

Non-compliance in the Distribution and Management of Zakat: An Islamic Legal Perspective

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Abstract: This study investigates the operations of unlicensed zakat institutions, with particular attention to problems such as the absence of accountable reporting, the misallocation of zakat funds away from legitimate beneficiaries (mustahik), and the emergence of fraudulent claimants (jockeys). This study adopts a qualitative approach with an exploratory design to understand the phenomenon of zakat institutions' non-compliance with sharia principles, particularly in the context of legality and governance. The findings reveal structural and operational shortcomings contributing to non-compliance and misalignment with existing policies. The study advocates a shift in research orientation from predominantly ritualistic dimensions toward justice-oriented and religiously humanist policy frameworks. It emphasizes the need to prioritize equitable distribution over technocratic classifications of mustahik while resisting communal or political domination, particularly in political networks. The politicization of zakat, particularly in the context of the 2024 election, has undermined its spiritual and social objectives. Ensuring compliance with shari'ah principles is therefore crucial for establishing legal certainty, strengthening public trust, and enabling zakat to realize its full potential as a transformative instrument for community empowerment in Indonesia.

Introduction

The principal challenge confronting zakat institutions in many Muslim-majority countries is non-compliance with shari'ah, which fosters public distrust and ultimately gives rise to resistance grounded in shari'ah-based considerations. This issue is not limited to Indonesia, where *zakat* institutions engage in activities that do not align with regulations; Malaysia also demonstrates problematic sharia compliance, which points to weaknesses in institutional governance mechanisms (Tarihoran, 2021). This aligns with the growing trend of advertising *Zakat, Infaq, and Sedekah* (ZIS), the distribution of *zakat*/donations, and campaigns for collecting *zakat*, *infak*, and *sedekah*, which can foster enthusiasm within Islamic society. However, the institutions providing these services lack accountability in the collection and distribution processes, operate without operational licenses or legal authorization, and fail to produce financial management reports (Alzuabi et al., 2022). Therefore, the resistance exhibited by *zakat* institutions is a problem that specifically refers to compliance with sharia values.

Zakat is a form of voluntary contribution by individuals to provide funds managed to develop disadvantaged communities (Najiyah et al., 2022). *Zakat* is believed to be one of Allah's obligations, as stated in the Hadith, and it is carried out to assist the poor to improve their welfare (Muzakir, 2022). Further, Muzakir (2022) also explains that Indonesia has adapted this obligation in its legislation, aiming to contribute to the dynamics of society's economy. Within the process of zakat management, there are zakat payers who voluntarily fulfill their obligation by contributing zakat, and zakat collectors, which are organizational entities established to administer the collection of zakat from those payers (Owoyemi, 2020). In addition, the *zakat* collected serves to help the *zakat* recipients (*mustahik*) improve their living standards (Mawardi et al., 2023). The management of *zakat* is carried out through various innovations by *zakat* institutions established by the government (Nasution, 2019). *Zakat* institutions are official organizations established to manage the *zakat* received from *zakat* payers and are regulated by regional (Achir & Muhtar, 2023; Febria & Heriyanto, 2023; Hasibuan, 2023) and national regulations (Iqbal, 2019).

Studies on *zakat* institutions tend to focus on three main areas: First, *zakat* institutions and the implementation of sharia compliance (Abduh, 2013). Second, the accountability of reports and the distribution of *zakat* (Balqis, 2021; Jamilah & Dyarini, 2014; Shahnaz, 2016; Wahyudi et al., 2021). It is also related to *zakat* institutions as agents for *muzaki*, with some showing a rational-economic tendency while others have an emotional-ideological inclination (Muhlis, 2011). Thirdly, there is criticism of the core principles of *zakat*, where sharia compliance stems from an individual's cognitive understanding and actions (Ali, 2013; Rakhmat, 2023; Rusydiana & Firmansyah, 2017). This article critically examines the practices of zakat institutions that disregard the urgent requirement for licensing of Muslim philanthropic organizations, as well as the broader consequences that arise when government regulations on the management of public funds in Indonesia are neglected.

