

**OPTIMIZING ZAKAT AS AN INSTRUMENT OF SOCIO-ECONOMIC DEVELOPMENT: A COMPARATIVE ANALYSIS OF PERSONAL AND INSTITUTIONAL DISTRIBUTION**

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**ABSTRAK**

Penelitian ini bertujuan untuk menganalisis efektivitas penyaluran zakat personal dan kelembagaan dalam mendukung pembangunan sosial ekonomi umat di Indonesia. Kajian ini berangkat dari gap penelitian yang masih minim membahas bagaimana kedua model penyaluran tersebut dapat disinergikan, padahal perbedaan karakteristik keduanya sering menimbulkan ketidakefisienan distribusi dan tidak optimalnya pemanfaatan potensi zakat nasional. Melalui metode literature review berbasis pendekatan kualitatif, penelitian ini menelaah beragam literatur, laporan resmi, dan hasil penelitian terdahulu mengenai tata kelola zakat, mekanisme distribusi, serta dampaknya terhadap kesejahteraan masyarakat. Hasil kajian menunjukkan bahwa zakat memiliki peran strategis dalam pemerataan ekonomi dan pengentasan kemiskinan, namun terdapat ketidakselarasan antara potensi zakat yang besar dan realisasi distribusinya. Model penyaluran personal unggul dalam kedekatan sosial dan kecepatan, sementara model kelembagaan lebih baik dalam profesionalitas, akuntabilitas, dan pemerataan. Akan tetapi, keduanya memiliki keterbatasan yang dapat saling melengkapi. Penelitian ini penting karena memberikan rekomendasi strategis berupa integrasi sistem pelaporan digital, penguatan literasi zakat, dan kolaborasi berbasis komunitas untuk mengatasi gap tersebut. Dengan sinergi yang tepat, zakat dapat berfungsi sebagai instrumen ekonomi Islam yang berkeadilan, transparan, dan berkelanjutan dalam mendorong pembangunan sosial ekonomi umat.

**Kata Kunci:** Zakat; Pembangunan Sosial Ekonomi; Penyaluran Personal; Kelembagaan; Research Gap.

**ABSTRACT**

*This study aims to analyze the effectiveness of personal and institutional zakat distribution in contributing to socio-economic development within Indonesia's Islamic economic framework. The research addresses a significant gap in previous studies, which rarely examine how these two distribution models can be synergized, despite their differing characteristics often resulting in inefficiencies and suboptimal utilization of Indonesia's substantial zakat potential. Using a qualitative approach through a literature review, the study reviews academic publications, official reports, and empirical findings related to zakat governance, distribution mechanisms, and their impact on community welfare. The findings indicate that zakat serves as a vital*

*instrument for wealth redistribution and poverty alleviation; however, a misalignment persists between its large potential and the actual distribution outcomes. Personal distribution excels in social proximity and responsiveness, whereas institutional models offer greater professionalism, accountability, and equitable coverage. Yet both possess limitations that can complement one another. This research is important because it proposes strategic solutions—such as digital reporting integration, improved zakat literacy, and community-based collaboration—to address this gap. Through enhanced synergy, zakat can function as a just, transparent, and sustainable Islamic economic instrument that significantly contributes to equitable socio-economic development.*

**Keywords:** Zakat; Socio-Economic Development; Personal Distribution; Institutional Model; Research Gap.

## A. INTRODUCTION

In the social life of Indonesian society, achieving equitable welfare remains a major challenge. Although the national economy has demonstrated positive growth, income disparities among different social groups persist and remain evident. One of the key instruments within the Islamic economic system that holds significant potential to address this issue is zakat. Zakat functions not only as a religious obligation but also as a wealth redistribution mechanism aimed at promoting social justice. In line with the perspective of the Ministry of Religious Affairs (2023), zakat plays a strategic role in enhancing public welfare and reducing social inequality and poverty within society. (Kementrian Agama RI, 2023).

