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Blockchain For Zakat: Integration Of Maqasid As-Syari'ah And Socio-Economic Functions In Indonesia

Dewi Rahmawati
Ma'had Aly Madarijul Ulum Lampung
dewirama2113@gmail.com

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ABSTRACT

Indonesia, the fourth most populous country in the world, has a vibrant religious, cultural and economic diversity. With 270 million people spread across more than 17,000 islands, Indonesia is one of the largest economic milestones in Southeast Asia. Islam with one of its religious pillars, zakat, is an instrument that has enormous potential to improve social and economic welfare, however, the challenge of transparent and efficient zakat management is still a major issue in Indonesia. This journal will propose the implementation of blockchain technology as a way out to improve transparency and accountability in the management of zakat, in line with the principles of Maqasid as-Syari'ah. The implementation of blockchain technology will ensure the right distribution and reduce the potential for misuse of funds as well as speed up the transaction process. This research will also examine how the social and economic impact of zakat through the integration of digital technology can strengthen social ties between muzakki and mustahik and encourage economic empowerment in poor communities. The results will show that by utilizing blockchain zakat will be more effective in achieving an Islamic socio-economic goal as well as advancing a more transparent and fair financial system. This research recommends the implementation of blockchain in zakat management to increase public trust and optimize zakat in Indonesia.
Keywords: *Zakat, Blockchain, Maqasid as-Syari'ah, Socio-Economic.*

INTRODUCTION

In the era of the Industrial Revolution that continues to move and develop relentlessly, the world is experiencing a wave of digital transformation that continues to move forward so rapidly, giving birth to various innovations that transform traditional paradigms in various sectors. One of the most striking innovations is blockchain technology, a system that is rapidly developing in various developed countries and is starting to attract global attention, especially in the financial and social technology sectors. Blockchain announces a huge potential to create a system that is certainly guaranteed to be more secure, transparent, decentralized and provide a way out for the challenges faced in various fields.

Technically, blockchain is a ledger system that works on a decentralized network. This system was first recognized through its application in cryptocurrencies such as bitcoin, which became the basis for its introduction as a revolutionary technology. Through a consensus mechanism that ensures every transaction is verified by multiple parties in the network, blockchain provides a transparent, secure, and immutable folder of transaction records. In addition to the advantages it has in the financial sector, the application of blockchain is now spreading in various other fields, including in the management of zakat.

Indonesia is a country with a majority Muslim population, with five pillars, one of which is an instrument that functions to distribute wealth and reduce social inequality, namely zakat. In language, zakat has several meanings including growth, blessing, and goodness. Whereas in fiqh terms zakat means certain assets that must be removed from certain assets and must be disbursed to certain groups in accordance with the specified conditions. It is called zakat because the property that is zakaah will grow because of the blessing of paying zakat and the prayers of those who receive it.

Zakat is an important pillar in building an Islamic economy. Zakat has two main functions that have a horizontal aspect with fellow humans, namely building *habluminannas* links or ties and good relations with fellow humans. The command of the obligation of zakat has been described in the Qur'an, Allah SWT says:

خُذْ مِنْ أَمْوَٰلِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِم بِهَا وَصَلِّ عَلَيْهِمْۖ إِنَّ صَلَوٰتَكَ سَكَنٌ لَّهُمْۗ وَٱللَّهُ سَمِيعٌ عَلِيمٌ

"Take zakat from their wealth (to) purify and cleanse them, and pray for them, for indeed your prayers are a comfort to them. Allah is All-Hearing, All-Knowing." (QS At-Taubah 104)

Zakat has a broad social dimension in improving economic justice and reducing social inequality, beyond that zakat is also a form of social worship obligation. Currently, the collection and distribution of zakat is an effort made by the government to equalize the wealth in a country. In surah At-Taubah verse 104 Allah SWT begins with the word خذ (take) which is a form of fi'il amr which outwardly indicates that taking zakat from muzakki is mandatory. Through Law Number 23 Year 2011 on Zakat Management, a zakat management institution has been established in Indonesia that aims to regulate zakat management to be more structured and effective, namely the National Amil Zakat Agency (BAZNAS), also supported by collaboration with several other social organizations. However, despite the maximum efforts made by Indonesian government agencies, it does not rule out the possibility of challenges and difficulties, especially in terms of transparency, efficiency and targeted distribution.

