

Indonesia's National Zakat Agency (BAZNAS): Digital Transformation in Managing *Zakat, Infaq, and Shadaqah (ZIS)*

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Keywords

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Abstract

Indonesia's National Zakat Agency (Badan Amil Zakat Nasional, BAZNAS) is an official government agency that manages the *zakat* of Indonesian people. BAZNAS is tasked with collecting *zakat*, *infaq*, and *shadaqah* (ZIS) from the community and managing the redistribution of funds to recipients. Through digitalization, BAZNAS has made several breakthroughs towards improving their system management. This is in order to improve the performance of BAZNAS in terms of fundraising and distribution, which have a significant impact on BAZNAS' overall performance. This study aims to describe the transformation of BAZNAS in applying digital technology to management. The author conducted research on BAZNAS for two years, from 2019 to 2020, and found that BAZNAS succeeded in formulating its concept for digitalization even prior to the COVID-19 pandemic. As such, BAZNAS was able to quickly move its programs into the digital realm. Further digitalization is also ongoing at BAZNAS. As Indonesia is the country with the largest number of Muslims in the world, the success of BAZNAS as the national zakat institution in Indonesia can serve as a role model for Muslim communities around the world in ZIS management is a key part of the road towards prosperity in the Muslim world.

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1. Introduction

Indonesia's National Zakat Agency (Badan Amil Zakat Nasional, BAZNAS) is the official and only body established by the Indonesian government to collect and distribute *zakat*, *infaq*, and *shadaqah* (ZIS) at the national level. BAZNAS was formed on the Decree of the President of the Republic of Indonesia No. 8 of 2001, while the enactment of Law No. 23 of 2011 concerning Zakat Management further strengthened the role of BAZNAS as the institution authorized to manage zakat nationally. By law, BAZNAS is declared as a non-structural government institution that is independent and responsible to the President of Indonesia through the Minister of Religion.

The foundation of the *syariah* for the establishment of BAZNAS is verse 9:103 of the Qur'an, an order to the Prophet to take *zakat* from some of the wealth of the Muslims, thereby cleansing and purifying them. In one hadith, the Prophet also orders Muslims directly to pay *zakat*. In Indonesia, BAZNAS and the Government of Indonesia are responsible for overseeing the management of zakat based on Islamic law, trustworthiness, expediency, justice, legal certainty, integration and accountability. BAZNAS' vision is to be the main institution for the welfare of the *ummah* in Indonesia.

The missions of BAZNAS are as follows: (1) Build a strong, reliable, and modern BAZNAS as a non-structural government institution authorized to manage *zakat*; (2) Maximize national *zakat* literacy and increasing ZIS and other forms of socio-religious funds (ZIS-DSKL) collection in a way that is both massive and measurable; (3) Maximize the distribution and utilization of ZIS-DSKL to alleviate poverty, improve the welfare of the *ummah*, and reduce social inequality; (4) Strengthen the competence, professionalism, integrity, and welfare of national *zakat* management in a sustainable manner; (5) Modernize and digitize of national *zakat* management with a robust and measurable data-based management system; (6) Strengthen the system of planning, controlling, reporting, accountability, and coordination of *zakat* management nationally; (7) Build a partnership between *muzakki* and *mustahiq* with the spirit of helping in goodness and piety; (8) Increase the synergy and collaboration of all relevant stakeholders for the development of national *zakat*; and (9) Play an active role and become a reference point for the world *zakat* movement.

BAZNAS exists in all regions of Indonesia, in addition to having branches in several foreign countries. There are 34 provincial BAZNAS branches and 463 district/city branches. With the world's largest Muslim population – around 229 million people, or 84% of the nation's population – Indonesia therefore has significantly potential and strong economic resources to help the development of the Muslim world economy through *zakat*.

BAZNAS is an institution that is also very abreast of modern technological developments. As one of its objectives, BAZNAS includes the use of a management system that adopts the latest technology. By doing so, BAZNAS has made important breakthroughs and is growing from year to year, reflected in the agency's overall performance as well as the acquisition of an array of national and international awards. In 2021, for example, BAZNAS won an award from SWA magazine, an independent Indonesian institution that awards individuals or institutions considered outstanding in certain categories. SWA awarded BAZNAS the 2021 Best Business Transformation Award on 15 June 2021.

This research aims to explain how the digital transformation of BAZNAS took place. This research also explains its effect on prosperity in the Muslim economy. It considers the digitalization approach used by BAZNAS not only in fundraising activities, but also in management and reporting processes. This research also observes the performance data of BAZNAS for the period 2015-2019. The primary argument is that there is a positive effect of digital transformation on improvements in BAZNAS' performance.

Based on the above background, this research aims to answer two questions: (1) What does digital transformation look like at BAZNAS? And (2) What is the impact from BAZNAS' digital transformation on prosperity in the Muslim world economy? These two questions are expected to be able to illustrate the positive correlation between the impact of digital transformation and improving the prosperity of the people. As the country with the largest Muslim population in the world, Indonesia has the potential to further develop the concept of Islamic economy as a whole. One key element is a correct approach to ZIS management.

