

Assessing the Decision to Invest Mosque Funds in Bank: A Case Study of Mosque Financial Practices in Takalar Regency

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ABSTRACT

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This study explores the factors influencing mosque management decisions regarding the placement of funds, considering options such as Islamic banks, conventional banks, or storage at the board's residence. The research emphasizes compliance with sharia principles and management efficiency as key decision-making criteria. A qualitative approach is employed using a case study methodology. Data collection techniques include in-depth interviews, direct observation, and analysis of mosque financial documents, with thematic analysis applied to interpret the findings. The results reveal that 50% of mosque funds are stored in the board's house, 35% in Islamic banks, and 15% in conventional banks. These findings highlight the significant reliance on informal storage methods, reflecting challenges such as limited access to financial institutions or concerns over administrative complexity. The study contributes to the development of more professional and transparent mosque financial management practices, which are crucial for enhancing public trust. Additionally, it offers a fresh perspective on mosque financial practices by focusing on fund placement in banking institutions, particularly within the Takalar region. The research addresses existing gaps in the study of mosque financial management and underscores the importance of aligning fund management with sharia principles while improving operational efficiency. Future studies could explore the impact of financial literacy among mosque boards and the role of regulatory frameworks in shaping fund placement decisions.

1. Introduction

Mosques play a very important role in the lives of Muslims, not only as places of worship but also as centers of social and economic empowerment [1]. Based on data provided by simas.kemenag.go.id in 2024, the total number of mosques in Indonesia reached 306,970. Jami mosques (public mosques) dominate with 248,233, followed by mosques in public places with 52,097. In other categories, there are 5,177 large mosques, 455 grand mosques, 1,031 historical mosques, 35 magnificent mosques, and only 1 national mosque. This data shows that Jami Mosques are the most common type of mosque in Indonesia. As institutions that manage public funds, mosques are expected to manage their finances in a highly transparent and efficient manner [2]. Mosques that receive donations from the public, institutions, and government are categorized as Non-Profit Organizations (NPO) [3]. However, the management of mosque funds in Indonesia, especially in Takalar Regency, still faces various challenges. Many mosque administrators have limited knowledge of good financial management and do not fully understand the application of sharia principles in managing mosque funds. In recent years, the Islamic banking system has provided mosques with an excellent opportunity to manage their funds through investments that comply with Islamic principles [4]. Financial tools such as mudharabah, musyarakah and sukuk, while having great potential, remain underutilized by most mosque managers in rural areas [5]. Meanwhile, according to [6], mosque managers in rural areas are increasingly aware of the potential of financial instruments such as

mudharabah, musyarakah, and sukuk, but challenges in understanding and accessibility still limit their widespread application. These challenges are exacerbated by a lack of Islamic financial literacy and a lack of board management capacity, resulting in mosques often failing to maximize their money management.

This study aims to identify the factors that influence mosque management in deciding where to deposit funds, either in Islamic banks, conventional banks, or in the board's house, taking into account compliance with sharia principles and management efficiency. This study adopts a qualitative case study approach and seeks to gain a deeper understanding of the factors that influence decisions on mosque financial management. The findings are expected to contribute to the development of a professional, transparent, and Shariah-compliant model for mosque financial management and to enhance the capacity of mosque managers to manage congregant funds. There are several mosques in South Sulawesi, especially in the district of Takalar, and the following is data about mosques in Indonesia:

Table 1.1 Mosque Data in Indonesia

No	Mosque Data	Amount
1.	State Mosque	1
2.	Grand Mosque	35
3.	Grand Mosque	455
4.	Great Mosque	5.177
5.	Jami Mosque	248.233
6.	Historic Mosque	1.031
7.	Mosques in Public Places	52.097
8.	National Mosque	1
TOTAL		306.970

Source: *simas.kemenag.go.id* 2024

Based on the data provided by *simas.kemenag.go.id* in 2024, the total number of mosques in Indonesia reached 306,970. Islamic mosques (Jami mosques) make up the majority with 248,233, followed by mosques in public places with 52,097. In other categories, there are 5,177 large mosques, 455 grand mosques, 1,031 historical mosques, 35 grand mosques, and only 1 national mosque. These data show that Jami Mosque is the most common type of mosque in Indonesia.

