

Systematic Analysis of Zakat Distribution Models in Modern Islamic Finance**Analisis Sistematis Model Distribusi Zakat dalam Keuangan Islam Modern****Mukhid**

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ABSTRACT

The zakat distribution model in modern Islamic finance faces significant challenges in the era of digitalization, especially related to efficiency, transparency and trust. This research aims to identify the main challenges in implementing the zakat distribution model in the digital financial era using a systematic literature review approach. This method involves a systematic analysis of relevant literature to evaluate the effectiveness of both traditional and digital-based zakat distribution models. The research findings reveal that, although digital technology offers great potential to increase transparency and efficiency, challenges such as lack of user trust and transparency in reporting still need to be overcome. The implications of this research include the need to reform the zakat distribution model to integrate digital technology and improve governance, with the hope of maximizing the impact of zakat in poverty alleviation and sustainable development. This research provides important insights for policy makers and practitioners to design zakat distribution strategies that are more adaptive and responsive to the digital era.

Keywords: zakat distribution, Islamic finance, digitalization, financial technology, transparency, efficiency.

ABSTRAK

Model distribusi zakat dalam keuangan Islam modern menghadapi tantangan signifikan dalam era digitalisasi, terutama terkait dengan efisiensi, transparansi, dan kepercayaan. Penelitian ini bertujuan untuk mengidentifikasi tantangan utama dalam penerapan model distribusi zakat di era keuangan digital dengan menggunakan pendekatan *systematic literature review*. Metode ini melibatkan analisis sistematis dari literatur yang relevan untuk mengevaluasi efektivitas model distribusi zakat baik yang tradisional maupun berbasis digital. Temuan penelitian mengungkapkan bahwa, meskipun teknologi digital menawarkan potensi besar untuk meningkatkan transparansi dan efisiensi, tantangan seperti kurangnya kepercayaan pengguna dan transparansi dalam pelaporan masih harus diatasi. Implikasi dari penelitian ini mencakup kebutuhan reformasi model distribusi zakat untuk mengintegrasikan teknologi digital dan memperbaiki tata kelola, dengan harapan dapat memaksimalkan dampak zakat dalam pengentasan kemiskinan dan pembangunan berkelanjutan. Penelitian ini memberikan wawasan penting bagi para pembuat kebijakan dan praktisi untuk merancang strategi distribusi zakat yang lebih adaptif dan responsif terhadap era digital.

Kata Kunci: distribusi zakat, keuangan Islam, digitalisasi, teknologi finansial, transparansi, efisiensi.

1. Introduction

A systematic analysis of zakat distribution models in modern Islamic finance includes various approaches to distribute zakat efficiently and effectively to those in need. Zakat management has an important role in reducing poverty and economic empowerment (Zulkifli, 2022). Collaboration between zakat payers and recipients needs to be built to increase fundraising capacity, especially in difficult situations such as the COVID-19 pandemic

(Herianingrum et al., 2022). Zakat distribution is a significant instrument in the Islamic financial ecosystem for poverty alleviation (Darwis, 2023).

The development of a conceptual framework for zakat collection and distribution can have a substantial impact on social welfare, especially if aligned with the Sustainable Development Goals (SDGs) (Sharofiddin et al., 2022). Utilizing digital-based models and financial technology can simplify the process of collecting and distributing zakat, making it more efficient and transparent (Nuriyah & Fakhri, 2022). It is important to analyze the effectiveness of zakat distribution during crises such as the COVID-19 pandemic to ensure timely and impactful assistance to those in need (Mukti et al., 2022).

Zakat distribution models can be categorized into traditional and creative approaches, including forms of consumption and productive assistance (Setyudin, 2023). Productive zakat distribution models, such as providing capital for businesses, can contribute significantly to economic development and poverty alleviation (Z, 2023). By involving local leaders and community members, alternative zakat models can be designed to ensure poverty alleviation and sustainable development (Rahman et al., 2023).

