

Integration of Zakah Information System, Family Hope Program (PKH) and Financial Information System (SLIK) for the Effectiveness of Zakat Distribution: A Business Model Canvas

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ABSTRACT

Zakat has continuously played an active role in poverty alleviation and mitigating the economic impact of covid-19. Problems that arise in the management of zakat include transparency and distribution to mustahiq who are not on target. This study aims to propose a business model canvas for zakat distribution using zakat information system, family hope program (PKH), and financial information system (SLIK) to improve the effectiveness of zakat distribution in Indonesia. This model will provide benefits including: (1) avoiding giving zakat funds to people who are PKH recipients; (2) avoiding mustahiq from becoming recipients of zakat funds from different institutions; (3) this integration allows BAZNAS and LAZ to perform mustahiq data through SLIK to determine eligibility as mustahiq. BAZNAS in this model plays an essential and central role in the program's success.

Keywords: zakat, integration, mustahiq, financial information system

INTRODUCTION

Islam is a way of life resulting from a state submission to Allah SWT and devout Muslim think about all acts in life including charitable behaviour as a sort of divine worship. The Islamic instrument of zakah (donating a certain percentage of one's wealth to charity) enables Muslim to obey Allah and help others by recognizing that everything is borrowed from Allah (Opoku, 2013). Zakat is a form of wealth redistribution. The management of zakat by the state in the contemporary era is divided into two, namely mandatory and voluntary (Sulistiyowati, 2018). The state manages the collection and distribution of zakat in Indonesia through the National Zakat Agency (Baznas) and the private sector (LAZ). Good zakat management is absolute because it will determine the success of collecting and distributing zakat funds

(Fahlefi et al., 2019). The management of zakat in Indonesia has been carried out quite well, although several problems make zakat unable to be optimal. Several previous studies have identified zakat problems in Indonesia, including:

- (1) (Lubis & Latifah, 2019) identify the individualistic nature of zakat management institutions in Indonesia, so good coordination is needed to create a refined collection and distribution of zakat funds.
- (2) Furthermore, (Rahmat & Nurzaman, 2019) stated that the issue of zakat distribution is complicated. Some problems that arise in terms of distribution include: uneven distribution of mustahiq, inappropriate distribution

methods and targets and distribution of zakat programs under community needs.

The distribution problem is not only in the distribution of zakat funds but also in the distribution of several aids in Indonesia. In 2020 when the Covid-19 transmission rate was very high, the Indonesian Ulema Council (MUI) issued fatwa Number 23 of 2020 concerning the Utilization of Zakat Funds, Infaq, as close as it was intended to deal with the impacts of the COVID-19 pandemic. In addition to zakat, infaq and alms (ZIS) funds, the government through several ministries also distributes assistance to communities affected by COVID-19, both the impact of transmission, termination of employment, and the impact of declining business results. (Rahmansyah et al., 2020) identified problems in distributing government social assistance to the community during COVID-19 including: (1) different budget allocations in each ministry; (2) data on beneficiaries not integrated; and (3) the distribution system for the aid funds. (Wahyuni, 2021) emphasized that the problem of distributing social assistance during COVID-19 was in the inaccuracy of the data. It can cause new problems, namely the inaccurate recipient of zakat assistance/funds and the possibility of someone receiving more than 1 type of assistance.

The rapid development of information technology also affects the world of ziswaf. Zakat institutions and Baznas innovate in digitizing zakat funds, making it easier for muzakki to channel their funds. Unfortunately, the digitalization of zakat cannot be realized in an integrated manner that Baznas and LAZ can access. (Lubis & Latifah, 2019) suggest the development of a shared database (database) that can be accessed by all actors and the community, especially for distribution and utilization activities. (Kasri, 2017) only a few studies discuss zakat distribution in Indonesia.

This study proposed a conceptual framework for mustahiq data among BAZ

and LAZ in Indonesia. This study provides an alternative zakat distribution using single data. This study aims to provide an alternative data integration model for the distribution of zakat funds in Indonesia to minimize multiple recipients of assistance and the inaccuracy of distribution targets through the integration of mustahiq data with Baznas and LAZ.

