

Legal protection for personal data security and *muzakki* financial transactions on digital *zakat* platform

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Abstract

Introduction to the Problem: The implementation of digital *zakat* has become a popular trend for *zakat* practices in Indonesia, allowing the *muzakki* to make their payments swiftly and easily online. However, there are several challenges faced in the adoption of digital *zakat* in Indonesia, including concerns on the security of personal data and financial transactions. The potentials for hacking or misuse of *muzakki*'s personal data may hinder the development of digital *zakat*.

Purpose/Study Objective: This paper examines the legal protection of the personal data of *zakat* payers who use digital platforms as the means for distributing their *zakat*.

Design/Methodology/Approach: The method used in this study is qualitative through normative legal research. The data obtained is analyzed with conceptual approach to formulate specific regulations governing digital *zakat* platform in detail.

Findings: The existence of digital *zakat* is considered a technological innovation that has increased the accessibility of *zakat* for the people, thereby improving the welfare of those underprivileged. However, confusion and uncertainty regarding the rules and procedures of digital *zakat* remain in Indonesia. Digitising *zakat* brings along its own risks and challenges, including the potential for the misuse of funds, data security issues, and the lack of monitoring and accountability. To ensure the appropriate use of *zakat* funds in accordance with Islamic law and the relevant regulations, both the *zakat* institutions and the government must strengthen their supervisory and control over the collection and distribution of *zakat* through digital platforms. Additionally, it is important to note that not all levels of society in Indonesia have access to digital technology. A significant portion of the population, particularly those in remote areas, may not be able to fully participate in digital *zakat* practices due to lack of internet access or other necessary equipment.

Paper Type: Research Article

Keywords: Personal Data; Legal Protection; Digital *Zakat*; *Muzakki*; Financial Transaction



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Introduction

The importance of *zakat* is enshrined throughout the noble values of Pancasila that serves as the ideology of Indonesia, which consist of: belief in God Almighty; humanity and civilisation; unity and mutual cooperation; representative democracy; and mutual prosperity. In addition, it is reflected in the Indonesian Sharia Economic and Financial Architecture released by Bappenas. *Zakat* is deemed as one of the main pillars in the Sharia Financial Sector as its is an important component which is not present in conventional financial system (Bahri et al., 2020). Therefore, strengthening the Islamic economy cannot be separated from the development of *zakat* management in Indonesia today and in the future. To run it optimally, the *Amil Zakat* Institution is needed. One of them is the National Amil Zakat Agency (BAZNAS) (Musa et al., 2022, p. 616).

Historically, as the third pillar of Islam, the Islamic state collected *zakat* then distributed it to eight groups of recipients known as *Asnaf*. In the current context, where tax significantly impacts a country's economy, *zakat* should be excluded from tax payments, effectively by replacing the existing budget post (Ahmad & Yahaya, 2023). Hence, the idea of considering *zakat* as a tax deduction in Indonesia has emerged (Syahbandir et al., 2022, pp. 166–167). Otherwise, those who pay *zakat* will be charged double as they also have to pay tax (Nurhayati & Siswanto 2015).

BAZNAS, a nationally recognized body, collaborates with several "*Lembaga Amil Zakat*" (LAZ) to collect *zakat*. While BAZNAS operates nationally and is regulated by the government, LAZ operates regionally and can be an independent entity with no national reporting obligation (Insani, 2021). Some LAZ's cooperate with BAZNAS or obtain a license from BAZNAS for better integration. LA varies in structure and approaches to *zakat* collection and distribution, depending on their philosophy and objectives, thus making it an interesting research subject. Technology is now being used for charities and philanthropies (Friantoro & Zaki 2019). The Indonesian Philanthropy Association indicates that donations to the organization had decreased since 2019, however, the trend of donations on digital platforms had greatly increased (Ferdana et al., 2022).

Currently, Indonesia enters the era of the demographic growth, where the number of productive age is more than the unproductive age of the population. Due to the increasing number of internet users and digital payments in Indonesia every year (Risandini & Silvi, 2022). Thus, digitizing payments becomes the focal point in order to raise the potentials of *zakat* in Indonesia. In 2019, the Indonesian nation, which

houses the largest Muslim population in the world, stores the potential for *zakat* reaching up to Rp. 233.8 trillion ([Al Athar & Al Arif 2021](#)).

