Islamic Legal Insight Journal
Vol. 1 No. 1 (2026), p. 1-14
Available online at https://cendikianusantara.com/index.php/ilij

Community Economic Transformation Based on Zakat, Infaq and Productive Waqf: Legal Perspective in Realizing Sustainable Prosperity

Fatimah Syivaa Usarriroh* Fina Isma Fauziah[2], Zulfa rasyidah[3]
[1] Universitas Islam Negeri Sunan Kalijaga Yogyakarta, Indonesia
[2] Universitas Islam Negeri Sunan Ampel Surabaya, Indonesia
[3] Universitas Al azhar, Egypt
Email: *syivaafatimah51@gmail.com*

DOI: https://doi.org/10.61987/bamj.v1i1

Article History:
Received: 02 May 2026
Revised: 14 June 2026
Accepted: 10 July 2026

Keywords:
Islamic Economic Law; Productive Waqf; Zakat and Infaq; Sustainable Community Economic Transformation

**Correspondence Address:*
syivaafatimah51@gmail.com

Abstract :
This study aims to analyze the harmonization of Islamic economic law and Indonesian positive law in strengthening the governance of zakat, infaq, and productive waqf to achieve sustainable community economic transformation. A normative juridical approach was employed using statutory, conceptual, comparative, and analytical approaches. Data were collected through document analysis of primary and secondary legal materials, including legislation, fatwas, legal doctrines, and scholarly literature, and analyzed through data condensation, data display, and conclusion verification. The findings indicate that Indonesian positive law substantially accommodates the principles of maqāṣid al-syarī'ah through regulations governing zakat and waqf; however, fragmented institutional governance, weak regulatory synchronization, and limited inter-agency coordination hinder the productive utilization of Islamic social finance. The study concludes that sustainable prosperity requires an integrated legal governance framework combining Islamic legal principles with positive law. The findings provide theoretical contributions to Islamic economic law and practical implications for strengthening institutional coordination, accountability, regulatory harmonization, and sustainable governance of Islamic social finance.

INTRODUCTION

Community economic transformation has become one of the most pressing agendas in achieving sustainable development, particularly in countries with large Muslim populations where poverty, income inequality, and unequal access to economic resources remain persistent challenges (Adzkiya' et al., 2023; Rizal et al., 2023). Economic growth alone has not always been accompanied by equitable welfare distribution, indicating that conventional development strategies often fail to address structural disparities within society (Maulina et al., 2023; Qurrata et al., 2025). In this context, Islamic social finance, particularly zakat, infaq, and productive waqf, offers an alternative mechanism capable of simultaneously promoting social justice and economic empowerment. These instruments are not merely religious obligations but also possess significant economic potential for strengthening community resilience through productive investment, entrepreneurship, education, and social protection (Esa et al., 2025; Jedidia & Ghroubi, 2024). Their successful implementation contributes to inclusive economic development while reinforcing ethical values embedded in Islamic law. Therefore, optimizing zakat, infaq, and productive waqf through an appropriate legal framework is not only a religious concern but also a strategic necessity for realizing sustainable prosperity and strengthening national socioeconomic resilience.

Despite the enormous potential of Islamic social finance, many communities continue to experience poverty, unemployment, and limited economic opportunities due to ineffective management and fragmented legal governance of zakat, infaq, and productive waqf institutions (Article et al., 2024; Elmahgop et al., 2025). Numerous charitable assets remain underutilized because distribution mechanisms are predominantly consumptive rather than productive, thereby limiting their long-term socioeconomic impact. Furthermore, inconsistencies between statutory regulations, institutional coordination, and implementation practices often reduce public trust and hinder accountability in fund management (Ali, 2024; Maghfirah et al., 2026). Legal uncertainty concerning governance standards, institutional authority, and supervision creates inefficiencies that prevent Islamic philanthropic institutions from maximizing their developmental role (Akhter et al., 2023; Humaidi et al., 2024). Consequently, the absence of an integrated legal approach combining Islamic jurisprudence with positive law has become a significant obstacle to optimizing Islamic social finance as a sustainable economic instrument. Addressing these legal deficiencies is therefore essential to ensure that zakat, infaq, and productive waqf contribute effectively to inclusive and sustainable community economic transformation.

