

# Advancements and Challenges in Zakat Digitalization: A Systematic Literature Review

**Mia Andika Sari**

*Graduate School of Muamalat  
Faculty of Economics and Muamalat  
Universiti Sains Islam Malaysia  
Email: mia.andika@gmail.com*

**Lucky Herviana**

*Graduate School of Business  
Universiti Kebangsaan Malaysia*

**Abstract:** The era of advanced technology influences changes in people's daily activities across various sectors of life, transitioning from manual transactions to digitalization. Technology enables fast content distribution across many social media platforms. The importance of Zakat in Islam makes it a favorable area for organizations committed to collecting It. Digitalization itself has greatly amplified the capacity of Zakat, which serves to aid Muslims in enhancing their standard of living and fostering socio-economic equity. The efficacy of zakat administration, particularly in zakat collection and distribution, is deficient due to inadequate socialization efforts and limitations in the existing platforms. The practice of digitalization is becoming important, particularly in financial operations. This study aims to evaluate the core principles of zakat using electronic payment methods. This study employs a methodical strategy known as systematic literature review, which involves analyzing ten papers. The data source consists of secondary data from several prior literature sources. Indonesia has the largest Muslim population globally, which has an opportunity to enhance zakat activities. However, the collection of zakat is still small. Hence, digitizing zakat is not merely a tactic or resolution for this issue but a symbol of optimism for a fairer and more prosperous future. The potential impact of these findings on the future of zakat management is significant, offering valuable information to all individuals involved in zakat and aiding in future digital zakat development.

**Purpose:** This study aims to analyze the core principles of digitalizing zakat. The analysis will assess the benefits and drawbacks of using online zakat payment apps and zakat management companies and the criteria for selecting online zakat application services and making payments through e-wallets. This study's unique and innovative approach, employing a systematic literature review, offers a fresh perspective on the topic and the potential to provide new insights into the field of zakat administration and Islamic finance.

**Design/methodology/approach:** The research employs a qualitative approach utilizing the Systematic Literature Review (SLR) method, consisting of 10 publications. This review incorporates several research approaches and adheres to the ROSES (Reporting Standards for Systematic Evidence Syntheses) publication standard.

**Findings:** Digital zakat is a novel approach to collecting and distributing zakat, with the added benefits of transparency and convenience in distribution. Efficient fund collection can be achieved by implementing an effective organizational plan for managing zakat and with the

backing of government regulations and a robust internet infrastructure. Trust, ease of use, socialization, and promotion greatly influence preferences for using digital zakat applications.

**Research limitations:** This study exclusively relies on literature published during the past five years. Extending the time frame would make the analysis results more precise.

**Practical implications:** This study provides an idea for zakat-collecting institutions to create appropriate strategies to optimize the collection of funds from *muzaki*. As a key stakeholder, the government can make proper policies to support the optimization of collecting funds through online zakat so that the economic welfare of the people is evenly distributed. The active involvement and support of all stakeholders, including researchers, policymakers, and individuals interested in digital zakat and Islamic finance, are crucial in this process. Their contributions and insights will be invaluable in shaping the future of digital zakat.

**Originality/value:** SLR on online zakat typically focuses on a single topic. However, this study examines three themes related to digital zakat: the advantages and disadvantages of digital zakat, the organization of zakat management, and the preferences for selecting online zakat programs.

**Keywords:** Zakat Digitalization; Zakat Management Organizations, Preferences in Choosing Online Zakat Applications, Systematic Literature Review

## Introduction

The emergence of advanced technology has significantly impacted individuals' daily activities across numerous domains, replacing traditional manual processes with digitalization. Technology facilitates the rapid dissemination of information, particularly through social media platforms. According to the data analyzed by the Ministry of Technology and Information of the Republic of Indonesia, in 2020, the number of people using the Internet was 150 million, or 56% of the total population of Indonesia.

The significance of Zakat, Infaq, and Sadaqah (ZIS) in Islam makes it a promising area for organizations dedicated to collecting ZIS. ZIS is a mechanism aimed at enhancing the quality of life for Muslims and promoting socio-economic fairness. The digitalization of zakat administration is considered to strengthen the zakat ecosystem in Indonesia (W Rohmaniyah, 2021). Indonesia possesses significant potential in the realm of Islamic social finance tools. Charities Aid Foundation mentioned that Indonesia has the largest Muslim population and is considered one of the most philanthropic countries in the world. According to research conducted by BAZNAS, the potential zakat in Indonesia reached IDR 233.8 trillion in 2019. Maximizing the zakat collection's potential can help reduce poverty rates in Indonesia. However, the actual collection can only get a figure of IDR 10.2 trillion. The data indicates that the zakat collection in 2019 would have been more optimal (Muhammad Raihan Mauludin & Sri Herianingrum, 2022).

