

STRENGTHENING BAZNAS AS THE SOCIETY'S TRUSTED ZAKAT AGENCY TO INCREASE THE WELFARE OF UMMAH

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Abstract

Zakat potential in Indonesia reaches IDR 252 trillion per year. With the amount of 202 million Muslims, this can alleviate poverty in Indonesia. However, zakat has not been optimized by the government. This is indicated by the low tax revenue which is around USD 86 Million per month or IDR 2.8 Trillion per year. Low zakat collection is partly caused by the lack of trust to zakat management institutions (called LPZ), LPZ's professionalism, and zakat direct distribution by muzakki to mustahik. In addition, people worry that their funds will be corrupted. It is because corruption is closely related to government's image; shown by abundant cases of corruption involving well-known figures. This article discusses the role of zakat in alleviating poverty and reinforcing Baznas as public's reliable Amil Zakat Institution (BAZ). The result indicated that the professionalism of services and management of BAZ and LAZ can be created by improving their performance to gain community trust. One effort of empowering BAZ as public trust is through the internal and external reinforcement. Baznas internal reinforcement can be done by tightening Human Resource recruitment and assessment by national and international accreditation agencies. Meanwhile, external reinforcement is done by creating innovation and program rebranding.

Potensi zakat di Indonesia cukup tinggi dan mencapai Rp. 252 triliun per tahun. Dengan 202 juta populasi Muslim, potensi zakat dapat membantu mengurangi kemiskinan di Indonesia. Namun, zakat belum dapat dioptimalkan oleh pemerintah. Ini ditunjukkan oleh pendapatan pajak yang rendah sekitar USD 86 juta per bulan atau IDR 2,8 triliun per tahun. Pengumpulan zakat yang rendah sebagian

disebabkan oleh tingkat kepercayaan publik terhadap lembaga pengelolaan zakat (LPZ), profesionalisme LPZ dan distribusi zakat langsung oleh muzakki ke mustahik. Selain itu, masyarakat khawatir dana zakat yang disetorkan akan dikorupsi. Hal ini terjadi karena korupsi sangat berkaitan dengan imej pemerintah; terbukti dengan banyaknya kasus korupsi yang melibatkan tokoh-tokoh penting di pemerintahan. Artikel ini membahas peran zakat dalam pengentasan kemiskinan dan penguatan Baznas sebagai Badan Amil Zakat (BAZ) kepercayaan publik. Hasil menunjukkan bahwa profesionalisme layanan serta manajemen BAZ dan LAZ dapat diciptakan dengan meningkatkan kinerja mereka untuk mendapatkan kepercayaan dari masyarakat. Salah satu upaya memberdayakan BAZ sebagai kepercayaan publik adalah melalui penguatan internal dan eksternal. Penguatan internal Baznas dapat dilakukan dengan memperketat rekrutmen SDM dan penilaian oleh lembaga akreditasi nasional dan internasional. Sementara penguatan eksternal dibuat dengan inovasi dan rebranding program.

Keywords: BAZNAS, strengthening, zakat

Introduction

As a country with the highest Muslim population, Indonesia's distribution of zakat is high. According to the 2010 population census data released by the Central Statistics Agency (BPS), Indonesia's total Muslim population reached 202.9 million, or about 87.18 percent of the total Indonesian population of 237.6 million.¹ The data became a reference point for the research conducted by The National Zakat Agency (Baznas), Islamic Development Bank (IDB) and the Institut Pertanian Bogor (IPB) entitled Economic Estimation and Determinations of Zakat Potential in Indonesia, concluding that annual zakat in Indonesia can reach more than IDR 217 trillion.²

Various attempts were then created by the government in realizing the potential of zakat, one of which is creating new legal product of Law No. 23 of 2011 on the Management of Zakat replacing Law No. 38 of 1999 which was considered incompatible over the time.³ The Law on zakat Management was then followed up by the Government Regulation No. 14 Year 2014 on the Management of Zakat which authorizes Baznas to manage zakat nationwide. One of the considerations of the law and government regulation establishment is to improve justice and

1 "Benarkah RI Negara Dengan Penduduk Muslim Terbesar Dunia? - Tirto.ID," accessed February 23, 2020, <https://tirto.id/benarkah-ri-negara-dengan-penduduk-muslim-terbesar-dunia-cuGD>.

2 "Optimalisasi Potensi Zakat Indonesia.," accessed February 23, 2020, <http://www.dompetdhuafa.org/>.

3 ST. Alfiah, "Tinjauan Undang-Undang Nomor 23 Tahun 2011 Dan Pp Nomor 14 Tahun 2014 Tentang Pengelolaan Zakat Terhadap Legalitas Dan Pengelolaan Lembaga Amil Zakat Di Yayasan Yatim Mandiri Surabaya." (UIN Sunan Ampel, Surabaya, 2015) p. 5-6.

public welfare. This is one of the government's efforts to reduce poverty through the organized, professional and right on target distribution and reception of zakat. This is reinforced in Article 3 of the Law on Management of zakat that zakat benefit is for the public welfare and poverty reduction.

