

FACTORS INFLUENCING ZAKAT PAYERS' PREFERENCE IN DISCHARGING ZAKAT OBLIGATIONS: AN EXPLORATIVE STUDY

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Abstract

This research aims to explore factors influencing zakat payers' preference in discharging their zakat obligations (i.e. paying zakat through authorized zakat institutions or giving it directly to recipients). This research was inspired by one of findings of our research on the effectiveness of zakat community development (ZCD) in Tanah Datar District. More clearly, ineffectiveness of the ZCD program undertaken was due to among others insufficient funding. This result indicates that local BAZNAS as the authorized zakat institution operated locally has not been able yet to optimize collection of zakat funds from zakat payers. This research is explorative in nature and therefore adopts a qualitative research approach. Data was collected at the end of October 2018, using Focus Group Discussion (FGD) with participants were two groups of postgraduate students majoring in Sharia Accounting and Sharia Banking at the State Islamic Institute Batusangkar. This research concludes that zakat payers' preference in discharging their zakat obligations is influenced by factors such as zakat awareness, tradition, trust and level of income. This is the first research undertaken to explore the behavior of zakat payers in Indonesia. The result theoretical framework proposed in this study can be empirically tested in a larger population by the future research.

Keywords: Zakat Institutions, Zakat Obligations, Zakat Payers

INTRODUCTION

Zakat is the third of the five basic pillars of Islam. 'Zakat' can be directly translated to mean increment, growth and of purification of the soul and wealth. In terms of sharia, 'zakat' is defined as an obligation to give a certain percentage of one's wealth when the wealth possessed has reached the limit to pay zakat or known as *nisab*. Zakat should be given to eight groups of eligible recipients as defined by the holy Qur'an (QS.9:60), known as *ashnaf* (Sabiq, 2004; Shiddieqy, 1987). Collection of zakat from those who are obligated and then distribution of it to the recipients are

supposed to be done by the authority (government) (Afzalurahman, 1982). In Indonesia, however, despite of being the largest Muslim-majority country in the world, both the collection and distribution of zakat funds were not regulated until the enactment of the Law number 23 of 2011. Prior the issuance of this law, the collection and distribution of zakat funds were handled individually by zakat payers or by independent Islamic organizations.

The law number 23 of 2011 strengthens the roles and functions of Badan Amil Zakat Nasional (BAZNAS) as an authorized zakat institution in Indonesia that has been established

since 2001 and the establishment was initiated by the government. BAZNAS exists at the national, regional and local government levels. Up until now, there have been 465 local BAZNAS throughout Indonesia. The Law number 23 of 2011 still recognizes the existence of independent zakat institutions in Indonesia which in general is known as Lembaga Amil Zakat (LAZ). The regulations, however, require LAZs to coordinate with BAZNAS in order to monitor the amount of zakat funds that are managed by the authorized zakat institutions in Indonesia. Moreover, to bring BAZNAS closer to the Muslims community, the regulation also allows the formation of so called Unit Pelayanan Zakat (UPZ) – Zakat Service Unit - at the sub-district and villages levels.

The decision to regulate collection and distribution of zakat funds in Indonesia has been driven by the fact that zakat potency in Indonesia is enormous since Indonesia is the largest Muslim-majority in the world. Firdaus et al. (2012) estimates Zakat potency in Indonesia to be around 217 trillion rupiah or equivalent with 3.5% of the Indonesia's 2010 GDP. When properly managed, this huge potency of zakat is supposed to be a powerful instrument to eradicate poverty which is still prevalent in Indonesia. The enactment of Law number 23 of 2011, therefore; indicates the new era of zakat fund management in Indonesia. The

law strengthens the position of Badan Amil Zakat Nasional (BAZNAS) as the authorized zakat institution in charge of collecting, distributing and empowering zakat funds in Indonesia.