Transparency and efficiency of zakat management transactions are very important to ensure funds reach eligible recipients in accordance with sharia law (Ismail et al., 2023). Productive zakat plays an important role in industrial development and economic improvement, highlighting the importance of strategic distribution models (Abdurrouf, 2022). The community participation model in the zakat fund distribution program can empower beneficiaries and increase the impact of zakat initiatives (Jamal & Turasih, 2022). In conclusion, a systematic analysis of zakat distribution models in modern Islamic finance involves exploring innovative frameworks, utilizing technology, ensuring transparency, and involving stakeholders to maximize the impact of zakat in reducing poverty and promoting economic empowerment.

In the context of Islamic finance, zakat plays a crucial role as a financial instrument designed to distribute wealth and reduce social inequality. Zakat, as one of the pillars of Islam, not only has spiritual value, but also functions as a significant economic mechanism to support social welfare and redistribution of wealth in society. In the modern era, the digitalization trend has brought significant transformation in various aspects of life, including Islamic finance. The application of digital technology in Islamic finance, such as through fintech platforms, has opened up new opportunities to optimize zakat distribution. This technology not only increases efficiency and transparency in the distribution process, but also expands the reach of zakat recipients by utilizing digital accessibility.

However, although the potential for digitalization in zakat distribution is enormous, there is a significant gap in the existing literature regarding how zakat distribution models can effectively adapt to the digital era. Many previous studies have focused on the theological and economic aspects of zakat, but few have explored the challenges that arise when zakat distribution models are faced with developments in digital technology. In particular, in-depth research regarding the main obstacles in implementing zakat via digital platforms is still limited. This gap suggests a need for more research focused on identifying and analyzing these challenges.

This research will answer the key question: "What are the main challenges in implementing the zakat distribution model in the digital financial era?" This question is important because understanding these challenges is a crucial first step to ensuring that zakat distribution can be carried out more effectively and efficiently in a digital context. The urgency of this research is increasing with the rapid growth of financial technology which continues to change the global financial landscape, including Islamic finance. Without proper adjustments to the zakat distribution model, there is a risk that zakat will not be able to fully fulfill its potential as a socio-economic instrument in the digital era.

This research offers novelty by providing a systematic analysis of the main challenges faced in digital zakat distribution, an area that has not been widely explored by previous

research. By identifying these obstacles, this research also aims to find opportunities for innovation in developing zakat distribution models that are more appropriate to developments in digital technology. The findings from this research are expected to provide new insights for practitioners and policy makers in Islamic finance, which in turn can help in designing zakat distribution strategies that are more adaptive and responsive to the digital era. Thus, this research not only contributes to the academic literature, but also provides a strong scientific basis for the implementation of more effective policies in the distribution of zakat in the future.

2. Methods

This research method was designed with an approach to systematic literature review to explore the main challenges in implementing the zakat distribution model in the digital financial era. This approach was chosen because it allows researchers to identify, assess and synthesize relevant research results systematically, so as to provide a comprehensive picture of the topic under study. By using a systematic literature review, this research not only focuses on collecting information, but also on criticizing and integrating existing findings to answer research questions in more depth.

To ensure that the process of searching, selecting and synthesizing articles is carried out systematically and transparently, this research uses a method PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses). PRISMA is an international standard used to improve the quality of reporting of systematic reviews and meta-analyses. This method will guide every stage of the research, from article identification, screening, to assessment of eligibility and inclusion of articles in the final analysis. The application of PRISMA also ensures that the article selection process is carried out consistently and can be replicated by other researchers in the future.

The main reference source for this research was taken from reputable international databases such as Scopus, Web of Science, and Google Scholar. The selection of these databases is based on their reputation and broad coverage in presenting high-quality articles relevant to the fields of Islamic finance, Islamic economics and financial technology. The focus of the search is on articles published in leading journals in these fields, so that the results of this research can contribute significantly to the existing literature.

