

Preferences of Islamic Commercial Bank Customers in Paying Zakah

Ida Syafrida, Indianik Aminah, Taufik Awaludin

Accounting Department, Politeknik Negeri Jakarta, Jl. Prof Dr.G.A. Siwabessy, Depok, Indonesia

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Abstract This study aims to identify the use of online payment facilities, the types of zakah paid, and the zakah payment facilities most frequently used by Islamic commercial bank customers. This is important to do, so that Islamic banks can formulate the right policies in collecting zakah funds. The method used is descriptive based on the results of a survey of Islamic bank customers in the Jabodetabek area. Research finds the majority of Islamic bank customers have used electronic money, payment financial technology (fintech), and market places for payment transactions. There are less Islamic bank customers who have paid zakah on assets and zakah on income. In general, Islamic bank customers pay zakah by cash deposits through zakah officers/volunteers, direct distribution, online transfer by ATM, and cash deposit via teller. Very few customers use payment facilities through technology service applications both fintech, market places, even base on the research none use applications from Islamic banks for paying their zakah.

1 INTRODUCTION

The Islamic Banking Roadmap (2015-2019) describes several strategic issues that have an impact on the development of Islamic banking, including minimal capital and low efficiency. Policies are needed to strengthen capital and improve efficiency. To achieve optimal economies of scale, banking corporations must increase core capital to more than Rp. 5 T (Bank Indonesia Study), so that additional funding sources are needed for the development of Islamic banks. One of the potential sources of funds that can be obtained by Islamic banks is zakah funds from the public which will be channeled through the Amil Zakah Agency (BAZ) or the Amil Zakah Institution (LAZ).

Indonesia is a country with the largest Muslim population in the world, and has a huge potential for zakah. Indonesia's zakah potential reaches 1.7% of 2010 Gross Domestic Product (GDP) and it is estimated that GDP will reach Rp. 21 thousand Trillion in 2020, then the projection of national zakah collection under the 2020 consolidation program is equivalent to 30.3% of the national zakah potential which at that time will reach Rp. 357 Trillion. According to National Amil Zakah Agency (BAZNAS) data, the potential for zakah in Indonesia is around Rp. 280 Trillion, but the collection of zakah funds at the end of 2018 just reached Rp. 8.1

Trillion and in 2019 it increased to Rp. 10 Trillion. However, if the data is compared to the total GDP of Indonesia in 2019 which reached Rp. 15,834 trillion, the realization of the collection of zakah funds will only reach the equivalent of 0.06% of GDP. However, the realization of the collection and growth of Zakah funds in formal institutions for the period 2014-2018 continues to increase by an average of 25% per year. This shows that public awareness is getting better in paying zakah through official amil zakah institutions.

To increase the amount of zakah fund collection, BAZ and LAZ must continue to collaborate with the zakah stakeholders. One of the potential breakthroughs is to take advantage of raising funds through internet or online technology applications, including the use of digital payment technology provided by Islamic banks. Currently, several Islamic banks have expanded digital innovation to provide convenience for their customers to make transactions, such as: Bank Muamalat with Muamalat Din, Bank Syariah Mandiri with Mandiri Syariah Mobile, BNI Syariah with Hasanah Mobile, BRI Syariah with BRIS Online. According to BAZNAS data, banking use as a method of paying zakah in 2017 there were 133,202 transactions from the total transactions or 89.3%. Then in 2018, transactions with banks rose to 163,572 or 91.4%. In 2019, there was a decline in the use of banking

methods to 65,738 transactions or 79% (BAZNAS, 2020).

The rapid development of internet technology allows transactions to be carried out online easily, safely and quickly. The use of online and digital channels has increasingly become a necessity for zakah managers (BAZ and LAZ) so that access to zakah fund collection is increasingly varied. Although the existence of these online and digital channels is relatively new for some people, seeing the potential population in Indonesia which reaches around 265 million and 132 million of them are active internet users, online and digital payment channels have enormous potential as alternative channels in collect zakah funds. Zakah payer can pay his zakah funds either offline, online, or through the digital zakah application. Of course, in this case, zakah payer have certain preferences that underlie them in donating zakah online and digitally.

