THE ROLE OF FINANCIAL TECHNOLOGY (FINTECH) IN ZIS MANAGEMENT TO OVERCOME POVERTY

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Abstract

Indonesia's *zakāh* potential is large enough to overcome poverty, but the Indonesian population living below the poverty line is still quite high, reaching 25.95 million people. These data indicate that the large potential of *zakāh* has not contributed enough to poverty alleviation in Indonesia. To increase *zakāh* collection, the *Zakāh* Management Organization (OPZ) innovates by using fintech in its management. The study aims to see how the role of fintech in managing ZIS is to contribute to poverty alleviation in Indonesia. The method used is a qualitative method by analyzing data and facts obtained from the object under study namely; BAZNAS Central Jakarta and BAZNAS Prov. DIY 2020 descriptively and in detail. The results of the study indicate that fintech has played a significant role in increasing *zakāh* collection over the last five years. It can be seen from the growth of *zakāh* distribution from 2015 to 2019 experienced a significant increase, reaching an average of 40.93%.

Keywords: Fintech, *Zakāh*, ZIS Management, Poverty

INTRODUCTION

Zakāh is one of the obligations that must be fulfilled by all Muslims (Atabik, 2016; Fitri, 2017). *Zakāh* is one of the public instruments for alleviating poverty (Rahman, 2019; Safitri, 2018). *Zakāh* has a strategic role in removing people from the abyss of poverty and building a strong country (Salim, 2002). If the potential can be collected properly, of course *zakāh* can be an optimal alternative solution in reducing the burden of the state budget to overcome poverty and improve people's welfare.

Poverty is a common problem and needs to be solved jointly by various parties, and the government has a big role in poverty alleviation. Poverty eradication can be done by optimizing *zakāh* management (Afdali et.al., nd; Nurwati & Hendrawati, 2019). The existence of *zakāh* as one of the pillars of Islam is not only interpreted as a mere worship that is required of every Muslim for those who have met the requirements, but also more than that, namely as a system of distributing property among Muslims, from the rich to the poor. Thus, *zakāh* is able to eliminate socio-economic disparities in society (Qodir, 1998; Nurhadi, 2020).

In reality, various challenges hinder the collection and management of *zakāh* in Indonesia today (Restra-Baznas-2016-2020, nd). First, public awareness of tithing is still relatively low. The condition is coupled with the obligation of *zakāh* which is still voluntary in the statutory regulations in Indonesia. Second, there is a general phenomenon that people tend to pay *zakāh* directly to *mustahiq*. Third, public trust in *zakāh* management institutions is still low. All of these factors have an influence on the low number of *zakāh* management carried out by BAZNAS, Provincial BAZNAS, Regency/City BAZNAS, and LAZ from the available *zakāh* potential.

In order to overcome these obstacles, especially the phenomenon of people who tend to pay *zakāh* directly to *mustahiq*, BAZNAS makes innovations to make it easier for people to pay *zakāh*. The innovation carried out by BAZNAS is the use of fintech in collecting *zakāh* funds. Fintech is a technology-based system, making it easier for people to pay *zakāh*. In the media Republika 2019, the National Amil *Zakāh* Agency targets 30 percent of the total *zakāh* collection in 2020 to come from digital channels. This target is in line with the trend of developing financial technology (Fintech) which is increasingly accessible to the public (Nasrullah, 2019).

Partnerships with fintech providers are a must in today's era when smartphones are increasingly mushrooming and are owned by many Indonesians, both in big cities and remote areas. Then BAZNAS also implements online payment services such as internet banking and SMS banking (Baznas, 2021). Therefore, it is expected that after the existence of Fintech, *zakāh* collection can be managed optimally and can become the main instrument of the government in addition to the state budget to overcome poverty and prosper the people. Based on the facts above, the study aims to look at the role and application of Fintech in collecting ZIS to reduce poverty.

REVIEW OF LITERATURE

Financial Technology (Fintech)

Fintech comes from the term Fintech comes from the term financial technology or financial technology. According to The National Digital Research Center (NDRC), in Dublin, Ireland, defines fintech as “innovation financial services” or “innovation in fintech financial services” which is an innovation in the financial sector that gets a touch of modern technology. Financial transactions through this fintech include payments, investments, lending money, transfers, financial plans and comparisons of financial products (Rizal et al., 2019; Santi et al., 2017; Zein, 2019).

Financial Stability Board (FSB) defines Fintech as a digital technology innovation for financial services to produce processes or products related to the provision of financial services (Dudley, 2017; Ginantra et.al., 2020). In a broader sense, Fintech is defined as an industry consisting of companies that use technology to make the financial system and distribution of financial services more efficient (Laksana & Harja, 2020; Muzdalifa et.al., 2018).

