

The Role of Islamic Social Finance in Facing Covid-19 and Economic Crisis

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This study aims to examine the role of Islamic social finance in facing the economic impact of the Covid-19 pandemic. The Covid-19 pandemic outbreak has an impression not only on the health sector but also on the economic sector. So, for that we need several solutions to anticipate the effect on the health and economy. This study employs library research data that examines some literature related to the role of Islamic social finance. Zakat, infaq, sadaqah, waqf, and qard al-Hasan are the win solutions in anticipating the economic crisis because of Covid-19.

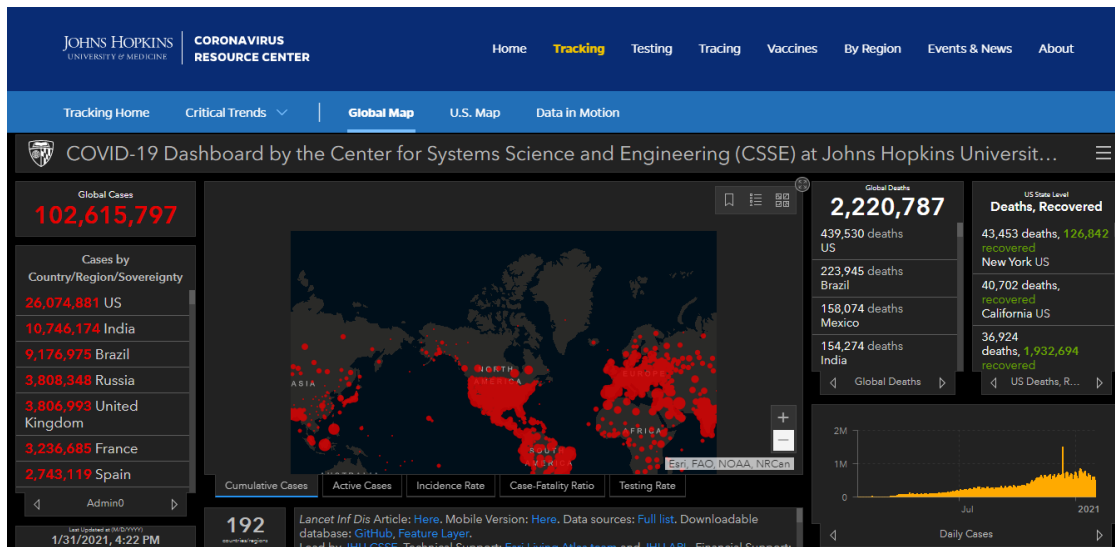
Key words: *Covid-19, Economic Crisis, Islamic Social Finance*

1. Introduction

On 31 December 2019, the World Health Organization (WHO) China Country Office informed cases of pneumonia of unknown etiology (unknown cause) detected in Wuhan City, Hubei Province of China. As of 3 January 2020, a total of 44 patients with pneumonia of unknown etiology have been reported to WHO's office by the national authorities in China. Of the 44 cases are reported, 11 are severely ill, while the remaining 33 patients are in stable condition. According to media reports, the concerned market in Wuhan was closed on 1 January 2020 for environmental sanitation and disinfection. (WHO, 2020)

The novel coronavirus disease 2019 (COVID-19), caused by the Severe Acute Respiratory Syndrome Coronavirus-2 (SARS-CoV-2), is in the midst of worldwide panic and global health concerns since December 2019. As of March 26th, 2020, the WHO has reported that 416,686 and 18,589 death cases have been confirmed worldwide, and it has spread to 197 countries. (Vellingiri, et.al, 2020)

Figure 1: Covid-19 Data



Source. Johns Hopkins University & Medicine

Until January 31, 2021, the number of Covid-19 cases globally was 102,615,797 people, of which the death toll was 2,220,787. The five countries with the most Covid-19 cases are the first, the United States 26,074,881 cases, second India 10,746,174 cases, third Brazil 9,176,975 cases, fourth Russia 3,808,348 cases, and the Fifth United Kingdom 3,806,993 cases. (coronavirus.jhu.edu, 2021)