The presence of authorized zakat institutions in Indonesia is expected to create a positive impact on zakat payers' behavior in Indonesia. More clearly, the establishment of the authorized zakat institutions in Indonesia is expected to influence Muslims in Indonesia to be willing to channel their zakat funds to the authorized institutions, instead of discharging their obligation individually. Our on-going research project on the effectiveness of Zakat Community Development (ZCD) undertaken by BAZNAS by taking BAZNAS Tanah Datar District as a case indicates lacked of funding as a reason of the ineffectiveness of the program. Lacked of funding of BAZNAS Tanah Datar to finance the ZCD program indicates that the zakat funds paid to BAZNAS is insufficient to fund programs designed. In other words, there are still many zakat payers that prefer to discharge their zakat obligation individually instead of utilizing zakat institution. This research, therefore; aims to explore factors influencing zakat payers' preference in discharging their zakat obligations.

REVIEW OF LITERATURE

Definitions of 'Zakat'

The word of 'Zakat' has been used to

refer to five different meanings in the holy Quran: obligatory charity, voluntarily charity, *nafakah*, forgiveness and truth (Shiddieqy, 1987:6-7). Zakat as an 'obligatory charity' is found in QS 2:43, "And perform As-Salat (Iqamat-as-Salat), and give Zakat, and bow down (or submit yourselves with obedience to Allah) along with Ar-Raki'un. In this verse, the obligation to pay zakat is paralleled with the obligation to perform As-Salat. Meanwhile, the meaning of zakat refers to the voluntarily charity can be found in QS.9:104, "Know they not that Allah accepts repentance from His slaves and takes the *Shadaqah* (alms, charities), and that Allah Alone is the One who forgives and accepts repentance, Most merciful?"

Next, the meaning of zakat which refers to the 'truth' is stated in QS.6:141. "And it is He Who produces gardens trellised and untrellised, and date-palms, and corps of different shape and taste (their fruits and their seeds) and olives, and pomegranates, similar (in kind) and different (in taste). Eat of their fruit when they ripen, but pay the due there of (its Zakat, according to Allah's Order 1/10th or 1/20th) on the day of its harvest, and waste not by extravagance. Verily, He likes not *Al-Musrifin* (those who waste by extravagance),

The term of zakat also can mean *nafaqah* (QS.9:34): "O you who believe! Verily, there

are many of the (Jewish) rabbis and the (Christian) monks who devour the wealth of mankind in falsehood, and hinder (them) from the Way of Allah (i.e. Allah's religion of Islamic Monotheism). And those who hoard up gold and silver (Al-Kanz: the money, the Zakat of which has not been paid) and spend them not in the Way of Allah, announce to them a painful torment".

Finally, the word of zakat refers to 'afuw' or forgiveness as stated in QS.7:199 "Show forgiveness, enjoin what is good, and turn away from the foolish (i.e. don't punish them). Indeed, there are several definitions of zakat found in the Holy Quran as shown above. The term of 'zakat' that is usually understood by Muslims, however, is the one that refers to the 'obligatory charity'. Meanwhile, the term of 'shadaqah' is used to refer to the 'voluntarily charity'. There are some important points to note about zakat. First, zakat brings about growth on one's wealth. Second, zakat purifies one's soul from stingy and sins; and prospers the wealth or adds reward for those who pay it. Third, zakat also shows one's faith; and therefore is called shadaqah. When zakat is paid, the Almighty will protect and bless the respective wealth. In contrary, when zakat zakat obligation is not discharged, the wealth will be destroyed through various forms of disasters (Shiddieqy, 1987).

Categories of Zakat

Zakat is distinguished into two main categories: Zakat *Mal* and Zakat *Nafs*. Zakat *Mal* is the type of zakat that is taken on certain types of wealth owned by a Muslim. Meanwhile, Zakat *Nafs* is the type of zakat that should be paid by every Muslim after completing the fasting during the holy month of Ramadhan (Shiddieqy, 1987). In relation to the first type of zakat, wealth can be classified into two:

Table 1. Type of Wealth in the Context of Zakat

Type	Description	Examples
Type I	The wealth can be easily seen or observed by public	Animals, crops and fruits
Type II	The wealth cannot be easily seen or observed by public	Gold, silver and trade-goods

