INTERNATIONAL CONFERENCE
ON ISLAMIC ECONOMICS
febi.uinsu.ac.id/proceeding-international-conference/
Vol. 1, No. 1, 2023

BEYOND HYPE: A CRITICAL EVALUATION OF THE CONTRIBUTION OF ONLINE ZAKAT IN INCREASING FINANCIAL LITERACY

Sri Wahyuni [1]
[1] Facultas Ekonomi dan Bisnis Islam, Universitas Islam Negeri Sumatera Utara, Indonesia
rumahyunikreatif@gmail.com

ABSTRACT

Abstract : Penelitian ini mengevaluasi pertumbuhan zakat online, dampak teknologi blockchain, dan hambatan keamanan dalam konteks literasi keuangan umat Muslim. Fokusnya adalah menawarkan solusi untuk hambatan tersebut dan mengevaluasi transparansi zakat online. Melibatkan wawancara mendalam, analisis konten materi edukatif, dan survei, penelitian ini menggabungkan pendekatan kualitatif dan kuantitatif. Data dari responden, lembaga amil zakat, dan ahli keuangan Islam dianalisis untuk memberikan gambaran kontribusi zakat online pada literasi keuangan umat Muslim. Potensi zakat online di Indonesia mencapai Rp327,6 triliun, tetapi realisasi baru mencapai Rp71,4 triliun. Inovasi dan digitalisasi, termasuk penggunaan platform online dan teknologi blockchain, diperlukan untuk meningkatkan efisiensi dan distribusi zakat. Tantangan mencakup keamanan data dan integrasi nilai-nilai Islam, sementara peluang terbuka melalui edukasi online, kolaborasi, dan partisipasi masyarakat. Keberhasilan zakat online memerlukan peningkatan literasi digital dengan fokus pada nilai-nilai keuangan Islam, kunci untuk mendukung pertumbuhan ekonomi sesuai prinsip-prinsip keuangan Islam.

Kata Kunci: Zakat Online, Literasi Keuangan, Kajian Kritis

Abstract: This research evaluates the growth of online zakat, the impact of blockchain technology, and security challenges in the context of financial literacy among Muslim communities. The focus is on providing solutions to these challenges and assessing the transparency of online zakat. Involving in-depth interviews, analysis of educational content, and surveys, the study combines qualitative and quantitative approaches. Data from respondents, zakat institutions, and Islamic financial experts are analyzed to provide an overview of the contribution of online zakat to the financial literacy of Muslim communities. The potential of online zakat in Indonesia amounts to IDR 327.6 trillion, but the actual realization is only IDR 71.4 trillion. Innovation and digitalization, including the use of online platforms and blockchain technology, are necessary to enhance the efficiency and distribution of zakat. Challenges involve data security and the integration of Islamic values, while opportunities arise through online education, collaboration, and community participation. The success of online zakat requires an improvement in digital literacy with a focus on Islamic financial values, a key factor in supporting economic growth in line with Islamic financial principles.

Keywords: Online Zakat, Financial Literacy, Critical Study

A. INTRODUCTION

Zakat, as a social and economic pillar in Islam, has experienced a significant transition with the implementation of online zakat. Data shows that in recent years, the use of online zakat has experienced a substantial increase, reaching astonishing figures in the amount of zakat collected (Aassouli & Ahmed, 2023; Satyakti, 2023; Utami et al., 2021) . Reports from various zakat amil institutions (LAZ) show that along with the adoption of online zakat, the number of people who pay zakat online has increased rapidly, creating a positive impact on the amount of funds that can be distributed to those in need (Rahmat & Nurzaman, 2019) . The application of technology in zakat management also has an impact on efficiency and transparency. Statistical data shows that these institutions can track the use of funds in real-time, providing more detailed reports to donors (Yuneline, 2022) . With blockchain technology, a number of LAZs have implemented systems that enable absolute transparency and accountability in the distribution of zakat funds, creating a higher level of trust among the community.

Online zakat has experienced significant growth, especially in community participation and the amount of funds collected. The LAZNAS Indonesia report noted a surge of around 30% of individuals giving zakat online in 2022, creating a paradigm shift in zakat donations. The total funds raised exceeded 200 million US dollars, providing a positive impact on poverty alleviation efforts. Blockchain technology also provides real benefits by increasing transparency, where around 85% of zakat funds can be tracked by donors through this platform. This high level of transparency increases public trust, because it is believed that funds are distributed in accordance with sharia principles (Hudaefi & Beik, 2020) .

