

## Digital Readiness of Zakat Management Organization in West Sumatera

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**Abstract.** *This study evaluates the digital readiness of private and community-owned zakat management organizations in West Sumatera. The research uses the digital readiness index developed by the National Amil Zakat Agency and the Department of Sharia Economics of Bank Indonesia. A quantitative approach and a multi-stage weighted index calculation method are utilized. The sample consists of eight private zakat management organizations in West Sumatera with operational permits from the Regional Office of the Ministry of Religious Affairs. The results indicate that the overall digital readiness of zakat management organizations in West Sumatera is very good. The collection dimension shows a high level of digitalization readiness, while the distribution, utilization, and reporting dimensions also received a very good rating. Six of the eight institutions fall into the very good category when evaluated individually, while the remaining two are classified as good. With these results, zakat management can be optimized in various aspects.*

**Keywords:** *Digitalization; Zakat Management Organization; Digital Readiness Index*

**Abstrak.** *Penelitian ini mengkaji kesiapan digital organisasi pengelola zakat swasta di Sumatera Barat, dengan menggunakan indeks kesiapan digital yang dikembangkan oleh Badan Amil Zakat Nasional dan Departemen Ekonomi Syariah Bank Indonesia. Pendekatan kuantitatif digunakan bersama dengan multi-stage weighted index calculation. Sampel terdiri dari delapan organisasi pengelola zakat swasta di Sumatera Barat yang memiliki izin operasional dari Kantor Wilayah Kementerian Agama. Hasil penelitian menunjukkan bahwa secara keseluruhan kesiapan digital organisasi pengelola zakat di Sumatera Barat sangat baik. Dimensi pengumpulan menunjukkan tingkat kesiapan digitalisasi yang tinggi. Sementara dimensi pendistribusian, pendayagunaan, dan pelaporan juga berada pada level sangat baik. Enam dari delapan lembaga masuk dalam kategori sangat baik jika dievaluasi secara individual, sedangkan dua sisanya tergolong baik. Dengan hasil tersebut, pengelolaan zakat dapat dioptimalkan pada berbagai aspek.*

**Kata kunci:** *Digitalisasi; Organisasi Pengelola Zakat; Kesiapan Digital*

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## Introduction

The COVID-19 pandemic in Indonesia in early 2020 impacted the Islamic charity (i.e. *zakat*, *infaq*, and *sadaqa*) collection system in Indonesia. This event forced all industry sectors to reduce mobility and face-to-face activities to adopt various digital platforms and undergo massive digital transformation in the implementation of business processes (Acosta, 2020), including in this sharia social finance sector, namely ZISWAF institutions. The results of a survey conducted by one of the largest e-wallet platforms in Indonesia showed a 9% increase in donations through digital channels and a 10% decrease in donations through non-digital means. The average increase in digital charity was 72%. This condition is driven by the digital transformation of various institutions and collaborative initiatives formed with digital companies such as fintech, e-commerce, online transportation, online banking, etc., to expand the collection of *zakat*, *infaq*, *sadaqah* and *waqf* (ZISWAF) (Andika et al., 2020).

In addition, since the COVID-19 pandemic, whether Gen Z, Millennials, or Gen X, there has been a significant increase in the trend of people making digital donations across all groups. The survey results show an increase in the number of individuals donating through digital channels, with a 16% increase in Gen Z, a 9% increase in Millennials, and a 7% increase in Gen X. Thus, the data shows that during the COVID-19 pandemic, there has been an increase in the trend of all groups to donate through digital channels (Gopay, 2020).

The two digital channels for *zakat* payment above show that the *zakat* industry has grown amidst various difficult situations in recent years. The innovative use of digital media continues to grow along with the times. The Industrial Revolution 4.0 is changing the behavior of the industry and various stakeholders. The East Ventures Digital Competitiveness Index (EV-DCI) 2021 study shows that digital competitiveness is increasingly evenly distributed across all provinces in Indonesia. This can be seen from the average Digital Competitiveness Index (EV-DCI) score, which increased from 27.9 in 2020 to 32.1 in 2021 (East Ventures et al., 2022). In order to support a better distribution of Indonesia's digitalization, *zakat* institutions must be better prepared to provide sufficient human resources and infrastructure in the technology field.