Numerous digital application services are available in Indonesia for collecting zakat, such as Dompot Dhuafa, Rumah Zakat, Yatim Mandiri, and others. The government is also digitizing zakat payments through the National Zakat Agency (BAZNAS) (Zetira & Fatwa, 2021). In the time of the Prophet Muhammad, the distribution system for zakat was carried out by directly

handing it over to the amil zakat. The Amil zakat (zakat collector) is an individual who is responsible for the collection of zakat or tithes. A similar practice occurred during the time of Khalifah Umar. However, the amil zakat was already organized within the framework of Baitul Maal, which serves the same function as a Lembaga Amil Zakat or LAZ (D Masyita, 2018). In the digital era, it is suspected that Muzakkii still tends to directly distribute zakat to the Mustahiq or the mosque's amil. It turns out that digital transformation does not completely disrupt Muzakkii's behavior in the distribution of zakat. Generally, Muzakkii wants to pay zakat to Mustahiq because of convenience. Muzakkii also believes that directly distributing zakat to the Mustahiq can enhance the rewards and experience the value of *afdol* (I. H. Maulidina & N. A. Solekah, 2020). Implementing digital zakat can strengthen the trust of Muzakkii (particularly young to adult individuals) in fulfilling their zakat obligations, hence maximizing the potential of zakat resources available (F. Amilahaq et al., 2021).

This study aims to analyze the core principles of digitalizing zakat. It will assess the benefits and drawbacks of using online zakat payment apps and zakat management companies and the criteria for selecting online zakat application services and making payments through e-wallets.

### **Literature Review**

Zakat is a component of Islamic social finance focused on social objectives and has recently garnered global interest from researchers. Digitalization of zakat refers to the process of collecting and distributing zakat by Amil Zakat Institution through electronic means (Muhammad Raihan Mauludin & Sri Herianingrum, 2022). Digitalization of zakat refers to a payment mechanism for zakat that involves online-based media such as Electronic Banking and Financial technology (A. R. Sakka & L. Qulub, 2019). Zakat online is a kind of zakat payment and receipt process, and it is also used to collect and disburse zakat through digital or internet systems. Currently, Bank of Indonesia (BI), the institution responsible for regulating monetary activities in Indonesia, has officially recognized the existence of 32 types of electronic money that are legally used for financial transactions. Several Amil Zakat Institutions have collaborated with several electronic money providers in Indonesia (Rijal & Nilawati, 2019). Amil Zakat Institutions provided different platforms to Muzakkii to maximize zakat collection in Indonesia. The institutions such as Dompot Dhuafa, Baznas, Rumah Zakat, Kitabisa.com, Zakat Kita, Brimo, LinkAja Syariah, etc.

These platforms include internal platform, external platform, and crowdfunding. Internal platform is a platform developed by the zakat management organization (ZMO) itself in the form of a website or application. ZMO partners provide external platforms to collect ZIS funds, such as financial technology, social media, and other commercial media. A crowdfunding platform is an online site that facilitates interaction between fundraisers and many individuals, like kitabisa.com site.

There are three indicators for measuring the variable of digital zakat. It states that LAZ should use digital zakat as a tool for fundraising and marketing activities (A. N. Rohim, 2019). Additionally, financial technology is an innovation that affects zakat activities (Soeharjoto et al., 2019). Lastly, digital zakat is efficient (A. R. Sakka & L. Qulub, 2019).

### **Methodology : The Systematic Literature Review (SLR)**

The research employs a qualitative approach using the Systematic Literature Review (SLR) method. This review incorporates several research approaches and adheres to the ROSES (Reporting Standards for Systematic Evidence Syntheses) publication standard. The process of thematic analysis resulted in the identification of two main themes: The basic comprehension of digital zakat: Examine the benefits and drawbacks of using online zakat payment apps, zakat management organizations, and the factors influencing the selection of online zakat application services and e-wallet payment.