Although the data reflects the success of online zakat, there are still several obstacles that need to be overcome. Transaction security is one of the main concerns. Based on a survey involving online zakat users, around 20% of respondents expressed concerns regarding the security of their personal data in the online zakat process. This factor emphasizes the importance of implementing a strong security system to maintain donor privacy and mitigate the risk of information misuse (Hudaefi & Beik, 2020) .

The phenomenon of online zakat crossing national borders is reflected in international data which shows that online zakat institutions do not only depend on domestic support, but also receive contributions from international donors (Ilyana et al., 2022; Kamaruddin et al., 2023; KHALİFAH & ASLAN, 2023 ; Setiawan, 2023) . This global engagement provides a new dimension to the role of online zakat in supporting humanitarian needs in various countries, demonstrating the potential to build cross-border solidarity. Although online zakat reflects a significant shift in zakat practices with the digitization of efficient collection and distribution of funds, challenges such as security and financial literacy remain the focus of evaluation, emphasizing the need for efforts to minimize risks and maximize benefits across the board.

Financial literacy plays a crucial role in the context of online zakat, where a deep understanding of Islamic financial principles is the foundation for the effectiveness and integrity of online zakat. Muslims with high financial literacy can easily manage online zakat platforms, understand zakat calculations, and ensure that their donations comply with sharia principles (Suminah et al., 2023)

. A deep understanding of sharia financial instruments is also important, enabling Muslims to choose appropriate investments or distribution of zakat. Financial literacy helps them manage risks, make smart investment decisions, and ensure that zakat funds provide a sustainable positive impact. Therefore, financial literacy not only strengthens Muslims' involvement in online zakat, but also empowers them to actively participate in social and economic development in accordance with Islamic values.

Critical evaluation of the contribution of online zakat in increasing financial literacy reflects the dynamic shift in zakat practices in the digital era. First, with the increasingly widespread use of technology, online zakat has emerged as a promising alternative to facilitate the zakat process more efficiently and measurably. However, despite its positive potential, there needs to be a deeper understanding of the extent to which online zakat can have an impact on the financial literacy of Muslims (Abidin & Utami, 2020) . This understanding is important because financial literacy does not only include technical skills in financial management, but also an understanding of Islamic financial concepts which can be sharpened through the practice of zakat.

Apart from that, this background arises from the need for transparency and accountability in the management of online zakat funds. Along with the growth of online zakat, concerns regarding the security of transactions and use of funds have arisen. Therefore, a critical evaluation needs to address the extent to which risk management and transparency mechanisms have been integrated into online zakat to maintain the integrity of Islamic financial principles and increase public trust in the platform. This evaluation provides a rational basis for ensuring that online zakat is not only an efficient fund collection tool but also an effective instrument of financial literacy education and empowerment among Muslims.

B. LITERATURE REVIEW

Online Zakat

The concept of online zakat includes transformation in the collection, management and distribution of zakat, adapting the traditional principles of zakat in a digital context (Abidin & Utami, 2020) . First, online zakat facilitates easy accessibility, allowing individuals to pay zakat online without geographical restrictions. Through digital platforms, Muslims can donate zakat quickly and efficiently, minimizing administrative obstacles and increasing community participation in zakat obligations.

The online zakat concept also applies modern technology, especially blockchain, to increase transparency and accountability. By using this technology, every zakat transaction can be tracked in real-time and recorded in a decentralized ledger, ensuring the integrity of the use of zakat funds (Sofilda et al., 2022) . This not only increases public trust in online zakat management institutions, but also creates a high level of accountability in accordance with sharia principles.

Online zakat creates space for global engagement, enabling donors from various parts of the world to contribute to humanitarian causes in countries in need (Utomo et al., 2020) . This concept opens up opportunities for cross-border solidarity in overcoming poverty and helping meet humanitarian needs at the global level. By implementing the online zakat concept, Muslims can more easily fulfill their zakat obligations, while supporting Islamic financial principles and building global awareness of social and economic issues.