Keywords used in article searches include a combination of terms relevant to the research topic, such as "zakat distribution models", "Islamic finance", "digital transformation", "financial technology (Fintech)", "challenges", and "systematic review". The selection of keywords is based on terms that are most likely to cover various aspects of the challenges faced in zakat distribution in the digital era. This keyword combination is also designed to ensure that article searches produce relevant and comprehensive literature.

The selection process produces a number of articles that will be analyzed further. The specific number of articles will be explained in detail once the selection process is complete, to provide a clear picture of the scope of the literature reviewed.

Inclusion and exclusion criteria was used to ensure that only the most relevant and high-quality articles were included in the analysis. Inclusion criteria include articles published in the last 5 years (2019-2024), articles that focus on zakat distribution models in the context of Islamic finance, and articles that discuss aspects of digitalization in zakat distribution. On the other hand, exclusion criteria include articles that are not directly related to zakat or Islamic finance, articles with a geographic scope that is not relevant to this research, as well as articles that are not peer-reviewed or come from less reputable sources. With these criteria, research is expected to produce in-depth and relevant analysis, which is in accordance with the stated research objectives and questions.

3. Results and Discussions

3.1 Basic Concepts of Zakat in Islamic Finance

Zakat, as one of the pillars of Islam, has a very important role in the Islamic financial system. Zakat is a mandatory form of almsgiving and is aimed at the redistribution of wealth and social welfare (Kurnia et al., 2020). In a broader context, zakat is firmly rooted in the core principles of Maqasid Sharia, which emphasizes the welfare of individuals and society, in line with the Sustainable Development Goals (SDGs) (Nurhasanah, 2023). Islamic financial principles related to zakat emphasize compliance with Sharia laws in the management of zakat funds and related institutions (Sunarya & Rusydiana, 2022; Hendar, 2023). Therefore, zakat is not only seen as a religious obligation, but also as an instrument for reducing poverty, promoting economic prosperity, and achieving sustainable development (Shariff, 2023; Isnaniati, 2023; Riyaldi et al., 2020).

In the realm of Islamic social finance, instruments such as zakat, waqf, and sadaqa have an important role in dealing with problems of poverty, inequality, and in advancing economic growth (Notolegowo, 2023; Maulida et al., 2020). Research shows that Islamic social finance, including zakat, has the potential to support sustainable economic development by attracting donors and investment through mechanisms such as Waqf (Muhammad, 2023). In this context, zakat, together with other Islamic social financial instruments, makes a significant contribution to economic growth and stability, especially in countries with a majority Muslim population such as Indonesia (Siswantoro & Ikhwan, 2023). Productive distribution of zakat is also identified as a way to reduce urban poverty and increase equality and justice in communities (Kholis & Mugiyati, 2021).

Furthermore, zakat governance and the integration of Sharia principles in zakat law are very important aspects to ensure proper management and utilization of zakat funds (Aristoni, 2021). Optimizing zakat to achieve sustainable development goals, such as poverty alleviation and community empowerment, shows the importance of zakat in promoting financial inclusion and social welfare (Salim, 2024; Riyaldi et al., 2020). The profitability of Islamic banks is also positively influenced by the implementation of zakat, which emphasizes the economic benefits of zakat distribution (Oktaviani et al., 2022; Yusnita et al., 2019). This shows that zakat not only has a social impact, but also has a significant economic impact in the context of Islamic finance.

Thus, zakat in Islamic finance functions as a mechanism for wealth redistribution, poverty alleviation, and sustainable development. Compliance with Sharia principles, effective governance, as well as integration with other Islamic social finance instruments are essential to maximize the impact of zakat in promoting economic prosperity and social justice.

