

UNVEILING THE BENEFITS OF HAJJ FUNDS INVESTMENT IN INDONESIA

Hulwati^{1*}
Slamet Mujiono²
Roni Andespa³
Abdi Fadhlani⁴

^{1,3,4}Universitas Islam Negeri Imam Bonjol Padang, Indonesia

²Institut Agama Islam Nahdhatul Ulama Kebumen

*¹Corresponding Email: hulwati@uinib.ac.id.

ABSTRACT – This article aims to investigate the benefits of investing in Hajj funds deposited by waitlisted pilgrims, not only for the purpose of organizing the pilgrimage but also for the wider community in Indonesia. The study draws upon primary data obtained from interviews conducted with the Public Relations of the Hajj Financial Management Agency (BPKH) and the Director of Hajj and Umrah Management of the Ministry of Religious Affairs in Jakarta. Additionally, secondary data was obtained from a variety of sources such as books, online news articles, and reports published by the BPKH that address the value of investment benefits for the Hajj pilgrimage. The selection of the BPKH is based on its responsibility for managing and investing in Hajj funds under Law Number 34 of 2014. The study highlights that Hajj funds investment not only benefits the management of Hajj operations but also has value for the wider community. The findings of this study supplement previous research that has focused primarily on the management of Hajj investments and their juridical basis in Indonesia. The benefit value of Hajj funds is optimally utilized for the implementation of the pilgrimage, as well as for the benefit of the ummah. Such benefits include the provision of religious, educational, and social facilities, as well as disaster relief such as the COVID-19 pandemic. The study concludes that in order to maximize the benefits of Hajj funds investments, they must be directed towards more productive investment opportunities that yield maximum returns.

Keywords: Hajj Funds, Investment, Benefits, Hajj Management

ABSTRAK – *Menyingkap Manfaat Investasi Dana Haji di Indonesia.* Artikel ini bertujuan untuk mengeksplorasi nilai manfaat dari investasi dana haji yang disetor oleh calon jamaah haji yang masih dalam daftar tunggu, tidak hanya untuk tujuan penyelenggaraan ibadah haji tetapi juga untuk masyarakat Indonesia secara umum. Data primer untuk penelitian ini diperoleh melalui wawancara dengan Humas Badan Pengelola Keuangan Haji (BPKH) dan Direktur Penyelenggaraan Haji dan Umrah Kementerian Agama di Jakarta. Sementara data sekunder diperoleh dari buku, artikel, berita online, dan laporan-laporan yang diterbitkan oleh BPKH yang membahas tentang nilai manfaat investasi dana haji. Pemilihan BPKH sebagai sumber data didasarkan pada tanggung jawabnya dalam pengelolaan dan investasi dana haji sesuai dengan Undang-Undang Nomor 34 Tahun 2014. Hasil kajian ini menunjukkan bahwa investasi dana haji tidak hanya memberikan nilai manfaat bagi penyelenggaraan operasional haji tetapi juga memberikan nilai manfaat bagi kemaslahatan umat. Temuan ini mendukung beberapa penelitian sebelumnya tentang pengelolaan dana haji dan basis yuridisnya di Indonesia. Nilai manfaat dari dana haji dapat dioptimalkan untuk penyelenggaraan ibadah haji dan kemaslahatan umat, seperti penyediaan fasilitas keagamaan, pendidikan, dan sosial, serta bantuan dalam bencana seperti pandemi COVID-19. Penelitian ini menyimpulkan bahwa untuk memaksimalkan nilai manfaat dana haji, investasinya harus diarahkan pada peluang yang lebih produktif dan menghasilkan keuntungan maksimal.

Kata Kunci: Dana Haji, Investasi, Manfaat, Pengelolaan Haji

INTRODUCTION

The cost of undertaking the pilgrimage has witnessed a steady increase over the years, including in Indonesia. The expenses incurred by pilgrims for the pilgrimage, known as the hajj costs, have surged, primarily due to the upward trend in transportation, lodging, and other related expenses. According to Hidayati (2018), the average annual increase in hajj costs per person from 2011 to 2018 was 8.17%. In 2018, the real cost per pilgrim was estimated at IDR 66 million, while the funds deposited by pilgrims amounted to only IDR 35.23 million per person (Winda, 2020).

Due to the long waiting period for hajj, funds collected from depositors are invested to generate returns. Several Muslim countries, including Malaysia and the Maldives, have established institutions to manage hajj funds and invest them in various asset classes, such as stocks, real estate, deposits/mutual funds, and sharia-compliant bonds (Sayyidah et al., 2020; Syanwani et al., 2020; Muneeza et al., 2018). Such investments aim to maximize returns while adhering to sharia principles.

The management of hajj funds in Indonesia, like in many other countries, is a crucial matter that requires efficient and effective management. To achieve greater benefit values, the Indonesian government has established the Hajj Financial Management Agency (BPKH) to manage hajj funds optimally. Government Regulation Number 5 of 2018 outlines several types of financial instruments that can be used to invest in hajj funds, including gold, direct investment, other investments, and deposits in Islamic banks and Sukuk. Prior to the establishment of BPKH, hajj funds were managed by the Ministry of Religious Affairs, with 65% of the total managed funds being placed in savings deposits and 35% invested in Sukuk.

BPKH is tasked with ensuring that the costs of hajj operations can be met by achieving optimal value from the various investment instruments. In 2019, the value of the benefits derived from Hajj funds reached IDR 7.37 trillion, exceeding the target of IDR 7.22 trillion. In 2020, the benefit value was IDR 7.46 trillion, while in January 2022, hajj-managed funds increased by 9.64% to IDR 158.88 trillion, exceeding the target of IDR 155.92 trillion. The BPKH has also taken advantage of tax exemptions on hajj funds as per Law Number 11 of 2020 concerning Job Creation and Minister of Finance Regulation No.18/PMK.03/2021, leading to increased investment in hajj funds.



The management of hajj funds in Indonesia underwent a transformation in 2018 with the establishment of BPKH, based on Law No. 34 of 2014. This transformation aimed to increase transparency and accountability in managing hajj funds, as the government regulated fund management to ensure accountability and transparency in the management of hajj funds.

The management of hajj funds is a significant matter for Indonesia, and it is crucial to explore the potential benefits of investing these funds. The value of hajj funds managed by BPKH increased by 9.64% in 2021, reaching IDR 158.88 trillion, up from IDR 144.96 trillion in 2020 (Beik, 2022). The cost of regular hajj and hajj operations in 2022 has been set at IDR 38.89 million and IDR 81.75 million per pilgrim, respectively. However, the high cost of going on a pilgrimage from year to year is attributed to the decline in the value of the rupiah currency or an increase in inflation. Despite the challenges, the accumulated funds are substantial and have the potential to be developed (Rahman, 2020).

