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Why Zakat Collection in Indonesia is Not As Effective As it is in Malaysia

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Abstract

The purpose of this article is to find out the practices and problems of why zakat in Indonesia have not been manage optimally as it is in Malaysia. This study applies descriptive method by collecting data and information from previous articles about zakat, especially zakat management in Indonesia and Malaysia. The findings show that the main problems in managing zakat in Indonesia are: first, there is no government regulation that requires all Muslim citizens who have property that reach nisab requirement to give out zakat. Secondly, Moslem community prefers to pay zakat to the people whom they have already known rather than to the existing formal zakat institutions. Third, there is a lack of good cooperation between zakat institutions owned by the government and the other institutions run by private parties. The result of this of this study may be useful to be used by all parties involved in zakat management so that it can be managed more optimal.

Keywords: *Zakat management, Indonesia, Malaysia.*

Abstrak

Artikel ini membahas tentang bagaimana praktik dan permasalahan zakat di Indonesia yang belum dikelola secara optimal seperti di Malaysia. Studi ini menggunakan metode deskriptif dengan mengumpulkan data dan informasi dari artikel-artikel terdahulu seputar zakat, khususnya pengelolaan zakat di Indonesia dan Malaysia. Temuan menunjukkan bahwa permasalahan utama yang dihadapi dalam pengelolaan zakat di Indonesia adalah: pertama, belum adanya peraturan pemerintah yang mewajibkan zakat kepada seluruh warga negara Muslim yang memiliki harta yang telah mencapai nisab. Kedua, masyarakat lebih senang membayar zakat kepada orang yang dikenal daripada kepada lembaga zakat formal yang ada. Ketiga, kurang optimalnya kerjasama antara lembaga zakat milik pemerintah dan swasta. Temuan penelitian ini diharapkan dapat berguna bagi semua pihak yang terlibat dalam pengelolaan zakat sehingga pengelolanya menjadi lebih optimal.

Kata Kunci: *Pengelolaan zakat, Indonesia, Malaysia.*

A. Introduction

Many research has been done by Muslim scholars to find ways to reduce poverty and realize community welfare.¹ Zakat is an important instrument in the Islamic tradition as an effort to reduce poverty and realize sustainable development.² Zakat is a financial inclusion instrument that can improve the welfare of poor peoples.³ Islamic history has noted, the proper management of zakat has proven successful in reducing poverty in society. This can be seen at the time of the Caliph Umar bin Abdul Aziz while

¹Salleh, M. S. (2017), "Contemporary Vision of Poverty and Islamic Strategy for Poverty Alleviation", *SAGE Open*. <https://doi.org/10.1177/2158244017697153>.

²Abdullahi, S. (2019), "Zakah as tool for social cause marketing and corporate charity: a conceptual study", *Journal of Islamic Marketing*, Vol. 10 No. 1, pp. 191-207. <https://doi.org/10.1108/JIMA-03-2017-0025>.

³Mikail, S.A., Ahmad, M.A.J., & Adekunle, S.S. (2017). Utilisation of zakāh and waqf fund in micro-takāful models in Malaysia: An exploratory study. *ISRA International Journal of Islamic Finance*, 9(1), 100-105.

servicing as the Umayyad caliph in 717-720 AD. At this time, the central government managed zakat through a ZISWAF institution called Baitul Mal. Baitul Mal had full authority in the activities of collecting and distributing alms throughout the Khalifah's territory at that time. The success of the management of the Khalifah Umar zakat is demonstrated by the absence of community members who are willing to receive zakat from Baitul Mal. This shows that the activity of empowering zakat in encouraging mustahik to become muzzaki has been successful

The potential of zakat in the last decade can be a new hope for low-income people to get out of the poverty line.⁴ The potential for zakat in Indonesia in 2016 is 217 trillion⁵ and 286 Trillion in 2018.⁶ Malaysia's zakat potential figure in 2016 is far below Indonesia, which is 5 billion ringgit or 17.5 trillion rupiah.⁷ In 2016, Indonesia succeeded in collecting zakat funds amounting to 6 trillion rupiah or around 3 percent of the existing zakat potential. In the same year, Malaysia managed to raise 3 billion ringgit (11.5 trillion rupiah) or around 60 percent of the existing zakat potential.

Based on the achievement of the potential of Malaysian and Indonesian zakat, the author will try to see to know how the practices and problems of zakat in Indonesia so that it cannot be as optimal as Malaysia. The findings of this study are expected to be a discourse in improving the existing zakat management system in Indonesia.

⁴Basir, S.A., Azmi, I.A.G., Ismail, S.H.S., Ibrahim, P., & Mohamed, H.A. (2017). Malaysian Islamic quality management system MS1900: An implementation steps at Malacca Zakat Center. *Humanomics*, 33(2), 239-254.

⁵Muhammad sholikinnim (2018), "Penghimpunan dan Pengelolaan Zakat di Asia Tenggara", 2018, diakses https://www.kompasiana.com/muhammad_sholikin/penghimpunan-dan-pengelolaan-zakat-di-asia-tenggara_58502d45c323bdf620a40d89.

