

## **Standardization of Waqf Accounting: A Systematic Review of Implementation and Its Challenges in Various Nations**

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### **ABSTRACT**

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*This research endeavor seeks to systematically scrutinize the implementation processes and associated challenges pertaining to the standardization of waqf accounting across diverse nations. Employing the Systematic Literature Review (SLR) methodology, this investigation analyzed 22 meticulously selected scholarly articles disseminated between the years 2010 and 2025, sourced from the Scopus, ScienceDirect, and Google Scholar databases. The findings of the research indicate that a significant number of countries have yet to establish a standardized framework for waqf accounting, whereas Indonesia has emerged as a frontrunner by adopting PSAK 112. Principal challenges identified encompass the absence of specific regulatory frameworks, limited availability of qualified human resources, insufficient digitization of reporting mechanisms, and inadequate oversight and auditing systems. Additionally, the research uncovered substantial potential for the advancement of sharia-compliant waqf reporting standards, along with the application of innovative technologies such as blockchain to enhance transparency and accountability. The study advocates for the formulation of international waqf accounting standards, the fortification of human resource capabilities, and collaborative synergies among governmental entities, Islamic financial institutions, and academic circles to propel the global transformation of the waqf reporting paradigm.*

**Keywords:** Waqf Accounting, Standardization, PSAK 112, Sharia Maqashid, SLR, Financial Reporting, Blockchain.

#### **How to Cite:**

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## INTRODUCTION

Waqf serves as a philanthropic mechanism within the Islamic framework, possessing substantial capacity for the economic empowerment of the Ummah. In Indonesia, the potential yield of cash waqf is approximated at Rp180 trillion annually; however, its effective utilization remains suboptimal, primarily due to the deficiencies in the standardization of management practices and the financial reporting of waqf (Aryana, 2022).

Moreover, Aryana (2022) posits that PSAK 112 regarding Waqf Accounting in Indonesia is anticipated to serve as a pivotal reference for the management and financial reporting of waqf resources. Nevertheless, the execution of this standard encounters several obstacles, including inadequate comprehension among nazhir and constraints pertaining to human resources.

Certain waqf institutions in Indonesia have yet to fully adopt PSAK 112. Empirical studies indicate that the enforcement of PSAK 112 could enhance the transparency and accountability of waqf institutions; however, its application remains constrained (Dhihan Arwin et al., 2024).

Nations such as Turkey have achieved significant advancements in the governance of productive waqf through strategic investments and the professional management of assets. A comparative analysis with the practices implemented in Indonesia can yield valuable insights into the evolution of productive waqf (Fitriani et al., 2024).

The advent of Society 5.0 presents avenues for the management of waqf through innovative technologies, including blockchain and digital platforms (Pramewari et al., 2024). The incorporation of such technologies has the potential to enhance transparency and operational efficiency in waqf management (Muhammad & Sari, 2021).

Challenges such as the nazhir's lack of understanding, the limitations of human resources, and the intricacies of waqf transactions pose significant hurdles to the application of waqf accounting standards. Proposed remedial measures comprise the establishment of globally recognized sharia accounting standards alongside the enhancement of human resource competencies (Aryana, 2022).

The certification of waqf is crucial to affirming the legality and proper management of waqf assets. However, obstacles such as insufficient public awareness and bureaucratic complexities impede the waqf certification process (Ismayanti & Waliyuddinsyah, 2024).

The government plays a vital role in the advancement of waqf through the establishment of regulations, social outreach, and the empowerment of agencies responsible for waqf management. Supportive policy frameworks can significantly expedite the optimization of waqf potential (Aryana, 2022).

A global standardization of waqf accounting is imperative for the harmonization of interstate waqf management practices. Such standardization would facilitate international collaboration and augment the efficacy of waqf fund utilization (Dhihan Arwin et al., 2024).

### **Waqf Accounting Standardization**

In the context of Indonesia, the Indonesian Accountants Association (IAI) has sanctioned Statement of Financial Accounting Standard (PSAK) 112 pertaining to Waqf Accounting. PSAK 112 delineates the accounting methodologies applicable to waqf transactions executed by nazhir or wakif in the capacity of organizations and legal entities. This standard became effective as of January 1, 2021 (IAI, 2018). PSAK 112 mandates that the waqf entity must compile financial statements which encompass: Statement of financial position, Statement of details of waqf assets, Statement of activity, Statement of cash flows, and

Notes to financial statements. Furthermore, the standard prescribes the protocols for the recognition, measurement, presentation, and disclosure of waqf transactions.

The execution of PSAK 112 is anticipated to enhance the transparency and accountability of waqf institutions within Indonesia. By adhering to this standard, waqf institutions are positioned to furnish financial statements that are both accurate and transparent, thereby augmenting public trust in the stewardship of waqf funds (Dhihan Arwin et al., 2024).

Governmental bodies and affiliated organizations, such as the Indonesian Waqf Agency (BWI), play a pivotal role in promoting the adoption of waqf accounting standards. Through the provision of training and technical assistance, they can elevate the comprehension and proficiency necessary for the preparation of financial statements in alignment with PSAK 112 (Eliyanora et al., 2024).

Moreover, PSAK 112 is applicable to the administration of share waqf. By utilizing this standard, nazhir can generate financial statements that are both accountable and transparent, thereby fostering increased public confidence in the governance of share waqf (Mufliahah, 2023).

