

Reconfiguring Islamic Philanthropy for Inclusive Economic Development: Evidence from Indonesia's Zakat and Waqf Ecosystem

Rekonfigurasi Filantropi Islam untuk Pembangunan Ekonomi Inklusif: Bukti dari Ekosistem Zakat dan Wakaf di Indonesia

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Abstract

Indonesia's zakat and waqf ecosystem has substantial potential to reduce poverty, expand essential services, and advance inclusive economic development. However, institutional fragmentation, uneven governance, limited public trust, and unequal digital access constrain philanthropic impact. This study examines how zakat and waqf institutions can be reconfigured through institutional coordination, digital innovation, accountable management, and *maqāṣid* al-sharī'ah principles. It analyzes institutional practices, inclusion mechanisms, and pathways linking philanthropic funds with poverty reduction, livelihood empowerment, education, health, and community resilience. The study employs a qualitative descriptive-critical design based on literature review, analysis of laws and institutional reports, and comparative examination of digital zakat and waqf practices in Indonesia and other contexts. Data are interpreted thematically using *maqāṣid* al-sharī'ah as a normative framework and inclusive development as an evaluative perspective. Findings indicate that digital platforms can improve collection efficiency, transparency, beneficiary identification, and service reach, while productive zakat and waqf can strengthen livelihoods and access to social infrastructure. Nevertheless, rural connectivity gaps, low digital literacy, fragmented data, limited nazhir and amil capacity, and regulatory ambiguity constrain outcomes and may exclude vulnerable groups. Effective reconfiguration requires interoperable data governance, integrated zakat-waqf programs, professional capacity development, participatory oversight, and partnerships among government, philanthropic institutions, fintech providers, civil society, and communities. Digitalization should therefore serve not merely collection, but *maqāṣid*-oriented empowerment and equitable

Keywords:

Digital Transformation;
Economic Empowerment
Inclusive Development;
Institutional Integration;
Maqāṣid al-Sharī'ah;
Poverty Alleviation;
Waqf;
Zakat;

distribution. The study recommends shared digital infrastructure, stronger regulation and auditing, improved rural accessibility, human capital investment, and outcome-based monitoring to ensure that zakat and waqf contribute measurably to inclusive, resilient, and sustainable development.	
Abstrak	Kata Kunci
<i>Ekosistem zakat dan wakaf di Indonesia memiliki potensi besar untuk mengurangi kemiskinan, memperluas akses terhadap layanan dasar, dan mendorong pembangunan ekonomi yang inklusif. Namun, fragmentasi kelembagaan, tata kelola yang belum merata, keterbatasan kepercayaan publik, serta ketimpangan akses digital masih membatasi dampak filantropi. Penelitian ini menganalisis bagaimana lembaga zakat dan wakaf dapat direkonfigurasi melalui koordinasi kelembagaan, inovasi digital, pengelolaan yang akuntabel, dan penerapan prinsip maqāṣid al-sharī'ah. Penelitian mengkaji praktik kelembagaan, mekanisme inklusi, serta jalur yang menghubungkan dana filantropi dengan pengentasan kemiskinan, pemberdayaan mata pencaharian, pendidikan, kesehatan, dan penguatan ketahanan masyarakat. Penelitian ini menggunakan desain kualitatif deskriptif-kritis berdasarkan kajian literatur, analisis peraturan perundang-undangan dan laporan kelembagaan, serta kajian komparatif terhadap praktik zakat dan wakaf digital di Indonesia dan konteks lainnya. Data dianalisis secara tematik dengan menggunakan maqāṣid al-sharī'ah sebagai kerangka normatif dan pembangunan inklusif sebagai perspektif evaluatif. Hasil penelitian menunjukkan bahwa platform digital dapat meningkatkan efisiensi penghimpunan, transparansi, identifikasi penerima manfaat, dan jangkauan layanan, sementara zakat dan wakaf produktif dapat memperkuat mata pencaharian serta akses terhadap infrastruktur sosial. Namun, kesenjangan konektivitas perdesaan, rendahnya literasi digital, fragmentasi data, keterbatasan kapasitas nashir dan amil, serta ambiguitas regulasi masih membatasi capaian dan berpotensi mengecualikan kelompok rentan. Rekonfigurasi yang efektif memerlukan tata kelola data yang interoperabel, integrasi program zakat-wakaf, penguatan kapasitas profesional, pengawasan partisipatif, serta kemitraan antara pemerintah, lembaga filantropi, penyedia fintech, masyarakat sipil, dan komunitas. Digitalisasi harus diarahkan bukan sekadar pada penghimpunan, tetapi pada pemberdayaan berbasis maqāṣid dan distribusi yang berkeadilan.</i>	<i>Transformasi Digital; Pemberdayaan Ekonomi; Pembangunan Inklusif; Integrasi Kelembagaan; Maqāṣid al-Sharī'ah; Pengentasan Kemiskinan; Wakaf; Zakat;</i>
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INTRODUCTION

Research Background

The growth of Islamic finance in Indonesia has primarily concentrated within the banking sector ([Utomo & Ismal, 2024](#)), yet the redistributive potential of zakat and waqf remains largely untapped because their institutional development, regulatory arrangements, and operational practices have not advanced with the same degree of integration.

This imbalance is significant because Islamic philanthropy is not merely a religious mechanism for voluntary giving; it is also a potential system of social protection, asset redistribution, human-capital investment, and community empowerment ([Ikhsan et al., 2026](#); [Nazeri & Shaharuddin, 2025](#)).

Zakat is designed to transfer resources toward eligible beneficiaries, while waqf can preserve and develop productive assets for continuing public benefit. When managed strategically, the two instruments can address both immediate deprivation and the structural conditions that reproduce poverty. Zakat can provide consumption support, emergency assistance, health services, and livelihood capital, whereas waqf can finance schools, clinics, agricultural facilities, housing, water infrastructure, and other assets that generate long-term social value.

Recent research indicates that zakat management in Indonesia is associated with poverty reduction, while waqf contributes through the productive management of assets and the provision of sustained benefits ([Wahyudi et al., 2024](#)). Nevertheless, the existence of these instruments does not automatically produce inclusive development. Their outcomes depend on the quality of institutions that collect, manage, invest, distribute, supervise, and evaluate philanthropic resources. Indonesia's large Muslim population, expanding digital economy, and increasingly formalized Islamic financial sector create favorable conditions for transforming zakat and waqf into more effective instruments of inclusive development.

The legal framework also appears to have established important institutional foundations. Law No. 23 of 2011 regulates zakat management, while Law No. 41 of 2004 and Government Regulation No. 42 of 2006 provide the principal framework for waqf administration; the establishment of the Indonesian Waqf Board has further supported the supervision of waqf managers and the development of cash waqf institutions ([Bonang et al., 2024](#); [Nashirudin et al., 2025](#)).

These arrangements may indicate the state's recognition that Islamic philanthropy requires formal governance rather than relying exclusively on informal charitable practices. However, legal recognition has not yet resulted in a fully coordinated ecosystem. Zakat institutions, waqf boards, nazhir, amil organizations, government agencies, Islamic financial institutions, fintech companies, and community-based organizations frequently operate through separate administrative systems, reporting standards, beneficiary databases, and program priorities ([Nazeri et al., 2026](#); [Shukri et al., 2026](#)).

Such fragmentation can produce overlapping assistance in some locations while leaving other vulnerable populations underserved. It can also prevent institutions from

combining the short-term redistributive function of zakat with the long-term asset-building function of waqf. Existing studies identify fragmented management, weak public understanding of productive waqf, and inadequate digital integration as major obstacles to realizing zakat-waqf synergy ([Mukhlishin et al., 2025](#)).

The problem therefore appears to involve not simply insufficient collection, but the absence of an integrated institutional architecture capable of converting scattered philanthropic transactions into coordinated development programs. Governance and public trust constitute another central dimension of the problem. Donors are more likely to contribute when institutions demonstrate credible procedures for fund collection, disbursement, monitoring, and reporting.

Digital platforms can support this process by facilitating online donations, real-time tracking, electronic receipts, beneficiary identification, and more accessible disclosure of institutional performance. Research on digital zakat and waqf management suggests that technology-enabled fundraising, monitoring, reporting, and performance audits can improve transparency, accountability, efficiency, and public participation ([Nashirudin et al., 2025](#)). However, digitalization also introduces new risks. Weak data protection, insecure transactions, unclear responsibility for platform failures, inconsistent Shariah standards, and limited oversight of private-sector innovations may undermine rather than strengthen trust.

In the waqf sector, current regulations have not fully addressed digital data protection, transaction security, and technology-based governance, while differences in fatwa interpretation can create uncertainty for emerging digital models ([Z, 2025](#)). Similar gaps are visible in zakat governance: a recent analysis found that only a small proportion of Indonesian MUI fatwas directly and substantively address digital zakat administration, leaving questions concerning Shariah compliance, data governance, and technological standards insufficiently resolved ([Nasution, 2025](#)).

