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Peer to Peer Lending Methods in Management of Zakat Funds through Sharia Financial Institutions

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ABSTRACT

The gap of living standards in society should be minimized through the potential of zakat in Indonesia. Indonesian population has recorded by the Central Bureau of Statistics, in March 2018 amounted to 265 million and was expected to reach 271 million by 2020, then the poor society in Indonesia were 25.95 million people. Correspondingly, the dominance of Muslims in Indonesia makes zakat as a potential welfare instrument. The study was conducted by PIRAC noted that, the potential of Zakat funds amounting to 20 billion in Indonesia. Where the average person per year has the potential to spend Rp. 557,267. However, this potential has not been able to be achieved by BAZNAS. Many destitute and poor groups from year to year remain status as mustahik. Among the obstacles faced was located in the management and distribution of zakat funds. This study aims to examine the management and distribution model of ZAKAT through Islamic Financial Institutions (LKS) using Peer to Peer Lending (P2PL) methods. With a qualitative descriptive approach, zakat funds could be managed by LKS institutions with this method, because P2PL schemes are inclusive in managing zakat funds. In that management, the funds awere divided into two, namely consumptive and productive funds. By LAZ through LKS the productive funds were managed with management and products contained in the LKS. One of the supporting instruments is halal investment. By using methods P2PL investment, zakat funds can grow each month with little downside risk. In line with the development of the Financial Tecnogy (FinTech), LAZ with LKS can work together in the utilization of information technology to manage and distribute zakat funds to boost the economy and reduce mustahik in Indonesia.

Keywords: P2PL, Zakat, Platform, Investment, LKS

INTRODUCTION

Industrial revolution 4.0 is substantively affecting many companies that are manual systems in running their businesses. No exception for the National Amil Zakat Agency (Baznas) which has been moving manually in collecting and overtaking zakat funds. Otherwise, this condition benefits to companies such as Fintech (Financial Technology) which has been designed on a technological base.

According to valid aspects of literature that Zakat is a very important nomenclature in the effort to develop and improve the economy of Muslims. Economic verses in the Qur'an and Hadith have a lot of explaining how Zakat must be organized and managed properly for the benefit, through government agencies, Non Governmental Organizations (NGOs), the Organization of the Islamic Social, and others can manage and distribute zakat professional services. (Rofiq, 2012: 259).

disruptiveera many Towards to Financial Technology (Fintech) companies are growing everywhere. Like peer-to-peer lending, crowdfunding, mobile payments / online banking, marketplaces, and so on, they are rapidly present in providing financial services to the public. The Fintech company provides efficient financial services by basing activities through smartphone technology. Indirectly this has an impact on institutions that are still manual in carrying out their business activities, including the BAZ or LAZ. From the interviews conducted by the writer did at the Wonogiri District Zakat Agency (February 16, 2018), Klaten Regency (March 21, 2018), Surakarta (May 11, 2018), and Boyolali district (June 11, 2018), shows that the LAZ management system was still manual. Where every muzakki must come to LAZ or BAZ to obtain zakat services. Or the LAZ goes to the muzakki (private or governmental institution) in fulfilling the obligation of zakat. The system has been running since Baznas was established until now, not to mention the muzakki and mustahiq communities found in 3T (Outermost, Deepest, and Remote) areas that often have problems with transportation access.

The potential of zakat with the largest Islamic base should be able to answer the problem of poverty in society. Writing organized by the State Islamic University (UIN) Hidayatulla in collaboration with the about assessing Ford Foundation potential of Zakat, Infaq, and Shodaqoh (ZIS) is not meant to be endowments, in fact the potential of ZIS in Indonesia could be reach 19.3 trillion. Other writing by PIRAC notes that the potential of ZAKAT funds could be reach 20 trillion in Indonesia. Where the average person per year has the potential to spend Rp. 557,267, which consists of Rp. 409,267 / person in the form of money and Rp. 148,000 in kind (Rumah Zakat, 2005). Released in (Suara.com, 2016) that the

potential of zakat in Indonesia has now reached 400 trillion, this was revealed in a discussion held by the British Islamic Family (Kibar) Colchester. in the discussion it was also revealed why this potential had not been able to be achieved because there were problems in "marketing" and its designation related to public trust. This means that management and distribution of zakat has not been properly regulated.

