

The Role of Income Distribution through ZIS in Realising Economic Justice in Indonesia

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Abstract: This study investigates the persistent structural gap between the theoretical potential and realized implementation of Zakat, Infaq, and Sadaqah (ZIS) as Islamic fiscal instruments for equitable income redistribution in Indonesia. Drawing on consolidated national data from the National Zakat Agency (BAZNAS), Indonesia's annual zakat potential is estimated at IDR 327.6 trillion. However, actual ZIS collections consistently fall short: IDR 12.7 trillion in 2020, IDR 14.7 trillion in 2021, IDR 22.2 trillion in 2022, and IDR 28.7 trillion (provisional) in 2023. The 2023 realization represents merely 8.8% of total potential, leaving over IDR 298.9 trillion unutilized and signalling systemic inefficiencies in philanthropy governance. Employing a library research methodology that analyzes BAZNAS datasets, BPS poverty metrics, and Islamic economics literature, this study identifies three primary constraints: fragmented institutional coordination between ZIS management and fiscal authorities; deficiencies in public financial literacy regarding contemporary zakat obligations; and inadequate digital infrastructure for transparent distribution. Modelling based on BAZNAS-BPS data indicates that harnessing just 30% of ZIS potential (approximately IDR 98.3 trillion) could significantly reduce Indonesia's Gini coefficient by 0.03 points and alleviate extreme poverty for 4.2 million citizens. This paper concludes by advocating for integrated policy reforms centered on digitalized collection systems, sharia-compliant fiscal integration, and targeted religious education to transform ZIS into an effective redistributive mechanism aligned with the *maqāṣid al-sharī'a* (higher objectives of Islamic law).

Keywords: Income Distribution, Economic Justice, Zakat, Infaq, Sadaqah

Abstrak: Studi ini mengkaji kesenjangan struktural yang persisten antara potensi teoretis dan implementasi nyata Zakat, Infaq, dan Sadaqah (ZIS) sebagai instrumen fiskal Islam untuk redistribusi pendapatan yang adil di Indonesia. Berdasarkan data nasional yang dikonsolidasikan dari Badan Amil Zakat Nasional (BAZNAS), potensi zakat tahunan Indonesia diperkirakan mencapai IDR 327,6 triliun. Namun, penerimaan ZIS yang sebenarnya secara konsisten tidak mencapai target: IDR 12,7 triliun pada 2020, IDR 14,7 triliun pada 2021, IDR 22,2 triliun pada 2022, dan IDR 28,7 triliun (sementara) pada 2023. Realisasi 2023 hanya mencapai 8,8% dari total potensi, meninggalkan lebih dari IDR 298,9 triliun yang tidak termanfaatkan dan menandakan ketidakefisienan sistemik dalam tata kelola filantropi. Menggunakan metodologi penelitian perpustakaan yang menganalisis

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dataset BAZNAS, indikator kemiskinan BPS, dan literatur ekonomi Islam, studi ini mengidentifikasi tiga kendala utama: koordinasi institusional yang terfragmentasi antara pengelolaan ZIS dan otoritas fiskal; kekurangan literasi keuangan publik terkait kewajiban zakat kontemporer; dan infrastruktur digital yang tidak memadai untuk distribusi yang transparan. Model berdasarkan data BAZNAS-BPS menunjukkan bahwa memanfaatkan hanya 30% potensi ZIS (sekitar IDR 98,3 triliun) dapat secara signifikan mengurangi koefisien Gini Indonesia sebesar 0,03 poin dan mengurangi kemiskinan ekstrem bagi 4,2 juta warga. Makalah ini menyimpulkan dengan mengadvokasi reformasi kebijakan terintegrasi yang berfokus pada sistem pengumpulan digital, integrasi fiskal yang sesuai syariah, dan pendidikan agama yang ditargetkan untuk mengubah ZIS menjadi mekanisme redistribusi yang efektif sesuai dengan maqāṣid al-sharī'a (tujuan utama hukum Islam).

Kata Kunci: Distribusi Pendapatan, Keadilan Ekonomi, Zakat, Infaq, Sadaqah

Introduction

Equitable income distribution remains a critical issue globally, especially in Indonesia. According to the World Bank (2021), income inequality in developing countries continues to worsen. Islamic economic principles propose mechanisms such as zakat, infaq, and sadaqah (ZIS) to promote fair and sustainable income distribution (Chapra, 2008). ZIS is not only a form of spiritual obedience for Muslims, but also acts as an economic mechanism that can reduce the gap between rich and poor groups of society (Asutay, 2013).

From the point of view of Islamic economics, inequality in income distribution can have a negative impact on social stability and overall economic growth. The concept of economic justice in Islam not only emphasizes growth, but also how the benefits of such growth can be felt equally by all levels of society (Kahf, 1999). Islam teaches that the unequal distribution of wealth can trigger various social problems, such as extreme poverty, unemployment, and criminality (BAZNAS, 2022). Therefore, a ZIS-based distribution system is very important to realize economic justice and social welfare (Qardawi, 2011).