The use of digital platforms in *zakat* management offers new value to *zakat* management in the country. As a result, *zakat* is becoming a well-known financial tool, and the use of digital platforms and the internet is expanding. The socialization and introduction of *zakat* to the broader community are intended

to reach more wealthy groups who are still lacking in obtaining information and understanding about *zakat*.

As the regulator, the National Board of *Zakat* (BAZNAS) has developed a framework or basis for measuring the digital readiness of *zakat* institutions known as the Digital Readiness Index of Zakat Management Organizations. This index results from research conducted by the BAZNAS Center for Strategic Studies (PUSKAS) and the Department of Sharia Economics and Finance of Bank Indonesia (DEKS-BI). By assessing the three main *zakat* management activities of collection, distribution and utilization, and reporting, the index precisely determines and measures the extent of OPZ's digital readiness. Using four variables summarized into thirty-three technical indicators related to each OPZ's readiness to face the digital era, the four variables will be assessed for digital readiness (Puskas BAZNAS, 2021).

West Sumatra Province is a region with a majority Muslim population. Data from the Directorate General of Population and Civil Registration (Dukcapil) of the Ministry of Home Affairs noted that in 2021, the population of West Sumatra amounted to 5.6 million people. Of this number, 5.46 million people (97.6%), or the majority of the West Sumatra population, are Muslims (Kusnandar, 2021). West Sumatra Province has various *zakat* management organizations (OPZ), both state-managed (BAZNAS) and private. These *zakat* management organizations directly support the collection and absorption of *zakah*, *infaq*, *sadaqah* and *waqf* in West Sumatra province to help the underprivileged community prosper.

In its operation, each *zakat* organization has a different management style. The researchers' discussion with one of the branch heads of the *zakat* management organization resulted in the conclusion that not all *zakat* management organizations are semi-autonomous. This means that some state-based *zakat* management organizations do not have free authority to regulate and manage their operational activities regarding reporting, distribution, designing benefit projects, etc. This research also shows that although digitalization has been fully supported by *zakat* stakeholders, not all *zakat* management organizations in West Sumatra province have websites and interactive media channels to reach out to *muzakki* further. In fact, the digital ecosystem that has proliferated today must be implemented optimally by *zakat* management organizations so that the trust of *muzakki* increases and the amount of *zakat* that can be collected becomes higher. Therefore, the researchers are interested in exploring further how the readiness of *zakat* management organizations in West Sumatra in digitalization is related to collecting, distributing and managing, as well as reporting *zakat*, *infaq*, *sadaqa*, and other Islamic based-charities.

Based on the description above, this research aims to deeply examine the digital readiness of *zakat* management organizations regarding charity funds collection, distribution management, and reporting in West Sumatra.

## Literature Review

### Digitalization and Digital Transformation

According to Asaniyah (2017), digitalization is the process of converting printed media into electronic form. Marilyn Deegan in Mustofa (2018) argues that digitalization is the process of transferring all types of presentations of printed or other documents to digital displays. Digitalization is the process of turning something that was once physical and analog into something virtual and digital (Siregar, 2019). Meanwhile, according to Brennen and Kreiss (2016), digitalization is the increasing availability of digital data supported by breakthroughs in creating, transferring, storing, and analyzing digital data. It can potentially organize, shape, and influence the modern world.

Digital transformation is a change caused or influenced by digital technology in all aspects of human life. Digital transformation emphasizes efficiency and digital innovation, focusing on augmenting current physical products with digital capabilities (Yoo et al., 2012). Digital transformation is a process of change that is deliberately planned and carried out (Besson & Rowe, 2012). The term “digital transformation” can also refer to a process that attempts to improve an entity by causing significant changes to its attributes through information, computing, communication, and networking technologies (Putri et al., 2021). Digital transformation is described as the application of digital technology to significantly improve and achieve a company’s desired performance and goals (Royana, 2020).