Source: Sabiq, 2004; and Siddieqy, 1987

Zakat *Mal*, in fact, has been obligated since the beginning of Islam, prior the migration of the prophet Muhammad (PBUH) to Medina. However, what type of wealth that are zakatable and the rates of zakat, had not been specified yet at that time. Muslims decided themselves what zakat to pay and how much (Shiddieqy, 1987). This was continued up to the second year of hejrah. Zakat recipients were two groups only at that time: the poor and the needy. In the second year of Hejrah (i.e. 623 AD), what type of wealth that are zakatable and the rates of zakat to be paid, were made clear. Those who were eligible to receive zakat however remained the same (i.e. the poor and the needy). This was continued until the ninth of Hejrah when

verse 60 of Quran, Surah At-Taubah was revealed. QS 9:60: detailing who are to include as Ashnaf: the poor (*fuqara*), the needy (*masakin*), zakah collectors (*amilin*), those newly converted to Islam (*muallaf*), ransoming of slaves (*riqab*), the debtors (*algharimin*), in the cause of Allah (*fi sabilillah*), and the wayfarers (*ibnusabil*).

It is important to understand that the revelation of QS 9: 60 does not mean that zakat fund should be divided into eight all time. In fact, the Prophet Muhammad (PBUH) distributed zakat to those who needed it the most, even after the revelation of QS At Taubah: 60. Thus, the division depends on the situation. For zakat *nafs*, the prophet always distributed it to the poor and the needy (Shiddieqy, 1987). The position of the poor and the needy in the context of zakat is very important so that, in essence, zakat is actually really the right of the poor and the needy.

Authority to Collect Zakat

Ideally, zakat should be collected and distributed by the authority (the government) as practiced during the prophet time and then continued by the *khulafaurrasyidin* and the next caliphs of Islamic state. The practice however changed when the Muslim nation entered colonization period by the West. Muslims distrusted the Western authorities that ruled the Muslim lands, to manage zakat fund and therefore, Muslims preferred to

discharge their zakat obligation individually by giving zakat directly to the recipients (Naser et, al, 2001). Due to the long period of colonization experienced by the Muslim nations mostly in Asia and African continents, the practice of discharging zakat obligation individually has been taken for granted by many Muslims. The practice has been continued up until now when Muslims gained independence from the West. Recently, the awareness of the importance of managing zakat funds started to emerge in Muslim countries included Indonesia. As mentioned earlier, the government established the authorized zakat institution in 2001 and enacted the law on zakat in 2011.

The collection and distribution of zakat fund should be on the hand of the authority (QS 9: 103). This interpretation is explained in Shiddieqy (1987). The explanation provided is as follows: zakat purifies and develops society. Therefore, zakat can be seen as a form of cooperation between the have and the poor. Zakat protects society from social disasters (i.e. poverty, weaknesses both physically and mentally) and changes the society to become a dynamic one that has a good values and develops well. Since zakat is a manifestation of social life, it then should be managed by the government. Thus, QS 9: 103 implies that the government has an obligation to take Zakat from the ones who are obligated to pay it.

Then, it is narrated by Bukhary from Ibnu Majah: "Zakat is taken from wealthy people, and then is given to the needy". This *hadist* implies that the government or the authority has a right to manage zakat: collecting and distributing it. For anyone who refuses to pay zakat, the authority can take it by force, as the first caliph (Abu Bakar) did.

It is said that the Prophet (PBUH) was used to send officers to collect zakat and to distribute it to the eligible recipients. This practice was continued by the first and second caliphs (i.e. Abu Bakar and Umar bin Khatab). There was no different treatment for both types of wealth: Type I and II. The third caliph (i.e. Ustman bin Affan) also adopted the same practice at the beginning. However, the third caliph started to experience difficulties when Muslims became so wealthy. In other words, there were more Muslims owned wealth such as gold and silvers during the time of the third caliph. Thus, it was difficult to determine zakat on Type II wealth in the sense that the assessment of this kind of wealth could create inconvenience for the owners. Based on this consideration, the third caliph then decided to delegate the calculation and distribution of zakat on Type II wealth to the owners themselves (Sabiq, 1987; Siddieqy, 1987, Afzalurrahman, 1997).