3.2 Traditional Zakat Distribution Model

Traditional zakat distribution models have long been an integral part of Islamic financial practices, with various approaches adopted by Muslim communities around the world. These traditional models generally involve collecting zakat through religious institutions or local authorities who then distribute the funds to groups in need, such as the poor, orphans, and people in debt (Ali, 2020). In this context, institutions such as Baitul Mal, mosques, or traditional charity organizations often act as the main intermediaries in the process of collecting and distributing zakat (Mansoori, 2021). This approach has proven effective in meeting the basic needs of the poor and contributing to social stability in traditional Muslim communities.

However, in the modern context, this traditional zakat distribution model faces significant challenges. One of the main advantages of this model is its ability to build strong social ties between zakat givers and recipients, as well as maintaining public trust in religious institutions (Siddiqui, 2022). On the other hand, this traditional model also has several weaknesses when faced with contemporary social and economic dynamics. For example, this model is often less responsive to demographic and technological changes, resulting in zakat

distribution being less efficient and sometimes uneven (Rahman & Aziz, 2023). In addition, limitations in transparency and accountability are often issues that hinder the effectiveness of this traditional model in ensuring that zakat funds actually reach those who need them most (Nasir & Ahmad, 2021).

In the digital era and with the increasing complexity of the global economy, the traditional zakat distribution model is starting to show its limitations in meeting the needs of the times. Delays in the adoption of modern technology and lack of integration with contemporary financial systems often lead to inefficiencies in zakat collection and distribution (Kasim & Jamal, 2022). Apart from that, traditional models are also less able to handle global issues such as widespread poverty in urban areas, refugees and other vulnerable groups who are not reached by traditional zakat distribution mechanisms (Abdullah, 2023). Therefore, while traditional zakat distribution models remain relevant in many communities, there is an urgent need to adapt and reform these models to better suit modern-day demands and be more effective in achieving Islamic social and economic goals.

3.3 Digital Era and Islamic Finance

The digital era has brought significant changes in Islamic finance, which is marked by the development of financial technology (Fintech) in this sector. Islamic finance in the digital era is influenced by the legislative framework and the increasingly rapid growth of the Islamic Financial Technologies business (Kanwal, 2023). Fintech that complies with Sharia principles in Islamic banking is not only limited to traditional Islamic banking products, but also covers various fields such as Islamic P2P lending, digital payments, crowdfunding, capital markets, insurance, and others (Ramadhan, 2022). Fintech instruments from conventional banking can be adapted into Sharia-compliant products in Islamic finance, highlighting the harmony between Fintech and Islamic finance (Hidajat, 2020).

The application of Fintech in Islamic finance has experienced a significant increase in recent years, with a surge in research focusing on Islamic Fintech, including discussions on challenges, prospects and innovations such as zakat collection, cash waqf, crowdfunding and financing (Azzahro, 2024). Blockchain technology, which is a prominent feature of the digital era, offers opportunities for Islamic finance to develop exponentially by leveraging its capabilities (Putri et al., 2022). Islamic fintech, which aligns technological solutions with the principles of Islamic law, is predicted to accelerate digital transformation and increase sustainability in the Islamic finance industry (Haidar, 2024).

Islamic fintech offers wider access to financial services that adhere to Islamic principles, promoting affordability, convenience and efficiency in financing, payments and investments (Sofyan, 2023). The emergence of Fintech has opened new opportunities as well as challenges for Islamic finance, requiring creative solutions to traditional financial problems while addressing emerging regulatory and ethical concerns (Qudah, 2023). Islamic Fintech is not only a bridge from traditional to digital finance, but also emphasizes compliance with Islamic teachings in practice, by prioritizing manners and responsibility in every transaction ("Growth of Islamic Fintech in Indonesia", 2024).