From the perspective of Islamic economics, zakat serves as a wealth distribution instrument to ensure that resources do not circulate exclusively among certain groups. Through the zakat mechanism, a portion of wealth from financially capable individuals (muzakki) is transferred to those in need (mustahik) in order to strengthen their economic capacity. Empirical evidence from the study conducted by Khasandy and Badrudin (2019) indicates that zakat can act as a driver of inclusive economic growth, as it enhances the purchasing power of low-income households while simultaneously fostering the development of small-scale enterprises (Khasandy et al., 2019). Therefore, zakat functions not merely as a form of temporary social assistance but also as a key catalyst for sustainable social and economic development.

Despite its considerable potential, zakat management in Indonesia has not yet been optimized. The National Zakat Agency (BAZNAS) reports that the country's annual zakat potential is estimated to exceed IDR 327 trillion; however, actual collection accounts for only approximately 4 percent of this amount (BAZNAS, 2023). One of the main factors contributing to this low realization is the tendency of some individuals to distribute zakat directly to beneficiaries rather than through formal institutions such as BAZNAS or other authorized zakat management organizations (LAZ). Many muzakki prefer direct distribution because it allows them to personally observe the immediate benefits of their contributions.

Nevertheless, channeling zakat through formal institutions offers distinct advantages, including more systematic and accountable fund management as well as greater potential to expand the economic empowerment of mustahik (Hafidhuddin, 2021). Both approaches to zakat distribution present their own strengths and challenges. Personal distribution is often perceived as faster and driven by social empathy, yet it frequently lacks structured monitoring and reporting mechanisms. Consequently, assistance may become concentrated in specific areas or groups, while other communities with greater needs remain underserved. In contrast, institutional zakat distribution provides a more organized and accountable system but continues to face challenges related to public trust and internal bureaucratic constraints. A study by Ghozali (2024) reveals that negative public perceptions toward zakat institutions persist, largely due to low levels of zakat literacy and concerns regarding the transparency of fund management. (Ghozali, 2024).

Beyond issues of public trust, effectiveness and transparency in zakat management have also become major concerns. Ma'ruf (2022) highlights that one of the significant challenges in zakat management in Indonesia lies in the imbalance between the volume of funds collected and the actual improvement in the welfare of zakat beneficiaries. In practice, inefficient management often causes zakat to function merely as a consumptive form of assistance, failing to foster economic self-reliance among mustahik (Ma'ruf, 2022). Therefore, optimizing zakat distribution mechanisms is an urgent necessity to ensure that zakat generates sustainable impacts on the social and economic development of the Muslim community.

A growing body of empirical studies further confirms the relationship between zakat and improvements in social welfare. For instance, research conducted by Mutmainah et al. (2024) demonstrates a negative correlation between the amount of zakat distributed and poverty levels across various regions in Indonesia, indicating that higher zakat disbursement is associated with lower recorded poverty rates (Mutmainah et al., 2024). This finding is consistent with the study by Hamadou and Jallow (2024), which reveals that professionally managed zakat has a positive effect on the economic growth of beneficiary communities (Hamadou et al., 2024). These findings suggest that the effectiveness of zakat is not determined solely by the amount of funds distributed, but also by the extent to which distribution mechanisms promote equitable outcomes and economic self-sufficiency.

Based on the foregoing discussion, it can be concluded that zakat holds substantial potential as an instrument for socio-economic development. Nevertheless, further in-depth analysis is required to examine how zakat distribution mechanisms can be optimized. This study seeks to contribute empirical evidence by comparing the effectiveness of personal and institutional zakat distribution in enhancing socio-economic welfare. The findings are expected to provide a robust foundation for more effective and transparent zakat management policies, while also offering valuable insights for muzakki, zakat institutions, and policymakers in strengthening a just and sustainable national zakat system.

## **B. RESEARCH METHODOLOGY**

This study employs a qualitative approach using a literature review method. The qualitative approach is selected because the primary objective of this research is to gain an in-depth understanding of the meaning and socio-economic context of zakat distribution practices, rather than merely measuring numerical indicators or statistical data. The literature review method is utilized to examine various research findings, reports, and theoretical frameworks relevant to the role of zakat in socio-economic development, both through personal distribution and institutional channels.

