

Establishing a Framework for an Islamic Waqf Bank in Nigeria

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ABSTRACT

Islamic finance, grounded in Shariah principles and ethical guidelines, has emerged as a pivotal tool for socioeconomic development. Waqf, an Islamic endowment, holds significant potential to address social welfare and economic challenges. This study proposes a framework for establishing an Islamic Waqf Bank in Nigeria to drive economic growth and financial inclusion. The framework integrates the ethical principles of Waqf with modern financial practices, aiming to foster poverty alleviation, education, healthcare, and infrastructure development. Key components include a robust governance structure to ensure transparency and accountability, innovative financial products aligned with Waqf principles, and strategic focus on projects yielding sustainable community benefits. The paper also examines legal and regulatory requirements, ensuring compliance with Shariah jurisprudence and national banking laws. Challenges such as limited awareness, regulatory hurdles, and cultural misconceptions are identified, alongside mitigation strategies to enhance feasibility and sustainability. By leveraging Nigeria's socioeconomic landscape, the proposed Islamic Waqf Bank framework offers a transformative model for addressing pressing economic needs while adhering to Islamic financial ethics.

Keywords: Islamic Banking; Islamic Finance; Legal Framework; Sharia; Waqf

INTRODUCTION

The Federal Executive Council of Nigeria on the 13th of February 2018 approved the issuance of the sovereign guarantee for Sukuk which was regarded as a catalyst for the introduction of full-fledged Islamic finance services in the country. Before this Sukuk was issued, the financial authorities did not allow Islamic finance services in the country for reasons of perceived discrimination amongst the adherents of different religions. The Islamic financial market in Nigeria is underdeveloped and confined to informal modes of financial intermediation and insurance. This is despite the large Muslim population with its ingrained ethos for sharing benefits with community members, aversion to excessive profit taking disproportionate to the degree of risk, and support for social projects like education, housing, and mosques; all essential functions of the Islamic financial institutions. Islamic microfinance does not suffice in Nigeria for various distributional and targeting reasons. With the deteriorating welfare system, there is an urgent need for a more effective reduction of poverty through self-sufficiency and improved personal or household welfare. This is possible if there is efficient non-interest microfinance support. The absence of availability of noninterest banking services for lower-income households and small enterprises indicates a failure of the conventional banking institutions to develop relational capital with the poor and thus poor people are left out of the development process and remain impoverished. Amid low interest rates and nonutilized resources, these households and small enterprises are again provided a disincentive to investment that can stimulate economic activities and contribute to an effective achievement of poverty alleviation.

The Islamic finance services industry has witnessed tremendous growth during the last two to three decades. Several countries that were not known for Islamic finance services before are now actively promoting Islamic finance through either introducing full-fledged Islamic finance services or products or introducing Shariah-compliant windows at conventional financial institutions. Islamic finance services include products such as Islamic banking services, Islamic microfinance services, Takaful services under Islamic insurance, Islamic stock market services, and Waqf and Zakat fund services, among others. In Nigeria, Islamic finance is still at a developmental stage as many factors are stalling the full implementation of Islamic finance services.

Background of Islamic Finance and Waqf

The interest of Muslims in Islamic finance was due mainly to their need to avoid interest while investing their surplus, supporting Islamic charitable activities, as well as the desire for the promotion of Islamic self-identity. The deprivation of the interest verse has brought widespread concern among a large number of non-economist professionals about how to invest surplus funds to earn profit by managing enterprises, instead of by gambling in the financial markets. In addition, the interest-based model assigns the payment of interest to be the most important liability for the enterprise. It negates the equitable risk and reward sharing, and equitable sharing of the output of the enterprise. The business enterprise is managed by professional managers who hold limited liability and can go off home even after they have spoiled the environment in and around the enterprise, mostly by their uncontrolled use of debt to finance the business operations, an issue of sustainability. The establishment of Waqf-based microfinance institutions in Nigeria has shown potential in addressing economic challenges at the grassroots level.