### Zakat Management Organization

*Zakat* Management Organization is an organization that is authorized or appointed by the government to manage public charity funds. Several regulations underlie the management of *Zakat* by *Zakat* management organizations, including Law Number 23 of 2011 concerning *Zakat* Management in Indonesia. Amil *Zakat* Institution or Lembaga Amil *Zakat* (LAZ) is an institution formed by the community to assist BAZNAS in the implementation of the collection, distribution, and utilization of *zakat* after obtaining permission from the Ministry of Religious Affairs or an official appointed by the Minister. The institution must report the results of its implementation to BAZNAS periodically (Rosmawati, 2014).

## Digital Readiness Index of *Zakat* Management Organization

The *Zakat* Management Organization Digital Readiness Index is a mechanism tool developed by the Center for Strategic Studies of the National Amil *Zakat* Agency (PUSKAS-BAZNAS) to measure and evaluate the extent to which *zakat* management organizations in various regions in Indonesia are ready to carry out digital transformation (BAZNAS, 2021).

As an institution that manages public funds, the Industrial Revolution 4.0 also affects various digitization processes, especially in the *amil zakat* institutions. The COVID-19 pandemic that broke out in various countries, including Indonesia, has become a turning point that requires all *amil zakat* institutions to adapt so that the *zakat* management process runs well. The massive utilization of digital technology has triggered various *amil zakat* institutions to innovate in the collection, distribution utilization, and reporting of charity funds.

With increased online donations for all age groups, there has been a substantial change in paying *zakat*, *infaq*, alms, and other socio-religious funds. *Zakat* institutions must be open to changes in donation patterns. However, several studies conducted by *zakat* stakeholders show that many *zakat* institutions have not started the digitalization process, and there are still gaps (Filantropi, 2021).

*Zakat*, as one of the pillars of Islam, has experienced an extraordinary transformation in its activities. In the past, *muzakki* or those who paid *zakat* could only distribute it directly through *amil* (*administrator or manager*). Now, *muzakki* can distribute their *zakat* using the payment platform located on their devices. This change was made because of the rapid development of technology, which has made most Indonesian people switch to digital technology for all their activities. With the digitalization of *zakat*, the *amils* expect that the new system will make it easier for *muzakki* to distribute their *zakat*. Furthermore, there are a significant number of digital technology users, so it could be an opportunity to expand the reach of *zakat* distributors (As, 2022).

The components in the digital readiness of *zakat* management organizations consist of three dimensions: *zakat*, *infaq*, *sadaqa* and other Islamic charity funds collection, distribution and utilization, and reporting activities. Each of the three dimensions is divided into four main variables, namely digital infrastructure readiness, the use of digital tools or applications, digital ecosystem or culture, and digital expertise of human resources of *zakat* management organizations with their weight values.

## Methods

This research uses a quantitative approach, which, according to Sugiyono, is a research approach based on the positivist philosophy used to explore specific populations or samples and collect data using research equipment (Sugiyono, 2003). This research is known as exploratory, descriptive research because it seeks to find new ideas or correlations of certain phenomena. There is no set research design, so this study does not require a hypothesis.

The research was conducted in West Sumatra Province from March 2023 to June 2023. The research uses primary data obtained directly through filling out the *zakat* management organization digital readiness index questionnaire and interviews with related parties. The samples in this study are eight private *amil zakat* institutions in West Sumatra.

The data was analyzed using the multi-stage weighted index calculation method. The calculation estimation technique to obtain the value of the *Zakat* Management Organization Digital Readiness Index uses the multi-stage weighted index method, which involves several calculations. These are the calculation of each variable and dimension and the calculation of the value of the entire index.

The formula for calculating the digital readiness index is as follows:

Finding the Dimensional Value

$$DRID_i = ((S_{11} \times WV_{11}) + (S_{12} \times WV_{12}) + \dots + (S_{1i} \times WV_{1i})) : 5$$

Finding the IKDZ Value

$$IKDZ \text{ value} = DRID_i \times WDi$$

Finding the total IKDZ value

$$IKDZ_{total} = DRID_1 + DRID_2 + DRID_3$$

Description:

*DRID<sub>i</sub>* = Zakat Management Organization Digital Readiness Index value in dimension *i*

*WDi* = Weighting value in dimension *i*

*WV<sub>1i</sub>* = Weighting value on variable *n* in dimension *i*

*S<sub>ni</sub>* = Average Likert scale value on indicators in variable *n* in dimension *i*

