

Zakat Fund Management by Amil Zakat Institutions:  
Case Study on LAZNAS BSM Umat

**Zulhendra, Nurwahidin, Fahrurroji**  
Universitas Indonesia

**Muhammad Zilal Hamzah**  
Universitas Trisakti

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*ABSTRACT*

*The aims of this paper is to analyze the management of zakat funds by Laznas BSM Umat in the last 3 years (2015-2018). The research method used is a qualitative and descriptive analysis using secondary data in the form of Laznas BSM Umat annual report. The results of this study indicate that: (i). The Laznas BSM Umat distribution and utilization program is spread in several fields, namely: education, social, da'wah, health, economy, humanity, and Al-Qur'an endowments. With the distribution of beneficiary locations throughout Indonesia and several countries in Africa, as well as Asia which was hit by social and human crises; (ii). In managing and distributing ZIS funds and social funds. Laznas BSM Umat formulates 3 (three) superior programs in the form of Mitra Umat Program; Didik Umat Program; and the Simpati Umat Program. Another finding is that the distribution of zakat funds by Laznas BSM Umat is dominated by the poor who are more consumptive in nature. Furthermore, the distribution of zakat funds in the last 3 years (2015-2018) has not been done optimally. The implication of this research is that if the concept of zakat collection and distribution is applied both nationally and multi-nationally, the problem of poverty in Indonesia will be resolved.*

*Keywords: Zakat fund Management; Laznas BSM Umat; Qualitative & Descriptive Analysis*

*JEL: H00; B20*

INTRODUCTION

Indonesia is a country with the 4th largest population in the world ( $\pm$  267 million people), and the majority are Muslim ( $\pm$  85% of the total population). However, until now, Indonesia still has problems in poverty alleviation. Based on BPS data in 2019, the number of poor people in Indonesia reached 24.29 million people. Meanwhile, referring to the data released by Baznas that Indonesia has the potential to manage zakat up to IDR217 trillion. Thus, Zakat is a great potential which can be a capital for the development of the

country as was done by the Prophet, and his companions. If only the concept of zakat was applied both nationally, and multi-nationally, the problem of poverty in Indonesia would be resolved immediately. Zakat is one of the obligations of Muslims that must be fulfilled, in addition to other obligations. The obligation to pay zakat with the obligation to pray is often linked in the Al Quran and there are 27 verses those state about this.

This shows that one's Islam is imperfect if you only pray diligently but neglect zakat. In other words, it is not enough for a person to have personal piety,

but not social piety. One of the verses of the Al Quran which states the obligation of zakat for every Muslim is found in Surah Al-Baqarah verse 43: "This shows that one's Islam is imperfect if you only pray diligently but neglect zakat". In other words, it is not enough for a person to have personal piety, but not social piety. One of the verses of the Al Quran which states the obligation of zakat for every Muslim is found in Surah Al-Baqarah verse 43: "*This shows that one's Islam is imperfect if you only pray diligently but neglect zakat*". In other words, it is not enough for a person to have personal piety, but not social piety. One of the verses of the Al Quran which states the obligation of zakat for every Muslim is found in Surah Al-Baqarah verse 43:

وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ  
وَارْكَعُوا مَعَ الرَّاكِعِينَ

"..., and establish prayers, pay zakat and bowing along with those who are bowing".

In Indonesia, zakat management refers to Law Number 23 of 2011 concerning Zakat Management and Government Regulation Number 14 of 2014 that concerning to the implementation of Law Number 23 of 2011 concerning Management of Zakat. Based on the aforementioned law, the structure of zakat management in Indonesia as regulated in Chapter II article 5 states that (paragraph 1), to carry out zakat management, the Government establishes the Badan Zakat Nasional (BAZNAS), while (in paragraph 2) Baznas as referred to in paragraph (1) domiciled in the capital city of the country. Meanwhile, article 15 (in paragraph 1), in the framework of implementing of zakat management at the provincial and district/city levels, provincial Baznas and regency/municipal Baznas are established. Article 17 states that to assist Baznas in carrying out the collection, distribution,

and utilization of zakat, the community is allowed to perform private zakat institution, that called as LAZ (Amil Zakat Institution). Based on the above background, the author will discuss and analyze the management of zakat funds at Laznas BSM Umat in the last 3 years, 2015-2018.