Several studies have explored the investment of Hajj funds in Indonesia. Jumali (2018) focuses on how these funds can be invested to support infrastructure financing and other investments. Fahmi (2017) examines the permissibility of investing Hajj funds in Islam and highlights the importance of using the benefits gained from such investments for infrastructures. Mashudi and Ibrahim (2019) discuss the potential benefits and harms of investing Hajj funds. Wirdiyaningsih (2020) explores the optimization of Hajj fund management through productive zakat, while As-Salafiyah (2021) investigates sentiment analysis concerning investments in Hajj funds. Abimanyu (2023) notes the increased benefit value of investing in Hajj funds, which can benefit both investors and prospective pilgrims.

The preceding discussion highlights the need to delve into the benefits of investing in Hajj funds beyond financing the costs of Hajj and other operational expenses. Instead, this exploration should extend to identifying the social and economic benefits of such investments for the community. This necessitates an examination of how Hajj fund investments can be leveraged for non-financial purposes and to promote the Ummah economy, religious worship infrastructure, and social development. Thus, this article aims to analyze the value of investing in Hajj funds for the community by exploring the potential economic and social benefits of such investments.



LITERATURE REVIEW

Investment in Islamic Economics

Investment is a fundamental aspect of economics that involves the allocation of capital for the purpose of generating profits (Huda & Edwin, 2007). In Islamic economics, investment is encouraged as a means to promote productivity and financial growth for Muslims with surplus funds or capital (Hidayat, 2011). However, investments in Islam must comply with the principles of Sharia, which prohibit the involvement of interest (*riba*), gambling, uncertainty (*gharar*), and illicit businesses (Huda & Edwin, 2007; Ahyani, 2021; Ibrahim et al., 2021).

Sharia-compliant investments are often made through various contract principles, such as *mudharabah*, *musyarakah*, *ijarah*, *wadiah*, and other contract structures in Islamic law. Some of the permissible investment opportunities in Islamic finance include investments in Islamic properties, stocks, and bonds. Notably, ethical and moral considerations are essential when investing (Kamri, Ramlan, & Ibrahim, 2014), as even though the objective is to generate profits, investments carry some level of risk and uncertainty. As articulated by al-Zarqa (1993), "there is no gain without risk".

Hajj Fund Investment

According to Beik (2022), the total value of Hajj funds managed by the Hajj Financial Management Agency (BPKH) in Indonesia increased by 9.64% from IDR 144.96 trillion in 2020 to IDR 158.88 trillion in 2021. BPKH also invested an additional US\$6.51 million in the Awqaf Properties Investment Fund, which was confirmed as part of the country's Hajj Fund. As of the end of 2022, the balance of Indonesian Hajj funds had further increased to IDR 166.01 trillion, representing a growth rate of 4.55% from the previous year. However, the value of benefits from Hajj funds at the end of 2022 decreased by 4% from IDR 10.5 trillion to IDR 10.08 trillion. Meanwhile, the total amount of Hajj funds managed by BPKH as of January 2023 remained at IDR 166.01 trillion (Awqaf Properties Investment Funds, 2021).

Investing in Hajj funds offers numerous advantages, such as obtaining returns that can later benefit pilgrims, transparent investment management, an increase in the Hajj quota, and a reduction in waiting time for pilgrims (Haji-Othman et al., 2020). In Indonesia, 65% of the total funds have been invested in Islamic



banking, according to a study by Sulistyowati (2022). The management of Hajj funds is considered the safest investment option to provide maximum value and support for Hajj financing in Indonesia (Abimanyu, 2023).

The cost of regular Hajj in 2022 was assigned by the government to be IDR 38.89 million, while the cost of operation was IDR 81.75 million per pilgrim (Rahman, 2020). The high cost of Hajj from year to year can be attributed to the decline in the value of the rupiah currency or an increase in inflation. The accumulated funds in Hajj financing have the potential to be developed, and to minimize exchange rate risk, Islamic hedging against Hajj funds is recommended for the government (Pratiwi et al., 2019).

Therefore, investing in Hajj funds presents a potential solution to cover the costs of Hajj in the future, given the unbalanced operational costs and the need for a large amount of funds, which accounts for around 50% of the total cost. Moreover, the average waiting period for Hajj departures is 30 years. BPKH has invested in various Hajj fund opportunities such as gold, Islamic stocks, and agribusiness, which are maximized according to legal provisions, thereby presenting opportunities for investment returns (Junaedi, 2021). The Hajj finance encompasses income, expenses, and wealth, while the benefit value of Hajj fund investments includes economic benefits, the efficiency of Hajj funds, and the endowment of the Ummah or other legal and non-binding sources.

Article 7, paragraph (1) of the Financial Management Act for Hajj stipulates that the deposit of Hajj Operational Cost (BPIH) and special BPIH is entrusted to the pilgrimage for Hajj. According to the Elucidation of this Article, the funds deposited by the Hajj Pilgrims are subject to verification in the state budget. The potential for Islamic finance to serve as an investment vehicle is significant, and the use of hajj financial investments aimed to optimize value benefits under Law 34/2014 and improve the service of Hajj by prioritizing aspects of safety (Witjaksono, 2020).

In carrying out hajj financial management, BPKH must operate cooperatively and as a non-profit organization. The corporate principle of financial management based on the pattern of exploitation carried out by a company or corporation prioritizes efficiency and effectiveness in using resources and results. In contrast, the non-profit control of hajj finances is conducted through business management that prioritizes the use of the results of the development



of funds to provide maximum benefits for pilgrims and the benefit of Muslims, without dividend distribution for managers (Nurchaliza, 2020).

According to Article 46, paragraph (1) of the Hajj Financial Management Act, the management of hajj finance is conducted at Sharia Commercial Banks or Sharia Business Units. Placement and investment of hajj finance must comply with security aspects, value of benefits, liquidity, and the precautionary principle, as stipulated in Article 46, paragraph (2) of the Hajj Financial Management Act. Furthermore, the placement and investment of hajj finance can be carried out through banking products, securities, gold, direct investments, and other investments by Sharia principles (Maulid, 2021; Muarif, et al., 2021).

The composition of the Hajj fund investment involves three risk scenarios in terms of returns: i) a conservative scenario with an expected return of 7.76% at a risk of 1.09%; ii) a moderate scenario with the expectation of a return of 14.70% at a risk of 3.22%; iii) the aggressive scenario with the expectation of a return of 26.62% at a risk of 6.39% (Setyawan, 2020; Wardiah & Ibrahim, 2013). However, the implementation of Hajj positively impacts the emotions of Islamic investors because it supports Muslims to be closer to Allah, leading to optimistic sentiments and potentially influencing investment decisions (Abbes, 2015; Mariana & Ibrahim, 2022)

The Benefit Value

The benefit value refers to a portion of the Hajj Fund that can be placed and invested in accordance with Sharia principles, while taking into account risk factors and liquidity (Abidin, 2016). The benefit value is composed of two parts: the benefit value of the Cost of the Hajj Organization (BPIH) and the benefit value of the People's Endowment Fund (DAU). The benefit value of the BPIH is the return on investment of the Hajj funds and is allocated to three purposes: i) Hajj operational funds for each Hajj organizing work unit, ii) operations of the Hajj Financial Management Agency, and iii) the value of benefits for Hajj pilgrims, which is reflected in a virtual account that belongs to each waiting pilgrim. The profit sharing of the value of the benefits generated in a period is accommodated in this account.