Realizing economic prosperity was not enough to just give and hand over zakat management automatically to mustahiq, but it was supported by the right instruments and management and distribution systems that were integrated with the organizing agency. Because, Mustahiq has different skills in managing the zakat funds provided. If it is assumed muzakki as the owner of capital, then in this case Yusuf Qardawi argues that it is better for the owner of capital to give his money to capable and experienced people to screened and developed with predetermined profit return. (Yusuf Oardawi, 1993) From the interviews at Baznas Boyolali Regency that zakat funds were given and processed independently, as a result they were ineffective because the productive zakat provided was sold as a consumptive need by mustahiq (March 08, 2018).

National Zakat Agency through BAZ or LAZ was expected to play a role by the community in reducing poverty in Indonesia. In March 2018, the Central Bureau of Statistics measured that the number of poor people (population with per capita expenditure per month below the poverty line) in Indonesia was 25.95 million people. This number has decreased in September 2017, which amounted to 26.58 million people (BPS, 2018). Based on these data, the poor are still dominated by people on the island of Java, namely 13.34 million people (8.94%), while on the island of Sumatra there are 5.98 million people, Sulawesi Island 2.06

million people, Bali and Nusa Tenggara Islands there are 2.05 million, Maluku and Papua Island have 1.53 million people, and Kalimantan Island has 980 thousand people (Tirto.id, 2018). This percentage is a challenge to the amil zakat institution in its active role in reducing poverty through the potential of zakat in the community, as well as the opportunity to instill empathy or concern for the fellow economy.

From the description above, we can conclude that Baznas has an opportunity in the economic welfare of Muslims with the potential of Islamic philanthropic funds. Regarding the problem of management and distribution referred to in baznas management of zakat funds which indirectly impacts on economic welfare, the authors will examine the appropriate method of managing and channeling zakat funds with the title "Peer-to-Peer Lending Method in Management of Zakat Funds By Islamic Financial Institutions ".

From the background explanation above, to find a solution to this phenomenon, the author suckled several questions. The formulation is as follows: 1) What is the method of peer-to-peer lending in managing through danazakat Islamic Financial Institutions? 2) How does Amil Zakat Institutions optimize Information Technology in the management distribution of donations?

The aims of this study are: 1) To know the peer-to-peer lending method in managing and channeling ZAKAT funds through Islamic Financial Institutions. 2) So that the Amil Zakat Institution optimizes the use of Information Technology in managing and distributing ZAKAT funds.

LITERATURE REVIEW

Peer-to-Peer Lending Method (P2PL)

Associated to venture capital, many loan service providers have provided initial capital for entrepreneurs in return for interest in each installment, one of which is start up Peer to peer lending. P2PL or Peer to Peer Lending is borrowing from one person to another or a container that brings together the borrower (borrower) with the lender (lender). This term means there are only two participants. In the process granting loans of intermediary agents such as banks and credit institutions. There is a special website in the form of an Operator platform where users can become borrowers and lenders. There are those on loan and online loans that are guaranteed and some are without guarantees (Alfhica Rezita Sari, 2018).

P2PL is an option for beginner entrepreneurs in increasing their business capital. One of the largest P2PL loan providers in Indonesia is PT Amartha Mikro Fintek which started its business activities from 2010. (Carissa Akhlaq, 2018).

According to the Big Indonesian Dictionary, the method is a systemic way of working to facilitate the implementation of an activity in order to achieve the stated goals. In this study the researchers wanted to use the P2PL method in financing investments with efficiency and security principles screening borrowers or borrowers. By this method, the writer will try to use in managing zakat funds from LAZ to Islamic Financial Institutions (LKS). Because LKS has the same role as P2PL, namely providing loan services. Through investment instruments contained in LKS, ZAKAT funds are managed by the P2PL method.

So the method of peer to peer lending as the writer meant in this study is a series of ways used to manage a number of funds through lending and borrowing between lenders and platform-based borrowers.

Platform (Start-up Online)

There are many meanings that explain the platform. From the Cambridge Dictionary explaining the meaning of the platform is the type of computer system or smartphone you are using, you can use on it. Which can be translated as the type of computer system or smartphone that we use, in relation to the type of software that we can use on our computer. Platform is a term in information technology regarding software that can be used on several different operating systems (Microsoft Windows, Linux, Mac OS, BSD, etc.). Generally software that has cross platform capabilities is free software. A platform consists of an operating system that is a computer coordination system program that gives commands to the processor and hardware to carry out logical operations and regulate the movement of data on a computer. Many people assume that the Platform and Operating System are the same, but in reality they are not. The platform is the basis or place where the operating system works, without an operating system platform it won't work.