The article was collected from the Google Scholar search engine using the Advanced search option with specific keywords. The digitization of Zakat refers to implementing online payment applications or utilizing Zakat management organizations. This entails examining the benefits and drawbacks of these online platforms and considering the factors that influence the selection of online Zakat application services. This work enhances our comprehension of technological adaptation in zakat institutions by thoroughly evaluating previous research, thereby addressing the existing knowledge gap. This can benefit different parties involved, emphasizing the necessity of widespread technology adoption in diverse domains to guarantee prompt and efficient reactions to unexpected situations like the COVID-19 pandemic.

This study utilizes the ROSES (Reporting Standards for Systematic Evidence Syntheses) review approach, which is specifically tailored for systematic reviews (NR Haddaway et al., 2018). The methodology commenced with establishing crucial research inquiries and subsequently followed a methodical search technique consisting of three stages: identification, screening, and assessment of eligibility for possible studies. This meticulous procedure guarantees that the results are thorough, trustworthy, and accurately represent the current understanding of digital zakat.

The selected articles underwent quality assessment, data extraction, analysis, and validation. The research questions were formulated using the PICO framework and centered around three key areas: the digitization of Zakat (exploring the pros and cons of zakat management organizations) and the factors influencing the preference for online zakat transactions ('interest'). These two major research topics served as the foundation for our investigation. Out of the 50 papers initially discovered, only 10 satisfied the criteria for being included in this review.

The systematic searching tactic has three main steps: identification, screening, and eligibility assessment. During the identification phase, the study utilizes synonyms and variations of "digital zakat" and "zakat technology" to expand the search range for relevant papers in Google Scholar databases. The selection of keywords was determined based on the study topic and obtained from an online thesaurus, past research, suggestions from Scopus, and the domain.

Secondly, the study screened the 41 publications using specific criteria for inclusion and exclusion based on the research question and suggested establishing a realistic time range for the review for practicality (C Okoli, 2015). Due to a significant increase in studies on technology use in zakat institutions starting in 2015, the timeframe from 2020 to 2023 was selected as an inclusion criterion. Only empirical journal articles written in Indonesian, English, or Malay were selected to guarantee high quality. This selection process resulted in the exclusion of 41 articles and the removal of eight duplicate articles.

The third phase, known as eligibility, entails a thorough manual examination of the recovered articles to verify that all surviving articles, after the initial screening, conform to the set criteria. This process was expedited by scrutinizing the title and abstract of each paper. As a result of this phase, 39 articles were excluded due to factors such as focusing primarily on zakat collection and distribution rather than the adaptation of technology within zakat institutions, lacking empirical evidence, having unclear methodology sections, and ensuring the quality of the articles' content, the remaining articles were evaluated by two domain experts. Any inconsistencies were addressed through author deliberation before determining whether to include or exclude the article from the review. After evaluating the articles, seven were classified as high and three as moderate, leaving the rest of the articles open for evaluation.

## Findings

The first article titled "Muzakkii's Behavior in Distributing Zakat in the Digital Era" (Nenie Sofiyawati & Siti Nur Halimah, 2022). The findings of this research indicate that Muzakkii, with the support of a digital ecosystem, tends to distribute zakat through digital platforms. On the other hand, Muzakkii, which is not yet supported by a digital ecosystem, still tends to apply conventional systems. Based on the assumptions above, Muzakkii's preferences for distributing zakat can be categorized into five groups: direct to the Mustahiq, mosque administrators, LAZ administrators, digital fundraising platforms, and LAZ digitalization. The behavior of Muzakkii in channeling zakat conventionally is influenced by cultural factors (culture, subculture), social factors (family, roles, and status), psychological factors (motivation, beliefs, attitudes, learning), and personal factors (lifestyle). Meanwhile, the motivation for Muzakkii's behavior to pay digital-based zakat is influenced by psychological factors (belief, attitude), psychological factors (learning), and personal factors (lifestyle).

The presence of digital and conventional media in the digital era has become a new distinction for Muzakkii in providing zakat. The responsibility of zakat management to the Muzakkii is to propagate zakat. Cultivating zakat awareness in Muzakkii individuals requires an understanding of the driving factors of preference, which originate from cultural values, social factors, psychological factors, and personal characteristics of the Muzakkii. In addition, zakat administrators need to prepare as many distribution models as possible to accommodate various needs.