1.1 Background

In the context of the development of contemporary Muslim communities, mosques have undergone significant and fundamental transformations [7]. whereas according to ([8]. In the context of the evolution of modern Muslim communities, mosques have undergone substantial and profound changes. Religious institutions are no longer understood as mere ceremonial sites, but have evolved into strategic centers of social and economic empowerment [9]. The complexity of the mosque's role today demands a holistic approach to institutional management, especially in the aspect of financial

management that requires high [10]. Modern Mosque Funds Management Faces Complex Multi-Dimensional Challenges [11] Mosque managers must not only be able to manage funds efficiently, but must also ensure that Shariah principles are adhered to, while optimizing investment potential for the benefit of the community [12]. Takalar Regency, with its unique socio-religious characteristics, is an interesting representation to study the dynamics of mosque financial management in the context of regional development.

The Islamic banking system has provided significant room for religious institutions to make investments that are in accordance with Islamic [13]. whereas according to [14]. Islamic banking offers a unique framework for religious institutions to manage their finances while adhering to sharia principles, providing not only compliance but also the potential for ethical investment growth. Financial instruments such as mudharabah, musyarakah, and sukuk open up new opportunities for mosque fund management [15]. However, the complexity of these instruments requires in-depth understanding and adequate management capacity, something that remains a challenge for the majority of mosque administrators in rural areas [16].

The socio-economic context of the Takalar region reveals interesting dynamics of financial management in mosques. The community structure, which combines a strong religious tradition with modern economic transformation, creates a complex space for financial management practices in mosques. Limited human resource capacity, lack of Islamic financial literacy, and undeveloped governance systems are major challenges to developing the economic potential of mosques. Previous studies, such as that conducted by Harahap, 2020, have identified the potential of Islamic financial instruments such as mudharabah, musyarakah, and sukuk in managing mosque funds, but their application remains limited, especially in rural areas. This study differs from previous studies as it focuses on the decisions of Islamic banks in Takalar County to manage mosque funds, highlighting in depth the factors that influence these decisions and how challenges in Islamic financial knowledge and management capacity can be overcome.

The urgency of conducting a study on financial investment in mosques in Takalar region lies in the need for a comprehensive mapping of religious financial management practices. More than just an academic exercise, this study aims to establish a more transparent, accountable and productive model of financial management of mosques. By exploring the mechanisms, determinants and economic impact of investment, this study is expected to make a significant contribution to the development of financial management strategies in contemporary mosques.

1.2 Problem Statement

The financial management of mosques in the Takalar region continues to face challenges in terms of transparent, efficient and Shariah-compliant fund management. Although the Islamic banking system offers great potential [17]. Mosque managers in the region still have limited knowledge of Islamic financial instruments and lack the capacity to optimize funds management. In addition, challenges such as low levels of Islamic financial literacy, lack of internal regulation, and lack of accurate record-keeping systems mean that the management of funds in mosques is often not optimized for the benefit of the people.

1.3 Objectives and Scope

The purpose of this study is to analyze the decision-making process of the mosque fund's investment in Islamic banks and to provide insights into the financial management methods used by

the managers of the mosques in Takalar District. The study focuses on the management of funds, compliance with Shariah principles and the economic impact of investment decisions. In addition, this study aims to explore the factors affecting financial management such as limited knowledge and human resources. The study will also provide recommendations on how to improve the transparency, accountability and efficiency of fund management in mosques. The scope of the study covers mosques in both rural and urban areas and aims to provide a comprehensive understanding of the existing financial management practices in mosques and to create better management models in the future.

This study aims not only to make an academic contribution but also to provide practical recommendations that can be implemented by mosque managers in the hope of improving the welfare of Muslims through a more professional and Shariah-compliant management of mosque funds. An in-depth analysis of Islamic financial instruments and efficient governance is expected to improve the management of mosque funds in the Takalar region and enhance integrity and accountability in the use of funds.

