

Management of zakat at the national amil zakat agency (Baznas) in Banjar City, West Java through data-based digitalization in era 4.0

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ABSTRACT

Industry 4.0 provides a transition process from analog format to digital format. The resulting data is digitized and can be used in a variety of ways. It aims to automate traditional manufacturing and industrial operations using newly developed information technology. The research methods used for data-based digitization in the management of zakat at the national zakat agency (BASZNAS) of Banjar City were observation, interview, and documentation. The Zakat Fund Management Mechanism was implemented through data archiving to ensure data security and the formation of a Zakat Management Unit (UPZ) to optimize BAZNAS's activities. The distribution mechanism had been accomplished by providing Muslims with the convenience of paying Zakat through the implementation of trusted technology and administration.

KEYWORDS

Digitization;
Management of zakat;
Collection of zakat;
Distribution of zakat;
Utilization of zakat;
Era 4.0



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1. Introduction

Zakat is obligatory worship in the pillars of Islam, and its payment is supervised by a special officer known as an amilin [1]. According to the rules of ushuliyah, the law of holding a person or institution that serves as an amil zakat becomes obligatory with the obligation to pay zakat [2]. It is permissible and does not conflict with sharia principles to support the use of digital technology to improve services for mustahik (recipients) of zakat, as long as it does not contain elements that cause harm to its users [3]–[5]. The role of financial technology in raising zakat receipts [6] is to facilitate the management and distribution of zakat, increase the number of muzaki (zakat givers), and reduce the risk of zakat management [7]. As a result, the application of financial technology can raise the number of muzakki, enhance zakat receipts, and reduce management risk, which can increase the welfare of muztahiks and lower the number of muztahiks who become muzakki [8]–[10].

BAZNAS, which stands for the National Amil Zakat Agency in Indonesia, has worked to facilitate a more comfortable way for Muslims who have passed the nishab to pay zakat through reputable organizations, which will then be disbursed to mustahik throughout Indonesia [11]. The assessment result using the Data Envelopment Analysis method with a Constant Return to Scale Model (CRS) shows that the digital zakat service program [12] demonstrates an ideal efficiency. Zakat funds obtained through electronic zakat payments increased significantly [13]. The e-payment mechanism for zakat collection has proven to provide convenience, security, time and place flexibility, and efficiency for muzakkis to distribute their zakat payments [14], [15]. Furthermore, the potential for zakat in Indonesia is enormous, but it has not yet been fully realized [16]. One of the issues is how zakat organizations develop innovative zakat collection strategies in the current millennial era [17]. The digital era funding strategy must be consistent with the revolutionary spirit of Industry 4.0, characterized by its digital base. So far, the fundraising plan has been carried out traditionally; for example, it has not created an Android-based website, even though it is more accessible to the payers. Zakat institutions must also innovate zakat payment methods, such as online zakat (online payments or e-payments), in collaboration with fintech and e-commerce [18]. So far, there is no new strategy, and zakat institutions must innovate their fundraising approaches [19]–[22].

Furthermore, it is related to the optimization of zakat in Indonesia, which can be used as a social capital instrument to reduce poverty in the country. The potential for zakat in Indonesia is so vast that it must be maximized [23]–[25]. The application of good corporate governance to the Amil Zakat Institution, digitization of the management system, and synergizing collaboration and cooperation with other institutions according to the Amil Zakat Institution's vision and mission will increase public trust in the Amil Zakat Institution and provide convenience in the management, collection, and distribution of zakat funds, thereby increasing muzakki and zakat funds, which can then be distributed and reported in a transparent and accountable manner [23], [26], [27].

Nowadays, the most crucial aspect of the zakat administration is reducing poverty, as poverty is a social problem that demands effective and long-term solutions [28], [29]. Many parties in Indonesia have made various attempts to fight poverty. However, the poverty reduction strategy that has been developed mostly employs a philanthropic approach. As a result, it merely fosters dependency on help rather than encouraging a productive spirit (*muntij*) among the poor. Thus, to face the growth of an all-digital era like today, the digitalized *mustahiq* economic empowerment model is necessary. It can also be utilized to distribute zakat that *mustahiq* cannot get directly [30]–[32]. The transparency of zakat administration [33], the promotion of zakat through public figures, and the support of zakat regulation as a taxable income deduction all have a substantial impact on *mustahiq*'s desire to pay zakat through OPZ (a zakat management organization). Meanwhile, boosting OPZ services online and socializing zakat through social media had no apparent influence on *muzaki*'s interest [34–36].