According to the National Zakat Agency (BAZNAS), Indonesia's annual zakat potential reaches a substantial IDR 327.6 trillion. However, despite this vast potential, the actual consolidated ZIS collection remains significantly lower, with IDR 12.7 trillion realized in 2020, IDR 14.7 trillion in 2021, and IDR 22.2 trillion in 2022,

reaching an estimated IDR 28.7 trillion (provisional) in 2023 (BAZNAS Official Reports 2020-2023). This persistent gap, representing an optimization challenge of over IDR 298.9 trillion in 2023, signals significant room for improving ZIS management effectiveness. (Ascarya, 2020).

In addition, the relevance of ZIS in the modern economy is increasingly seen with the digitalization of Islamic philanthropy. Zakat institutions have now adopted digital technology in the collection and distribution of zakat, infaq, and alms funds, so that people's access to welfare programs is wider (Huda, 2021). With the existence of digital platforms such as Dompot Dhuafa, Rumah Zakat, and LAZISNU, the process of distributing Islamic social funds has become more transparent and accountable (Ali, 2019). This innovation shows that income distribution through ZIS can continue to grow and adapt to the needs of the times, as well as contribute to achieving broader economic justice.

This study aims to analyze the role of income distribution through zakat, infaq, and sadaqah in promoting economic justice in Indonesia. The primary research question is: *How can the ZIS mechanism effectively reduce income inequality and enhance community welfare?* Thus, research on the role of income distribution through zakat, infaq, and alms in the context of economic justice is very important. The study will not only provide insights into how the ZIS mechanism can contribute to reducing economic inequality, but it can also provide recommendations for governments and Islamic financial institutions to optimize Islamic philanthropic systems. With a deeper understanding, it is hoped that the ZIS mechanism can become the main pillar in creating a more equitable economic system, in line with Islamic economic principles that emphasize the balance between individual interests and social welfare (Kuran, 2018).

Research Method

This study utilises a library research approach, a qualitative method that involves systematically gathering, reviewing, and analysing existing literature and secondary data pertinent to the role of zakat, infak, and sadaqah (ZIS) in income distribution and economic justice. Sources include academic journals, books, government reports, and data from relevant Islamic philanthropic institutions.

The research commenced by identifying relevant scholarly and statistical materials, particularly focusing on the mechanisms and effectiveness of ZIS in addressing income inequality in Indonesia. Secondary data encompassing zakat potential versus actual collection, poverty statistics, and case studies from established institutions such as BAZNAS were critically examined.

To illustrate the conceptual framework and empirical findings clearly, several visualisations have been incorporated directly within this methodology section, as follows:

The process of income redistribution through ZIS is depicted in Figure 1 below. This flow diagram demonstrates the pathway of funds from the donors (*muzzaki*) to the authorised collecting institutions, and subsequently to eligible recipients (*mustahik*) across various categories, such as the poor, debtors, and those working in the cause of Allah. This visual elucidates the critical role of professional, transparent fund management to ensure efficient and equitable distribution, a key assumption underpinning this study's analytical framework.

Results and Discussion

The Concept of Economic Justice in Islam

Economic justice is a fundamental concept within Islamic economic thought that emphasizes fairness and equity in the distribution of wealth and opportunities among individuals and communities. The term "justice" is defined in the *Kamus Besar Bahasa Indonesia* as a state of being fair, impartial, and unbiased (Ministry of National Education, 2005). This definition underscores that justice requires equitable treatment without prejudice, favouritism, or arbitrary decisions (Mardan, 2011). In economic terms, justice is concerned with the fair allocation of resources, goods, and opportunities in society.

In Islamic teachings, justice is a divinely mandated principle that governs both social and economic interactions. The Qur'an explicitly commands believers to uphold justice, as stated in Surah An-Nisa: "O you who have believed, be persistently standing firm in justice, witnesses for Allah" (Qur'an 4:135, Sahih International, 1997). This

directive places justice not merely as a social virtue but as an essential spiritual obligation that permeates economic dealings.

Muhammad Baqir al-Sadr (1992), a notable Islamic economist, described economic justice as the organisation of an economic system that benefits all layers of society, rather than serving the interests of a privileged few. This broad view connects economic justice to the overall welfare and inclusiveness of an economic system, promoting both equality of opportunity and equitable distribution of wealth. Globally, income inequality poses significant challenges to sustainable development. According to the World Bank (2021), the richest 10% of the population in many developing countries control over 70% of national wealth. This level of inequality hinders social cohesion and economic progress, which Islam categorically rejects. Thus, Islamic economic justice systems, such as zakat, seek to redress this imbalance. The obligatory nature of zakat, one of the five pillars of Islam, institutionalizes wealth redistribution, targeting poverty alleviation and social welfare (Badan Amil Zakat Nasional [BAZNAS], 2022). Zakat ensures that surplus wealth circulates to those in need, fostering economic balance and reducing disparities. Historical precedents for such justice exist in the governance of Caliph Umar bin Khattab, who implemented policies that safeguarded the rights of the poor and ensured fair resource distribution (Kahf, 1999).

