



Strengthening Islamic Financial Literacy among the Young Generation through Sustainable Management: Insights from a Literature-Based Analysis of Productive Waqf Participation

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Abstract. A complex global financial environment has never been more necessitated than in the current situation where strong financial literacy in all demographics is clearly lacking. This is not merely a traditional financial literacy need of the young generation in the Muslim communities, but it also goes into the Islamic financial literacy (IFL) that incorporates ethical and Shariah-compliant essence in making financial judgments. This paper provides more insights on the important role that IFL plays in young people, as well as how this engagement in productive waqf can help in transforming lives by providing financial literacy and providing communities with sustainable development tools. This paper will aim at offering its observation and reflection on the role that being involved in sustainable managed productive waqf programs can play in improving the Islamic financial literacy of the younger generations by leaps and bounds. Using a thorough desktop review of the available academic sources, this paper combines the previous research results of various academic studies dedicated to Islamic finance, waqf management, and financial education. The analysis demonstrates that productive waqf is an exclusive nature of living laboratory where the young people can acquire necessary knowledge in practical field of finance, develop the responsible approaches to finance, and learn of the Islamic consideration of economics in a practical way. The most notable outcomes should be considered the need to incorporate learning aspects on waqf projects, build trust by means of responsible management, and use contemporary technology to encourage youthful participation in it. The paper then ends with the recommendations to the waqf institutions and the propositions in future research to bring the gap between the theoretical knowledge of IFL into context out of influence participation in productive waqf.

Keywords: Islamic Financial Literacy, Productive Waqf, Sustainable Management, Young Generation, Financial Education.

INTRODUCTION

Global financial scenario is more complex and fast changing and requires high level of financial literacy among all society groups. Financial literacy is a set of skills that allow individuals to be economically stable and lucrative, which is especially important to personal health when it comes to understanding and utilizing a range of financial tools, such as personal financial management, budgeting, and investing (1). The young generation (or, in other words, current citizens) who are living in the age of dramatic economic changes, digitalization, and adaptation to this new real-life explore the world based on their financial literacy, as it is the key to making smart decisions which will change their future (2).

In Muslim society, the concept of financial literacy has an added dimension, Islamic financial literacy (IFL). IFL does not entail only getting to know traditional financial products and services, but it also involves a higher understanding of financial principles and practices compatible with Shariah (Islamic law) (3). That is, the familiarity levels of which transactions are permissible (halal) and/or forbidden (*haram*),

the unacceptability of interest (*riba*) as an economic ruin, the value of ethical investing, and how Islamic social finance, in the form of *zakat*, *sadaqah*, waqf, helps contribute financially to social causes (4). In the case of Muslim youths, developing IFL is important not only to keep them in prudence and maintenance of personal income, but to create a sense of accountability to the community welfare, sustainable economic growth within the provisions of Islam.

Waqf is one of the strongest institutions of charitable endowments among the numerous socio-economic institutions in Islam. Historically, waqf has become an essential part of the socio-economic progress of Muslim communities, financing such projects as educational establishments, clinics, infrastructure and so on (5). Waqf assets historically were subjected to be held in perpetuity and consumed directly by the poor or to operate religious buildings. Nevertheless, the current trend has witnessed a great modern-day transition to working waqf models. What happens through productive waqf is investment and operation of the assets of waqf to bring periodical revenues, which is in turn utilized towards the charity as well (6). The approach does not only make it sustainable but increases its effect to the point where this waqf becomes a living force of economic growth and health of society.

A combination of productive waqf with sustainable management practices can provide an interesting mix to positively impact on socio-economic issues of society in the present-day scenario and increase IFL among the youth. This is because involving youth in sustainable management of waqfs assets will enable them to have hands-on experience in financial planning, investment, risk management, and ethical decision making according to Islamic system. This practical engagement may become a kind of living laboratory of financial education and bring abstractions to life.

The purpose of this paper is to examine the complex connection between the involvement in sustainably based productive waqf programs and the improvement of the financial literacy of the Islamic young generation. It attempts to respond to the following research question: How can the involvement in the productive waqf activities, conducted in a sustainable manner, influence the level of the Islamic financial literacy of the current generation? By means of an extensive literature-based study, the paper synthesizes the knowledge of the previously existing scholarly discourse on Islamic financial literacy, productive waqf and sustainable management. The next parts of the given paper will provide detailed literature review, an outline of the methodology used, discussion of the findings, and recommendations to both the waqf institutions and future research.

METHODS

This research uses a literature-based approach to analysis which is also referred to as a desktop analysis in determining and investigating the connection between profitable participation in waqf and promotion of Islamic financial literacy (IFL) among the youthful generation. The methodology is ideal in this study since the aim of the research was to synthesize the knowledge that is already available and to establish conceptual connections arising out of many various scholarly pieces of work, without necessarily having to collect primary data.

The overall research design is qualitative, and the study is based on the thorough examination of the existing scholarly literature. The main references on this analysis are journal articles published by peer review, conference papers, scholarly books and reports published by successful and respected institutions in Islamic finance and research. All these sources were selected based on their importance in the major themes in Islamic financial literacy, including productive waqf, sustainable management, youth involvement, and financial education.

