Waqf as an Alternative to Islamic Microfinance for Asnaf: A Comprehensive Thematic Analysis of Contemporary Research

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ABSTRACT

This thematic analysis synthesizes contemporary research on waqf as an alternative to Islamic microfinance for asnaf populations, examining the convergence of historical Islamic endowment practices with modern financial inclusion strategies. Through systematic thematic coding of 50 peer-reviewed articles published between 2000 and 2023 (core dataset), supplemented by recent studies (2024–2026) for contextual discussion, the study identifies eight major research themes: bibliometric analysis, economic impact, governance and innovation, comparative effectiveness, financial models and technology, historical development, case studies, and sustainability. This study reveals that waqf-based microfinance models demonstrate significant potential for poverty alleviation and social welfare enhancement, particularly through cash waqf and productive waqf mechanisms integrated with Islamic microfinance institutions. The literature converges on waqf's role in promoting financial inclusion among vulnerable populations while maintaining Shariah compliance, yet diverges on optimal governance structures and scalability challenges. Empirical evidence supports waqf's effectiveness during economic crises, with integrated models suggesting potential improvements in sustainability, although robust comparative evidence remains limited compared to traditional Islamic microfinance approaches. However, persistent gaps in large-scale comparative studies, governance standardization, and technological implementation assessment limit comprehensive evaluation. This analysis contributes to Islamic social finance scholarship by mapping the intellectual landscape, identifying theoretical and practical convergences and divergences, and proposing future research directions for optimizing waqf-microfinance integration to advance socio-economic development among asnaf populations.

Keywords: Waqf, Islamic microfinance, asnaf poverty alleviation, Islamic social finance, thematic analysis

INTRODUCTION

The intersection of Islamic endowment traditions and contemporary microfinance practices represents a critical frontier in Islamic social finance scholarship. Waqf, an Islamic endowment mechanism with centuries of historical precedent, has emerged as a potentially transformative alternative to conventional Islamic microfinance for serving asnaf populations—the eight categories of beneficiaries eligible for Islamic charitable assistance as defined in the Quran. This thematic analysis examines the evolving scholarly discourse on waqf-based microfinance, synthesizing research that spans historical analysis, economic evaluation, governance frameworks, and comparative effectiveness studies.

The significance of this research domain stems from persistent socio-economic challenges in Muslim-majority countries, where traditional poverty alleviation mechanisms have shown limited success in achieving sustainable financial inclusion. Despite the growth of Islamic microfinance institutions over the past three decades, questions remain about their accessibility, affordability, and alignment with Islamic social welfare principles (Afrianty et al., 2024; Aldeen, 2021). Waqf-based approaches offer a distinctive value proposition: they combine the perpetual nature of endowment assets with the operational flexibility of microfinance, potentially creating self-sustaining systems that serve vulnerable populations without the debt burdens associated with conventional microfinance models (Aini, 2024; Judijanto et al., 2024).

Recent years of studies have witnessed exponential growth in waqf research, with bibliometric studies documenting increasing publication trends, expanding geographical scope, and thematic diversification (Camelia et al., 2024; Hadiat et al., 2025; Kamaruzaman & Ishak, 2023). This scholarly attention reflects both academic interest and practical urgency, as policymakers and practitioners seek innovative solutions to financial exclusion. The literature has evolved from primarily historical and jurisprudential analyses to encompass empirical evaluations, comparative studies, and technological innovation proposals (Ascarya, 2026; Medias et al., 2022; Yunus et al., 2024).

However, the rapid expansion of this research domain has also created fragmentation, with studies employing diverse methodologies, focusing on different geographical contexts, and reaching varied conclusions about waqf's effectiveness and scalability. Some scholars advocate for the comprehensive integration of waqf with Islamic microfinance institutions, arguing that such models enhance sustainability and outreach (Harahap et al., 2022; Mikail et al., 2024; Mobin & Ahmad, 2017). Others highlight persistent governance challenges, limited empirical validation, and operational constraints that may limit the waqf's practical applicability (Ibrahim et al., 2024; Nofianti et al., 2026; Qadri et al., 2023).

This thematic analysis addresses the need for systematic synthesis by identifying, organizing, and critically examining the major themes that structure contemporary waqf-microfinance research. Our analysis reveals eight distinct yet interconnected themes that collectively define the intellectual landscape: bibliometric mapping, economic impact assessment, governance and innovation, comparative effectiveness evaluation, financial model development, historical foundations, contextual case studies, and sustainability analysis. By examining convergences and divergences within and across these themes, we provide a comprehensive understanding of current knowledge, identify critical gaps, and propose directions for future research.

The practical importance of this synthesis extends beyond academic discourse. As Muslim-majority countries pursue Sustainable Development Goals and seek to reduce poverty and inequality, understanding the potential and limitations of waqf-based microfinance becomes essential for evidence-based policymaking. This analysis informs stakeholders—including government agencies, Islamic financial institutions, waqf administrators, and development organizations—about the state of knowledge, areas of consensus, ongoing debates, and priority areas for intervention and research. The remainder of this article is structured as follows: Section 2 describes our thematic analysis methodology; Section 3 presents a detailed analysis of each identified theme; Section 4 discusses convergences, divergences, and implications; and Section 5 concludes with recommendations for research and practice.

METHODOLOGY

Systematic Thematic Review Design

This study employs a systematic literature review combined with thematic analysis and bibliometric mapping to ensure transparency, replicability, and analytical rigor. The methodology follows structured review protocols adapted from prior Islamic social finance and systematic literature review studies (Kamaruzaman & Ishak, 2023; Medias et al., 2022).

Review Scope and Timeframe

The review covers peer-reviewed studies published between 2000 and 2023, aligning with the stated scope of the study. Although several cited works extend beyond this range (e.g., 2024–2026), these are retained for

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conceptual discussion but were not included in the core systematic sample of 50 articles, ensuring consistency in the review dataset.

Data Sources and Search Strategy

The literature search was conducted using the Scopus database as a primary database and supplementary checks via Web of Science and Google Scholar for completeness and citation verification. The search was performed using Boolean combinations of the keywords, including "waqf" OR "waqaf", "Islamic microfinance", "cash waqf", "productive waqf", "asnaf", "poverty alleviation", and "Islamic social finance". The example of a Boolean string used is ("waqf" OR "waqaf") AND ("Islamic microfinance" OR "microfinance") AND ("asnaf" OR "poverty alleviation").

Screening and Selection Procedure

The study followed a multi-stage screening protocol, summarised below:

1. Initial Search Identification: The initial search identified more than 120 articles.
2. Duplicate Removal: This study then removed overlapping records across databases
3. Title and Abstract Screening: This stage excluded studies that were not directly related to waqf or microfinance
4. Full-Text Screening: Assessed relevance of studies to Waqf-based financing, Islamic microfinance, and Poverty alleviation or asnaf focus

Inclusion and Exclusion Criteria

The Inclusion Criteria for this study include peer-reviewed journal articles published between 2000 and 2023. The selected study must focus on Waqf and/or Islamic microfinance, poverty alleviation, financial inclusion, or asnaf. The study should be based on empirical, conceptual, bibliometric, or case study designs. The Exclusion Criteria for this study include non-peer-reviewed sources such as blogs, reports without academic review, articles not written in English, studies indirectly relevant to waqf or microfinance, and duplicate or incomplete records.

Following the screening process, 50 articles were selected for detailed thematic and bibliometric analysis. These articles formed the core dataset used throughout the study and underpinned all figures and tables.

Data Extraction and Coding Procedure

A structured coding framework was developed to ensure consistency as follows:

Stage 1: Open Coding, includes an initial reading of all articles and identification of recurring concepts and topics

Stage 2: Axial Coding, includes grouping codes into broader categories and the development of thematic clusters

Stage 3: Selective Coding, focus on final refinement into eight major themes, namely Bibliometric mapping, Economic impact, Governance and innovation, Comparative effectiveness, Financial models and technology, Historical development, Case studies, and Sustainability

Inter-Coder Reliability and Validation

To enhance the reliability of this study, the following stage has been performed:

- Coding was reviewed iteratively by the research team
- Discrepancies were resolved through discussion and consensus

- Thematic consistency was cross-checked with bibliometric outputs (VOSviewer)

While formal statistical inter-coder reliability (e.g., Cohen's Kappa) was not applied, triangulation between thematic coding and bibliometric mapping was used as a validation mechanism.

Bibliometric Integration

The bibliometric component (using VOSviewer v1.6.20) complemented the thematic analysis by:

- Validating theme frequency and relationships
- Identifying keyword co-occurrence networks
- Mapping research evolution

Methodological Limitations

- Reliance on Scopus-indexed literature may exclude regional publications
- The majority of included studies are observational or conceptual
- Limited availability of longitudinal and comparative empirical studies

Visualization Standards and Interpretation

In all visualizations, node size represents frequency or citation count, link thickness indicates relational strength, and colour differentiation represents thematic clusters generated algorithmically by VOSviewer. These visual attributes facilitate intuitive interpretation while preserving analytical rigor. The bibliometric results were interpreted in conjunction with the qualitative thematic analysis to avoid purely descriptive mapping and to ensure theoretical and empirical integration (Medias et al., 2022). To enhance interpretability, this study developed visual representations of thematic patterns. Figure 1 presents the distribution of research themes across the corpus, illustrating the relative emphasis different themes receive in the literature.

