

# Digitizing Zakat Management in Improving LAZ Accountability

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Abstract: In response to the increasing potential growth of zakat, the increasing growth of the provincial level of zakat management institutions also occurred. However, the community's response to the presence of the institution still relatively low. The community prefers to channel zakat directly to those who are entitled to receive it. This study aims to examine the financial accountability of zakat management institutions at the provincial level by looking at the utilization of digital-internet technology as a tool for financial disclosure to donors and other stakeholders. This research is qualitative research with interpretive descriptive methods. Data collection was carried out by observing the official websites of the provincial-level Amil Zakat institution. The content analysis is used to analyze the research objectives. The results of this study indicate that none of the 9 institutions of provincial level amil zakat uses digital-internet technology or online media as a tool for financial information disclosure. This finding indicates that the accountability of periodic reporting of the provincial amil zakat institutions still low. Therefore, this study recommends that the provincial amil zakat institution, using digital-internet technology as a tool to perform their accountability, since it is more effective and efficient. There is also a need to encourage the government to urge the provincial-level Amil Zakat institutions to disclose their financial reporting on their official websites as part of their financial accountability, because it is in line with the needs of the community.

## 1 INTRODUCTION

Indonesia with a large Muslim population has a large potential zakat fund. The UN Study of UIN Syarif Hidayatullah (2005) estimates the potential of Indonesian Islamic philanthropy in the amount of Rp. 19.3 trillion (0.8% of GDP 2004). Study of BAZNAS - IRTI IDB / Firdaus et., Al. (2012) finds that Indonesia's zakat potential to have reached Rp 217 trillion (3.4% of 2010 GDP). Wibisono (2015) finds Indonesia's zakat potential in 2010 reached IDR 106.6 trillion (1.7% of 2010 GDP) (Wibisono, 2016).

Canggih et.al (2017), stated that the potential and realization of zakat in Indonesia for five years (2011 to 2015) was experiencing positive growth even though the realization amount was still very small. The figures for potential zakat funds and their realization are as follows:

Table 1: Potential and Realization of Zakat Funds in Indonesia

Year	Potency [Rp]	Realization [Rp]	%
2011	58.961.143.222.174	32.986.949.797	0,06
2012	64.086.440.764.997	40.387.972.149	0,06
2013	69.794.542.095.826	50.741.735.215	0,07
2014	78.374.957.309.348	69.865.506.671	0,09
2015	82.609.152.671.724	74.225.748.204	0,09

Source: Research by Canggih et al, entitled Potential and Realization of Zakat Funds in Indonesia

The gap between realization and potential, encourages people to optimizing the utilization of zakat by establishing the amil zakat institutions. The number of zakat management –an institution which registered and authorized by the National Zakat Agency (BAZNAS), in 2018, was 53 institutions,

consisted of 19 national level institutions, 9 provincial level institutions and 25 district and city level institutions ([HTTP://pid.baznas.go.id/daftar-baznas-daerah-laz](http://pid.baznas.go.id/daftar-baznas-daerah-laz)). In addition to this amount, there were also few BAZNAS representatives in each province and city.

However, the public trust in the zakat management institution is relatively low. Most people prefer to give zakat individually [to a poor relative, for instance] instead of channeling it through zakat management institutions. This is because the impact of giving can be more immediately felt compared with payment through zakat institutions. The Eighteen (18) survey of Public Interest Research and Advocacy Center (PIRAC) show that the level of public trust in zakat institutions in 2004 was only 15% (Nikmatuniayah and Marliyati, 2015). This poor of trust was caused by the lack of proper financial reporting of the zakat management institution, which causes the zakat payer to be unsatisfied. Insufficient financial reporting also raises doubts about the accountability of zakat institutions (Sudjali, 2017)

A Research conducted by Rini in 2015 under concerning the Internet Financial Reporting Application to Improve the Accountability of Zakat Management Organizations, shows that out of the 19 national level zakat management institutions in Indonesia, only one institution provide their financial reporting via the internet. This shows that the accountability of zakat institutions can be said in a low condition (Rini, 2016).