## LITERATURE REVIEW

### *The Urgency and Nature of Zakat*

Zakat as one of the obligations for a believer who has been determined by Allah SWT certainly has goals, wisdom, and benefits as well as other obligations, this is in accordance with the word of Allah in Surah at Taubah (9): 71, Meaning:

*" and those who believe, men, and women, some of them (are) become helpers for some others. They order (do) what is good, prevent what is evil, establish prayers, pay zakat, and they obey Allah, and His Messenger: they will be given mercy by Allah; Verily Allah is Mighty, Most Wise".*

Zakat is also dubbed as one of the characteristics of people who enliven the house of Allah SWT (at Taubah (9:18). Zakat is *maliyah ijtima'iyah* worship, meaning that zakat is not only in the *maliyah* (property/material) dimension, but also in the *ijtima'iyah* (social) dimension. From this, it can be seen that great wisdom, and benefits (Asnaini, 2001), the lessons from this include:

1. Reducing the social gap between those who are, and those who are poor.
2. The pillar of *jama'i* charity between those who are with the *mujahid* and preachers who are fighting, and preaching in order to elevate the sentence of Allah SWT.
3. For the development of the potential of the *ummah*, moral support for

people who have just converted to Islam.

- a. As a manifestation of faith in Allah SWT, be grateful for His blessings, cultivate noble morals by having a high sense of humanity, eliminating stingy and greedy nature, fostering peace of life, as well as developing possessions. In addition, zakat can also be used as a balance sheet, in order to weigh the strength of a believer's faith and the level of his sincere love for *Rabbul 'izzati*. As a character, the human soul is always adorned with love for wealth;
- b. Helping and fostering *dhu'afa* (people who are economically weak) and other *mustahiq* towards a better and more prosperous life, so that they can fulfil their daily needs properly, can worship Allah SWT, avoid the dangers of *kufur*, at the same time eradicating the envy, jealousy, and *hasad* that may arise when they (poor people) see the rich who are well off their lives do not care about them;
- c. Can purify oneself from sin, purify the soul (*tazkiyatun nafs*), develop noble, generous, sensitive to humanity, and erode hunks or stingy and greedy qualities. That is why, an atmosphere of inner calm because it is free from the demands of Allah SWT and social obligations, will always surround the heart;
- d. Supporting the realization of an Islamic social system on the principles of: *ummatan wahidah* (united people), *musâwah* (people who have equal degrees and obligations), *ukhuwah Islamiyah* (Islamic brotherhood),

and *takâful ijtimâ'i* (equally responsible).

As for the wisdom and benefits of zakat according to Fakhrudin (2008), namely: (i). Provide strength support for the Muslims and elevate their existence. This can be seen in the group of zakat recipients, one of which is the *Mujahidin Fisabilillah*; (ii). Zakat can reduce social jealousy, resentment, and resentment in the chest of the poor. Because the lower class usually sees those with high economic class their wealth for something that is useless it can spark their hatred and animosity. If such abundant wealth is used to alleviate poverty, there will certainly be harmony and love between the rich and the poor; (iii). Zakat will spur economic growth for the perpetrators and what is clear is that the blessings will be abundant; and (iv). Paying zakat means expanding the circulation of property or money, because when assets are spent, the circulation will expand and more parties will benefit.

