

Governance of Zakat Capitalization in Indonesia

Damayanti¹, Ridwan Sukmana²

¹University of Nahdlatul Ulama Indonesia

²University of Nahdlatul Ulama Indonesia

Paper was presented at the 7th Indonesian Conference of Zakat (ICONZ) 2023
November 07-08, Muhammadiyah University Jakarta, South Tangerang, Indonesia

ABSTRACT

The role of zakat is very vital and an important thing that accompanies every era in Indonesia. The reality that occurs shows that there is still minimal potential for zakat that can be explored. The total national zakat potential is 327 trillion Rupiah, but the new zakat collection was recorded at 14 trillion Rupiah. The total potential for zakat in OIC member countries ranges from 1.8% to 4.34% of their GDP. Some countries have reached an advanced stage in the development of zakat, while several other countries are still in the initial stages. In fact, there are several countries that do not pay any attention at all to the management and development of zakat. Indonesia, as the country with the largest Muslim population in the world, is a country that does not require its Muslim citizens to pay zakat. This research is a study that aims to explore "Indonesian Zakat Capitalization Governance is a complex topic and requires in-depth research to be able to provide appropriate and comprehensive answers.

Keywords: *Zakat Management, Zakat Capitalization, Indonesia*

INTRODUCTION

This research is a study that aims to explore "Indonesian Zakat Capitalization Governance is a complex topic and requires in-depth research to be able to provide appropriate and comprehensive answers.

The reality shows that there is still minimal potential for zakat that can be explored. The total potential for zakat in OIC member countries ranges from 1.8% to 4.34% of their GDP. Some countries have reached an advanced stage in the development of zakat, while several other countries are still in the initial stages. In fact, there are several countries that do not pay any attention at all to the management and development of zakat. Indonesia, as the country with the largest Muslim population in the world, is a country that does not require its Muslim citizens to pay zakat. The total national zakat potential is 327 trillion Rupiah, but the new zakat

collection was recorded at 14 trillion Rupiah.

The factor that causes this to happen is the community's low literacy level. Baznas has made several efforts to increase zakat literacy, namely by strengthening zakat literacy through zakat campaigns and evaluations, massively strengthening digital zakat, and strengthening zakat literacy. Zakat is one of the five pillars in Islam and it is an obligation for every Muslim who has property that reaches the nisab (threshold limit) to distribute part of the property to those who are entitled to receive it. Zakat has the aim of improving society's welfare through the redistribution of wealth and helping those in need. The reality shows that there is still minimal potential for zakat that can be explored. The total potential for zakat in OIC member countries ranges from 1.8% to 4.34% of their GDP.

Several countries have reached an advanced stage in the development of

zakat, while several other countries are still in the initial stages. In fact, there are several countries that do not pay any attention at all to the management and development of zakat. Indonesia, as the country with the largest Muslim population in the world, is a country that does not require its Muslim citizens to pay zakat. The total national zakat potential is 327 trillion Rupiah, but the new zakat collection was recorded at 14 trillion Rupiah. The factor that causes this to happen is the community's low literacy level. Baznas has made several efforts to increase zakat literacy, namely by strengthening zakat literacy through zakat campaigns and evaluations, massively strengthening digital zakat, and strengthening research. In fact, there are several countries that do not pay any attention at all to the management and development of zakat. Indonesia, as the country with the largest Muslim population in the world, is a country that does not require its Muslim citizens to pay zakat. The total national zakat potential is 327 trillion Rupiah, but the new zakat collection was recorded at 14 trillion Rupiah.

The factor that causes this to happen is the community's low literacy level. Baznas has made several efforts to increase zakat literacy, namely by strengthening zakat literacy through zakat campaigns and evaluations, massively strengthening digital zakat, and strengthening research. In fact, there are several countries that do not pay any attention at all to the management and development of zakat. Indonesia, as the country with the largest Muslim population in the world, is a country that does not require its Muslim citizens to pay zakat. The total national zakat potential is 327 trillion Rupiah, but the new zakat collection was recorded at 14 trillion Rupiah. The factor that causes this to happen is the community's low literacy level. Baznas has made several efforts to increase zakat literacy, namely by

strengthening zakat literacy through zakat campaigns and evaluations, massively strengthening digital zakat, and strengthening research. including countries that do not require their Muslim citizens to pay zakat. The total national zakat potential is 327 trillion Rupiah, but the new zakat collection was recorded at 14 trillion Rupiah.

The factor that causes this to happen is the community's low literacy level. Baznas has made several efforts to increase zakat literacy, namely by strengthening zakat literacy through zakat campaigns and evaluations, massively strengthening digital zakat, and strengthening research. including countries that do not require their Muslim citizens to pay zakat. The total national zakat potential is 327 trillion Rupiah, but the new zakat collection was recorded at 14 trillion Rupiah. The factor that causes this to happen is the community's low literacy level. Baznas has made several efforts to increase zakat literacy, namely by strengthening zakat literacy through zakat campaigns and evaluations, massively strengthening digital zakat, and strengthening research.

Zakat is one of the five pillars in Islam and it is an obligation for every Muslim who has property that reaches the nisab (threshold limit) to distribute part of the property to those who are entitled to receive it. Zakat has the aim of improving society's welfare through the redistribution of wealth and helping those in need.