2. Research Methods

This research uses qualitative descriptive analysis of secondary data. Secondary data is data collected at a certain time that can describe the situation or activity at that time. The secondary data used in this study are national *zakat* statistics from 2015 to 2019. Data was analyzed through the time series analysis method, which aims to study the movement pattern of variable values at a set time interval in order to estimate future values.

3. Islam and Prosperity

Islam has a comprehensive perspective on life. Islam regulates the matters of the world as it regulates the matters of worship rituals. The main objective of the Islamic teachings brought by the Prophet Muhammad (pbuh) is to be a blessing for

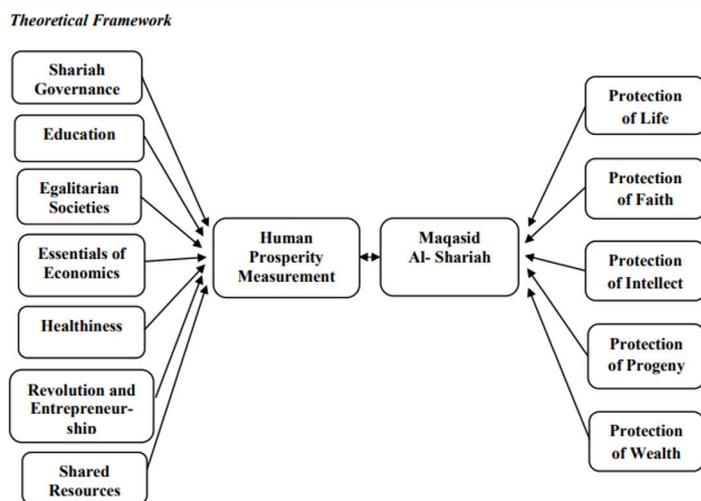
humanity (Nizam & Larbani, 2014). As Al-Qur’an 21: 107 states, the purpose Prophet Muhammad (pbuh) was sent forth as nothing but a mercy to the whole world.

Islam is a pure religion. It not only has a well-designed set of teachings, but also practices a belief system that covers everything in life, such as politics, economy, society, and culture, as well as the spiritual aspects (Sule, 2020). Islam has a main source of law that is used as a basis for behavior in this life: the Holy Qur’an. As John Waish states in Ahmad (n.d.), the Holy Qur’an is not only a guide in worldly matters, it also “inspires mankind to do the right, so that he be rewarded by Allah”. In the next sentence, Ahmad adds “and reap a rich harvest in the life Hereafter”.

The laws contained in the Qur’an are known as *syariah*. In Islamic science, there is also a special chapter on the intent or purpose of the *syariah* contained in the Holy Qur’an. More broadly, this is known as *maqasid syariah*, with the word *maqasid* in Arabic meaning purpose, objective, principle, intent, or goal, while *syariah* means Islamic law.

Maqasid syariah is described by Al-Ayubi & Halawatuddu’a (2021) as “Maintaining human needs by realizing their benefits and avoiding harm”. *Maqasid syariah* explains that Islam has a goal to protect some things in life. This concept is in line with the teaching that Islam was revealed to give mercy to all nature and to all aspects of life. As also stated by Malik (2015) on his research about *maqasid syariah*, *maqasid* is a part of epistemological sources in Islam that are a foundation to define human well-being. *Maqasid syariah* consists of five elements: (1) protection of life; (2) protection of faith; (3) protection of intellect; (4) protection of progeny; and (5) protection of wealth.

Figure 1. Theoretical Framework of Human Prosperity Measurement and *Maqasid Al-Shariah* (Shabbir 2019)



Shabbir (2019) tries to find a correlation between human prosperity measurement and *maqasid syariah*. Shabbir identifies seven aspects of measurement for human prosperity: *syariah* governance, education, egalitarian societies, essentials of economics, healthiness, revolution and entrepreneurship, and shared resources. As seen in the Figure 1 above, it can be concluded that there is a relation between human prosperity measurement and *maqasid syariah*, working under the guidance of the five main elements of *maqasid syariah*.

The concept of human prosperity measurement is in line with the principles of *syariah* objectives in Islam. Generally, prosperity in Islam is understood as the welfare obtained by the wider community, particularly in the view of *syariah* as described in *maqasid syariah*, one of which is in the economic field. Welfare in the economic field for the Muslim community can be achieved through many aspects. The goal is to empower economic resources to be managed and redistributed in Muslim society. As concluded by Al-Ayubi & Halawatuddu'a (2021) in their research about *maqasid syariah* in Islamic finance, the fundamental concept of economy is the distribution of income and wealth. Therefore, one of key empowering economic resources is the proper management of ZIS in accordance with *syariah* provisions.