It does not only have an impact on the health sector but also on the economic sector. Both the IMF and the EIU project the global economy to contract by about 5% percent in 2020, much worse than during the Global Financial Crisis (GFC) 2008–2009 and the steepest decline since 1946. The IMF expects the 2021 GDP to be about 6½ percentage points lower than in the pre-Covid-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s. (IsDB, 2020)

In the lockdown economy, closing shops, borders, curfew, and economic activities to a halt, the global economy is in shambles and looking less healthy. The stock markets are tumbling, industrial production is almost zero resulting in massive job loss, and a financial crisis is around the corner. Some damage impacts have been found by this pandemic, and those will largely depend on the number of government and employers' corrective actions taken today to minimize the damage. Consequently, employers, civil societies, and government agencies must work in coordination to revive the affected and minimization of the adverse impact of this economic crisis. (Syed, 2020)

Islam does not only regulate relationships to Allah but also to fellow humans. One of the applications of worship in empowering the Muslim brotherhood is to help continuously relieving the burden of his difficulties. Either is in the form of zakat, infaq, sadaqah, waqf, and qard al-Hasan (Islamic Social Finance). Based on the problems above, the researchers are interested in conduct research related to the *role of Islamic social finance in facing covid-19 and economic crisis*.

This research contributes in the form of recommendations for Islamic social finance managers to formulate a policy in handling Covid-19 and the financial crisis by employing the use of zakat, infaq, sadaqah, waqf, and qard al-Hasan funds as a solution to anticipate the Covid-19 effect on the economic crisis; Islamic Social Finance Model. Furthermore, this research can also be a reference for academicians to examine furtherly the role of Islamic social finance for the benefit of Islamic society.

This research is valuable to enhance Islamic social finance knowledgeability and to educate society about the importance of it. The increasing Islamic social finance literacy rate should make the community understand and care more about solidarity with others. People can spend part of their assets in the form of zakat, infaq, sadaqah, waqf, and qard al-Hasan according to their abilities.

2. Literature Review

2.1 Macroeconomic Impact

An unexpected and dangerous downturn of economic activity across the world has been triggered by Covid-19. The pace and scale at which it occurred was unprecedented and confronted society, governments, and politicians everywhere with an unimaginable responsibility. Policy responses have been two-fold in most countries, first, public health interventions that have inevitably disrupted economic activity; and second, a collection of macro-and micro-fiscal, monetary, and prudential policy measures to reduce the effects on the economy and society as a whole.

The policies of the central bank include monetary and financial stability to ensure the financial system functions to support customers and the economy as a whole. Policymakers have been ensuring that the financial system recognizes the shocks, embraces the crisis for families and businesses, and is ready to facilitate recovery. The policies are designed to ensure that the conditions for funding are supportive, to enable credit institutions to bear losses, and to support loans to businesses and families. Economic output has heavily decreased in recent months and is still lower than under pre-Covid levels. In the first quarter of this year, a contraction in domestic demand has been occurring. (Makhlouf, 2020)

2.2 Islamic Social Finance Overview

Islamic social finance is social finance or social investment that follows the rules and principles of Sharia (Islamic Law). Apart from Islamic microfinance, Islam has an indigenous type of social finance, such as infaq or charity, waqf and zakat. (Abduh, 2019) Islamic social finance, therefore, refers to the provision of financial services to vulnerable members of society to achieve socio-economic well-being. Institutions are meant to serve as platforms for the empowerment and disbursement of wealth and income in society. (Lawal and Jiddah, 2019)

According to Al-Suwailem (2013), from an Islamic perspective, the economy is made up of two main pillars: lucrative and non-profit-making activities. The two activities are not to evolve separately. Each type of activity is embedded in the other, creating a sound economic equilibrium. This approach is affirmed in the construction of social finance ecosystems, involving profit and non-profit organizations in the development of social and economic welfare. The Islamic social finance ecosystem has its specific financing and investment tools that are in line with the Shariah principles. These include waqf (Islamic endowment), zakat (compulsory alms), sadaqah (donation), qard al-Hasan (benevolent loan), and others. (Ahmed, 2013)