## 2.2. Definition of Zakat

The implementation of zakat is based on the word of Allah SWT which is contained in surah At-Taubah (9) verses 60, and 103, meaning:

*"In fact, zakat is only for needy people, poor people, administrators of zakat, converts who are persuaded by their hearts, to (free) slaves, people in debt, for the way of Allah, , and those who are in travel, as a provision which is required by Allah. , and Allah is All Knowing, Most Wise "*

Also in Surah At-Taubah: 103, meaning:

*"Take zakat from some of their assets, with that zakat you clean , and purify them, , and pray for them. In fact, your prayer (becomes) peace of mind for them. , and Allah is All-Hearing, All-Knowing "*

In Surah At-Taubah verse 60, it is stated that one of the groups entitled to receive zakat including (*mustahik zakat*) are people who are in charge of managing zakat (*amilina'alaiha*). Whereas in At-Taubah verse 103 it is explained that zakat is taken from people who are obliged to tithe (*muzakki*), and then given to those who are entitled to receive it (*mustahik*). Those who took, and picked up were the officers (*amil*).

Zakat from the term fiqh means a certain amount of property which is obliged by Allah to be submitted to the rightful people. The legitimacy of zakat as an obligation contains several verses in the Qur'an. The word zakat in the form of Ma'rifah is mentioned 30 times in the Qur'an, 27 times of which are mentioned in one verse along with the prayer command and the rest are mentioned in the same context as the commandment of prayer even though not in one verse. Among the verses about zakat which are quite popular is the Al-Baqarah verse 110 which reads "...and establish prayers and pay zakat". In a hadith regarding Muaz's placement in Yemen, the Prophet said, "Explain to them that Allah requires alms that are imposed on the wealth of the rich." In several verses zakat is expressed in terms of alms. Actually alms comes from the word shiddiq which means right. Qadhi Abu Bakr bin Arai has a very valuable opinion on why zakat is called alms. He said, "The word alms comes from the word shiddiq, true in relation to the alignment of speech, and belief actions."

Allah SWT combines the words "giving" with "justifying" and "stingy" with "falsehood" in the Qur'an surah Al-Lail verses 5-10 which reads, "Who is 'giving' and fearful and confirming the existence of a reward the best. We really make it easier for him the path to happiness. But whoever is 'stingy', and forgets the land, and 'denies' the existence of the best reward, we will make it easy for him to walk to misfortune. Thus

*sadaqah* means' truth 'of faith, and "justifies' the day of resurrection."

Therefore, Rasulullah SAW said, "alms giving is proof". This hadith can be categorized as 'satire' to Muslims. Most Muslims justify the Al-Qur'an, and Al-Hadith as the legal basis for regulating the behavior of Muslims, but most of us deny it. So almsgiving or zakat is proof that there is justification with the belief of Muslims about the truth of the Qur'an from Muslims about the truth of the Qur'an, and al-Hadith.

#### *Regulations related to Zakat Management in Indonesia*

The references to applicable laws and regulations in Indonesia in managing zakat funds are as follows: (i). Law Number 38 of 1999 which has been amended to Law Number 23 of 2011 concerning Management of Zakat; (ii). Government Regulation No. 14 of 2014 concerning the Implementation of Law No. 23 of 2011 concerning Zakat Management; (iii). Decree of the Minister of Religion Number 373 of 2003 concerning Implementation of Law Number 38 of 1999 concerning Management of Zakat; and (iv). Decree of the Director General of Islamic Community Guidance and Haj Affairs Number D/291 of 2000 concerning Technical Guidelines for Zakat Management.

#### METHODOLOGY

This study uses a qualitative descriptive method. This method is a research method which able to conduct an overview of the current situation and as a means of making decisions for the future. This approach research also can answer the research problems that require understanding in depth and thoroughly regarding the object of the study. The data and information will collect the Annual Report published by

Laznas BSM Umat through the website [www.bsmu.or.id](http://www.bsmu.or.id).

