

Exploring the Dynamics of Digitalization in Zakat and Waqf Management: A Case Study of UPZ Baznas YAKIN

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Abstract

This study attempts to explore the dynamics of digitalization in zakat and waqf management, drawing on the case of management at the YAKIN Zakat Collection Unit (UPZ) of BAZNAS. This study uses a descriptive qualitative case study approach to explore the dynamics of digitalization in zakat and waqf management at the BAZNAS YAKIN Zakat Collection Unit (UPZ). The purpose of this study is to understand how digital transformation affects the effectiveness, transparency, and trust in the governance of religious social funds. Data were collected from five UPZ administrators through in-depth semi-structured interviews, supported by observations and document reviews of digital institutions. Data credibility was ensured through triangulation and member checking to ensure the validity of the interpretation of the research results. The findings indicate that digitalization serves not only as a technical innovation to facilitate the collection and distribution of zakat and waqf, but also as a social process that redefines the values of trust, accountability, and participation in Islamic philanthropy. By utilizing digital platforms such as websites, social media, and electronic payment systems, UPZ BAZNAS YAKIN has successfully expanded the reach of zakat payers, improved administrative efficiency, and strengthened public transparency. This study provides interpretive insight that the success of digitalization in the context of zakat and waqf depends on the synergy between technological innovation and the spiritual values underlying Islamic philanthropic practices.

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INTRODUCTION

In the era of the Industrial Revolution 4.0 and Society 5.0, digital technology plays a crucial role in various aspects of life, including socio-religious activities such as zakat and waqf. With the help of technology, zakat and waqf management can be made easier, faster, and more transparent. For example, fund collection and distribution can be done online, making the process more efficient and reaching a wider audience.

Digital developments have revolutionized the global financial industry, including Islamic finance. The sustainability and progress of the Islamic finance sector depend heavily on its ability to integrate the latest technology. In recent years, this sector has experienced significant growth and has become a vital part of the global economy. Islamic finance, which is based on Islamic principles, emphasizes ethical and moral values in all financial activities (Sudarmanto et al., 2024). Therefore, it can be said that digitalization has transformed the financial industry, including Islamic finance.

Indonesia has enormous waqf potential, supported by a predominantly Muslim population and a strong culture of generosity. However, waqf management currently faces several obstacles that need to be addressed immediately to maximize this potential. Key challenges include suboptimal regulations, low public literacy about waqf, limited capacity of nazhirs, and the lack of technology utilization in the management system (Anggraini et al., 2024a).

Zakat and waqf are two crucial instruments in the Islamic social financial system, playing a significant role in reducing social inequality and supporting the economic development of the community. Historically, these two instruments have been the foundation of Islamic civilization, used to build educational facilities, healthcare facilities, and public infrastructure (Abdulquadri & Quadri, 2025). Besides being essential instruments in the Islamic social financial system, zakat and waqf also play a crucial role in distributing wealth and supporting community development. However, conventional management often faces challenges such as a lack of transparency and efficiency (Hartono, 2022). The digitalization process offers solutions through the use of technology that can increase community involvement and strengthen trust in the management institutions (Nurhidayah & Yazid, 2024).

However, in the modern era, new challenges have emerged, zakat management still faces various obstacles, such as a lack of literacy, information, and motivation among the community to pay zakat, limited coordination between amil institutions, and weak information and communication systems, which ultimately results in zakat collection being less than optimal and far from the existing potential (Listiana et al., 2023).

Digital transformation has fundamentally changed the landscape of zakat and waqf management, bringing significant changes in the way these Islamic social funds are collected, managed, and distributed. Digital innovation has had a significant impact on the management of zakat and waqf in Indonesia, especially through the use of mobile applications and blockchain technology. Mobile applications facilitate public access to zakat and waqf services, providing features that support transparency and efficiency (Maimuna

et al., 2025). To improve the effectiveness of zakat and waqf management through digital innovation, management institutions should continue to socialize and educate the public about the use of digital applications and platforms that have been developed. This can be done through various channels, including webinars, video tutorials, and interesting social media campaigns (Listiana et al., 2023).

