

AN EMPIRICAL ANALYSIS OF CURRENT ZAKAT COLLECTION STRUCTURES: IMPLICATIONS FOR THE SOCIOECONOMIC SUSTAINABILITY OF THE UMMAH

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Abstract: *Zakat, as a dynamic Islamic fiscal instrument, plays a critical role in bridging global socioeconomic disparities. This study analyzes the contemporary portfolio structure of zakat collections based on empirical institutional data to assess the most dominant instruments and their implications for sustainable distribution management. Relying on visual composite data from MAIK Dashboard 2026, the findings indicate significant diversification within zakat fund pools. Income Zakat emerges as the largest contributor, closely followed by Business Zakat (RM18,967,776.88) and Zakat Fitrah (RM16,476,878.00). Secondary components such as Zakat on Savings, Shares, Gold/Silver, and Agriculture construct a diversified asset portfolio that solidifies institutional capacity for capital mobilization. Employing a descriptive substantive analysis framework, this study discusses methods to enhance collection via the digitalization of corporate instruments and the application of rigorous governance structures to maximize distribution impact across the eight asnaf groups. The study concludes that integrating financial automation technologies and reforming assessment policies will expand zakat fund spillover effects to achieve inclusive distributive justice.*

Keywords: *Zakat Management, Income Zakat, Business Zakat, Islamic Governance, Socioeconomic Sustainability.*

Introduction

The Islamic economic system positions distributive wealth justice at its core to prevent the excessive concentration of capital within a fraction of elite societal groups (Ahmed, 2004; Chapra, 1992). Within this structural framework, the religious obligation of zakat functions as both a wealth purification mechanism and a high-impact fiscal instrument designed to organically restructure community economics (Kahf, 1999). Based on contemporary empirical projections, the efficacy of zakat distribution is fundamentally determined by the operational efficiency and total volume generated by zakat management institutions (Al-Qardawi, 1999). Moving alongside the evolution of modern financial landscapes and structural occupational shifts, zakat contribution modes have fundamentally transitioned from traditional agrarian models to systems led by service sectors and corporate entities (Hassan, 2010).

This study explores the contemporary composition of zakat collection trends captured through institutional data summaries (as displayed in the visual collection instrument). The data illustrates weighted breakdowns across various zakat categories, including Income Zakat, Business Zakat, Zakat Fitrah, Zakat on Savings, as well as supplementary streams like Zakat on Shares, Gold, Livestock, and Agriculture. Developing a granular understanding of the relative contribution of each category enables policy managers to formulate targeted distribution strategies, given that inflow stability determines the long-term viability of aid programs (Shirazi, 2014). This analysis extends beyond nominal thresholds to critically correlate the findings with institutional governance dynamics and compliance behaviors in the digital era (Wahab & Rahman, 2011).

Literature Review

Institutional Efficiency and Zakat Governance Theory

Modern zakat management requires the adoption of robust corporate governance principles to guarantee operational transparency and enhance public accountability (Ahmad, 2019). According to Transaction Cost Theory, centralized zakat institutions reduce information search and allocation costs compared to individual distribution channels (Williamson, 1985). This operational efficiency directly fosters community trust, encouraging Muslims to fulfill their financial obligations through official state-sanctioned bodies (Saad et al., 2014). Consequently, transparency in reporting current collection metrics acts as a positive signaling mechanism that legitimizes the institution's role in the broader Islamic social finance ecosystem (Mohamed et al., 2018).

The Evolution of Income Zakat and Corporate Contributions

From a contemporary fiqh perspective, Income Zakat (Zakat al-Mal al-Mustafad) represents a critical jurisprudential adaptation addressing modern economic structures, where individual earnings derive from professional salaries, wages, and capital investments rather than agricultural output (Al-Qardawi, 1999). Empirical evidence suggests that Income Zakat dominates the largest percentage of annual collections in developing Muslim nations (Hairunnizam et al., 2009). Simultaneously, Business Zakat signifies the corporate sector's compliance with Shariah-compliant corporate social responsibility, distinguishing it from conventional CSR frameworks (Obaidullah, 2012). The integration of these wealth-based zakat instruments provides substantial fiscal capital necessary to combat structural poverty within vulnerable communities (Ali et al., 2017).