As articulated by Creswell (2018), qualitative research enables scholars to understand social phenomena from the perspectives of the actors or stakeholders

involved, while a literature review serves to evaluate, synthesize, and integrate findings from previous studies in order to generate a comprehensive and holistic understanding (Creswell, 2018). Accordingly, this study does not involve direct field data collection but instead analyzes prior research related to zakat as an instrument of socio-economic development. This approach is inductive in nature, whereby the researcher begins with specific findings from the literature and subsequently draws broader conclusions regarding the effectiveness and contribution of different zakat distribution models to societal welfare improvement.

The data sources for this study consist of secondary data obtained from academic publications and official documents. According to Sugiyono (2022), secondary data refer to information that has been previously collected by other parties, including reports, journal articles, books, and official institutional documents (Sugiyono, 2022). The materials analyzed in this study include peer-reviewed journal articles discussing the role of zakat in socio-economic development, as well as reports issued by official institutions such as the National Zakat Agency (BAZNAS), the Ministry of Religious Affairs of the Republic of Indonesia, and Bank Indonesia. Following the initial screening process, the selected literature was examined in depth and categorized based on thematic focus, including zakat's role in social development, the effectiveness of institutional zakat distribution, and the phenomenon of personal zakat distribution.

Data analysis in this literature review is conducted using content analysis. This method aims to systematically examine textual data from various sources in order to identify patterns, themes, and relationships among concepts relevant to the research topic (Miles et al., 2014). The analysis is descriptive in nature, emphasizing meaning and social context rather than statistical measurement. Through this approach, the study seeks to identify key factors influencing the effectiveness of zakat distribution and to formulate conceptual recommendations for optimizing zakat management in the future.

## **C. RESULTS AND DISCUSSION**

### **1. Zakat as a Wealth Redistribution Instrument**

The phenomenon of unequal wealth distribution remains a major challenge in socio-economic development, both globally and in Indonesia. Within the

framework of Islamic economics, zakat functions as a redistributive instrument that channels a portion of wealth from financially capable individuals (muzakki) to those in need (mustahik). A study by Wardani (2024) demonstrates that zakat contributes significantly to poverty reduction in Indonesia through the principle of wealth redistribution, ensuring that “wealth circulates rather than becoming concentrated within a single group.”

However, Darajat (2024) finds that despite its substantial potential as a mechanism for wealth redistribution, the practical implementation of zakat remains far from optimal due to various structural and regulatory constraints, including low collection rates and uneven distribution. These findings highlight a persistent gap between potential and realization, indicating that zakat’s role as an instrument of economic equity has not yet been fully realized in practice.

The review of existing literature reveals a consistent pattern characterized by the following points:

- a. The concentration of wealth among a limited segment of society underscores the necessity of zakat as a redistributive mechanism that facilitates the transfer of wealth from economically empowered groups (muzakki) to less advantaged groups (mustahik);
- b. However, this process of wealth transfer is frequently constrained by several factors, including low levels of zakat literacy within the community, limited public trust in zakat management institutions, and management systems that have yet to operate at optimal effectiveness.

Accordingly, zakat should not be understood merely as an act of charitable giving, but rather as a structured and sustainable process of wealth circulation. Through this systematic flow, wealth is expected not to remain concentrated within a limited segment of society, but instead to play an active role in promoting more equitable social welfare.

With regard to its impact on poverty alleviation, the existing literature generally reports positive outcomes, albeit accompanied by several important considerations. For example, studies employing the CIBEST (Center of Islamic Business and Economics Studies) model indicate that productive zakat programs are able to increase the welfare index of mustahik by up to 42.5 percent and enhance their level of economic self-reliance by 16.8 percent (Maulidia I., 2021). These

findings suggest that zakat is not only effective as a form of short-term consumptive assistance, but also holds significant potential as an instrument of economic empowerment that supports sustainable poverty reduction.

