

OPTIMIZING HAJJ FINANCE IN INDONESIA: THE ROLE OF WAKALAH CONTRACT

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ABSTRACT – In response to the surge of Hajj registrants in Indonesia, efficient and transparent management of Hajj funds has become imperative. This necessitates a more proactive role from the government to ensure adherence to both state regulations and Sharia principles when employing *Wakalah* contracts for efficient Hajj fund management. This study aims to clarify the legal framework surrounding *Wakalah* contracts to enable their more effective implementation and optimize Hajj fund management within both Sharia and state legal contexts. This research employs a juridical-normative method, where data is analyzed and interpreted systematically, logically, and critically, using a normative approach and drawing from relevant regulations, doctrines, legal principles, and other supplementary materials. The findings indicate that integrating Sharia principles into *Wakalah* contracts alongside a robust legal framework can maximize benefits for Hajj congregations and promote cost-effective fund management. Additionally, collaboration between Islamic banking institutions and Hajj regulators can facilitate process simplification and address existing challenges. Through its meticulous methodological approach, this research offers a deeper understanding of benefit ownership, *Wakalah* principles, and relevant legal and Sharia aspects. Its unique contribution lies in its focus on the value of benefit ownership, a comprehensive examination of legal and Sharia considerations, and the development of a practical framework for enhancing Hajj financial management in Indonesia.

Keywords: *Wakalah*, Ownership value of benefits, Hajj fund management, Legal, Sharia

ABSTRAK – Optimalisasi Dana Haji di Indonesia: Peran Akad Wakalah. Dalam menghadapi lonjakan pendaftar haji di Indonesia, pengelolaan dana haji yang efektif dan transparan menjadi sangat penting. Hal ini menuntut pemerintah untuk lebih proaktif dalam memastikan penggunaan akad wakalah dalam pengelolaan dana haji sesuai dengan aturan agama dan negara. Penelitian ini bertujuan untuk membuka cakrawala hukum syariah dan negara tentang implementasi akad wakalah yang lebih efektif sehingga pengelolaan dana haji dapat lebih optimal. Data penelitian dikumpulkan dari sumber-sumber sekunder, seperti peraturan perundang-undangan, doktrin fikih, asas-asas hukum Islam, dan bahan pelengkap lain yang relevan. Menggunakan metode yuridis-normatif, data dianalisis dan ditafsirkan dengan pendekatan normatif dan disusun secara sistematis, logis, dan kritis. Hasil kajian menunjukkan bahwa integrasi prinsip syariah dalam kontrak wakalah, ditambah dengan kerangka hukum yang tepat, dapat memaksimalkan manfaat bagi jamaah haji dan mempromosikan pengelolaan yang efisien biaya. Hal ini karena wakalah dapat memberikan keleluasaan bagi nazir untuk mengelola dana haji secara profesional dan transparan. Selain itu, kolaborasi antara lembaga perbankan syariah dan regulator haji dapat mengatasi tantangan dalam hal regulasi, SDM, dan teknologi. Penelitian ini memberikan pemahaman yang mendalam tentang kepemilikan manfaat, prinsip wakalah, dan aspek hukum dan syariah yang relevan melalui metode yang cermat. Kontribusi unik dari penelitian ini terletak pada fokusnya pada nilai kepemilikan manfaat, wakalah, dan penelusuran yang komprehensif terhadap aspek hukum dan syariah, sehingga menawarkan kerangka kerja praktis untuk meningkatkan manajemen keuangan haji di Indonesia.

Kata Kunci: *Wakalah*, Kepemilikan nilai manfaat, Pengelolaan dana haji, Legal, syariah.

INTRODUCTION

The successful organization of the Hajj event is heavily dependent on the efficient management of Hajj finances. This not only ensures maximum benefits for the potential pilgrims but also adheres to Sharia principles and legal aspects (Zakiruddin, 2021). However, from the current practices in Indonesia, it is clear that there is an urgent need for the government to improve the management of Hajj finances by implementing robust *Wakalah* contracts, which comply with both Sharia and the law (Felemban et al., 2020). A collaborative approach between the Hajj regulator and Islamic banking institutions can provide an effective solution for the management of Hajj funds and the resolution of potential issues (Muneeza & Mustapha, 2021).