For this reason, Islamic banks need to identify the use of online payment facilities, the types of zakah paid, and the zakah payment facilities that are most frequently used by their customers. Thus, Islamic banks can take the right policy in collecting zakah funds as a source of bank funds.

2 THEORY

Zakah is part of property with certain conditions which Allah SWT obliges the owner to submit to those entitled to receive it with certain conditions as well. Pillars of zakah are the elements that must be fulfilled before doing zakah. The pillars of zakah include people who give zakah (zakah payer), assets that are zakah, and people who are entitled to receive zakah (mustahik).

"FinTech" or the combined term of Financial Technology refers to an emerging industry using technology-centered information technology and aims to increase the efficiency of the financial ecosystem. Since its inception, FinTech has successfully established its presence in the global financial industry due to the benefits and advantages of its innovative technology systems. With the development of financial services, advances in information technology, and the evolution of the financial sector, FinTech has become a new opportunity in the financial industry. This platform is expected to attract regulatory bodies, serve industry and product services to understand consumer behavior in order to gain a distinct competitive advantage. In general, digitization and technology have allowed the development of new

business models across industries. New entrants have become challenging competitors due to low cost operations, digital and connected offerings that are changing industry dynamics, forcing different ways to compete in existing businesses (Porter & Heppelmann, 2014).

There are a number of previous studies related to the preference or determination of zakah payer in donating zakah, important factors in online and digital application systems as well as perspective and individual factors for zakah payer in paying zakah, including: Durodolu (2016) research investigates the Technology Acceptance Model (TAM). The research results provide a deeper understanding and development of TAM as a suitable model for Communication and Information Technology for Development (ICT4D) / social informatics / community informatics studies and to explain the relationship between Information Literacy skills and technology acceptance. Other research (bin Mohamed Fisol, bin Abdul Hamid, & Cheumar, 2017) aims to investigate the relationship between attitudes, subjective norms, perceived behavioral control, levels of knowledge and religiosity with Muslim intentions to use Islamic cooperative products and services. The results revealed that there was a significant relationship between attitudes, subjective norms, perceived behavioral control, level of knowledge and religiosity with Muslim intentions to use Islamic cooperative products and services.

Then the research of Ahmad, et al (2014) aims to measure the awareness of the online e-zakah system in Selangor and also to examine the extent to which the use of online e-zakah among individual zakah payers uses the Integrated Acceptance Theory and Use of Technology (UTAUT) model. The results of the research provide intellectual challenges and contribute to knowledge in the area of user perceptions of IT use and provide much-needed evidence of the need to increase awareness and use of online e-zakah. Meanwhile, other research (Al Azizah & Choirin, 2018) provides discussion of several issues related to financial technology as a financial innovation that can be used in terms of zakah disbursement in Indonesia. The research results reveal that the determinants of Islamic technology and finance encourage accelerating economic growth and poverty alleviation.

The results of the research by Doktoralina, Bahari, Abdullah (2018) present the factors that determine the mobilization of zakah payments, for example awareness, willingness to donate, trust in collection and distribution with the latest

technological developments. This research uses documentation analysis method. The factors that influence mobilization are awareness, willingness to donate, trust in collection and distribution with the latest technological developments to help mobilize income zakah payments at Zakah Institutions. Friantoro & Zaki's research (2018) analyzes the strengths, weaknesses, opportunities, and threats of using financial technology to collect zakah in Indonesia. Literature shows that there are always opportunities for amil zakah institutions to use financial technology to collect zakah because of the power of information technology in the era of 4.0. However, there are always threats and drawbacks to using financial technology.

Then Hijriana & Nugroho's research (2018) reveals that by using financial technology, financial inclusion will increase and have a positive correlation with the human development index. This relationship will guide Indonesia to a state of zakah optimization. Furthermore, Rachman & Salam's (2018) reveals that financial technology or fintech, as an information medium used to implement technology-based financial services, has become a great foundation in efforts to increase the effectiveness and efficiency of financial services. An integrated zakah management system has been developed and needs innovation to be developed. This means that fintech-based zakah management will continue to grow and grow well, both on the market and consumer side (especially for the demand aspect), so that regulations, standardization and efforts are needed to ensure zakah management using fintech media.