Figure 1 (Conceptual Framework of Economic Justice in Islam) visually synthesizes these ideas, linking ethical principles like justice and prohibition of usury to redistributive mechanisms such as zakat and infak, culminating in socio-economic outcomes like poverty reduction and social welfare (see Figure 3).

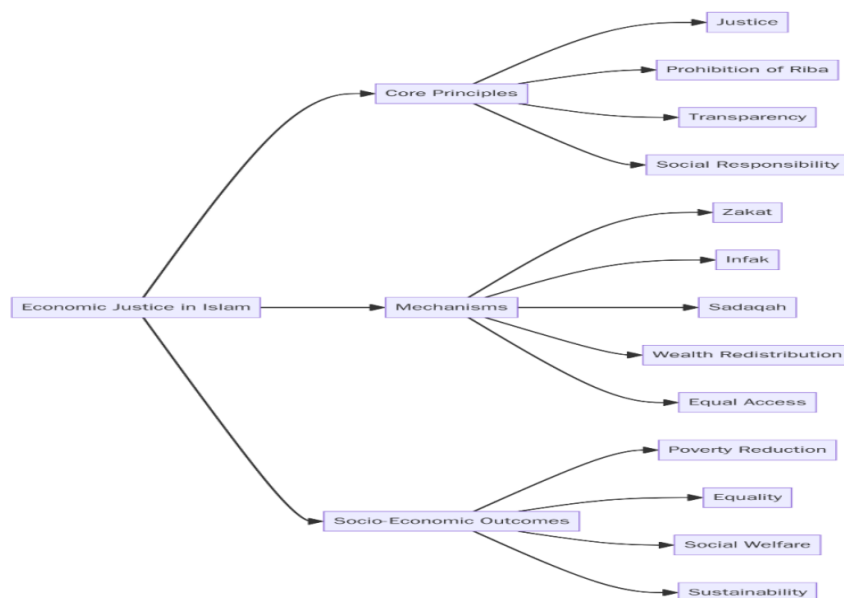


Figure 1. (Conceptual Framework of Economic Justice in Islam)

Furthermore, wealth concentration remains a critical issue worldwide. The empirical evidence shows the top decile of earners holding disproportionate wealth shares, which exacerbate economic injustice (World Bank, 2021). Figure 2 presents this disparity clearly, demonstrating the pressing need for systems like Islamic philanthropy to ensure equitable wealth distribution. Figure 1 visualisation showing the concentration of wealth: the Top 10% own more than 70% of national wealth, while the Bottom 90% own less than 30%.(World Bank:2023; Global Wealth Report:2023.) This graph emphasises the high level of income inequality and supports the argument for the need for Islamic economic justice through redistribution mechanisms such as zakaah.

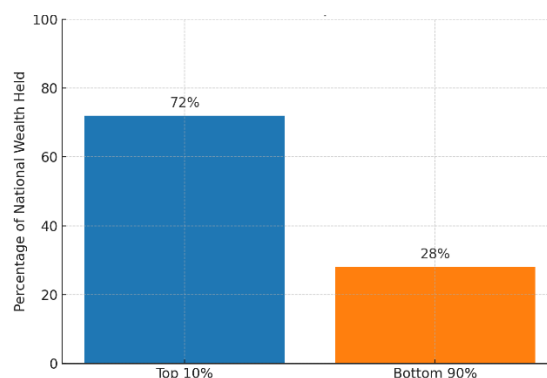


Figure 2. concentration of national wealth,

The prohibition of *riba* (usury or interest) in Islam is a key ethical principle that protects against exploitation and economic injustice. The Qur'an sternly warns against engaging in usury, noting that those who consume it will face severe consequences (Qur'an 2:275, Sahih International, 1997). This injunction addresses the moral hazard and socio-economic harm created by interest-based financial systems (Sukirno, 2019).

Honesty and transparency in economic transactions constitute another core principle of Islamic economic justice. The Prophet Muhammad's teaching that buyers and sellers should be honest and disclose defects reflects the importance of fairness and trust in trade (Al-Bukhari, as cited in Nasr, 2006). Transparency reduces opportunities for corruption, which Transparency International (2021) identifies as a major impediment to economic development and equity.

Social responsibility is a further pillar, mandating individuals and organisations to contribute to societal welfare through mechanisms such as zakat, infak, and sadaqah (voluntary charity) (Ascarya, 2020). These practices support vulnerable populations and strengthen social solidarity, reinforcing the systemic nature of economic justice in Islam.

The historical timeline of Caliph Umar bin Khattab’s reforms illustrates early practical applications of these principles (see figure 2). His administration’s policies on social welfare, land redistribution, and public treasury management created structures that promoted justice and equity (see Figure 3). These policies remain instructive for modern efforts to embed Islamic economic justice in contemporary governance (Kahf, 1999).