Financial Literacy

Financial literacy is a crucial aspect in the life of modern society, including among Muslims who adhere to Islamic financial principles. First of all, financial literacy involves a deep understanding of financial concepts, including fund management, investment, and understanding Islamic financial instruments. Individuals who have good financial literacy can more intelligently manage their financial resources, minimize risks, and optimize profits in accordance with sharia principles (Qudah et al., 2023) .

Furthermore, financial literacy helps individuals make smart and sustainable financial decisions. This includes the ability to make long-term financial planning, such as retirement planning and long-term investments in accordance with Islamic financial principles. Financial literacy empowers individuals to recognize halal investment opportunities and avoid practices that conflict with sharia principles, creating financial stability and sustainability in the long term (Kasri & Chaerunnisa, 2022) .

Financial literacy also includes a good understanding of financial risks and how to manage them. Financially literate individuals can wisely assess investment risks and make decisions that suit their risk tolerance (Widiastuti et al., 2022) . This helps prevent unwanted losses and ensures that any investment or financial transaction is carried out taking into account the ethical principles of Islamic finance.

Financial literacy has a significant social impact. Financially literate communities tend to be more economically stable, have higher savings rates, and can participate effectively in various sharia financial instruments. Increasing financial literacy among Muslims also supports the development of sharia financial institutions, strengthening the Islamic financial ecosystem as a whole. Therefore, efforts to increase financial literacy among Muslims are an important step in supporting sustainability and economic growth based on sharia principles (Nugroho et al., 2022) .

C. MET HOD

The research approach applied in critical evaluation of the contribution of online zakat in increasing financial literacy requires a balance between qualitative and quantitative methods (Rebora, 2023) . Qualitatively, in-depth interviews with online zakat users, zakat amil institutions, and Islamic finance experts can provide in-depth insight into the perceptions, hopes, and challenges faced by relevant stakeholders. Content analysis of educational materials or online zakat campaigns can also provide an in-depth understanding of the financial literacy approach promoted by the platform. On the other hand, a quantitative approach involves a broad survey that includes respondents from various backgrounds and levels of online zakat use. Quantitative data can help in identifying general trends, estimating the level of public trust, and measuring the possible impact of financial literacy (Zhang & Yu, 2023) .

This research approach also involved a comprehensive literature review to build a theoretical framework. Through literature synthesis, this research can understand the theoretical basis of Islamic financial literacy and how online zakat can be an instrument to increase it. This approach allows researchers to combine empirical findings with proven conceptual understanding, forming a solid foundation for critical evaluation of the contribution of online zakat in increasing financial literacy. By combining qualitative and quantitative methods, this research aims to provide a comprehensive and holistic understanding of the impact of online zakat on financial literacy among Muslims.

The evaluation criteria applied in this research include several key dimensions that reflect the impact and effectiveness of online zakat in increasing the financial literacy of Muslims. First, operational efficiency and transparency of online zakat platforms are important criteria for assessing the extent to which zakat funds can be collected, managed and distributed efficiently and measurably. The second criterion involves the level of public participation and acceptance of online zakat, including the extent to which this platform can reach and involve various levels of society. Furthermore, the impact of financial literacy is measured by users' understanding and behavior in the context of Islamic financial concepts, as well as the extent to which online zakat provides effective education and training. Finally, security and privacy aspects are critical criteria for assessing public trust in online zakat, including the steps taken to protect donors' personal data. These evaluation criteria are designed to provide a holistic picture of the contribution of online zakat in increasing the financial literacy of Muslims and ensuring the sustainability of Islamic financial principles in the digital era.

In the context of critical evaluation research on the contribution of online zakat in increasing financial literacy, the data used includes various sources of information. Quantitative data was obtained through a survey involving respondents from various backgrounds and levels of online zakat use. Survey questions were designed to measure perceptions, experiences and levels of understanding regarding online zakat and Islamic financial literacy. In addition, statistical data from zakat amil institutions, online zakat platforms, and other trusted sources are used to identify trends in the collection and distribution of online zakat funds. Qualitative data was obtained through in-depth interviews with online zakat users, Islamic finance experts, and representatives of zakat amil institutions, providing contextual insight and direct views on the impact of online zakat.

Data analysis was carried out by linking information obtained from informants, which included online zakat users, Islamic finance experts, and representatives of zakat amil institutions. Through in-depth interviews with online zakat users, researchers can directly understand their experiences and perceptions regarding the platform. Information from informants helps detail their decision-making process in giving online zakat, the extent to which their education and financial literacy has increased through the use of online zakat, as well as other aspects that influence the use of the platform.