## DISCUSSION AND ANALYSIS

### *Company Profile of BSM Umat Laznas*

Lembaga Amil Zakat Nasional BSM Umat (Laznas BSM Umat) was established on November 21, 2001 by the Bangun Sejahtera Mitra Umat Foundation (BSM Umat), based on the Notary Deed of Agus Madjid, SH No. 85, and Notary Deed of Syaifuddin Zuhri, SH, M.Kn No. 01 dated January 4, 2012. This notary deed has been approved by the Ministry of Law and Human Rights of the Republic of Indonesia number AHU-1889. AH.01.04. 2012. The foundation's articles of association have been amended based on the Notary Deed of Syaifuddin Zuhri, SH, M.Kn no. 2 dated 2 October 2015, which was approved by the Ministry of Law and Human Rights of the Republic of Indonesia Number AHU-AH.0L.06-92 dated 7 July 2016.

Laznas BSM Umat was formed starting from the Decree of the Advisory Board of the BSM Umat Foundation No. 001/DP/YBSMU/VI/2002, and then on 17 September 2002 confirmed by the Ministry of Religion of the Republic of Indonesia as a national amil zakat institution through the Decree of the Minister of Religion No. 406 of 2002. The zakat, infaq, and shadaqah (ZIS) fund management unit as well as the BSM Umat Foundation social funds became the forerunner to the formation of the Laznas BSM Umat. This institution is an Amil Zakat Institution which is located at Jl. Pengadegan Utara IV No.1A, RT.3 / RW.7, Pengadegan, South Jakarta, DKI Jakarta. Laznas BSM Umat carries out the operation of collecting Zakat funds and distributing them to those who are entitled according to Islamic law. Laznas BSM Umat is here with the aim of optimizing the potential , and collecting ZIS funds (Zakat, Infaq,

Shadaqah) , and other social donations targeting muzakki/individual, and corporate donors. In managing activities, and channeling funds to ashnaf mustahik, Laznas BSM Umat based its program to support, and empower the potential of the mustahik. So that the mustahik have the opportunity, and are able to compete to raise the degree of a better life. The distribution, and utilization of Laznas BSM Umat programs are spread in several fields, namely Education, Social Affairs, Da'wah, Health, Economics, Humanity, and Al Qur'an Waqf. With the distribution of beneficiary locations throughout Indonesia, and several countries in Africa, and Asia that are hit by social, and human crises.

### *Implementation of Zakat Fund Management at Laznas BSM Umat*

Laznas BSM funding comes from ZIS fund-raising activities (*Zakat, Infaq, Shadaqah*) and other social donations. The target of these fundraising activities is aimed at donors/*muzakki*, both individuals and companies. In collecting Zakat funds, where zakat comes from *zakat maal* and *zakat fitrah*. *Zakat maal*, as stipulated in fiqh zakat, includes zakat on gold and silver, zakat on income, zakat on agriculture, and other types of zakat, whether paid by companies or entities or by individuals who have become *muzakki*. Zakat funds are zakat in general (excluding *zakat fitrah*) from individuals and companies.

In the management and distribution of ZIS and social funds, Laznas BSM Umat formulates 3 (three) superior programs in the form of:

1. Mitra Umat Program. Through the this program, Laznas BSM Umat emphasizes the movement to empower the community's economic potential and partnerships with the assistance of revolving business capital funds, training, and mentoring for small businesses as

well as providing assistance with plant and livestock seeds. Examples of activities that have been implemented in this program are the *Kampung Berdaya* program, the Micro Entrepreneurship program, and the The Young Muzakki program.

2. Didik Umat Program. In this program, BSM Umat Laznas activities are aimed to improve the quality of life of the community by providing educational assistance (scholarships), learning infrastructure, health assistance as well as disaster, and environmental assistance. Other activities in this program include the Scholarship program, the Home of Achievement program, the Da'wah

program, and the "Al Qur'an Waqf" program.

3. Simpati Umat Program. In this program, BSM Umat Laznas activities are aimed to improve the quality of life of the community. Activities in the Simpati Umat program include the Spread 1,000 SAB & MCK Sanitation program, the BSM Healthy Home program, the Healthy Toddler Warung (WBS) program, and the Islamic World program.

