

CORPORATE WAQF: ALIGNING MAQASID SHARIAH WITH ISLAMIC CAPITAL MARKET

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Abstract: *This study examines the integration of corporate waqf models within the Islamic Capital Market (ICM) and evaluates how this alignment actualizes the higher objectives of Islamic law, known as Maqasid Shariah. It explores the transition of waqf from a static charitable institution into a dynamic, investment-linked financial tool designed to promote long-term public welfare, social equity, and economic justice. The research adopts a qualitative content analysis and an inductive approach, synthesizing classical and contemporary literature on waqf jurisprudence, Maqasid al-Shariah theory, and capital market innovations. The findings reveal that corporate waqf, when integrated with ICM instruments like waqf-linked sukuk and waqf-featured unit trusts, effectively protects the five essentials of Maqasid: faith (din), life (nafs), intellect ('aql), lineage (nasl), and wealth (mal). The study emphasizes the need for standardized regulatory guidelines and cross-sector collaborations between regulators, financial institutions, and religious councils to maximize socioeconomic impact. It provides a strategic baseline for asset managers to design products that align ethical investing with national development agendas and the United Nations Sustainable Development Goals (SDGs).*

Keywords: Corporate Waqf; Maqasid; Islamic Capital Market.

1. Introduction

Waqf has historically served as a foundational socio-economic institution in Islamic civilization, acting as a framework for dedicating private wealth to collective public welfare. While traditional waqf primarily involved immovable assets such as land and buildings, contemporary economic shifts have necessitated a move toward more dynamic models. Corporate waqf represents this modern evolution, focusing on the management of movable assets—including liquid money, shares, and dividends—by business entities to ensure scalability, sustainability, and professional management. This model was pioneered by initiatives such as Koc Holdings in Turkey (1967) (Cizkca, 2011) and Johor Corporation (JCorp) in Malaysia (2006) (Abdullaah and Asharaf, 2014), bridging the gap between profit-oriented enterprise and philanthropy.

The operational success of corporate waqf is fundamentally guided by Maqasid al-Shariah (the higher objectives of Islamic law) (Ab. Halim et.al, 2018). This framework shifts focus from mere legal compliance to the protection of five essential necessities: faith (*din*), life (*nafs*), intellect (*'aql*), lineage (*nasl*), and wealth (*mal*). By integrating with the Islamic Capital Market (ICM), corporate waqf transforms into a "liquidity engine" that democratizes participation. This allows a broader base of retail and institutional investors to contribute small

sums that fund large-scale social projects. In Malaysia, this alignment was institutionalized through the Waqf-Featured Fund Framework in 2020, which embeds waqf mechanisms within "regulated wrappers" like unit trusts and exchange traded funds (ETFs) to ensure transparency, auditing, and professional oversight (Shahnaz et.al, 2023).

Despite this progress, the sector faces structural challenges, including regulatory fragmentation, a need for more professional fund managers, and low public literacy regarding investment-based waqf. However, the potential impact remains significant; robust systems of cash and corporate waqf are estimated to save governments billions in social spending while creating hundreds of thousands of jobs. This article explores the strategic integration of corporate waqf within the ICM, evaluating how this synergy reconciles Value-Based Intermediation (VBI) with modern market mechanisms to actualize social justice and equitable wealth circulation.

2. Waqf Concept

Waqf literally means "to withhold" or "to restrain." In Islamic jurisprudence (Shariah), waqf is defined as a form of charitable endowment in which the physical asset is preserved while the benefits or proceeds generated from that asset are distributed to designated beneficiaries in accordance with the conditions stipulated by the donor (*waqif*). The preservation of the waqf asset means that any property dedicated as waqf cannot be inherited, sold, gifted, mortgaged, leased, rented, or transferred through any other form of ownership (Kahf, 1999).