Field realities further demonstrate substantial disparities between the theoretical potential and practical implementation of Islamic social finance. Although Indonesia records one of the largest potentials for zakat and waqf collection globally, the actual realization of collected and productively managed assets remains considerably below its estimated capacity (Asyiqin et al., 2026; Contemporary et al., 2025). Many waqf assets are still utilized for traditional religious purposes without generating sustainable economic returns, while productive waqf initiatives remain concentrated in a limited number of institutions with strong managerial capabilities (Lestari et al., 2023; Wardiyanto et al., 2026). Likewise, zakat distribution frequently prioritizes short-term consumption assistance rather than empowering beneficiaries through entrepreneurship, microfinance, vocational training, or community-based productive enterprises (Choiri & Ardyansyah, 2024; Mukhlishin et al., 2024). Institutional fragmentation, overlapping authority among stakeholders, limited professional governance, and insufficient regulatory harmonization further complicate implementation. These conditions illustrate that the challenge extends beyond financial management alone and reflects broader legal and policy issues requiring comprehensive reform to strengthen governance and maximize the socioeconomic contribution of Islamic social finance.

Previous studies have extensively examined the contribution of zakat, infaq, and waqf to poverty alleviation, social welfare, and community empowerment. Many scholars conclude that productive zakat programs significantly improve household income, while productive waqf contributes to education, healthcare, and microenterprise development. Other studies emphasize institutional management, accountability, digital transformation, and governance innovation as essential determinants of effective Islamic social finance (Siddiq et al., 2025; Suryanto et al., 2025). Research has also explored legal aspects individually, including the implementation of national zakat legislation, waqf regulations, and Sharia governance mechanisms. Nevertheless, these investigations generally analyze zakat, infaq, or waqf separately rather than integrating them into a unified legal and economic framework. Moreover, most studies primarily focus on institutional performance or socioeconomic outcomes, paying relatively limited attention to the interaction between Islamic legal principles and national legal systems in supporting sustainable community economic transformation.

Another important limitation of previous research lies in its tendency to examine legal compliance descriptively without critically comparing Islamic legal principles with positive legal regulations in addressing governance challenges. Existing literature rarely evaluates whether the current legal framework adequately accommodates institutional collaboration, productive asset development, policy harmonization, and long-term sustainability objectives. Furthermore, few studies investigate how legal fragmentation influences institutional effectiveness and public confidence in Islamic social finance governance(Hadi et al., 2025; Ridho et al., 2025). Comparative legal analyses integrating normative Islamic jurisprudence with statutory regulations remain relatively scarce despite their importance for identifying regulatory inconsistencies and proposing comprehensive policy improvements. Consequently, significant research gaps persist regarding the development of an integrated legal framework capable of strengthening governance, improving institutional accountability, promoting productive utilization of Islamic philanthropic assets, and enhancing their contribution to sustainable socioeconomic development. Filling this gap is essential for advancing both legal scholarship and public policy concerning Islamic economic governance.

This study offers a distinct contribution by introducing a comparative legal perspective that integrates Islamic economic law and Indonesian positive law in analyzing the governance of zakat, infaq, and productive waqf as complementary instruments for community economic transformation. Unlike previous studies emphasizing institutional effectiveness or socioeconomic impacts independently, this research focuses on regulatory coherence, legal harmonization, institutional accountability, and policy integration as fundamental prerequisites for sustainable prosperity. Employing a normative juridical approach, the study critically examines statutory regulations, legal doctrines, Islamic jurisprudential principles, and relevant public policies to formulate an integrated legal framework supporting productive Islamic social finance. This approach represents the study's state of the art because it positions legal analysis not merely as regulatory interpretation but as a strategic instrument for designing governance capable of balancing religious values, legal certainty, institutional efficiency, and sustainable economic development within an increasingly complex socioeconomic environment.

Based on these considerations, this research addresses the following fundamental question: how can the integration of Islamic economic law and Indonesian positive law strengthen the governance of zakat, infaq, and productive waqf to support sustainable community economic transformation? The study argues that sustainable prosperity cannot be achieved solely through increasing financial collection but requires comprehensive legal harmonization ensuring accountability, transparency, institutional coordination, regulatory certainty, and productive asset management. The preliminary argument advanced in this research is that an integrated legal framework combining Islamic legal principles with national regulatory policies provides stronger institutional legitimacy and more effective governance mechanisms than fragmented legal approaches. Such harmonization is expected to optimize Islamic social finance institutions, enhance public trust, encourage productive investment, and ultimately establish a sustainable model of community economic transformation that aligns with both Islamic normative values and national development objectives.