This concept of non-profit is stipulated in Law No. 34 of 2014, whereby non-profit is understood as the value of the benefits generated that must be returned to all pilgrims and can be utilized for the benefit of the community. Article 8,



paragraph (1) of Law No. 34 of 2014 elaborates that the value of the financial benefits of Hajj is obtained from the development of Hajj finance, while paragraph (2) explains that the value of the financial benefits of Hajj is placed in the Hajj cash. Thus, the financial management of the pilgrimage, as stated in Article 2, is based on Sharia principles, the precautionary principle, benefit, non-profit, transparency, and accountability.

In line with Islamic finance, hajj funds are deemed as deposits from the community and, therefore, are managed according to the *wadiah yadh dhamanah* principle. Hence, these funds may be maximized to yield the maximum benefit value, prioritizing the safety and integrity of the pilgrims' funds (Abidin, 2016).

The Concept of Management of Public Finances

The management of Hajj funds by BPKH is crucial given that these funds are public funds and must be managed with care to ensure that prospective pilgrims and the wider community receive the benefits of the investment (Rahman, 2020). Although the management of Hajj funds is not part of the State Budget (APBN), it is the responsibility of the state and falls within its authority (Kasanah, 2021).

The main objective of managing Hajj funds as public finance is to promote the welfare of the community, which can be realized in the Islamic economy by achieving the *maqashid sharia* (sharia goals) as a form of benefit. The principle of *Maslahah*, which lies at the core of *maqashid as-shari'ah* or sharia purpose (Al-Syatibi, n.d.), prioritizes human benefit for worldly and hereafter purposes and avoids harm (*mafsadah*) without neglecting the principle of *nash*. In other words, Sharia objectives must include all human needs, realizing Falah or success, and a better life (*hayatan thayyibah*) within the limits of Sharia (Chapra, 1992).

Human needs consist of three levels: basic needs (*al-darurah*), complementary needs (*al-hajah*), and luxury goods needs (*al-tahsiniyyah*). Basic needs are essential for human life, while complementary needs are necessary for human life to be comfortable, and luxury goods needs are additional decoration to make life more perfect. According to Syatibi, maintaining religion, soul, mind, lineage, and property is crucial in meeting these human needs.



Syam (2017) has examined the scholarly discourse surrounding the investment of Hajj funds, highlighting their permissibility within the framework of Islamic principles. Notably, the permissibility of such investments is contingent upon certain conditions, including the requirement that the derived benefits be directed towards infrastructure development (Syam & Fahmi, 2017). Furthermore, Mashudi and Ibrahim (2019) have conducted a comprehensive analysis of Hajj fund investments, with a specific focus on minimizing harm and maximizing overall benefits.

The management of Hajj fund investments also necessitates a strategic approach to support infrastructure financing and explore alternative investment avenues (Jumali, 2018). In this regard, it is essential to optimize the utilization of Hajj funds through the productive application of zakat, thereby enhancing the overall efficiency of these investments within the Indonesian context (Wirdiyarningsih, 2020).

In addition, Deananda and Wirdiyarningsih (2020) underscore the advantages of allocating Hajj funds to the Tadawul Stock Exchange, as this mitigates potential value fluctuations resulting from currency exchange dynamics and potentially leads to greater returns. Deananda (2019) proposes the exploration of alternative investment options, such as Sharia-compliant shares, foreign investments, and involvement in the financing industry, which may yield more favorable outcomes. It is worth mentioning that Malaysia has also pursued Hajj fund investments in various countries to foster the growth and development of Islamic finance (Muneeza, 2018). Moreover, common investment avenues for Hajj funds encompass stocks, real estate, deposits/mutual funds, as well as participation in the money market or Sharia-compliant bonds. Furthermore, the Maldives effectively manages Hajj funds from hajj depositors (Muneeza, et al., 2018).

METHODOLOGY

This study aims to explore the Benefit Value of Hajj Investment Funds in Indonesia through a qualitative research approach, utilizing a socio-economic methodology to analyze Hajj Funds as Investments managed by BPKH and the benefit value for the people of Indonesia.

The primary data for this study were obtained through in-depth interviews with the BPKH Institute in Jakarta and the Director of Hajj Umrah at the Ministry of Religious Affairs in Jakarta. Meanwhile, secondary data were collected from



reference studies, articles, books, online and offline news, and reports that focus on the value of Hajj investment benefits. Both primary and secondary data were then grouped into categories, including Hajj Investment in Indonesia, the form of investment, the value of Hajj Investment Benefits, the Benefits Value of Hajj Investment for the Community, and the use of Benefit Value for the Community.

The data collected were analyzed using content analysis, which is a comprehensive interpretation of social and economic studies of data according to the themes that have been grouped (Ibrahim, 2023). The analysis was also carried out by confirming and comparing it with theories of Islamic economic studies. After conducting an in-depth analysis, the findings, conclusions, and recommendations were formulated. The study's results provide new insights into the benefit value of Hajj investment funds and their potential for enhancing the community's welfare and economic growth.

RESULT AND DISCUSSION

The Hajj Funds Management Indonesia

According to Sunaryo (2019), Head of Sub Directorate Community Fund (*Kasubdit Penyelenggara DAU*) at the Ministry of Religious Affairs, the management of Hajj funds demands human resource experts in the investment field, who possess high-quality qualifications, professional competencies, and integrity, along with innovative and professional attitudes, to ensure the appropriate and accurate management of Hajj funds. Sunaryo added that the hajj funds managed by the Directorate of Hajj and Umrah organizers of the Ministry of Religious Affairs have only been placed in Sharia Banks in the form of deposits. Additionally, the number of hajj funds and the need for hajj organizers have been increasing every year.

Since the enactment of Law Number 34 of 2014 regarding the Hajj Financial Management Agency (BPKH), the agency has been solely entrusted to manage the Hajj funds, while the Directorate of Hajj and Umrah Management is only in charge of the operationalization of Hajj, including planning, technical policies, services, technical guidance, coaching, transportation, accommodation, lodging (Hajj dormitories), information management, as well as the evaluation and reporting of the implementation of the pilgrimage. Therefore, the agency has the autonomy to develop the accountability of Hajj funds. The profits generated from the development of the Hajj Fund are aimed



to benefit the implementation of the Hajj pilgrimage and the ummah. Figure 1 outlines the tasks of BPKH.