Based on OJK data, Fintech companies in Indonesia consist of: financial planning, lending, crowdfunding, aggregators, payments, and others. Fintech companies in Indonesia are basically dominated by the payment sector 42.22%, the loan sector 17.78%, the aggregator sector 12.59%, the financial planning sector 8.15%, the crowdfunding sector 8.15%, and other fintech sectors 11, 11% (Ginantra et al., 2020; Isabela & Umam, 2020; Nafiah & Faih, 2019) .

Fintech is a modern service solution that can provide satisfaction and convenience to philanthropic funders (*Zakāh*, *Infaq* and alms). These innovations can be carried out by fund management institutions through the launch of fintech products for philanthropic purposes. Through this innovation, lenders can channel funds easily. In addition, funders can also know the performance of the managing institution, and it will also increase their trust and satisfaction with the institution (Fahlefi, 2019; Isabela & Umam, 2020; Yudha et.al., 2021).

In the context of *zakāh* management, the combination of the *zakāh* collection system and fintech finally gave birth to an innovation called online *zakāh*. Online *zakāh* is a process of paying *zakāh* carried out through the help of a digital or online system, where the *muzakki* does not need to meet directly with the *zakāh* amil in making the payment (Nujaman, 2020).

The form of online *zakāh* can be in the form of an application or web provided by OPZ to make it easier for *muzakki* to pay their *zakāh* anywhere and anytime through the help of electronic communication tools (mobile phones, netbooks, laptops, and so forth) as well as internet connections. This *zakāh* innovation is chosen by the community because it provides various conveniences. The facilities are; making it easier for *muzakki* to pay their *zakāh* without having to go directly to the OPZ office, the transaction process is easier and faster, economical (*zakāh* is more efficient online than *zakāh* directly), and it is easier to reach by everyone.

National *Zakāh* Strategic Plan (2020) states that the development of a national *zakāh* system must utilize information technology as an instrument to increase the effectiveness and efficiency of *zakāh* management services. The accumulation of *zakāh*, *infaq*, and alms funds continues to increase and has great potential, so one way that can be used in an effort to maximize its potential is to utilize fintech for the payment aspect (Rachman & Salam, 2018). Improved fintech features have improved *zakāh* management in Indonesia. The development of features in the digital world has provided an easy mechanism for the integration and management of *zakāh*.

***Zakāh* Management**

The term management comes from the word manage which means to control or organize (Rahum, 2015). *Zakāh* management means an institution that is specifically tasked

with administering and managing *zakāh*. Meanwhile, management means the process of carrying out certain activities by mobilizing the energy of other people, or it can also be interpreted as the process of providing supervision on all matters involved in implementing policies and achieving goals (Havizah et al., 2018). If management is carried out effectively, it will run in a more directed and orderly manner. In relation to *zakāh*, the process includes collection, distribution, utilization and supervision.

In the management of *zakāh*, there are several principles that must be followed and adhered to so that the management can be successful in accordance with what is expected, namely the principles of openness, voluntary, integration, professionalism and independence (Djazuli & Janwari, 2002; Nasrullah et.al., 2020; Yudhira, 2020). Management of *zakāh* effectively and efficiently, needs to be managed properly. Therefore, *zakāh* management requires the application of management functions which include planning, organizing, actuating, and controlling. These four things need to be applied in the stages of *zakāh* management (Hadi, 2020).

Definition and Indicators of Poverty

Poverty is a condition of limited ability to meet the needs of a decent life such as limitations in income, skills, health conditions, mastery of economic assets, or access to information (Isdijoso & Suryahadi, 2016). In other sense, poverty is defined as the inability to meet the minimum standard of living where poverty is associated with the absolute standard of living of certain sections of society. In other words, poverty is viewed from at least two sides, namely: absolute poverty and relative poverty (Kuncoro, 2000; Susanto et.al., 2019).

In determining the group of poor people, the minimum standard for measuring poverty is based on the living conditions of a country at a certain time focusing on the “poorest” population group, for example the lowest 20 percent or 40 percent of the total population, which has been sorted by income/expenditure. This group is defined as the relatively poor group. Thus, the relative poverty measure is highly dependent on the condition of the income/expenditure distribution of the population (Kuncoro, 2000).

Poverty is often conceptualized in an economic context, namely the inadequacy of income and assets to meet various basic needs such as food, clothing, housing, education, and health. But actually the definition of poverty is much broader than just a decline in

income and assets, as the World Bank defines: “Poverty is hunger, lack of shelter, being sick and not being able to go to school and not knowing to know how to read, not having job, fear for the future, living one day at a time, losing a child to illness bring about by unclean water, powerlessness, and lack of representation and freedom” (Kuncoro, 2000).