A. Zakat

Zakat is derived from the formation of the word zakat, which means holy, good, blessing, growth, and development. Some Islamic scholars state that the basic word zaka means to grow and grow so that it can be said that the plant is zaka, meaning that the plant grows. According to the Sharia terminology, zakat is the name of several certain assets that Allah is required to issue zakat and to be given to those who are entitled to receive it under certain conditions. The link between meaning literally and this term is very closely linked, namely that every asset that has been granted zakat will be holy, clean, good, a blessing to grow and develop (At-Tawbah: 103 and Ar-Rum: 39). (Didin, 1998)

Allah Ta'ala said:

Take zakat from part of their property, with that zakat you clean and purify them and pray for them. Verily, your prayer (becomes) peace of mind for them. And Allah is All-Hearing, All-Knowing. (at-Taubah: 103)

Moreover, Allah Ta'ala said:

And something usury (addition) that you give so that human property will increase, it will not increase in the sight of Allah. And what you give in the form of zakat that you mean to get the pleasure of Allah, then these are the people who multiply (the reward). (Ar-Rum: 39)

In general, zakat may be formulated as part of compulsory assets based on any Muslim who meets certain conditions with the rules and guidelines of the Sharia. The mandatory requirements for zakat are Islam, independence, nisab achievement, and the duration rotation of the assets for one year (haul) except for muashirat (agricultural and plantation products). (Al-Utsaimin, 2010)

Like one of the Islamic pillars, Zakat has many aims. The objectives could be seen from a different vantage point, as well as worship, social and economic perspectives. (Hafidhuddin & Juwaini 2007)

1. The purpose of zakat in the aspect of worship is a form of human servitude to Allah as the Creator, Owner, and Controller of the universe and its contents through the sacrifice of goods. In the meantime, every individual with a sufficient amount of assets is required to pay zakat maal (zakat on assets).
2. The purpose of zakat in the social aspect is to become a medium for distributing wealth between people who have excess assets and those who lack assets. In this connection, zakat has dimensions of objectives, including:
 - 1) Overcoming starvation and illness.
 - 2) Defeating housing difficulties.
 - 3) Providing or assisting community education.
 - 4) Surmounting difficulties during emergencies or proximity (taking care of basic needs and other basic human needs in times of disaster).

The purpose of zakat in the economic aspect is a medium for the circulation of wealth so that assets do not rotate among the rich people. Zakat is an agent for distributing wealth so that the components of society can enjoy assets widely. Zakat also is an instrument that assesses the economic income in Muslim communities so that economic obligations can be reduced through the delivery of zakat to poor people.

B. Sadaqah

Sadaqah originally is derived from the word which means true. Hence, people who admire alms are those who have true confessions of their faith. Meanwhile, according to the Sharia terminology, the alms has the synonym with infaq, including the law and its provisions. It can simplify that infaq is related to the matter while sadaqah has a broad meaning, concerning non-material things. (Didin, 2008)

C. Waqf

Waqf is a religious institution in Islam that has a direct functional relationship with efforts to solve social and humanitarian intricacies, such as alleviating poverty and empowering the

economy. Waqf has a relationship with other financial instruments such as zakat. Considering it is managed productively it would be performed to improve people living. That means waqf can be a source of funding from the Muslim society, including religious, social, and economic interests. Furthermore, an understanding of the waqf capacity needs to be inserted and become a collective movement of all people to improve the economy of the community. (Rozalinda, 2015)

According to Abduh, 2019, waqf generally can be classified based on its purpose and output essence as follows:

a. Its purpose:

1. Waqf khayr: the most common waqf. This waqf means to help individuals and communities with financial problems. The proceeds of mawqūf in this waqf are also normally used to build and finance mosques, schools, and shelters.
2. Waqf ahli: the benefits derived from mawqūf of this waqf are designated for the children and off-springs of waqīf. Although beneficiaries are the waqīf's children and off-springs, they are not allowed to sell the mawqūf for any reason.
3. Waqf al-awāriḍ: this waqf holds the income derived from mawqūf in reserve to use at times of emergency or when needed. For example, in waqf based clinics or hospitals, the fund is only utilized when sick people come and require medication.

b. Its output essence:

1. Waqf istithmāri: the mawqūf is managed to derive income that can be used to maintain the existence of the mawqūf or waqf properties itself.
2. Waqf mubāshar: the mawqūf is managed to generate services that can benefit the general public as beneficiaries.