In the business world, the platform is a business opportunity with the ability to leverage as much as possible and reduce the smallest operational costs. Platform is a form of financial technology in the business world. Through a business process platform to be effective and efficient, where companies can be integrated directly with the profile of members or customers without having to meet face to face. Business is run by clicking on a computer or smartphone. It could be held wherever and whenever. As long as it was connected to the internet, all business processes could be run. So that, this will simplify the management process achieving its objectives.

Management of Zakat Funds

The Act which manage about zakat funds was contained in Act No. 38 of 1999. This Act regulates the management of zakat funds, the parties managing consist of BAZ and LAZ.

In the Explanation of Act No. 38 of 1999 in the general section also explained that the Act on the management of zakat covers the management of infaq, shadaqoh, wills, inheritance, grants, and kafarat. Where management of zakat includes infaq, shadaqah, and the endowment has an understanding as an activity which includes planning, implementation, and supervision of the collection and distribution and utilization of zakat. (The Act No. 38 of 1999).

Management of zakat on its principles fulfills management functions, which include planning (planning), organizing (organizing), implementation (actualizing), and supervision (controlling) which is then abbreviated as POAC. There are 2 kinds of institutions for managing the fund according to the law, namely:

- 1. Amil Zakat Agency (BAZ) formed by the government (ps. 6 paragraph (1)
- 2. Amil Zakat Institution (BAZ) of article 7, which is a zakat management institution that was fully formed on the initiative of the community and by the community engaged in the field of da'wah, education, social and community Muslims (ps. 1 number (2) KMA no. 581/99)

The two types of zakat management organizations as mentioned above have the same task, namely: collecting, distributing, and utilizing zakat according to religious provisions (article 8) (Assembly Tarjih Muh, 2001). The utilization of zakat according to the Act is:

(2) Utilization of zakat collection results based on the priority scale of mustahiq needs and can be used for productive business (ps. 16 paragraph 2).

This means that based on the Law regarding the management of zakat, danaZAKAT can be managed through productive business. In this case the management of ZAKAT funds in Lemabga

Amil Zakat researchers specifies on venture capital.

In this study the management of scholarships from BAZ or LAZ is managed to Islamic Financial Institutions within the same area. In this case, LKS has the duty to produce funds to develop into a healthy business sector. LAZ or BAZ continue to carry out their duties in collecting and donating from muzakki. The management uses safe storage and financing facilities, of course the principles of milk management with green, non-interest rules, and with a small risk of loss. The management of scholarships cannot be managed Conventional Financial Institutions, because the problem lies in the principle, namely interest. The management of zakat aims to improve the effectiveness and efficiency of services in the management of zakat and increase the benefits of zakat to realize the welfare of the community and poverty alleviation.

Definition of Islamic Financial Institutions

Since the formulation of The Act No. 7 of 1992 concerning Islamic Banking which was later amended by The Act No. 10 of 1998 after the economic crisis that hit Indonesia, LKS continued to emerge today. The ability of LKS especially Islamic banking to survive the crisis motivated the creation of the Act. This then strengthens the role of LKS in the community while providing an opportunity to expand the expansion of Islamic financial institutions present in various lines of society.

According to the Act of the Republic of Indonesia No. 14 of 1967 concerning Banking, what is meant by financial institutions is "All institutions through their activities in the financial sector, withdraw money from and distribute it to the public". According to the Republic of Indonesia Minister of Finance Decree No. 792 in 1990, financial institutions were given restrictions as all institutions whose activities in the

financial sector, carried out the collection and distribution of funds to the public, especially for financing investment companies (M. Amin Suma, 2003). According to Dahlan Siamat, financial institutions are business entities whose wealth is mainly in the form of financial assets or claims compared to nonfinancial assets or real assets (Dahlan Siamat in Andri Soemitra, 2009). If you look at the meaning of Islamic Financial Institutions, it is a business entity whose activities in the field of Islamic finance and assets are in the form of financial and nonfinancial assets based on sharia principles.