Zakat is defined by the Shafi'i school as something that is issued from the property or soul in a certain way. This definition includes all classifications of *zakat*, both *zakat fitrah* and *zakat māl* (Thoriquddin, 2014). Proper management of *zakat* is a very important aspect of economic sustainability and improving human development. In Indonesia, the word *zakat* is usually juxtaposed with the words *infaq* and *shadaqah*, leading to the acronym ZIS. Consequently, in general, *zakat* institutions in Indonesia also manage *infaq* and *shadaqah* funds.

Infaq is property issued by a person or business entity outside of *zakat* for public benefit, while and *shadaqah* is wealth or non-wealth issued by a person or entity business outside of *zakat* for the public good. In other words, *infaq* covers all types of assets issued by a Muslim person for his own sake or for the sake of his family or society. The understanding of *shadaqah* is broader, as it does not have to be in the form of money. The primary difference between *zakat*, *infaq* and *shadaqah* is the time of payment. *Zakat* can only be paid at certain times. *Zakat fitrah* must be paid during month of Ramadan, while *zakat māl* is paid when it one reached *nisab* (the minimum amount of wealth beyond which one must pay *zakat*) and is fully owned for a year. Meanwhile, payment of *infaq* and *shadaqah*

can be done any time when one has ability to pay. In addition, there is no *nisab* in *infaq*. In contrast to *zakat*, *infaq* exists as both obligatory and *sunnah*. Mandatory *infaq* includes paying *kafarat*, *nadzar*, and others while *infaq* that is considered *sunnah* includes *infaq* to the poor Muslims, *infaq* for natural disasters, and others (Purwanti, 2020).

Utama (2021) has found that ZIS has a positive role in achieving the Sustainable Development Goals (SDGs) in Indonesia through the five program pillars: economy, health, education, *da'wah*, social humanity. As managed by BAZNAS, ZIS has contributed to the achievement of prosperity and the alleviation of poverty in the Muslim communities of Indonesia.

Muzakki are Muslims who are subject to the obligation to pay *zakat*, either in the form of *zakat fitrah* and *zakat māl*. *Mustahiq* are eight *asnāf* (groups) mentioned in the Holy Qur'an 9:60 for whom *zakat* intended: (1) The poor and for the needy; (2) For those employed to collect *zakat* (*'amil*); (4) For bringing one's heart for Islam; (5) For freeing captives or slaves; (6) For those in debt; (7) For the cause of Allah (*fi sabilillah*); and (8) For the traveler. The balance between managing funds from *muzakki* to be distributed to *mustahiq*, becoming a source of economic prosperity for Muslims. This process must be managed according to Islamic teachings for the benefit of the wider community, and the integration of economics with Islamic teachings will be able to maximize the impact of economic resources (Witro, 2020).

4. Digital Transformation

Digital transformation is a modern necessity, due to the rapid development of technology in the twentieth and twenty-first centuries. According to Baker (2015), digital transformation is the largest change within a business or organizations nowadays. Henriette, Feki & Boughzala (2016) define digital transformation as "a disruptive or incremental change process. It starts with the adoption and use of digital technologies, then evolving into an implicit holistic transformation of an organization, or deliberate to pursue value creation".

Verina and Titko (2019) explain that almost every sector, including education, banking, government, and manufacturing, is now transforming digitally. A significant amount of attention has been paid by experts to digital transformation, including much research on the concept of digital transformation. The following describes the framework generated from the results of research by the author.

Figure 2. A Conceptual Model of Digital Transformation (Verina & Titko, 2019).

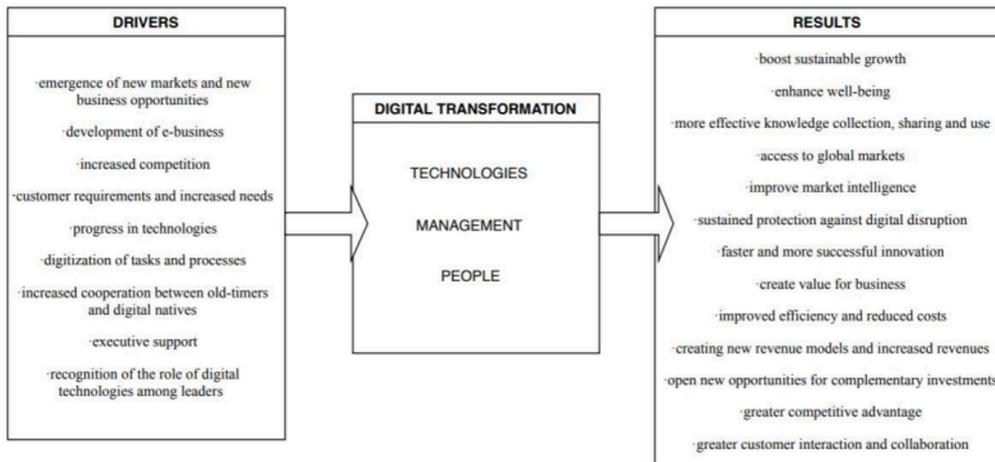


Figure 2 provides a conceptual model of digital transformation with several important underlying drivers. Among them are the emergence of new opportunities, development of technology in all fields, increasing competition, increasing needs, and the presence of leaders and government support. Meanwhile, digital transformation itself is not only a matter of technology, but also of management and people. The combination of these three elements in implementing digital transformation results in much better performance.