Tantriana & Rahmawati's (2018) aims to identify the level of preference of the people of Surabaya in determining how zakah (payments made annually based on Islamic law) on certain types of property are used for charitable and religious purposes. Based on the analysis, it is found that the variable knowledge of zakah, the level of certainty and the level of satisfaction has a significant effect on muzaki preferences for zakah payments. Santoso (2019) uses qualitative research methods with SWOT analysis techniques to analyze corporate strategy factors (strengths, weaknesses, opportunities and threats). This study finds a strategy to optimize zakah through improving the management and information system about zakah-based digitalization institutions. From the results of previous studies, research has not been found that specifically links the payment of zakah with the banking industry, especially Islamic banks. This

study connects zakah funds with Islamic banks as one of the channels for raising these funds.

3 METHOD

This research is a type of library research and survey where the researcher first reviews the literature which is closely related to the research problem. In this study, the data used are secondary and primary data. Secondary data were obtained from literature books and journals which produced a number of questions as a questionnaire. After that, the researcher made a questionnaire and asked a number of respondents to answer the questionnaire.

Respondents answered the questionnaire based on Judgment Analysis in accordance with the respondent's belief in the questions and statements in the questionnaire. The questionnaire contains two parts; the first part is designed to collect information on status, education, employment, and income from the sample. In the second part, contains information on the use of online payments from Islamic bank customers, the types of zakah paid, and the most frequently used zakah payment facilities. The questionnaire uses closed questions with choices and also open-ended questions that can be filled in on your own. Then the data from the questionnaire will be analyzed descriptively to reveal data on the characteristics of respondents and data related to the research objectives. The next stage, the researcher conducted the interpretation, conclusions and research recommendations.

The research population is all customers of Islamic banks in the Jabodetabek area. The sample selection of research respondents was carried out by purposive sampling and non-probability sampling. Of the 250 questionnaires distributed, 201 questionnaires were received back, and 80 questionnaires were categorized as users of Islamic banks. The research period is carried out for 3 months in 2020.

4 RESULT AND DISCUSSION

4.1 Responden Characteristics

The following is information about the status, education, occupation, and income of the respondents:

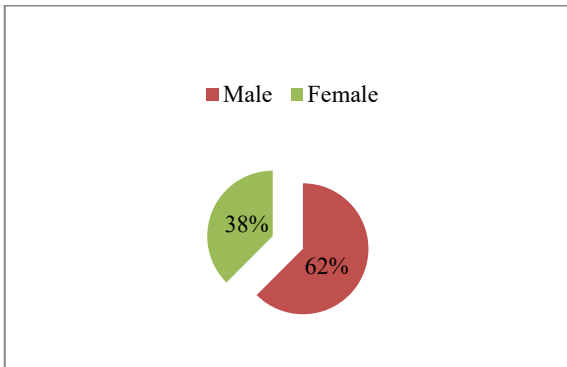


Figure 1. Sex

Based on the gender of the sample, it is known that the most respondents who filled out the questionnaire were male (62%).

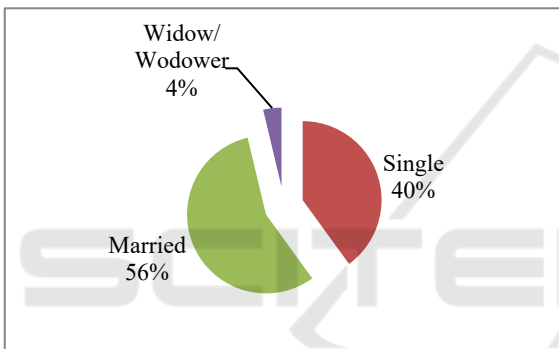


Figure 2. Status

Based on their status, more than half of the respondents were married (56%).

