

THE REGULATION OF ZAKAT DIGITAL TECHNOLOGY IN CREATING COMMUNITY WELFARE IMPACT ON ECONOMIC DEVELOPMENT

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ABSTRACT

A research study with a mixture of exploratory methods was conducted to investigate why the digitization of zakat can improve people's welfare. This study explains how the role of digital zakat technology in the National Amil Zakat Agency (BAZNAS) in Indonesia through the Islamic economic approach includes the relationship between humans and the social environment. This study also explains how the relationship between the values of faith, sharia, and morals can influence perspectives on (1) acceptance of digital zakat technology; (2) zakat education; (3) the socio-economic environment.

Zakat digital technology is formed by the development of multidimensional digitalization where people tend to use the internet for various economic activities. There is an assumption that technology has a negative impact on society, but other facts prove that technology can also have a positive impact on economic development. Zakat as an obligation for Muslims has a positive impact on the welfare of the community based on the value of justice in the distribution of wealth. Digital zakat is present as an efficient step to facilitate the management of zakat. Studies prove that digital zakat can increase the potential for receiving zakat significantly and the public also supports the implementation of digital zakat technology as an alternative management of zakat.

Keywords: Regulation of Zakat, Digital Technology, Community Welfare, Economic Development.

INTRODUCTION

Management of zakat is very closely related to Islamic economics.

"In the 2015-2019 Sharia Finance Roadmap in Indonesia the Financial Services Authority (OJK) states that the economic value of sharia has in common with the noble and cultural values of the Indonesian people related to faith, sharia, and morals."

As contained in the noble values of the Indonesian nation in Pancasila, that is, the people who believe in God, humanity and morality, human unity and mutual cooperation, as well as consensus and mutual prosperity. In addition, in the Indonesian Sharia Economic and Financial Architecture released by Bappenas. Zakat is one of the main pillars in the Religious Financial Sector which is an important component that is not possessed by conventional financial models (Nasir et al., 2018). Therefore, strengthening the Islamic economy cannot be separated from the

growth of zakat management in Indonesia today and in the future. To run it optimally, the Amil Zakat Institution is needed. One of them is the National Amil Zakat Agency (BAZNAS).

The National Amil Zakat Agency (BAZNAS) managed to channel zakat funds of 89.89%. Throughout 2018, the National BAZNAS has assisted 768,886 poor people. The level of fund raising and distribution in 2019 is expected to continue to increase. This is because given the target of the Indonesian government's poverty rate in 2019 is in the range of 8.5%-9.5% (Baznas Strategic Research Center, 2019).

From the digital zakat program owned by BAZNAS, the public is very easy to pay zakat, infaq, alms, especially millennial generation. In a study mentioned that young adults use digital technology more often than older adults (Kuoppamäki, 2018). This can be an important note for BAZNAS's strategic move to attract more potential muzzaki interest from the millennial generation. In addition, amid uncertainty conditions using economic achievements and related economics, namely finance and accounting will also be needed (Musial, 2020). This is because the digital zakat program must also adapt to the global economic uncertainty situation.

Technological developments entering the Era of Technology transformation 4.0 are expected to be able to increase people's interest in paying zakat and implementing efficiency and effectiveness in the implementation of zakat management operations. Changes in technology have greatly influenced the economic activities of society (Lammi & Pantzar, 2019). Therefore, since 2017 BAZNAS has used supporting technology to collect and distribute Zakat, Infaq, and Alms funds throughout Indonesia through e-commerce platforms, but the current realization for the digitalization of the implementation of zakat is only in BAZNAS, still waiting for further developments so that later it can be implemented in other areas of BAZNAS in Indonesia (Doktoralina et al., 2018). Developing an integrated and professionally controlled technology mobilization model needs to be adapted to the local environment later (Mottaleb, 2018). However, this does not automatically imply that digital technology can succeed in increasing zakat revenue potential because the use and advancement of technology is highly dependent on the technological nature and government policies adopted in developing countries (Archibugi & Pietrobelli, 2003). Financial education and financial literacy are also needed to increase public awareness and minimize cases of fraud such as that which occurs in illegal financial technology, peer to peer lending (Basrowi & Utami, 2019). This is done considering that BAZNAS is a non-profit organization that is developing digital technology. In addition, if there is a new technology application, it must be modified in such a way as to adapt to local demands and specifications (Mottaleb, 2018).