Foster in Tambunan (1996) mentions three indicators that were introduced to measure poverty, namely: First: The incidence of poverty namely the percentage of the population living in families with per capita consumption expenditures below the poverty line; Second: The depth of poverty which describes the depth of poverty in an area as measured by the Poverty Distance Index (IJK), otherwise known as the Poverty Gap Index. Third: The severity of poverty as measured by the Poverty Severity Index (IKK). This index is in principle the same as the CPI. However, apart from measuring the distance that separates the poor from the poverty line, the IKK also measures inequality among the poor or the distribution of spending among the poor (Mulia & Saputra, 2020; Purnama, 2017).

RESEARCH METHOD

The study is a field research based on data obtained from a literature review and based on data from various studies that have been conducted previously. It is quantitative descriptive by describing data and facts related to *zakāh* management using fintech. The population in this study is the management of ZIS funds by all *Zakāh* Management Organizations (OPZ) in Indonesia before and after the use of fintech. The study uses a non-probability sampling technique by purposive sampling and snowball sampling. The purposive sampling used in this study is *zakāh* management data after the implementation of fintech, namely from 2015 to 2019.

Collecting data in this study, the authors used the method of observation, interviews, and documentation. It also uses secondary data, namely through BAZNAS financial reports and national *zakāh* statistics for National BAZNAS, as well as other sources relevant to the research. Qualitative data analysis is carried out interactively and takes place continuously until it is complete, so that the data is saturated. The activities in data analysis are: data reduction, data display, and conclusion (Mardalis, 2004). After the data was obtained, the researchers presented the data in the form of brief descriptions,

charts, relationships between categories, flowcharts and the like. The analysis was carried out based on the reduced data and the results of the analysis were drawn into conclusion.

RESULTS AND DISCUSSION

Role and Application of Fintech in *Zakāh* Collection

In the 2016-2020 National *Zakāh* Strategic Plan compiled by BAZNAS, it is stated that the development of a national *zakāh* system must utilize information technology as an instrument to increase the effectiveness and efficiency of *zakāh* management services (Baznas Strategic Plan Drafting Team, 2016). The accumulation of *zakāh*, *infaq*, and alms funds continues to increase and has great potential, so one way that can be used in an effort to maximize its potential is to utilize fintech for the payment aspect (Rachman & Salam, 2018). Improved fintech features have improved *zakāh* management in Indonesia. The development of features in the digital world has provided an easy mechanism for the integration and management of *zakāh*. The 2016-2020 National *Zakāh* Strategic Plan also mandates that the integration of *zakāh* management is carried out by utilizing information technology that can be accessed easily, quickly, and efficiently.

National *Zakāh* Amil Agency makes efforts to collect *zakāh*, *infaq*, alms and other religious social funds (DSKL) from domestic and foreign communities through various methods permitted by Sharia. In collecting *zakāh*, BAZNAS uses several fintech platforms, namely; banking channels, providers of financial technology applications, providers of *zakāh* hub applications, organizers of crowdfunding applications, providers of e-commerce applications, providers of payment gateways and organizers of social media applications. Besides that, BAZNAS is currently focusing on developing artificial intelligence (AI) based *zakāh* service technology.

The existence of fintech makes BAZNAS more accessible to *muzakki*. They can easily pay their *zakāh*; the limitations of space and time are no longer an obstacle. With fintech, *muzakki* can pay/pay *zakāh* anytime and anywhere. Thus, the collection of *zakāh* also increases. It can be seen by the increasing collection of *zakāh* nationally in the central BAZNAS report in the table below:

Table 1
Collection of ZIS BAZNAS 2015 – 2019

Institution	Collection (Rp)				
	2015	2016	2017	2018	2019
BAZNAS	94,068,893,820	111,690,914,428	153,542,103,405	202,187,169,720	296,234,308,349
B. Province	642,797,514,841	192,609,000,494	448,171,189,258	552,209,167,922	583,919,722,674
B. District/City	885,309,169,850	3,311,745,042,024	3,426,689,437,619	3,171,701,720,388	3,539,9480,546,674
LAZ	2,028,193,434,453	1,401,248,170,005	2,195,968,539,189	3,634,332,619,382	3,728,943,985,109
OPZ Coaching	-	-	-	552,980,000,000	2,078,865,243,749
Total	3,650,369,012,964	5,017,293,126,950	6,224,371,269,471	8,113,410,677,412	10,227,943,806,555

Source: BAZNAS PID Financial Report 2019 (Data processed: 2020)

Table 2
Growth in BAZNAS ZIS Collection 2015 – 2019

Year	ZIS (Billion Rp)	Growth (%)	GDP growth (%)
2015	3,650.00	10.61	5.04
2016	5,017.29	37.46	5.02
2017	6,224.37	24.06	5.07
2018	8,113.41	30.42	5.17
2019	10,227.94	26.00	5.02
Average		25.71	5.06

