

Potential Analysis of Zakat in Sharia Banking For Alleviating Poverty

Deky Anwar¹, Mutmainah Juniawati², Mohd Rizal Muwazir³

Universitas Islam Negeri Raden Fatah Palembang^{1,2}, University of Malaya³

dekyanwar_uin@radenfatah.ac.id, mutmainahjuniawati_uin@radenfatah.ac.id, mrmkl@um.edu.my

ABSTRACT

Zakat collection is considered as one of the economic instruments in Indonesia, particularly for the Muslim community, aimed at alleviating poverty. It is well-known that Indonesia has the largest Muslim population in the world, thus the potential of zakat for poverty alleviation in the country is significant. This research aims to analyze the extent of zakat potential in Islamic banking in Indonesia for poverty alleviation. The research utilizes a qualitative descriptive method with content analysis as the data analysis technique. Secondary data, specifically the annual reports of Islamic Commercial Banks (ICBs) from 2019 to 2021, serve as the documents for this study. The findings indicate that the potential of zakat in Islamic banking remains small compared to the potential that should exist in Indonesia. Therefore, it is advisable for the government to implement policies that focus on improving both the collection and management of zakat, involving both the public and the Islamic banking sector.

Keywords: Zakat; Islamic Bank; Poverty

A. INTRODUCTION

Zakat, as one of the philanthropic practices in Islam, serves as a financial instrument to contribute to the welfare of the Muslim community. The zakat instrument is often associated with efforts made by various entities, both governmental and private, to alleviate poverty in our country. The discussion on zakat is not a new topic, given the significant potential of zakat in Indonesia as a predominantly Muslim nation. Poverty remains a pressing issue in current times and holds great importance in the economic development of Indonesia, necessitating constant efforts to find solutions to this problem.

As of September 2021, the number of individuals living in poverty stood at 26.50 million, indicating a decrease of 1.04 million people compared to March

Received : May 31, 2023 – Revised: July 25, 2023 – Accepted: October 09, 2023

Occupation : Universitas Islam Negeri Raden Fatah Palembang^{1,2}, University of Malaya³

E-mail: dekyanwar_uin@radenfatah.ac.id, mutmainahjuniawati_uin@radenfatah.ac.id, mrmkl@um.edu.my

2021, and a decrease of 1.05 million people compared to September 2020. The percentage of urban population living in poverty was 7.89% in March 2021, which decreased to 7.60% in September 2021. Likewise, the percentage of rural population living in poverty was 13.10% in March 2021, which decreased to 12.53% in September 2021 (BPS, n.d.). Although there has been a numerical decrease in the poverty rate, the reality is that the economic conditions of the people are far from prosperous.

Based on the aforementioned data, we can observe a correlation between poverty rates and the zakat instrument, which is expected to contribute to the reduction of poverty. According to a study conducted by Puskas BAZNAS, the potential zakat in Indonesia amounts to 233.8 trillion, whereas the official collection of Islamic Social Funds (ZIS) through authorized collection agencies reached 10 trillion in 2019, representing only 5.2% of the zakat potential (Humas Baznas, n.d.). This implies that the potential funds from zakat are substantial, especially if the entire zakat potential can be collected and optimally managed.

Islamic banks, as one of the Islamic financial institutions, play a significant role as intermediaries between individuals with surplus funds (surplus units) and individuals in need of funds (deficit units). They also serve as an extension of Zakat Management Institutions in collecting and distributing zakat funds as part of poverty alleviation efforts.

In order to optimize the collection and management of zakat funds, it is crucial to foster cooperation among all elements, including both governmental and private entities. Islamic financial institutions, particularly Islamic banks, can also participate in this collaboration as the forefront of the Islamic financial sector, sharing the same goal of alleviating poverty through the optimization of zakat potential in Indonesia. This viewpoint is supported by Choirul Mahfud (2018), who emphasizes the necessity of synergy and collaboration among all stakeholders to achieve a progressive, and prosperous society, addressing the economic challenges faced by the community and fostering harmonious coexistence among all elements of society (Mahfud, 2018).