If optimized well, the vast potential of zakat will contribute to reduce poverty in Indonesia. BPS Annual Report (2019) until March 2019 mentioned that poverty rate in Indonesia reached 25.14 million people.⁴ The problem of poverty has become a serious concern for the government that trillions of rupiah has been allocated as an attempt to overcome the poverty. Poverty in Indonesia has become a very complex problem which is not only limited to the lack of economic problems but also the fulfilment of basic rights that have been guaranteed by the state constitution in the form of education, employment, housing and health.

However, the huge potential of zakat has not been able to be optimized maximally by the government. This is proven by the low reception and distribution realization of zakat. Baznas annual report (2019) mentioned the 201 charity fund reception was IDR 8.1 trillions, increasing from USD 69.8 M in 2014. It is noticeable that there was trend of increasing donors and zakat every year, yet it has not reached the national target by IDR 252 trillions.⁵ It means that there are still very few people (Muslims) who pay zakat through zakat institutions.

The presence of Law on zakat management, actually, has changed the pattern of collection and distribution of zakat among the community. Earlier, there were many *amil zakat* institutions in almost every mosque with disorder management pattern. The law of zakat management affects zakat collection and management more by making it professional through Baznas. Since the issuance of Law No. 38 of 1999 on the management of zakat, until 2013, there have been 180 *Amil Zakat (LAZ)* registered as members of FOZ (*Zakat Forum*). In addition to LAZ, there are also hundreds BAZ managed by the government. This excludes other legal LAZ that have not been registered in FOZ members and BAZ.

The increasing number of LAZs is influenced by pull and push factors. The pull factors are the spirit of awakening people, serving professionally, making innovation and helping *mustahik* and empowering communities. Meanwhile, the push factor is the potential for a large zakat fund raising, regulation that starts to

4 "Jumlah Penduduk Miskin RI Maret 2019 Turun Jadi 25,14 Juta," accessed February 23, 2020, <https://www.cnnindonesia.com/ekonomi/20190715132823-532-412205/jumlah-penduduk-miskin-ri-maret-2019-turun-jadi-2514-juta>.

5 "Potensi Zakat Rp 252 T, Masuk Baznas Cuma Rp 8,1 T," accessed February 23, 2020, <https://www.cnbcindonesia.com/syariah/20190516152005-29-72968/potensi-zakat-rp-252-t-masuk-baznas-cuma-rp-81-t>.

support, information and technology infrastructure support, and the increasing level of public awareness.⁶ With the pull and push factors, LAZ growth increase year to year. The growth is also accompanied by innovation and professionalism among LAZs.

LAZ growth is also followed by BAZ growth including in regions (Bazda). Baznas, which institutionally has been well-established, attempts to open branches in the regions with a similar pattern of organization. The presence of Bazda allows people to pay zakat as it is no longer centralized. Nonetheless, BAZ is frequently less competitive compared with LAZ. The society considers that BAZ, which is a government-owned entity, is less professional amil institution. Yuliana (2016) argued that many people feel worried that their zakat funds deposited into BAZ is corrupted.⁷ This occurs due to the strong community paradigm related to corrupt government, due to high occurrence/statistic of corruption in the government.

In addition, there are also obstacles for optimal management of zakat potential in Indonesia. The problems include the paradigm that charity organizations are unprofessional for not applying the principles of accountability and transparency, charity institution is considered not to have qualified, competent, trustworthy, and have a high work ethic human resources (HR).⁸ Bureaucratic system and good governance are also assessed as weak that leads to low accountability and transparency of LAZ and BAZ.⁹ Other issues, according Suandi (2014) is institutional problems, problems of legislation, public participation, collection, distribution and utilization of zakat, monitoring and reporting.

Research Method

This research is a normative juridical research with the principal the study is the case of zakat, both managed by BAZ or LAZ which is happen in society. This study examines about the way of society paid their zakat and where agency is they chosen. The data source used consists of data primer obtained through Baznas and Dompot Dhuafa, secondary data in the form of reference books,

6 A.A. Karim, & A.A., Syarif, "Fenomena Unik Di Balik Menjamurnya Lembaga Amil Zakat (LAZ) Di Indonesia," *Jurnal Pemikiran Dan Gagasan* 1, no. 1 (2009), p. 1-9.

7 Titin Yuliana, "Sinergi antara Pemerintah Kota dengan Lembaga Zakat dalam Meningkatkan Kesejahteraan Masyarakat" (Studi Di Rumah Zakat, YDSF Dan Badan Amil Zakat Nasional Kota Malang)," August 4, 2016, p. 12.

8 Ismail, "Zakat Produktif : Sistem Alternatif Dalam Pengetasan Kemiskinan Di Indonesia" (UIN Syarif Hidayatullah, Jakarta, 2012), p. 25.

9 A Ridlo, "Zakat Dalam Perspektif Ekonomi Islam," *Jurnal Al-'Adl* 7, no. 1 (2014): p. 119-137, <http://ejournal.iainkendari.ac.id/index.php/al-adl/article/view/214/204>.

articles, journals and research the same.¹⁰ The data is then analysed using qualitative descriptive analysis.