*DRItotal* = Total value of the Digital Readiness Index of the Zakat Management Organization

*DRID<sub>1</sub>* = Zakat Management Organization Digital Readiness Index value for the first dimension

*DRID2* = Value of the Zakat Management Organization’s Digital Readiness Index for the second dimension

*DRID3* = Zakat Management Organization Digital Readiness Index value for the third dimension

### Results and Discussion

Below are the results of measuring the digital readiness index of *Zakat* Management Organizations in West Sumatra. The calculation was conducted manually based on the questionnaire results obtained from each institution. Determination of categories, levels, and rankings are based on guidelines from the Digital Readiness Index for *Zakat* Management Organizations issued by the Center for Strategic Studies of the National Amil *Zakat* Agency (PUSKAS-BAZNAS).

Table 1. Measurement Result of Digital Readiness Index of Amil Zakat Institution in West Sumatera

No	Name	IKDZ	Category	Level	Ranking
1	Dompot Dhuafa Singgalang	0,97	Very good	Digital Native	A
2	Rumah Zakat	0,93	Very good	Digital Native	A
3	Inisiatif Zakat Indonesia	0,93	Very good	Digital Native	A
4	Daarut Tauhid Peduli	0,80	Very good	Digital Native	A
5	LAZ Al Azhar	0,96	Very good	Digital Native	A
6	LAZIS Muhammadiyah	0,75	Good	IT-Developing	B2
7	YAKESMA	0,79	Good	IT-Developing	B2
8	Risalah Charity	0,85	Very good	Digital Native	A
Average Value of Provincial IKDZ		0,87	Very good	Very good	A

Figure 1. IKDZ Score of Amil Zakat Institution in West Sumatera

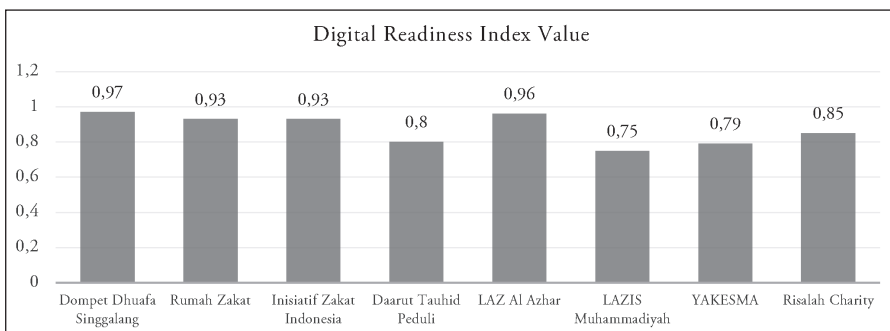


Figure 1 above summarises the Digital Readiness Index Value of each *zakat* management organization in West Sumatra. Dompot Dhuafa Singgalang obtained the highest score of 0.97. The second is LAZ Al Azhar, which has a value of 0.96. Rumah Zakat and Inisiatif Zakat Indonesia obtained the same index value of 0.93. This is followed by LAZ Risalah Charity, which has a value of 0.85. The next is Daarut Tauhid Peduli, which has a value of 0.8. Finally, YAKESMA and LAZIS Muhammadiyah scored 0.8 and 0.75 respectively.

## Discussion Per Dimension

### Dimensions of ZIS and DSKL Collection

In the collection dimension, there are four variables with eleven indicators. From the results of the Digital Readiness Index Value calculation on the collection dimension, the value of each *zakat* management institution is as follows. Dompot Dhuafa Singgalang scored 0.97; Rumah Zakat scored 0.95; Inisiatif Zakat Indonesia scored 0.93; Daarut Tauhid Peduli scored 0.81; LAZ Al Azhar scored 0.96; LAZIS Muhammadiyah scored 0.59; YAKESMA scored 0.93; and Risalah Charity scored 0.78. On average, the index value on the dimension of *zakat*, *infaq*, *sadaqah*, and other Islamic charity fund collections among *zakat* management organizations in West Sumatra obtained a value of 0.865. This shows that the digitalization of *zakat* collection in West Sumatra, especially by private *zakat* management institutions, has reached a very good level.