This study aims to address the gap in the literature, which has mainly focused on the process of *zakat* implementation without analyzing *zakat* institutions' compliance with sharia standards. Therefore, three main questions are formulated: (1) Why do zakat institutions fail to register with the government to obtain legal status (not meeting the requirements for registration)? (2) What factors contribute to the lack of transparency in the management of funds? (3) How does the inaccuracy of zakat distribution targets to mustahik involving local government programs occur? These three questions will be the primary focus of this study. In this context, non-compliance with sharia is the biggest problem in Muslim countries, where institutions neglect to obtain licenses and face issues with the licensing procedures, accountability in reporting to ensure sharia compliance, and the distribution of *zakat* to beneficiaries often occurs due to not only the lack of *zakat* funds but also the misallocation of *zakat* funds to the intended recipients.

Sharia compliance in *zakat* institutions, according to KMA Number 733 of 2018, outlines that sharia audits aim to ensure adherence to sharia standards, prevent deviations and violations of sharia provisions, and ensure the accountability and sharia compliance of *zakat* institutions. Irrespective of

the legal status of zakat administrators (*amil*), ensuring accountability in financial reporting and accuracy in the distribution of zakat to rightful beneficiaries (*mustahik*) remains essential. A legal *amil* with an accountable reporting system has been shown to improve the legitimacy of *zakat* institutions and increase the number of *muzaki* (*zakat* payers). The legitimacy of *zakat* institutions guarantees that *zakat* distribution is targeted appropriately. Proper targeting means the actualization of *zakat* in the community's economy, developing small and medium-sized enterprises (SMEs) (Salleh et al., 2024), and beneficiaries of *zakat* who tend to transition into *muzaki*. On the other hand, *zakat* institutions that lack legal authorization and operate with non-transparent reporting systems hinder the continuity of *zakat* institutions in terms of accountability. This leads to a lack of trust from the public, which has broader implications, including the portrayal of *zakat* institutions forcing *mustahik* into receiving *zakat* through preachings focused on fear-based narratives (e.g., Hell and Heaven) rather than fostering awareness that *zakat* is both a ritual obligation and a social duty.

Method

This study adopts a qualitative approach with an exploratory design to understand the phenomenon of *zakat* institutions' non-compliance with sharia principles, particularly in the context of legality and governance. This research design allows the authors to explore the underlying realities of institutional practices that, while appearing formally compliant, may in fact conceal substantial systemic weaknesses. (Fernando et al., 2024, 2025). The study explores the interrelation between policy, technical implementation, and public perception of *zakat* institutions. An exploratory approach is deemed appropriate, as the issue of non-compliance within *zakat* institutions remains under-researched, particularly from the perspectives of Islamic law and distributive justice. Through interviews with religious figures and *zakat* stakeholders and analyzing publicly available documents, this study seeks to unravel non-compliant practices that are not only administrative but also reflect a more profound spiritual crisis in managing communal religious funds. Therefore, this type of research is highly relevant in addressing the deeper layers of institutional challenges in *zakat* governance in Indonesia.

The data sources employed in this study consist of a combination of primary and secondary materials, each complementing the other. Secondary data were collected by reviewing official websites of *zakat* institutions such as BAZNAS and several LAZs, and public documents were uploaded to the Ministry of Religious Affairs' online portal. In addition, online news articles from national and local media were analyzed as part of a contextual literature review highlighting non-compliance dynamics among *zakat* institutions, particularly regarding legality, reporting, and distribution. Meanwhile, primary data were obtained through interviews with five key informants: one representative from BAZNAS (R1), two representatives from local-level LAZ and BAZ institutions (R2, R3, and R4), and one official from the Ministry of Religious Affairs responsible for receiving and reviewing *zakat* reports (R5). Primary data were obtained through purposive interviews with five informants, selected for expertise and institutional roles, ensuring

methodological contribution in analyzing zakat non-compliance within Islamic law and governance frameworks. The insights gained from these interviews provide a critical foundation for analyzing the non-compliance practices of *zakat* institutions from the perspectives of Islamic law and institutional governance.

Data collection in this study was conducted through in-depth interviews and document analysis. Unstructured interviews were employed to allow informants to freely express their views regarding the non-compliance of *zakat* institutions with sharia principles. This technique allowed the researchers to explore sensitive issues, such as the absence of institutional legal status, irregularities in *zakat* distribution practices, and the potential politicization of *zakat*. Information was gathered from various layers of stakeholders, including policymakers, academics, and zakat recipients. This study adopted the qualitative data analysis framework of Miles and Huberman (2014) which comprises three key stages: data reduction, data display, and conclusion drawing with verification. During the data reduction stage, the researchers systematically filtered information derived from in-depth interviews, online documents, and news sources to identify patterns of non-compliance among zakat institutions, including the absence of legal status, deficiencies in reporting, and irregularities in distribution practices. The reduced data were then organized and displayed as thematic matrices and key quotations highlighting the interrelationships among the collected information (Larasati, 2025; Maulana & Hendri, 2025; Maulina et al., 2025; Saputra & Abdullah, 2025).