The reality shows that there is still minimal potential for zakat that can be explored. The total potential for zakat in OIC member countries ranges from 1.8% to 4.34% of their GDP. Some countries have reached an advanced stage in the development of zakat, while several other countries are still in the initial stages. In fact, there are several countries that do not pay any attention at all to the management and development of zakat. Indonesia, as the country with the largest Muslim population in the world, is a country that

does not require its Muslim citizens to pay zakat. The total national zakat potential is 327 trillion Rupiah, but the new zakat collection was recorded at 14 trillion Rupiah. The factor that causes this to happen is the community's low literacy level.

The results of research conducted by Noor Achmad reflect that the management of zakat during the time of the Prophet, his companions, and the *tabi'in* had a very advanced civilization. They have a tightly organized system and strict supervision. Zakat is collected and distributed efficiently and fairly to those who are entitled to receive zakat

In Muslim-populated countries today, zakat management models vary. Some countries have reached an advanced stage in the development of zakat, while some countries are still in the initial stages. Unfortunately, there are several countries that do not pay enough attention to the management and development of zakat

THEORETICAL FRAMEWORK

The meaning of zakat cannot simply be translated from the origin of the word, because the term zakat is attached to the Islamic religion, in fact it is one of the pillars of Islam. Zakat is one of the pillars or pillars of the Islamic religion that must be known and implemented by every follower of the Islamic religion. The practices of zakat and alms have many similarities and this kind of practice was taught by the Apostles before the Prophet Muhammad saw. The command to give zakat or charity was actually taught by monotheistic religions before Islam. Islam continues this teaching of charity and emphasizes that it is one of the pillars of religion, namely paying zakat to those who can afford it. The spirit of sharing wealth contained in the teachings of Islam is in line with other monotheistic religions

Zakat (sometimes spelled Zakat) is an Arabic term that refers to the giving of a certain portion of one's wealth to a

specific recipient as an act of worship and as a means of purification. Recipients of zakat, as explained in Islamic tradition, are the poor, the needy, those in debt, travelers, and those who work to collect and distribute zakat. In Judaism and Christianity, the concept of giving to the poor is also emphasized, but there is no formal system similar to Zakat.

In Islam, zakat is considered one of the five pillars of faith, and is obligatory for all Muslims who meet certain criteria. The Qur'an provides instructions regarding the distribution of zakat and the types of wealth that are subject to it. The development of zakat institutions in Islam has a long and complex history, with various interpretations and practices developing over time. Currently, the administration and distribution process of zakat in contemporary Muslim countries varies depending on the school of Islamic thought most prevalent in that society and the level of government theocratic involvement in that society

In this research, the focus is on research regarding "Governance of Zakat Management Capitalization" in the Indonesian Territory, which is something new and needs to be carried out research that focuses on the zakat management movement in the 21st century. So this research uses the latest literature studies and topics - zakat management and community welfare as well as aspects that influence zakat management. The motivation for this research is to find out how zakat management can be implemented optimally. Apart from that, this research analyzes what aspects influence zakat management in Indonesia.

LITERATURE REVIEW

Zakat can be used to finance social protection nets by considering the geographical and political conditions of a country. Bilo and Machado in "The role of Zakat in the provision of social protection A comparison between Jordan and Sudan"

examine the role of zakat in providing social protection in the Middle East and North Africa region, especially in Jordan and Sudan. The study reviews academic literature, reports by international organizations, and information provided by national zakat funds to assess different Zakat capital in two state-regulated countries.

The study found that the extent to which zakat can be used to finance social protection measures varies not only in the way it is collected and administered, but also with the geographical and political conditions of the country. In Sudan, zakat is mandatory and reaches proportionally more households than in Jordan. The selection of recipients, however, is at the discretion of the Fund administrators in both countries, although the Qur'an prescribes eight categories for those who should receive Zakat. This research has not explored how effective zakat management is when zakat becomes an obligation

Zakat can also have a positive influence on per capita income, thereby increasing economic growth, which ultimately improves community welfare. Research conducted by An'im Kafabih and Setyo Tri Wahyudi in *Zakat and Economic Development: Study in Three Muslim Countries in Southeast Asia* analyzed that zakat can have a positive impact on per capita income, and may have a greater influence than foreign direct investment. It is interesting to note that although Muslims may not make a significant contribution to economic development, they do contribute to zakat, which can be seen as a way to support social and economic development in their communities.

The impact of political upheaval on entrepreneurs' zakat compliance intentions is significant, analyzed by Sadallah & Jabbar in "Alms Tax (ZAKAT) compliance intention among entrepreneurs from a social cognitive perspective: the moderating role of knowledge" presenting

the relationship between extrinsic and intrinsic motivation, zakat compliance, and The moderating role of alms tax (zakat) knowledge among Algerian entrepreneurs. This exploration shows that the influence of political upheaval on entrepreneurs' zakat compliance intentions is significant, while the effects of service quality and trust are not significant. This study also focuses on the urgent position of the quality of services provided by zakat institutions and entrepreneurs' trust in these zakat institutions in the zakat compliance mindset.