METHOD

This study uses a mixed methods approach that combines simple linear regression data analysis techniques for the analysis of zakat receipts after and before digital zakat payments are implemented; Distribution of respondent questionnaire samples using a Likert scale to find out how people perceive digital zakat then analyzed using descriptive statistical analysis and Parametric Inferential Statistics.

Islamic economic studies provide a theoretical basis and discuss topics in depth, while at the same time making it possible to provide solutions for the digital zakat strategic plan.

Based on the background of the existing problems, information can be obtained that there is one independent variable (X), namely: Digitalization of Zakat (X) and the dependent variable is Interest in paying zakat (Y) which explains how the influence of these variables. (X) in variable (Y). Then the following research hypothesis as a temporary answer to the research problem, until proven through the data collected, refers to the theoretical basis that exists.

H01 There is no positive effect of digitizing zakat payments on the interest to pay zakat at the National BAZNAS.

Ha1 There is a positive effect of digitizing zakat payments on the interest to pay zakat at the BAZNAS Center.

RESULT & DISCUSSION

Primary Data and Sample Respondents

Respondents consisted of 170 samples and were people in Indonesia with the respondent criteria namely; *baligh* (adult), Muslim, and had conducted electronic transactions through i-banking and e-commerce transactions for example through shopee, go-pay, open shanties or media shops. The aim is to obtain the required information accurately because respondents understand how to use digital zakat technology. Around 51 sample respondents or around 30% are recipients of the 2019 zakat research research assistance program from BAZNAS and BAZNAS platform partners, and the rest are i-banking and e-commerce users. The sample consisted of 101 women, (58.5%) and 69 men (41.4%); Level of education 11 respondents (6.5%) High School/Vocational, 17 respondents (10.1%) Diplomat three/D3, 104 respondents (71.4%) Bachelor Degree/S1, 33 respondents (6.4%) Masters/Bachelor degrees/S2, and the remaining 5 respondents (2.6%) are Doctor/Bachelor degrees/S3.

Based on the calculation of the frequency distribution of digitizing zakat payments from instrument question items, information is obtained as in Table 1 below;

Table 1 VARIABLE FREQUENCY			
Category Frequency	The Range	Frequency	Percentage%
Low	38-67	15	8,823529
Is	68-91	41	24,11765
High	92-115	114	67,05882
Total		170	100

Source: Data processed, 2019

Table 1 provides information that from primary data it is known that the number of respondents who have an interest in the use of digitizing low zakat payments is as much as 8.82% or 15 respondents, have an interest in using digitizing zakat payments while 24.11% or 41 respondents and the remaining 67.5 % or 114 respondents have an interest in using the high digitization of zakat payments. This means that more respondents are being pro-digital in charity.

Secondary Data

Secondary data were obtained from the financial statements on the receipt of zakat at the National Amil Zakat Agency (BAZNAS) for the period of 2016 to 2018. The data was collected through the official website of BAZNAS. The data is intended to be processed using statistical data analysis techniques to find out that there are significant differences before and after the digitization of zakat payments is implemented and prove that there is an effect of digitalization of zakat payments on the potential for receiving zakat on BAZNAS.

Empirical Analysis

Analysis Independent T-Test

Based on the results of the study using the Independent T-Test analysis to find out whether there are differences in the receipt of zakat before and after digitization of zakat it is found that after digitization of zakat there was an increase in the receipt of BAZNAS from 2017 to 2018.