Therefore, it is deemed necessary to reassess the role of Islamic banking in optimizing the existing zakat potential by actively collecting zakat funds from their customers as a mandatory contribution required by Muslims as part of their religious obligations.

B. THEORITICAL

Islamic Banking

Islamic banking, as an Islamic financial institution, manages finances in accordance with Sharia principles. It is not solely focused on profit, but also on social welfare. Therefore, in addition to managing funds through products offered to customers, Islamic banking also oversees funds designated for zakat, infak (voluntary contributions), sadaqah (charitable donations), and wakaf (endowments) (Masruroh, 2015).

Zakat

Zakat is one of the mechanisms for poverty alleviation in Islam and is one of the five pillars of Islam. Its main objective is to assist those in need and achieve socioeconomic justice by bridging the gap between the wealthy and the poor (Mawardi et al., 2023).

Corporate Zakat

Corporate zakat refers to zakat paid by companies that are majority-owned by Muslims. Companies eligible to pay corporate zakat include industrial or manufacturing companies, service-based companies, and finance companies. Islamic commercial banks, as financial institutions based on Islamic principles, pay corporate zakat in accordance with Law No. 38 of 1999 on Zakat Management. The nisab used is 85 grams of gold. According to Nikamtunyah (2009), the calculation of corporate zakat is the post-tax profit multiplied by 2.5% (Shafia & Alfani, 2022).

The methods of calculating corporate zakat, according to the opinions of scholars, are as follows (Syafei, 2008):

1. According to Qardhawi, zakat is levied on the assets/wealth of a company used to generate profits. Zakat is calculated based on net current assets, where zakat equals current assets minus current liabilities.
2. According to El Badawi and Sultan, zakat is levied on the growth of net capital, which means zakat is not imposed on fixed assets but on assets that are growing or expanding (growing capital).
3. According to the Fatwa Council of Saudi Arabia, zakat is levied on the net wealth of the company (Eliza & Ramdani, 2020).

During the International Conference, scholars analogized corporate zakat to trade/business zakat because it is viewed from a legal and economic perspective

(Hadi, 2016). The calculation of zakat paid by companies, according to (Batubara, 2018), should follow the basic fiqh concept for trade/business zakat, which involves calculating current assets minus the company's liabilities or, in accounting terms, based on the balance sheet rather than the profit and loss statement.

Business Zakat

Business zakat is the obligatory zakat paid from the proceeds of business assets, whether they are based on manufacturing, mining, fishing, services, and other activities conducted for the purpose of trade, buying, selling, or leasing, whether carried out privately, in partnerships, cooperatives, or shares among Muslims or non-Muslims (Tarimin, 2005: 51). According to the jurists, zakat on business or trade goods refers to goods used for business purposes in various forms, such as equipment, clothing, jewelry, gemstones, animals, plants, gold, silver, and so on (Ahmad, 2002: 83). Zakat on business goods is an obligatory zakat paid from the proceeds of business assets, whether they are derived from manufacturing, mining, fishing, shipping, agriculture, services, or other activities carried out for commercial purposes, whether in the form of private businesses, Islamic partnership businesses, or businesses involving non-Muslims, all types of companies, cooperatives, shares, and so on. Allah clarifies that zakat is obligatory on all good earnings (Shiddieqy, 1997: 85; Tarimin, 2005: 51) (Badruddin & Abdul Razak, 2017).

Poverty

Poverty is an important issue related to population in many countries, including Indonesia (Head, 2019; Pascapurnama et al., 2018). In 2020, Indonesia was hit by the Covid-19 pandemic, which affected not only the economy but also the lives of the people, in addition to their health. The Central Statistics Agency (BPS) stated that the number of poor people in Indonesia increased by more than 2.7 million as a result of the Covid-19 pandemic (Umam et al., 2022).

Indonesia, as a predominantly Muslim country, considers poverty as an important topic that requires finding solutions, one of which is by optimizing Islamic financial instruments, including zakat. Islam also explains the eligible groups to receive zakat, with the criteria of the destitute and the poor ranking first. Islam clearly acknowledges that the poor have a share in the resources of the wealthy. Receiving zakat is the right of the poor according to Islamic ideology.