RESEARCH METHOD

This study employed a normative juridical research design to examine the legal framework governing zakat, infaq, and productive waqf as instruments for community economic transformation toward sustainable prosperity. Normative juridical research was selected because the primary objective of the study is to analyze legal norms, statutory regulations, legal doctrines, judicial reasoning, and principles of Islamic economic law rather than investigating behavioral phenomena through empirical observation. The research focuses on identifying the consistency, coherence, and harmonization of legal provisions regulating Islamic social finance within both the Indonesian positive legal system and Islamic legal principles. This design enables a comprehensive assessment of whether existing regulations adequately support productive management of zakat, infaq, and waqf to promote sustainable economic development. Furthermore, normative legal research is appropriate because it facilitates legal interpretation, conceptual analysis, comparative legal examination, and policy evaluation aimed at developing recommendations for strengthening legal governance. The study adopts statutory, conceptual, comparative, and analytical approaches to evaluate legal instruments from multiple perspectives. Through these approaches, the research seeks to formulate an integrated legal framework capable of enhancing accountability, institutional effectiveness, and sustainable management of Islamic social finance.

Although normative juridical research does not require a conventional field site, this study positions Indonesia as the legal jurisdiction and contextual locus of analysis because it possesses one of the world's most comprehensive regulatory systems governing Islamic social finance. Indonesia has enacted several important legal instruments, including Law Number 23 of 2011 concerning Zakat Management, Law Number 41 of 2004 concerning Waqf, Government Regulation Number 42 of 2006, and various implementing regulations issued by the government, the Indonesian Waqf Board (BWI), the National Zakat Agency (BAZNAS), and the Indonesian Council of Ulama (MUI). Indonesia was selected because it has the largest Muslim population globally and substantial potential for zakat, infaq, and waqf development, while simultaneously facing governance challenges related to legal harmonization, institutional coordination, accountability, and productive asset utilization. These characteristics make Indonesia an appropriate legal setting for examining the interaction between Islamic economic law and positive law in supporting sustainable community economic transformation. Consequently, the Indonesian legal system provides a rich normative context for evaluating legal effectiveness and proposing regulatory improvements.

The study relied exclusively on secondary legal materials, collected through systematic document and literature analysis. Was collected included statutory regulations, government regulations, constitutional provisions, Islamic legal sources, fatwas, judicial decisions where relevant, scholarly books, accredited journal articles, institutional reports, and policy documents concerning zakat, infaq, and productive waqf. These materials were collected was to obtain comprehensive legal evidence regarding regulatory substance, institutional governance, and policy implementation supporting Islamic social finance. Produced the documents included the Government of Indonesia, the House of Representatives, BAZNAS, BWI, the Ministry of Religious Affairs, MUI, academic publishers, and reputable international journals. The documents were obtained included official government websites, legal databases, institutional repositories, national legislation databases, university libraries, and internationally indexed scientific databases. The collection was conducted corresponded to the research period, while prioritizing the most current regulations and scholarly publications. The documents were collected involved identification, classification, critical reading, legal interpretation, thematic coding, and systematic documentation according to the relevance of each source to the research objectives.

The collected legal materials were analyzed using the interactive qualitative analysis model consisting of data condensation, data display, and conclusion drawing/verification. During data condensation, all legal documents and scholarly sources were carefully selected, categorized, simplified, and reduced according to their relevance to the research questions. Irrelevant legal materials were excluded, while essential information concerning legal principles, statutory provisions, governance mechanisms, institutional accountability, and policy implementation was retained. Subsequently, the condensed data were organized through data display, enabling systematic comparison between Islamic legal principles and Indonesian positive law. Tables, thematic classifications, regulatory matrices, and conceptual relationships were developed to facilitate comprehensive legal interpretation. Finally, verification and conclusion drawing were conducted continuously throughout the analysis process by examining consistency among legal norms, identifying regulatory gaps, evaluating harmonization between Islamic law and statutory law, and formulating legal arguments supported by authoritative legal sources. This iterative analytical process ensured that the conclusions accurately reflected the normative legal evidence and addressed the study's research objectives.

RESULT AND DISCUSSION

Result

Harmonization of Islamic Economic Law and Positive Law in Strengthening the Governance of Zakat, Infaq, and Productive Waqf

The harmonization of Islamic economic law and Indonesian positive law represents a legal integration process intended to ensure that the governance of zakat, infaq, and productive waqf operates consistently with both Islamic normative principles and statutory regulations. Within the Indonesian legal system, zakat management is principally regulated under Law Number 23 of 2011 concerning Zakat Management, whereas waqf administration is governed by Law Number 41 of 2004 concerning Waqf and further elaborated in Government Regulation Number 42 of 2006. These statutory provisions are complemented by fatwas issued by the National Sharia Council of the Indonesian Council of Ulama (DSN-MUI), which provide normative guidance on the implementation of Islamic financial instruments. Collectively, these legal instruments establish the normative foundation for institutional governance, accountability, transparency, and productive utilization of Islamic social finance assets in accordance with the objectives of Islamic law (*maqāṣid al-syarī'ah*).