Thus, even though the presence of blockhain with its benefits and applications in regulating the optimization of zakat must still be underlined in considering the perspective of *Maqasid as-Syari'ah* in it, which has its own principles in terms of implementation. Therefore, it is important to explore how the blockchain technology system can be integrated into the existing zakat system in Indonesia while still paying attention to *Maqasid as-Syari'ah* and the function of zakat itself that must be maintained.

The blockchain system has great potential to improve the optimization of zakat management, but it also has several problems that need to be overcome:

1. Lack of clear policies and regulations from regulators
2. Bolckhain technology itself is still in the early stages of development, especially in Indonesia.
3. Zakat institutions need to ensure that the security system of all parties or stakeholders in transactions using

the blockhain system is definitely guaranteed.
4. Ensure that there are no sharia violations or risks that are not in accordance with sharia rules in every stage of the transaction.
5. Human resources are still limited in knowledge and expertise related to blockhain.

The implementation of the blockchain system in optimizing zakat management is a form of positive innovation that supports management to be more efficient, transparent and decentralized. Blockchain can overcome classic problems in the management of zakat, including muzaki's distrust and misuse of funds and less than optimal distribution. By using the blockchain system, every zakat transaction can be tracked and verified by all parties involved, with the aim of ensuring that zakat funds have reached the hands of mustahik in a fair and sharia-compliant manner.

However, the implementation of blockchain technology in optimizing zakat management in Indonesia must pay attention to aspects of Islamic law and the contribution of zakat institutions in its distribution. Therefore, a clear operational provision is needed on how zakat using this blockhain system can be applied in the context of zakat without getting out of the Maqasid as-Syari'ah principle. And in this context, the blockchain system is not only able to produce technical benefits but how this blockchain system is able to improve the social and economic functions of zakat as a means of community empowerment and poverty alleviation.

LITERATURE REVIEW

Blockchain In The Financial System

Blockchain is a distributed ledger technology in which every transaction is recorded securely, transparently and permanently. Every transaction made on the blockchain network has been verified by network participants (nodes) which will ensure that the data that has been stored will be locked and cannot be changed. Meanwhile, in the context of finance, blockchain has been used to support various financial services such as international money transfers, digital payments, decentralized financial services (DeFi) and digital identity and asset management.

One of the benefits of using a blockhain system in the financial system is time and cost efficiency. Whereas in payments that still take place manually, transactions carried out often require a long time and a fairly high cost due to the need to involve several intermediaries such as banks and payment institutions. The use of a blockchain system allows direct transactions without intermediaries, thereby reducing transaction costs and speeding up settlement time. The decentralized nature of blockchains also allows for a more secure and transparent transaction process because all data will be recorded and locked in a ledger that is distributed across payments.

Zakat in Maqasid as-Shari'ah

Zakat is one of the five pillars of Islam that has a fundamental role in creating social and economic justice in society. Zakat in a *Maqasid as-Syari'ah* framework is not only an obligation to worship, but also an instrument aimed at achieving *maslahah*. *Maqasid as-Syari'ah* focuses on the main objectives of Islamic law related to the protection of five aspects, namely religion (*hifdz din*), soul (*hifdz nafs*), property (*hifdz mal*), reason (*hifdz 'aql*) and offspring (*hifdz nasl*).
One of the main objectives in the context of zakat is to protect wealth (*hifdz mal*) and protect the soul (*hifdz nafs*). Zakat has a function to distribute

wealth from the wealthy to the needy so that the movement is able to reduce social inequality and economic equality of society.

In his book *Al-Muwafaqat* Imam as-Syatibi explains that zakat has a strategic role in providing protection to the weak, maintaining social welfare and being able to help prevent poverty and social injustice. Thus zakat in the framework of *Maqasid as-Syari'ah* in addition to functioning as a ritual obligation is also an important social instrument to create mutual welfare in society.