Zakat funds can play a significant role in alleviating poverty among the productive and non-productive segments of the population in this country (Sohag et al., 2015).

Sharia Financial Institutions have instruments that can help address the issue of poverty, such as through zakat distribution, utilizing the insurance sector, increasing people's income and business to bring about prosperity, such as through financing for micro, small, and medium enterprises (MSMEs), and facilitating various funding needs that can have a positive impact on economic improvement in society as an effort to alleviate poverty (Pratama et al., 2022).

Considering the role of Sharia Financial Institutions, particularly Sharia Banks, they essentially hold the second position after the Zakat Collecting Institutions (LAZ) in empowering community funds to alleviate poverty. This is demonstrated through efforts to strengthen productive enterprises aimed at the mustahik (recipients of zakat), by creating quality businesses.

C. METHODOLOGY

This study adopts a qualitative approach. The type of data used in this research is secondary data in the form of financial statements and notes to the financial statements of Sharia Banks, which are published on their respective websites. The data analysis technique used in this research is Content analysis. Content analysis is a method of data analysis that involves identifying the content or information present in the text and systematically analyzing the text to draw conclusions. This technique serves to reduce textual data into more specific forms and utilizes the literature sources as the basis for analysis (Ahmad, 2018). The data used for identification is sourced from the annual reports of the year 2020 and 2021. Based on the available data, it is then categorized into several criteria, including a) Sharia Banks included in Sharia Commercial Banks (BUS), b) Sharia Commercial Banks that issue corporate zakat reports, c) Calculating the corporate zakat issued by Sharia Commercial Banks in Indonesia.

The data in this study is limited to the financial statements published in 2020 and 2021 by twelve Sharia Commercial Banks (BUS) in Indonesia that are registered with Bank Indonesia. Please refer to Table I for more details:

Table I. Individual Branch Network of Sharia Commercial Banks (BUS) as of July 2022

No	Sharia Commercial Bank	BUS code
1	Sharia Aceh Bank	BACSy
2	BPD Nusa Tenggara Barat Syariah	BNTB Sy
3	Bank Muamalat Indonesia	BMI
4	Bank Victoria Syariah	VicSy
5	Bank Jabar Banten Syariah	BJBS
6	Indonesian Sharia Bank	BSI
7	Mega Syariah Bank	MegaSy
8	Bank Panin Dubai Syariah	PaninSy
9	Bukopin Sharia Bank	BukopinSy
10	Bank BCA Syariah	BCASy
11	Islamic Aladin Bank	AladdinSy
12	Sharia National Pension Savings Bank	BTPNsy

Source: www.ojk.go.id

D. RESULTS AND DISCUSSION

Based on the information obtained from the financial reports of 12 Sharia Commercial Banks (BUS), it can be observed that the calculation of corporate zakat in several BUS is based on 2.5% of net profit or gross profit. This depends on the policy of each BUS as determined by their General Meeting of Shareholders (RUPS). The following is a summary of the corporate zakat issued by BUS in the years 2020 and 2021.

According to the data in the bellow table, the total zakat funds derived from internal sources (corporate zakat) in 2020 amounted to Rp 129,580,915,000, and in 2021 amounted to Rp 95,165,518,000. Upon further observation of the 12 commercial banks in Indonesia, it can be noted that only 5 banks issued their corporate zakat, while the remaining 7 banks did not issue corporate zakat in those years. Aladin Syariah, Bank Tabungan Pensiunan Negara Syariah, and Bukopin Syariah did not present the Corporate Zakat Distribution Report (SPDZ) in their financial reports for the years 2020 and 2021. This is due to the absence of regulations that mandate commercial banks to issue their corporate zakat for each annual financial reporting period.