In 2022, Indonesia's *Zakat* Literacy Index (ILZ) score was 75.26, an increase of 8.48 points from 2020. The society's basic understanding of *zakat* scored 79.01, raising 6.8 points from 2020, while advanced understanding scored 68.28, raising 11.6 points. These increasing scores, all in the medium category, indicate a positive trend for *zakat* collection activities ([Zaenal et al., 2022](#)).

Why does *zakat* literacy need to be digital-based? Because first, according to the latest report from We Are Social and Meltwater entitled "Digital 2023", as of January 2023, internet users in Indonesia has reached 212.9 million. Meanwhile, active social media users in Indonesia are totalled 167 million people in January 2023, this is equivalent to 60.4% of the total population of Indonesia in the country ([Widyastuti et al., 2023](#)). Pursuant to this data, *zakat* literacy through digital media is very strategic and important as almost the entirety of the population in Indonesia has been affected by the internet.

Zakat is one of the Islamic pillars obligated by the Almighty Allah SWT to all Muslims who meets the criteria ([Insani, 2017](#)). According to the Holy Quran, *zakat* has a similar position with other fundamental Muslim society to collect *zakat* as stated in chapter 9 (At-Taubah) verse 103. According to Islamic teachings, *zakat* is collected by the *amil*, a person or institution which is appointed to collect *zakat* from the wealthy Muslim ([Insani, 2021](#)). The *amil* is also one of the recipients of *zakat* as mentioned in At-Taubah verse 60 which refers to an individual or organization in charge of the *zakat* fund and asset management ([Antonio et al., 2020](#)).

In formulatting *zakat* as fundraising policies, the *amil* (*zakat* collectors/*zakat* management organization/ZMO) should take into account concerns and expectations from their *muzakki*, hence they can earn the trust of the *muzakki* ([Salman & Mujahidin, 2022](#)). Several studies for instance, Siswantoro and Nurhayati ([Purbasari et al., 2018](#); [Ali et al., 2017](#)) revealed that the *muzakki*'s trust in the *amil* is a significant factor that affects *muzakki*'s interest to pay *zakat* through the institution. This trust is measured based on several aspects, including: the *muzakki*'s perception of the ZMO; the management transparency of the ZMO; the competence of ZMO's human resources; and the credibility of the ZMO. Similarly, ([Owoyemi, 2020](#)) supports the finding that *muzakki*'s trust in ZMO plays an important role in increasing the amount of *zakat* collection. The higher the *muzakki*'s trust in the ZMO, the higher the *muzakki*'s confidence to pay their *zakat* through the ZMO, thus subsequently encourages others to do the same. This study analyses the transparency aspect in greater detail, namely transparency in the collection and distribution of *zakat* ([Antonio et al., 2020](#)).

The technological developments have come to the era of technology transformation 4.0 that are expected to be able to increase people's interest in paying *zakat* and implement efficiency and effectiveness in the operations of *zakat* management

(Rohim, 2019). Developments of technology have greatly influenced the economic activities of the society (Lammi & Pantzar, 2019). The digitisation of *zakat* may ease the effort to educate the Indonesian people about *Zakat*, *Infaq*, and *Sadaqah*, particularly the Muslims (Alam et al., 2022). By transforming into the use of channels in digital fundraising, *zakat* management and collection programs can be carried out better while educating the public about the obligation to pay *zakat* (Rohim, 2019).

The potential for digital *zakat* receipts is significant, as it necessitates the increase in effectiveness and efficiency of digital *zakat*. Social norms likewise frame the use of digital media. Fasoli and Carradore's research highlights the need for new theoretical tools like digital well-being and skills to enhance such efficiency (Gui et al., 2017).

Abidin's research concludes that despite the convenience of digital technology, it would not fully dominate all human activities, especially those tied to faith and responsibility. The basic values of Sharia economics foster the solidarity (*ukhuwah*) of the people, creating a close bond with economic and social needs, leading to multidimensional social engagement that benefits people. It emphasizes protecting faith, soul, intellect, descendants, and wealth (Abidin et al., 2020).