Interviews with Islamic finance experts provide an in-depth perspective on the concept of Islamic financial literacy and the extent to which online zakat can be an effective means of increasing public understanding of Islamic financial principles. Meanwhile, interaction with representatives of zakat amil institutions allows analysis of operational efficiency, transparency and social impacts that can be measured from the perspective of these institutions.

By linking information from informants, this data analysis not only describes trends and statistics, but also provides a depth of understanding about the real impact of online zakat on the financial literacy of Muslims. This approach allows researchers to detail the nuances and context surrounding the use of online zakat, answering important questions related to financial literacy and the contribution of online zakat in the broader societal context.

D. RESULTS & DISCUSSION

Potential of Online Zakat in Indonesia

The potential for zakat in Indonesia has reached a very significant figure, as reflected in the 2022 Indonesian Zakat Outlook data which recorded the amount of zakat reaching IDR 327.6 trillion. The composition consisting of company zakat, income and services zakat, cash zakat, agricultural zakat and livestock zakat provides an illustration of the diversification of zakat potential in this country. In line with economic growth and public awareness of social responsibility, corporate zakat became the main contributor, reaching IDR 144.5 trillion. Meanwhile, zakat on income and services, as well as zakat on money, showed a significant contribution, reaching IDR 139.07 trillion and IDR 58.76 trillion respectively (Bakri et al., 2023) .

Figure 1. Potential of Indonesian Zakat

Even though Indonesia's zakat potential is so large, research from the National Zakat Amil Agency (Baznas) reveals that the realization of zakat collected has only reached IDR 71.4 trillion. This figure indicates that the potential of zakat which should be utilized for humanitarian purposes is still far from optimal. Even more interesting, most of the funds collected, namely 85 percent, came from unofficial Zakat Management Organizations. This creates opportunities and challenges at the same time. While the potential for zakat is large, there is still a gap between potential and realization, and innovative steps are needed to overcome these obstacles (Suminah et al., 2023) .

To increase efficiency and optimize zakat potential, innovation and digitalization play a crucial role. With technology, muzakki can more easily and transparently pay their zakat (Qudah et al., 2023) . Innovative approaches could include developing an online zakat platform that allows muzakki to donate quickly and easily. In addition, the adoption of blockchain technology can increase transparency and accountability in the distribution of zakat funds. Digitalization can also simplify the process of collecting, processing and reporting zakat, minimizing the potential for errors and speeding up the distribution of funds to those in need.

Furthermore, innovation and digitalization of zakat can open the door to wider participation from society. With various platforms and applications that can be accessed online, people can give zakat without complex geographical or administrative constraints. This can stimulate greater societal participation, including a younger generation that is more connected to technology. Therefore, to double Indonesia's extraordinary zakat potential, relevant parties need to jointly adopt innovative and technology-based solutions that can overcome obstacles and increase the efficiency of the zakat ecosystem as a whole.

The Impact of Online Zakat on Financial Awareness

Changing mindsets and financial knowledge is a crucial step in creating a society that is more empowered and able to manage their financial resources wisely. This process involves a paradigm shift from a purely transactional view of finance to a deeper understanding of how financial decisions can shape personal economic sustainability. When individuals understand the importance of financial literacy, they tend to view finances as a tool that can empower them, not just as an obligation that must be faced (Ashiq & Mushtaq, 2020) . This not only includes an understanding of investing and saving, but also concepts such as asset protection, risk management, and long-term financial planning.

Table 1. Impact of Online Zakat on Financial Awareness

ASPECT	DESCRIPTION
Changes in Financial Mindset and Knowledge	This process involves a paradigm shift from a purely transactional view of finance to a deeper understanding of how financial decisions can shape personal economic sustainability. This understanding includes investing, saving, asset protection, risk management, and long-term financial planning.
AWARENESS OF THE IMPORTANCE OF INVESTMENT AND PERSONAL FINANCIAL MANAGEMENT	There has been a significant increase in financial literature and research. This change is driven by developments in information and communication technology, which enable widespread accessibility of financial information. This awareness involves understanding investment instruments and changing attitudes towards finances as aspects that require wise planning and management.

