

GOVERNANCE OF FAMILY WAQF AND THE MADANI RURAL ECONOMY: A CASE STUDY OF MAIDAM IN TERENGGANU, MALAYSIA

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Abstract	<p><i>This paper explores the governance of family waqf (waqf zurri) under the administration of the Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM), with a particular focus on its potential to foster rural economic resilience within the framework of Malaysia MADANI. Through qualitative methodology comprising document analysis, interviews, and field observations, the study identifies challenges and inefficiencies in the current waqf zurri management system. Despite MAIDAM's fiduciary responsibilities, many family waqf properties remain economically dormant due to issues such as fragmented inheritance, inadequate rental returns, beneficiary disputes, and absence of strategic planning. By situating these findings within the MADANI philosophy, which espouses sustainability, inclusivity, and compassion, this paper argues for comprehensive reform and policy innovation to transform family waqf into a meaningful vehicle for rural empowerment.</i></p> <p>Keywords: <i>Family Waqf, MADANI, Rural Economy, Islamic Governance & Sustainable Development</i></p>
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INTRODUCTION

Islamic social finance has garnered increasing attention for its potential to contribute to inclusive and sustainable development, particularly in Muslim-majority contexts where disparities in wealth and access to opportunities remain persistent. The fundamental ethos of Islamic social finance—rooted in risk-sharing, equity, and the redistribution of wealth—offers a faith-based alternative to conventional economic systems. Its core mechanisms, such as zakat, sadaqah, and waqf, are structured to create long-term social safety nets that support marginalised communities (Obaidullah, 2019; Hasan & Huda, 2023).

Among these instruments, waqf—an endowment in perpetuity—has historically played a vital role in Islamic civilisation, financing education, healthcare, and religious institutions. In particular, family waqf (waqf zurri), though less prominent in public discourse, is an endowment that channels its benefits specifically to the founder's descendants. This unique form of waqf has the potential to preserve wealth intergenerationally, while maintaining alignment with Islamic legal and ethical principles (Mohsin, Syed, & Ismail, 2021). However, in contemporary settings, waqf zurri faces a host of governance issues. Without clear institutional frameworks and modernised oversight mechanisms, many of these endowments remain economically dormant or administratively contested (Ismail & Haneef, 2022). The lack of digital recordkeeping, valuation procedures, and strategic reinvestment approaches has contributed to its underutilisation.

In the Malaysian context, the governance of waqf zurri is legally vested in the State Islamic Religious Councils (SIRCs), which act as sole trustees. The Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM), for example, bears fiduciary responsibility over these assets. Despite such statutory authority, the practice on the ground reveals substantial gaps in enforcement, asset optimisation, and beneficiary engagement. The latent socio-economic potential of family waqf remains largely untapped, particularly in rural states such as Terengganu where land-based assets and kinship networks are prevalent (MAIDAM, 2023).

This paper evaluates MAIDAM's waqf zurri governance framework within the broader aspirations of the Malaysia MADANI policy agenda. Launched in 2023, the MADANI initiative envisions a society founded upon values such as sustainability (kelestarian), innovation (daya cipta), compassion (ihsan), inclusivity (kesejahteraan), and trust (amanah). These principles advocate for an ethical reorientation of policy and institutional practices that promote balanced, human-centric development (Prime Minister's Office of Malaysia [PMO], 2023). Aligning the governance of family waqf with these values is imperative to elevate its developmental significance beyond its traditional philanthropic function. Specifically, in rural Terengganu, such an alignment could transform idle or fragmented waqf zurri lands into productive, income-generating assets that contribute to economic resilience and intergenerational equity.

In Malaysia, the governance of waqf zurri falls under the purview of State Islamic Religious Councils (SIRCs), with MAIDAM serving as the trustee in Terengganu. Despite the long-standing legal and cultural foundations for waqf, numerous challenges remain, particularly with respect to family waqf. This paper evaluates MAIDAM's governance practices and assesses the compatibility of its approach with the values articulated in the Malaysia MADANI policy agenda. Introduced in 2023, MADANI calls for a reconfiguration of development priorities based on ethics, inclusivity, sustainability, innovation, and compassion (Prime Minister's Office of Malaysia [PMO], 2023). Aligning waqf zurri governance with this vision is essential to revitalise its socio-economic role, especially in rural Terengganu where economic disparities persist despite inherited waqf assets.