Indeed, Islamic scholars (i.e. fuqaha) have agreed that zakat on Type II wealth can be

calculated and distributed by the owners themselves (Siddieqy, 1987). However, according to Syafi'i school of taught, when a country is ruled by a justice government, it is better to pay zakat on Type II wealth to the authority. Meanwhile, according to Hambali School of taught, it is better to distribute zakat on Type II wealth by the owners themselves, although it is not wrong to pay it to the authority. When a Muslim ruler instructs or requires Muslims to pay zakat through the authority, Muslims may give their zakat to the authority, regardless whether the government is a justice one or not, with one condition that the treasury (i.e. Baitul Mal) is not under the control of foreigners. By giving zakat to the authority, a Muslim has discharged his/her religious obligation.

From the perspective of As Syafi'i school of taught, when the owners of Type I wealth distribute zakat themselves, the zakat is considered to be invalid and therefore he/she should pay it again to the authority. Zakat payers should honor the appointed zakat collector and the payers can delay the payment of zakat in order to wait for the appointed zakat collector to come. When the appointed zakat collector does not come, then zakat payers can distribute zakat themselves (Shiddieqy, 1987). In the case that the authority does not require zakat payers to pay zakat to them, then zakat payers can distribute zakat

themselves. However, when the authority requires zakat payers to pay zakat to the government, there is no disagreement among Muslim scholars that every Muslim should obey the requirement. The disagreement, however, emerges in the case when the authority does not require the payment of zakat should be channeled to them.

Thus, every Muslim is obligated to pay zakat on Type I wealth to the authorized zakat institution, although the authority does not require it (School of taught Abu Hanifah, Malik, and Abu 'Uбайд). Other school of taught (i.e. As Syafi'i and Hambali) state that zakat on Type I wealth has to be paid to the authority, when required. Next, for zakat on Type II wealth, according to Syafi'i school of taught, the owners can distribute zakat themselves. This opinion is supported by part of Islamic Scholars. During the Prophet time, the payment of zakat on Type II wealth was delegated to the owners. However, when it was known that someone refused to pay zakat on Type II wealth, the authority obligates to force him/her to give its zakat to the authority (Siddiqy, 1987).

The calculation and distribution of zakat on Type II wealth could be delegated to the owner themselves during the Prophet time because the obedience of the companions and Muslims in general to the sharia requirements

was very high. Thus, there was no problem for the Prophet to leave the calculation and distribution of zakat on Type II wealth to individual Muslims. The condition of Muslims today, however, is very different. The obedience of Muslims to follow sharia requirements in general, included to pay zakat is no longer the same as the level of obedience of those who were living at the time of the prophet. It means that there is no other way of implementing sharia law related to zakat on Type II wealth completely, except by requiring the owners to do so. In fact, Umar R.A. had ever asked an appointed zakat collector to ask zakat on trade-goods.

Another important point to note is that “the effort to collect zakat is included in the responsibilities of the government. The wealth is not allowed to solve their zakat matters themselves. The reason is because zakat is to improve the condition of the poor and for peace and stability, religion and state. The basic law of zakat is that the distribution is not done by owners of the wealth. The Prophet collected zakat on Type I and Type II wealth. To collect zakat on Type I wealth such as animal, the Prophet sent an appointed officer to take it as mentioned earlier. While, for zakat on Type II wealth, the owners brought it (zakat) themselves to the prophet (Shiddieqy, 1987).

Importance of Zakat

There are many places in the Qur'an that convey the establishment of the duty to pay zakat. Al-Qardawi (1993) wrote that Zakat is mentioned in the Quran thirty times, in twenty-seven of which zakat is associated with the prayers. This reflects the importance of zakat. The religious function of zakat is derived from Shari'ah Islami'iah (Islamic teachings): Muslims should do what Allah has asked them to do and refrain from what He has cautioned them against. In this context, Allah has ordered Muslims to give Zakat (QS. 2:110). Therefore, the payment of zakat means that the Muslim has obeyed Allah. The obedience to Allah's command will bring the individual spiritual satisfaction (Sabiq, 1985).