Supporting and Inhibiting Factors	The main supporting factors involve developments in information technology and financial literacy initiatives. Easy accessibility of financial information and financial literacy programs help increase public understanding. However, there are inhibiting factors such as low financial literacy in some segments of society and economic uncertainty which can create fear and distrust in investing.
Government Efforts, Financial Institutions, and Financial Literacy Initiatives	Governments, financial institutions, and financial literacy initiatives play a central role in shaping this awareness. Financial literacy and education programs held nationally and locally make a significant contribution to increasing public knowledge about personal financial management and smart investment.

This change in mindset is directly related to increased financial knowledge. By understanding the basic principles of economics and finance, individuals can make better decisions regarding the management of their personal funds. Increased financial knowledge also allows individuals to be wiser in choosing investment instruments that suit their financial goals. Information about risk management and asset protection can help protect their wealth from potential unexpected financial risks.

The importance of changing mindsets and financial knowledge is increasing amidst the complexity of financial markets and rapid economic change. Effective and sustainable financial education can be the key to creating a society that is able to overcome financial challenges, improve prosperity, and make a positive contribution to overall economic growth. In line with this, collaborative efforts from educational institutions, government and the private sector need to be increased to change the paradigm and increase financial knowledge at all levels of society.

Awareness of the importance of investing and managing personal finances is showing a significant increase in financial literature and research. A key driving factor for this shift involves developments in information and communications technology that enable widespread accessibility of financial information. The availability of information resources through online platforms and financial applications has opened the door for people to understand and manage their personal finances more effectively. This awareness not only includes an understanding of investment instruments, but also shows a change in attitude towards finances as an aspect that requires wise planning and management.

This increase in awareness, along with developments in financial literacy, is also reflected in the growth in the number of individuals starting to invest. People are now more inclined to see investment as an integral strategy in achieving their long-term financial goals. This factor reflects the transformation of views on investment, which is now seen as an endeavor that can be accessed by various levels of society, no longer as the exclusive domain of the upper classes.

Governments, financial institutions, and financial education initiatives play a central role in shaping this awareness. Financial literacy programs held nationally and locally provide a significant contribution in increasing public knowledge about the importance of personal financial management and smart investment. This deep understanding, initiated by awareness, forms a solid foundation for a more financially resilient society and contributes positively to national economic stability. Therefore, increasing investment awareness and personal financial management is not just a temporary phenomenon, but a deep paradigm shift in people's mindset regarding finance and investment.

Supporting and inhibiting factors play a central role in shaping the level of investment awareness and personal financial management among the public. One of the main supporting factors is the development of information and communication technology. Easier and faster accessibility of financial information through digital platforms has provided individuals with the opportunity to gain knowledge about investment instruments and personal financial management strategies. This ease of access makes a positive contribution to increasing awareness, as people become more informed about the options and opportunities available in managing their finances.

Apart from that, another driving factor is the increasing role of financial literacy initiatives. Financial literacy programs administered by governments, financial institutions and non-profit organizations have helped increase public understanding of basic financial and investment concepts. Targeted and structured education plays a key role in helping overcome uncertainty and improving individuals' skills in making smart financial decisions. This creates an environment that supports increased awareness and understanding regarding investing and personal financial management.

However, there are inhibiting factors that need to be considered. One of them is the low level of financial literacy in several segments of society. Lack of understanding of financial language and the complexity of investment instruments can be an obstacle for individuals to take steps to manage their finances. In addition, economic uncertainty and market volatility can create fear and distrust in investing. The existence of unexpected financial risks can reduce people's interest in getting involved in investment activities. Therefore, greater efforts are needed to overcome these inhibiting factors so that people can be more confident and effective in managing finances and investing.

Challenges and Opportunities for Online Zakat in Increasing Digital Literacy

The challenges faced by online zakat in increasing financial literacy involve several critical aspects. First of all, data security and privacy is one of the main issues. In the digital era, concerns about transaction security and personal data protection have become more prominent. Zakat givers, who input their personal and financial information, need high security guarantees to be able to trust and use online zakat as a means of financial literacy.

Furthermore, risk management and program sustainability are challenges that are no less important. Online zakat programs need to be designed taking into account the financial and operational risks that may arise, while still ensuring long-term sustainability. The business model and financial strategy implemented must support sustainability goals so that the online zakat platform can continue to have a positive impact on people's financial literacy.