Legal inconsistencies and varying interpretations of the *Wakalah* contract can lead to legal consequences and impact the distribution of responsibilities between the government and the institution in charge of managing Hajj finances (Maksum, Sholeh, & Afiyanah, 2020). It is crucial to manage the initial deposit of the pilgrims properly to avoid any undue pressure on the institution responsible for managing Hajj finances (Jumali, 2018). Investing in various Shariah-compliant investment vehicles can generate significant profits and minimize potential losses (Al Rahahleh & Bhatti, 2022).

Previous research has emphasized the significance of Shariah principles in the management of Hajj. However, there is a need for specific strategies to reinforce these principles within the context of *Wakalah* (Muneeza, Sudeen, Nasution, & Nurmalasari, 2018). Some studies have focused on transparency and accountability in Hajj management (Panjaitan & Adam, 2022), but more research is required to explore the relationship between government regulations and Shariah principles in *Wakalah* management. Additionally, further research is necessary to comprehend the coordination required to implement these strategies and optimize *Wakalah* coordination in Hajj management.

Hajj financial management holds critical importance for Muslims (Sulistiani, Nurrachmi, & Saripudin, 2022) as it entails managing the funds and expenses for the pilgrimage (Munira & Astuti, 2019). Proper management is instrumental in preventing corruption, misuse, and lack of transparency (Nasution & Faruqi, 2019), which can tarnish the image of Hajj funds and adversely impact the



pilgrimage experience (BPKH, 2018). Therefore, Hajj funds necessitate careful and professional handling (Ramadhan, 2018).

The Indonesian government regulates Hajj finances through Law Number 13 of 2008, which supersedes Law 17 of 1999. This law provides legal certainty and protection for pilgrims, including the management of Hajj funds. The Indonesian Government Regulation Number 8 of 2019, articles 50-59, detail the management of Hajj finances, including funds, funding mechanisms, and the formation of the Implementing Body. The Hajj Financial Management Agency (BPKH) manages these funds from prospective pilgrims, ensures proper storage, and uses them for the benefit of Muslims (Mubarak & Fuhaidah, 2018). BPKH also oversees profits from investments (Witjaksono et al., 2020).

Additionally, the management of Hajj funds is supervised by the Ministry of Religious Affairs (MoRA), the Financial and Development Supervisory Agency (BPKP), and the Sharia Supervisory Board (Jumali, 2018). This ensures transparency, accountability, and audits by Sharia law and government regulations, thereby ensuring proper and accountable financial reporting (Kurniawan, 2021). Therefore, the management of Hajj funds must adhere to the principles of Sharia law, which include transparency, accountability, and prudence (DSN-MUI, 2018). Transparency necessitates clear and open communication of information regarding the use of Hajj funds to shareholders or pilgrims, ensuring that the funds are being used appropriately and for the intended purpose (Nursanita et al., 2019; Battal & Ibrahim, 2023). Accountability entails accurate recording and reporting of the use of Hajj funds to guarantee that the funds are accounted for and not misused. Adhering to these principles is pivotal for the effective and responsible management of Hajj funds (Umam, Abidin, & Firmansyah, 2019).

The principle of prudence is very concerned about the aspects of risk and security in investing and using Hajj funds (Umam et al., 2019), so as not to pose an excessive risk to pilgrims. It regulates halal, obedience, and adherence to the rules set out in Islamic teachings (Sholichah, 2018). In managing Hajj finances, these Sharia law principles must be considered to ensure that the management of Hajj funds is carried out by applicable regulations, is transparent, accountable, and does not pose excessive risks to pilgrims (Jumena, 2018). This will increase the trust and security of the pilgrims in performing the pilgrimage and ensure the continuity and sustainability of the management of the Hajj funds for generations to come (Mubarok & Hasanudin, 2013).



The complexity of Hajj financial management arises because of differences between the principles of Sharia law and government regulations (Ulya, 2019). The principles of Sharia law govern the management of Hajj funds based on the rules stipulated in Islamic teachings, while government regulations regulate the management of Hajj funds by referring to the rules set by the state (Sholichah, 2018).