Accountability at least defined as submission of information to *muzakki* who have given the mandate to the *amil* zakat institution (LAZ) to channel their zakat to those who have the right to receive (*mustahik*). One of the information that must be submitted by LAZ is financial information or financial statements. With financial information, sharia accountability can be revealed. In addition to accountability, the purpose of providing financial information or financial statements is to provide useful information for users in the context of decision making. Therefore the provision of information must meet the relevant qualifications. Providing irrelevant information will cause the information to be in vain because it cannot be used for decision making. Among the relevance of information is the use of media in accordance with the information user.

In this digital era, where the internet has become the lifestyle of most people, which includes *muzakki*, the delivery of financial information by utilizing digital-internet technology is certainly effective,

because in addition to meeting the needs of users, it also has a wide range. This is because zakat institutions, in general, especially provincial-scale zakat institutions have donors with a wide area.

Based on the background of the above discussion, this study intends to examine the accountability of zakat management institutions in provincial-level in related to the utilization of digital-internet-based technology [online] as a medium for delivering accountability of zakat management institutions.

## 2 LITERATURE REVIEW

### 2.1 Zakat in Islamic Teachings

Literally, the word zakat means growing, developing, blessing, holy, healthy or good, and praiseworthy (Ibn Manthur, tt). According to the fiqh, term zakat is a certain amount of property that is obliged by Allah to be handed over to those who are entitled to receive it (Qardlawi, 1973). Al-Jaziri (1994) defined zakat as a grant of belonging to certain people with certain conditions. In an economic perspective, zakat is a movement to transform the economic life of an economy that is individualistic, materialistic, capitalistic, liberalistic which is driven by greed in the pursuit into togetherness and prosperity of social welfare (Sariati, 1994).

According to Ali (1998), the purpose of zakat is follows; (1) Improving the status of the poor (2) Fostering kinship among Muslims and humankind in general (3) Eliminating the stinging and striving nature of property owners (4) Developing a sense of social responsibility in a person, especially those who have no assets (5) As means of income equalization to achieve social justice. To achieve those goals, the implementation of zakat must be based on: (1) Principles of religious beliefs; (2) Principles of equity and justice; (3) Principles of productivity; (4) The principle of reasoning; (5) The principle of freedom; (6) Principles of ethics and fairness (Mannan, 1970).

In the study of zakat, zakat is often juxtaposed with *infâq* and *shadaqah*. *Infâq* is a common terminology which includes all of the social fundraising to help the needs of the weak. The word *infâq* is more specific, namely- giving which unbind with formal obligations and based on willingness. On the Other side, zakat is a formal obligation which bind with certain conditions and amount, such as –the the amount of wealth that must

be paid zakat or the percentage of zakat that must be paid. However he infatq is related to the necessity and condition of the person in need (Munir, 2011).

*Shadaqah* literally means strength. In the terminology of fiqh, *shadaqah* is defined as a giving in order to achieve purely the pleasure of Allah. Taimiyah in his opinion defines *shadaqah* as something that is given to expect the pleasure of Allah which is done purely on the basis of religion and worship without expecting anything or any exchange from anybody. The giving is meant to serve those who need. (Munir, 2011).

In Sharia Accounting, zakat is defined as property that must be withdrawn by *muzakki* in accordance with sharia regulation to be given to those who are entitled to receive it (*mustahiq*). Zakat is a sharia obligation that must be transferred by *muzakki* to *mustahiq*, either directly or through the *amil* institutions. On the other hand, the *infaq*/assets donation is given voluntarily by the owner, either with limited/determined and unrestricted distribution. *Infaq* and *shadaqah* are voluntary donations, whether determined or undetermined distribution by the donors (Board of SAS, 2016).

In order to achieve its objectives and functions optimally, it is necessary for the officer in charge on zakat handling to withdraw the zakat from *muzakki* and distributing it to *mustahik*. This is evident from the command of zakat in QS Taubah 103 which states; "Take zakat from some of their property, with that charity you cleanse and purify them and pray for them. Surely your prayer (becomes) the tranquility of the soul for them. Allah is all-hearer and all-knowing ". Regarding the command in the verse, it is clear that the verse is not addressed to *muzakki* but to the other parties [*amil* zakat administrators]. Moreover, in QS at-Taubah verse 60, it is also mentioned the existence of *amil* as the party entitled to receive a share of zakat.

Hafidhuddin (2002) explained that *amil* zakat is those who carried out all activities related to zakat management, starts from the collection, maintenance until the distribution process, as well as administrative activities related to the cashflow of the zakat funds. Sabiq (2008) explained that *amil* zakat is a person who appointed by the government or government representative to work on the zakat collection from the rich people. Thus, *amil* does not only manage zakat, but also has to obtain the legitimacy from the government, without the legitimacy then it cannot be called as *amil*.