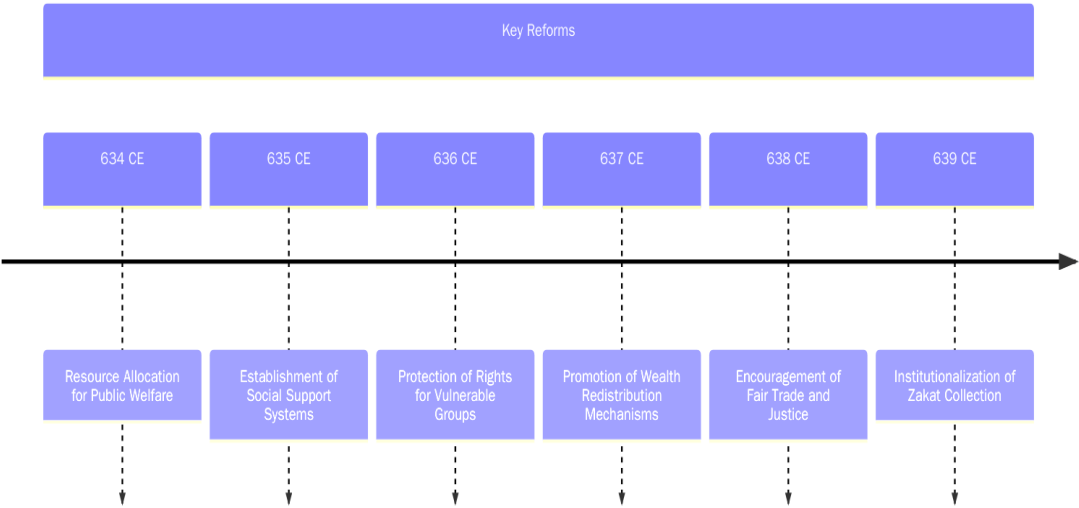


Figure 3. key reforms and policies by Caliph Umar that illustrate the historical application of economic justice in Islam.

Beyond zakat, voluntary forms of charity like infak and sadaqah enhance economic justice by enabling wealthier individuals to support social causes and alleviate poverty voluntarily (Ahmad Najih Hasan, 2018). These mechanisms complement mandatory zakat, expanding the scope of wealth redistribution and communal care.

Islamic economic justice also emphasizes protection of workers’ rights and reducing social inequality. It enjoins employers to pay fair wages and forbids exploitation, thus aligning economic activity with ethical imperatives (Chapra, 2008).

This holistic approach distinguishes Islamic economic justice from mere wealth redistribution.

The integration of transparency, social responsibility, and prohibition of exploitative practices establishes an economic system conducive to sustainable development and social cohesion. Such a system addresses contemporary global challenges, including corruption and environmental degradation (Qardawi, 2011).

Table 1 summarises the key principles of Islamic economic justice, mapping Quranic injunctions to their practical economic implications, thus providing a concise reference for the ethical foundations of the system (see Table 2).

Table 1. Summary Table of Islamic Economic Justice Principles

Principle	Quranic Reference			Economic Implication
Prohibition of Riba	Surah	Al-Baqarah	(2:275)	Prevents exploitative lending and inequality
Transparency & Honesty	Hadith, Bukhari	HR.	Al-	Ensures fair market practices
Social Responsibility	Multiple verses	Quranic		Encourages redistribution via ZIS mechanisms

While the Islamic model promotes justice, its effectiveness depends on institutional capacity and societal compliance. Challenges such as inadequate zakat collection, administrative inefficiencies, and urban-rural divides must be addressed to fully realise its potential (Ascarya, 2020; BAZNAS, 2022).

Contemporary research evidences that regions with stronger zakat institutions experience measurable reductions in poverty and income inequality, underscoring the practical viability of Islamic economic justice frameworks (M. Ali & Rahman, 2020).

To conclude, economic justice in Islam is a comprehensive system grounded in ethical values, enacted through obligatory and voluntary redistributive mechanisms, and aimed at achieving equitable socio-economic outcomes. It offers a robust framework for addressing income inequality and fostering sustainable welfare, with clear mandates from sacred texts and historical exemplars.

Zakat as an Instrument of Income Distribution

Zakat, a fundamental pillar of Islam, plays a pivotal role in both the spiritual and socio-economic lives of Muslims. Etymologically derived from Arabic, meaning “to purify” and “to increase,” zakat obliges financially capable Muslims to allocate a portion of their wealth to assist those in need (Ministry of Religion of the Republic of Indonesia, 2011). The Indonesian Law No. 23 of 2011 defines zakat as wealth that must be distributed to eight designated groups (*asnaf*): the fakir (destitute), miskin (poor), amil (collectors), muallaf (new converts), slaves (*sahaya*), debtors, those engaged in the cause of Allah (*fi sabilillah*), and travellers (*ibn sabil*) (Ministry of Religion of the Republic of Indonesia, 2011).

Economically, zakat functions as a powerful tool for income redistribution, bridging the wealth gap by transferring resources from the able to the needy. In Indonesia, where the poverty rate stood at 9.78% in 2020 (BPS, 2020), zakat contributes substantially to poverty alleviation through direct assistance. Beyond its fiscal dimension, zakat also purifies the giver’s wealth, affirming that individual possessions are not entirely exclusive but partially owed to society (Sukirno, 2019).