Consequently, digital transformation may be more appropriately understood not merely as the simple transfer of conventional collection practices to mobile applications. It requires a comprehensive governance framework linking technological innovation with accountability, ethical standards, institutional coordination, and measurable social outcomes. Inclusion also demands attention to groups that may be excluded by technology-centered reforms ([Aryanti et al., 2025](#); [Lin et al., 2026](#)).

Urban donors with smartphones, bank accounts, and reliable internet access may benefit immediately from digital platforms, while rural communities, older persons, low-income households, persons with disabilities, and individuals with limited digital literacy may face difficulties accessing registration, payment, verification, or assistance services. Research on zakat and waqf in Indonesia has specifically identified rural technological barriers, limited nazhir capacity, and uneven access as constraints on poverty alleviation and sustainable development ([Rofiq et al., 2025](#)).

This creates a paradox in which digitalization can expand institutional reach while simultaneously deepening exclusion if it is not accompanied by assisted channels, local intermediaries, accessible interfaces, community education, and investments in

connectivity. Inclusive economic development therefore appears to require a multidimensional understanding of access. Beneficiaries should not be viewed only as recipients of transfers but as participants whose capabilities, preferences, knowledge, and social conditions shape program effectiveness ([Homère et al., 2025](#); [Morosoli et al., 2024](#)).

Productive zakat programs, for example, may support microenterprise, skills training, agricultural inputs, or employment creation, but their sustainability depends on mentoring, market access, financial literacy, and protection against economic shocks. Likewise, productive waqf requires professional asset management, feasible investment models, transparent returns, and a clear connection between revenue generation and social objectives. Evidence from studies of ZISWAF and the Sustainable Development Goals indicates that productive zakat and education waqf can contribute to economic empowerment and improved access to education, although low literacy, limited innovation, and uneven institutional trust continue to restrict their impact ([Purnawan & Irfaniah, 2025](#)).

These challenges suggest the need to evaluate philanthropic performance not only through the amount of funds collected or the number of beneficiaries reached, but also through changes in income, employment, educational attainment, health access, resilience, and social participation. Within this context, *maqāṣid* al-sharī'ah offers a relevant normative framework for assessing whether institutional practices advance the protection and enhancement of religion, life, intellect, progeny, and wealth. Applied to zakat and waqf, *maqāṣid* requires a shift from charitable relief toward empowerment, human dignity, equitable opportunity, and sustainable welfare ([Supani et al., 2026](#); [Yunus, 2026](#)).

It also provides a basis for connecting Islamic philanthropy with inclusive development without reducing religious objectives to purely economic indicators. The central research problem is thus how Indonesia's zakat and waqf ecosystem can be reconfigured so that institutional integration, digital innovation, accountable governance, and *maqāṣid*-oriented programming produce meaningful and equitable development outcomes. Although existing scholarship has made valuable contributions, several research gaps remain ([Hassan et al., 2026](#); [Rimanto, 2026](#)).

First, much of the literature examines zakat and waqf separately, even though their functions can be complementary within integrated poverty-reduction and social-infrastructure strategies. *Second*, many studies focus on the normative potential of Islamic philanthropy or the promise of digitalization without sufficiently examining how institutional coordination, data interoperability, regulatory oversight, and organizational capacity interact in practice. *Third*, existing research often emphasizes collection growth, donor intention, or legal compliance rather than assessing whether philanthropic programs improve beneficiaries' capabilities and resilience. *Fourth*, digital studies tend to highlight efficiency and transparency but give less attention to the risk that unequal connectivity and digital literacy may exclude precisely those communities most in need. Finally, limited research brings together *maqāṣid* al-sharī'ah, inclusive development, institutional governance, and empirical program outcomes in a single analytical framework.

Addressing these gaps, this study analyzes the institutional practices, inclusion mechanisms, and development pathways through which zakat and waqf can be reconfigured in Indonesia. It focuses on the relationships among regulation, organizational professionalism, digital infrastructure, public accountability, integrated programming, and beneficiary empowerment, thereby developing a more comprehensive understanding of how Islamic philanthropy can contribute to inclusive, resilient, and sustainable economic development.

Problem Identification

1. Regulatory fragmentation: Overlapping and insufficiently harmonized regulations governing zakat and waqf may generate legal uncertainty, administrative duplication, and inconsistent implementation across institutions and regions ([Monaya & Brawijaya, 2025](#)).
2. Weak institutional coordination: Limited collaboration among government agencies, the National Zakat Agency (BAZNAS), waqf institutions, philanthropic organizations, financial institutions, technology providers, and local communities may impede the development of an integrated Islamic social finance ecosystem ([Widiastuti et al., 2022](#)).
3. Insufficient institutional capacity: Many zakat and waqf institutions continue to face limitations in professional management, human resources, financial planning, asset development, data management, and strategic program implementation ([Hariyanto et al., 2024](#)), ([Asytuti et al., 2025](#)).
4. Unequal access and digital exclusion: The growing reliance on digital platforms may exclude rural communities, older persons, low-income households, persons with disabilities, and individuals with limited digital literacy from donation, registration, payment, and beneficiary services ([Lubis et al., 2024](#)).
5. Limited transparency and accountability: Inadequate reporting systems, weak supervision, inconsistent disclosure practices, and insufficient data interoperability may diminish public trust and complicate assessment of whether funds and waqf assets are managed effectively ([Asytuti et al., 2025](#)), ([Nashirudin et al., 2025](#)).
6. Weak measurement of development outcomes: Zakat and waqf programs are often evaluated through collection levels, distribution volumes, or beneficiary numbers rather than through the effects of these programs on income, employment, education, health, resilience, empowerment, and long-term poverty reduction ([Widiastuti et al., 2022](#)).

Research Questions

1. How might Indonesia harmonize regulations and strengthen coordination among zakat and waqf institutions to establish an integrated Islamic philanthropy ecosystem that supports inclusive economic development?

2. What institutional, managerial, digital, and accountability mechanisms may be required to ensure that zakat and waqf services are accessible to vulnerable communities and managed transparently and professionally?
3. How might integrated zakat and waqf programs contribute to beneficiaries' income, employment, education, health, resilience, empowerment, and long-term poverty reduction within a *maqāṣid*-oriented development framework?

Research Objectives and Significance

Research Objectives

1. An analysis of the regulatory framework governing zakat and waqf, including the identification of opportunities for harmonization and institutional coordination in Indonesia.
2. An examination of the institutional, managerial, and technological capacities required to strengthen the professionalism, transparency, accountability, and effectiveness of zakat and waqf institutions.
3. An assessment of how digital platforms and service innovations may expand access to zakat and waqf services while addressing digital exclusion among vulnerable communities.
4. An evaluation of the contribution that integrated zakat and waqf programs may make to beneficiaries' income, employment, education, health, resilience, empowerment, and long-term poverty reduction.
5. The development of a *maqāṣid*-oriented framework and evidence-based recommendations for reconfiguring Indonesia's zakat and waqf ecosystem to advance inclusive, resilient, and sustainable economic development.

Research Significance

First, this study may benefit policymakers by identifying strategies for harmonizing regulations, strengthening interinstitutional coordination, and improving accountability within Indonesia's zakat and waqf ecosystem. *Second*, it may support practitioners by offering guidance for enhancing institutional professionalism, expanding inclusive digital services, and designing integrated programs that respond to the needs of vulnerable communities. *Third*, it may benefit researchers and development stakeholders by providing an analytical basis for evaluating zakat and waqf through the assessment of measurable outcomes, including poverty reduction, economic empowerment, social resilience, and sustainable community development.

LITERATURE REVIEW

The literature review seeks to establish a conceptual foundation through an examination of Islamic social finance as a strategic instrument for distributive justice and

socioeconomic welfare. Within this broader system, zakat and waqf may be understood not merely as charitable mechanisms but as institutional instruments that can redistribute resources, finance social services, and support productive economic activity.

Zakat generally operates through direct redistribution to eligible beneficiaries, whereas waqf can generate longer-term benefits through the management of endowed assets for education, health, housing, enterprise development, and other public purposes. A systematic review of Islamic social finance research indicates that zakat, waqf, sadaqah, and qard al-hasan can contribute to 11 of the 17 Sustainable Development Goals, particularly those related to poverty reduction, inequality, education, health, and social protection ([Dirie et al., 2023](#)).

This developmental orientation appears consistent with *maqāṣid al-sharīʿah*, which provides an ethical framework for protecting religion, life, intellect, lineage, and wealth while promoting justice and human well-being ([Awang et al., 2025](#)). Accordingly, the contribution of Islamic philanthropy should be assessed not only through the volume of funds collected or distributed but also through its effects on beneficiaries' capabilities, dignity, resilience, and long-term socioeconomic mobility. Indonesian scholarship increasingly emphasizes the potential of zakat and waqf to support inclusive development, yet it also identifies a persistent gap between institutional potential and practical realization ([Haviedzah et al., 2026](#)).

