

Accountability of Cash Waqf Institutions Post the Implementation of Accounting Standard 412

ABSTRACT - Indonesia has one of the largest potentials for cash waqf collection in the world due to its majority Muslim population and growing Islamic social finance sector. However, this potential remains largely unrealized, partly due to weak financial transparency and inconsistent reporting practices among waqf institutions. This study aims to assess the level of accountability practices among waqf institutions in Indonesia following the issuance of the Accounting Standard for Waqf (PSAK 412). Data were collected from 432 waqf institutions registered with the Indonesian Waqf Board (BWI), of which only nine institutions had published their 2023 financial statements. Using a content analysis based on PSAK 412 and an accountability index adapted from the Internet Financial Reporting (IFR) model, this study evaluates the extent of compliance and disclosure practices. The findings reveal that most institutions have not yet implemented PSAK 412 adequately. Only three institutions, namely Baitul Maal PLN, Dompot Dhuafa, and Yayasan Wakaf Produktif Pengelola Aset Islami Indonesia (PPAI), demonstrated moderate compliance under PSAK 412, with Baitul Maal PLN achieving the highest overall accountability score and a very high IFR index category. These results emphasize the need for stronger government supervision, socialization, and capacity-building initiatives through BWI to improve waqf accountability and transparency. This study contributes to mapping the post-PSAK 412 accountability landscape and provides a foundation for strengthening governance in Indonesia's waqf sector.

ABSTRAK - Akuntabilitas Lembaga Wakaf Tunai setelah Implementasi PSAK 412.

Indonesia memiliki potensi terbesar di dunia dalam penghimpunan wakaf tunai karena mayoritas penduduknya beragama Islam dan sektor keuangan sosial Islam yang terus berkembang. Namun, potensi tersebut belum terealisasi secara optimal akibat lemahnya transparansi keuangan dan praktik pelaporan yang belum seragam di antara lembaga-lembaga wakaf. Penelitian ini bertujuan untuk mengukur tingkat praktik akuntabilitas lembaga wakaf di Indonesia setelah diterbitkannya Pernyataan Standar Akuntansi Keuangan (PSAK) 412 tentang Akuntansi Wakaf. Data diperoleh dari 432 lembaga wakaf yang terdaftar di Badan Wakaf Indonesia (BWI), dengan hanya sembilan lembaga yang mempublikasikan laporan keuangan tahun 2023. Analisis dilakukan menggunakan analisis konten berdasarkan PSAK 412 dan indeks akuntabilitas yang diadaptasi dari model Internet Financial Reporting (IFR). Hasil penelitian menunjukkan bahwa sebagian besar lembaga wakaf belum menerapkan PSAK 412 secara memadai. Hanya tiga lembaga, yaitu Baitul Maal PLN, Dompot Dhuafa, dan Yayasan Wakaf Produktif Pengelola Aset Islami Indonesia (PPAI), yang menunjukkan tingkat kepatuhan menengah, dengan Baitul Maal PLN memperoleh skor akuntabilitas tertinggi dan tergolong dalam kategori sangat tinggi pada indeks IFR. Temuan ini menegaskan pentingnya intervensi, sosialisasi, dan pengawasan pemerintah melalui BWI untuk meningkatkan transparansi dan akuntabilitas pengelolaan wakaf. Penelitian ini berkontribusi dalam memetakan tingkat akuntabilitas pasca penerapan PSAK 412 serta memberikan dasar bagi penguatan tata kelola lembaga wakaf di Indonesia.

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INTRODUCTION

Indonesia, with its predominantly Muslim population, presents substantial opportunities for the growth of waqf (Islamic endowment) funds, especially in the form of cash waqf. The estimated annual potential of cash waqf in the country reaches up to Rp. 196 trillion (Kementerian Agama, 2024). Nevertheless, actual collections fall significantly short, amounting to only Rp. 2.94 trillion per year, just 1.5% of the projected potential. As of January 2024, the Indonesian Waqf Board (BWI) has officially recorded 432 waqf institutions. These include 6 government bodies, 165 sharia micro-finance cooperatives, 226 Islamic foundations, 19 community organizations, 5 zakat institutions, 4 universities, and 6 mosques. Despite this institutional growth, financial accountability remains a persistent challenge in waqf management (Ibrahim et al., 2024). Transparent financial practices are crucial for building trust and ensuring the sustainable development of waqf institutions .