Reviewed from the LKS function, it does not differ much from financial institutions in general. Namely the function of financial institutions can be viewed from 4 functions, (1) Financial service provider institutions, LKS provide financial services based on sharia principles, such as savings, investment, bonds, shares, and others. (2) LKS is reviewed in the banking system, functions as an integrated part of units that are authorized or have the authority to issue demand deposits and deposits. (3) LKS is reviewed in the monetary maintaining the stability of currency values. (4) LKS in financial systems, as an integrated part of all financial institutions in the economic system. The structure of the financial system consists of the banking system, monetary system, and other financial institution systems. other financial institutions could be in the form of financial institutions, insurance, venture capital, and others. (Andri Soemitra, 2015).

In this study, the writer positioned LKS as the party who managed the scholarship. This is because LKS is a professional institution that has been trusted by the community in managing deposit funds with sharia principles inherent in their financial activities. This is supported by the storage and financing products contained in each LKS library. This is also supported by

managed facilities and management systems. Then the factors of Human Resources contained in LKS support management in realizing its purpose.

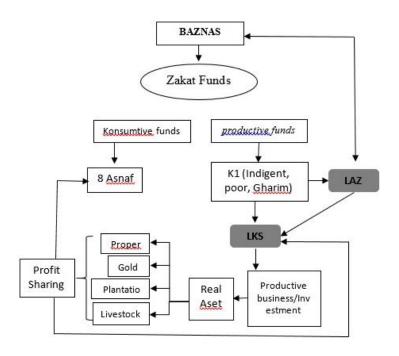


Figure 1. Framework used

RESEARCH METHODOLOGY

Types and Research Approaches

The type of research includes field research because the required information and data are extracted and collected from the field. The author conducted a study at the National Zakat Amil Agency in Surakarta.

This research uses a qualitative descriptive approach because this study applies a case study model, case studies themselves are research strategies in which researchers investigate a phenomenon, process, or an institution. The case study in this study was to analyze the management methods of alms in the Surakarta Residency.

Research Subjects and Objects

The research subject was the subject that became the source of information for this study. As for the subjects of this study are providers of financial services, namely: (1) Baznas Kab. Klaten, (2) Baznas Kab. Wonogiri, (3) Baznas Kab. Boyolali, (4) Baznas Kab. Sragen, (5) Baznas Kab. Sukoharjo, (6) Baznas Kab. Karanganyar, and (7) Baznas Kab. Surakarta. While the object of research is management in management and distribution activities and scholarships from Muzzaki to Mustahiq.

Data collection techniques

Interview, the method of interview was conducted with the manager, namely Amil Zakat. In this case it can be done to the relevant officers in baznas management. This interview aims to gather information about the implementation of management, the system used, and the financial reporting mechanism.

Observation, used to obtain data by visiting objects directly related to this data collection. Observations were made by coming directly to the amil zakat institution and observing directly the management of Baznas.

Documentation, the method of documentation is done to obtain information in the form of pictures, notes, brochures and writings related to the baznas management system. Documentation is also done by visiting the Baznas website itself with the aim of collecting data and analyzing the use of technology in management.

Data analysis techniques

Data analysis method is an effort to find and organize systematically the results of observations, interviews and others to improve the understanding of researchers about the case under study and present as findings for others (Muhadjir, 1989). The method of analysis in this study uses inductive analysis method, this method is often referred to as an approach to conclusions from going to specific to the general.

In this research, the data used is qualitative data, namely data obtained through various types of data collection techniques, for example interviews were conducted at the Baznas Kab. Boyolali, Klaten, Wonogiri, and Surakarta. Observation and analysis of documents through coming directly to the institution observing and conducting focused discussions. Thus, in this study the data obtained in the field of interviews and annual

reports of each baznas are described or presented in the form of words or sentences not in the form of numbers as in statistical research, and separated or categorized according to the formulation of the problem. Then the last step is to draw conclusions from the processed data to get answers.