Empirical analysis of Indonesia's poverty indicators suggests that both zakat management and waqf management are negatively associated with poverty, with zakat functioning primarily as a direct redistribution mechanism and waqf contributing through productive asset management and longer-term social benefits ([Wahyudi et al., 2024](#)). Similarly, studies of productive zakat and Islamic social finance emphasize the importance of combining financial assistance with beneficiary assessment, capacity building, enterprise development, and sustained mentoring so that recipients can move from consumption support toward productive self-reliance ([Hasibuan & Marliyah, 2023](#)).

The literature therefore appears to support an integrated model in which zakat addresses immediate vulnerabilities while waqf provides durable institutional and economic infrastructure ([Wahyudi et al., 2024](#)). Governance may consequently be understood as a second central theme. Indonesian zakat and waqf institutions continue to face challenges involving regulatory fragmentation, uneven managerial capacity, limited transparency, and weak coordination among state agencies, philanthropic organizations, financial institutions, and community actors.

Recent legal and governance research argues that digital platforms, real-time monitoring, standardized reporting, and performance audits can strengthen accountability, efficiency, and public trust; however, gaps in regulatory supervision and the integration of private-sector innovation remain significant concerns ([Nashirudin et al., 2025](#)). Other research cautions that excessive centralization may impose bureaucratic burdens on community-based institutions and weaken social participation, suggesting the value of a hybrid governance model that combines state oversight with community legitimacy ([Haviedzah et al., 2026](#)).

Digitalization consequently appears to offer both opportunities and risks. It can improve fundraising, beneficiary verification, fund tracking, and reporting, but technological barriers and unequal digital literacy may exclude rural households and other vulnerable groups from essential services ([Rofiq et al., 2025](#)). Inclusive digital reform would therefore ideally be accompanied by assisted access, offline service channels, data protection, and locally embedded intermediaries.

Finally, the literature appears to highlight the importance of impact measurement. Existing studies frequently prioritize collection and distribution indicators, while insufficient attention is given to income stability, employment, education, health, empowerment, and resilience. Recent bibliometric evidence likewise identifies a strong concentration on financial benefits and calls for more policy-oriented, inclusive, and sustainability-sensitive research ([Ma & Sukmana, 2025](#)).

This study seeks to address these limitations through an analysis of regulation, institutional professionalism, digital inclusion, accountability, program integration, and measurable beneficiary outcomes within a single *maqāṣid*-oriented framework for reconfiguring Indonesia's zakat and waqf ecosystem.

THEORETICAL AND CONCEPTUAL FRAMEWORK

Theoretical Framework

The theoretical framework comprises five complementary perspectives. *First*, the *Maqāṣid al-Ummah* framework positions zakat and waqf as instruments for realizing collective welfare (*maṣlaḥah*), distributive justice, human dignity, and sustainable social development rather than as isolated devotional practices. It evaluates institutional performance according to the protection and enhancement of religion, life, intellect, lineage, and wealth, thereby requiring zakat and waqf programs to address material deprivation, education, health, family welfare, economic security, and social resilience ([Awang et al., 2025](#)), ([Mustafida et al., 2020](#)).

Second, the distributive justice and capability framework elucidates how zakat and waqf can expand the substantive freedoms of vulnerable groups. Zakat provides immediate redistribution and social protection, while productive waqf can create enduring access to assets, education, healthcare, housing, and livelihood opportunities. Within this perspective, development is measured not only by poverty reduction but also by beneficiaries' enhanced capabilities, income stability, productive participation, and ability to achieve economic independence; empirical evidence from Indonesia indicates that both zakat and waqf management are negatively associated with poverty, although zakat operates more directly and waqf produces longer-term benefits through productive asset management ([Wahyudi et al., 2024](#)), ([Shaikh et al., 2017](#)).

Third, the institutional governance framework emphasizes that the developmental effectiveness of Islamic philanthropy depends on the quality of rules, organizational capacity, accountability mechanisms, and coordination among BAZNAS, LAZ, *nazhir*, government agencies, financial institutions, private-sector partners, and community organizations. Professional administration, transparent reporting, performance audits,

regulatory coherence, and adaptive supervision are therefore treated as explanatory conditions linking resource mobilization to public trust and development outcomes; digital monitoring and real-time reporting may strengthen efficiency and accountability, although regulatory gaps and weak integration of private-sector innovation remain important constraints ([Nashirudin et al., 2025](#)).

Fourth, the social capital and collaborative governance framework recognizes that zakat and waqf institutions operate within networks of religious authority, local communities, donors, beneficiaries, and civil-society organizations. Trust, social legitimacy, participation, reciprocity, and locally grounded knowledge can improve beneficiary identification, program acceptance, and institutional responsiveness, whereas excessive centralization and rigid bureaucratic procedures may weaken community participation and undermine the social foundations of philanthropy. This framework consequently appears to support a hybrid governance model that combines state standardization and legal oversight with community-based legitimacy and participatory implementation ([Haviedzah et al., 2026](#)),([Waldi et al., 2025](#)).

Fifth, the digital inclusion and theory-of-change framework conceptualizes digitalization as an enabling mechanism that connects institutional inputs—such as funds, data, professional personnel, and endowed assets—to outputs including accessible services, verified beneficiaries, traceable transactions, and integrated programs, and ultimately to outcomes such as poverty reduction, empowerment, resilience, and sustainable community development. Digital platforms can improve fundraising, beneficiary verification, fund tracking, and transparency, but their contribution to inclusion depends on assisted access, offline alternatives, data protection, and digital literacy support because technological and rural-access barriers may exclude vulnerable households ([Rofiq et al., 2025](#)),([Muyassarrah et al., 2025](#)).

Taken together, these five frameworks may establish an integrated analytical model in which *maqāṣid* defines the normative purpose, distributive justice specifies the welfare objective, institutional governance explains organizational performance, social capital clarifies collaborative legitimacy, and digital inclusion provides the operational infrastructure for transforming zakat and waqf resources into measurable and inclusive development outcomes ([Dirie et al., 2023](#); [Widiastuti et al., 2022](#)).

Conceptual Framework

The conceptual framework may be delineated into three complementary models that translate the theoretical synthesis into an operational explanation of how Indonesia's zakat and waqf ecosystem can advance inclusive economic development.

1. Sequential Zakat–Waqf Development Model

The first model conceptualizes zakat and waqf as complementary instruments within a staged development pathway. Zakat may function as an immediate social-protection mechanism by providing consumption support, emergency assistance, debt relief, and basic livelihood stabilization for mustahiq households. Once minimum security has been achieved, waqf can support longer-term asset formation

through productive enterprises, education, healthcare, housing, skills development, and community infrastructure. This sequencing may connect short-term economic rescue with recovery, reinforcement, and resilience, thereby potentially addressing both the symptoms and structural causes of poverty ([Widiastuti et al., 2022](#)).

The model assumes that zakat reduces immediate vulnerability, while productive waqf expands beneficiaries' capabilities and access to durable economic resources; empirical evidence from Indonesia indicates that zakat contributes more directly to poverty reduction, whereas waqf generates longer-term benefits through productive asset management ([Wahyudi et al., 2024](#)).

The principal independent variables are zakat adequacy, waqf productivity, program continuity, and instrument integration; the mediating variables are household consumption stability, access to productive assets, human-capital development, and livelihood participation; and the dependent variables are poverty reduction, income stability, economic independence, and household resilience.

Accordingly, the model suggests that integrated zakat–waqf programs may produce stronger and more sustainable development outcomes than isolated distributions because they combine immediate redistribution with long-term productive investment.

2. Institutional Governance and Digital Inclusion Model

The second model explains how institutional quality and digital infrastructure influence the effectiveness and inclusiveness of zakat and waqf management. In this model, regulation, professional human resources, inter-organizational coordination, shariah compliance, financial reporting, performance audits, and beneficiary data management may constitute the principal governance inputs.

These inputs may be transformed into institutional outputs through transparent fundraising, standardized beneficiary identification, traceable distribution, integrated program planning, real-time monitoring, and public disclosure. Digital platforms can strengthen collection, verification, fund tracking, and accountability, but their developmental contribution is hindered by institutional constraints, uneven technological infrastructure, and low digital literacy, particularly in rural areas ([Lubis et al., 2024](#)).

The framework therefore treats digitalization not as an independent substitute for institutional reform but as an enabling mechanism whose effects are conditioned by organizational capacity and inclusive design. Public trust, donor participation, service accessibility, and beneficiary engagement may function as mediating mechanisms between governance capacity and development outcomes. Stronger regulatory oversight and adoption of global best practices appear essential to enhancing accountability and transparency, addressing challenges such as monitoring non-compliance and integrating private sector innovations ([Nashirudin et al., 2025](#)).

The expected outcomes may include greater resource mobilization, reduced administrative leakage, improved beneficiary coverage, stronger institutional legitimacy, and more equitable access to zakat and waqf services.

3. *Maqāṣid*-Oriented Impact and Sustainability Model

The third model may be understood as positioning *maqāṣid* al-ummah as the normative and evaluative foundation of the ecosystem. It links institutional inputs and program interventions to multidimensional outcomes across the protection and enhancement of religion, life, intellect, lineage, and wealth.