To enhance governance, the Indonesian government introduced Law No. 41 of 2004 on waqf, followed by Government Regulation No. 42 of 2006 as its implementing directive. Furthermore, the Indonesian Institute of Accountants (IAI) issued Statement of Financial Accounting Standards (PSAK) 412, which outlines the principles for recording, measuring, presenting, and disclosing financial transactions related to waqf. Adherence to these standards is vital for shaping audit opinions and enhancing the credibility of financial statements. Standardized reporting also facilitates performance comparisons among waqf institutions, promoting accountability through competitive benchmarking.

The degree to which waqf institutions uphold accountability directly affects public trust in contributing waqf funds (Ahmad & Rusdianto, 2020). This is consistent with stakeholder salience theory, which posits that waqf institutions often prioritize reporting to waqif (donors) and government entities, while overlooking broader stakeholders such as beneficiaries and the community (Ihsan, 2021). Therefore, ensuring transparent access to information and program outcomes should be a strategic focus.

However, many waqf institutions particularly those that are privately managed, have yet to fully adopt standardized accounting practices. This gap is largely attributed to limited training and outreach efforts by both practitioners and regulators (Monica et al., 2020). Additionally, familial involvement from waqif members often impedes the institutionalization of accounting systems. Improving access to financial information is essential for fostering public confidence and encouraging broader participation in waqf funding (Fitriani et al., 2024).

Several studies have examined the use of Internet Financial Reporting (IFR) as a proxy for assessing financial accountability in non-profit organizations. Noteworthy examples include research on zakat institutions by Anggita et al. (2021) and Mutmainah (2018), as well as studies on cash waqf management by Siswantoro et al. (2018). Extensive research has been conducted on waqf accountability. For example, Azmi and Hanifa (2015) explored financial reporting in waqf institutions from an Islamic perspective, finding that many fail to meet Sharia standards. Yunanda et al. (2016) compared waqf institutions in Indonesia, Malaysia, and Singapore, concluding that privately managed institutions exhibited better accounting practices than state-run ones. Siswantoro et al. (2018) analyzed IFR in four Indonesian waqf institutions and found

none achieved a high accountability index. Utomo et al. (2020) emphasized that one of the main obstacles to realizing waqf's potential is the lack of regulatory focus on mandatory financial reporting. Monica et al. (2020) also stressed the importance of continuous training to support PSAK 412 compliance. Sukmana (2020) called for further investigation into waqf accountability issues.

This study aims to evaluate the accountability practices of waqf institutions registered under the Indonesian Waqf Board, following the implementation of PSAK 412. It employs a two-stage methodology: first, by conducting content analysis to assess the conformity of financial statements with PSAK 412; and second, by evaluating accountability levels through internet-based financial reporting, using the accountability index developed by Siswanto et al. (2018).

LITERATURE REVIEW

Cash Waqf

Waqf is a foundational instrument in the Islamic economic system, designed to promote social welfare and benefit the broader Muslim community (Fuadi, 2018). Among its various forms, cash waqf refers to monetary endowments entrusted to a *nazir* (waqf manager), who is responsible for investing the funds in Sharia-compliant ventures. The profits generated from these investments are then allocated to social welfare initiatives (Fahrurroji, 2019).

Historically, the concept of cash waqf dates back to the time of Prophet Muhammad (SAW), when dinars and dirhams were used for waqf purposes. While waqf was traditionally associated with immovable assets, as early as 124 H, Imam Azzuhri recognized the legitimacy of endowing money, with the income managed by a *nazir* and distributed to the poor and other social causes. During the Ayyubid Dynasty (572 H), citizens of Iskandariah were even mandated to contribute waqf funds for state purposes (Siswanto & Rosdiana, 2016; Fithriady & Ibrahim, 2016).