In the context of the COVID-19 pandemic, research conducted in Indonesia shows that zakat distribution managed by formal institutions contributed to a reduction in poverty levels of approximately 4.14 percent during the 2020–2022 period (Arbi et al., 2024). Although the magnitude of this reduction may appear modest, the findings indicate that zakat can play a tangible role in maintaining socio-economic stability during periods of crisis.

Furthermore, a study conducted in Aceh by Haikal and Musradinur (2024) reinforces these conclusions by demonstrating that zakat not only increases household income but also contributes to reducing social inequality and improving community access to basic services (Haikal I., 2024).

Based on these findings, a clear pattern can be identified: the more structured, productive, and systematic the zakat distribution mechanisms, the greater their potential contribution to poverty alleviation. Nevertheless, the success of implementation is highly dependent on several key factors, including accurate beneficiary targeting, effective distribution monitoring systems, and the presence of post-distribution empowerment programs for mustahik.

The empowerment of mustahik has increasingly become a central focus in recent zakat-related studies. Research conducted by Iaini (2024) finds that productive zakat—defined as zakat distributed in the form of business capital or income-generating economic activities—has a positive impact on income growth, business self-reliance, and the economic resilience of mustahik (Iaini, 2024). This study emphasizes that consumptive zakat tends to produce limited long-term effects compared to zakat oriented toward economic empowerment.

Furthermore, a study by Beik and Pratama (2021) demonstrates that productive zakat programs are capable of increasing the material and spiritual welfare indices of mustahik by up to 147.14 percent compared to pre-intervention conditions (Beik & Pratama, 2021). These results indicate that zakat generates not only economic benefits but also positive social and spiritual outcomes, aligning with the principle of social justice that lies at the core of Islamic economics.

In the context of social justice-based economic growth, Darajat (2024) emphasizes that zakat, alongside other Islamic philanthropic instruments, plays a crucial role in strengthening income redistribution and promoting inclusive economic growth (Darajat, 2024). In this sense, the success of economic development should not be assessed solely by growth rates, but also by the extent to which the benefits of such growth are distributed equitably and favor disadvantaged segments of society.

Based on an inductive review of the existing literature, the relationship between zakat distribution and socio-economic welfare can be summarized as follows:

- a. Productive zakat distribution increases mustahik income strengthens economic and social capacity fosters more equitable social justice;
- b. Consumptive zakat distribution or distribution lacking empowerment programs → generates limited long-term welfare impacts.

Therefore, zakat distribution mechanisms whether personal or institutional should be oriented toward the empowerment of mustahik and the creation of equitable economic distribution, so that zakat can contribute more optimally to the socio-economic development of the Muslim community.

## **2. Characteristics of Personal Zakat Distribution**

Personal zakat distribution is a practice commonly found in society, whereby muzakki (zakat payers) distribute their zakat directly to mustahik (zakat beneficiaries) without intermediaries such as formal institutions, including BAZNAS or other authorized zakat organizations (LAZ). This model is generally driven by social and emotional proximity between muzakki and mustahik, such as familial ties, neighborhood relations, or community-based connections.

Several studies indicate that personal zakat distribution is often perceived as more efficient and humane, as muzakki are able to directly observe the immediate impact of their contributions. Indriani et al. (2024) find that this mechanism can strengthen social solidarity and enhance interpersonal trust between donors and recipients, particularly within communities characterized by strong social bonds (Indriani et al., 2024).

In addition, the personal distribution model provides flexibility in determining the timing, form of assistance, and target beneficiaries. This approach

is considered more adaptive to dynamic field conditions, such as during natural disasters or emergency situations that require rapid responses (Azharuddin & Cape, 2022).

The primary advantages of personal zakat distribution lie in the speed and simplicity of its processes. Under this model, muzakki are not required to navigate institutional administrative procedures, enabling aid to be delivered promptly to mustahik in immediate need. Direct interaction between donors and recipients also strengthens social ties and fosters empathy within the community.