One example that can be seen today is that almost every *zakat* management organization maintain donation pick-up services or offers programs to prospective donors via WhatsApp. Also, the *zakat* organizations provide payment accounts and QR codes so prospective donors can channel their donations anywhere without the offices. This kind of service is a form of digital transformation because it utilizes digital tools in *zakat* collection services. In this case, the potential digital platforms to be used are websites, mobile applications, or online payment systems to facilitate *muzakki* (*zakat* givers) making payments and managing their *zakat*. By using digital technology, these organizations can avoid human error and speed up the collection and management of *zakat* funds (Yogyakarta, 2023). Research conducted by Verdianti & Puja (2023) in the National Amil Zakat Agency of West Kalimantan Province shows that the digitalization of *zakat* affects the effectiveness of *zakat* collection. This is because by digital collection, time efficiency can be achieved, and *muzakki* can pay *zakat* anywhere and anytime, either through the official website of the National Amil Zakat Agency or third-party applications in collaboration with related institutions.



## Dimensions of *Zakat*, *Infaq*, *Sadaqa* and Other Islamic Charity Funds Distribution and Utilization

Four variables are divided into ten indicators in the distribution and utilization dimension. From the results of the *zakat*, *infaq*, *sadaqa*, and other Islamic charity funds' calculation of the distribution and utilization dimension, the value of each *amil zakat* institution is as follows. Dompet Dhuafa Singgalang scored 1; Rumah Zakat scored 0.86; Inisiatif Zakat Indonesia scored 0.97; Daarut Tauhid Peduli scored 0.7; LAZ Al Azhar scored 1; LAZIS Muhammadiyah scored 0.79; YAKESMA scored 0.57; and Risalah Charity scored 0.93. On average, the index value on the dimension of distribution and utilization of *zakat*, *infaq*, *sadaqa*, and other Islamic charity fund collections of *amil zakat* institutions in West Sumatra obtained a value of 0.8528. It can be concluded that the distribution and utilization of *zakat*, *infaq*, *sadaqa* and other Islamic charity funds by *zakat* management institutions in West Sumatra has undergone digitalization, especially in the mastery of technology by each human resource in each organization.

However, these organizations have faced several shortcomings. Among others, not all *Zakat* management institutions have a special unit for digital distribution. This means the distribution process still uses the traditional direct distribution method to the field by the *amil*. This is understandable because some *mustahik*, or those entitled to *zakat*, do not have digital communication devices, so they rely on direct distribution, even if each institution has already been well-digitized.

Digital *zakat* distribution is directed towards productive *zakat* to utilize *zakat* towards long-term investment (Pratama, 2015), especially to *fakir* or people in need, as one of the *asnaf* (group) of *zakat* recipients, through economic empowerment. Distribution using a digitized information system in collaboration with *zakat* institutions can accelerate the distribution of *zakat* to *Amil Zakat* Institutions (LAZ) and *Amil Zakat* Agency (BAZ). In addition, innovations with digital *zakat* services need to be developed in the context of socialization, assistance, and information related to *zakat* distribution (Santoso, 2019).

The authors' interview with one of the employees of the *zakat* management institution in West Sumatra revealed that the distribution of *zakat* is conducted through transfer to the bank account owned by *mustahik*. Usually, *mustahiks* who receive *zakat* come to the office of *zakah* organizations to collect the funds or are recommended by others to be registered as *zakat* recipients. *Zakat* is usually distributed through bank transfers by *zakat* management institutions in Ramadan when approaching Eid al-Fitr. In this case, the digital *zakat* distribution can be more efficient.

## **Dimensions of *Zakat*, *Infaq*, *Sadaqa* and other Islamic Charity Funds Collection Reporting**

From the results of the Digital Readiness Index Value calculation of *zakat*, *infaq*, *sadaqa* and other Islamic charity funds collection reporting dimensions, the value of each amil zakat institution is as follows. Dompot Dhuafa Singgalang scored 0.95; Rumah *Zakat* scored 0.97; Inisiatif *Zakat* Indonesia scored 0.91; Daarut Tauhid Peduli scored 0.88; LAZ Al Azhar scored 0.95; LAZIS Muhammadiyah scored 0.94; YAKESMA scored 0.85; and Risalah Charity scored 0.9. On average, the Digital Readiness Index value of the *zakat* management institutions in the reporting dimension is 0.91. This shows that the reporting of *zakat* management institutions in West Sumatra has reached the level of Digital Native.