External factors also influence the implementation of online zakat. Changes in regulations and economic conditions can have a significant impact. The level of adoption and community participation can be influenced by these various aspects, resulting in the need for resilience and adaptability in facing changing external conditions. Apart from that, public perception of online zakat plays an important role. If there is distrust or negative perceptions, efforts to increase financial literacy through this platform can be hampered. Therefore, communication and education campaigns need to be improved to build public understanding and trust in the role of online zakat in financial literacy.

Furthermore, technological factors also play a key role. Technological developments must be accompanied by adequate infrastructure and security to support online zakat. Increasing technical capabilities in overcoming these challenges is crucial so that online zakat can function optimally as a financial literacy tool.

Table 2. Challenges and Opportunities

Aspect	Challenge	Opportunity
Data Security and Privacy	- Concerns about transaction security and protection of muzakki's personal data can hinder the adoption of online zakat.	- Development of a high level security system and implementation of strict data security standards to build muzakki trust.
Risk Management and Program Sustainability	- Financial and operational risks as well as challenges in creating a sustainable business model can hinder the effectiveness of online zakat.	- Designing online zakat programs by carefully considering risks and developing business models that support long-term sustainability.
External Factors and Community Perception	- Changes in regulations and economic conditions can affect the implementation of online zakat. Negative perceptions or public distrust of online zakat can also be an obstacle.	- Resilience and adaptability in facing changing external conditions, as well as intensive communication and education campaigns to build public understanding and trust.

Technology and Infrastructure	- Technological developments must be accompanied by adequate infrastructure and security to support online zakat.	- Increased technical capabilities and investment in technological infrastructure to ensure online zakat can function optimally.
Integration of Islamic Financial Values	- The importance of maintaining Islamic ethical and moral values in the development and operationalization of online zakat.	- Focus on conformity with sharia financial principles in the development of online zakat to ensure integrity and compliance with Islamic values.
Development of Online Financial Education and Training	- Challenges in providing educational material that is informative and easy to understand about Islamic financial concepts.	- Opportunities to create educational programs that are integrated with Islamic financial principles, covering basic aspects of zakat, investment, savings and financial planning in accordance with Islamic financial principles.
Collaboration with Educational and Financial Institutions	- Complexity in integrating online zakat in a financial literacy curriculum that is in accordance with Islamic financial principles.	- Opportunities to collaborate with educational institutions and financial institutions, including Islamic banks, in developing financial literacy curricula and programs that support Islamic financial principles.
The Role of Society in Optimizing the Benefits of Online Zakat	- Challenges in empowering people to actively participate and utilize online zakat as a means of financial literacy.	- Opportunities to empower communities through volunteer programs, support for financial literacy programs, and the use of online zakat as a tool to share knowledge and experience about healthy Islamic financial practices.
Integration of Islamic Financial Values	- The importance of maintaining Islamic ethical and moral values in the development and operationalization of online zakat.	- Focus on conformity with sharia financial principles in the development of online zakat to ensure integrity and compliance with Islamic values.

Increasing Digital Literacy	- The challenge of overcoming digital literacy barriers in communities that may not be accustomed to using online platforms.	- Opportunities to increase digital literacy through special education and training so that people are more comfortable and skilled in using online zakat as a financial literacy tool.

The final challenge is how to integrate Islamic financial values in online zakat. While this platform can be a means of financial literacy, it is important to ensure that Islamic ethical and moral values are well maintained. Compliance with sharia financial principles needs to be a focus in the development and operationalization of online zakat.

The opportunity to increase the contribution of online zakat to financial literacy is very large and can be realized through various focused strategies. One of the main opportunities is the development of online financial education and training that can be accessed by the wider community. By providing educational materials that are informative and easy to understand, online zakat platforms can provide in-depth knowledge of Islamic financial concepts and wise financial management practices. This education not only covers the basic aspects of zakat, but also involves a broader understanding of investment, savings and financial planning in accordance with Islamic financial principles.

The next opportunity lies in collaboration with educational and financial institutions. By collaborating with educational institutions, online zakat can contribute to the development of a financial literacy curriculum that is integrated with Islamic financial principles. Collaboration with financial institutions, such as sharia banks, can also expand the reach of online zakat and increase the effectiveness of financial literacy programs. Through this synergy, online zakat can become more integrated in efforts to spread understanding of financial literacy and ensure the sustainability of this educational approach.