LITERATURE REVIEW

Zakah Management in Indonesia

Indonesia is a country with the largest Muslim population in the world and has a high potential for zakat. Management of zakat in Indonesia is divided into two types, namely: management by the state (Baznas) and private (LAZ) (Nashwan, 2020). To date, there are 491 Baznas and 81 LAZ branches. Ardani and Pujiyono (2021) stated that although Indonesia has a high potential for zakat, the collection of zakat funds only reached 4.71% of the potential. The growth of zakat collection in Indonesia from 2015 to 2019 fluctuated, as shown in Table 1.

Table 1. The Growth of Zakah Collection in Indonesia

No	Year	Growth (%)
1.	2015	10,6
2.	2016	37,5
3.	2017	24,1
4.	2018	30,4
5.	2019	26,0

Source: Zakah National Statistic, 2019

From the table above, it is difficult to conclude that zakat has increased yearly; the growth of zakat collection in Indonesia has fluctuated. Although the government does not oblige every citizen to pay zakat, their support in zakat management in Indonesia can be seen through Law No. 23 of 2011 on Zakat Management which discusses the planning, collection, distribution, and utilization of zakat. The law implies that Baznas is a regulator, coordinator, and executor of zakah

management in Indonesia (Mutamimah et al., 2021).

Zakah Management in other Country

In general, the management of zakat in several countries in the world is divided into 2 types: the obligation to pay zakat by the government and voluntary zakat payments. This segment seeks to describe the management of zakat funds in several countries.

1. Zakat Management in Malaysia

Zakat in Malaysia is handled directly by the government and regulated by law. The collection of zakat funds in Malaysia is carried out by the Zakat Collection Center (PPZ) which was formed by the Islamic Religious Council Fellowship (MAIWP) headed by a Minister. In Malaysia, zakat funds play a role in poverty reduction. However, (Rahman et al., 2012) identified the problems faced by zakat institutions in Malaysia, including:

- a. Inefficiency, especially in terms of zakat distribution;
- b. There are no data on prospective muzakki;
- c. The lack of capacity building from the recipients of zakat funds.

2. Zakah Management in Pakistan

Apart from Malaysia, the state manages zakat in Pakistan. Every citizen is obliged to pay zakat to the state zakat institution. The Pakistani government authorizes banks to deduct zakat from customers' accounts during Ramadan. However, what happened was that people flocked to withdraw their funds from the bank and put their money back into the bank when the zakat cut period had passed. It causes chaos in the financial sector (Kashif et al., 2018). This phenomenon occurs because of Pakistan's low public trust in zakat management institutions. There is no

clear report regarding the collection and distribution of zakat funds that have been collected. Charitable program innovations offered by charities in Pakistan are limited to zakat only.

Linkage of the proposal to the Zakat Core Principle (ZCP)

ZCP was introduced in 2016 with one of the goals of encouraging zakat management that is more governance, accommodating, and in line with the regulatory framework related to other sub-sectors of Islamic finance, as well as supporting real sector connectivity and human capital development (Hamdani et al., 2019).

The principle of ZCP point 10 aspects of empowerment management regulates that zakat management institutions must have adequate policies and processes to manage zakat funds and their distribution system. The principle of ZCP point 13 aspects of distribution risk regulates that zakat institutions must be able to reduce distribution risks such as a healthy financial position and misallocation of utilization activities.

METHODOLOGY

This study used qualitative method. Based on the previous research that has discussed about problem of zakah in Indonesia, authors attempted to build a model of integrated mustahiq data. This model is conceptualized using Business Model Canvas (BMC). In addition, we also propose the flow chart process of integrated mustahiq database with Family Hope Program (PKH) and Financial Information Service System (SLIK).

RESULT AND DISCUSSION

Problems in the Management of Zakat Funds in Indonesia

The state and the private sector manage zakat in Indonesia. The government does not require people to pay zakat. Unlike Malaysia, which uses zakat as a tax-deductible, zakat in Indonesia is still a deduction for taxable income. Some problems of zakat management in Indonesia are based on several previous studies as shown in Table 2:

Table 2. Research on Zakah Problems in Indonesia

No	Problem	Recommendation
1.	(Ardani & Pujiyono, 2021)	
	a. Zakah reporting; b. Low implementation of corporate governance in zakah institution; c. The short zakah literacy in society; d. Amil capability.	a. Conducting sharia audit of zakah institutions; b. Preparation of SOP for zakah management; c. Increasing zakah education d. Build cooperation with social and humanitarian institutions.
2.	(Lubis & Latifah, 2019)	
	Lack of integrated database and limited information provided to the public from both regulators and operators	a. Ziswaf digitization; b. Establishment of Financial Inclusive Board; c. Database development; d. Regulation implementation; e. Zakah automation; f. Tax incentive for muzakki
3	(Iswandi, 2021)	
	Ziswaf institutions in Indonesia are still experiencing several obstacles in the distribution of	a. Adjustment of the program, vision and mission of Baznas and LAZ institutions; b. Strengthening the national strategy

No	Problem	Recommendation
	Ziswaf funds, so that poverty reduction targets cannot be achieved properly.	c. Education strategy with OJK, BI, LPS and relevant ministries to build awareness of zakah among the public.