Discussion

The Important Role of Zakat in Poverty Reduction

In the religion of Islam, zakat plays an important role to the level of piety and Islam of a Muslim for it is included into the pillars of Islam. In fact, due to the importance of zakat, it is always mentioned side by side with the mention of ritual prayers in the Al-Quran. According to Qardhawi (1993), zakat is *maaliyah ijtima'iyah* worship which is highly important and strategic in terms of the teaching of Islam and the development of economic welfare of the people.¹¹ That is, zakat worship is not only a personal worship as a sign of piety and obedience to God, but also has a significant social impact as the distribution of wealth and as the realization of the concept of social and economic justice contained in the teachings of Islam.

According to Mannan (1997), zakat has functions not only in economic aspect and social justice but also in moral aspect. According to him, in terms of social, zakat functions to eliminate poverty from the society. From economic perspective, zakat prevents accumulation of wealth in the hands of a small part of people and the compulsory contributions of Muslims to the state treasury; for the purpose of zakat is a wealth transfer from rich society to the poor, so that any activity that is a source of wealth should be a source of zakat. Morally, zakat can erode avarice and greed of the rich.¹²

The purpose of zakat, according to Ali (1988) and Zaman (1993) are: (1) elevating the poor; (2) helping solve the problem of gharimin, Ibn sabil and more mustahik; (3) fostering the kinship of fellow Muslims and mankind in general; (4) eliminating the miserly nature of the property owner; (5) eliminating envy and jealousy; (6) bridging the gap between the rich to the poor; (7) developing a sense of social responsibility especially for the rich; (8) educating people to fulfill the obligation of discipline and surrender their rights to others; (9) a means of redistributing income to social welfare.^{13,14}

10 Marzuki PM, *Penelitian Hukum, Cetakan Ke-11* (Jakarta: Kencana, 2011), p. 35.

11 Yusuf Qardhawi, *Al-`Ibadah Fil-Islam* (Beirut: Mu'assasat al-Risalah, 1993), p. 37-38.

12 MA Mannan and M Nastangin, *Teori Dan Praktek Ekonomi Islam* (Yogyakarta: PT. Dana Bakti Prima Yaksa, 1997), p. 45.

13 MD Ali, *Sistem Ekonomi Islam: Zakat Dan Wakaf* (Jakarta: Universitas Indonesia Press, 1988), p. 67.

14 Zaman SMH, "Islamic Criteria for the Distribution of Tax Burden: The Mix of Direct and Indirect Taxes and the Offsetting Function of Zakat," *Journal of Islamic Economics* 3, no. 1 (1993), p. 17-32 <https://ideas.repec.org/a/ije/journal/v3y1993i2p17-32.html>.

Furthermore, Jumaizi and Wijaya (2011) believed that zakat as an instrument of poverty alleviation has more advantages than taxes. *First*, the use of zakat has been firmly established in the QS. At-Tauba verse 60, where zakat is determined only for 8 classes (*ashnaf*), namely; the indigent, poor, 'amil zakat, *mu'allaf*, slaves, those who owe, *jihad Fii sabilillah*, and *Ibn sabil*.¹⁵ Therefore, none of conventional fiscal instruments has unique characteristics that make this kind of charity would be more effective in reducing poverty because of the allocation of funds are definitely on target. *Second*, the charity has a fixed rate and no change has been determined Shari'a. *Third*, zakat is imposed on a broad basis and cover a wide range of economic activities. *Fourth*, zakat is a spiritual tax that must be paid by every Muslim under any circumstances. Hence, zakat tends to be stable and even increased. This will ensure the sustainability of poverty alleviation programs in the long term.

In addition to having the function of alleviating poverty, it turns out that zakat also has function of fiscal policy. Sauri and Rahman (2015) divided the fiscal policy of zakat into three sections of functions, namely; zakat as budget allocations; zakat as distributed income and wealth; and zakat as economy stabilizer.¹⁶

Zakat function as budget allocation

According to Sauri and Rahman (2015), in fiscal policy of Islam, the function of economic resources allocation level is maintained at a minimum level with several meanings, namely:

1. Allocation distributed is in the form of minimum size resources, particularly the main basic needs of low society economy class (*mustahik*). The objective of the needs guard is to avoid economic constraints that cause them not to run their primary obligation to Allah i.e to worship.
2. Allocation of minimum economic resources represents minimum level of economic activity that makes the economy still running. Economic activity will be maintained if the level of demand does not reach the level of underconsumption which makes the cessation of the economy.
3. Maintaining the allocation of resources is not smaller than the minimum threshold does not rely on market dynamics naturally, it requires supervision and assurance. Therefore, it takes the role of the State in maintaining that condition as state has a social obligation to safeguard the basic needs of its lowest caste economy citizens.

15 J, Jumaizi; ZA, Wijaya, "Good Governance Badan Amil Zakat, Infak, dan Sedekah dan Dampaknya Terhadap Keputusan dan Loyalitas Muzaki," 2011, p. 18.