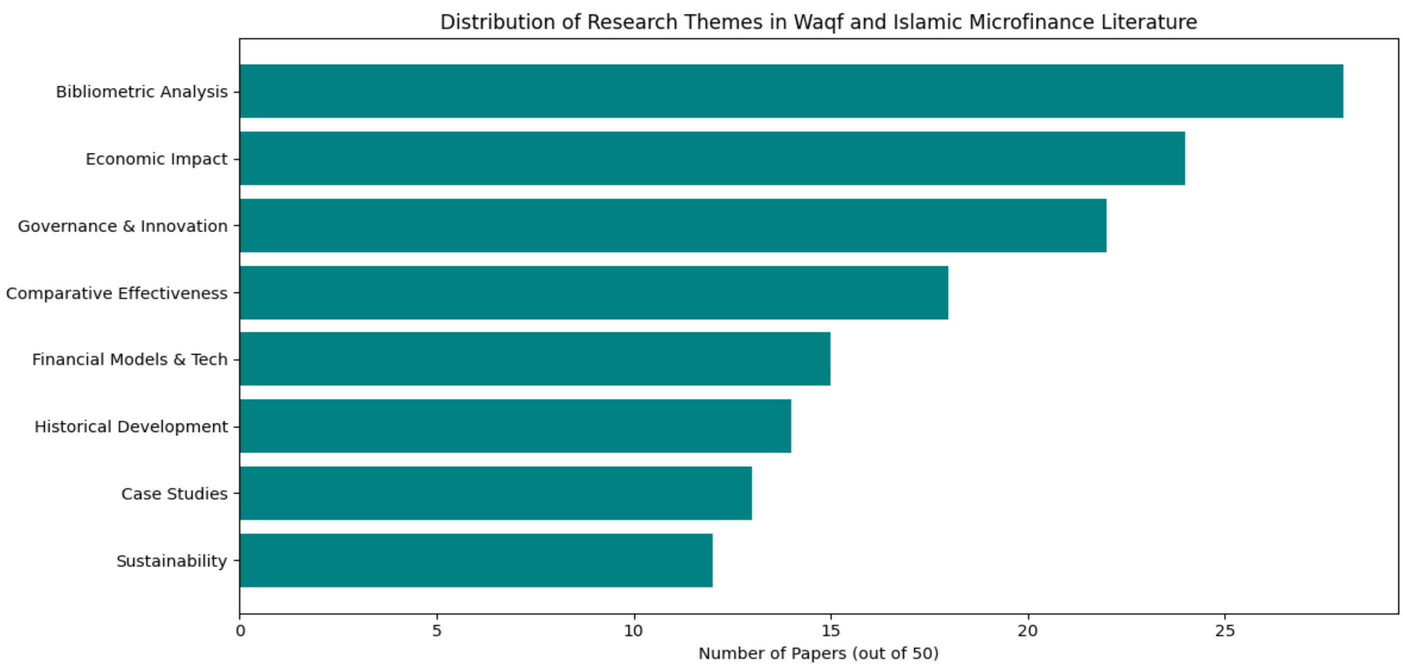

Figure 1: Distribution of Research Themes in Waqf and Islamic Microfinance Literature

Figure 1 shows the distribution of research themes across 50 studies that examine waqf as an alternative to Islamic microfinance for asnaf. The chart illustrates that bibliometric analysis, economic impact, and governance/innovation receive the most scholarly attention, while sustainability and case studies are comparatively underexplored. The chart highlights prevailing research priorities in the literature on waqf and Islamic microfinance, based on a sample of 50 papers. Bibliometric analysis dominates the field, indicating strong scholarly interest in mapping trends, authorship patterns, and thematic evolution. This is followed by studies on economic impact**,** governance, and innovation**,** reflecting concern with measuring effectiveness and improving institutional performance. Moderate attention is given to comparative effectiveness and financial models and technology**,** suggesting growing interest in evaluating waqf–microfinance instruments and digital solutions. In contrast, historical development**,** case studies**,** and especially sustainability receive comparatively less coverage. This imbalance points to research gaps, particularly in long-term sustainability assessment and practice-based evidence, highlighting opportunities for future empirical and impact-focused studies to complement the existing conceptual and analytical work.

Methodological Rigor and Limitations

This bibliometric approach enhances methodological rigor by providing a structured, reproducible mapping of the literature and by triangulating findings from thematic coding. However, limitations remain. The reliance on Scopus-indexed publications may exclude relevant regional or non-English studies, and bibliometric techniques measure intellectual patterns rather than research quality or causal impact (Yusuf et al., 2021). Accordingly, bibliometric findings are interpreted as complementary evidence rather than standalone conclusions. Overall, the integration of bibliometric visualization with thematic analysis strengthens the study’s analytical depth, enabling systematic identification of research concentration, thematic evolution, and critical gaps in waqf-microfinance scholarship.

THEMATIC ANALYSIS

A critical distinction emerging from the literature is between conceptual promise and empirically validated impact. While a large proportion of studies propose theoretically compelling models of waqf-based microfinance integration, relatively few provide rigorous empirical evidence demonstrating long-term effectiveness, scalability, or sustainability. As such, many conclusions in the literature should be interpreted as indicative rather than definitive, highlighting the need for more robust methodological designs, including longitudinal and comparative studies.

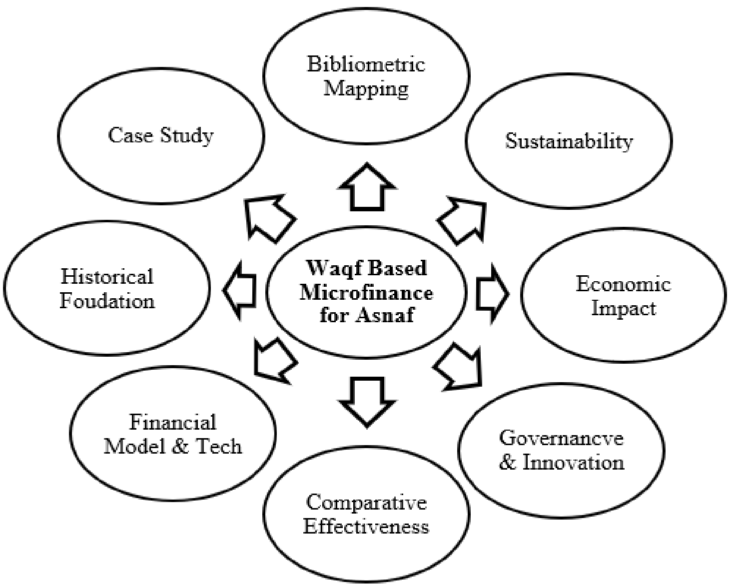

Figure 2: Integrated Thematic Map of Waqf as an Alternative to Islamic Microfinance for Asnaf

Figure 2 provides an integrated thematic map synthesising all themes presented in this section. The visual positions “Waqf-based Microfinance for Asnaf” as the analytical core, surrounded by eight interrelated research themes that collectively structure contemporary scholarship.

Theme 1: Bibliometric Mapping and Research Evolution

i. Overview and Significance: Bibliometric analysis constitutes the most prominent theme in the corpus, with over half of the reviewed studies employing bibliometric methods to map the intellectual landscape of waqf research. This meta-analytical focus reflects the field's relative youth and rapid growth, as scholars seek to understand research patterns, identify influential works, and chart the evolution of waqf-microfinance discourse (Afrianty et al., 2024; Judijanto et al., 2024; Yusuf et al., 2021).

ii. Publication Trends and Growth Patterns: Multiple studies document exponential growth in waqf-related publications since the early 2000s, with particularly sharp increases after 2015. Afrianty et al. (2024) analysed 20 years of Indonesian waqf research, identifying a marked acceleration in publication volume and thematic diversification. Similarly, Judijanto et al. (2024) found that global waqf research has expanded from fewer than 10 publications annually in the early 2000s to over 100 publications per year by 2020, with Islamic microfinance integration emerging as a major sub-theme. The growth trajectory is not uniform across geographical contexts. Indonesian and Malaysian scholars dominate the literature, reflecting these countries' advanced waqf regulatory frameworks and active Islamic finance sectors (Talib et al., 2023; Wulandari & Firdaus, 2023). Middle Eastern contributions, while historically significant, represent a smaller proportion of recent publications, possibly due to different research priorities or publication patterns (Yusuf et al., 2021).

iii. Thematic Evolution and Diversification: Bibliometric studies reveal significant thematic evolution over time. Early research (2000-2010) focused primarily on historical analysis, jurisprudential foundations, and basic conceptual frameworks (Quddus & Hasib, 2020). The period 2010-2015 witnessed increased attention to governance, management, and institutional development (Aldeen, 2021). Post-2015 research shows marked diversification, with emerging themes including cash waqf innovation, productive waqf management, technological integration, and empirical impact assessment (Aini, 2024; Judijanto et al., 2024). Keyword co-occurrence analysis identifies several thematic clusters. Aini's study of Indonesian waqf research identified five major clusters: (1) waqf management and governance, (2) cash waqf and financial innovation, (3) poverty alleviation and social welfare, (4) Islamic microfinance integration, and (5) legal and regulatory frameworks (Aini, 2024). These clusters demonstrate the field's multidisciplinary nature, spanning Islamic jurisprudence, finance, public policy, and development studies.

iv. Citation Networks and Influential Works: Citation network analysis reveals the intellectual structure of waqf-microfinance research. Several foundational works emerge as highly influential, particularly conceptual papers proposing integrated waqf-microfinance models and empirical studies demonstrating waqf's poverty alleviation potential (Yusuf et al., 2021). However, citation patterns also reveal fragmentation, with limited cross-referencing between geographical research communities and between bibliometric and empirical studies (Aldeen, 2021). A bibliometric assessment of waqf publications by Yusuf et al. (2021) identified key authors, institutions, and countries driving research. They found that while individual scholars have made significant contributions, the field lacks the concentrated citation networks characteristic of more mature research domains, suggesting opportunities for greater theoretical integration and cumulative knowledge building.

v. Methodological Patterns: Bibliometric studies themselves employ diverse analytical techniques. VOSviewer emerges as the dominant visualization tool, used for mapping co-authorship networks, keyword co-occurrence, and citation relationships (Uula, 2023; Wulandari & Firdaus, 2023). Other studies employ scientometric indicators such as h-index, citation counts, and journal impact factors to assess research influence (Judijanto et al., 2024). However, methodological limitations are evident. Most bibliometric studies rely on single databases (typically Scopus or Web of Science), potentially missing relevant publications in regional journals or non-English languages (Yusuf et al., 2021). Additionally, bibliometric analysis provides limited insight into research quality, theoretical depth, or practical applicability—dimensions requiring complementary qualitative assessment (Aldeen, 2021).

vi. Research Gaps Identified Through Bibliometric Analysis: Bibliometric studies consistently identify several research gaps: limited empirical validation of conceptual models, insufficient comparative studies

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between waqf-based and conventional Islamic microfinance, inadequate attention to governance and regulatory challenges, and scarce research on technological innovation implementation (Afrianty et al., 2024; Judijanto et al., 2024; Qadri et al., 2023). These identified gaps have helped shape subsequent research agendas, demonstrating bibliometric analysis's value in guiding field development.

Theme 2: Economic Impact and Poverty Alleviation

Conceptual Foundations: The economic impact of waqf-based microfinance represents a central concern in the literature, grounded in Islamic social finance principles that emphasize wealth redistribution, social justice, and sustainable poverty alleviation. Scholars conceptualize waqf as a mechanism that can address poverty's structural causes rather than merely alleviating symptoms, by providing productive assets and income-generating opportunities to asnaf populations (Camelia et al., 2024; Rusydiana, 2021). Rusydiana (2021) establishes the theoretical linkage between waqf mechanisms and poverty reduction outcomes in a comprehensive review of waqf and poverty alleviation. The analysis identifies three primary pathways: (1) direct asset provision, where waqf properties or funds are allocated to poor individuals for productive use; (2) income generation, where waqf assets generate returns that fund poverty alleviation programs; and (3) capacity building, where waqf resources support education, training, and skill development for vulnerable populations.