⁶Bambang Soesatyo, ketua Komisi III DPR membidangi zakat, *Bamsot: Potensi Zakat Umat Islam Indonesia Mencapai Rp 286 triliun*, diakses <http://poskotanews.com/2018/05/30/bamsot-potensi-zakat-umat-islam-indonesia-mencapai-rp-286-triliun/>.

⁷Amran, pimpinan Pusat Pungutan Zakat Malaysi (PPZ), *Malaysia Himpun Zakat Lebih Besar Dari Indonesia*, 2017, diakses <http://mysharing.co/malaysia-himpun-zakat-lebih-besar-dari-indonesia/>

The command of zakat in the Koran is often followed by the command to pray.⁸ For example, the Qur'an at-Taubah verse 11, this means that charity draws closer to God must also be followed by good deeds to fellow human beings.⁹ Zakat is an order in the pillars of Islam that has the aim that human property is used for the interests of the peoples.¹⁰

فَإِنْ تَابُوا وَأَقَامُوا الصَّلَاةَ وَآتَوُا الزَّكَاةَ فَإِخْوَانُكُمْ فِي الدِّينِ
وَتَقْصُلُ الْآيَاتِ لِقَوْمٍ يَعْلَمُونَ (١١)

“But if they repent, establish prayers and pay zakat, then (they) are your brothers and sisters of the same religion. And We explain those verses for the people who know” (Q.S at-Taubah/9:11).

Zakat has function to encouraging economic activity and investment. This is because people whose wealth has reached nishab prefer to use their wealth for productive activities so that they are not subject to the obligation of zakat mal, only to pay income zakat (Chapra, 1985). Fuqoha agreed that the time of zakat mal obligation is when all zakat compulsory requirements have been fulfilled, namely: the condition of a person has full authority over his assets, there are officers who are responsible for zakat management, and there are groups entitled to receive zakat (Qudamah, tt). While the obligation of zakat fitrah is just before Eid Al-Fitr prayer.

⁸Al-Qardawi, “*Fiqh al-Zakat Dirasah Muqaranah Li-Abkamihah wa Falsafatihah fi dhan’al-Qur’an wa al-Sunnah*”, (Beirut: Muassasah al-Risalah, 1973).

⁹Hilman Latief dan Zezen Zaenal Mutaqin (2015), “Islam dan Urusan Kemanusiaan dan Urusan Kemanusiaan Konflik, Perdamaian, dan Filantropi”, (Jakarta: PT. Serambi Ilmu Semesta), 31-32.

¹⁰Mikail, S.A., Ahmad, M.A.J., & Adekunle, S.S. (2017). Utilisation of zakāh and waqf fund in micro-takāful models in Malaysia: An exploratory study.

In order to implement zakat do well, professional zakat management institutions are needed. In Islam, the manager of zakat is known as ‘āmil. Āmil officials were also known during the time of Rasulullah SAW, namely when Rasulullah SAW appointed an āmil from the Bani Asad tribe named Ibn Luthaibah to administer the Alms of the Children of Solomon. The Messenger of Allah had also given the task of ‘Ali ibn Abi Thalib to do socialization about zakat and act as āmil zakat to Yemen. Ali’s assignment was then continued by Mu’az bin Jabal. At present, the institutions that manage zakat (‘āmil) are carried out by the government and the private sector, in accordance with the country rules.

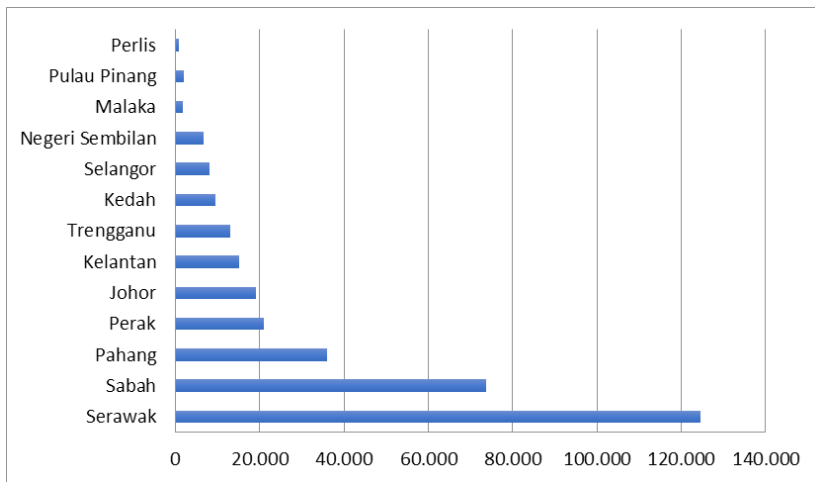
This article is a qualitative-based research. It tries to explain the practice of zakat in Indonesia and Malaysia and find several reasons why the management of zakat in Indonesia is not as optimal as Malaysia. Data sources are articles about zakat, especially zakat in Indonesia and Malaysia

B. Result and Discussion

1. Malaysian Demographics

Malaysia and Indonesia are the two largest Muslim countries in Southeast Asia which have a very strategic role in the development of zakat management. Malaysia is a member of the Commonwealth, representing the political marriage of territories that was formerly under the British rule. Malaysia consists of 13 states and three federal territories. A state has authority to regulate itself except national matters such as military, foreign relations, and fiscal matters. The federal area is like a state but only has one state leader and one legislative body for the three states.

