

## Digital Transformation of Zakat Collection through Marketplace and Fintech in Pandemic Era

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### ABSTRACT

*Advances in information technology need to be adopted for fields related to zakat. With the shift in the population that continues to be digitally literate, more and more applications and services are being developed for these digital-based purposes. Financial technology applications and marketplaces are the highlights of this research. a number of mobile-based sharia fintechs and unicorn and/or decaron marketplaces were observed as potentially positive media to collect zakat from information technology literate circles. The observed sharia fintech: 1) Investree, 2) Ammana.id, 3) ALAMI, 4) SYARIAH FUND, 5) Duha Syariah, and 6) PAPITUPI Syariah. Meanwhile, the unicorn and/or decacorn marketplaces observed were: 1) Gojek, 2) Tokopedia, 3) Bukalapak, 4) OVO, and 5) JD.ID. The results of the study show that there are still very few mobile-based sharia fintech and unicorn/decaron marketplaces in Indonesia. But, although it is small, the opportunity for zakat income from the two groups of users of the information technology application is very large.*

*Key words: Digital transformation, Fintech, Marketplace, Zakat, Zakat collection.*

### INTRODUCTION

Information and Communication Technology (ICT) opens a number of positive changes in various fields. With the progress that has occurred there is a fundamental shift in daily human activities. Communication trends are becoming faster, more flexible, and can process very large capacities. The shift in the mode of activity in various institutions towards digital has made many parties carry out massive transformations. Along with this, the digital population has also experienced a very significant increase. Until 2021, the digital population (Figure 1) in the world has reached 4.66 million or about 59.5 percent of the world's population (Johnson, 2021; Kemp, 2021).

Information technology trends include: 1) Big Data, 2) Cloud Computing, 3) Internet and Internet of Things (IOTs), 4) Social Media or Networking, and 5) Mobile Technology or Smartphones.

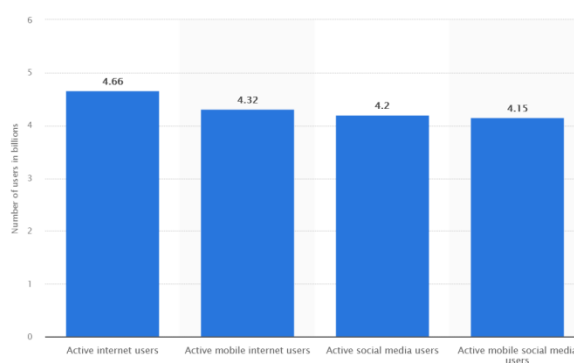


Figure 1. Global Population Jan'2021

The five trends in information technology are increasingly clear in their progress and use in various fields. Big Data serves trillions of data every day from various services. All data and applications

used are increasingly applying the concept of cloud computing. The internet, which is the digital backbone, has transformed not only to connect between data, but also between gadgets, so that control and access to many devices are more optimal. People can interact virtually through social media services. And the most main is the use of smartphones both based on Android and iOS.

The pandemic that has swept the world since the end of 2019, COVID-19 has accelerated the shift in the mode of activity. The COVID-19 (Abdillah, 2020b) pandemic has forced the world to adopt a new culture to prevent the spread of the SARS-CoV-2 Virus (Sun *et al.*, 2020). As of September 27, 2021 million people have been infected with COVID-19 (WHO, 2021). The United States is the country with the highest total cases, while Indonesia is in 15th position in the world (Table 1). Socialization of people when doing activities implements social distancing, avoids crowds, and emerges the work from home (WFH) style.

Table 1. COVID-19 Global Situation

No	Country & Continent	Total Cases
1	USA, America	42,568,842
2	India, Asia	33,678,786
3	Brazil, America	21,343,304
4	The United Kingdom, Europe	7,664,234
5	Russian, Europe/Asia	7,443,149
6	Turkey, Asia/Europe	7,039,500
7	France, Europe	6,781,628
8	Iran, Asia	5,533,520
9	Argentina, America	5,250,402
10	Colombia, America	4,950,253
11	Spain, Europe	4,946,601
12	Italy, Europe	4,660,314
13	Indonesia, Asia	4,209,403
14	Germany, Europe	4,199,400
15	Mexico, America	3,628,812

The COVID-19 pandemic is accelerating the digital shift in all fields. This makes all parties take digital transformation steps according to the needs of each institution. In the world of

education using e-learning schemes with Cloud Zoom Meetings being the prima donna, in the field of government implementing e-government, in the popular business world e-commerce is increasingly being used which are starting to grow and become increasingly involved in financial technology (fintech) and marketplaces, etc.

Zakat is one of the donation systems in Islam. Zakat for Muslims is a social worship, one of the obligatory acts of worship that is included in one (one) of the 5 (five) pillars of Islam (Tim Penyusun, 2019). Every Muslim who has the ability is required to donate at least 2.5 percent of his income to those who are entitled to receive it. In the past, zakat was collected manually by involving various events and charitable activities that were carried out directly. During the global COVID-19 pandemic, people are encouraged to reduce face-to-face meetings, so that the digital transfer mode is the main choice by relying on the latest information technology.