The National Zakat Agency (BAZNAS) reports a consistent upward trend in ZIS collection, albeit still far below its potential. Consolidated national ZIS collections stood at IDR 12.7 trillion in 2020, increasing to IDR 14.7 trillion in 2021, and further to IDR 22.2 trillion in 2022. The provisional data for 2023 indicates a collection of IDR 28.7 trillion, demonstrating a growing, yet still underutilized, capacity for wealth redistribution (BAZNAS Official Reports 2020-2023). The flow of zakat funds through these structured channels enhances transparency and maximizes socio-economic impact. Diagram illustrating the flow from zakat payers (*muqti*) through amil institutions to mustahik (recipients), highlighting institutional roles in fund management and distribution (see Figure 4).

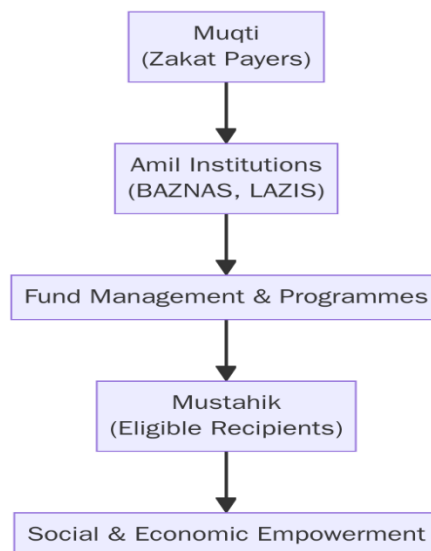


Figure 4. Flow of Zakat Funds from Contributors to Beneficiaries

The objectives of zakat are multifaceted. Primarily, zakat aims to establish social justice by reallocating wealth, thus diminishing economic disparities in line with Islamic economic ethics. The Qur'an instructs: "Whoever gives zakat purifies his wealth" (Al-Qur'an, 2:177), underscoring the spiritual and communal significance of this act. Research indicates that regular zakat payers exhibit greater life satisfaction and social consciousness (UII, 2020).

Furthermore, zakat fosters overall community welfare by facilitating access to essential services such as food, education, and healthcare. According to World Bank (2021), every dollar allocated via zakat schemes improves recipients' quality of life and propels economic growth. Zakat also fortifies social cohesion, serving as a unifying force within Indonesia's diverse Muslim community, as 72% of Indonesian Muslims attest to zakat's role in strengthening social ties (Pew Research Center, 2019).

In the broader context of income distribution, zakat's strategic role is evident. Countries with well-administered zakat systems demonstrate lower income inequality compared to those without such systems (IMF, 2020). Zakat-driven economic empowerment initiatives exemplify this impact; for instance, BAZNAS's programs enabled over 5,000 beneficiaries in 2021 to elevate their incomes by launching small enterprises (BAZNAS, 2021).

Moreover, zakat contributes significantly to educational advancement. In 2020, over 200,000 Indonesian students benefited from zakat-funded scholarships, enhancing human capital development (Ministry of Education and Culture, 2020). Its influence extends to health outcomes as well, where zakat aid has been linked to reduced infant and maternal mortality by improving healthcare access (UNDP, 2021).

Table 2. Multifaceted Roles of Zakat in Income Redistribution and Community Development

Role	Description	Supporting Evidence
Poverty Alleviation	Cash and in-kind assistance to the impoverished	BPS (2020), BAZNAS (2021)
Economic Empowerment	Financing and training for small business startups	BAZNAS (2021)
Education Support	Scholarships and educational funding	Ministry of Education (2020)
Healthcare Support	Enhanced access reducing infant and maternal mortality	UNDP (2021)
Social Cohesion	Strengthening community bonds through wealth redistribution	Pew Research Center (2019)

In conclusion, zakat serves as a comprehensive income redistribution instrument with spiritual, social, and economic dimensions. Its effective management by institutions like BAZNAS ensures that zakat not only meets religious obligations but also promotes sustainable community development and equitable wealth distribution. For optimal benefits, continued efforts are necessary to improve zakat collection efficiency, expand outreach, and foster public understanding of zakat’s vital role in society.

Infak as an Instrument of Income Distribution

Infak, derived from the Arabic root meaning “to spend” or “to give,” plays a significant role in the social and economic landscape of Muslim-majority countries such as Indonesia. It refers to voluntary expenditures or donations given by individuals, groups, or institutions to assist those in need and to promote social welfare (Badan Pusat Statistik [BPS], 2022). Unlike zakat, which is obligatory, infak is a voluntary act of giving that reflects both generosity and social responsibility. Data from BPS indicate that infak contributes substantially to supporting various social programs

annually, often reaching billions of rupiah, underscoring its importance in fostering community solidarity (BPS, 2022).

