

An Analysis on the Changing Operational Nature of Baitul Maal Institutions in Indonesia

Adi Saifurrahman and Salina Kassim

IIUM Institute of Islamic Banking and Finance, International Islamic University Malaysia, Indonesia

Keywords: Baitul Maal, Comparison, State's Treasury, Charitable Body, Zakat.

Abstract: Baitul Maal is deemed as a vital financial institution in the past, apart from its role as the state's treasury in managing all types of revenues and expenditures that the Islamic State had. Previously, Baitul Maal served as the assurance body to ensure public security and preserve the welfare of the public. Due to this important function, the modern Muslim civilisation, especially in Indonesia, once more intended to establish an identical institution and have the aspiration to replicate the past function of Baitul Maal. When this research is conducted, the main purpose of this research is to compare the role and function of the past Baitul Maal with the role and function of present Baitul Maal in Indonesia, identify and analyze the similarities and differences between the two generations, whether the present Baitul Maal truly reflects the role and function of the past Baitul Maal, or it is just merely a name? The result of this research implies that there are several similarities and differences between the two institutions. The similar aspect between the two generations is in the aspect of concept and philosophy of Baitul Maal. Subsequently, the different aspect between the two institutions is in the aspect of the definition, source of wealth or revenues, expenditures, and organisational structure. In general, the past Baitul Maal serves as the state's treasury, while the present Baitul Maal serves as the charitable body. Due to this different characteristic between the two institutions, the past Baitul Maal has a wider type of revenues to be managed and larger type of expenditures to be spent, whilst current Baitul Maal is limited to the sadaqah types fund only that consist of Zakat, Infaq, Sadaqah, and Waqf. Thus, explicitly, its expenditures are also limited and only can be spent on the beneficiaries and the needy.

1 INTRODUCTION

The growth of modern Islamic banking and finance is deemed rapid and enormous; the expansion is perceived globally in the Muslim countries and Non-Muslim countries alike. Unfortunately, according to some research, the expansion, and growth of Islamic finance are not followed by the welfare of Muslim civilisation in the respective country. Critics have highlighted that the current Islamic banking and finance practices are merely a replication of conventional banking system, where the main objective is the profit maximisation rather than social and environmental development.

The Economic Development Success is not just measured on how high the income and expenditure level, but also measured on how the wealth or property was managed, distributed and benefited to those who need, to achieve justice and fair welfare of society. Thus, in order to strengthen the public wealth sector and to realise its full potential for the

socio-economic development, the mobilisation and distribution of the resource are utmost important. (Possumah & Ismail, 2012).

Previously, as we know, Islam has the Important Financial institution known as Baitul Maal, this institution collects the funds of Muslims from various sources and spend those funds on developing the state and as the social security to ensure public well-being, the wealth management that held by the Baitul Maal is deemed benefited the most of Muslim in the previous age, and this institution is considered the pioneer in promoting the equitable wealth distribution among society.

Due to these functions, Baitul Maal was considered as an essential strategic tool to manage wealth and property of Muslim in the past, since the time of Rasulullah peace be upon him until the time of Khilafah, all of the financial matter at that time is referring to the Baitul Maal, from Zakat and Sadaqah distribution, collection of spoils of war (Ghanimah), Salaries of staffs and soldiers etc. are taken directly from Baitul Maal.

With the pass of the time, and with the growth of Islamic finance in modern age, the Muslim once again dreams about the establishment of Baitul Maal that reflects the function of the past Baitul Maal and can help them manage their financial aspect, in Indonesia the first intention to establish Baitul Maal was in 1980, at that time Indonesian people are aware of the existence of Islamic Bank since Indonesia is occupied mostly by Muslim. The experiment of Islamic finance institution was done through the small scale by establishing of Baitul Maal in Bandung and Jakarta in the form of cooperative institution, but the real Baitul Maal institution was established along with the establishment of Islamic Banks in Indonesia in 1990.

With the big gap between the past and present, sometimes the role of the institution may differ due to a different era, people, purpose, and understanding, this research intends to compare the Role of today's Baitul Maal in Indonesia with the past Baitul Maal, did they role and operation reflect the past Baitul Maal? What are the differences, and what are the similarities?

When this research is conducted, the main objective of this research is to compare the role and function of the past Baitul Maal with the role, and function of present Baitul Maal in Indonesia identify and analyse the similarities and differences between the two generations, whether the present Baitul Maal truly reflects the role and function of the past Baitul Maal, or it is just merely a name?