The distribution of the benefits derived from waqf assets refers to allocating the income or proceeds generated by those assets to the beneficiaries designated by the donor, without any expectation of financial return (Kahf, 1999). Accordingly, in technical terms, waqf may be defined as the permanent dedication of property for a specific lawful purpose, whereby the asset itself remains intact and inalienable, while the benefits or income generated from it are devoted to charitable and welfare activities for the sake of attaining the pleasure of Allah.

Waqf can generally be classified into three main categories: the duration of the waqf, the purpose of the waqf, and the type of waqf asset. According to most Islamic jurists, a waqf should be established in perpetuity, meaning that it is not subject to any specified time limit. However, scholars of the Maliki school of jurisprudence maintain that a waqf may be created for a fixed period, such as dedicating a house as waqf for one year, after which it is returned to the donor upon the expiry of the stipulated period (al-Zuhayli, 1997).

Regarding its purpose, waqf can be divided into two main types: charitable waqf (*waqf khayri*) and family waqf (*waqf ahli* or *waqf dhurri*). *Waqf ahli* or *waqf dhurri* refers to a waqf in which the benefits of the endowed asset are reserved exclusively for the donor's family members and descendants. From the perspective of charitable objectives, waqf may further be classified into public waqf (*waqf 'am*), where the benefits are intended for the public, and specific waqf (*waqf khass*), where the benefits are designated for individuals, institutions, or purposes specified by the donor.

In terms of the nature of the endowed assets, waqf is divided into two categories: movable waqf assets (*waqf al-manqul*) and immovable waqf assets (*waqf al-'aqar*), the latter including properties such as houses, land, and buildings. Movable waqf assets (*waqf al-manqul*) refer to endowed assets that can be transferred from one place to another. One of the most prominent examples in contemporary practice is cash waqf, which has become an increasingly popular form of endowment (Abdullaah Jalil & Asharaf Mohd. Ramli, 2008, Magda, 2013). According to the Hanafi school of jurisprudence, *waqf al-manqul* is generally not permissible except under three conditions. First, the movable asset must constitute an integral part of an immovable waqf

asset. Second, there must be evidence from the Qur'an and the Sunnah permitting such an endowment, as in the case of endowing swords and horses. Third, the practice of endowing the movable asset must be recognized and accepted by local custom (*al-'urf*), such as the endowment of books and cash.

There are three principal structures or models of waqf, namely the physical asset waqf model, cash waqf, and corporate waqf (pioneered by JCorp) (Cizakca, 2011; Hajah Mustafa Mohd. Hanefah et al., 2011). The physical asset waqf model refers to endowed assets such as land and buildings, which are dedicated for charitable purposes, including the construction of mosques and religious schools. In some cases, endowed assets are developed as income-generating properties; for example, commercial buildings may be constructed on waqf land and subsequently leased to tenants. The rental income generated is then reinvested into the waqf fund and distributed to eligible beneficiaries in accordance with the objectives of the endowment. Meanwhile, cash waqf model refers to the permanent endowment of wealth in the form of cash by a donor (*waqif*), with the benefits or returns generated from the endowed funds being distributed on a continuous basis for the welfare and benefit of society (Magda, 2009). The corporate waqf model, on the other hand, refers to the creation and management of waqf assets and the distribution of waqf proceeds by a corporate entity, either independently or collectively with other parties. The following subsection examines corporate waqf in greater depth.

3. Corporate Waqf

Corporate waqf refers to a form of waqf asset management involving movable assets, such as cash, corporate shares, and share dividends, which are administered either entirely by a corporate entity or through a collaborative arrangement between the corporation and the waqf authority (Magda, 2013). Among the key features of the corporate waqf structure is that the endowed assets are in the form of movable property. Furthermore, the corporate entity serving as the waqf trustee acts as the mutawalli (waqf manager or trustee) and is also the recipient of the waqf assets for the purpose of administering and developing them in accordance with the objectives of the endowment (Asharaf & Abdullaah, 2013).

