



Research Paper

Hajj Fund Investment Management: Transparency and Accountability for Indonesian Muslim Society

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ABSTRACT

Law No. 34 of 2014 on *Hajj* Financial Management (PKH) provides a clear legal basis for the *Hajj* Financial Management Agency (BPKH) to regulate the system and management of *Hajj* funds in Indonesia. This study aims to analyze the financial management mechanisms applied by BPKH, as well as the use of *Hajj* funds for investment. The research method employed is qualitative, with data and information collected from various sources such as books, research journals, and other references relevant to the topic. The results of the study show that the mechanism for managing *Hajj* funds begins with the deposit of funds from pilgrims into accounts in the name of BPKH through the *Hajj* treasury at the Deposit Bank for *Hajj* Funds (BPS). Subsequently, the allocation of funds for the organization of the *Hajj* is determined by the government after approval by the DPR (People's Representative Council), by transferring funds from the *Hajj* treasury to the *Hajj* Implementation Unit (PIH) periodically. The assets managed by BPKH include money and goods that can be valued in monetary terms. The use of *Hajj* funds for investment can take various forms, such as banking products, securities, gold, direct investments, and others. The entire process of managing and investing *Hajj* funds is carried out based on Sharia principles, with a careful approach to risk management to ensure benefits for the pilgrims and the Muslim community as a whole.

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Introduction

To improve the implementation of the *Hajj* pilgrimage, the Indonesian government established the *Hajj* Financial Management Agency (BPKH) based on Law No. 34 of 2014. The previously accumulated *Hajj* funds were managed by the Ministry of Religious Affairs under Law No. 17 of 1999 concerning the organization of the *Hajj* pilgrimage. However, the details regarding services, guidance, and protection for the pilgrims were not sufficiently addressed. Therefore, in 2008, an amendment was made with the enactment of Law No. 13 of 2008 concerning the organization of the *Hajj* pilgrimage (Alfiyanti et al., 2023). Due to several considerations, the management of *Hajj* funds was eventually entrusted to BPKH through banking products, securities, gold, direct investments, and other investments, under the supervision of the Indonesian *Hajj* Supervisory Commission (KPHI). After the enactment of Law No. 34 of 2014, this was further reinforced by Presidential Regulation No. 110 of 2017 on the *Hajj* Financial Management Agency. The following year, Government Regulation No. 5 of 2018 was issued on the Implementation of Law No. 34 of 2014 concerning the Management of *Hajj* Funds (Harahap et al., 2019).

In recent years, *Hajj* funds have become a public concern, especially regarding their use by the government to finance infrastructure projects. This proposal was raised by the President after inaugurating the members of the Supervisory Board and the Executive Board of the *Hajj* Financial Management Agency (BPKH) on July 26, 2017. Essentially, the plan to utilize *Hajj* funds for investment is implemented with a prudent approach because these funds belong to the public, not the government. *Hajj* funds are sourced from pilgrimage fees, efficiency savings from *Hajj* implementation, endowment funds for the community, and benefits managed by the state to support the organization of the *Hajj* pilgrimage and programs for the welfare of the Muslim community. According to the Minister of Religious Affairs, the costs required for the organization of the *Hajj* pilgrimage (BPIH) can be managed productively, including for infrastructure development, as long as it adheres to sharia principles, is carried out cautiously, and provides benefits by the law (Nuhqila, 2020). Based on the Indonesian Fatwa Commission's Ijtima Ulama Decision IV in 2012 regarding the ownership status of BPIH deposits on the waiting list, the investment returns belong to the prospective pilgrims, while the manager is entitled to receive fair compensation. However, BPIH funds may only be used for directly related purposes. This fatwa aligns with Law No. 34 of 2014 concerning the Management of *Hajj* Funds, which designates BPKH as the institution responsible for managing *Hajj* finances. The BPIH deposits are placed in investment instruments such as State Sharia Securities (SBSN), deposits, and Government Bonds (SUN) (Alfiyanti et al., 2023; Bafadhal et al., 2023; Safitriawati et al., 2021). The placement of these funds aims to optimize the benefits for prospective pilgrims while adhering to Sharia principles and prudent management.