Maqasid Shari'ah in Zakat Management

Maqasid Shari'ah considers zakat not only an obligation for each individual to Allah, but also an instrument to achieve broader goals. Imam al-Ghazali in his book *Al-Mustasfa* says that a benefit or a benefit that exists in every sharia law is the welfare of mankind. This is realized in the context of zakat with the aim of protecting the soul (*hifdz nafs*), protecting property (*hifdz mal*) as well as maintaining social relations among fellow creatures. Zakat distributed to the predetermined *asnaf* is not only a form of fulfilling the obligations set by religion but also provides an opportunity for those in need to live more properly and have their basic needs guaranteed. In addition, zakat can also play a role in protecting offspring by ensuring that children from poor families receive adequate education and nutrition. Therefore, zakat is more than just a religious obligation but also one of the important pillars in realizing social welfare according to sharia principles.

Social and Economic Functions of Zakat

The function of zakat in Surah at-Taubah: 103 in the form of التطهير which can be interpreted as cleansing or purification. Referring to the opinion of asy-Sya'rawi that the function occurs in every element of zakat, namely for muzakki, mustahik and the treasure itself.

a. Function for muzakki

Treasure is something that is very favored by humans, it is not even a taboo when someone loves wealth so much that it makes him forget his family and even God. As Allah SWT says in surah an-Nisa (128) الانفوس الشّحّ "...Man is by nature miserly...". for that zakat has a function to clean the hearts of muzakki from the greedy and miserly nature which is a despicable trait and has become a character in humans.

b. Function for mustahik

According to al-Qardhawi, zakat has a role that can provide a strong bond between muzaki and mustahik. Where the bond will give birth to a sense of mutual love and strengthen brotherhood and mutual help between one Ummah and other Muslims. The connection is as stated by the Prophet Muhammad PBUH

جبلت القلوب على حب من أحسن إليها و بغض من أساء إليها

"The nature of the heart is to love those who do good to it and hate those who do bad to it." (HR al-Baihaqi)

c. Function for treasure

It has never been denied that every asset obtained by someone cannot be separated from things that are shubhat. Therefore, the function of zakat itself for the property owned is to purify it from things that damage the clean property owned by someone. Affirmed by Sayyidah Aisyah r.a, the Prophet said

ما خلط الصدقة مالا إلا أهلكته

"Unpaid zakaah does not mix with wealth unless it corrupts it." (HR al-Baihaqi)

In the economic context, the role of zakat to mustahik and muzaki can be seen in microeconomic perspective. While the role of zakat in increasing and developing the wealth itself can be seen with the scale of macro glasses.

d. Micro Function of Zakat

According to Ali Sakti, the group that is very dominantly affected by the existence of zakat is mustahik. Where their consumption rate is calculated to be very dependent on the distribution of zakat. In other words, zakat has a positive correlation on the consumption rate of mustahik. This is as explained in a hadith,

زكاة الفطر طهرة للصائم من للغوالرفث و طعمة للمسكين

"Zakat al-fitr is to purify the fasting person from idle talk and sinful deeds, and to feed the poor." (Abu Daud)

With zakat, the purchasing power of the poor to fulfill their basic needs increases. In the context of microeconomics, the increase in purchasing power is an increase in *demand*.

Rivai and Buchari explained that in the zakat system, the process of zakat is to allocate assets based on two principles, namely that it can generate welfare and generate income levels. The increase in the mustahik's income level will automatically increase the purchasing power of the mustahik. In theory, the existence of zakat will increase the demand curve through aggregate *demand* that increases due to the purchasing power of the mustahik community driven by the distribution of zakat.

The positive effect of zakat on productivity and supply can also be seen from the imposition of zakat on idle money or financial assets. Owners of idle assets will be motivated to channel their assets into the real sector so that zakat is only imposed on the results of asset management, not on the principal assets. This is as stated by the Prophet Muhammad

ألا من ولي يتيما له مال فليتجر فيه و لا يتركه حتى تأكله الصدقة

"Remember, whoever among you takes care of an orphan's property, let him develop it in commerce and not leave it so that it is eaten up by zakaah." (HR at-Tirmidhi)

In the hadith, it is clearly exposed about the prohibition to idle wealth with the application of zakat. Instead, the Prophet ordered to develop the property so that zakat can be taken from the results of property management not from the principal property. From this we can see how the Prophet made zakat as a reason for someone to always produce his property and not let it *idle*.

e. Macro Function of Zakat

In the context of macroeconomics, the function of zakat in the form of الإنماء can be interpreted as encouraging economic growth in quantity. In economics this is known as sustainable growth with equity, the function of zakat on economic growth can be seen from the role of zakat in increasing and equitable can be seen from the role of zakat in reducing unemployment and poverty, as well as wealth distribution instruments that are able to create wealth equity.