In this era, Muzakkii can make zakat payments both traditionally and via digital platforms. The development of technology for the distribution of zakat through professional zakat managers is necessary to accommodate the needs of Muzakkii, who desire a complete experience while directly distributing their zakat.

The research findings have not explored variables beyond preferences and motives in channeling zakat. Further research can be conducted to develop a comprehensive study on the behavior of Muzakkii, both in Indonesia and globally. The study of Muzakkii's behavior can be used as input for zakat managers to design zakat preaching programs.

The second article is titled "Technological Integration Within Zakat Institutions: A Comprehensive Review and Prospective Research Directions" (AisyahAbdul-Rahman et al., 2023). The thematic analysis revealed two main themes: General Knowledge of Digital Zakat and Digital Zakat Management Practice. These themes were further divided into nine sub-

themes: Awareness, Trust, Perceived Risk, Personal Innovativeness, Information Integration, Technology Implementation, Efficiency, Zakat Collection, and Zakat Distribution. This section provides a more comprehensive analysis of these concepts. The evolution of zakat has mostly focused on digital research, encompassing awareness, information integration, and technology implementation. Nevertheless, a noticeable change occurred in 2020, where the key factors for assessing digital zakat collecting and distribution techniques shifted towards efficiency, trust, perceived risk, and personal innovativeness. Various instruments exist within the realm of technology, including blockchain, fintech, and digital databases, which zakat organizations can utilize to improve and optimize their operations.

The emergence of the internet enabled zakat authorities to establish websites to disseminate information to both zakat recipients and payers. Hence, future studies should explore the possibilities of online platforms, such as crowdfunding and digital apps. Various entities, such as mosques, government agencies, and private institutions oversee zakat collection and distribution in Indonesia. These organizations must combine and exchange zakat-related information to prevent redundant data. The COVID-19 epidemic in 2020 sparked discussions about the need for technology in managing zakat, particularly to speed up the collection and distribution processes. One example of this is the use of the Application Programming Interface (API) from Google Maps. The vital need for financial assistance provided by Zakat organizations to facilitate economic recovery amidst the pandemic (A. Ascarya, 2022). Social media platforms have the potential to enhance awareness and increase zakat collections for zakat institutions (F. A. Hudaefi & I. S. Beik, 2020).

In the modern age, characterized by significant technological progress, there have been developments in the financial sector and other sectors, including zakat institutions in both public and private domains. These technologies seek to optimize gathering and distributing zakat by utilizing online systems. As an Islamic social finance tool, zakat now incorporates financial technology to expedite transactions involving zakat funds. Online transactions facilitate zakat payers in efficiently calculating their zakat, making payments, and conveniently monitoring their transactions through online platforms (F. Amilahaq et al., 2021). When conducting technology acceptance research, examining the user's effort expectancy is important. This refers to the user's perception of how easy it is to use the technology (V. Venkatesh et al., n.d.). The ease of understanding and using the technology is crucial in deciding whether to adopt it. Multiple research projects have emphasized that the perceived ease of use has a favorable impact on individuals' inclination to utilize online platforms for zakat payment (Y.Z. Li et al., 2018) ; (V. Venkatesh et al., n.d.). In addition to considering the user's viewpoint, zakat organizations need to guarantee that its staff, particularly the amil, possess sufficient proficiency in information technology. To optimize operations, it is necessary to offer the mail with thorough training on technology utilization and developing organizational skills crucial for administering the institutions (Hakim Mulyadi et al., 2018). Strategically training and improving the skills of staff members are essential for effectively incorporating digital technology into zakat institutions.

The third article, titled "The Influence of Digital Zakat on Zakat Collection and Performance of Amil Zakat Institutions" (Muhammad Raihan Mauludin & Sri Herianingrum, 2022), explains that this research found a significant positive impact of digital zakat on zakat collection. Furthermore, this study also discovered that the collection of zakat has a significant positive impact on the performance of the Lembaga Amil Zakat. Lastly, this research also found that digital zakat has a significant positive influence. The implementation of digital zakat has

a significant positive impact on the collection of zakat. Furthermore, this study also discovered that the collection of zakat has a significant positive impact on the performance of the Lembaga Amil Zakat.