Source: BAZNAS PID Financial Report 2019 (Data processed: 2020)

The table above illustrates that *zakāh* receipts from 2015 to 2019 nationally experienced growth with an average growth percentage of 25.71%. The implementation of fintech in *zakāh* collection by BAZNAS itself began in 2015 where it is evidenced by the significant growth in *zakāh* collection. The collection of *zakāh* which was initially only Rp. 3.6 trillion in 2015 can reach Rp. 10.2 trillion at the end of 2019. In 2019 BAZNAS published the portion of *zakāh* collection based on payment channels and payment platforms which can be seen in the table below;

Table 3
Collection of ZIS BAZNAS Head Office
Based on Payment Channels in 2018

Via Payment	ZIS Collection	
	Total Funds (Rp)	%
1	2	3
Counter	12,696,795,048	6.15
E-Payment	32,204,405,895	15.60
Transfer	161,472,974,632	78.24
Total	206,374,175,575	100.00

Source: National *Zakāh* Statistics (2018)

Table 4
Collection of ZIS BAZNAS Head Office
By 2019 Payment Channel

Payment Channel	ZIS Collection	
	Total Funds (Rp)	%
1	2	3
Counter	7,798,664,544	2.6
E-Payment	40,183,311,927	13.6
Transfer	238,992,463,834	80.7
Nature	9,259,868,044	3.1
Total	296,234,308,349	100.00

Source: National *Zakāh* Statistics (2018)

The table above illustrates the portion of *zakāh* collection in 2018 using the transfer method of 78.2% and in 2019 it increased to 80.7%, the E-Payment method 15.6% in 2018 decreased to 13.6% in 2019. Then, in 2018 manual payments through the counter amounted to 6.15% and in 2019 it fell to 2.6%. Therefore, it can be concluded that the majority of *muzakki* pay *zakāh* online using transfer and e-payment method. It proves that the contribution of payments through fintech is very dominant compared to manual payment counters.

Zakāh collection, BAZNAS Prov. DIY also collaborates with crowdfunding platform partners such as kitabisa.com_for the convenience of *zakāh* services for *muzakki*. Another innovation that has been made by BAZNAS is the voice-command *zakāh* service called Lena and can be downloaded on smartphone applications, one of which is the

Playstore. The following are the achievements of the DIY BAZNAS *zakāh* collection in the last 5 years.

Table 5
Collection of ZIS BAZNAS Prov. DIY 2015-2019

No.	Data Type	2019	2018	2017	2016	2015
1.	<i>Zakāh</i>	3,568,638,141	2,756,961,728	1,673,912,537	1,557,107,353	680,990,478
2.	<i>Zakāh</i> Fitrah	446,164,957	5,360,000	410,000	3,705,000	-
3.	Infq/Unbound Alms (ISTT)	464,512,452	297,889,923	260,882,634	165,646,546	238,019,423
4.	Infq/ Tied Alms (IST)	124,915,013	-	-	-	-
5.	Corporate Social Responsibility (CSR)	-	5,000,000	15,000,000	5,000,000	-
6.	Other Religious Social Funds (DSKL)	109,864,247	163,747,100	205,558,100	-	-
Total ZIS and DSKL		4,714,094,810	3,228,958,751	2,155,763,271	1,731,458,899	919,009,901

Source: Annual Report of BAZNAS Prov. DIY (2019)

Table 5 above describes the portion of *zakāh* collection of BAZNAS Prov. DIY from 2015 to 2019 has increased. This is influenced by the application of the use of E-Payment in paying *zakāh*, where this data shows an increase in *zakāh* receipts at BAZNAS Prov. DIY is in line with the increase in *zakāh* collection nationally in 2019.

Although there has been an increase in terms of collection, this increase is still far from the potential of Indonesian *zakāh* which reaches IDR 217 T or 3-4% of the existing potential. It indicates that despite using technology in collecting *zakāh* and providing convenience for *muzakki* to pay *zakāh*, there are still various obstacles faced by *Zakāh* Management Organizations (OPZ) throughout Indonesia to achieve this large *zakāh* potential. According to the chairman of BAZNAS, there are various obstacles in collecting *zakāh*, namely: *Zakāh* collection has not been integrated in one institution; Not all people, especially *muzakki*, understand technology; Public trust in OPZ is still low; and not all OPZs implement the BAZNAS Information System (SiMBA), although Central BAZNAS already has the app.