The social function of zakat is connected to the argument that able Muslims are supposed to give Zakat, which means that Allah has given the poor an established right in the wealth of the rich. 'This prevents the poor from the onerous task of asking for charity, with the humiliation that this brings; it also relieves the poor from committing crime to secure their livelihood'. At the same time, the rich are actually given an opportunity to feel part of the entire social environment. 'By giving zakat, the rich feel that they are not isolated in their economic classes. Thus, zakat provides a mechanism for the distribution of wealth, which helps in closing the gap

between the poor and the rich (Naser et al., 2001).

Finally, in terms of the economic function, zakat provides a mechanism for distributing of wealth within the society. The poor will be able to contribute positively to economic growth through an increase in consumption expenditure and aggregate demand as zakat increases the purchasing power. In conclusion, the significance of zakat to the national and communal development is irrefutable. Zakat contributes to social security and harmony by closing the gap between the have and the have not, and strengthening the economic independence of the Muslim society. Generally speaking, zakat distribution helps to generate and to steer the country's economic activities through increase in individual's purchasing power (Firdaus et. al, 2012).

METHODOLOGY

This research is explorative in nature and therefore it adopts a qualitative research. Given the limited time and resource available, Focus Group Discussion (FGD) was considered to be the most efficient method for collecting data. FGD is a data collection method that usually brings together a group of between 5 and 13 people who have something in common, which is connected to the research topic, and to take part in a discussion on that topic, which is facilitated by the researcher (Matthews

& Ross, 2010:5). A focus group is "a way of collecting data that draws on group dynamics to acquire deep, rich, often experiential qualitative data". Focus groups are an appropriate method of data collection to use when the researcher is interested in gathering qualitative data about people's experiences, ideas and understandings and has an interest in why they experience their social world in this way.

FGDs were arranged by the end of October 2018 for two groups of postgraduate students at Islamic State Institute (IAIN) Batusangkar. The two groups of students are majoring in Sharia accounting and Sharia Banking. The first group consisted of eight participants and the second group attended by seven students. Post graduate students majoring in sharia accounting and sharia banking are considered to have certain level of understanding regarding the importance of zakat institutions such as BAZNAS. Majority of them also have worked and only few of them who directly continued their study after completing their undergraduate. FGDs participants, who have earned income, may have become zakat payers themselves. Thus, they are expected to be able to give valuable insights on the topic discussed.

RESULTS AND DISCUSSION

Three main themes emerged from the two FGDs arranged as factors that influence zakat payers' preference in discharging their zakat

obligations. The factors include: zakat awareness, tradition, and trust. Zakat awareness refers to two things: (i) awareness of zakat payers about their zakat obligation (zakatable wealth, nishab and rates) and (ii) awareness in terms of zakat institutions itself (i.e. the existence and the significance). The villagers for instance, as highlighted in the discussions of the two groups, have a considerably good understanding about zakat on agriculture, both in terms of nishab and the rates. However, they do not really understand about zakat on gold for instance, despite the fact that many villagers actually are used to keep gold as their medium of saving. Sometimes, the mount of gold kept can be quite substantive and reaches nishab. However, it is quite rare to hear villagers paying zakat on gold. Lacked of knowledge about zakat obligation is not only found among villagers. More educated people living in the city, often possesses very limited knowledge about zakat obligation. For instance, many Muslims do not aware of zakat on money kept in the bank as saving.

The FGDs revealed that the existence of zakat institutions such as BAZNAS, in fact is not known yet by all level of society, particularly for those who are living in the rural area. One participant said that nobody in his *nagari* knows what BAZNAS is. This is a sign that more effort required from zakat institutions

to reach every level of society (socialization needs to be intensified). As mentioned earlier, villagers usually have a quite good understanding about zakat on agriculture in terms of nishab and the rates. However, they do not know that zakat on agriculture is supposed to pay through the authorized zakat institution.