Results and Discussion

Non-compliance in the management and distribution of *zakat* remains a critical issue that hinders the full realization of *zakat's* intended objectives. Several *zakat* institutions operate without formal registration due to their failure to meet governmental requirements, raising concerns about their legal standing. Moreover, a lack of transparency in fund management and inaccuracies in identifying rightful recipients (*mustahik*) reflect weaknesses in governance practices that fall short of Islamic legal and ethical standards. These three issues underscore a substantial disparity between the normative framework of zakat as prescribed in Islamic law and its practical implementation, as evidenced by the findings presented below.

***Zakat* Institutions Fail to Register with the Government to Obtain Legality**

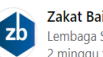
The non-compliance issue among *zakat* institutions in Indonesia manifests in three predominant patterns: inaccurate institutional information, lack of official registration, and failure to meet basic legal requirements. As noted by Samargandi et al. (2018), the legitimacy of *zakat* institutions is not merely an administrative formality but a fundamental pillar in ensuring transparency and public trust in the *zakat* system. Ironically, despite efforts by the government to simplify the registration process, many institutions continue to operate informally and remain outside the regulatory framework. This condition weakens accountability in zakat distribution and impedes the

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broader objective of integrating a cohesive national zakat system (see Table 1 and Figure 1).

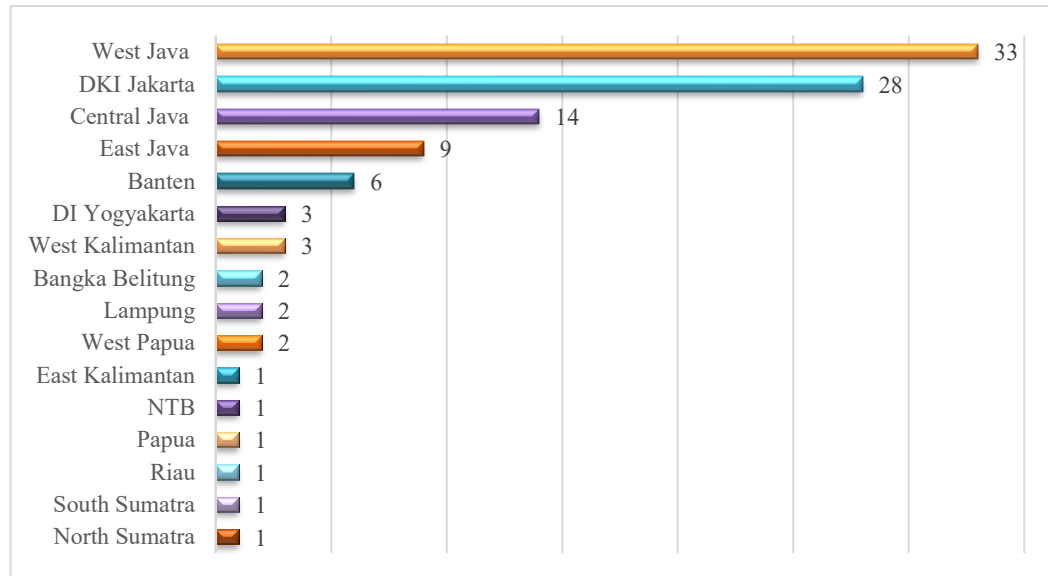
Table 1. Profile of *zakat* institutions