In the Indonesian context, the zakat management institution that represents *amil* is the National Zakat Agency [BAZNAS] with its organizational

hierarchy; BAZNAS in Provincial Level and BAZNAS in Regency / city level. This is because only BAZNAS has the mandate to manage zakat from the government. The Amil Zakat Institute [LAZ] which established by the community is an institution that assists BAZNAS in performing its functions, utilizing zakat, *infaq* and *shodaqah* to be more optimal (Indonesian Law No. 23 of 2011).

## 2.2 Zakat Management Accountability

Accountability is translated into Indonesian language as a state of accountability, circumstances can be asked for answers (Enchols and Sadili, 1997). In the perspective of Agency Theory, accountability is a logical consequence of the relationship between the owner [principal] and management [agent]. The owner has given a full mandate to the management to manage the organization, so as a consequence, the management conveys accountability to the owner for the mandate received (Nikmatuniayah et.al, 2017). Accountability is a social relationship between organizational actors that involves take and give reasons to perform or an obligation to explain and justify behavior.

In a manager's perspective, accountability is a process of providing information to explain and justify the fairness of any action or inaction and results. This principle ensures the owners that they have the opportunity to acknowledge by whom and how decisions are made and the reasons that triggered the decision making and what the results are. Thus, the fulfillment of accountability requires the existence of information transparency which refers to the openness of the [agent] manager to the owner to get the valid information and the confidentiality of the company as the working element (Sudjali, 2017).

In Islam, despite having accountability as secular social relations, it also has a sacred relationship. The human's position as owners of property is only false, the real owner is God. Assets in human's possession are essentially entrusted [trustworthy]. Humans have wealth because God entrusts the property to humans to be managed so that useful to life. Without any mandate, humans do not possess any property. Thus, the position of human being is only an agent while the principal is Allah. As the consequence as a manager, then humans must follow Islamic sharia which is Allah's provision. Furthermore, in the framework of managing assets, humans mandate assets to the others or cooperate with each other.

The existence and success of the organization as an agent in carrying out the mandate given by the

owner cannot be separated from the support of individuals or organizations outside the owner which called stakeholders (Nikmauniayah et.al., 2017). Ebrahim (2003) in Sudjali (2017) explained that stakeholders of non-profit organizations including zakat institutions, can be classified into three major groups: (1) resource providers (2) regulators (3) beneficiaries and communities as the service users in the broader definition, which include religious organizations, supervisory institutions, advisors, media, and academics.

The implementation and management of zakat by the Amil Zakat Institute [LAZ], is a religious order that has a clear foundation in the holy book [al-Qur'an] (Sudjali, 2017). Zakat and its management are Allah's commands. Therefore stakeholders from the zakat institution consist of sacred stakeholders and secular stakeholders. Sacred stakeholders are God, while secular stakeholders are resource providers, regulators, beneficiaries, and those who carried out supervisory functions. Accountability to Allah means that the management of zakat by LAZ must be performed in accordance with Islamic law. Secular accountability means that zakat management has the truth according to criteria and human needs as secular stakeholders. Zakat institutions must also be responsible to those who affected by the activities of zakat agents, such as beneficiaries and other parties.

One of the information that must be conveyed in the management of zakat is about financial management based on sharia principles. The purposes of delivering information in the financial reporting by zakat institutions are (1) Providing information to help the evaluation of the fulfillment of amil zakat responsibilities. (2) Providing information on the compliance of amil zakat on the sharia principles. (3) Improving compliance on sharia principles of all transactions and business activities. (4) Improving management efficiency and effectiveness. (5) Protecting organization's assets (Board of SAS, 2016). According to Zaid (2014), in order to the financial information used to help its users for decision making, financial information needs to be conveyed in a way that is possible to be utilized. The basic principles of financial information in order to be beneficial are: (1) Relevant, (2) Reliable, (3) Understandable, (4) Comparable.

In large organizations, the stakeholders are varied and there is a gap between individuals that involved in accountability relationships. This means that stakeholders cannot observe organizational activities directly. Therefore, reporting must be

submitted using such media which appropriate with stakeholders conditions, such as: the internet, internal printed media, mass media, dialogue, oral reporting, and / or social interaction (Zaid, 2014).