RESULTS AND DISCUSSION

Mechanism of Management and Distribution of Zakat Funds in the Surakarta Residency

Residency of Surakarta is a residency area consisting of several regions namely, Surakarta Regency, Sukoharjo, Klaten, Bovolali. Wonogiri, Seragen, and Karanganyar. Based on the Director General's Guidance on Islamic Community Decree No. DJ.II / 568 of 2014 concerning the establishment of the Regency / City National Amil Zakat Agency in each of these regions there is a National Zakat Agency (BAZNAS) which carries out the role of amil zakat in general, namely raising and channeling ZAKAT funds. In 2015 the population in Sukarta Residency was based on Central Java Provincial Statistics Agency data totaling 6,183,180 people.

a. Management of ZIS Funds in the Surakarta Residency

From the BAZNAS annual report data in the Surakarta Residency, the authors found that the management of ZIS funds through BAZNAS in the area was narrowed to productive funds. The results are as follows:

Table 1. Management of ZIS Funds Through Business Capital in the Baznas of the Surakarta Residency

Region	Budget Allocation (2015-2017)	Realization of Business Capital Budget			Explanation
		2015	2016	2017	
BAZNAS Klaten	IDR 30 Million	10 Million	No	No	Productive Goat

Region	Budget Allocation (2015-2017)	Realization of Business Capital Budget			Explanation
		2015	2016	2017	
BAZNAS Wonogiri	IDR 30 Million	10 Million	2 Million	Not yet	Venture Capital
BAZNAS Sukoharjo	IDR 20,533,000	2 Million	6.5 Million	12.033 Million	Wheelbarrows and food business
BAZNAS Srgaen	Not yet	Not yet	Not yet		
BAZNAS Boyolali	???	Not yet	Not yet	???	Business equipment, handyman tools, carts, sewing mechines, business capital and livestocks
BAZNAS Karanganyar	4.506 Billion	1.950 Billion	1.458 Billion	1.098 Billion	Sewing mechines, business capital and livestocks
BAZNAS Surakarta	<mark>???</mark>	Not yet	Not yet	<mark>???</mark>	Productive Economy

Explanation of terms

Not yet : tasharuf venture capital, has not

been listed in the official report

No : tasharuf venture capital, is not realized in the productive

business sector

The table data above is the Annual Report that the authors collected from Baznas in Surakarta Residency in 2015-2017. The data highlights the utilization of ZIS funds through productive efforts (Law No. 1999 article 16 paragraph 2). The business was realized in the form of providing business capital, both in the form of cash and productive objects.

The result shows that the management of ZIS funds through productive efforts to mustahiq in the Baznas Surakarta Residency was not optimal both in terms of quantity and management strategies. This can be proven by the productive economic tashorrhies in Baznas, Klaten, Wonogiri, Sukoharjo, and Surakarta, which are still relatively low, even in National Baznas,

Klaten and Wonogiri districts only budget ZIS funds for venture capital of 10 million / year, but the budget realization is lacking of 10 million, even in other years there were not realized at all. The same thing happened in Baznas, Sukoharjo Regency which was fairly low even though the area of Sukoharjo Regency was very large compared to other areas in the Surakarta Residency. Conversely, if observed in the Karanganyar District National Baznas for the period 2015-2017, the realized budget is reaching Rp.4,506,000,000, the budget is produced through the delivery of sewing machines, business capital, and livestock. This means that Baznas Kab. Karanganyar in managing and developing productive businesses in 2015-2017 is already good. Baznas Kab. Boyolali in this position was considered quite good, because the budget realized in 2017 for productive businesses Rp.410,188,500 amounted to information on distribution of business equipment, handyman tools, carts, sewing machines, compressors, capital, and goats.

From the results of interviews that the authors did in several Baznas. In general, there are 3 factors underlying the lack of Baznas in Surakarta Residency in channeling ZIS funds to productive business sectors. (1) Inadequate Human Resources (HR), with regard to HR, many Baznas do not have experts in managing productive funds. (2) The lack of productive zakat literacy, the lack of knowledge of the Mustahiq community on the purpose of zakat causes the output or achievement of productive economic programs not to be directly proportional to the objectives of the program. (3) Management of productive zakat, almost all Baznas have not found the right method in managing ZIS funds to the productive business sector.

b. Distribution of ZIS Funds in the Surakarta Residency

In general, the distribution of ZIS funds by Baznas found in Surakarta Residency is in the form of consumptive assistance. This was found from the annual data of each Baznas in the Surakarta Residency, that the dominance of the program was more focused on short-term assistance, such as basic needs, disaster response, social services, health and education. All these programs are traditional distributions that are commonly known in the community.

After analyzing each Baznas data through the Annual Report from 2015-2017 that the distribution of ZIS funds was dominated by single-use assistance. That is, ZIS funds are distributed mainly to cover primary needs of mustahiq or called consumptive funds. Broadly speaking, the distribution in each Baznas is seen through 8 asnaf groups. (1) Poor and Poor: cash, housing, clean water and basic necessities. (2) Amil Zakat: operational costs and amil rights. (3) convert: -. (5) Slaves: -. (6) Gharim: business capital loans and debt

payments. And Fisabilillah: teacher or worker salary. (7) Ibn Sabil: Transportation.