There is a national-scale *zakat* management organization, with the central leadership giving the regional branches the freedom to operate the *zakat* management. The role of the central leadership is only monitoring the operation. This type of organization commonly uses online reporting via official websites, informing donors and the general public about the latest financial reports and statements. There are also other national-scale *zakat* management organizations with limited authority given by the central leadership. Their operational activities, including reporting, are centralized. In this case, the public must obtain permission to access the organizations' reports and financial statements.

However, in other forms of reporting, each *zakat* institution has maximized existing technology, such as WhatsApp and emails, sent directly to the donors. This implies that the reporting of *zakat*, *infaq*, *sadaqa*, and other Islamic-based charities by *zakat* management organizations in West Sumatra is very good.

## **Discussion Per Institution**

This section discusses the operation of *zakat* management in each organization concerning their digital readiness and operation. As explained, these organizations are Dompot Dhuafa Singgalang, Rumah *Zakat*, Inisiatif *Zakat* Indonesia, Daarut Tauhid Peduli, LAZ Al Azhar, LAZIS Muhammadiyah, YAKESMA, and Risalah Charity.

### **Dompot Dhuafa Singgalang**

Based on the results of previous measurements, it is known that the strength of Dompot Dhuafa Singgalang's digital readiness lies in the dimension of distribution and utilization, where this dimension gets a score of 1. Dompot Dhuafa

Singgalang has been well-digitized in the system. This is shown by the results of the questionnaire submitted, where each indicator question in the distribution and utilization dimension obtained a Likert scale value of 5 or the highest value. This is in line with research conducted by PUSKAS BAZNAS (2022a).

The lowest value is obtained from the reporting dimension, with the value obtained at 0.95. In Dompot Dhuafa Singgalang, the *mustahik* reporting data has not been integrated with the BAZNAS Mustahik Integrated Database system (BDTMB). The questionnaire analysis found that Dompot Dhuafa Singgalang has not integrated BDTMB data or BAZNAS *Mustahik* Integrated Database with BAZNAS. Therefore, in the future, it is expected that data integration between Dompot Dhuafa Singgalang and BAZNAS can be carried out immediately.

With the integration system with BDTMB, all *mustahiks* in official *zakat* institutions will automatically get a unique and permanent *Mustahik* Identification Number (Nomor Identitasi Mustahik/ NIM). In the long run, the existence of this NIM can be used as a *mustahik* tracking code tool. This code is a unique number for monitoring and evaluation processes to determine to what extent the poverty level and welfare of *mustahik* whom *zakat* funds have assisted. The process of tracking, monitoring, and evaluating *Mustahik* is relevant as mandated by Law No. 23 of 2011 on *Zakat* Management. This law maintains that *zakat* is an instrument to reduce poverty and improve the welfare of *mustahik* (Hamidiyah et al., 2020). This is inversely proportional to the Baitul Mal of Sabang City (PUSKAS BAZNAS, 2022a), where the reporting dimension scored the highest in the digital readiness index measurement.

## Rumah Zakat

The measurement results found that the strength of the digitalization readiness level at Rumah Zakat lies in the reporting activity, while the lowest level of digital readiness is in the distribution and utilization activities. Reporting activities scored 0.97, while distribution and utilization activities scored 0.86. From the questionnaire results, distribution and utilization at Rumah Zakat do not use external platforms to distribute *zakat*, *infaq*, *sadaqa*, or other Islamic-based charities funds to *mustahik*. Most of these activities are carried out directly in the field. This research aligns with PUSKAS BAZNAS (2022a), where BAZNAS Dumai City obtained the lowest index score on distribution and utilization activities.