Table 2. BUS Company Zakat Data in Indonesia

No	BUS	BUS Company Zakat in Indonesia	
		2021	2020
1	BACSy	-	-
2	BNTB Sy	-	-
3	BMI	250,494,000	408,158,000
4	VicSy	10,000,000,000	16,053,859,000
5	BJBS		
6	BSI	101,684,000,000	74,202,000,000
7	MegaSy	17,646,421,000	4,333,051,000
8	PaninSy		168,450,000
9	BukopinSy	No Reports _	
10	BCASy	-	-
11	AladdinSy	No Reports _	
12	BTPNsy	No Reports _	
Total		129,580,915,000	95,165,518,000

Data processed by the Author (www.ojk.go.id)

The fact that some commercial banks have not fulfilled their obligation to issue corporate zakat, as seen in the table above, indicates that the zakat collected from Islamic banks in Indonesia is not yet maximized. If we calculate the zakat based on 2.5% of net profit.

According to the table bellow, a simulation calculation of zakat based on 2.5% of net profit for all BUS was conducted to assess the maximum potential zakat that could be collected from the Islamic banking sector, comparing it with the actual zakat disbursed by BUS in the years 2021 and 2020. Based on the table, in the potential zakat column, it can be observed that if all BUS issued their corporate zakat calculated at 2.5% of the net profit, the total zakat funds that could be collected in 2021 would amount to Rp 188,174,643,125 and in 2020 it would amount to Rp 171,686,646,700. Therefore, it can be concluded that the zakat funds currently collected in 2021 represent 69% and in 2020 represent 55% of the total potential maximum zakat funds that should have been collected. The maximum zakat potential can be seen in the following table:

Table 3. Comparison of Zakat Potential with Zakat Issued by Commercial Banks in Indonesia.

No	BUS	Zakat Potential (2.5% x net profit)		Zakat issued by BUS in Indonesia	
		2021	2020	2021	2020
1	BACSy	9,803,175,000	8,328,950,000		
2	BNTB Sy	3,458,725,000	3,254,150,000		
3	BMI	225,000,000	25,000,000	250,494,000	408,158,000
4	VicSy	302,250,000	700,425,000	10,000,000,00	16,053,859,000
5	BJBS	547,475,000	92,050,000		
6	BSI	75,705,125,000	54,691,225,000	101,684,000,000	74,202,000,000
7	MegaSy	13,442,750,000	3,293,250,000	17,646,421,000	4,333,051,000
8	PaninSy	45,424,400,000	78,105,125,000		168,450,000
9	Bukopin Sy	458,650,000	2,500,000	No Reports _	
10	BCASy	2,185,000,000	1,827,500,000		
11	Aladdin Sy	-3,031,875	1,121,700	No Reports _	
12	BTPNsy	36,625,125,000	21,365,350,000	No Reports _	
Total		188.174.643.125	171,686,646,700	129,580,915,000	95,165,518,000

Data processed by the Author (www.ojk.go.id)

Based on the zakat potential data in Indonesia, it should reach 233.8 trillion with the existing Muslim population. However, the zakat potential of BUS in Indonesia currently stands at only 0.08%. Zakat, as a form of income distribution, has strategic potential in alleviating poverty so that wealth is not only enjoyed by a select few. This potential fund can be maximized in the form of

providing working capital for the poor to open job opportunities with the aim of earning income to meet their daily needs. This is supported by the opinion expressed by Apriliyah (2022) in her writing, emphasizing the importance of zakat instruments in alleviating poverty among Muslims, the basic concept of zakat in Islam, and the development of zakat in Islamic countries.

Although the collected zakat funds from BUS may currently have a small potential, when compared between zakat funds from internal banks and external sources such as the public, in the zakat reports of Islamic banks, the zakat funds from internal BUS are still substantial. The lack of zakat from external sources is partly due to the fact that Indonesian Muslim society is still not familiar with zakat, and their knowledge regarding corporate zakat is still very limited (Nabila et al., 2021). Considering the number of Muslims in Indonesia and the number of customers in Islamic banks, the potential for zakat from external sources can be maximized. Therefore, it can be said that the zakat paid by each BUS actually has a significant portion in achieving the target set by BAZNAS in zakat collection.