Based on several previous studies, the recommendations proposed by researchers that are appropriate for the era of information disruption are database development and collaboration between charities, both BAZNAS and LAZ. This study will offer an alternative to using the mustahiq database that BAZNAS and LAZ can utilize in distributing zakat funds and ensure that mustahiq is not misdirected. This paper also comprises a business model canvas.

As previously explained, rapid technology developments require digitization in zakat, not only in terms of zakat payments but also in zakat distribution. Baznas and LAZ manage zakat in Indonesia; unfortunately, there is no cooperation formed in the distribution of zakat funds to realize transparency and minimize fraud in the distribution of zakat funds. Zakat has also proven to be an instrument of poverty reduction (Ayuniyyah et al., 2018) (Choiriyah et al., 2020), while the government also has the Family Hope Program (PKH) under the Ministry of Social Affairs with the same goal of reducing poverty. The author offers a distribution model of zakat funds that utilize database integration owned by the Ministry of Social Affairs, Baznas with LAZ, and the Financial Services Authority. The model offered in this study allows Baznas and LAZ to input and check mustahiq data integrated with the PKH recipient database and the Financial

Information Service System (SLIK). This integration aims, among others:

- 1) Avoid giving zakat funds to people who have become PKH recipients;
- 2) Avoiding mustahiq becoming a recipient of zakat funds from different charitable institutions so that if a mustahiq has received zakat funds from institution A, institution B can transfer it to another mustahiq;
- 3) Integration of the mustahiq database with SLIK allows Baznas and LAZ to check whether mustahiq has much debt to pay. Although gharimin are included

in the category of asnaf who receive zakat, many scholars argue that the gharimin are those who are in debt to meet basic needs, not capital debt or others.

Business Model Canvas

Figure 1 shows business model canvas that consist of nine elements: key partnership, key activities, key resources, value proposition, customer relation, channels, customer segment, cost structure and revenue stream.

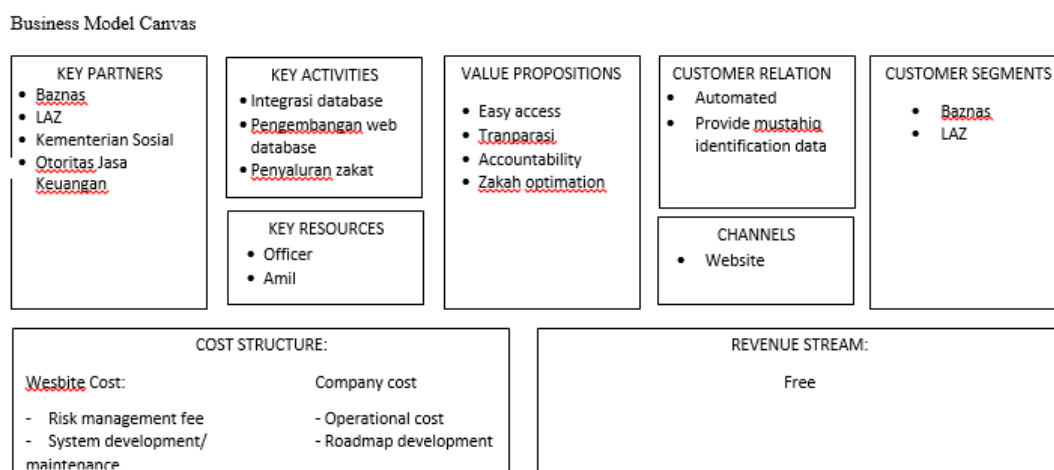


Figure 1. Business Model Canvas

Customer Segments

The idea put forward focuses on people who deserve zakat. This is based on whether the mustahiq candidate has entered the PKH beneficiary database, recipients of zakat funds from other institutions or loan history from financial institutions.

