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The Role of Cash Waqf in Bridging Socio-Economic Inequalities in Pakistan

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ABSTRACT

Numerous Muslim-majority nations continue to endure sustained economic and social inequalities which erodes their national security base while undermining inter-community accord. Social and financial inequality together with limited resource access and restricted opportunities produce cyclic poverty that disadvantaged groups continuously find tough to break free. A financial endowment that has caught much attention in recent years is cash waqf, based on Islamic philanthropy and an instrument used for enhancing socio-economic welfare in Muslim societies. Cash waqf differs from the classical waqf by mobilizing monetary resources to fund sustainable development initiatives. The study looks at four development path-dependent independent variables: awareness and understanding of cash waqf, governance, transparency, and trust in their effect on socio-economic welfare in Pakistan. Participation in cash waqf is dependent on awareness and understanding, and the more aware and understanding people are of the benefits and the religious significance of cash waqf, the more these individuals are likely to contribute. This study employs a mixed-methods research design, integrating both quantitative and qualitative approaches to provide a comprehensive evaluation of the role of cash waqf in reducing socio-economic inequalities in Pakistan. Research data show that cash waqf acts as an essential tool for minimizing social and economic disparities in Pakistan. Socio-economic welfare perceptions depend largely on people's knowledge of cash waqf and their participation in and connection to its governance processes and transparency standards, along with their trust in institutions.

Introduction

Many Muslim-majority countries face ongoing social and financial inequality that weakens their economic security and social unity (Nabi et al., 2019). The combination of economic disparities, restricted access to financial resources, and restricted opportunities creates persistent poverty cycles from which many disadvantageous groups struggle to escape (Wahyudi, 2024). The solution to these inequalities needs multifaceted strategies based on Islamic financial systems and charitable practices. Religious and charitable waqf is a historic tool that continues to promote economic growth in society. Modern cash waqf presents substantial promise because donors provide financial resources instead of dedicating stationary assets like land or buildings (Nabi et al., 2019). Waqf works through cash donations rather than physical assets to enhance asset management flexibility, making it a key instrument for overcoming contemporary socio-economic matters. Dedicating money to charity through cash waqf enables funds to grow from investments in productive business activities, sustaining social programs across education and healthcare, poverty alleviation, and economic development (Mohamed Supiyan, 2023). Islamic finance principles guide this financial system, which delivers ongoing sustainable solutions through investments that uphold ethical standards. The flexibility of this method specifically supports responsible funding for small businesses, which creates jobs and optimizes social benefits in Muslim-dominant economic regions (Qadri and Bhatti, 2025).

A financial endowment that has caught much attention in recent years is cash waqf, based on Islamic philanthropy and an instrument used for enhancing socio-economic welfare in Muslim societies. Cash waqf differs from the classical waqf by mobilizing monetary resources to fund sustainable development initiatives (Afifi, 2024). Given the trend in Pakistan of socio-economic inequalities, Cash Waqf offers a model that bridges the gap by funding education, health, microfinance, and welfare programs. When properly managed, cash waqf can serve as a means to advance long-term social benefits by including underprivileged communities with financial inclusion and economic self-sufficiency (Zauro et al., 2020). Despite the effectiveness of cash waqf in Pakistan, all of this is contingent on factors, including ease of government, institutional trust, the pervasiveness of regulatory frameworks, and public involvement. While cash waqf in Pakistan has the potential, it faces several challenges: lack of awareness, inefficient fund management, and regulatory constraints (Shirazi, 2021). Donors giving money to waqf institutions fear that they are not transparent and accountable. In addition, in many of the storage banks, a standardized legal framework to regulate cash waqf is rarely present, which has led to inconsistent administration of the cash waqf and fund utilization (Nabi et al., 2019). Therefore, this study aims to understand how cash waqf acts as an instrument of reducing socio-economic disparity in Pakistan through its practice in the management, challenges, and opportunities. The research uses a mixed methods approach, setting up surveys and qualitative interviews with key stakeholders to determine how cash waqf can be optimized for social and economic upliftment. Findings will be used for policymaking and reform within institutions to ensure that cash waqf can serve as an effective economic empowerment and poverty alleviation tool in Pakistan.

Literature Review

The philanthropic instrument of cash waqf in Islamic finance has become prominent for use as a development mechanism for socio-economic progress. Through its cash-based operation cash waqf offers enhanced flexibility for productive asset allocations thus playing an active role in improving financial access and reducing poverty levels (Shirazi, 2021). This research investigates cash waqf operation in Pakistan to reduce socio-economic gaps through the assessment of its theoretical frameworks along with supporting evidence and barriers.