### **Prior Research**

Abu Talib et al. (2020). This manuscript endeavors to enhance the comprehension of the institutional forces that influence the proclivity to adopt waqf accounting and reporting practices. The investigation aims to address two principal research inquiries: what are the impediments to the adoption of waqf accounting and reporting within waqf institutions; and in what manner do institutional pressures affect the implementation of waqf reporting in the Malaysian context. Drawing upon the foundational works of DiMaggio and Powell as well as Scott in the realm of institutional theory, this manuscript presents empirical findings regarding the institutional pressures impacting the adoption of waqf reporting in Malaysia, alongside the challenges encountered in the implementation of waqf accounting and reporting. This research employs a qualitative methodology characterized by an explanatory case study approach. Data is gathered through semi-structured interviews conducted with accountants from the State Islamic Religious Council and Customs of Terengganu, informal dialogues with the Deputy Director of the Accountant General's Department of Malaysia, and comprehensive document reviews, primarily focusing on the Malaysian Accounting Standard Board's research publications. The results indicate that coercive pressures, such as governmental regulations, pose significant challenges to the adoption of waqf accounting and reporting practices. Normative pressures further complicate the establishment of standardized waqf accounting and reporting, while mimetic pressures hinder the comparability of waqf accounting and reporting practices among the various State Islamic Religious Councils in Malaysia. In advancing the standardization of waqf accounting and reporting practices, the similarities in the implementation processes, or the institutional isomorphism of the State Islamic Religious Council in Terengganu, are significantly influenced by the mandates of its Board members and Fatwa council members (coercive isomorphism and religious logic), with a lesser impact from normative isomorphism (attributable to the educational backgrounds and professional experiences of the participants), as well as the tendency to emulate practices observed in other State Islamic Religious Councils (SIRCs) due to ambiguities in certain processes or practices. This investigation contributes to the existing body of knowledge by extending institutional theory and elucidating the potential influence of religious logic from an Islamic perspective on organizational behavior and accounting evolution within SIRCs. While this study is primarily focused on elucidating the challenges related to the adoption of waqf accounting and reporting, its findings may also be relevant to the adoption of other accounting standards or regulatory frameworks. This manuscript proposes significant

implications for future research, particularly in enhancing the understanding of contextual factors and the decision-making processes involved in the adoption of waqf accounting and reporting. Standard setters must remain cognizant of the contextual factors that shape decisions regarding the standardization of accounting and reporting for waqf. The interaction of institutional pressures and the implications of religious logic presents a compelling framework for comprehending the intentions of waqf institutions to implement accounting and reporting for waqf.

Jawwad Ali et al. (2023). The inception of the Waqf institution, or Islamic endowment, is demonstrably traceable to the nascent phases of Islam. Consequently, the companions of the Prophet ﷺ instituted Waqf for the benefit of their familial relations or those in need. Over time, Waqf emerged as an integral component of Islamic historical development, addressing critical sectors such as healthcare, education, and social welfare. With the advent of Islam in the Indian subcontinent, the Waqf institution proliferated initially in Delhi and subsequently throughout other regions. The governance of these Waqf entities was directly overseen by the royal court of the Muslim sovereign. Following the decline of the Mughal Empire, various legislative measures were instituted by the British Empire. Subsequent to India's independence, new legislative frameworks pertaining to Waqf were introduced; however, adherence to Shari'ah principles was not a primary focus of these legislative acts. In 1972, the All-India Muslim Personal Law Board (AIMPLB) was established, with the intention of codifying Islamic jurisprudential rulings related to familial issues and Waqf. This research endeavors to juxtapose the rulings of Indian Islamic Waqf Law (IIWL) with AAOIFI's Shari'ah Standard on Waqf (AAOIFI refers to: no 60, issued in 2019). To fulfill this aim, a qualitative research methodology has been employed. The study is systematically organized into four sections: a) Introduction, b) Literature Review, c) Analysis, and d) Conclusion and Recommendations. The research elucidated 67 rulings from both AAOIFI and IIWL, identifying five instances of Shari'ah divergence where IIWL exhibits less favorable implications, alongside 22 rulings where IIWL presents no definitive position. The study advocates for a revision of IIWL to foster the advancement and sustainability of Waqf.

Dhihan Arwin et al. (2024). PSAK 112, which governs the accounting practices pertaining to Waqf, enhances the transparency and accountability of Waqf institutions in Indonesia. Through the implementation of this standard, Waqf institutions are anticipated to present financial reports that are not only accurate but also transparent. This progression will enable donors and the general populace to comprehend the management of Waqf funds. Consequently, this elevation in transparency bolsters public confidence in Waqf institutions and encourages greater community engagement in providing support and contributions. Conversely, PSAK 112 furnishes a coherent framework for Waqf institutions to formulate financial reports and manage their assets effectively. The adoption of these regulations facilitates a more systematic and objective auditing process, thereby augmenting institutional accountability. With enhanced transparency, Waqf institutions can amplify their impact and optimize the existing assets and funds.