Islamic finance has become a global industry in the financial services market owing to the resilience of the Islamic banking system during the global economic meltdown and the subsequent sovereign debt crises across the globe. Islamic finance is one of the fastest-growing sectors of the global financial services market, earning the reputation of being ethical and an alternative to the conventional banking system across the world.

The global acceptance of Islamic finance enhances wider financial inclusion, ensuring poverty reduction among the Muslim Ummah.

One of the factors responsible for the slow pace of the development of Islamic banking in the previous attempts is mostly identified in the legislative and regulatory constraints. It is expected that the new attempt to establish Islamic banking would likewise benefit from the removal of these legal and regulatory barriers. Another factor that could determine the development of Islamic banking is the level of awareness of the concept of Islamic banking on the part of the general public as well as customers. Policymakers and authorities of Turkey have systematically accepted the establishment of an Islamic financial system in the country and showed their willingness to go ahead with the expectations of the customers in their respective religious faith and necessities. The widespread of Islamic banking, especially in Iran, skyrocketed as a result of a revolution which laid emphasis on the fundamental role for Islam in the specific national requirements and economic progress.

Today, Nigeria is on the verge of joining the fast-growing community of Islamic banking nations. The Central Bank of Nigeria expressed the readiness of Nigeria to issue licenses to applicants interested in Islamic banking in February 2007, while the Nigerian Investment and Securities Tribunal has reportedly approved the listing of bonds and stocks of Islamic banking. Before that, banks in the country such as Guaranty Trust Bank have commenced relationships with Sudanese banks to allow customers who wish to utilize Islamic banking services. Shareholders of AfriBank have also approved the setting up of Islamic banking in the bank, while non-Islamic banks have long provided Islamic banking products. With these trends, Nigeria is rated as one of the top three countries that will contribute significantly to the growth of Islamic banking in the world. However, the implementation of Islamic banking in Nigeria is still in its early stages and insignificant compared to conventional banking. Legal and regulatory frameworks are crucial for the successful establishment of Islamic financial institutions in Nigeria.

Significance of Establishing an Islamic Waqf Bank in Nigeria

With such insights from authorities and Islamic scholars, the writer argued for the actualizing the establishment of the Islamic Waqf Bank in Nigeria by postulating that the economy is at a critical turning point and that the incumbent government of President Umaru Musa Yar'Adua scrutinizes its values and demonstrates engagement for the less privileged and unemployed by legally requiring this visionary banking system in Nigeria. The writer reviewed longstanding public policies that liberalize the establishment of conventional banks, such as the Bank and Other Financial Institutions Decree Act of 2004. Some varied establishments of noninterest banks to legalize real banking operations and the theory of managing a financial institution as a trust fund, which investigates the state of entities that share a surplus relationship with their clients. The literature on capital market efficiency and that of well-timed finance investment strategies is also overviewed.

In Nigeria, no known Islamic bank serves as a virtuous mechanism, which, with the principle of equity, can support genuine entrepreneurs. An alternative that would nurture the idea behind establishing such an equitable banking system with a visionary character is necessary. This paper, therefore, is a call on the government of Nigeria, the National Assembly, and political parties to grant operational license for the establishment of an Islamic Waqf Bank in Nigeria.

Research Objectives

This paper discusses the establishment of an Islamic Waqf Bank in Nigeria. The attempt arose from submissions on Islamic economic principles and subsisting empirical signs

indicating a potential for Waqf development in Nigeria. The current Nigerian banking environment also encourages private sector participation. On the wider platform, the aim was to contribute positively to global economic operations via the Islamic Economic Framework. The impact of that could also be complementary to the regional financial services enhancement / humanitarian interventions. The research objectives therefore formed aspects of the intellectual challenges that needed to be addressed. The discussions that ensued culminated in specific considerations for a "Special Bank" to be promoted and established for this single purpose. The need was based on empirical statistics and derived welfare functions accented to the African setting, particularly Nigeria.