Distribution of zakat on agriculture relies more on 'tradition' applied in a certain place. In Nagari X for instance, as told by a participant from sharia accounting group, the tradition is that the chief in the family (i.e. *penghulu kaum*) is the one who will decide to whom zakat will be distributed. At the night of harvest time, the family will call an *imam* in the village. The imam will lead the two' as a reflection of gratitude to the Almighty for the good harvest. At the same time, the chief in the family will announce who will receive zakat. A slightly different tradition is applied in *nagari* Y. This was the experience of a participant from sharia accounting group. The tradition is that to distribute zakat (often zakat on agriculture and commerce) equally to all residents in Nagari Y. Another common practice found in the Muslim society and was mentioned in both groups during the discussion is that zakat fund is treated as gift for welcoming the EID or widely known as 'THR' for family members, regardless whether they are categorized as Ashnaf or not. That traditions and practices

do not consistent with the rules on zakat distribution that has been discussed in the literature review.

The FGDs also highlighted 'trust' on zakat institution such as BAZNAS as one of the main factor that influence zakat payers decision whether to channel their zakat to zakat institution or to discharge the obligation individually. Public trust on zakat institutions is heavily influenced by the credibility of zakat institution. Credibility is form by integrity and capability to manage zakat fund. Integrity refers to honesty or *amanah*. Capability to manage zakat fund professionally is reflected from: (i) the ability to distribute zakat fund to the eligible recipients only (BAZNAS personnel are never tempted to distribute zakat funds to someone that they know personally). There is a perception that when zakat is paid to BAZNAS, the fund will go to someone with the link to BAZNAS only. This perception is not without argument. There were cases when public observed that the ones who have contact at BAZNAS, in fact could get funds easily whereas the ones who are the more eligible ones, do not receive it. This kind of actions destroys trust of zakat payers to zakat institution.

A participant from sharia banking group told her own experience related to a scholarship program launched by a local BAZNAS. Her mother once was approached by someone who

was from UPZ and was looking for potential candidates who were eligible to receive zakat fund in form of scholarship for students. She said that her mother provided some documents required at that time such as ID card and family card. Her family did not hear any news whether she was accepted in the scholarship program or not. After a while, she applied directly to the same local BAZNAS to join in the scholarship program. She then learned that her name was already on the list of the scholarship recipient of that particular local BAZNAS. In fact, she never receives the money. This raises a question regarding of what was happened.

Besides the integrity problem, local BAZNAS seems to not have a good monitoring system in place to ensure that there is no moral hazard in distributing zakat fund. One case emerged during the discussion: zakat recipients apparently could approach more than one UPZ using the same documentation. For instance, A was recruited by UPZ X to be a zakat recipient. A then should supply some documents such as ID card and family card. One A receive the fund, A learned what required to get the fund. A then will make another set of copy of the same documents and then came to UPZ Y. UPZ Y then send her name to BAZNAS as a candidate of zakat recipient. A then will receive another fund through UPZ Y. If there is a proper

documentation undertaken by the local BAZNAS, this kind of moral hazard could be prevented.

The lacked of capability in managing and empowering of zakat fund by local BAZNAS is evident. It was said that BAZNAS of Tanah Datar district had a program that aims to develop a center for small scale businesses. A considerably substantive amount of zakat fund has been invested to build the center on a piece of land. The assets (i.e. land and building), however, just became idle as BAZNAS lacked of competency to carry on the program. The lacked of capability to plan and to design a productive program is also evident from the fact that UPZs at the sub-district level focuses merely on administering zakat recipients only. The other task – how to convert zakat recipients to become zakat payers, however, tends to be neglected.

The problems described above brought about a consequence - BAZNAS is heavily relying on zakat funds paid through the payroll system only. This was helped by regulations that require 2.5 % zakat on salary of Muslim civil servants throughout Indonesia should be directly cut by the treasury and paid to BAZNAS. Other institutions having a unit acting LAZ or UPZ (e.g. sharia banks), also obligate their employees to pay zakat through payroll system. As there is a considerably low trust on zakat institutions, zakat institutions, included BAZNAS, have

difficulty to raise fund from individual payers. If zakat institutions want to optimize the amount of fund coming from individual zakat payers, zakat institutions should put efforts to prove that they indeed have distributed zakat fund appropriately to the eligible ones only according to sharia.