16 Sauri, S; Rahman, M, "Pajak dan Zakat Ditinjau dari Trilogi Kebijakan Fiskal," *Prosiding Seminar dan Call for Paper dengan Tema Indonesia sebagai Kiblat Ekonomi Syariah* 1, no. 1 (2015): p. 252-263.

Zakat Functions as Income and Wealth Redistribution

Here, distribution is the distribution of income and wealth from someone who has excess of property (*muzakki*) to someone with lack of possessions (*mustahik*) aiming for economic equality and prosperity. According Brodjonegoro (2012), the focus of the income distribution in Islam is the distribution process and not the output of the distribution. It can be simply described that the obligation to set aside part of the property for the affluent (*muzakki* or surplus units) is believed to be compensation for his wealth and on the other side is an incentive (a stimulant) for wealth of lacking parties (*mustahik* or deficit units) to be developed to the better (surplus).¹⁷

Meanwhile, according to Sauri and Rahman (2015), the concept of process optimization of income and wealth distribution offered by Islam is reflected in the obligation of *zakat* charged to rich society (*muzakki*) and distributed to the poor (*mustahik*). There are two roles of *zakat* in improving the justice of distribution of income, namely:

1. *Zakat* serves to reduce the level of ready to consume income (disposable income) by a group of rich people (*muzakki*). Therefore, the implementation of *zakat* is expected to be able to put the brakes on the level of consumption of the rich. This, in turn will have positive impact, which is decreasing the impact of rising commodity prices.
2. *Zakat* serves as the transfer medium incomes so as to increase the purchasing power of the poor. In this case, it is expected that after receiving *zakat*, the poor segments of society will increase their purchasing power so that they can interact with the rich segments of society

Zakat Function as Economy Stabilizer

Brodjonegoro (2012) argued that *zakat* can also act as an automatic stabilizer. When the economy is in a period of expansion, the need to disburse *Zakat* funds will decrease, in another word the disbursement of *zakat* is low for in such period of time employment increase that leads to the increase of society income, therefore the number of *mustahik* also decreases. At the time of this expansion *zakat* act as automatic anti-inflation instrument, because economic expansion tends to drive increased revenue and in turn stimulate aggregate demand and inflation. In contrast, during recession, the need for the disbursement of *zakat* increases as employment decreases, society's income also decreases, leading to higher distribution of *zakat*

17 Citra Aisyah Madania dan Muhammad Nafik H.R., "Pemahaman Maqashid Syariah (Akal) terhadap Kinerja Lembaga Zakat Yatim Mandiri di Surabaya," *Jurnal Ekonomi Syariah Teori Dan Terapan* 3, no. 3 (2016): p. 187–202.

to the poor. In other words, zakat funds during recessions are able to create an expansionary effect on the economy.

As one of the pillars of Islam, zakat is an obligation that must be met by every Muslim who has fulfilled certain conditions. Zakat as an obligation for Muslims is divided into two. First, *zakat nafs* (soul) or called as *zakat al-fitr* is zakat to be paid by every Muslim in Ramadan before the priest step the pulpit at the time of Eid prayer. Second, zakat maal (wealth) or “property” means something to be desired at all by humans to be owned, used and stored. In syara’ the meaning of “wealth” is defined as something that is controlled and can be used in common, including agriculture, commerce, mining, marine products, livestock, property finding, gold, and silver, as well as the work or profession.¹⁸

There are also penalties for people who do not pay zakat as set out in the Koran and the Hadith of the prophet. In the hadith of Ibn Abbas cited in the sahih book of Bukhari and Muslim, it is stated: “People who do not pay zakat are threatened with severe punishment in this world and in the Hereafter that their hearts flinched and moved to sacrifice”. The Compilation of Islamic Economics Law Article 691 also mentions that, “whoever violates the provisions of this charity, he will be penalized as set forth as follows:

1. Whoever does not give charity, he will be fined an amount not exceeding the amount of zakat to be paid;
2. Fines referred to number 1 is based on a court decision;
3. Whoever avoid from practice regular charity, he will be fined an amount not exceeding 20 percent of the amount of zakat paid;
4. Zakat must be paid plus the fines can be taken forcibly by the bailiff and handed over to the district/city ‘amil.

Interestingly, while it is an obligation for a Muslim as set forth in the Koran and the Hadith, an agreement on the management of zakat in Indonesia does not sanction muzakki who do not pay zakat. Even Article 1 paragraph 2 of Law No. 23 of 2011 on the Management of Zakat mentions that zakat is a treasure that must be paid by a Muslim or a business entity to be given to those who deserve it in accordance with Islamic Shari’a. Meanwhile in the science of law, any obligation is always be accompanied by sanctions if it is not implemented. The prohibition set out in Article 37 and Article 38 as well as the criminal provisions of Article 39 and Article 40, in fact only applies to employees of national charities, charity or zakat agency personnel who commit fraud and corruption zakat funds.

18 Rosi Rosmawati, “Pengembangan Potensi Dana Zakat Produktif Melalui Lembaga Amil Zakat (LAZ) Untuk Meningkatkan Kesejahteraan Masyarakat,” *Jurnal Ilmu Hukum (Journal of Law) Padjadjaran* 1, no. 1 (2014): p. 175–191, <https://doi.org/10.22304/pjih.v1n1.a10>.