The objectives of this research focus on exploring the multifaceted dimensions of an Islamic Waqf Bank and its potential contributions to economic and social development. The study aims to assess the unique economic role that such a bank can play within the framework of Islamic finance, emphasizing its capacity to address financial inclusivity and promote economic equity. It also seeks to analyze existing financial gaps that impede the effective mobilization of Waqf resources, identifying areas where these institutions can fill voids left by traditional financial systems.

Furthermore, the research examines the complementary functions an Islamic Waqf Bank could provide, such as fostering partnerships between public and private sectors and enhancing the socio-economic benefits of Waqf assets. It evaluates the extent and nature of private sector participation, highlighting opportunities for collaboration in achieving shared economic goals.

By contributing to global and regional economic frameworks, the study underscores the relevance of Waqf banks in aligning with sustainable development objectives. It also addresses intellectual and empirical challenges associated with establishing and operating such institutions, proposing a comprehensive governance and operational framework to ensure efficiency, transparency, and accountability. Lastly, the research identifies potential obstacles and suggests strategies to mitigate challenges, ensuring the successful integration and sustainability of Waqf banking initiatives.

LITERATURE REVIEW

Waqf: An Overview and Historical Evolution

Waqf, an integral concept in Islamic finance, signifies an endowment made by a Muslim for religious, educational, or charitable purposes (Jamal et al., 2022). The term "Waqf" translates to "confinement and prohibition," reflecting the act of dedicating a property or asset's proceeds to charitable uses as defined by the donor. Key characteristics of Waqf include its permanence, irrevocability, and inalienability—ensuring that the endowed property serves its charitable purpose perpetually without being reclaimed, sold, or inherited. Historically, Waqf has played a transformative role in Islamic societies, dating back to the early Islamic period under the Prophet Muhammad and the Rashidun Caliphs. Initially, it was primarily associated with religious purposes, such as mosques and schools, but expanded under the Umayyad and Abbasid Caliphates to fund a range of social services, including libraries, hospitals, and welfare institutions.

Global Spread and Applications

During the Islamic Golden Age (8th–14th centuries), Waqf became institutionalized, supporting education, healthcare, and infrastructure development. Islamic scholars, including Al-Ghazali and Ibn Taymiyyah, emphasized its societal significance. Over time, Waqf practices diversified across regions like Ottoman Turkey, Persia, and the Indian

subcontinent, adapting to local needs. Although colonial reforms in the 19th and 20th centuries restricted Waqf activities, its charitable and religious objectives persisted.

Modern Revival and Challenges

In recent decades, Waqf has witnessed a revival as a tool for sustainable development, poverty alleviation, and economic empowerment. Governments and financial institutions are exploring innovative models to address contemporary challenges. However, legal complexities, administrative inefficiencies, and governance issues remain barriers to effective Waqf management. Efforts to streamline regulations and enhance transparency continue, aiming to reinforce Waqf's potential as a mechanism for social justice and perpetual charity. Today, Waqf endowments, encompassing real estate, agricultural land, and other income-generating assets, remain central to funding education, healthcare, and community services, shaping the socioeconomic landscape of Muslim-majority countries and beyond.

Global Practices of Islamic Banking and Waqf Institutions

Islamic banking and Waqf institutions have evolved in diverse ways around the world, reflecting the unique needs of different Muslim communities. In several countries, Waqf institutions collaborate with Islamic banks to manage Waqf assets more effectively. These collaborations often involve investments in Shariah-compliant financial products that generate returns, which are then used to fund the charitable activities of the Waqf. The integration of Islamic banking principles allows for more efficient use of Waqf assets, ensuring that these resources support a wide range of social and economic development projects.

Effective management and governance of Waqf properties are crucial to maintaining their sustainability. Countries such as Malaysia have established centralized authorities, like the State Islamic Religious Councils (SIRCs), to oversee Waqf assets, ensuring transparency, accountability, and compliance with Shariah principles. Additionally, modernization efforts have led to the incorporation of professional management practices and the use of technology to streamline administration. For example, in Turkey, the Directorate General of Foundations manages Waqf properties using modern management techniques to enhance operational efficiency. Various regulatory frameworks have been established in different regions to oversee Waqf institutions, such as the Dubai Awqaf and Minors Affairs Foundation (AMAF) in the UAE, which ensures that Waqf assets are managed in line with Islamic law. Moreover, innovative uses of Waqf properties have emerged, including social impact investments and microfinance initiatives, with Waqf funds being directed towards supporting small and medium-sized enterprises (SMEs) and providing financial services to underserved communities.

