

Zakat Optimization With Financial Technology

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Abstract. Indonesia's majority Muslim population is a very potential subject of zakat. Zakat is one of the pillars of Islam that must be fulfilled and has the character of social humanity . The phenomenon that has occurred so far is that the large potential zakat cannot be realized according to the target. Zakat collection and distribution institutions in Indonesia consist of the Amil Zakat Agency (BAZ) and the Amil Zakat Institution (LAZ) which bridge muzakki and mustahik in making qabul zakat consent. The method used is qualitative research, by conducting interviews with informants from BAZ and LAZ who use financial technology in Bandung which was held from May to July 2020. The data test used was the Triangulation Technique and the data were analyzed inductively. This study aims to obtain an overview of several phenomena that occur in optimizing the potential for zakat where financial technology (fintech) is the media. The results showed that BAZ and LAZ have utilized financial technology in optimizing the potential for zakat to achieve the set targets. There has been a shift from traditional to digitalization of services through technology resulting in an expansion of the community coverage area which has an impact on increasing the collection and distribution of zakat. The ease of paying zakat online is another finding of this research, including not coming to the OPZ office, a process that is easier, faster, more economical and more affordable for muzakki.

Keywords: zakat optimization, financial technology

1. Introduction

Zakat is a form of worship with social and economic value that can reduce economic disparities in society. With proper zakat management, it is hoped that an even distribution of wealth can be realized. Equitable distribution of income through the concept of zakat is based on setting aside a portion of one's assets to be given to people in need. Zakat is obligatory on every Muslim. However, according to the law, zakat is not what is required but as a form of obedience in worship. Currently the potential for zakat in Indonesia has not been explored optimally and in 2020 the potential for zakat will reach Rp. 330 trillion but only Rp. 10 trillion has been collected [1]. In the digital era, zakat collection innovation follows its development where financial technology is used as a medium for innovation in the field of financial services. The concept of financial technology combined with the financial sector is a facility for zakat to become more practical, safe and modern. Collecting zakat with financial technology gives birth to online zakat, namely the process of paying zakat through the help of a digital system that makes it easier for muzakki to pay zakat. Financial technology has become the lifestyle of today's society, including the Muslim community in giving zakat so that it has an impact on the optimization of zakat collection.

Several studies have been conducted regarding the use of financial technology for zakat. Various technology-based financial services are provided by financial institutions to collect zakat to be empowered [2]. Financial technology in zakat management institutions can show accountability and

transparency to muzakki who pay zakat. With the easy access to zakat payments and the transparency offered by financial technology, the acceleration of zakat collection will increase [3]. Improvements in the governance and information systems of zakat-based digitizing institutions have optimized the collection and distribution of zakat [4]. Most of the zakat institutions have used the technology system in their organization, especially in terms of zakat payments. Technology has made the operations of zakat institutions more efficient and effective in distributing wealth to those in need [5]. Advances in technology have an impact on the development of zakat institutions and the competence of resources as users. It is further stated that the more fintech is used in collecting and distributing zakat, it will accelerate the country's development [6]. Based on these studies, the authors are very interested in raising the topic of optimizing zakat through financial technology. The research that was conducted emphasizes the use of financial technology as a medium that can be optimized in collecting zakat. The expansion of previous research is examining obstacles in optimizing the function of financial technology and analyzing zakat management organizations in realizing zakat potential through fintech. The following is an explanation of the problem formulations of the research conducted, namely:

- 1) How to optimize zakat potential?
- 2) What obstacles occur in optimizing the potential for zakat?
- 3) How do amil zakat institutions realize the potential for zakat through financial technology?

Based on the formulation of the problem, the purpose of this study is to provide an overview of the phenomena that occur related to the optimization of the potential for zakat. This really needs to be done so that the huge potential of zakat can be realized so that zakat becomes a bridge for mustahik and muzakki. Technological progress is one focus of attention that cannot be ignored so that the continuity of zakat is well maintained. Zakat management organizations take advantage of technological advances through fintech in an effort to raise zakat funds optimally. Fintech is a medium in collecting and distributing zakat funds.

2. Method

This research is a qualitative study, to obtain a complete picture of the optimization of the use of financial technology in collecting zakat funds. This type of qualitative research is included in the case study research. The data were collected from interviews and written materials in the form of documents. Qualitative data is in the form of descriptive, in the form of spoken or written words on a detailed and documented description. The data source is informants where researchers interview people who are familiar or familiar with a topic or event. Researchers also vary the types of people interviewed, until they get and then reveal the overall view of the research subjects. Determination of data sources in this study was carried out purposively, which is determined by adjusting the research objectives with the researcher's considerations, the sample knows whether or not the data is needed, the need to obtain complete information, in accordance with the research objectives and problems.