#### *Zakat Fund Management Analysis*

The following is an overview of the performance of the management of the Zakat Fund and Laznas BSM Umat Infaq for the period 2015-2018.

**Table 1.** Collection and Distribution of ZIS of Laznas BSM Funds for Ummah (Million IDR)

No.	Description	Period (Years)			
		2015	2016	2017	2018
<b>1</b>	<b><i>Zakat Fund</i></b>				
	Balance at the beginning of the year	38,353	35,779	53,240	36,436
	Acceptance of Zakat	34,770	26,725	27,716	31,100
	Distribution of Zakat	37,344	9,264	44,520	38,100
	End of Year Balance	35,779	53,240	36,436	29,436
<b>2</b>	<b><i>Infaq</i></b>				
	Balance at the beginning of the year	2,710	3,382	20,800	36,869
	Infaq reception	8,883	36,535	111,917	150,170
	Infaq Distribution	8,211	19,117	95,848	142,180
	End of Year Balance	3,382	20,800	36,869	44,859
<b>3</b>	<b><i>Amil Fund</i></b>				
	Balance at the beginning of the year	5,978	6,452	5,699	5,834
	Receipt of Amil Funds	5,366	3,826	6,632	na
	Use of Amil Funds	4,892	4,579	6,497	na
	End of Year Balance	6,452	5,699	5,834	na

Source: Laznas BSM Umat Annual Report (data processed)

Until the end of 2018, Laznas BSM Umat has managed to collect zakat funds from (individual *muzakki* and legal entities) of IDR31,100 million. Meanwhile, the zakat funds collected in 2017 amounted to IDR27,716 million. The collection of zakat funds experienced an upward trend after falling in 2016 by 23%

compared to the total collection of zakat funds in 2015 amounting to IDR34,770 million. Meanwhile, the distribution of zakat funds in 2018 was IDR38,100 million, where the amount of distribution decreased by 14% compared to the total distribution in 2017 which reached IDR44,520 million. At the end of each

year, Laznas BSM Umat always leaves zakat funds which will be accumulated with zakat funds in the following year. This can be seen in 2018 the year-end balance of zakat funds was Rp.29,436 million. In 2016, Laznas BSM Umat only distributed zakat funds of IDR 9,264 million, with the remaining balance at the end of the year the zakat funds reached IDR53,240 million. Based on Table 1, it can be seen the distribution of zakat carried out by Laznas BSM Umat during the 2015-2018 period has not been implemented optimally. This can be seen in the position of the balance at the end of

the year and the balance at the beginning of the year with a fairly large nominal, namely in 2015 amounting to IDR35,779 million compared to the total distribution of only IDR37,344 million. Even in 2016, the year-end balance of zakat funds reached IDR53,240 million, while the distribution of zakat funds was only IDR9,264 million. It can be seen that the distribution of zakat carried out by Laznas BSM Umat during the 2015-2018 period has not been implemented optimally. The following graph is an overview of the allocation of Laznas BSM Zakat Fund for the 2015-2017 period.