Challenges and Opportunities for Islamic Finance in Nigeria

Islamic finance in Nigeria faces several challenges, primarily revolving around the regulatory framework, awareness, and infrastructure. The regulatory framework for Islamic finance is still evolving, and there is a need for more comprehensive regulations that cater to the unique aspects of Islamic finance, including Waqf. Additionally, there is limited awareness and understanding of Islamic finance principles and Waqf among the general population, as well as some financial professionals. This knowledge gap calls for robust education and awareness programs. The lack of infrastructure and expertise in managing Islamic financial institutions and Waqf properties further complicates the development of the sector. There is a shortage of trained professionals who are knowledgeable in Shariah-compliant financial practices, and integrating Islamic finance with the existing conventional financial system presents another challenge due to their different underlying principles.

However, despite these challenges, there are significant opportunities for Islamic finance in Nigeria. One key opportunity lies in financial inclusion, as Islamic finance can offer Shariah-compliant financial products to underserved and unbanked populations, particularly Muslims who prefer not to engage with conventional financial institutions. Moreover, well-managed Waqf assets have the potential to contribute to economic development by funding essential sectors such as education, healthcare, and social services, thus addressing pressing social issues. Investment opportunities, such as Sukuk, can finance infrastructure projects and other developmental initiatives. Collaboration with established Islamic finance hubs like Malaysia and the UAE presents further opportunities for innovation and best practice adoption. By addressing the existing challenges, Nigeria can unlock the potential of Islamic finance to foster socioeconomic development.

Waqf, Legal Framework, and Shariah Compliance in Nigeria

Waqf, an Islamic endowment for religious or charitable purposes, plays a vital role in the socio-economic development of Muslim communities. However, the absence of specific legislation governing waqf properties in Nigeria creates challenges in their establishment, management, and sustainability. In many Muslim-majority countries, such as Malaysia and Turkey, well-established waqf institutions and regulatory frameworks ensure the proper management and growth of waqf assets (Kahf, 1999; Cizakca, 2000). In contrast, Nigeria lacks such laws, leading to mismanagement, underutilization, and loss of waqf properties. Research indicates that the absence of a clear legal framework often results in informal and ineffective management of waqf assets (Abdul-Rahman et al., 2016). Therefore, developing specific waqf legislation in Nigeria is essential to provide clear procedures for establishing waqf, defining the roles of managers, and ensuring accountability and transparency.

Shariah compliance is another crucial aspect for the effectiveness of waqf institutions. The lack of a robust Shariah governance framework in Nigeria poses challenges in ensuring compliance, which is vital for gaining the trust of the Muslim community (Dusuki & Abdullah, 2007). Countries with advanced Islamic finance sectors, such as Malaysia and Bahrain, have established Shariah advisory councils to ensure that financial institutions and waqf entities adhere to Islamic principles (Ahmad & Hassan, 2006). In Nigeria, creating a Shariah advisory council for waqf institutions is essential to ensure that they operate in compliance with Islamic law. Furthermore, the limited expertise in Islamic finance and waqf management poses a significant challenge to the effective management of waqf properties in Nigeria. Countries with successful waqf institutions have invested in capacity-building programs, and Nigeria should similarly invest in training and professional development to enhance the expertise required for managing waqf assets (IRTI, 2008). Addressing these challenges through proper legislation, Shariah compliance, and capacity building can unlock the potential of waqf in Nigeria, contributing significantly to the country's socio-economic development.