Differences between the principles of Sharia law and government regulations in the management of Hajj funds can affect the effectiveness and efficiency of managing Hajj funds and cause problems that can impact the trust of pilgrims and the sustainability of Hajj fund management (Ramadhan, 2018). Therefore, good coordination and cooperation are needed between the parties involved in managing Hajj funds, be it the government, Hajj fund managers, as well as shareholders, or Hajj pilgrims, so that Hajj fund management can be carried out effectively and efficiently following the rules that apply (Mubarak & Fuhaidah, 2018).

The novelty of this study lies in its in-depth emphasis on a stronger integration between Shariah principles and government regulations in the context of Hajj fund management. By comprehensively blending legal and Sharia approaches, this research makes a significant contribution to understanding the complexities and challenges associated with Hajj fund management, as well as identifying concrete measures to ensure compliance with both frameworks. Hajj financial management will be more prudent and careful because both legal aspects of running a *Wakalah* contract have been described. Therefore, it is hoped that this research can make a positive contribution to improving the management of Hajj finances and ensuring that Hajj funds can be properly managed and used for the right purposes.

The remainder of this study is structured as follows: Section two provides an in-depth review of the literature that serves as the theoretical foundation for the research. Section three details the methodology employed in seeking answers to the research problems, while section four discusses the findings of the research and provides an analysis of these results. The final section contains the conclusions drawn from the research, recommendations to be considered, and limitations of the research.



LITERATURE REVIEW

Management of Hajj Funding

The management of Hajj funds is a pivotal aspect of ensuring a successful pilgrimage experience for Muslims. The management of BPKH hajj funds in Indonesia does not only address the issue of transportation costs, consumption, and other needs related to travel but also how to manage finances so that they can meet the needs of pilgrims. Muneeza et al. (2018) articulated the imperative of managing these funds beyond the scope of travel-related expenses, emphasizing the broader goal of addressing the multifaceted financial needs of pilgrims. The importance of stringent adherence to standardized management protocols was highlighted by Setyawan, Wibowo, and Kamal (2020), who argued that such adherence was crucial for the BPKH to ensure equitable and effective outcomes. In line with this, Deananda and Wirduyaningsih (2019) acknowledged Sharia Investment as the preferred approach for the BPKH in the fiduciary management of these funds.

The significance of Hajj financial management is reiterated by Prasetyo (2017) and Djamil (2015), who argue that the substantial costs associated with performing the pilgrimage necessitate a model of management that is both effective and efficient. Ensuring that Hajj funds are managed and utilized correctly is fundamental to the welfare of the pilgrims and the broader Muslim community, as the development of these funds should ultimately benefit the implementation of the Hajj and the Ummah (Hulwati et al., 2023).

However, the literature identified a discernible gap in understanding the complexities introduced by the divergence between Sharia law principles and government regulations. Kurniadi, Wiwoho, and Asrori (2019) pointed out that this complexity demanded an in-depth exploration of both legal and Sharia aspects to improve the management of Hajj finances in alignment with both sets of principles. This underscored the necessity for research that bridged these domains, enhancing the compliance of Hajj financial management with Sharia law and government mandates.

Definitional clarity has been provided in the literature, where Hajj financing and investment are differentiated. Hajj financing, as defined in Law No. 34 of 2004 Article 1 No. 1, encompasses funds managed by the state for expenses related to organizing the Hajj, including efficiency and endowment funds that benefit the people (Deananda & Wirduyaningsih, 2019). Investments of Hajj



finances are characterized as the allocation of funds by the Hajj Financial Management Agency into commercial ventures that align with legal, regulatory, and Sharia principles, with the goal of profit maximization after a thorough risk-benefit analysis (Sulistiani et al., 2022). Maulana and Mawadah (2023) suggested that BPKH should consider alternative Sharia securities investments that present higher benefits and lower risks.

Risk management in investments is a central concern, as maximizing returns within the bounds of Sharia compliance necessitates consideration of associated risks (Setyawan, Wibowo, & Kamal, 2020). Ardi and Darwanto (2023) proposed the utilization of Sharia deposits and the SDHI instrument as alternative investment instruments, in line with Government Regulation No. 5 of 2018 on Hajj Fund Management.