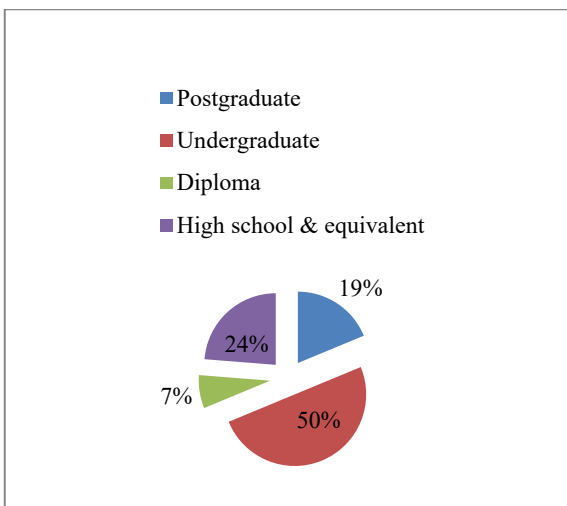


Figure 3. Education

The majority of respondents' last education was undergraduate (50%).

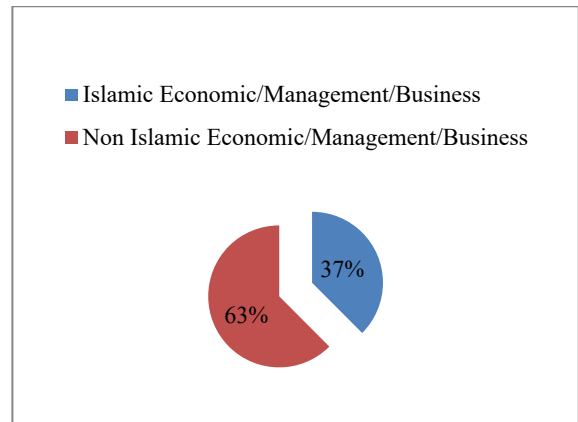


Figure 4. Educational Background

More specifically (63%), the respondents' education has a non-Islamic economic/ management/business background.

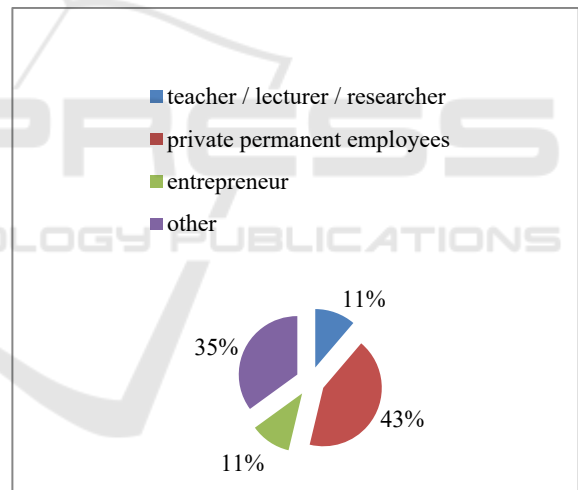


Figure 5. Job

In terms of work, most of the respondents are private permanent employees (43%).

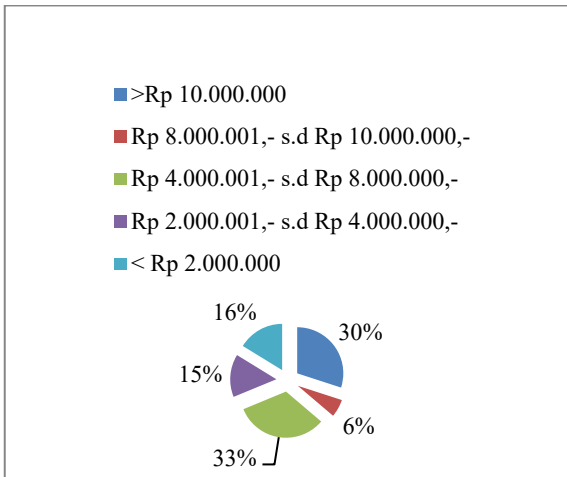


Figure 6. Income

Based on the respondent's income data, it is known that the most (33%) are above Rp. 4 million s.d. 8 million.