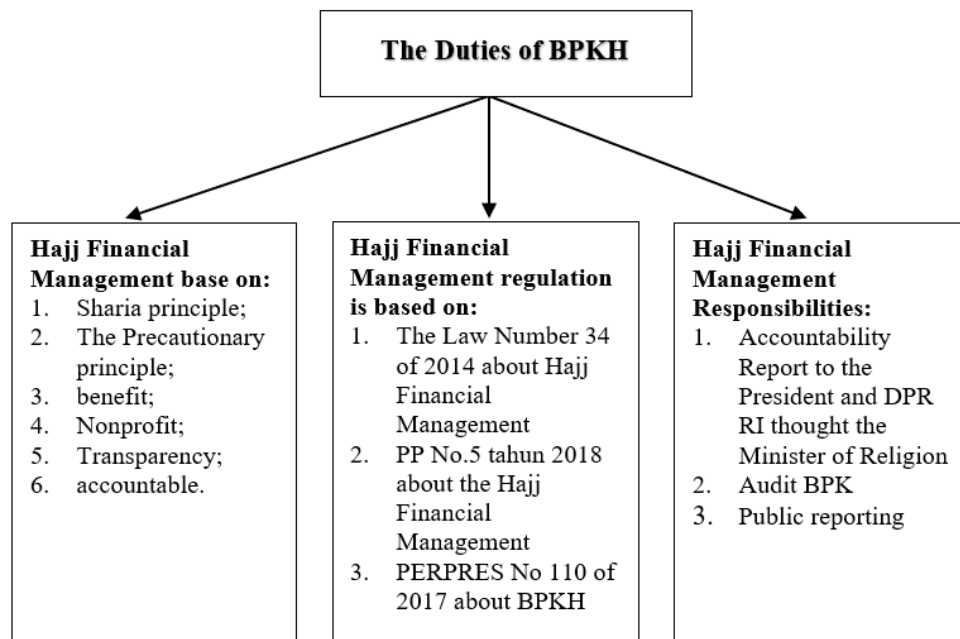


Figure 1. The Duties of BPKH
(Source: Research Report, 2019)

The management of Hajj funds by BPKH is carried out in a thoughtful and professional manner, as Sunaryo has emphasized the need for skilled human resources to manage the large sums involved. BPKH has the mandate to receive and utilize Hajj funds for its operations to achieve value benefits (Munira, 2019). Furthermore, BPKH is authorized to collaborate with other agencies to manage the Hajj funds, as stipulated in Article 25 of Law Number 34/2014. The management of Hajj fund investments by BPKH is illustrated in Figure 2.

Placement and Investment of Hajj Fund

The Hajj fund can be allocated to Deposit Receiving Banks (BPS) at the Hajj Organizing Agency (BPIH) and various investment instruments, such as i) Sharia-compliant securities, including Sovereign Sukuk and Corporate Sukuk, Sharia mutual funds, and gold, ii) Domestic and Other Direct Investment, encompassing financing/PYD via BPS-BPIH Investment Partners, Domestic Investment associated with hajj activities, and iii) foreign direct and other investment (El Islamy, 2020).



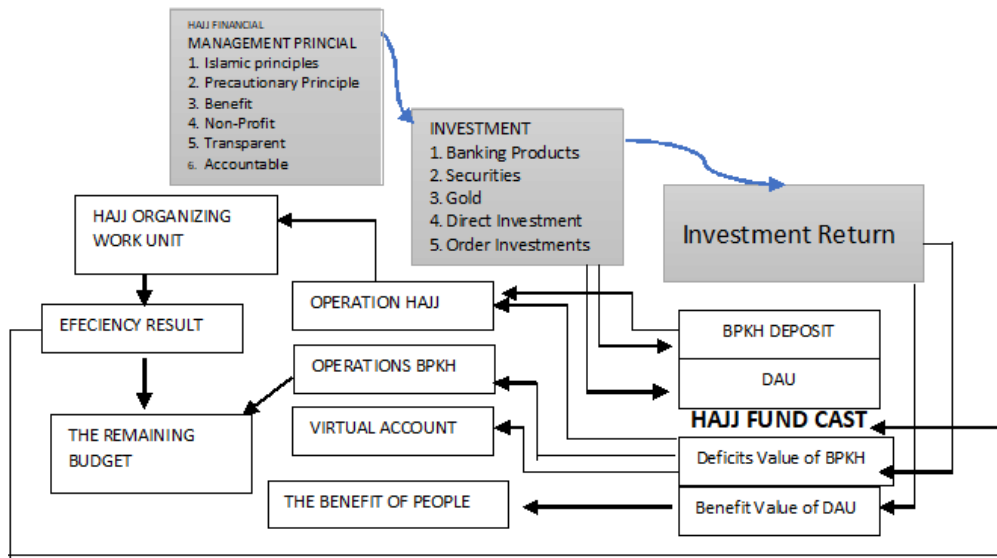


Figure 2. The Management of Hajj Fund Investment
(Source: Research Report, 2019)

There are two options available for utilizing the Hajj funds, namely direct investment and Sukuk financing, which offer an average return of 8-9% higher than bank deposits. Based on the recommendations of the Indonesian Ministry of National Development Planning, it is suggested that Hajj funds be invested in Sukuk rather than as direct investments (Possumah, 2017, Nisak & Ibrahim, 2014). BPKH has explicated the composition of the Hajj funds management from 2019 to 2023, which is presented in Figure 3.

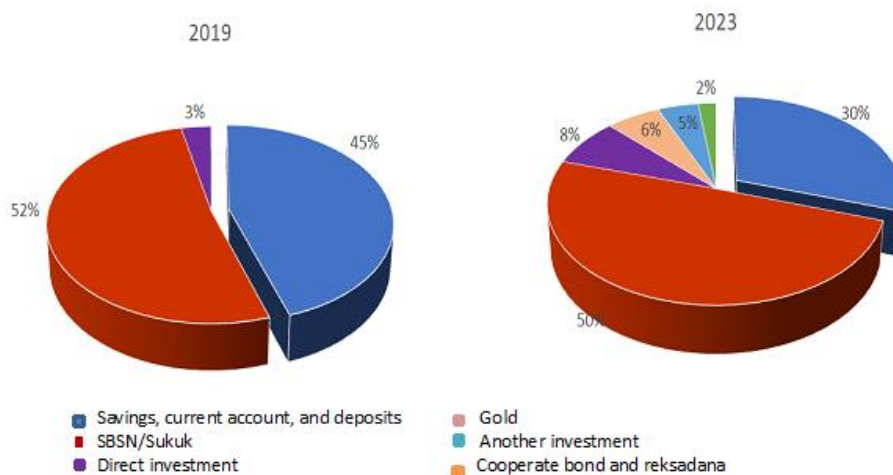


Figure 3. The Composition of The Hajj Fund
(Source: BPKH, 2023)



Figure 3 illustrates the allocation of the Hajj fund into three types of investments in 2019, which differs from the allocation in 2023, where the fund is distributed into six types of investments. This increase in the number of investment types between 2019 and 2023 may have an impact on the return on investment of the Hajj fund. BPKH has projected the expected return on investment of the Hajj fund for the period between 2020 and 2024, which is presented in Figure 4.