Lastly, effective management of pilgrims' initial deposits is deemed crucial to prevent financial strain on BPKH. Many literatures recommended investing in various Shariah-compliant vehicles, as specified by Law No. 34 of 2014 Article 2, to generate substantial returns and mitigate potential losses by diversifying investment portfolios (Rahman et al., 2020).

In summary, the current literature on Hajj fund management underscores the importance of Sharia-compliant investment strategies and standardization in processes. Nonetheless, there remains a critical research gap in harmonizing Sharia law with governmental regulations, coupled with the need for effective risk management strategies. Addressing these gaps is essential for enhancing the utilization and administration of Hajj funds, which is the underlying goal of the broader research agenda.

METHODOLOGY

This study utilized a robust qualitative research methodology with a focus on the normative legal perspective within the realm of Islamic finance and economics. A comprehensive library research methodology was the chief tool employed to assemble a complete data set (Ibrahim, 2023). This method was meticulously designed to involve an exhaustive examination of a wide range of sources, including but not limited to books, academic journals, newspapers, and other pertinent publications. The secondary sources utilized in this legal study were carefully chosen to ensure a broad and deep coverage of the subject matter. These sources encompassed the Al-Qur'an, the Book of Hadith, the



Book of Fiqh, the MUI Fatwa, and Law No. 34 of 2014 pertaining to Hajj financial management, along with corresponding regulations. Additionally, the study drew upon scholarly articles and works that delve into the legal implications of investments in Hajj funds and the role of the Hajj Financial Management Agency (BPKH).

The research methodology was grounded in normative legal methods, employing qualitative and descriptive analysis as the primary data analysis techniques. This approach involved an in-depth examination of legal documents, facilitating a meticulous review and evaluation of their content to determine the congruity and applicability of norms. The methodology was specifically designed to provide a comprehensive understanding and assessment of the legal and Shariah aspects of optimizing the *Wakalah* contract in the administration of Hajj funds. It also took into consideration the unique nuances and complexities inherent to this field of study. As such, this robust and comprehensive methodology provided a strong foundation for the research and ensured that the study was thorough, accurate, and nuanced.

RESULT AND DISCUSSION

***Wakalah* Contract in Law No. 34/2014 & Fatwa No. 122/DSN-MUI/II/2018**

The study reveals substantial discrepancies in the interpretation of the *Wakalah* contract as stipulated in Law No. 34 of 2014 and DSN-MUI Fatwa No. 122/DSN-MUI/II/2018. The crux of the issue lies in the role of representatives, leading to divergent views on the distribution of responsibilities between the government and BPKH, the body tasked with managing Hajj finances. This difference becomes notably evident in instances of investment failures (Ali, 2019). As the Hajj regulator, the government has a fiduciary duty to establish and enforce a robust risk management system that protects the interests of prospective pilgrims (Lasa, Ahmad, Aziz, Rosli, & Hamdan, 2015).

The legal relationship between the *Muwakkil* and the Deputy is heavily dependent on the *Wakalah* Agreement, which governs the deposit of Hajj funds. Any departure from legal statutes and agreements may render the *Wakalah* contract invalid, giving the *Muwakkil* the right to seek contract cancellation (Musjtari & Kencana, 2020). When BPKH takes on the power of attorney to manage Hajj funds, it is crucial to have clarity in fund utilization, return policies, and risk mitigation due to the complex nature of the *Wakalah* contract (Alfiyanti, Firdaus, & Fatah, 2019).



In the management of Hajj finances, BPIH funds owned by prospective pilgrims who are still on the waiting list can be invested to support infrastructure financing and other investments. This is because the pilgrims have completed and signed the *Wakalah* contract form when paying the initial BPIH deposit (Hajj Organizing Fee). In the *Wakalah* contract, the prospective pilgrim, as *Muwakkil*, gives power of attorney to the BPKH (Hajj Financial Management Agency) as a representative. This allows the manager (BPKH) to optimize the value of Hajj funds while continuing to prioritize the safety or integrity of the congregation. Based on Law Number 34 of 2014, The Government of Indonesia established the Hajj Financial Management Agency (BPKH) whose function is to manage and oversee the investment of Hajj funds used in infrastructure and other investment financing to obtain optimal benefit values for the increase in Hajj pilgrimage services by prioritizing the safety or integrity of Hajj funds (Jumali, 2018).