Social media and web of LAZ	Name of zakat organization	Institutional license
 Kitabisa Penggalangan Dana Jakarta Selatan, Jakarta	Kitabisa	Fundraising
 ACT Foundation Aksi Cepat Tanggap Filantropi Jakarta Selatan, DKI Jakarta	Aksi Cepat Tanggap	Philanthropy
 Human Initiative Jasa Penggalangan Dana Filantropis East Jakarta, DKI Jakarta	Human Initiative	Fundraising and Philanthropy Services
 837 posts 2,323 followers 7,020 following Fitrah Insan Madani (FIM) Charity Organization Yayasan Fitrah Insan Madani adalah lembaga filantropi yang mengelola zakat, infak, sedekah, serta dana sosial lainnya melalui program-program.	Fitrah Insan Madani	Philanthropy
 Lembaga Amil Zakat YAPI Klub Sosial - 314 pengikut LAZ YAPI bergerak dim pengumpulan dan penyaluran zakat, infak, shodaqoh dan wakaf serta kemanusiaan	Lembaga Laz Yafi	Social Club
 Center for Zakat Management (CZM) Organisasi Nirlaba - <i>Sekarang Tutup</i> - 141 rb pengikut - 10+ postingan dalam 2 minggu terakhir Center for Zakat Management (CZM) is a faith-based organization dedicated to the mobilization and dis	Center for Zakat Manajemen (CZM)	Non-Profit Organization (NPO)
 Zakat Baik Lembaga Swadaya Masyarakat (LSM) - 5,1 rb pengikut - 10+ postingan dalam 2 minggu terakhir Zakat Baik Bersama adalah lembaga filantropi mengelola dana zakat, infak dan sedekah untuk mewujudkan	Zakat Baik	Non-Governmental Organizations (NGOs)

Sources: Social Media and Web of LAZ

Based on the data presented in Table 1, several organizations engaged in zakat fundraising and distribution, including Kitabisa, Aksi Cepat Tanggap (ACT), Human Initiative, Fitrah Insan Madani, Lembaga Laz Yafi, the Center for Zakat Management (CZM), and Zakat Baik, are not listed among the officially registered *Amil Zakat* Institutions (LAZ) as published by the Ministry of Religious Affairs and BAZNAS. Despite their active roles in managing *zakat*-related programs, no verifiable licensing information confirmed their legal recognition as authorized *zakat* institutions. This lack of clarity raises questions regarding these organizations' transparency, accountability, and regulatory compliance. In the context of national *zakat* governance, unregistered entities may risk the credibility and integrity of *zakat* management, primarily if they operate without oversight or standardized reporting mechanisms (Widagdo & Rokhlinasari, 2024). Therefore, this is not merely an administrative matter but concerns compliance with national regulations.

Figure 1. Profile of *zakat* institutions without licenses by province



Sources: National Zakat Forum and data has been reprocessed

Figure 1 shows the distribution of 108 institutions managing *zakat* without official authorization as of January 2023, according to data released by the Ministry of Religious Affairs (Kemenag RI, 2023). These institutions operate across multiple provinces in Indonesia. The highest number was found in West Java, with 33 institutions, followed by DKI Jakarta with 28, and Central Java with 14. Other provinces such as East Java (9), Banten (6), and Yogyakarta (3) also reported unauthorized *zakat* management. Smaller numbers were identified in regions including West Kalimantan, Bangka Belitung, Lampung, West Papua, East Kalimantan, West Nusa Tenggara, Papua, Riau, South Sumatra, and North Sumatra. In total, 108 unauthorized *zakat*-managing institutions were identified nationwide.

The operation of *zakat*-managing institutions without formal authorization invites careful attention to Indonesia's broader landscape of *zakat* governance. While many of these institutions may have noble intentions, the absence of official permits can present challenges in ensuring transparency, accountability, and consistent oversight. Such conditions may unintentionally affect public confidence and the effective distribution of *zakat* funds. This also reflects the need to strengthen regulatory implementation and raise awareness about the value of channeling *zakat* through officially recognized bodies. Beyond questions of legality, this situation highlights the critical importance of institutional legitimacy in realizing the higher objectives of *zakat*, particularly poverty alleviation and the promotion of social equity. To support this, a collaborative approach involving clearer regulations, accessible licensing processes, and continuous public engagement is vital. Ultimately, enhancing *zakat* governance is a regulatory concern and a shared commitment to upholding the ethical, spiritual, and social values that *zakat* represents within Islamic principles and national development.

Moreover, failing to meet basic legal requirements appears to be a significant issue among many *zakat* institutions operating without official recognition. Aziz & Ahmad (2018) also emphasized that, within the framework of Islamic legal principles, such non-compliance is not only a legal matter but also an ethical one, as formal registration is essential to ensure transparency, accountability, and alignment with sharia. This concern reflects broader challenges in the governance of *zakat* institutions, particularly in sustaining public trust and ensuring the effective fulfillment of religious obligations. The details of this issue are further elaborated in the narrative below.