Normative analysis demonstrates that Indonesian positive law substantially accommodates the fundamental principles of *maqāṣid al-syarī'ah*, particularly the protection of religion (*ḥifẓ al-dīn*), wealth (*ḥifẓ al-māl*), life (*ḥifẓ al-nafs*), intellect (*ḥifẓ al-'aql*), and future generations (*ḥifẓ al-nasl*). The legal framework emphasizes equitable distribution, poverty alleviation, and sustainable community empowerment through institutionalized zakat and productive waqf management. Rather than treating zakat solely as a religious obligation, Law Number 23 of 2011 positions zakat as an instrument of social welfare, while Law Number 41 of 2004 expands the function of waqf beyond traditional religious purposes toward productive socioeconomic development. This convergence indicates that Indonesian legislation increasingly reflects Islamic legal objectives by transforming charitable assets into sustainable economic resources capable of improving public welfare.

Nevertheless, legal interpretation reveals that harmonization remains incomplete because several regulatory provisions continue to operate independently without sufficient institutional integration. Zakat management falls primarily under the authority of the National Zakat Agency (BAZNAS), whereas waqf administration is supervised by the Indonesian Waqf Board (BWI). Although both institutions pursue similar socioeconomic objectives, existing legislation provides limited mechanisms for coordinated planning, integrated supervision, and collaborative productive investment. Likewise, DSN-MUI fatwas function as authoritative Islamic legal guidance but do not possess binding legal force equivalent to statutory legislation. Consequently, differences in legal status among statutes, implementing regulations, and fatwas may generate interpretative inconsistencies in institutional practice, reducing governance efficiency and limiting the optimization of productive Islamic social finance.

Table 1. Comparative Harmonization between Islamic Economic Law and Indonesian Positive Law in the Governance of Zakat, Infaq, and Productive Waqf

Legal Aspect	Islamic Economic Law	Indonesian Positive Law	Harmonization Assessment
Legal Foundation	*Maqāṣid al-syarī'ah*, Qur'an, Sunnah, Ijma', Qiyas	Law No. 23/2011; Law No. 41/2004; Government Regulation No. 42/2006	Highly harmonized
Institutional Governance	Amanah, justice, accountability, transparency	BAZNAS, BWI, Ministry of Religious Affairs	Partially harmonized
Productive Asset Management	Community empowerment and sustainable benefit (maslaḥah)	Permitted through productive zakat and productive waqf regulations	Harmonized but implementation remains limited
Legal Supervision	Sharia compliance	Administrative and legal supervision	Partial integration
Regulatory Coordination	Unified Islamic legal objectives	Sectoral institutional authority	Weak coordination
Policy Orientation	Sustainable welfare and social justice	Poverty reduction and community empowerment	Substantially harmonized

Table 1 demonstrates that the substantive objectives of Islamic economic law and Indonesian positive law are largely consistent in promoting sustainable welfare through productive utilization of zakat, infaq, and waqf. Both legal systems emphasize social justice, poverty alleviation, accountability, and public benefit as primary governance objectives. Indonesian statutory regulations successfully incorporate these Islamic legal values by institutionalizing professional management, financial accountability, and productive distribution mechanisms. This finding indicates that normative harmonization has been substantially achieved at the level of legal principles and policy objectives.

Reconstruction of the Legal Framework for Productive Zakat, Infaq, and Waqf Governance to Achieve Sustainable Community Economic Transformation

The reconstruction of the legal framework refers to a systematic effort to strengthen, harmonize, and integrate the governance of zakat, infaq, and productive waqf through a comprehensive legal approach that combines Islamic economic law and Indonesian positive law. Rather than merely revising statutory provisions, legal reconstruction emphasizes the development of an integrated governance model capable of ensuring legal certainty, institutional accountability, transparency, effective supervision, and sustainable utilization of Islamic social finance assets. Within the perspective of *maqāṣid al-syarī'ah*, productive management of zakat and waqf is intended not only to fulfill religious obligations but also to generate long-term socioeconomic benefits (*maṣlaḥah*) by empowering beneficiaries, supporting productive enterprises, reducing poverty, and strengthening economic resilience. Therefore, legal reconstruction must address both normative consistency and institutional effectiveness to ensure that Islamic philanthropic instruments contribute optimally to sustainable community prosperity.