The data collection technique in this study was an interview because it matched the type of data. This choice is based on the following considerations: a) the requirements for the adequacy of information, in which the interview provides the researcher with the opportunity to gain an in-depth and precise understanding; b) requirements of efficiency, by interviewing data obtained with sufficient cost and efficient access, and c) requirements for ethical considerations, interviews according to the informant's time. This research interview is a type of closed interview, where questions are focused on specific and general topics and are assisted by a fairly detailed interview guide. The research time was started from May 2020 - July 2020. The researcher became the main research instrument as well as the research planner, selecting informants, collecting data, providing interpretation of the data that had been collected, analyzing the data, and drawing conclusions [7].

Researchers used a triangulation data validity test technique. Triangulation is a technique for verifying the validity of data by utilizing something else, outside of data as a comparison and checking. This triangulation consists of 2 parts, namely: a) Method triangulation, carried out by

comparing information or data in different ways, to help reduce errors in data collection; b) Theory Triangulation, namely the final result of qualitative research in the form of a formulation of information that is then compared with the relevant theoretical perspective to avoid a separate conclusion from the researcher.

Using strategic qualitative-verification analysis, which is an attempt to inductive analysis of research data carried out in the entire research process carried out, therefore, the format of the research data analysis strategy is totally different from that of quantitative research. The role of theory in qualitative research is to assist researchers in carrying out the research process so that the research process will focus and not expand. However, what researchers have to do in the research process is to focus on the data that must be obtained.

The data analysis technique used in this research is descriptive qualitative analysis in accordance with the research method used, namely qualitative research methods. This analysis is carried out by developing the theory used based on data from the field as required in this study.

The data analysis technique used in this research was inductive analysis, which is an approach by taking a general conclusion from real facts in the field. Inductive is a way of thinking, in which general conclusions are drawn from various individual cases. Inductive drawing conclusions begins with compiling general statements. Taking values into account explicitly as part of analytics. This inductive analysis was carried out throughout the study. The purpose of this data analysis is to simplify the data into a much simpler form. With a simpler form, it will be able to make it easier to read and then understand so that it is more appropriate to draw conclusions.

The steps taken by the researcher to analyze the data in this study were

- 1) Perform data reduction, by selecting data that is relevant to the research, and giving focus attention to the main problems in the research. Done by summarizing the data that has been selected and conducting data analysis.
- 2) Presenting the summarized data in descriptive form. This is followed up with a discussion of the research results by linking the research phenomena to the data from the field.
- 3) Drawing conclusions based on the discussion of research results to provide solutions to solve problems so that they can produce suggestions for improvements.

3. Results and Discussion

The following is an explanation of the results of the research data collection that has been carried out:

3.1. How to optimize zakat potential?

"And establish prayers, pay zakat and bowing along with those who bow" (Surah Al Baqarah: 43). One of the verses in the Koran that often relates the position of zakat and prayer, this of course shows that the virtue of zakat is almost the same as prayer. Zakat has an important position because it has a function as individual worship (mahdah farddiyah), namely a form of vertical worship to Allah and social worship (ijtimaiyyah), namely horizontal worship of fellow humans. Zakat that is managed properly can break the chain of social problems that occur in society [8].

Zakat for Muslims is a form of worship that has a fundamental meaning and is even said to be one of the important pillars in religion. This is assessed from 2 dimensions which include zakat, namely the vertical and horizontal dimensions [9]. As a horizontal worship, the function of zakat is a solution to minimize social disparities between people. Explicitly, zakat is the only form of worship in Islamic law that has officers. The management method is managed by the state which is formed by the government and managed by non-governmental organizations (community organizations). The efforts made are of course to improve the welfare of the community because it can accommodate weak people (mustahik). The zakat managed by the state is not to meet the needs of the state but to be distributed to those entitled to receive it where the state functions as a medium to facilitate the management of zakat. The official body formed by the government based on Presidential Decree No. 8 of 2001 is the National Zakat Agency (BAZNAS) which is tasked with collecting and distributing zakat, infaq and as close (ZIS). This is reinforced by Law No. 23 of 2011 on Zakat Management and Government

Regulation No. 14 of 2014 article 1 paragraph 2 which states that BAZNAS is an institution that manages zakat nationally.

Indonesia has a population with a majority of Muslims. With a large population there is a great potential in collecting zakat funds. Currently, the population of Indonesia has a population of 268,583,016 and around 80% of the population is Muslim. With the largest Muslim population, Indonesia has a very large zakat potential. The potential for zakat in 2020 is Rp. 330 trillion rupiah but that has been collected by May 2020 is around Rp. 10 trillion with a target of Rp. 12 trillion, this amount is still far from the expected potential and expectations [10].

BAZNAS has made efforts to optimize the potential of zakat by educating on zakat and doing digital development, namely providing applications for muzakki in an effort to channel their zakat [11]. Based on the results of his research, he states that efforts to optimize zakat include making breakthroughs in the form of exemplary figures, revolutionary ways of thinking that there are rights of the poor from their assets, awareness of distribution through amil zakat institutions, harmonization between muzakki, zakat managers and supervisors and the existence of zakat control and reporting system [12].