Viewing the Indonesian community demographics with 87.18 percent is Islam; zakat should be made obligatory and state command like taxes. The state has the right to force its Islamic citizens to pay both zakat Nash and zakat maal nafs. According to Alfitri (2006), in the history, even state can force the use of violence in order to make zakat obligation is implemented, as was performed by the Caliph Abu Bakr. In the management of zakat, the priest/caliph can easily control directly where this mechanism is long overdue since the time of Prophet Muhammad to Ottoman dynasty. It is then should be realized by the state to interfere in the affairs of the division of property among the society. The state can use its power to force the public to implement charity in an effort to help to reduce the suffering of the poor and the welfare of society widely.¹⁹

Reinforcement of Baznas as the Society's Trusted Zakat Agency Zakat and its Potentials in Indonesia

Zakat is part of the pillars of Islam. Someone who has vowed converting to Islam is obliged to pay zakat. In terms of language, the word zakat has the meaning blessing, growth and development. The term of zakat has a sense as part of the property with certain requirements, which Allah SWT requires the owner to submit it to those who deserve it, with certain requirements as well. According to Yuliana (2016), The relationship between the sense of zakat by language and understanding is real terms and close, that the property whose zakat is issued will grow, develop and increase, pure and sorted out (well). This is as stated in Surah At-Tawbah: 103 and Al-Baqarah: 261,

"Take Sadaqah (alms) from their wealth in order to purify them and sanctify them with it, and invoke Allah for them. Verily! Your invocations are a source of security for them, and Allah is All-Hearer, All-Knower". (QS. At-Taubah:103)

"The example of those who spend their wealth in the Way of Allah is like that of a grain of corn that sprouts seven ears, and in every ear, there are a hundred grains. Thus, Allah multiplies the action of whomsoever He wills. Allah is Munificent, All-Knowing." (QS. Al-Baqarah: 261)

Liabilities to pay zakat for Muslims have been applied since long time ago. In the era of Caliph Abu Bakr, he fought against the Muslims who did not want to pay zakat. This indicates that zakat is one of worships which is very important as it is closely related to life and property. Zakat is a worship that has multiple dimensions of value that is transcendental and horizontal. Therefore charity has a lot of meaning and wisdom in human life, especially for Muslims, whether

¹⁹ Alfitri, "The Law of Zakat Management and Non-Governmental Zakat Collectors in Indonesia," *International Journal Not For Profit Law* 8, no. 1 (2005), p. 55-67.

in relation to Allah SWT and social relationships among humans, according Hafidhuddin, including:

1. As the embodiment of faith in Allah SWT, his ingratitude, cultivate noble character with a sense of humanity, disregarding the miserly, greedy and materialistic, cultivate peace of life, as well as clean and develop the property owned;
2. As zakat is the right mustahik, zakat serves to help, assist and nurture them, especially the poor, towards a better life and a more prosperous, so that they can meet their needs properly, able to worship Allah, away from the danger of kufr, eliminate the nature of envy, jealousy and envy towards the rich;
3. As a joint charity;
4. As one source of funds for construction of facilities and infrastructure owned by Muslims;
5. To promote proper business ethics as charity is not a treasury cleaning, instead, expend part of the rights of others from our property which we gain properly and correctly in accordance with the provisions of Allah
6. As an instrument of income distribution;
7. Encourage Muslims to be able to work and strive to have a property not only to meet the needs of themselves and their families but also compete become muzakki.²⁰

Zakat benefits as described above may be perceived by the public as charity funds collected and disbursed properly. Zakat is an obligation for Muslims, where zakat compulsory (muzakki) shall pay it to the eight groups eligible to receive zakat (mustahik). Zakat is paid to help mustahik in meeting basic needs or for working capital. Given the majority of the population in Indonesia are Muslims, zakat is one of references for the Indonesia in an effort to the welfare of society through optimization and utilization of zakat institution and zakat itself. Zakat as one of the instruments to improve the welfare of the community is a breakthrough that needs to be considered. Referring to the results of the research carried out by IPB and Baznas, the potential of zakat in Indonesia IDR 217 trillion/year. The potential refers to the Muslim community in Indonesia indicated as muzakki.

While based on the research of the Directorate of Religious Affairs Zakat Republic of Indonesia, as quoted by Jaelani (2016) in an article entitled "Director of Zakat Reinforcement: Don't Let Zakat 'Amil Convicts" Stated the zakat fund collection was only about 2.8 trillion.²¹ The low zakat collection was caused partly

20 D Hafidhuddin, *Zakat dalam Perekonomian Modern* (Jakarta: Gema Insani, 2002), p. 74.

21 "Direktur Pemberdayaan Zakat: Jangan Sampai Amil Zakat Terpidana - Kiblat," accessed February 23, 2020, <https://m.kiblat.net/2015/12/04/direktur-pemberdayaan-zakat-jangan-sampai-amil-zakat-terpidana/>.

by the level of public trust in zakat management institutions (LPZ), professionalism of LPZ and the habit to distribute zakat directly by muzakki to *mustahik*. In order to make the collection and management of zakat to be more professional, the government is attempting to provide regulatory and legal framework regarding zakat.