The BAZNAS Information System (SiMBA) is an application-based *zakāh* entry system that is used for the *zakāh* recording and reporting process with the aim that *zakāh* collection is integrated nationally, professionally and transparently. The following are the number of active SiMBA users in 2018 and 2019;

Table 6
Number of Active Users SIMBA 2018

<i>Zakāh</i> Management Level of OPZ	Amount Total	SiMBA Active User Active Users SiMBA	
		Amount Total	%
1	2	3	4
Provincial BAZNAS	34	21	12.28
District/City BAZNAS	514	148	86.55
LAZ	68	2	1.17
Total	616	171	100.0

Source: National *Zakāh* Statistics 2018

Table 6 above illustrates that in 2018 only 171 OPZ and 21 Provincial BAZNAS out of a total of 616 OPZ and 34 Provinces were active users of SiMBA. The list of active users of SIMBA in 2019, namely:

Table 7
Number of active users of SIMBA 2019

OPZ tiers Level of OPZ	Amount Total	SiMBA Active User Active Users SiMBA	
		Amount Total	%
1	2	3	4
Provincial BAZNAS	34	20	11.4
District/City BAZNAS	514	151	85.8
LAZ	79	5	2.8
Total	627	176	100.0

Source: National *Zakāh* Statistics 2019

The comparison of SIMBA active users in 2018 and 2019 are:

Table 8
Comparison of Active Users in 2018-2019

OPZ tiers Level of OPZ	2018		2019	
	Amount Total	%	Amount Total	%
1	2	3	4	5
Provincial BAZNAS	21	12.3	20	11.4
District/City BAZNAS	148	96.5	151	85.8
LAZ	2	1.2	5	2.8
Total	171	100.0	176	100.0

Source: National *Zakāh* Statistics 2018 and 2019

Table 8 above describes SIMBA's active users in 2018 only around 171 OPZ then in 2019 it rose to 176 OPZ. However, the number of OPZ active users of SIMBA is still quite small when compared to a total of 627 OPZ throughout Indonesia. Thus, it can be assumed that the data regarding the reporting and collection of *zakāh* nationally has not been well integrated and there may be “missing” in the reporting of *zakāh*. However, BAZNAS continues to hold socialization and training on the use of SiMBA which is attended by all representatives of provincial BAZNAS operators and LAZ so that it is expected that all *zakāh* management institutions in Indonesia will be integrated through this application and data regarding *zakāh* collection will become more accurate, accountable, professional and transparent.

Currently, BAZNAS is also continuing to innovate in developing multi-platform digital fundraising which later gave birth to 41 digital channels, including through online stores, financial technology, virtual *zakāh* game assistants and the latest is Augmented Reality. BAZNAS will continue to innovate both in the receipt and distribution of *zakāh*, especially by utilizing technological developments. BAZNAS will encourage the *zakāh* collection program so that the collection continues to increase so that there are more programs that are beneficial for *mustahiq*.

The Role of Fintech in *Zakāh* Management to Relieve Poverty

Fintech is a means used to make it easier for *muzakki* to pay their *zakāh* to BAZNAS. All *zakāh* funds collected both offline and online (fintech) are recorded as BAZNAS collection if the funds have been validated that the funds have actually entered the BAZNAS account.

The collection of *zakāh* using Fin-Tech which continues to increase has a direct impact on the distribution of *zakāh* from 2015 to 2019. This can be seen in the table below:

Table 9
Growth and Distribution Portion of ZIS
Based on the 2015-2016 *Zakāh* Management Organization

Institution	2015 Distribution		2016 Distribution		Growth	
	Total Funds (Rp)	%	Total Funds (Rp)	%	Total Funds (Rp)	%
1	2	3	4	5	6	7
BAZNAS	66,766.033,369	2.97	80,252,586.454	2.74	13,486,553,085	20.20
Provincial BAZNAS	920,263,800,525	40.92	108,379,364,672	3.70	766,832,700,117	83.33
District/City BAZNAS			1,578,717,135,970	53.86		

LAZ	1,262,130,957,632	56.12	1,163,861,023,514	39.71	-98,269,934,118	-7.79
Total	2,249,160,791,526	100.00	2,931,210,110,610	100.00	682,049,319,084	30.32

Source: National *Zakāh* Statistics (2016)

Table 10
Growth and Distribution Portion of ZIS
Based on *Zakāh* Management Organization 2017-2019

OPZ tiers Level of OPZ	2017 Distribution Disbursement in 2017		2018 Distribution Disbursement in 2018		2019 Distribution Disbursement in 2019	
	Total Funds (Rp) Total Amount (Rp)	%	Total Funds (Rp) Total Amount (Rp)	%	Total Funds (Rp) Total Amount (Rp)	%
1	2	3	4	5	6	7
BAZNAS	131,917,747,764	2.7	235,664,651,030	2.7	270,716,950,765	3.1
Provincial BAZNAS	388,168,225,347	3.7	462,230,919,380	8.0	481,796,534,289	5.5
District/City BAZNAS	2,629,588,214,952	53.9	2,490,478,790,649	54.1	2,586,872,888,351	29.8
LAZ	1,710,481,136,382	39.7	3,100,034,381,065	35.2	3,519,873,720,039	40.5
OPZ in Institutional Development	-	0.0	511,730,391,073	0.0	1,828,961,140,910	21.1
Total	4,860,155,324,445	100.0	6,800,139,133,196	100.0	8,688,221,234,354	100.0