Within this framework, protection of life is assessed through food security, healthcare, and emergency assistance; protection of intellect through education, training, and knowledge access; protection of lineage through family welfare, child protection, and social stability; protection of wealth through income generation, asset ownership, financial inclusion, and resilience; and protection of religion through ethical institutional practice and the preservation of beneficiaries' dignity.

Zakat and waqf programs are consequently evaluated not only by the amount collected or distributed but also by their contribution to the overarching principles of public welfare, social justice, equity, and sustainability ([Awang et al., 2025](#)). The model appears to incorporate institutional accountability, community participation, program integration, and digital transparency as moderating conditions that determine whether financial resources generate *maqāṣid*-consistent outcomes. Its outcome indicators include reductions in poverty and inequality, improvements in employment, education, health, empowerment, resilience, and social cohesion, together with the sustainability and inclusiveness of supported communities.

This approach appears consistent with evidence that Islamic social finance can contribute to multiple Sustainable Development Goals when supported by fairness, justice, effective governance, transparency, and collaborative implementation ([Awang et al., 2025](#)). Taken together, the three models may be understood as forming an integrated conceptual framework in which the sequential allocation of zakat and waqf determines the development pathway, institutional governance and digital inclusion determine implementation quality, and *maqāṣid*-oriented indicators determine whether the resulting interventions achieve inclusive, accountable, and sustainable economic development.

METHODOLOGY

This study employs a qualitative research design to explore how zakat and waqf institutions can contribute to poverty reduction, institutional accountability, digital inclusion, and *maqāṣid*-oriented sustainable development. A qualitative approach may be appropriate because the research focuses on meanings, experiences, institutional practices, and contextual relationships that cannot be adequately captured through numerical indicators alone.

Previous studies on zakat and waqf have similarly used qualitative case studies, semi-structured interviews, observations, and document analysis to examine governance practices and community-level implementation ([Huda & Santoso, 2022](#); [Hudaefi et al., 2020](#)).

The study adopts an exploratory multiple-case strategy involving selected zakat organizations, waqf institutions, regulatory bodies, Islamic financial institutions, digital philanthropy platforms, and beneficiary communities in Indonesia. Cases will be selected purposively according to their experience in managing zakat, developing productive waqf, implementing digital systems, or integrating social-finance programs with poverty-alleviation initiatives ([Bakar et al., 2026](#)).

The participants will include institutional leaders, zakat administrators, nazhir, regulators, technology specialists, community representatives, donors, and beneficiaries. Expert sampling may be suitable because institutional governance and digital transformation require participants who possess direct knowledge of organizational procedures, regulatory implementation, fund management, and service delivery ([Listiana & Alhabshi, 2020](#); [Sawmar & Mohammad, 2019](#)).

Primary data will be collected through semi-structured, in-depth interviews. The interview guide will address four analytical domains: first, the mechanisms through which zakat provides immediate redistribution and waqf supports productive and long-term investment; second, the influence of regulation, professional capacity, coordination, Shariah compliance, reporting, and auditing on institutional performance; third, the role of digital platforms in fundraising, beneficiary verification, fund tracking, transparency, and public participation; and fourth, the extent to which programs advance *maqāṣid al-sharī'ah* through improvements in welfare, education, health, livelihood participation, dignity, and household resilience. Interviews will be recorded with participants' consent, transcribed verbatim, and translated into English where necessary ([Mohaiyadin & Aman, 2021](#)).

To strengthen contextual interpretation, the interview evidence will be complemented by content analysis of legislation, institutional annual reports, strategic plans, financial disclosures, program evaluations, digital platform information, and relevant academic literature. This combination of interviews and documentary materials may facilitate triangulation and support comparison between formal institutional claims and practical implementation.

Data analysis will proceed through familiarization, coding, categorization, theme development, cross-case comparison, and interpretation. The analysis will use both deductive codes derived from the three conceptual frameworks and inductive codes emerging from participants' accounts ([Kirk et al., 2015](#)).

Particular attention will be given to relationships among program integration, governance quality, digital accessibility, beneficiary participation, and sustainable outcomes. Credibility will be enhanced through source triangulation, participant clarification, peer discussion, and an audit trail documenting coding decisions ([Yadav, 2021](#)).

Ethical procedures will include informed consent, voluntary participation, confidentiality, secure data storage, and the anonymization of institutions and individuals whose disclosure could create professional or social risks ([Bracken-Roche et al., 2017](#)). This methodology is expected to generate a contextual elucidation of not only whether zakat

and waqf may be effective, but also how institutional and social conditions may shape their developmental impact.

RESULTS AND DISCUSSION

Research Findings

The empirical findings suggest that the integration of zakat and waqf is primarily operationalized through distinct yet complementary functional roles: zakat serves as an immediate liquidity buffer for short-term poverty alleviation, while waqf acts as a strategic endowment to foster long-term productive capacity.

The findings further suggest that integration does not necessarily require the complete institutional merger of zakat and waqf organizations. Rather, it appears to be achieved through coordinated planning, beneficiary referral, shared information systems, sequential financing, and joint monitoring. In this arrangement, zakat addresses the urgent conditions that prevent poor households from participating in economic activity, whereas waqf provides the assets, facilities, and institutional infrastructure required to sustain improvement over time (Gündoğdu, 2019; Widiastuti et al., 2022).

This distinction is important because the two instruments have different legal, financial, and operational characteristics. Zakat is generally oriented toward eligible recipients and immediate redistribution, while waqf preserves the principal asset and directs its benefits toward continuing social and economic purposes. The findings therefore appear to support an integrated model based on complementarity rather than substitution.

Table 1. Principal Empirical Findings on the Integration of Zakat and Waqf

Analytical dimension	Role of zakat	Role of waqf	Integrated developmental outcome
Immediate poverty response	Provides food assistance, emergency cash, health support, debt relief, and temporary consumption assistance	Offers facilities or service infrastructure that can reduce recurring household expenditure	Potential stabilization of household welfare and prevention of deeper deprivation
Productive empowerment	Supplies start-up capital, equipment, training support, and business assistance to eligible beneficiaries	Provides productive land, business premises, agricultural facilities, educational institutions, and revolving endowment structures	A potential transition from relief dependence toward livelihood participation
Food and livelihood security	Supports urgent food needs and initial agricultural inputs	Finances land access, irrigation, storage, production facilities, and long-term agricultural assets	Potentially greater household resilience and local food-system sustainability
Education and health	Pays for school expenses, scholarships,	Establishes schools, clinics, laboratories,	Potentially improved human capabilities and

	medical treatment, and basic health needs	hospitals, and community health facilities	protection of intellect and life
Institutional coordination	Identifies beneficiaries and distributes targeted assistance	Manages durable assets and long-term development projects	Potential continuity between short-term intervention and structural development
Digital administration	Facilitates online collection, beneficiary registration, payment, and distribution	Supports asset records, project monitoring, reporting, and public disclosure	Potentially increased traceability, accessibility, and institutional accountability
Governance and trust	Requires accurate eligibility assessment, transparent distribution, and Shari'ah compliance	Requires professional nazhir, asset preservation, financial reporting, and performance monitoring	Potentially stronger donor confidence and more legitimate social-finance institutions
<i>Maqāṣid</i> -oriented impact	Reduces material deprivation and protects dignity	Expands capabilities, social services, productive assets, and intergenerational benefits	Inclusive, accountable, and sustainable development

The first finding concerns the sequential relationship between relief and empowerment. Beneficiary accounts and institutional documents indicate that many poor households cannot immediately participate in productive programs because they face urgent constraints, including food insecurity, medical expenses, unpaid debts, unstable housing, or the absence of basic working equipment ([Vegirawati et al., 2023](#)).

Zakat therefore may function as a mechanism of stabilization. By addressing immediate consumption needs, it creates the minimum conditions under which beneficiaries can consider training, entrepreneurship, employment, or agricultural activity. The findings suggest that productive zakat is more likely to produce durable results when it follows, rather than replaces, emergency assistance ([Fitri, 2017](#)).

A household that remains unable to meet its daily food requirements may sell productive assets, divert business capital to consumption, or withdraw from training. Accordingly, the effective intervention pathway may begin with household assessment, emergency support where necessary, and subsequent referral to productive assistance.

The second stage involves the use of zakat to support initial economic participation. Zakat institutions may provide small business capital, tools, livestock, raw materials, vocational training, and mentoring ([Hoque et al., 2015](#)).

These interventions are not understood merely as transfers of money but as mechanisms for restoring agency and reducing dependence. Several institutional practices emphasize the importance of matching assistance with the beneficiary's skills, location, household structure, and access to markets ([Bank & Development, 2008](#)). For example, agricultural beneficiaries may require seeds, fertilizer, and technical guidance, while informal traders

may need equipment, working capital, bookkeeping support, and access to stable selling locations.