Legally, Hajj financial management is in accordance with Law Number 34 of 2014 concerning Hajj Financial Management. However, the law does not regulate the investment of Hajj funds into the infrastructure sector. In terms of the contract that is applied, the contract between the congregation and the receiving bank (BPS BPIH) uses a *Wadiah* contract, while the contract between the congregation and BPKH is a *Wakalah* contract. However, the implementation of the *Wakalah* contract does not clearly state the management of Hajj funds placed and or invested according to Law Number 34 of 2014 concerning Hajj financial management (Munira & Astuti, 2019).

***Wakalah* Contract in the Management of Hajj Funds**

The significant backlog of applicants who have paid the BPIH (Hajj Travel Cost) and are waiting to perform the pilgrimage has resulted in these funds being held for an extended period in the government's account, specifically under the Ministry of Religious Affairs (MoRA). A portion of these BPIH funds has been allocated to banks and some has been invested in Sukuk, an investment that is expected to generate returns. However, there have been questions raised within the community regarding who truly owns the BPIH deposit funds once they are transferred into the government's account, and who is entitled to any profits generated (Sam & Sholeh, 2012).

In 2012, the Fatwa Commission of the Indonesian Ulema Council made a *fatwa* (religious decision) to address three important issues related to the status of



BPIH deposit funds that are on the waiting list. Firstly, it aimed to determine the rightful owner of the Hajj deposit fund among those on the waiting list. Secondly, it questioned whether it was permissible to invest BPIH deposit funds that are on the waiting list. Lastly, it endeavored to identify who should be authorized to manage the investment, if allowed, and who should receive the investment returns. This decision was driven by the goal of developing the Islamic finance industry by having the government place Hajj candidates' funds into Islamic banks, with the resulting investment returns being allocated to their rightful owners, termed as *Shahibul Mal* (Mubarok & Hasanudin, 2013).

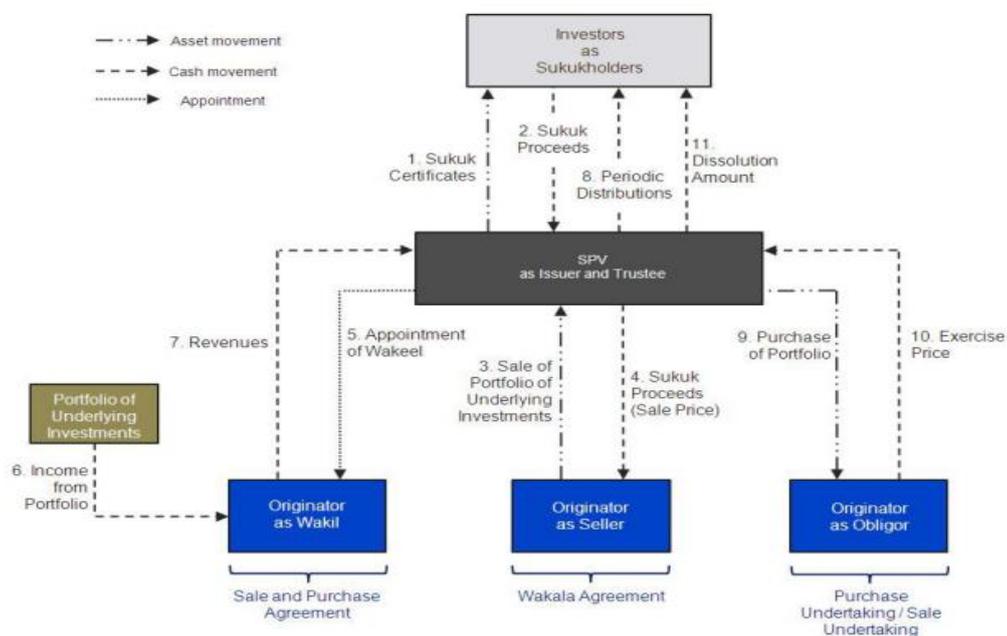


Figure 1. Wakalah contract of Hajj Funds
(Source: Witjaksono et al., 2020)

Figure 1 illustrates the application of the *Wakalah* contract in managing Hajj Funds in Indonesia. The process begins with an agreement for the provision of Hajj services by the SBSN Issuing Company to the Government, known as the *Ijarah Al-Khadamat* Contract. The SBSN Issuing Company then issues the SDHI Indonesian Hajj Fund Sukuk, which serves as proof of the investor's share of ownership of SBSN Assets in the form of Hajj services. The proceeds from the issuance of SBSN are given to the SBSN Issuing Companies by the investors, who are the buyers of SBSN.