Zakat in Indonesia is governed by several laws and regulations. Law Number 23 of 2011 on *Zakat* Management establishes BAZNAS as the official body coordinating the management of *zakat*. Government Regulation Number 14 of 2014 provides detailed guidance on the implementation of *Zakat* Management Law, including the structure of BAZNAS, *zakat* collection, and distribution (Insani, 2017). Government Regulation No. 26 of 2015 regulates the Islamic financial system, including the management of *zakat*, *infaq*, *sadaqah*, and *waqf*. Government Regulation Number 60 of 2014 regulates the use of *zakat* funds for financing or credit programs to improve community welfare. BAZNAS Regulation on *Zakat* Accounting Standard ensures transparency and accountability in the management of *zakat* funds. Regional Regulations on *Zakat* provide detailed regulations on *zakat* collection and distribution at the regional level. These complementary regulations form the framework governing *zakat* management in Indonesia, ensuring compliance with sharia principles and applicable laws. Efforts have been made to develop guidelines related to digital *zakat*.

The Indonesian Ministry of Religious Affairs and Forum Zakat Indonesia (FOZI) have collaborated to develop digital *zakat* guidelines and raise public awareness about digital *zakat*. Amil Zakat Institutions (LAZs) in Indonesia have developed digital *zakat* platforms, ensuring that they are secure and comply with sharia. LAZs have issued guidelines for managing and implementing digital *zakat* ethically and in accordance with sharia. They also conduct educational campaigns to increase public understanding of *zakat*, including its digital form (Nasution, 2023).

An interesting study discusses some of the risks in organizing digital fundraising (Rees, n.d.). The author highlights the potential of digital fundraising in international development, acknowledging its power in engaging donors and beneficiaries.

However, risks such as fraud and misuse are noted. The importance of digital transparency for trust and credibility is emphasized, with a call for research and collaboration to foster a culture of transparency and ethical digital fundraising.

A global perspective on this issue has been discussed in a study by several researchers from Malaysia ([Rosele et al., 2022](#)). The authors examine digitalisation of *zakat* management system in Malaysia, noting current challenges and suggesting improvements. Despite having websites, *zakat* institutions lack the proper data sets and in need of digital transformation for transparency and accountability. The authors recommend enhancing human development programs through digitalisation, exploring *zakat*-ability of digital assets', and concludes that digitalisation is essential for the *zakat* system to achieve social justice and welfare objectives.

Baznas Indonesia collaborates with Kitabisa.com in collecting *zakat*. Kitabisa.com is working with BAZNAS, Dompot Dhuafa, and Rumah Zakat to become an online *zakat* channel in Indonesia. People can pay their *zakat* through [zakat.kitabisa.com](#). Kitabisa.com intends to ease and provide many options for people to pay their *zakat*. This collaboration is also a positive synergy to increase the collection of *zakat* through online donation channels. Kitabisa.com invites people not to hesitate to pay their *zakat* now at [zakat.kitabisa.com](#). Kitabisa.com collaborates with trusted *zakat* institutions in order to succeed in collecting *zakat* through online channels in Indonesia ([Iskandar, 2021](#)).

Methodology

The method used in this study is normative legal research. Normative legal research is a legal research conducted by examining library materials or secondary data obtained from library materials in the form of books and various laws and regulations and other legal documents ([Efendi & Ibrahim, 2018](#)).

In analysing the data, that these authors used in the present study, these authors used the statutory approach by examining various laws and regulations related to *zakat* in Indonesia; as well as the conceptual approach by observing the development of the concept and the *zakat* term from several scientific and opinion papers in international journals such as South East Asia Journal of Contemporary Business, Economics and Law and International Journal of Islamic Business and Economics.

The results of the analysis of legal materials obtained were then interpreted using the grammatical and systematic interpretation method. Grammatical interpretation is used to be able to decipher the meaning of the provisions of the law into simple common everyday language ([Mertokusumo, 2019](#)). Furthermore, the use of systematic interpretation is a method of interpreting the law that interprets the statutory regulations by linking them with legal regulations or other laws or with the whole legal system ([Mertokusumo, 2014](#)). Systematic interpretation is used considering the materials to be interpreted are articles in the law, therefore the legal

provisions as well as the principles in other legal regulations must also be used for references.