Fahrurroji (2019) identifies two forms of monetary waqf: (i) cash waqf, and (ii) waqf through money. The former involves investing the principal in Sharia-compliant sectors—such as the real economy or capital markets—while preserving the original amount and using the profits to support the needy. The latter refers to using monetary donations to acquire physical assets like mosques, schools, hospitals, or universities. Siswanto et al. (2016) further clarify this distinction. In their framework, cash waqf entails the productive management of donated money by a *nazir*, with the resulting benefits directed toward social causes. In contrast, waqf through money involves the use of financial contributions to purchase tangible assets required by the community.

Legitimacy Theory

Legitimacy theory offers a lens through which institutional behavior can be understood, particularly in terms of gaining public acceptance and trust. Widely applied in disciplines such as management, sociology, and organizational studies, the theory posits that organizations perceived as conforming to societal norms and values are more likely to receive public support and maintain operational continuity. As Suchman (1995) explains, legitimacy is achieved when organizational actions are deemed appropriate within a socially constructed framework of norms and values. Burlea and Popa (2013) extend this notion by suggesting that legitimacy theory

compels organizations to engage in voluntary social and environmental disclosures. These disclosures serve to fulfill a social contract that legitimizes the organization's existence and ensures its sustainability in uncertain environments. Compliance with regulations is thus not only a legal requirement but also a mechanism for promoting fairness and stability among stakeholders.

In the context of waqf institutions, legitimacy is particularly vital. These organizations serve as custodians of the *waqif's* (donor's) trust, managing and distributing waqf assets in accordance with Islamic principles. The act of donating waqf property is primarily motivated by religious obligation to fulfill the command of Allah SWT. Consequently, waqf institutions are ethically and spiritually bound to demonstrate responsible stewardship (Ibrahim, 2014). Transparent financial practices and adherence to recognized accounting standards are essential for maintaining legitimacy, enhancing institutional credibility, and ensuring long-term sustainability.

Accountability

Accountability refers to the duty of individuals or organizations to justify their actions and responsibilities. Within the Islamic framework, accountability transcends human oversight and includes a divine dimension where individuals and institutions are ultimately answerable to Allah SWT. The Arabic term *al-ihṭisāb* encapsulates this concept, signifying the conscious fulfillment of contractual and social obligations under Sharia, thereby fostering ethical conduct and self-regulation in pursuit of *falah* (success) (Assegaf & Sawarjuwono, 2013; Kamri, Ramlan & Ibrahim, 2014). In waqf management, the *nazir* is entrusted by the *waqif* to administer waqf assets responsibly. This role entails both fiduciary accountability to donors and beneficiaries, and spiritual accountability to Allah SWT (Yunanda et al., 2016). Thus, accountability in waqf encompasses both horizontal (human) and vertical (divine) dimensions.

Sharia-based accountability directly influences the quality of financial reporting in waqf institutions. Transparent, accurate, and timely financial disclosures are essential for informing stakeholders and fostering public trust in waqf fund management (Ahmad & Rusdianto, 2020). Umar and Haron (2021) argue that although waqf institutions are fundamentally social entities, they must also engage in commercial activities to ensure financial sustainability. Therefore, their financial reports should reflect both the distribution of waqf benefits and the outcomes of their business operations.

To standardize financial reporting, the Indonesian Institute of Accountants (IAI) introduced PSAK 412, the world's first formal accounting standard for waqf. This standard provides comprehensive guidance on the recognition, measurement, presentation, and disclosure of waqf-related transactions, positioning Indonesia as a pioneer in institutionalizing waqf accounting practices. In the digital age, stakeholders increasingly expect real-time access to financial information. Internet Financial Reporting (IFR) has emerged as a key tool for evaluating organizational accountability, particularly in the non-profit sector. IFR assesses the transparency of institutions based on the availability and depth of financial and performance data published on their websites. Several studies have employed IFR to examine the accountability practices of

waqf and zakat institutions, highlighting its role in enhancing public trust and institutional credibility.

METHODOLOGY

This study employs a descriptive qualitative approach using a combination of content analysis and Internet Financial Reporting (IFR) assessment. The research aims to evaluate the accountability practices of waqf institutions in Indonesia by analyzing their financial reports and online disclosures.