Currently, the distribution model is more varied which does not always depend on 8 asnaf. Tasharuf is also done on social life, education, health, and religion. Suppose such as (1) Social: disaster relief and excavation of public wells. (2) education: school facilities, scholarships, school uniforms, books, bulletins, and others. (3) Health: Mass circumcision, treatment, free polyclinic, ambulance, cataract surgery, and others. (4) Religion: TPA teacher salaries, alguran, mosque renovation, sound system, sermon sermons, Ramadan activities, recitation, tabligh akbar, and so forth. There are still many other types of contemporary assistance needed in the community that are channeled by Baznas through activities that can be felt by the general public.

Peer-to-Peer Lending Methods in Managing Zakat Funds

In principle, management of alms is to create equitable and balanced justice (Hikmat Kurnia and A. Hidayat, 2008). Realizing justice and reducing the strata of a high economic society with a low economic society is necessary to be realized in a way or later the writer calls a "method" in achieving it. For that the author tries to use the Peer to Peer Lending method in managing the scholarship.

Before discussing the P2PL methods, in this case the proportion between the funds distributed to mustahiq needs to be arranged, it can be seen the explanation as follows:

a. Zakat Funds: Consumptive and Productive

The writers' observation of the National Baznas in Klaten and Surakarta Regency

that the distribution of funds and cash in cash or consumptive was below the nominal 1 million. Namely in 2015 in the National Education Bureau of Klaten Regency the distribution of consumptive funds in the form of cash amounting to Rp.150,000 / person, then in Surakarta District Baznas in 2017 the distribution was more varied assessing the needs of (indigent and poor) where the largest nominal was Rp.500,000 /person.

This type of distribution is not effective in reducing poverty in the area. Because the nominal is only enough to be consumed by FAMIS in a very short time. After the researchers observed that the Baznas used the even distribution method, as in Bazda (Regional Alms Zakat Agency) in the 2015 period of Klaten Regency from 26 sub-districts with 1848 FAMIS distributed equally with a nominal value of Rp. 150,000 / indigent and poor person.

This is the polarization of the distribution of ZIS funds found in the Bazda of Klaten Regency. Where all the total poor people from all sub-districts in the Regency are divided evenly with a nominal Rp.150,000 / indigent and poor person. If the justice of zakat is judged from an even distribution, then this is true, according to the target. However, if it refers to the purpose of ZAKAT essentially, the method is not appropriate. Because if it is calculated simply, then the distribution with the nominal in each month will not have a significant impact on the economy mustahig. ZIS funds of Rp.150,000 will be used up in a short time to meet daily needs, so that the goal of Zakat towards increasing the economic status of mustahiq that is empowered will not be achieved.

Therefore, in order to achieve the goal of zakat or Zakat, it can use a distribution model based on the K2P

Group (Productive Kunsumtif Group). The explanation is as follows:

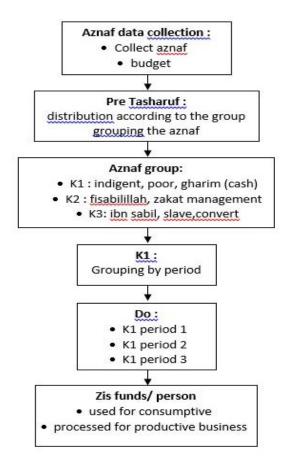


Figure 2. ZIS Fund Distribution Pattern Innovation By LAZ

1. Asnaf's data collection

Asnaf in each area based on the subdistrict must be mapped in detail based on the asnaf group. Next, budget for ZIS funds for the asnaf group.

2. Pre tasharruf

In pre-trial, asnaf grouping is done. Where the asnaf is grouped based on findings data in the field. Then channel the budget by type (cash or object).

3. Asnaf group

Here the group is divided into 3, namely (1) K1: Fakir, poor and gharim

(2) K2: Fisabilillah and Amil (3) Ibn sabil, slave, and convert. This grouping is done to map mustahiq who will get ZIS for cash or objects.

4. *K1* (*Fierce*, *Poor*, *and Gharim*)
In every National Gazette in 1 year generally do distribution or tasharruf more than once. So that all mustahiq in group K1 is divided based on the distribution period in 1 year.