Empirical Evidence of Economic Impact: Several empirical studies provide evidence of waqf's economic impact, though with varying methodological rigor. Yumna et al. conducted a rigorous empirical assessment of waqf-based microfinance programs during the COVID-19 pandemic in Indonesia, finding that program participants experienced significant improvements in well-being indicators compared to control groups (Yumna et al., 2026). The study employed a quasi-experimental design with propensity score matching, demonstrating that waqf-based microfinance helped clients maintain income stability, food security, and psychological well-being during economic crisis—outcomes superior to those observed in conventional microfinance programs.

Camelia et al. (2024) examined waqf's role in poverty alleviation across multiple Indonesian contexts, documenting positive impacts on household income, asset accumulation, and economic resilience. Their mixed-methods approach combined quantitative income analysis with qualitative assessment of beneficiaries' lived experiences, revealing that waqf-based assistance was perceived as more dignified and sustainable than conventional charity or debt-based microfinance. Hadiat et al. (2025) has analysed the economic impact of productive waqf in Malaysia. The findings showed that waqf-funded enterprises generated substantial employment and income for asnaf communities. Their study documented average income increases of 40-60% among waqf beneficiaries over three-year periods, with particularly strong effects for women and youth participants.

iii. Mechanisms of Economic Impact: The literature identifies several mechanisms through which waqf generates economic impact:

a. Cash waqf for microfinance capital: Multiple studies examine how cash waqf contributions can capitalize Islamic microfinance institutions, enabling them to extend services to underserved populations without relying on commercial funding sources (Aini, 2024; Nofianti et al., 2026). This mechanism addresses a critical constraint in Islamic microfinance: the difficulty of mobilizing Shariah-compliant capital at scale. By using waqf funds as a perpetual capital base, institutions can offer more affordable financing to asnaf clients while maintaining financial sustainability.

b. Productive waqf for asset creation: Productive waqf involves developing waqf properties or assets to generate ongoing income streams (Hadiat et al., 2025; Sugianto & Mohammad, 2024). Examples include agricultural land cultivated by asnaf beneficiaries, commercial properties whose rental income funds microfinance programs, and waqf-funded enterprises that employ vulnerable populations. A study by Sugianto & Mohammad (2024) shows how productive waqf models in Indonesia have created sustainable income sources for thousands of families.

c. Integrated waqf-microfinance models: Several studies examine integrated models where waqf and microfinance are combined synergistically (Ascarya, 2026; Syarifuddin, 2024). In these models, waqf assets provide capital and risk buffers, while microfinance institutions provide operational expertise and client networks. Syarifuddin (2024) demonstrates how integration of Islamic social finance (waqf, zakat) with commercial Islamic finance (microfinance, Islamic banking) creates more robust and sustainable systems.

iv. Financial Inclusion Outcomes: Beyond poverty alleviation, studies examine waqf's contribution to financial inclusion—the accessibility and usage of financial services by underserved populations. Ibrahim et al. (2024) found that waqf-based microfinance programs achieved higher penetration rates among extremely poor and rural populations compared to conventional Islamic microfinance, attributed to more flexible eligibility criteria and lower cost structures. Harahap et al. (2022) documented how waqf-based programs successfully reached populations typically excluded from formal financial services, including women without collateral, elderly individuals, and persons with disabilities. The study highlighted that waqf's charitable foundation reduced stigma and barriers associated with commercial financial services, enhancing uptake among vulnerable groups.

v. Crisis Resilience and Economic Stability: The COVID-19 pandemic provided a natural experiment for assessing waqf-based microfinance resilience. Multiple studies found that waqf-based programs demonstrated superior crisis resilience compared to conventional microfinance (Camelia et al., 2024; Yumna et al., 2026). Yumna et al.'s empirical analysis showed that waqf-based microfinance clients experienced smaller income declines and faster recovery during pandemic-related economic disruptions (Yumna et al., 2026). The authors attributed this resilience to several factors: waqf programs' flexibility in adjusting repayment terms, the absence of profit-driven pressure to maintain collection rates, and the integration of social support alongside financial services.

vi. Limitations and Measurement Challenges: Despite positive findings, the literature acknowledges significant limitations in economic impact assessment. Many studies rely on small samples, short time horizons, and limited control groups, constraining causal inference (Medias et al., 2022). Medias et al. (2022) also notes that most impact studies focus on immediate outcomes such as income and employment while neglecting longer-term effects on asset accumulation, intergenerational mobility, and community-level economic development. Additionally, attribution challenges complicate impact assessment. Waqf-based programs often operate alongside other interventions (zakat distribution, government assistance, conventional microfinance), making it difficult to isolate waqf's specific contribution (Camelia et al., 2024). Few studies employ rigorous counterfactual designs that would enable confident causal claims about the waqf's economic impact.

Theme 3: Governance, Regulation, and Innovation

i. Governance Challenges as a Central Concern: Governance emerges as one of the most extensively discussed yet persistently problematic aspects of waqf-based microfinance. Multiple studies identify governance deficiencies as the primary obstacle to the effective utilization of Waqf for poverty alleviation and financial inclusion (Kamaruzaman & Ishak, 2023; Nofianti et al., 2026; Yunus et al., 2024). These challenges span institutional, regulatory, and operational dimensions.

ii. Institutional Governance Issues: At the institutional level, studies document widespread problems with waqf management capacity, transparency, and accountability. Yunus et al. (2024) identifies several systemic weaknesses, including inadequate professional management, limited financial reporting, weak oversight mechanisms, and insufficient stakeholder engagement. These deficiencies result in underutilization of waqf assets, with estimates suggesting that only 10-30% of waqf properties in many Muslim-majority countries are productively deployed (Medias et al., 2022). Kamaruzaman & Ishak (2023) highlight the tension between traditional religious administration and modern corporate governance principles in Malaysian waqf governance. This study argues that many waqf institutions remain structured around historical models that emphasize preservation over development, thereby limiting their capacity to engage in innovative microfinance partnerships. The study advocates for governance reforms that balance respect for waqf's religious foundations with contemporary management practices.

iii. Regulatory Frameworks and Legal Challenges: Regulatory fragmentation and legal ambiguity constitute major governance challenges. A comparative study of cash waqf governance in Indonesia, Malaysia, and Turkey by Nofianti et al. (2026) reveals significant cross-country variation in regulatory approaches. Indonesia has developed comprehensive waqf legislation and established a dedicated regulatory body (Indonesian Waqf Board), facilitating innovation in cash waqf and waqf-microfinance integration. Malaysia's regulatory framework, while sophisticated, is characterized by federal-state jurisdictional complexity that can impede coordination. Turkey's recent regulatory reforms have modernized waqf governance but face implementation challenges. Legal ambiguities particularly affect waqf-microfinance integration. Questions arise about whether waqf funds can be used for microfinance lending (given waqf's perpetuity requirement), how risks should be allocated between waqf and microfinance institutions, and what governance structures should oversee integrated models (Aldeen, 2021). Aldeen (2021) also highlights how legal uncertainty discourages institutional investment in waqf-based microfinance, limiting scalability.

iv. Technological Innovation for Governance Enhancement: A growing sub-theme within governance literature examines how technological innovation can address governance challenges. Multiple studies propose blockchain technology, digital platforms, and financial technology (fintech) solutions to enhance waqf transparency, efficiency, and accountability (Aini, 2024; Judijanto et al., 2024; Nofianti et al., 2026). Blockchain applications receive particular attention. Proponents argue that blockchain's distributed ledger technology can create immutable records of waqf transactions, enhancing transparency and donor confidence (Aini, 2024). Smart contracts could automate waqf fund distribution according to predetermined criteria, reducing administrative costs and corruption risks (Judijanto et al., 2024). Several studies describe pilot blockchain-waqf projects in Malaysia and Indonesia, though empirical assessments of their effectiveness remain limited (Nofianti et al., 2026). Digital platforms for waqf mobilization and management represent another innovation frontier. Studies document how online platforms have facilitated cash waqf collection, particularly among younger, tech-savvy donors (Aini, 2024). These platforms reduce transaction costs, expand donor reach, and provide real-time reporting on waqf utilization. However, concerns about digital security, regulatory compliance, and equitable access (given digital divides) temper enthusiasm (Judijanto et al., 2024).

v. Governance Models and Best Practices: Several studies propose governance models designed to optimize waqf-microfinance integration. Mikail et al. (2024) advocate for a "dual governance" model where waqf institutions maintain oversight of asset preservation and Shariah compliance while delegating operational management to specialized microfinance institutions. This model aims to balance waqf's religious requirements with microfinance's operational demands. Ascarya (2026) proposes an integrated Islamic social finance ecosystem where waqf, zakat, and Islamic microfinance operate under coordinated governance structures. This ecosystem approach emphasizes complementarity: waqf provides long-term capital and assets, zakat addresses immediate needs, and microfinance delivers sustainable income-generation opportunities. Effective governance requires coordination mechanisms that align these instruments while respecting their distinct characteristics.

vi. Capacity Building and Professionalization: Governance improvement requires human capital development. Multiple studies emphasize the need for professional training in waqf management, combining Islamic jurisprudence knowledge with modern finance, accounting, and management skills (Kamaruzaman & Ishak, 2023; Yunus et al., 2024). Some countries have established specialized educational programs, but capacity gaps remain widespread, particularly in smaller institutions and rural areas (Medias et al., 2022).

vii. Accountability and Performance Measurement: Governance literature increasingly emphasizes accountability and performance measurement. Studies advocate for standardized reporting frameworks that enable stakeholders to assess waqf institutions' effectiveness (Yunus et al., 2024). However, developing appropriate metrics is challenging, as waqf institutions pursue multiple objectives (religious compliance, social impact, financial sustainability) that may not be easily quantified or compared (Kamaruzaman & Ishak, 2023).