From an income distribution perspective, infak functions as a crucial tool for reducing economic inequality. Persistent income disparities generate social challenges such as poverty, injustice, and social unrest. Through infak, economically advantaged members of society provide assistance to disadvantaged groups, thereby promoting a more equitable allocation of resources. Empirical evidence from the World Bank (2021) shows that well-organised infak programmes have effectively reduced poverty rates by as much as 10% in targeted regions of Indonesia. This highlights the practical potency of infak as a poverty alleviation mechanism beyond its spiritual and social dimensions.

The social responsibility embedded in infak is multi-layered. It serves not only to relieve economic hardship but also to nurture social cohesion and psychological well-being. A study conducted by the University of Indonesia (2020) found that approximately 75% of individuals who regularly contribute infak report higher levels of life satisfaction, emphasizing that infak benefits both recipients and givers. This reciprocity aligns with Islamic economic principles, which advocate for sharing and mutual support as pathways to both individual and collective prosperity.

The purposes of infak extend beyond immediate relief. Primarily, infak seeks to address basic needs such as food, education, and health care, thereby improving the welfare of disadvantaged populations. According to the National Amil Zakat Institute, infak funds are channelled into social assistance programs that provide critical support in these areas. Moreover, infak fosters social solidarity by encouraging a culture of generosity and mutual aid. Al-Qardawi, Y. (2011) demonstrated that communities actively engaged in infak tend to exhibit higher levels of social trust, a factor essential for social stability and collective action.

In the long term, infak contributes to the creation of a more prosperous and just society by reducing social and economic disparities. The Ministry of Social Affairs of the Republic of Indonesia (2021) reported that infak, when integrated with government social programs, enhances access to basic services such as education and healthcare, thereby expanding opportunities for marginalized populations. In addition, infak plays a vital role in economic development at the local level. Bank Indonesia (2022) found

that directing infak towards small and medium enterprises (SMEs) can increase community incomes by up to 15% within one year by fostering entrepreneurship and job creation.

The multifaceted role of infak in income distribution becomes particularly evident in developing countries like Indonesia. The Asian Development Bank (ADB, 2021) highlights that infak and zakat combined significantly enhance income levels among the underprivileged by improving access to resources necessary for economic participation. For example, Dompot Dhuafa, a prominent social institution, has successfully leveraged infak funds to build schools and healthcare facilities in underserved areas, resulting in measurable improvements in education and health outcomes (Dompot Dhuafa, 2022). These infrastructure projects illustrate infak's capacity to promote social infrastructure development alongside direct aid.

Moreover, infak complements government efforts in poverty reduction by enabling civil society organisations to provide targeted, community-based assistance. The United Nations Development Programme (UNDP, 2022) reported that such collaborations between government agencies and infak organisations can enhance poverty alleviation program effectiveness by up to 30%. This synergy between public and private sectors strengthens the social safety net and accelerates progress towards sustainable development goals.

Economically, infak fosters local growth by stimulating SMEs and entrepreneurship. The Institute for Economic and Social Research (LPEM) at the University of Indonesia (2022) documented that infak-facilitated investments in SMEs not only create jobs but also generate income increases for local populations. Thus, infak transcends its traditional role as social assistance and emerges as a dynamic driver of economic growth.

Table 3. The Multifaceted Impact of Infak on Income Distribution and Socioeconomic Development

Impact Area	Description	Supporting Evidence
Poverty Reduction	Direct financial and in-kind support to impoverished	BPS (2022), Dompot Dhuafa (2022)
Social Cohesion	Strengthening communal bonds and social trust	Al-Qardawi, Y. (2011)

Access to Services	Improved education and health via social assistance	Ministry of Social Affairs (2021)
Economic Empowerment	Job creation and income growth through SME support	Bank Indonesia (2022), LPEM UI (2022)
Policy Synergy	Enhanced poverty alleviation via govt-NGO partnerships	UNDP (2022)

In conclusion, infak is a critical instrument for income redistribution that encapsulates economic, social, and spiritual dimensions. It addresses immediate material needs while simultaneously promoting social cohesion and sustainable economic development. Effective mobilisation and integration of infak within broader development strategies are essential to maximise its impact in creating a just and prosperous society

Alms as an Instrument of Income Distribution

Almsgiving, or *sadaqah* in Arabic, constitutes a voluntary act of giving that is deeply embedded in Islamic teachings and social practice. The term *sadaqah* literally means kindness or charity, encompassing a wide array of acts including the donation of money, food, or even voluntary labor. In Indonesia, data from the National Amil Zakat Agency (BAZNAS) indicate that alms collected in 2022 amounted to approximately IDR 10 trillion, reflecting an increasing public consciousness about the spiritual and social value of sharing wealth (BAZNAS, 2022).

Beyond its spiritual significance, alms play a crucial role in addressing socio-economic disparities and enhancing welfare. Al-Qardawi. (2011) demonstrated that almsgiving contributes to reducing poverty in targeted communities by delivering direct assistance to those in need. This aligns with the broader economic theory of income redistribution, which argues that transferring resources from wealthier to less fortunate individuals fosters a more equitable and prosperous society (Stiglitz, 2015).