This paper discusses the importance of Shariah audit in Islamic financial institutions and it is regarded as a confession by the institutions that all its operational activities are in accordance with Islamic teachings. This is importance to keep the institutions are accountable and trustworthy in the eyes of public as stakeholders.

2 LITERATURE REVIEW

2.1 Baitul Maal in the Past

According to the Dictionary of Islam, Baitul Maal was defined as National Treasury who received the money collected by the state from various sources such as Zakat, Waqf, etc. (Huges, 1895). According to Abdul Qadeem Zallum in his book, 'al-Amwal Fi Dawlah al-Khilafah' defines Baitul Maal as the competent authority in charge of all the State's revenues and all the expenditures for which the Muslims are eligible (Zallum, 1988). This definition describes Baitul Maal as a treasury of the state. So

every property, be it land, buildings, minerals, money, or commodities, where the Muslims are entitled to have it according to the Shariah rules, and the individual who entitled to its ownership has not been specified, although certain parties have the right to accept the portion of it.

The Baitul Maal was utilised to deal with the economic matters of Islamic state like revenues etc. During the reign of our Prophet Muhammad (SAW), a permanent Baitul Maal was not established, no reserves were kept, the revenues that were accumulated were immediately distributed. During the reign of Abu Bakar RA, Baitul Maal was also not kept as there was no prominent need for the reserves to be kept. Whereas during the caliphate of Umar RA, the needs changed as the conquests started increasing and larger quantities of revenues were generated. Previously salaries were not paid, but with the increasing men in the army and the increasing revenues, Caliph Umar started paying salaries to the fighting men (Possumah & Ismail, 2012).

As the revenues began to increase, the second caliph Umar established a permanent Baitul Maal after consulting with his companions. A central treasury was established in Madinah. Accounts department was included. Later the provincial treasuries were also set up, and salaries and stipends were paid. For the royal treasury, a separate building was built that was the Baitul Maal.

As the Baitul Maal continuously growing and expanding in the past, the concept of Baitul Maal was included permanently to make the Islamic state a welfare state. Reserves of food were also kept for natural disasters and famine. No money was allowed to be wasted on luxuries that were unnecessary so that the money can be used for the welfare of the people.

According to A. Ghazali, the philosophy of the past Baitul Maal is to form the basis of public financing. The final aim is to construct a society committed to balancing the material and spiritual values by ensuring that wealth obtained by individuals is distributed from the "haves" to the "have-nots" (A. Ghazali, 1990).

Regarding the sources of wealth of past Baitul Maal, Zallum (1988) discusses war spoils, treasures, fifts, kharaj, jizyah, public properties, state properties, lands, buildings, general utilities, tithes, illicit money from the rulers or civil servants money acquired illegitimately, fines and so forth. Zakat on various types of wealth has been discussed within the funds of sadaqah. While discussing the sources of Baitul Maal, Abu Ubayd (d224H) has categorized

it mainly into two, First: funds that were exclusively belonged to the Prophet (may peace be upon Him) excluding others, Second: the funds, which fall under the head of the Muslim state, are of three kinds as pointed out by Umar, and he elucidated it from the Holy Qur'an: Sadaqah, Fay', Fifth of war spoils, the treasure of trove, mines, and the like (Abu Ubayd, 1989), Manjarah categorizes the funds that should be collected and accumulated in Baitul Maal into twelve. These are: a fifth of rikaz (hidden treasure), a fifth of nadrah (piece of mineral), bequest of free slave, tax of the land taken from enemy by force, jizyah (head tax) by peace, and by force, fifth of war spoils, gift received from the enemy, wealth of the apostate, wealth that remains after distribution of the prescribed shares, what is taken from the businessmen of enemy and free non-Muslims under Islamic rule, and wealth that occupies the liability (Manjarah, 1993).

For the expenses of past Baitul Maal, Lakhmi says: at first the funds should be spent for the defence of the city where it is collected. Thus, funds were spent to reform its forts at coastal areas; weapons, instruments, etc. would be bought; salaries of the officials, army, and judges of that city would be paid, if anything remains would be given to the poor, and then if anything remains would be kept to face the unforeseen circumstances (Manjarah, 1993). However, all these are subject to the discretion of the chief of the state, and he is free to spend and to prioritise whatever he deems appropriate to get the attention of the funds of Baitul Maal (Tawudi, 2000).