“Ministry of Religious Affairs: “The licensing process is simple; 108 LAZ are already aware of the requirements” (www.republika.id, 2023).

“To the 108 institutions, we urge them to begin the licensing process immediately. They are already aware of the requirements, the procedures, and how the process works. It's effortless; all the information is available on the website, and they understand it” (Republika.co.id, 2023).

“We have also discussed this with BAZNAS and the *zakat* forum to encourage them to apply for licenses,” said Waryono Abdul Ghafur, Director of Zakat and Wakaf Empowerment at the Ministry of Religious Affairs (Media, 2023).

Recent data reveal that a considerable number of *zakat* institutions have yet to comply with the formal legal requirements necessary for obtaining operational licenses. While the procedures for obtaining such licenses are publicly accessible and clearly outlined, the progress toward compliance appears gradual. As stated by a Ministry official, “*They already know the requirements, the procedures are simple, and all the information is available on the website.*” This situation reflects ongoing challenges in aligning operational practices with regulatory frameworks. From an Islamic legal perspective, meeting these legal standards is a procedural necessity and reflects institutional responsibility and transparency in the *zakat* management.

The non-compliance of *zakat* institutions with formal legal requirements for operational licensing reflects a weak institutional awareness of the importance of regulation-based governance. Despite the simplification of licensing procedures and the availability of relevant information, many *zakat* institutions in Indonesia continue to operate without formal legal status (Iswanto & Hadinatha, 2023). This phenomenon is driven by three main factors.

First, there is a lack of institutional awareness regarding the legal dimension of a sharia and administrative responsibility. Second, many institutions prioritize the disbursement of funds over structural compliance, which should ideally ensure public transparency. Third, the absence of active oversight, both internally by supervisory boards and externally by BAZNAS and the Ministry of Religious Affairs, has contributed to delays in formal registration. Taken together, these three factors have resulted in *zakat* management operating outside the framework of ideal legal governance.

From the perspective of Islamic law, the absence of legal authorization is not merely an administrative violation but also a neglect of public trust and the objectives of sharia (*maqashid al-shariah*), particularly the protection of wealth and the promotion of justice in its distribution (Islam et al., 2023).

The misalignment of *zakat* institutions' operations with the prevailing legal system undermines local public trust and sets a detrimental precedent within the global *zakat* ecosystem. Without standardized legal compliance, the effectiveness of cross-border *zakat* distribution programs becomes compromised. As Mohamed Esa et al. (2018) emphasized, when institutions fail to demonstrate legal integrity, the public tends to respond with apathy toward those institutions.

Moreover, such legal irregularities have significant implications for the delayed integration of national *zakat* systems into the broader Islamic economic framework (Asadov et al., 2024; Bin-Nashwan, 2025; Zainuddin et al., 2023). This condition weakens Indonesia's credibility as one of the countries with the highest *zakat* potential and impedes efforts to establish *zakat* as an official instrument for global poverty alleviation (Fernando et al., 2025; Purnama, 2020; Rohmaniyah, 2022).

Factors Unveiling the Opacity in Fund Management Practices

Ideally, *zakat* fund management should be conducted in a transparent and accountable manner. However, the field findings indicate weak institutional accountability, limited transparency in the utilization of funds, and deficiencies in managerial integrity. Irregular reporting, unclear allocation, and the absence of open accountability mechanisms are key indicators of weak governance. Various forms of non-transparency are presented in more detail in Table 2 below.

Table 2. Lack of transparency in zakat fund management processes

Categories	Interview Narrative	Sources
The Low Accountability of Institutions	"Yesterday, on September 8th, we just submitted our management report for the past 6 months. With regard to the previous administration, there is no available information. But when I went there, they said it was the first time for LAZ."	Interview with R4
The Low Accountability of Institutions	"We have been asked to prepare a report. However, the reporting is not yet optimal, particularly regarding internal financial management. If one LAZIS assists person A, we must ensure that there is no double receiving aid. If person A receives assistance from LAZIS A, we should also not give aid. So, we have been trying to maintain communication up to that point."	Interview with R5