The value of the levene test for homogeneity is homogeneous. Because it is homogeneous, then the t value is -2.608 at df 46. DF in the t test is N-2, ie in this study 48-2=46. The value of t in DF 46 is 1.6786 and a probability of 0.05. Sig (2 tailed) or p value of 0.012 where <0.05. Because <0.05, the difference is statistically significant or significant at a probability of 0.05. The magnitude of the difference in mean or mean before and after digital zakat is shown in the Mean Difference column, which is -4,963. Because it is negative, therefore before digital zakat has a lower mean than after digital zakat.

Simple Linear Regression Analysis

The Summary model below, it can be seen that the correlation coefficient price is $R=0.748$, it can be interpreted that the digitalization variable of zakat payment contributed 74,8% to the potential zakat revenue variable. Because correlations $>0.50-0.75$, this can be interpreted as strong correlations.

a =constant number of unstandardized coefficients. In this study the value of 1,630. This figure is a constant number which means that if there is no digitization of zakat payments, the consistency value of potential zakat receipts is 1,630.

b =regression coefficient number. The value is 0,469. This figure implies that for every 1% increase in the level of digital zakat payments, the potential for zakat receipts will increase by 1,040 because the regression coefficient is a plus (+) value, so it can be understood that the digitalization of zakat payments has a positive effect on the potential for zakat receipts. So the regression equation is $Y=1,630+0,469 X$, where X is the digitalization variable of zakat and Y is the potential variable for the receipt of zakat. In accordance with the equation of the regression line obtained, the change in the level of the dependent variable interest in paying of zakat in BAZNAS will be in the same direction as the change that occurs in the independent variable digitizing zakat payment. This is because all of the regression coefficients are positive. Thus it can be concluded that if there is a decrease in the value of the budgeting characteristics will result in a decrease in the value of the potential receipt of zakat, likewise an increase in the value

of the digitalization of zakat payments will result in an increase in the level of potential zakat receipts at BAZNAS.

The Output Model Summary also shows that the ability of the independent variable to explain the variation of the dependent variable or Rsquare is 0,559 or 55,9%, the rest is explained by other factors that cannot be explained in the regression model obtained. Thus it can be concluded that the digitalization of zakat payments has an effect of 55,9% on the potential for zakat receipt, and the rest is explained by other factors not examined in this study.

The variable X has a calculated coefficient of 14,594 or greater than t Table 1, 679. Thus it was concluded that the variable of zakat payment digitalization has a real predictability and significantly influences the interest in paying zakat revenue in BAZNAS.

Parametric Inferential Statistical Analysis

Based on inferential parametric statistical analysis with a frequency distribution of 170 cases on a valid value variable the results are obtained in Table 1. Below is the total estimated variance producing the value of each variable analyzed. In this study 3 dimensions are needed in the variable of zakat payment digitalization. In the Initial Eigenvalue variable indicates the factors formed. If all the factors are added up it will show the number of dimensions (ie $2.134+0.543+0.323=3$ dimensions). While in the Extraction Squares section Loading shows the number of variations or the number of factors that can be formed at the output there is a variation of factors, namely; 2,134. The requirements revealed by the potential variable of zakat acceptance are where the Eigenvalue value must be greater than 1.

Eigenvalue The component value is 2,134 or >1 , the zakat digitalization variable with indicators based on the dimensions of electronic transaction principles based on sharia law compliance is able to explain 71.142% of the potential to receive zakat while the dimensions of the purpose of digital transactions and the benefits of digital transactions are not included in factors due to >1 .

CONCLUSIONS AND DISCUSSIONS

The results of the research hypothesis test which state there is a positive effect of digitizing the payment of zakat on the receipt of zakat by 55.9%. A positive influence means that the increasing digitalization of zakat payments has a positive effect on the potential for zakat receipts. The findings are supported by research conducted by Waheed, the findings explain that the use of technology used for specific purposes is a potential opportunity because digital platforms are the most widely used by consumers or communities (Waheed, 2019). In other words, the use of zakat payment digitization can be a potential opportunity for the receipt of Zakat BAZNAS.

Even though the realization of the potential for receiving zakat is still low, the possibility of receiving zakat using digital zakat can still be increased. The realization of the potential for receiving zakat is not optimal due to the low efficiency and effectiveness of zakat management in Indonesia (Baznas Strategic Research Center, 2019).