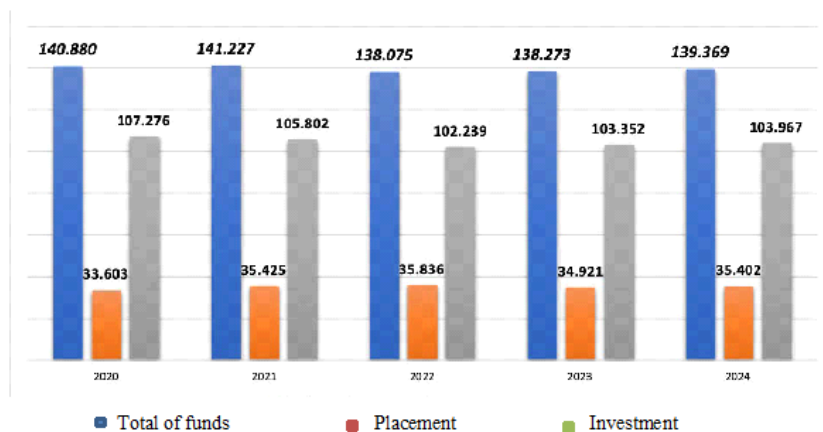


Figure 4. Hajj Fund Projections Management 2020-2024 (IDR/billion)
(Source: BPKH, and El Islamy, 2020)

The management of Hajj funds involves allocating funds for the implementation of the pilgrimage (subsidy), virtual accounts (yield) for prospective Hajj pilgrims, benefits, and operational costs of BPKH. It has been projected that the management of Hajj funds will increase by IDR 347 million from 2020 to 2021, but a decline is expected in 2022. This can be attributed to the decrease in Hajj registrations during the two years (2020-2021) due to the COVID-19 pandemic (Muneeza, 2021).

In accordance with Article 26 letter (c) of Law Number 34/2014 concerning the Hajj Financial Management Agency, BPKH is obligated to inform the pilgrims regarding the value of the benefits of BPIH and Special BPIH through virtual accounts of each pilgrim. Moreover, in Article 26 letter (f), BPKH is obliged to periodically pay the value of the benefits of depositing BPIH and/or Special BPIH to the account of each pilgrim. The payment of the value of the BPIH or Special BPIH deposit benefits is made through a virtual pilgrim account at BPS BPIH with the amount based on a percentage of the value of the Hajj Financial benefits for the current year, as regulated in Article 37 paragraphs (1) and (2)



of Government Regulation Number 5 the Year 2018. Prospective Hajj pilgrims who have paid an initial deposit of rupiah. Twenty-five million can view the value of the benefits they receive through the website.

Benefits of Hajj Fund Investment Management

The management of Hajj funds adheres to the principles set forth in Articles 2 and 3 of Law No. 34 of 2014, which include improving the quality of the Hajj implementation, increasing the rationality and efficiency of the use of BPIH, and maximizing benefits for Muslims. The Value Benefits Program is a key initiative that aims to provide benefits to the community, as outlined in Figure 5.

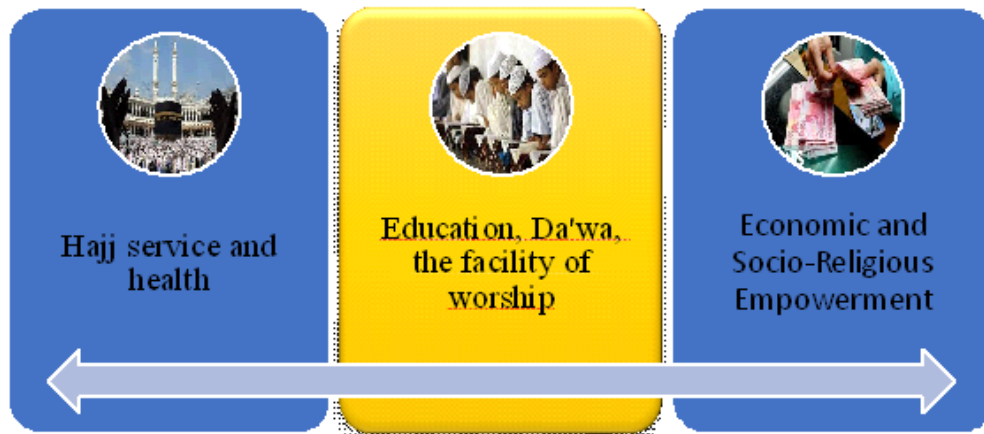


Figure 5. The Benefits Value of the Program for Maslahah to the Society
(Source: Hajj Financial Management by BPKH)

The primary objective of BPKH's program is to facilitate benefits for both the pilgrims and the community and institutions, with BPKH undertaking the coordination of all activities through assessment and evaluation. The value of benefits is derived from the management of Hajj funds each year from the People's Perpetual Fund (DAU), and the allocation of the funds is subject to change annually. The benefit value target for the period 2019 to 2023, which includes the value of benefits to be disbursed in exchange for Hajj, is depicted in Figure 6.



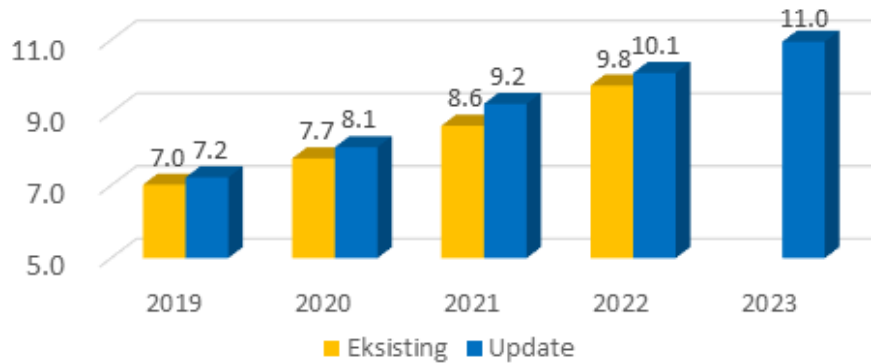


Figure 6. Target Benefit Value from 2019-2023 (IDR/Trillion)
(Source: BPKH, 2019)

Based on the aforementioned figures, it can be inferred that BPKH's target in managing Hajj funds is to increase the benefit value from IDR 7.8 trillion in 2019 to IDR 11 trillion in 2023. Furthermore, BPKH has provided a detailed explanation regarding the allocation of the benefit value, as depicted in Figure 7.