2.2 Present Baitul Maal in Indonesia

The operation of Baitul Maal in Indonesia is known well as the Baitul Maal wat Tamwil (BMT), and it has a various and multiple roles in the Indonesian society, BMT is a small financing institution which operates using mixed concepts of "Baitul Maal" and "Baitul Tamwil" with its target focused on the small business sector (Andriani, 2005). The concept of Baitul Maal in a BMT institution is that of the role as a religious and social institution which collects funds from Zakat, Sadaqah, and Infaq, and distributes these funds to beneficiaries (e.g., Asnaf of Zakat, and other recipients). By this concept, BMT also acts as Zakat institutions (Amil). The concept of Baitul Tamwil in a BMT institution has a role as a business institution which conducts its business activity involved in trading (sale and purchase of commodities), and as a financial institution which provides savings facilities and

financial products. (Hamzah, D., Rusby, D. Z., & Hamzah, Z, 2013).

At present, the role of BMT as an Islamic microfinance institution has become increasingly important, particularly with respect to its positive impact on eliminating the problem of poverty in Indonesian society. It provides financial facilities to the selected entrepreneurs either in the form of macro or micro-financing. According to Subkhan (2008), there are around three million customers who have obtained micro-financing from BMTs in Indonesia.

From previous information and description about the Baitul Maal wat Tamwil (BMT), this can be concluded that the BMT does not fully reflect the practice and function of the Baitul Maal at the beginning of Islam, since the most role of the BMT is funding and financing, the implementation of Baitu At Tamwil (House of Finance) dominate the Implementation of Baitul Maal (House of Money), and it is no different than the Islamic Bank but for the Micro-financing level and for funding the small enterprises, where the central role of the real Baitul Maal is for Zakat and Sadaqah distribution and Muslim wealth management.

In the other hand, Baitul Maal Hidayatullah (BMH) is one of the Indonesia largest zakat and sadaqah distribution institutions that its functions are arguably reflected more to the function of the previous Baitul Maal in the Caliphate age, the establishment of this institution has strong relationship with the establishment of Hidayatullah Islamic boarding school in 1973 in Balikpapan, East Kalimantan. The boarding school was first established as the Social Organization and the public foundation founded by Abdullah Said, followed by this boarding school establishment, Hidayatullah foundation founded several charity efforts in the social, educational, da'wah and financial aspect, one of this effort is the establishment of Institution that engages in the funding, fund management, and the distribution of Ziswaf (Zakat, Infaq, Sadaqah, and Waqf) and this institution was later known as Baitul Maal Hidayatullah. Until now Hidayatullah foundation has more than 250 Islamic boarding schools, and Islamic foundation networking that spread across Indonesia and the Hidayatullah Organization itself is considered the third-largest Islamic organisation in Indonesia after Nahdhatul Ulama (NU) and Muhammadiyah.

There are four main program that the Baitul Maal Hidayatullah (BMH) has, namely: Da'wah Program, Educational Program, Social & Humanity Program and Economic Program as the primary concern of

the Institution, several of these programs have been performed, from helping the orphans, establishing the educational center for the poor children, establishing free educational institutions and schools, disaster aid and assistance in the nationwide, and humanity aid for the Palestine, Syria, and another Muslim countries.

Baitul Maal Hidayatullah (BMH) is available in 30 Provinces of Indonesia with the 105 funding auxiliary units for Zakat, Infaq, and Sadaqah, the role, and function of the BMH is deemed massive and perceived by the regions and districts in Indonesia, with the existence of 287 Hidayatullah Islamic boarding schools, 5213 robust Islamic spiritual teachers (Da'i) has been spread over the Indonesia archipelago, thousands of the poor family has been empowered and deemed independent, thousands of school-age children get a decent education, all of this is possible due to the impressive management for Zakat, Infaq, Sadaqah and Waqf that was entrusted and managed by the BMH, and for this enormous success, in 2015 the Ministry of Religious Affairs in Indonesia confirms the BMH as the formal and official institution for Zakat Management in the Nationwide with the SK No 425 Year 2015 and according to the provision of UU Zakat No 23/2011. (bmh.or.id)

This research was conducted using Qualitative methodology by adopting the Case Study method, the data was collected primarily using purposive sampling by organizing the semi-structural interview to the Headquarter office of Baitul Maal Hidayatullah (BMH) to find the connections and links between the function of Baitul Maal that implemented in Indonesia currently, and the function of Baitul Maal in the Past, the reason for choosing this Institution is that because Baitul Maal Hidayatullah is deemed as one of the largest Baitul Maal institutions in Indonesia and its practice is reflecting more to the past practice of Baitul Maal compared to its BMT (Baitul Maal wat Tamwil) cousins.