Figure 3. Categories of The Concept 'Digital Transformation' (Verina & Titko, 2019).

Technologies	Management / Processes	People
<ul style="list-style-type: none"> - Data - Big data - Cloud - Mobile devices - Social media - Software - Analytics - Embedded devices - Artificial intelligence - The Internet of Things - Cybersecurity - App marketplaces 	<ul style="list-style-type: none"> - Business models - Operating models - Operational processes - Strategies - Business activities - Organizational structure - Organizational culture - Coordination mechanism - Products - New services 	<ul style="list-style-type: none"> - Customers - Employees / workforce / people - Managers - Executives - Talents - Owners - Suppliers - Partners - Stakeholders - Competencies

Verina & Titko (2019) describe that the three decisive aspects in digital transformation have their own elements. As seen in Figure 3, all aspects of digital transformation have differences, but in fact these aspects also influence each other. They are technology, which includes the use of big data, internet media, applications, and computerization; management, which includes organizational models, strategies, and organizational culture based on the vision, mission and

goals of the organization; and people, including the participation of all elements that support the running of the organization's activities as a whole.

In all forms of digital transformation, it is not enough to use as many technologies as possible. Strategy is also needed; an institution must have a clear vision for the development of its company. Benn Konsynski, the George S. Craft Distinguished University Professor of Information Systems & Operations Management at Emory University's Goizueta Business School, proposes that rather than analyzing current capabilities and then conceptualizing a transformation, an organization is better off returning the basic concept to the initial vision and mission and then re-planning a new and transformed strategy (Kane, 2014).

As digital transformation requires broad reinvention, a useful framework should include strategic visions, a culture of innovation, know-how and intellectual property, digital capability, strategic alignment, and technological assets (Gurbaxani & Dunkle, 2019). Frankiewicz & Chamorro-Premuzic (2020) state that digital transformation is overall about talent. In fact, a well-developed piece of technology is one that also involves the right human skills, including the provision of examples from leaders to improve the capability of human resources to ensure alignment with the digital transformation being carried out.

In essence, experts agree that digital transformation is not only about technological sophistication. It also involves forward-thinking human resources and also always bases progress on the initial goals of an organization. Digital transformation will be different for every organization and it will be difficult for different organizations to employ the same strategy. In other words, technological developments in an institution must still be accompanied by consistency with the organization's basic values.

5. BAZNAS Digital Transformation in *Zakat, Infaq, and Shadaqah* (ZIS) Management

BAZNAS is Indonesia's only official government institution in charge of managing ZIS funds, and has the aim of becoming a global role model or ZIS fund management. Realistically, if BAZNAS is not ready to transform, then BAZNAS will become outdated and be abandoned by the people, ultimately meaning BAZNAS cannot achieve its goals. The government also provides opportunities for BAZNAS to continue to develop; this can be seen from the choice of people who hold positions within BAZNAS itself as well as the appreciation given to BAZNAS from government and other institutions.

BAZNAS' digital transformation began in 2016 and has not focused only on the use of advanced technology. BAZNAS also concentrates on developing a management system across all lines of work as well as on developing its human resources. BAZNAS realizes that technological developments without the support of advances in human resources will not create significant results in increasing overall performance. BAZNAS' digital transformation is applied at the center as well as at all branches.

5.1. Advanced Technology

In terms of organizational structure, BAZNAS has established a Division of Technology and Information. The division sits under the coordination of the central office. The division consistently updates the technology used in BAZNAS and shares information through trainings for BAZNAS employees across Indonesia.

5.1.1. Using Big Data

Indonesia, with the largest Muslim population in the world, has the potential to become a role model in implementing Islamic economic concepts, especially in managing ZIS funds. Based on 2022 The Muslim 500 report from The Royal Islamic Strategic Studies Center (RISSC), there are 231 million Indonesians who are Muslim. That number is equivalent to 84% of the total population of Indonesia.

BAZNAS makes use of available big data, which maps the distribution of the number of *muzaki* and *mustahiq* throughout the archipelago as well as Indonesian citizens who are abroad. BAZNAS even formed a subsidiary organisation called Puskas, which was established to focus to map the potential of zakat in Indonesia. BAZNAS and other zakat institutions also collaborate with the National Syariah Finance Committee (KNKS) through the Religious Social Fund division to share data on *muzakki*, *mustahiq* and *'amil* in Indonesia. This has become a priority for KNKS work since 2019.

Data regarding the distribution of *muzakki*, *mustahiq* and *'amil* is important for BAZNAS. It is the primary reference for BAZNAS' management funds, both in collecting ZIS funds from *muzakki* and in distributing ZIS funds to *mustahiq*. BAZNAS also obtains data on *muzakki* from official institutions, both government-owned and private, on workers who fall into the category of obligatory zakat. BAZNAS also collaborates with the government officials in the population sector to collect data on people who fall into the eight groups of *mustahiq*.