The term corporate waqf was first introduced by Johor Corporation (JCorp), which launched its corporate waqf initiative in 2006 by endowing corporate shares valued at RM200 million in three of its subsidiaries, namely Kulim (M) Berhad, KPJ Healthcare Berhad, and Johor Land Berhad (JCorp, 2006; Muhammad Ali Hashim, 2011). Waqaf An-Nur Corporation (WANCorp), a subsidiary of JCorp, was entrusted with the responsibility of managing the corporate waqf. Its activities primarily focus on the provision of healthcare services through the Waqaf An-Nur Clinic network and Waqaf An-Nur Hospital (Asharaf & Abdullah, 2014; Hajah Mustafa et al., 2011). Patients receiving treatment at these clinics and hospitals are charged a nominal fee of only RM5 per visit, and the services are available to both Muslim and non-Muslim patients.

Several corporate entities in different countries have become actively involved in the management of waqf assets, particularly in the education and healthcare sectors. In Türkiye, for example, two leading conglomerates—Koç Holding, through the Koç Foundation, and Sabancı Holding, through the Sabancı Foundation—have played a direct role in financing the establishment of waqf universities and schools (Cizakca, 2011). In Pakistan, Hamdard Laboratories, a pharmaceutical company, established the Hamdard Foundation to manage and distribute waqf funds to designated beneficiaries, including school students and the poor (Abadullaah and Asharaf, 2014).

In Bangladesh, the Social Investment Bank Limited (SIBL) introduced a waqf-based microfinance scheme in 1995. The scheme, known as the Cash Waqf Certificate, provides individuals and organizations with the opportunity to contribute to cash waqf, while the funds collected are allocated to eligible beneficiaries to enable them to establish small and medium-sized enterprises (SMEs). The cash waqf-based microfinance scheme implemented by SIBL has played a significant role in assisting Muslim entrepreneurs in Bangladesh to establish and develop their businesses.

The collaboration between Islamic financial institutions and waqf authorities has evolved corporate waqf model in Malaysia. Bank Muamalat Malaysia Berhad (BMMB) and Selangor Waqf Corporation (Perbadanan Wakaf Selangor) launched a cash waqf scheme known as Waqf Selangor Muamalat (WSM) in 2012 and jointly manage the waqf assets accumulated through the purchase of cash waqf certificates at any BMMB branch and through internet banking, monthly salary deductions, and standing payment instructions (Abdullaah and Asharaf, 2014). Meanwhile, myWakaf initiate established in 2017, illustrates the advancement of corporate waqf model from a bilateral banking partnership to a comprehensive, industry-wide collective model. The Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) facilitated this initiative with the creation of a consortium consists of nine to ten participating Islamic banks and eleven State Islamic Religious Councils (SIRCs) to jointly manage waqf assets and channeled the proceed to the beneficiaries in the areas of healthcare, education, economic empowerment and investments (Syahirah and Nazrul, 2024)

The involvement of Islamic capital market players in the creation and management of waqf-based Islamic capital instruments is another new milestone for the development of corporate waqf model. Indonesia's Cash Waqf Linked Sukuk (CWLS) launched in 2020 shows the participation of Indonesian Islamic capital market institutions in waqf practice. Meanwhile, since 2021 Malaysian Islamic capital market institutions structured and managed waqf-featured unit trust funds, waqf-featured exchange traded funds (ETFs), and Islamic REITs with waqf features (Shahnaz et.al, 2026). The following sub-section focuses on the development of waqf-based Islamic capital market instruments

4. Waqf-Based Islamic Capital Market Instruments

The latest development in corporate waqf is characterized by its strategic integration into the Islamic Capital Market (ICM), transforming from a static charitable model into a dynamic "liquidity engine" for social finance. This evolution is driven by regulatory frameworks and financial institutions that utilize capital market infrastructure to "democratize" waqf, allowing a broader base of investors to participate through movable and liquid assets.