The primary data and resource was obtained from the Interview event, the interview is recorded and documented audibly using the "Transcend" recording device "MP330 8GB" in WAV format with the length of the interview session about 74 minutes and the size of the files approximately 68.3 Megabytes, the interview is conducted using Indonesian language and was translated to the English, and as additional primary data the researcher use the previous annual report of the BMH institutions to support the data that the researcher acquires.

Moreover, for the secondary data, the researcher uses some of data and information obtained from the internet or specific website that describe the growth of Baitul Maal Hidayatullah in Indonesia, to conclude and predict the prospect of Indonesia Baitul Maal institutions in the future.

The main reason this research choose the Baitul Maal Hidayatullah (BMH) is due to the size and the significant number of branches that the Hidayatullah institution has. Besides, this institution is not only focusing on the Baitul Maal, and financial aspect, Hidayatullah institution famously known as the reliable Islamic educational institution and the third substantial social organisation in Indonesia after well know Nahdhatul Ulama organisation and Muhammadiyah organisation. Hence, conducting the research in the BMH will represent almost the whole operation of Baitul Maal in Indonesia itself, and this research is conducted by interviewing the General Director and Head of the Human Resource of Baitul Maal Hidayatullah.

Another reason for choosing the BMH as the primary interest is that because their institutions reflect more to the actual function of Baitul Maal that was practised in the past, where its cousins the BMT reflect more to the function of today's Islamic Bank for the Micro-financing level and small companies and enterprises, it is cannot be doubted both of them plays a significantly influential role for the equitable distribution and poverty alleviation among Indonesian people, since this research objective mainly focus on finding the link and the relevance of current operation of Baitul Maal in Indonesia and the past Baitul Maal, it is considered suitable and fair to choose the closest function among these institutions so the real comparison can be conducted and the relevant result can be obviously known and achieved.

3 DISCUSSION

3.1 Analysis of Changing Operational Nature of Baitul Maal: Between the Past and Present Generation in Indonesia

This chapter will focus on the findings based on the Interview conducted in Baitul Maal Hidayatullah (BMH) and also the data that was obtained from the respective Institution, this chapter will identify, analyse and compare the characteristics and function between the past Baitul Maal that was practised in

caliphates ages and the current practice and operation in Indonesia represented by BMH institution.

1) From the Definitional Aspect:

According to the general understanding of Baitul Maal definition, the past Baitul Maal has different function than present Baitul Maal, in the past, Baitul Maal act as the state's treasury and manage all kinds of revenue and expenditure, while today's Baitul Maal especially in Indonesia, the function of institution is limited to the philanthropy function or as charitable body, current institution is limited only to manage zakat, sadaqah, infaq, and waqf, whereas the past institution is wider and broader.

2) From the Conceptual Aspect:

The previous Baitul Maal has the concept to make the Islamic state as the welfare state and to achieve fair distribution to ensure the public wellness, whereas the current Baitul Maal in Indonesia has the similar concept to make the Indonesia as the welfare nation through the fair distribution of zakat and other philanthropy mechanism, even though there are some differences in implementing this concept, from overall perspective, both institution has similar and identical concept which is to achieve the welfare of the nation and public. The current Baitul Maal in Indonesia has several limitations in implementing this concept due to the different era, situation, condition, and lack of government support, therefore, to achieve the similar success in implementing the previous Baitul Maal concept, the extensive involvement of Indonesia government is deemed needed and important.

3) From the Philosophical Aspect:

The past Baitul Maal main objective in their philosophy is to construct the society with the balance in their spiritual and material aspect and also to establish the public security to ensure the welfare of the people by providing the clothes, housing, health care, education and access to the food, whereas current Baitul Maal in Indonesia represented by the Baitul Maal Hidayatullah (BMH) tried to implement the similar philosophy in their activity and operation by providing the spiritual teacher and regular teacher in their programs, and providing several services to enhance the life of the poor people, from the scholarship, free education, health care, and some of the public services.