Following this, the SBSN Issuing Company grants power of attorney, or *Wakalah*, to the Government for the procurement of Hajj services. The funds for the procurement of these services are then transferred from the SBSN



Issuing Companies to the Government. The Government, acting as the Representative, procures the Hajj services. A report on the procurement of these services is then submitted from the Government, in its role as Representative, to the SBSN Issuing Company, acting as Muwakkil.

The process concludes with the signing of the Minutes of Handover (BAST) for the procurement of Hajj services between the Government and the SBSN Issuing Companies. The Government, as a service user, then makes payment for Ujrah Hajj services to the SBSN Holders, who are the service providers, through a Paying Agent. Finally, the SBSN is repaid upon maturity.

The Indonesian Ulama has determined the status of ownership of BPIH deposit funds that are on the waiting list (Sholichah, 2018). The deposit funds, which are held in the account of the MoRA and include a waiting list according to Sharia, are owned by the registrant, who are the prospective Hajj pilgrims.

Furthermore, the Hajj deposit funds for prospective pilgrims, which are included in the waiting list in the account of the MoRA, should be utilized for productive matters, known as *Tasharruf*, and managed with high-risk mitigation. On behalf of the owner, the government is urged to evaluate these funds in the halal sector. These sectors are protected from *Maisir*, *Gharar*, usury, and others. Allowing these funds to remain idle in government accounts is not considered a wise and good deed.

Lastly, the funds from *Tasharruf* belong to prospective pilgrims who are included in the waiting list. These funds can be used as an addition to the savings of prospective pilgrims or a reduction in the actual costs of Hajj. This approach ensures that the funds are used efficiently and effectively for the benefit of the prospective pilgrims.

Hajj Fund Management by BPKH

The management of Hajj funds through the BPKH (Hajj Financial Management Agency) is governed by existing laws and regulations. The financial system of BPKH must adhere to these regulations, and for oversight, a responsible and trustworthy institution should be involved to enhance public confidence in BPKH and the government. Investment choices and partnerships should be carefully considered for potential benefits, and discussions should be thorough and calculated. Additionally, there should be ongoing efforts to improve services for pilgrims in the holy land, including accommodations and special transportation for elderly and disabled pilgrims (Mubarok & Fuhaidah, 2018).



The BPKH was established by Presidential Regulation Number 110 of 2017 and is tasked with planning, implementing, accounting for, and reporting on the financial aspects of the Hajj pilgrimage. BPKH aims to manage Hajj finances transparently and modernly, seeking to increase efficiency and rationality through Sharia-compliant investments that benefit the welfare of the people (Ridho, 2021).

Law No. 34/2014 authorizes BPKH to manage Hajj finances by investing according to Sharia principles, ensuring safety, and seeking valuable benefits. BPKH is required to manage funds transparently and accountably for the benefit of pilgrims and the Muslim community, provide regular updates on its performance and financial status, inform pilgrims about the benefits of their contributions, maintain proper bookkeeping, report to the Minister and Parliament every six months, distribute profits to pilgrims, and return any excess funds.

As outlined in Article 26, BPKH's obligations include several key responsibilities (Ulya, 2019). Firstly, the management of Hajj funds is conducted in a transparent and accountable manner, ensuring the greatest benefit for the pilgrims and the Muslim community. Secondly, BPKH is tasked with providing information through the media regarding its performance, financial condition, wealth, and development results regularly, specifically every six months. This includes providing information to pilgrims about the value of BPIH (Hajj Travel Cost) benefits through each pilgrim's virtual account.