The primary architect of this development in Malaysia has been the Securities Commission Malaysia (SC), which introduced the Waqf-Featured Fund Framework in November 2020 (Shahnaz et.al, 2026). This initiative facilitates the offering of unit trust and wholesale funds that integrate commercial and social objectives. It provides guided standards for fund managers regarding investment objectives, distribution policies, and eligible waqf recipients. By placing waqf within "regulated wrappers" like unit trusts and ETFs, it inherits mainstream finance's transparency, auditing, and professional oversight, which addresses traditional governance inefficiencies. Bursa Malaysia has also enhanced its listing requirements and post-listing disclosure frameworks to facilitate the offering of listed waqf-featured instruments like Islamic ETFs.

Several innovative instruments have emerged from this collaboration between corporate entities and capital market institutions:

Table 1. Waqf-Featured Funds and Their Philanthropic Waqf Purposes

Fund Type	Fund Name	Waqf Purposes
Unit trust	Makmur myWakaf Fund	Healthcare, Education, Community Empowerment
Unit trust	PMB-An-Nur Waqf Income Fund	General welfare and charity Management and donations to mosques, Human capital, development, education and entrepreneurship
Unit trust	Kenanga Waqf Al-Ihsan Fund	Healthcare, Education, Community empowerment, Environment
Unit trust	Maybank Mixed Assets-I Waqf Fund	Healthcare, Education, Community Empowerment, Environment
Wholesale (for sophisticated/ high-net-worth investors)	Emergency Waqf Musa'adah Fund of Kenanga Sustainability Series	Emergency assistance in the event of climate change related disasters or future pandemics.
Exchange-Traded Fund (ETF)	Eq8 FTSE Malaysia Enhanced Dividend Waqf ETF (ETF)	Education, Healthcare, Economic Empowerment, Environment, Any other project in any sector which may be determined from the Joint Committee from time to time

Source: (Shahnaz et.al, 2023).

As depicted in Table 1, waqf-featured unit trust funds are the most operationally mature instruments, allowing investors to retain ownership of their principal while voluntarily endowing a portion or all their annual returns for charitable purposes. Notable examples include the Makmur myWakaf Fund (BIMB), PNB An-Nur Income Fund, Kenanga Waqf Al-Ihsan Fund, and the Maybank Mixed Assets-I Waqf Fund. Meanwhile, waqf-featured exchange traded funds (ETFs) known as Eq8 FTSE Malaysia Enhanced Dividend Waqf ETF (ETF) tracks a Shariah-compliant benchmark while embedding a systematic 50/50 allocation rule between investors and waqf assets in its distribution policy.

The shift towards capital market involvement represents a paradigm change in how waqf operates as cash aggregation through capital markets makes participation continuous and broad-based rather than episodic and dependent on large physical assets like land. In the meantime, every unit of corporate waqf investment can generate multiple times its value in social outcomes. Among the important points are these instruments align with the higher objectives of Maqasid al-Shariah and modern Environmental, Social, and Governance (ESG) strategies, providing a bridge between ethical investment and national development agendas.

5. Aligning Maqasid Shariah With Islamic Capital Market

The integration of corporate waqf within the Islamic Capital Market (ICM) creates a sophisticated framework for sustainable social finance by aligning the higher objectives of

Islamic law (Maqasid al-Shariah) with modern investment vehicles. This evolution transforms waqf from a static charitable system into a dynamic "liquidity engine" that democratizes participation and ensures the perpetual generation of social benefits (Zul Hakim, 2026).

Corporate waqf is defined as the creation and management of waqf assets—particularly movable assets like liquid money, shares, and dividends—by business entities to ensure professional management and scalability. The corporation often acts as both the founder (*waqif*), endowing its own assets, and the trustee (*mutawalli*), managing those assets through strategic business frameworks. Unlike traditional models, corporate waqf focuses on growing assets through trading and Shariah-compliant investments to provide a continuous stream of income for social causes. These entities are typically established as separate legal persons, such as companies limited by guarantee, allowing them to sue, be sued, and hold property independently (Magda, 2013; Asharaf and Abdullaah, 2014; Akhmad et.al, 2024)

The operational success of corporate waqf is guided by Maqasid al-Shariah, which prioritizes the protection of five essential necessities: faith (*din*), life (*nafs*), intellect (*'aql*), lineage (*nasl*), and wealth (*mal*) as shown in Table 2 below.