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Theme 4: Comparative Effectiveness with Traditional Islamic Microfinance

Framing the Comparison: Comparative effectiveness analysis examines whether and how waqf-based approaches differ from traditional Islamic microfinance in serving asnaf populations. This theme addresses a fundamental question: Does waqf offer genuine advantages over established Islamic microfinance models, or does it simply represent an alternative delivery mechanism with similar outcomes (Mobin & Ahmad, 2017; Qadri et al., 2023).

ii. Conceptual Distinctions: Studies identify several conceptual distinctions between waqf-based and traditional Islamic microfinance:

a. Capital structure: Traditional Islamic microfinance relies on commercial capital sources (deposits, equity investment, institutional funding) that require financial returns. Waqf-based models use endowment capital that does not require market-rate returns, potentially enabling more affordable services (Syarifuddin, 2024).

b. Beneficiary orientation: Traditional Islamic microfinance, while socially oriented, must balance social mission with financial sustainability, which sometimes leads to "mission drift" toward less poor, less risky clients. Waqf-based models, grounded in charitable principles, may maintain a stronger focus on the poorest populations (Mobin & Ahmad, 2017).

c. Risk allocation: Traditional microfinance transfers significant risk to borrowers through repayment obligations. Waqf-based models can absorb more risk through grant-loan hybrids or flexible repayment terms, potentially better serving highly vulnerable populations (Yumna et al., 2026).

d. Sustainability model: Traditional microfinance pursues operational self-sufficiency through interest-equivalent charges (profit rates in Islamic finance). Waqf-based models can subsidize operations through endowment returns, potentially achieving sustainability without charging clients (Ascarya, 2026).

iii. Empirical Comparisons: Outreach and Accessibility: Limited empirical studies directly compare waqf-based and traditional Islamic microfinance outcomes. Mobin and Ahmad's comparative analysis found that waqf-integrated microfinance programs in Pakistan achieved deeper outreach to extremely poor populations, with 65% of clients below the national poverty line compared to 45% in traditional Islamic microfinance programs (Mobin & Ahmad, 2017). The study attributed this difference to waqf programs' lower eligibility barriers and reduced cost structures. However, traditional Islamic microfinance demonstrated advantages in scale and operational efficiency. Conventional programs served larger client numbers with lower administrative costs per client, reflecting economies of scale and established operational systems (Mobin & Ahmad, 2017). This suggests a potential trade-off between depth of outreach (serving the poorest) and breadth of outreach (serving large numbers).

iv. Financial Sustainability Comparisons: Comparative studies examine financial sustainability—the ability to cover costs and maintain operations over time. Findings are mixed. Some studies suggest waqf-based models have potential advantages by avoiding dependence on commercial capital and reducing default risks through flexible terms (Syarifuddin, 2024). Others argue that traditional Islamic microfinance's commercial discipline and operational efficiency produce more sustainable institutions. A bibliometric study of Islamic microfinance research by Qadri et al. (2023) identifies sustainability as a persistent challenge across all models, with no clear evidence that waqf-based approaches systematically outperform traditional models . The authors note that sustainability depends heavily on contextual factors—regulatory environment, management quality, market conditions—rather than inherent model characteristics.

v. Social Impact Comparisons: Several studies compare social impact outcomes. Yumna et al. (2026) found that waqf-based microfinance clients experienced better well-being outcomes than traditional Islamic microfinance clients, attributed to more flexible support and integration of social services during COVID-19. However, the study acknowledged that waqf programs' smaller scale limited their aggregate social impact compared to larger traditional programs. Qualitative studies reveal differences in client experiences. Beneficiaries of waqf-based programs often report greater dignity and reduced stress

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compared to traditional microfinance clients, attributed to waqf's charitable framing and reduced repayment pressure (Camelia et al., 2024). However, some clients prefer traditional microfinance's business-like approach, which they perceive as more empowering and less stigmatizing than charity-based assistance (Mobin & Ahmad, 2017).

vi. Integration as a Synthesis: A significant portion of the literature moves beyond either-or comparisons to examine integrated models that combine waqf and traditional Islamic microfinance strengths. These studies argue that integration can achieve synergies: waqf provides patient capital and risk buffers, while microfinance contributes operational expertise and market discipline (Ascarya, 2026; Syarifuddin, 2024). Ibrahim et al. (2024) described a successful integrated models in Malaysia where waqf institutions provide capital to Islamic microfinance institutions at below-market rates, enabling the latter to serve poorer clients while maintaining operational sustainability. These partnerships leverage each institution's comparative advantages while mitigating their respective weaknesses.

vii. v. Gaps in Comparative Research: Despite its importance, comparative effectiveness research remains underdeveloped. Most studies examine waqf-based or traditional Islamic microfinance in isolation rather than direct comparison (Qadri et al., 2023). The few comparative studies often suffer from methodological limitations: small samples, non-equivalent comparison groups, short time horizons, and inadequate control for confounding factors (Medias et al., 2022). Large-scale, rigorous comparative studies employing experimental or quasi-experimental designs are notably absent from the literature. Such studies would require significant resources and institutional cooperation but could provide preliminary evidence on relative effectiveness (Qadri et al., 2023).

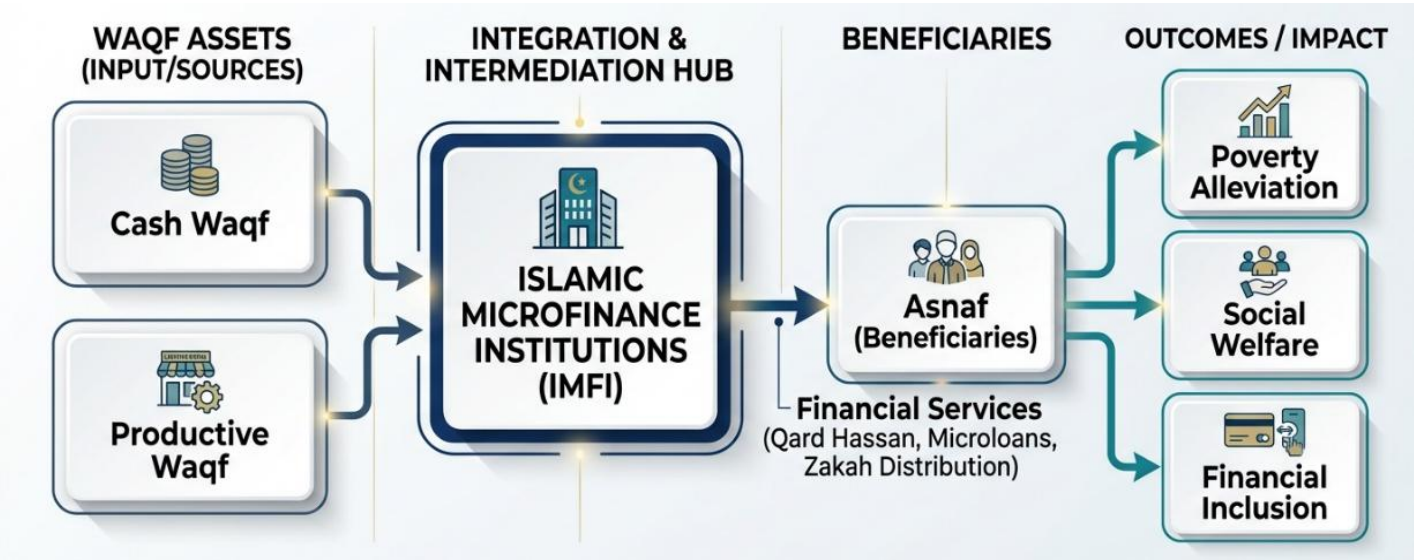

Figure 3: A Conceptual Model of Waqf-Islamic Microfinance Integration

Figure 3 provides a conceptual model of waqf-Islamic microfinance integration for serving asnaf populations. The model illustrates how cash waqf and productive waqf assets flow through Islamic microfinance institutions (IMFI) as an intermediation hub, delivering financial services (qard al-hasan, microloans, zakat distribution) to asnaf beneficiaries, ultimately generating outcomes in poverty alleviation, social welfare, and financial inclusion. The framework illustrates how waqf assets are mobilized to achieve inclusive socio-economic impact through Islamic finance. Cash waqf and productive waqf serve as sustainable sources of input, providing both liquidity and income-generating assets. These resources are integrated and managed through Islamic Microfinance Institutions (IMFIs), which function as an intermediation hub ensuring Shariah-compliant governance, risk management, and efficient allocation. IMFIs channel waqf resources into targeted financial services—such as qard hasan, micro-finance, and zakat distribution to support asnaf. By addressing immediate needs and enabling productive economic activities, beneficiaries gain access to capital, skills, and financial systems. The cumulative outcomes include poverty alleviation, improved social welfare, and strengthened financial inclusion, creating a virtuous cycle where waqf assets are preserved, beneficiaries are empowered, and long-term community development is sustained.

Theme 5: Financial Models and Technological Integration

Diversity of Financial Models: The literature documents diverse financial models for operationalizing waqf-based microfinance, reflecting varied institutional contexts, regulatory environments, and strategic objectives. These models can be categorized along several dimensions: the relationship between waqf and microfinance institutions, the types of waqf assets utilized, and the financial instruments employed (Nofianti et al., 2026; Syarifuddin, 2024).

Cash Waqf Models: Cash waqf has emerged as a particularly prominent innovation, enabling liquid capital mobilization for microfinance purposes. Multiple studies examine cash waqf mechanisms, where donors contribute monetary waqf that is pooled and deployed for poverty alleviation (Aini, 2024; Nofianti et al., 2026). A comparative analysis of cash waqf in Indonesia, Malaysia, and Turkey identifies three primary operational models(Nofianti et al., 2026):

a. Model 1: Direct lending. Waqf institutions directly provide qard al-Hasan (benevolent loans) to asnaf beneficiaries using cash waqf funds. This model maintains waqf institutions' control but requires them to develop microfinance operational capacity.

b. Model 2: Partnership with Islamic microfinance institutions. Waqf institutions provide capital to established Islamic microfinance institutions, which handle client selection, loan administration, and collection. This model leverages microfinance expertise while using waqf capital.

c. Model 3: Hybrid investment. Cash waqf is invested in Shariah-compliant instruments, with investment returns funding microfinance programs. This model preserves waqf capital perpetuity while generating ongoing income for poverty alleviation.