Findings by Azharuddin and Cape (2022) suggest that personal distribution is often regarded as more responsive to local community needs, as muzakki possess firsthand knowledge of beneficiaries' conditions. Furthermore, the forms of zakat distributed personally tend to be more diverse, including cash assistance, food supplies, or emergency aid, tailored to the specific circumstances and needs of mustahik (Azharuddin & Cape, 2022).

This flexibility and social proximity explain why the personal distribution model remains prevalent, particularly among traditional and rural communities. Nevertheless, these advantages must be balanced with adequate oversight and coordination to prevent unequal distribution or duplication of assistance in the field.

Despite its strong social value, personal zakat distribution is not without significant challenges, particularly in terms of structure and accountability. Because it is typically conducted without standardized recording or reporting systems, its outcomes are difficult to quantify and comprehensively verify.

Indriani et al. (2024) note that one of the major limitations of personal distribution mechanisms is the lack of transparency and the absence of integrated data systems, making it difficult to ensure that zakat funds reach the most deserving beneficiaries. This condition may lead to distributional imbalances, whereby some mustahik receive multiple forms of assistance while others remain underserved (Indriani et al., 2024).

Similarly, Azharuddin and Cape (2022) emphasize that low levels of zakat literacy and limited coordination among muzakki further constrain the effectiveness of zakat as an instrument of socio-economic development. Consequently, although personal zakat distribution can generate immediate and direct social impacts, its

effectiveness in fostering systemic and sustainable socio-economic transformation remains limited (Azharuddin & Cape, 2022).

Within the framework of Islamic socio-economic development, the personal zakat distribution model does not need to be eliminated; rather, it can be strengthened through integration with more formal institutional systems. Several studies recommend fostering synergy between personal and institutional approaches, for instance through digital reporting mechanisms or collaboration with local zakat institutions, allowing beneficiary data to be monitored and processed more accurately.

The Ministry of Religious Affairs (2023) also underscores the importance of this initiative by encouraging the development of a national online reporting system, which enables muzakki who distribute zakat personally to remain recorded within the official system. This effort aims to ensure that national zakat potential can be collected, monitored, and analyzed in a comprehensive and transparent manner.

In conclusion, the personal distribution model continues to play a strategic role within Indonesia's zakat ecosystem, particularly in strengthening social values, emotional bonds, and interpersonal solidarity. However, to optimize its contribution to socio-economic development, this model must be complemented by systematic recording, reporting, and educational mechanisms, ensuring that zakat distribution becomes more measurable, equitable, and sustainable.

### **3. Characteristics of Institutional Zakat Distribution**

Zakat distribution through formal institutions such as the National Zakat Agency (BAZNAS) and authorized Zakat Management Organizations (LAZ) represents a form of modernization in the zakat management system, aimed at creating a more measurable, transparent, and sustainable distribution framework. These institutions function as professional intermediaries between muzakki and mustahik, ensuring that zakat funds are allocated in accordance with sharia principles, social needs, and the economic development priorities of the Muslim community (Hafidhuddin, 2021).

The institutional approach is grounded in two core principles: professionalism and accountability. Professionalism is reflected in the application of modern management systems encompassing fundraising, beneficiary data collection, and reporting procedures that adhere to good governance standards.

Accountability, meanwhile, is realized through independent audits, public financial disclosures, and zakat distribution tracking systems. In accordance with regulations issued by the Ministry of Religious Affairs (2023), national zakat institutions are required to periodically report the collection and distribution of funds to both the public and government authorities in order to maintain public trust.

Furthermore, institutional systems enable broader and more systematic distribution coverage. Through the national networks maintained by BAZNAS and various regional LAZ, zakat can be distributed in multiple forms, including consumptive assistance, productive business capital, and community empowerment programs. This structure allows zakat distribution to extend beyond urban centers and reach remote areas and vulnerable populations, thereby strengthening zakat's function as an instrument of socio-economic equity.

One of the principal advantages of institutional zakat distribution lies in its structured governance, systematic processes, and measurable accountability. Zakat institutions implement comprehensive mechanisms ranging from the registration of muzakki and mustahik, beneficiary eligibility verification, to detailed reporting of distribution outcomes, ensuring that zakat funds are allocated to those who are genuinely entitled to receive them.

