
Zakat Literacy: Digital Islamic Finance in Community Economic Development

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ABSTRACT

The purpose of this study is to explore the pivotal roles of Islamic finance and Zakat, particularly in the context of digital transformation, in improving financial literacy and fostering economic growth within communities. The study specifically examines how the digitalization of Zakat collection and distribution, alongside other Islamic finance principles, contributes to the development of an inclusive and ethical economy rooted in Islamic values.

This study employs a mixed-method approach, combining qualitative and quantitative analyses. Data is gathered through interviews, case studies, and statistical analysis to explore the impact of digital Islamic finance and Zakat management on community economic development. The study focuses on how digital literacy in Islamic finance, particularly Zakat, can enhance economic outcomes and the effectiveness of these tools for poverty alleviation.

The study reveals that integrating Islamic finance and Zakat with digital technology significantly improves financial literacy, leading to better economic decision-making and sustainable economic development. The digitalization of Zakat processes not only increases transparency and efficiency but also broadens the reach and impact of Zakat, reinforcing its role as a crucial instrument in Islamic finance for poverty alleviation. However, key challenges, such as gaps in public understanding and limited access to financial education, need to be addressed to fully leverage the potential of digital Islamic finance and Zakat.

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Introduction

In recent years, integrating digital technology into various facets of public life has significantly transformed how financial services are accessed and utilized. Islamic Finance, which strongly emphasizes ethical practices aligned with Sharia principles, is consistent with the principles of responsible and sustainable financial management. This journal investigates the potential synergies between financial literacy, Islamic finance, and digital technology, specifically focusing on their roles in driving economic development and empowerment.

The digitization of zakat has significantly transformed zakat management, particularly in enhancing its collection and distribution efficiency and effectiveness. As technology advances, Indonesia's National Amil Zakat Agency (BAZNAS) has utilized e-commerce platforms to help the public fulfill their zakat obligations. Research by Nasir et al. (2018) demonstrated that this digitization has significantly increased zakat collection potential. Technology integration simplifies the Zakat payment process and expands its reach, particularly among the millennial generation, who are more familiar with digital technology (Baznas Strategic Research Center, 2019). Despite the positive impact of zakat digitization, its success heavily relies on adapting technology to local environments and existing government policies (Archibugi & Pietrobelli, 2003). Financial education and zakat literacy are crucial to raising public awareness and reducing the risk of fraud in illegal financial technology (Basrowi & Utami, 2019).

In an era marked by increasing global connectivity facilitated by digital technology, the focus in business is on realizing prosperity and societal well-being through economic development. Amidst the ongoing technological revolution, the economic development paradigm is also undergoing a significant shift, posing challenges to policy stakeholders, business entities, and academia in the quest for innovative solutions to drive sustainable growth. In this context, financial literacy and Islamic finance have emerged as crucial factors shaping the public's thought patterns and economic behavior, contributing to an inclusive and ethical economy. Furthermore, productive zakat literacy is increasingly highlighted in efforts to improve economic welfare through more efficient zakat management. Pamuji (2023) emphasized that public understanding of zakat obligations in Muara Telang is limited to basic knowledge, without a deeper understanding of zakat's potential as productive capital. This low literacy level hampers sustainable economic development in the region despite the significant potential of zakat in Indonesia (Badan Pusat Statistik Provinsi Sumatera Selatan, 2022).

Financial literacy, the cornerstone of knowledge and comprehension regarding financial matters, significantly impacts the ability of individuals and communities to make informed financial decisions. In an increasingly complex world with a diverse array of financial instruments and investment products, financial literacy serves as a bridge between financial concerns and astute decision-making. Proficiency in budget management, investment strategies, risk management, and a sound grasp of financial terminology empower individuals to effectively manage their finances and take steps towards fostering sustainable economic growth. Productive zakat aims to meet short-term consumption needs and serve

as capital for mustahik to develop businesses that can sustain their livelihoods (Naimah & Soenjoto, 2018). If implemented effectively, productive zakat can stimulate the growth of agribusiness and small-scale industries based on Sharia economics in areas like Muara Telang. This aligns with the broader goal of zakat in Islam, which is to alleviate poverty and create economic balance within society (Hamidah et al., 2021).