Each model presents distinct advantages and challenges regarding capital preservation, operational efficiency, and social impact (Aini, 2024).

iii. Productive Waqf Models: Productive waqf involves developing waqf assets (land, buildings, equipment) to generate income that funds microfinance or directly benefits asnaf populations. Studies document various productive waqf applications (Hadiat et al., 2025; Sugianto & Mohammad, 2024):

a. Agricultural waqf: Waqf agricultural land is cultivated by asnaf beneficiaries, who receive training, inputs, and market access support. Produce is shared between beneficiaries and waqf institutions, creating sustainable income while preserving land assets (Harahap et al., 2022).

b. Commercial waqf: Waqf properties are developed into commercial facilities (markets, rental housing, office buildings) whose income funds microfinance programs or directly supports asnaf (Hadiat et al., 2025).

c. Enterprise waqf: Waqf capital establishes businesses that employ asnaf beneficiaries, combining income generation with skills development (Sugianto & Mohammad, 2024).

d. An analysis of productive waqf in Indonesia by Sugianto & Mohammad (2024) shows how these models have created sustainable economic opportunities for thousands of families while generating ongoing returns for waqf institutions.

iv. Integrated Islamic Social Finance Models: Several studies propose comprehensive models integrating multiple Islamic social finance instruments. Syarifuddin (2024) established a framework combining waqf, zakat, and Islamic microfinance in a coordinated ecosystem. This model states that Waqf could provide long-term capital and productive assets, Zakat will address the immediate consumption needs and emergency assistance, and Islamic microfinance would deliver income-generation financing and business support. The integration creates a continuum of support matching beneficiaries' diverse needs and capacities. Extremely poor individuals receive zakat for immediate needs, waqf-funded training and assets for capacity building, and microfinance for business development as they progress toward self-sufficiency (Syarifuddin, 2024). Ascarya (2026) developed an integrated model emphasizes institutional coordination, proposing governance structures that align waqf, zakat, and microfinance institutions while respecting their distinct mandates. The model includes shared client databases, coordinated service delivery, and unified impact measurement.

v. Technological Integration: Technological innovation represents a growing focus in financial model development. Studies examine how digital technologies can enhance waqf-microfinance effectiveness, efficiency, and accessibility (Aini, 2024; Judijanto et al., 2024) as follows:

a. Digital platforms for waqf mobilization: Online platforms enable convenient cash waqf contributions, expanding donor reach and reducing transaction costs. Several studies document successful digital waqf campaigns in Indonesia and Malaysia that mobilized significant funds from young, urban donors (Aini, 2024; Nofianti et al., 2026).

b. Mobile microfinance delivery: Mobile technology enables waqf-based microfinance delivery in remote areas with limited physical infrastructure. Studies describe mobile-based loan disbursement, repayment, and client communication systems that reduce costs and improve accessibility (Ibrahim et al., 2024).

c. Blockchain for transparency and efficiency: Multiple studies propose blockchain applications for waqf-microfinance, arguing that distributed ledger technology can enhance transparency, reduce fraud, and automate processes through smart contracts (Aini, 2024; Judijanto et al., 2024). However, empirical assessments of blockchain implementation remain limited, with most studies offering conceptual proposals rather than evaluated implementations (Nofianti et al., 2026).

d. Data analytics for impact measurement: Advanced data analytics can improve targeting, monitor outcomes, and demonstrate impact to stakeholders. Some studies describe how waqf-microfinance institutions use data systems to track client progress and adjust services (Ibrahim et al., 2024).

vi. Financial Instruments and Shariah Compliance: Studies examine the Shariah compliance of various financial instruments used in waqf-microfinance models. Qard al-hasan (interest-free benevolent loans) emerges as the most common instrument, aligning with both waqf's charitable nature and Islamic finance principles (Syarifuddin, 2024). However, questions arise about sustainability, as qard al-hasan generates no returns to cover operational costs (Ascarya, 2026). Some models incorporate profit-sharing instruments (Mudarabah, Musharakah), where waqf institutions or microfinance institutions share in business profits generated by financed activities (Syarifuddin, 2024). These instruments can enhance sustainability, but raise concerns about risk transfer to vulnerable clients (Mobin & Ahmad, 2017). Hybrid models combining grants, Qard al-hasan, and profit-sharing instruments are proposed to balance social mission, Shariah compliance, and financial sustainability (Ascarya, 2026). However, the complexity of hybrid models may create operational challenges and confusion among beneficiaries (Ibrahim et al., 2024).

vii. Scalability and Replication: A critical question concerns whether successful waqf-microfinance models can be scaled and replicated across contexts. Studies identify several scalability challenges: dependence on local waqf assets that may not exist elsewhere, reliance on specific regulatory environments, and requirements for specialized management capacity (Medias et al., 2022; Qadri et al., 2023). Some scholars argue that standardized models with clear operational guidelines can facilitate replication (Ascarya, 2026). Others emphasize the need for contextual adaptation, arguing that effective waqf-microfinance requires tailoring to local economic conditions, cultural norms, and institutional capacities (Kamaruzaman & Ishak, 2023).

Theme 6: Historical Development and Theoretical Foundations

Historical Precedents and Evolution: Historical analysis provides essential context for understanding contemporary waqf-microfinance initiatives. Multiple studies trace the waqf's historical development from its origins in early Islamic society through various evolutionary phases (Aldeen, 2021; Quddus & Hasib, 2020). A systematic literature review of waqf history documents how waqf institutions played central roles in Islamic societies' economic and social infrastructure for centuries (Quddus & Hasib, 2020). Quddus & Hasib (2020) found that historically, the waqf fund has funded the education (madrasas), healthcare (hospitals), public services (water systems, roads), and poverty alleviation (soup kitchens, housing for the poor). This historical precedent demonstrates the waqf's potential for comprehensive social welfare provision.

Historical Decline and Contemporary Revival: Studies document waqf's decline during colonial periods and early post-colonial decades, attributed to legal disruptions, asset confiscation, and governance deterioration (Aldeen, 2021). Many waqf properties fell into disuse or were mismanaged, leading to significant asset loss and institutional weakening (Quddus & Hasib, 2020). Contemporary waqf revival, beginning in the late 20th century, reflects multiple factors: Islamic finance growth, increased attention to Islamic social finance, governance reforms in several Muslim-majority countries, and scholarly efforts to demonstrate waqf's contemporary relevance (Aldeen, 2021). This analysis has traced the revival and highlighted how waqf has been reconceptualized from a traditional charitable mechanism to a modern social finance instrument.

iii. Theoretical Foundations in Islamic Jurisprudence: Theoretical literature examines waqf's foundations in Islamic jurisprudence (fiqh), establishing its legitimacy and operational principles. Studies discuss classical jurisprudential debates about waqf's definition, conditions, and permissible uses (Aldeen, 2021; Quddus & Hasib, 2020). Key jurisprudential principles relevant to waqf-microfinance include:

a. Perpetuity (ta'bid): Waqf assets must be preserved perpetually, with only their usufruct (benefits) utilized. This principle raises questions about whether waqf funds can be lent (potentially risking loss) or must be invested, with returns used for beneficiaries (Nofianti et al., 2026).

b. Irrevocability (lazim): Once established, a waqf cannot be revoked or sold, ensuring long-term commitment. This principle provides stability but may limit flexibility in responding to changing needs (Aldeen, 2021).

c. Charitable purpose (qurbah): Waqf must serve charitable purposes aligned with Islamic values. This principle grounds waqf-microfinance in social welfare objectives rather than profit maximization (Syarifuddin, 2024).

Contemporary scholars debate how classical principles apply to modern waqf-microfinance innovations, particularly cash waqf and productive waqf models that differ from traditional property-based waqf (Nofianti et al., 2026).

iv. Theoretical Models of Waqf-Microfinance Integration: Several studies develop theoretical models explaining how waqf and microfinance can be integrated effectively. These models draw on Islamic economics theory, development economics, and institutional economics (Ascarya, 2026; Syarifuddin, 2024).

a. Social welfare optimization model: This model conceptualizes waqf-microfinance as a mechanism for optimizing social welfare by efficiently allocating resources to those with the highest marginal utility (the poor) while maintaining sustainability through endowment returns (Rusydiana, 2021).

b. Institutional complementarity model: This framework emphasizes complementarity between waqf institutions in providing patient capital and social legitimacy, and microfinance institutions in providing operational expertise and market discipline (Mikail et al., 2024).

c. Islamic social finance ecosystem model. This comprehensive model positions waqf-microfinance within a broader Islamic social finance ecosystem, including zakat, sadaqah, and Islamic commercial finance, emphasizing coordination and synergy (Ascarya, 2026).

viii. Conceptual Debates and Theoretical Tensions: Theoretical literature reveals several ongoing debates:

a. Charity versus enterprise: Scholar's debate whether waqf-microfinance should be conceptualized primarily as charity (emphasizing grants and subsidies) or enterprise (emphasizing sustainability and market principles). This debate has practical implications for operational models and performance metrics (Syarifuddin, 2024).

b. Preservation versus development: Tension exists between waqf's perpetuity requirement (emphasizing asset preservation) and development imperatives (requiring risk-taking and innovation). Scholars propose various resolutions, including distinguishing between the waqf corpus (preserved) and returns (deployed for development) (Nofianti et al., 2026).

c. Universality versus contextuality: Debates concern whether waqf-microfinance principles are universal (applicable across contexts) or contextual (requiring adaptation to local conditions). This debate affects standardization efforts and replication strategies (Kamaruzaman & Ishak, 2023).

ix. Theoretical Contributions to Development Economics: Some studies position waqf-microfinance within broader development economics literature, examining how it relates to theories of poverty alleviation, financial inclusion, and sustainable development (Rusydiana, 2021). These studies argue that waqf offers distinctive contributions: combining social and economic objectives, mobilizing community resources, and aligning with cultural values in Muslim-majority contexts (Camelia et al., 2024).

Theme 7: Case Studies and Contextual Applications

i. Geographical Distribution of Case Studies: Case study research provides concrete examples of waqf-microfinance implementation, revealing practical challenges and success factors. The literature includes case studies from diverse geographical contexts, with Indonesia and Malaysia most prominently featured, followed by Pakistan, Bangladesh, Turkey, and several Middle Eastern countries (Harahap et al., 2022; Ibrahim et al., 2024; Mobin & Ahmad, 2017).

ii. Indonesian Case Studies: Indonesian case studies document diverse waqf-microfinance initiatives reflecting the country's progressive waqf regulatory framework and active Islamic finance sector. Several studies examine the Indonesian Waqf Board's (BWI) efforts to mobilize cash waqf and integrate it with microfinance institutions (Camelia et al., 2024; Harahap et al., 2022). Camelia et al.'s case study of waqf-based poverty alleviation in multiple Indonesian provinces documents how local waqf institutions partnered with Islamic cooperatives to provide microfinance to asnaf communities (Camelia et al., 2024). The study found positive impacts on household income and economic resilience, though sustainability challenges emerged when external funding support ended. Harahap et al. (2022) examined waqf-microfinance integration in rural Java, documenting how a waqf institution provided capital to an Islamic microfinance cooperative serving poor farmers. The case revealed both successes (expanded outreach, improved farmer incomes) and challenges (limited management capacity, unclear governance arrangements).

iii. Malaysian Case Studies: Malaysian case studies highlight the country's sophisticated waqf institutional infrastructure and regulatory framework. Studies examine state-level waqf institutions' efforts to develop productive waqf properties and integrate with Islamic microfinance (Ibrahim et al., 2024; Kamaruzaman & Ishak, 2023). A case study by Ibrahim et al. (2024) found that waqf-microfinance integration documented a partnership between the state waqf corporation and an Islamic cooperative, where waqf capital enabled the cooperative to expand services to poor communities. The study demonstrated the importance of clear governance agreements, professional management, and regulatory support for successful integration. A case study by Kamaruzaman & Ishak (2023)revealed significant variation in waqf-microfinance approaches across states, reflecting different institutional capacities, political priorities, and economic conditions. Some states achieved substantial waqf mobilization and productive deployment, while others struggled with governance challenges and limited resources.

iv. Case Studies from Other Contexts: Studies from Pakistan document waqf-microfinance initiatives in both urban and rural contexts. A case study by Mobin & Ahmad (2017) of a Pakistani waqf-based microfinance program serving urban poor communities found positive impacts on income and financial inclusion, though limited scale constrained broader impact. While Turkish case studies examine how recent waqf regulatory reforms have enabled new initiatives, including cash waqf mobilization and waqf-microfinance partnerships (Nofianti et al., 2026). However, studies note that Turkey's waqf-microfinance integration remains less developed than in Southeast Asian contexts. Middle Eastern case studies are less common in the literature, possibly reflecting different research traditions or publication patterns.