On a macroeconomic scale, it certainly has several functions, including the function of zakat on aggregate consumption, zakat on aggregate investment, zakat in reducing unemployment, zakat in reducing poverty, zakat for income distribution.

METHODOLOGY

In this research, the author uses an Islamic legal research method with a descriptive normative research type to analyze the potential application of blockchain technology in Zakat management in Indonesia, as well as its integration by combining the principles of *Maqasid as-Syari'ah* and the socio-economic functions of zakat. This method aims to systematically describe how blockchain can be applied in the zakat system, by reviewing literature related to blockchain technology, zakat and sharia principles. In addition, a normative approach is used to evaluate the compatibility between the application of this technology and the objectives of *Maqasid as-Shari'ah* which emphasize the protection of individual rights, social justice and the welfare of the people. Data collected through literature review with existing regulations are then analyzed to identify the socio-economic impacts that could result from the use of blockchain in zakat management in Indonesia.

RESULTS AND DISCUSSION

Integration of blockhain in zakat management

Zakat is a form of obligation that must be fulfilled by every Muslim and of course with predetermined conditions. In its management, zakat itself has a function as a form of reducing social inequality, optimizing the economic conditions of the community, and cleaning assets. However, although the maqasid of zakat collection has long been recognized both in terms of practice, collection and distribution, zakat still faces great challenges related to its efficiency and transparency.

The blockchain system was created to facilitate Zakat payments by providing a platform that was created to make it easier for Muslims to make digital zakat payments through blockchain-based e-wallets and wallets. Not only to facilitate transactions but this system also ensures that every transaction will be permanently recorded on the blockchain which makes it more transparent and easy to audit.

The benefits that can be felt by doing zakat transactions using the blockchain system include:

a. Transparency, every transaction carried out will be recorded with the use of the system publicly and can be accessed by all parties who have an interest.
b. Security, transactions carried out are detected by a decentralized system which will affect the reduction of the risk of manipulation or misappropriation of funds that have been collected.
c. Convenience, creating convenience for people who one day want to fulfill their obligations to pay zakat without having to go through conventional or manual zakat institutions which are certainly too time-consuming and costly.

Then the crucial aspect in the management of zakat is how the process is passed regarding the funds that have been collected which are then distributed appropriately in accordance with the *asnaf* that have been determined by fiqh regulations. Blockchain can provide a way out in a product package called a smart contract (smart contract) which with the program will automatically distribute the collected zakat funds to the rightful and verified recipients.

The advantages offered in using the blockchain system in the distribution process include:

a. Screening of zakat recipients, zakat recipients can be selected and verified through a blockchain-based system that ensures only those who meet the criteria are eligible to receive.
b. Accuracy and speed, smart contract systems can execute transactions automatically based on pre-programmed rules, reducing distribution time and costs.

c. Monitoring and reporting, by using the blockchain system, the distribution of zakat can be monitored in real-time by various parties both from the zakat management institution to the donors who increase accountability.

In Islam, zakat has several main functions including:

a. Cleansing wealth, zakat is a method that functions to clean one's wealth and soul from miserliness and greed.
b. Social justice, zakat has a function to reduce economic inequality by equalizing wealth that is resolved by zakat.
c. Education and economic empowerment, zakat can also be used to provide funds for education and economic activities that can empower individuals or communities in need.

The integration of blockchain in zakat management has a direct link to these functions:

a. Cleaning of wealth, by ensuring that the zakat that has been collected is then calculated and distributed appropriately and transparently, the blockchain system will help ensure that the wealth that has been paid actually fulfills the zakat obligation.
b. Social justice, this system will allow the distribution of zakat to be more efficient and fair by ensuring that the funds will reach the most needy recipients and in accordance with the principles of social justice in Islam.
c. Economic empowerment, this system can be accessed to manage zakat funds intended for sustainable economic empowerment or education projects that will have a major impact on underprivileged communities.