Islamic financial institutions, which are rooted in Islamic principles, have demonstrated greater stability and resilience to financial crises, highlighting the importance of their infrastructure in attracting investment (Hussein, 2024). Islamic fintech, which is characterized by compliance with Sharia, plays an important role in adapting to Islamic principles and serving institutions or countries that adhere to Islamic teachings (Irfan & Rusmita, 2023). From a legal perspective, Islamic Fintech has an important meaning in the modern Islamic economic and financial ecosystem, providing a legal framework that supports the development and implementation of Sharia-compliant financial technology (Muryanto et al., 2021).

Overall, the integration of Fintech in Islamic finance presents significant transformation opportunities for the industry. By combining technological advances with Sharia principles,

Islamic Fintech can improve financial services, accessibility and efficiency in Islamic financial institutions, as well as strengthen the role of Islamic finance in an increasingly digital global economy.

3.4 Innovation in Zakat Distribution Model

Innovations in zakat distribution models have become increasingly prominent in the digital era, with the aim of increasing the efficiency, transparency and effectiveness of zakat management. Several studies have highlighted the importance of digital platforms in facilitating zakat distribution (Haryanto, 2023; Rizal & Pakkanna, 2023; Komala, 2023; Farid, 2023; Utami et al., 2021). These platforms not only offer convenience and trust to users, but also play a role in reaching a wider audience and ensuring transparency in the distribution process. Digitalization allows zakat managers to utilize financial technology and information systems, which in turn, simplifies the process of collecting and distributing zakat, so that zakat funds can be used more efficiently and on target, supporting poverty alleviation efforts more effectively.

Furthermore, digitalization has been identified as a key factor in optimizing the collection and distribution of zakat funds (Komala, 2023; Farid, 2023; Santoso, 2019). By utilizing financial technology and information systems, zakat institutions are able to streamline their operational processes, which leads to more efficient use of funds and increases zakat's contribution to poverty alleviation efforts. The development of digital zakat management strategies also shows great potential in increasing entrepreneurial interest and reducing poverty (Utami et al., 2021). The BAZNAS Model digital zakat program, for example, is a valuable reference for global zakat managers who want to improve digital entrepreneurship practices and innovate zakat distribution methods.

In the context of the COVID-19 pandemic, digitalization has played an important role in stimulating the socio-economic development of society (Rizal & Pakkanna, 2023; Norvadewi et al., 2021). By utilizing digital platforms, zakat institutions are able to adapt to the challenges presented by the pandemic and continue to carry out their efforts to support communities in need effectively. This pandemic has accelerated the adoption of digital technology in zakat distribution, which allows zakat institutions to continue operating and even expand the reach of their assistance amidst existing physical and social limitations.

Overall, the integration of digital technology in the zakat distribution model not only revolutionizes the way zakat funds are collected and distributed, but also contributes to increasing transparency, efficiency and reach, ultimately leading to more impactful poverty alleviation and community development efforts. This innovation shows how digital technology can be a powerful tool in strengthening the role of zakat as an Islamic financial instrument that supports sustainable social and economic prosperity.

3.5 Challenges in Implementing Zakat in the Digital Era

Implementing a digital zakat distribution model presents several challenges that have been identified in the literature. One of the main challenges is the need for user trust to adopt digital platforms for zakat payments (Adinda, 2022). This trust is very important because individuals need assurance of the security and reliability of the platform to make decisions regarding digital distribution of zakat and donations. Without trust, acceptance of this digital system will be low, hampering the potential for more efficient and effective zakat distribution. Apart from that, implementing a digital zakat management system also requires transparency in reporting and accountability to ensure effective zakat management (Hadi, 2024). This transparency is crucial in maintaining public trust and ensuring that zakat funds are distributed appropriately according to sharia objectives.

Furthermore, the digitalization of the zakat system must be accompanied by improved regulations and governance to optimize zakat collection and distribution (Komala, 2023). Improvements in governance and information systems are essential for efficient operations of

digitalized zakat institutions. In addition, blockchain technology has been proposed as a means to increase the digitalization of zakat (Nazeri, 2023). Blockchain has the potential to increase transparency and security in zakat management systems, providing an additional layer of trust that can support the sustainability and operational efficiency of digital zakat. With a blockchain-based system, the process of collecting, allocating and distributing zakat can be carried out more transparently and traceable, reducing the risk of abuse and increasing accountability.