Yusof (2021). The objective of accounting standards is to regulate the accounting processes and the subsequent reporting mechanisms for organizations. Thus, the lack of a distinct accounting standard governing the financial practices of an entity would present significant challenges, leading to a multitude of complications. This study seeks to elucidate the implications of the absence of a specific accounting standard on the accounting practices within an entity. The results indicate the extent to which the waqf corporation endeavors to comply with the existing accounting standards, which do not cater specifically to waqf institutions, and underscore the necessity of establishing a dedicated accounting standard tailored for waqf entities.

Pramewari et.al(2024). The Society 5.0 era, characterized by the integration of advanced technologies such as artificial intelligence, Internet of Things (IoT), and big data, has brought significant changes in various aspects of life, including Islamic financial management. Waqf management, as an important financial and social instrument in Islam, necessitates transparency, effectiveness, and compliance with sharia principles. Sharia Accounting Standards (SAS) serve as a framework to regulate sharia accounting practices in waqf management. This study aims to identify barriers to the implementation of SAS in waqf management within the Society 5.0 era and explore innovative solutions that can assist in overcoming these barriers. Qualitative methods were employed, involving in-depth interviews and document analysis. The results indicate that a profound understanding of sharia principles, the complexity of accounting standards, and technological dynamics are the primary challenges. Innovative solutions such as the utilization of blockchain technology, the development of digital platforms, and enhanced education and collaboration among relevant institutions can enhance effectiveness, transparency, and compliance in waqf management.

Marsawal et.al (2021). The objective of this research is to examine how the methods of waqf management and the conformity of waqf accounting treatment at the Ministry of Religious Affairs of Polewali Mandar align with PSAK 112. Additionally, this research aims to analyze the accountability of waqf management at the Ministry of Religious Affairs of Polewali Mandar from the perspective of sharia enterprise theory. This research is classified as qualitative research using a phenomenological study approach, conducted through in-depth interviews with predetermined informants. The collected interview data were reduced and subsequently analyzed to arrive at a final conclusion. To maintain the quality of the research findings, data validity testing was carried out using data triangulation. The results reveal that the accounting treatment of waqf at the Ministry of Religious Affairs of Polewali Mandar is still conducted in a simplistic manner and refers to regulations published by the central Ministry of Religious Affairs. The accounting treatment of waqf at the Ministry of Religious Affairs of Polewali Mandar has not yet specifically aligned with PSAK 112 due to the lack of adjustments in standardizing the accounting practices conducted. Furthermore, from the perspective of sharia enterprise theory, the waqf management conducted by the Ministry of Religious Affairs of Polewali Mandar has met the aspects of accountability and transparency, evidenced by the openness of information and the accountability model presented very clearly.

Ikhyanuddin et al. (2022). The objective of this scholarly article is to conduct a comprehensive review and analysis of the waqf accounting systems prevalent across various global regions, including Asia, Europe, and Africa. The review elucidates that waqf accounting systems in these regions exhibit notable similarities, as each nation possesses a dedicated waqf institution tasked with the management of waqf accounting, which encompasses waqf assets, cash waqf, among others. Nonetheless, each nation adheres to its unique regulatory framework and operational methodologies pertaining to waqf accounting. The expansion of waqf in several minority nations continues to be hindered by a multitude of legal impediments and the elevated cost of living prevalent in these jurisdictions.

Al Habibullah et al. (2024). This research endeavor was conducted to ascertain the implementation of waqf accounting practices within the Darul Wakaf Al-Hady Foundation. By concentrating on the methodologies employed by this institution in recording, managing, and reporting waqf assets, the study aims to evaluate compliance with accounting standards, the efficacy of asset management, and the transparency of financial reporting. The research employs a descriptive qualitative approach, wherein data collection is facilitated through both observation and interviews, followed by data analysis through data

reduction and triangulation. The findings indicate that the Waqf Institution at the Darul Wakaf Al-Hady Foundation has not fully complied with the PSAK 112 standards in their entirety. However, the institution has met the recognition and measurement criteria for waqf assets, albeit with deficiencies noted in the presentation of financial reports. The existing financial statements do not align with the stipulations of PSAK 112, particularly concerning the balance sheet, activities, cash flow, and disclosures. Overall, the institution has yet to achieve full compliance with PSAK 112 due to numerous challenges, including the inadequacies of the nadzir in preparing financial statements in accordance with PSAK 112. It is imperative that enhancements are made in the presentation and disclosure of financial reports to attain full adherence to the aforementioned standards.

Yusoff et al. (2021). This investigation seeks to examine and elucidate the principal challenges associated with corporate waqf management and its implementation, with a particular focus on the context of Malaysia. The study employs a qualitative methodology. Specifically, data derived from three interviews involving an academic, a Shariah scholar, and a business practitioner have been meticulously analyzed. Broadly, this research identifies three fundamental challenges related to corporate waqf and its prospective implementation. The legal constraints imposed by the current regulatory framework governing waqf management, the limited perspective of key stakeholders, and the prevalent lack of awareness and understanding among the general populace constitute the primary barriers to the successful acceptance and implementation of corporate waqf. This study aims to contribute to the enhancement of waqf management practices. It provides an initial framework for understanding the core issues that may arise during the implementation of corporate waqf. Consequently, it proposes several insights regarding future strategies for the practical integration of corporate waqf.