Customer Relationship

This database integration requires a good customer relationship. This database allows parties from Baznas and LAZ to share databases regarding mustahiq candidates, so that they can help determine whether the person is eligible to receive zakat.

Channels

Database integration can be channeled to users through different channels. The initial process started with a request for integration of the PKH beneficiary database by BAZNAS, then followed by a request for SLIK services by BAZNAS.

Value Proposition

The integration of the database built aims to make the distribution of zakat funds carried out efficiently and effectively.

Key Activities

The main reason on doing this project is to trace someone who is entitled to receive zakah fund. This database will capture all information about calon mustahiq. The database consists of names, addresses, NIK, membership status in PKH, loan status, history of receipt of zakat funds from BAZNAS and LAZ.

Key Resource

Well-managed resources will generate more value in the eyes of the users. This database integration has main resources, namely: Ministry of Social Affairs, BAZNAS, LAZ, OJK.

Key Partner

BAZNAS, LAZ, Ministry of Social Affairs, and OJK.

Cost Structure

The cost structure explains the monetary consequences that arise from data integration of prospective mustahiq. The costs required include: website domain fees that are paid every month.

Revenue Stream

This website is designed free from anycharge and intend to be part of community service.

Understanding the Integrated Data Business Process

Considering the problem in distributing zakah, this idea provides a “bridge” in enabling various interaction between government, financial regulator and charity board in sharing database. Energetic teamwork within this integrated database is needed. The flowchart about the integrated database can be shown in Figure 2.

The business processes of mustahiq's data integration activities are as follows:

1. BAZNAS initiates data integration with PKH recipients from the Ministry of Social Affairs;
2. BAZNAS initiates a mustahiq database containing, among others: NIK, monthly income, number of dependents in the family;
3. BAZNAS together with LAZ input data for each mustahiq into the database;
4. BAZNAS and LAZ cooperate in a Financial Information Service System (SLIK) which is integrated into the savings and loan data of Bank Indonesia and the Financial Services Authority to facilitate tracking of mustahiq and credit history is taken by mustahiq;
5. BAZNAS and LAZ can use the database to check for eligible mustahiq candidates.

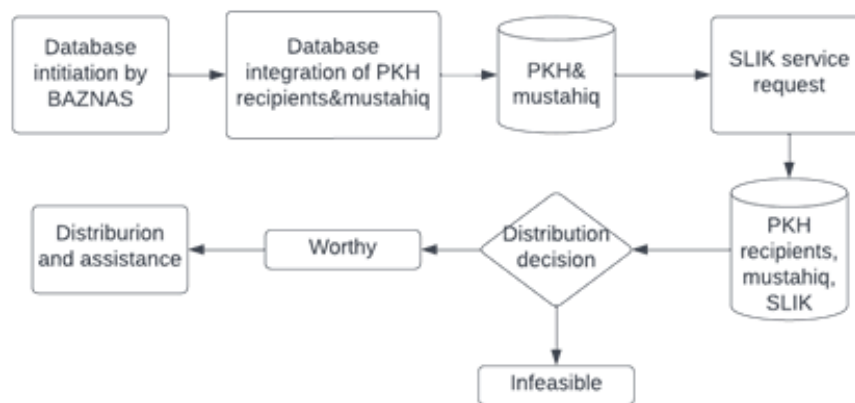


Figure 2. Flowchart Integrated Database

The determination of mustahiq candidates who are eligible to receive zakat funds is based on the following considerations:

- a. PKH membership, if the mustahiq candidate has become a PKH recipient, then that person is not a priority for zakat recipients;
- b. Mustahiq status as whether recipients of productive and consumptive zakat funds from BAZNAS and LAZ;'
- c. Mustahiq candidate loan status in financial institutions; whether the mustahiq is under the responsibility of a loan, especially a capital loan, because according to Wahab (2017) the gharimin (the debtor) can receive zakat as long as the debt he has is intended to ensure security;
- d. BAZNAS and LAZ in determining mustahiq candidates, check the above steps.

CONCLUSION

The high potential of zakat funds in Indonesia must be managed and distributed correctly. The government and the private sector carry out the collection and distribution of zakat in Indonesia. The problem in distribution is the absence of an

integrated mustahiq database between Baznas and LAZ. This study presents the concept of integrating mustahiq data with data on recipients of PKH, SLIK and can be accessed by Baznas and LAZ. So that there is transparency and minimizes the risk of distributing zakat funds that are wrongly targeted.

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