Another significant challenge is the adaptation of zakat institutions to the digital era, especially in situations such as the Covid-19 pandemic (Fadhilah, 2021). Transforming to a digital platform for zakat collection, management and distribution is essential to ensure sustainability and efficiency in zakat operations. The pandemic has accelerated the need for digitalization, as physical and social restrictions require zakat institutions to innovate in the way they collect and distribute funds. In addition, the convenience and convenience of digital payment methods for zakat plays an important role in encouraging individuals to contribute through digital channels (Rukmana, 2023). This shift towards digital payment methods not only increases accessibility, but also increases efficiency in zakat collection, enabling zakat institutions to reach more muzakki in a faster and more timely manner.

Overall, the challenges in implementing a digital zakat distribution model center on building trust, ensuring transparency and accountability, adapting to regulatory and governance structures, integrating innovative technologies such as blockchain, and facilitating convenient digital payment methods. Overcoming these challenges is critical for the successful transition to a digital zakat system and to maximize the benefits of digitalization in zakat management. Only by addressing these issues can zakat institutions fully realize the potential of digital technology to support the social and economic well-being of the community.

3.6. Results of Literature Review

In a systematic literature review regarding challenges in digital zakat distribution, several key themes emerged from the selected references. These studies emphasize the importance of trust, convenience, and efficiency in influencing individuals' decisions to use digital platforms in zakat distribution (Adinda, 2022). Digitalization of the zakat management system is known to have the potential to increase the effectiveness and impact of zakat in achieving fair wealth distribution and poverty alleviation (Judijanto, 2024). However, challenges such as perceived inefficiency in zakat management, lack of trust in zakat institutions, and unequal distribution of zakat are identified as potential obstacles to the effectiveness of digital zakat distribution (Ishak et al., 2023; Ramlee, 2023; Maisyarah, 2024).

In addition, the literature highlights the role of governance systems and information technology in optimizing the collection and distribution of zakat through digital platforms (Komala, 2023; Santoso, 2019). These studies also discuss the impact of digitalization on zakat receipts and its contribution to accelerating economic growth (Komala, 2023). Digital zakat program innovations, such as the BAZNAS Model, are said to be effective references for improving digital entrepreneurship practices and zakat distribution innovations globally (Utami et al., 2021). These initiatives show how digital technology can be utilized to expand the reach of zakat programs, provide education about zakat, and ensure transparency in reporting distribution activities to beneficiaries (Soleh, 2019).

Furthermore, research also addresses specific challenges in managing the distribution of zakat returns and proposes solutions to improve the process (Razali et al., 2022). Overall, these findings suggest that while digital zakat offers opportunities to increase efficiency and reach, addressing challenges related to trust, governance, and distributional justice is critical to maximizing its impact in alleviating poverty and promoting sustainable community development. A holistic approach involving increasing public trust, improving governance, and

fair distribution is needed to make digital zakat an effective tool in achieving Islamic social goals.

3.7. Analysis of Main Challenges

In the realm of modern Islamic finance, a systematic analysis of zakat distribution models reveals several challenges that have been identified in the literature. One of the main challenges relates to the need for an effective governance framework capable of integrating various Islamic social finance instruments such as zakat and waqf (Widiastuti et al., 2022). Proper integration and synergy between these instruments is very important to increase productivity-based production and distribution factors to beneficiaries (Widiastuti et al., 2022). In addition, the literature emphasizes the importance of addressing internal, external, and systemic problems related to zakat distribution. Internal challenges include high promotional costs, ineffective zakat programs, lack of stakeholder cooperation, and lack of human resources (Amijaya, 2023). External challenges involve public distrust due to transparency problems in the management of zakat resources, while systemic challenges stem from the lack of government support for zakat laws (Amijaya, 2023).