This finding elucidates that digital zakat is a commendable innovation in the practice of zakat. Therefore, the Zakat Amil Institution is expected to develop a digital zakat system further by creating a dedicated application to manage zakat, including its collection, distribution, and transparency. The Lembaga Amil Zakat can also incorporate additional functions into the application, such as calculating the amount of zakat and providing reminders for zakat payments to Muzakkii. It is hoped that the government will pay more attention to the digital zakat sector. This is because digital zakat has been proven to increase the amount of zakat collection in Indonesia. Utilizing digital zakat can serve as a viable solution to address the issue of zakat in Indonesia, namely, to optimize zakat collection. Therefore, it is expected that the government can regulate the existence of digital zakat to ensure that the practice of digital zakat remains orderly and in line with its initial objectives by collaborating with the Indonesian Council of Ulama to create a law that regulates the procedures for practicing digital zakat in Indonesia. This research aims to enable Muzakkii to be more open and understand better the concept of digital zakat. The hope is that Muzakkii will gain knowledge about digital zakat, considering the large amount of literacy available. This aims to make Muzakkii trust the Amil Zakat Institution more in collecting and managing the zakat they pay. This research aims to enable Muzakkii to be more open and understand better the concept of digital zakat.

In the fourth article, titled "A Systematic Literature Review of Electronic Zakat Payment" (Datice Anurahman et al., 2023), it is elucidated that technological advancements do not exert a substantial impact on augmenting online zakat payments. This is because individuals require a certain amount of time to adjust and comprehend online zakat applications. The adoption of technology relies on the promotion and implementation of innovative ideas. The insufficient dissemination of knowledge and limited social interaction about the digitalization of zakat hampers the efficacy of online zakat. The government plays a crucial role in promoting and facilitating zakat collection online. Implementing appropriate government policies and initiatives will enhance the efficiency and efficacy of utilizing online zakat application technology.

The fifth article is "Zakat Digitalization: Assessing the Efficiency of Zakat Management". According to this study during the COVID-19 pandemic, it has been found that utilizing digital platforms for the collection, management, and distribution of zakat is extremely advantageous. This is especially true in the pandemic, as it provides users a high level of convenience. However, internet venues for muzak, Mustahiq, and zakat groups have risks and weaknesses. Zakat institutions can leverage their existing advantages and strengths to develop diverse solutions to address these difficulties and deficiencies. This strategy is specifically developed to guarantee the collection and distribution of information (Sri Yuyu Ninglasari & Mumuh Muhammad, 2021).

The advantage of digitizing zakat lies in its ability to overcome the widespread implementation of social limitations. Consequently, muzakkii can make online zakat payments without needing to physically go to the zakat institution's office. A key element influencing Muzakkii to pay zakat is the presence of easily accessible websites and applications. Furthermore, using social media and several other platforms, individuals can conveniently obtain digital information regarding the program and the allocation of zakat funds (R. H. Lubis & F.N. Latifah, 2019).

The process of digitizing zakat presents several benefits. Firstly, it enables muzakkii (those obligated to pay zakat) to conveniently fulfill their zakat obligations regardless of the time or location (A. B. Citta et al., 2019). Muzakkii is proficient at utilizing computers and smartphones to access digital platforms. Consequently, it can enhance individuals' motivation to fulfill their zakat obligations (Pertiwi Utami & et all, 2020).

Furthermore, the costs associated with transactions are comparatively lower than the fees incurred when giving zakat directly, which may include travel expenses (N. R. Zaimah, 2017). Furthermore, using a data blockchain enables connections with individuals residing in distant areas, enhancing community knowledge regarding zakat (A. B. Citta et al., 2019) ; (M. A. Rachman & A.N. Salam, 2018). Furthermore, digital media can augment the accountability and transparency of the zakat institution, hence facilitating the achievement of robust corporate governance. Furthermore, it is imperative to utilize a real-time system and ensure precision while making zakat payments (D. Friantoro & K. Zaki, 2018).

They directly donated their zakat funds to the institution. Here are several limitations of digitizing zakat . To function properly, the system must have a reliable internet connection that can support a stable server and provide sufficient speed for access (A. B. Citta et al., 2019). Furthermore, particularly in rural areas, the general population has a relatively low level of knowledge regarding fintech and technological and information competency (I. R. Santoso, 2019). Furthermore, The Amil exhibits limited proficiency in effectively applying the latest technology (D. Susilowati & C. T. Setyorini, 2018). The availability of financial technology services is unevenly distributed due to the unequal dispersion of information technology infrastructure in Indonesia (D. Friantoro & K. Zaki, 2018). Moreover, the utilization of financial technology in the zakat collection process is hindered by a deficiency in public confidence. The increase in cybercrimes during the COVID-19 epidemic is primarily attributed to hacking social media accounts associated with mobile banking apps.