Available studies suggest that waqf-microfinance integration in Middle Eastern contexts faces distinct challenges related to regulatory frameworks, institutional capacities, and political-economic conditions (Aldeen, 2021).

v. Sectoral Applications: Case studies document waqf-microfinance applications across various sectors:

a. Agriculture: Multiple case studies examine agricultural waqf-microfinance, where waqf land or capital supports smallholder farmers through inputs, equipment, training, and market access (Harahap et al., 2022). These cases demonstrate waqf's potential for rural poverty alleviation but also reveal challenges related to agricultural risks and market volatility.

b. Small enterprise development: Case studies document waqf-funded microfinance for small enterprises, including retail shops, food production, handicrafts, and services (Camelia et al., 2024). Success factors include business training, mentoring, and market linkages alongside financing.

c. Women's economic empowerment: Several case studies focus on waqf-microfinance programs targeting women, documenting positive impacts on women's income, decision-making power, and social status (Harahap et al., 2022). These cases highlight the importance of gender-sensitive program design and community engagement.

d. Education and skills development: Some case studies examine waqf-funded programs combining microfinance with education and vocational training, creating pathways from poverty to sustainable livelihoods (Camelia et al., 2024).

vi. Success Factors and Challenges: Cross-case analysis reveals common success factors, including strong institutional leadership and management capacity, clear governance arrangements defining roles and responsibilities, adequate initial capital and ongoing funding, effective beneficiary selection and support systems, community engagement and stakeholder buy-in, supportive regulatory environment, and integration of financial services with complementary support (training, mentoring, market access). While common challenges include limited management capacity and professional expertise, governance ambiguities and coordination difficulties, insufficient capital for scaling, beneficiary selection challenges (balancing poverty focus with sustainability), sustainability pressures when external support ends, regulatory constraints and legal ambiguities, and limited monitoring and impact assessment capacity

vii. Limitations of Case Study Research: While valuable, case study research has limitations. Most case studies are descriptive rather than analytical, providing limited theoretical insight, and many lack rigorous impact assessment, relying on anecdotal evidence or simple before-and-after comparisons without control groups (Medias et al., 2022). Additionally, publication bias may favour successful cases, with failures underreported (Qadri et al., 2023).

Theme 8: Sustainability and Long-term Viability

Conceptualizing Sustainability in Waqf-Microfinance: Sustainability emerges as a critical yet contested theme in waqf-microfinance literature. Studies employ diverse sustainability conceptualizations, including financial sustainability (covering costs), operational sustainability (maintaining services over time), social sustainability (continuing to serve target populations), and environmental sustainability (minimizing ecological impact) (Qurrata et al., 2024; Sukmana et al., 2023). A bibliometric analysis of waqf sustainability by Qurrata et al. (2024) identifies two primary perspectives: (1) waqf sustainability in ensuring waqf institutions' long-term viability, and (2) sustainable waqf by using waqf to advance broader sustainability goals. This distinction highlights tensions between institutional and developmental sustainability objectives.

ii. Financial Sustainability Challenges, including:

a. Financial sustainability: The ability to cover operational costs and maintain services without ongoing external subsidies represents a persistent challenge. Studies identify several financial sustainability obstacles (Medias et al., 2022; Qadri et al., 2023).

b. Limited revenue generation: Waqf-based microfinance programs often charge minimal or no fees to serve poor populations, limiting revenue. While aligned with social mission, this constrains financial sustainability (Mobin & Ahmad, 2017).

c. High operational costs: Serving poor, dispersed, rural populations involves high costs for client outreach, loan administration, and support services. These costs often exceed revenues from affordable pricing (Harahap et al., 2022).

d. Capital constraints: Many waqf institutions have limited liquid capital for microfinance, constraining scale and sustainability. While waqf properties may be valuable, converting them to productive use requires investment that many institutions cannot afford (Medias et al., 2022).

e. Dependency on external funding: Many waqf-microfinance programs rely on government grants, donor funding, or zakat resources, creating sustainability risks when external support ends (Camelia et al., 2024).

iii. Sustainability Strategies: The literature proposes various sustainability strategies, including:

a. Endowment investment returns: Using returns from waqf asset investment to subsidize microfinance operations, enabling affordable client pricing while covering costs (Ascarya, 2026). This strategy requires sufficient waqf capital and effective investment management.

b. Cross-subsidization: Serving mixed client portfolios where fewer poor clients pay higher rates that subsidize services to the poorest (Mobin & Ahmad, 2017). This strategy risks mission drift if institutions increasingly focus on fewer poor clients.

c. Operational efficiency: Reducing costs through technology adoption, process optimization, and economies of scale (Ibrahim et al., 2024). However, efficiency gains may be limited when serving highly dispersed, very poor populations.

d. Integrated service delivery: Combining waqf-microfinance with other Islamic social finance instruments (zakat, sadaqah) to share costs and leverage complementarities (Syarifuddin, 2024).

e. Partnership models: Partnering with established microfinance institutions that provide operational infrastructure and expertise, reducing waqf institutions' direct costs (Mikail et al., 2024).

iv. Empirical Evidence on Sustainability: Empirical evidence on waqf-microfinance sustainability is limited and mixed. Some studies document programs achieving operational sustainability through endowment returns or efficient operations (Ibrahim et al., 2024). Others reveal widespread sustainability challenges, with many programs dependent on ongoing external support (Medias et al., 2022). A study on waqf-based microfinance during COVID-19 by Yumna et al. (2026) revealed that programs demonstrated resilience during the crisis, maintaining services when commercial microfinance contracted. However, the study did not assess long-term financial sustainability beyond the crisis period.

v. Social Sustainability and Mission Integrity: Beyond financial sustainability, studies examine social sustainability—maintaining focus on target populations and social mission over time. Concerns about "mission drift" (shifting toward less poor, less risky clients to improve financial performance) are prominent in microfinance literature generally and appear in waqf-microfinance studies (Mobin & Ahmad, 2017). Some scholars argue that a waqf's charitable foundation provides stronger protection against mission drift than commercial microfinance (Syarifuddin, 2024). Others note that sustainability pressures can affect waqf-based programs similarly to commercial programs, particularly when managers face pressure to demonstrate financial performance (Qadri et al., 2023).

vi. Environmental and Holistic Sustainability: A small but growing literature examines environmental sustainability and holistic sustainability frameworks. Sukmana et al. (2023) In a text-mining analysis of waqf and sustainability literature, emerging attention to environmental dimensions is identified, including waqf-funded renewable energy, sustainable agriculture, and environmental conservation. Some studies propose comprehensive sustainability frameworks integrating financial, social, environmental, and governance dimensions (Qurrata et al., 2024). However, empirical application of holistic sustainability frameworks to waqf-microfinance remains limited (Sukmana et al., 2023).

vii. Long-term Viability Questions: Fundamental questions about waqf-microfinance's long-term viability remain incompletely answered. Can waqf-based models achieve scale sufficient for a significant poverty impact while maintaining financial sustainability? Can they sustain operations over decades without ongoing external support? Can they adapt to changing economic conditions, technological developments, and regulatory environments? The literature provides limited longitudinal evidence to address these questions. Most studies examine programs operating for less than five years, insufficient for assessing long-term viability (Medias et al., 2022). The absence of long-term studies reflects both the relative youth of contemporary waqf-microfinance initiatives and the challenges of conducting longitudinal research (Qadri et al., 2023).

DISCUSSION: CONVERGENCES AND DIVERGENCES

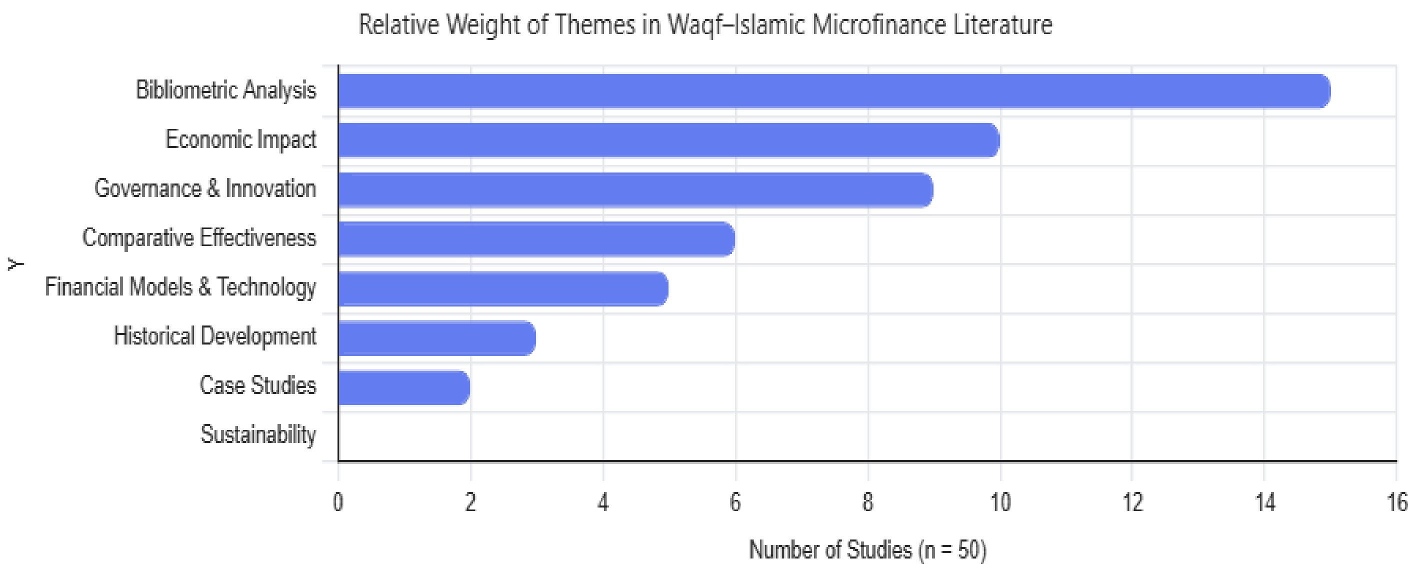

Figure 4: Quantitative Chart: Relative Weight of Themes

Figure 4 presents the relative weight of the eight themes identified through thematic analysis, measured by the frequency with which each theme appeared as a central focus within the reviewed studies. The figure demonstrates a clear concentration of research attention on bibliometric analysis (15 studies), reflecting the field's formative stage and scholars' emphasis on mapping publication trends, intellectual structures, and thematic evolution.