Theoretical Foundations of Cash Waqf in Socio-Economic Development

Through its redistributive properties Islamic finance considers waqf to be an effective mechanism for addressing economic inequities. Islamic finance will transform through waqf banks employing cash waqf according to Wahyudi (2024) for social-economic development. A structured banking system based on waqf structures can link financial services to community welfare programs which in turn produces lasting poverty elimination. Shirazi (2021) analyzes the historic social welfare achievements of waqf which centered on funding educational institutions and hospitals as well as public development. The achievements of socio-economic justice through Islamic economics become the focus of Qadri and Bhatti (2025) in their research. Researchers demonstrate that properly integrated cash waqf programs within the financial system establish a microfinance framework for underserved communities. Nabi et al. (2019) studied how waqf in Bangladesh can support social enterprises through financing small businesses for socio-economic development just like how the authors support this perspective.

Empirical Evidence on Cash Waqf's Impact

Multiple research studies document the real-world results of how cash waqf acts as a tool for financial inclusion and aid in decreasing economic gaps. Public knowledge along with donation readiness for cash waqf in Pakistan stands as the focus of Jabbar et al.'s (2024) research. Research data shows that people who know more about cash waqf sign up to give funds and this information proves cash waqf expansion could succeed through educational outreach efforts.

The research conducted by Zauro et al. (2020) demonstrates how waqf functions within Nigerian financial inclusion approaches. In their research Yauro and al (2020) establish that waqf funds can create financial service opportunities for unbanked segments of the population which becomes highly important for Pakistan as it has many people without access to banking services. Ahmad (2019) conducted research to understand the factors that determine Indonesian people's willingness to donate to cash waqf while trust in waqf institutions proved to be essential. The Pakistani waqf sector would see higher participation when governance and transparency measures are improved. The digital advancement of waqf stands as a fundamental research topic. Asyari et al. (2024) study how human knowledge alongside trust levels affect behavioral intentions towards online cash waqf systems. The research shows technology empowers Waqf cash initiatives to serve more people thus providing a new method for financial service delivery in Pakistan.

Challenges and Policy Implications

Pakistan faces multiple obstacles preventing cash waqf from achieving its maximum potential in the country. Limited awareness about cash waqf and the inability to build institutional capacity along with regulatory restrictions function as the primary barriers in Pakistan. Waqf Business Model (WBM) represents a long-term sustainable system according to Afifi (2024) for broadly integrating waqf into business operations. The formal financial sector would gain efficiency and accountability through integration of waqf activities. Supiyan (2023) conducted research which demonstrated that Muslims show interest in cash waqf, yet institutional weaknesses reduce its effectiveness in the Muslim world. In his study Dembele (2019) shows that global cash waqf serves as a poverty relief program yet insufficient management frameworks limit its actual impact. Shirazi (2021) proposes multiple solutions which include policies focusing on financial institution partnerships alongside governance and transparency initiatives. The authors suggest creating waqf-based microfinance initiatives to boost economic opportunities for marginalized communities according to Nabi et al. (2019).

Literature gap

Research on cash waqf's socio-economic development potential exists but it fails to connect multiple important points. The literature mainly conducts theoretical examinations together with case studies from external nations (Nigeria, Indonesia and Bangladesh) without sufficient empirical evidence that applies to Pakistan. Pakistan requires localized research to evaluate cash waqf's regulatory obstacles and actual procedures and its specific ability to diminish economic inequalities locally within the country. Research into the operational efficiency and governance systems of Pakistani waqf institutions is limited due to the dearth of existing studies (Jabbar et al., 2024; Ahmad, 2019) despite public perception investigations. Research has not fully examined how digital waqf platforms together with fintech systems improve transparency levels as well as accessibility solutions in traditional waqf transactions. Additional investigation is needed to study the relationship between cash waqf and present-day financial inclusion systems including Islamic microfinance. Research should emphasize collecting evidence through empirical studies along with proposing policies and developing frameworks which integrate cash waqf into Pakistan's economic development strategy.