Empirical evidence provided by Beik and Pratama (2021) demonstrates that institutional zakat models exhibit higher levels of efficiency and effectiveness compared to personal distribution mechanisms. Their study shows that productive zakat programs managed by zakat institutions increased mustahik welfare by up to 147.14 percent relative to pre-intervention conditions (Beik & Pratama, 2021). These findings underscore that institutional approaches not only expand the reach of zakat distribution but also enhance the quality and sustainability of its impact on poverty alleviation.

Beyond fund distribution, zakat institutions also implement long-term economic empowerment initiatives, including microenterprise training, sharia-compliant business mentoring, and the provision of productive capital. One notable example is the Zakat Community Development (ZCD) program administered by BAZNAS, which has been shown to increase mustahik income levels by approximately 30–50 percent across several regions, particularly within the agricultural and micro, small, and medium enterprise (MSME) sectors (BAZNAS,

2023). This program illustrates that zakat can function as a catalyst for community-based economic development when managed through productivity-oriented approaches.

Another significant advantage of the institutional model is the implementation of digital recording and reporting systems that ensure comprehensive documentation of zakat processes. Through digitalization, zakat institutions are able to minimize duplication of assistance, accurately map regional needs, and quantitatively assess social and economic impacts. Darajat (2024) argues that zakat digitalization in the digital economy era enhances transparency and accountability, thereby strengthening public trust in zakat institutions and encouraging greater participation in institutional zakat payment (Darajat, 2024).

Despite these advantages, the institutional zakat model continues to face several structural and social challenges. First, public trust remains a critical issue. Some members of society prefer personal zakat distribution due to concerns that institutional mechanisms may delay assistance delivery or allocate excessive funds to operational costs rather than beneficiaries. Indriani et al. (2024) note that negative perceptions toward zakat institutions often stem from assumptions that zakat funds are “slow to reach” mustahik or are inefficiently managed, highlighting the importance of transparency, accountability, and effective public communication in sustaining trust (Indriani et al., 2024).

Second, bureaucratic procedures may hinder timely distribution, particularly in emergency situations. Nevertheless, many zakat institutions have begun addressing this issue through digital transformation initiatives, including online reporting platforms, zakat tracking systems, and digital zakat applications that facilitate payment processes and enable real-time monitoring of fund distribution (Darajat, 2024).

In addition, disparities in institutional capacity remain evident across zakat organizations. While national-level institutions such as BAZNAS benefit from extensive infrastructure and networks, smaller regional or community-based zakat organizations often face limitations in human resources, technological capacity, and financial management (Hafidhuddin, 2021). These disparities contribute to uneven zakat distribution nationwide, whereby regions with stronger institutional capacity

are able to manage zakat more effectively, while others lag behind in both collection and distribution performance.

Accordingly, strengthening the role of institutional zakat in socio-economic development requires improvements in governance frameworks, enhanced human resource capacity, and stronger synergy between national and regional zakat institutions to ensure more equitable, transparent, and impactful zakat distribution.

To further optimize zakat's contribution to socio-economic development, the institutional model should emphasize a balance between managerial professionalism and social proximity. This implies that zakat institutions must uphold transparent, measurable, and accountable management practices while preserving the humanitarian, empathetic, and spiritual values that constitute the essence of zakat.

The Ministry of Religious Affairs (2023) identifies the enhancement of national zakat literacy as a strategic priority, enabling the public to better understand the broader social and economic benefits of channeling zakat through formal institutions. Such literacy extends beyond legal knowledge of zakat obligations to encompass awareness of the long-term developmental impacts generated through professional zakat management (Ministry of Religious Affairs of the Republic of Indonesia, 2023).

Moreover, BAZNAS and LAZ are encouraged to strengthen collaboration with local communities, Islamic boarding schools (*pesantren*), and sharia cooperatives to ensure that productive zakat funds are effectively utilized in community empowerment programs, including microenterprise development, skills training, and the reinforcement of social capital at the grassroots level. This approach balances institutional efficiency with social engagement, positioning zakat not merely as an economic instrument but also as a means of fostering solidarity and community self-reliance.