Another reason individuals may not donate through charitable organizations is that the experience of self-donation gives them a level of lack of trust and the limited variety of products offered by these organizations. Higher happiness, intrinsic urge to spend more, spiritual comfort, lack of trust and limited variety of products offered by the organization. These reasons identified by Kashif's research in "The dynamics of Zakat donation experience : a phenomenological inquiry" show that the phenomenon of zakat donation experiences in Pakistan is to increase understanding of religious consumption practices among Muslims

In addition to those proposed by Kashif, Nashwan's investigation in "Zakat compliance in Muslim Countries: an Economic and Socio-psychological Perspective" represents a research model to provide a deeper understanding of why some Muslims do not pay their zakat through zakat authorities, even though it is the basis of protection society in Muslim society. The proposed model draws on Fischer's tax compliance model and combines economic and socio-psychological factors. Fischer Tax Compliance Model : Adapting the Fischer tax compliance model to describe zakat compliance is a relevant approach. This model can include economic factors such as incentives and costs, as well as socio-psychological factors such as social

norms, perceptions of fairness, and perceptions of the effectiveness of using zakat.

The four main categories of Fischer's model are adapted to the Zakat context, and include: attitudes and perceptions (system fairness, ethics, and peer influence); Structure of the zakat system (complexity and law enforcement); opportunities for noncompliance (level of education, source of wealth, and employment); and demographic factors (age and gender). To adjust for the nature of Zakat, this model also includes the influence of Islamic religiosity and the moderating effect of trust in Zakat institutions.

In the procedures for paying zakat, there is room to pay zakat using crypto currency and from investments made in crypto assets, as long as they have been filtered and codified according to sharia. This has been studied by Muneeza in "Zakat payments from cryptocurrencies and crypto assets" reviewing the practice of accepting zakat payments using cryptocurrencies and crypto assets from a sharia perspective. The study involved unstructured interviews with experts in the field and a review of relevant literature to reach conclusions.

This study covers sharia aspects which are very important in the context of zakat payments using cryptocurrency. It is important to ensure that cryptocurrencies and crypto assets comply with sharia principles relating to zakat, including sources of funds, lawful investments and distribution of zakat.

Apart from discussing the reasons for giving zakat, according to Saad, Aziz, and Sawand in "Islamic accountability framework in the zakat funds management, there is a need for comprehensive Islamic accountability which takes into account the unique features of zakat fund management, namely: transparency, responsibility, reporting and auditing.

According to Ahmada, Othman, Salleh in "Assessing the Satisfaction Level of Zakat Recipients Towards Zakat Management" despite technological advances, the main medium used by zakat recipients in Malaysia to obtain information about zakat distribution is word of mouth. These findings suggest that zakat institutions consider improving their communication channels to ensure that zakat recipients receive timely and accurate information about zakat distribution. Emphasize the importance of direct communication in zakat management. Zakat institutions must ensure that they have effective communication channels with zakat recipients. This can include in-person meetings, sending messages through the mail, or even phone calls.

The urgency in managing zakat to increase the productivity and efficiency of managed zakat funds from the investigation carried out by Djaghballou, Larbani and Azhar Mohamad in Efficiency and productivity performance of zakat funds in Algeria. Chams regarding the efficiency and productivity of zakat funds managed by the Directorate of Religious Affairs and Waqf (DRAE) in Algeria uses data envelopment analysis and the Malmquist Productivity Index. The research covers the period from 2003 to 2013, and explores that the total factor productivity of all zakat funds has increased significantly, mainly due to technical changes rather than efficiency changes.

Increasing in productivity of zakat funds was caused more by technical changes than changes in efficiency shows the importance of developing and implementing technology and best practices in zakat management. This can include the use of information technology systems to manage zakat funds more efficiently.

The importance of trust and confidence in zakat management is reinforced by the investigation conducted

by Owoyemi in Zakat management. The crisis of confidence in zakat agencies and the legality of giving zakat directly to the poor found that the crisis of confidence in the ability of the state and zakat institutions to distribute zakat to eligible recipients, entitled, as well as providing the legality of giving zakat directly to recipients

The urgency in managing zakat to increase the productivity and efficiency of managed zakat funds from the investigation carried out by Djaghballou, Larbani and Azhar Mohamad in Efficiency and productivity performance of zakat funds in Algeria Chams.

RESULT AND DISCUSSION

In Indonesia, as the country with the largest Muslim population in the world, zakat is not obligatory for its Muslim citizens. Nevertheless, there is a large potential for zakat in Indonesia. The total national zakat potential is estimated at 327 trillion Rupiah, but the amount of zakat collected is only around 14 trillion Rupiah. One of the contributing factors is the community's low literacy level regarding zakat

Since the time of the Islamic kingdom, zakat has been implemented and regulated in the royal government system. The practice of zakat occurred when Islam entered the archipelago in the 13th century. This cannot be separated from the position of zakat as one of the main teachings in Islam. Additionally, in the book *Faith and the State*; in a *History of Islamic Philanthropy in Indonesia* by Amelia Fauzia, it is explained that zakat has become one of several teachings that has become a "stimulus" for someone to convert to Islam. This religion is considered to offer an alternative to the caste system of Hindu society and provides incentives to the poor.

Written literature is also found in the travel records of foreign travelers such as Marco Polo, Ibnu Batuta, and Time

Pires who visited the archipelago. Likewise with local manuscripts such as *Bustan as-Salatin* (Garden of the Kings) from Aceh, *Acehnese Customs and Malay History* about the lineage of the Malacca Sultanate; legal codifications such as the *Malacca Code of Laws* and Islamic ethical code books such as *The Admonition of Seh Bari*.