The analysis of existing legal instruments indicates that Indonesia has established an adequate normative basis for the management of zakat and waqf through Law Number 23 of 2011 concerning Zakat Management, Law Number 41 of 2004 concerning Waqf, Government Regulation Number 42 of 2006, and several implementing regulations issued by BAZNAS and the Indonesian Waqf Board (BWI). However, these legal instruments remain sectoral in nature and regulate each institution independently, resulting in fragmented governance structures. Existing legislation has not comprehensively regulated integrated planning, joint supervision, data interoperability, collaborative investment mechanisms, or coordinated productive empowerment programs among zakat, infaq, and waqf institutions. Consequently, the legal framework provides institutional legitimacy but has not yet produced an integrated governance ecosystem capable of maximizing the socioeconomic potential of Islamic social finance.

Furthermore, the comparative analysis between Islamic economic law and Indonesian positive law demonstrates that both legal systems pursue similar normative objectives but differ in governance orientation. Islamic law prioritizes *maqāṣid al-syarī'ah*, emphasizing justice (*'adl*), public welfare (*maṣlaḥah*), trustworthiness (*amānah*), and sustainability, whereas positive law primarily focuses on administrative governance, institutional authority, and regulatory compliance. Although these orientations are complementary, the absence of explicit legal mechanisms integrating both approaches limits policy effectiveness. Productive waqf development, for example, often depends on institutional initiatives rather than comprehensive regulatory support, while productive zakat programs are frequently implemented independently without systematic integration with waqf-based investment schemes. As a result, Islamic social finance continues to operate through fragmented legal mechanisms despite sharing common socioeconomic objectives.

Table 2. Proposed Reconstruction of the Legal Framework for Productive Zakat, Infaq, and Waqf Governance

Governance Component	Existing Legal Condition	Identified Legal Gap	Proposed Legal Reconstruction	Expected Impact
Regulatory Integration	Separate regulations governing zakat and waqf	Sectoral governance	Harmonized legal framework integrating zakat, infaq, and productive waqf	Greater legal certainty and institutional synergy
Institutional Coordination	Independent authority of BAZNAS and BWI	Weak coordination mechanisms	Joint governance platform and integrated strategic planning	Improved institutional effectiveness
Accountability	Institution-specific reporting	Different reporting standards	Unified governance and accountability framework	Increased transparency and public trust
Productive Asset	Limited regulatory	Lack of integrated productive	Legal framework	Sustainable economic

Management	guidance	investment model	supporting collaborative productive financing	empowerment
Digital Governance	Partial digital implementation	Limited data interoperability	National integrated digital information system	Efficient governance and monitoring
Legal Supervision	Administrative supervision dominates	Limited integrated Sharia and legal oversight	Dual supervision combining legal and Sharia compliance	Enhanced legal compliance and governance quality

Table 2 illustrates that the principal weakness of the current legal framework lies not in the absence of regulation but in the lack of integration among existing legal instruments. Most statutory provisions have adequately regulated institutional authority and administrative procedures; however, they provide limited legal mechanisms for coordinated governance among institutions responsible for zakat, infaq, and waqf management. This fragmentation contributes to duplication of programs, inconsistent accountability standards, and suboptimal utilization of productive assets. Consequently, legal reconstruction should focus on strengthening interinstitutional collaboration rather than merely expanding regulatory provisions.

The proposed reconstruction further demonstrates that harmonizing Islamic legal principles with positive law requires governance reform extending beyond legislative amendments. Institutional integration should encompass standardized accountability mechanisms, unified digital governance, coordinated supervision, and collaborative productive investment policies. Such reforms would align the ethical principles of *maqāṣid al-syarī'ah* with modern principles of good governance, thereby reinforcing legal certainty while enhancing institutional effectiveness. This integrated approach also provides greater opportunities for Islamic social finance institutions to support entrepreneurship, microfinance, education, healthcare, and community-based productive enterprises within a sustainable legal framework.

Discussion

The findings of this study demonstrate that the governance of zakat, infaq, and productive waqf in Indonesia has achieved substantial normative harmonization between Islamic economic law and positive law, although institutional integration remains limited (Mustofa et al., 2025; Nashirudin et al., 2025). This finding is consistent with previous studies that argue Islamic social finance possesses significant potential to reduce poverty, strengthen social welfare, and promote inclusive economic development when supported by an effective legal framework (Dirie et al., 2023; Fakhruddin et al., 2024). Earlier research generally emphasizes that productive zakat and waqf contribute to community empowerment through entrepreneurship, education, and microfinance, while professional governance improves institutional credibility (Harahap et al., 2023; Zawawi et al., 2023). However, unlike these studies, the present research identifies that the principal challenge is not merely institutional performance or resource mobilization but the fragmentation of legal governance. Existing regulations have successfully incorporated the principles of *maqāṣid al-syarī'ah* into national legislation, yet they have not sufficiently established integrated governance mechanisms capable of maximizing collaboration among institutions responsible for zakat, infaq, and productive waqf management (Huda et al., 2025; Suryanto et al., 2025).