On the contrary, Islamic finance has garnered increasing attention and is considered a viable alternative model for developing an ethical and sustainable financial system. Grounded in Sharia law, Islamic finance principles underscore the importance of fair economic practices, risk-sharing, and promoting a balanced economy. It eschews practices such as usury (interest), excessive speculation, and investments in sectors deemed detrimental to society. In a broader context, these principles have the potential to foster financial inclusion, alleviate poverty, and promote economic stability. Simultaneously, digital technology has significantly shifted how individuals interact with information, services, and products. The fintech (financial technology) revolution has ushered in new avenues for accessing financial services and innovative products, encompassing various aspects of finance. The amalgamation of financial literacy, Islamic finance, and digital technology holds the potential to provide robust solutions to address contemporary financial challenges and realize the objectives of inclusive and sustainable economic development.

Nonetheless, despite its extraordinary potential, there are still several critical challenges that must be surmounted in the implementation of digital literacy in Islamic finance and finance. Regarding financial literacy, a gap in public understanding of financial matters and limited access to financial education can impede the adoption of prudent financial behavior. Additionally, within the realm of Islamic finance, diverse interpretations of Sharia principles and a lack of understanding of Islamic financial products can hinder the growth of this sector. This journal endeavors to investigate how digital literacy in Islamic finance and finance can contribute to the economic development of society. By analyzing the interplay between financial literacy, Islamic finance, and digital technology, this journal aims to identify opportunities, challenges, and potential positive impacts in creating a more informed society regarding the significance of making wise, ethical, and sustainable financial decisions. This interdisciplinary approach is anticipated to provide profound perspectives and fresh insights in supporting the development of an inclusive and moral economy in the current digital era.

Since its launch in 2019, UNHCR's Zakat Program has recorded global collections of US\$76 billion in 2018. This amount represents approximately \$1.7 trillion in wealth held by high-net-worth individuals in the Middle East and, separately, \$2.5 trillion in assets held globally by the Islamic finance Industry. The top five Muslim countries collecting the highest amount of zakat are Turkey (US\$ 4.7 billion), Saudi Arabia (US\$ 4.0 billion), Bangladesh (US\$ 1.4 billion), Malaysia (US\$ 0.6 billion), and Egypt (US\$0.3 billion). Zakat is considered an obligatory act of worship for Muslims based on the nisab calculation. In Indonesia, with a total population of 207,176,162 people, of which 16,528,513 are Muslims, based on data from BAZNAS (National Zakat Institute), the potential zakat collection in Indonesia as a whole is estimated to be 16 billion USD. However, the government has collected only around 540 million USD from this potential. This indicates that only about

4% of the total potential zakat has been collected, with 66 percent of the total collected amount being distributed nationally.

In the era of Industry 5.0, society must keep pace with rapid technological advancements. This holds particularly true for the evolving landscape of Islamic Finance within the realm of Financial Technology (FinTech). Financial institutions are actively engaging in creative endeavors to discover cutting-edge innovations that streamline transactions for the public. As of mid-2022, Indonesia boasts a population of approximately 275.77 million. Notably, a significant portion of this demographic, roughly around 13 million households within the lower middle-class bracket, are already equipped with mobile phones, highlighting the widespread accessibility of technology in the country. (Bappenas, 2018) Nearly half of Indonesia's population are active internet users, with approximately 40% of them dedicating more than three hours to online activities. Despite this substantial online presence, the adoption of financial technology remains relatively minimal. (Bank Indonesia, 2014)