Previous research related to zakat, among others, discusses the following matters: 1) Poverty Reduction Mode through Zakat (Arif, 2017), 2) Strengthening Zakat Management Through the FinTech System (Rachman and Salam, 2018), 3) The Role of Zakat on Economic Growth and Welfare of Indonesian Society (Khasandy and Badrudin, 2019), 4) Intention to Pay Zakat and Literacy (Yusfiarto, Setiawan and Nugraha, 2020), and 5) Performance Analysis of Zakat Institutions in Indonesia based on PSAK Syariah No. 109 (Pamuncak, Possumah and Karimah, 2021).

From a number of previous studies, no one has reviewed zakat in the marketplace and fintech. So this study will review how the process of collecting zakat digitally through fintech and marketplaces.

RESEARCH METHOD

In the method section, the data used in this study will be explained, then the object to be studied, and continued with the approach in conducting research.

Data

The data used in this study involves a number of Islamic fintechs and popular marketplaces in Indonesia. Data related to fintech is obtained from OJK in 2021 as of October 6, 2021 (OJK, 2021). As for the marketplace, it is taken from marketpkace which is already included in the unicorn and decacorn categories.

Objects

In general, the objects in this study are divided into 2 (two), namely: 1) sharia fintech which has used a mobile-based application, and 2) unicorn marketplace which has been classified as unicorn and/or decacorn.

Approach

The approach taken is an approach that combines a mixture of quantitative and qualitative. The quantitative approach is carried out by conducting queries on sharia fintech at OJK. While the qualitative approach is carried out by tracing information and services related to Zakat from each fintech and marketplace.

RESULTS AND DISCUSSION

Fintech Sharia Indonesia

Among 106 fintech companies registered and registered with the OJK, only 9 (nine) are engaged in sharia, either fully or hybrid with conventional systems. The nine sharia fintechs can be seen in table 2.

Table 2. Top Indonesia Mobile-based Sharia Fintechs

No	Unicorn Startups	OS
1	Investree	Android & iOS
2	Ammana.id	Android & iOS

3	ALAMI	Android & iOS
4	DANA SYARIAH	Android & iOS
5	Duha Syariah	Android
6	qazwa.id	-
7	ETHIS	-
8	KAPITALBOOST	-
9	PAPITUPI Syariah	Android

If it is depicted in the form of a pie chart, there will be a gap between conventional and sharia fintech business types. As a country with a majority Muslim population, Indonesia only has around 9 percent of sharia-based fintech providers.

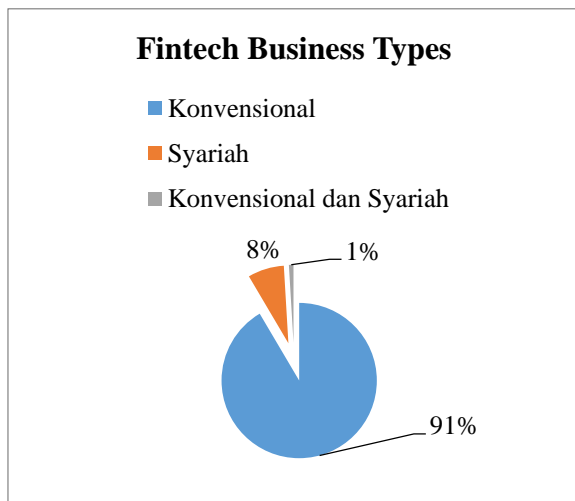


Figure 2. Percentage of Indonesian Fintech Business Types

Among those nine fintechs, only 6 (six) already have a mobile application (Android and/or iOS): 1) Ammana, 2) ALAMI, 3) Dana Syariah, 4) Duha Syariah, 5) Investree, and 6) PAPITUPI Syariah (see Figure 3). This is done to adapt to the times that have moved towards digital with cloud and mobile technology.



Figure 3. Indonesian mobile-based sharia fintech

*Top Indonesia Marketplaces*

Until 2021, there will be at least 8 (eight) unicorn & decacorn startups in Indonesia, namely: 1) Gojek, 2) Tokopedia, 3) Traveloka, 4) Bukalapak, 5) OVO, 6) JD.ID, 7) J&T Express, and 8) OnlinePajak. But those included in the marketplace and fintech include 5 (five) startups (Table 2).

Table 3. Top Indonesia Unicorn Marketplaces

No	Unicorn Startups	Business Field	Status
1	Gojek	Ride Hailing & Fintech	Decacorn
2	Tokopedia	Marketplace	Unicorn
3	Bukalapak	Marketplace	Unicorn
4	OVO	Fintech	Unicorn
5	JD.ID	Marketplace	Unicorn

The five marketplaces & fintech startups are currently the focus of research because they correspond to the mushrooming trend and development of startups not only in the world but also in Indonesia.

*Fintech Sharia & Marketplaces Ratings*

To determine how popular or useful an application is, it is seen from how many applications are downloaded. Meanwhile, to find out how satisfied users are with a mobile application, the rating is used as a benchmark for both Android and iOS based operating systems.