Methodology

This study employs a mixed-methods research design, integrating both quantitative and qualitative approaches to provide a comprehensive evaluation of the role of cash waqf in reducing socio-economic inequalities in Pakistan. A mixed-methods approach provides optimal results because it synergistically unites survey-derived numerical data along with interview-generated detailed insights to produce a thorough understanding of cash waqf's effectiveness and current challenges and future potential in micro-business funding (Melnikovas, 2018). The measurement of waqf administration and governance challenges fails to manifest fully through quantitative data, yet qualitative insights remain ungeneralizable. The study employs a convergent parallel design to gather quantitative and qualitative data, which researchers analyze independently before combining results to validate and enhance insights.

The research takes place in Pakistan because of its economic differences throughout the area and its active cash waqf administration system. The research incorporates key stakeholders of waqf administration and utilization, including cash waqf donors, administrators, government policymakers, religious scholars, and beneficiaries of waqf-received funds. A diverse sample group allows the study to explore cash waqf from supply-side donor and administrator perspectives and demand-side beneficiary perspectives (Orth & Macada, 2021). A purposive sampling method guides participant selection for qualitative interview studies because it connects stakeholders who manage cash waqf to those directly involved in decision-making and operational activities. The researchers utilize **stratified random samplin**g approaches in the quantitative survey phase to establish demographic and socio-economic representative samples that enhance data validity and minimize reporting biases (Abdelhakim, 2021).

The research will use **structured questionnaires** to collect data from donors, administrators, and those who benefit from their cash waqf donations. Several aspects of cash waqf will be investigated through the questionnaire by assessing various dimensions, from awareness levels and perceived effectiveness to implementation obstacles and social impact assessment. All questions were constructed using a five-point Likert-type scale where respondents rated their agreement from "Strongly Disagree" to "Strongly Agree," thus allowing for systematic measurement of opinions and perceptions. Given its functionality for social science research, this measurement scale helps researchers evaluate sophisticated variables, including trust levels in waqf institutions, donor intentions, and satisfaction rates for cash waqf programs (Deshpande and Magerko, 2024).

The survey adopts a hybrid methodology combining electronic administration with face-to-face delivery to expand reach while accommodating respondents using different digital access levels. A sample of 200 survey participants was determined to achieve adequate statistical power for analysis reliability purposes. Using a larger sampling brings numerous benefits, including greater widespread applicability, better statistical results, and lower measurement uncertainty (Knechel, 2019).

The qualitative analysis consists of interviews structured for specific subjects, including waqf administrators, policymakers, religious scholars, and individual waqf beneficiaries. The study planned semi-structured interviews which maintain consistent central questions but enable freedom to explore specific topics between interviews. The qualitative interview approach provides essential value for examining cash waqf management governance, regulatory matters, and best practice models because direct participant experiences lead to extensive contextual information not obtainable from survey methods (Saunders and Townsend, 2018). The choice of virtual platforms, including Zoom or Google Meet and personal meetings as interview venues, depends on participant availability and preference points. The interview recordings undergo transcription and then thematic analysis, which detects dominant patterns and common themes (Taherdoost, 2016). The research plan includes qualitative interviews with 10 participants to complete data collection while ensuring analysis concepts become prevalent.

After two-stage analysis research examines quantitative findings independently from qualitative findings before unifying these for interpretation. Results from the survey undergo statistical analysis involving descriptive techniques and inferential approaches using SPSS. The major variables receive summary treatment through description statistics, which use mean scores with standard deviations and frequency distributions. The analysis employs regression analysis, chi-square tests, and factor analysis for studying correlations between cash waqf use and socio-economic welfare measurements (Emerson, 2015). Economic empowerment analysis through regression models combined with demographic characterization data evaluation by chi-square tests demonstrates how these statistical analysis methods generate comprehensive findings. The research uses factor analysis to determine the fundamental dimensions affecting donor involvement and successful waqf management.

Qualitative data analysis is performed through thematic analysis through six steps, beginning with data familiarization, then initial coding, which proceeds to theme identification, followed by theme refinement, and eventually defining and naming the themes before final analysis. This approach's systematic pattern identification capability and its ability to maintain contextual integrity make it the preferred choice (Braun and Clarke, 2024). The research method permits researchers to examine in depth how participants evaluate waqf institutions' management while assessing socio-economic outcomes and understanding institutional challenges. The first step of the process requires multiple transcript reviews to establish a full understanding of the data. The analysis begins by tagging relevant data portions that address fundamental research points (Terry et al., 2017). The manual execution of this thematic analysis diverges from software-based approaches as it enables researchers to establish deep data connections while preserving contextual awareness (Riger et al., 2016). A systematic analysis of the final themes follows their identification by comparing them to existing literature to elaborate key field contributions.