In the book *Bustan as Salatin* written by Al Raniri explained Sultan Alauddin Perak Ibnu Sultan Ahmad was a very pious sultan. The Sultan is also very concerned with the application of Islamic law, including zakat. In his order, the Sultan asked his people to always pray, fast, and pay zakat, because the king's orders had to be obeyed by his subjects, zakat may not only have been practiced as a religious obligation, but also became a royal regulation. This is a form of "top-down Islamization"

Zakat regulations were implemented strictly and carried out by force during the reign of Sultan Iskandar Muda. He is known as an authoritarian ruler. "Rulers who have a more orthodox orientation are more likely to implement zakat collection strictly, (Table 1)

Apart from that, in the colonial era, zakat also supported the struggle against colonialism. Zakat is very vital and an important thing that accompanies every era in this archipelago

Since Indonesian independence in 1945, the government has tried to build an organized and effective zakat system. Several national and regional zakat institutions have been established and operate throughout Indonesia to collect and distribute zakat to those who are entitled to receive it. However, the level of welfare of Indonesian society still faces various challenges, including poverty, economic inequality, limited access to basic services such as education and health, etc. So it is very important to make zakat management effective under government control

Table 1 shows zakat management

in OIC countries. Sudan has an official Zakat institution called the Zakat Chamber, which is managed by the federal government. Zakat payments in Sudan follow the principle of obligation for its citizens, and there are sanctions for those who neglect their zakat obligations. Additionally, non-Muslims are required to pay a social solidarity tax. In Kuwait, there is a semi-autonomous zakat management institution known as Rumah Zakat, along with private zakat committees. Zakat payments in Kuwait are mandatory for private companies but voluntary for individuals.

Table 1. Zakat Management in OIC Countries

No.	Zakat Management	Total	OIC Countries
1	Comprehensive	8	Arab Saudi, Libya, Malaysia, Pakistan, Sudan, Yaman, Yordania, and Brunei Darussalam.
2	Partial	9	Indonesia, Iran, Kuwait, Lebanon, Mesir, Palestina, Bahrain, UEA, and Bangladesh.
3	Secular	24	Afganistan, Aljazair, Chad, Guinea, Mali, Maroko, Mauritania, Niger, Senegal, Somalia, Tunisia, Turki, Oman, Qatar, Suriah, Sierra Leone, Gambia, and Guinea.

In the Saudi Arabian States, the provisions of the laws of the Saudi Arabian State began in 1951 AD. Prior to that, the implementation of zakat had not been regulated by law. According to the Saudi king, non-Saudi citizens are not required to pay zakat but are required to pay income tax. Saudi citizens are required to pay zakat but do not pay tax. Zakat in Saudi Arabia is intended for all kinds of wealth. Then if the zakat on income from various professions has reached nisap then

the zakat will be deducted. The calculation method depends on the individual's financial report

The zakat law in Sudan was issued in April 1984 and became effective in September 1984. Zakat in Sudan is under the same umbrella as tax, so that people who work in tax also help channel zakat funds to mustahiq. Initially, zakat funds in Sudan were only intended for five groups, namely the needy, poor, amil zakat, ibn sabil, and gharim. However, then a fatwa was issued which expanded the target distribution of zakat funds to eight groups as stated in the Koran

In Pakistan, zakat is an obligation for Muslims who have assets that reach the nisab. The zakat law in Pakistan was officially implemented in 1979 and perfected in 1980. Zakat management in Pakistan is carried out through the Central Zakat Fund (CZF)

Zakat deductions are made directly through savings, investment certificates and insurance policies. Meanwhile, other assets such as cash, silver and gold are handed over to the muzakki for distribution to the eight groups entitled to receive zakat. The main priority in distributing zakat in Pakistan is the disabled, the poor and widows. Apart from that, official hospitals and education are also recipients of zakat in accordance with the

In 1988, a law was created to make the Zakat Management Institution independent in order to be more efficient and effective in its management. In Jordan, there is also a working group called Lajnah Az Zakat (Zakat Commission) which is tasked with monitoring poor people in society, establishing treatment centers, providing assistance for studying/going to school, and managing investment projects. This shows that Jordan is serious about carrying out its zakat obligations in the Islamic religion and providing benefits to people in need. The zakat law in Kuwait which was approved by parliament and the enactment of Bait Al Zakat in 1982 shows

Kuwait's commitment to managing zakat in a professional and organized manner. Bait Al Zakat, led by the Minister of Endowments, was established with the aim of collecting and distributing zakat in the most effective and efficient way.

Jordan has a zakat law established by the government in 1944 and is the first Islamic country to have a mandatory zakat law. In 1988, a law was created to make the Zakat Management Institution independent in order to be more efficient and effective in its management. In Jordan, there is also a working group called Lajnah Az Zakat (Zakat Commission) which is tasked with monitoring poor people in society, establishing treatment centers, providing assistance for studying/going to school, and managing investment projects. This shows that Jordan is serious about carrying out its zakat obligations in the Islamic religion and providing benefits to people in need

The zakat law in Kuwait which was approved by parliament and the enactment of Bait Al Zakat in 1982 shows Kuwait's commitment to managing zakat in a professional and organized manner. Bait Al Zakat, led by the Minister of Endowments, was established with the aim of collecting and distributing zakat in the most effective and efficient way

Undang-undang zakat di Kuwait yang disetujui oleh parlemen dan berlakunya Bait Al

Bait Al Zakat Kuwait's approach which focuses on planning and strategy is a very wise step in managing zakat practices effectively. This reflects a commitment to ensuring that zakat funds are used efficiently and effectively to provide maximum benefits for those in need, as well as being responsive to social and economic changes that occur. Some important aspects of this approach include:

***Strategic Planning*:** Building a strong strategic plan helps in setting long and short term goals, as well as identifying the best way to achieve them. This allows Bait Al Zakat to have a clear view of the

direction of zakat management.