Results and Discussion

Legal Aspects of the Implementation of Zakat in Indonesian Legislations

1. Law Number 23 of 2011 on *Zakat* Management

Law Number 23 of 2011 on *Zakat* Management in Indonesia establishes a clear framework for *zakat* collection, management, and distribution. It defines *zakat* as an economic obligation for Muslims and sets guidelines for its fair and transparent distribution. The law emphasizes accountability and transparency in the management of *zakat* funds, requiring BAZNAS and other *amil zakat* institutions to prepare financial reports and adhere to government regulations. It promotes the Islamic financial system in management of *zakat* funds and encourages cooperation between Islamic financial institutions and *amil zakat* institutions. The law also provides sanctions for offenses related to *zakat* management. In summary, the law aims to create a transparent framework for *zakat* management, improve efficiency, and ensure *zakat* is used for appropriate social purposes.

2. Government Regulation Number 14 of 2014 on the Implementation of Law Number 23 of 2011 on *Zakat* Management.

Government Regulation Number 14 of 2014 provides detailed guidelines on *zakat* collection, management, and distribution in Indonesia. It defines key terms, outlines the role of BAZNAS, including setting the *zakat* accounting standards, and lists various sources of *zakat*. The regulation ensures *zakat* funds are managed separately and in accordance with sharia principles. It sets guidelines for *zakat* distribution, prioritises recipients, and emphasises audit and accountability, requiring *amil zakat* institutions to prepare financial reports. The regulation promotes cooperation between Islamic financial institutions and *amil zakat* institutions in *zakat* fund management and lists provisions for non-compliance. The regulation has positively impacted potential revenue originating from *zakat* at BAZNAS Jakarta Center due to the efficiency of digital *zakat* payment (Utami et al., 2020). Furthermore, based on the analysis of the results of this study, it is found that there is still an opportunity to increase *zakat*-generated revenue by using digital *zakat* payment methods. This positive effect refers to the more people use digital *zakat* payment, the more potential for *zakat*-generated revenue increases.

3. Government Regulation No. 26 of 2015 on the Implementation of Sharia Financial System in Financial Institutions

Government Regulation No. 26 of 2015 in Indonesia establishes the foundation for Islamic finance, defining terms and mandating adherence to Sharia principles. It requires Islamic financial institutions to have a Sharia Supervisory Board for compliance and *fatwa* issuance. The regulation provides detailed guidance on the operations of Islamic financial institutions, including fund granting and raising

mechanisms, Islamic financing types, and reporting requirements for sharia compliance. It encourages financing to productive sectors and MSMEs, allows investments in Islamic financial instruments, and regulates the provision of Islamic financial services. Despite existing regulations, there's room for improvement, particularly through digital transformation, which can benefit not only *aṣnāf*, but the zakat institutions and payers likewise, helping to address poverty and support economic growth (Rosele et al., 2022).

4. Government Regulation Number 60 of 2014 on Zakat Funds

Government Regulation Number 60 of 2014 on *Zakat* Funds in Indonesia regulates the establishment and management of *zakat* funds for welfare improvement programs. The said funds, generated from *zakat mal* and other sharia-compliant sources, provides financing access to those in need, especially small and micro businesses, supporting economic growth and poverty reduction. Management institutions must prepare financial statements, report the implementation of financing programs periodically to the competent authority, and comply with the requirements of *zakat* funds. Returned funds can be reused to finance other beneficiaries. This regulation lists sanctions and legal actions for violations, including license revocation. In summary, the *Zakat* Funds, regulated by Government Regulation Number 60 of 2014, aims to empower small and micro economic communities by providing sharia-compliant financing. This regulation ensures transparent and sharia-compliant management and implementation of the *zakat* fund, expected to positively impact those in need.