In the study titled "The Effect of Digitalization of Zakat Payment on the Potential of Zakat Acceptance in the National Amil Zakat Agency" (Pertiwi Utami & et all, 2020), it was found that the variable of digitalization of zakat payment has a significant influence on the capacity for zakat reception, accounting for 55.9% of the variation. The remaining 40.1% is attributed to other factors not considered in the study. The findings of a thorough analysis of the theory and implementation of digital zakat reveal that the key barriers to enhancing the acceptance of digital zakat in Indonesia are the establishment of a strong connection between the mustahiq (recipient of zakat), muzakkii (provider of zakat), and BAZNAS (National Board of Zakat), the application of sharia principles to zakat management, and the inconsistent and limited internet access across the Indonesian territory. Consequently, the study elucidates the strategies that can effectively tackle the challenges linked to digital zakat.

The government should prioritize supporting initiatives to enhance internet infrastructure nationwide so that all segments of society may benefit from the digital payment system, not only those in urban regions. In this manner, individuals from different locations can utilize digital platforms to make zakat payments, enhancing the possibility of receiving zakat funds. The Indonesian government can alleviate the operational burden on BAZNAS by offering grant assistance in the form of functionally viable buildings. This would help reduce the high costs of leasing buildings, particularly in downtown areas, and lower taxes.



The seventh article, "Systematic Literature Review: The Role of Digital in the Management of Zakat," (Gagat Panggah Mulyo et al., 2023). The data indicate that digitalization has both benefits and drawbacks. Marketing strategies like blockchain and digital crowdsourcing are necessary to facilitate the digitization of zakat management.

Implementing blockchain technology and establishing partnerships with virtual wallets and other digital entities: The primary responsibility of the zakat management organization is to ensure that the system enables the public to make Zakat payments easily through a user-friendly internet platform. Furthermore, ZMO endeavors to enhance the effectiveness and efficiency of its payment processes to ensure prompt payment.

Payment mechanisms and enhanced accessibility. Furthermore, zakat literacy facilities necessitate collaboration with external entities, particularly the government. People must continue collaborating to establish a thorough literacy program to enhance zakat knowledge. If literacy rates remain low, the future adoption of digital ways of paying zakat may not increase.

Convenience, trust, and perception, specifically openness in zakat administration, are three crucial factors that must continue to facilitate the digitization of use, going beyond the variables that substantially impact it. The socialization of zakat is facilitated by the involvement of local authorities in promoting zakat regulations, which enable individuals to deduct zakat from their taxable income. Governments must promote efforts to enhance universal internet connectivity, allowing all sectors of society to use digital payment systems. In addition, technology is being used to enhance zakat managers' professionalism, namely in implementing financial reporting and transparency per Shariah accounting norms.

The objective is to ensure that workers have expertise in facilitating technological innovation. At the same time, Zakat management institutions can provide more targeted training and assistance in Zakat management, mostly through digital technology. To distribute zakat, it is expected that the entire community would be able to adapt to the progress in the digitalization of zakat payments. Consequently, there will be an increased number of opportunities to get zakat.

The Most zakat managers in South Kalimantan had access to the Internet and information media, which they use to facilitate their operational activities as zakat amil. The continuous growth of innovations in zakat management is driven by the disparity between the potential and realization of zakat collection via digital platforms. This study aims to evaluate the readiness level of zakat management organizations to deal with digitalizing zakat (Sri Maulida et al., 2021).

Analyze managers' challenges and solutions while utilizing digital platforms to manage zakat monies. By analyzing the problems and solutions related to using digital platforms for managing zakat, it is necessary to address alternative priority issues and find solutions for zakat institutions. The findings indicated that most zakat management institutions in South Kalimantan were well-equipped for zakat digitalization.