Accountability can be delivered trough digital-internet-based technology. With digital-internet technology all entities in the environment will always be connected and enable to share information with each other at high speed so they can disseminate information in real-time and can be accessed anytime and anywhere. Digital-internet technology has the following advantages: (1) Social Machines, (2) Global Facility and Virtual Production, (3) Smart Products, (4) Smart Services (Prasetyo and Sutopo, 2017).

Moreover, the internet can be reached by a large number of stakeholders with minimum marginal costs and provides the opportunity to engage dialogue interactively with stakeholders. With this technology, organizations can disclose large amount of information in compare with the other media. Although this technology offers significant opportunities in disseminating accountability information, most non-profit organizations only use the internet to disclose promotional information rather than to disseminate the accountability information (Sudjali, 2017).

### 2.3 Conceptual Framework of Zakat Management Accountability

Conceptually, the relationship of accountability in the management of zakat can be described as follows:

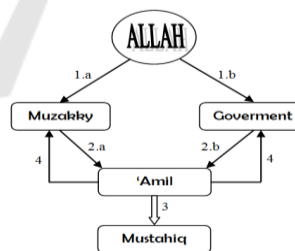


Figure 1: Chart of Accountability relationship in the management of zakat

*Explanation:*

(1.a) Allah gave wealth to muzakky (1.b) Allah mandated the government to manage zakat (2.a) Muzakky mandated zakat distribution to amil (2.b) The government mandates the implementation of zakat management to amil (3) Amil distributes the assets of zakat to mustahiq (4) As a form of accountability, amil submits reports to muzakky and the government



### 3 RESEARCH METHODS

This research is using the qualitative method with interpretive. This study took the case of nine provincial zakat institutions, as follows: (1) LAZ Baitul Maal FKAM (2) LAZ Yayasan Nurul Fikri Palangkaraya (3) LAZ Dompot Amal Ibn Abbas (DASI) West Nusa Tenggara (4) LAZ Dompot Social Madani (DSM) Bali (5) LAZ Harapan Dhuafa Banten (6) LAZ Solo Peduli Ummat (7) LAZ Dana Peduli Ummat East Kalimantan (8) LAZ Yayasan Al-Ihsan Central Java (9) LAZ Semai Sinergi Umat. The data collection in this study was carried out by observation and documentation of the institution's web address as the object observed starting from April 25 to July 01, 2018.

As explained by Creswell, the analysis and interpretation carried out in this study follow the procedure as follows; (1) Processing and preparing data for analysis; (2) Read the entire data. This step is intended to build a general sense of the information obtained and reflect its overall meaning; (3) Data Coding. The coding is the process of organizing the data by collecting parts according to the topics. (4) Describe the settings, categories and themes to be analyzed. This description involves the effort to deliver detail information concerning the events of the financial reporting of zakat institutions. (5) Describe in a narrative manner the results of the analysis (6) Make interpretation or interpret the data. Interpretation in this case is in the form of meaning that comes from the comparison between research results and information derived from the theory (Creswell, 2016).

### 4 RESULTS AND DISCUSSION

LAZ is a public institution, since the LAZ collects and manages zakat, infaq, alms and endowments (ziswa) funds, which are public funds. As a public institution, LAZ is bound by Law No. 14 of 2008 concerning Public Information Openness (UU KIP). LAZ is considered as a public institution that are required to disclose information of its organizational activities (Mubarok and Fanani, 2014) including financial information to the public.

Based on the BAZNAS report published on its website, there are 9 zakat institutions in provincial level all of which are equipped with internet addresses.