Furthermore, the literature highlights the importance of Islamic social finance, especially zakat, in poverty reduction, economic growth, and sustainable development (Muhammad, 2023). Research has confirmed the positive relationship between Islamic social financial instruments such as waqf and zakat and their impact on poverty alleviation and wealth distribution within society (Muhammad, 2023). In addition, the role of zakat in disaster management and humanitarian efforts is also identified as an important aspect of Islamic social finance (Hulwati, 2024). By utilizing equity-based principles and philanthropic instruments such as zakat and sadaqah, Islamic finance can facilitate financial access for marginalized groups and contribute to poverty alleviation (Syahrir, 2023).

In the context of the zakat distribution model, the literature also emphasizes the importance of the Maqāshid Sharia theory in ensuring effective and fair distribution of zakat (Mahmudah & Alwa, 2022). Implementation of this theory can help in formulating programs that benefit humanity while remaining loyal to Islamic teachings and the core principles of zakat distribution (Mahmudah & Alwa, 2022). In addition, the literature emphasizes the need for a transparent, accountable and efficient zakat collection and distribution system to prevent unethical practices and ensure proper utilization of zakat funds (Akinlabi, 2022).

In conclusion, analysis of zakat distribution models in modern Islamic finance reveals a complex landscape with challenges relating to governance frameworks, stakeholder cooperation, transparency and accountability. Overcoming these challenges requires effective integration of various Islamic social finance instruments, utilization of equity-based principles, and enforcement of core principles of zakat distribution guided by Maqāshid Sharia theory.

3.8. Implications for Zakat Distribution Models

A systematic analysis of zakat distribution models in modern Islamic finance reveals several significant implications for the development of zakat distribution models in the future. Digitalization plays a key role in optimizing the zakat collection and distribution process (Mulyo, 2023). With the application of digital technology, such as information and communication technology (ICT), zakat management can be made easier, which leads to increased transparency, accountability and efficiency in zakat reporting and distribution (Hadi, 2024). Digital platforms have the potential to increase community participation in the allocation of zakat funds, strengthening transparency and accountability in the management of Islamic philanthropic funds (Ramadhan et al., 2023).

In the context of digitalization, recommendations for zakat policy and practice include the use of Islamic social financial instruments that comply with sharia principles for funding and investment (Maulida et al., 2020). Adoption of digital zakat is in line with philanthropic

efforts and sustainable development goals, as well as integrating social responsibility into business strategy ("Exploring the impact of digital accounting and digital zakat on improving business sustainability in the Middle East and Malaysia", 2024). In addition, the use of digital technology can expand the reach of zakat programs, educate the public about zakat, and ensure transparent distribution activities to beneficiaries (Soleh, 2019).

Furthermore, digitalization can increase the efficiency and effectiveness of zakat services, which will ultimately benefit public welfare and reduce poverty (Santoso, 2019). Digitalization of zakat payments can lead to increased zakat receipts, especially during the pandemic era, contributing to national zakat collection efforts (Nuraini & Budiandru, 2023). A collaborative model in the distribution of zakat funds, especially for post-pandemic debtors, can provide recovery support through zakat institutions and Islamic financial entities (Yamaludin & Alwi, 2023). In conclusion, the development of zakat distribution models in the future must deeply consider digitalization to increase transparency, efficiency and accountability in zakat management. By adopting digital technology, stakeholders can ensure fair distribution of zakat funds, increase community participation, and ultimately contribute to poverty alleviation and sustainable development.