RESEARCH METHOD

The research design for establishing an Islamic Waqf Bank in Nigeria adopts a comprehensive approach grounded in qualitative methodologies to ensure an in-depth understanding of the multifaceted factors involved. This involves an extensive review of existing literature on Islamic finance, Waqf management, and banking models to establish a robust theoretical foundation. Case studies of successful Waqf institutions and Islamic banks globally are examined to identify best practices and extract actionable insights. The research further employs surveys and interviews with diverse stakeholders, including Islamic scholars, financial experts, potential customers, and regulators, to gather their perspectives and expectations. A feasibility study assesses the economic,

social, and operational viability of the bank, while regulatory analysis ensures alignment with the legal framework and identifies potential challenges.

Primary data collection methods include structured surveys targeting community members, investors, and potential clients to gauge their views on the bank's establishment. Semi-structured interviews with Islamic finance experts, Waqf administrators, government officials, and potential investors provide deeper insights into key considerations. Focus groups facilitate discussions to capture community needs and preferences. Secondary data collection involves analyzing academic papers, industry reports, and case studies on Islamic banking and Waqf institutions, alongside regulatory documents and financial reports, to benchmark performance and inform financial analyses.

The data analysis employs both quantitative and qualitative techniques. Descriptive statistics summarize survey data, providing an overview of stakeholder perspectives, while financial feasibility analyses use tools like net present value (NPV), internal rate of return (IRR), and breakeven analysis to project the bank's profitability. Thematic analysis of interview and focus group transcripts identifies recurring themes and insights, while SWOT analysis evaluates the strengths, weaknesses, opportunities, and threats of the proposed bank. Comparative case study analysis highlights best practices and anticipates challenges.

An integrative approach combines findings through triangulation, ensuring validation and a comprehensive understanding of the research problem. Stakeholder analysis maps the interests, influences, and concerns of various groups, aligning the bank's objectives with community needs and regulatory requirements. This methodical and multi-layered research design ensures that the establishment of the Islamic Waqf Bank is both feasible and well-informed, with a strong foundation for addressing the socio-economic needs of the target population.

RESULTS

Implementation Plan

The implementation plan for establishing the Islamic Waqf Bank incorporates strategic planning, regulatory engagement, and operational structuring based on findings from research design, data collection, and analysis. The strategic planning phase involves defining the mission, vision, and strategic objectives of the bank to guide its direction. Securing regulatory approval is paramount and will entail liaising with financial regulators to obtain necessary licenses and approvals. The operational framework will focus on governance, risk management, and ensuring Shariah compliance. Capitalization and funding efforts will include mobilizing initial capital through Waqf donations, investments, and other financial sources. Additionally, the development of technological and physical infrastructure will be pivotal for operational readiness. To attract and retain customers, a comprehensive marketing and outreach strategy will be implemented. Lastly, monitoring and evaluation mechanisms will be established to track progress, ensure sustainability, and maintain adherence to Shariah principles and regulatory requirements. This structured approach ensures that the Islamic Waqf Bank operates effectively and fulfills stakeholder needs.

Current Financial Regulatory Bodies

The establishment process must align with existing financial regulatory bodies in Nigeria. The Central Bank of Nigeria (CBN) plays a key role in overseeing banking operations, including licensing and supervision. The Securities and Exchange Commission (SEC) regulates capital market activities, while the National Deposit Insurance Corporation

(NDIC) safeguards depositor funds. Additionally, the Corporate Affairs Commission (CAC) oversees company incorporation and registration. Relevant legislation includes the Banks and Other Financial Institutions Act (BOFIA), which governs bank establishment and operations, and the Investment and Securities Act, which addresses investment regulations. The Companies and Allied Matters Act (CAMA) provides a framework for company operations, and CBN's Islamic Finance Guidelines offer a foundation for non-interest banking.

Research Gaps

Despite these frameworks, gaps remain in establishing an Islamic Waqf Bank in Nigeria. There is an absence of specific Waqf legislation, which hampers the structured management of Waqf properties. Furthermore, ensuring regulatory compliance with Shariah principles poses challenges, and there is limited expertise in Islamic finance and Waqf management within regulatory institutions.