Figure 1. Internet Users in Indonesia

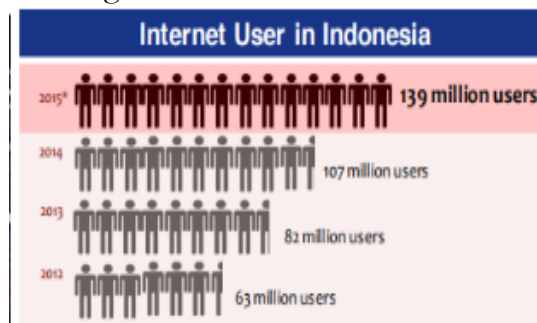
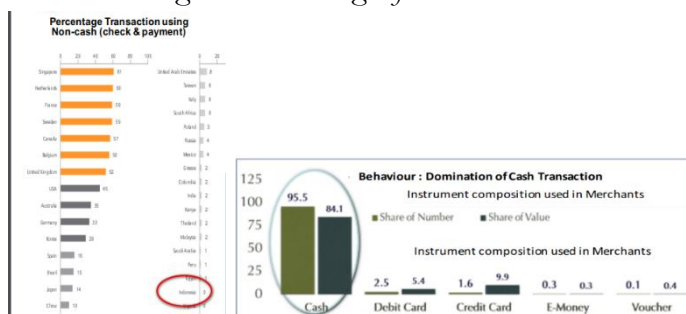


Figure 2 illustrates the global data on the utilization of non-cash transactions for payments and checks. Notably, Indonesia registers at the lower end with zero recorded transactions. This pattern is further highlighted in Figure 2 of the Behavior section, which underscores the prevalent reliance on cash transactions within Indonesian society. In response to this, Bank Indonesia (BI) initiated the National Non-Cash Movement (GNNT) program on August 14, 2014. The primary objective of this program is to establish an efficient, secure, and seamless payment system. Fundamentally, the program seeks to enhance the efficiency and effectiveness of the national financial system in Indonesia. (BI, 2014).

Figure 2 Percentage of non-cash transactions



Non-cash (*cashless*) *payment providers* are increasingly growing, along with the growth of smartphone users by 370.1 million cellphones (Weare.social, 2022). The ongoing endemic conditions are anticipated to further drive the increase in these numbers. The Covid-19 pandemic has been a pivotal factor in accelerating the cashless trend, and the public has come to appreciate the convenience it offers, thus sustaining the trend's momentum.

The surge in cashless transactions presents an opportunity for entities to enhance convenience in various financial dealings. BAZNAS has been proactive in seizing this opportunity by introducing several innovations to facilitate the distribution of Zakat, Alms, and Infaq to the Indonesian populace. Nevertheless, there remains a limited level of awareness among the public regarding the utilization of these opportunities.

The demand for cashless transactions primarily centers around online buying and selling activities. Consequently, there is a critical need for heightened awareness and extensive collaboration from all segments of society in adapting to these emerging practices. This collective effort is essential for driving substantial innovations that will significantly advance national development. (BAZNAS, 2021).

Indonesia, the most populous Muslim-majority country globally, holds significant potential for collecting zakat funds. Various studies indicate that this potential could amount to Rp. 230 trillion. According to the BAZNAS Study Center, in 2018, there was a 78% probability that zakat could play a role in reducing income disparities. Empirical research further suggests that zakat could expedite the country's progress in alleviating poverty among the *mustahik* (zakat recipients) by as much as 3.68 years. (PUSKAS, 2019). There are several factors contributing to the suboptimal collection of zakat funds:

First, Limited Understanding: A significant portion of Indonesian society possesses only partial knowledge of zakat. There remains a relatively low level of awareness regarding both zakat from wealth (*mal*) and professional zakat. Second, Low Awareness: Public awareness about the importance of fulfilling zakat obligations remains modest. Third, Trust Levels: Trust in institutions responsible for zakat management remains comparatively low. This lack of trust poses challenges for BAZNAS in obtaining accurate data that comprehensively reflects the actual status of Zakat payments (Pertiwi, 2020).