Research Methodology

This research employs a descriptive quantitative approach to analyze secondary institutional data sourced from the visual document titled "Ringkasan Terkini Terimaan: Jumlah Kutipan Zakat Semasa" (Refer to image "image.png"). The methodology focuses on comparative evaluations of visual sector weights and explicit nominal figures recorded on the pie chart. Data coding was executed against core components identified within the collection legend: (1) Business Zakat, (2) Zakat Fitrah, (3) Income Zakat, and (4) Zakat on Savings. The interplay of these visual findings was critically assessed through a synthesis of prior literature to project the economic implications on asnaf distribution models under stable inflow conditions.

Results And Discussion

Based on the data visualization within the current collection charts, the institutional zakat portfolio structure displays a strategic yet uneven distribution. Income Zakat (ZH - Zakat Pendapatan) occupies the largest sector area within the pie chart. This dominant sector mirrors high public awareness regarding monthly salary deduction mechanisms for wealth purification. Scheduled salary deduction policies have proven to be the primary catalyst for sustaining high institutional liquidity and consistent cash inflows (Hassan, 2010).

In addition to the dominance of Income Zakat, explicitly stated nominal components provide significant financial context. Business Zakat (ZH - Zakat Perniagaan) recorded a robust value of **RM18,967,776.88**. This figure demonstrates steady compliance from corporate entities, SMEs, and commercial cooperatives executing their religious duties. Furthermore, Zakat Fitrah accumulated a substantial collection total of **RM16,476,878.00**. As a personal tax mandatory once a year during Ramadan for all Muslims regardless of net wealth, this massive volume reflects an incredibly broad and highly compliant contributor database.

Table 1: Composition of Explicit Current Zakat Collection Values

Zakat Category Code	Description of Collection Instrument	Nominal Value Received (RM)	Portfolio Flow Characteristics
ZH - ZAKAT PERNIAGAAN	Collections from commercial & corporate entities	18,967,776.88	Periodic / Linked to Financial Cycles
ZAKAT FITRAH	Individual obligatory levy (Zakat al-Badan)	16,476,878.00	Annual (Seasonal - Holy Month of Ramadan)
ZH - ZAKAT PENDAPATAN	Monthly salary deductions of professionals/workers	Largest (Dominant)	Fixed / Monthly (High Liquidity)
ZH - ZAKAT WANG SIMPANAN	Levy on accumulated annual liquid cash savings	Significant (Medium Sector)	Periodic (Upon Completion of Haul)

Beyond these main categories, the institution captures capital through secondary streams listed in the chart legend, such as Current Account Hibah (Zakat), Refund of Zakat Distribution, Zakat on Gold/Silver, Qadha Zakat, Livestock Zakat, Share Zakat, and Paddy/Agriculture Zakat. The inclusion of these diverse streams proves a holistic Shariah adherence toward all forms of growth-yielding assets (al-mal al-nami). Zakat administrators must leverage this

diversified portfolio to optimize liquid capital risk management models, thereby guaranteeing uninterrupted monthly financial assistance to destitute asnaf recipients (Shirazi, 2014; Wahab & Rahman, 2011).

Policy Implications and Recommendations

The empirical insights carry immediate policy implications for Islamic social finance frameworks. Since Income and Business Zakat form the backbone of modern collections, enforcement and outreach must prioritize the digitalization of assessment and compliance frameworks (Ahmad, 2019). Incorporating Financial Technology (FinTech) solutions—such as online payment gateways, automated mobile applications, and distributed ledger systems (blockchain)—can minimize compliance gaps and leakages (Mohamed et al., 2018). Moreover, awareness campaigns targeting millennial entrepreneurs and digital startups should be intensified to expand the base of Business Zakat, which already yields tens of millions in revenue (Saad et al., 2014).

Regarding fund disbursement, collection stability acts as a financial guarantee for executing productive asnaf transformation programs. Zakat capital should transition from short-term consumption aid toward structured Islamic microfinance and entrepreneurial seed capital (Hairunnizam et al., 2009). This structural approach directly aligns with Islamic Sustainable Development Goals (SDGs) by eradicating systemic poverty, ultimately transforming historical zakat recipients (mustahiq) into active zakat contributors (muzakki) in future economic cycles (Ali et al., 2017).

Conclusion

In conclusion, the empirical analysis of contemporary zakat collection portfolios reveals a robust inflows structure. The combination of dominant Income Zakat alongside multi-million ringgit contributions from Business Zakat (RM18,967,776.88) and Zakat Fitrah (RM16,476,878.00) forms a highly durable social safety net. Sustaining this collection momentum hinges on transparent institutional governance, strong public accountability, and inclusive digital payment innovations. Future research should investigate specific behavioral economics parameters influencing compliance among digital business owners to unlock the unmitigated potential of Islamic social finance for global socioeconomic welfare.

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