5.1.2. Using Internet Media

Based on a We Are Social report (2022), the number of active social media users in Indonesia continues to increase. In 2019, the total number reached 150 million people, and by January 2022, the number had reached 191 million people. This number is predicted to continue to rise every year.

Like other organizations in Indonesia, BAZNAS follows the development of the internet. BAZNAS also utilizes multiple different social media platforms, including WhatsApp, Instagram, and Facebook, which are among the three most used social media services in Indonesia. BAZNAS also has an official website as a medium for disseminating information about its institutions, programs, and routine reports.

BAZNAS also utilizes Search Engine Optimization (SEO) technology. Indonesian Muslims can easily find the official BAZNAS website on the first page of a search engine with the keywords: *zakat* and *sedekah*. It is evident that BAZNAS is very serious about ensuring its institutions are known to the wider Indonesian community, including online.

5.1.3. Using Applications

BAZNAS has now created its own application to facilitate *muzakki* and people who want to pay *infaq*, *shadaqah*, and *waqf*. As with the banking world, which has previously mastered mobile financial application systems, BAZNAS has created an application for paying ZIS by mobile phone. BAZNAS also provides a data collection form for *muzakki* who want to register themselves as *zakat* payers with BAZNAS.

Table 3. Digital Media for Payment of Zakat in BAZNAS (BAZNAS 2019)

No	Digital Media	Service Providers
1	Application	Kitabisa.com, Gopay, OVO, Tcash, Kaskus, Invisce, Lenna, Mcash, Wisata Muslim, Asuransi Jasindo Syariah, Muzaki Corner, Jenius.
2	Electronic commerce (e-commerce)	Elevenia.co.id, Blibli.com, Shopee.co.id, Tokopedia.com, Lazada.com, Mataharimall.com, JD.id, Bukalapak.com
3	Social Media	Oy Indonesia, Line (Zaki).
4	Online Payment Channel	Internet Banking, SMS Banking, EDC, E-Cash Mandiri, Doku Wallet, E-Pay BRI, Virtual account, T-Cash, PayPal.

5.1.4. Computerization

All incoming data is processed by BAZNAS' computerized management system. BAZNAS collects and stores *muzakki* data, inputs all incoming ZIS data, and records all distributions of ZIS funds to *mustahiq*. From this data, targets are compared with what has been achieved, and reports are published to the public periodically.

This data becomes an important source of material for BAZNAS to evaluate itself, as well as for the wider community to assess BAZNAS' performance.

5.2. *Integrated Management*

5.2.1. Fundraising Strategy

According to Coryna & Tanjung (2015), BAZNAS uses two types of approaches in collecting ZIS: (1) Agency Association and (2) Individual Association. The first is intended for *zakat* collection from private corporations, state-owned enterprises, state institutions, and ministries, while the second is a collective approach for individuals and SMEs.

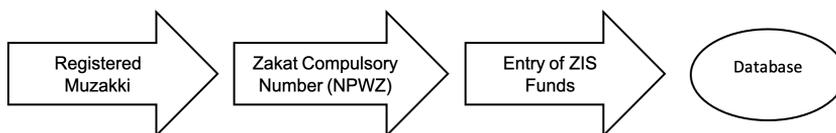
By nature, the association of agencies is binding and collective, while the association of individuals is individual and not binding. In terms of the number of associations, agencies collect in large numbers through an integrated service system, while individual associations serve collections in relatively small numbers through customized services.

The market segment of corporate associations is more homogeneous than individual associations. The Agency Association has three types of products: 1) corporate *zakat*, which consists of commercial *zakat* and corporate *zakat*; 2) professional *zakat* which aims to collect ZIS funds for employees through the Zakat Collecting Unit or through the payroll system; and 3) the synergy of the BAZNAS program through the corporate social responsibility program of various national Islamic banks, resulting in empowerment programs such as Zakat Community Development, BAZNAS Healthy House, Smart House for the Nation's Children, BAZNAS Prosperous House, and Disaster Emergency Response.

BAZNAS itself developed and uses BAZNAS Management Information System (SIMBAZNAS), a management information system for fundraising ZIS from the public. As explained by the Information and Technology Manager of BAZNAS in Bayu (2016), SIMBAZNAS manages ZIS from the collection stage all the way to the distribution, but its mechanism is actually very straightforward. When a muzakki is first registered in the system, Zakat Compulsory Number (NPWZ). After that, the payment of *zakat* from the registered *muzakki* is recorded in the system and proof of receipt is given. Likewise, with *mustahiq*, they are first recorded in the system and grouped according to the assistance needed. All of this is stored in the BAZNAS database.

The utilization of SIMBAZNAS has significant value for BAZNAS' overall performance. Below is the fund management process used by BAZNAS, based on of the IT Manager of BAZNAS.

Figure 3. SIMBAZNAS Process Scheme (Source: author)



5.2.2. Disbursement Strategy

In essence, BAZNAS has two strategies for ZIS disbursement. The first is direct distribution, where ZIS funds are given directly to registered recipients. The second is indirect distribution, which is a method of giving that uses techniques or is not consumptive in the form of training and empowerment (Elman, 2016).