This finding is consistent with the broader argument that zakat institutions can contribute positively to poverty reduction when welfare is assessed through multidimensional indicators rather than income alone ([Kasri & Ahmed, 2015](#)). The relevant outcome may not be simply whether a beneficiary receives funds, but whether the intervention improves the household's capacity to secure income, maintain dignity, and withstand future shocks.

Waqf becomes particularly significant when the intervention requires durable assets or collective infrastructure ([Shaikh et al., 2017](#)). The findings suggest that waqf may be highly effective when it is directed toward projects requiring sustainable sources of funding and infrastructure ([Shaikh et al., 2017](#)). Productive waqf may provide agricultural land, market facilities, rental buildings, workshops, water systems, educational centers, clinics, or shared production equipment ([Wahyudi et al., 2024](#)).

These assets may generate continuing benefits because their use is not exhausted at the moment of distribution ([Michalopoulos et al., 2015](#)). In some cases, waqf revenue is used to finance operational costs, while in others the asset itself reduces the cost of production or service delivery ([Mohsin, 2013](#)). The integration of zakat and waqf therefore appears to occur when zakat prepares individuals or households to use waqf-supported facilities. Zakat may finance training and initial inputs, whereas waqf provides the land, building, machinery, or institutional platform through which beneficiaries continue their activities ([Kachkar & Alfares, 2021](#)).

A particularly important finding concerns the relationship between individual and community-level development. Zakat tends to be administered at the household or individual level because eligibility and need must be assessed according to the condition of specific recipients ([Gallien et al., 2024](#)). Waqf, by contrast, appears to produce collective benefits ([Shaikh et al., 2017](#)).

A waqf-funded school serves many families; a clinic serves an entire village; agricultural land can support several beneficiary groups; and a marketplace can provide opportunities for multiple small enterprises ([Wahyudi et al., 2024](#)). This difference may enable the two instruments to address poverty at different levels. Zakat appears to respond to unequal household capabilities, while waqf may address the structural absence of public or productive infrastructure. Their combination consequently links micro-level redistribution with meso- and community-level development ([Mukhid, 2024](#)).

The findings suggest food security as a salient domain in which the two instruments can be integrated effectively. Zakat can provide immediate food packages and emergency consumption support, followed by seeds, fertilizer, livestock, or small production grants. Waqf can then support the long-term assets required for agricultural continuity, including land, irrigation, storage, processing equipment, and distribution facilities ([Rahmadhani & Rohim, 2024](#)).

This sequence corresponds to proposed models in which consumptive zakat responds to urgent food needs, productive zakat supplies initial agricultural inputs, and waqf finances

long-term agricultural assets ([Rahmadhani & Rohim, 2024](#)). The significance of this model extends beyond income generation. Reliable access to food may improve health, reduce vulnerability to price shocks, strengthen household planning, and enable beneficiaries to invest in education and enterprise. The findings therefore indicate that food security may be understood as both an immediate welfare objective and a foundation for productive transformation.

Education and health may constitute another area of convergence. Zakat is used to cover direct expenses, such as school fees, uniforms, transport, medicines, treatment, and nutritional support ([Vegirawati et al., 2023](#)). Waqf may contribute through the construction and maintenance of schools, clinics, hospitals, dormitories, laboratories, and other service facilities ([Shaikh et al., 2017](#)).

The distinction between individual assistance and institutional provision is again apparent. A zakat payment may enable one child to remain in school, whereas a waqf-funded educational facility can expand access for an entire community. Similarly, zakat may finance medical treatment for a vulnerable household, while waqf can establish a clinic that provides continuing services. These outcomes are consistent with *maqāṣid*-based approaches that treat poverty as multidimensional and include education, health, living standards, and access to essential services in the assessment of welfare ([Ibhrim et al., 2023](#)).

The fourth major finding relates to governance. Institutional integration may produce more favorable outcomes when responsibilities are clearly allocated. Zakat institutions are responsible for collection, eligibility verification, distribution, beneficiary follow-up, and the monitoring of direct assistance ([Bosheya et al., 2023](#)). Waqf institutions and nazhir are responsible for asset registration, preservation, development, investment decisions, maintenance, and the distribution of generated benefits ([Ibrahim et al., 2020](#)).

Problems may arise when these responsibilities overlap without a formal coordination mechanism. Interviews and documentary analysis indicate that fragmented databases, inconsistent beneficiary definitions, weak referral procedures, and limited communication between institutions can lead to duplication in some communities and exclusion in others ([Rachman & Makkarateng, 2021](#)).

The findings consequently suggest the need for memoranda of understanding, shared program indicators, joint beneficiary assessments, and periodic coordination meetings. Existing qualitative studies of waqf management similarly demonstrate the value of combining interviews with legislation, institutional reports, observations, and content analysis to understand how formal principles are translated into practice ([Listiana & Alhabshi, 2020](#)), ([Huda & Santoso, 2022](#)).

Professional capacity is another potentially significant governance condition. Zakat administrators require expertise in social assessment, case management, financial distribution, and community development. Nazhir require additional capabilities in asset management, investment, legal compliance, risk management, maintenance, and business development ([Arief et al., 2023](#)).

The findings suggest that the success of integrated programs may depend not only on the availability of funds but also on the ability of institutions to convert funds and assets into appropriate services. Weak management can cause waqf assets to remain idle ([Laallam et al., 2020](#)), while poorly designed zakat programs may create temporary dependence without strengthening livelihoods ([Kholis & Mugiyati, 2021](#)).

Professionalization could therefore include training, certification, performance evaluation, internal controls, Shariah supervision, and independent auditing. Governance research on formal zakat institutions likewise shows that qualitative inquiry is useful for examining how organizational governance influences institutional practice and public compliance ([Sawmar & Mohammad, 2019](#)).

Digitalization appears to function as both an enabling mechanism and a source of new risks. Digital platforms facilitate fundraising, electronic payments, beneficiary registration, geographic targeting, project updates, and the publication of financial information ([Pawar et al., 2026](#)) ([Nashirudin et al., 2025](#)).

They may also make it possible to track whether a contribution has been collected, allocated, and delivered. The findings indicate that donors place greater confidence in institutions when digital systems provide accessible evidence of program progress rather than only general promotional messages ([Rimawati et al., 2026](#)). Digital philanthropy research in Indonesia similarly suggests the importance of partnerships between online platforms, social enterprises, and Islamic philanthropic institutions ([Triantoro et al., 2021](#)). More recent governance evidence reports that digital fundraising, real-time tracking, and performance audits can strengthen transparency and public participation, although regulatory gaps remain ([Nashirudin et al., 2025](#)).

Nevertheless, digital inclusion is uneven. Beneficiaries in rural areas, older persons, individuals with limited literacy, and households without stable internet access may be unable to use digital registration or payment systems independently ([Onyango & Ondiek, 2023](#)), ([Valiyaparambil, 2022](#)). The findings suggest that a platform can increase institutional efficiency while simultaneously excluding vulnerable groups if digital access is treated as universal.

Effective digital integration may therefore require assisted registration, community facilitators, multilingual instructions, offline alternatives, and safeguards for personal data. Institutions may also need to ensure that automated verification does not unfairly reject applicants whose documentation is incomplete ([Gerven & Lancker, 2026](#)). Digitalization should support human judgment rather than eliminate it, especially where poverty is complex and household circumstances cannot be represented fully by administrative data.

The final finding concerns the measurement of outcomes. Institutional success is often reported through the amount collected, the number of beneficiaries served, or the number of projects completed. Although these indicators are useful for assessing operational scale, they may not demonstrate whether *maqāṣid*-oriented development has been achieved. The findings suggest a broader evaluation framework that combines output, outcome, and sustainability indicators ([Mohsin et al., 2026](#)).

Table 2. Proposed *Maqāṣid*-Oriented Outcome Indicators

Outcome Domain	Illustrative Outcome Indicators
Protection of wealth	Income stability, productive assets, savings, debt reduction, and business continuity
Protection of life	Food security, access to healthcare, nutrition, safe housing, and reduced health expenditure
Protection of intellect	School attendance, completion, literacy, vocational skills, and access to learning
Protection of family and future generations	Household resilience, child welfare, family stability, and intergenerational opportunity
Dignity and empowerment	Beneficiary participation, decision-making capacity, reduced dependency, and self-confidence
Social sustainability	Community cooperation, inclusion, trust, mutual support, and conflict reduction
Institutional accountability	Reporting quality, audit completion, complaint resolution, traceability, and stakeholder participation
Environmental and asset sustainability	Waqf preservation, responsible resource use, climate resilience, and long-term project viability

Updated empirical evidence (2024–2025)

To strengthen the empirical basis of the revised manuscript, the findings section is supplemented with the latest publicly available secondary evidence from BAZNAS, the Badan Wakaf Indonesia (BWI), and Statistics Indonesia (BPS). These figures are used as documentary and contextual evidence rather than as new causal estimates.

This distinction is important because the present revision does not introduce a new primary survey or interview dataset. The updated evidence nevertheless allows the qualitative argument on institutional integration, digital inclusion, poverty alleviation, and *maqāṣid*-oriented impact to be evaluated against the most recent national indicators.