4.2 Respondent Online Payment Transactions

Following are the results of a questionnaire related to online payment transactions carried out by customers of Islamic banks:

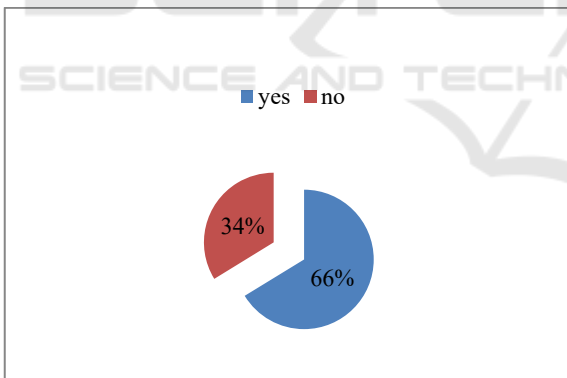


Figure 7. Electronic Card User

Based on data, it is known that the majority (66%) of respondents are electronic card users, consist of: BCA Flazz, Mandiri E-Money, BNI Tap Cash, BRIZZI, Bank DKI Jackcard, and Indomaret Card.

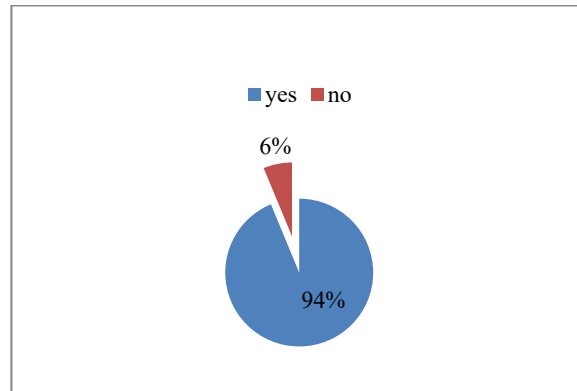


Figure 8. Market Place User

Base on data from the use of market places, the majority of respondents (94%) are already users of market place transactions, those are Bukalapak, Tokopedia, Lazada, Shopee, JD.ID, Tiket.com, Traveloka, Airy, Pegipegi, RedDoorz, and Blibli.

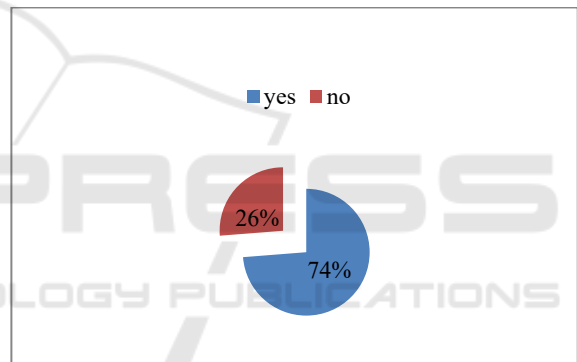


Figure 9. Payment Fintech User

From the figure, it can be seen that in general the respondents (74%) are users of payment features: GoPay, OVO, DANA, T-Cash / Link Aja, Japri apps, and cashbac.

4.3 Respondents' Zakah Payments and Facilities

Data related to zakah paid and the channel of payment often used by respondents based on the questionnaire results:

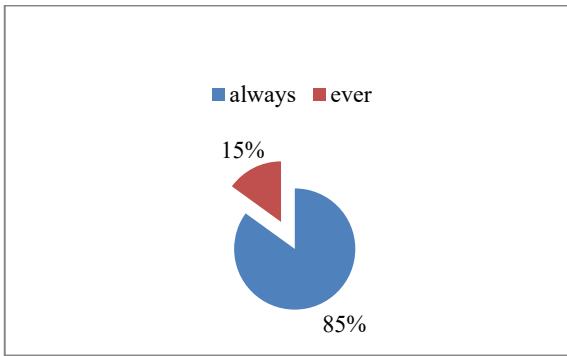


Figure 10. Frequencies of Zakah Payment

The majority of respondents (85%) always carry out the obligation to give zakah.

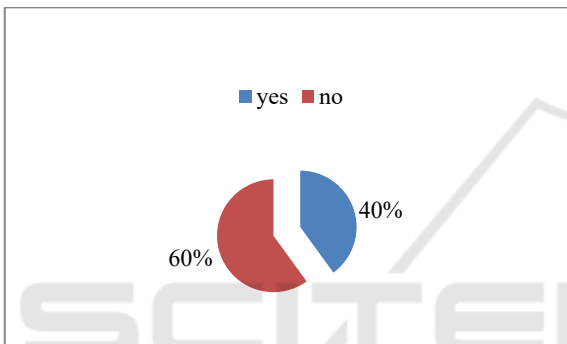


Figure 11. Zakah on Asset

More of the respondents (60%) do not pay zakah of property/maal.