Although carefully designed, this research recognizes several limitations in its approach. The study ensures its findings maintain practical relevance across similar contexts by choosing an area that hosts operating cash waqf programs and faces multiple economic difficulties (Theofanidis and Fountouki, 2018). Self-reporting bias represents a constraint because participants often alter their reported information to create a positive impression of their waqf activities. The researchers decreased response bias by making surveys anonymous and cross-checking information through data triangulation with institutional records. The analysis includes policy reviews and expert opinions to manage and explain waqf administration effectiveness differences stemming from regulatory constraints.

Variables

The study looks at four development path-dependent independent variables: awareness and understanding of cash waqf, governance, transparency, and trust in their effect on socio-economic welfare in Pakistan. Participation in cash waqf is dependent on awareness and understanding, and the more aware and understanding people are of the benefits and the religious significance of cash waqf, the more these individuals are likely to contribute. Like this, participation in cash waqf is a key determinant of effectiveness. Successfully soliciting donations requires trusting waqf institutions, personal financial capacity, and feeling the benefits to one's society. Moreover, governance and transparency matter greatly for waqf institutions' efficiency and credibility. Institutional trust is also closely linked to governance and determines whether people think that waqf organizations behave with integrity and by Islamic philanthropic principles. Socio-Economic inequality is the dependent variable.

Results

Quantitative analysis

The results below are of the frequency distribution, presenting the demographic information of participants who filled out the survey. 32% of the participants who filled out the survey were male, while 35.5% were female, and 32.5% preferred not to mention their gender.

Table 1: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	64	32.0	32.0	32.0
	Female	71	35.5	35.5	67.5
	Prefer not to say	65	32.5	32.5	100.0
	Total	200	100.0	100.0	

21% of the respondents were under 25 years, 22.5% were between 26-35 years, 19% were 36-45 years, 17.5% were 46-55 years, and 20% were 56 years and above.

Table 2: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	under 25 years	42	21.0	21.0	21.0
	26-35 years	45	22.5	22.5	43.5
	36-45 years	38	19.0	19.0	62.5
	46-55 years	35	17.5	17.5	80.0
	56 years and above	40	20.0	20.0	100.0
	Total	200	100.0	100.0	

The respondents were asked about their education to which 38% were undergraduates, 20.5% were graduates, 20% were masters, 18.5% were PhD, while 22% mentioned others.

Table 3: Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	undergraduate	38	19.0	19.0	19.0
	graduate	41	20.5	20.5	39.5
	Masters	40	20.0	20.0	59.5
	PhD	37	18.5	18.5	78.0
	Others	44	22.0	22.0	100.0
	Total	200	100.0	100.0	

Descriptive statistics

The descriptive statistics display essential data from the study through mean scores and standard deviations combined with minimum values and maximum values from the variables under examination. People generally have a low to moderate awareness about cash waqf according to the results, with 1.68 as the average score and 0.96 as the standard deviation. Responses show considerable variability. Participation in cash waqf stands at 1.50, whereas its standard deviation reaches 1.00, thereby demonstrating limited participation and diverse response levels, which call for better strategies to enhance public engagement. The variable concerning management and reporting of waqf funds measured at 1.44 and showed 0.99 standard deviation levels. Survey participants presented evidence that governance structures showed weaknesses along with transparency concerns according to their assessments. People show little trust in waqf institutions according to a mean rating of 1.00 and a standard deviation of 0.88, thus inhibiting greater community participation. Respondents indicate through their results that cash waqf currently fails to make a significant difference in lowering socio-economic inequalities, with a mean score of 1.02 and a standard deviation of 0.87.

Table 4: Descriptive statistics

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Awareness and Understanding of Cash waqf	200	0.00	4.00	1.68	0.96
Participation in CashWaqf	200	0.00	4.00	1.50	1.00
Governance and Transperency	200	0.00	4.00	1.44	0.99
Institutional Trust	200	0.00	3.67	1.00	0.88
Socio-economic Inequality	200	0.00	3.33	1.02	0.87
Valid N (listwise)	200				

Correlation analysis

Research findings demonstrate significant statistical relationships between independent variables and the dependent variables that measure awareness and understanding of cash waqf along with participation in cash waqf and governance and transparency and institutional trust with socio-economic inequality. These variables positively connect to one another suggesting that better awareness levels alongside increased participation rates coupled with enhanced governance standards and increased trust directly decrease social-economic gaps.