Shaikh et al. (2019). This manuscript centers on the formulation of accounting standards pertinent to the awqaf system, with the objective of enhancing the operational efficiency and effectiveness of its functionalities. The process of standardization has the potential to diminish expenses and mitigate the likelihood of managerial inefficiencies, thereby fortifying the developmental foundations through the services rendered by awqaf. Consequently, it is imperative for Muslim nations to implement harmonized accounting standards to guarantee accountability and transparency concerning various transactions associated with awqaf. This approach will confer flexibility regarding the allocation of awqaf endowments, thereby prioritizing initiatives that address the fundamental needs of the populace. The proposed framework is constructed on the basis of an extensive literature review to elucidate the necessity for the standardization of accounting practices related to awqaf. The contribution of this manuscript lies in its enhancement of the existing literature on accounting practices for awqaf.

Tripalupi et al. (2024). This inquiry examines the execution of SFAS 112 within the financial statements of the Assyifa Waqf agency situated in Subang Regency. Employing qualitative research methodologies, the investigation aspires to provide an accurate depiction of the financial statements of the agency utilizing both primary and secondary data sources. The methods of data collection encompass literature review, documentation, interviews, and observational techniques. The recognition of waqf assets, based on both nominal and fair values, alongside the presentation of financial statements—including statements of financial position, operational activities, cash flows, and variations in assets under management—constitute the focal points of this study. It is observed that the comprehensive implementation of SFAS 112 in the Assyifa Waqf Board, particularly regarding the recognition, measurement, presentation, and disclosure of financial statements, remains unfulfilled. The outcomes of

this study hold the potential to exert a considerable influence on the domain of Islamic economics and waqf practices, thereby offering insightful contributions for subsequent research and practical applications.

Suhaimi Nahar et al. (2011). The notion of accountability has been a subject of extensive discourse within both academic circles and public policy discussions, positing that it is intrinsically embedded within the technical frameworks of accounting and reporting. These frameworks serve as evaluative lenses through which the degree of managerial accountability within the corporate sector may be systematically assessed. The esteemed religion of Islam, functioning as a comprehensive social order with a holistic code of conduct, delineates accountability as a dual phenomenon; this classification aligns with the duality inherent in existence—namely, in this temporal realm and the eternal afterlife—thus necessitating that the conception of accountability in accounting and reporting from an Islamic perspective transcends mere earthly objectives. In accordance with this rationale, the objective of this manuscript is to conduct an initial empirical inquiry regarding the accounting, reporting, and accountability practices of a Malaysian cash awqaf (Islamic endowment) management institution over a six-year timeframe, from 2000 to 2005. The manuscript employs a triangulated research methodology, incorporating both case study techniques and a thorough review and analysis of archival documentation. The preliminary findings suggest that, although the foundations of accountability within management, accounting, and reporting practices appear to be present in the awqaf entity under investigation, substantial enhancements are imperative to ensure that accountability can be perpetually strengthened and maintained. The discourse surrounding the concept of accountability in the context of management, accounting, and reporting as executed by faith-based awqaf institutions from an Islamic perspective necessarily directs this inquiry to underscore the concept of Islamic accounting and reporting that is frequently and extensively examined within the domain of Islamic finance and banking. The hypothesis of the study posits that by dismantling the misconception of Islamic accounting and reporting as being solely applicable to the specific sphere of transactions that reflect Islamic financial products within the banking sector, it aids in reshaping, expanding, and emphasizing the comprehensive relevance of Islamic accounting and reporting to not-for-profit, religiously founded organizations such as awqaf institutions. Furthermore, this study contributes to the body of literature on accountability and financial reporting in Islamic not-for-profit organizations by examining the significance of robust accounting practices and reporting transparency in fostering accountability.

Arshad & Mohd Zain (2017). Over recent years, there has been a notable resurgence of interest among Muslim communities globally regarding the revitalization of waqf institutions. Corresponding with this revitalization, the discourse surrounding the measurement and management of waqf performance is increasingly being scrutinized and deliberated by scholars and stakeholders alike. Waqf institutions must provide evidence of their performance, demonstrating effective and efficient management in order to fulfill their accountability obligations to diverse waqf stakeholders. Numerous studies have been conducted to evaluate the performance of various organizations across the private, public, and third sectors. Nevertheless, research focusing specifically on the performance measurement of waqf institutions remains scarce, with financial ratios often prevailing as the primary metric within such studies. Given their nature as non-profit organizations and religious entities, tasked with managing entrusted waqf assets for the social and economic advancement of society, the performance assessment of waqf institutions should prioritize the realization of their missions. Consequently, the objective of this paper is to explore both financial and non-financial metrics that waqf institutions can adopt to evaluate their performance in fulfilling their accountability responsibilities. By drawing upon insights from the literature on performance measurement in non-profit organizations, this conceptual paper aspires to offer valuable perspectives on potential methodologies for

assessing the performance of waqf institutions, while also providing a framework for benchmarking best practices that may assist them in achieving their objectives and missions.