Zakat is one of the Islamic strategies for alleviating poverty and economic inequalities [37–39]. According to history, zakat management in Indonesia has been practiced since the arrival of Islam and has evolved in line with the advancement of people's religious knowledge. During the Islamic kingdom, zakat management was discovered in the Aceh and Banjar kingdoms, where the mosque was tasked with collecting and distributing zakat. According to history, Zakat management in Indonesia, from the pre-independence period to the reform era, is indeed unique. There was a tug-of-war between the government and civil society. This scenario is friendly in the sense that the government fully supports civil society in zakat administration without interfering excessively, but it is also antagonistic in the sense that the government and civil society stand in a diametrical position.

During the reform era of President BJ Habibie's administration, a new zakat law, Law Number 38 of 1999 Concerning Zakat, was enacted in Indonesia. Then it was perfected in 2011 with Zakat Law No. 23 of 2011. According to the law, the official zakat management institution is a sharia institution that reports directly to the president and is governed by derivative regulations known as PERBAZNAS. According to Law No. 23 of 2011, zakat institutions are classified into two types: BAZNAS, those formed by the state, which is assisted by the Zakat Collecting Unit (UPZ), and LAZ, a community-formed institution with government permission. Every foundation or institution that receives and distributes zakat is required by the government to have an operational permit called LAZ, with a recommendation from BAZNAS as the coordinator.

The problems encountered in the field include the fact that many people are still unaware of the existence of BAZNAS, a zakat management institution, in Banjar City. Most people in Banjar City pay zakat to village elders (*Kiayi* or *Ajengan*) rather than the BAZNAS Institution. Community service contributes to revealing and exploring Zakat management and its effectiveness in Banjar City, which uses data-based digitalization.

2. Method

This study employed a descriptive-qualitative approach. The discussion focused on how the zakat management mechanism in BAZNAS in Banjar City was carried out through data-based digitization. The research period ran from November 8 to December 8, 2021. BAZNAS (National Zakat Agency) Banjar City is located at Jl. Didi Kartasmita No. 35 Parunglesang, RT 007, RW 008, Pusdai Complex (Islamic Preaching Center) Banjar City, West Java Province, Indonesia.

3. Results and Discussion

Zakat Fund Management of BAZNAS in Banjar City through Data-Based Digitization in Era 4.0

As stated in Law No. 23 of 2011 concerning Zakat Management, article 2 explains that Zakat Management must be based on 1) Islamic Shari'a; 2) Trust; 3) Benefit; 4) Justice; 5) Legal Certainty; 6) Integration; and 7) Accountability. The definition of Islamic Shari'a is a law or regulation that regulates all aspects of the life of Muslims, both in this world and in the hereafter. While trust is something that is entrusted or given to someone else, and usefulness is something that is useful or has a use. Justice is defined as a fair act or treatment. Legal certainty is a legal instrument of a country that can guarantee every citizen's rights and obligations. Integrated is integration, namely to combine so that it becomes a unified whole, and accountability is a matter of being responsible, a situation where someone can be held accountable.

The Zakat Fund Management Mechanism at BAZNAS was carried out according to Article 3 of Law (UU) No. 23 of 2011, which aims to 1) increase the effectiveness and efficiency of services in Zakat management; and 2) increase the benefits of Zakat to realize community welfare and poverty alleviation. According to Mr. Drs. H. A. Kohar, M.Ag., chairman of Baznas in Banjar City, West Java, what needs to be considered in zakat management is related to five basic items: 1) planning, 2) implementation, 3) coordination, 4) distribution, and 5) utilization.

The Zakat Collection Mechanism at BAZNAS was carried out digitally by collecting data on prospective beneficiaries and inputting them into the database on the computer. For example, when a zakat recipient submits a proposal for assistance, the data is immediately inputted into a computer using the Excel application integrated with the existing system in Word, as shown in Figure 1. It displays the zakat fund management mechanism at BAZNAS through data-based digitalization by utilizing the integrated Excel application.

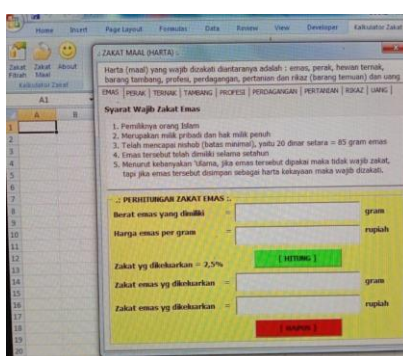


Fig. 1. Zakat fund management mechanism through data-based digitalization by utilizing the integrated Excel application

Another way to support the equitable distribution of zakat is the establishment of Zakat Management Unit (UPZ), in which the government does not collect zakat but merely serves as a coordinator, motivator, regulator, and facilitator. Zakat is collected by zakat amil (representative) bodies established by the government and zakat amil institutions established by the community and approved by the government. This unit helps BAZNAS collect zakat in the community, from the city to the sub-district to the village level. It is also critical to establishing more organized and transparent

administration and reporting. Zakat can be used for productive efforts such as helping the poor and improving people's quality of life.