This will also have a positive impact on the Indonesian economy, as an increase in BAZNAS funds will lead to an increase in the number of recipients of zakat, ultimately reducing the poverty rate in Indonesia. The calculation of zakat issued by companies, according to Batubara (2018), should use the basic fiqh concept for zakat on BUS, which involves calculating current assets minus the company's obligations or, in accounting terms, based on the balance sheet rather than the income statement. However, the current calculation of zakat based on net profit or gross profit of the company has resulted in some BUS being unable to issue zakat because they have not achieved profits in a specific period. If the calculation of BUS zakat is based on the total assets owned, using the nisab and haul concepts, there would be no reason for BUS not to fulfill their zakat obligations, even if they experience negative profits, and the potential zakat of BUS would increase.

The disparity between the zakat potential and the realized zakat received contradicts the fact that Indonesia is the country with the largest Muslim population in the world, with nearly 87.5% of the population being Muslim (Rizki et al., 2019). BUS in Indonesia still lacks awareness of the importance of zakat for companies and has not fully integrated zakat into their financial activities (Irpan et al., 2018).

BUS, as an Islamic financial institution, has not been able to maximize company profits. One possible factor is that companies have not been able to

fulfill their zakat obligations according to Islamic Shariah, which requires using the zakat on trade formula of $2.5\% \times (\text{current assets} - \text{short-term liabilities})$ (Tho'in et al., 2020). In essence, wealth includes the rights of others, such as zakat, charity, and endowments (Asnaini & Aprianto, 2019). Zakat, when given from wealth, not only brings blessings to the company but also benefits all parties involved, both within and outside the company.

The success of BUS in collecting zakat funds will have a positive impact on the economic development of Indonesia, both at the micro and macro levels. Rizal (2017) states that zakat enhances consumption, stimulates production, creates job opportunities, distributes income, improves the productivity of society, boosts the economy, supports the achievement of national development goals, particularly in the economic field, and alleviates poverty. Therefore, the implementation of zakat calculations for companies based on Shariah, using the zakat on trade concept where the calculation is based on company assets, is highly expected in the Islamic banking sector in Indonesia. This will generate the potential for maximum zakat funds to be collected from Islamic banks.

E. CONCLUSION

BUS in Indonesia has not been able to achieve the maximum potential of zakat. Ideally, BUS should be one of the main drivers in zakat collection activities, as the potential for zakat collection is significant. The zakat disbursed in 2020 accounted for 55% of the maximum zakat potential based on the total net profit of companies, while in 2021 it accounted for 69%. However, when considering the overall zakat potential, BUS only contributes 0.08% of the total zakat potential in Indonesia, which can still be further maximized. It is hoped that BUS will utilize the zakat on trade calculation to increase the potential zakat collection, resulting in a larger distribution of zakat funds to those in need and driving economic development in Indonesia, both at the micro and macro levels, especially in terms of poverty alleviation. Optimizing zakat collection in BUS to alleviate poverty involves establishing productive businesses for the recipients of zakat, which can be funded from the collected zakat funds, enabling them to generate income and improve the overall economy, thus reducing poverty rates.