Beyond the things that have been explained before, of course, in a system that is offered, there must be advantages and challenges, the advantages of using a blockchain system include:

a. Enhanced transparency

With the implementation of a blockchain system, every transaction will be recorded openly on a network that can be accessed by the various parties involved. All changes that occur in the blockchain system are recorded in the form of blocks that are connected to each other, and the data cannot be changed by anyone. This ensures that everyone who makes transactions using the blockchain can verify and track transactions transparently, reducing the potential for fraud and data manipulation. Blockchain also provides transparency that reduces the potential for misuse of data, especially in the context of finance and governance.

b. Simplify the process

In traditional systems, the processes used often involve many intermediaries or third parties, which can hinder execution and increase costs. Blockchain removes the need for intermediaries, as transactions are carried out directly from the parties involved with the help of smart contracts. This simplifies the process and makes transactions happen more efficiently. By removing third parties, blockchain is able to speed up the transaction process and reduce the costs involved.

c. Increase trust among the community

The security and transparency offered by blockchain can increase trust between parties involved in a transaction, as no party is able to manipulate data without being noticed. Decentralized systems also reduce the potential for misuse of funds that often occurs in centralized systems. This helps build a higher sense of trust among the community and users in general. With such authority-independent mechanisms in place, blockchain systems provide greater trust and allow for a more transparent relationship between parties.

While the challenges that will be faced when this blockchain system is implemented include:

a. The community and zakat management institutions may face challenges in adopting and understanding the blockchain technology system which of course many people do not understand what the blockchain system itself is like.
b. While blockchain offers many advantages in terms of transparency in particular, it is still necessary to ensure that the platform used complies with Shariah principles in the execution of transactions and their distribution.
c. Not everyone has access to the technology required to use blockchain-based platforms, especially in areas where infrastructure is still limited.

The integration of blockchain in managing zakat can certainly bring many advantages and benefits, both from increasing transparency, efficiency to strengthening accountability in the process of distributing zakat. By using this technology, zakat management can be more in line with Islamic principles, especially in creating social justice and economic empowerment. But even though to achieve an optimal benefit, it certainly requires a good understanding and cooperation between the parties involved in it including zakat institutions, government and society.

Conformity with Maqasid Shari'ah

Islam is a religion that is *shalihu fii kuli zaman wa makan*. That Islam as a religion which contains teachings that are always relevant to the times and able to contextualize it in various problems that occur in the time and conditions of religion adhered to by its adherents. As a rule that says المحافظة على قذيم الصالح والأخذ بالجديد الأصلح which emphasizes how important it is to maintain good traditions but at the same time remain open to innovations that bring greater benefits. *Maqasid as-Syari'ah is* based on the content of Qur'anic verses that show that Allah's laws will always contain maslahah or manafaat. One of the legal bases is found in surah Al-Anbiya verse 107.

وما ارسلنك الّا رحمة لّلعلمين

"And we did not send you, but to be a mercy to the universe".

The concept of *Maqasid as-Syari'ah* has an important role in Islamic law and its implementation in daily life. Imam al-Ghazali in his book *Al-Mustasfa*, related to the concept of *maslahah mursalah* which refers to a value that is not explicitly mentioned in the text but is taken as a law because of its usefulness for mankind. This concept emphasizes that Islamic law is formed based on the goals or benefits for the lives of people as well as the needs of the times not only based on the text. As a rule that reads

حكم الشيء يدور مع أثره وجوباوعدما

i.e. the ruling of a case depends on the impact it has.

Abdul Malik al-Juwaini introduced the term *masalih ammah* (general benefit) this concept becomes the basis that to understand an Islamic law it must reach the general needs of mankind without being limited to specific or local rules. Meanwhile, Najmaddin at-Tufi connects *Maqasid as-Syari'ah* with *Maslahah* as something that was created to achieve the purpose of creation by Allah. At-Tufi argues that every law that has been established by Allah must have the intention of creating a benefit and rejecting mafsadat, which basically this method refers to the rule of *jalbu masalih wa dar'ul* .