Source: National *Zakāh* Statistics (2019)

Tables 9 and 10 above can be seen that the distribution of *zakāh* during the last five years has increased. In 2015, the total funds disbursed by BAZNAS amounted to Rp. 2,249,160,791,526 trillion. Then in 2016, it increased with a total of Rp. 2,931,210,110,610 trillion, 2017 experienced a significant increase of Rp. Rp. 4,860,155,324,445 trillion, then in 2018 the *zakāh* funds distributed by BAZNAS reached Rp. 6,800,139,133,196 trillion. And in 2019, the *zakāh* funds distributed reached Rp. 8,688,221,234,354 trillion. The *zakāh* funds are channeled into various fields, this can be seen in the following table:

Table 11
Distribution Comparison by Sector 2015-2016

Field	2015 Distribution		2016 Distribution		Growth	
	Total Funds (Rp)	%	Total Funds (Rp)	%	Total Funds (Rp)	%
1	2	3	4	5	6	7
Economy	315,127,234,587	15.11	493,075,489,398	18.30	177,948,254,811	56.47
Education	432,068,068,508	20.72	842,980,341,134	31.28	410,912,272,628	95.10
Da'wah	303,553,206,946	14.56	418,454,281,897	15.53	114,901,074,951	37.85
Health	188,685,220,166	9.05	228,004,399,823	8.39	37,319,179,657	19.78
Humane Social	846,038,250,681	40.57	714,267,956,361	26.51	-131,770,294,320	-
Total	2,085,471,980,888	100.0	2,694,782,468,613	100.0	609,310,487,725	29.22

Source: National *Zakāh* Statistics (2016)

Table 12
Distribution Comparison by Sector 2017- 2018

Field	2017 Distribution		2018 Distribution		Growth	
	Total Funds (Rp)	%	Total Funds (Rp)	%	Total Funds (Rp)	%
1	2	3	4	5	6	7
Economy	882,515,274,729	2033	552,166,541,845	10.06	- 330,348,732,884	- 37.43
Education	941,865,099,137	21.69	1,438,512,064,225	26.20	496,646,965,087	52.73
Da'wah	979,468,717,694	22.56	1,288,101,574,916	23.46	308,632,857,222	31.51
Health	413,507,938,849	9.52	462,616,244,461	8.43	49,108,305,612	11.88
Humane Social	1,124,150,826,782	25.89	1,749,044,945,469	31.86	624,894,118,687	55.59
Total	4,341,507,857,190	100.0	5,490,441,370,915	100.0	1,148,933,513,725	26.46

Source: National *Zakāh* Statistics (2018)

Table 13
Distribution Comparison by Sector 2018-2019

Field	2018 Distribution		2019 Distribution		Growth	
	Total Funds (Rp)	%	Total Funds (Rp)	%	Total Funds (Rp)	%
1	2	3	4	5	6	7
Economy	552,166,541,845	10.06	841,159,855,062	13.5	288,993,313,217	52.3
Education	1,438,512,064,225	26.20	1,201,622,002,187	19.3	-236,890,062,038	-16.5
Da'wah	1,288,101,574,916	23.46	1,553,693,450,575	25.0	265,591,875,659	20.6
Health	462,616,244,461	8.43	325,291,528,224	5.2	-137,324,716,237	-29.7
Humane Social	1,749,044,945,469	31.86	2,296,711,735,408	36.9	547,666,789,940	31.3
Total	5,490,441,370,915	100.0	6,218,478,571,455	100.0	728,037,200,540	13.3

Source: National *Zakāh* Statistics (2019)

The table above illustrates that *zakāh* funds distributed from 2015 to 2019 are more dominated in the social and humanitarian fields. *Zakāh* funds distributed in the social and humanitarian sector in 2019 reached Rp. 2.2 trillion or approximately (36.9%) of the total disbursed funds. Subsequently distributed in the field of da'wah with the amount of Rp. 1.5 trillion (25%), education with a total of Rp. 1.2 trillion (19.3%), and health with a total of 325 billion (5.2%). Meanwhile, *zakāh* distribution in the form of utilization in 2019 was in the economic sector of Rp. 841 billion (13.5%).