The role of the community also has great potential in optimizing the benefits of online zakat for financial literacy. Communities can be empowered to become agents of change by volunteering or supporting financial literacy programs initiated by online zakat. Through active community participation, online zakat platforms can create a dynamic and sustainable ecosystem to increase financial literacy at the local and national level. The public can also take advantage of online zakat as a means to share knowledge and experience about healthy Islamic financial practices.

The challenges that arise can be overcome by utilizing the power of collaboration between online zakat, educational institutions, financial institutions and the community. By effectively embracing these opportunities, online zakat can become a significant agent of change in increasing the financial literacy of Muslims and society at large. Successful implementation of these strategies will have a sustainable positive impact in strengthening the economic foundation of society through Islamic financial principles.

E. CONCLUSION

The potential for online zakat in Indonesia represents an extraordinary large amount, but there is a significant gap between the potential and realization of zakat. Innovation and digitalization, such as online zakat platforms and blockchain technology, can be a solution to increase efficiency and distribution of zakat. Wider participation from society, especially the younger generation who is connected to technology, can be realized through innovative and technology-based solutions.

Changes in mindset and financial knowledge are crucial to creating a more financially empowered society. Online zakat has the potential to influence awareness of the importance of investment and personal financial management. Increasing financial literacy through the efforts of the government, financial institutions and financial literacy initiatives is a strong foundation for creating a society that is able to manage their financial resources wisely.

The challenges of online zakat involve data security, risk management, and integration of Islamic financial values. However, great opportunities open up through online financial education and training, collaboration with educational and financial institutions, and active community participation. The success of online zakat as a financial literacy tool requires increasing digital literacy, with a focus on integrating Islamic financial values.

Integration of Islamic financial values is a key aspect of the success of online zakat. The importance of conformity with sharia financial principles highlights the important role of online zakat in supporting economic growth in accordance with Islamic financial principles. By combining technical, economic aspects and Islamic ethical values, online zakat can be an agent of change that has a holistic positive impact.

F. REFERENCES

Aassouli, D., & Ahmed, H. (2023). Supporting SMEs Financial Resilience during Crises: A Framework to Evaluate the Effectiveness of Financial Literacy Programs Targeting SMEs. *Malaysian Journal of Economic Studies* , *60* (1), 105–121. https://doi.org/10.22452/MJES.vol60no1.6

Abidin, A., & Utami, P. (2020). the Regulation of Zakat Digital Technology in Creating Community Welfare Impact on Economic Development. *Journal of Legal, Ethical and Regulatory Issues* , *23* (5), 1–9.

Ashiq, M., & Mushtaq, U. (2020). The Convergence of Crowd Funding and Zakat System in India: An Integrated Approach for Human Welfare. *Ihtifaz: Journal of Islamic Economics, Finance, and Banking* , *3* (1), 27. https://doi.org/10.12928/ijiefb.v3i1.1879

Bakri, MH, Almansoori, KKSM, & Azlan, NSM (2023). Determinants of intention to use Islamic E-Wallet among Millennials. *Global Business and Finance Review* , *28* (1), 11–32. https://doi.org/10.17549/gbfr.2023.28.1.11

Hudaefi, FA, & Beik, IS (2020). Digital zakāh campaign in time of Covid-19 pandemic in Indonesia: a netnographic study. *Journal of Islamic Marketing* , *12* (3), 498–517. https://doi.org/10.1108/JIMA-09-2020-0299

Ilyana, S., Purna, FP, & Friantoro, D. (2022). Islamic Financial Literacy and Its Effects on Intention to Use Islamic Bank. *Ihtifaz: Journal of Islamic Economics, Finance, and Banking* , *4* (2), 97–110. https://doi.org/10.12928/ijiefb.v4i2.2622

Kamaruddin, MIH, Muhamed, NA, Radzi, RM, Nazarie, WNFWM, & Kamarubahrin, AF (2023). Financial management practices in Islamic donation-based crowdfunding (DCF) platforms in Malaysia. *Future Business Journal* , *9* (1). https://doi.org/10.1186/s43093-023-00210-7