The thematic synthesis methodology was used during the analysis of the literature collected. This method made it possible to find the concepts that were repeated and created a conceptual framework that connects the active development of the waqf and the rise of IFL among the young people. This research methodology clearly recognizes the fact that the research does not entail any primary data collection (surveys, interviews and experiment designs). Rather, it plays off and works in cooperation by using the insights provided by previous research efforts that had been carried out to provide a diagnosis of the topic in question. The desktop analysis given is a solid basis in terms of theoretical development and recommendations to be used in the future practice and empirical research.

RESULTS AND DISCUSSION

1. PRODUCTIVE WAQF AS A LIVING LABORATORY FOR IFL

The corpus of theory around the usefulness of waqf in terms of its association and productive output per relation, extends to the paradigm of a productive waqf in the role of a living laboratory of financial learning. Standard ways of teaching financial literacy usually involve the use of theoretical approach which, although fundamental, can fail to deliver the practical aspect needed to facilitate understanding and a change of behavior especially when it comes to the young generation (7). By their very definition, productive waqf initiatives create a different experiential learning atmosphere in which abstract financial terminologies become an actual reality through reified projects and real-life contexts.

There is also the aspect of direct participation in the waqf projects; young people gain great practical financial education. Take as an example, a fruitful waqf created to finance micro-enterprise development program. Participants, particularly the young ones, in such a project would get practical knowledge of numerous aspects of financial management. They may get to know about capital allocation, the difference between equity and debt financing (in Shariah-compliant setting), cash flows, and financial businesses decision and viability of business ventures (8). Moreover, they would be made to see through the concepts of risk-sharing (*musharakah* and *mudarabah*) in the context of Islamic finance as opposed to the conventions of interest-based borrowing. Such close interaction develops a stronger understanding to the ethical aspects of finance as they see how decisions in the world of finance can directly affect the lives of benefactors and play a role in the communal good.

There are a lot of examples of waqf initiatives that can be used as a strong educational platform. An agricultural type of waqf, as an example, may engage the young generation in the industry of supply chain concepts, market forces and profit and loss concepts in agriculture within the bounds of undertaking sustainable activities. The property waqf investments would not only equip them with knowledge on asset management through values, rental and costs, but also offer practical experience. The smaller-scale activity of getting involved in waqf, be it encouraging artisanal crafts or local services, can also demonstrate valuable lessons in keeping costs within limits, the interpretation of economic enterprise, and the value of responsible business behavior (9). Such hands-on activities go beyond mere recitation of financial terminologies and since young people are the final target of IFL, they are given the opportunity to internalize the concepts of IFL by taking part in their application and resolution of problems.

Additionally, an intergenerational design of waqf, in and of itself, imparts a lesson of long-term financial planning and sustainability. By engaging young participants, the waqf assets will be made to realize that the assets are not only supposed to benefit the generation of the moment, but also the coming generations, creating the spirit of responsibility to manage and custodian the assets with care. This world view is starkly opposed to the frequently shortsighted use of the financial markets that mostly operate on short term time frame hence encouraging a more organic and sustainable world view of wealth management and social investing (6).

2. THE ROLE OF SUSTAINABLE MANAGEMENT IN BUILDING TRUST AND ENGAGEMENT

Sustainable and transparent management of productive waqf is an important factor which enhances the powers of this tool as a means of IFL enhancement. Any philanthropic activity will always be based on trust and as far as waqf is concerned, it is key. Digitally native, "instant-information"-craving young people are becoming as discriminating as the institutions with which they choose to involve themselves. The management of waqf ought to be transparent and held accountable to solicit and maintain their involvement and contributions (10).

With explicit governance, financial reporting, and evidence-based impact, the development of waqf organizations makes potential young individuals develop confidence in participating in their operations. With this openness, young people get to witness how effectively their donations, be they financial or through volunteering, are being used and the greater good they create. To illustrate, reports about the revenues produced by the productive waqf property and expenditure on beneficiaries that would be publicly

available can go a long way towards increasing the level of trust. Such exposure will shift waqf out of the theoretical, and into the reality, making it more attractive to a generation whose values are focused on social good and authenticity (11).

Moreover, it is important to prove social and economic significance of waqf to involve young generation. Youths strive to find themselves in worthwhile causes and to observe first-hand the impacts of their contributions. When projects of waqf can be visibly seen to be enhancing the well-being of the community through scholarships, medical bills, or contribution to the livelihood in a sustainable way then, the value proposition of waqf gets strengthened and leads to sustained involvement. Impact reporting and storytelling by use of the current communication channels has a potential of helping to communicate such success stories, motivating more young people to contribute and learn further about Islamic social finance (12).

Ability to be flexible and innovate is another implication of sustainable management. Waqf institutions, which have adopted modern management and respond to the current needs, and are technologically savvy, will most probably appeal to the new generation. This involves the embracement of digital mediums in fundraising, monitoring of assets and communication with the stakeholders. Employing professionalism and antipodean agendas, waqf institutions will be able to ensure that they are visible and asserting authorities in the minds of younger generations, making the youth feel proprietary and dedicated towards the waqf mission.