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Minimal Transparency in Realization	"The reports are still manual. We report the services every month, but here, in the management of LAZ and BAZ, they are only recorded by the number of <i>mustahiq</i> served. This is only for the central report. As for the report to BAZNAS, not yet."	Interview with R2
Minimal Transparency in Realization	"The <i>zakat</i> and <i>mustahiq</i> reports are done manually. As for <i>Sedekah</i> and <i>Infak Zakat</i> , not everyone reports... about 75-80% register. Of those, around half report regularly. As for the reports for LAZ and BAZ, no one is reporting. In terms of documentation, they don't keep any records. Perhaps BAZNAS hasn't emphasized the need for monthly reporting."	Interview with R1
Lack of Integrity Among Fund Managers in Managing Zakat Funds	"Most of the management tasks are handled by assistants at LAZ and BAZ. So far, due to time and capacity, sometimes it's twice a week, sometimes once a week. So when they come, they mostly just check the distribution reports to the <i>mustahiq</i> ."	Interview with R3

Sources: Interview

Table 2 presents various forms of non-compliance in *zakat* fund management, which primarily reflect low accountability, lack of transparency, and weak integrity among *zakat* institution managers. Interviews with several stakeholders indicate that reporting practices within *zakat* institutions remain inconsistent. Some institutions have only started preparing reports in the last six months, and even then, these reports were created without clear reference to previous management. It was also acknowledged that reporting is still manual, not systematically documented, and does not encompass all types of *zakat* funds. The absence of adequate record-keeping and weak inter-institutional communication poses a risk of overlapping assistance. In some cases, management is only carried out part-time by assistants, without a professional management structure. All these conditions illustrate that *zakat* fund management has not been optimized in accordance with the principles of good and responsible sharia governance.

Table 2 highlights three main trends of non-compliance in *zakat* management. First, the low accountability of institutions, as evidenced by the statement that reporting was only done after six months, with no clarity regarding previous reports. This finding reflects weaknesses in documentation systems and internal oversight mechanisms. Second, the lack of transparency in implementation is also prominent, with findings showing that *zakat* reporting is still mostly done manually and irregularly and does not include all types of funds, such as *infak* and *sedekah*. In fact, most institutions do not report data to BAZNAS regularly. Third, the low integrity of the managers is reflected in the management being carried out by part-time assistants, with a limited focus only on distribution reporting without comprehensive planning.

These three findings indicate that *zakat* management is still far from the sharia principles that demand transparency, accountability, and professionalism.

The lack of transparency in *zakat* fund management illustrates deficiencies in institutional governance, which ought to uphold the principle of public accountability. This phenomenon can be explained by three main factors. First, the distribution of *zakat* funds has not been optimized because the data on *mustahik* (*zakat* recipients) is not well-documented, leading to the potential duplication of assistance recipients. Second, there is a tendency for the ritual aspect to dominate the understanding of *zakat*, while the social and institutional elements receive less attention. This is in line with the analysis by Othman et al. (2021), who stated that a weak understanding of the social values of *zakat* is a significant barrier to its success. Third, the absence of effective regulatory mechanisms, particularly through internal and external audits, reinforces the lack of control over reporting and transparency. In line with this, Susilowati & Setyorini (2018) also emphasized that weak oversight of *zakat* institutions increases the risk of fund misuse and undermines public trust.

The lack of transparency in *zakat* management is not only an internal administrative issue but has wide-ranging implications for public trust both nationally and globally. In the global context, *zakat* institutions in Indonesia risk losing credibility as a model of inclusive and professional Islamic philanthropy. A study by Qamaruddin et al. (2019) shows that the success of *zakat* management is heavily dependent on the accountability and transparency of its institutions. When these two aspects are neglected, the potential of *zakat* as an instrument for wealth redistribution and poverty alleviation will fail to materialize. This is further supported by findings from Yuliani et al. (2018), who noted that the reluctance of *muzakki* (*zakat* payers) to channel *zakat* through formal institutions is often caused by a lack of trust in the integrity and capacity of the administrators. Therefore, institutional reform grounded in the principles of good governance and reinforced by stronger regulatory frameworks is urgently required to enable *zakat* to operate optimally within the contemporary Islamic economic system.

Inaccuracy in Targeting *Zakat* Distribution to *Mustahik*

The distribution of *zakat* should allocate funds to *mustahik* who meet the established criteria and have real, tangible needs. However, in practice, there is often a mismatch between the recipients and the predetermined *mustahik* criteria. The distribution of *zakat* is not consistently aligned with the priority needs of its intended beneficiaries. Additionally, the absence of a precise verification mechanism for *mustahik* leads to misdirected targeting in *zakat* distribution. These various issues can be seen in Table 3 below.