D. Qard al-Hasan

Qard is a contract to lend money, while qard al-Hasan is alms because this contract does not require loan repayment. (Falikhatun et.al, 2016). In essence, the Qard contract is a form of assistance and affection for the borrower, not a way for the borrower to seek benefit, in which there are no incentives and excess returns. Nevertheless, this Qard includes human and social values where the borrower does not need benefit in the loan in this contract and probably obtains more.

Supposing the borrower gives it in an amount that is longer than it is required in advance and is not promised (Sukma, 2019), this is often called a generous loan, a loan of benevolence. It is known as a form of a loan without interest or an extra amount paid by the lender over the money loaned. (Lawal and Jiddah, 2019)

3. Research Methodology

This paper used a qualitative approach to comprehensively explore and examine the potential of Islamic social finance in the face of Covid-19 and the economic crisis. The source of the data is secondary data through the study of literature, scientific documents and publications, and the internet related to the purpose of writing. The literature review includes theories that are relevant to research problems. An evaluation of the principles and hypotheses used is carried out in this section based on the literature available, in particular from papers published in different scientific journals. The role of the literature review is to construct hypotheses or theories on which to base research studies. (Sujarweni, 2014)

There are at least four fundamental characteristics that authors need to pay attention to in a literature review, according to Zed, including First, that the researcher deals directly with text or numerical data, not with direct field information. Second, the library data is ready-to-use, which means that since the researcher is directly concerned with data sources in the library, the researcher does not go directly to the field. Third, library data is typically a secondary source, in the sense that second-hand information or data is collected by the researcher and not original data from the first data in the field. Fourth, the condition of library data is not limited to time and space. (Supriyadi, 2016)

The next step is to analyze the available literature of data by reading and studying it. An analysis of existing data using descriptive principles is the simplest and most frequently used data analysis by a researcher or developer. They can present this more concisely, simply, and more easily understood by investigating it descriptively. Then the last step is to check the validity of the data. (Trisno, 2019)

4. Research Result and Discussion

To anticipate the spread of the covid-19 impact and the economic crisis, some concepts of Islamic social finance are used:

1. Zakah and Sadaqah

Zakat (compulsory alms), infaq, and sadaqah (donation) are Muslim social funds that can be donated directly to the mustahik¹ who have the impact of the Covid-19 and the economic

¹ Mustahik is a Muslim who has the right to receive zakat assets as stated in surah At-Tawbah verse 60: "In fact,



crisis. Moreover, the global potential for zakat is very large; unquestionably, if professionally managed, it can have a positive impact on the development of community welfare.

Muslim social funds such as Zakat, infaq, and sadaqah can be contributed directly to Mustahik, which has the effect of the economic crisis and covid-19. Furthermore, the global potential of zakat is enormous if handled professionally and it can potentially have a beneficial impact on the development of community welfare. (Global Sadaqah beta, 2018)

Throughout the Muslim world, USD 200 billion to USD 1 trillion is spent annually on zakat and sadaqah, more than traditional worldwide humanitarian assistance donations (just over USD 13 billion in 2011). Out of 40 Organization of Islamic Cooperation (OIC), countries have at least USD 600 billion of excess zakat that is theoretically allocated annually for humanitarian purposes. However, in recent years, the contribution of the Muslim world to the humanitarian system is only 5-7%. The contribution of Muslim countries to the United Nations Central Emergency Response Fund has been under 0.05 percent since 2006. It occurred because it was restricted to criteria on how the funds should be used and how they must be handled. Muslims should not donate zakat to non-Islamic institutions. In 2014, just 1 percent of the annual surplus of Islamic social funds was adequate to shut the humanitarian gap. (SFC Report 2017)

Efforts to gather the potential for zakat are crucial to handle the potential for zakat properly:

1. There is collaboration between world zakat institutions in the development of zakat.
2. Education and training for zakat managers about professional zakat management with technology-based.
3. Strengthening zakat literacy both in the form of writing and lectures delivered by Islamic preachers to provide knowledge to Islamic society.