Picture 1
Size of Malaysian State (km^2)

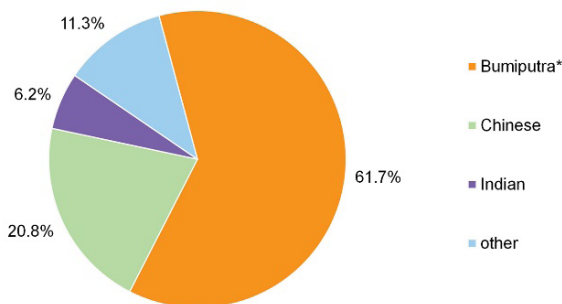


Source: Encyclopedia Britannica, Inc, 2019.

Malaysia consists of 13 states, namely: Sarawak, Sabah, Pahang, Perak, Johor, Kelantan, Trengganu, Kedah, Selangor, Negeri Sembilan, Malacca, Pulau Pinang, and Perlis. Malaysia also has three federal territories, namely: Kuala Lumpur, and Putrajaya as Kuala Lumpur alliance territorie,and Victoria as Labuan alliance area territorie.

Picture 2
Malaysia Ethnic Composition

Malaysia ethnic composition (2017)



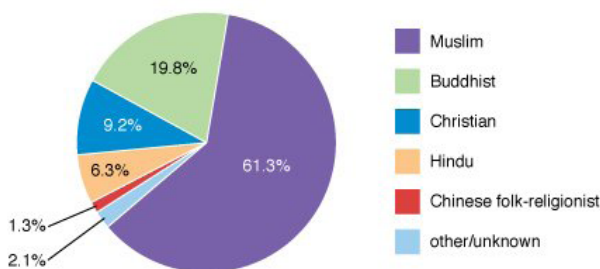
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*Malays and indigenous peoples.

Malaysia's population consists: Malay (50.2%), Chinese (22.4%), other In indigenous (11.8%), Indian (6.7%), non-Citizen (8.1%), and Other (0.8%).

Picture 3
Malaysia Religious Affiliation

Religious affiliation (2010)



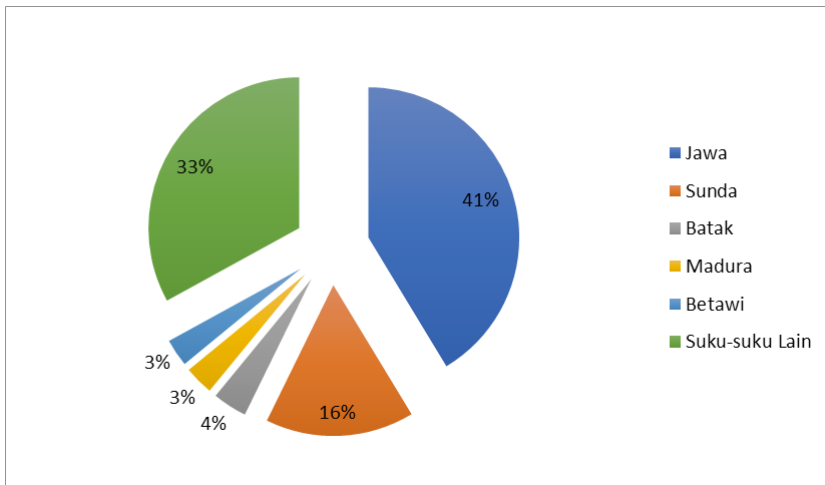
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The official religions recognized by the Malaysian government are: Islam (61.3%), Buddhism (19.8%), Christianity (9.2%), Hinduism (6.3%), Chinese folk-religionist (1.3%), and Other / Unknown (2.1%).

2. Indonesian Demographics

Indonesia is a unitary state in the form of a republic, consisting of 34 provinces, 416 districts and 98 municipalities, with the widest possible autonomy rights except in government affairs.

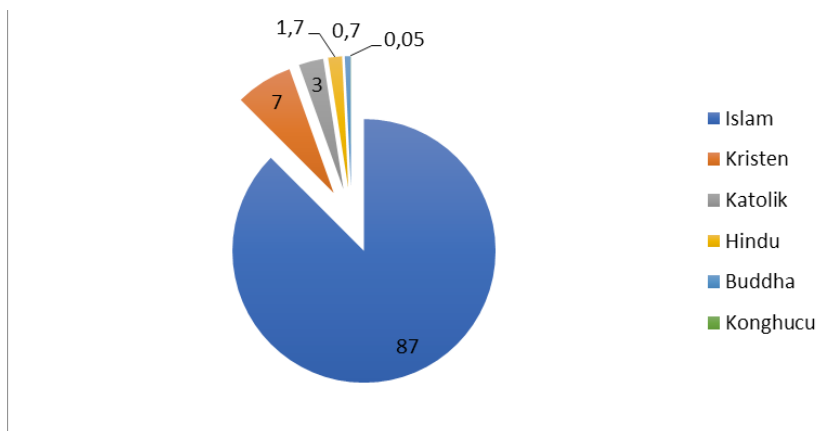
Picture 4
Indonesia Ethnic Composition (2018)



Source: Indonesia.go.id, 2019.