Amidst the various challenges faced in the management of zakat and waqf, such as low public literacy, weak information systems, and limited coordination between institutions, the existence of institutions such as BAZNAS (National Zakat Agency) is very strategic. As an official state institution mandated to manage zakat nationally, BAZNAS addresses these challenges through various digital innovations and institutional strengthening. One example is the Zakat Collection Unit (UPZ) BAZNAS YAKIN, or in full UPZ BAZNAS Yayasan Al Khidmah Indonesia (YAKIN), is the Amil zakat, infak/sedakah (ZIS) and religious social funds (DSKL) of the Assalafi Al Fithrah Islamic Boarding School which is under the auspices of BAZNAS and was formed by the Al Khidmah Indonesia Foundation. UPZ BAZNAS YAKIN is located at Jl. Kedinding Lor No. 99 Kel. Tanah kali Kedinding District. Kenjeran Surabaya (in front of Al Fithrah Islamic Boarding School Surabaya) UPZ BAZNAS YAKIN has the duty and responsibility to collect and distribute zakat funds, alms and social funds from muzaki to mustahik.

Although previous research has focused on the efficiency of digital platforms in zakat and waqf management (e.g., in collection and distribution), such as Marzuki & Indriyani (2025) study on the Analysis of the Effectiveness of Digital Payments in Optimizing Zakat Collection at BAZNAS DKI Jakarta, only a few have examined how local zakat institutions experience and internalize digital transformation as a process of institutional change and legitimacy building. In other words, while there is a wealth of literature on technical digitalization, there is still limited literature exploring how digitalization affects the institutional aspects of the structure, culture, and legitimacy of zakat collectors local level.

This study aims to explore: first, how the UPZ BAZNAS YAKIN implements digitalization in its zakat and waqf management; and second, how digitalization impacts institutional trust and legitimacy. The guiding questions are: How is the digital transformation process implemented at UPZ BAZNAS YAKIN in the context of collecting and distributing Islamic philanthropy? How do muzaki (zakat payers), mustahik (donors), and stakeholders assess institutional changes through digitalization, whether there is an increase in institutional trust and legitimacy? What factors facilitate or hinder the internalization of digitalization as an institutional change at UPZ BAZNAS YAKIN?

This research will utilize legitimacy theory and digital trust theory as the primary conceptual framework. Legitimacy theory will help analyze how zakat institutions gain and maintain social support through digitalization. Meanwhile, digital trust theory will help understand how the implementation of digital platforms, transparency, online payment systems, and digital interactions with the public affect the level of trust of muzaki and mustahik in zakat management institutions.

METHODS

This study uses a descriptive qualitative (Aini & Wijaya, 2019) approach that aims to describe and understand in depth the digitalization process in the management of zakat and waqf at the Zakat Collection Unit (UPZ) BAZNAS Yayasan Al Khidmah Indonesia (YAKIN). This approach was chosen because it is considered capable of explaining social phenomena comprehensively based on the direct experiences of informants. The data collection technique was carried out through in-depth interviews (in-depth interviews) that are semi-structured, with informants selected purposively, namely zakat administrators and managers who are directly involved in digitalization activities at UPZ BAZNAS YAKIN and researchers also used scientific articles as supporting data (Yin, 2013).

Data analysis in this study was conducted using the interactive analysis model by Miles and Huberman, which consists of three main components: data reduction, data presentation, and conclusion drawing and verification (Creswell, 2016).

1. Data reduction

Data reduction was carried out by selecting, focusing, simplifying, and organizing raw data obtained from in-depth interviews with managers of the UPZ BAZNAS YAKIN. Only information relevant to the research focus, namely digitalization in zakat and waqf management, was selected for further analysis. Irrelevant or repetitive data was eliminated to maintain the focus of the

2. Display Data

The reduced data was then presented in descriptive narrative form. This presentation included direct quotes from informants and grouping them by theme, such as: digital platforms used, the impact of digitalization on transparency and efficiency, and challenges faced in technology implementation. This presentation facilitated researchers in seeing the interrelationships between data and understanding the phenomenon as a whole

3. Conclusions Drawing and Verification

Conclusions were drawn based on patterns that emerged from the analyzed data. In this process, researchers continuously verify their findings through data review and triangulation with supporting scientific literature. This verification aims to ensure the validity and consistency of the research result

RESULT AND DISCUSSION

RESULT

Data collection through interviews, documentation reviews, and observations revealed four major thematic categories regarding the digital transformation of zakat management at UPZ Yakin: (1) Digital-Based Service Improvement, (2) Transparency and Trust Enhancement, (3) Technical and Human Resource Barriers, and (4) Strategic Governance Adaptation. These themes reflect the institutional responses toward modernization in zakat collection and distribution while maintaining a trust-based relationship with the community.