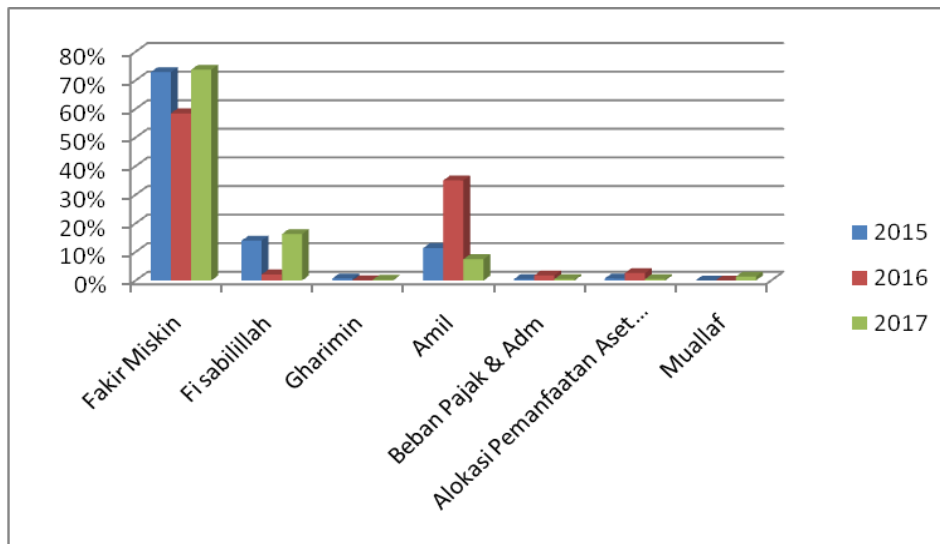


Figure 1. The Allocation of Zakat Fund 2015-2017

Source: Data processed

The distribution of Zakat Funds carried out by Laznas BSM Umat is in accordance with Islamic law, which meets the criteria of 8 *Asnaf*. During the period 2015-2017, zakat funds were distributed with the largest allocation to the poor, amounting to 73.69% of the total zakat funds collected in that year. This was followed by *Fisabilillah* as the recipient of the largest

portion of zakat funds, which was 16.24%. However, in 2016, *Amil* was the recipient of zakat funds with the second largest portion after the poor, which amounted to 34.98% of the total zakat funds collected that year. For year 2018, data is not available in the Annual Report published by Laznas BSM Umat through the website (see Table 2).

**Table 2.** Zakat Fund Distribution

Zakat Fund Distribution Object	Period (Years)		
	2015	2016	2017
<i>The poor</i>	72.85%	58.46%	73.69%
<i>Fisabilillah</i>	13.93%	2.13%	16.24%
<i>Gharimin</i>	0.70%	0.08%	0.24%
<i>Amil</i>	11.33%	34.98%	7.47%
<i>Tax &amp; Adm. Expenses</i>	0.50%	1.76%	0.49%
<i>Allocation of Managed Asset Utilization</i>	0.69%	2.60%	0.51%
<i>Convert</i>	0.00%	0.00%	1.36%

Source: Laznas BSM Umat Annual Report (data processed)

## CONCLUSION

Based on the discussion and analysis above, several things can be concluded as follows: (i). Zakat is a religious obligation and includes the 3<sup>rd</sup> pillar of Islam and must be issued by every Muslim who has more assets. As contained in surah at-Taubah verse 60 and verse 103; (ii). In managing zakat, zakat management institutions are needed so that zakat can be distributed to people who are entitled to receive it. Zakat management institutions are divided into two, namely the Amil Zakat Agency (BAZ) and the Amil Zakat Institution (LAZ). The purpose of establishing this institution is to facilitate the distribution of zakat; (iii). The distribution of zakat funds by Laznas BSM Umat is dominated by the poor who are more consumptive in nature; and (iv). The distribution of zakat funds by Laznas BSM Umat has not been optimal as reflected in the distribution of zakat funds during the 2015-2018 period. Where the balance at the end of the year/the balance at the beginning of the following year, the amount of funds is greater than the amount of zakat fund distribution in that year. However, this needs to be confirmed again to the Laznas BSM Umat regarding this matter, because the author only analyzes it based on published data without conducting in-depth interviews with Laznas BSM Umat regarding this matter.

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Zulhendra  
School of Strategic and Global Studies,  
Universitas Indonesia  
z\_hendra@yahoo.co.id

Nurwahidin  
School of Strategic and Global Studies,  
Universitas Indonesia.

Fahruroji  
School of Strategic and Global Studies,  
Universitas Indonesia.

Muhammad Zilal Hamzah  
Professor at Faculty of Economics and  
Business,  
Universitas Trisakti  
mhd\_zilal\_hamzah@trisakti.ac.id