Data Collection

The sample data were obtained from the official financial statements and website disclosures of waqf institutions managing cash waqf. The list of institutions was sourced from the Indonesian Waqf Board (BWI), which as of 2024 had registered 432 waqf institutions. From this population, the sample was selected based on the following criteria:

1. Registered with the Indonesian Waqf Board (BWI)
2. Possesses an active and accessible website
3. Has published financial statements for the year 2023

These criteria ensured that only active and transparent waqf institutions were included in the analysis.

Data Analysis

The analysis was conducted in two stages. The first stage involved content analysis of financial statements to assess compliance with Accounting Standard PSAK 412, focusing on presentation and disclosure requirements. The second stage measured accountability levels through Internet Financial Reporting (IFR) based on the model developed by Siswantoro et al. (2018).

Stage 1: Content Analysis Based on PSAK 412

The first stage examined the extent to which waqf institutions' financial statements adhered to the disclosure and presentation requirements outlined in PSAK 412. Each relevant item was scored "1" if disclosed and "0" if not disclosed. The accountability score was calculated using the following formula:

$$\text{Accountability Score} = \left(\frac{\sum \text{Items Disclosed}}{\sum \text{Total Items}} \right) \times 100\% \quad (1)$$

Table 1. Measurement of Accountability Based on PSAK 412

No.	Theme (Score 1 = Present; 0 = Absent)
1	Statement of financial position
2	Detailed report on waqf assets
3	Activity reports
4	Cash flow statement
5	Notes to financial statements
6	Accounting policies
7	Nazir profile
8	List of waqifs

No.	Theme (Score 1 = Present; 0 = Absent)
9	Management and development strategy
10	Waqf asset allocation
11	Nazir reward percentage
12	Net results of realized and unrealized cash waqf management
13	Number of temporary waqfs
14	Waqif assets without waqf pledge
15	Waqf through unrealized money
16	List of redeemed waqf assets
17	Special relationships between waqif, nazir, and mauquf alaih
18	Percentage of waqf benefit distribution

(Source: IAI, 2021)

Stage 2: Internet Financial Reporting (IFR) Analysis

The second stage used the accountability index model developed by Siswanto et al. (2018) to evaluate the extent of accountability through Internet Financial Reporting. The IFR index comprises six main themes, each with specific weighted indicators. A score of 1 was assigned if the information was disclosed on the institution's website and 0 if it was not.

Table 2. Accountability Index Based on Internet Financial Reporting (IFR)

Theme	Indicator	Weight (%)
Finance	Audited financial statements	10.56
	Spending information by category	7.00
	List of donors	3.90
	Composition and structure of management	3.35
	Information on sharia activities and boards	2.50
	Management notes	2.69
Performance	Income on investment (net income/average total assets)	5.99
	Feedback from beneficiaries	3.31
	Program effectiveness and evaluation results	5.73
	Employee competency improvement programs	3.25
	Employee code of ethics and regulations	2.26
	Management information quality	2.55
	Performance indicators	2.42
Audience	Information on waqf benefits for beneficiaries	5.25
	Percentage of funds used for social purposes	4.05
Empowerment	Environmental reports	2.08
	Responses to suggestions	2.38
	Description of programs and activities	3.75
Attachment	Contact information and accessibility	4.76
	Online waqf participation	3.05
	Organizational updates and news	3.35
	FAQ availability	2.09
Compliance Aspects	Sharia compliance	8.00
	Regulatory compliance	5.75
Total		100.00

Categorization of Accountability Levels

Based on the percentage of disclosures derived from both PSAK 412 and IFR analyses, waqf institutions were categorized into five accountability levels, as shown in Table 3. In summary, this research integrates content analysis of financial statements and IFR-based accountability measurement to assess the degree of transparency and compliance among Indonesian waqf institutions. The dual approach enables a comprehensive evaluation of both offline (report-

based) and online (web-based) accountability practices, providing a holistic understanding of waqf institutions' adherence to financial reporting standards and their commitment to public disclosure.