Previous research has discussed the legal aspects of *Hajj* fund management from the perspective of Islamic economics. The management of *Hajj* funds, as regulated in Law No. 34 of 2014 concerning the Management of *Hajj* Funds (PKH), provides legal certainty through the system and management regulations implemented by the *Hajj* Financial Management Agency (BPKH) in Indonesia. However, prior research has not yet covered the specific mechanisms of financial management carried out by BPKH or the use of *Hajj* funds for investment purposes. This study aims to explore in depth the financial management mechanisms of *Hajj* by BPKH and the utilization of *Hajj* funds for investment. The results of this study are expected to provide more transparent information regarding the management of *Hajj* funds and their utilization in investments so that the public can better understand the process in a clearer and more detailed manner. Investment management is a discipline aimed at managing asset portfolios to maximize returns while considering the associated risks. Transparency in financial management refers to the extent to which financial information is presented openly, clearly, and in an understandable manner for relevant stakeholders. In the context of financial management, transparency encompasses the accessibility of information regarding cash flows, and budget management, as well as the policies and financial practices implemented. Some key aspects of transparency in financial management include (Kurniawan, 2021; Mubarak & Fuhaidah, 2018). Overall, transparency in financial management aims to enhance efficiency, prevent corruption, and strengthen accountability, thereby providing greater benefits for all stakeholders involved.

Accountability in public fund management refers to the obligation of government agencies or institutions to manage public resources transparently, responsibly, and in compliance with established rules and regulations. It ensures that funds are used effectively for their intended purposes and that stakeholders can hold officials accountable for any misuse or misallocation. Key aspects of accountability in managing public funds include (Kurniawan, 2021). Clear Reporting: Public entities must provide accurate, timely, and detailed reports on how funds are allocated and spent. This allows stakeholders, including taxpayers, to monitor the use of public resources. Responsibility and Oversight: Officials responsible for managing public funds must be held accountable for their decisions. Oversight bodies, such as audit institutions and regulatory authorities, ensure that funds are used according to the law and for the benefit of the public. Transparency in Decision-making: Public fund management requires transparent decision-making processes, where the rationale behind budget allocations, spending priorities, and investments is made clear to the public and other relevant parties. Performance Evaluation: Public institutions must regularly assess and report on the outcomes of their financial management, demonstrating that funds are being used efficiently and achieving the desired public objectives.

Overall, accountability in public fund management aims to ensure that government spending is both efficient and justifiable, fostering trust and confidence

among the public while preventing corruption and misuse of public resources. Sharia principles in the management of Haj fund investments emphasize adherence to Islamic law (Sharia), ensuring that the financial practices and investment strategies align with ethical and religious guidelines. Key aspects of these principles include (Cahyanti, n.d.). Investments must avoid interest-based transactions, as *riba* (usury) is forbidden in Islam. This means that investments in conventional financial instruments, such as bonds or interest-bearing accounts, are prohibited. Investments must be made in *halal* (permissible) industries and sectors. For example, investments in businesses involved in alcohol, gambling, or other prohibited activities are not allowed under Sharia law. Investment models such as profit-sharing (*mudharabah*) and joint ventures (*musyarakah*) are preferred, where profits and risks are shared between investors and fund managers based on agreed terms, ensuring fairness and equity. The management of funds must be carried out with transparency, honesty, and fairness, ensuring that the funds are used for the benefit of the stakeholders, in this case, the Haj pilgrims, while avoiding exploitation or unethical practices. To ensure compliance, a Sharia supervisory board is often established to oversee investment decisions and ensure that all investment practices meet Islamic legal standards. Overall, the application of Sharia principles in managing Haj funds ensures that the investments are not only financially sound but also morally and ethically aligned with Islamic values, providing security and peace of mind for the Muslim community.

Method

This study uses a qualitative research method with a literature review approach (library research), relying on data collection from various relevant sources such as books, journals, and research reports. The research process begins with reading, noting, and processing information to gain a deep understanding of the topic. This approach is particularly useful when the study does not require primary data, such as observations or interviews, and focuses on analyzing existing information from written sources. After the data is collected, analysis is conducted using a qualitative method, aiming to understand the meaning and context of the data, as well as identify relevant patterns and themes. This method allows the researcher to gain a more comprehensive understanding of the phenomenon being studied by considering a broader social, cultural, and theoretical context. Thus, this study is expected to provide a clearer and deeper perspective, as well as a significant contribution to the existing body of knowledge.