Zakat is an institutionalized levy charged on wealth and income. The payment of zakat is a religious duty and in some jurisdictions also a legal obligation. Its rates are not left to the discretion of the individual Muslims but set by sharia. Hence, zakat is a kind of regulated charity obligatory for religious reasons everywhere and as a compulsory and state-administered levy in a few jurisdictions. It has been estimated for some Muslim majority countries that the potential volume of zakat (levied on agriculture, livestock, stock-in-trade, gold, silver, and money) could reach a size of 0.9% to 1.8% of GDP according to Volker which would be sufficient to eradicate extreme poverty. However, actual collections are only a small fraction of the potential in most countries. Many initiatives deal with the

zakat is only for the needy, the poor, the administrators of zakat, the converts whose hearts are persuaded, to free slaves, debtors, for the way of Allah, and for those who are on their way, as a decree which is required of Allah, and Allah is All-Knowing, Wisest". (QS. At-Tawbah:60)

improvement of the zakat collection, allocation, and effectiveness. For example, digital payment solutions (such as contactless Near-Field Communication (NFC) payments, QR codes, or cryptocurrency wallets) can make zakat payments more convenient, and the use of public blockchains can make the allocation of zakat funds traceable and zakat distributing bodies more accountable and trustworthy. (Volker, 2020)

2. Waqf

In addition to zakat, one social fund instrument is used to deal with Covid-19, and the economic crisis is waqf. Waqf can be used to support medical teams who are suffering at the forefront of dealing with Covid-19 in the provision of health facilities and infrastructures, such as hospital construction and health equipment.

Besides, due to the effects of Covid-19 and the economic crisis, the outcome of positive waqf can also be used to support people who need help. The global size of waqf assets is projected to be between USD105 billion and USD1 trillion. (Singh, 2014).

Cash waqf is a specific form of waqf that is set up by donating money (or Shari'ah-compliant stocks and Sukuk is converted into cash). The wealth of the Waqf shall be perpetuated and invested to produce the returns used by the beneficiaries. A cash waqf's value over a land waqf is that in this world and the hereafter, indeed reaching a wealthy certain people will contribute to a waqf and share its enduring merits. In the establishment and management of awqaf currency, charity organizations and Islamic banks were involved. Islamic banks in some countries (e.g. Bangladesh) offer various types of cash waqf deposits for occasional or regular donations. The banks invest the collected donations, and the profits are used for specified groups of beneficiaries (which, in some cases, can be selected by the cash waqf deposit account holder). The growing interest in Islamic social finance in academic and institutional terms has led to a multitude of proposals on how cash waqf could help not only individual beneficiaries but also communities or even national initiatives aimed at achieving sustainable development objectives. The government of Indonesia recently issued a first cash waqf linked Sukuk (CWLS). The proceeds are used to finance healthcare for poor people in a waqf hospital. Linking the corporate, financial and waqf sectors and government initiatives may result in rather complicated syndicated or hybrid structures combining assets of, and charitable contributions to, a cash waqf with funds from retail and institutional investors and public budgets. (Volker, 2020)

3. Qard al-Hasan

Qard al-Hasan is an interest-free loan that should be repaid by the borrower when the repayment does not cause any hardship. The lender has a moral obligation to extend the term

if the repayment would cause hardship. Akhuwat² in Pakistan proves that qard al-Hasan can be a very effective instrument of financial inclusion and SMEs support if managed by a qualified and dedicated team. Public funds now supplement the initial financing of the organization by private donations (sadaqah). (Volker, 2020)