Table 2. Aligning Maqasid Shariah With Islamic Capital Market

Maqasid Shariah	Islamic Capital Market (ICM)
Protection of Wealth (<i>Hifz al-Mal</i>):	<ul style="list-style-type: none"> The ICM facilitates the equitable circulation of wealth (<i>tadaawul al-tharwah</i>) by moving private capital into productive social investments, preventing the hoarding of riches.
Protection of Life and Faith	<ul style="list-style-type: none"> Proceeds from corporate waqf instruments are channelled into affordable healthcare (e.g., clinics and dialysis) and religious infrastructure (e.g., mosques).
Protection of Intellect and Lineage	<ul style="list-style-type: none"> Investment returns fund scholarships, research grants, and school infrastructure, fostering long-term social stability and human capital development.

Source: (Ab. Halim et.al. 2018; Norizah, 2025).

The Securities Commission Malaysia (SC) institutionalized this alignment through the Waqf-Featured Fund Framework in November 2020, embedding waqf mechanisms within "regulated wrappers". Waqf-Featured Unit Trusts Allows investors to retain unit ownership while voluntarily endowing part of their annual dividends for social projects like healthcare and education. Waqf-Featured ETFs tracks shariah-compliant benchmarks and allocates a systematic portion (e.g., 50%) of income distributions to waqf recipients like Yayasan Waqaf Malaysia (YWM).

By placing waqf within the ICM, it inherits transparency, auditing, and professional oversight typical of mainstream finance. Regulated fund wrappers impose defined roles for managers and Shariah advisers, ensuring the founder's intent (*shurut al-waqif*) is strictly upheld. Modern instruments lower the entry barrier, allowing retail investors to contribute through small, regular sums rather than needing large physical assets like land. The convergence of Maqasid objectives and Environmental, Social, and Governance (ESG) values strengthens the credibility of these instruments, attracting ethical investors globally.

Despite its potential, the sector faces several hurdles. Variations in waqf regulations across Malaysian states can create inconsistencies in management (Syahirah and Nazrul, 2024). Limited public understanding of how investment-based waqf functions has led to lower-than-expected initial participation. There is a persistent need for more professional fund managers and nazhir (trustees) with technical expertise in capital market operations (Siska et.al, 2025).

6. Conclusion

The integration of corporate waqf within the Islamic Capital Market (ICM) represents a profound paradigm shift, transitioning Islamic finance from a purely transactional sector to a transformational force for social good. By evolving from a static charitable model into a dynamic "liquidity engine," corporate waqf successfully democratizes participation, allowing both retail and institutional investors to contribute to large-scale social projects through movable and liquid assets. This synergy not only addresses traditional governance inefficiencies using "regulated wrappers" which provide mainstream transparency, auditing, and professional oversight—but also ensures the perpetual generation of social benefits.

Central to this success is the alignment with Maqasid al-Shariah, which provides a structured framework for protecting the five essentials: faith, life, intellect, lineage, and wealth. Through instruments like waqf-featured unit trusts and ETFs, capital is directed toward critical sectors such as affordable healthcare, education, and disaster relief, thereby actualizing social justice and the equitable circulation of wealth. Furthermore, the convergence of these objectives with modern Environmental, Social, and Governance (ESG) strategies strengthens the global appeal and credibility of Islamic social finance.

Moving forward, the full potential of corporate waqf can only be realized by addressing existing hurdles, such as regulatory fragmentation across jurisdictions and the need for enhanced public literacy regarding investment-based waqf. Standardized guidelines and cross-sector collaborations between financial institutions and religious councils are essential to maximize socio-economic impact. Ultimately, by reconciling Value-Based Intermediation (VBI) with market mechanisms, corporate waqf stands as a vital component of global sustainable finance, capable of driving national development agendas and meeting the United Nations Sustainable Development Goals (SDGs)

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