The second and third most prominent themes are economic impact (10 studies) and governance and innovation (9 studies). This indicates strong scholarly concern with assessing waqf's role in poverty alleviation and financial inclusion, alongside persistent recognition of governance, regulatory, and managerial constraints as key determinants of effectiveness. Together, these themes suggest that the literature prioritizes both outcomes (economic and social impact) and enabling conditions (institutional governance and innovation).

Moderate attention is given to comparative effectiveness (6 studies) and financial models and technological integration (5 studies), signaling growing but still limited empirical engagement with comparisons between waqf-based and traditional Islamic microfinance approaches, as well as with the operationalization of cash waqf, productive waqf, and fintech-enabled delivery models. By contrast, historical development (3 studies) and case studies (2 studies) receive relatively little emphasis, while sustainability—despite being a widely discussed conceptually—is rarely treated as a primary empirical focus. This imbalance highlights a structural gap in the literature: long-term sustainability assessment and in-depth practice-based evidence remain underdeveloped compared to conceptual, bibliometric, and exploratory analyses.

Overall, the figure underscores an evolving research agenda that has progressed from descriptive mapping toward impact and governance concerns, but which now requires deeper empirical, longitudinal, and sustainability-focused investigations to support robust policy and institutional decision-making.

Areas of Scholarly Convergence

Despite the diversity of perspectives, methodologies, and contexts represented in the literature, several areas of substantial convergence emerge:

i. Waqf's Potential for Poverty Alleviation: Scholars broadly agree that waqf possesses significant potential for poverty alleviation and financial inclusion among asnaf populations. This consensus spans bibliometric studies documenting research growth (Judijanto et al., 2024; Yumna et al., 2026), empirical studies demonstrating positive impacts (Camelia et al., 2024; Yumna et al., 2026), conceptual papers proposing theoretical frameworks (Rusydiana, 2021; Syarifuddin, 2024), and case studies documenting implementation experiences (Harahap et al., 2022; Ibrahim et al., 2024). The convergence reflects both theoretical reasoning (waqf's alignment with Islamic social welfare principles) and empirical evidence (documented positive outcomes in multiple contexts).

ii. Governance as a Critical Challenge: A second area of strong convergence concerns governance challenges. Virtually all studies addressing governance identify significant deficiencies in waqf management, transparency, accountability, and regulatory frameworks (Kamaruzaman & Ishak, 2023; Nofianti et al., 2026; Yunus et al., 2024). This consensus extends across geographical contexts, with governance problems documented in Indonesia, Malaysia, Pakistan, Turkey, and Middle Eastern countries (Kamaruzaman & Ishak, 2023; Medias et al., 2022; Nofianti et al., 2026). The convergence suggests that governance improvement is a universal priority for realizing waqf's potential.

iii. Integration as a Promising Approach: Scholars increasingly converge on the value of integrating waqf with Islamic microfinance rather than treating them as alternatives. This integration perspective recognizes complementarities: waqf provides patient capital and risk buffers, while microfinance contributes operational expertise and market discipline (Ascarya, 2026; Mikail et al., 2024; Syarifuddin, 2024). The shift from either-or framing to integration reflects research maturation and practical experience demonstrating that hybrid models can leverage both instruments' strengths (Harahap et al., 2022; Ibrahim et al., 2024).

iv. Need for Empirical Research: A methodological convergence concerns the need for more rigorous empirical research. Bibliometric studies, conceptual papers, and case studies all identify limited empirical validation as a critical gap (Afrianty et al., 2024; Medias et al., 2022; Syarifuddin, 2024). Scholars call for larger samples, longer time horizons, more rigorous designs (experimental or quasi-experimental), and comprehensive impact assessment (Medias et al., 2022; Qadri et al., 2023). This convergence reflects recognition that the field must move beyond conceptual proposals and small-scale demonstrations to robust evidence of effectiveness and scalability.

v. Cash Waqf as a Key Innovation: Scholars converge on the cash waqf's importance as an innovation enabling waqf's contemporary relevance for microfinance. Multiple studies highlight how cash waqf overcomes limitations of traditional property-based waqf, providing liquid capital that can be readily deployed for microfinance (Aini, 2024; Aldeen, 2021; Nofianti et al., 2026). This convergence has practical implications, with cash waqf mobilization becoming a priority in multiple countries (Aini, 2024; Nofianti et al., 2026).

Points of Divergence and Debate

Alongside convergences, the literature reveals significant divergences and ongoing debates:

i. Sustainability Models and Financial Viability: Substantial disagreement exists about optimal sustainability models and whether waqf-based microfinance can achieve financial viability at scale. Some scholars argue that endowment returns can sustainably subsidize operations, enabling affordable services without compromising financial sustainability (Ascarya, 2026; Syarifuddin, 2024). Others contend that operational costs of serving very poor populations exceed feasible subsidy levels, requiring ongoing external support or mission drift toward less poor clients (Medias et al., 2022; Qadri et al., 2023). This debate reflects deeper tensions between social mission and financial sustainability that characterize microfinance generally. However, limited empirical evidence prevents definitive resolution of promising outcomes, as few studies rigorously assess long-term financial sustainability (Medias et al., 2022).

ii. Optimal Governance Structures: Divergence exists regarding optimal governance structures for waqf-microfinance. Some scholars advocate for waqf institutions directly operating microfinance programs, arguing that this maintains mission integrity and religious authenticity (Kamaruzaman & Ishak, 2023). Others favour partnership models where waqf institutions provide capital to specialized microfinance institutions, emphasizing operational efficiency and professional management (Mikail et al., 2024). Related debates concern centralization versus decentralization (national waqf authorities versus local institutions), religious versus professional governance (religious scholars versus finance professionals), and regulatory approaches (comprehensive regulation versus self-regulation) (Kamaruzaman & Ishak, 2023; Yunus et al., 2024). These debates reflect different priorities regarding religious authenticity, operational efficiency, and contextual adaptation.

iii. Comparative Effectiveness Claims: Divergence appears in claims about waqf-based microfinance's comparative effectiveness versus traditional Islamic microfinance. Some studies assert waqf-based models' potential advantages in outreach depth, social impact, and crisis resilience (Mobin & Ahmad, 2017; Yumna et al., 2026). Others argue that traditional Islamic microfinance demonstrates advantages in scale, efficiency, and sustainability (Mobin & Ahmad, 2017; Qadri et al., 2023). These divergent claims partly reflect different evaluation criteria (depth versus breadth of outreach, social versus financial outcomes) and different contexts (crisis versus normal conditions, rural versus urban settings). However, they also reflect limited comparative evidence, allowing scholars to emphasize findings supporting their perspectives (Medias et al., 2022).

iv. Technology's Role and Potential: Disagreement exists about technology's role in waqf-microfinance. Technology enthusiasts argue that blockchain, digital platforms, and fintech can transform waqf-microfinance by enhancing transparency, reducing costs, and expanding access (Judijanto et al., 2024; Kamaruzaman & Ishak, 2023). Sceptics caution that technology is not a panacea, noting implementation challenges, digital divides, and risks of technological determinism that neglect fundamental governance and capacity issues (Kamaruzaman & Ishak, 2023; Nofianti et al., 2026). This debate reflects broader tensions in development discourse between technological optimism and critical perspectives emphasizing social, political, and institutional factors (Judijanto et al., 2024).

v. Universality Versus Contextuality: Scholars diverge on whether waqf-microfinance principles and models are universal or context-specific. Universalists argue for standardized models and best practices applicable across contexts, emphasizing efficiency and knowledge transfer (Ascarya, 2026). Contextualists emphasize local adaptation, arguing that effective waqf-microfinance requires tailoring to specific economic conditions, cultural norms, regulatory environments, and institutional capacities (Kamaruzaman & Ishak, 2023). This debate has practical implications for replication strategies, technical assistance approaches, and policy recommendations (Medias et al., 2022).

Theoretical and Practical Implications

i. Theoretical Contributions: The literature makes several theoretical contributions to Islamic finance and development economics scholarship:

a. Reconceptualizing waqf for contemporary contexts: Studies demonstrate how classical Islamic institutions can be adapted for modern development challenges, contributing to broader discussions about tradition and modernity in Islamic societies (Aldeen, 2021).

b. Integrating social and commercial finance: The waqf-microfinance literature advances understanding of how social finance (charitable endowments) and commercial finance (microfinance) can be productively integrated, with implications beyond Islamic contexts (Syarifuddin, 2024).

c. Expanding financial inclusion theory: Studies contribute to financial inclusion literature by examining alternative models that may overcome limitations of commercial microfinance, particularly for extremely poor populations (Mobin & Ahmad, 2017).

d. Developing Islamic social finance frameworks: The literature contributes to emerging Islamic social finance scholarship by examining how multiple Islamic instruments (waqf, zakat, microfinance) can be coordinated in comprehensive systems (Ascarya, 2026).

ii. Practical Implications for Policy: The synthesis yields several policy implications:

a. Governance reform priority: Given strong convergence on governance challenges, policymakers should prioritize waqf governance reform, including professionalization, transparency enhancement, and regulatory clarity (Kamaruzaman & Ishak, 2023; Yunus et al., 2024).

b. Enabling integration: Policies should facilitate waqf-microfinance integration through clear regulatory frameworks, partnership guidelines, and incentive structures (Ascarya, 2026; Nofianti et al., 2026).

c. Supporting innovation while managing risks: Policymakers should enable innovation in cash waqf, productive waqf, and technological applications while establishing appropriate safeguards (Aini, 2024; Nofianti et al., 2026).

d. Investing in capacity building: Significant investment in human capital development is needed, combining Islamic jurisprudence knowledge with modern finance and management skills (Yunus et al., 2024).

e. Promoting research and evidence: Governments and development agencies should support rigorous empirical research, including large-scale comparative studies and longitudinal assessments (Qadri et al., 2023).

iii. Practical Implications for Practitioners: For waqf institutions, microfinance institutions, and development organizations, the synthesis suggests:

a. Pursue integration strategically: Rather than viewing waqf and microfinance as alternatives, pursue strategic integration that leverages complementarities (Syarifuddin, 2024).

b. Invest in governance and management: Prioritize governance improvement and professional management development as foundations for effective programs (Yunus et al., 2024).

c. Balance social mission and sustainability: Develop explicit strategies for balancing poverty focus with financial sustainability, avoiding implicit mission drift (Mobin & Ahmad, 2017).

d. Adopt appropriate technology: Selectively adopt technologies that address specific challenges, avoiding technological solutions seeking problems (Aini, 2024).

e. Engage in learning and adaptation: Participate in knowledge networks, document experiences, and adapt based on evidence and peer learning (Ibrahim et al., 2024).

f. Measure and communicate impact: Invest in impact measurement and communicate results to stakeholders, building evidence-based and accountable (Yumna et al., 2026).