Results and Discussion

Improvement in the Implementation of *Hajj* Worship

Indonesia receives a relatively large *Hajj* quota compared to other countries, yet the high public interest in performing the *Hajj* pilgrimage to the Holy Land still

exceeds the quota set by the Saudi Arabian government. This presents a challenge for the government to optimally manage *Hajj* funds during the waiting period of prospective pilgrims. After years of organizing *Hajj*, the regulations governing this aspect have continuously been updated. In 1999, Law Number 17 on the Organization of *Hajj* was enacted; however, this law did not provide detailed provisions on services, guidance, and protection for pilgrims within a framework of professional management. In 2008, the law was revised with the issuance of Law Number 13 of 2008 on the Organization of *Hajj*. This law outlines the roles of the government, supervision by an independent commission, the government's responsibility in financing, as well as the rights and obligations of pilgrims in managing *Hajj* funds. The government continues to strengthen regulations to ensure that the management process becomes increasingly transparent and accountable. Although Law Number 13 of 2008 serves as the legal basis, specific regulations are still needed to regulate *Hajj* financial management in detail. This is crucial as the state guarantees every citizen's freedom to worship according to their religion and beliefs, as guaranteed in the 1945 Constitution of the Republic of Indonesia. It is hoped that these additional regulations will provide legal certainty and better protection for *Hajj* pilgrims while upholding the principles of accountability in fund management.

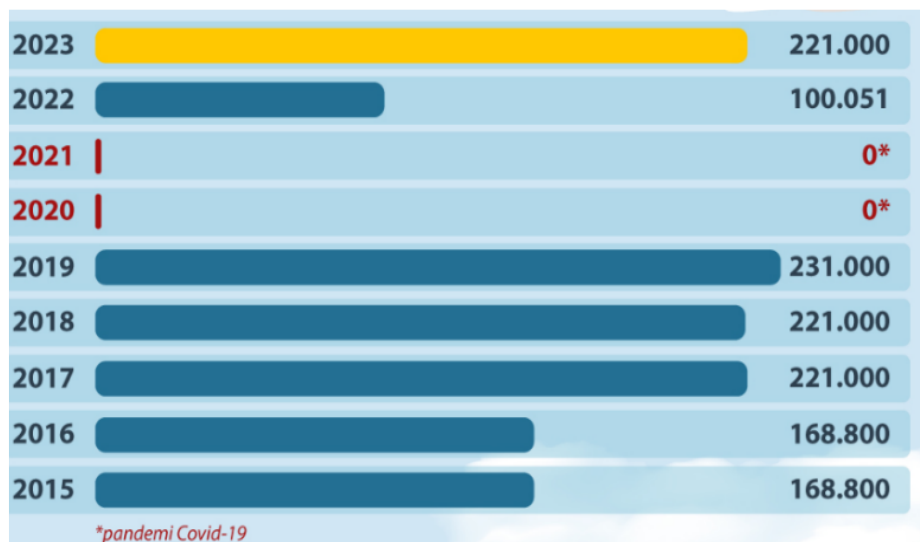


Figure 1. Hajj Quota Data of Indonesia

Source: Ministry of Religious Affairs

Figure 1 illustrates that Indonesia's *Hajj* quota each year reaches thousands of pilgrims. However, in 2020 and 2021, the quota was closed due to the Covid-19 pandemic. In 2022, the *Hajj* quota was reopened, although it was still not as large as in 2019. By 2023, the quota saw a significant increase compared to 2021. As more Indonesian citizens register for *Hajj*, the limited quota results in an increasingly long

waiting period for prospective pilgrims. This condition leads to a buildup of *Hajj* funds, which can be utilized to enhance the benefits and improve the quality of *Hajj* services. To ensure effective, efficient, transparent, and accountable management of *Hajj* funds, the Government enacted Law No. 34 of 2014 on the Management of *Hajj* Funds. This law outlines that the accumulation of *Hajj* funds has the potential to be optimized and utilized to improve the quality and sustainability of *Hajj* operations.

With the establishment of the *Hajj* Financial Management Agency (BPKH), it is expected that the management of *Hajj* finances will be more reliable, transparent, and efficient, and yield rational results through Sharia-based investments that benefit the Muslim community. This law laid the foundation for the issuance of Presidential Regulation No. 110 of 2017 on BPKH, followed by Government Regulation No. 5 of 2018 on *Hajj* Fund Management. According to Article 2 of Presidential Regulation No. 110 of 2017, BPKH is established as a public legal entity that is independent and directly accountable to the President through the Minister of Religious Affairs. The leadership structure of BPKH consists of an Executive Board and a Supervisory Board. In 2017, the President and Vice President appointed seven members of the Supervisory Board and seven members of the Executive Board of BPKH, based on Presidential Decree No. 74 P of 2017 on the Appointment of Members of the Supervisory Board and Executive Board of BPKH. This appointment marked the beginning of BPKH's operations to ensure the trustworthy, effective, and beneficial management of *Hajj* funds.