Theme 1 – Digital-Based Service Improvement

Digital innovations such as QRIS, WhatsApp ordering for zakat pick-up, and online consultations have significantly improved the efficiency of zakat services. Donation processes have become faster, reducing physical interaction and enabling accessibility for muzaki who live outside the pesantren community.

Table 1. Evidence of Service Digitalization

Evidence Source	Quote / Documentation	Interpretation
Informant I (Finance Officer)	“QRIS makes the transaction flow easier and transparent.”	Efficiency & ease of giving
Observation	Availability of QRIS signage in payment areas	Institutional readiness
Website/Poster	Online zakat pick-up booking	Improved accessibility

Digital service adoption ensures continuous operations during the COVID-19 pandemic and aligns with changing digital donation behavior among younger contributors.

Theme 2 – Digital Transparency for Legitimacy

Digital records provide traceability of transactions, strengthening trust between UPZ and donors. Muzaki receive confirmation receipts and real-time updates regarding fund management, increasing organizational legitimacy in public perception.

Table 2. Trust-Building Mechanisms

Mechanism	Impact on Muzaki	Link to Theory
Digital receipts	Proof of transaction	Legitimacy Theory (Scott, 2014)
Public distribution reports	Institutional credibility	Transparency increases trust
Documentation on social media	Visibility of program outcomes	Digital Trust Theory

Informant II (UPZ Management): “People trust us more when they see where their zakat goes.”

Theme 3 – Digitalization Barriers and Constraints

Although digitalization shows progress, several operational challenges were identified, such as limited IT expertise, unstable network access, and concerns from elder donors who remain unfamiliar with cashless systems.

Table 3. Identified Barriers

Category	Sample Evidence	Consequence
HR Skills Gap	“We still need training to manage digital systems.” – Informant III	Digital innovation slowed
Technology	Limited Wi-Fi coverage observed	Reduced reliability
User Acceptance	Elder donors prefer cash	Partial adoption

These limitations indicate that digital transformation is still at an early adoption stage.

Theme 4 – Strategic Governance Adaptation

UPZ Yakin continues to strengthen institutional readiness through human resource training, collaboration with pesantren units, and documentation standardization.

Table 4. Strategic Responses

Strategy	Expected Outcome	Institutional Impact
IT capacity building	Skilled digital operators	System sustainability
Collaboration with pesantren	Internal stakeholder support	Reduced resistance
SOP for digital payment	Clear responsibilities	Improved governance

Informant IV (UPZ Leader): “We do step-by-step digitalization to ensure every staff member can adapt properly.”

Overall, digitalization has enhanced accessibility, accountability, and donor trust, but challenges in capability and technology must be addressed to sustain further transformation.

DISCUSSION

This study concludes that the digitalization of zakat management at UPZ Yakin has improved the accessibility and efficiency of services for muzaki. Through digital payment tools such as QRIS and online communication channels, zakat contributors can now fulfill their obligations more conveniently and securely. These improvements reflect the institution’s responsiveness to modern financial behavior and technological change. The shift to digital mechanisms has also reduced physical barriers and increased engagement among younger donors. As a result, service innovation becomes a crucial driver in strengthening zakat fundraising performance.

The findings demonstrate that transparency in zakat transactions is significantly enhanced through the use of digital records and electronic confirmations. Muzaki receive immediate proof of payment and can easily track how zakat funds are processed and distributed. This transparency raises confidence in institutional governance and reduces doubts about fund mismanagement. Documentation shared through digital platforms further supports institutional accountability. Therefore, digital systems offer strong credibility advantages for UPZ Yakin.

Improved transparency and accessibility have contributed positively to building public trust in the zakat institution. Trust is a central factor that determines the willingness of donors to continue contributing financially. The visible reporting of social programs and distribution activities reinforces positive perceptions of integrity and professionalism. Trust also acts as a safeguard against negative assumptions or accusations. Thus, the relationship between donors and UPZ becomes more stable and mutually reinforcing.