4) From the Source of Wealth Aspect:

The past Baitul Maal has wider type of source of wealth if it is compared to the current source of wealth of Baitul Maal in Indonesia, the past Baitul Maal has group of funds for their source of wealth from the Sadaqah fund, Fay' fund, spoils of wars, mines, treasures of Trove, and another, whereas today's Baitul Maal institution in Indonesia only obtained from the Sadaqah type of fund which is consist of Zakat, Infaq, Sadaqah, Hibah, and Waqf. Notwithstanding with this type of wealth limitation, the Zakat potential in Indonesia is considered huge and increasing, even though the present Baitul Maal in Indonesia only obtained from the mentioned source, they still able to sustain their operation and activity and continuously provide the benefits to the public from this source of wealth.

5) From the expenses aspect:

When this paper comparing the current Baitul Maal expenditures with the past expenditures of Baitul Maal we could see a huge gap between the two institutions, the main reason is that because the source of the wealth between the two generations of Baitul Maal is different, the past generation has wider range of income and revenue types, from Sadaqah, Fay', Spoils of War, minerals, mines, taxes and so forth, whereas the modern Baitul Maal generation in Indonesia is limited to the Sadaqah type of fund only, hence, in term of expenses the two also will be different, therefore, in this case, the two generations of Institution has different type of expenses, the past has the wider range of expenditure and represent the state's treasury, while the current Baitul Maal especially in Indonesia has limited type of expenses and only represent as the philanthropy institution or charitable body.

6) From the organisational structure aspect:

The past Baitul Maal organizational structure is formed and established based on inflows and outflows of the fund in the Baitul Maal, hence, the main division of past Baitul Maal simply consists of revenues division and expenditure division, the revenues division is responsible to manage all kind of revenues earned by the past Baitul Maal from the booties, land taxes, spoils of war, minerals and sadaqah fund, while the expenditures division is responsible and accountable for all kind of expenses of Baitul Maal from strengthening the city defences, enhancing the military equipment, helping the poor

and the needy and any other expenses related to Baitul Maal liability. While the modern Baitul Maal organizational structure is formed and established based on modern corporate governance structure, current Baitul Maal operation depends on the advanced technology system to simplify and synchronize the great number of branches, they also need a certain program to ensure the good quality of Human resource, and need certain transparency procedures such as audit committee to certify the integrity and financial transparency, and furthermore they need the marketing mechanism to increase the awareness of the public about the importance of zakat and sadaqah.

According to above information, The past Baitul Maal does not have the advanced technology to synchronize their department and does not have the specific programs to enhance their Human Resource, even though they do not have such sophisticated program, the Human Resource in the age of companions have the highest and excellent quality due to their closeness to the Prophet Muhammad SAW, moreover, the past Baitul Maal does not need any marketing mechanism, since the past institution can enforce their way to make people pay zakat, the only similar aspect between the two generations of the institution is the financial management system aspect in ensuring the transparency and good conduct, the past institution was represented by department of control, whereas the present institution was represented by the internal and external audit committee.

In Summary, both Baitul Maal generation has different organizational structure, the past used the revenues and expenditures organizational structure, while the present used the modern corporate governance structure, additionally, the present Baitul Maal has more complex organizational structure if it was compared in the past, due to complex nature of current financial system, managerial system, and information technology.

3.2 Analytical Summary

The above comparison through the various types of aspects can be simplified and summarised in the form of Tabular comparison; the following table will elaborate the comparative aspect between the past Baitul Maal and present Baitul Maal in term of their operation (See Table 1).

Table 1: Analytical Summary of the Past and Present Generation of Baitul Maal Institution: Case of BMH.

Aspect	Past	Present
Definition	Past Baitul Maal serves as the State's treasury function	Present Baitul Maal serves as the Philanthropy or charitable function
Concept	The concept of past Baitul Maal is to make the Islamic state as the welfare state	The concept of present Baitul Maal is to make the country as the welfare country
Philosophy	The past generation of Baitul Maal philosophy is to construct the society with the balance in the spiritual and material aspect	The present generation of Baitul Maal philosophy is to construct the society with the balance in the spiritual and material aspect
Source of Wealth	Sadaqah, Fay', Spoils of War, mines, minerals, taxes, etc. (wider types of revenues)	Sadaqah types fund only
Expenditures	Defence of the city, enhancing military equipment, development of the public facility, helping the needy and the poor, and serve as the security for the public well-being. (wider types of expenditures)	Helping the needy and the poor and serve as the security for the public well-being
Organisational structure	Division and Department are classified Based on the revenues and expenditures	Division and Department are classified based on modern corporate governance