To become a member of the Executive Board or Supervisory Board of BPKH, an individual must meet several requirements, including being an Indonesian citizen, Muslim, in good health (physically and mentally), possessing integrity and good character, free of any criminal record, and having the qualifications and expertise required for managing *Hajj* funds. Candidates must also be between the ages of 40 and 60 at the time of nomination, not currently serving in political party positions, not involved in legal proceedings or facing charges, and have no prior criminal convictions. Additionally, candidates are prohibited from holding concurrent positions outside of their duties at BPKH. They must also know the field of Islamic economics. Other specific requirements include at least five years of experience in financial management, holding at least a bachelor's degree (or equivalent), and never having served as a director, commissioner, or member of the supervisory board of a company that has been declared bankrupt. During their tenure, members of the Executive Board or Supervisory Board are also prohibited from holding positions in the government or as state officials. These requirements are aimed at maintaining the independence and professionalism of the *Hajj* Fund management, ensuring that the funds are managed in a way that maximizes benefits for the pilgrims.

Mechanism of *Hajj* Fund Management

The mechanism of *Hajj* fund management encompasses the receipt, expenditure, and management of assets. The receipts consist of the Biaya Penyelenggaraan Ibadah Haji (BPIH) or special BPIH contributions made by the *Hajj* pilgrims. These funds are deposited into an account on behalf of the *Hajj* Financial Management Agency (BPKH), which acts as the legitimate representative, through a *Hajj* deposit fund managed by the Bank Penerima Setoran (BPS). In addition, there are financial benefits derived from the development of funds placed in the *Hajj* deposit fund. Also, there is the efficiency fund for the *Hajj* (PIH), sourced from the savings made in the operational costs of *Hajj* implementation, which is also placed in the *Hajj* deposit fund. Furthermore, the endowment fund (Dana Abadi Umat), which existed before the enactment of Law No. 34 of 2014, comes from the remaining operational costs of *Hajj* as well as other non-binding sources. This process ensures that the accumulated funds are optimally utilized to support the sustainability and improvement of the quality of *Hajj* services while adhering to principles of efficiency and long-term benefit for the Muslim community.

The expenditures related to *Hajj* services are determined by the government after obtaining approval from the Dewan Perwakilan Rakyat (DPR). This involves the periodic transfer of funds from the *Hajj* deposit fund to the Penyelenggaraan Ibadah Haji (PIH) unit's account. Operational expenditures for BPKH, which include staff salaries and office operational costs, are calculated as a percentage of the financial benefits derived from *Hajj* funds. These proposals are submitted by BPKH and must be approved by the Minister of Religious Affairs. Once approved by the Minister and DPR, funds are transferred from the *Hajj* deposit fund to the BPKH account, and any remaining balance is returned to the *Hajj* deposit fund. There is also a mechanism for placing or investing *Hajj* funds to optimize their financial benefits.

Furthermore, expenditures related to refunds of BPIH or special BPIH contributions are made for pilgrims who cancel their departure for legitimate reasons. These refunds are made by returning the balance of the BPIH or special BPIH contributions already deposited. Similarly, refunds of special BPIH contributions for Penyelenggaraan Ibadah Haji Khusus (PIHK) are conducted by the number of special pilgrims who have fully paid the BPIH and departed in the relevant year. This ensures that the management of *Hajj* funds is fair, transparent, and accountable while maintaining the integrity and proper use of funds for the benefit of *Hajj* pilgrims. The distribution of the financial benefits of the *Hajj* funds is carried out periodically to the individual virtual accounts of the pilgrims, with the amount calculated based on a percentage of the total financial benefits derived from the *Hajj* fund. Funds used for activities benefiting the welfare of the Muslim community are sourced from the Dana Abadi Umat financial benefits, which include the refund of the balance from the BPIH or special BPIH contributions occurring

within the same year. In this financial management mechanism, the wealth managed by BPKH encompasses both cash and goods that can be valued in monetary terms.

The management of *Hajj* funds must adhere to Sharia principles and principles of prudence, prioritizing careful risk assessment while considering the benefits that will be received by the pilgrims and the wider Muslim community. A non-profit principle must be applied, where the management focuses on utilizing the results of fund development to maximize benefits for pilgrims without distributing dividends to the fund managers. Additionally, financial management must be conducted with a principle of transparency, ensuring that all information related to the management of *Hajj* funds is clearly and openly communicated to the public, especially to the pilgrims, so they can understand the processes and financial accountability involved. Finally, the management of these funds must be accountable, and it should be possible to justify the fund's usage to the public, ensuring that the funds are indeed used according to their intended purpose and the trust placed in them.