LITERATURE REVIEW

The term 'waqf' originates from the Arabic root word "waqafa," which linguistically implies stopping, restraining, or holding. According to classical lexicons such as Ibn Manzur (1994), al-waqf denotes "al-qat" (cessation), reflecting the idea of immobilising a property from private ownership for permanent public or religious use. In legal discourse, scholars such as Ibn Qudamah (1997) and Al-Syarbini (1997) describe waqf as the act of preserving an asset's corpus while utilising its yield for a defined charitable or religious purpose. The term "al-habs"—meaning to withhold—is widely used in Islamic jurisprudence to signify the essence of waqf as a form of suspended ownership for the sake of God (Ghurabal, 1972).

Family waqf (waqf zurri) occupies a unique category within Islamic endowment practices. It is also referred to by several other terms such as waqf ahli, waqf 'ala aulad, or private/family waqf. This form of waqf is established to benefit the founder's descendants, ensuring long-term welfare and intergenerational security. As Mohd Afandi (2012) notes, the founder initially allocates the benefits to himself and his heirs, before potentially extending it to charitable causes. Though private in intention, waqf zurri is permissible under Islamic law due to its embedded element of ihsan (benevolence) towards relatives and the eventual inclusion of public beneficiaries as heirs diminish (Sabiq, 1946; Awang, 1994).

In Malaysia, the authority over all waqf—including waqf zurri—is vested in the State Islamic Religious Councils (SIRCs), as mandated by respective state enactments. In Terengganu, MAIDAM is the sole trustee and administrator of waqf assets. According to the Terengganu Waqf Enactment 2016 (Enakmen Wakaf Terengganu 2016, Bil.1/2016), individuals may endow assets for the benefit of their heirs under legal provisions that clearly define the scope and eligibility of recipients. Farhana (2018) emphasises that under Section 35(1) of the enactment, the term "heirs" (waris) refers exclusively to those legally

entitled to inherit under Islamic law. If the waqif intends to allocate benefits to relatives not eligible under faraid, Section 36(1) provides legal allowance for such designations, categorising them as non-heirs.

Waqf zurri is classified as a form of "wakaf khas" (specific waqf), distinguished by the naming of individual beneficiaries and the predetermined structure of benefit allocation. Mohd Ridwan (2020) highlights that this category allows for multi-generational designation, with conditions outlined explicitly by the waqif and codified by the trustee. Section 29 of the Terengganu Waqf Enactment further reinforces this by allowing the waqif or the trustee's committee, with the waqif's consent, to establish any specific conditions that the mawquf 'alaih (beneficiary) must fulfil before being entitled to the waqf's benefits.

Waqf zurri, as defined in classical jurisprudence, is a valid form of charitable endowment in which the benefits are distributed among family members across generations. While its primary objective is familial welfare, it can also serve broader community purposes if structured appropriately (Obaidullah, 2019). The evolution of waqf zurri across different Islamic traditions has reflected shifting dynamics in property rights, economic behaviour, and communal structures (Mohsin, Syed, & Ismail, 2021). However, in modern contexts, its underperformance is often attributed to fragmented documentation, lack of legal standardisation, insufficient beneficiary oversight, and limited integration with national development strategies.

Moreover, empirical analyses show that many family waqf assets are either dormant or underutilised due to outdated legal instruments, absence of digital registries, and lack of capacity within managing authorities. The findings of Mohsin et al. (2021) affirm that despite the theoretical potential of waqf zurri, practical implementation continues to fall short, particularly in ensuring fair and efficient distribution of benefits. This inefficiency weakens the legitimacy of waqf as a redistributive mechanism and limits its broader developmental role.

Recent contributions to Islamic economics literature have underscored the relevance of Islamic social finance, including waqf zurri, in aligning with the Sustainable Development Goals (SDGs). These instruments can contribute to SDGs through mechanisms that promote education, health, poverty alleviation, and intergenerational justice (Ismail & Haneef, 2022). Hasan and Huda (2023) highlight the importance of legal innovation, institutional autonomy, and impact-based waqf management as prerequisites for waqf zurri to become a viable asset class.

Within this framework, Malaysia's MADANI policy emerges as a normative and operational framework that complements the goals of Islamic social finance. MADANI promotes six core values: sustainability (kelestarian), well-being (kesejahteraan), innovation (daya cipta), respect (hormat), trust (amanah), and compassion (ihsan)—each of which directly intersects with the objectives of waqf zurri (PMO, 2023). Embedding these values into waqf governance not only revitalises its ethical grounding but also introduces modern governance metrics such as transparency, social return on investment, and community engagement.