5. BAZNAS Regulation on Zakat Accounting Standard

BAZNAS Regulation on *Zakat* Accounting Standard is an internal regulation that governs *zakat* fund recording, reporting, and management procedures. It aims to ensure transparency, accountability, and sharia compliance in *zakat* management. The regulation mandates BAZNAS to prepare detailed financial reports covering all aspects of *zakat* collection, management, and distribution. It allows BAZNAS to engage a sharia auditor to ensure the management of *zakat* funds complies with the sharia principles. The regulation emphasises transparency and accountability in *zakat* management, requiring BAZNAS to provide easy access for the *muzakki* or interested parties to inspect the financial statements and *zakat*-related documentation. It lists sanctions and penalties for violations, including reprimands, fines, and other legal actions. The regulation is a crucial step to ensure *zakat* management is conducted with integrity, transparency, and sharia compliance, providing *muzakki* confidence that *zakat* funds are used and distributed appropriately.

6. Regional Regulation (Perda) on Zakat

The distribution map of *zakat* across Indonesia serves as a pivotal instrument for illuminating the complex landscape of poverty and welfare dynamics across diverse regions. It provides a detailed depiction of *zakat* collections and allocations by both official and non-official *zakat* entities within each province. Beyond mere financial

transactions, this map serves as a robust analytical tool, offering insights into the potential and challenges inherent in zakat management nationwide.

This geographical representation not only elucidates the spatial distribution of financial aid but also facilitates nuanced analyses essential for strategic planning. By discerning patterns and disparities in zakat utilization, policymakers can craft targeted interventions tailored to local needs, thereby optimizing the impact of zakat contributions on the quality of life for mustahik beneficiaries. Moreover, the map empowers stakeholders to refine zakat management strategies, ensuring efficient resource allocation and fostering sustainable socio-economic development initiatives tailored to the diverse socio-cultural and economic landscapes of Indonesia.

Figures 1. Distribution Map of Baznas Zakat Management in 2022 (Latest)



Source/s: *Amil Zakat Agency (BAZNAS, 2022)*

A crucial performance metric for the National Amil Zakat Agency (Baznas) is the actualization of national zakat collections, which serves as a barometer of public confidence in the institution. The amount collected not only signifies the effectiveness of Baznas in mobilizing zakat funds but also underscores its credibility and the trust bestowed upon it by the populace. This indicator not only measures financial outcomes but also reflects the institution's ability to uphold transparency and accountability in managing zakat contributions nationwide. The following table displays data on the realisation of the national zakat collection in 2022 per type of funds by region. The data is sourced from the Baznas' financial statements published on its official website.

Tabel 1. Realization of National *Zakat* Collection in 2022 per Type of Funds by Region (in Billion Rupiahs)

No.	Name of Zakat Management National and Region Name	Zakat Maal	Zakat Fitrah	Infak-Sodaqah	DSKL	Total
1	BAZNAS	536.641	9.656	70.230	17.340	633.868
2	Nanggroe Aceh Darussalam	132.180	0.000	63.390	0.002	195.572
3	North Sumatera	44.500	1.765	8.114	0.351	54.730
4	West Sumatera	141.694	0.755	6.294	0.422	149.166
5	Riau	129.028	1.167	5.339	1.486	137.020
6	Jambi	46.538	0.149	4.411	0.947	52.045
7	South Sumatera	34.364	0.160	9.993	0.034	44.550
8	Bengkulu	12.621	0.037	1.761	0.002	14.422
9	Lampung	15.247	2.747	9.564	0.104	27.662
10	Bangka Belitung Archipelago	21.949	0.006	1.773	8.628	32.355
11	Riau Archipelago	30.857	1.230	5.862	1.307	39.256
12	Jakarta	150.008	1.345	55.892	8.016	215.261
13	West Java	309.934	40.754	103.905	35.817	490.410
14	Central Java	276.917	15.710	124.610	11.268	428.505
15	Yogyakarta	41.672	0.193	18.389	1.102	61.356
16	East Java	152.375	13.158	124.044	18.087	307.664
17	Banten	76.047	7.372	29.195	11.316	123.931

Source/s: National Amil Zakat Agency ([Strategic Studies Center - BAZNAS, 2022](#))

Information:

- Data as of the 7th of March 2023.
- The names of BAZNAS and LAZ are listed in the table as BAZNAS (central) and National LAZ.
- The name of the region includes the Provincial BAZNAS, District/City BAZNAS, Provincial LAZ, and District/City LAZ in the province.
- Zakat managers who have not submitted a report are given the status of n/a.