Use of *Hajj* Funds for Investment

The use of *Hajj* funds for investment is regulated under the concept of capital investment, which involves the deployment of capital by both domestic and foreign investors to conduct business within Indonesia. This investment must adhere to principles such as legal certainty, transparency, accountability, non-discrimination based on country of origin, cooperation, fair efficiency, sustainability, environmental awareness, independence, and balance in national economic progress. The primary objective of capital investment is to promote national economic growth, create job opportunities, support sustainable economic development, strengthen the competitiveness of domestic businesses, improve technological capacity, and encourage the development of people-centered economics. Additionally, capital investment aims to transform economic potential into tangible economic strength and improve community welfare.

For *Hajj* funds, investment expenditures are carried out after receiving approval from the Dewan Pengawas (Supervisory Board), which functions as an independent oversight body outside of the BPKH's Executive Board. According to the applicable laws, BPKH is authorized to place and invest *Hajj* funds by Sharia principles. To ensure transparency, BPKH provides regular reports on the use of *Hajj* funds to the public through mass media every six months. Additionally, prospective pilgrims who use Internet banking can continuously check their funds via their virtual accounts, making it easier for pilgrims to monitor the management of their *Hajj* funds in a transparent and accountable manner. The placement or investment of *Hajj* funds can be made in various financial products, such as banking products, securities, gold, direct investments, and other forms of investments, as long as they comply with Sharia principles. Based on the Minister of Religious Affairs Regulation (PMA) No. 23 of 2011 on the Management of the Cost of *Hajj* Services, which was later amended by PMA No. 29 of 2013, before the establishment of Law No. 34 of

2014 on *Hajj* Financial Management, these investments were known as the Management and Development of *Hajj* Funds (PPDH). The purpose of PPDH is to achieve financial benefits while prioritizing safety, value benefits, and liquidity. PPDH consists of receiving the initial BPIH deposit transfers and the transfer of financial benefits from the initial BPIH deposit. The expenditures of PPDH include payments for investments, the return of principal deposits, and payments for investment benefits.

The management of these funds involves methods such as the purchase of Sukuk (Islamic Government Bonds), Government Bonds (SUN), and placing funds in fixed-term deposits. To ensure smooth and sustainable investments, BPKH also considers risk factors and prioritizes transparency and accountability in every transaction conducted. This approach is designed to give pilgrims confidence that their funds are being managed safely and optimally. Sukuk Negara (SBSN), also known as Sovereign Sukuk, is a government-issued debt security that follows sharia principles as evidence of ownership over assets related to SBSN, which can be in either rupiah or foreign currencies. The issuance of *Hajj* sukuk is based on the *Ijarah Al-Khadamat* contract, a development of the *Ijarah* contract, according to the Fatwa of the National Sharia Council (DSN-MUI) No. 9 of 2000 on *Ijarah* Financing. This contract regulates the leasing of assets used for specific activities, with the proceeds benefiting the community, in this case, the management of *Hajj* funds. Through the issuance of Sukuk Negara, *Hajj* funds can be managed productively while maintaining the principles of prudence, transparency, and efficiency in financial management. Additionally, the use of Sharia contracts ensures that the transactions comply with religious rules while supporting the government's efforts to strengthen the national economy in a manner consistent with Islamic principles. This approach allows the collected funds to support infrastructure development and improved *Hajj* services, maximizing benefits for *Hajj* pilgrims and the broader Muslim community.

Sukuk *Ijarah Al-Khadamat* is a type of sukuk issued to provide specific services, where the sukuk issuer receives fees in return for providing the services. In this structure, investors act as the owners of the services provided. This sukuk model has received a Shariah Compliance Statement from DSN-MUI through Fatwa No. B-118/DSN-MUI/III/2009 issued on March 31, 2009. The Minister of Finance (Menkeu) is responsible for managing the issuance of Sukuk Negara (SBSN), including reporting on its management as part of the State Budget (APBN) for the respective year. Menkeu is also required to periodically disclose information regarding SBSN management policies, including estimates of issuance amounts, schedules, and the total number of SBSN in circulation, along with their composition. This information also covers the currency type, maturity structure, and the rewards offered to investors. This transparency aims to ensure accountability in managing SBSN and provide clarity to investors about market conditions and the prospects of state fund management. The issuance of SBSN is supervised by the Financial Services Authority (OJK), which regulates and supervises the capital market sector. OJK has