3. A CONCEPTUAL FRAMEWORK FOR STRENGTHENING IFL THROUGH PRODUCTIVE WAQF

The concepts of a productive waqf and strengthening Islamic financial literacy among young generation seem to be effectively realised within a conceptual framework proposed according to the literature review and the above-discussed section. This system combines the main aspects that must be followed to succeed in the implementation, going beyond the theoretical knowledge to the actual practice and changing behavior. The framework supposes that the transformation of IFL by productive waqf is a synergetic interaction of such built in educational elements, youth implementation, clear and sustainable governance, and the application of technology use that are strategic.

- a. Structurally Educational: Waqf projects must not only be a charitable action but a deliberate education platform. This entails the designing of curricula or modules of learning where the practicability of the waqf is aligned to the IFL ideas in an explicit way. Such as an agricultural project funded through waqf may contain some teachings in regard to zakat on agricultural produce, the concept of fair trade and sustainability farming proposals through an Islamic lens. The combination of practical experience with workshops, seminars, and online courses aimed towards younger viewers can be used to introduce theoretical background on practical knowledge.
- b. Active Youth Engagement and Mentorship: Sitting and allowing someone to discuss to deep learning is inadequate. The framework is characterized by active involvement of young people in different processes of productive waqf including planning, implementation, monitoring, and evaluation. This may be youth advisory councils, volunteerism, or internship in the waqf institutions. More importantly, mentorship schemes which would have more experienced waqf managers or Islamic finance professionals working with young participants can create an arena of individualized learning and the development of the sense of belonging and responsibility. Mentors can teach complicated financial subjects, give some practical tips, and teach ethical principles.
- c. Sustainable management is basic as also discussed in transparent and accountable management. The framework emphasizes that waqf institutions must be as transparent as possible in the day-to-day activities, in financial reporting, and their impact evaluation. This is in form of regular disclosures, independent audits as well as clearly defined communication structures. In addition to creating trust, this practice is also a viable indication to the young generation of proper governance, and responsible financial handling systems which are part and parcel of the IFL.
- d. Embracement of Digital Platforms and Technology: Technology can be of great assistance in terms of promoting and driving the success of waqf-based IFL programs. Online media may be used to allow micro-contributions, create real-time monitoring of the project progress, and deliver interactive learning materials. Mobile applications have the capacity to provide gamified Islamic finance and waqf learning, which implies that learning would be engaging and convenient among youth with access to technology.

Additional measures that would support trust and add more transparency and traceability in the spending of the waqf funds can be examined through blockchain technology.

- e. Impact Measurement and Communication: To maintain the interest of the stakeholders and prove the value proposition, the framework promotes effective impact measurement. Quantitative and qualitative statistics of the social, economic, and educational impact of waqf projects are supposed to be gathered and disseminated effectively to the youth and adults at large. This goes further to enhance the connection between their contribution, the productivity of the waqf, and positive contribution of it to the society, which in turn serves to enhance their conviction about Islamic social finance and IFL concepts.

With strategic connection of these elements, productive waqf can exceed its recommended position and become a powerful means by developing a generation of financially literate, ethically and socially responsible youth that is strongly anchored through the principles of the Islamic economy.

CONCLUSIONS

This analytical transformation established through literature has discussed the overall potential of productive waqf as a potential tool in enhancing powerful Islamic financial literacy (IFL) among the youth generation. The paper has consolidated the findings of various scholarly research papers, wherein IFL is essential as the world of financial patterns becomes more complicated and the extraordinary role that waqf, especially in its productive and sustainable form can play in ensuing this literacy.

This has been proved in this paper that IFL is more than a typical financial knowledge because it also revolves around Shariah-compliant values and moral concerns. We also highlighted the long historical existence of waqf and the recent trend towards productive forms that bring constant revenue to charitable purposes. The basic premise advanced is that direct engagement with productive waqf initiatives that are sustainably managed should produce a distinctive experiential learning experience in the form of learning that it has been termed as a living laboratory where the youth will have the opportunity to learn practical aspects of finance, develop good financial habits and imbibe the principles of Islamic economy in the most practical and meaningful of ways.

The discussion also expanded on how, deservedly direct engagement in the program of waqf offers practical finances learning, which comprises the financing of venture, budgeting, investment, financial reading of risks and even moral judgment. The most importantly, a point was raised about the importance of sustainable and transparently managed organization to develop trust amongst the youth and have connectivity with them. Waqf institutions promote transparency, social and economic changes when they become accountable to each other and to society and thus the young generation will only feel obliged to engage and participate in them.

On this understanding, a theoretical model was suggested, with prearranged elements of education, youth empowerment and mentorship, transparent and responsible governance, the use of digital technologies, and sound impact tracking. In this framework, it would give a plan/roadmap to follow by waqf institutions to turn initiatives into active platforms to support IFL.

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