There are four foundations that become soul and spirit of zakat setting in Indonesia. The four foundations are: to realize the *unified system* in national zakat management, hierarchy in zakat management, compliance to the provisions of Islamic law, and accountability in the management of zakat. The enactment of Law on management of charity gives juridical impact of the establishment of Badan Amil Zakat (BAZ) as zakat institutions established by the government and Amil Zakat Institute (LAZ) as zakat institutions established by society. Both of these institutions are eventually entitled to collect and distribute zakat Muslims.

Law on zakat management has fundamentally changed the pattern of collection and distribution of zakat in the community. Previously, there were many amil zakat institutions in almost every mosque with disorder management patterns; the Act of zakat affects zakat collection and management into more professional. Since the issuance of Law No. 38 of 1999 on the management of zakat, until 2013, 180 LAZ were registered as members of FOZ (Forum Zakat). In addition to LAZ, there are also hundreds of BAZ managed by the government excluding other legally LAZ has not been registered in FOZ members and BAZ. LAZ phenomenon occurs due to several factors.

The increasing number of LAZs is influenced by pull and push factors. The pull factors are the spirit of awakening people, serving professionally, making innovation and helping *mustahik* and empowering communities. Meanwhile, the push factor is the potential for a large zakat fund raising, regulation that starts to support, TI infrastructure support, and the increasing level of public awareness. With the pull and push factors, LAZ growth increase year to year. The growth is also accompanied by innovation and professionalism among LAZs.

LAZ growth is also followed by BAZ growth including in regions (Bazda). Baznas, which institutionally has been well-established, attempts to open branches in the regions with a similar pattern of organization. The presence of Bazda allows people to pay zakat as it is no longer centralized. Nonetheless, BAZ is frequently less competitive compared with LAZ. The society considers that BAZ, which is a government-owned entity, is less professional amil institution. Yuliana argued that many people feel worried that their zakat funds deposited into BAZ is corrupted. This occurs due to the strong community paradigm related to corrupt government,

due to high occurrence of corruption in the government.

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Institutional problems occur since the enactment of Act 23 of 2011 on the management of zakat. More numbers of zakat management institutions make inefficiencies due to overlapping of the collection and distribution of zakat in Indonesia. In addition, overlapping in the reinforcement and utilization of zakat, donation, charity and endowment collected.²³ Overlapping in the management of zakat, donation, charity and endowments happens because in Indonesia there is no institution which is used as a node for the whole organization of zakat in Indonesia to coordinate and synergize. Therefore, one of the efforts that must be implemented immediately is to synergy zakat fund management, donation, charity and endowments managed by various organizations zakat in Indonesia. Baznas as the only government institutions, has an important role to realize the synergy among amil zakat institutions. Baznas should be encouraged to be a knot at the same parser of overlapping occurs among LAZs. Therefore, it takes a new idea to make Baznas to become institution trusted by the public and other zakat stakeholders of zakat.

Reinforcement of Baznas Internally and Externally

Zakat funds should not merely consumptive or short-term, but become a revolving fund, productive, develop, function optimally, and able to give a way out to solve the problem which is the source of poverty itself one of which is the mentality. Islam forbids Muslims behave wasteful, especially if the attitude behavior is through the management of zakat funds that should be used for the welfare of

22 Eliza Rose Yuniar Suandi, "Pengaruh Pengendalian Intern Terhadap Efektifitas Pengelolaan Dana Zakat Pada Lembaga Amil Zakat Di Kota Bandung" (Universitas Pendidikan Indonesia, Bandung, 2014), p. 59-60.

23 Nurul Huda and Tjiptohadi Sawarjuwono, "Akuntabilitas Pengelolaan Zakat Melalui Pendekatan Modifikasi Action Research," *Jurnal Akuntansi Multiparadigma JAMAL* 4, no. 3 (2013): p. 376-388, <https://jamal.ub.ac.id/index.php/jamal/article/view/263>.

the people. As in the following Al-Isra verse to 26-28:

“And give the relative his right, and [also] the poor and the traveller, and do not spend wastefully. Indeed, the wasteful are brothers of the devils, and ever has Satan been to his Lord ungrateful. And if you [must] turn away from the needy awaiting mercy from your Lord which you expect, then speak to them a gentle word.” (QS. Al-Isra : 26-28)

Simply put, in the article of “Productive Zakat”, the basic concept of productive zakat is to change mustahik into muzakki in terms of:

1. Changing the poor into the have;
2. Changing the chained men into free; and
3. Changing the stupid people to be smart.

Broadly speaking, the type of distribution of zakat funds can be carried out in three ways:

a. Pure Distribution

Target: Each of the funds is used for consumptive grant (direct charity).

Allocation of funds: the distributed fund is directly discharged.

Orientation: the arrival of funds to mustahik.

b. Semi utilization

Target: Funds are used for consumptive and human resources development grants (direct and indirect charity).

Allocation of funds: funds distributed are directly discharged.