جلب المصالح ودرءالمفاسد

which means taking benefits and rejecting damage. known as *istislah* (thinking or istinbat by prioritizing a benefit). This method is a method often used by scholars to determine a new law related to modern problems or issues that are not explicitly written in classical texts.

Then, in order to resolve the issues related to this, the maslahah or benefit contained in the text is used. This general principle is then applied to cases that cannot be resolved through specific texts. Which is usually this pattern is often used by scholars in determining the law for cases that are still relatively new or contemporary. The suitability of zakat using the blockchain system can be analyzed through the opinion of *Maqasid as-Syari'ah* with the aim of maintaining and achieving the welfare of mankind by maintaining five main principles, namely:

a. Hifdz din

Zakat can be seen from the type of object of action (through the word zakat). This is reflected in several verses that combine zakat with prayer. Therefore, prayer and zakat have the same position. This similarity can be evaluated from the legal obligation or *taklifi* law that covers both of them, as well as the explanatory law or humum *wad'i* that follows both of them. In this case, blockchain can strengthen transparency and clarity in the implementation of zakat, ensuring that zakat distribution is carried out in accordance with Islamic law and there is no fraud.

b. Hifdz nafs

In terms of protection of life or *hifdz nafs*, this can be seen from the type or nature (through the word zakayah). This type of word is defined as pure, clean and good. Ibn Kathir states that the impact of someone who always cleanses himself from despicable morals is to get good luck. This is reflected in surah as-Sham verse 9 and an-Najm verse 32. In this case, by streamlining the distribution of zakat, blockchain can ensure that aid reaches the needy quickly, thus supporting the survival and welfare of the community.

c. Hifdz mal

This principle focuses on the protection of individual wealth and property. Islam teaches that wealth is a trust that must be used in a good and right way, and prevents the taking of property in a dzalim or fraudulent manner. Islam prohibits theft, fraud and actions that harm the owner of the property who gives zakat. In this case, blockchain ensures that the collection and distribution of zakat is done in a safe, fair and accountable manner, which in turn safeguards wealth and promotes economic justice.

d. Hifdz 'aql

As explained in surah Al-Baqarah verse 277 which reads "Indeed, those who believe and do righteous deeds, and establish prayer and pay zakat, they will receive a reward from their Lord, they will not fear nor grieve". From this verse we can conclude that zakat serves to eliminate anxiety and sadness that can cause stress. Therefore, with the implementation of zakat, one's mind will be calm. In this case, a transparent blockchain system can improve education and understanding of the obligation of zakat while reducing harmful practices in the management and zakat.

e. Hifdz Nasl

It can be imagined that if the distribution of wealth is done unevenly then it will result in many offspring of the poor being saved. Therefore, zakat is intended to be distributed to the poor, including orphans. This is explained in surah Al-Baqarah verses 87 and 177. Blockchain technology ensures that the collection and distribution of zakat is done in a safe, fair and accountable manner which in turn safeguards wealth and promotes economic justice.

The method used in exploring this is using the *al-Maqasid al-'Ammah* approach, namely the integration between the concept of zakat and technology must include features that are in accordance with the basic principles of zakat in Islam both in terms of principles and provisions. These features reflect *hifdz din* and will include *al-Maqasid al-'Ammah.* Secondly, *al-Maqasid al-Khassah* which can be applied in the creation of zakat charts to motivate more people to pay zakat which can also show the positive impact of zakat for recipients and society as a whole. Third, *al-Maqasid al-Juziyyah*, this method can be implemented in a platform by adding verses or hadiths that encourage people to do good and pay zakat, this has the aim of strengthening the intention and encouragement in muzaki.

With these strategies, zakat using blockchain can be implemented more widely and efficiently while still maintaining the deeper objectives of *Maqasid as-Shari'ah*, such as the protection of property, the mind of offspring and social welfare.