Table 3. Updated national ZIS-DSKL collection by fund type, 2024–2025

Fund Type	2024 (Rp bn)	2025 (Rp bn)	Growth
Zakat mal	4,376.11	4,298.40	-1.78%
Zakat fitrah	619.38	715.70	+15.55%
Infaq/sadaqah	3,828.84	4,182.64	+9.24%
Qurban	2,715.16	2,349.69	-13.46%
Other religious social funds	255.86	329.69	+28.86%
Total on-balance ZIS-DSKL	11,795.35	11,876.11	+0.68%
Grand total incl. off-balance sheet	40,806.55	44,698.08	+9.54%

The updated national series shows that total ZIS-DSKL collection increased from approximately Rp40.81 trillion in 2024 to Rp44.70 trillion in 2025, a 9.54% increase. The increase was not uniform across instruments: zakat mal declined by 1.78%, while zakat fitrah, infaq/sadaqah, and other religious social funds increased. The contrast is analytically important because it indicates that aggregate growth can coexist with

compositional shifts in philanthropic finance. For the reconfiguration agenda, this supports a move from a collection-volume perspective toward portfolio governance, instrument complementarity, and outcome-based allocation.

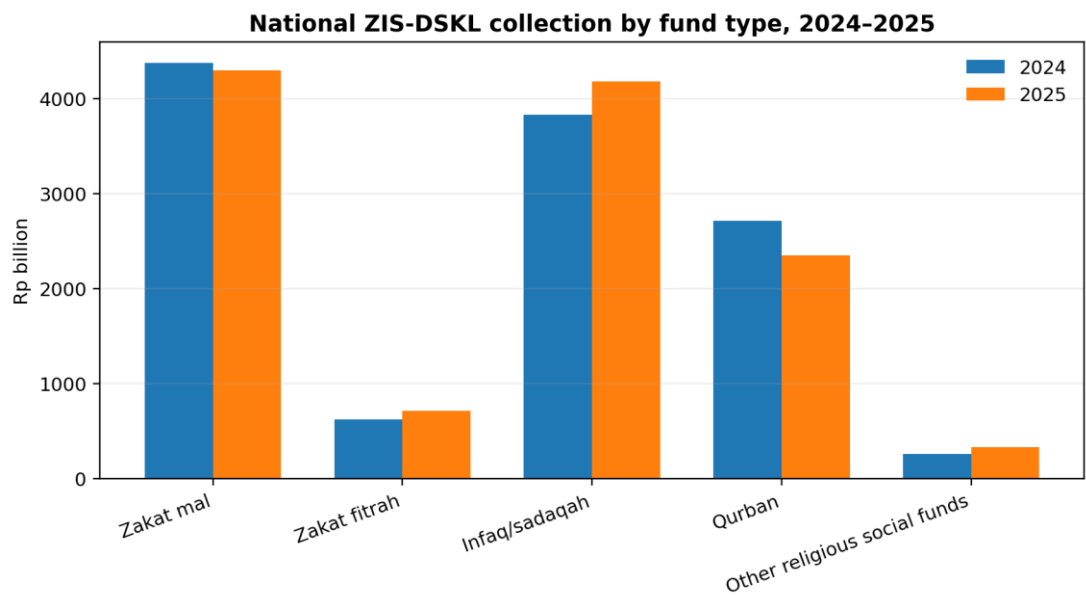


Figure 1. National ZIS-DSKL collection by fund type, 2024–2025
Source: BAZNAS, Laporan Pengelolaan Zakat Nasional Akhir Tahun 2025; data as of 27 February 2026. Author’s calculations.

Table 4. Collection performance by type of zakat manager, 2024–2025

Zakat Manager	2024 (Rp bn)	2025 (Rp bn)	Growth
BAZNAS RI	1,129.67	1,147.73	+1.60%
BAZNAS provinces	926.55	1,020.17	+10.10%
BAZNAS regencies/cities	2,209.95	2,228.64	+0.85%
National LAZ	6,728.38	6,714.27	-0.21%
Provincial LAZ	401.34	445.68	+11.05%
Regency/city LAZ	226.23	319.62	+41.28%
Total reporting managers	11,622.13	11,876.11	+2.19%

The institutional distribution of collection reveals a more nuanced governance pattern. National LAZ remained the largest reporting category, but its collection decreased slightly, whereas regency/city LAZ recorded the strongest proportional growth (+41.28%). Provincial BAZNAS and provincial LAZ also expanded. This pattern suggests that decentralised institutional capacity can be a source of growth when local organizations possess credible fundraising networks, while national-level scale alone does not guarantee higher annual collection. The evidence therefore reinforces the manuscript’s argument for interoperable reporting, shared standards, and coordinated referral mechanisms rather than institutional merger.

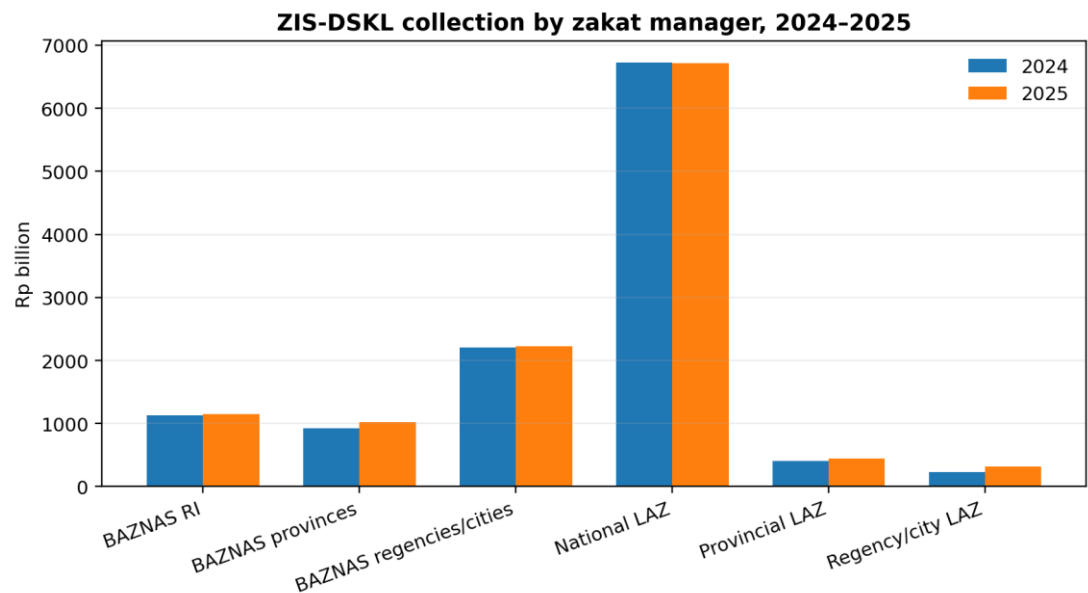


Figure 2. ZIS-DSKL collection by zakat manager, 2024–2025
Source: BAZNAS, Laporan Pengelolaan Zakat Nasional Akhir Tahun 2025; data as of 27 February 2026. Author’s calculations.

Table 5. National cash waqf accumulation, 2020–2025

Year	Cash waqf (Rp bn)	Annual change
2020	819	—
2021	1,041	+27.11%
2022	1,427	+37.08%
2023	2,753	+92.92%
2024	3,015	+9.52%
2025	3,015	+0.00%

BWI’s current national dashboard records cash waqf at Rp819 billion in 2020, rising to Rp3.015 trillion in 2024 and remaining at Rp3.015 trillion in 2025. The trajectory indicates rapid expansion in the earlier period followed by a plateau in the latest observation. This plateau is consistent with the study’s institutional diagnosis: the challenge is increasingly one of conversion—turning philanthropic willingness and accumulated endowment into productive, professionally managed, and socially measurable assets—rather than simply increasing nominal awareness of waqf.