Furthermore, this scheme is one product/scheme of the Islamic financial system which is very important to support recovery or sustaining the economy. For example, Indonesia, among the distribution options that can be done is through: (Azwar, et. all, 2020)

1. Sharia Microfinance Institutions in financing businesses where the funds can come from several sources, both from the community public, private companies.
2. Direct loans without margin for both business and consumption distributed by the company (private or BUMN/BUMD³) to employees or partners (such as online motorcycle taxi drivers) where the funds can come from Corporate Social Responsibility (CSR) funds or other posts. To increase CSR funds, the government needs to emphasize its obligations and higher CSR contributions from both BUMN/BUMD and private companies. In the Islamic view, business activities are part of religious obligations. Social responsibility (social responsibility) refers to the obligations that the organization must protect and contribute to the society in which the organization is located. In Islam known concepts of brotherhood and social justice, which can be done with how to share benefits/prosperity with the surrounding community. In this way, the company has fulfilled its corporate social responsibility.
3. Baitul Mal wa Tamwil⁴ (BMT), through its Baitul Mal, became one institution that can participate in providing solutions to this problem, namely by implementing empowerment programs through qard al-Hasan products. The implementation of qard al-Hasan products does not only serve as a means of financing only but a form of financing. This is also equipped with a mentoring model so that it is this assistance, the implementation of the financing model can run well and in the end, this noble goal will also be realized.

Zakat, infaq, sadaqah, are used for customer assistance in the form of providing direct assistance to individuals impacted by Covid-19 or suffering from an economic crisis and

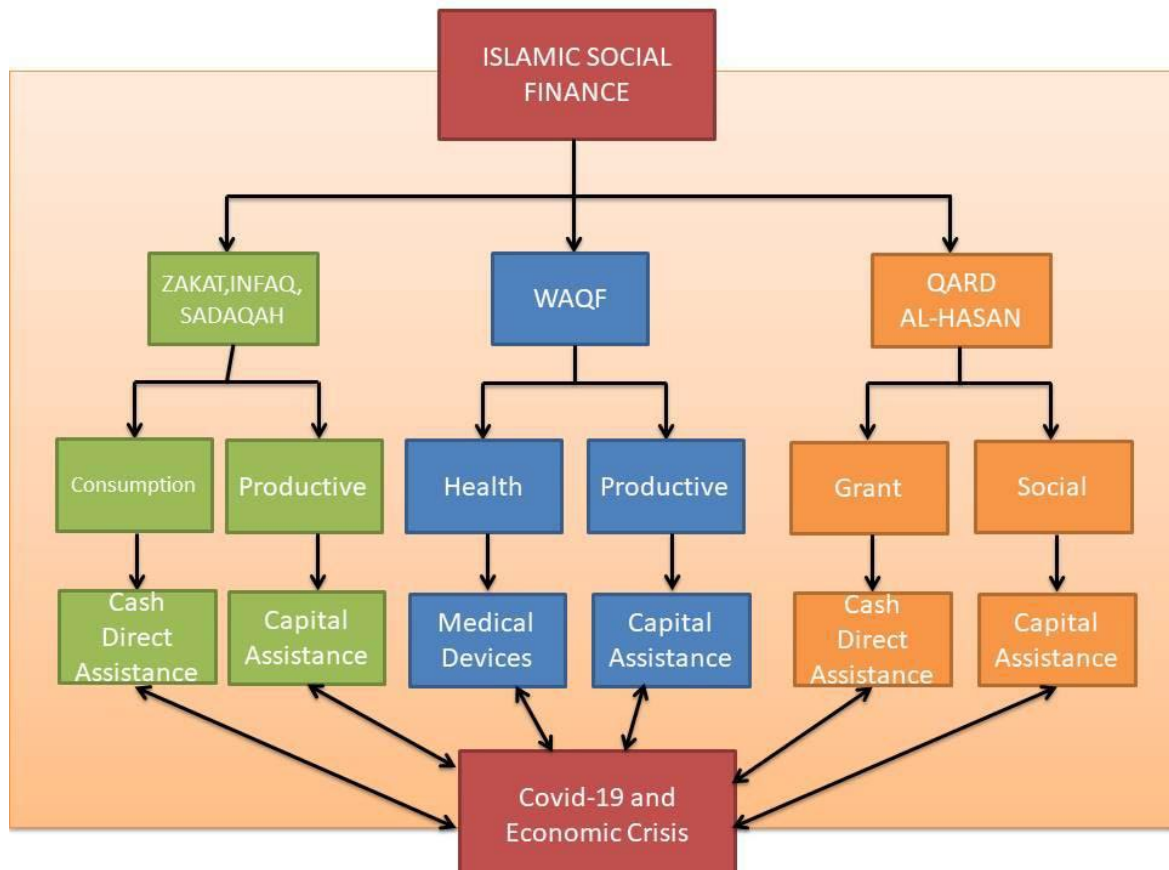
²Akhuwat, as a non-profit organization was established in 2001, but the concept of Akhuwat dates back to the year 622 CE founded upon the Islamic principle and tradition of solidarity or Mawakhat.