Indonesia consists of more than 1,340 ethnics spread from Sabang (Aceh) to Merauke (Papua). The picture above shows the five largest ethnics in Indonesia: Java (41%), Sundanese (16%), Batak (4%), Madura (3%), Betawi (3%), and the other ethnics (33%).

Picture 5
Indonesia Religious Affiliation(%)



Source: Indonesia.go.id, 2019

There are 6 official religions recognized by the Indonesian government: Islam (87%), Christianity (7%), Catholicism (3%), Hinduism (1.7%), Buddhism (0.7%), and Confucianism (0.05%) (Indonesia, 2019).

3. The Regulation of Zakat Management in Malaysia

As a manifestation of the seriousness of the Malaysian government in managing zakat, in 1991 YAB Prime Minister Dato Seri Dr. Mahathir Mohammad (Tun) inaugurated the Zakat Collection Center (PPZ) (Abu Bakar, 2019). The Zakat Collection Center (PPZ) is an institution responsible for managing the zakat of the Malaysian state nationally. The Malaysian central government gives authority to each state in the management of zakat administration and accountability to the Melaka Islamic Religious Council (MAIM).¹¹ Zakat management activities in each state include the collection, distribution and administration of zakat. The existence of these zakat rules makes the practice and technical management of zakat in each state different according to the potential and culture of the existing community.

4. The Regulation of Zakat Management in Indonesia

BAZNAS is a formal institution that is responsible for managing zakat nationally and is domiciled in the national capital (D.K.I Jakarta). In order for zakat management to run optimally, amil zakat institution (private institution) was formed which is tasked with assisting the collection, distribution and empowerment of zakat in the regions. The Amil Zakat institutions established by the central BAZNAS have positions in each province or district

¹¹Ahmad *et al.*, (2015) "Assessing the Satisfaction Level of Zakat Recipients Towards Zakat Management", *Procedia Economics and Finance*, 31, 140-151.; diakses 2019-03-04 17:35:55, <http://www.sciencedirect.com/science/article/pii/S2212567115011417>.

or city level must have permission from the minister or an officer appointed by the minister.

In addition to the zakat institutions above, zakat management can also be done by individuals or groups of individuals in certain communities or regions that have not been reached by BAZNAZ or LAZ. These institutions must be recognized by BAZNAS or LAZ at the district or municipal level. The requirements for the Amil Zakat Institution (LAZ) are:

1. Must be registered as an Islamic Community Organization.
2. Has a legal entity form, not a profit institution
3. Recommended by BAZNAS.
4. Has a shari'ah supervisory body,
5. Has the ability to carry out zakat management activities.
6. Have a commitment to the empowerment of zakat activities.
7. Willing to be audited in matters of sharia and finance on a regular basis.

In addition to the above institutions, there are non-formal institutions that are already known to the public as 'amil zakat or parties who manage Zakat, Infaq, Alms and Waqaf (ZISWAF). An example is the distribution of zakat by individuals, and existing mosques. BMT (Batul Mal wa Tamwil) is a microfinance institution in Indonesia that is managed by the private sector to help the economic activities of the lower middle class. In Indonesia, BMT has proven to be able to help the poor, through cooperative assistance.¹²

In order for zakat management to be in accordance with the mandate of the Law, non-formal zakat management parties must continue to report zakat management activities carried out to the Office of Religious Affairs (KUA) in the local sub-district.

¹²Ahmad *et al.*, (2015) "Assessing the Satisfaction Level of Zakat Recipients Towards Zakat Management"

In addition, non-formal institutions are also required to report the recording and bookkeeping of all zakat management activities carried out. these informal zakat management institutions must also be able to conduct zakat distribution and empowerment activities in accordance with the shari'ah and mandate of ZISWAF funders

Indonesia also has a private institution as a professional manager of zakat. At the national level there are 24 Amil Zakat Institutions (LAZ) that have received permission from the central BAZNAS to manage Zakat, Infaq, Alms and Endowments (ZISWAF) funds. At the provincial and district level there are 15 LAZ each recognized by the government (BAZNAS Indonesia, 2019).

To prevent irregularities and management activities by āmil, criminal sanctions are imposed in the Zakat Management Act. Criminal sanctions in the form of imprisonment for a maximum of five years, and or a fine of five hundred million. Whereas a one year criminal sanction or a maximum fine of fifty million to an institution or āmil who does not or does not yet have a zakat management permit from an authorized institution.

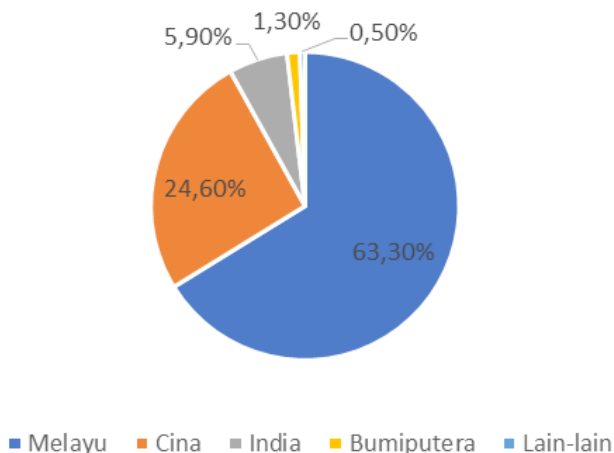
5. The Practices of Zakat Management in Malaysia

We can see the management of zakat in several Malaysian states below.