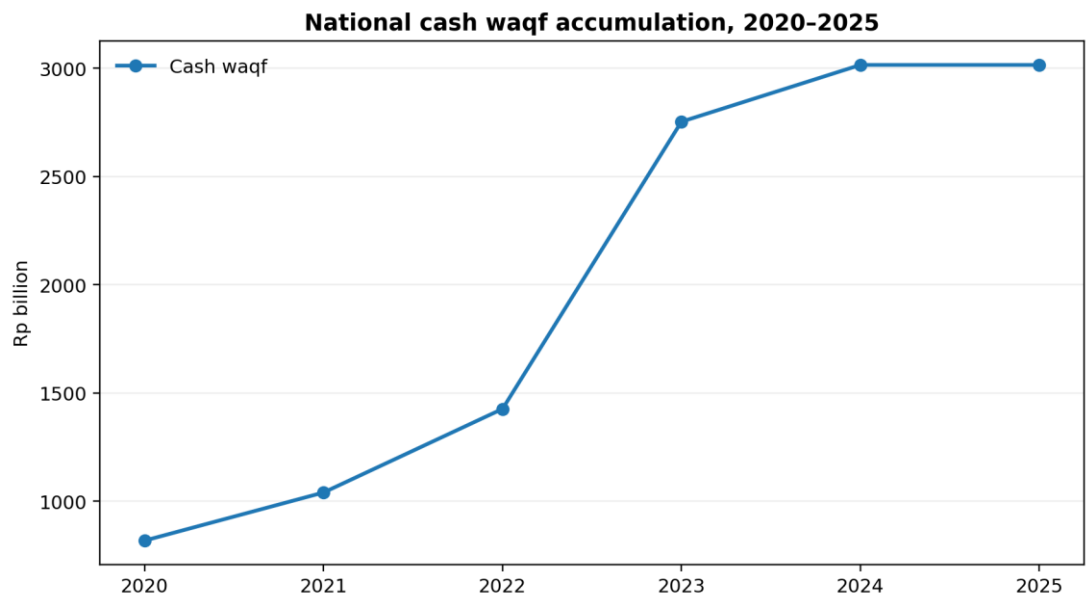


Figure 3. National cash waqf accumulation, 2020–2025
Source: Badan Wakaf Indonesia, Data Wakaf Indonesia dashboard. Values are reported in Rp billion.

Table 6. Poverty, zakat-impact, and digital-access context for inclusive development

Indicator	Reference Year	Latest Value	Interpretive Relevance
National poverty rate	Sep 2024	8.57%	Benchmark before the latest decline
National poverty rate	Sep 2025	8.25%	–0.32 percentage points year-on-year
Poor population	Sep 2025	23.36 million	–0.70 million from Sep 2024
Urban poverty rate	Sep 2025	6.60%	Lower than rural poverty
Rural poverty rate	Sep 2025	10.72%	4.12 percentage points above urban rate
Zakat-attributable poverty graduation	2025	302,994 people	BAZNAS impact assessment; includes 113,134 people from extreme-poverty group
Zakat beneficiaries reached	2025	43.741 million	BAZNAS reported beneficiaries across programme areas
Households accessing internet	2024	89.76%	Urban 93.38%; rural 84.61%

The outcome context strengthens the case for a multidimensional evaluation of Islamic philanthropy. BAZNAS reported that zakat management during 2025 was associated with 302,994 people moving out of poverty, including 113,134 people from the extreme-

poverty group, while its national zakat impact index reached 0.57. At the macro level, BPS reported a national poverty rate of 8.25% in September 2025, with a persistent urban–rural differential of 6.60% versus 10.72%. The digital-access indicator also remains relevant: in 2024, 89.76% of Indonesian households had accessed the internet during the previous three months, but the urban rate (93.38%) remained above the rural rate (84.61%). These patterns support the argument that philanthropic digitalisation should be combined with assisted access and territorially sensitive delivery rather than treated as universally accessible infrastructure.

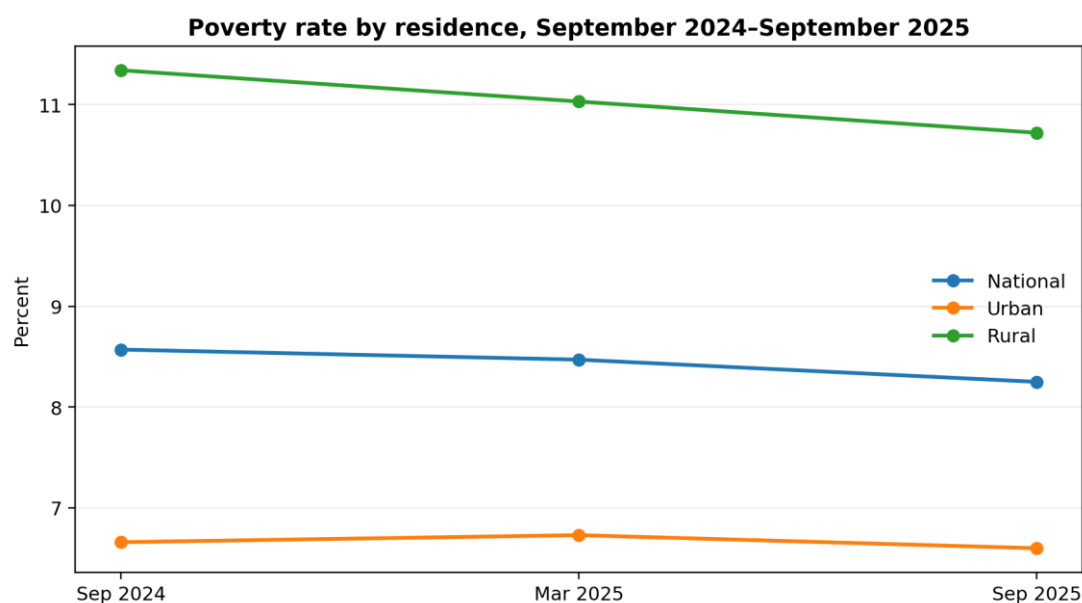


Figure 4. Poverty rate by residence, September 2024–September 2025

Source: BPS, *Profil Kemiskinan Indonesia September 2025*; author's compilation from official national releases.

Taken together, the updated evidence suggests a four-part reconfiguration pathway. *First*, collection capacity is expanding, but the composition of ZIS-DSKL varies considerably across instruments and managers. *Second*, cash waqf has expanded substantially since 2020 but shows a recent plateau, highlighting the importance of professional asset development and impact investment. *Third*, national poverty has continued to decline, while rural poverty remains materially higher than urban poverty, underscoring the need for place-sensitive philanthropic targeting. *Fourth*, digital access is broad but not universal, so digital transformation must be designed around inclusion, assisted access, data governance, and human oversight. These findings reinforce the study's central proposition that the developmental value of zakat and waqf depends less on isolated fundraising performance than on institutional integration, productive asset management, accountable governance, and measurable *maqāṣid*-oriented outcomes.

This framework reflects the argument that *maqāṣid*-based evaluation should measure human well-being and multidimensional poverty rather than income alone ([Kasri & Ahmed, 2015](#)). It also corresponds to established indicator discussions that include employment, dignity, social solidarity, education, governance, poverty reduction, trust, savings, and investment across the *maqāṣid* dimensions ([Hasan, 2018](#)).

The empirical findings indicate that beneficiaries value outcomes such as stable work, improved health, children's education, reduced reliance on borrowing, and greater participation in community life. These outcomes may appear gradually and may not be visible in short reporting cycles. Institutions should therefore conduct baseline assessments, periodic follow-up, and post-program evaluations ([Ariyani, 2016](#)). Beneficiary perspectives may therefore warrant inclusion because numerical records cannot fully capture changes in dignity, confidence, social participation, or perceived security ([Rokibullah, 2025](#)).

Overall, the findings suggest that zakat and waqf may generate their most substantial developmental effects when integrated through a clearly sequenced and institutionally governed process ([Shaikh, 2016](#)). Zakat reduces immediate vulnerability and supplies the initial resources required for participation; waqf provides durable assets and services that sustain the gains; governance may help ensure that the resources are managed responsibly; digital systems may improve traceability and access when designed inclusively; and *maqāṣid*-oriented indicators may help determine whether the intervention produces meaningful improvements in human welfare ([Kader, 2021](#)), ([Widiastuti et al., 2022](#)), ([Kasri & Ahmed, 2015](#)).

This integrated process is compatible with evidence that Islamic social finance can address multiple development goals when it is supported by fairness, justice, effective governance, transparency, and collaborative implementation ([Dirie et al., 2023](#)). The results consequently suggest a shift beyond the view that zakat and waqf are separate charitable instruments, toward their conceptualization as interconnected components of an inclusive development ecosystem.

Discussion

The synthesis of these findings suggests a paradigm shift from siloed philanthropic activities toward a cohesive, evidence-based strategy for achieving socio-economic resilience. Rather than treating zakat, waqf, digital platforms, governance mechanisms, and development evaluation as independent components, the results indicate that their value is maximized when they operate within a coordinated institutional architecture ([Widiastuti et al., 2022](#)).

This interpretation is consistent with the integrated Islamic social finance model proposed by Widiastuti et al., which organizes intervention into economic rescue, recovery, reinforcement, and resilience, and reports that integrated programs were more effective than non-integrated initiatives in improving the welfare of poor households ([Widiastuti et al., 2022](#)). The significance of this model lies not merely in combining financial instruments, but in sequencing them according to the changing needs of beneficiaries.

Zakat can respond to immediate deprivation through food assistance, healthcare support, debt relief, and temporary income transfers, while waqf can finance productive assets, schools, clinics, housing, markets, and other services that reduce recurring vulnerability. This sequencing prevents emergency assistance from becoming a

permanent substitute for empowerment and enables beneficiaries to move progressively from survival toward productive participation ([Banerjee et al., 2015](#); [Pelling et al., 2004](#)).