3.9. Main Challenges in Implementing the Zakat Distribution Model in the Digital Financial Era

1. Trust and Transparency
 - a. Challenge: Trust in zakat institutions and transparency in zakat management are the main challenges. The problem of public distrust due to poor transparency and perceptions of inefficiency in zakat management can hinder the acceptance and effectiveness of digital zakat distribution (Ishak et al., 2023; Ramlee, 2023).
 - b. Analysis: Digitalization has the potential to increase transparency and accountability in zakat management. However, this challenge still needs to be overcome by ensuring that the digital system implemented is able to provide clear and accountable reports (Soleh, 2019).
2. Governance and Integration Framework
 - a. Challenge: The need for an effective governance framework that can integrate various Islamic social finance instruments, such as zakat and waqf, is an important challenge (Widiastuti et al., 2022). Apart from that, internal challenges such as high promotional costs, lack of human resources, and inability to manage effective zakat programs also surfaced (Amijaya, 2023).
 - b. Analysis: Although digitalization can make zakat management easier, there needs to be an adequate governance framework to integrate Islamic social finance instruments and increase cooperation between stakeholders (Muhammad, 2023). Enforcement of Maqāshid Sharia principles in zakat management will be very helpful in ensuring distribution justice (Mahmudah & Alwa, 2022).
3. Distribution Efficiency and Success
 - a. Challenge: Challenges related to the efficiency and effectiveness of digital zakat distribution are also important issues. External challenges such as public distrust due to transparency problems, as well as systemic challenges such as lack of government support, can affect the effectiveness of zakat distribution (Amijaya, 2023).
 - b. Analysis: Digitalization offers the potential to increase the efficiency and effectiveness of zakat distribution by utilizing information and communication technology. Digital platforms can expand distribution

reach and increase community participation in the allocation of zakat funds (Ramadhan et al., 2023; Santoso, 2019).

4. Model Innovation and Development

- a. Challenge: Innovation in digital zakat distribution models and the development of new programs that are relevant to sharia principles are challenges that must be faced. Studies on innovations such as the BAZNAS Model show the importance of digital zakat programs in improving entrepreneurial practices and zakat distribution (Utami et al., 2021).
- b. Analysis: To overcome this challenge, there needs to be the adoption of digital technology that is in accordance with sharia principles and adjustments to the zakat distribution model so that it is more in line with the needs of the times and able to support poverty alleviation more effectively (Maulida et al., 2020; Nuraini & Budiandru, 2023).

4. Conclusions

This research provides a comprehensive overview of zakat distribution in the context of Islamic finance, with a focus on traditional distribution models and digital innovations. The study results show that zakat plays an important role in redistributing wealth and alleviating poverty, in accordance with the principles of Maqasid Sharia and the Sustainable Development Goals (SDGs). Traditional zakat distribution models have long functioned in a social context, but face various challenges such as a lack of efficiency and transparency in the digital era. Meanwhile, innovations in zakat distribution through digital technology, such as the use of fintech platforms, offer great potential to increase the efficiency, transparency and coverage of zakat distribution.

The implication of this research is the importance of reform in the zakat distribution model to align it with modern era needs. The integration of digital technology can improve zakat management by utilizing information systems and financial technology to increase transparency and accountability. However, challenges such as building user trust, ensuring transparency in reporting, and improving governance regulations need to be addressed to maximize the benefits of zakat digitalization. The application of blockchain technology is also considered as a potential solution to increase security and transparency in zakat management.

Despite the benefits offered, this study also identified several limitations. These limitations include the lack of empirical research regarding the impact of digital technology on zakat distribution, as well as differences in local context that can influence the effectiveness of digital model implementation. Apart from that, there are still challenges in adapting the zakat management system to existing regulations and practices in various countries.

For future research, it is recommended that more in-depth empirical studies be conducted to evaluate the effectiveness of digital zakat distribution models in various contexts. Further research is also expected to explore how blockchain technology and other innovations can be applied to improve the zakat distribution system, as well as assess their impact on poverty alleviation and community development. With a holistic and data-based approach, future research can help overcome existing challenges and optimize the potential of zakat in supporting social and economic prosperity.

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