Table 3. Categories of Accountability Levels

Percentage of Disclosure	Accountability Level
> 80%	Very High
70% – 80%	High
60% – 70%	Intermediate
50% – 60%	Low
< 50%	Very Low

RESULTS AND DISCUSSION

Descriptive Results

This study analyzed 432 waqf institutions registered with the Indonesian Waqf Board (Badan Wakaf Indonesia/BWI). The institutions were classified by geographical location to identify the regional distribution of waqf management entities. Figure 1 illustrates the number of waqf institutions by province. The data indicate that the highest concentration of institutions is found in West Java (104 institutions), followed by Central Java (81), DKI Jakarta (70), and East Java (66). This pattern aligns with population density and the concentration of Islamic philanthropic activities in these provinces, which traditionally serve as centers of Islamic economic development in Indonesia.

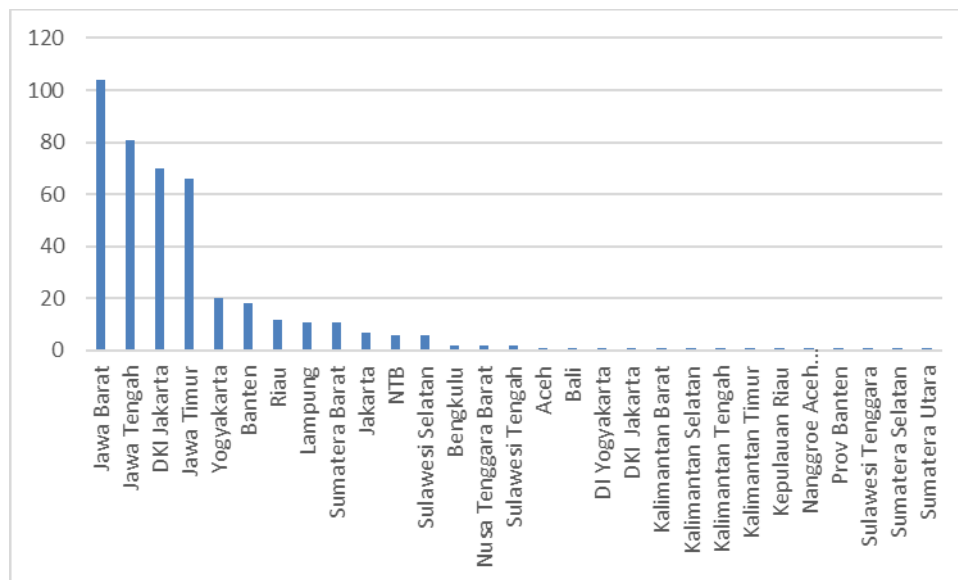


Figure 1. Number of Waqf Institutions per Province

This regional distribution highlights the dominance of Java Island as a hub for Islamic social finance activities. The high number of institutions in these provinces also reflects the relatively advanced level of public awareness and organizational infrastructure related to waqf management.

Sample Selection and Data Filtering

The financial statements of waqf institutions were selected based on the criteria established in the research methodology. Out of the total 432 registered institutions, 154 institutions (36%) did not have an active website and were therefore excluded from further analysis. From the remaining institutions, 118 (27%) did not publish their financial statements online.

Consequently, only 47 institutions (11%) were found to have published financial reports on their official websites. To ensure compliance with the research timeframe, additional filtering was conducted for institutions that had released financial statements for the fiscal year 2023 (as of August 31, 2024). The final sample consisted of 9 waqf institutions meeting all criteria.

Table 4. Sample Selection Process

No.	Description	Number of Institutions
1	Waqf institutions registered with BWI	432
2	Institutions with active websites	278
3	Institutions publishing financial statements	47
4	Institutions publishing financial statements for 2023	9

The data reveal that 64% (278 institutions) maintain active official websites, while 36% (154 institutions) lack online presence. Furthermore, only 11% (47 institutions) publish any form of financial reporting on their websites, indicating that 89% (385 institutions) still lack online financial disclosure mechanisms.

This finding underscores a major gap in digital transparency within Indonesia's waqf sector. The absence of accessible financial information limits the ability of donors (*waqif*) and the public to assess how waqf funds are managed and utilized. As the central administrative and coordinating body for waqf institutions, BWI should ideally set an example in transparency and accountability. Its limited disclosure practices weaken public trust and hinder sector-wide standardization, particularly when compared with Islamic banking institutions regulated by the Financial Services Authority (OJK), which enforces stringent accountability and reporting requirements.