The frequency distribution shows that 67.5% of respondents expressed high interest in digitizing zakat payments. This is in line with the findings of Kerr, Kuccklich, and Brereton who

revealed that new digital media are able to offer more new pleasures and are considered more interesting because they offer more new experiences than traditional media (Kerr et al., 2015).

The lack of intellectual capital and legal regulations covering Islamic transactions, especially in the capital market, means that Islamic investment has not progressed as rapidly as conventional financial institutions. However, to increase the role of Islamic financial institutions, including the capital market, it is expected to increase the potential for zakat acceptance in Indonesia. One of them is Law Number 21 of 2008 concerning Sharia Banking which contains the principles and management of Islamic banks, Law Number 19 of 2008 concerning SBSN (State Sharia Securities), and Fatwa of the National Sharia Board (DSN Fatwa on Management Zakat, which supports various Islamic financial activities work together to improve the community's economy, especially regarding zakat management, strengthening its activities will be even better in the future.

There are eight legal bases that support Zakat Management activities in Indonesia, namely: (1) Professional zakat management is regulated in the Law of the Republic of Indonesia Number 23 of 2011; (2) Government Regulation Number 14 of 2014 concerning Implementation of Law Number 23 of 2011 concerning Management of Zakat; (3) Regulation of the Minister of Religion Number 52 of 2014 concerning Requirements and Procedures for Calculating Zakat Mal and Zakat Fitrah as well as Zakat Empowerment for Productive Businesses; (4) Regulation of the Minister of Religion Number 69 of 2016 concerning Amendments to the Regulation of the Minister of Religion Number 52 of 2014 concerning Requirements and Procedures for Calculating Zakat Mal and Zakat Fitrah as well as the Utilization of Zakat for Productive Businesses; (5) Regulation of the Minister of Religion Number 5 of 2016 concerning Procedures for Imposing Administrative Sanctions in Zakat Management; (6) Decree of the BAZNAS Advisory Council Number 001/DP-BAZNAS/XII/2010 concerning Guidelines for the Collection and Conduct of Zakat, Infaq, and Sadaqah at the National Amil Zakat Board; (7) Decree of the Chairman of BAZNAS Number KEP.016/ BP/BAZNAS/XII2015 concerning the Nishab Zakat Value of Income or Profession in 2016; and (8) Decree of the Chairman of BAZNAS Number 142 of 2017 concerning the Nishab Zakat Value of Income in 2017.

In the management of national zakat, there are seven principles which are very important to maintain the "*sustanaibility*" of BAZNAS as stipulated in the Republic of Indonesia Law No.23 of 2001 concerning Management of Zakat.

With the existence of zakat management regulations, including regulations regarding the Digitalization of Zakat in terms of the use of Information and Electronic Transactions based on the Law of the Republic of Indonesia Number 11 of 2008, it can have a fairly good impact on its revenue. Zakat, including; Digital finance, makes the collection and management of zakat more efficient, transparent, and massive thanks to digital payments to reach people, including the millennial generation, and can improve the security of collecting and managing zakat nationally. This, of course, has a perfect impact on the people's economy because more funds will be collected for distribution to the poor.

In the distribution of zakat, BAZNAS uses digital fabrication tools such as Rice ATM to provide humanitarian assistance (Figure 1).



Source: (Baznas Strategic Research Center, 2019)

FIGURE 1
DIGITAL FABRICATION TOOLS (RICE ATM)

The main application of digital fabrication tools can provide more efficient and practical humanitarian benefits aimed at developing a resource (Corsini et al., 2019).

As the results of the parametric inferential statistical analysis it is known that to increase the potential for zakat receipts can be done by optimizing the planning of strategic innovation programs that are based on the principle of digital transactions sourced from Islamic principles.