Common knowledge about cash waqf is directly linked to a reduction in socio-economic inequality according to a statistically significant correlation value of 0.930 ($p < 0.01$). People who know more about the cash waqf and its advantages tend to notice its impact on resolving social and economic issues. Better public understanding of cash waqf enhances donor confidence, which results in bigger contributions, so the institution strengthens its contribution to economic growth. People who actively participate in cash waqf activities demonstrate higher improvement in socio-economic welfare ($r = 0.907$, $p < 0.01$) by better-distributing resources to educational institutions and healthcare facilities and financial aid for disadvantaged communities. The increased participation in cash waqf by people improves economic opportunities for disadvantaged groups, which subsequently reduces income differences and provides financial benefits.

A strong relationship exists between governance transparency and reduced socio-economic inequality ($r = 0.905$, $p < 0.01$) because proper regulation, along with transparency in cash waqf institutions, builds trust and promotes efficient resource allocation. Operations funded by waqf funds become more efficient through strong governance structures and accountability systems, which result in sustainable development projects and poverty alleviation. The relationship between institutional trust and socio-economic welfare shows a statistically significant correlation at 0.992 ($p < 0.01$) since donor confidence in waqf institutions greatly determines their engagement and the success of waqf-based social programs. People tend to give long-term donations to waqf institutions when they believe their funds are handled ethically and with transparency, thereby making the institutions more effective at resolving social-economic variance.

Table 5: Correlations

Correlation Analysis						
		Awareness and Understanding of Cash waqf	**Participation in Cash Waqf**	**Governance and Transparency**	**Institutional Trust**	**Socio-economic Inequality**
Awareness and Understanding of Cash waqf	Coefficient	1	.966**	.961**	.926**	.930**
	Sig.		0.000	0.000	0.000	0.000
	N	200	200	200	200	200
Participation in Cash waqf	Coefficient	.966**	1	.990**	.899**	.907**
	Sig.	0.000		0.000	0.000	0.000
	N	200	200	200	200	200
Governance and Transparency	Coefficient	.961**	.990**	1	.895**	.905**
	Sig.	0.000	0.000		0.000	0.000
	N	200	200	200	200	200
Institutional Trust	Coefficient	.926**	.899**	.895**	1	.992**
	Sig.	0.000	0.000	0.000		0.000
	N	200	200	200	200	200
Socio-economic Inequality	Coefficient	.930**	.907**	.905**	.992**	1
	Sig.	0.000	0.000	0.000	0.000	
	N	200	200	200	200	200

**. Correlation is significant at the 0.01 level (2-tailed).

Regression analysis

The regression analysis deepens understanding of the linkages that exist between dependent and independent variables to evaluate their predictive capabilities. According to the model summary 98.5% of the socio-economic inequality reduction variance stems from four independent variables. The model exhibits an extremely effective prediction ability for understanding how cash waqf-related variables affect socio-economic welfare according to the reported high R-squared value. Analysis of variance results demonstrates the significant statistical representation of the overall regression model through $F = 3221.956$ ($p < 0.001$), indicating that at least one independent factor impacts the dependent variable. A coefficient analysis in the table helps to determine the individual impact of each regression factor. Institutional trust stands out as the strongest determinant of lowering socio-economic inequality since its B coefficient reaches 0.894 ($p < 0.001$).

The strength of public faith in waqf institutions proves essential for making cash waqf succeed as a social-economic strategy. Donors provide more support, and institutions manage funds better when trust levels rise because this enhances the positive effects of initiatives receiving waqf funding. The evidence indicates that the relationship between governance and transparency and socio-economic inequality reduction exists, although these variables fail to demonstrate statistical significance in this model (B = 0.083, p = 0.136). Proper governance makes a contribution, but another factor likely drives immediate socio-economic outcomes. Data measuring cash waqf awareness and participation fail to demonstrate direct links with socio-economic outcomes since they both produce insignificant statistical results (B = 0.018, p = 0.617 and B = -0.023, p = 0.700). These results reflect the theory that these variables impact welfare indirectly through trust and governance mechanisms rather than through direct forces.