Orientation: the arrival of funds and the usefulness to mustahik.

c. Utilization

Target: Funds are used for grants (direct and indirect charity), for human resource development, and for productive economic activity.

Allocation of funds: The funds distributed are not directly discharged.

Orientation: Benefits and changes on *mustahik*

Utilization of Zakat funds spawned terminology of productive zakat. Productive zakat means funds raised from the charity is not merely for consumption, rather for the reinforcement and utilization. To create the concept of productive zakat, zakat management institutions, including BAZ and LAZ are required to work professionally, accountably and transparently. Baznas as government institutions which is expected to become professional zakat management institutions and gain the trust of society should improve their institutional and operational concepts. The reinforcement of Baznas as zakat management institution that is trusted by the public can be initiated from the internal side and supported from the external side. Strengthening internal Baznas can be carried out in some ways as follows:

a. Recruitment of Human Resources (HR)

After the enactment of Law No. 23 of 2011 on the Management of Zakat, Baznas position is much stronger than that of mandated under Act No. 38 of 1999. In Act No. 23 of 2011, Baznas is given greater authority to collect and distribute zakat funds. The government through Law No. 23/2011 provides reinforcement to Baznas authority to provide protection, guidance and services to muzakki, mustahik and charity managers as well as for ensuring legal certainty. Baznas, led by 11 people collectively collegial, has Human Resources (HR) which is a combination of community and government representatives. Elements of society involved in the management of Baznas composed of scholars, professionals and community leaders. Leaders of Baznas management and regeneration are performed every five years. In addition to regenerating management, Baznas is also allowed to recruit members.

For charging and recruiting HR, Baznas needs to raise its standards. In order to realize the strengthening the role Baznas and enhance public trust toward Baznas, the HR recruitment patterns must be tightened. There should be special requirements to become a member or enter Baznas management.²⁴ For example, in the recruitment of members, Baznas can provide special conditions such as a minimum of 1-2 years of experience in the management of zakat or engage in LAZ. This is necessary that it can be assured those who join the management of human resources and membership of Baznas is superior and competent human resources in the field of management of zakat. By recruiting excellent and competent human resources, the professionalism and Baznas branding will rise slowly. In addition, the HR recruitment patterns will also realize synergies between BAZ with LAZ. The members are alumni of LAZ Baznas fore which had already interact with the community in the management of zakat.

b. Accreditation/Licensing

People have complained related to the standardization of services in several LAZ and BAZ, especially in BAZ. In fact, the emerging paradigm in the society shows that BAZ is less professional, prone to corruption virus and so on. The assumptions and opinions will not appear if Baznas has accreditation from particular institution as done by Dompot Dhuafa. Dhuafa wallet is one of the largest LAZs in Indonesia. This institution has registered and received accreditation from the National Accreditation Committee (KAN).

²⁴ Arif Kusmanto, "Peran Lembaga Amil Zakat Nasional Dalam Penghimpunan Dana Zakat, Infaq, Dan Shodaqoh," *Pandecta; Research Law Journal*. 9, no. 2 (2014): p. 288–297, <http://journal.unnes.ac.id/nju/index.php/pandecta>.

Additionally, Dompot Dhuafa also obtained the certificate of ISO 9001 Quality Management System. ISO 9001 certification is a kind of quality assurance certification for charities and voluntary organizations. Directly proportional to the accreditation certificate which has been in the can, Dompot Dhuafa is International class, receiving many awards, such as the Ramon Magsaysay Award of the Philippines, the International Zakat Award from international charity organizations and so on. That is, indeed the certification gives significant impact on performance, service and management of zakat, so that both LAZ and BAZ, need to have a certificate of accreditation.²⁵

The certificates obtained are a form of quality audits in the institution. Therefore, Baznas as an institution should implement the standardization to improve public trust.²⁶ For quality management, several accrediting agencies provide certification according to need. Meanwhile, related to accountability and transparency of funding, Baznas can cooperate with Public Accounting Firm (KAP) to carry out financial audits. With audit conducted by the firm, is expected Baznas can obtain unqualified status (WTP), which is evidence that the zakat fund management in Baznas is transparent and accountable. Accreditation of quality of Baznas is necessary to increase the public trust toward the performance and Baznas programs Baznas. With the strengthening of the internal side, Baznas will grow into BAZ that can get the full public trust to raise and manage funds of zakat.

As for the external side, the Reinforcement of Baznas can be carried out as follows:

a. Innovation of Zakat Fund Distribution Program

Generally, Zakat funds is distributed to mustahik within three (3) main aspects in the fields of economy, education and health. In order to strengthen Baznas to build trust in the community, there should be innovation of zakat fund distribution program. From the economy side, zakat funds can be collaborated with Islamic Financial Institutions (LKS) for a more productive management. There are three steps that can be innovated by Baznas to increase mustahiq welfare, namely: free financing access, profit-loss sharing and investment net fund. Free financing access insists on no-interest loans and unsecured for the mustahik to independently become entrepreneur. The funds raised from the charity is managed by the BLM and piped to mustahik in the form of capital for productive enterprises.