- a. Management of zakat in Malacca, Kuala Lumpur, Negeri Sembilan, pahang (collection: privatization, public distribution (SIRC) Stage Islamic Religious Council / MUI)

Malacca is a state of Malaysia which has a population of 875,900 people in 2015 with a Malay population composition of 63.3 percent, China 24.6 percent, India 5.9 percent, Bumiputera 1.3 percent, and Others 0.5 percent (Demografi & Statistik Melaka, 2019).

Picture 5
Malaka Ethnic Composition 2015



Source: Encyclopedia Britannica, Inc., 2015.

The community's social benevolence fund has a very important role to advance the social and economic life of the community. In order to optimally manage all public funds, the Islamic Religious Council of Malacca or Baitulmal was formed as a special institution tasked with handling all state finances and public property. Whereas the institution that deals specifically with the issue of zakat is the Melaka Zakat Center. This benevolence fund management is carried out jointly between the Melaka government and existing non-profit institutions. While the collection of zakat funds is done by the private sector and zakat distribution is carried out by the government (Wahid, 2014). The quality, policies, documentation, objectivity, outreach and financial audits of zakat institutions are also always improved to optimize collecting and distribution of zakat.¹³

¹³Basir, S.A., Azmi, I.A.G., Ismail, S.H.S., Ibrahim, P., & Mohamed, H.A. (2017). Malaysian Islamic quality management system MS1900: An implementation steps at Malacca Zakat Center.

b. Management of Zakat Selangor, Pinang, Sarawak (purely private)

Selangor is the state of Malaysia which has the largest population of 5.79 million people, with the area of the ninth place being 8104 km². The Zakat Collection Center (PPZ) notes that the Malaysian zakat collection rate in 2016 reached 3 billion ringgit, equivalent to 11.5 trillion. This figure is largely derived from the collection of zakat in Kuala Lumpur and Selangor, with details of 600 million ringgit from Kuala Lumpur, and 680 million ringgit from Selangor.¹⁴ This means that almost 50 percent of the acquisition of Malaysian zakat collected by PPZ came from Kuala Lumpur and Selangor.

Selangor does a lot of community empowerment activities in the field of entrepreneurship in the distribution of zakat (Yusuf et al., 2013). Also we have to do a lot of seminar to make zakat more acceptable in the society and then zakat collecting can be more improved.¹⁵

Since 2011, the state of Selangor has privatized the management of zakat, both in the collection and distribution of zakat funds with the main program in the distribution of zakat to four main ashnaf. The four ashnaf are: fuqara, masakin, fii sabilillah, and mu'allaf. There are 31 programs prepared so that within five years your ashnaf mu'allaf in Selangor can become a mukallaf. The main programs for the mu'allaf include: Idul Fitri holiday benefits, monthly routine benefits, wedding fee assistance, funeral expenses,

¹⁴Muhamat, *et al.*, (2017), An appraisal on the business success of entrepreneurial asnaf: An empirical study on the state zakat organization (the Selangor Zakat Board or Lembaga Zakat Selangor) in Malaysia. *Journal of Financial Reporting and Accounting* V. 11 (1), 10.1108/JFRA-03-2013-0012, 51-63

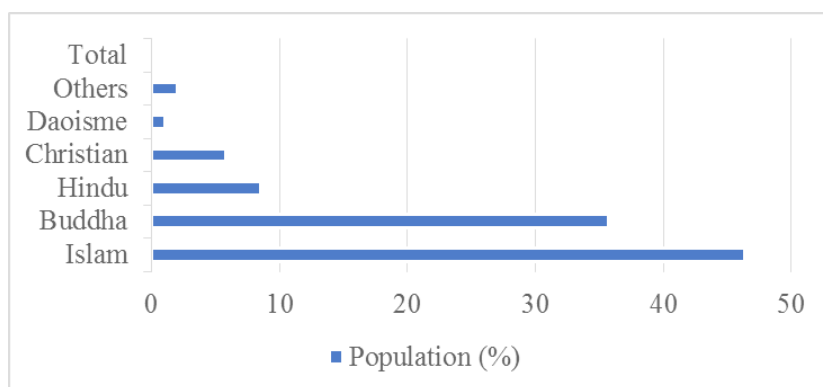
¹⁵Muhamat, A.A., Jaafar, N., Rosly, H.E., & Manan, H.A. (2013). An appraisal on the business success of entrepreneurial asnaf: An empirical study on the state zakat organization (the Selangor Zakat Board or Lembaga Zakat Selangor) in Malaysia. *Journal of Financial Reporting and Accounting*, 11(1), 51-63.

emergency compensation when mu'allaf is suddenly hit by a Disconnect from Work (PHK), assistance for debt mu'allaf, legal aid, housing assistance, education, and assistance for certain courses needed. These programs can be broadly grouped into four main programs for mu'allaf which include: mu'allaf program with a magnitude of 20-500 Malaysian ringgit, mu'allaf program with a magnitude of 500-10,000 Malaysian ringgit, mu'allaf program with a magnitude more than 10,000 Malaysian units, and the last is a special program tailored to the needs and conditions of mu'allaf.

c. Management of Zakat in Kuala Lumpur

Kuala Lumpur is one of the largest contributors to Malaysia's zakat acquisition, in addition to Selangor. The composition of religions in Kuala Lumpur is 46.4% Muslim, 35.7% Buddhist, 8.5% Hindu, 5.8% Christian, 1.1% Daoism, and the remaining 1.1% Other.