Table 6: Model Summary

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.993[a]	.985	.985	.106958431513928

a. Predictors: (Constant), Institutional Trust, Governance and Transperency, Awareness and Understanding of Cash waqf, Participation in CashWaqf

Table 7: ANOVAa

Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	147.438	4	36.860	3221.956	.000[b]
	Residual	2.231	195	.011		
	Total	149.669	199			

a. Dependent Variable: Socio-economic Inequality

b. Predictors: (Constant), Institutional Trust, Governance and Transperency, Awareness and Understanding of Cash waqf, Participation in CashWaqf

Table 8: Coefficientsa

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	.013	.019		.695	.488
	Awareness and Understanding of Cash waqf	.018	.035	.020	.502	.617
	Participation in CashWaqf	-.023	.058	-.026	-.386	.700
	Governance and Transperency	.083	.055	.095	1.499	.136
	Institutional Trust	.894	.023	.912	39.331	.000

a. Dependent Variable: Socio-economic Inequality

Qualitative analysis

The study, using qualitative methods, investigates how participants in Pakistan perceive their experiences with cash waqf management systems as a means of combating socio-economic disparities within their nation.

Awareness and Understanding of Cash Waqf

Public knowledge about cash waqf remains insufficient as per data collected from interviews. People who participated in the research showed traditional waqf knowledge through their understanding of land and building waqf but struggled to comprehend cash waqf and its socioeconomic advantages. The current lack of understanding about cash waqf reduces public acceptance and thus limits its adoption as a poverty relief and community enhancement instrument. A waqf institution manager stated: *The general public commonly links waqf to physical properties, but many people still do not understand donating cash. People require broad educational awareness campaigns to enable economic and social development through cash waqf.*

A donor at the interview declared: *Knowledge about how cash waqf can support microfinance programs and community services became clear to me in recent times. Previously, I believed that waqf existed only as a way to fund mosques and religious schools. A wider understanding of cash waqf applications among people would result in greater participation levels across society.*

Most Muslims fail to engage in cash waqf mainly because they are unaware of its applications (Nabi et al., 2019). The study participants offered public awareness initiatives using mosques and educational and media outlets to spread the knowledge about cash waqf. The scholar recommends religious leaders dedicate their efforts to educating people about the benefits of cash waqf: *The spread of cash waqf knowledge would increase its importance among people when Imam leaders and religious scholars present it during Friday sermons and other Islamic gatherings. Today most individuals consider zakat and sadaqah donations but fail to recognize the long-term advantages that waqf provides society.*

These survey results confirm that raising public understanding about cash waqf will boost its participation rates among communities. Programs about education combined with media outreach initiatives alongside involvement from religious leadership will raise public comprehension levels and lead to more cash waqf donations (Shirazi, 2021; Zauro et al., 2020).

Participation in Cash Waqf

The level of waqf donation participation depends on three main factors: religious dedication, beliefs about trust in institutions, and financial capability. Individuals who actively donate understand the utilization of funds, while others choose to wait because they do not know how the money gets used (Jabbar et al., 2024). A religious scholar discussed religious factors that drive people to establish waqf. The religious practice of charity receives favorable endorsement in Islam through cash waqf, which serves as a perfect way to perform this obligation. Many individuals avoid donating due to their doubts concerning how their contributions get distributed to those who require assistance (Ahmad, 2019). Donors who wanted to participate in regular donations stated that they needed a better structure that would make payments both convenient and transparent. One donor explained: *A digital platform that enables me to make regular small contributions while viewing the allocation of my money would increase my readiness to donate.*

The institutional representative of waqf provided insights about this matter: *Most of society wants to join philanthropic efforts, yet they demand explanations about the financial fund usage. Better* *reporting methods and involvement strategies would motivate more people to participate in charitable donations*. The economic situation of people tends to dictate their involvement in charitable activities. One middle-income earner commented: *My financial state restricts me from donating big sums of money to charitable causes. A system that allows me to donate small amounts gradually would make me willing to join the charitable efforts.*

The collected survey data demonstrates that people need an organized method and complete transparency to help them donate at convenient rates. Strategies to enhance Waqf fund participation include building digital funds alongside installment donation options and better explanations about Waqf spending.