3.3 Innovative Aspect of Present Baitul Maal

When the researcher conducted the interview with the respondent from Baitul Maal Hidayatullah (BMH), there are several innovative aspects that deemed as non-available in the past generation, during the interview session, BMH respondent reveals the two Innovations. First, is all about advanced technological aspect, currently BMH has a radio station, and it was utilised as the platform for

educating the public about the importance of zakat and sadaqah and increase their awareness to pay that obligation, and moreover, BMH use all available media to inform the public about their programs and activity, such as website, newspaper, digital media, social media, and any other technological media that surely not available in the past generation of Baitul Maal. Second, the respondent conveys that BMH also has several charitable programs that were manifested for the zakat delivery for eight beneficiaries (asnaf), meaning that the BMH use the different and innovative approach in delivering the zakat fund rather than to give that zakat fund immediately to the beneficiaries.

3.4 Issues and Challenges of Present Baitul Maal in Conducting Its Operation

During the interview session the researcher asks the respondent of Baitul Maal Hidayatullah (BMH) about the issues and challenges faced by BMH when they conducting their operation and activities, and what their strategies and planning to eliminate or mitigate those issues and challenges, the BMH respondent conveys that one of the issues and challenges faced by BMH is the lack of capable human resource, since the modern era is considered fast-moving era, therefore, the staff and employee of BMH must to keep their pace in order to follow the rhythms of today's workload condition and business situation; and to mitigate this issues, BMH try to increase its facilities that considered vital to enhance the quality and quantity of the Human Resource of BMH, namely the Amil's school, and several workshops and training programs. Another issues and challenges faced by BMH is the legislation and regulation issues, the respondent explains that every province and district in Indonesia have their own regulation and legislation regarding the National Zakat management board (BAZNAS), the problem comes when there is no specific regulation that governs about the BAZNAS in particular region, and to mitigate this issue, BMH need additional effort to establish the branches and outlets using the recommendation from the respective regional department of religious affairs.

3.5 Future Prospect of Present Baitul Maal in Indonesia

Indonesia is known as the largest Muslims population in the world; currently, Indonesia is home for more than 200 million of Muslim and

always counting, hence, the Islamic resurgence and rebirth to its former glory can be achieved with the increased awareness of today's Muslims in Indonesia. The case is not different for zakat, infaq, sadaqah, and waqf (ZISWAF), the ZISWAF potential in Indonesia has a bright prospect in term of its development and progression, since the Muslims in Indonesia began to understand the importance of ZISWAF and the increasing number of people who give the funds to be entrusted in ZISWAF management. With the 4 trillion rupiahs of collectable zakat funds, and always counting, Indonesia indeed have a great potential to become the powerful Muslim's nation in the future provided this Zakat is appropriately managed and distributed fairly to the beneficiaries.

During the interview session with Baitul Maal Hidayatullah (BMH) respondent, the researcher asks about the potential and the prospect of BMH in the future according to the respondent view, the BMH respondent reveals that the BMH spirit when it was established is to try to replicate the past function of Baitul Maal, even though those functions are not fully implemented, and BMH aspire to become a beneficial and meaningful institution for the development of the Ummah, currently we have the aspiration that BMH is not only available in Indonesia, but we hope that this institution also available in the worldwide, so for now, that is our prospect, aspiration, and spirits. For now, BMH has more than hundreds of branches and outlets scattered in the several provinces and districts in Indonesia and continuously counting and expanding.

From above discussion and Information, The Baitul Maal institution is indeed has a great potential and bright prospect in the future, this potential and prospect is caused by several determining factors, the most critical factors for the bright prospect of Baitul Maal in Indonesia is: the increase awareness of the public about the importance of zakat and sadaqah, the vast number of Muslim population in Indonesia, and the continuous expansion of the Baitul Maal Institution, with this three crucial determining factors, the growth of Baitul Maal and its development in Indonesia surely has great potential and bright prospect in the future.