Table 2: List of names of Amil Zakat Institutions and their Internet Websites

No	Institution Name	Institution Website
1	LAZ Baitul Maal FKAM	<a href="http://baitulmalkam.com/">http://baitulmalkam.com/</a>
2	LAZ Semai Sinergi Umat	<a href="http://www.sinergifoundation.org">http://www.sinergifoundation.org</a>
3	LAZ Dompot Amal Sejahtera Ibnu Abbas [DASI] NTB	<a href="http://dasi-ntb.blogspot.com/">http://dasi-ntb.blogspot.com/</a>
4	LAZ Dompot Sosial Madani [DSM] Bali	<a href="http://dompetsosial.id">http://dompetsosial.id</a>
5	LAZ Harapan Dhuafa Banten	<a href="http://www.lazharfa.org">http://www.lazharfa.org</a>
6	LAZ Solo Peduli Ummat	<a href="http://www.solopeduli.org">http://www.solopeduli.org</a>
7	LAZ Dana Peduli Umat Kalimantan Timur	<a href="http://lazdpukaltim.blogspot.com/">http://lazdpukaltim.blogspot.com/</a>
8	LAZ Yayasan Al-Ihsan Jawa Tengah	<a href="http://www.lazisjateng.or.id">http://www.lazisjateng.or.id</a>
9	LAZ Yayasan Nurul Fikri Palangkaraya	<a href="http://www.nurulfikrizakatcenter.org">http://www.nurulfikrizakatcenter.org</a>

Source: <https://pid.baznas.go.id/rekapitulasi-laz-skala-provinsi/>

The nine institutions already have their owned websites and can be accessed easily. Unfortunately, the information available and easy to access provided by the zakat institutions is only for non-financial information. Except for LAZ Yayasan Nurul Fikri Palangkaraya, all these institutions do not provide a menu of financial reports on its website. Although providing a menu of financial reports on its website, the Nurul Fikri Foundation Palangkaraya LAS financial report cannot be accessed. In addition, the financial information also unavailable by searching it via the google search engine. During observations, researcher has been googling with keywords: *laporan keuangan+[nama lembaga]*, but it is not available.

Availability of website addresses and facilities to access information related to LAZ shows that they ease the stakeholders to access information needed. In its position as zakat manager, the zakat institution is the recipient of the mandate or as an agent. While donors with various parties who provide financial and non-financial supports can be seen as principals or owners. The existence and success of zakat management institutions are attached with the role of stakeholders, so that in this case, the ease of access of information performed by zakat institutions is a logical matter.

The availability of these facilities also shows that the zakat institution is adaptive to the development of digital technology where the internet has become a current lifestyle (<https://ekonomi.kompas.com/read/2018>). The results of research conducted by the Indonesian Internet Network Organizing Association (APJII) from the Indonesian Penetration and Internet User Behavior survey in 2017, showed that 143.26 million of the 262 million Indonesia's population are connected to the internet. It means, as

many as 54.68 percents of Indonesia's population is connected to the internet. Of the 143 million people or 29.63 percent spend four to seven hours per day using the internet. While the other 26.48 percent spend more than seven hours a day inaccessing the internet. Within a week, 65.98 percent of Indonesians access the internet in seven days, half of them access the internet from a smartphone or tablet (Pratiwi, 2018).

Unfortunately, the available information in the LAZ's website is only for non-financial information. LAZ do not provide financial reports on their websites or online-basis. This is probably based on the assumption that donors give donations with full sincerity so they do not need any report for their donations. A sincere person can be described as a religious-spiritual person. As expressed by Emmons, Barrett, & Schnitker (2008) in Chizanah, a religious-spiritual person is a pro-social person because of the person easy to empathize, honest, fair, and show respect to the pro-social norms. The behaviors shown in the social context are helpful behavior, altruism, and having an anti-violence attitude and conflict avoidance (Pratiwi, 2018).

LAZ's position on the donations they received was as the recipient of the mandate [agent] or the recipient of the mandate from the owner of the donation (principal), namely muzakki. In essence, Muzakki also as the recipient of the mandate of the assets they controlled. The real owner of the property is Allah SWT. Both *muzakki* and zakat institutions are jointly positioned as recipients of the mandate from Allah.

Mandate (*amanah*) in etymology (*lughawi* approach) from Arabic in the form of *mashdar* from (*amina-amanatan*) which means honest or trustworthy (Munawir, 1994). According to Al-Maraghi (1964), the mandate is something that must be nurtured and maintained in regard to being achieved to whom with the right to possess it. The mandate consists of 3 types, namely: (1) Human trust in God (2) Human trust in others (3) Human trust to themselves.