With a focus on planning and strategy, Bait Al Zakat Kuwait believes that good planning is essential in achieving set goals. They have demonstrated success in developing zakat programs that are responsive to social and economic changes that occur, as well as ensuring that zakat resources are used optimally to provide maximum benefits for people in need.

Bait Al Zakat Kuwait employees are encouraged to have expertise in managing zakat and use good planning to ensure the success of their zakat program. Thus, Bait Al Zakat Kuwait has succeeded in building a reputation as one of the most effective and efficient zakat bodies in the world.

Malaysia has a PPZ (Zakat Collection Center) which is an organization tasked with collecting and distributing zakat to those in need. PPZ also has a contract and agreement with the Islamic Religious Council, which gives them responsibility for managing Islamic issues including zakat

PPZ has been operating since January 1 1991 and is under the Hartasuci Sdn company. Bhd. PPZ is responsible for zakat management and also has a zakat amil who manages zakat distribution. Zakat distribution is carried out through various programs such as school uniforms, medical assistance, and house contracts. Apart from that, PPZ also provides indirect assistance such as fostering creativity and work for the poor.

As a form of capitalization in Islamic society is zakat. Zakat has great potential as capital accumulation to build civilization, starting with the important role of zakat. Zakat has a role in overcoming poverty and improving social welfare for society. During the Covid-19 pandemic, zakat is very important to reduce the decline in the community's economy.

The potential for national zakat itself is very large. Based on the Zakat Potential Mapping Indicator (IPPZ), as of

2019, Indonesia's zakat potential was recorded at IDR 233.8 trillion or equivalent to 1.72% of 2018 GDP which was valued at IDR 13,588.8 trillion (Puskas BAZNAS, 2019). In 2019, corporate zakat has a potential of IDR 6.71 trillion. Meanwhile, in 2020 the company's zakat potential will reach IDR 144.5 trillion. In other words, the total potential for zakat in Indonesia in 2020 is IDR 327.6 trillion (Puskas BAZNAS, 2020). If described based on the source, there are five sources of zakat objects as in Table 2.

Table 2. Potential Zakat In Indonesia

No.	Zakat Object	Zakat Potential
1	Agricultural Zakat	19,79
2	Livestock Zakat	9,51
3	Financial Zakat	58,76
4	Income and Service Zakat	139,07
5	Corporate Zakat	144,5*
Total		327,6

Indonesia's total sharia financial assets in December 2018 were IDR 1,287.65 trillion. This number does not include sharia shares spread on the Indonesian stock market (Puskas BAZNAS, 2020). Compared to sharia shares, over the past five years the number of transactions on the Indonesian Stock Exchange (BEI) has increased by 7% each period (Puskas BAZNAS, 2020).

Indonesia's total sharia financial assets in December 2018 were IDR 1,287.65 trillion. This number does not include sharia shares spread on the Indonesian stock market (Puskas BAZNAS, 2020). Compared to sharia shares, over the past five years the number of transactions on the Indonesian Stock Exchange (BEI) has increased by 7% each period (Puskas BAZNAS, 2020).

The increase in sharia share trading

on the IDX increases the potential for optimal zakat on shares, both sharia and non-syariah, in Indonesia. According to Official News from Puskas BAZNAS, the potential zakat on corporate shares according to business sector in 2019 was IDR 99.7 billion with an average zakat per share of IDR 40.19 (Puskas BAZNAS, 2019). The potential for share zakat in Indonesia is shown in Table 3.

Table 3. Potential Corporate Stock Zakat by Business Sector

No	Sector	Zakat Potential		Average Zakat per Share (IDR)	
		2018	2019	2018	2019
1	Agricultural	3.669	3.514	72,53	49,02
2	Mining	6.879	7.408	39,69	42,72
3	Basic and Chemical Industries	3.513	3.844	15,40	13,15
4	Various Industries	5.627	6.185	15,83	16,61
5	Consumer Goods Industry	4.048	4.140	132,40	143,67
6	Property, Real Estate, and Construction	19.554	13.322	33,93	25,52
7	Infrastructure, Utilities, and Transportation	4.483	4.545	8,46	7,70
8	Finance	45.900	48.494	47,75	49,79
9	Trade, Services, and Investment	7.656	8.281	13,39	13,49
TOTAL					327,60

Based on the table above, the financial sector is the sector that has the greatest zakat potential with a total potential of IDR 48.4 trillion in 2019 compared to 2018 of IDR 45.9 trillion. During one year there was an increase of

approximately IDR 3 trillion. This means that the potential for zakat in the financial sector is very good, so we need to make efforts to optimize this potential.