In conclusion, the institutional zakat model should function not merely as an administrative mechanism but as a dynamic socio-economic driver capable of promoting equitable welfare distribution, reducing poverty, and reinforcing the principles of social justice and inclusive wealth distribution within the framework of Islamic economics.

#### **4. Comparative Analysis and Synergy**

Comparing personal and institutional zakat distribution models is essential to understanding how each contributes to the socio-economic development of the Muslim community. Both models possess distinct strengths and limitations that complement one another in practice. The personal model excels in emotional proximity and speed of distribution, as muzakki can deliver zakat directly to mustahik with whom they have personal relationships. This approach enables rapid, flexible, and more humane assistance while strengthening social empathy and interpersonal trust. However, its main limitation lies in the lack of systematic documentation, transparency, and evaluation mechanisms, making the impact of zakat difficult to measure objectively. Moreover, the absence of coordination among individual muzakki may lead to unequal distribution of assistance (Indriani et al., 2024).

In contrast, the institutional model demonstrates greater strength in systematic, accountable, and long-term management. Zakat institutions employ reporting systems, audits, and beneficiary databases that reduce the risk of overlapping assistance. Beik and Pratama (2021) report that institutionally managed productive zakat programs significantly enhance mustahik welfare through the provision of business capital, skills training, and economic mentoring (Beik & Pratama, 2021). Nevertheless, this model also encounters challenges, including limited public trust and administrative bureaucracy that may occasionally slow the distribution process (Darajat, 2024).

Accordingly, the effectiveness of these two models should be viewed as complementary rather than mutually exclusive. The personal model strengthens social empathy and community bonds, while the institutional model ensures sustainability, equity, and accountability in zakat management.

**Table 1. Comparison of Personal and Institutional Zakat Distribution Models**

Aspect	Personal Distribution	Institutional Distribution
Speed of Distribution	Fast and direct	Relatively slower due to administrative procedures
Transparency	Low (undocumented)	High (reported and audited)
Distribution Equity	Tends to be limited	Broader and more equitable
Economic Impact	Short-term (consumptive assistance)	Long-term (productive assistance)

Accountability	Subjective	Measurable and formally reported
Social Value	High due to personal proximity	High due to collective and systemic impact

Source: Processed data by the authors

Considering the characteristics and advantages of each zakat distribution model, future zakat development should be directed toward strengthening collaboration between personal and institutional approaches. This synergy is expected to establish a zakat distribution system that is more effective, equitable, and sustainable, while preserving the social values inherent in zakat and simultaneously enhancing managerial accountability.

One concrete form of this synergy is the integration of personal zakat reporting into the digital systems of zakat institutions. Muzakki who distribute zakat directly to mustahik can report their activities through official platforms such as BAZNAS or LAZ, ensuring that recipient data remain recorded within the national zakat database. Through this mechanism, zakat institutions are able to conduct more accurate socio-economic mapping and reduce the risk of overlapping assistance (Ministry of Religious Affairs of the Republic of Indonesia, 2023).

This collaborative model allows muzakki to maintain personal proximity and social engagement with mustahik, while also participating in a structured and coordinated zakat management system. In practice, a portion of zakat funds may be distributed directly by muzakki, while the remaining portion is managed by zakat institutions to support long-term productive programs, such as skills training, microenterprise assistance, and sharia-compliant financing schemes (Hafidhuddin, 2021).

According to Darajat (2024), such collaboration has the potential to foster an integrated zakat ecosystem in which both personal and institutional distributions are connected within a transparent, measurable, and auditable national data system. Through this integration, the national zakat potential estimated at IDR 327 trillion annually can be utilized more optimally to support community economic empowerment and sustainable social development.