4 CONCLUSION

When the researcher conducting this research, the main objective of this research is to identify and compare the role of the past Baitul Maal and the role of present Baitul Maal that was established in

Indonesia to know the similarities and differences between the two generation of Baitul Maal, in this research, the researcher using Baitul Maal Hidayatullah (BMH) as the case study for the present Baitul Maal comparison by conducting the interview in their headquarter, since this institution has more than hundreds of branches and outlets scattered across the country, and deemed as the largest Baitul Maal institution in Indonesia, therefore, conducting the study in this institution represent almost the whole operation of Baitul Maal in Indonesia.

As this research is conducted, there are several findings when the researcher tries to compare the role of the past Baitul Maal and present Baitul Maal, there are some similarities between the two generations and some of the differences, the similarities between two institutions: The past and present Baitul Maal have the same concept and philosophy, the concept is to make the state as the welfare state by implementing the policy that will ensure the welfare of the public, while the philosophy, the past and present Baitul Maal intend to develop the society with the balance between the spiritual and financial aspect.

The interesting point in this research when the researcher tries to compare is the different aspect between the two generations of institution, for overall aspect, the past and present Baitul Maal has different function, the past serves as the state's treasury and part of the government institution, whereas today's Baitul Maal is limited to the function of philanthropy or as charitable body and was separated from the government institution, due to this condition, the past Baitul Maal has a wide range of revenues and expenditures, while current Baitul Maal is limited to certain types of fund, which is sadaqah types of fund, hence, the expenditure of current Baitul Maal is also limited in giving to the zakat beneficiaries and needy people, moreover, the past Baitul Maal has an absolute power to enforce people to pay zakat, while today's Baitul Maal in Indonesia is only able to encourage and promote the people to do so, and does not have such great enforcement power. Furthermore, both institution has a different organisational structure, the past structure is established based on revenues and expenditures, while present Baitul Maal organisational structure is based on modern corporate governance structure.

Additionally, the researcher reveals the innovative aspect of current Baitul Maal where this innovative activities and operation is deemed non-available in the past generation of Baitul Maal,

beside, this research also state the issues and challenges that the current Baitul Maal faced while they conducting their activities and operation from the lack of human resource, and unsupportive laws and regulation that hinder the Baitul Maal establishment in particular area, and in the end, the researcher conduct the analysis for the prospect and the potential of current Baitul Maal in the future in Indonesia using the data gathered from the interview session and unstructured data analysis obtained from the annual report of Baitul Maal Hidayatullah (BMH), the result of this analysis implies that the present Baitul Maal has a great potential and prospect in the future due to the several factors.

As this research is conducted, this research is solely investigating and analyzing the role of Baitul Maal in the present time by representing Indonesia and Baitul Maal Hidayatullah as the case study, while the result may differ if the researcher makes the comparison between the past Baitul Maal and present Baitul Maal that available in another country or another institution. Hence, this research could be expanded and developed more if the future researchers are willing to do the cross country or cross-institution analysis and comparison since different country and institution may lead to the different result and findings. Furthermore, it may reveal a more interesting point to be uncovered and investigated.

REFERENCES

- Abu Yusuf. (1979). *Kitab al-Kharaj*. Beirut: Dar al-Ma'rifah.
- Adiwarman, A. Karim. (2009). *Permasalahan dan Konsep Syariah BMT*. Retrieved on 12 January 2012, from <http://ekisopini.blogspot.com/2009/10/permasalahan-dan-konsep-syariah-bmt.html>
- Adnan, M. A., & Ajija, S. R. (2015). The Effectiveness of Baitul Maal Wat Tamwil in Reducing Poverty: The Case of Indonesian Islamic Microfinance Institution. *Humanomics*, 31(2), 160-182. <https://doi.org/http://dx.doi.org/10.1108/H-03-2012-0003>
- Adnan, Muhammad Akhyar, Widarjono, Agus & Anto, M. Bakti Hendri. (2003). Study on Factors Influencing Performance of The Best Baitul Maal Wa Tamwil (BMT) in Indonesia. *IQTISAS Journal Islamic Economic* Vol. 4, No. 1, p. 13-35.
- Andriani. (2005). *Baitul Maal Wat Tamwil (Konsep dan Mekanisme di Indonesia)*. *Empirisma* Vol. 14. No. 2 p. 248-258.
- Asmadi, M. (2012). The Entitlement of The Bayt Al-Mal To A Muslim Praepositus' Estates; An Analysis On The Right of A Muslim To Bequeath Without Obtaining A Consent From The Bayt Al-Mal. 4(1), 269-

