



The Rapidly Rising Trajectory of Digital Zakat Payment in Pandemic Indonesia (A Case of the Collaboration Between BAZNAS and the GoPay)

Mari Adachi^{1,2}(✉)

¹ Postdoctoral Fellow of JSPS (Japan Society for the Promotion of Science), Ritsumeikan University, Kyoto, Japan

² Affiliated Researcher of Center for Southeast Asian Studies, Kyoto University, Kyoto, Japan
adachi@cseas.kyoto-u.ac.jp

Abstract. This study aimed to explore, using a qualitative approach, the new practice of digital zakat payment in Indonesia under the current pandemic situation. As the study began in April 2021, data were obtained through the following methods/sources: an online interview with the president director of BAZNAS, online news, and library research (examination of related documents/information officially published or contained in both printed and electronic forms). Additionally, the “Digital Donation Outlook 2020” and other official information from GoPay was used as secondary sources. The findings of this study indicated that, although GoPay is a huge digital platform and the trajectory of zakat donation is rising rapidly, systematization is lacking, mainly because the application’s user interface is frequently changed, such as GoPay Good, Gogive, and Gobills. In terms of distribution, recipients do not receive a digital benefit, which could be improved in the future.

Keywords: Zakat · Indonesia · Digitalization

1 Introduction

The 2018 World Giving Index has acknowledged that Indonesia is among the most generous countries in the world [1]. The 10th Edition stressed that it is the only country in the top 10 to have improved over recent years, attributing this to the Islamic practice of zakat (almsgiving), particularly pointing out a big push from the Indonesian government, in partnership with the UN, to link zakat to sustainable development goals [2].

Since 2019, even before the pandemic started, GoPay, Southeast Asia’s largest payment app, had been working with BAZNAS (*Badan Amil Zakat Nasional*), the national zakat board, to offer online zakat payment and collection services. In Indonesia, where almost half of the adult population does not have a bank account (the World Bank 2016 report on financial inclusion in ASEAN), more than half of the population is using the GoPay app.

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As a result, in less than a year after its launch, digital donations via GoPay amounted to Rp 63 billion as of October 2019, a much larger collection compared to donations through direct deposits or other digital channels like ATMs [3]. With lockdowns and physical distancing restrictions in place during the Covid-19 pandemic, many have chosen to donate online to show their support and solidarity, as seen in Indonesia.

Since the advent of the twenty-first century, religion, and NGOs have attracted remarkable interest from policy makers, practitioners, and academicians. Religious non-governmental organizations (RNGOs) and faith-based organizations (FBOs) have garnered considerable attention. These trends are not unrelated to the broader history of NGO development in the context of late twentieth-century globalization. Characterized the institutional form of NGOs, the New Public Management systems of Western Europe, and the expansion of international humanitarianism in the closing decades of the twentieth century [4].

Indonesia, which has the world's largest Muslim population, established BAZNAS in 2001 as the first national board to collect zakat. Although many RNGOs, including BAZNAS, have been investigated in the context of zakat-management institutionalization in Indonesia, not many studies have focused on the online donation aspect. Several studies examined the current DX (digital transformation) of zakat. For example, in her web article, Amelia Fauzia explained the opportunities and challenges of online zakat collection, stating that "Large-scale social restrictions stopped the activities of some zakat organizations, especially those who relied on manual, offline collections. Some organizations (especially state-based zakat organizations) who did not have good capacities were inactive [5]. However, this hindrance has pushed the majority of zakat organizations to go online and embrace innovation. For example, members of Zakat Forum who use zakat digital technology have increased to 87 percent compared to last year (when it was only 75%). Nana Sudiana, Secretary of FOZ, stated that zakat organizations had no choice but to switch to online zakat collection. My small survey found that 50% of organizations intensified their online zakat activities and other online initiatives (such as webinars, online concerts, social media promotions) because of the pandemic" [4].

2 Research Aim and Methodology

This study aimed to explore these new online zakat activities and practices of digital zakat payment in Indonesia driven by the current pandemic situation. The analysis will focus on the trajectory of zakat donation on the huge digital platform, GoPay. Data were obtained through online news and library research which officially published or contained in both printed and electronic forms. Additionally, the "Digital Donation Outlook 2020" and other official information from GoPay, and from some zakat management organizations, were used as secondary sources. This study aims to provide insights into the role of digital technology in developing zakat in Indonesia.

3 Findings from the GoPay "Digital Donation Outlook 2020"

Findings from the GoPay "Digital Donation Outlook 2020" show that "Overall donations, both conventional and digital, have increased by 20% during the pandemic, while the

average amount of digital donations increased by 72% during the same period. In terms of age groups, millennials (age 24–39) are the most frequent donors, making 1.5 times donations monthly on average, while Gen-X (age 40–55) made donations with the highest monetary value (IDR 124,000 on average). The most digital donors donate through mobile apps and digital donation platforms because they are relatively easy to use and can be used from the comfort of their home, without the hassle of going out, while providing the freedom to choose the preferred donation amount” [6].