³ BUMN stands for Badan Usaha Milik Negara, which are business entities whose capital is wholly or fully owned by the state through direct participation originating from separated state assets. While BUMD referred to Badan Usaha Milik Daerah which are business entities that are managed, fostered, and supervised by regional governments.

⁴ Baitul Mal wa Tamwil (BMT) is an activity to develop productive businesses on a micro-scale by encouraging saving activities and supporting the financing of economic activities, besides that BMT also receives zakat, infaq, and alms deposits and distributes them according to applicable regulations

efficient assistance in the form of providing business capital to small and medium-sized businesses that are losing cash and also managing business capital by large-scale social programs. This is an example of a collection of zakat management organizations in Indonesia. In both the health and economic sectors, this zakat management agency distributes assistance to impacted Muslim communities by Covid-19. The following is given data on the distribution by the national zakat management organization of the Covid-19 pandemic handling program (see Table 2).

Figure 2: Islamic Social Finance Model



Source: Own

According to BAZNAS's situation report #40 14 September 2020⁵, the distribution recapitulation of the Covid-19 handling program by the national zakat management organization, namely, Health sector of USD 7,991,749.37 Social-economic sector SAR 31,703,902.11 continuity of the existing program USD 10,558,355.25 until the total funds that have been distributed are USD 50,254,006.73 Total beneficiaries of the distribution of zakat, infaq, and alms were 5,604,542 people.

⁵ <https://baznas.go.id/pendistribusian/respon-bencana/sitrep?start=40>

In the social-economic sector, the distribution of zakat, infaq, and alms funds by the national zakat management organization is USD 31,703,902.11 The distribution of these funds is used to help affected Muslim communities with the economic impact of the Covid-19 pandemic (Table 1).

Table 1. The Distribution Recapitulation in the Response to Covid-19 in the Health Sector

No	Program Name	Number of Beneficiaries
1.	Health Sector	USD 7,991,749.37
2.	Social-economic sector	USD 31,703,902.11
3.	Continuity of the existing program	USD 10,558,355.25
Total		USD 50,254,006.73

Source: <https://baznas.go.id>

Table 2. Distribution of Zakat, Infaq and Sadaqah in the Response to Covid-19 in the Health Sector

No	Program Name	Number of Beneficiaries	Amount of Disbursement
1.	Disinfectant spraying	60.122 locations	USD 667,953.87
2.	Hand sanitizer distribution	186.699 units	USD 279,705.68
3.	Masker Distribution	1.251.461 units	USD 419,558.52
4.	Healthy Washbasin	2.564 units	USD 153,768.55
5.	Isolation Room	6.866 patients	USD 18,302.63
6.	Logistics Support	594.203 units	USD 989,406.67
7.	Health services	12.485 persons	USD 237,262.78
8.	Ambulance Standby	279 units	USD 48,547.03
9.	Funeral Services	459 patients	USD 14,117.48
10.	Personal Protective Equipment	222.451 packages	USD 1,761,728.33
11.	Program Promotion	149.541 locations/units/ patients	USD 281,793.04
12.	Curative Program	258.164 locations/units/ patients	USD 2,928,560.25
13.	Community Education	41.890 locations	USD 142,635.98
14.	Wash the Mosque Carpet	35.262 locations	USD 17,665.99
15.	Distribution of prayer mats	16.074 units	USD 30,742.58
Total			USD 7,991,749.38

Source: <https://baznas.go.id>

This distribution of funds is used to distribute medical equipment to tackle the Covid-19 pandemic. This program is expected to help Muslim communities affected by the Covid-19 virus.