Among the six sharia fintechs observed, the following applications are the most downloaded (Table 4: 1) Dana Syariah, 2) Investree, 3) Ammana.id, 4) Duha Syariah, 5) Alami, and 6) PAPITUPI Syariah.

Table 4. Top Indonesia Mobile-based Sharia Fintechs (Android)

No	Unicorn Startups	Download	Rating
1	Investree	100,000+	3,5
2	Ammana.id	100,000+	3,2

3	ALAMI	50,000+	4,6
4	DANA SYARIAH	500,000+	4,2
5	Duha Syariah	100,000+	3,3
6	PAPITUPI Syariah	50,000+	3,5

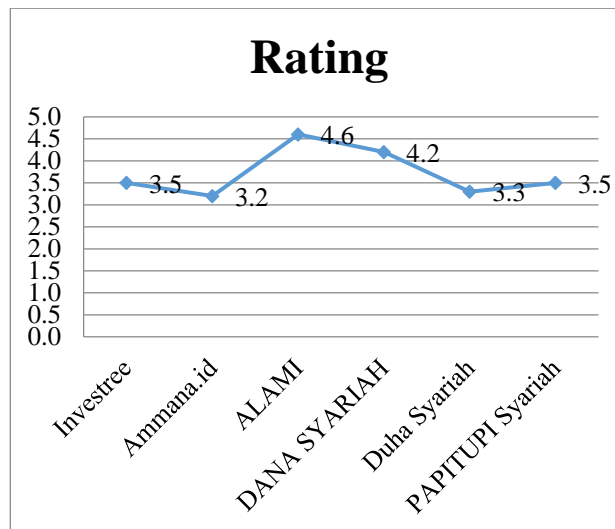


Figure 4. Indonesian mobile-based sharia fintech

Among the six sharia fintechs observed, the following applications have the highest rating (Figure 4): 1) Alami, 2) Dana Syariah, 3) Investree, 4) PAPITUPI Syariah, 5) Duha Syariah, and 6) Ammana.id.

Among the five marketplaces observed, the following applications are the most downloaded (Table 5 & Figure 5): 1) Gojek, 2) Tokopedia, 3) Bukalapak, 4) OVO, and 5) JD.ID.

Table 5. Top Indonesia Mobile-based Sharia Fintechs

No	Unicorn Startups	Download	Rating
1	Gojek	100,000,000+	4,6
2	Tokopedia	100,000,000+	4,7
3	Bukalapak	50,000,000+	4,6
4	OVO	10,000,000+	4,1
5	JD.ID	10,000,000+	4,4

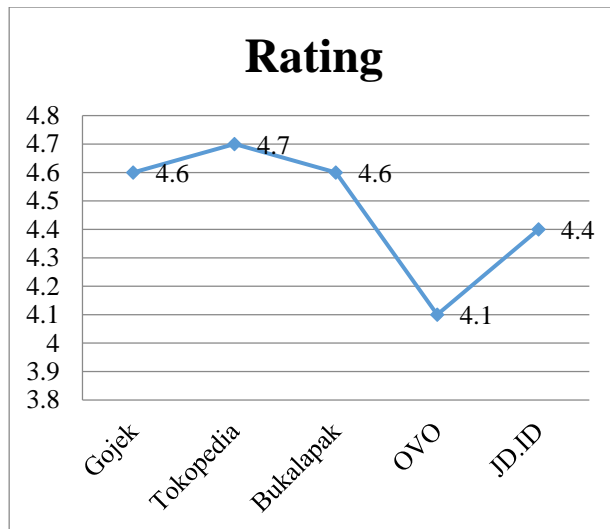


Figure 5. Indonesian mobile-based sharia fintech

Among the six sharia fintechs observed, the following applications have the highest rating (Figure 5): 1) Tokopedia, 2) Gojek, 3) Bukalapak, 4) JD.ID, and 5) OVO.

#### Discussion

The trend of advances in information technology has given rise to a number of digital entities engaged in finance and marketplaces. Indonesia itself is a country that adapts to the development of the digital world, there are many applications that support Islamic financial services and marketplaces.

The number of sharia fintech applications installed on Android-based devices has reached numbers ranging from 50,000+ to 500,000+. Meanwhile, marketplaces applications installed on Android-based mobile devices have reached numbers ranging from 10,000,000+ to 100,000,000+.

#### CONCLUSION & SUGGESTIONS

Based on the results of research and observations, a number of conclusions were obtained, as follows: 1) The number of marketplaces applications is more than the number of sharia fintech applications, 2)

The most downloaded marketplaces applications are Gojek and Tokopedia, 3) The marketplaces applications with the highest rating are Tokopedia, 4) The most downloaded sharia fintech application is Sharia Funds, 5) The sharia fintech application with the highest rating is Natural.

This study also provides a number of recommendations, including: 1) The quantity of sharia fintech applications is still very small compared to conventional fintech so that a balancing analysis is needed, 2) Sharia literacy is needed for both Islamic finance and its marketplaces.

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