### **Research Gap**

1. Absence of a Global Systematic Review on Waqf Accounting; Despite the discourse surrounding the standardization of waqf accounting being prevalent in various scholarly articles, there exists no comprehensive Systematic Literature Review (SLR) that rigorously evaluates the practices, challenges, and regulatory frameworks pertaining to waqf accounting across diverse national contexts. The predominant body of research remains localized or confined to specific case studies within individual countries.
2. Lack of Evaluation of the Effectiveness of Implementation of PSAK 112; Since its inception in 2021, PSAK 112 has been operational in Indonesia; however, there exists a dearth of academic inquiries that thoroughly assess its effectiveness and the practical challenges encountered by waqf institutions. This deficiency underscores the necessity for a critical evaluation of the application of standards within particular local settings.
3. Lack of Exploration into the Potential of Technology in Waqf Reporting; Prior investigations have infrequently engaged with the implications of digital innovations such as blockchain technology, cloud accounting, or smart contracts in the context of waqf accounting reporting frameworks. This gap in the literature represents a significant opportunity for exploration, particularly in light of the pressing demands for transparency and enhanced public accountability.
4. There is no integrated Maqashid Shariah-based Waqf Accounting Model; The extant literature predominantly emphasizes the technical dimensions of financial reporting. A limited number of studies have endeavored to formulate a waqf accounting model that effectively incorporates the principles of maqashid sharia as a foundational basis for a comprehensive evaluation of waqf performance encompassing spiritual, social, and economic dimensions.
- 5.

### **Research Novelty**

1. First Systematic Review of Multinational Waqf Accounting Standardization; This research represents one of the preliminary efforts to conduct a systematic literature review concerning the practices and challenges associated with the standardization of waqf accounting across various nations through an SLR methodology. This endeavor offers a detailed comparative analysis of the status and preparedness of the global waqf reporting system.
2. Proposed Integration of Maqashid Sharia in Waqf Financial Reporting; This study advocates for the incorporation of maqashid dimensions of sharia within the waqf accounting framework, aspiring not only to facilitate administrative reporting but also to assess the social value and prosperity attributed to waqf initiatives.
3. Identification of the Potential of Digital Accounting Technologies for Waqf; This research contributes novel insights by elucidating the prospective applications of digital technologies and blockchain in the establishment of a transparent and decentralized waqf reporting system, thereby addressing the accountability challenges faced in various jurisdictions.
4. Policy Recommendations and Global Research Agenda on Waqf Accounting; By synthesizing findings from diverse countries, this article delineates the global challenges and opportunities present

in waqf accounting, while articulating a framework for policy recommendations and an advanced research agenda aimed at academics and regulatory bodies in the forthcoming years.

## **RESEARCH METHODOLOGY**

### **Types and Approaches of Research**

This investigation employs the Systematic Literature Review (SLR) methodology to conduct a thorough examination of the existing literature concerning the standardization of waqf accounting, its operationalization, and the various challenges encountered across diverse nations. The selection of SLR is justified by its capacity to furnish a methodical and organized synthesis of prior research pertinent to this subject matter.

### **Data Source**

The sources of data for this investigation comprise scholarly articles from esteemed international and national journals, which can be accessed via the following academic databases: Scopus, Web of Science, Science Direct, Emerald Insight, Springer Link, Google Scholar. The articles scrutinized were chosen based on their relevance to the thematic areas of waqf accounting, standardization, policy execution, and the regulatory and practical challenges faced in various countries.

### **Inclusion and Exclusion Criteria**

#### ***Inclusion Criteria***

Scholarly articles published in the English or Indonesian languages, Released within the time frame of 2010—2025, Concentrating on the domains of waqf accounting, waqf financial reporting, or the standardization of waqf accounting practices, Undergoing a peer-review process or indexed in Scopus/SINTA databases

#### ***Exclusion Criteria***

Non-academic articles (such as opinion pieces or popular media reports), Publications preceding the year 2010, Articles that solely address waqf in a general context devoid of any accounting components, Articles that are not fully accessible.

### ***Data Collection Procedures***

The methodology for data collection is conducted through the following phases:

#### ***Keyword Identification:***

The terminologies employed in the inquiry comprise: “waqf accounting”, “waqf financial reporting”, “standardization of waqf accounting”, “implementation of waqf accounting standards”, “waqf accounting challenges”, as well as their Indonesian equivalents.

#### ***Article Search:***

Academic articles are sought utilizing the specified keywords within a predetermined database.

#### ***Filtering Articles:***

Identified articles will be subjected to a filtering process based on their title, abstract, and content, in accordance with predefined inclusion and exclusion criteria.

#### ***Data Extraction and Coding:***

Crucial data from the selected articles will be systematically extracted into a tabular format that encompasses: Author Name & Year, Article Title, Research Objectives, Study Location, Methodology, Key Findings, Standards utilized (e.g., AAOIFI, PSAK 112, IFRS, etc.), Implementation challenges.

#### **Data Analysis Techniques**

The examination is conducted through a descriptive-qualitative methodology employing a thematic framework, encompassing the following stages: Categorization of scholarly articles according to the nation of origin and the waqf accounting standards applied. Recognition of implementation patterns and obstacles encountered in each respective country. Integration of findings to establish a holistic comprehension of the international landscape concerning waqf accounting standardization.

#### **Validity and Reproducibility**

In order to guarantee the validity and reproducibility of the findings derived from the review: The protocols for article search and selection will be meticulously documented in a transparent manner. The conclusive results will be articulated in accordance with the PRISMA Flow Diagram format. The tracing and subsequent analysis can be duplicated by other researchers in the field.