With a zakat potential of 327.6 trillion Rupiah and Indonesia as one of the countries in Southeast Asia with the largest number of Muslims, it has become a magnet and center for building civilization and social welfare for surrounding countries, especially Southeast Asia by forming regional integration of the World Islamic Community's zakat capitalization to the center of civilization and the pole of economic growth aimed at the welfare of the World Islamic Community in general, and the Islamic community in Southeast Asia in particular, which is the archipelago region.

CONCLUSION

Overall, this research shows that zakat management is optimally managed and under direct supervision from the government and provides a useful overview of the importance of accountability in managing zakat funds and offers a framework for evaluating the effectiveness of accountability practices, the need for comprehensive Islamic accountability that takes into account the unique features of fund management zakat, namely: transparency, responsibility, reporting and auditing. As well as encouraging the formation of audit organizations organized by professional accountants.

Apart from that, trust and confidence need to be built by carrying out effective collection and distribution of zakat. So that avoidance behavior towards zakat can be overcome which is based on moral reasoning, peer influence, knowledge of zakat, distribution of zakat, and perceptions of zakat institutions. Another reason for individuals not donating through charitable organizations, namely the experience of independent donations, gives them a level of lack of

trust and limitations. variety of products offered by the organization. higher happiness, intrinsic drive to spend more, spiritual comfort, lack of trust and limited variety of products offered by the organization

However, it is worth noting that further research is needed to fully understand the complexities of managing zakat funds and to identify the most effective strategies to promote zakat accountability and efficiency.

REFERENCES

- Achmad Noor., Handayani, Tri., Peradaban Pengelolaan Zakat di Dunia dan Sejarah Zakat di Indonesia JURNAL IQTISAD: Reconstruction of Justice and Welfare for Indonesia Vol. 9 No. 2 (20 22), 1 19 - 144 ; DOI: 10.31942/iq.v9i2.7271 , ISSN: 2303 - 3223/2621 - 640X,
- Triantini, Zusiana Elly., Perkembangan Pengelolaan Zakat di Indonesia Al - Ahw}al>, Vol. 3, No. 1, 2010
- Aziz, Muhammad., Regulasi Zakat di Indonesia; Upaya Menuju Pengelolaan Zakat yang Profesional, Al Hikmah Jurnal Studi Keislaman, Volume 4, Nomor 1, Maret 2014
- Saad., Ram Al Jaffri., Ahmi., Aidi., , Sawandi., Norfaiezah, Aziz, Norazita Marina Abdul., Hakimi, Fifi ., Zakat administration reformation towards an effective and efficient zakat revenue generation <https://www.emerald.com/insight/1759-0817.htm>
- Mawardi, Imron., Widiastuti, Tika., Mustofa,, Muhammad Ubaidillah Al., "Analyzing the impact of productive zakat on the welfare of zakat recipients" Journal of Islamic Accounting and Business Research

- Vol.14No.1,2023 pp. 118-140
©EmeraldPublishingLimited
1759-0817 DOI
10.1108/JIABR-05-2021-0145
- Sadallah, Mouad., Jabbar, Hijattulah Abdul., -, Nashwan,Saeed Awadh Bin., Aziz, Saliza Abdul Abdul., “Almstax(ZAKAT) compliance intention among entrepreneurs fromasocialcognitive perspective:the moderating role of knowledge” , Journal of Islamic Accounting and Business Research ©EmeraldPublishingLimited 1759-0817 DOI 10.1108/JIABR-04-2022-0104
- Saad, RamAl Jaffri., Farouk, Abubakar Umar., Kadir, Dzarfan Abdul., “Business zakat compliance behavioral intention in a developing country” , Journal of Islamic Accounting and Business Research Vol.11No.2,2020 pp. 511-530 ©EmeraldPublishingLimited 1759-0817 DOI 10.1108/JIABR-03-2018-0036
- Sharif, Zaimah Abdullah,Mohd Hisham Mohd., , Saad, Ram Al Jaffri., Ariff, Arifatul Husna Mohd., Hussain, Md Hairi Md., Nasir, Mohd Herry Mohd., “Zakat institutions’ adoption of social media”, Journal of Islamic Accounting and Business Research ©EmeraldPublishingLimited 1759-0817 DOI 10.1108/JIABR-01-2022-0013
- Kashif, Muhammad., Jamal, Khurram Faisal.,. Rehman, Mohsin Abdur., “The dynamics of Zakat donation experience among Muslims: a phenomenological inquiry “JournalofIslamicAccountingand BusinessResearch Vol.9No.1,2018 pp. 45-58 ©EmeraldPublishingLimited 1759-0817 DOI 10.1108/JIABR-01-2016-0006
- Nashwan., Saeed Awadh Bin, , Jabbar, HijattulahAbdul., - and Aziz, Saliza Abdul., Sarea, Adel., “Zakah compliance in Muslim countries:an economic and socio-psychological perspective” Journal of Financial Reporting and Accounting Vol.19No.3,2021 pp. 392-411 ©Emerald Publishing Limited 1985-2517 DOI 10.1108/JFRA-03-2020-0057
- Muneeza, Aishath., Nashwan, Saeed Awadh Bin., - Moshin, Magda Ismail Abdel., Mohamed, Ismail., and Al-Saadi, Abdelrahman., “Zakat payment from crypto currencies and crypto assets” , International Journal of Islamic and Middle Eastern Finance and Management Vol.16No.3,2023 pp. 482-497 ©Emerald Publishing Limited 1753-8394 DOI 10.1108/IMEFM-12-2021-04
- Salleh, AkMd Hasnol Alwee Pg Md., “Integrating financial inclusion and saving motives into institutional zakat practices A case study on Brunei”, International Journal of Islamic and Middle Eastern Finance and Management Vol.8No.2,2015 pp.150-170 ©Emerald Group Publishing Limited 1753-8394 DOI 10.1108/IMEFM-12-2013-0126
- Sanusi, Nur Azura B.T., “The dynamics of capital structure in the presence of zakat and corporate tax”, International Journal of Islamic and Middle Eastern Finance and Management Vol.7No.1,2014 pp.89-111 ©Emerald Group Publishing Limited 1753-8394 DOI 10.1108/IMEFM-11-2011-0083