Another important finding concerns the relationship between Islamic legal principles and statutory regulations. The comparative legal analysis indicates that Indonesian legislation substantially reflects the objectives of Islamic law, particularly justice (*'adl*), public welfare (*maṣlaḥah*), accountability (*amānah*), and sustainable benefit (Ridho et al., 2025; Siddiq et al., 2025). This result supports the arguments advanced by previous scholars that Islamic economic law and national legal systems are not inherently contradictory but may function complementarily in regulating Islamic social finance (Hadi et al., 2025; Mukhlishin et al., 2024). Nevertheless, the present study extends earlier literature by demonstrating that normative compatibility alone does not automatically produce effective governance. Previous research generally concentrated on legal compliance or institutional administration without comprehensively evaluating regulatory coherence across different legal instruments (Choiri & Ardyansyah, 2024; Lestari et al., 2023). The current findings reveal that overlapping institutional authority, inconsistent coordination mechanisms, and the absence of integrated legal provisions remain critical obstacles that reduce the effectiveness of productive Islamic social finance despite the existence of comprehensive statutory regulations.

From a theoretical perspective, this study contributes to the development of Islamic economic law by proposing that legal harmonization should be understood as a multidimensional concept encompassing normative consistency, institutional integration, governance effectiveness, and sustainable socioeconomic outcomes (Contemporary et al., 2025; Wardiyanto et al., 2026). Existing legal theories frequently evaluate harmonization based primarily on compatibility between legal norms and religious principles. In contrast, this research demonstrates that successful harmonization also depends upon coherent institutional arrangements, coordinated regulatory implementation, and integrated accountability systems (Asyiqin et al., 2026; Humaidi et al., 2024). Consequently, the study enriches the theoretical discourse concerning the relationship between *maqāṣid al-syarī'ah*, good governance, and sustainable development by positioning legal governance as an essential intermediary connecting Islamic philanthropic instruments with long-term community economic transformation. This broader conceptualization offers a more comprehensive analytical framework for future normative legal studies concerning Islamic social finance and public welfare.

The practical implications of these findings are equally significant for policymakers, legislators, regulatory authorities, and Islamic social finance institutions. The study indicates that improving governance effectiveness does not necessarily require extensive legislative reform but rather stronger legal synchronization among existing institutions responsible for zakat, infaq, and waqf management (Akhter et al., 2023; Ali, 2024). Establishing integrated governance mechanisms, standardized accountability systems, interoperable digital platforms, and coordinated supervision would significantly enhance institutional efficiency and public trust. Furthermore, closer collaboration among BAZNAS, the Indonesian Waqf Board, the Ministry of Religious Affairs, and other relevant stakeholders would facilitate the productive utilization of Islamic social finance assets for entrepreneurship development, poverty reduction, education, healthcare, and other sustainable development initiatives. Such institutional integration would strengthen the contribution of Islamic social finance to national economic resilience while preserving compliance with both Islamic legal principles and Indonesian statutory regulations.

CONCLUSION

This study concludes that the realization of sustainable community economic transformation through zakat, infaq, and productive waqf depends not only on the availability of comprehensive legal regulations but also on the effective harmonization of Islamic economic law and Indonesian positive law within an integrated governance framework. The most important finding reveals that while existing statutory regulations have substantially accommodated the principles of *maqāṣid al-syarī'ah*, fragmented institutional governance, limited regulatory synchronization, and weak inter-agency coordination continue to constrain the productive utilization of Islamic social finance. The principal contribution of this study lies in advancing normative legal scholarship by proposing an integrated legal governance model that combines legal certainty, Sharia compliance, institutional accountability, transparency, and collaborative governance as complementary foundations for sustainable prosperity. Nevertheless, this research is limited to normative juridical analysis and does not empirically evaluate the implementation of legal provisions across Islamic social finance institutions. Future studies are therefore encouraged to employ socio-legal or empirical legal approaches to assess the effectiveness of the proposed governance model, examine institutional practices in different jurisdictions, and evaluate its impact on community welfare and sustainable economic development.