Comparison with International Standards

A comparison with international standards highlights opportunities for Nigeria to enhance its approach. Malaysia provides a comprehensive regulatory framework under Bank Negara Malaysia (BNM), complemented by institutional bodies such as the State Islamic Religious Councils (SIRCs) that ensure transparency and efficiency. The United Arab Emirates (UAE) employs a robust structure through the UAE Central Bank and the Dubai Islamic Economy Development Centre (DIEDC), supported by organizations like the Dubai Awqaf and Minors Affairs Foundation (AMAF). Turkey offers a historical perspective, with its Directorate General of Foundations (VGM) managing Waqf properties under established legal provisions. These international models reveal that Malaysia and the UAE have tailored their frameworks specifically for Islamic finance and Waqf management, while Turkey integrates Waqf practices within its cultural and historical context. Nigeria stands to benefit by adopting these standards to create a robust legal and regulatory environment that supports the establishment and sustainability of Waqf banks.

The establishment of an Islamic Waqf Bank in Nigeria requires a robust operational framework, supported by a dedicated regulatory body such as the Central Bank of Nigeria (CBN). As the primary regulatory authority, the CBN would oversee policy formulation, regulation, and supervision specific to Islamic Waqf Banks. It would also manage licensing and registration processes, ensuring compliance with regulatory requirements, while implementing ongoing monitoring and evaluation through regular audits and inspections. A Shariah Advisory Council, comprising Islamic scholars, financial experts, and legal professionals, would ensure Shariah compliance across all operations and products. This council would approve financial products, conduct audits, and align the bank's activities with Islamic principles.

Organizational Structure

The governance of the Islamic Waqf Bank would involve a Board of Directors providing strategic direction and oversight, consisting of professionals with expertise in Islamic finance, banking, law, and waqf management. Key operational roles, including the Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Chief Operating Officer (COO), would ensure efficient management of daily operations and strategic initiatives. Critical departments, such as the Waqf Management Department, Islamic Banking Division, Risk Management Department, and Compliance Department, would address specialized functions, while support functions like IT, legal, and marketing would enhance operational efficiency and public engagement.

The bank's product portfolio would focus on waqf-based financial services, including the management and investment of waqf assets in Shariah-compliant ventures to generate sustainable returns. To support these operations, specific waqf legislation would be developed, providing a legal framework for the governance and management of waqf assets. This legislation would clearly outline the roles and responsibilities of waqf managers, trustees, and regulatory bodies, ensuring transparency and accountability.

DISCUSSION

Implementation Steps

Implementation of the Islamic Waqf Bank would proceed through strategic planning to define its mission, vision, and objectives, followed by securing regulatory approval and initial capitalization through waqf donations and investments. Recruitment of qualified professionals and the establishment of physical and digital infrastructure would set the stage for operations. The development and launch of Shariah-compliant financial products would precede the operational launch of the bank, with mechanisms for ongoing monitoring and evaluation ensuring compliance, efficiency, and sustainability.

By adhering to this comprehensive operational framework and leveraging a well-defined organizational structure, the Islamic Waqf Bank could effectively manage waqf assets, promote Shariah-compliant financial services, and contribute significantly to Nigeria's socio-economic development.

Waqf Management Services

The viability of Waqf institutions in Nigeria relies heavily on robust legal frameworks and effective operational strategies. A core function of these institutions is the management of waqf properties and funds to ensure sustainable income generation for charitable purposes. Waqf property management involves maintaining assets such as real estate, while waqf fund management focuses on investing in Shariah-compliant financial products to enhance returns and achieve the bank's objectives. Complementing these functions, retail banking services provide Shariah-compliant savings and current accounts, as well as profit-sharing investment accounts based on Mudarabah or Musharakah principles.

Financing products offered by the bank include Murabaha financing for purchasing goods, Ijarah leasing for assets, Musharakah joint ventures, and Mudarabah investment partnerships, all adhering to Islamic principles. Investment services such as Sukuk issuance, equity investments, and Takaful insurance provide Shariah-compliant opportunities for customers while supporting infrastructure and development projects. Social and community services are integral, with programs for zakat and sadaqah distribution, microfinance for entrepreneurs, and funding for education and healthcare facilities through waqf initiatives.