2. Literature Review

Mosque accounting and financial management research shows significant complexity in the management of religious institutions' funds [18]. This indicates that the financial management of Ar-Rahmat Wuring Mosque attempts to apply the principles of Shari'ah accounting as outlined in Q.S. Al-Baqarah section 282, but it has not yet met the standards of PSAK No. 401 [19]. Meanwhile, the AT-Tadzkiroh Mosque still uses a simple recording system that does not comply with ISAK No. 35, with financial statements limited to receipts, expenses, and monthly balances without incorporating depreciation of fixed assets [20]. On the other hand, Darul Falah Mosque employs a modern computer-based recording method, yet issues of accountability and transparency in financial reporting remain unaddressed.

Although these studies provide important insights into the financial management practices of mosques, they primarily focus on the implementation of Shari'ah accounting standards (PSAK No. 401 and ISAK No. 35) and modernization of financial record-keeping systems. However, there is a noticeable gap in examining how mosques manage their funds through Shari'ah-compliant investment practices. This study seeks to bridge this gap by exploring the integration of Islamic financial instruments, such as mudharabah, musyarakah, and sukuk, in the context of mosque fund management. Unlike previous research, which primarily emphasizes the technical aspects of accounting compliance and reporting, this study specifically focuses on the decision-making process and strategic considerations behind the investment of mosque funds in Shari'ah-compliant financial instruments. Moreover, this research delves into the unique challenges and opportunities faced by mosques in Takalar County, highlighting how the socio-economic characteristics of the region influence financial management practices. By addressing these unexplored dimensions, this study aims to contribute a new perspective on creating a transparent, accountable, and Shari'ah-aligned investment model for managing mosque funds.

3. Methodology

This study used a qualitative approach to examine the preferences and perceptions of mosque managers regarding the financial management of mosques. As part of the data collection process, interviews were conducted with managers of 20 mosques spread across multiple locations. The table below lists the names of the mosques, the positions of the managers, and the dates of the interviews,

which took place between November 8 and 10, 2024.¹ The data are presented in the following table. These data provide more insight into the perceptions and attitudes of mosque managers regarding the management of mosque funds and the implementation of Shariah financial systems.

Taking into account geographical differences and the positions of mosque managers, 20 mosques were selected as the research sample to ensure diversity in the data obtained. The selection of mosques was based on certain criteria, including the size of the mosque, the role of the manager, and the socio-economic context of the area where the mosque is located. This approach aims to provide a more comprehensive picture of the status of mosque financial management in Takalar Regency.

This study provides an additional contribution by integrating the insights of mosque managers on various management positions such as chairperson, treasurer, and secretary, which have not been explored in depth in previous studies. In addition, this study adopts data triangulation to increase the validity of the findings by analyzing different perspectives on mosque fund management. Therefore, this study not only broadens insights into rural and urban mosque financial management, but also provides practical recommendations that can be implemented to improve transparency, accountability, and efficiency in managing community funds.

Tabel 3.1 interview data

Nama Masjid	Position	Date of interview
Mughmi	Secretary	08-Nov-24
Husaini Abu Bakar Bontopajja	Treasurer	08-Nov-24
Nurul Huda	Treasurer	08-Nov-24
Nurul Taqwa	President	08-Nov-24
Jami' Nurul Muhajirin	Secretary	08-Nov-24
Nurul Ahmad	President	08-Nov-24
Besar Baiturrahman	President	08-Nov-24
Nurul Salam	Treasurer	09-Nov-24
Al-Qaromah	President	09-Nov-24
Nurul Abbas Fatimah	Secretary	09-Nov-24
Nurul Majid	Secretary	09-Nov-24
Ustman Bin Affan	President	09-Nov-24
Nurul Hasanah	Treasurer	09-Nov-24
Raodatul Jannah	Treasurer	09-Nov-24
Nurhidayah Gusunga	President	09-Nov-24
Nurul Syamsi	President	10-Nov-24
Nabaul Khair	Treasurer	10-Nov-24
Al-qamar	Secretary	10-Nov-24
Nurul Taqwa Bontoa	Treasurer	10-Nov-24
Nurul Yaqin	Secretary	10-Nov-24