The distribution of zakat is part of the economic and social needs based on the main objectives of the sharia economy, giving birth to a multidimensional social intelligence relationship that is able to realize the benefit of the people. The results of Beik, Syauqi Beik, and Arsyianti research explained that the existence of the zakat distribution program increases the welfare index of zakat (Mukhlis & Beik, 2013). Ahmad, Othmab, and Salleh concur with this research, in the research revealed that the main purpose of zakat is to improve the economic welfare of the mustahik and the nation based on the principle of justice (Adzrin et al., 2015). Djakfar added that the purpose of economic activity is based on the principles of equality and tolerance (tasamuh), justice ('adalah), and help helping (ta'awun) which are mutually beneficial (Djakfar, 2010).

The potential for digital alms receipts is quite large both from zakat fitrah and zakat maal, this means that increasing the likelihood of successful receipt of zakat then the effectiveness and efficiency of digital zakat must be increased. The use of digital media is framed by social norms and expectations about what is good in the digital environment. The results of Fasoli and Carradore's research explain the importance of developing new theoretical tools in the form of digital well-being and digital skills to overcome problems that occur in carrying out effectiveness and efficiency (Gui et al., 2017).

The conclusion is that the ease provided by digital technology will not fully dominate all forms of human activity, especially those related to the sense of 'attachment' born of faith and a sense of responsibility among human beings as servants of God. The basic values of sharia economics related to creed, sharia, and morals are able to give birth to solidarity (ukhuwah) where there is a close bonding relationship with economic and social needs that are based on the main objectives of sharia economy giving birth to multidimensional social engagement

relationships that are able to realize the benefit of the people. Human essence and nature, welfare by protecting the faith (ad-din'), soul (an-nafs), intellect (al'aql), descendants (an-nasl), and wealth (al-mal) (Al-Qardhawi, 1999; Naqvi, 1994; Chapra, 1993). Animating people to take action well and give birth to mental attitude and the quality and quantity of material needs, utilize resources for the public interest and create human resources that have resilient souls, able to have positive implications for the environment and vision of the mission far ahead.

The results of data analysis using SPSS simple regression analysis obtained an R value of 74.8%, which means that the relationship between the digitalization of zakat payments and zakat payment interests at the BAZNAS Center is strong. The contribution of influence given from digitizing zakat payment is 55.9% and the rest is influenced by other factors not examined.

From the results of statistical analysis using a questionnaire with a total of 170 respondents samples, it can be seen that digitalization of zakat payments using digital technology dimensions based on compliance with sharia law and legislation succeeded in revealing 71.625% interest in paying zakat. The results of this research strengthen the statistical analysis of the mean difference test in the form of time series data which shows the mean or mean before and after digital zakat, ie before digital zakat the value is 5.62 which is lower than after digital zakat 9.41. The results of the Independent T-Test also revealed a Mean Difference of -4,963. Because it is negative, therefore before digital zakat has a lower mean than after digital zakat which shows that there is a positive difference from the receipt of zakat before and after digitization of zakat which means digitalization of receipt of zakat is effective.

As the results of the discussion, to support digital zakat in an effort to increase the potential for receiving zakat. Digital technology is used to manage BAZNAS revenue and expenditure data more professionally, minimize the gap of expectations, minimize fraud auditing and can be used as an internal digital audit of BAZNAS and the public can also access easily and more. Various concerns about the impact of the technological revolution must indeed be considered and the solution sought. Sharia Economic Approach based on Al-Quran and As-Sunnah will provide a fairly concrete understanding of how technology should be used for managing zakat in creating the benefit of humanity. If the principles of sharia in the digitalization of good zakat are applied consistently, it will certainly increasingly limit the evil intentions of the elements in the company or institution. This must also be supplemented by concrete and explicit rules that force companies to adopt the principles of Good Corporate Governance as guidelines for corporate governance.

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people can pay zakat through the application of companies that have online access. BAZNAS Platforms consist of five namely BAZNAS Platforms (Website, Crowdfunding, and Muzzaki Corner); Innovative Platform (for example; QR code OVO, QR Gopay, and ZIS mutual funds); Commercial Platform (for example Lazada, Shopee, And Paypal), Social Media Platform (Oy and Oorth); and AI Platform (Line chatbot and Lenna).

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