The consequence of the acceptance of the mandate, the *muzakki* must obey Allah as the ultimate owner by carrying out orders in the form of paying zakat. The zakat submitted by *muzakki* to LAZ is intended for those who are entitled to receive it. In this context, the position of LAZ is the representative of muzakki to distribute their zakat to those who are entitled to receive in proper, in addition to gain the pleasure of Allah, in reality to help those who are entitled to receive. *Muzakki* needs information concerning the achievement of

the goals of paying zakat. Therefore, as the recipient of the mandate, LAZ must perform according to the muzakki's interests. LAZ must convey information to *muzakki* that the donations they received were distributed according to the interests of *muzakki*. Thus, the absence of a financial report clearly violates the principle of this mandate.

The absence of financial reports that are easily accessed by donors certainly makes it difficult for donors to know the allocation of donations that have been given (Endahwati, 2014) and makes it difficult for other stakeholders to get information about the management of financial resources carried out by LAZ. This is contrary to the demands of public accountability that the community wants (Indriani and Nanda, 2017).

By not publishing financial reports online, community also have difficulty or even more unable to carry out supervision on LAZ management as required by the law. Supervision is needed to control the LAZ, so there are no deviations on the goals that have been set to be achieved and from the rules that have been enacted. Supervision also becomes a correction and improvement of goals and rules deviation. The weak supervision system will lead to fraud action and moral hazard which can cause some drawbacks to the parties concerned or society in general (Nurhasanah, 2013). RI Law No. 23 of 2011 concerning Zakat Management states that the public can participate in the supervision of zakat management carried out by BASNAS and LAZ in the form of (1) access to information on zakat management carried out by BAZNAS and LAZ; and (2) information delivery on the event of irregularities in the management of zakat carried out by BAZNAS and LAZ.

Another consequence, accountability in the aspects of sharia is weak and not even guaranteed. Zakat is a kind of worship that involves assets with detailed sharia conditions. Zakat is taken from people who have fulfilled the minimum required to pay zakat [*muzakki*] and only be distributed to those who fulfill the conditions to receive it [*mustahik*]. As mentioned in the Al-Qur'an Surat al-Taubah verse 60, recipients of zakat consist of (1) Fakir, (2) Poor, (3) Riqab, (4) *Gharim* (5) *Muallaf* (6) *Fi Sabilillah* (7) *Ibn sabil*; and (8) Amil. Distributor of zakat funds to other than the 8 groups is not justified or illegal in *sharia*.

The unavailability of financial reports in digital-internet-based media also shows that LAZ does not meet the criteria of good governance which become a demand and even the needs of the present time. Good governance can be defined as the

implementation of solid and responsible development management in accordance with democratic principles and efficient markets, avoiding faulty allocation of investment funds, and preventing corruption both politically and administratively, implementing budget discipline, and also to create a legal and political framework for the growth of business activities (Mindarti 2016).

In the perspective of good governance, an organization must be able to provide financial reports in a transparent and relevant manner. Among the meanings of transparency and relevant for the current era is digital-internet-based delivery. This is because people have a very large dependency on the use of information technology. A survey in 2014 conducted by Nokia explained that one of four people admitted that their duration on the online surfing was much more than their duration to sleep for each day. They have higher levels of addiction to social media like Twitter and Facebook compare with smoking (Nessy, 2014).

The difference in treatment in the delivery of information between financial and non-financial can also raise suspicion by the public about the integrity of the management and accountability of LAZ which leads to the weak interest of muslims to pay tithe through LAZ. This is certainly not beneficial in functioning zakat as an instrument to build the welfare of the people in a conducive socio-economic condition. Weak trust in LAZ causes muslims to pay zakat individually. If this happens, the distribution of zakat is uneven. A group of *mustahik*, because they have a dean relationship with a relatively large number of *muzakki*, they will get abundant zakat. Whereas other *mustahik* groups, because they only have a relationship with a small number of *muzakki*, then getting a small amount of zakat can even have a group of *mustahik* who do not get the zakat rights at all. This is certainly far from the goal of *tasyri* 'zakat.

Zakat management by LAZ has several advantages, including: (1) Ensuring certainty and discipline of zakat payments; (2) Maintaining the inferiority complex of the zakat *mustahik* when dealing directly to receive zakat from the *muzakki*. (3) Achieving efficiency and effectiveness and the right target in the use of zakat assets according to the priority scale that exists in a place. (4) Shows Islamic Shi'ism in the spirit of Islamic governance (5) Facilitates coordination and consolidation of *muzakki* and *mustahik* data. (6) Facilitate reporting and accountability to the public. (7) Professional management. (Qadir, 2016)

However, juridically, the absence of submission of financial reports through internet media does not completely violate the law. The law does explain that zakat management is based on [a] Islamic law; [b] trust; [c] benefits; [d] justice; [e] legal certainty; [f] integrated; and [g] accountability. However, the law does not require zakat institutions to publish financial statements online. The law on zakat number 38 the year 1999 only oblige zakat institutions to provide financial reports regularly without explaining the reporting media. Law no. 23 the year 2011 concerning the Management of Zakat only requires zakat institutions to report on the implementation of the collection, distribution and utilization of zakat which audited to BAZNAS periodically.