### **Inisiatif Zakat Indonesia**

The measurement results at Inisiatif Zakat Indonesia, or IZI, show that this institution's digital readiness strength lies in the distribution and utilization activities, with a score of 0.97. In comparison, the lowest score is in the reporting activity, which is 0.91. The weakness is obtained from the questionnaire results, which show that the human resources available in this activity are inadequate because there is no special unit in the reporting field. The establishment of a special reporting unit is needed so that the division of work systems is more focused on their respective fields and the achievement of work effectiveness by employees. The special reporting unit is responsible for reporting collected and distributed *zakat* to the recipients. The reporting media depends on the policies of related institutions, either through the website or social media. Up-to-date reporting must be done to increase *muzakki's* trust in the institution, so a special unit is needed to ensure this trust is well maintained. This is in accordance with the research of PUSKAS BAZNAS (2022a), where the reporting activity at BAZNAS Bungo Regency also received the lowest digital readiness index score. This implies that the digitization process in this activity needs to be further improved.

### **Daarut Tauhid Peduli**

From the measurement results of Daarut Tauhid Peduli, it was found that the strength of the digitalization readiness level at Daarut Tauhid Peduli lies in the reporting activity, while the lowest level of digital readiness is in the distribution and utilization activities. Reporting activities at Daarut Tauhid Peduli scored 0.88, while distribution and utilization activities scored 0.7. Based on the questionnaire results, the weakness in distribution and utilization activities lies in the lack of data integration with BAZNAS's BDTMB. In addition, the working system also does not support remote workers, and the availability of human resources in the distribution and utilization activities at Daarut Tauhid Peduli is still low. This research found that the Daarut Tauhid Peduli office has run for only two years since its establishment in West Sumatra. This study also aligns with PUSKAS BAZNAS (2022a), where the distribution and utilization activities at the BAZNAS Musi Rawas Regency also received the lowest score. This implies that the digitization process in this activity needs to be improved according to the local area's needs and wisdom.

### **LAZ Al Azhar**

The measurement results of LAZ Al Azhar show that the strength of the digital readiness level at LAZ Al Azhar lies in the distribution and utilization activities, with a score of 1, while the lowest level of digital readiness in reporting activities, with a score of 0.95. This study found that the LAZ Al Azhar office has limited human resources. Thus, each employee carries more responsibilities. However, overall, the digitalization of the system at LAZ Al Azhar is relatively well-organized, mainly because the Standard Operation Procedure from the head office is strictly maintained by its representative office in West Sumatra.

### **LAZIS Muhammadiyah**

The measurement of digital readiness at LAZIS Muhammadiyah shows that the strength of the digitalization readiness level at LAZIS Muhammadiyah lies in reporting activities, with a score of 0.94 and the lowest level of digital readiness in collection activities, with a score of 0.59. This research found that it is known that improvements are needed in collection activities. Some of them are the need for cloud-based database storage facilities; collaboration with various external platform providers to expand the scope of digital *zakat*, *infuq*, *sadaqa*, and other Islamic based-charities collection; drafting digital collection regulations; and strengthening the capabilities of existing human resources. This research is in line with PUSKAS BAZNAS (2022b), where the collection activities at BAZNAS Wajo Regency get the lowest digitalization readiness level value. This means that the digitalization process in this activity needs to be further improved.

### **YAKESMA**

The index measurement results at YAKESMA show that the strength of the digitalization readiness level lies in the collection activity, with a score of 0.93. Meanwhile, the lowest level of digital readiness is in the distribution and utilization activity, with a score of 0.57. From the questionnaire result, it is known that in supporting digitization in distribution and utilization activities, YAKESMA management needs to make several adjustments, such as providing both internal and external platforms to maximize the distribution and utilization process, cloud-based distribution database storage facilities, remote working systems, and database integration with BAZNAS, which in this case is BDTMB. This finding is in line with the research of PUSKAS BAZNAS (2022a), which found that the distribution and utilization activities at BAZNAS Bukittinggi City get the lowest

digital readiness index score. This implies that the digitization process in this activity needs to be improved according to the local area's needs and wisdom.