278. International Journal of Social Sciences And Humanity Studies, Vol 4. No 1. 2012 ISSN: 1309-8063
- Aziz, A. (2015). Success Factors for Baitulmaal Management during the Reign of Caliph Umar ibn Abdul Aziz. (May). Open Journal of Social Sciences. 2015, 3, 90-94, Published Online May 2015 in SciRes. <http://www.scirp.org/journal/jss>
<http://dx.doi.org/10.4236/jss.2015.35013>.
- Baitul Maal Hidayatullah. (2017). Program Catalog of BMH Activities. published by BMH. www.bmh.or.id.
- Farra, Abu Ya'la Muhammad. (1973). *al-Ahkam al-Sultaniyyah*. Indonesia: Surabaya. 3rd edn.
- Hamzah, D., Rusby, D. Z., & Hamzah, Z. (2013). Analysis Problem of Baitul Maal Wat Tamwil (BMT) Operation in Pekanbaru Indonesia Using Analytical Network Process (ANP) Approach. International Journal of Academic Research in Business and Social Sciences. 3(8), 215–229. <https://doi.org/10.6007/IJARBS/v3-i8/138>
- Huges, T. P. (1895). *Dictionary of Islam*. London: W.H. Allen & Co., 13 Waterloo Place, Pall Mall S.W. Retrieved from: <https://www.answering-islam.org/Books/Hughes/b.htm>
- Ibn Kathir, A.F.H. (2005). *Al-Bidayahwa Al-Nihayah*. Vol. 9. Dewan Bahasa dan Pustaka. Kuala Lumpur.
- Karimah, Ibn Sadah. (2014). *al-Iradat al-Ammah al-Islamiyyah wa dawruha fi Tahqiq al-Tanmiyyah al-Ijtima'iyah*. Jil Research Center. Retrieved on 14/12/2014 at
- Khalili, Ahmad ibn Hamd. (2004). *al-Fatawa Bayt al-Mal*. Muscat: al-Ajyal li al-Taswiq.
- Manjarah, Abdur Rahman. (1993). *al-Fath al-Mubin fi Bayan al-Zakat wa Bayt Mal al-Muslimin*. ed. Muhammad al-Habib al-Tajkani. Rabat: Dar al-Afaq al-Jadidah.
- Mawardi, Abul Hasan. (1989). *al-Ahkam al-Sultaniyyah wa al-Wilayat al-Diniyyah*. Kuwait: Dar Ibn Qutaybah.
- Ministry of Awqaf and Religious Affairs. (1986). *al-Mawsu'ah al-Fiqhiyyah*. Kuwait. vol. 8, 2nd edn.
- PINBUK. (1999). *Kajian Evaluasi Pengembangan Koperasi Pondok Pesantren dan BMT*. Working Paper, jointly published by PINBUK and Proyek Pengembangan dan Pemantapan Koperasi Perkotaan. Dirjen Koperasi Perkotaan. Dep. Kop dan Pengusaha Kecil. Republik Indonesia.
- Possamah, Bayu Taufiq & Ismail, Abdul Ghafar. (2012). *Baitul Maal and Legal Constraint: Public Wealth Management in Malaysian Context*. International Journal of Academic Research in Business and Social Sciences.
- Rahman, H. (2015). *Bayt Al-Mal and Its Role In Economic Development*: 2(2), 21–44.
- Robbani, Mohammed. (2010). *Bayt al-Mal: Proposed Launch & Operational Framework*, UK: The Institute of Islamic Finance.
- Salam, Abu Ubayd al-Qasim. (1989). *Kitab al-Amwal (the Book of Finance)*, Beirut: Dar al-Shuruq.
- Subkhan. (2008). *Menunggu Payung Hukum BMT*. Retrieved on 12 January, 2012, from: <http://subkhan.wordpress.com/2008/01/09/menunggu-payung-hukum-BMT/>
- Tawudi, Muhammad. (2000). *Kashf al-Hal anil Ujuh allati Yantazimu minha Bayt al-Mal*, ed. Abdul Majid al-Khiyali. Beirut: Dar al-Kutub al-Ilmiyyah.
- Zallum, Abdul Qadeem. (1988). *Funds in the Khilafah State*. London: al- Khilafah Publications, 2nd edn.