These data indicate that the distribution of *zakāh* is greater in terms of distribution than utilization to *mustahiq*, where the distribution of *zakāh* in the form of distribution is given in various forms of assistance, namely; provision in the form of health assistance, educational assistance, socialization assistance, disaster assistance, da'wah assistance and converts, etc., while distribution is for economic empowerment of *mustahiq* in the form of

fostered skills training, formation of SMEs, production cultivation, facilitating production equipment such as agriculture, animal husbandry, and industry as well as providing capital.

BAZNAS gave birth to 349 Z-Mart Stalls, 6 units of BAZNAS Microfinance Village (BMD) financial institutions, 4 Food Barns, 18 Livestock Centers and 103 Community Development *Zakāh* points (ZCD). A number of BAZNAS in the regions now have BAZNAS Active Services (LAB) and Disaster Response BAZNAS (BTB) which are ready to help people in need.

The distribution of *zakāh* is closely monitored by a special work unit, namely the Directorate of Compliance and Internal Audit (DKAI). DKAI is a kind of internal auditor who ensures that the distribution is on the track. And there is sharia supervision or audit from the Ministry of Religion, to ensure the distribution does not violate Islamic sharia. In terms of distribution, BAZNAS applies fintech through a payment gateway to *mustahiq*. However, the application of using the Payment Gateway is considered ineffective because some *mustahiq* do not have the application and do not understand the use of fintech. There are two types of *zakāh* distribution, namely distribution and utilization. Through this utilization mechanism, BAZNAS plays a role in building a work ethic, business spirit, and empowerment assistance to improve the quality of life and independence of *mustahiq*. Utilization is intended as an arena for BAZNAS in alleviating/overcoming poverty.

BAZNAS Prov. DIY also has a productive *zakāh* program that aims to improve the community's economy, namely Yogya Sejahtera which has undergone changes in its program. Since 2017 BAZNAS Prov. DIY has the "Mas Zakky Group" program, which is a business unit consisting of three programs. First, "Mas Zakky Angkringan" is a program of training, mentoring and providing capital to *mustahiq* for the angkringan business. Second, "Mas Zakky Gorengan" is a training program in business which is then given to *mustahiq* in the form of a cart for business. The third "Mas Zakky Cell" is the provision of capital for *mustahiq* in the credit business. BAZNAS Prov. DIY does not only provide capital, but also provides training to become a good and true entrepreneur through the "School of Merchant" program.

Then there are various productive *zakāh* programs in other economic fields, namely "Senyum Mandiri" in this program there are three types of activities. First, SME Empowerment, an economic empowerment program based on small and micro businesses.

Second, the productive agriculture program which is an empowerment program to encourage young farmers through the assistance of production facilities, agricultural machinery, superior seeds and mentoring. Third, the productive livestock program is to help farmers have additional income from livestock, through the assistance of superior seeds and production facilities. The following are the *zakāh* funds distributed to *mustahiq* in 2015-2019, namely:

Table 14
Growth and Distribution of ZIS BAZNAS Prov. DIY 2015 – 2019

No.	Data Type	2019	2018	2017	2016	2015
1.	<i>Zakāh</i> for the Poor	35,181,509	450,325,882	1,568,532,666	580,611,000	76,575,000
2.	<i>Zakāh</i> for the Poor	2,862,610,982	1,996,997,253	-	-	313,070,000
3.	<i>Zakāh</i> for Amil	407,425,990	174,952,117	253,216,857	119,057,874	97,559,200
4.	<i>Zakāh</i> for Muallaf	2,000,000	24,890,000	2,800,000	4,480,000	1,000,000
5.	<i>Zakāh</i> for Riqab	-	-	-	-	-
6.	<i>Zakāh</i> for Gharimin	1,000,000	200,000	-	-	-
7.	<i>Zakāh</i> for Sabillah	491,804,945	394,456,080	297,914,825	188,724,150	-
8.	<i>Zakāh</i> for Ibn Sabil	2.050.000	1.060.000	605,000	8,951,000	7,475,000
9.	ISTT for <i>Mustahiq</i> (Non-Amil)	547,852,610	338,174,426	229,836,664	182,696,878	287,484,000
10.	ISTT for Amil	92,882,488	25,704,694	30,906,818	-	-
11.	IST for <i>Mustahiq</i> (Non-Amil)	-	-	-	-	-
12.	IST for Amil	-	-	-	-	-
13.	Corporate Social Responsibility (CSR)	-	5,000,000	-	-	-
14.	CSR Distribution Operations	-	-	-	-	-
15.	Other Religious Social Funds (DSKL)	122,799,600	114,363,100	205.558.100	-	-
16.	DSKL Distribution Operations	-	-	-	-	-
		4,565,608,124	3,526,123,552	2,489,370,930	1,084,520,902	783,163,200