LIMITATIONS AND RESEARCH GAPS

i. Methodological Limitations: The literature exhibits several methodological limitations:

a. Limited experimental or quasi-experimental studies. Most empirical studies employ observational designs with limited causal inference capacity (Medias et al., 2022).

b. Small samples and short time horizons. Many studies examine small programs over brief periods, limiting generalizability and long-term viability assessment (Qadri et al., 2023).

c. Publication bias. Successful cases may be overrepresented, with failures underreported (Medias et al., 2022).

d. Measurement challenges. Impact assessment often relies on simple indicators (income, employment) while neglecting multidimensional poverty, empowerment, and well-being (Yumna et al., 2026).

e. Limited comparative research. Few studies directly compare waqf-based and traditional Islamic microfinance with adequate controls (Qadri et al., 2023).

ii. Substantive Research Gaps: Key substantive gaps include:

a. Long-term sustainability evidence. Limited longitudinal research assessing financial and operational sustainability over decades (Medias et al., 2022).

b. Scalability assessment. Insufficient evidence on whether successful small-scale models can be scaled while maintaining effectiveness (Qadri et al., 2023).

c. Governance effectiveness. Limited empirical assessment of which governance models and reforms actually improve outcomes (Yunus et al., 2024).

d. Technology implementation. Conceptual proposals for technological innovation far exceed empirical evaluations of implementation (Nofianti et al., 2026).

e. Comparative effectiveness. Inadequate rigorous comparison of waqf-based versus traditional Islamic microfinance across diverse contexts (Mobin & Ahmad, 2017).

f. Beneficiary perspectives. Limited research on beneficiaries' experiences, preferences, and agency in waqf-microfinance programs (Camelia et al., 2024).

g. Unintended consequences. Insufficient attention to potential negative effects or unintended consequences of waqf-microfinance interventions (Medias et al., 2022).

iii. Geographical and Contextual Gaps: Research exhibits geographical concentration in Indonesia and Malaysia, with limited evidence from Middle Eastern countries (despite historical waqf significance), African Muslim-majority countries, Muslim-minority contexts, Conflict-affected and fragile states, and Diverse urban contexts (most research focuses on rural areas). This geographical concentration limits understanding of how waqf-microfinance operates across varied contexts (Aldeen, 2021).

iv. Theoretical Development Needs: Theoretical development remains incomplete:

a. Integration theory: Limited theoretical frameworks explaining how and why waqf-microfinance integration produces potential advantageous outcomes (Ascarya, 2026).

b. Sustainability theory: Underdeveloped theory of financial sustainability for hybrid social-commercial models (Qadri et al., 2023).

c. Governance theory: Limited theoretical frameworks for governance of integrated Islamic social finance systems (Yunus et al., 2024).

d. Contextual adaptation theory: Insufficient theory explaining which model elements are universal versus context-specific (Kamaruzaman & Ishak, 2023).

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CONCLUSION

This thematic analysis has synthesized contemporary research on waqf as an alternative to Islamic microfinance for asnaf populations, revealing a dynamic and rapidly evolving field characterized by both substantial progress and persistent challenges. Through systematic examination of 50 peer-reviewed studies, we identified eight major research themes that collectively define the intellectual landscape: bibliometric mapping documenting research evolution, economic impact assessment demonstrating poverty alleviation potential, governance analysis highlighting critical challenges, comparative effectiveness evaluation examining advantages and limitations, financial model development proposing diverse operational approaches, historical analysis providing foundational context, case studies documenting implementation experiences, and sustainability analysis addressing long-term viability questions.

The synthesis reveals significant scholarly convergence on several fundamental points. First, waqf possesses substantial potential for poverty alleviation and financial inclusion among vulnerable populations, grounded in both Islamic social welfare principles and empirical evidence of positive impacts. Second, governance deficiencies represent the primary obstacle to realizing this potential, with widespread problems in management capacity, transparency, accountability, and regulatory frameworks across diverse geographical contexts. Third, integration of waqf with Islamic microfinance offers more promise than treating them as mutually exclusive alternatives, leveraging complementarities between waqf's patient capital and microfinance's operational expertise. Fourth, cash waqf represents a critical innovation enabling waqf's contemporary relevance by providing liquid capital readily deployable for microfinance purposes. Fifth, the field requires more rigorous empirical research employing larger samples, longer time horizons, experimental or quasi-experimental designs, and comprehensive impact assessment.

Alongside these convergences, the analysis identified significant divergences and ongoing debates. Scholars disagree about optimal sustainability models and whether waqf-based microfinance can achieve financial viability at scale without external subsidies or mission drift. Debates continue regarding optimal governance structures, with competing perspectives on direct operation versus partnership models, centralization versus decentralization, and religious versus professional governance. Claims about waqf-based microfinance's comparative effectiveness versus traditional Islamic microfinance diverge, partly reflecting different evaluation criteria and limited comparative evidence. Disagreement exists about technology's transformative potential, with enthusiasts emphasizing opportunities and sceptics highlighting implementation challenges and risks of technological determinism. Finally, scholars diverge on whether waqf-microfinance principles are universal or require substantial contextual adaptation.

The literature makes important theoretical contributions, including reconceptualizing classical Islamic institutions for contemporary development challenges, advancing understanding of social-commercial finance integration, expanding financial inclusion theory, and developing Islamic social finance frameworks. Practical implications for policy include prioritizing governance reform, enabling waqf-microfinance integration through supportive regulation, supporting innovation while managing risks, investing in capacity building, and promoting rigorous research. For practitioners, implications include pursuing strategic integration, investing in governance and management, balancing social mission with sustainability, adopting appropriate technology, engaging in learning and adaptation, and measuring and communicating impact.

However, significant limitations and research gaps constrain current understanding. Methodologically, the literature exhibits limited experimental or quasi-experimental research, small samples and short time horizons, potential publication bias, measurement challenges, and insufficient comparative studies. Substantively, critical gaps include limited long-term sustainability evidence, inadequate scalability assessment, insufficient governance effectiveness evaluation, limited technology implementation assessment, inadequate comparative effectiveness research, limited attention to beneficiary perspectives, and insufficient examination of unintended consequences. Geographically, research concentrates in Indonesia and Malaysia, with limited evidence from Middle Eastern, African, Muslim-minority, conflict-affected, and diverse urban contexts. Theoretically, development needs include integration theory, sustainability theory for hybrid models, governance theory for integrated systems, and contextual adaptation theory.

Looking forward, several research priorities emerge. First, large-scale, rigorous comparative studies employing experimental or quasi-experimental designs are needed to definitively assess waqf-based versus traditional Islamic microfinance effectiveness across diverse contexts and outcomes. Second, longitudinal research tracking programs over decades is essential for assessing long-term financial sustainability, operational viability, and sustained social impact. Third, systematic evaluation of governance reforms and technological innovations is needed to move beyond conceptual proposals to evidence-based recommendations. Fourth, research must expand geographically to examine waqf-microfinance in underrepresented contexts, enabling understanding of contextual factors affecting effectiveness. Fifth, beneficiary-centred research employing qualitative and participatory methods can illuminate lived experiences, preferences, and agency, complementing institution-focused studies. Sixth, theoretical development should advance understanding of integration mechanisms, sustainability dynamics, governance effectiveness, and contextual adaptation.

For policymakers, the synthesis suggests that waqf-based microfinance warrants serious consideration as a component of comprehensive financial inclusion and poverty alleviation strategies, particularly in Muslim-majority contexts. However, realizing waqf's potential requires addressing governance challenges through regulatory reform, institutional capacity building, and transparency enhancement. Policies should facilitate waqf-microfinance integration while establishing appropriate safeguards, support innovation while managing risks, and invest in rigorous evaluation to build evidence for evidence-based decision-making.

For practitioners, the synthesis indicates that waqf-microfinance integration offers promising opportunities but requires careful design, strong governance, professional management, and realistic sustainability strategies. Success depends not on simply mobilizing waqf assets but on developing effective operational models, building institutional capacity, engaging stakeholders, and maintaining focus on serving the poorest populations while achieving financial sustainability.

For scholars, the synthesis reveals a field at a critical juncture. The rapid growth in publications, thematic diversification, and methodological sophistication demonstrates increasing maturity. However, the field must now move beyond the proliferation of conceptual proposals and small-scale demonstrations to rigorous empirical evaluation, theoretical integration, and cumulative knowledge building. This requires greater methodological rigor, more comparative and longitudinal research, expanded geographical scope, deeper theoretical development, and stronger connections between bibliometric, conceptual, empirical, and case study research traditions. While the literature strongly supports the conceptual relevance of waqf-based microfinance, its large-scale effectiveness and long-term sustainability remain empirically underexplored, necessitating cautious interpretation of current findings.

Ultimately, waqf-based microfinance represents more than a technical financial innovation. It embodies efforts to align contemporary development practice with Islamic values, mobilize community resources for social welfare, and create sustainable alternatives to commercial financial models that may inadequately serve the poorest populations. Whether waqf-based microfinance can fulfil this promise at scale remains an open question requiring continued research, experimentation, learning, and adaptation. This thematic analysis provides a foundation for that ongoing work by mapping the current state of knowledge, identifying convergences and divergences, highlighting critical gaps, and proposing directions for future research and practice. As Muslim-majority countries pursue sustainable development and financial inclusion goals, understanding waqf's potential and limitations becomes increasingly important for evidence-based policymaking and effective poverty alleviation.

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