Studies from other Muslim-majority countries—such as Indonesia, Turkey, and Jordan—demonstrate that when family waqf is institutionalised under professional waqf boards or incorporated into public-private partnerships, its efficacy is significantly enhanced. Digitalisation, centralised heir verification, and income-generating asset management models have been deployed to scale waqf-based interventions in rural infrastructure and education (Abdullah & Muneeza, 2020). Such international models provide a reference point for reforming Malaysia's waqf zurri mechanisms in line with MADANI values and national development targets.

Therefore, a robust literature base supports the contention that waqf zurri, when strategically managed and ethically framed, can evolve from a static legacy asset into a dynamic instrument of socio-economic transformation. For this evolution to materialise, institutional capacity, policy coherence, legal clarity, and value-based leadership—are promoted in MADANI—are indispensable.

METHODOLOGY

This study adopts a qualitative case study design to examine the institutional governance of family waqf (waqf zurri) as administered by MAIDAM in the state of Terengganu. The case study approach is appropriate given the complexity of waqf zurri structures, the intergenerational nature of its beneficiaries, and the contextual specificity of MAIDAM's jurisdictional role (Yin, 2018). This design enables an in-depth exploration of legal frameworks, administrative procedures, socio-economic implications, and stakeholder perceptions within a bounded system.

Data were collected through methodological triangulation, which enhances the validity and richness of findings (Creswell & Poth, 2017). Primary data sources included semi-structured interviews with MAIDAM officers, legal officers, religious scholars, and waqf beneficiaries. The interviewees were selected via purposive sampling to ensure representation of both institutional and familial perspectives. In total, twelve interviews were conducted between July and October 2023. Interviews explored topics such as operational challenges, perceptions of MADANI integration, legal enforcement, and intergenerational asset transfer mechanisms.

In addition, field observations were conducted at selected waqf zurri sites, including Batu Rakit, Chenderong, and Losong. These site visits allowed for physical assessment of property utilisation, infrastructure conditions, and local community engagement. Observational data were recorded via field notes, photographs, and informal dialogues with on-site caretakers or family members.

Secondary data were obtained from official MAIDAM reports (2018–2023), internal administrative documents, archival waqf deeds, land titles, fatwa rulings, and media publications. These documents were critically reviewed to trace policy evolution, property transactions, and institutional narratives.

Analytical procedures followed thematic coding and cross-case synthesis. Thematic coding was conducted using NVivo software, which allowed for the systematic organisation of recurring concepts across datasets (e.g., legal ambiguity, asset dormancy, heir disputes, MADANI values). Codes were then grouped into broader analytical themes reflecting structural, operational, and normative dimensions of governance. Cross-case synthesis was employed to compare findings across different property types and management outcomes, highlighting patterns of administrative inefficiency and opportunities for reform.

Finally, the study adopted a hermeneutic lens to interpret how MADANI principles—such as compassion (ihsan), trust (amanah), and sustainability (kelestarian)—are operationalised or absent in current waqf zurri governance. This interpretive layer aligns with the study's goal of proposing value-driven policy innovations, bridging Islamic social finance tradition with modern governance reform (Hasan & Huda, 2023; PMO, 2023).

RESULTS

Field investigations and interviews revealed that a significant proportion of waqf zurri assets under MAIDAM remain chronically underutilised, with limited developmental or economic outcomes for beneficiaries. A prominent example includes parcels of land located in Batu Rakit and Losong, where the total annual rental income generated was reported to be below RM850, despite these plots being collectively owned by over 20 heirs. This translates to an average disbursement of less than RM45 per heir annually—an amount that falls well below any meaningful threshold for economic impact or household support. Such outcomes starkly contradict the maqasid al-shariah principle of economic justice, which underpins the institution of waqf (Hafidhuddin, 2023).

The case of the Tok Pelam endowment provides a more complex but illustrative narrative. Following the government's acquisition of the waqf land for RM9.1 million, MAIDAM invested the compensation into the development of commercial lots. However, the anticipated disbursement of rental proceeds to beneficiaries has been stalled due to delays in heir verification and unresolved disputes over entitlement rights. This reflects a persistent structural weakness: the lack of a centralised, digitised registry of heirs and the

absence of standardised, legally enforceable mechanisms for equitable revenue allocation (Ridzuan, 2021).

A more extreme case in scale is the Chenderong concession, which originally spanned over 60,000 acres. By 2020, the number of registered heirs had exceeded 700. This vast pool of beneficiaries resulted in payouts as low as RM7 per individual annually, with the highest reaching only RM1,200. The creation of Tabung Amanah Konsesi Chenderong attempted to centralise management, but without a coordinated reinvestment strategy or continuous heir reconciliation, the fund's potential for rural impact remains limited (MAIDAM, 2023).