The method of distributing ZIS funds, especially for *zakat*, is determined by the eight groups that have been mentioned in the Holy Qur'an. Meanwhile, distribution by the indirect distribution of BAZNAS are in the fields of health, education, social humanity, *da'wah* and advocacy, and economics.

Figure 4. Distribution of BAZNAS (Source: baznas.go.id)

Fields	Activities
Health	BAZNAS Healthy House
Education	- Cendekia BAZNAS Boarding School, Cibungbulang, Bogor - BAZNAS Scholarship
Social Humanity	Disaster Response BAZNAS (BTB) - Handling Disaster Victims (Rescue) - Disaster Risk Management (PRB) - Volunteers
<i>Da'wah</i> and Advocay	<i>Mualaf</i> Center BAZNAS
Economics	- Zakat Community Development - BAZNAS Microfinance - <i>Mustahiq</i> Economic Empowerment Institution (LPEM) - <i>Mustahiq</i> Farmer Empowerment Institution (LPPM)

5.2.3. Organizational Culture

BAZNAS is an institution based on the concept of Islamic economic empowerment. The people work and volunteer there are expected to carry the main vision of BAZNAS, which is to serve the people, especially in managing ZIS funds.

The organizational culture of BAZNAS consists of a culture of administration, discipline, clear division of authority, and innovation (Taqwallah, 2022). In addition, because BAZNAS is an Islamic institution, BAZNAS upholds the piety of each of its employees, starting from the Prophet's command to all his people to be pious because it is good manners. Good administration throughout the ZIS funds management process naturally, requires honesty and discipline from the implementing members. A clear division of tasks and, authority is also given from the center to all branches under the central leadership, while the election of the chairman of BAZNAS for each region is carried out in a sporting manner and upholds the integrity of the BAZNAS vision and mission.

BAZNAS is very tidy in its administration, especially in terms of finance. It conducts two forms of regular audits to determine whether ZIS targets are correct or not according to *syariah*. Regarding the division of tasks, BAZNAS is clearly regulated through Ministry of Religion regulations as well as BAZNAS regulations known as Perbaznas. These Regulations are very clear on matters of inter-departmental relations and BAZNAS' unified strategic plan, reaching from the central BAZNAS to the local level.

Regarding innovation, BAZNAS provides opportunities for all branches to develop programs that will support BAZNAS's overall performance. To motivate branches, BAZNAS also holds regular award events. For example, over several periods, BAZNAS Sumedang District been awarded as the best BAZNAS branch.

5.3. People Empowerment

1. Employees

BAZNAS has an employee empowerment program, conducting training for both the chairman of the board of commissioners of branches, as well as for all members. Therefore, it is hoped that all BAZNAS components have the same approach in order to achieve BAZNAS' vision and mission.

2. Muzakki

For *muzakki*, BAZNAS provides education, especially regarding the obligation to pay *zakat*.

3. Mustahiq

For *mustahiq*, BAZNAS has an empowerment program with the aim of encouraging *mustahiq* to become *muzakki*.

4. Partners

BAZNAS has a productive *zakat* program run collaboration with third parties. Productive *zakat* is the distribution of *zakat* assets to *mustahiq* by being managed and developed through business behaviors (Fasiha 2017). Assets are used as capital which is expected to increase the *mustahiq*'s economic level. Also included in the definition of productive *zakat* is if *zakat* assets are managed and developed by *'amil*, with the financial results distributed to *mustahiq* on a regular basis. BAZNAS runs these programs through MOUs with the relevant parties.

BAZNAS also organizes the annual BAZNAS Awards. The program gives awards to a number of Cabinet Ministers, Governors, District Heads, Mayors, to Zakat Management Organizations, and other parties who contribute to the development of *zakat* in the country.

6. BAZNAS Digital Transformation ZIS Towards Prosperity in Indonesia's Muslim Society

The performance of BAZNAS in collecting and distributing ZIS funds is the main indicator the achievement of prosperity in the Muslim community in Indonesia. The following is an overview of the development of the collection and distribution of ZIS from 2015 to 2019, representing the results BAZNAS' digital transformation.

Figure 10. BAZNAS Absorption Between Collection and Disbursement of ZIS (Statistik Zakat Nasional 2015-2019, BAZNAS)

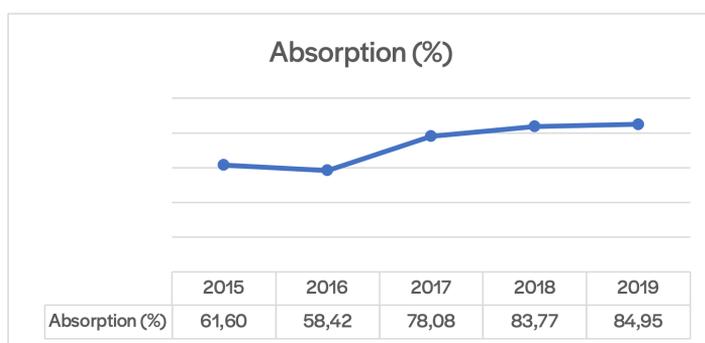


Figure 10 describes the absorption between the collection and distribution of ZIS funds from 2015 to 2019. Although in 2016 there was a decline, the amounts increased in 2017, 2018, and 2019.