REFERENCES

- Ahmad, J. (2018). Desain Penelitian Analisis Isi (Content Analysis). *Research Gate*, 5(9), 1–20. <https://doi.org/10.13140/RG.2.2.12201.08804>
- Apriliyah, R. P., & Arifianto, B. (2022). Evaluation of zakat literature: A bibliometric analysis and systematic literature review. *Review of Islamic Social Finance and Entrepreneurship*, 1(1), 50–62. <https://doi.org/10.20885/risfe.vol1.iss1.art4>
- Asnaini, A., & Aprianto, R. (2019). Kedudukan Harta Dan Implikasinya Dalam Perspektif Al-Qur'an Dan Hadis. *Al-Intaj : Jurnal Ekonomi Dan Perbankan Syariah*, 5(1), 15. <https://doi.org/10.29300/aij.v5i1.1713>
- Badruddin, M., & Abdul Razak, N. (2017). Reorientasi Tentang Zakat Perniagaan: Pengalaman Malaysia. *Media Syari'ah: Wahana Kajian Hukum Islam Dan Pranata Sosial*, 13(2), 227–242.
- Batubara, Z. (2018). Analisis Metode Perhitungan Zakat Perusahaan. *Jurnal Ekonomi Dan Pembangunan (Ekonomika)*, 6(11), 1–12.
- BPS, 2021. (n.d.). *No Title*.
- Hadi, A. C. (2016). Corporate Social Responsibility dan Zakat Perusahaan dalam Perspektif Hukum Ekonomi Islam. *AHKAM: Jurnal Ilmu Syariah*, 16(2), 229–240. <https://doi.org/10.15408/ajis.v16i2.4453>
- Humas Baznas, 2020. (n.d.). *No Title*.
- Irpan, Dimediasi, Y., & Kompetensi, O. (2018). *Jurnal Tamwil : Jurnal Ekonomi Islam*. 2013, 1–9.
- Mahfud, C. (2018). Filantropi Islam di Komunitas Muslim Tionghoa Surabaya: Ikhtiar Manajemen Zakat untuk Kesejahteraan dan Harmoni Sosial. *INFERENSI: Jurnal Penelitian Sosial Keagamaan*, 12(1), 149–176. <https://doi.org/10.18326/infl3.v12i1.149-176>
- Masruroh, N. (2015). Zakat di Perbankan Syariah. *Al-Mashraf*, 2(1), 33–46.
- Mawardi, I., Widiastuti, T., Al Mustofa, M. U., & Hakimi, F. (2023). Analyzing the impact of productive zakat on the welfare of zakat recipients. *Journal of Islamic Accounting and Business Research*, 14(1), 118–140. <https://doi.org/10.1108/JIABR-05-2021-0145>
- Nabila, P. A., Habbe, A. H., & Rahman, A. (2021). Komparasi Perbandingan Metode Perhitungan Zakat Perusahaan yang Sahamnya Tercatat di Bursa

- Efek Indonesia. *Akrual: Jurnal Bisnis Dan Akuntansi Kontemporer*, 14(2), 135–142.
- Pratama, E., Choirunnisa, A., & ... (2022). Peran Lembaga Keuangan Syariah Dalam Pengentasan Kemiskinan Di Indonesia. *Jurnal ...*, 3, 570–577.
- Rizal, F. (2017). *Constellation : an Overview of the Role of Zakat At*. 263–268.
- Rizki, M., Ali, M., & Tanjung, H. (2019). Problematika Zakat Korporasi Di Indonesia. *Al-Infaq: Jurnal Ekonomi Islam*, 10(1), 34–50.
- Shafia, N., & Alfani, H. (2022). *Pengaruh Financial Performance terhadap Zakat Perusahaan dengan ROA Sebagai Variabel Inter v ening pada Bank Umum Syariah di Indonesia The effect of financial performance on zakat expenditure with ROA as intervening variable on Islamic bank in Indonesia*. 2(3), 589–599.
- Sohag, K., Mahmud, K. T., Alam, F., & Samargandi, N. (2015). Can Zakat System Alleviate Rural Poverty in Bangladesh? A Propensity Score Matching Approach. *Journal of Poverty*, 19(3), 261–277. <https://doi.org/10.1080/10875549.2014.999974>
- Tho'in, M., Budiyono, B., Ma'ruf, M. H., & ... (2020). Pendampingan Pengelolaan Dan Perhitungan Dana Zakat Sesuai Syariat Islam Bagi Para Takmir Masjid. ... *Masyarakat*, 02(01), 55–63.
- Umam, H., Wibisono, M. Y., Kahmad, D., & Muhtadi, A. S. (2022). Strategi rebranding hubungan masyarakat LAZISNU pada upaya pengentasan kemiskinan di Jawa Barat. *PRofesi Humas Jurnal Ilmiah Ilmu Hubungan Masyarakat*, 6(2), 267. <https://doi.org/10.24198/prh.v6i2.35288>