In contrast, the wakaf zurri of Che Wook binti Mahmud stands out as a case where familial initiative played a crucial role. The land has been modestly cultivated for fruit farming, and profits are voluntarily shared among family members. While this reflects a commendable level of family stewardship, it also underscores a missed institutional opportunity—no development incentives, agricultural support schemes, or strategic upgrades were facilitated by the governing authority. Similarly, the estate of Haji Mohd bin Musa has been designated as a burial ground, symbolising religious continuity but eliminating any possibility for broader economic contribution.

These cases collectively reflect the pressing need for reform—not only in administrative terms but also in the philosophical framing of family waqf. Current practices often reduce waqf zurri to a passive inheritance structure, rather than a dynamic intergenerational asset that can drive rural economic resilience. Moreover, the absence of professional asset planning, legal mediation, and financial innovation has left many heirs disengaged or disillusioned with the concept.

Qualitative data suggest that beneficiaries are not merely seeking financial returns, but a transparent, dignified system that respects both the intent of the founder and the evolving needs of the descendants. Emotional testimonies from interviews included expressions such as, "We were told this land was for us, but we don't know who decides what we receive," and "We want to make the land useful again, but we lack the means and guidance." These narratives humanise the broader institutional failures and reinforce the urgency of a MADANI-informed transformation.

MADANI INTEGRATION AND GOVERNANCE TRANSFORMATION

The integration of MADANI values into the governance of waqf zurri entails a deliberate and holistic transformation across legal, institutional, and socio-economic domains. In this respect, MADANI serves not only as a normative compass but as a structural framework for policy redesign and institutional realignment. Figure 1 illustrates this transformation pathway, mapping the interdependencies between MADANI values, MAIDAM's operational strategies, and the socio-economic outcomes envisioned for rural development. The six core values—*kelestarian* (sustainability), *kesejahteraan* (well-being), *daya cipta* (innovation), *hormat* (respect), *amanah* (trust), and *ihsan* (compassion)—each inform a specific governance function within MAIDAM, ranging from legal oversight and economic revitalisation to social inclusion and digital transparency.

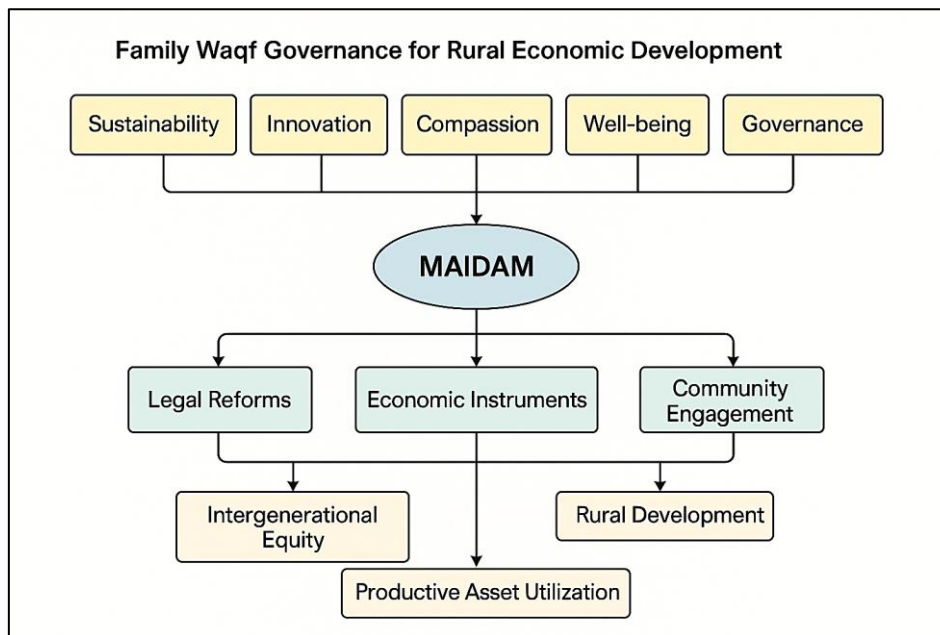


Figure 1: The Integration Of MADANI Values Into Waqf Zurri Governance

This conceptual framework underscores the multidimensional responsibilities of MAIDAM and illustrates how value-driven administration can unlock the latent potential of family waqf. For instance, the principle of kelestarian advocates the transformation of idle or fragmented waqf lands into productive assets through modalities such as agricultural cooperatives, sustainable housing schemes, or strategic leasehold development. Daya cipta, or creativity, reinforces the necessity of adopting innovative tools such as istibdal (asset substitution), waqf-linked financial products, and blockchain-enabled heir registries. Such innovation mitigates the administrative inefficiencies plaguing current waqf zurri governance.