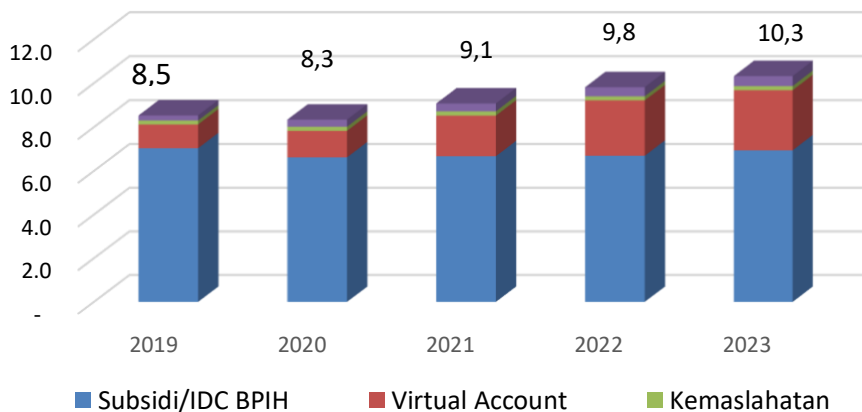


Figure 7. The Allocation of Benefit Value (IDR/Trillion)
(Source: BPKH, 2019)

The Hajj Financial Management Agency (BPKH) is mandated by Law Number 34/2014 to effectively manage the Hajj funds. As depicted in the provided figure, the funds utilized for public welfare are derived from the benefit funds retained in the People's Perpetual Fund (DAU) after deducting the Hajj operational funds and virtual accounts. In February 2019, BPKH distributed a benefit value of up to IDR 500 billion to prospective pilgrims during the waiting period, as stipulated in Article 26 letter (c) and letter (f) of the aforementioned law. This provision mandates the disclosure of BPIH benefit values to the



prospective pilgrims and requires BPKH to pay the virtual benefit value to their respective accounts.

Table 1. The Allocation of Benefit Value from 2019 to 2022

Year	Hajj Service	Education and Da`wah	Health	Social Religious	Ummah Economy	Worship Infrastructure
2019	70%	10%	7.5%	5%	-	7.5%
2020	65%	10%	7.5%	5%	5%	7.5%
2021	60%	10%	10%	5%	5%	10%
2022	55%	12.5%	10%	5%	7.5%	10%
2023	50%	15%	10%	5%	10%	10%

(Source: Hurriyah El Islamy and BPKH, 2020)

In the wake of the Covid-19 pandemic, BPKH launched a benefits program in 2020 to aid affected communities. The allocated funds from DAU comprised of medical equipment, manufacture of isolation equipment, food assistance, ventilators, disinfectants, and other protective equipment (PPE). Additionally, benefit funds were assigned to provide aid to mosques, Da'i, and Imams, and construct a BPKH village for communities affected by the earthquake and other disasters in Indonesia. Furthermore, the post-disaster rehabilitation movement in Palu, Sigi, and Doggala has been initiated as a disaster relief endeavor.

Table 2. The Realization of the Hajj Fund Investment

Description	Realization	Covid	Non-Covid
Health	27.677.654.600,00	9.016.812.100,00	18.660.842.500,00
Education and Da`wah	676.393.000,00		
Ummah Economy	3.560.155.000,00		
Worship Infrastructure	14.000.000.000,00	2.000.000.000,00	
<i>Social Religious</i>	28.777.183.080,00	24.773.183.080,00	4.004.000.000,00
TOTAL	74.691.385.680,00	35.789.995.180,00	22.664.842.500,00

(Source: El Islamic, BPKH 2020)

BPKH is fully committed to upholding the mandate of Law Number 34 of 2014 concerning Hajj Financial Management, which stipulates that it must strive to provide benefits and enhance the welfare of the Ummah. As part of this commitment, the benefits value has been distributed among several areas, with hajj services receiving 20%, worship facilities 15%, health 10%, people's economy 20%, Islamic education and da'wah 15%, and socio-religious activities 5% (El Islamy, 2020). The allocation of the benefit value from 2019



to 2022 is presented in Table 1. Meanwhile, the realization of the Hajj fund management is explained in Table 2. Based on this data, it is evident that BPKH's investment strategies have yielded benefits for the Ummah. The institution has implemented various benefit programs, in collaboration with other government and social institutions, to mitigate the impact of the Covid-19 pandemic on vulnerable communities. For instance, BPKH has partnered with the Amil Zakat Institution or Indonesia Zakat House to empower communities through zakat funds (Humas BPKH, 2022). The flow of benefit values is visually represented in Figure 8, highlighting the allocation of funds for different purposes.

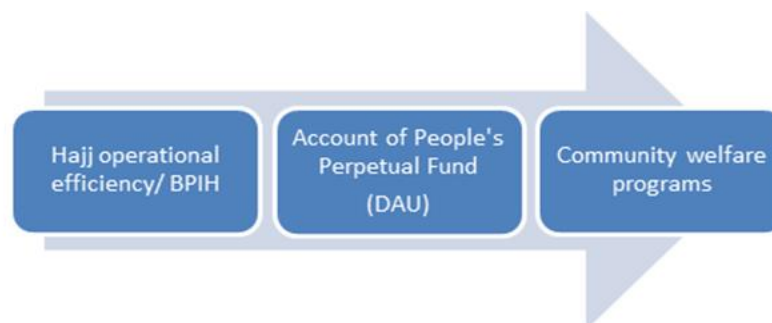


Figure 8. The Process of Benefit Value
(Source: processed from BPKH report)

According to the financial report of BPKH in 2021, the benefit value amounted to IDR 158.88 trillion, representing a substantial increase of 41.99% from the People's Perpetual Fund or DAU (Humas BPKH, 2021). This achievement is in line with the principles and processes of managing hajj funds as mandated by Law Number 34 of 2014. The philosophy underlying the concept of Benefit Value for the Community is deeply embedded in these management activities. Figure 9 provides an overview of this philosophy, which guides BPKH's approach to managing hajj funds and ensures that the Ummah benefits from these funds. It illustrates that Hajj finance is governed by two key factors: 1) Business Factors and 2) Benefit Factors, both of which are based on Sharia principles. The Business Factors executed by BPKH include investment activities such as Sukuk, infrastructure development, and other Sharia-compliant financial transactions and investments that align with the Sharia principles. BPKH's management committee is Sharia finance oriented and has been built in accordance with the mandate of Law No. 34 of 2022 on Sharia Finance, collaborating with Sharia Banks to save customer funds, invest, manage the value of benefits, and Bank Liquidity.