direct access to data and information about SBSN from Bank Indonesia (BI) or other agents acting as SBSN custodians. On November 22, 2013, before the enactment of Law No. 34 of 2014 on *Hajj* Financial Management, a memorandum of understanding (MoU) was signed between the Minister of Finance and the Minister of Religious Affairs about the direct placement of *Hajj* funds in SBSN. The MoU stated that the initiative for placing *Hajj* funds in SBSN could come not only from the Ministry of Religious Affairs but also from the Ministry of Finance. Moreover, the placement of *Hajj* funds in SBSN could be considered when proposing budget allocations for the Ministry of Religious Affairs in the next year's State Budget, particularly for projects related to *Hajj* services financed through SBSN Project-Based Sukuk (PBS). Additionally, *Hajj* funds can be placed in either non-tradable SBSN or tradable SBSN.

Apart from Sukuk Negara (SBSN), there are also the State Bonds (SUN), which are debt securities issued by the Indonesian government in rupiah or foreign currency, backed by the government's guarantee for payment of both principal and interest according to the agreed maturity period. SUN can be issued in bearer or non-bearer form and may be traded in the secondary market or not. There are two main types of SUN: State Treasury Bills (SPN), which have a maturity of up to 12 months with interest paid via a discount system, and Government Bonds (Obligasi Negara), which have maturities longer than 12 months and offer interest either as coupons or discounts. The Minister of Finance, after consulting with Bank Indonesia and receiving approval from the People's Representative Council (DPR) during the State Budget (APBN) approval process, is authorized to issue SUN. The Minister of Finance is also responsible for managing and overseeing the issuance of SUN, ensuring its accountability as part of the APBN implementation. This process ensures transparency in state financial management, maintains fiscal stability, and increases public transparency regarding the allocation and use of state funds.

Lastly, there are Term Deposits, a form of savings in banks where withdrawals can only be made at an agreed time according to the contract between the bank and the customer. The placement of *Hajj* funds in term deposits is carried out in banks that meet specific criteria, such as being healthy according to Bank Indonesia (BI) standards, registered with the Deposit Insurance Corporation (LPS), and capable of fulfilling obligations to repay funds upon maturity. In managing BPIH funds, the Minister of Religious Affairs acts as the primary budget user, while relevant officials such as the Director of the *Hajj* Financial Management Office also play roles in overseeing the effective management of *Hajj* funds. The General, the Head of the Provincial Office of the Ministry of Religious Affairs, the Head of the Regency/City Office of the Ministry of Religious Affairs, and the Head of the Indonesian *Hajj* Mission Office in Jeddah are appointed as the budget users and heads of work units in each respective unit responsible for the implementation of *Hajj* services. This ensures transparent and targeted management of funds by applicable regulations, to ensure the smooth running of *Hajj* for Muslims in Indonesia.

In the event of losses arising from the placement of *Hajj* financial investments due to errors or negligence in its management, the members of the Executive Board and the members of the Supervisory Board will be held collectively and severally responsible. However, they may be exempted from such responsibility if they can prove that the loss was not caused by their errors or negligence. In addition, they must be able to demonstrate that they have managed and overseen the finances in good faith and with caution, in line with the objectives and interests of *Hajj* financial management. There should be no conflicts of interest, either directly or indirectly, associated with the management that causes losses, and they must have taken the appropriate steps to prevent further losses.

In this case, by the investment provisions, the *Hajj* Financial Management Agency (BPKH) will periodically pay the benefits of the BPIH deposits to the virtual accounts of *Hajj* pilgrims. The amount of expenditure for the payment of these benefits will be determined based on the percentage of the *Hajj* financial benefits, which is set annually by BPKH after obtaining approval from the House of Representatives (DPR). This process aims to ensure that *Hajj* funds are managed transparently and are beneficial for the pilgrims while maintaining the sustainability of *Hajj* funds for future *Hajj* services. According to a working visit report by the Working Committee of Commission VIII of the Indonesian House of Representatives (DPR RI) related to the Optimization of *Hajj* Fund Management during the 2020-2022 period, it was found that the accumulation of *Hajj* pilgrims' funds holds significant potential to increase its benefits. This potential can be utilized to support the implementation of higher-quality *Hajj* services. To achieve this, the management must be not only effective and efficient but also conducted with high principles of transparency and accountability. Therefore, good management of *Hajj* funds will ensure that the funds collected can provide maximum benefits for the pilgrims and improve the quality of *Hajj* services sustainably.