6.1. Collection of ZIS

Figure 11. BAZNAS Collection ZIS (Statistik Zakat Nasional 2015-2019, BAZNAS)

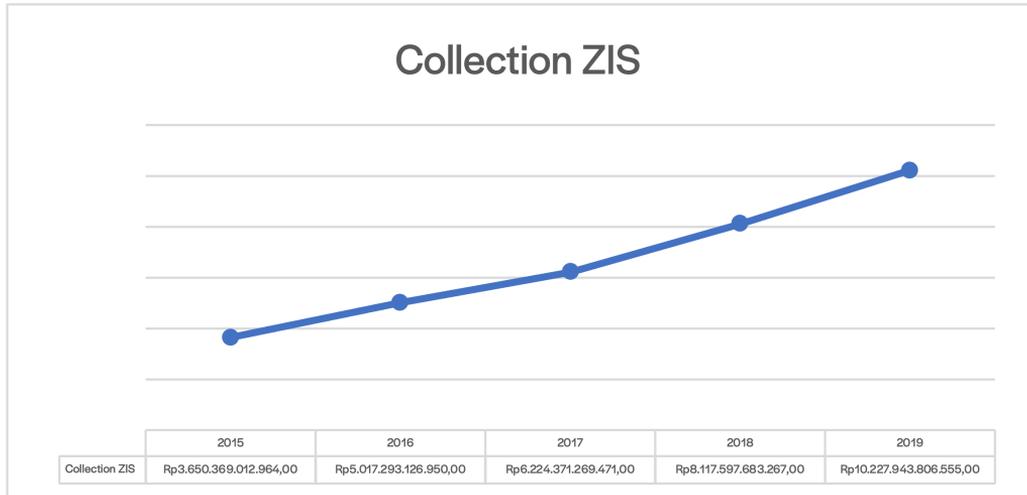
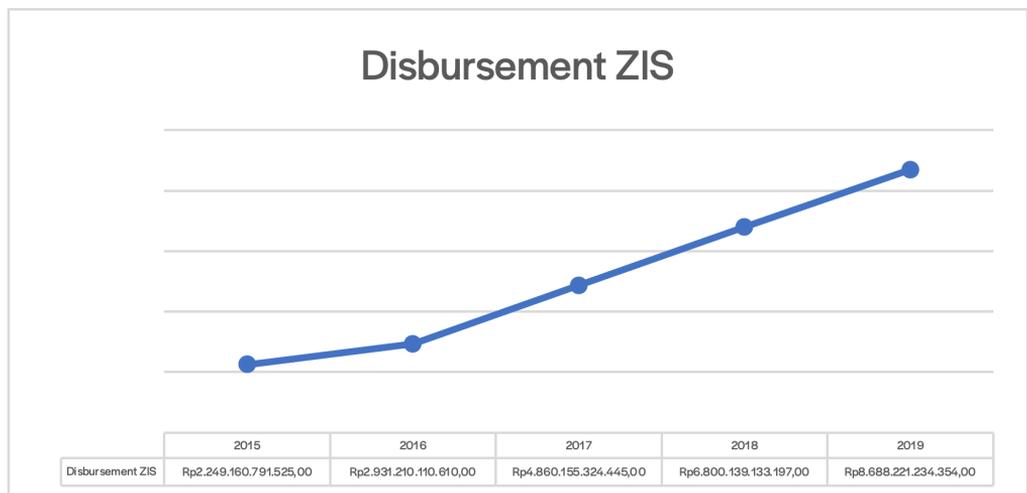


Figure 11 shows that the collection of ZIS funds has increased consistently since 2015. The collection of ZIS funds is a major indicator in measuring the performance of zakat institutions.

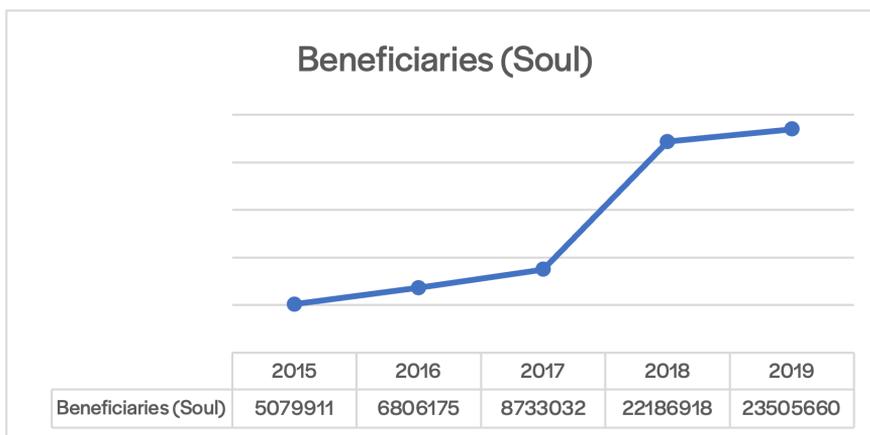
6.2. Disbursement of ZIS

Figure 12. Disbursement of ZIS (Statistik Zakat Nasional 2015-2019, BAZNAS)