Based on the statistics of *zakat* collection in 2022, these authors analyse where Baznas served as the primary *zakat* collector in Indonesia in 2022, followed by the provinces of West Java, Central Java, East Java, DKI Jakarta, and Nanggroe Aceh Darussalam. West Java was ranked second with the support of Governor Regulation No. 70 of 2015 on ZIS Management. This regulation provides comprehensive guidelines, encourages transparency and accountability, and involves local government in ZIS fund management. Central Java was ranked second with the support of Circular Letter Number 451/002811 on the Establishment of UPZ. This

circular provides guidance on the formation of UPZ, encourages SKPD involvement in zakat management, and provides operational technical guidance. East Java ranked third with the support of Regional Regulation Number 1 of 2017 on *Zakat Management*. This regulation provides comprehensive guidelines, regulates the establishment of BAZDA, encourages transparency and accountability, and encourages active community involvement in *zakat* management. DKI Jakarta was ranked fourth with the support of DKI Jakarta Governor's Appeal Number 1 of 2022 on the ZIS and DKSL Movement. This appeal helps in increasing public awareness, raising funds, supporting the environmental social donations, strengthening cooperation, and encouraging innovation. Nanggroe Aceh Darussalam was ranked fifth with the support of *Aceh Qanun* No. 3 of 2021 on Amendments to *Aceh Qanun* No. 10 of 2018 on *Baitul Mal*. This *Qanun* increases the efficiency, adjusts rules to community needs, increases supervision and transparency, and encourages further efforts in empowering the Acehnese people.

Local Regulation (Perda) on Zakat in Indonesia provides a legal framework for *zakat* collection, management, and distribution at the regional level. It regulates *zakat* collection methods, sets guidelines for distribution, and oversees the establishment and role of *amil zakat* institutions. The regulation ensures *zakat* funds are used transparently, accountably, and in accordance with the sharia principles. It includes sanctions for violations of *zakat* regulations. The regulation aims to ensure *zakat* implementation aligns with the sharia principles and addresses local social and economic issues. It empowers local government to regulate *zakat* practice according to community needs, contributing to reducing social inequalities and improving the social welfare (Insani et al., 2024, p. 104).

Development and Challenges in Altering Conventional Zakat to Digital Zakat in Indonesia

Conventional and digital *zakat* differ in terms of their implementation, collection, and distribution. Conventional *zakat* is physically collected, in which the aid is to be given directly to the recipients. Digital *zakat* uses technology platforms for collection, allowing online payments through various services. The ease of digital *zakat* payment is influenced by friends or family, and its effectiveness can be increased by involving influential people on social media to educate the public on its use (Cahyani et al., 2022).

Conventional *zakat* requires direct interaction between the *muzakki* and the *zakat* institutions. In contrast, digital *zakat* offers wider accessibility, allowing the *muzakki* to access it from anywhere with an internet connection. This convenience, along with usability and ease of use, influences the preference for digital *zakat* (Al Arif et al., 2023).

Conventional *zakat* may lack transparency as it can be challenging to track the distribution. Digital *zakat* improves the transparency by providing the *muzakki* with

access to the usage of the funds and information regarding the recipient. Despite this, a study in Baznas North Sumatra found a lack of public awareness on paying *zakat*, with only a small amount collected annually. This is attributed to the quality of *zakat* management services, which are yet to be modernised in terms of its transparency. Transparency significantly impacts the *muzakki's* awareness of paying *zakat*. While the wuality of service quality also has its own effect, it does not moderate the impact given by the transparency aspect ([Mahyudin, 2023](#)).

For conventional *zakat*, the *muzakki* can directly verify the institution. Digital *zakat* requires additional efforts to ensure the legitimacy of the platform or application, especially in regions where *zakat* institutions may lack adequate human resources ([Maulida et al., 2022](#)). Conventional *zakat* distribution can be time-consuming due to the physical stages involved. Digital *zakat* enables faster and more efficient distribution as the transactions can be completed in seconds. It is particularly beneficial for the social distancing circumstances, such as during the Covid-19 pandemic. Digitalisation optimises the potential of uncollected *zakat* and it can be further enhanced by collaborating with fintech companies. Despite the ease of digital *zakat* payment and rapid fintech development, challenges remain posed. Not everyone possesses adequate IT knowledge and skills that are sufficient to partake in digital *zakat* practices, while cybercrime poses a threat to *zakat* digitalisation ([Ninglasari & Muhammad, 2021](#)).