Table 1. Data of the *Hajj* Pilgrims Waiting List

<i>Hajj</i> Pilgrims Waiting List	Total
<i>Hajj</i> Quota for the Current Year	190,897
Number of Registrants	5,116,851
Paid Deferred	6,991

Source: Ministry of Religious Affairs, 2025

From Table 1, the *Hajj* quota continues to increase year by year, in line with the growing number of registrants. According to data managed by the Ministry of Religious Affairs, by the end of 2022, the number of prospective pilgrims who have registered reached 5,116,851 people. Meanwhile, the available *Hajj* quota was only 190,896 people. Of this number, around 6,991 individuals have paid the *Hajj* fee but

their departure has been delayed. As a result, the number of prospective pilgrims still on the waiting list is expected to continue increasing each year. The imbalance between the number of registrants and the available quota is the main factor contributing to the long queues, which are expanding year by year. This situation calls for better management efforts to provide more opportunities for prospective pilgrims who wish to perform the *Hajj*.

Table 2. Comparison of BPKH Balance Sheet Data 2021-2023

Details	2021	2022	2023
Cash and Cash Equivalents	0.03%	0.01%	0.02%
Accounts Receivable	0.01%	0.00%	0.00%
Inventories and Prepaid Expenses	0.00%	0.01%	0.00%
Prepaid Expenses/Advances	0.02%	0.62%	4.36%
Accrued Income	1.31%	1.07%	1.02%
Placements in Banks	82.50%	28.42%	25.95%
Short-Term Investments	16.13%	0.00%	0.00%
Investments in Associates	-	0.17%	0.78%
Direct Investments and Other Investments	-	0.60%	0.58%
Marketable Securities	-	69.06%	67.25%
Long-Term Investments	99.88%	0.00%	0.00%
Fixed Assets – Net	0.09%	0.00%	0.00%
Intangible Assets – Net	0.01%	0.01%	0.01%
Restricted Cash	0.03%	0.02%	0.01%
Other Assets	0.00%	0.00%	0.00%
Accounts Payable	0.18%	0.02%	0.00%
Deferred Pilgrim Debts	98.37%	6.43%	6.10%
Taxes Payable	0.01%	0.04%	0.00%
Other Payables	1.44%	0.09%	0.13%
Congregation Deposits	99.81%	93.26%	93.60%
Deferred Benefit Income	0.19%	0.17%	0.16%
Without Restriction	9.95%	2.76%	2.18%
With Restriction	90.05%	97.24%	97.82%

Source: BPKH Financial Reports, 2025

From Table 2, there is a comparison of the balance sheet in the BPKH reports for the period 2020-2022, which are prepared by the provisions of Law No. 34 of 2014 on the Management of *Hajj* Finances. This law mandates BPKH to manage the *Hajj* funds, which were previously managed by the Ministry of Religious Affairs of the Republic of Indonesia. In the balance sheet comparison report, it is evident that the placement of funds in banks in 2020 was relatively high compared to 2021 and 2022. This was due to the suspension of *Hajj* departures in 2020 because of the COVID-19

pandemic, which caused most of the funds to be redirected to banks. As a result, the long-term investment figure in 2020 reached 99.88%. However, in the following years, BPKH began diversifying its investments by allocating *Hajj* funds into various types of investments, such as securities, direct investments, and other forms of investments, to optimize returns and reduce risk. This diversification is expected to enhance the benefits of *Hajj* funds for the pilgrims and the broader Muslim community.

Table 3. Comparison of BPKH Balance Sheet Data 2021-2023

Cost Breakdown	2021	2022	2023
Hajj Pilgrimage Expenses	100.00%	-	-
Income from PIH Fund Benefit Value	142.80%	81.93%	112.78%
Income from Other Benefit Values	-	20.63%	0.00%
Distribution for Virtual Accounts	39.64%	0.00%	-10.10%
BPKH Operational Expenses	-3.16%	-1.70%	-2.68%
Grant Expenses	-	-0.87%	0.00%
Income from the Benefit Value of the People's Endowment Fund (DAU)	234.91%	137.53%	160.11%
Distribution of Welfare Programs	-134.91%	-37.53%	-60.11%
Income in Associated Entities Comprehensive	-	-	100.00%
Income/(Expenses)	11.34%	4.11%	0.22%