4 . Results and Discussion

4.1 Key Findings

In this section, we present the main findings of our research on the financial management of mosques in the Takalar region. These findings are derived from an in-depth analysis of data collected from interviews, observations, and analysis of financial documents, and are intended to provide a clear picture of the financial management practices implemented by mosque managers.

Table 1: Age of Interview

Age	Interview	Presentase %
20-30	0	0
31-40	7	35%
41-50	8	40%
>50	5	25%
Total	20	100%

According to the table 1, the results show that out of a total of 20 informants, the highest percentage of 40% (8) was in the age group of 41-50 years, followed by 35% (7) in the age group of 31-40 years and 25% (5) in the age group of 50 years and above. As for the 20-30 age group, no one participated in the study.

Table 2: Gender of Interview

Gender	Interview	Presentase (%)
Female	0	0
male	20	100%
Total	20	100%

According to Table 2, the result shows that all the informants were male, totaling 20, representing 100% of the total number of informants, and no female informants participated in this study. This indicates that the study focused specifically on male informants only.

Table 3: Education of Interview

Last Education	Interview	Presentase (%)
elementary school	1	5%
junior high school	3	15%
senior high school	10	50%
D3	1	5%
S1	4	20%
S2	1	5%
Total	20	100%

According to table 3, the results of the study on the latest educational attainment of the informants showed that out of a total of 20 informants, the majority had a high school educational background, with 10 (50%) in this category. This was followed by 4 (20%) who graduated from Form 1 and 3 (15%) who graduated from Junior High School. Primary, D3, and S2 graduates were 1 (5%) each. These data indicate that the majority of informants had a high school education.

Table 4: Employment of Interview

Job background	Interview	Presentase (%)
Casual laborer	1	5%
Fruit trading	1	5%
Fisherman	1	5%
Farmer	2	10%
Construction worker	2	30%
Self-employed	6	5%
Political administrator and businessman	1	5%
Computer technician	1	5%
Hamlet head	1	5%
Mosque imam	1	5%
Religious teacher	1	5%
Al Qorum mosque administrator	1	5%
Retired civil servant	1	5%
Total	20	100%

According to table 4, The results of the above research on the informants' occupational backgrounds show that the 20 informants have different occupational backgrounds. The largest group is self-employed with 6 people (30%), followed by construction workers and farmers with 2 people each (10%). Other occupations include casual laborers, fruit traders, fishermen, political party officials and entrepreneurs, computer technicians, village heads, mosque imams, religious teachers, mosque administrators, and retired civil servants with one person each (5%). This data shows that most informants are self-employed.

Table 5: Model Mosque Interview

Model of mosque	Presentase (%)
Multi-storey	30%
Non-storey	70%
Total	100%

According to table 5, the results of the interview related to the mosque model show that 30% of the informants opted for the multi-storey mosque model, while the other 70% opted for the storage-less mosque model. This indicates that the informants preferred the no-storage mosque model over

the multi-storey mosque model. This preference may be influenced by factors such as space requirements, comfort, or accessibility.

Table 6: Congregation Capacity Interview in Mosque

Capacity of the congregation	Presentase (%)
<100 worshipers	20%
100-200 worshipers	50%
300-400 worshipers	20%
500-1000 worshipers	10%
Total	100%

According to table 6, This shows that the majority of mosques (50%) have a capacity of 100-200 people, followed by mosques with a capacity of less than 100 people and 300-400 people each at 20%, and mosques with a capacity of 500-1000 people at 10%. This shows that medium-capacity mosques dominate according to the needs of the community.