Zakat literacy constitutes an integral component of religious literacy, encompassing the fundamental knowledge a person should possess about their faith. Within Islam, for instance, it is incumbent upon a Muslim to be well-versed in the rules governing prayer, fasting, zakat, alms, and other vital aspects of their religion. Similarly, regarding zakat, individuals desiring to fulfill this obligation should possess a basic understanding of its various forms and the proper procedures for its disbursement. In essence, zakat literacy emerges as a vital knowledge base that Muslims are encouraged to acquire. (Pertiwi, 2020)

The data sourced from OJK for the South Sulawesi region includes 12 Branch Offices (KC) of Sharia Commercial Banks and 9 Sharia Business Units, along with 36 Sub-Branch Offices (KCP) of Sharia Commercial Banks and 1 from a Sharia Business Unit. Additionally, there are 9 Cash Offices (KK) from a Sharia Commercial Bank and one from a Sharia Business Unit.

In 2018, data from the Central Statistics Agency indicated that the percentage of people living below the poverty line in rural residential areas of Indonesia stood at 13.20%. This underscores the pressing need for focused attention on rural areas. Despite the substantial presence of Sharia financial institutions in South Sulawesi, there appears to be a discrepancy in effectively addressing the reality of achieving prosperity and equitable living conditions in rural areas, aligning with the guiding principles of Sharia financial institutions that should emphasize noble objectives.

Insights garnered from an interview with an Economics lecturer in the province of South Sulawesi indicate that there remains a significant deficit in public trust towards sharia financial institutions. This lack of confidence serves as a contributing factor to suboptimal fund collection. The situation is further elucidated by the ongoing activation stage of zakat institutions' management processes (Samsul Rizal, 2022).

The economic impact of zakat institutions on the development of South Sulawesi's populace has not shown significant results. A critical issue underlying this situation is the limited understanding of Sharia financial institutions and Zakat and Waqaf institutions among the public. This research aims to address this challenge by leveraging online-based financial literacy education focused on Islamic finance. It is anticipated that this initiative will play a pivotal role in advancing the economic well-being of the people in South Sulawesi, while concurrently contributing to the realization of the Sustainable Development Goals (SDGs), particularly in the comprehensive endeavor to eradicate poverty in collaboration with the government and society at large.

Emphasizing the imperative of financial literacy within society is crucial. Equipping individuals with the appropriate knowledge and fostering their ability to adapt to digital finance holds promise in enhancing economic prosperity, while also promoting environmental sustainability through a reduction in carbon emissions. Hence, this research endeavors to make a meaningful contribution to the economic advancement of the populace by offering educational resources on Digital Financial Literacy and fostering greater public awareness regarding zakat payments.

Literature Review

Zakat, established during the Islamic rule of Prophet Muhammad (SAW), stands as a prominent fiscal instrument with a substantial role in economic income distribution within Islamic history. Effective management of zakat, overseen by experts and grounded in principles of accountability, holds the potential for a dual impact on Indonesia's economy. Arif's research emphasizes that this approach can significantly bolster government initiatives aimed at poverty alleviation. The palpable influence stemming from the dual effect of zakat underscores the need to optimize its management to achieve even more excellent outcomes. (Al-Arif & Rianto, 2010)

There is a pressing need to study zakat as a potential community fund, particularly as a means to address social issues such as poverty alleviation and reducing social inequality. Muslims generally hold high expectations for the effective administration of zakat. The government, in collaboration with religious scholars, practitioners, and academics, has taken significant strides towards implementing sound zakat management. The practical implementation of zakat necessitates role models and real-world application aligned with

the community's economic progress (Daud, 2012). Individuals residing in regions with limited technological access often face restricted employment opportunities and have limited access to literacy resources, which fundamentally hinders their prospects for advancement (Denkenberger et al., 2015)

Recent research has examined the relationship between zakat literacy and compliance across different populations. Findings suggest that zakat literacy is generally moderate, with factors like age, knowledge, and education playing a key role in determining literacy levels (Canggih et al., 2017). Zakat literacy and awareness have been shown to positively influence compliance with zakat payments, particularly among university students (Nezhad Haj Ali Irani et al., 2017). Similarly, (Pamuji, 2023) stresses the importance of improving zakat literacy to close the gap between potential and actual zakat collection, arguing that educational and counseling programs at universities could enhance compliance and promote zakat's broader socio-economic objectives (Malik et al., 2024). Additionally, modern zakat literacy has been suggested as a form of "zakat therapy" to raise awareness and motivate more people to meet their zakat obligations (Maisyal, 2021)