- Saad, Ram Al Jaffri., Aziz, Norazita Marina Abdul., Sawand, Norfaiezah., “Islamic accountability framework in the zakat funds management”, Peer-review under responsibility of the School of Accountancy, College of Business, Universiti Utara Malaysia. doi: 10.1016/j.sbspro.2014.11.139
- Alima, Mohammad Nizarul., “Utilization and Accounting of Zakat for Productive Purposes in Indonesia”, A Review, Peer-review under responsibility of the Organizing Committee of the 2nd GCBSS-2015 doi: 10.1016/j.sbspro.2015.11.028, Procedia - Social and Behavioral Sciences 211 (2015) 232 – 236
- Ahmada, Raja Adzrin Raja., Marzuki Ahmad., Othmanb, Amiruddin., Salleh, Muhammad Sufiyudin., “Assessing the Satisfaction Level of Zakat Recipients Towards Zakat Management” Procedia Economics and Finance 31 (2015) 140 – 151
- Nashwan, Saeed Awadh Bin., Ismaiel, Abdelhamid Elsayed A., Muneeza, Aishath., Isa, Mohamad Yazid., “Adoption of ZakaTech in the time of COVID-19: cross-country and gender differences”, Journal of Islamic Marketing ©Emerald Publishing Limited 1759-0833 DOI 10.1108/JIMA-08-2021-0278
- Sadallah, Mouad., Jabbar, Hijattulah Abdul., “Business zakat compliance in Algeria: an ethical perspective”, International Journal of Ethics and Systems Vol.38No.2,2022 pp. 338-355 ©Emerald Publishing Limited 2514-9369 DOI 10.1108/IJOES-04-2021-00
- Salleh, AkMd Hasnol Alwee Pg Md., “Integrating financial inclusion and saving motives into institutional zakat practices A case study on Brunei”, International Journal of Islamic and Middle Eastern Finance and Management Vol.8No.2,2015 pp.150-170 ©Emerald Group Publishing Limited 1753-8394 DOI 10.1108/IMEFM-12-2013-01
- Bilo, Charlotte., Machado , Anna Carolina., “The role of Zakat in the provision of social protection A comparison between Jordan and Sudan”, International Policy Centre for Inclusive Growth (IPC-IG), Brasilia, Brazil, International Journal of Sociology and Social Policy Vol. 40 No. 3/4, 2020 pp. 236-248 © Emerald Publishing Limited 0144-333X DOI 10.1108/IJSSP-11-2018-0218
- Abdullah, Mazni., Sapiei, Noor Sharoja., “Do religiosity, gender and educational background influence zakat compliance? The case of Malaysia”, International Journal of Social Economics Vol. 45 No. 8, 2018 pp. 1250-1264 © Emerald Publishing Limited 0306-8293 DOI 10.1108/IJSE-03-2017-0091
- Hasan, Aznan., Hassan, Rusni., Adawiah, Engku Rabiah., Tajuddin, Engku Ali., Muhammad, Engku., Ali, Engku., Hazizi, Noordin, Nazrul., , “A proposed human resource management model for zakat institutions in Malaysia”, ISRA International Journal of Islamic Finance Vol.11No.1,2019 pp. 98-109 Emerald Publishing Limited 0128-1976 DOI 10.1108/IJIF-10-2017-0036
- Wahab Norazlina Abd., Rahman, Abdul Rahim Abdul., “A framework to analyse the efficiency and governance of zakat institutions”,