Table 3. Distribution of Zakat, Infaq and Sadaqah in the Response to Covid-19 in the Economic Sector

No	Program Name	Number of Beneficiaries	Amount of Disbursement
1.	Mustahiq Cash Assistance	592.652 persons	USD 7,527,905.55
2.	Basic food assistance	1.946.677 persons	USD 12,520,356.97
3.	Cash For Work	20.767 persons	USD 231,100.38
4.	Fast food	471.911 persons	USD 1,094,570.28
5.	Other Programs	628.160 locations/units/ persons	USD 10,329,968.96
Total			USD 31,703,902.15

Source: <https://baznas.go.id>

Another Islamic social finance instrument is waqf. It can be arranged in a program to provide health infrastructure (medical devices) and productive programs to help people experiencing an economic crisis due to Covid-19. As cases of the Covid-19 pandemic increase, the hospital is overwhelmed by the increase in patients, even the hospital building no longer can accept Covid-19 patients. As a result, limited medical devices such as respiratory aids and personal protective equipment plus the medical team resulted in some Covid-19 patients being handled slowly.

Therefore, health waqf, such as the provision of hospital buildings, is needed to support health infrastructure. Limited hospital buildings can be overcome by the establishment of waqf-based hospitals and medical devices. So this might also provide waqf funds to intermediary patients and medical personnel who are struggling with the Covid-19 virus.

Besides, productive waqf can also be used to help people experiencing economic difficulties. As we know, the existence of Covid-19 does not only affect health, but also the economic sector. Many workers experienced layoffs due to stalled company production due to Covid-19. The lockdown policy is also very influential for small entrepreneurs who go bankrupt because their goods are not selling in the market. So the results of productive waqf can be used to help people who are experiencing an economic crisis, either directly with cash assistance or capital assistance for SMEs to rebuild their dim businesses.

Qard al-Hasan can also be a solution amid the Covid-19 pandemic. Communities affected by Covid-19 certainly have urgent needs such as hospital financing, medicine purchases, and



even accommodation money for patients referred to national hospitals. These needs sometimes make patients and their families embarrassed to reveal Covid-19. The role of qard al-Hasan in these cases can implement solutions for Muslim communities.

Additionally, qard al-Hasan funds can be used to present loans without interest to SMEs so that they can survive during the pandemic. We can donate qard al-Hasan funds as Islamic social financial instruments if the person who borrows the funds is unable to return it and is one of the noble qualities and praises of Allah Ta'ala. As Allah says, "And if (the debtor) is in trouble, then give him the toughness until he relaxes. And giving (part or all of the debt) is better for you, if you know." (QS. Al-Baqarah: 280).

5. Conclusions and Recommendations

Based on the results of this research on Islamic Social Finance Model to face Covid-19 and the economic crisis, it turns out to have a very productive role in helping society. Zakat and sadaqah can be issued directly in cash to mustahik. While waqf can be used in the procurement of health facilities and infrastructure and qard al-Hasan can be used as capital assistance for SMEs. Therefore, it is appropriate for Islamic social finance management to be managed professionally. Moreover, to maximize the collection of Islamic social funds, researchers recommend the government and stakeholders in each country to make regulations on the obligation to pay zakat.

Therefore, this research has presented a solution offered from an Islamic social finance perspective and how to use these funds for handling Covid-19 and the economic crisis. This research is limited by focusing on a literature review so that the researchers recommend a future extension conducting field research related to the role of Islamic social finance.

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