The key stakeholders in the digital donation ecosystem also recognized the growing trend of online donations. Religious institutions that have been managing Islamic charitable contributions for decades mentioned that the value of digital donations they have received over the past five years has been doubling every year. NGOs have also been shifting their strategies to incorporate digital donations as a key funding source. The contacted NGOs found that setting up online donation campaigns and promoting them through social media is relatively easy and impactful, especially during emergency responses [6].

It shows that the difficulties of the pandemic have, in turn, encouraged digitalization of zakat and increased donor altruistic behavior. FBOs realized this and have also been shifting their strategies to incorporate digital donations as a key funding source. Indonesian Muslim FBOs have responded by intensifying digital technology use, especially for fundraising and distribution programs.

According to Amelia Fauzia, “The reception of online zakat is not a novel strategy for some organizations, specifically the non-state organizations established by the younger generation after 1998 [7]. Information technology tools, such as websites, blogs, and social media, have become significant ‘bridges’ to online zakat reception. Bigger zakat organizations offer various ways of donation, ranging from bank transfer and credit cards to PayPal, QR code, crowdfunding, e-wallet, and zakat apps”.

Then, what about the state-based zakat organization BAZNAS’s strategies and management of zakat digitalization? In the last section, the evolution of digital zakat donation through the GoPay application will be discussed and analyzed.

4 The Evolution of Digital Zakat Donation Through Go-Pay

Mr. Budi, the GoPay managing director, made the following statement at the launch of GoZakat at the World Zakat Forum in Bandung in 2019, before the pandemic.

“Initially, we introduced donations by only using QR codes. However, now GoPay can be used to donate in two other ways, namely GoBills and GoGive or through other online crowdfunding platforms” [4].

He also mentioned the launch of the GoZakat program in another interview.

“Seeing this positive response, we are encouraged to continue to develop innovations to make it easier for Indonesians to help others and create a more equitable welfare. To coincide with the World Zakat Forum International Conference, we launched GoZakat, an innovation in digital zakat that GoPay has developed with Kitabisa.com and various trusted zakat charities, such as BAZNAS” [8].

This comment showed that one of the biggest digital platforms, GoPay, is interested in charity and donations by collaborating with various trusted organizations. It also

showed their involvement in a trial-and-error process for developing suitable ways to collect charitable funds.

The brief history of the charitable program launched by GoPay conveys a relatively young venture. In 2018, GoPay started the “GoPay for Good” program, in collaboration with hundreds of foundations, mosques, and the Amil Zakat Institution, to collect donations digitally via QRIS codes. This program could be categorized under CSR (Corporate Social Responsibility) activities.

In May 2019, GoPay launched a new service called GoGive to enable electronic donations, coinciding with the Islamic month of fasting. In November 2019, as indicated in Mr. Budi’s interview, GoPay also launched GoZakat in association with BAZNAS at the World Zakat Forum International Conference. Through this feature, GoPay users could pay zakat easily, transparently, and safely through GoBills. This collaboration was different from the first ‘GoPay for Good’ program because the World Zakat Forum (a conference based on academics and private/public NGO members) took initiatives to integrate all major zakat management organizations in one application.

The evolution of zakat digitalization is quite rapid and varied. This is partly because late 2010 was like the dawn of a new era of digital transformation, with the constant program and system changes showing the trial-and-error process of zakat digitalization.

5 Summary

The new practice of digital zakat payment in Indonesia under the current pandemic situation increased by 72% (GoPay Digital Donation Outlook 2020: 8). The need for urgent action to prevent the loss of human lives as well as the further deterioration of the economy has become a significant reason for digital donating practices in congregants.

The trajectory of zakat donation on the huge digital platform GoPay is rapidly rising, but it is not yet systematized, mainly because the application’s user interface is frequently changed, such as GoPay Good, Gogive, and Gobills. Online donations have the potential to enable more people to donate to support issues in Indonesia that they care about. Collaboration with donation platforms such as Kitabisa, or e-wallet providers such as GoPay, is helpful.

Future discussions should outline the asymmetry of digitalization. According to the president director of BAZNAS, Mr. Arifin Purwakananta, although the collection channel is being digitalized, the distribution channel is still manual. Under this pandemic situation, digital benefits for zakat recipients should be developed urgently.

Indonesia has a huge potential to help others by religious motivation. This is not simply because the index shows that Indonesia is one of the most generous countries in the world, but probably also because of the embeddedness of almsgiving in everyday life, along with the widespread adoption of mobile payments.

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