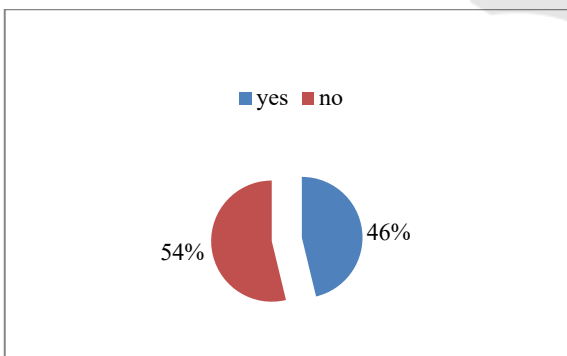


Figure 12. Zakah on Income

More respondents do not pay zakah on income (54%). The greatest potential of zakah comes from zakah on assets and zakah on income. For this reason, there is still a large opportunity for Islamic banks to raise funds from its types of zakah.

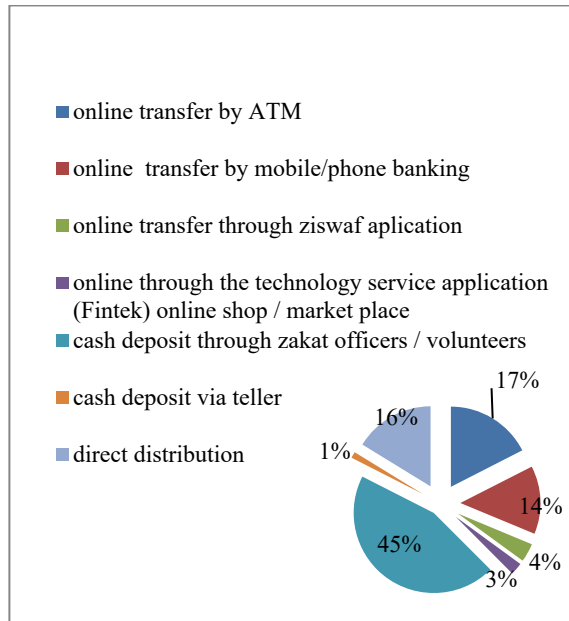


Figure 13. Favourite Zakah Distribution Channel

Based on the data, most respondents still use payment by cash deposits through zakah officers/volunteers, then online through ATM transfers and direct distribution followed by online via mobile/phone banking transfers. Very few respondents use payment facilities through technology service applications, both fintech and market places. From research, no respondents have even used the application provided by Islamic banks for their zakah payments.

This data can provide information that modern online payment applications are still not popular in the public as a channel of paying zakah. Even though the majority of people in the Jabodetabek area have fintech applications and market places for daily transactions payment.

5 CONCLUSION

The conclusion from the results of this study are:

1. The majority of Islamic bank customers have used electronic money and payment fintech for payment transactions. Almost all customers as users of market place transaction. They are already familiar with information/digital technology.
2. There are many Islamic bank customers who have not paid zakah on assets and zakah on income. This indicates that there are still great

opportunities for Islamic bank funding sources from zakah.

3. In general, customers of Islamic banks pay zakah by cash deposits through zakah officers/volunteers, then direct distribution, online transfer by ATM, and cash deposit via teller. Very few zakah payer use payment facilities through technology service applications, both fintech and market places, and this research no one has used applications from Islamic banks for their zakah payments.

6 RECOMMENDATION

Recommendations to Islamic banks and Amil Zakah Agencies/Amil Zakah Institutions are:

1. In terms of the high use of electronic money by the public, Islamic banks need to innovate in the form of providing machines for zakah payments using electronic money and put them in the public area such as shopping, parking, and gas station area, specially in mosques.
2. Related to the low awareness of paying zakah on asset and zakah on income, Islamic banks need to collaborate with religious leaders to provide an understanding of the obligations of zakah on asset and zakah on income.
3. Islamic banks need to collaborate with Amil Zakah Agency/Amil Zakah Institution to socialize online zakah payment channels that are widely owned by the public and also use digital platforms banking provided by almost all Islamic banks.

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