ACKNOWLEDGEMENT

The authors sincerely thank all individuals and institutions who contributed to this research. Special appreciation is extended to scholars in Islamic economic law for their valuable insights and to the Government of Indonesia, BAZNAS, and the Indonesian Waqf Board (BWI) for providing legal documents and policy references. The authors also gratefully acknowledge the editors and anonymous reviewers for their constructive comments, which significantly enhanced the quality of this manuscript.

REFERENCES

Adzkiya', U., Fittria, A., & Wathani, S. (2023). Islamic Philanthropy: Exploring Zakat, Waqf, and Sadaqah in Islamic Finance and Economics. *Quantitative Finance*, *23*, 1561–1563. https://doi.org/10.1080/14697688.2023.2224395

Akhter, A., Javed, M. Y., & Akhter, J. (2023). Research trends in the field of Islamic social finance: a bibliometric analysis from 1914 to 2022. *International Journal of Ethics and Systems*. https://doi.org/10.1108/ijoes-03-2023-0044

Ali, A. (2024). Community-based Economic Development and Partnership Cooperation: The Economics Strategy for Prosperity of the Ummah. *Samarah: Jurnal Hukum Keluarga Dan Hukum Islam*. https://doi.org/10.22373/sjhk.v8i2.22925

Article, Q., Saputra, M. S., Tanjung, Y., Yurisna, M., & Tanjung. (2024). Enhancing Sustainability through Agricultural Zakāt -Based Philanthropy Movement: A Comprehensive Study on Social Welfare Capital. *Journal of Islamic Thought and Civilization*. https://doi.org/10.32350/jitc.141.14

Asyiqin, I. Z., Hamsin, M., & Hisyam, A. B. A. (2026). From Hybrid Contracts to Waqf–Musyārakah-Based Takaful: A Maqāṣid al-Syarī'ah Comparative Legal Analysis of Indonesia and Malaysia. *JURIS (Jurnal Ilmiah Syariah)*. https://doi.org/10.31958/juris.v25i1.13147

Choiri, M., & Ardyansyah, F. (2024). The Politics of Waqf Practice in Pesantren Kyai Families in Bangkalan Madura, Indonesia. *El-Usrah: Jurnal Hukum Keluarga*. https://doi.org/10.22373/ujhk.v7i1.22186

Contemporary, A., Fiqh, E., Maskun, Ratnawati, Wiranti, Asriyani, & Aslan, J. (2025). Legal Framework Model for Sustainable Solid Waste Management in Indonesia: A Contemporary Environmental Fiqh Perspective. *MILRev: Metro Islamic Law Review*. https://doi.org/10.32332/milrev.v4i2.11104

Dirie, K., Alam, M. M., & Maamor, S. (2023). Islamic social finance for achieving sustainable development goals: a systematic literature review and future research agenda. *International Journal of Ethics and Systems*. https://doi.org/10.1108/ijoes-12-2022-0317

Elmahgop, F., Alsulami, F., Mohammed, M., Abdel-Gadir, S., & Elhassan, T. (2025). The Socio-Economic Impacts of Waqf Investment Funds as a Model for Sustainable Financing in Saudi Arabia. *Sustainability*. https://doi.org/10.3390/su17093805

Esa, M. S. M., Wahid, H., Yaacob, S., & Mohamad, A. H. H. (2025). Asnaf Development Outcome: A Systematic Literature Review and Logic Model Development. *SAGE Open*, *15*. https://doi.org/10.1177/21582440251357982

Fakhruddin, F., Hasan, S., Firdaus, D., & Hidayat, H. (2024). From Fiqh al-Ibadat to Muamalat: Repositioning Zakat Management in Indonesia in the

Perspective of Maqāṣid Al-Sharī'ah. *Samarah: Jurnal Hukum Keluarga Dan Hukum Islam*. https://doi.org/10.22373/sjhk.v8i1.19637

Hadi, M., Rum, J., Maguni, W., & Radiamoda, A. (2025). Toward a Holistic Legal Framework for Effective Waqf Implementation: Integrating Islamic Socio-Economic Models. *Volksgeist: Jurnal Ilmu Hukum Dan Konstitusi*. https://doi.org/10.24090/volksgeist.v8i1.12590

Harahap, B., Risfandy, T., & Futri, I. N. (2023). Islamic Law, Islamic Finance, and Sustainable Development Goals: A Systematic Literature Review. *Sustainability*. https://doi.org/10.3390/su15086626

Huda, M., Supriyadi, A. P., & Ramadhita. (2025). Productive Waqf Law Reform: A Solution to Support Indonesian Local Economy amid Contemporary Global Recession. *MILRev: Metro Islamic Law Review*. https://doi.org/10.32332/milrev.v4i2.10210

