreed to most point of the questionnaires with high percentages especially for the points where discussing the bank if it should be a Shariah compliant and it should contribute to the national economy with more than 90%. However, they saw that the bank should not be accumulating welfare funds. Moreover, only small percentage of them preferred working in the Waqf bank with a suitable salary instead for working in a private business with Waqef. According to Naders, the capital of charitable funds would be Zakat and Sadaqat be invested. Nearly half of them saw that the legal status of the bank should be an independent statutory body.

Banker also indicated that (68%) they would participate in establishing the Waqf bank. They agreed to the points where Naders agreed strongly with. All their responses were positive. However, unlike the Naders, they saw that (54.5%) the Waqf bank should be an accumulate welfare funds and (86%) prefer to work in the Waqf bank with a suitable salary instead for working in a private business with Waqef. This

clearly indicates that bankers want to work in banks dealing with Halal transactions and investments. As Naders voted positively for the legal status of the bank, bankers, on the other hand, chose the same choice which is (an independent statutory body). Moreover, more than 50% think that the investment of funds is based on the bank equity participation and the source of capital should be all given choices in the questionnaire.

Unfortunately, only 42% of the other experts would participate in establishing the Waqf bank which is against the author hypothesis. Results from this questionnaire would affect negatively to achieve the research question of establishing the Waqf bank because they form the majority of respondents (74 out of 107 responses) of the second questionnaire. However, their answers were positive to all other questions. 65% think the use of the capital of charitable funds would be all the given choices (Zakat and Sadaqat be invested, Waqf capital be invested, and Waqf reserves be invested). Furthermore, responses to the last question agreed that the sources of capital should be from all given answers.

Finally, for all experts questionnaires combined, responses to all points were positive. 50.5% would participate in establishing Waqf bank. Naders who specialized in Waqf strongly agreed to this point, while bankers were less. In the choices questions, only the last question had an answer above 50% which is experts agreed that the sources of capital should be from public, Islamic corporation, government, Islamic banks, charity and Zakat ministry.

On the other hand, interviewees were strongly agreed to the idea of establishing the Waqf bank. They supported the project and gave their opinions and based on reports previous cases they have faced. The beneficiary was interviewed in an Islamic

institution also agreed strongly and complaint from the unfair and unprofessional treatment from Naders, bankers and other administrates. All interviewees claimed that the Waqf bank would prevent misuse of cash Waqf and mismanagement of the management and it would help to make profitable investments to grow the bank income.

Results from the questionnaires and interviews supported the thesis hypothesis and suggested to establish the Waqf bank. They showed the demand from experts and public for such a bank to exist.

5.2 Conclusion

As mentioned in the introduction chapter, the objectives of this research was to investigate the demand for establishment of Waqf Bank in Saudi Arabia (from the Waqf Beneficiaries, Nader and Islamic finance experts), the reasons for the establishment of Waqf bank and to explore possible structure of Waqf Bank to be established in Saudi Arabia. The data collection and analysis was done to know whether there is a demand for establishment of Waqf bank from beneficiaries, Waqf administrators and banker. The research based on data collection and analysis clearly shows that all the relevant parties mentioned above demand for a Waqf bank based on sharia principles which help the development of Awqaf in Saudi Arabia. However one third of the sample population still know or confused whether they will join the Waqf bank. Majority of the respondents perceives that Waqf Bank can contribute the development of Saudi economy.

The reason for beneficiary to go for Waqf banks is because of mismanagement, misuse and misconduct of the Naders and Waqf administrators and also it would help to make profitable investment to grow bank's income.

Based on the research, it be concluded that the proposed Waqf bank should an independent statutory body, finance based on equity participation such as Mudaraba or Musharaka and the bank should receive the funds from the Public, Islamic corporation, government, Islamic banks, Waqf capital, Waqf reserves, Zakat ministry and Sadaqa.

The following recommendations were made by the respondents and interviews regarding the establishment of Waqf bank;

- The main aim of the bank should be helping poor and needy people by providing free interest loans and services.
- The bank should be sharia compliant.
- In order to protect its capital and have more income, the investment of funds should be based on the equity of participations and the use of the capital of charitable funds should be Zakat and Sadaqat, Waqf capital, and Waqf reserves are invested.
- The bank should provide full banking services.
- The sources of the capital should be from public, government, Islamic corporation and banks, Zakat ministry, and charity.

5.3 Limitations

This research is based on questionnaires that targeted publics and experts in Waqf field. However, the results from interviewees and respondents are just opinions.

Moreover, it is done in the western region of Saudi Arabia. This research needs to be done for more Islamic countries with official data from governments and Islamic institutions that related to the Waqf. Data needs to be analyzed with strategic planners for more accurate and realistic outcomes.

5.5 Recommendation for Future Works

- Include more participants from the whole Saudi Arabia
- Get opinion of the experts around the world about Waqf banks and models.

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