Picture 6
Kuala Lumpur Religious Affiliation 2019



Source: World Population Review, 2019

The largest distribution of zakat in the Selangor and Malaysian federation territories (Kuala Lumpur, Putrajaya

and Labuan) in recent years has been for ashnaf fi sabilillah. Ashnaf fi sabilillah¹⁶ received two main programs, namely the development of education and the development of religious institutions. Educational development includes school fees, school uniforms, and other needs for students. Scholarships for students are given to students who are completing their studies, and tahfidz students of the Koran. The development of religious institutions includes the costs of building and repairing Surau, mosques and religious schools.

Zakat for education funding is the largest portion. Zakat for education funding consists of 11 types of assistance, namely: (PPZ, 2018) first, the VAN / BAS deposit assistance for schools, namely assistance in providing transportation for school children. Second, the AM assistance in IPT lessons, namely government assistance for ashnaf zakat in order to get higher education. Third, IPT inventory assistance, namely assistance for ashnaf zakat in order to continue higher education and boarding is fully borne by the government. Fourth, scholarship assistance / incentives typical of bright students, namely special educational assistance for students with the best performance in order to continue to higher education.

Fifth, is tuisyen assistance, which is assistance to improve skills or special abilities for anyone who is interested. Sixth, is assistance for hufadz or memorizers of the Koran and people who want to learn to become hufadz. Seventh is the assistance of Pusrawi International Medicine Medical Studies (PICOMS) which is assistance for

¹⁶Rusni Hasan dan Nur Iffah, (2016), 'Prioritazion of Zakat Distribution in Selangor and the Federal Territory of Malaysia: Are They Following the Right Distribution Principles According the Shariah?', *Intellectual Discourse Special Issue*, 435-457.

children who are less able to continue science studies. Eight, is the Baitulmal professional institute learning assistance, namely the opportunity to continue further studies at educational institutions that are covered by Baitulmal for underprivileged children. Nine, AM school assistance is assistance for children who are part of the charity ashnaf in order to continue their education. Tenth, assistance in clothing and school equipment, which is assistance in providing all the school equipment needed by children who are included in the zakat alms. Eleventh, help agencies benevolent and educational institutions, namely assistance from the government to advance educational institutions and community propaganda. Twelfth, Tahfidz Institution assistance for the community to be able to carry out activities to educate and maintain the Koran memorization.

Table 1
Distribution of Zakah Based on Mustahik
di Teritorial Federal 2008-2013

Mustahik	2011 (juta RM)	2012 (juta RM)	2013 (juta RM)
Faqir	35.5	44.3	53.4
Miskin	76.1	94.9	121.7
'Amil	49.3	56.4	64.7
Mu'allaf	15.5	23.1	38.8
Riqab	7.8	6.9	13.2
Gharim	32	33.7	46.1
Fi Sabilillah	156	140	123.7
Ibn al-Sabil	1.2	1.9	1.9

Source: Annual Reports PPZ 2008-2013

6. Zakat Management Practices in Indonesia

Potential zakat according to (Khaf, 1989) can be calculated in 3 ways below:

Table 2
How to Calculate Zakat Potential

Number	Method	Formula
1	Traditional	1,8 x GDP
2	Contemporare	3,85 x GDP
3	Malikiyah	4,34 x GDP

Source: Zakah Potential in few Muslim Countries, Unpublished Study in IRTI 1987 by Monzer Kahf.

Kahf conducted research that zakat could be a solution to reduce poverty in the Muslim countries he studied. To realize this zakat must be expanded in scope so that industry, commercial, banking, and services can be the object of zakat. In addition there is a need for the right distribution of zakat so that zakat can be optimally empowered. To find out the potential of zakat in Muslim countries, Kahf calculated the realization of zakat receipts in several Muslim countries then formulated into 3 models of zakat calculation, namely: the traditional, contemporary, and Malikiyah models.

If the potential for Indonesian zakat is taken using the traditional method of $1.8 \times \text{GDP}$ during the 2015-2018 period, the following results are obtained:

Table 3
Method to Calculate Zakat Potential of BAZNAS and LAZ
in Indonesia on 2015-2018

Year	Method	Formula	Zakah Potential	Zakat Funds	Procentation
2015	Traditional	$1,8\% \times 11520 \text{ T}$	230 T	82,3 M	0,0004
2016		$1,8\% \times 12400 \text{ T}$	223 T	3,7 T	0,02
2017		$1,8\% \times 13590 \text{ T}$	243 T	5,1 T	0,02
2018		$1,8\% \times 14837$	266 T	8,1 T	0,03

Source: BAZNAS and Republika Online Data Results, 2019.