Source: BPKH Financial Reports, 2025

Table 3, there is a breakdown of BPKH's expenses that vary each year, where the costs of *Hajj* pilgrimage services in 2020 still reached 100% due to funds that had been allocated but not fully distributed because of the government's delay in *Hajj* departures. Meanwhile, the revenue from the benefits of the *Hajj* Fund Management (PIH) showed a gradual decline from 2020 to 2022. The percentage of BPKH's operational expenses decreased in 2021, indicating efforts to streamline management. However, further analysis reveals that despite the management efforts, there were still deficiencies in the distribution of costs and expenditures that should have been more optimal. This was due to revenues that fell short of expectations, which contributed to the increase in the *Hajj* Cost (ONH). The rise in these costs impacts the amount of funds that pilgrims need to spend to perform the *Hajj*, which certainly poses a challenge to the sustainability and effectiveness of future *Hajj* fund management.

Table 4. Comparison of BPKH Balance Sheet Data 2021-2023

Description	2021	2022	2023
Benefit Value - Placement	118.65%	118.22%	64.53%
Benefit Value - Investment	97.45%	98.19%	56.14%
PIH- BPIH Expenditure	-	-	47.62%
PIH Expenditure - PIH Subsidy	4.02%	-	38.68%
Prosperity Program Expenditure	84.67%	92.98%	18.64%
Employee Expenditure	70.67%	75.83%	36.20%
Office Operational Expenditure	35.62%	46.02%	18.45%
Capital Expenditure	-	-	5.14%

Source: BPKH Financial Reports, 2025

From Table 4, in 2022, the investment returns obtained were very low, reaching only 56.14%, while the budget for the *Hajj* Pilgrimage Services (PIH) and the *Hajj* Pilgrimage Fund (BPIH) saw a significant increase, rising to 47.62%. Although PIH received a subsidy of 38.68%, the budget for programs benefiting the community in 2022 saw a notable decrease compared to the previous year, recording only about 18.64%. This decline was due to lower investment returns resulting from placements and investments that yielded smaller results compared to previous years. As a result, the low investment returns directly impacted the available budget, which could potentially affect the quality and quantity of community welfare programs that could be distributed that year.

The management of *Hajj* funds is carried out with high transparency, where all processes are published and audited by the Financial Audit Agency (BPK) and overseen by the People's Representative Council (DPR). The *Hajj* funds are invested through Sukuk Negara (SBSN) instruments, with a total outstanding amount of IDR 37.9 trillion. The issuance of SBSN series SDHI (Sukuk Dana Haji Indonesia) is used for general financing of the state budget (APBN) and is not specifically allocated for infrastructure projects. The government is obliged to repay the principal of the *Hajj* sukuk upon maturity and provide returns on time by the applicable regulations. Furthermore, the investment returns are used to support the organization of the *Hajj* pilgrimage and provide benefits for pilgrims who are still on the waiting list through virtual accounts. All of this *Hajj* fund management is conducted with great caution and safety, ensuring that these funds do not pose risks to both departing and awaiting pilgrims. This effort aims to ensure that the *Hajj* funds are managed properly and are maximally beneficial while ensuring the sustainability of the high-quality *Hajj* pilgrimage system in the future.

Conclusion

The management of *Hajj* funds, akin to managing a large investment for a noble purpose, faces significant challenges, especially due to the high demand for performing the *Hajj* pilgrimage. With the large number of prospective pilgrims wishing to depart, the government must ensure that the *Hajj* funds are managed with care and transparency. Following the enactment of Law No. 34 of 2014, the establishment of the *Hajj* Financial Management Agency (BPKH) was a crucial step in enhancing the efficiency and transparency of managing these funds, replacing the previous role of the Ministry of Religious Affairs, which had managed them. BPKH manages the *Hajj* funds by Sharia principles, including through investments in various instruments such as Sharia bonds and term deposits. This is like planting a tree that will bear fruit in the future, with the selection of various types of investments to maintain the stability of the *Hajj* funds. With the increasing number of registrants and the limited *Hajj* quota, the placement of funds in various investment types is expected to enhance their benefits. However, despite the increasing *Hajj* quota, significant challenges remain, such as the decline in investment returns from year to year, which leads to higher *Hajj* costs (ONH). The importance of careful and transparent management ensures that BPKH is monitored by the People's Representative Council (DPR) and audited by the Financial Audit Agency (BPK). Like a guardian ensuring that every investment and decision made is safe for the prospective pilgrims, the management of these *Hajj* funds is carried out with full responsibility. Thus, the *Hajj* funds will continue to be managed efficiently and safely to ensure a high-quality *Hajj* pilgrimage and provide benefits to the pilgrims, both those who have departed and those still awaiting their turn.

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