Social and Economic Impacts

This study examines the social and economic impact of the implementation of zakat as an instrument of wealth redistribution from the perspective of *Maqasid as-Syari'ah* by referring to the function of zakat in cleansing (التطهر). Based on the results of the research, zakat has a significant impact on both the social and economic aspects of society.

a. Social Impact

Socially, zakat has an important role to strengthen the relationship between muzaki and mustahik. In this context, zakat has a function as a means to reduce social inequality and increase solidarity between members of society as explained by al-Qardhawi who has emphasized the role of zakat in creating a more harmonious relationship between the better-off and the needy. Zakat also has a positive psychological effect, cleansing the hearts of muzakki from miserliness and greed and increasing the sense of concern for others. This is in accordance with the opinion of asy-Sya'rawi in his tafsir, that zakat has a function to purify wealth and hearts from negative traits that lead to greed.

The social impact of blockchain in zakat includes:

1) Transparency and Accountability

The most significant impact of implementing blockchain in the zakat management process is the increase in transparency and accountability. Blockchain allows all transactions made to be recorded openly that can be seen by all parties. This is in accordance with the principle of *Maqasid as-Syari'ah* which prioritizes justice and the welfare of the people, especially in the use of wealth.

2) Increased Community Participation

The use of blockchain will increase public participation in zakat payments because they will be more confident that the funds they have deposited reach the right people. A study by Hassan et al. (2021) explains that zakat participation increases significantly in countries that have implemented a blockchain-based zakat system because this system provides convenience and transparency in paying zakat.

3) Empowerment of Marginalized Communities

In the book *Ihya Ulumuddin* by Imam Al-Ghazali, it is explained that zakat should be given to the truly needy and used to improve their welfare. Blockchain can facilitate a more direct and effective distribution of zakat to recipients who have the right to receive it.

b. Economic Impact of Blockchain in Zakat

1) More Efficient Zakat Management

One of the biggest economic impacts of implementing a blockchain system is the increased efficiency and collection and distribution of zakat. As stated by Sundararajan (2021), blockchain allows the distribution system of zakat funds to take place faster and directly to the people who are entitled to receive it, which in turn increases socio-economic efficiency.

2) Improving the People's Economy

It is mentioned in Imam Al-Sarkhasi's *Al-Mabsut* (1993) that zakat should be used to improve the economy of the ummah, including for education, health and economic empowerment. Blockchain technology can help ensure that zakat is used in the right way to improve the economic conditions of Muslims.

3) Strengthening the Digital Economy System

Well-managed zakat using blockchain technology can provide vast opportunities for the development of new digital platforms that focus on philanthropy and people's economy. This has the potential to create new jobs in the technology sector and increase public awareness of the importance of zakat in building a more inclusive economy. The study by Hafidh et al. (2022) explains that the use of blockchain in zakat in developing countries has opened up opportunities to create a more inclusive and sustainable digital economic ecosystem.

Through blockchain integration, zakat not only functions as a tool of worship but is also used as a more effective instrument in achieving the goals of *Maqsid as-Syari'ah*, which is to create sustainable social and economic welfare. Thus, the implementation of blockchain in zakat management in Indonesia has enormous potential to reduce socio-economic disparities and accelerate the achievement of Muslim economic goals.

CONCLUSIONS

Conclusions that can be drawn from the results of the analysis and discussion above. First, this research examines how the potential of blockchain technology in improving the efficiency and transparency of zakat management in Indonesia, especially those implemented by the National Amil Zakat Agency (BAZNAS).Blockchain, with the principle of decentralization and permanent recording of transactions, is able to ensure that the process of collecting and distributing zakat is carried out in a transparent, accountable, and minimal risk of abuse.

Secondly, the integration of blockchain technology in zakat management is also in line with the *Maqasid as-syariah* principle which emphasizes the achievement of people's welfare and social justice. With easier monitoring of zakat funds and increased public trust, this technology is expected to become a foundation in a more modern and organized zakat management.

Third, although currently the application of blockchain by BAZNAS is still at an early stage, this step is a very important foothold for the development of a more advanced zakat management system. Hopefully, the accelerated application of this technology will be able to produce a significant impact on zakat management in Indonesia.

Fourth, the optimal application of blockchain requires support from various related parties. This technology has great potential to be an effective solution in optimizing zakat as an instrument of social and economic empowerment but still in accordance with the principles of Islamic law.

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