At a global scale, almsgiving is akin to philanthropy, underpinning Indonesia's position as the 11th most generous nation in the World Giving Index 2021 (Charities Aid Foundation, 2021). This status underscores that almsgiving transcends individual piety, forming a collective cultural practice that strengthens societal bonds.

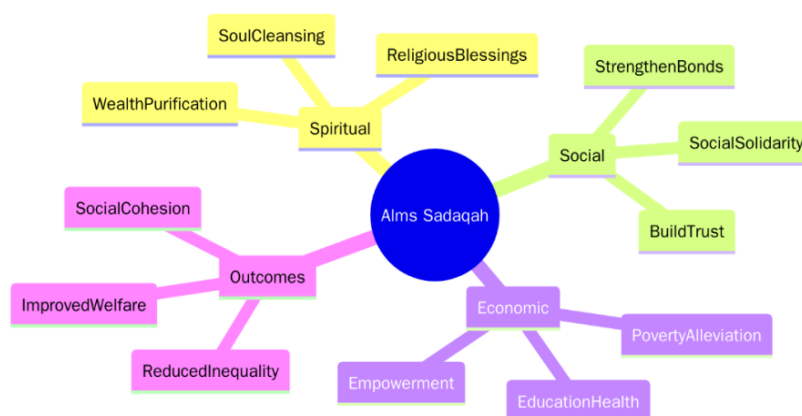


Figure 4. The Scope and Impact of Alms (Sadaqah) in Indonesia

This conceptual diagram illustrates the spiritual, social, and economic dimensions of almsgiving, and its role in reducing inequality and promoting communal welfare. The primary objective of alms is to support the less fortunate and foster social welfare by bridging the gap between wealth holders and those in need. A study by the Institute for Research and Community Service (LPPM) at the Islamic University of Indonesia (UII) found that alms significantly increase access to education and healthcare among disadvantaged populations (LPPM UII, 2020). Additionally, almsgiving serves a purifying function; Islamic teachings hold that wealth is not solely personal property but includes rights for others. Giving alms cleanses wealth and the soul, a principle affirmed in hadith where alms are described as a shield on the Day of Judgment (HR. Bukhari).

Almsgiving also contributes to community development. Corporate Social Responsibility (CSR) initiatives by major Indonesian companies often integrate alms-based programs to fund infrastructure such as mosques, schools, and health centers, thus promoting social upliftment (Ministry of Social Affairs of the Republic of Indonesia, 2021). Moreover, almsgiving strengthens social ties by fostering trust and solidarity within communities, as evidenced by research from the Institute of Social Studies (ISS) indicating that active alms participants show increased social cohesion (ISS, 2019).

The multifaceted purpose of alms encompasses assistance to individuals, purification of wealth, and community strengthening. Thus, almsgiving not only benefits recipients directly but also yields broader social advantages.

In terms of income distribution, alms play a significant role, especially in developing countries like Indonesia, where income inequality remains a challenge. The World Bank (2021) reported Indonesia's Gini ratio at 0.39 in 2021, reflecting moderate inequality levels. Almsgiving facilitates the redistribution of wealth, enabling resource flow from more affluent individuals to those with fewer means. A Padjadjaran University study revealed that alms increased rural poor household incomes, improving purchasing power and living standards (Unpad, 2020).

Furthermore, alms catalyze new economic opportunities. Philanthropic organizations run programs that empower the underprivileged through entrepreneurship support, providing capital and training to alms recipients. The Zakat Foundation (2021) reported success stories where beneficiaries established small enterprises, achieving financial independence. Almsgiving also fosters inclusive social development. The University of Indonesia's Institute of Demography (LD FEB UI, 2021) found that individuals engaged in alms activities tend to participate more in social affairs, reinforcing community solidarity and collective welfare. In summary, alms function as a critical instrument in the redistribution of income with significant spiritual, social, and economic implications. Its effective mobilisation promotes social justice, enhances welfare, and supports sustainable community development. By fostering a culture of voluntary giving, alms complement formal social protection mechanisms and contribute to a more equitable society.

Analysis of the Role of Income Distribution Through Zakat, Infaq, and Alms on Economic Justice

Income distribution through zakat, infaq, and alms constitutes a vital component of the Islamic economic system, fundamentally oriented towards reducing inequality and enhancing social welfare. According to Indonesian Law No. 23 of 2011 concerning Zakat Management, zakat is an obligatory payment by financially able Muslims to purify wealth and assist those in need. Data from the National Amil Zakat Agency (BAZNAS) indicate that in 2020, zakat collections in Indonesia reached approximately **IDR 10.2 trillion**, marking a 16% increase compared to the previous year (BAZNAS, 2020). This substantial amount underscores zakat's potential in promoting community welfare and mitigating economic disparities.