All issues emerged from the FGDs described above can be solved in one or another way. For instance, low level awareness of zakat payers about the details of zakat obligations (subjects of zakat, nishab and the rates) can be solved by educating zakat payers. Lacked of knowledge about the roles and functions of zakat institutions can be improved by intensifying socialization about the zakat institutions. Zakat institutions should take more proactive and innovative approaches in order to make them known by wider zakat payers. They can come to places such as hospitals. There are many rich people are lying down in the hospitals. BAZNAS should come to this kind of place and introduce their roles and functions as well as the importance of paying zakat through an authorized institution.

Educating zakat payers and socializing the existence of zakat institutions not only will improve zakat awareness of zakat payers but also can gradually change the 'tradition' applied around Muslims communities. Low level of trust also can be improved through proving integrity and showing capacity to manage fund

efficiently and effectively. Improving 'zakat awareness' of zakat payers and 'public trust' on zakat institutions, however, will not automatically shift the preference of zakat payers from discharging their zakat obligations individually to channeling the zakat fund to the zakat institutions. The reason is because majority of Muslims in Indonesia are still in the middle income group. The implications is that Muslims in Indonesia, in general, have not been wealthy enough so that they can pay their zakat obligations completely, and at the same time, still have enough income left to be used as voluntarily charity (*shadaqah*) and portion of income to be used to help other family members and relatives. Often, the portion of income that someone used to help the needy in the family or extended family is zakat itself.

Thus, there is a kind of worries among the zakat payers that when they channel their zakat fund to zakat institution, then how then they can help their family members and relatives. Meanwhile, the ability of zakat institution to guarantee the appropriateness of zakat distribution is still questionable. For instance, S lives in the district of Tanah Datar whereas she has relatives living in District of Sijunjung. S questioned how then she can be sure that her relatives living in the district of Sijunjung definitely will get help from the local BAZNAS of Sijunjung? To avoid the

uncertainty, S preferred to send her zakat directly to her relatives in Sijunjung instead of paying her zakat to local BAZNAS of Tanah Datar district where she lives. The only way to overcome this kind of worries is by continuous improvement in terms of the appropriateness of zakat distribution by zakat institutions. However, this is not an easy task to achieve.

I, therefore; argue that the influence of 'income level' to the zakat payers' preference in discharging their zakat will be the most challenging factor to change. This is because level of income relates to the macro economy as a whole that will take long period of time to improve it. Moreover, zakat payers are used to justify their action by referring to one of recommendations that is to prioritize the closest ones around us first before helping others. The use of this argument to justify action in giving zakat directly to recipients, however, rather inappropriate as zakat management should be on the hand of a public body and the holy Quran does not recognizes as an individual act of worship (Afzalurrahman, 1982:10). Unfortunately, as Afzalurrahman (1982:10) said, zakat institution has been ignored by Muslims society.

As the largest Muslim-majority country in the world, Indonesia however has its own specificity that affects zakat institutions in Indonesia. The specificity refers to the fact that

Indonesia is not ruled based on sharia law (i.e. Indonesia is not an Islamic country). When the country is not ruled based on sharia', the rules related to the right of the authority to collect and to distribute zakat is no longer applicable. Paying zakat in Indonesia is voluntarily according to the law. Thus, the government only can encourage Muslims to pay zakat but cannot force them, except for zakat that is paid through the payroll system. Given the voluntarily nature of paying zakat in Indonesia, the crucial thing to do is to educate Muslims about the importance of paying zakat and the value of channeling the zakat to the institutions. In other words, more work need to be one around the factor of 'zakat awareness'.

Zakat institutions also can work on improving public trust through creating high integrity and strengthens capability to manage and to empower zakat fund. There is not much that can be done in relation to the influence of level of income as this factor connects to the macro economy as a whole, as mentioned earlier and the ability of zakat institution to ensure there is no misallocation of zakat fund.