### **Risalah Charity**

The measurement results at Risalah Charity show that the strength of the digitalization readiness level lies in the distribution and utilization activities, with a score of 0.93. The lowest level of digital readiness lies in collection activities, with a score of 0.78. Risalah Charity management, in this case, needs to make some changes so that the digitization process in collection activities runs optimally. Some of the steps to be considered are collaborating with external platform service providers to expand the collection scope, forming digital *zakat*, *infaq*, *sadaqa*, and other Islamic based-charities collection units, and improving the ability of human resources in terms of digital *zakat* collection. The research result at Risalah Charity is in line with research by PUSKAS BAZNAS (2022b), where the lowest level of digital readiness in BAZNAS Kota Bau Bau also lies in *zakat*, *infaq*, *sadaqa*, and other Islamic based-charities collection activities. However, this research is in contrast to similar research conducted by BAZNAS (2022), finding that BAZNAS Murung Raya Regency obtained a higher score in *zakat*, *infaq*, *sadaqa*, and other Islamic based-charities collection dimensions compared to the other two dimensions. This research suggests that LAZ Risalah Charity must prioritize effective programs in the future. This is to enhance *zakat*, *infaq*, *sadaqa*, and other Islamic-based charity collections to achieve a more significant and even distribution and reach a more significant number of people helped in West Sumatra.

### **General Discussion**

Based on the discussions per dimension and institution, it can generally be seen that Dompot Dhuafa Singgalang has better digital readiness than other *amil zakat* institutions. In addition to showing good achievement, Dompot Dhuafa Singgalang shows responsibility and influence. In turn, the organization can be a reference in improving digital readiness for other *zakat* management institutions. This study suggests that Dompot Dhuafa Singgalang must be ready to share knowledge related to digitalization in its *zakat* management system in terms of collecting, distributing, utilizing, and reporting *zakat*.

With digital readiness, *zakat* institutions are considered ready for digital transformation in their management. The growing era of technology demands that all sectors adapt to technology, including *zakat* management institutions.

It is expected that the digital transformation can improve the process of *zakat* collection, which previously used traditional methods such as having to come directly to the *zakat* management institution offices. The authors take an example from Dompet Dhuafa Singgalang, where in 2018 when this institution had not maximized digitalization in its collection, the amount of *zakat* collected was 950 million rupiah. However, in 2019, the amount of *zakat* collected was 1.27 billion rupiah, and in that year, the institution's management maximized the use of digital technology in its collection activities. This shows that digitalization has a significant impact on *zakat* management institutions. Digital transformation is significant and should be a long-term plan to be adopted in *zakat* management, considering that human life is increasingly dynamic, effective, and efficient.

## Conclusion

This study concludes that the overall digital readiness of *zakat* management organizations in West Sumatera is in a "very good" position with an average value of 0.87, with the highest points being in *zakat*, *infaq*, *sadaqa*, and other Islamic based-charity activities. In the collection dimension, *zakat* management organizations in West Sumatera obtained an average score of 0.865 with the predicate "very good". This shows that in terms of collection, the digitalization process has been running and well-implemented by each *zakat* management organization. This can be seen from various *zakat* collection campaigns actively carried out through social media.

Furthermore, in the distribution and utilization dimension of *zakat*, *infaq*, *sadaqa*, and other Islamic-based-charity activities, the average value obtained is 0.8528 with the predicate "very good". This predicate is lower than the collection dimension, which means that each *zakat* management organization needs to improve digitalization in the distribution system from upstream to downstream. Digitalization can transform the traditional method of *zakat* distribution from direct visits to *mustahik* to online distribution. A *mustahik* database can be created and used internally by a particular *zakat* management organization or shared with others. In the reporting dimension, the average score is 0.91 with the predicate "very good". This shows that every *zakat* management organization in West Sumatera has been transparent in reporting *zakat*, *infaq*, *sadaqa*, and other Islamic-based-charity activities, both to the *muzakki* and BAZNAS as the regulator of *zakat* management in Indonesia. When viewed per institution, it can be concluded that of the eight *zakat* management organizations, six institutions are in the "very good" category, and two are in the "good" category.



The consequence of this finding is that, in general, *zakat* management institutions in West Sumatra are digitally ready, although some areas still need improvement. Furthermore, this study suggests that *zakat* institution managers need to adapt continuously to the current development, given the unstoppable flow of digitalization. If managed properly, the effect of digitalization will be helpful for *zakat* institutions in facilitating their activities of collecting, distributing, and reporting *zakat*, *infaq*, *sadaqa*, and other Islamic-based charity activities. *Zakat* management institutions with weaknesses in one of their activities are expected to improve their digital readiness by sharing knowledge with other more advanced *zakat* management institutions.

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