The study also reveals that UPZ Yakin’s legitimacy is strengthened by its digital transformation. In the context of Islamic philanthropy, legitimacy refers to the acceptance of the institution’s authority and credibility in managing sacred funds. By adapting to societal expectations for modern and transparent financial management, the institution

increases its alignment with community norms. This enhances its moral and social recognition as a trustworthy entity. Therefore, legitimacy becomes a crucial governance outcome of digital innovation.

Despite these advancements, several barriers remain that limit the optimization of digitalization. Limited human resource capacity in the field of information technology hinders smooth implementation and system maintenance. Some processes still require manual intervention due to skill gaps among staff members. These constraints create a reliance on external support or gradual adaptation. Hence, capability building remains a strategic need for sustaining digital transformation.

Another challenge stems from digital inequality among zakat contributors. Elderly donors and individuals with low digital literacy still prefer traditional cash payments. This creates inconsistencies in the adoption rate and may slow down the transition to fully digital operations. Understanding user differences is essential to ensure inclusivity. Therefore, UPZ Yakin must maintain hybrid service options while providing education on digital tools.

Technical infrastructure also needs further improvement to achieve stable and reliable digital service delivery. Issues such as unstable internet connectivity and limited access to supporting devices may disrupt transaction flows. These conditions can reduce user satisfaction and weaken confidence in the system. Ensuring adequate technological readiness is therefore a crucial element in digital transformation. Institutional investment in infrastructure becomes necessary to maintain reliability.

The results highlight the role of strategic governance adaptation in overcoming obstacles. UPZ Yakin has initiated internal training, strengthened coordination with pesantren units, and standardized reporting procedures. These efforts build a foundation for sustainable digital governance. Gradual implementation allows the institution to balance innovation with its operational readiness. Thus, governance evolution emerges as an essential success factor for digital zakat management.

The overall findings contribute to the growing understanding of digital practices in Indonesia's zakat sector, especially in smaller community-based institutions. Unlike large zakat organizations with established IT systems, UPZ Yakin represents a realistic example of incremental digital transformation. This study provides practical insights for similar institutions aiming to strengthen accountability and donor trust. The model presented can serve as a reference for broader replication. Therefore, its contribution extends beyond local context.

In conclusion, digitalization at UPZ Yakin has successfully enhanced trust, legitimacy, efficiency, and transparency in zakat management. Although several operational and technical challenges persist, the institution's ongoing improvements demonstrate strong commitment to modernization. Digital governance must continue to evolve through capacity development, infrastructure strengthening, and inclusive service design. This research confirms that technology supports the core values of Islamic philanthropy by

ensuring responsible fund management. Therefore, digital transformation is essential for the sustainability and societal relevance of zakat institutions in the modern era.

CONCLUSION

Digitalization has become a key factor in increasing the effectiveness, efficiency, and transparency of zakat and waqf management at the UPZ BAZNAS YAKIN. Through the utilization of various digital platforms such as websites, social media, QRIS, bank accounts, and communication applications like WhatsApp, this institution is able to reach a wider range of muzakki and mustahik (recipients of zakat). This digital transformation accelerates the collection, distribution, and reporting of funds, while strengthening public trust through information transparency and open reporting across various digital channels. More than just a technical tool, digitalization is a key strategy in building organizational legitimacy. Public reporting and the issuance of sacrificial animal certificates serve as concrete forms of accountability that strengthen relationships with stakeholders. This aligns with legitimacy theory, which emphasizes the importance of transparency and institutional responsibility in gaining public support. However, UPZ BAZNAS YAKIN still faces challenges such as limited funding, a lack of digital training for human resources, and suboptimal technological infrastructure, so the level of digitalization still needs to be improved.

Nevertheless, the innovative spirit and self-taught abilities of the managers demonstrate strong adaptability to technological developments. Digitalization opens up significant opportunities for expanding service reach, improving zakat and waqf literacy, and creating an integrated, data-driven information system. The independent development of the zakat application demonstrates the readiness of the BAZNAS YAKIN UPZ to move towards more modern, strategic, and sustainable zakat and waqf management, in line with the development of digital-based Islamic social finance.

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