The discussion also demonstrates that integration must be understood institutionally rather than only financially. Collaboration among zakat agencies, waqf managers, local governments, Islamic financial institutions, social enterprises, community organizations, and private technology providers can improve targeting, reduce duplication, and connect beneficiaries with markets and public services. Earlier evidence has already recommended integrating poverty-alleviation and redistribution instruments, including zakat, waqf, and Islamic microfinance, within broader development strategies ([Shaikh, 2016](#)).

However, collaboration requires clearly defined responsibilities, shared eligibility standards, interoperable information systems, and mechanisms for resolving disputes. Without these arrangements, institutional cooperation may remain symbolic, producing overlapping projects instead of cumulative impact. Consequently, governance may function as the central condition that converts philanthropic resources into developmental outcomes. Transparency in collection and distribution is necessary to sustain public trust, but accountability should extend beyond financial disclosure to include beneficiary selection, procurement, asset management, complaints, safeguarding, and measurable changes in welfare.

The Indonesian governance literature suggests that digital fundraising, real-time tracking, and performance audits can increase public trust and participation, while regulatory gaps continue to limit oversight and the incorporation of private-sector innovation ([Nashirudin et al., 2025](#)). This finding implies that technological modernization should be accompanied by regulatory clarification, independent auditing, data-protection standards, and Shariah oversight. Digital systems can improve traceability, yet they cannot independently determine whether a project is socially appropriate, whether a beneficiary's circumstances have been understood correctly, or whether an endowment remains sustainable ([Chong, 2021](#)).

Human supervision may therefore remain indispensable, particularly for complex cases involving informal employment, undocumented households, disability, gender-based vulnerability, or unstable family conditions ([Eiró, 2019](#); [Fiszbein & Schady, 2009](#)). The findings further challenge the assumption that digitalization is automatically inclusive. Automated registration and payment systems may reduce administrative costs for institutions while imposing new burdens on people who lack smartphones, reliable connectivity, digital literacy, or formal documentation. Research on automated public services shows that atypical cases are especially likely to experience administrative burdens because registries and automated rules are designed around standard profiles ([Larsson, 2020](#)).

Similarly, limited access to smartphones or mobile internet can restrict beneficiaries to basic services while excluding them from more advanced digital functions ([Gentilini et al., 2022](#)). For this reason, inclusive digital philanthropy should adopt a hybrid model that combines online efficiency with face-to-face assistance, community facilitators, help desks, multilingual guidance, and offline payment or registration channels. Data

minimization, informed consent, secure storage, and transparent explanations of automated decisions are equally important because beneficiaries should not have to surrender privacy in order to receive assistance.

Finally, the findings suggest that institutional performance may be judged by the durability and distribution of welfare improvements rather than by the volume of funds collected or projects completed. A *maqāṣid*-oriented approach places human wellbeing and multidimensional poverty at the center of development assessment and offers a framework for examining changes across several dimensions of life ([Kasri & Ahmed, 2015](#)).

Indicator discussions reinforce this approach by connecting *maqāṣid* dimensions with employment, dignity, education, governance, trust, savings, investment, social solidarity, and poverty reduction ([Hasan, 2018](#)). In practical terms, evaluation should combine baseline data, periodic monitoring, beneficiary feedback, and post-program assessment. It should also distinguish between outputs, such as the number of households receiving zakat, outcomes, such as improved income or school attendance, and sustainability, such as asset preservation, business continuity, resilience to shocks, and reduced dependence on repeated assistance.

Evidence from multifaceted poverty interventions supports this distinction because productive assets, consumption support, training, coaching, savings, and health services generated significant improvements in consumption and psychosocial wellbeing that lasted beyond implementation ([Banerjee et al., 2015](#)).

The broader implication is that Islamic philanthropy should be governed as a long-term social investment system grounded in justice, dignity, participation, and accountability. Its success may depend not on the isolated strength of any single instrument, but on the ability of institutions to connect immediate protection with productive opportunity, durable assets with responsible management, digital innovation with inclusion, and religious objectives with credible evidence of human development.

Study Limitations

Existing research frequently relies on closed-ended surveys that capture recipient perceptions within specific programs, often neglecting the underlying context or qualitative reasoning behind beneficiary choices.

This methodological emphasis may constrain the elucidation of how cultural expectations, household dynamics, informal coping strategies, institutional relationships, and local economic conditions shape access to and use of philanthropic assistance. Survey-based findings may also be affected by recall errors, social desirability, incomplete disclosure, and differences in how respondents interpret standardized questions. In addition, the diversity of zakat, waqf, Islamic microfinance, and digital philanthropy programs makes direct comparison difficult because studies often apply different indicators, sampling procedures, timeframes, and definitions of welfare improvement.

The available evidence is also frequently cross-sectional, restricting the assessment of long-term effects, unintended consequences, and beneficiaries' continued dependence on assistance. Consequently, observed improvements cannot always be attributed solely to philanthropic interventions, particularly when households simultaneously receive government support, remittances, community assistance, or income from informal employment. The literature may further underrepresent excluded groups, including undocumented households, people with disabilities, remote communities, and individuals unable to access digital platforms.

Future research may therefore benefit from integrating quantitative measurement with interviews, focus groups, participant observation, administrative records, and longitudinal follow-up to capture both measurable outcomes and the lived experiences behind them. Greater methodological consistency and transparent reporting could further enhance comparability, causal interpretation, and the generalizability of conclusions across different institutional and social settings.

Novelty and Contribution

This study may advance the field by systematically identifying methodological gaps in current research and offering a refined framework for adapting empirical rigor to zakat-based welfare initiatives. Its contribution appears to lie in connecting conventional impact-evaluation methods with the distinctive religious, institutional, and social objectives of zakat, rather than treating zakat solely as a standard cash-transfer mechanism.

The study contributes an integrated evaluation perspective that distinguishes outputs, welfare outcomes, and long-term sustainability while incorporating multidimensional indicators related to income, education, health, dignity, social participation, resilience, and institutional trust. It also emphasizes the value of combining quantitative measurement with qualitative inquiry and longitudinal assessment to capture both measurable changes and beneficiaries' lived experiences. In practical terms, the proposed framework can guide zakat institutions in designing more inclusive programs, improving beneficiary targeting, strengthening accountability, and linking immediate assistance with productive empowerment and durable poverty reduction.

CONCLUSION AND RECOMMENDATIONS

Conclusion

This study suggests that zakat may function as a pivotal instrument for welfare provision, provided that its administration moves beyond simple distribution to prioritize sustainable socioeconomic development. Its transformative potential depends on linking immediate relief with productive opportunities that enable beneficiaries to strengthen their skills, generate income, build assets, and gradually achieve greater economic independence.

Such a transition requires institutions to delineate beneficiaries' diverse circumstances and provide appropriate combinations of financial support, training, mentoring, market access, and social services rather than applying a uniform assistance model. It may also require transparent governance and continuous assessment so that zakat programs remain responsive to changing needs and are evaluated according to their contribution to lasting improvements in well-being, dignity, resilience, and social participation.

First, zakat may contribute most effectively to poverty reduction when it moves beyond short-term consumptive assistance and supports productive empowerment, income generation, asset development, and beneficiary independence. *Second*, the effectiveness and sustainability of zakat-based welfare initiatives depend on integrated institutional governance that combines transparent fund management, accurate beneficiary targeting, stakeholder participation, digital inclusion, and coordination with waqf, Islamic microfinance, government programs, and community networks. *Third*, the success of zakat should be assessed through a multidimensional and long-term framework that measures changes in income, education, health, dignity, social participation, resilience, and institutional trust, while distinguishing immediate outputs from lasting welfare outcomes and poverty graduation.

Finally, adopting a *Maqasid*-based reasoning framework may be particularly important for aligning these institutional practices with the broader ethical objectives of enhancing human wellbeing and achieving structural socio-economic justice.

Recommendations

Zakat institutions could adopt a *Maqasid*-based framework that translates the protection of religion, life, intellect, family, and property into measurable welfare and empowerment objectives. Management should become adaptive and outcome-oriented by using clear indicators, periodic monitoring, beneficiary feedback, transparent reporting, and continuous program evaluation to guide timely institutional adjustments. Institutions could prioritize integrated programs that combine immediate assistance with skills training, productive assets, mentoring, access to finance, healthcare, and market opportunities according to beneficiaries' specific needs.

They could also strengthen coordination with waqf institutions, Islamic microfinance providers, government agencies, community organizations, and private-sector partners to expand resources and reduce program fragmentation. Institutions could develop digital systems to improve registration, targeting, distribution, and accountability while ensuring data privacy, accessibility, and support for beneficiaries with limited digital literacy.

Finally, zakat institutions could conduct regular longitudinal assessments of income, wellbeing, resilience, social participation, and independence to determine whether recipients achieve sustainable empowerment and no longer depend on repeated assistance.

AUTHOR CONTRIBUTIONS STATEMENT

Author 1 provided leadership in the conceptualization and methodology, formulated the initial research framework, and conducted the synthesis of qualitative data. Author 2 contributed to the literature review, the interpretation of the findings, manuscript preparation, and critical revision of the final manuscript.

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