Implementation of Accounting Standard PSAK 412

The implementation of Accounting Standard PSAK 412, which officially took effect on January 1, 2021, was assessed across nine waqf institutions that published financial statements for the year 2023. The findings indicate that although some institutions have initiated efforts to adopt the standard, overall compliance remains limited. Of the nine institutions examined, six had not fully implemented PSAK 412 in the preparation of their financial reports. These institutions commonly integrated waqf fund reporting into the broader financial statements of their parent organizations, typically Islamic foundations or Sharia cooperatives, without clearly distinguishing between commercial and non-profit activities. In contrast, only three institutions, namely Dompot Dhuafa, Baitul Maal PLN, and Yayasan Wakaf Produktif Pengelola Aset Islami Indonesia (PPAII), demonstrated appropriate application of PSAK 412, reflecting a more structured and transparent approach to waqf financial reporting.

This partial implementation reflects a lack of technical understanding and regulatory enforcement. According to IAI (2021), PSAK 412 requires waqf financial statements to be presented separately from the financial reports of other entities, given the distinct nature of waqf as a non-profit, trust-based mechanism. Mixing waqf funds with commercial operations blurs accountability lines and contradicts Sharia principles emphasizing transparency (*amanah*) and trust (*amanah*) in fund management.

Accountability Based on PSAK 412 and Internet Financial Reporting (IFR)

Using the accountability measurement framework based on PSAK 412, the results revealed that the three institutions mentioned, namely Baitul Maal PLN, Dompot Dhuafa, and PPAIL, achieved the highest accountability scores, each with an average score of 61%, classified as intermediate accountability. Although these institutions demonstrated structured reporting and partial disclosure of waqf asset management, several key components, such as detailed waqf asset lists, distribution percentages, and relationships between *waqif*, *nazir*, and beneficiaries (*mauquf alaih*), were often incomplete. This finding suggests that even among leading institutions, compliance remains moderate and procedurally oriented rather than substantively comprehensive. The lack of independent audit verification and standardized disclosure practices may also explain the limited adherence to PSAK 412 requirements.

To complement the content analysis, the study also measured accountability using the Internet Financial Reporting (IFR) index developed by Siswantoro et al. (2018). This index evaluates the transparency of waqf institutions in disclosing financial and operational information through their websites, focusing on dimensions such as financial performance, audience engagement, empowerment, and regulatory compliance. The results revealed varying levels of online accountability among the nine institutions assessed. Baitul Maal PLN achieved the highest IFR score of 83.11, placing it in the category of “very high accountability.” Dompot Dhuafa followed with a score of 79.79, and Yayasan Wakaf Produktif Pengelola Aset Islami Indonesia (PPAIL) scored 70.17; both were classified as demonstrating “high accountability.” These institutions consistently publish audited financial statements, program evaluations, and detailed reports on fund utilization and beneficiaries. Their websites also feature regular updates, contact information, and interactive elements that facilitate online participation—factors that enhance accessibility and build public trust.

In contrast, the majority of other waqf institutions exhibited minimal IFR disclosure. Many lacked audited financial reports, donor lists, or impact evaluation data, indicating limited transparency in their digital communications. This disparity suggests that while a few leading institutions are embracing digital accountability practices, the broader waqf sector remains underdeveloped in terms of online financial governance.

Discussion

The findings of this study provide valuable insights into the current state of accountability and transparency practices among waqf institutions in Indonesia. Despite the country’s immense potential in waqf fund mobilization, estimated at Rp. 196 trillion annually (Kementerian Agama, 2024), the realization of such potential is constrained by weak financial governance, inconsistent reporting standards, and insufficient institutional capacity.

The results highlight that although 432 waqf institutions are registered with the Indonesian Waqf Board (BWI), only 64% maintain an active online presence, and a mere 11% publish financial statements on their websites. Even fewer, only 9 institutions (2%), had published their 2023 financial reports at the time of data collection. This low disclosure rate is a critical indicator of the accountability gap in Indonesia's waqf sector.

Institutional Transparency and Digital Accountability

The lack of online financial disclosure observed in this study indicates that digital accountability remains an underdeveloped practice among waqf institutions. According to Siswanto et al. (2018), Internet Financial Reporting (IFR) serves as an effective tool for enhancing transparency, particularly in non-profit and faith-based institutions where stakeholder trust is paramount. However, the findings reveal that most waqf institutions have yet to leverage digital platforms to disseminate information about fund collection, management, and distribution.