Governance and Transparency

The interviews concerned governance and transparency concerning cash waqf management. The respondents stressed that lack of accountability and reporting mechanisms foster skepticism and cripple the level of trust in waqf institutions. However, a waqf manager also admitted that fund management is a problem: *Waqf funds are not used particularly efficiently, as there is no standardized system for reporting these funds. We need better governance structures: how the funds are spent ethically*. Business donor concerns included no oversight: *If I am to give more, I would ask for clear financial reports and independent audits that the funds are being properly managed." But there is no transparency; people have hesitated quite a bit to donate a large volume.*

Some respondents suggest that waqf institutions could be more governed if they adopted modern financial management practices. According to an interviewee, *Many charitable organizations worldwide rely on financial audits and public reporting to increase trust. If waqf institutions in Pakistan follow this practice, more individuals will be willing to contribute to Waqf.*

Furthermore, some participants emphasized the need for government involvement in waqf institutions' rule. The guardian of waqf funds said that *if the government establishes standardized regulations and monitoring mechanisms for waqf funds, then it will grow its credibility and public confidence in cash waqf as a financial tool for development.*

From these responses, cash waqf results from governance and transparency in designing its effectiveness. Standardized reporting, regular audits, and digital tracking systems would go a long way in increasing participation and upholding trust (Ayari et al., 2024).

Institutional Trust

Trust in waqf institutions was a critical factor in explaining the public's propensity to contribute to the cash waqf. Several respondents, however, doubted how waqf proceeds are performed and if they are applied for the actual purposes. The main issue, as one business donor explained, *is trust and cooperation with self-appointed would-be ministers. Many people do not perceive waqf funds as well handled, so many feel discouraged from donating. After being skeptical, people are used to past incidents of mismanagement.*

On the other hand, a waqf administrator came to the defence of their organization: *We are trying to build trust, but it needs governmental support to introduce standardized regulations that will provide transparency. This happens without a regulatory framework to which institutions have to set credibility.* Other donors suggested that increased trust could be achieved by communicating with donors how their contribution was spent via reports, newsletters, or even social media by waqf institutions that are well established.

In addition, some participants noted community involvement to build trust. A respondent proposed *That inclusion of the community members in waqf institutions' decision-making committees will generate greater confidence in such a system. Currently, there is no transparency as decisions are being made behind closed doors.*

These responses imply that trust could be enhanced by improving communication, donor engagement, and community involvement in decision-making processes. The institution can do much better by providing regular updates, involving independent oversight committees, adopting technology for transparent reporting, etc.

Hence, qualitative analysis suggests that the cash waqf has the potential to impact Pakistan's socio-economic developmentakistan; however, its impact is impeded by awareness gaps, participation barriers, governance challenges, and institutional trust concerns. These issues must be addressed through targeted awareness campaigns, better financial transparency, and structured participation opportunities. Trust and governance can be improved by implementing digital platforms and independent auditing mechanisms and involving the community, which can lead to using cash waqf as a more effective means for bridging socio-economic inequalities.

Discussion

Research data show that cash waqf acts as an essential tool for minimizing social and economic disparities in Pakistan. Socio-economic welfare perceptions depend largely on people's knowledge of cash waqf and their participation in and connection to its governance processes and transparency standards, along with their trust in institutions. The study evidence confirms what scholars have established about cash waqf functioning as an economic empowerment mechanism alongside its poverty alleviation properties. According to Wahyudi (2024), the growth of cash waqf will drive an Islamic financial revolution, which creates enduring economic possibilities for poor neighborhoods. Shirazi (2021) investigates how waqf preserved its historical social welfare importance through its adaptation into contemporary economic frameworks. Financial inclusion and community development will experience transformative changes through proper management of cash waqf which displays strong connections between funding recipients and beneficiaries.

The study demonstrated a notable relationship between cash waqf knowledge acquisition by individuals and their evaluation regarding its benefits for social and financial welfare development. Jabbar et al. (2024) support this finding when they state that increased public knowledge drives individual commitment to waqf fund contributions. Higher awareness about cash waqf benefits leads individuals to take part in this initiative. The research findings show positive public views about cash waqf, but actual contribution numbers remain limited. Similar to Ahmad (2019), who observed that even high-awareness individuals tend to hold back from participating partially due to financial limitations, trust doubts, and inadequate donation methods. The study of Asyari et al. (2024) proposes educational campaigns as a solution to reduce this gap through educational programs that enhance understanding of cash waqf donation funds and their management mechanisms.

The study shows that proper governance combined with transparency acts as decisive factors that influence trust levels at waqf institutions and directly affect cash waqf participation rates. Zauro et al. (2020) found that inefficient waqf institutional governance combined with fund mismanagement leads public donors to avoid waqf participation. The study results verify this position through a strong relationship between governance transparency,cy, and waqf institution trust levels. The findings of Afifi (2024) validate the concept that institutions that maintain proper governance grow their public trust, thus leading to enhanced participation in cash waqf schemes and their lasting sustainability. Transparent financial reporting combined with regular audits allows waqf institutions to enhance their credibility by effectively using funds to achieve socio-economic development for public benefit.