Thirdly, BPKH is responsible for carrying out bookkeeping according to applicable accounting standards. This is crucial for maintaining transparency and accountability in its operations. Fourthly, BPKH is required to report on the implementation of Hajj financial management regularly, every six months, to the Minister and the DPR. This ensures that all stakeholders are kept informed about the status and progress of the financial management of the Hajj. Lastly, BPKH is obligated to pay the value of the BPIH deposit benefits periodically to each pilgrim's virtual account. Additionally, BPKH is responsible for returning the difference in the balance of BPIH/BPIH deposits specifically for the current year to pilgrims. This ensures that the pilgrims receive the full benefits of their deposits.



Critical Analysis of Hajj Fund Management

Investments that adhere to Sharia law ought to comply with the prevailing investment laws and norms, taking into consideration risk and sound investment management practices. The objective of this approach is to minimize potential losses, thereby benefiting the pilgrims who are the fund owners. The Law and the Fatwa Commission of the Indonesian Ulema Council have sanctioned the utilization of Hajj funds for direct investments and other ventures outside traditional banking products, securities, and gold, as long as they adhere to Sharia principles and legislation (Sholichah, 2018).

The politicization of the management of Hajj funds has emerged as a contentious issue. The government's budgetary constraints have resulted in these funds being diverted towards state infrastructure projects. This has led to perceptions of misuse and an absence of clear benefits for the pilgrims, thereby fostering ambiguity and mistrust (Kurniawan, 2021). In order to alleviate these concerns, the BPKH must assume comprehensive responsibility for the management of Hajj funds. Should the investments yield profits, the returns ought to be utilized to enhance Hajj services and reduce costs for the pilgrims. If the investments result in losses, BPKH should be held accountable to ensure prudent investment practices and prevent potential corruption (Muthiah, 2022). It may be necessary to develop new guidelines to clarify BPKH responsibilities in managing Hajj funds for investment.

Previous studies have underscored the challenges of maintaining transparency and ethical standards in managing religious funds within government frameworks. This study's unique contribution is its focus on the intricacies of Hajj fund management and the necessity for stringent regulations to safeguard the interests of the pilgrims. By drawing connections with prior research, the study emphasizes the importance of ethical fund management and governance (Jumali, 2018; Umuri & Ibrahim, 2020).

The findings have several significant implications for Hajj fund management. Notably, legal frameworks need to be clarified to resolve interpretive discrepancies between Law No. 34/2014 and DSN-MUI Fatwa No. 122/DSN-MUI/II/2018, specifically pertaining to the *Wakalah* contract. Moreover, it is essential to bolster transparency in fund utilization, return policies, and risk mitigation. The potential use of BPIH funds for infrastructure financing and



other investments warrants careful consideration, particularly in terms of Sharia principles, risk management, and transparency.

This study emphasizes that prospective pilgrims own BPIH deposit funds, emphasizing the necessity for responsible and transparent fund management. Concerns over the politicization and lack of transparency in Hajj fund management necessitate that BPKH implement stringent oversight measures and ethical investment practices. Lastly, the findings of the study could be fortified by establishing connections with prior research on ethical fund management and governance. By resolving these issues, Hajj fund management could be improved, thereby ensuring optimal benefits for prospective pilgrims.

CONCLUSIONS

The effective and ethical management of Hajj finances is paramount for a successful pilgrimage. This study has identified key points including the necessity for robust *Wakalah* contracts compliant with Sharia and legal norms, the importance of clear guidelines and regulations to distinguish responsibilities between the government and Hajj fund-managing entities, and the need for investments in Sharia-compliant vehicles to mitigate potential losses.

This study suggests that transparency, accountability, and prudent financial management are crucial to maintaining the integrity of Hajj funds. Furthermore, the Hajj Financial Management Agency (BPKH) should function as a transparent, accountable, and modern institution, aligning with Sharia principles and regulations for optimal fund management. However, the research also reveals limitations, such as potential discrepancies between Sharia law and government regulations, which pose challenges for Hajj fund management. This emphasizes the need for effective coordination among all parties involved and the necessity for continuous evaluation of investment strategies.

In sum, while the research aims to enhance Hajj financial management in line with Sharia principles and government regulations, the complexity of reconciling these different systems presents a significant challenge. Future studies and practical efforts should focus on bridging this gap to ensure the sustainable and responsible utilization of Hajj funds for the benefit of future pilgrims.



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