In terms of technology, digital zakat platforms have proven to be a valuable resource for collecting and distributing zakat, especially during the COVID-19 pandemic, where they have contributed to socio-economic progress (Samsul Rizal, 2022). The adoption of online zakat platforms is influenced by factors such as performance expectations, social influence, and the presence of supportive conditions, with digital literacy playing a crucial role (Haryanto et al., 2023). For digital zakat to reach its full potential, collaboration between stakeholders is essential, along with efforts to improve system accessibility, efficiency, and infrastructure, while promoting zakat literacy (Haryanto et al., 2023; Rizal & Pakkanna, 2023). Trust in religious scholars, peer influence, and education continue to shape how people understand and comply with zakat, emphasizing the link between zakat literacy and digital technology in driving both compliance and community development.

In recent years, economic researchers have shown a growing interest in matters of financial literacy. The significance of financial literacy for individuals, households, and nations is evident. Economic well-being, across all strata, hinges on the financial decisions made by individuals. Understanding how enhanced financial decision-making can drive economic prosperity is especially pertinent for developing nations. Presently, numerous international aid initiatives incorporate financial education components as part of their endeavors to promote economic development (Lopus et al., 2019)

The research conducted by Lusardi & Mitchell et al. endeavors to evaluate the influence of financial literacy on economic behavior. This study delves into the extent of public knowledge and identifies demographic segments that exhibit lower levels of financial literacy. It scrutinizes the impact of financial literacy on economic decision-making, both within the United States and globally, considering the prevalent lack of financial comprehension within society. This research represents a novel contribution to the realm of economic studies, aiming to address a critical knowledge gap in finance that has implications for policymaking. By enriching theoretical and empirical models, as well as informing public policy, Lusardi & Mitchell seek to underscore the pivotal role of financial literacy as a form of investment in human capital. The internalization of financial knowledge

carries significant implications for individual well-being, as well as for policies aimed at enhancing financial literacy levels across the broader population. (Lusardi & Mitchell, 2014) During a public lecture at BAZNAS Jakarta, Professor Ataul Huq Pramanik expounded on the Dependency Syndrome prevalent among the impoverished population in Indonesia. This syndrome characterizes an excessive reliance on others, manifesting in behaviors like accumulating debt that eventually becomes habitual. Initially, these debts may be incurred for basic necessities, but they gradually transform into a lifestyle. This syndrome stands as a key factor contributing to entrenched poverty within this demographic.

Amil (zakat collectors and distributors) must broaden their perspectives to recognize every potential opportunity. This begins with personal development, including fostering self-confidence, which can enhance one's capabilities in accessing opportunities within society and tapping into market potentials.

In South Sulawesi, there are 7,200,938 residents, with 612,751 identifying as Muslims. This demographic presents a significant opportunity for the distribution of zakat funds. The effective management of zakat funds, spanning from the collection of data on muzakki (zakat payers) to mustahik (zakat recipients), necessitates the involvement of all segments of society to maximize the benefits derived from zakat management. (BAZNAS, 2021)

KNKS in the Discussion Group Forum "Implementation of the Indonesian Sharia Economic and Financial Masterplan (MEKSI) 2019-2024" has formulated several strategies to strengthen zakat so that the potential of zakat can be optimized properly. The forecast for a slowing economy in 2020 is a complicated problem for Indonesian economic experts. It is hoped that the productivity of zakat distribution can help the poor economy. BAZNAS as the center of all zakat institutions in Indonesia, in collaboration with the Ministry of Religion and Indonesian economic experts, has shown great results, as proven by Indonesia being selected as first place in the 2019 Global Islamic Finance Report (GIFR) with a score of 81.93 and overtaking the GCC countries. and Malaysia, which has dominated the top ranking since 2011. This success must receive support from the community so that the results of this success are felt by all generations, now and in the future.