Compassion, in the MADANI sense, is operationalised through inclusive benefit allocation that prioritises disadvantaged heirs, such as single mothers, elderly dependents, or unemployed youth. Here, equity is emphasised over equality, ensuring that redistribution mechanisms are tailored to varying levels of need. Meanwhile, amanah (trust) is reflected in institutional transparency, audited disclosures, and fiduciary professionalism—all vital in rebuilding public confidence in waqf management. Governance reform must extend beyond procedural enhancements. It requires a philosophical shift—from viewing waqf zurri as a passive inheritance to treating it as a living trust endowed with the power to uplift communities. This reorientation is essential in realising MADANI's call for community-led development anchored in mutual respect (hormat) and dignified stewardship.

Institutionally, MAIDAM should establish a dedicated Waqf Zurri Division with cross-disciplinary expertise spanning Islamic jurisprudence, finance, asset development, and digital infrastructure. This unit should operate autonomously yet in alignment with national waqf policy frameworks, supported by standard operating procedures (SOPs) for heir verification, dispute resolution, benefit recalculation, and asset optimisation.

Partnerships with Islamic financial institutions are equally critical. Collaborations can facilitate the development of waqf-linked investment instruments, sukuk waqf zurri, and microfinance products that allow heirs to derive immediate and future benefits from otherwise dormant assets (Ismail & Haneef, 2022). Legislative amendments to state waqf enactments are also urgent. These must include enforceable clauses for heir registration deadlines, digital archiving of waqf deeds, and mandatory submission of utilisation reports.

At the societal level, public engagement campaigns must be scaled up to instil a culture of waqf literacy. MADANI-inspired community outreach—via mosques, local

councils, and educational institutions—can humanise waqf governance and foster a sense of collective ownership. Testimonies from this study reveal that many heirs experience emotional disconnection and procedural confusion. Addressing these sentiments through empathetic, value-based education will strengthen the legitimacy and efficacy of waqf zurri.

Thus, MADANI is not merely a political slogan but a policy vehicle through which Malaysia's waqf sector can be modernised and humanised. By integrating ethical imperatives with administrative solutions, MADANI-infused waqf governance has the potential to reimagine waqf zurri as a catalyst for resilient, inclusive rural development.

CONCLUSION

The potential of family waqf to advance rural development in Terengganu remains significantly underutilised. This study has highlighted a range of interrelated challenges, including administrative fragmentation, legal ambiguity, digital inadequacy, and limited public awareness. These systemic obstacles hinder the effective mobilisation of waqf zurri assets, perpetuating inefficiencies and restricting their socio-economic contribution. However, the integration of MADANI values presents a transformative opportunity to reposition family waqf as a viable instrument for sustainable development.

Through strategic governance reforms anchored in kelestarian (sustainability), daya cipta (innovation), amanah (trust), and ihsan (compassion), waqf zurri can be reframed from a static inheritance structure into an active platform for rural empowerment. The findings of this study affirm that when institutional capacity is aligned with ethical imperatives and regulatory clarity, even long-dormant waqf zurri assets can be repurposed into dynamic, income-generating ventures.

MAIDAM is uniquely positioned to spearhead this transformation. With legal mandate, religious authority, and custodial responsibility, MAIDAM can redefine family waqf governance by institutionalising digitised heir registries, forming strategic partnerships with Islamic financial entities, and cultivating community-based stewardship. Moreover, by embedding MADANI-inspired community engagement and outreach efforts, public trust and beneficiary confidence can be restored.

The challenge now lies in converting theoretical principles into operational practices. Future policy should prioritise the establishment of specialised waqf zurri units, enact legal amendments that streamline benefit distribution, and implement transparent monitoring frameworks. Equally important is a robust public education campaign to instil waqf literacy and intergenerational awareness.

Ultimately, this study underscores that family waqf, if managed with vision and integrity, can transcend its traditional confines and emerge as a cornerstone of inclusive, values-driven rural development in Malaysia. As the nation continues to pursue the ideals of MADANI, the revitalisation of waqf zurri stands as both a religious mandate and a strategic imperative for socioeconomic justice.

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