3.2. *Present the data that has been summarized descriptively and then presents a discussion related to the research results based on the research phenomenon?*

As well as conventionally, the Government also recommends that zakat collection activities be carried out non-cash using technological developments, namely financial technology. The purpose of following this trend is to facilitate zakat actors, namely amil zakat, muzakki and mustahik zakat, to make transactions. Financial technology is an innovative service media in the financial sector by utilizing technological developments [13]. The Zakat Management Institute is one of the philanthropic institutions for media care and social justice for others. Philanthropic organizations (Badan Amil Zakat and Lembaga Amil Zakat) receive funds from donors (muzakki) then distribute them back to the recipients (mustahik).

Currently philanthropic organizations gain the trust of the public due to the professionalism of their managers. Trust, of course, is an impact of the quality of service to lead to satisfaction. The effort to provide convenience to the main community for muzakki and mustahik is to use financial technology. Fintech is a modern service solution that aims to provide convenience to zakat users so that zakat collection targets can approach existing potential. Efforts to optimize the potential of zakat by utilizing the payment [14]. The shift from traditional to digitalization of services through technology has helped the Amil Zakat Agency and the Amil Zakat Institution to expand their reach and expand the target community. Innovations in taking advantage of technological advances have the potential to improve the collection and distribution of zakat. This condition has an impact on the capacity of amil zakat, where as zakat officers must try to improve their proficiency in using technology.

3.3. *The final step is to draw conclusions from the discussion of research results with the aim of providing solutions to the formulation of research problems on which the research is conducted.*

Currently, people tend to follow their style and behavior towards a digital lifestyle in every transaction, including zakat transactions. Optimizing zakat through the use of financial technology is expected to increase zakat funds, making it easier for users to make zakat transactions. The huge potential of zakat can be optimized through fintech so that zakat targets can be realized. There is a price to pay for the use of technology for its users, mainly amil zakat, namely increasing their competence in utilizing technology so that they become users who are able to make it easier for other users such as muzakki to pay their zakat. Technological developments have an impact on zakat collection innovation, namely through financial technology [16]. Fintech adapts technological developments combined with the financial sector in banking financial institutions. The hope is that fintech zakat can become a medium for zakat transactions so that paying zakat becomes more practical

and safer. The zakat collection system and fintech have created an online zakat innovation, namely the zakat payment process which is carried out through a digital system where muzakki in paying their zakat simply click on the zakat application or the zakat service web then transfer some of the money to the OPZ account, the muzakki funds will be debited by the bank for the amount paid.

Online zakat payments have an impact on the rapid collection of zakat. As of 2018-2025, BASNAS predicts that in-kind and in-kind zakat receipts through fintech will be around 9.98% while non-fintech will be around 5.78%. Some of the conveniences of paying zakat online include no need to come to the OPZ office, the transaction process is easier, faster and more economical and more affordable and in tune with the times. Through online zakat innovation based on fintech OPZ can optimize the collection of zakat funds so that the potential for zakat dat is realized. This will have an impact on the welfare of the community. It is also stated that online zakat is allowed in Islamic principles because it only differs in the form of distribution [1].

Online zakat payments have doubled [17]. It is further said that currently many are paying zakat using the GoPay facility with a GoGive photo of selecting zakat, selecting zakat channeling institutions and clicking zakat now. Next, the DANA application is a digital wallet that collaborates with Dompot Dhuafa, select the type of zakat, enter the full name and nominal zakat then click pay zakat. Tokopedia collaborates with BAZNAS, Dompot Dhuafa, Rumah Yatim, Rumah Zakat and NU Care-Lazinu in facilitating online zakat. The platform features zakat payments as well as reminder tools and features to calculate the amount of zakat that must be paid. Bukalapak in collaboration with Dompot Dhuafa, Rumah Zakat, NU Care Lazidnu, BAZNAS and Center for Zakat Umat facilitate online payment of zakat. by selecting the type of zakat, type in the nominal, select the zakat institution then click pay zakat. Next, the shopee feature facilitates zakat online by entering the number of people who want to pay zakat, filling in the telephone number, email, name of the zakat giver and click pay now. Furthermore, linkAja Syariah collaborates with BAZNAS, Dompot Dhuafa, Rumah Zakat and BUMN Zakat Institution

4. Conclusion

The potential for zakat is optimized by the Amil Zakat Agency (BAZ) and the Amil Zakat Institute (LAZ) through education about zakat and carrying out digital development, namely providing applications for muzakki in an effort to distribute zakat. The shift from traditional to digitalization of services through technology has helped BAZ and LAZ to expand their reach and expand their target communities. Innovations in taking advantage of technological advances have the potential to improve the collection and distribution of zakat. The huge potential of zakat can be optimized through fintech so that zakat targets can be realized. There is a price to pay for the use of technology for its users, mainly amil zakat, namely increasing competence in utilizing technology so that it becomes a user who is able to facilitate other users such as muzakki in paying their zakat.

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