The results of this study strengthen the research results of Nikmatuniyah and Marliyati, which stated that the financial accountability of zakat institutions in national-level are relatively weak. The number of Muslim population in Indonesia occupies the highest position compared to other religions. In 2015 the percentage of the Muslim population reached 81 percent of the Indonesian population (Pangestu and Jayanto, 2017), with a high level of economic and religious prosperity. This is evident from the growing number of pilgrims which has increased for the last few years (<https://haji.kemenag.go.id>). On the other hand, the amount of zakat payment is still relatively small. Chairman of the National Zakat Agency (BAZNAS) Bambang Sudibyo in the Focus Group Discussion of Contextual Zakat Fiqh in Jakarta, stated that based on research data from BAZNAS, the potential of zakat in Indonesia in 2016 reached Rp. 286 trillion. At the national level, zakat which can be collected by the new official *amil* institutions reached Rp 5.1 trillion or 1.78%. It means that there is still a large space of zakat collection potential (<http://khazanah.republika.co.id>). Pangestu and Jayanto (2017) explained that the accountability of the management agency has positive influence to improve the interest of people to pay zakat.

In the management of zakat, LAZ is the recipient of a mandate with complex accountability relations. The management of zakat carried out by zakat institutions is a manifestation of the implementation of Allah's order regarding the obligation of zakat. Therefore, he must submit to Islamic Sharia. In his function as *amil*, he is a representative of BAZNAS in order to optimize the use of zakat. Therefore, he must submit to the regulations and provisions stipulated by BAZNAS. Regarding the distribution of zakat, he received the mandate from *muazakki* as

a donor. He also has a relationship with mustahik as a recipient of zakat. The existence of zakat institutions cannot be separated from the role and support of the general public. Therefore zakat institutions have both vertical and horizontal acquisitions.

Accountability means that individuals or organizations provide reports to the authorities and responsible for their actions in response to information needed by interested parties. Other than being justified to the needs of the stakeholders, the way they perform the responsibility of the zakat institution must be in accordance with Islamic sharia. In regard to financial reporting, zakat institutions should also meet the needs of muzakki and must also comply with the provisions of the regulator, such as the government, BAZNAS and the Accounting Standards Board.

LAZ financial statements should be prepared in accordance with the regulations stipulated by Islamic financial accounting standards set by the Indonesian Association of Accountants. The financial statements of zakat management institutions include; [a] statement of financial position [b] report on changes in funds [c] report on changes in assets managed [d] cash flow statement and [e] notes to financial statements. (SAS Board, 2016).

Regarding the lifestyle of the people of the present era who much rely on online media, the financial statements should be published in the official website of the institution with facilities for stakeholders in real time and real place. The government as the regulator, both through the BAZNAS and the Ministry of Religion should oblige zakat institutions to report their financial statements on time by online basis.

## 5 CONCLUSION

Based on the above discussion, it appears that the use of digital-internet-based technology by zakat institutions in the provincial level on the delivery of financial reports is still low. All agencies have used online media to provide non-financial information and have not used it for financial reporting. This shows that the financial accountability of zakat management institutions on a provincial level is still weak. This also does not fulfill the good governance which becomes the demand of the community from public institutions. Thus, the accountability of zakat management institutions, whether it is national or provincial level, can be concluded to be weak.

This study recommends that: Zakat institutions to use online-internet-based media as the tool to disclose financial statements. By improving the accountability of zakat institution, it is expected that the level of public trust in the zakat institution would be increased along with the increasing amount the zakat from the community distributed through zakat institutions, The BAZNAS, and the Government should formulate regulations that required zakat institutions to submit their financial statements online in a timely manner and The government through the inspectorate general of the ministry of religion should conduct monitoring and supervision on zakat institutions, especially regarding financial issues.

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