This limitation aligns with Yunanda et al. (2016), who also found restricted public access to waqf financial information, including from BWI itself. The inability of the central waqf authority to model strong accountability practices sets a poor precedent for other institutions. As noted by Perdana et al. (2018), BWI has not consistently disclosed its own financial performance, which undermines its role as a regulatory leader.

From the perspective of Legitimacy Theory (Suchman, 1995; Burlea & Popa, 2013), organizations earn public support when their activities are perceived as consistent with societal norms and expectations. In the context of waqf, legitimacy is closely tied to the institution's ability to demonstrate trustworthiness, transparency, and Sharia compliance. The lack of digital disclosure thus suggests that many waqf institutions have yet to secure full legitimacy in the eyes of donors (*waqif*), beneficiaries (*mauquf alaih*), and the broader Muslim community.

Adoption of PSAK 412 and Standardized Reporting Practices

The study found that only three institutions, namely Dompot Dhuafa, Baitul Maal PLN, and Yayasan Wakaf Produktif Pengelola Aset Islami Indonesia (PPAI), have implemented PSAK 412 effectively. Six others either produced incomplete reports or merged waqf-related financial information with their broader organizational accounts, such as foundation or cooperative operations. This integration contravenes PSAK 412, which mandates separate financial statements for waqf activities to ensure clarity and accountability in fund management (IAI, 2021).

The partial implementation of PSAK 412 indicates a limited institutional understanding of accounting standards and a lack of regulatory enforcement mechanisms. In contrast to the Islamic banking sector, which is closely monitored by the Financial Services Authority (OJK), waqf institutions operate with minimal oversight. This regulatory gap has allowed varying interpretations and inconsistent applications of financial reporting practices, thereby reducing comparability and transparency across institutions.

These findings are consistent with Monica et al. (2020), who emphasized that continuous training and socialization are necessary to enhance compliance with PSAK 412. Without such initiatives, many *nazir* lack the technical expertise to prepare compliant financial statements. Moreover,

Utomo et al. (2020) observed that regulators have not prioritized the enforcement of financial accountability, contributing to the stagnation of waqf development.

Accountability and Stakeholder Trust

Accountability is not merely a procedural requirement but a spiritual and ethical obligation in Islamic institutions. As Assegaf and Sawarjuwono (2013) and Yunanda et al. (2016) explain, accountability in Islam encompasses both horizontal responsibility to other humans and vertical responsibility to Allah SWT. A *nazir* is entrusted to manage waqf assets as an *amanah* (trust), implying that transparency in fund management is an act of religious devotion and social integrity.

This dual dimension of accountability underscores the findings of Ahmad and Rusdianto (2020), who demonstrated that the level of institutional accountability directly influences public trust and willingness to donate. When institutions fail to disclose financial and program information transparently, potential donors may perceive a risk of mismanagement or inefficiency, thereby reducing their confidence in contributing waqf funds.

The institutions with higher accountability scores in this study, particularly Baitul Maal PLN, Dompot Dhuafa, and PPAII, stand out for their consistent publication of audited financial statements, program evaluations, and detailed information on fund allocation. Their adoption of both PSAK 412 and IFR-based transparency mechanisms reflects a commitment to aligning institutional behavior with stakeholder expectations, thereby strengthening their legitimacy and trustworthiness.

The Role of Internet Financial Reporting (IFR) in Enhancing Legitimacy

The application of the Internet Financial Reporting (IFR) index revealed substantial variation in online transparency among the nine institutions. Baitul Maal PLN achieved the highest IFR score (83.11), categorized as very high accountability, followed by Dompot Dhuafa (79.79) and PPAII (70.17) in the high accountability category. These institutions exhibit a robust digital presence, incorporating accessible financial reports, program descriptions, impact metrics, and mechanisms for online waqf participation.

Such practices demonstrate the capacity of digital reporting to enhance organizational legitimacy, stakeholder engagement, and institutional sustainability. As Burlea and Popa (2013) emphasized, legitimacy is sustained through ongoing communication and responsiveness to societal expectations. In this case, IFR serves as a critical medium for maintaining that dialogue with the public, donors, and beneficiaries.