C. Discussion

The low realization of the potential achievement of Indonesian zakat at 3 percent can be caused by five factors as follows:¹⁷ First, the understanding of some people that zakat must be given directly to mustahik. Secondly, people feel that they get psychological satisfaction when distributing zakat directly to mustahik. Third, the public does not yet trust the governmental or private zakat institutions that exist today. Fourth, there is no good coordination between BAZNAS and LAZ that can cause problems, namely having to get double zakat from different zakat institutions. Fifth, the lack of creativity of zakat management institutions that exist today.

Other causes of the current low rate of collection of zakat are: first, there are still many Muslims who distribute zakat through religious figures as was done in the time of the Prophet. Second, the low public trust in the government is due to the high level of corrupt practices at the moment. Third, the miser and stingy nature of the rich people to issue the obligation of zakat equal to 2.5 percent of their property that has been hit by nishab or obligatory zakat. Distribution of zakat directly to mustahik could be the low awareness of the community in paying zakat.¹⁸

The low percentage of zakat potential achievement can also be caused by the lack of muzakki literacy. A part of zakat literacy has a positive effect on muzakki zakat interest, meaning that when muzakki has knowledge of zakat institutions' financial statements it will encourage muzakki to be more disciplined in paying zakat. Still not optimal achievement of the potential of zakat can also be caused by the stingy and miserly nature of rich people caused

¹⁷Muhammad Nadrattuzaman, (2016), Wakil Ketua Badan Wakaf Muhammadiyah, "Masyarakat Masih Tidak percaya Pemerintah Salurkan Zakat", diakses di <https://republika.co.id/berita/ekonomi/syariah-ekonomi/16/10/30/ofv2ed415-masyarakat-masih-tidak-percaya-pemerintah-salurkan-zakat>.

¹⁸Lukman Hakim, (2018), "Menag Akui kesadaran Zakat Masyarakat Masih rendah, diakses https://krjogja.com/web/news/read/56082/Menag_Akui_Kesadaran_Zakat_Masih_Rendah.

by the proliferation of materialism and hedonism. Materialism and hedonism are thoughts that regard matter as a source of happiness and pleasure. With the increase in materialistic lifestyle and hedonism, muzaki are reluctant and looking for reasons (hilah) not to be affected by the obligation to pay zakat even though it is already obligatory on the assets he owns. The increase in income that should have been allocated to pay zakat is diverted to materialism and hedonism lifestyles to get the happiness of the materialist and hedonic version of life. When in fact the ultimate happiness is if we can share with the excess assets that we have.

Another cause is not yet reached the potential figure of zakat is the increase in prices of basic necessities. This can be seen from the poverty rate throughout 2010-2019 which has a tendency to always decrease except in 2006 and 2013 which is caused by rising prices of basic necessities driven by rising fuel prices. From 1998 to 2014, world crude oil prices in 2013 reached 92.41 USD per barrel.¹⁹ The increase in the world price of crude oil is often followed by an increase in the price of fuel oil and the price of people's basic needs.

ZISWAF acceptance figures nationally from 2015-2018 always showed a significant increase, namely an increase from 2015-2016 by 37%, in 2016-2017 by 24%, 2017-2018 by 31%. The increase in zakat collection from 2015 to 2018, although it has not been able to reach the ZISWAF funding target, is a great hope for Indonesia. The realization of the collection of zakat which is still low in Indonesia is caused by no government regulations or regulations that require citizens to pay zakat.²⁰ The collection of Malaysian zakat funds always shows an increase from year to year because since 1999 there is a government regulation that requires citizens who are Muslim

¹⁹Danang Sugiyanto, (2015), "Harga Minyak Mentah Dunia dari Masa Ke Masa : Okezone Economy", 2015, diakses <https://economy.okezone.com/read/2015/01/01/19/1086720/harga-minyak-mentah-dunia-dari-masa-ke-masa>.

²⁰Bambang Sudibyo, (2016), "Realisasi Zakat di Indonesia Hanya 1.3 Persen dari Potensi", *Republika Online*, <http://poskotanews.com/2018/05/30/bamsuet-potensi-zakat-umat-islam-indonesia-mencapai-rp-286-triliun/>.

and have fulfilled the nishab must pay zakat (PPZ, 2016). Types of zakat that must be paid by muzakki are: income zakat, zakat of commerce, zakat of shares, zakat of gold, zakat collection of Work Savings Wang (KWSP), zakat on deposit, zakat on livestock, zakat on fitrah, fidyah, kafarat, luqotah.

In addition to the awareness factor of paying zakat which is still low, the tendency of Indonesian people to pay zakat directly to mustahik also affects the low number of national zakat potentials that have been collected by government and private zakat institutions.²¹ Indonesian Muzzaki that has middle income tends to donate more when there is in economic crisis happens.²² The tendency of the community to pay zakat directly to mustahik causes the amount of zakat to be distributed which is not recorded by zakat management institutions.