5. Do Tasharruf

After distribution based on the distribution period per year, LAZ distributes ZIS funds that have been previously planned. This distribution is carried out alternately and sequentially in one year.

6. ZIS Funds/People

Because the funds distributed to Mustahiq are large, the funds can be used in 2 activities at a time. That is used for daily mustahiq consumption needs and half of the funds are managed for productive businesses such as investment.

The pattern of grouping this distribution is intended to be able to obtain large amounts of ZIS funds. Where with these funds besides being consumed and can also be developed productively. So that mustahiq will be fulfilled basic needs everyday and also get profit from the investment every month. This can compromise two different views (consumptive and distributive) about the distribution patterns of ZIS.

b. Peer to Peer Lending Mechanism in Managing Zakat Funds through Investment

After going through the grouping and distribution series above, the productive fund group approved by Mustahiq for further processing by LAZ applies the P2PL method in managing the funds.

If we know P2PL as a practice of borrowing and providing loans online through a container called the marketplace. So in this method, LKS is positioned as a P2PL company that carries out investment services. The difference is that if P2PL actually runs 100% online, then the LKS here still uses an off-line or online basis in the investment process. For more details, see the picture below:

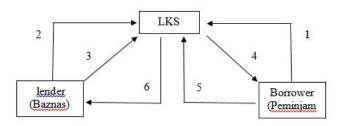


Figure 3. Map of the Concept of ZIS Fund Management through LKS

The explanation of the picture above is as follows.

1. Apply for a loan

The borrower or borrower of funds completes the information needed on the loan form or application provided by the LKS. The application informs the identity, business you want to develop, business potential, and so on.

After completing the application, the LKS will analyze and approve the application which can then be funded by the LKS.

2. Searching for information

In this case LAZ as a lender or lender traces the investment information in the container (fact sheet) provided by the LKS either online or offline before the investment. Here LAZ can choose freely what business sectors to finance, of course, must prioritize a healthy business, with the smallest possible

risk. Because ZIS funds are mustahiq rights so they must be allocated to profitable businesses to develop.

3. Funding on loan offers

After LAZ determines the business sector that wants to be financed, then LAZ as the lender determines the amount of funding on the chosen bid. This choice came from LAZ in determining ZIS funds to be channeled to any business.

4. LKS provides funds to the Borrower
Here LAZ has been represented by
LKS, then LKS submits business funds
to the borrower to run the intended
business.

5. Paying a loan Borrowers pay loans through LKS in accordance with a predetermined

accordance with a predetermined schedule or agreement.

6. Receive a loan return

Funders or LAZ accept returns on loans along with profit sharing. The return is automatically channeled to the mustahiq account every month.

The concept map above is an illustration of the management model of the scheme by LAZ through LKS. The intended instrument is investment. These investments are sustainable following the nature of the investment itself. In the scheme LAZ represents Mustahiq is a party that has funds that want to develop funds. Then the LKS is likened to the marketplace P2PL facilitates and gives a container to lenders and borrowers to meet through applications that have been filled in by the borrower. In this case LAZ, has the principle of being careful in choosing the business sector. In addition to looking for a business that is healthy and potential, the type of business is also one that is free from MAGRIB elements (Maysir, Gharar, and Riba).

c. Zakat Funds Investment

Investment is sacrificing assets that are owned now to get assets in the future with a greater amount. (Leti and Barbara, 2011) In other terms, linking resources in the long run to generate profits in the future. (Mulyadi, 2001) in this terminology, the investment referred to by LAZ is to invest capital or assets into a potential and halal business sector in order to obtain assets in the future with a greater amount.

Investments in zakat funds are aimed at real assets which are realized in the form of productive asset purchases, such as factory purchases, mining opening, opening of plantations, property buildings (rented and boarding houses) and so on. It is intended that the acquisition of business results is clear, has a positive impact through the opening of employment opportunities, reviving the UKM around, and growing the value of blessing, because these assets are assets collected from zakat funds intended for mustahiq.