Figure 9. The Philosophy of Benefit Value for the Community
(Source: processed from BPKH report)

One of the key objectives of Sharia finance is to generate value through benefits or *al-Birru* while avoiding *riba* (usury) and prohibited transactions. Sharia financial management offers valuable benefits to pilgrims and the wider Islamic Community. The Sharia Finance principles aimed at social values are integral to BPKH's solid commitment to Hajj Fund Management. The BPKH's performance has been successful in realizing the Sharia Finance Vision, which aims to deliver social benefits to improve the welfare of humanity. Currently, the Sharia Finance built by BPKH places greater focus on social benefits in the Ummah's Economy, Education, Zakat, Waqf, and Hajj services sectors. Social finance, as Goebay (2012) notes, is a strategy for generating social innovations and financial returns simultaneously.

Therefore, the investment of Hajj funds carried out by BPKH is directed towards the benefit of the Ummah, both for the individuals who will perform Hajj and other communities and educational institutions. The Hajj fund investments include deposits in Sharia banks, Sukuk, gold, and other assets, all of which are based on Sharia principles. This form of investment represents an Islamic finance approach where the benefits align with the Community's welfare.

The synergy carried out by BPKH related to investment in Hajj funds cannot be separated from several aspects, including accommodation, transportation, and services for pilgrims. BPKH collaborates with both government and non-



government institutions to develop future Hajj finances and support the economic empowerment of the community. The synergy from all related parties will produce an excellent and maximum output of Hajj services, creating a beneficial value of Hajj finance for the Ummah.

The realization of Hajj investment funds carried out by BPKH in various sectors is based on Law No. 34 of 2014 under Sharia principles. This can be analyzed from investments, namely State Sharia Securities and Indonesian Hajj Fund Sukuk. These investments use an ijarah contract that must be approved and supervised by the National Sharia Council. The precautionary principle in investment can be seen in risk-free investments with a current yield of 7.8% or above 6.8%. Investments are made to obtain the benefit value that is used for the implementation of the pilgrimage.

However, the management of Hajj Fund Investments by BPKH has been criticized by the Audit Board of the Republic of Indonesia (BPK) for not being effective. The investments have not generated sufficient benefits to support financing the Indonesian Hajj pilgrimage for prospective pilgrims waiting. The BPK suggests that the investment division has not utilized the benefits for the community and has not invested according to the annual plan and timeline. To improve the management of Hajj Fund Investments, BPKH has implemented the use of Sharia shares, which, like the Tadawul Stock Exchange, do not reduce in value due to currency exchange, leading to more benefits (Deananda & Wirdyaningsih, 2020).

BPKH must conduct a comprehensive evaluation and in-depth analysis to determine investment options that can enhance the value of benefits for Hajj services in Indonesia. In order to optimize the BPKH Hajj investment, one possible approach may involve reallocating funds from Islamic banking to other investment vehicles that can offer higher returns. Additionally, BPKH must thoroughly examine the operational costs associated with organizing the pilgrimage, which have increased annually. Although BPKH has the autonomous right to invest Hajj funds, it is imperative that they explore alternative investment strategies that can provide greater returns, such as direct investment collaborations with the Saudi Arabian government, hotel development in Saudi Arabia, business ventures, and transportation initiatives (Arafah, 2022), as the current return on the benefit value is only 1%. BPKH must invest in other strategies, such as the real sector, to augment the benefit value of Hajj funds.



However, it is important to ensure that the placement of Hajj funds adheres to the principles of prudence, lawfulness, and expeditious returns. This means that investments must be made judiciously and ethically to generate returns promptly. By adhering to these principles, BPKH can improve the management of Hajj Fund Investments and ensure that the benefits generated are sufficient to support the financing of the Indonesian Hajj pilgrimage.

CONCLUSION

This article highlights the significance of adhering to Sharia finance principles in managing Hajj funds by BPKH. BPKH's investment activities are geared towards generating social benefits for the Ummah through various sectors that align with Sharia principles. However, this article suggests that to optimize the benefits generated for Hajj services in Indonesia, BPKH needs to evaluate and study the investment instrument options more in-depth.

One of the key implications of this article is the pressing need for continuous assessment of the Hajj fund's investment strategy to maximize the benefits for the Ummah. BPKH must consider alternative investment options and collaborations that could potentially increase the return on investment. The cooperation between BPKH and related parties, including government and non-government institutions, is essential to produce outstanding and optimal Hajj services outputs. The collaboration can aid in developing future Hajj finances and empowering the economic growth of the community.

Future research could explore the specific impact of the social benefits generated by the Hajj Fund Investment and the People's Perpetual Fund (DAU) on the targeted sectors, such as education, the people's economy, and minimizing national disasters like Covid-19. The study could also investigate the effectiveness of the collaborations between BPKH and social institutions in promoting community economic empowerment, Zakat, Waqf ecosystem, and the digitalization of Hajj services. Additionally, the research must examine the extent to which the management of Hajj funds by BPKH adheres to Islamic principles, including the concept of al-birr and business contracts in Sukuk investments. The study could also investigate the challenges and opportunities in investing Hajj funds in socially responsible projects that align with Islamic values. The findings from these studies could offer valuable insights for policymakers and stakeholders in the Hajj management industry and contribute



to developing more effective and socially responsible practices in Hajj fund management and investment.

REFERENCES

- Abidin, M. Z. (2016). Analisis Investasi Dana Haji dalam Pembiayaan Infrastruktur dan Peningkatan Kualitas Penyelenggaraan Ibadah Haji. *Jurnal Multikultural & Multireligius Vol. 15. No. 2*, 152-164.
- Abimanyu, A. (2019). Pengelolaan Keuangan Haji. Banjarmasin, Kalimantan Selatan, Indonesia.
- Abimanyu, A. (2021). *bpkh.go.id*. Retrieved from BPKH Web Site: <https://bpkh.go.id>
- Adinugraha, Hendri Hermawan., & Mashudi. (2018). Al-Maslahah Al-Mursalah dalam Penentuan Hukum Islam. *Jurnal Ilmiah Ekonomi Islam*, 1-13.
- Al-Syatibi. (t.th). *Al-Muwafaqat fi Ushul al-Ahkam*. Qaerah: Maktabah wa Mathba'ah Muhammad 'Ali Subaih wa Auladuh.
- Al-Zarqa' Ahmad. (1993). *Al-Sharh al-Qawa'id al-Fiqhiyyah*. Damsyiq: Dar al-Qalam.
- Aziz, Rohmanur. (2021). Critical Discourse Analysis of the Role of Mass Media in the Cancellation Policy of Hajj Pilgrims during the Pandemic. *Academic Journal for Homiletic Studies*, pp. 127–148.
- Beik, I. S. (2022, Juli 06). *bpkh*. Retrieved from bpkh: bpkh.go.id/menakar-kualitas-pengelolaan-dana-haji/
- BPKH, H. (2021). *Kabar Haji*. Retrieved from bpkh: <https://bpkh.go.id/bpkh-beberkan-dana-kelolaan-haji-1502-triliun/>
- BPKH, H. (2022). *Badan Pengelola Keuangan Haji*. Retrieved from bpkh web site: <https://bpkh.go.id/>
- BPKH, H. (2022). *bpkh*. Retrieved from bpkh web site: <http://bpkh.co.id>
- BPKH. (2020). *Apa dan Bagaimana Keuangan haji Indonesia*. Jakarta: Badan Pengelola Keuangan Haji.
- BPKH. (2022). *Berita Kemaslahatan*. Retrieved from bpkh: <https://bpkh.go.id/berkontribusi-dalam-pemberdayaan-masyarakat>
- Chapra, M. U. (1992). *Islam and the Economic Challenge*. Herndon USA: The Islamic Foundation and the International Institute of Islamic Thought.
- Deananda, Andre Zani., & Wirnyaningsih. (2019). Alternative Optimization of Hajj Fund Using Sharia Share. *1st International Conference on Law,*