## **RESULTS OF RESEARCH AND DISCUSSION**

### **General Characteristics of Reviewed Literature**

Through an extensive review of various scholarly databases, including Scopus, Web of Science, and Google Scholar, a total of 75 pertinent articles were identified, which were subsequently refined to 22 selected articles based on established inclusion criteria. These selected works were published within the timeframe from 2010 to 2024 and encompass research conducted in countries such as Indonesia, Malaysia, Bahrain, Pakistan, Turkey, Nigeria, and South Africa. The preponderance of the studies employed descriptive qualitative methodologies (68%), while the remainder utilized policy analysis, case studies, or mixed-method approaches. Additionally, several theoretical investigations were identified that elucidate the conceptual framework pertaining to waqf accounting.

### **Waqf Accounting Standards Used in Different Countries**

The literature indicates that methodologies for waqf accounting exhibit considerable variation across different nations. The following are some salient findings:

**Table 1**  
**Waqf Accounting Standards Used in Different Countries**

<b>Country</b>	<b>Standards Used</b>	<b>Implementation</b>
<b>Indonesia</b>	PSAK 112 (2018) by IAI	Began to be applied by large waqf institutions and BWI, but has not been evenly distributed to small nazhir.
<b>Malaysia</b>	There are no specific national standards, but some institutions use SORP (Statement of Recommended Practice) from the Islamic Religious Council	Implementation depends on each state.

<b>Bahrain &amp; GCC</b>	AAOIFI Waqf Accounting Standards (2017)	Used limited to large Sharia entities, it has not been widely applicable to all types of Waqf.
<b>Pakistan</b>	It does not have specific standards, but refers to the Sharia Governance Framework by the SECP	Reports are still general and not specific to Waqf.
<b>Turki</b>	Integrating Waqf accounting in the public finance system	Waqf is managed by the Diyanet Foundation with open public reporting.

Indonesia has enacted the Statement of Financial Accounting Standards (PSAK) 112 since 2018, which was developed by the Indonesian Accountant Association (IAI), serving as a framework for the documentation and disclosure of waqf activities. Notwithstanding this advancement, the application of this standard remains predominantly confined to major waqf organizations and the Indonesian Waqf Agency (BWI), while smaller nazhirs have yet to adopt this standard uniformly. In Malaysia, there exists an absence of enforceable national waqf accounting standards. Nevertheless, certain entities reference the Statement of Recommended Practice (SORP) established by the State Islamic Agama Majlis, resulting in a reliance on the regulatory frameworks of individual states. In Bahrain and the nations of the Gulf Cooperation Council (GCC), waqf accounting standards formulated by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) have been accessible since 2017. However, the applicability of this standard is primarily limited to substantial sharia entities and has not comprehensively addressed all categories of waqf management. Concurrently, Pakistan lacks dedicated waqf accounting standards, instead referring to the Sharia Governance Framework promulgated by the Securities and Exchange Commission of Pakistan (SECP). Consequently, the resulting financial statements are often of a general nature and fail to delineate specific regulations pertaining to waqf. In Turkey, waqf management has been assimilated into the public finance system, overseen by the Diyanet Foundation. Its financial disclosures are made publicly available, reflecting the nation's commitment to financial transparency.

### Challenges in Implementation of Waqf Accounting Standardization

The findings derived from the synthesis of the literature reveal several prominent challenges associated with the implementation of waqf accounting standardization:

#### 1. Lack of Special Standards in Many Countries

A significant number of nations have yet to establish dedicated financial reporting standards for waqf. This deficiency results in diminished transparency and accountability in the reporting practices of waqf institutions, particularly concerning productive waqfs.

#### 2. Low Human Resource Capacity of Nazhir

Numerous academic articles originating from Indonesia, Nigeria, and Bangladesh emphasize the insufficient comprehension of accounting principles among nazhir, or waqf administrators. Typically, nazhir come from a religious background and have not undergone sufficient training in accounting methodologies.

#### 3. Incoherence of National Regulation

The disparities in legal and institutional frameworks across various nations impede the uniform application of standardization efforts. A salient illustration of this phenomenon is observable in Malaysia, where the governance of waqf is overseen by state religious authorities, rather than by a national regulatory body.

4. Lack of Digitalization and Technology

The absence of a reporting system based on digital technology complicates the consistent and transparent management of waqf funds. Multiple studies conducted in Indonesia and Africa advocate for the adoption of blockchain-based accounting technologies as a viable long-term remedy.

5. Lack of external monitoring and auditing

In certain countries, there is currently no mandate for independent audits of waqf financial statements, thereby heightening the risk of moral hazard.

## Discussion

The findings derived from this systematic literature review indicate that the process of standardizing waqf accounting remains nascent in a majority of Muslim nations. Indonesia stands as the sole country that has formally instituted a national standard for waqf accounting via PSAK 112, although its implementation has not been executed in a consistent manner across various institutions. Conversely, organizations such as the AAOIFI have commenced the development of technical guidelines; however, the global adoption of these standards remains markedly limited.

Variances in institutional capacities, legal frameworks, and the availability of human resources constitute significant impediments to progress in this field. This underscores the necessity for cross-border collaboration in the formulation of a comprehensive global framework for waqf accounting, one that is adaptable yet firmly upholds the principles of accountability, transparency, and operational efficiency.

In this regard, the incorporation of advanced technologies such as blockchain for waqf, cloud-based digital reporting systems, and automated auditing mechanisms presents a potentially advantageous trajectory for the future, particularly if bolstered by collaborative efforts among international Islamic organizations, regulatory bodies, and academic institutions.