Support from the community certainly cannot be separated from an adequate understanding of *Islamic Finance*. Inadequate knowledge can be seen from the lack of public interest in using the services of Sharia financial institutions, the lack of public trust in Sharia economic practices in Indonesia and the less than optimal collection and distribution of zakat. Various innovations have been carried out by Indonesian zakat institutions.

Mr. Dr. Irfan Syaouqi Beik as, Director of Distribution and Utilization of the National Amil Zakat Agency explained that the innovations that BAZNAS has carried out are very diverse, in the aggregation section, various innovations using technological developments have been tried. For example, BAZNAS has developed 5 programs to increase digital charity, namely: (i) BAZNAS program, where BAZNAS creates application innovations, namely muzaki corner; (ii) *commercial program*, where BAZNAS collaborates with existing online (e-commerce) outlets; (iii) *social media program*, where BAZNAS uses social media which residents widely use to educate the public; (iv) *innovative program*, which includes, among other things, establishing collaboration with *providers Cashless*; and (v) *artificial intelligence program*, where BAZNAS uses big data which stores information on muzakki and potential muzakki, with support and collaboration with the Directorate General of Population and

Civil Registration, the Ministry of Social Affairs, and other information facilitators. On the other hand, in the distribution section, many innovations have been used to improve the quality of distribution/distribution as well as the use of charities. To support sustainable development goals (SDGs), BAZNAS should increase the number of creative stakeholder partners to foster innovative partnerships.

Innovation will certainly continue, but society's readiness to accept this innovation still needs to be improved. Urban communities will easily accept changes, especially millennials and above, in contrast to rural communities who tend to use cell phones only for communication purposes. Millennials are able to follow trends that are currently popular on social media but are still within the scope of personal satisfaction, and many are not yet fully able to use the sophistication of these communication tools for the benefit of the future. Intellectuals have been able to create applications that make it easier to donate, give alms, make sacrifices, give zakat, and so on. However, this platform has a low prestige value. People still don't feel the urgency of this application.

First, Financial Literacy and Its Significance: Financial Literacy is the basis on which individuals make decisions about informed finance. This includes knowledge and understanding of budgeting, saving, investing, and managing debt. Literacy level low finances often contribute to disparities economic and inhibiting potency growth individuals and community. Journal This highlights importance promote Financial Literacy as method for increase well-being economy and reduce vulnerability to finance.

Second, Islamic Finance: Framework Ethical and Appropriate with Sharia Islamic finance operates in compliant framework _ sharia principles, with emphasis on behavior ethical, division of risks and responsibilities answer social. This part deepens core principles of Islamic finance and their suitability with digital platforms. This also discusses How Islamic finance can give approach alternative to finance conventional contribute to the system more economically _ fair and inclusive.

Third, the digital revolution has opened opportunities new for access services and information finance. This part explain How digital technology has possible grown in Islamic finance, making it more easily accessible and friendly to user. Technology integration finance (fintech) and Islamic finance have produced innovation like digital wallets, peer-to-peer lending and matching crowdfunding platforms with Sharia principles. Progress This potential for increase inclusion finance and giving access to underpopulation served to products finance ethical.

fourth, Economic Empowerment through Financial Literacy and Islamic Finance: Empowering individuals with Financial Literacy and knowledge about Islamic finance principles can produce more economic _ solid and sustainable development. This part test studies, cases, and stories of success that show How Islamic finance supported by digital technology has contributed to the reduction of poverty, creation of field work, and entrepreneurship in the community. This also emphasizes the importance of education and training in building capacity for exploring landscape finance while still honoring Islamic values.

Fifth, challenges and future directions: although benefit the potential is still there There is a challenge in fully integrating Islamic finance supported by digital technology into the development process economy. Issues like framework regulation, security cyber, and

barriers culture need to be resolved. Journal This end with detailing strategies and recommendations potential for maker policies, institutions finance, and educators. To promote use of adequate Islamic finance supported by deep digital technology to reach the development of a sustainable economy.