Therefore, strengthening synergy between personal and institutional zakat distribution models requires the formulation of strategies that effectively combine the advantages of both approaches, namely the speed and social closeness of

personal distribution with the professionalism and accountability characteristic of institutional management. These strategies can subsequently be elaborated as follows:

- a. **Digitalization and Integration of the National Zakat Data System.**  
The development of a national digital zakat platform constitutes a strategic initiative to record and integrate all zakat-related activities, whether conducted through formal institutions or personal channels. This system may be designed in a manner similar to the National Zakat Information System (SiZNAS), which enables muzakki to report their zakat contributions online while facilitating zakat institutions in monitoring, mapping, and evaluating zakat distribution at the national level (Ministry of Religious Affairs of the Republic of Indonesia, 2023).
- b. **Enhancement of Zakat Literacy and Public Awareness.**  
Public understanding must be strengthened to recognize that zakat is not merely a religious obligation, but also an integral component of the Islamic economic system with broad socio-economic implications. Improving zakat literacy through education, public media, and inter-institutional collaboration can increase muzakki awareness and encourage zakat distribution through more structured and coordinated mechanisms (Hafidhuddin, 2021).
- c. **Community-Based Collaboration in Productive Zakat Programs.**  
Zakat institutions can collaborate with community leaders, Islamic boarding schools (pesantren), and local organizations in the planning and implementation of productive zakat programs. This community-based zakat distribution approach has been shown to enhance program effectiveness, as it is better aligned with local needs and ensures more targeted and appropriate distribution (Beik & Pratama, 2021).
- d. **Social Auditing and Public Transparency.**  
To maintain public trust, zakat institutions should conduct social audits in addition to financial audits. Reports that clearly present the social and economic impacts of zakat programs should be disclosed publicly, enabling society to assess the tangible benefits generated by

zakat funds. Such transparency also strengthens the institutional legitimacy of zakat organizations in the public sphere.

By integrating the responsiveness and social empathy inherent in personal zakat distribution with the professionalism and transparency of institutional mechanisms, zakat can function as a strategic and equitable instrument within the Islamic economic framework. Such synergy is expected to promote a more balanced distribution of welfare, contribute to poverty alleviation, and support sustainable socio-economic development of the Muslim community in Indonesia.

#### **D. CONCLUSION**

The findings of this study indicate that zakat possesses substantial potential as an instrument for socio-economic development within the framework of the Islamic economic system. As a fundamental pillar of wealth distribution, zakat functions not only as a spiritual obligation but also as a social mechanism aimed at promoting economic justice and collective welfare. When managed optimally and systematically, zakat can serve as an effective tool for reducing social inequality and improving the living standards of disadvantaged communities.

In practice, two primary approaches to zakat distribution are observed in Indonesia, namely personal (individual-based) and institutional distribution. Personal zakat distribution is characterized by its speed, flexibility, and strong emotional proximity between muzakki and mustahik. This approach reinforces social solidarity at the local level; however, it is constrained by limitations in transparency, equitable distribution, and the ability to measure economic impact. Conversely, the institutional model is supported by professional, accountable, and measurable management systems, enabling broader geographic coverage and more systematic distribution. Zakat institutions such as BAZNAS and LAZ play a strategic role in channeling zakat funds into productive programs that focus on empowering economically vulnerable communities. Nevertheless, this model continues to face challenges, particularly related to public trust and bureaucratic complexity in the distribution process.

Based on the analysis, these two models should not be viewed as competing approaches but rather as complementary mechanisms that can be synergistically integrated. Collaboration between personal and institutional zakat distribution can

foster a more transparent, integrated, and sustainable zakat system for socio-economic development. While the personal model preserves the social dimension and humanitarian empathy, the institutional model ensures accountability, equitable distribution, and program continuity.

Drawing on the findings of this study, several strategic recommendations are proposed to optimize the role of zakat in socio-economic development: (a) strengthening public literacy and awareness of zakat; (b) enhancing transparency and accountability within zakat institutions; (c) fostering collaboration among individuals, zakat institutions, and the government; and (d) reinforcing community-based productive zakat programs. Through the implementation of these strategies, zakat can function not merely as a financial transfer mechanism, but as a measurable, inclusive, and resilient instrument for sustainable socio-economic development within the Muslim community.

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