In conventional *zakat*, the *muzakki* are more involved in understanding *zakat* due to direct interaction with the institutions. Digital *zakat* may require integrated education on platforms to ensure the *muzakki* understands *zakat* and its role. A study found that a consistent relationship between *zakat* literacy and the Theory of Planned Behaviour. Factors like views, attitudes, and knowledge influence a person's intention to pay *zakat*. High knowledge on *zakat* increases the likelihood of *zakat* payment ([Yusfiarto et al., 2020](#)).

Zakat, both conventional and digital, aims to alleviate social inequality and aid those in need, emphasising justice and transparency. Baznas has effectively digitalised *zakat*, reducing administrative burdens and costs. Digital payment methods include bank transfers, an internal website platform, and QR Code Scan. Despite its effectiveness, the efficiency of the said digital system is less than traditional methods, indicating a need for a dedicated *zakat* digitalisation section. The lack of the society's interest and motivation to fulfil their *zakat* commitment is due to the failure of Baznas in educating and informing the digitalisation stream for *zakat* ([Vientiany, Dini & Arfa, 2022](#)).

Conventional *zakat* offers several advantages: it fosters social interaction through direct contact between the *muzakki* and the recipients, enhancing social bonds. It raises humanitarian awareness as the *muzakki* are directly involved in aid provision,

increasing their understanding of social issues and needs. Lastly, it allows the *muzakki* to directly supervise the management and distribution of their *zakat* funds.

Law Number 23 on 2011 on *Zakat* Management in Indonesia has several weaknesses. Article 10, which regulates *zakat* fund management, can lead to potential misappropriation or lack of transparency. Article 14 discusses the obligation to report *zakat* management, but there remains a lack of transparency or clarity in the reports. Article 22 stipulates the *zakat* distribution, but it may not optimally reach those in need. Article 31 discusses administrative sanctions, but their application may not be effective against violations. Lastly, Article 32 establishes the duties of *Zakat* Supervisors, but their role or authority may be limited to be able to effectively supervise *zakat* funds management.

Digital *zakat* offers global access, overcoming geographical limitations. It ensures efficient distribution through quick, accurate digital transactions. It provides transparency, giving the *muzakki* visibility on the use of the funds and their beneficiaries. It simplifies payment with existing digital methods and includes educational materials on *zakat*, enhancing the *muzakki*'s understanding of its concept and importance.

The Electronic Transaction and Information Law (ITE Law) Number 19 of 2016, which amends the Law Number 11 of 2008, has several weaknesses as well that can affect the implementation of digital *zakat*. These include unclear regulations on digital fundraising, including *zakat*, posing potential obstacles and creating uncertainty. The threat of criminalisation for administrative errors in digital *zakat* management is another concern, as severe criminal sanctions can pose risks to institutions. Uncertainty regarding personal data protection is crucial in digital *zakat* management, and the ITE Law may not provide sufficient detail for this. The use of blockchain technology for transparency in digital *zakat* is also uncertain due to the lack of the ITE Law in providing clear and specific foundation related to this technology. The lack of the ITE Law in giving detailed regulation on *zakat* transactions and digital realm regulations can hinder the development of digital *zakat* platform. Therefore, refining additional regulations or policies to support the implementation is highly necessary.

Implementing *zakat*, both conventional and digital, requires overcoming weaknesses and leveraging advantages, with a focus on transparency, fairness, and recipient benefits. The implementation of digital *zakat* has several issues that need addressing. The Personal Data Protection Law (PDP Law) Number 27 of 2022, aimed at protecting personal data, is considered insufficient for digital transactions. This insufficiency results in potential misuse of data. The Baznas website, a digital *zakat* platform manager, is vulnerable to personal data leakage of the donors/*muzakki*. Personal data security remains a significant issue in Indonesia, as evidenced by numerous data leakage cases in 2022 involving large companies, institutions, and government

agencies. These cases, revealed due to data being sold freely online, include leaks from PLN, IndiHome, prepaid SIM card registration, the General Elections Commission (KPU), documents of the President of the Republic of Indonesia, personal data of public officials, and the MyPertamina application. Baznas, as a state institution charged in storing the personal data of the donor/*muzakki*, needs to rebuild a robust digital fortress against data thieves.