- Journal of Islamic Accounting and Business Research Vol. 2 No. 1, 2011 pp. 43-62 q Emerald Group Publishing Limited 1759-0817 DOI 10.1108/17590811111129508
- Owoyemi, Musa Yusuf., “Zakat management The crisis of confidence in zakat agencies and the legality of giving zakat directly to the poor”, Journal of Islamic Accounting and Business Research Vol.11No.2,2020 pp. 498-510 ©EmeraldPublishingLimited 1759-0817 DOI 10.1108/JIABR-07-2017-0097
- Djaghballou , Chams-Eddine., Djaghballou, Mohamed., Mousa,Arbani., Azhar, Mohamad., “Efficiency and productivity performance of zakat funds in Algeria” International Journal of Islamic and Middle Eastern Finance and Management Vol.11No.3,2018 pp. 374-394 ©Emerald Publishing Limited 1753-8394 DOI 10.1108/IMEFM-07-2017-0185
- Yusuf, Muhammad-Bashir Owolabi., Derus, Alias Mat., “Measurement model of corporate zakat collection in Malaysia A test of diffusion of innovation theory “, Humanomics Vol. 29 No. 1, 2013 pp. 61-74 q Emerald Group Publishing Limited 0828-8666 DOI 10.1108/08288661311299321
- Mahmud, Kazi Tanvir., Hassan, M.Kabir., Alam,Md.Ferdous., “Opinion of the zakat recipients on their food security: a case study on Bangladesh” InternationalJournalofIslamicand MiddleEasternFinanceand Management Vol.7No.3,2014 pp.333-345 ©EmeraldGroupPublishingLimit
- ed 1753-8394 DOI 10.1108/IMEFM-08-2012-0079
- Obaidullah, Mohammed., Revisiting estimation methods of business zakat and related tax incentives, JournalofIslamicAccountingand BusinessResearch Vol.7No.4,2016 pp.349-364 ©EmeraldGroupPublishingLimit ed 1759-0817 DOI 10.1108/JIABR-10-2014-0035
- Al-Malkawi, Husam-Aldin Nizar., Javaid,Saima., Corporate social responsibility and financial performance in Saudi Arabia Evidence from Zakat contribution, Managerial Finance Vol. 44 No. 6, 2018 pp. 648-664 © Emerald Publishing Limited 0307-4358 DOI 10.1108/MF-12-2016-0366
- Razak, Shaikh Hamzah Abdul., Zakat and waqf as instrument of Islamic wealth in poverty alleviation and redistribution Case of Malaysia, International Journal of Sociology and Social Policy Vol. 40 No. 3/4, 2020 pp. 249-266 © Emerald Publishing Limited 0144-333X DOI 10.1108/IJSSP-11-2018-0208
- Al Shamali , Sarah., Al Mutairi, Shihanah., Determinants of Zakat donor behavior in a Gulf state, JournalofIslamicMarketing ©EmeraldPublishingLimited 1759-0833 DOI 10.1108/JIMA-04-2021-0113
- Raimi, Lukman., Patel, Ashok., Adelopo,Ismail., Corporate social responsibility, Waqf system and Zakat system as faith-based model for poverty reduction , World Journal of Entrepreneurship, Management and Sustainable Development Vol. 10 No. 3, 2014 pp. 228-242 r Emerald Group Publishing Limited 2042-5961 DOI 10.1108/WJEMSD-09-2013-005

- 2
- Saad, Ram Al Jaffri., Abdul Aziz, Norazita Marina., Sawandi, Norfaiezah., Islamic accountability framework in the zakat funds management, *Procedia - Social and Behavioral Sciences* 164 (2014) 508 – 515
- Samad, Abdus., Glenn, Lowell M., Development of Zakah and Zakah coverage in monotheistic faiths, *International Journal of Social Economics* Vol. 37 No. 4, 2010 pp. 302-315 q Emerald Group Publishing Limited 0306-8293 DOI 10.1108/03068291011025264
- Alima, Mohammad Nizarul., Utilization and Accounting of Zakat for Productive Purposes in Indonesia: A Review, *Procedia - Social and Behavioral Sciences* 211 (2015) 232 – 236, 1877-0428 © 2015 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>). Peer-review under responsibility of the Organizing Committee of the 2nd GCBSS-2015 doi: 10.1016/j.sbspro.2015.11.028
- Sehvisesb, Sakda ., Rophaa, Hasem., The Timeline of Zakah Fadell Hayecharasaha,*, *Procedia - Social and Behavioral Sciences* 88 (2013) 2 – 71877-0428 © 2013 The Authors. Published by Elsevier Ltd. Open access under CC BY-NC-ND license. Selection and/or peer-review under responsibility of Department of Planning and Development, Kasem Bundit University - Bangkok doi: 10.1016/j.sbspro.2013.08.474
- Al-Bawwab, Rania Adel, “Zakat: changing the framework of giving”, *Islamic Economic Studies* Emerald Publishing Limited e-ISSN: 2411-3395 p-ISSN: 1319-1616 DOI 10.1108/IES
- Nasrudin, M., “Silang Kuasa dalam Pengelolaan Zakat Era Kolonial Belanda”, *An-Nûr Jurnal Studi Islam*, Vol. VII No. 2 Desember 2015 P-ISSN: 1829-8753 e-ISSN: 2502-0587
- Qizam, Ibnu., Ardiansyah, M., & Qoyum, Abdul., (2019), “Integration of Islamic capital market in ASEAN-5 Countries. Preliminary Evidence for Broader Benefits from the Post-Global Financial Crisis”, <https://www.emerald.com/insight/1759-0817.htm>
- An, Li., Lou, Dong., & Shi, D., (2022), “Wealth redistribution in bubbles and crashes”, <https://doi.org/10.1016/j.jmoneco.2022.01.001>
- Hasan, Iftekhar., Horvath, R., & Mares, J., (2016), “Finance and wealth inequality”, <https://doi.org/10.1016/j.jimonfin.2020.10.2161>
- Peltonen, T.A., Sousa, R.M., & Vansteenkiste, I.S., (2012), “Wealth effects in emerging market economies”, <http://dx.doi.org/10.1016/j.iref.2012.01.006>
- Outlook Zakat Indonesia 2021 Pusat Kajian Strategis – Badan Amil Zakat Nasional ISBN : 978-623-6614-39-6