- Governance and Islamic Society (ICOLGIS)* (pp. 34-40). Jakarta: Atlantis Press.
- Goebay, Sean., Westley, Frances., & Weber, Olaf. (2012). Enabling Social Innovation through Developmental Social Finance. *Journal of Social Entrepreneurship*, pp. 151–165.
- Haji-Othman, Yusuf., Latib, Dr. Mohd Farid Abd., Ahmad, Mohd Nasir., & Hasnan, Ridzhal. (2020). The Role of Islamic Social Finance in Reviving the Economy During COVID-19 Pandemic Crisis. *International Journal of Muamalat, Vol. 4, Issue. 1*, 147-152.
- Hidayati, A. (2018). Fluktuasi Biaya Haji dalam Rupiah, Dolar AS dan Dinar: Perspektif Investasi Syariah. *Muslim Heritage*, 139-156.
- Ibrahim, A. (2023). *Metodologi Penelitian Ekonomi dan Bisnis Islam - Edisi Revisi* (Q. Aini Ed.). Jakarta: Bumi Aksara.
- Ibrahim, A., Amelia, E., Akbar, N., Kholis, N., Utami, S. A., & Nofrianto. (2021). *Pengantar Ekonomi Islam* (1 ed.). Jakarta: Departemen Ekonomi dan Keuangan Syariah - Bank Indonesia
- Islamy, Hurriyah El. (2020). The Management of Hajj Funds in Indonesia. Jakarta, Indonesia.
- Jumali, Endang. (2018). Management of Hajj Funds in Indonesia. *Journal of Legal, Ethical and Regulatory Issues. Vol. 21. Issue. 3*, 1-9.
- Junaedi, Dedi. (2021). Optimalisasi Investasi Dana Haji Era Pandemi Covid-19. *Al-Kharaj: Jurnal Ekonomi, Keuangan dan Bisnis Syariah*, 1-16.
- Kamri, N. A., Ramlan, S. F., & Ibrahim, A. (2014). Qur'anic Work Ethics. *Journal of Usuluddin*, 40(-), 135-172.
- Kasanah, R. (2021). Pengelolaan Dana Haji sebagai Bentuk Manajemen Keuangan Publik (Studi pada negara Indonesia dan Malaysia). *An-Nisbah: Jurnal Ekonomi Syariah*, 304-321.
- Mariana, & Ibrahim, A. (2022). Determinan Cash Holding pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia. *HEI EMA: Jurnal Riset Hukum, Ekonomi Islam, Ekonomi, Manajemen dan Akuntansi*, 1(1).
- Mashudi, Didi., Ibrahim, Mohamad Andi., & Ilahi Fadilah (2019). Analysis of the Implementation of Fikriyah Ad-Dhararu Yuzaal Principle for Investment of Indonesian Hajj Funds. *Proceedings of the Social and Humaniora Research Symposium (SoRes, 2018)* (p. 23). Jakarta: Atlantis Press.
- Maulid, Ilham., & Amirsyah. (2021). Analysis of the Hajj Fund Management Based on the Fatwa of the National Sharia Council (DSN) Number 122



- Concerning the Management of BPIH Fund and Special BPIH Based on Sharia Principles. *ADI Journal on Recent Innovation*, 21-35.
- Muneeza Aishath., & Sudeen, Amira (2018). A Comparative Study of Hajj Fund Management Institutions in Malaysia, Indonesia, and Maldives. *International Journal of Management and Applied Research*, pp. 120–134.
- Muneeza, Aishath., & Mustapha Zakaria. (2021). COVID-19: Its Impact in Hajj and Umrah and a Future Direction. *Journal of Islamic Accounting and Business Research*. Vol. 12. No. 5, 661-679.
- Nisak, B., & Ibrahim, A. (2014). Analisis Manajemen Risiko Pembiayaan Musyarakah Pada Baitul Qiradh Bina Insan Mandiri Banda Aceh. *Share: Jurnal Ekonomi dan Keuangan Islam*, 3(1).
- Nurchaliza, Vidya., & Wirdyaningsih. (2020). Arrangement Of Sharia Agreement In Hajj Funds Investment With Productive Waqf Schemes. *Advances in Social Science, Education, and Humanities Research*, 498-509.
- Possumah, Bayu Taufiq. (2017). Hajj Fund for Infrastructure Development: A Dilemma for Indonesian Muslims. *Special Report*, pp. 20-21.
- Rahman, Muh Fudhail., Shodiq, Subhan., & Humaira, Aida. (2020). Hajj Funds for Infrastructure Investment . *AL-Qalam; Jurnal Penelitian Budaya dan Sosial Budaya*, 167-180.
- Sunaryo. (2019, September 20). Tata kelola Investasi Dana Haji. (R. A. Hulwati, Interviewer)
- Wardiah, & Ibrahim, A. (2013). Mekanisme Perhitungan Keuntungan dan Pengaruhnya terhadap Bagi Hasil (Studi terhadap Pembiayaan Mudharabah pada BPRS Hikmah Wakilah Banda Aceh). *SHARE Jurnal Ekonomi dan Keuangan Islam*, 2(1), 26-45. doi:<http://dx.doi.org/10.22373/share.v2i1.1403>
- Winda, Syahdu., Indriastuti, Dwi., Ferdinand, Julius., & Soprayogi. (2020). Optimalisasi Penetapan Embarkasi Haji dalam Rangka Efisiensi Biaya Penyelenggaraan Ibadah Haji (BPIH). *INTEGRITAS: Jurnal Antikorupsi*, Vol. 6. No. 2 , 225-244.
- Witjaksono, Beny. (2020). Analisis Kelayakan Investasi Keuangan Haji dalam Pembiayaan Infrastruktur dan Tingkat Imbal hasil Badan Pengelola Keuangan Haji (BPKH). *Performance; Jurnal Personalialia, Financial, Operasional, Marketing dan Sistem Informasi*, 30-40.