Humaidi, M., Hariyanto, H., & Azizah, M. (2024). Green philanthropy: Islamic activism on Indonesia's environmental democracy. *Ijtihad : Jurnal Wacana Hukum Islam Dan Kemanusiaan*. https://doi.org/10.18326/ijtihad.v24i2.167-191

Jedidia, K. Ben, & Ghroubi, M. (2024). Islamic finance and SDGs: bibliometric review and future research agenda. *Journal of Chinese Economic and Business Studies*, *23*, 329–362. https://doi.org/10.1080/14765284.2024.2445959

Lestari, Y., Sukmana, R., Beik, I., & Sholihin, M. (2023). The development of national waqf index in Indonesia: A fuzzy AHP approach. *Heliyon*, *9*. https://doi.org/10.1016/j.heliyon.2023.e15783

Maghfirah, M., Maulidizen, A., & Rizapoor, H. (2026). Assessing the Alignment of Zakat Allocation with the Sustainable Development Goals: An Empirical Analysis of Poverty and Education Outcomes. *Volksgeist: Jurnal Ilmu Hukum Dan Konstitusi*. https://doi.org/10.24090/volksgeist.v9i1.15472

Maulina, R., Dhewanto, W., & Faturrahman, T. (2023). The integration of Islamic social and commercial finance (IISCF): Systematic literature review, bibliometric analysis, conceptual framework, and future research opportunities. *Heliyon*, *9*. https://doi.org/10.1016/j.heliyon.2023.e21612

Mukhlishin, M., Wahab, A., Setiaji, B., & Tazhdinov, M. (2024). Zakat Maal Management and Regulation Practices: Evidence from Malaysia, Turki and Indonesia. *Journal of Human Rights, Culture and Legal System*. https://doi.org/10.53955/jhcls.v4i2.204

Mustofa, M., Ahyani, H., Firdaus, D. A., Putra, H. M., Kirin, A., & Muhammad, Z. (2025). Strengthening Zakat Regulation through the Siyāsah Māliyah Approach: A Constitutional and Legal Analysis of Indonesia and Malaysia. *JURIS (Jurnal Ilmiah Syariah)*. https://doi.org/10.31958/juris.v24i1.14637

Nashirudin, M., Razali, R., & Ulfah, A. K. (2025). Modernizing Zakat and Waqf Management in Indonesia: A Legal And Governance Perspective. *Mazahib*. https://doi.org/10.21093/mj.v24i1.9419

Qurrata, V., Shafiai, M. H. M., Wahid, H., Almaamun, S., & Ismail, A. G. (2025). Institutional Economics from Islamic Perspective: With Special Reference to

Waqf. *SAGE Open*, *15*. https://doi.org/10.1177/21582440251397178
Ridho, H., Sodiqin, A., & Mujib, A. (2025). The Evolution of Islamic Philanthropy in Indonesia's Digital Age (2016–2023). *Al-Ahkam*. https://doi.org/10.21580/ahkam.2025.35.1.23721
Rizal, R., Ghofur, R., & Utami, P. (2023). The Role of Muslim Generation Community at Zakat Collection on Realizing Sustainable Development Goals (SDGs) in the Era of Digital Society 5.0. *JURIS (Jurnal Ilmiah Syariah)*. https://doi.org/10.31958/juris.v22i1.6562
Siddiq, A., Hariyanto, Maula, I., Meidina, A., & Arafah, S. (2025). Reconstructing Waqf Share Policies: A Maqashid Sharia Approach with Insights from Indonesia. *El-Mashlahah*. https://doi.org/10.23971/el-mashlahah.v15i1.9029
Suryanto, A., Kusmayadi, D., Rafiqi, Y., Nasrulloh, A. A., & Wijaya, T. (2025). Islamic Philanthropy and Social Welfare: Cash Waqf Policy Patterns as Social Funds for State Universities in Indonesia. *Journal of Posthumanism*. https://doi.org/10.63332/joph.v5i12.3815
Wardiyanto, B., Hariani, N., & Soegiono, A. N. (2026). Faith-Driven Alternative Social Financing: Governing Social Provision Through Islamic-Based Communities in Indonesia. *Public Administration and Development*. https://doi.org/10.1002/pad.70075
Zawawi, Z., Yasin, Y., Helmy, M., Ma'yuf, A., & Arwani, A. (2023). Waqf and sustainable development law: models of waqf institutions in the Kingdom of Saudi Arabia and Indonesia. *Ijtihad : Jurnal Wacana Hukum Islam Dan Kemanusiaan*. https://doi.org/10.18326/ijtihad.v23i1.93-114