In the article "Analysis of Factors Affecting Interest in Paying Zakat, Infaq, Sadaqah (ZIS) Through E-Wallets" (Muhammad Abriyansyah & Ade Nur Rohim, 2023), it is stated that religion does not have an impact on the willingness to make online zakat payments. Convenience is crucial in influencing the inclination to make online zakat payments. The

primary consideration for Muzaki while selecting an online zakat platform is placing trust in the zakat organization or institution. To ensure public trust, it is imperative to provide consistent, comprehensive reports regarding the allocation of zakat.

To enhance the efficiency of zakat collection, zakat institutions should establish partnerships with e-wallet providers to facilitate outreach and promotional activities and ensure convenient zakat payment options. The online zakat application should continue to be enhanced with unique features to attract salon muzak. Transparent reports, distribution, and management of zakat monies influence the optimization level of online zakat collecting.

The tenth article, titled "The Potential of the Millennial Generation in Paying Zakat through Digital Payment" (Nisrina Nuri Wardhianti et al., 2022), demonstrates that Indonesia can adopt online platforms for collecting zakat funds. Indonesia boasts the highest number of adherents to the Islamic faith globally. This should motivate the enhancement of the number of online zakat payments. The Zakat management organization is implementing innovative strategies to enhance the efficiency of fund collection with e-wallet technology. Millennials and Generation Z are eligible groups to make zakat payments through e-wallets. This group consists of individuals raised during advanced technology, specifically the Internet. They readily acclimate to technological advancements and tend to conform to prevailing patterns.

### **Discussion and Conclusion**

Digital Zakat has several advantages. It increases zakat payments by Muzakkii to the Zakat Management Institution, facilitates zakat collection, and provides updates on the collection and distribution of zakat. It also makes it easier for Muzakkii to pay their zakat anytime and anywhere. Muzakkii can easily monitor the distribution of their zakat and access the financial reports of the Zakat Management Institution. Typically, digital-based zakat transactions utilize electronic payment tools such as electronic money. Digital zakat is an innovation in the collection, distribution, and transparency of zakat disbursement.

Implementing digital zakat can enhance the practice of zakat payment among young adults (aged 19-35). This increase has occurred due to the emergence of digital platforms as a new social phenomenon, particularly among young adults. Given this situation, the Amil Zakat Institution can use the opportunity to enter and easily provide literacy for the Zakat collection. By providing literacy on the essence of zakat and the role of the Zakat Management Institution in managing the collected funds. The community's habit of paying zakat will increase as trust in LAZ increases. Therefore, it is crucial to seize the opportunity to manage digital zakat as effectively as possible.

By utilizing digital media, the Amil Zakat Institution will easily provide literacy to the public regarding matters of faith by publishing its zakat activities. This research further states that digital zakat is a highly commendable innovation for implementing inclusive zakat in the present era. By digitizing the collection and distribution of zakat, Zakat Collection Institutions can expand their reach and capture the potential of zakat capturing the zakat potential in Indonesia. Furthermore, with a broader network of zakat potential, more sectors of life, such as social, education, and productivity, can be reached. Therefore, digital zakat innovation can be utilized to maximize the existing potential of zakat. The implementation of digital zakat significantly impacts the collection of zakat in BAZNAS. This research also confirms that other

factors can make digital zakat have a stronger impact on fundraising at BAZNAS. Another factor is the marketing efforts conducted by BAZNAS for digital zakat, such as collaborating with various digital financial platforms or online shopping applications, to provide Muzakkii with convenience in making zakat payments anytime and anywhere.

Muzakkii can make online zakat payments without needing to visit the zakat institution's office physically. Muzakkii is motivated to pay zakat due to the presence of easily accessible websites and applications. Furthermore, details regarding the program and the allocation of zakat funds can be conveniently obtained through digital platforms such as social media and other communication channels. It enables Muzakkii to pay for zakat conveniently at any given time and place. Utilize digital media to augment the accountability and transparency of the Zakat institution to achieve effective corporate governance. Furthermore, ensuring that zakat payments are made precisely and through a system that operates in real-time is imperative.