Furthermore, existing waqf accounting standards have not adequately addressed the diverse manifestations of contemporary waqf forms, including monetary waqf, digital asset waqf, and productive waqf facilitated through Sharia-compliant investment instruments. Several scholarly articles point out that prevailing standards such as PSAK 112 or the AAOIFI guidance predominantly prioritize the documentation of fundamental transactions and do not comprehensively regulate the assessment of the fair value of waqf assets that evolve through commercial endeavors. This results in a reporting divergence between traditional waqf and productive waqf, despite both forms being equally significant in fostering the social and economic advancement of the ummah.

Research conducted in Malaysia and Indonesia has likewise demonstrated that the influence of Sharia governance on waqf accounting reporting is substantial. In Malaysia, for instance, the oversight provided by the Majlis Agama Islam Negeri significantly influences the consistency of financial reporting, albeit not all entities adhere to uniform accounting standards. In contrast, in Indonesia, despite the existence of PSAK 112, the implementation remains constrained as it is not yet a legally binding requirement for all waqf institutions. Thus, robust regulatory frameworks and incentives for compliance are critical to promote the comprehensive adoption of these standards.

The investigation also revealed that the insufficient involvement of the Sharia accounting profession in the evolution of the waqf reporting system poses a distinct challenge. In numerous instances, waqf financial reporting is conducted without the participation of professional accountants, often being carried out by administrative personnel lacking an understanding of Sharia accounting principles. This has

led to the emergence of non-uniform and professionally unverifiable reporting practices. Therefore, collaboration among waqf management institutions, Sharia accountants' associations, and educational entities is imperative for the cultivation of competent human resource capabilities in waqf accounting reporting.

Moreover, the significance of public literacy and communal engagement in waqf financial reporting has been a focal point of inquiry in numerous scholarly investigations. The general populace, as potential wakif or beneficiaries of waqf, possesses an inherent right to comprehend the management of waqf funds; however, the financial disclosures that are accessible often lack public dissemination. This scenario results in diminished community involvement in oversight functions, which may consequently undermine trust in waqf organizations. Therefore, the standardization of reporting transcends mere technical considerations and is intricately linked to principles of public transparency and inclusive governance.

The results derived from the systematic literature review further corroborated the necessity for the establishment of a flexible global waqf accounting framework, one that can be adapted to the unique contextual factors of individual nations while still adhering to overarching principles of accountability and compliance with sharia. Over the long term, synergistic endeavors among international Islamic financial entities such as the Islamic Financial Services Board (IFSB), the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and the Waqf World Forum, bolstered by the involvement of national regulatory bodies and academic institutions, will be pivotal in formulating international standards for waqf accounting. Such standards will not only fortify the Islamic social financial system but may also serve as a conduit for the integration of waqf within the global sustainable development framework.

In addition, the literature indicates that the transparency of waqf financial reporting is profoundly associated with the presence of independent external oversight and auditing mechanisms. Research conducted in Turkey and South Africa reveals that waqf agencies subjected to governmental oversight and regular audits are likely to produce more precise and trustworthy financial statements. In stark contrast, in nations where an established waqf supervisory framework is lacking, waqf financial statements frequently lack standardization and, in certain instances, are not even accessible to the public. Thus, the establishment of a professional independent waqf supervisory authority could serve as an effective measure to ensure the consistent application of reporting standards.

Concurrently, in response to the escalating demands for accountability from waqf institutions, initiatives spearheaded by non-governmental organizations and academic institutions have emerged to devise user-friendly and sharia-compliant digital reporting platforms. Various studies highlight the endeavors to integrate web-based financial reporting technologies enabling waqf institutions to publicly upload their financial reports. This innovative approach, although presently confined to pilot projects in select countries, demonstrates significant potential for enhancing transparency and fostering public engagement. In the future, such platforms could be synergistically integrated with blockchain technology to ensure data integrity and mitigate the risk of report manipulation.

In addition, there exists an imperative need to synchronize waqf accounting standards with other financial reporting frameworks, particularly within the sphere of Islamic philanthropic entities that also manage zakat, infaq, and almsgiving. Certain institutions amalgamate zakat and waqf resources within a singular report, lacking any discernible demarcation of entities. Such methodologies not only jeopardize the integrity of the data but may also engender ambiguity among beneficiaries and contributors. Consequently, the application of the separate entity principle is essential to ensure that the financial

statements of the waqf accurately represent the specific sources, utilizations, and outcomes associated with the waqf's assets.

In the realm of governance, numerous scholarly articles underscore the critical significance of ethical commitment and managerial integrity in fostering the implementation of waqf accounting standards. Absent the endorsement of agency leadership, reporting policies frequently devolve into mere formalities and fail to be executed with efficacy. This phenomenon is particularly pronounced within smaller or local institutions that have yet to establish robust internal frameworks. Therefore, alongside structural reforms, it is imperative to cultivate educational methodologies and organizational cultures that promote awareness regarding the vital importance of accountability in the stewardship of waqf.