Table 15
Distribution Comparison by Sector BAZNAS Prov. DIY 2015- 2019

No.	Data Type	2019	2018	2017	2016	2015
1.	Economics	183,048,000	443.530.960	137,500,000	187.500.000	271,575,000
2.	Field of education	2,203,448,007	1,668,514,351	1,367,755,761	316,231,000	52,080,000
3.	Health	144,073,548	186,547,984	24,737,790	4,280,000	7,900,000
4.	Humanity Field	783,058,182	372,976,500	196,769,870	137,716,000	20,485,000
5.	Field of Da'wah – Advocacy	751.671.909	653,896,946	373,025,734	320,136,028	287,484,000

Source: Annual Report of BAZNAS Prov. DIY (2019)

Utilization of *zakāh* funds, or what can be called productive *zakāh*, is intended so that *mustahiq* can become independent, have knowledge, and have a sense of responsibility towards the *zakāh* funds given so that in the future *mustahiq* do not depend on *zakāh* and it is hoped that for the next year the *mustahiq* can get out of poverty and switch status to *muzzaki*. The following is the number of poor people who are eradicated from the BPS version of the poverty line based on the OPZ;

Table 16
The Poor Eradicated from the Poverty Line
BPS Version Based on OPZ 2019

OPZ tiers Level of OPZ	Realization Achievements	Percentage (%) Percentage (%)
1	2	3
BAZNAS	15,750	8.2
Provincial BAZNAS	9,293	4.9
BAZNAS Regency/City	71.529	37.4
LAZ	94.518	49.5
Total	191,090	100.0

Source: National *Zakāh* Statistics (2019)

Table 16 illustrates that as many as 191,090 poor people have been removed from the poverty line in Indonesia by OPZ. However, this number is still quite small from the total poor population in Indonesia in 2019. According to the Central Statistics Agency (BPS), the number of poor people in March 2019 was 25.14 million people. It means that the ratio of the number of poor people alleviated by OPZ is around 0.76%. But at least based on these data, *zakāh* distribution by OPZ has contributed to alleviating poverty in Indonesia. This is directly related to the distribution of *zakāh* by BAZNAS where the distribution of *zakāh* in the form of economic empowerment and empowerment of *mustahiq* is still relatively small in number. If all the funds collected are channeled in the form of economic empowerment and empowerment, it will lead to a minimum number of *mustahiq* who will receive *zakāh*. Economic empowerment, such as providing capital for *mustahiq*, requires substantial funds.

The productive *zakāh* program is not as easy as the distribution of consumptive *zakāh*. If in the distribution of consumptive *zakāh*, only direct funds are distributed to

mustahiq without seeing the effect that will quickly run out or which will only run out to meet the needs of the *mustahiq*'s life. Meanwhile, in the distribution of productive *zakāh* funds, it is demanded to be able to develop and be sustainable. Then, *mustahiq* can and fulfill the needs of daily life which later is expected by them to become *muzakki*. Therefore, in the management of productive *zakāh* distribution, maximum effort and seriousness are needed in order to achieve an increase in the community's economy and make the right solution in alleviating poverty.

Based on this, it is quite natural that the realization of BAZNAS in alleviating the poverty line is not yet optimal. It is undeniable that the distribution of *zakāh* in the form of economic empowerment has a significant impact on *mustahiq* to get out of the poverty line. However, the various obstacles faced by BAZNAS such as the collection of *zakāh* that has not been optimal and limited human resources in supervising and fostering *mustahiq* make *zakāh* not enough to contribute to alleviating poverty in Indonesia.

CONCLUSION

The collection of *zakāh* using Fintech which continues to increase has a direct impact on the distribution of *zakāh* from 2015 to 2019, where the growth of *zakāh* distribution from 2015 to 2019 has increased quite significantly, reaching an average of 40.93%. The majority of *zakāh* funds distributed are in the form of distribution rather than utilization. Throughout 2019, the Central Baznas has assisted 755,536 *mustahiq*. BAZNAS gave birth to 349 Z-Mart Stalls, 6 units of BAZNAS Microfinance Village (BMD) financial institutions, 4 Food Barns, 18 Livestock Centers and 103 Community Development *Zakāh* points (ZCD). Likewise, BAZNAS Prov. DIY is experiencing an increase, but in 2019 the distribution of *zakāh* by BAZNAS DIY is more prioritized in the education sector. Based on data obtained by the poor who were eradicated from the poverty line based on OPZ according to BPS, it reached 191,090 people. According to BPS, the number of poor people in Indonesia in March 2019 was 25.14 million people. It means that the ratio of the number of poor people alleviated by OPZ is around 0.76%. It is directly related to the distribution of *zakāh* by BAZNAS where the distribution of *zakāh* in the form of economic empowerment and empowerment of *mustahiq* is still relatively small in number.

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