Table 3. Inaccuracy in targeting *zakat* distribution to *mustahik*

Categories	News Narrative	Sources
The mismatch between recipients and <i>mustahik</i> criteria	The distribution of free carts for SMEs by Baznas Ngawi was deemed misdirected. One of the vendors who received assistance, identified as NNA, admitted owning a luxury car, a Mitsubishi Pajero Sport, which is used for selling.	https://jati.mtimes.co.m/baca/332769/20250305/073500/pedagang-naik-
The mismatch between recipients and <i>mustahik</i> criteria	The Baznas institution in Bone Regency distributed a portion of <i>zakat fitrah</i> to sub-district heads, Heads of Religious Affairs Offices, and village heads, up to 40 percent.	https://www.jpnn.com/news/distribusi-
Not based on the real needs and priorities of the recipients	The Baznas institution in West Java is suspected of embezzling <i>zakat</i> funds amounting to IDR 9.8 billion. The embezzlement occurred by reallocating funds originally intended for the <i>fisabilillah</i> (for the sake of Allah) - community, into the <i>disabitillah</i> (for the <i>amil's</i> share) - internal staff.	https://www.detik.com/jabar/berita/d-7480295/dprd-
Not based on the real needs and priorities of the recipients	The Baznas institution in Bukittinggi is suspected of using <i>zakat</i> funds for purposes other than those intended for <i>mustahik</i> (the <i>zakat</i> recipients). This is evident from the phrase "Bang Wako Peduli" on <i>zakat</i> distribution materials, which implies that the Mayor personally distributed the <i>zakat</i> . However, the <i>zakat</i> actually came from Civil Servants, which has no direct connection to local government affairs.	https://www.cakrawala.co/daerah/77512298229/dema-uin-sjech-m-djamil-djambek-bukittinggi
Not through a <i>mustahik</i> verification mechanism	The distribution of <i>zakat</i> was not directly handed over to the community; instead, it was deposited at the subdistrict office. Moreover, there are indications that the distribution process did not fully adhere to the principles of Islamic <i>sharī'ah</i> .	https://www.cakrawala.co/daerah/77512298229/dema-

Sources: Online News

Table 3 presents several findings that reveal discrepancies between *zakat* distribution practices in certain regions and the fundamental principles of Islamic law. These discrepancies are reflected in cases where *zakat* was given to individuals who did not meet the *mustahik* criteria, as well as the use of *zakat* funds for purposes that do not align with the primary needs of the recipients. One example is the distribution of carts to economically well-off

traders, even owning luxury vehicles. Additionally, some *zakat* institutions have been recorded distributing funds to local government officials without prioritizing *mustahik*. These practices constitute violations of the principles of justice and trust in *zakat* management. The findings further reveal that oversight of the *zakat* distribution process remains weak, thereby undermining the effectiveness of *zakat* as both an instrument of community economic empowerment and a vehicle for achieving equitable welfare.

From Table 3, three key contexts in the issues of *zakat* distribution can be identified. First, there is a mismatch between the recipients and the criteria for *mustahik*. This is evident in Ngawi, where a *zakat* recipient was found to own a luxury car, and in Bone, where *zakat* was distributed to district heads and village chiefs. Second, *zakat* is not distributed based on the real needs of *mustahik*. In West Java, *zakat* funds totaling IDR 9.8 billion were redirected from the community to internal *amil*. In Bukittinggi, *zakat* funds were used for political programs under the name of the Mayor. Third, the distribution process does not undergo adequate verification of *mustahik*. For example, in some regions, *zakat* was only entrusted to sub-district offices without direct distribution to the community. These three indicators reveal a systemic pattern of non-compliance regarding sharia law and institutional governance, which ultimately weakens the role of *zakat* as a fair social instrument.