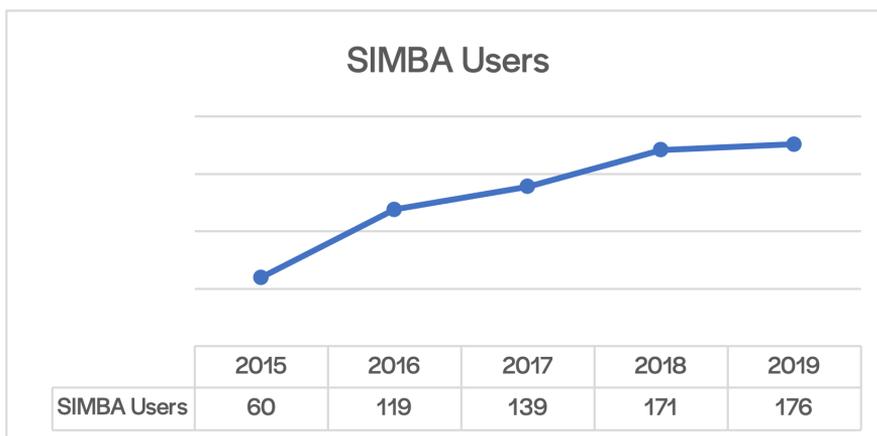
6.3. Beneficiaries

Figure 13. Beneficiaries of ZIS (Statistik Zakat Nasional 2015-2019, BAZNAS)



6.4. Users of SIMBA

Figure 14. Users of SIMBA (Statistik Zakat Nasional 2015-2019, BAZNAS)



Overall, the performance of BAZNAS has increased. In figures 13 and 14, it can be seen that the number of beneficiaries (*mustahiq*) along with SIMBA users continues to increase from 2015. The application of digitalization in all areas of BAZNAS' work helps the institution to continuously improve its capabilities, both in terms of collecting and distributing ZIS funds.

BAZNAS has responded to technological developments in the finance sector and has achieved the desired results. Below are some of BAZNAS' awards and acknowledgements from domestic and foreign institutions in 2019 and 2020.

Figure 15. BAZNAS Awards in 2019 and 2020 (baznas.go.id)

2019	2020
2019 Global Good Governance Award	Award from the University of Indonesia in 2019 for the support of BAZNAS
Global Islamic Financial Award (GIFA) International Award	Global Good Governance Award 2020
Padmamitra Award 2019	Indonesia Fundraising Award (IFA) 2020
Indonesia Scholarship Award 2019 as a scholarship provider lembaga	Award from the Regional Government of Parigi Moutong Regency as a Caring Institution
Scholarship Partner and Contributor Award from Bogor Agricultural University	Award from the National Disaster Management Agency
Anugerah Syariah Republika Award 2019	Award for the Best Service Zakat Institution for the Group of Philanthropic Institutions
Top Muslim Executive award 2019 in the category "Economics of the Ummah"	Top Digital Awards 2020
BUMDes fostered by BAZNAS won the 2019 BUM-DesaExpo, as the favorite BUMDes	Since 2004 BAZNAS has obtained ISO 9001:2015 certificate
Scholarship Partner and Contributor Award from Hasanuddin University Makassar	Best Benefit Partner of 2020

The success of BAZNAS as a ZIS fund management institution has a significant influence on Indonesian Muslims' prosperity (Salim, Hossain & Al-Mawal, 2016). This can be seen in the graphs above. An indicator of the success of a *zakat* institution is the increase in *muzakki* and the increase in the distribution of ZIS funds to *mustahiq*. By receiving the benefits of ZIS funds, the distribution of ZIS funds is right on target and achieving the goals of the *zakat* institution. Meanwhile, the prosperity of *mustahiq* is an indicator of the prosperity of Muslims in an area and can also be used as a motivation for similar *zakat* institutions to improve their performance in order to achieve success in implementing an Islamic economic system.

7. Conclusion

We can conclude that BAZNAS has succeeded in undertaking a digital transformation. As stated in the theory above, digital transformation is not only a matter of technological development, but also involves elements of management and the people involved in the its consistently improving performance, both in terms of collecting public funds, especially ZIS funds, as well as in terms of winning recognition and awards from several institutions.

BAZNAS can become a role model for other zakat management institutions both in Indonesia and abroad, to also take decisions to undertake digital transformation. The improvement in BAZNAS' performance is good news for the Muslim world economy and the road towards prosperity. For future research, research that monitors the progress of BAZNAS' performance should be undertaken on an annual basis.

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