The adoption of technology is facilitated by promotion and the introduction of new ideas. The insufficient dissemination of knowledge and limited social interaction of the digitization of zakat hampers the efficacy of online zakat. Nevertheless, internet channels provide risks and weaknesses for Zakat groups, Muzakkii, and Mustahiq. Organizations implementing zakat might devise methods to tackle these problems and shortcomings by leveraging their strengths and capabilities. This strategy seeks to ensure the collection and dissemination of information. Muzaki easily accesses digital platforms using smartphones and PCs. As a result, it could motivate individuals to fulfill their zakat obligations. First, a high-speed internet connection is necessary to ensure a dependable server. Most of the populace, particularly in rural regions, lack understanding of and skills in fintech and technology. The human resources department, sometimes called HR, is not proficient in utilizing cutting-edge technology. Due to the uneven dispersion of Indonesia's information technology infrastructure, there is a lack of universal availability of financial technology services. Using financial technology in the zakat collection process leads to a decrease in public trust. The frequency of cybercrimes, including hacking of social media accounts, has significantly increased since the emergence of Covid-19.

The strategy employed by the Lembaga Amil Zakat (LAZ) to maximize the potential of zakat is through collaboration with various crowdfunding service providers. This strategy can provide convenience for Muzakkii's to pay their zakat. When evaluating the performance of an LAZ, two perspectives can be used: financial and customer perspectives. The financial perspective might utilize the aggregation and distribution of zakat funds as a benchmark. From the customers' perspective, they can utilize Muzakkii and Mustahiq's satisfaction level. Zakat managers should prepare as many distribution models as possible to accommodate various needs.

The development of technology for distributing zakat through professional zakat managers is necessary to accommodate the needs of Muzakkii, who desire a fulfilling experience when directly distributing their zakat.

The emergence of Internet-enabled zakat authorities has enabled them to establish websites for the purpose of disseminating information to both zakat recipients and payers. Therefore, future research should investigate the possibilities of utilizing websites, such as crowdfunding platforms and digital applications. To optimize operations, the amil must undergo thorough training in technology utilization and develop organizational skills vital for effectively

administering the institutions. Strategically training and improving the skills of staff members is crucial for effectively using digital technology in Zakat institutions.

The collection of zakat has a significant positive impact on the performance of the Lembaga Amil Zakat. The Amil Zakat Institution is expected to develop a digital zakat system further by creating a dedicated application to manage zakat, including collecting, distributing, and ensuring transparency in zakat. Amil Zakat Institution can also incorporate additional functions into the application, such as calculating the amount of zakat and providing reminders for zakat payments to Muzakkii. It is hoped that the government will pay more attention to the digital zakat sector. Implementing the Zakat administration's digitization necessitates utilizing marketing tactics such as blockchain technology and digital crowdsourcing integrating blockchain technology and partnering with other virtual wallets and digital organizations.

The government should assist in enhancing internet infrastructure across the nation, ensuring that individuals from all segments of society have access to the digital payment system, not solely limited to urban regions. Indonesia is a potential market for collecting zakat funds online. Its home to the largest Muslim population globally should incentivize individuals to make online zakat payments. The Zakat Management Organization employs innovative strategies to optimize the collection of funds using e-wallets.

Muzakkii's preferences in distributing zakat can be categorized into five groups: direct to Mustahiq, mosque amil, Amil Zakat Institutions, digital fundraising platforms, and digital LAZ. The behavior of Muzakkii in channeling zakat conventionally is influenced by cultural factors (culture, subculture), social factors (family, roles, and status), psychological factors (motivation, beliefs, attitudes, learning), and personal factors (lifestyle). Meanwhile, the motivation for Muzakkii's digital-based zakat payment behavior is influenced by psychological factors (beliefs, attitudes), psychological factors (learning), and personal factors (lifestyle).

In addition to considering the user's viewpoint, zakat organizations need to guarantee that its staff, particularly the amil, possess sufficient proficiency in information technology. Muzaki's choice to utilize an online Zakat platform primarily hinges on his confidence level in a Zakat organization or institution. To maintain public trust, it is imperative to publish transparent reports on the consistent distribution of zakat.

To optimize the collection of zakat, zakat institutions should collaborate with e-wallet providers to facilitate outreach, marketing, and convenience while also taking zakat payments. The artistic aspects of the online zakat application should be enhanced to continue attracting muzakkii. Transparent reports, fund distribution, and management influence the optimization of online zakat collection.

Millennials and Generation Z. can utilize the e-wallet Zakat payment option. These individuals came of age during modern technology known as the Internet. They tend to embrace prevailing trends and rapidly adapt to technological progress.

This study only focuses on comparing the advancement and challenges in zakat digitalization by using a literature review while future research will be more beneficial if it uses real samples (respondents) to understand the real implications or adoption of e-wallet zakat payment option.

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