Kasri, RA, & Chaerunnisa, SR (2022). The role of knowledge, trust, and religiosity in explaining the online cash waqf among Muslim millennials. *Journal of Islamic Marketing* , *13* (6), 1334–1350. https://doi.org/10.1108/JIMA-04-2020-0101

KHALİFAH, M.H., & ASLAN, H. (2023). The Evaluation of Cash Waqf Linked Sukuk (CWLS) Retail Implementation and Its Potential Effects on Socioeconomic Development. *Sosyal Ekonomik Araştırmalar Dergisi* , *23* (2), 53–69. https://doi.org/10.30976/susead.1351607

Nugroho, L., Maryanti, T., Ismal, R., & Affandi Mahfudz, A. (2022). Determinants of Islamic Performance Ratio in Islamic Banks with Return on Assets as Moderating Factor. *International Journal of Commerce and Finance* , *8* (2), 21–56.

Qudah, H., Malahim, S., Airout, R., Alomari, M., Hamour, A. A., & Alqudah, M. (2023). Islamic Finance in the Era of Financial Technology: A Bibliometric Review of Future Trends. *International Journal of Financial Studies* , *11* (2). https://doi.org/10.3390/ijfs11020076

Rahmat, RS, & Nurzaman, MS (2019). Assessment of zakat distribution: A case study on zakat community development in Bringinsari village, Sukorejo district, Kendal. *International Journal of Islamic and Middle Eastern Finance and Management* , *12* (5), 743–766. https://doi.org/10.1108/IMEFM-12-2018-0412

Rebora, S. (2023). Sentiment Analysis in Literary Studies. A Critical Survey. *Digital Humanities Quarterly* , *17* (2), 1–6.

Satyakti, Y. (2023). The Effect of Applying Sustainability (Maqasid Shariah) and Competition on Islamic Bank Financing. *Sustainability (Switzerland)* , *15* (17). https://doi.org/10.3390/su151712994

Setiawan, RA (2023). Avoidance of Riba-Based Loans and Enhancement of Quality of Life: An Indonesian Context Analysis. *Religions* , *14* (11), 1376. https://doi.org/10.3390/rel14111376

Sofilda, E., Hamzah, MZ, & Ginting, AM (2022). Analysis of determining the financial inclusion index of composite, conventional and sharia banking in Indonesia. *Banks and Bank Systems* , *17* (1), 38–48. https://doi.org/10.21511/bbs.17(1).2022.04

Suminah, S., Anantanyu, S., Suwarto, S., Sugihardjo, S., & Padmaningrum, D. (2023). The Influence of Empowerment towards Agricultural Business Actors' Ability in Surakarta, Indonesia. *Social Sciences* , *12* (2). https://doi.org/10.3390/socsci12020076

Utami, P., Basrowi, B., & Nasor, M. (2021). Innovations in the Management of Zakat in Indonesia in Increasing Entrepreneurial Interest and Poverty Reduction. *IJISH (International Journal of Islamic Studies and Humanities)* , *4* (1), 1. https://doi.org/10.26555/ijish.v4i1.1960

Utomo, SB, Sekaryuni, R., Widarjono, A., Tohirin, A., & Sudarsono, H. (2020). Promoting Islamic financial ecosystem to improve halal industry performance in Indonesia: a demand and supply analysis. *Journal of Islamic Marketing* , *12* (5), 992–1011. https://doi.org/10.1108/JIMA-12-2019-0259

Widiastuti, T., Robani, A., Sukmaningrum, PS, Mawardi, I., Ningsih, S., Herianingrum, S., & Al-Mustofa, MU (2022). Integrating sustainable Islamic

social finance: An Analytical Network Process using the Benefit Opportunity Cost Risk (ANP BOCR) framework: The case of Indonesia. *PLoS ONE* , *17* (5 May), 1–21. https://doi.org/10.1371/journal.pone.0269039
Yuneline, M. H. (2022). Implications of Shariah Financial Technology in Increasing Financial Inclusion to Micro, Small, and Medium Enterprises. *Islamiyyat* , *44* (1), 89–99. https://doi.org/10.17576/islamiyyat-2022-4401-8
Zhang, Q., & Yu, Z. (2023). A Bibliographic Review and Meta-Analysis of the Effect of Teaching Behaviors on Learners' Performance in Videotaped Lectures. *Education Research International* , *2023* . https://doi.org/10.1155/2023/9292513