Research Methods

This study will use a mixed-methods approach, combining both qualitative and quantitative research methods. The qualitative approach aims to explore public perceptions, attitudes, and views on financial literacy and digital Islamic finance. Descriptive analysis will be applied to identify key themes and trends in the data.

For the quantitative part, data will be collected from a total of 100 respondents, selected using a random sampling technique to ensure a diverse and representative sample of the target population. The use of random sampling will help mitigate biases, ensuring that every individual within the population has an equal chance of being selected. This approach will allow for more generalizable and reliable findings, as it minimizes the risk of over-representation or under-representation of any group. The 100 respondents will be selected from various demographic backgrounds to reflect the broader population's perspectives on financial literacy and digital Islamic finance. By employing random sampling, the study aims to capture a wide range of opinions and experiences, providing a comprehensive overview of the impact of financial literacy and digital Islamic finance on economic growth and social development. The data collection will involve surveys and questionnaires, designed to gather information on financial literacy, the use of digital Islamic finance, and their impact on economic growth. The collected data will be analyzed using SPSS software, with regression analysis employed to examine the relationships between financial literacy, digital Islamic finance adoption, and economic development indicators. This combination of methods will offer a comprehensive understanding of how financial literacy and digital Islamic finance influence economic and social development, providing valuable insights for policymakers and stakeholders.

Results and Discussion

Qualitative Analysis

Data from interviews and case studies will be analyzed with an approach analysis theme. It involves identifying patterns, themes, and concepts from qualitative data. This analysis will give an understanding of the perception and experience of public-related literacy in digital Islamic finance and finance.

Zakat polemics often arise due to a lack of public understanding and awareness about the purpose and management of zakat. Regency Baznas always tries to improve education and outreach programs to provide a better understanding of the importance of zakat in improving community welfare.

It is important to work with the ulama and religious figures to resolve the zakat polemic. Building consensus in interpreting religious laws regarding zakat can help reduce controversy.

District Baznas can establish partnerships with financial institutions and local businesses to facilitate zakat collection, either directly or indirectly. This can help expand the donor base and increase the amount of Zakat funds collected.

The following are several Regency Baznas programs to improve welfare and alleviate poverty the are:

First, orphan assistance, guaranteeing the welfare of orphans: providing assistance to orphans is a form of social concern for the younger generation who have lost their parents. This helps create a safe and supportive environment for them to grow and develop healthily. Second, free ambulance: access to emergency health services. Free ambulances are a crucial service in providing fast and appropriate access to emergency health services. This can save lives in urgent situations. Third, educational scholarships: empowerment through education: educational scholarships open the door to access for individuals who may be financially limited but have academic potential. This helps improve the quality of human resources in society. Several IAIN Parepare students received educational scholarship programs from BAZNAS both centrally and from Parepare City. Fourth, funeral cost assistance: easing financial burdens during times of grief. Funeral cost assistance provides financial assistance to grieving families, reducing the financial burden that arises from unexpected funeral costs. Fifth, free groceries: tackling hunger and malnutrition. Free basic food helps provide essential food to those in need, especially in emergency situations or when someone is experiencing financial difficulties. Sixth, treatment assistance: medical assistance is a crucial form of health service. This ensures that people, especially the underprivileged, can get necessary health care without experiencing heavy financial burdens.

Each form of assistance above plays an important role in creating a more just, healthy, and empowered society. They also reflect the social commitment and human values that underlie efforts to help others. With this assistance, we can build a stronger foundation for mutual prosperity and progress.