Table 7: Interview Recording Mosque Financial Reports

Financial Report Recording	Presentase (%)
Yes	100%
No	0
Total	100%

According to the table 7, as can be seen from the table, all mosques (100%) have recorded financial reports. This shows that the financial management of the mosques has been functioning well and in line with the principle of transparency.

Table 7: Interview Recording Mosque Financial Reports

Mosque Fund Storage Media	Presentase (%)
Management house	50%
Conventional bank	15%
Islamic bank	35%
total	100%

Based on Table 8, the results show that the storage of funds in mosques is categorized into three places, with the largest portion being stored in the management office at 50%, followed by Islamic banks at 35% and conventional banks at 15%. This shows that mosque managers prefer to store their funds directly in the management office rather than in banking institutions.

5. Discussion

5.1 Mosque Fund Depository

Based on the interviews with 20 mosque managers, they had different views on the financial system of the mosque and the location of the funds, reflecting the preferences of each manager. The following is an explanation of where the funds are held, including excerpts of the reasons given

mosque administrator's house (50%)

Most mosque managers who choose to keep their funds at home do so for ease of access and to direct the funds to the operational needs of the mosque. In addition, long-standing habits and traditions are major supporting factors. *"We find it easier to manage our funds if we keep them at home because there are no administrative formalities like in banks"* revealed one manager. However, lack of understanding of the Islamic banking system is another reason.

Deposit in an Islamic Bank (35%)

Islamic banks are the first choice for most administrators because they are considered in accordance with sharia principles, safe, and free from interest practices. All administrators who save their funds in Islamic banks agree that this is a solution to avoid usury practices. One board member stated: *"We chose an Islamic bank because there is no element of interest, so it is in accordance with Islamic teachings"* trust in the Islamic financial system and the security of mosque funds are other key factors.

Deposits at Conventional Banks (15%)

Administrators who choose conventional banks consider the ease of access to bank locations and more familiar services. One of the administrators explained, *"Conventional banks are easier to reach from the mosque, and the administrative process is faster."* However, the majority of administrators who use conventional banks realize that this system does not fully comply with sharia principles, and they consider Islamic banks better at avoiding usury practices. Overall, the interview results show a strong desire from the mosque management to maintain the trust of the community by choosing a financial system that is transparent, safe, and in accordance with Islamic principles.

5.2 Interview Results

According to the researcher's interviews, the main source of income for the mosque is donations from worshippers, both through the mosque's piggy bank and direct donations. Interviewee 1 said,

"Savings jar donations or donations from worshippers are very important because mosques require maintenance costs such as cleaning and maintenance, electricity, and imam's salary".

In addition, mosque managers ensure that there are clear records to avoid misuse of funds, as Interview 2 stated,

"We keep clear records to avoid misuse of funds."

Regarding the storage of funds, most of the managers agreed that the mosque's funds should be deposited in an Islamic bank because it is in line with the Islamic principle of avoiding usury and unethical transactions. Interview 3 states that

“Islamic banks have Shariah supervisors who make sure that the bank operates in accordance with Shariah principles.”

As stated in Interview 4,

“We believe that depositing mosque funds in Islamic banks will still be under the control of the council, which has the authority to regulate and supervise the use of these funds in accordance with the principles of Shari'ah”.

Overall, the choice of an Islamic bank to store mosque funds is considered the right choice as it is secure, complies with Shariah principles and provides transparency in the management of funds.

6. Conclusion

Based on the results of the survey on the storage of mosque funds, it was found that most of the funds are still stored in the homes of the caretakers of the mosques, accounting for 50% of the total number of Informant. Meanwhile, 35% of the Informant use Shariah banks as a place of storage of mosque funds, while the remaining 15% of the Informant still use conventional banks. This result shows that there is still a need for increased socialization and education efforts on the importance of professional management of mosque funds through Islamic financial institutions. This is not only to improve the security of mosque funds but also to support the development of the Islamic economy through the utilization of Islamic banking services. Therefore, it is expected that in the future, more mosque managers will shift from the traditional storage of funds in their homes to the use of Islamic banking services that are more secure and in line with Islamic principles.

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