To enhance accessibility, the bank offers comprehensive digital banking services, including secure online platforms, mobile applications, and ATM facilities. Risk management is a critical aspect of operations, with policies addressing Shariah compliance, operational risk, credit risk, market risk, liquidity risk, regulatory risk, and reputational risk. A Shariah Supervisory Board oversees compliance, conducting regular audits and ensuring alignment with Islamic principles. Operational risks are mitigated through strong internal controls, staff training, and continuity planning, while credit risk is managed via rigorous assessments, collateral requirements, and portfolio diversification.

Market risk is addressed through clear investment limits, Shariah-compliant hedging strategies, and continuous monitoring of market conditions. Liquidity risk is managed by

maintaining adequate reserves, implementing a robust liquidity framework, and preparing contingency funding plans. Regulatory risks are minimized through a dedicated compliance department, regular reporting, and adherence to regulatory updates. To safeguard its reputation, the bank emphasizes transparency, ethical practices, and high-quality customer service. By integrating these elements, the Islamic Waqf Bank can ensure sustainable operations while contributing to Nigeria's socio-economic development.

Implementation Steps

The implementation of an Islamic Waqf Bank in Nigeria requires a systematic approach, beginning with the development of a comprehensive risk management framework tailored to the specific needs of such an institution. This includes hiring qualified staff with expertise in risk management, Islamic finance, and Shariah compliance to ensure robust operations. Advanced technology solutions must be deployed to monitor and mitigate risks effectively, while continuous training and updates for staff will keep the institution aligned with emerging trends and best practices. By combining a diverse range of products and services with stringent risk management policies, the Islamic Waqf Bank can maintain financial stability while serving its customers and adhering to Shariah principles.

Role of Waqf in Socio-Economic Development

The role of waqf in socioeconomic development is profound, offering opportunities to enhance education, healthcare, poverty alleviation, infrastructure, cultural preservation, and environmental sustainability. Waqf funds are commonly used to establish schools and scholarships, ensuring access to quality education for underprivileged communities. In healthcare, waqf initiatives support hospitals, clinics, and public health programs in underserved areas. Poverty alleviation efforts include social welfare programs and Shariah-compliant microfinance options to support entrepreneurs and stimulate economic growth. Additionally, waqf resources contribute to building community infrastructure, developing affordable housing, and preserving Islamic culture and heritage. Environmental sustainability projects, such as renewable energy and waste management, are increasingly being funded by waqf institutions, reflecting a commitment to long-term societal benefits.

Technological advancements like artificial intelligence and blockchain are reshaping waqf management, enhancing transparency, security, and efficiency. AI-powered tools improve customer service and risk management through predictive analytics, while blockchain ensures secure, transparent transactions and data storage. Smart contracts automate waqf fund disbursement, streamlining administrative processes and reducing costs. Case studies from countries like Malaysia, Turkey, and South Africa illustrate the success of integrating innovative solutions with traditional waqf practices. Malaysia's State Islamic Religious Councils have effectively managed waqf assets, contributing to education and community development. Turkey's Directorate General of Foundations preserves cultural heritage while funding social projects, and Awqaf South Africa focuses on socioeconomic development through education and health initiatives.

Successful Models of Islamic Waqf Banks in Other Countries

The success of waqf-based models in other countries, such as Tabung Haji in Malaysia, Kuwait Awqaf Public Foundation, and Dubai Awqaf and Minors Affairs Foundation, underscores the potential for transformative impact. These institutions have effectively utilized waqf assets to invest in Shariah-compliant ventures, generating substantial revenues for community development. By learning from these examples, the Islamic Waqf Bank in Nigeria can adopt best practices and innovative solutions to maximize the

socioeconomic impact of waqf, ensuring sustainable development while upholding Islamic values.