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Investment Platform

If the platform was defined as a container, in this case the platform functions as a place to meet between lenders and borrowers through an investment activity. The platform is a start up in financial services. The work function of the platform is as a forum for bringing together investors and internet-based borrowers, in which investors are creditor customers who already have accounts in LKS, and borrowers are individuals or business groups whose documents have been verified. The role of LKS in addition to meeting investors and borrowers, LKS also provides facilities in the transaction process and business assistance. Transaction facilities

provided include, ATM machines, Mobile Banking, and Internet Banking, which are already owned by the Bank on average. This activity is more if the platform created by the LKS is integrated with the facilities found in banks in general.

In the platform, features will be included that can simplify the process of lending and borrowing between lenders and borrowers. These features include, login and sign up menus that will be displayed on the start page along with writing that explains the advantages and benefits of using financing and investment services on this platform. Then the marketplace feature, this feature will provide a brief profile of the borrower who has verified the document, so that prospective lenders who are registered can make an election to whom he wants to invest his funds through the marketplace. Next is the profile page menu feature, in this feature a full profile of the borrower will be displayed by the prospective lender. Then there is the dashboard menu feature, this feature contains personal accounts of borrowers and lenders. information available on the dashboard includes profiles, grades for borrowers, bank lender balances, total bills for borrowers, installments (borrower forest payments).) incoming for lenders, total lender funds entered for borrowers, projection of final profits that will be obtained by lenders, calculation of maturity of debt repayments for borrowers, calculation of the due date of payments by borrowers for lenders, and a list successful transactions made by borrowers and lenders available in each. For more details, the author summarizes and simplifies the features and menus available on the Bank's financing platform, in the concept map below.

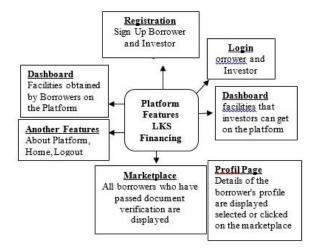


Figure 4. Features and Menus Available in the LKS Financing Service Platform

CONCLUSION

From the exposure of the above discussion, in the final chapter the writer want to conclude the discussion. The results were as follows:

- 1. That effective Peer to Peer Lending methods was used to manage danazakat in sustainable investment instruments. Namely by collaborating between LAZ and LKS. Where LAZ represents mustahig as a lender or investor and LKS as a place to bring together borrowers or borrowers. With management and human resources owned by LKS, of course LKS was more expert in managing zakat funds compared to LAZ. So that every month the danamustahiq will experience development, with a small risk because the P2PL LAZ method has the advantage of choosing and determining what business sector to invest. Of course the funds are managed in full by the LKS with the precautionary principle and monitored periodically.
- 2. To apply the P2PL method, LKS began optimizing information technology in managing the Zakat funds. It was by

- creating a platform as activity-based between lenders and borrowers. The platform will connect lenders (LAZ) and borrowers quickly, anytime and anywhere. Of course, the platform would be facilitate the work of LKS management effectively and efficiently and can reach even a broad market (area 3T). Management would also be supported by features that make it easier for lenders and borrowers to invest, deposit, transact, find information, transfer funds, fill out application forms, etc. that could be used and attract customers with the convenience that LKS has in making transactions.
- 3. Therefore, the P2PLL method could provide benefits to LAZ and LKS, namely (1) For LAZ, Zakat productive funds will be managed well by LKS professionals, so the potential for developing funds is greater than if managed by LAZ. And the most important thing is that the share of the investment can be used by mustahig for consumptive needs, education, or other needs. So that with the consistency of monthly yields, in the coming year can improve the status of mustahig ie no longer receive zakat, or even if Allah's Permission can become Muzakki. (2) For LKS, in addition to profit-sharing benefits, many mustahig in that area will open savings at LKS and use LKS facilities in financial services.

SUGGESTION

After seeing and observing the management and distribution system of zakat in the Baznas Surakarta Residency and the obstacles in the development of the Zakat, the researcher proposed several suggestions as follows:

- 1. In an effort to prosper mustahiq it is time for LAZ to collaborate with LKS in managing zakat funds. Because LAZ in terms of management and HR is not possible to manage these funds, so the LKS is the best choice. In addition to LKS having the skills in managing Zakat, the most important thing is Islamic worksheets based on the elements of tauhid which are always implemented in the management process.
- 2. LAZ and LKS began to digitize financial services, especially investment, which in the future by applying the P2PL method would certainly be very dependent on digital-based services.
- 3. LAZ in achieving its objectives, the concept of distribution of equity-based distribution should be reviewed and if necessary replaced with K2P-based distribution as the researcher described in the discussion above.

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