However, the overall low level of IFR adoption among waqf institutions points to persistent technological and managerial limitations. Many smaller or individual-based waqf organizations lack the digital infrastructure, human resources, or technical literacy to implement systematic web-based reporting (Monica et al., 2020). Consequently, the accountability landscape remains uneven, with a few leading institutions advancing transparency while the majority lag behind.

Research Implications

The findings have significant implications for policy, regulation, and institutional development. First, there is a clear need for stronger oversight mechanisms by BWI and relevant authorities to ensure mandatory compliance with PSAK 412. Regular audits, standardized reporting templates, and penalties for non-compliance could encourage greater transparency. Second, capacity-building initiatives—such as workshops, training programs, and certification schemes—should be implemented to enhance *nazir* competency in financial management and reporting. Collaborative efforts between BWI, IAI, and Islamic financial educators could be instrumental in strengthening these capabilities.

Third, promoting digital transformation through the integration of IFR tools and online disclosure platforms is essential. This not only enhances transparency but also increases accessibility for *waqif* and beneficiaries, aligning with modern expectations of openness and real-time information sharing. Finally, fostering a culture of accountability rooted in Islamic ethics is critical. As accountability in Islam transcends technical compliance, waqf institutions must internalize the moral dimension of their fiduciary responsibilities. Aligning institutional behavior with the principles of *amanah* (trust) and *maslahah* (public benefit) can reinforce both legitimacy and sustainability in the long run.

From a theoretical standpoint, this study reinforces the relevance of legitimacy theory in explaining the behavior of waqf institutions. Institutions that demonstrate transparency and compliance with societal and Sharia norms are more likely to gain stakeholder support and sustain operations. Conversely, those failing to disclose key information risk losing both legitimacy and public trust. Practically, the integration of PSAK 412 compliance and IFR practices offers a dual pathway toward enhanced accountability: one focusing on internal financial discipline and the other on external communication and stakeholder engagement. Together, these mechanisms can elevate the governance quality of waqf institutions and contribute to the broader goal of strengthening the Islamic social finance ecosystem in Indonesia.

CONCLUSION

This study explored the financial accountability of waqf institutions in Indonesia following the adoption of Accounting Standard PSAK 412 for Waqf Accounting. Utilizing data from 432 institutions registered with the Indonesian Waqf Board (BWI), the research employed a dual-method approach: content analysis based on PSAK 412 and the Internet Financial Reporting (IFR) index. The analysis revealed that only nine institutions had published financial statements for the 2023 fiscal year. Among these, Baitul Maal PLN, Dompot Dhuafa, and Yayasan Wakaf Produktif Pengelola Aset Islami Indonesia (PPAI) stood out for demonstrating relatively advanced accountability practices. These organizations showed moderate compliance with PSAK 412 and achieved high to very high scores on the IFR index, underscoring a notable gap between leading institutions and the broader waqf sector, which continues to struggle with transparency and consistent financial reporting.

The findings highlight an urgent need for enhanced regulatory oversight and capacity-building initiatives to improve waqf governance in Indonesia. The lack of a supervisory body equivalent to the Financial Services Authority (OJK) in Islamic banking has contributed to uneven

implementation of PSAK 412. To address this, policy measures such as mandatory compliance audits, incentive and penalty systems, and training programs for *nazir* are recommended. Strengthening both formal regulatory mechanisms and digital financial reporting practices through IFR would not only improve transparency and donor trust but also help unlock Indonesia's vast potential in cash waqf mobilization and management.

This research adds to the growing body of literature by mapping the accountability landscape of Indonesian waqf institutions in the post-PSAK 412 era. However, the study is constrained by the limited number of institutions with publicly available financial reports as of August 2024. Future research should expand the sample as more institutions release their 2023 financial statements, and consider longitudinal or comparative approaches to examine accountability trends over time or across different countries. Further investigation into stakeholder perceptions, digital readiness, and Sharia governance frameworks would provide deeper insights into how legitimacy and accountability can be sustainably strengthened within Indonesia's Islamic social finance ecosystem.

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