The study determined that institutional trust represents the strongest variable in predicting reductions of socio-economic inequality. Supiyan (2023) supports this conclusion by stating that waqf institution sustainability depends on obtaining public trust, which enables successful social problem resolution. Directly proportional to public trust levels are the success rates of cash waqf initiatives, which are structured properly. People who have confidence in Islamic charitable institutions view cash waqf as an effective method for generating social and economic advantages. According to Qadri and Bhatti (2025), financial integrity, together with ethical management practices in Islamic finance, serve as essential factors that impact donor decisions. The full potential of cash waqf in Pakistan depends on developing strong institutional trust through proper regulations, which are combined with accountability systems and community outreach strategies.

Individuals avoid contributing to cash waqf programs because they fear their funds might be improperly managed and also because there is insufficient transparency in operations. The paper by Nabi et al. (2019) highlights identical challenges in Bangladesh regarding the dysfunctional waqf governance system, which limits effective execution. This research demonstrates that institutional trust prevails above awareness participation and governance as the key contributor to socio-economic welfare. The findings of Dembele (2019) support research that suggests that inadequate levels of trust in cash waqf institutions restrict their capability to manage poverty and financial exclusions in Muslim-majority nations. Policy measures that include regulatory bodies for waqf institutions offer the potential to enhance both credibility and effective results of cash waqf programs.

Conclusion

This research evaluates cash waqf's function in reducing Pakistani socioeconomic inequalities through the investigation of awareness and participation levels gov, governance structures, and institutional mutual trust. The study demonstrates that cash waqf has a substantial ability to fight poverty and improve financial access but faces various obstacles impacting its complete success. The complete utilization of cash waqf as an instrument for socio-economic growth remains inaccessible because public understanding is scarce, and institutional participation is restricted while governance lacks accountability and transparency remains low. The research proves how essential it is to strengthen governance structures combined with public trust development to improve the effectiveness of cash waqf projects.

Results from the correlation and regression tests demonstrate that institutional trust stands as the leading factor that determines how well cash waqf works. Social welfare programs receive sustainable funding through waqf institutions since community members feel confident in their organizations handling donations. Standing governance measures, together with transparent processes, lead to proper management methods and correct distribution of cash waqf resources. When financial reporting remains unclear, and oversight becomes uncertain as well as regulatory oversight becomes unavailable then the credibility of waqf institutions becomes questionable and keeps donors away. The effectiveness of awareness and participation as main factors depend heavily on established trust and management structures. The research confirms earlier research, which demonstrates how effective institutional structures enable maximum utilization of waqf-based socio-economic programs.

Cash waqf can better reduce socio-economic inequalities by implementing several policy and institutional recommendations. The implementation of public awareness campaigns aims to teach citizens about both the advantages and operational principles of cash waqf. Religious scholars and mosques, along with various media platforms, must actively distribute information about waqf because this religious element encourages most donations. Standard financial reporting methods, along with a robust accountability framework, need to be established through governance reforms. The regulatory bodies have the responsibility to supervise waqf institutions for ethical fund management while stopping the misappropriation of charitable donations through oversight protocols. Enhanced transparency alongside donor confidence will result from financial auditing by independent entities with public report availability.

Waqf management should include digital innovations as part of its operations. First-class waqf web platforms deliver continuous tracking of donation flows that display detailed information about the expenditure of affected funds before donors. The combination of digital transactions and blockchain technology increases the security of cash waqf distribution with better efficiency and full transparency. New regulations should emerge from the government to establish organized frameworks that direct the operations of cash waqf programs. Establishing clear policies will enable appropriate waqf fund distribution into sectors dedicated to education along with healthcare and microfinance to achieve economic empowerment.

Further research should investigate new areas which will extend the findings presented by this study about cash waqf in Pakistan. Research should evaluate the effectiveness of cash waqf programs between Muslim-majority nations for discovering suitable concepts that match Pakistani conditions. An additional path for research investigates how fintech along with digital waqf models can boost financial inclusion and waqf administration practices. The implementation of blockchain technology for monitoring transparent cash waqf transactions would provide new solutions to address governance problems.

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