

CHAPTER 1 INTRODUCTION

1.1 Research Background

Poverty and economic inequality are common problems in developing countries such as Indonesia. The way to determine the level of economic inequality is to look at the Gini coefficient. Based on data from the Central Statistics Agency (BPS) in March 2021 the value of Indonesia's Gini coefficient is 0.384, this shows that in Indonesia there is still an economic inequality (Puskas BAZNAS, 2019). Economic inequality is closely related to fiscal policy in a country, both in the form of taxes and government spending. In Islam, there is a fiscal instrument that has been applied from the time of the Prophet Muhammad, namely zakat. Zakat is believed to be able to reduce the economic gap between mustahik and muzakki (Priyono, 2017). In a study by the Center for Strategic Studies of the National Amil Zakat Agency (Puskas BAZNAS), there was an assessment of the impact of zakat on economic inequality, it was proven by the results of the study that zakat was able to narrow the mustahik income gap by 78%. In addition, empirically zakat is able to help the country in removing mustahik from poverty 3.68 years faster (Puskas BAZNAS, 2019)

Indonesia, as the largest Muslim-majority country and one of the most generous countries according to the Charity Aid Foundation World Giving 2018 has a good potential for raising zakat funds, and it can be considered as an essential economic tool for economic growth (Ascarya & Yumanita, 2018). In general, the total collection of zakat in Indonesia

continues to increase every year, this shows that the level of awareness of paying zakat in the community is getting better. Asfarina et al (2019) in their study also found that Indonesia has considerable potential for collecting zakat. By using two approaches to the fiqh method, namely classical and contemporary and two scenario approaches, namely optimistic and realistic scenarios. The results show that the potential for zakat in Indonesia is very large, especially if we look at the contemporary fiqh method with an optimistic scenario of Rp. 217 trillion, while the lowest potential is using the classical fiqh method and a realistic scenario of Rp. 13 trillion. However, the collection of zakat that has been recorded by BAZNAS and Amil Zakat Institution (LAZ) in 2017 reached Rp6.2 Trillion (Puskas BAZNAS, 2019) which means it only reaches 47% of the calculation of the lowest collection potential of Rp13 trillion and 2.8% of the highest zakat collection potential. Nevertheless, BAZNAS continues to encourage an increase in zakat collection so that efforts to reduce poverty and economic inequality can be maximized.

However, there is a gap between the potential of zakat and the collection of zakat funds. Head of the Puskas BAZNAS, Dr. Moh. Hasbi Zaenal said that according to a study conducted by Puskas BAZNAS (2019), the potential of zakat in Indonesia reached 233.8 Trillion, while it is known that the collection of ZIS (zakat, infak, sedekah) nationally in 2019 through the official Zakat Management Organization only reached 10 Trillion or still 5.2% of the zakat potential, and it cannot be separated from the low level of zakat literacy or low public knowledge of zakat, both knowledge of zakat in

general and knowledge of the importance of paying zakat through official amil institutions. (Ascarya & Yumanita, 2018).

Therefore, in early 2020 the Indonesian Ministry of Religion with the Puskas BAZNAS conducted a survey for the index of Zakat Literacy in thirty-two provinces in Indonesia. The survey found that Kepulauan Riau has the highest Zakat Literacy Index, and West Sumatra is at twenty out of thirty-two provinces in Indonesia. Moreover, the Zakat Literacy Index score in West Sumatra categorize as medium/moderate. From the results, researchers are interested in measuring the level of zakat literacy index in a smaller area, which is Padang, West Sumatera.

The absence of regions in West Sumatra whose zakat literacy index has been measured opens up opportunities for researchers to implement the measurement system developed by Puskas BAZNAS. So that in the future, regions in Indonesia can be mapped based on the level of the zakat literacy index. Stakeholders will then use this map to determine the strategy to improve zakat institutions' performance in collecting zakat.

1.2 Problem Statement

Based on the background above, the problem to be studied is "What is the zakat literacy index for the people in Padang by using the zakat literacy index (ILZ) developed by Puskas BAZNAS?"

1.3 Research Objectives

This study aims to measure the zakat literacy index for people in Padang by using the zakat literacy index (ILZ) developed by Puskas BAZNAS.

1.4 Research Benefits

The results of this study are expected to provide the following benefits:

1. To increase insight and knowledge regarding zakat literacy.
2. To become one of the references and guidelines for further research on the same topic.

1.5 Writing Systematic

The research organizes as follows. The first chapter presents the background and reason to conduct this research. The chapter then followed by the objectives and the benefit of this study and the writing systematic of this research. The second chapter explains the concept of zakat, zakat institutions, and zakat literacy and its measurements. The third chapter presents the research methodology of research design, data type and sources, data collection method, and research population and sample. The next chapter will present the findings with the discussion. Furthermore, the last chapter is closed with the conclusion and research recommendation.