25 "Dompot Dhuafa Raih SNI ISO 9001:2008 - DDHK News," accessed February 23, 2020, <https://ddhongkong.org/dompot-dhuafa-raih-sni-iso-90012008/>.

26 Abdurahim, A. *et.al.*, "Membangun Good Governance Di Lembaga Amil Zakat, Infaq dan Sadaqah (LAZ): Pengalaman Dua LAZ Besar di Indonesia" *Inferensi: Jurnal Penelitian Sosial Keagamaan*. 12, no. 1 (2018): p. 45-64, <https://doi.org/10.18326/infsl3v12i1.45-64>.

Profit-loss sharing is a kind of contract of cooperation for the results. Here, LKS manages zakat funds from Baznas, distributes the funds and then the funds are used for productive business. The results of these efforts whether profit or loss will be divided equally shared between LKS and mustahik.

The third innovation strategy is net investment fund or can be referred to as financing for long-term productive enterprises. So far, BAZ and LAZ target economic sectors, more focus on short-term financing, example: for Micro, Small and Medium Enterprises (SMEs). However, in the future, it could be developed for long-term financing so that the reinforcement and more muzakki can feel the benefits in a sustainable manner (sustainability growth). The three innovation strategies can be implemented by Baznas in collaboration with LKS, so that in the future, networks and partners of Baznas also increase to increase public trust. While for education, Baznas can apply integrated school system. This integrated pattern makes centralized school facilities and learning resources infrastructure and ranging from kindergarten to the university in the region that makes possibility of integration.

Integrated school system provides an opportunity for mustahik who is in higher level of study to apply their knowledge to younger levels. The expectations of the program are sustainability of science that it continues to flow in the cycle of integrated school system. Thus, the benefits of zakat funds can continue to be felt. LAZ that had started the concept of integrated school system is Baitul Mal Hidayatullah (BMH). BMH applies the concept of integrated school system for particular level of education. In the health sector, Baznas, that has opened branches in the area or commonly referred to Bazda, can be more actively comes to the communities through innovative health units. For example, to reach the mountainous and hilly areas, Baznas through Bazda can make ambulance bike, horse ambulance, ambulance boats or other means that can reach remote areas. Baznas can also build Hospital which provides free health service facilities for the mustahiq. In the future, Baznas can synergize with the National Health Insurance program (JKN) owned by the government so that health services in Baznas hospital is more evenly distributed to the public.

b. Rebranding and Baznas Mascot

The most common strategy used to attract public attention is the development of a product image. As a charity and volunteerism body, Baznas needs to periodically perform image rebranding. During this time, government agencies and institutions had a stiff impression in the community. The lack of innovation makes government institutions running a program only of course work. Therefore, Banzas needs to

rebuild their image in the community. For examples by adding a tagline or slogan that draws people to distribute their zakat funds in Baznas as performed by the Dompot Dhuafa (DD). DD changes its tagline almost every year like the tagline of Growing Together, Expanding kindness and so forth. The innovations made by BAZ and LAZ gives the impression that the institution of zakat is friendlier and eye catching.

Strengthening Baznas can be also carried out by creating Baznas icon in the community. At present, the community has been accustomed to receiving the icon or mascot of a product or institution.²⁷ (Jhalugilang, 2018), for example, Domar which is the mascot of one minimarket or Bang Siddiq as the mascot of Dompot Dhuafa LAZ. The presence of mascot can indirectly attract public attention. Mascot needs to be introduced as a means of charity campaign. Therefore, Baznas needs the idea of a mascot for Baznas.

Conclusion

High potential of zakat can assist the government in alleviating poverty. Zakat as an instrument of poverty alleviation has many advantages than taxes. First, the use of zakat has been firmly established in the QS. At-Tauba verse 60, in which zakat is determined only for 8 classes (ashnaf), namely; the indigent, poor, 'amil zakat, *mu'allaf*, slaves, those who owe, *jihad Fii sabilillah*, and *Ibn sabil*. Second, the charity has fixed rate and no change is determined by Sharia. Third, zakat is imposed on a broad basis and cover a wide range of economic activities. Fourth, zakat is a spiritual tax that must be paid by every Muslim under any circumstances. Therefore, zakat tends to be stable and even increased. This will ensure the sustainability of poverty alleviation programs in long term. In addition to having the function of alleviating poverty, it turns out zakat also has the function of fiscal policy, namely; zakat as budget allocations; zakat as distributed income and wealth; and zakat as economy stabilizer.

The society demands professionalism of the service performance and management of BAZ and LAZ. Baznas as government body is demanded to improve performance in order to gain trust from the community. One way of strengthening Baznas is by strengthening the internal and external side. Baznas internal reinforcement can be performed through tightening HR recruitment and accreditation by national and international accreditation agencies. While strengthening external side can be carried out with innovation and rebranding.

²⁷ Paundra Jhalugilang, "Maskot Asian Games 2018 Sebagai Sebuah Brand Dan Pemanfaatan Media Sosial Dalam Memperkuat Brand," *Komunikologi: Jurnal Ilmiah Ilmu Komunikasi*. 15, no. 2 (2018), p. 102-109.

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