Since the enactment of Law Number 38 Year 1999 concerning zakat management in Indonesia, the achievement of zakat funds by both government and private zakat funds has tended to increase. there is because all zakat management institutions owned by the government both at central and regional levels prefer to become zakat managers, so that policy making and supervision in zakat management is less than optimal. In addition to the lack of maximum, the rules in the management of zakat public trust in government-owned zakat institutions are also low.²³ The achievement rate of zakat collection at the Melaka Zakat Center (PZM) from 2000-2014 always shows an increase.

To improve the optimization of the distribution of zakat, the zakat institutions also took several policies in the distribution of

²¹Canggih Clarasita et al., "Potensi dan Realisasi Dana Zakat Indonesia", *al-Uqud : Journal of Islamic Economics*, 2017, 1(1). 14-26.

²²Kasri, R.A. (2013). Giving behaviors in Indonesia: Motives and marketing implications for Islamic charities. *Journal of Islamic Marketing*, 4(3), 306-324.

²³Muhammad Nadratuzzaman, (2016), Wakil Ketua Badan Wakaf Muhammadiyah, "Masyarakat Masih Tidak percaya Pemerintah Salurkan Zakat", diakses di <https://republika.co.id/berita/ekonomi/syariah-ekonomi/16/10/30/ofv2ed415-masyarakat-masih-tidak-percaya-pemerintah-salurkan-zakat>.

zakat. One of the policies of distributing zakat which is commonly practiced by zakat institutions in Malaysia is the distribution of productive and non-productive zakat funds (Akmal, 2017). Distribution of unproductive zakat funds in the form of giving funds directly to each asnaf zakat.

Selangor is a state of Malaysia, which has a superior program in the distribution of zakat, namely the entrepreneurship program for mustahik.²⁴ After the zakat program for entrepreneurship was launched, research was conducted to find out what factors most influenced the success of mustahik entrepreneurship empowerment. The results of the study show that knowledge, capital, and courses can be the success level of this program.²⁵ In addition to the distribution of zakat, the effectiveness of zakat institutions is determined by four factors, namely: efforts to expand zakat resources, efforts to collect zakat from tangible and intangible property, good system management, efficiency in the distribution of charity, and prudence in the application of values Islamic values.²⁶

Based on the 2018 PPZ Selangor financial report, the largest number of zakat receipts in 2017-2018 are income zakat, trade zakat, zakat mal, other zakat, and qadha zakat. While the receipt of zakat which experienced the largest increase in the same year period were other zakat and qadha, zakat, income and commercial zakat. The most unique number is seen in the progress of receiving zakat deposits, which is zero percent. An increase in the amount of zakat savings is something positive in the current economic development of the community. This figure can be an indicator that the Selangor

²⁴Muhamat, A.A., Jaafar, N., Rosly, H.E., & Manan, H.A. (2013). An appraisal on the business success of entrepreneurial asnaf: An empirical study on the state zakat organization (the Selangor Zakat Board or Lembaga Zakat Selangor) in Malaysia.

²⁵Muhamat, *et al.*, (2017), An appraisal on the business success of entrepreneurial asnaf: An empirical study on the state zakat organization (the Selangor Zakat Board or Lembaga Zakat Selangor) in Malaysia.

²⁶Rahman *et al.*, (2012), "Zakat Institution in Malaysia: Problems and Issues", *GJAT* 2, (1).

community throughout 2017-2018 is not interested in increasing their savings in financial institutions. With the stable value of zakat savings is also an indicator that the money owned by the community is mostly used in business turnover.

This is in accordance with the concept of money in Islam, namely: money as flow concept and money is public goods. Money as flow concept, namely money is an item that must follow the flow pattern of water that will always flow. when water flows is a sign that the Sungai Stream Area is Clean. If water always flows, the community's water needs around the River Basin will be fulfilled. Vice versa, if the flow of river water is not smooth, it can cause the water needs of the people around the River Basin also experience obstacles. So when money is always moving and flowing it must also be clean in the condition of the water so that the water can be used by all living things that live around the river. This implies that the money owned by humans must also be considered halal, because it will determine the virtues that money can produce (Al-Quran Depag, 2014).

D. Conclusion

Problems that cause the less optimal management of zakat in Indonesia arise from zakat management institutions and Muslim communities that are obliged to pay zakat. The cause of zakat management in Indonesia is not yet optimal on the side of zakat collection due to the absence of strict policies and sanctions in the collection of zakat which is strictly regulated in the Indonesian zakat Act. In addition to sanctions, there also lack of reward for the obligatory zakat mandatory in the payment of zakat. The state as the manager of zakat also has not gained the trust of the people due to corruption which is still commonly found in government-owned institutions.

On the obligatory side of zakat (Islamic communities who have been exposed to the obligation to pay zakat), lack of awareness of fulfilling the obligation of zakat to groups that have been affected by the obligation to pay zakat (muzakki) is the main cause of the low rate of collection of zakat in Indonesia. In addition to the lack of awareness to pay zakat, the lifestyle of hedonism and materialism is also the cause of the low achievement rate of zakat in Indonesia.

The management of zakat in Malaysia which involves the private sector (privatization) tends to be more successful than what is purely done by the government.

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