Based on the information gathered during interviews and document reviews, *zakat* institutions generally strive to distribute collected *zakat* funds within a fiscal year to maintain compliance with Islamic principles of timeliness and benefit delivery. However, in certain cases, assets remain unutilized for extended periods as a result of administrative delays, incomplete verification of beneficiaries, or the need for allocation planning in large-scale programs such as health, education, or community development initiatives. (Iskandar et al., 2021; Khamim et al., 2025; Mazroatus Saadah & Uswatun Hasanah, 2021; Mustofa et al., 2025). Both licensed and unlicensed institutions may encounter such situations, though regulated institutions are typically required to report and justify these delays to supervisory authorities. Importantly, prolonged accumulation is discouraged, as *zakat* is intended to be disbursed promptly to meet urgent social and economic needs of eligible recipients.

The miss-targeted distribution of *zakat* to *mustahik* by *zakat* management institutions often becomes the leading cause of the erosion of trust among the community. This affects the public's critical attitude towards *zakat* administrators and creates widespread social suspicion. Hassan et al. (2018) emphasize that *zakat* distribution that does not align with sharia principles damages the management system of *zakat* and weakens the social justice values that *zakat* is supposed to uphold. Meanwhile, Syaikh et al. (2022) also argue that the public begins to lose direction in understanding their rights and obligations regarding *zakat* when trusted institutions fail to set an example of integrity. In other words, the impact of the misallocation of *zakat* on public attitudes affects mutual respect. It erodes public morality, where *zakat* is no longer seen as a sacred social act of worship but rather as a tool for vested interests.

The misallocation of zakat illustrates how the intervention of vested interests can profoundly shape shifts in societal values, particularly in relation to collective morality and public attitudes toward religious institutions. According to Halimatusa'diyah (2015), *zakat* should be understood as an instrument for purifying wealth and cleansing the soul. However, societal attitudes that support morality are shaped not only by religious understanding but also by justice in practice. In addition to the neglect of *mustahik* rights, local communities also harbor concerns about the potential manipulation of *zakat* distribution. The attitudes of society supporting morality, as highlighted by Febriandika et al. (2023), show that non-compliance by *zakat* institutions not only creates social inequality but also fosters a new awareness about the importance of public control (society's awareness of the dangers of using *zakat* for political purposes). This context is also reinforced by Noviana et al. (2020), who state that the misappropriation of *zakat* not only deprives the rights of those in need but also tarnishes religious values.

Conclusion

This study underscores multiple forms of non-compliance in the distribution and management of zakat in Indonesia when examined from the perspective of Islamic law. Three main findings emerge: the failure of *zakat* institutions to officially register with the government, the lack of transparency in fund management, and inaccuracies in the distribution of *zakat* to the *mustahik*. These issues indicate violations of the fundamental principles of *zakat* governance in Islam, emphasizing legality, trustworthiness, and justice. The fact that many institutions fail to meet legal requirements reveals a weakness in administrative compliance that should ensure public accountability. The lack of transparency in fund management shows a failure of sharia's essential principle of openness. Meanwhile, improper distribution reflects the failure to realize the *maqāṣid* of zakat, particularly the objective of protecting vulnerable groups. Therefore, these three issues signify a severe compliance crisis in the current *zakat* system.

From an Islamic legal perspective, the research shows that violations of the principles of legality and justice in *zakat* management are not just administrative issues but also ethical and spiritual problems. The lack of formal legality is not merely a violation of positive law but also reflects a weak commitment to the Sharia values that govern Islamic philanthropy. The closed managerial practices indicate that *zakat* institutions often position themselves as entities immune to public evaluation, building legitimacy through religious symbols while lacking substantial substance. The improper distribution of zakat further indicates that formal adherence to *sharī'ah* compliance has not yet ensured the realization of substantive social justice. Therefore, this study calls for a paradigm shift from ritualistic-institutional to ethical and humanistic approaches. *Zakat* should be understood not only as a religious obligation but also as a public policy tool to address social inequality within the framework of living and contextual Islamic law.

Although this study offers a critical reading of non-compliance within the *zakat* system, several limitations must be acknowledged. The research has not comprehensively evaluated the variations in practices among *zakat*

institutions, both formal and informal, operating in different regions with diverse political and social dynamics. The data employed in this study are primarily descriptive and qualitative, and therefore have not been able to quantitatively demonstrate the extent of distribution discrepancies. The study also has not explicitly explored how regulations and state supervision impact sharia compliance. Therefore, future research should adopt an empirical-quantitative approach and policy studies based on the performance evaluation of *zakat* institutions. At the same time, research should promote the formulation of zakat policies grounded in substantive justice, thereby bridging Islamic legal principles with contemporary socio-political realities.

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