Before the Personal Data Protection (PDP) Law No. 27 of 2022, data protection in digital payments was part of consumer protection principles in Bank Indonesia Regulation No. 22/20/PBI/2020. Both aim to protect digital service users in Indonesia. PBI No. 22/20/PBI/2020 outlines consumer protection principles for financial service providers, ensuring transparency, accountability, and fairness. The PDP Law provides a comprehensive legal framework for personal data protection in Indonesia. However, provisions and requirements may differ. A 2019 case reported BAZNAS of Sidoarjo Regency, East Java, for allegedly misusing *zakat* funds collected through digital platforms, raising concerns about the effectiveness and security of digital *zakat* collection in Indonesia (Yasin, 2017). Digitalisation of *zakat* presents risks like misuse of funds and data security issues. Therefore, *zakat* institutions and the government must enhance supervision and control over digital *zakat* collection and distribution, ensuring the said *funds* are used appropriately in line with Islamic law and regulations.

To address the security concerns in digital *zakat*, several solutions are suggested:

1. Selection of trusted platform: Choose a digital *zakat* platform with a strong security system and a trusted reputation.
2. Data encryption: Ensure all data sent and stored on the platform is encrypted to high security standards, protecting personal and financial information from unauthorized access.
3. Security certification: Ensure the digital *zakat* platform has undergone a security certification process by relevant authorities or institutions to meet necessary security standards.
4. Authorisation and authentication: Implement a robust authorisation and authentication system to ensure only entitled individuals have access to *zakat* information and transactions.
5. Suspicious activity monitoring: Implement a monitoring mechanism to detect suspicious or unusual activities that may indicate hacking attempts or unauthorized access.

To protect *muzakki's* personal data in digital *zakat*, several technical recommendations are suggested:

1. Strong passwords: Educate the *muzakki* on creating strong and unique passwords to protect their accounts.

2. Secure payment methods: Use only the safe and secure payment methods in the digital zakat platform, such as the digital payment services with additional security layers.
3. Clear privacy policy: Ensure the platform has a transparent privacy policy detailing how personal and financial data is used, stored, and processed.
4. Regular security updates: The platform should regularly update to address potential security vulnerabilities.
5. User training: Educate the muzakki on safe digital security practices, like not sharing personal information and verifying URLs before transactions.
6. Security reporting: Implement a mechanism for users (the muzakki) to report security issues or errors for immediate resolution.
7. Cooperation with cybersecurity experts: Involve cybersecurity experts in the development and management of digital *zakat* platforms to identify and address potential security risks.

To address these issues, collaboration between the *zakat* experts, digital financial institutions, as well as the IT and cybersecurity experts is essential. The focus should be on developing a safe, transparent, and accessible digital *zakat* platform to effectively advance its implementation.

Conclusion

Although digital zakat in Indonesia lacks specific detailed regulations, significant efforts have been undertaken by various stakeholders, including the Ministry of Religious Affairs and Lembaga Amil Zakat (LAZ), to establish guidelines for its practice. The future holds promise for more comprehensive legal frameworks and regulatory structures specifically tailored to digital zakat in Indonesia. Central to the successful development and adoption of digital zakat platforms are considerations of data security and the privacy of muzakki (those who pay zakat), which are paramount for fostering trust and upholding the integrity of the zakat system. Addressing these challenges necessitates collaborative efforts among zakat institutions, government bodies, and relevant stakeholders to ensure the efficient, secure, and equitable implementation of digital zakat across Indonesia.

Efforts to advance digital zakat regulation are pivotal in facilitating its widespread adoption and ensuring compliance with ethical standards and legal requirements. The proactive engagement of governmental and non-governmental entities is crucial in addressing emerging issues and harmonizing practices within the digital zakat ecosystem. By prioritizing transparency, accountability, and the protection of muzakki data, Indonesia can harness the full potential of digital zakat to enhance social welfare and support sustainable development goals nationwide.

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