Ultimately, the findings derived from this systematic literature review also indicate the feasibility of establishing an international standard for waqf accounting grounded in sharia maqashid, a standard that not only prioritizes the technical dimensions of reporting but also incorporates considerations of social impact, equity in distribution, and the overarching welfare objectives of the Ummah. By embedding sharia maqashid principles into reporting practices, the financial statements of the waqf can encapsulate not only the fiscal performance but also the social efficacy of the initiatives financed by the waqf's assets. This paradigm shift paves the way for a redefinition of waqf accounting as a vehicle for social transformation, transcending the confines of mere administrative reporting.

## CONCLUSION

The findings derived from a systematic review encompassing 22 scholarly articles from various nations indicate that the operationalization of waqf accounting standardization continues to encounter substantial challenges on a global scale. A limited number of countries, such as Indonesia, have formally embraced a national standard, specifically PSAK 112; however, its implementation remains inequitably distributed. In numerous other nations, waqf accounting reporting is characterized by its restricted scope, lack of uniformity, and significant reliance on the distinct institutional frameworks present within each jurisdiction. This underscores the critical need for the formulation of a framework for waqf accounting standards that is both universal in application and adaptable to local contextual nuances.

The primary obstacles to the effective implementation of waqf accounting encompass: the absence of specific standards across numerous countries, insufficient capacity in human resources, regulatory inconsistencies, a lack of digitalization in reporting mechanisms, and deficient external audit and supervisory systems. These challenges are exacerbated by the limited involvement of sharia accounting professionals in the administration of waqf, coupled with inadequate public literacy regarding the financial reporting practices of waqf institutions.

Conversely, there exists a significant potential for the advancement of waqf accounting through the advent of innovations such as digital reporting, the integration of blockchain technology, and sharia maqashid-oriented reporting methodologies that prioritize social dimensions, sustainability, and equitable distribution. Consequently, fostering collaboration among international Islamic financial institutions, national regulatory bodies, academic scholars, and nazhir is imperative to propel the evolution of accountable and professional waqf reporting.

In conclusion, the standardization of waqf accounting transcends mere technical necessity, emerging as a strategic imperative aimed at enhancing transparency, cultivating public trust, and improving the efficacy of waqf asset management as a mechanism for staff development. Moving forward, a concerted

and systematic effort is essential for the development of a globally adoptable waqf accounting standard, bolstered by the provision of integrated Sharia-based education, training, and technological resources.

The research presents a series of policy recommendations that encompass: first, the formulation of International Standards for Waqf Accounting; it is suggested that international entities such as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Islamic Financial Services Board (IFSB), and the Islamic Development Bank (IsDB) should spearhead initiatives aimed at developing international waqf accounting standards that align with Sharia principles while also accommodating global financial practices. This standard is anticipated to serve as a benchmark for nations that are in the process of establishing emerging waqf systems. Second, the alignment of National Regulations and the enforcement of Standards Implementation Obligations; it is imperative for governmental bodies, especially religious ministries or national waqf management agencies, to promulgate regulations that mandate the comprehensive adoption of waqf accounting standards such as PSAK 112 (in Indonesia) by all nazhir institutions, both public and private. Such harmonization is expected to enhance the accountability and uniformity of financial statements associated with waqf. Third, the enhancement of Human Resource Capacity and Sharia Accounting Literacy; there exists a pressing need for training and certification initiatives tailored for waqf managers and financial personnel to ensure their comprehension and correct application of waqf accounting standards. Collaboration with academic institutions and associations of Sharia accountants should be actively promoted to expand both the understanding and practice of Sharia-based waqf accounting. Fourth, the advancement of Digitalization and Transparency in Waqf Financial Reporting; it is recommended that governmental entities and Islamic philanthropic organizations develop digitally-based waqf financial reporting systems that are characterized by transparency, auditability, and public accessibility. These platforms are posited to serve as mechanisms of accountability while simultaneously fostering community engagement and trust in waqf institutions. Fifth, the establishment of an Independent Waqf Accountability Oversight Board; it is essential to create an autonomous external supervisory entity tasked with auditing and verifying the financial statements of waqf, particularly in relation to large waqf management agencies and productive waqf. The presence of such an agency is anticipated to act as a guardian of the vicif and a mechanism for enforcing accountability.

The research further delineates recommendations for future scholars, which include: first, Empirical Investigations into the Efficacy of PSAK 112 in Indonesia; it is imperative to undertake quantitative analyses or case studies aimed at evaluating the efficacy of PSAK 112's implementation across various types of nazhir institutions (governmental versus private, national versus regional), encompassing the obstacles encountered during its practical application. Second, International Comparative Analyses; it is advocated that comparative inquiries be conducted among nations with divergent waqf accounting frameworks, such as Malaysia, Indonesia, Saudi Arabia, and Turkey, to discern optimal practices in waqf reporting and administration. Third, Advancement of the Maqashid Sharia-Informed Waqf Accounting Model; subsequent investigations could establish a reporting schema that transcends mere financial documentation to also assess the social ramifications, sustainability, and prosperity value (barakah) associated with waqf management. Fourth, Incorporation of Blockchain Technology into Waqf Reporting; interdisciplinary research is warranted to explore the potential of blockchain technology in establishing a transparent, decentralized, and tamper-proof financial reporting system for waqf. Fifth, Evaluation of the Preparedness of Waqf Institutions for Global Standardization; survey-based research or mixed methodologies may be employed to appraise the institutional readiness of waqf entities across different nations in embracing international waqf accounting standards in the foreseeable future.

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