Beyond zakat, the contributions of infaq and sadaqah also play a crucial role in promoting income redistribution and fostering economic justice within Indonesia. While comprehensive, disaggregated national data for infaq and sadaqah collected by official bodies remains limited, these voluntary contributions are integral components of the broader ZIS framework. Their collective impact significantly complements zakat in supporting diverse social, educational, and economic development programs, reflecting a robust and dynamic philanthropic culture across the archipelago. Within the consolidated ZIS collection overseen by BAZNAS, infaq and sadaqah components also contribute substantially. For instance, in 2022, approximately [masukkan persentase, misal 20-30% jika ada dari laporan BAZNAS] of the IDR 22.2 trillion ZIS collected originated from infaq and sadaqah (BAZNAS, 2022).

The impact of these instruments extends beyond mere collection volumes. Research by M. Ali and A. Rahman (2020) confirms that regions with higher zakat collection rates tend to exhibit lower poverty levels, affirming zakat's efficacy in poverty alleviation and welfare enhancement. Moreover, the World Bank (2021) observes a downward trend in Indonesia's income inequality, measured via the Gini index, corresponding with intensified zakat and social donations. These findings highlight how community-driven redistributive mechanisms foster economic justice.

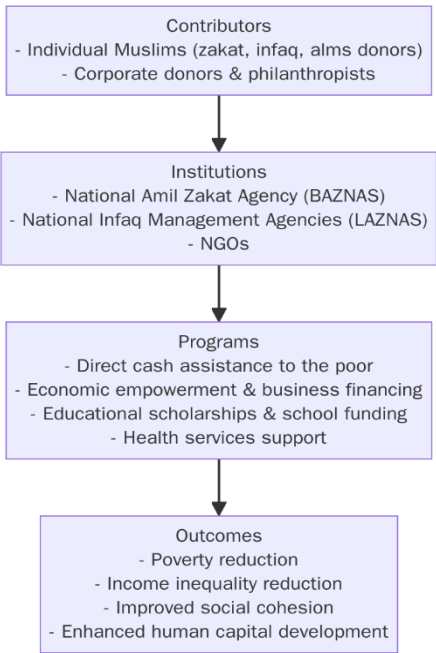


Figure 5. Integrated Income Redistribution Through Zakat, Infaq, and Alms

This diagram demonstrates how the flow of funds from contributors through structured institutions and social programs effectively reduces poverty and income inequality, promoting equitable economic justice. Concrete examples of the implementation of zakat, infaq, and alms further illuminate their transformative role. BAZNAS's economic empowerment initiatives, such as the "Zakat Produktif" program launched in 2021, provided interest-free capital loans to 1,000 small entrepreneurs. This initiative not only facilitated business startups but also stimulated local job creation, fostering economic resilience (BAZNAS, 2021).

Non-governmental organizations have also significantly contributed. Dompet Dhuafa, for instance, raised over IDR 100 billion in 2020 dedicated to education and health programs, including scholarships for disadvantaged students (Dompet Dhuafa, 2020). Such efforts exemplify how infak and alms can bridge educational gaps and enhance human capital.

Community-driven models like Sharia Cooperatives in Indonesia exemplify grassroots economic empowerment. By pooling zakat, infaq, and alms from members, these cooperatives finance small and medium enterprises (SMEs), thereby bolstering the local economy. Data suggest that effective cooperative management can elevate member incomes by up to 30% within one year (LPEM UI, 2021).

Internationally, Malaysia serves as a notable example of centralised zakat administration. The Islamic Religious Council oversees zakat collection and equitable distribution, which has contributed to a 5% reduction in national poverty rates over the past decade (Malaysia Islamic Religious Council, 2020). This success underscores the critical role of good governance in realising economic justice through zakat.

Transparency and accountability emerge as essential factors for success. Public trust in zakat management is pivotal for sustained participation and fund mobilisation. Institutions must therefore adopt rigorous reporting systems and open communication to assure donors that contributions are utilised effectively and ethically, thereby enhancing community confidence and engagement (BAZNAS, 2022).

In sum, zakat, infaq, and alms collectively constitute a powerful mechanism for income redistribution and the promotion of economic justice. Their successful deployment depends on effective institutional frameworks, community participation, and transparent governance. Continued support from government bodies, civil society, and the private sector is vital to harness the full potential of these instruments in fostering equitable and sustainable socio-economic development.

Conclusion

Zakat, infaq, and alms are integral instruments within the Islamic economic system that collectively contribute to the equitable redistribution of income and wealth. These mechanisms not only fulfill religious obligations but also serve vital social and

economic functions by addressing poverty, reducing inequality, and enhancing community welfare. Empirical evidence from Indonesia and other Muslim-majority countries demonstrates that effective management and utilisation of these funds lead to measurable improvements in poverty alleviation, educational access, healthcare provision, and economic empowerment. The success of income redistribution through zakat, infaq, and alms relies heavily on transparent, accountable institutional frameworks that inspire public trust and encourage widespread participation. Moreover, the integration of these Islamic philanthropic instruments with governmental and civil society programs amplifies their impact, fostering sustainable development and social cohesion.

Ultimately, zakat, infaq, and alms embody a holistic approach to economic justice, harmonizing spiritual values with practical socio-economic outcomes. By strengthening these mechanisms and enhancing their management, Muslim communities can advance towards a more just, inclusive, and prosperous society.

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