Stakeholder Engagement

Effective stakeholder engagement is crucial for the successful establishment and operation of an Islamic Waqf Bank in Nigeria. Key government agencies such as the Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC), National Deposit Insurance Corporation (NDIC), and Corporate Affairs Commission (CAC) play pivotal roles in regulatory oversight, licensing, investment regulation, and ensuring compliance with national financial and corporate governance standards. The CBN, for instance, ensures adherence to banking regulations, while the SEC collaborates on the development of Shariah-compliant investment products. The NDIC provides deposit insurance to safeguard depositors' funds, enhancing trust in the institution, and the CAC ensures proper legal incorporation and governance structures.

Engagement with Islamic scholars, religious leaders, and the broader community is equally essential. A Shariah Advisory Board is tasked with ensuring compliance with Islamic principles, and its regular consultations and reviews maintain the bank's alignment with Shariah law. Religious leaders and community influencers play a key role in promoting the concept of waqf and educating the public about its socioeconomic benefits, fostering trust and support. Academic institutions further contribute by providing research, insights, and training to refine waqf management practices and innovate solutions.

Community engagement strategies involve organizing forums, workshops, and outreach programs to gather feedback, address concerns, and ensure waqf projects align with local needs. Raising awareness through media coverage, educational campaigns, and partnerships with respected figures is vital to overcoming skepticism and misconceptions about Islamic banking and waqf principles. Highlighting success stories and case studies from countries like Malaysia, Turkey, and South Africa can further demonstrate the tangible benefits of waqf banks in poverty alleviation, education funding, and healthcare support.

While there is a general trust in Islamic finance principles among the Muslim population, limited knowledge about waqf banks and past negative experiences with financial institutions can pose barriers to acceptance. Addressing these challenges requires transparent communication, accessible information, and consistent demonstration of the bank's efficiency and impact. By effectively engaging stakeholders, fostering trust, and educating the community, the Islamic Waqf Bank can align its operations with national and Islamic standards, ensuring sustainability and maximizing its socioeconomic contributions.

CONCLUSION

The findings underscore the significance of Waqf as an essential instrument for social welfare and economic development within Islamic finance. Globally, successful models of Islamic Waqf banks in countries such as Malaysia, Kuwait, and Turkey demonstrate the feasibility and potential benefits of these institutions. In the context of Nigeria, challenges such as limited public awareness, regulatory hurdles, and cultural misconceptions persist. However, the country also presents substantial opportunities to harness Waqf for socioeconomic advancement. A supportive legal and regulatory framework is identified as critical for establishing and sustaining an Islamic Waqf bank in Nigeria. Effective operations further require a well-defined organizational structure, diverse product offerings, and robust risk management policies. Additionally, leveraging

digital innovations such as blockchain and smart contracts could enhance transparency, efficiency, and trust in Waqf management.

The successful establishment of an Islamic Waqf bank hinges on engaging key stakeholders, including government agencies, regulators, Islamic scholars, and the community. Recommendations for implementation include strengthening the legal and regulatory framework by enacting specific laws for Waqf management and securing support from the Central Bank of Nigeria and other relevant agencies. Enhancing public awareness through national campaigns and integrating Islamic finance and Waqf concepts into educational curricula is also crucial. Professional management can be promoted through specialized training programs for Waqf bank staff and the establishment of a Shariah Supervisory Board to ensure compliance with Islamic principles.

Technology can play a transformative role, with investments in digital banking platforms and the adoption of blockchain technology to improve asset management and operational transparency. Community engagement is vital, and collaboration with religious leaders alongside regular feedback mechanisms can foster trust and improve services. Diversifying product and service offerings, including Shariah-compliant financial products and funding for social projects like education and healthcare, can further amplify the bank's impact. Regular monitoring and evaluation, including impact assessments and stringent transparency practices, will help maintain public trust and measure the socioeconomic benefits of Waqf projects.

By following these recommendations, Nigeria has the potential to establish a successful Islamic Waqf bank that significantly contributes to socioeconomic development and improves the well-being of its population.

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