CONCLUSIONS

Originally, zakat management is supposed to be on the hand of the authority as practiced during the Prophet Muhammad SAW time and the next caliphs. The practice however changed

as an impact of colonization of the West on the Muslims' lands. Paying zakat directly to the recipients finally has been taken for granted by Muslims around the world. Specific to Indonesian context, zakat management was just regulated very recently with the enactment of the law number 23 of 2011. The law does not make payment of zakat as a mandatory for Muslims in Indonesia. Therefore, payment of zakat by Indonesian Muslims heavily depends on the level of faith and zakat awareness of each individual Muslim. In terms of zakat payers' preference in discharging their zakat obligations is influenced by main factors such as 'zakat awareness', 'tradition', 'trust' and 'level of income'. Zakat awareness, tradition, and trust are factors that zakat institutions can work on it. Level of income, however, it relates to the macro economy condition as a whole. Thus, it is beyond the control of zakat institution. Nevertheless, zakat institution can gradually improve the appropriateness of zakat distribution in order to ensure that the one who receive zakat fund is truly the eligible ones as prescribed in QS 9:60. By doing so, zakat payers can be gradually persuaded to channel their zakat funds through institutions without worrying about their family members and relatives living in different places.

More work needs to be done in order to familiarize Muslims at all level about the roles

and functions of zakat institutions and the value of discharging zakat obligations through the institutions. Calculation of zakat obligations requires a sufficient knowledge. Here is where zakat institutions can play its role in helping Muslims discharge their zakat obligations completely. More proactive steps and actions required such as by coming to various places, not only limited to the common places such as shopping centers. Zakat institutions perhaps also need to meet zakat recipients who have become zakat payers themselves with the current zakat recipients. Successful stories usually can stimulate others to follow similar steps. Zakat institutions also need to pay attention to the monitoring and evaluation systems. Weak

control and monitoring can create moral hazard on the recipients and on institutions' personnel.

Zakat institutions seem to be more effective if they direct their effort on institution instead of individual payers. The government can use regulations to force institutions but not individuals. In other words, to institutions or companies regulations can be used but to individuals the government can only encourage them and perhaps through certain type of incentives. Moreover, institutions can contribute substantive amount of fund whereas individuals in general can contribute for small amount of zakat. The findings of this research can be summarized in Figure 1 below.

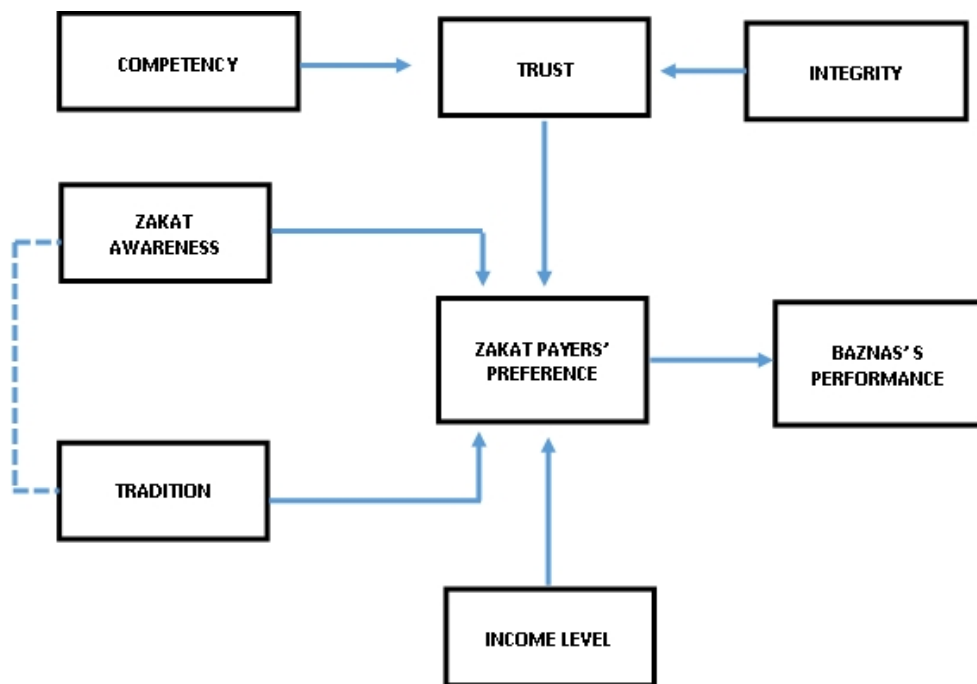


Figure 1. Factors Influencing Zakat Payers' Preference in Discharging Their Zakat Obligation

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