Factors of inhibitor digitalization of zakat

First, low level of technological literacy: Some people may not have adequate access or knowledge regarding digital technology. This can be an obstacle in using the online Zakat program. Therefore, education and training programs are needed to increase technological literacy among people who are less skilled in using technology. Second, data security and privacy: some people may worry about the security of their personal data when using online zakat platforms. They may want to ensure that their personal information will not be misused or accessed by unauthorized parties. Therefore, it is important to ensure that a robust data security and privacy system is implemented. Third, internet access limitations: In some areas or communities, internet access may be unstable or limited. This can be an obstacle in using online zakat programs. Solutions to this problem may include expanding internet access or providing alternatives for accessing zakat programs, such as through physical centers. Fourth, distrust of technology: Some people may distrust technology or feel more comfortable with conventional ways of paying zakat. To overcome this, building trust and providing education about the benefits and safety of online zakat programs is

important. Fifth, difficulty navigating and using the platform: complex or difficult-to-navigate online zakat platforms can be a barrier for some people. It is important to design the platform with a simple and user-friendly interface to ensure that everyone can easily use the service. Limited access for vulnerable groups: underprivileged or vulnerable groups, such as the elderly or people with disabilities, may experience difficulties using online zakat programs. Special strategies need to be implemented to ensure that they can also take advantage of this program.

Analysis Quantitative

From the research results, it can be seen that most respondents (90%) believe that online zakat can play an important role in reducing poverty rates in Indonesia. Only a small portion of respondents (2%) disagree. This significant percentage reflects the high confidence level in the potential of online zakat as an instrument for poverty alleviation. Additionally, most respondents (54%) consider it a possibility worth considering. This shows that most respondents are willing to open themselves to the positive potential of online zakat, but may still need further information or proof of its effectiveness.

First, there is high confidence in the potential of online zakat in alleviating poverty in Indonesia. This shows that people consider online zakat to be a relevant and useful tool in overcoming the problem of poverty. Second, The public needs to get more complete and detailed information regarding the potential of online zakat. Adequate educational and outreach campaigns may be needed to clarify its benefits and effectiveness. Third, the very small negative response (2%) may be an exciting area for further study. Whether they have specific doubts or concerns regarding online zakat needs to be identified to understand different perspectives.

Other data shows that the majority of respondents (90%) believe that the digital zakat program plays an important role in improving the economic conditions of society. Only a small portion of respondents (10%) disagree. This high percentage reflects a strong level of confidence in the benefits of the digital zakat program for improving people's economic welfare.

First, this data indicated that the public has a high level of trust in the digital zakat program as an effective solution for improving the condition of the economy and society. This can become a footing for the development and implementation of more digital zakat programs. Second, Involvement technology in activity social and religious (such as zakat) possibly become an accepted trend with well by society. This indicates an opportunity to utilize technology to strengthen zakat activities. Third, need notice view a minority (10%) do not agree. Explore the reason behind view This can give outlook valuable in designing and implementing more digital zakat programs effective and inclusive.

Conclusion

The conclusions from this research are as follows:

First, Level of knowledge and understanding about zakat: Most respondents already have basic knowledge about zakat, but their in-depth understanding of the concept of zakat in Islam still needs improvement. Only a few respondents felt they had a high or very high understanding of zakat.

Second, potential use of digital zakat: there is a good level of awareness regarding digital zakat, but its implementation and utilization is still relatively low. Only a small portion of respondents actively use online zakat platforms.

Third, opinion on the impact of zakat on poverty: most respondents recognize zakat's potential in reducing poverty in Indonesia. However, a small number of respondents have a skeptical view or doubt the effectiveness of zakat in overcoming the problem of poverty.

Fourth, confidence in the digital zakat program: the majority of respondents believe that the digital zakat program plays an important role in improving the economic conditions of society. This reflects a high level of confidence in the potential of technology to improve zakat distribution.

Fifth, the importance of education and campaigns: there is an urgent need to increase education and outreach campaigns regarding zakat and the use of technology in zakat distribution. This can help strengthen public understanding and trust in the zakat program.

Role of transparency and accountability: Transparency and accountability in the management of zakat funds are very important to build public trust. Ensuring that zakat funds are used effectively and according to purpose can help strengthen community participation.

In an ever-digital landscape change, literacy Islamic finance and finance are the pillars of developing an inclusive, ethical, and sustainable economy. This underlines the potency transformation from combined education Financial Literacy with tools Islamic finance supported by digital technology, emphasizing the empowerment of individuals and community while still holding Islamic values. As society develops Keep going increasing, integration elements This can open road towards a brighter future _ fair and prosperous.

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