The National Amil Zakat Agency BAZNAS is based in the country's capital city. The duty is to collect zakat from government institutions, the national private sector, and institutions representing the Republic of Indonesia abroad. Amil zakat bodies at all levels can create a Zakat Collecting Unit (UPZ). There is no coercion on muzakkis to apply for zakat, but they do on the consideration of their assets and obligations based on religious law. If they are unable to calculate their assets and zakat obligations, the muzakki can request assistance from the zakat amil body or agency. BAZNAS disseminates the ideas of the importance of zakat through digitalization leaflets distributed and socialized via social media.



Fig. 2. Socialization of Banjar City BAZNAS through digitization by utilizing social media

The scope of authority of the Amil Zakat Agency in zakat collection is independent and autonomous according to its regional level. However, it is possible to coordinate vertically and horizontally with other authorities to avoid overlap in collection and distribution. Muzakkis who do not collect their zakat at UPZs can deposit their zakat funds directly into the Regency BAZDA account or the District BAZDA account using the Zakat Deposit Proof (BSZ). Figure 2 provides information that zakat collection can also be done through direct submission to the Zakat Agency, zakat counters, zakat collection units, post offices, banks, payroll deductions, and zakat payments, which can reduce taxable income. The procedure for collecting, distributing, and utilizing zakat has been prepared by the agency.

3.2 Distribution of Zakat Funds of BAZNAS in Banjar City through Digitalization in Era 4.0

The zakat distribution system has goals and objectives. The target is the parties who are entitled to receive zakat. The goal is something that can be achieved from the allocation of zakat proceeds in a socio-economic framework, namely improving the welfare of the community in the economic field to reduce the poor group which will ultimately increase the muzakki group.

In principle, the zakat collection for mustahik is carried out based on the following requirements: 1) The checking on the eight ashnaf mustahik (group of zakat receivers), 2) Prioritizing people who are less able to meet their basic needs economically, and are in dire need of assistance; and 3) Requiring mustahik in their respective areas.

The distribution of zakat funds can also be accomplished by determining the allocation and distribution areas using available mechanisms. BAZNAS generally follows the Advisory Council's policies which determine the distribution form and target. The distribution of zakat funds in BAZNAS follows Sharia provisions, referring to well-planned and efficient distribution. Distribution priorities need to be prepared based on field surveys in terms of asnaf mustahiq and empowerment programs to be implemented (economy, education, preaching, health, and social). The reasons for making priorities are limited resources and available funds. Eight groups of Ashnaf mustahiq entitled to receive zakat funds are the poor (al-fuqara), the poor (al-masakin), Amil Zakat, converts, the Gharimin (people who are in debt), Riqob (slave), Fii Sabilillah (people who struggle in the way of God), and Ibn Sabil (people who are on their way). Since there is no riqab or slave, the BAZNAS in Banjar City distributed zakat to seven Ashnaf Mustahik (zakat recipient group).

The use and development of technology is needed by a zakat institution. It will be more beneficial when there is collaboration between zakat institutions and various parties by utilizing technology and digital transformation. For example, cash waqf (money) is in tune with today's era which prioritizes waqf digitalization. Many benefits of cash waqf outweigh the disadvantages. According to Islamic law, it can be used sustainably for worship and welfare purposes. It also creates the branding value of a company viewed from the accounting system used to guarantee the superiority of the institution, especially in the industrial era 4.0 as it is today. The BAZNAS is expected to facilitate and ensure security for zakat managers, zakat recipients (mustahik), and zakat givers (muzakki) using a digitalization system in this distribution. It means that in an all-digital era like today, the community's economic aspects need to adapt to the advance in technology. It is essential to support various economic aspects, such as the digital economy, to develop a creative economy adapted to the current era. Hence, zakat digitization in Banjar City also requires to use of technology to provide excellent service. If the service is appealing, it will increase the interest of zakat givers.

4. Conclusion

The Zakat Fund Management Mechanism at BAZNAS Banjar City is carried out through data archiving to maintain data security and the establishment of a Zakat Management Unit (UPZ) to optimize BAZNAS's specific tasks. BAZNAS digitalization aims to provide Muslims with convenience and comfort of service in paying zakat by utilizing trusted technology and management. Zakat Management operates effectively in the 4.0 era as it is now a necessity. The zakat can be safely and conveniently received by zakat recipients (mustahik) in Banjar City area, West Java Province.

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Author Contribution

Community service contributes to revealing and exploring how Zakat Management in Banjar City Baznas is through data-based digitalization, and its effectiveness in the era 4.0 era.

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Conflict of Interest

The authors declare no conflict of interest.

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