

Comparative Analysis of Zakat Implementation in Three ASEAN Countries (Indonesia, Malaysia, and Singapore) from 2021 to 2023: A Study on Regulations and Practices



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ABSTRACT: The purpose of this study is to analyze the implementation of zakat in three ASEAN countries (Indonesia, Malaysia, and Singapore) during 2021–2023, focusing on the policies and practices applied in each country. A comparative approach is used to identify differences and similarities in legal frameworks, governance mechanisms, and their impact on society. Research data were obtained through the analysis of policy documents, zakat institution reports, and a review of relevant literature. The findings of this study reveal that the regulatory systems for zakat in Indonesia, Malaysia, and Singapore reflect differing approaches tailored to the characteristics of their societies and governmental structures. Indonesia has a robust legal framework through Law No. 23 of 2011, which provides a foundation for BAZNAS and LAZ to collaborate in managing zakat. Malaysia employs a decentralized system, with each state having full authority over zakat management. While this approach allows responsiveness to local needs, the absence of national regulation leads to weak coordination and disparities in transparency and efficiency among states. Singapore demonstrates the most centralized and professional zakat management system through the Islamic Religious Council of Singapore (MUIS), regulated by the Administration of Muslim Law Act (AMLA). Supported by modern technologies such as online zakat payment systems, Singapore achieves a high level of efficiency despite its Muslim community comprising only 15% of the total population. This study provides recommendations to enhance the effectiveness of zakat implementation in the ASEAN region through policy harmonization and strengthened inter-country collaboration.

KEYWORDS: zakat, policies, practices, indonesia, malaysia, singapore

A. INTRODUCTION

Zakat is one of the fundamental pillars of Islam and a core element in the establishment of Islamic law. Therefore, the obligation of zakat applies to every Muslim who meets specific criteria. Theoretically, discussions and studies on the laws of zakat and waqf have been conducted in various academic forums, including fatwas issued by the Indonesian Ulema Council (MUI), Islamic organizations, and scholarly works such as these, dissertations, and other academic research. This makes zakat a continuously relevant and engaging topic for discussion and exploration. The zakat management system in Indonesia highlights its immense potential, which is significantly greater compared to other countries. Similarly, the implementation of zakat in each country varies in its management approach, although it adheres to the fundamental rules governing zakat administration. Indonesia, known as the largest Muslim-majority country in the world, has a population of 245,973,915 people, equivalent to 87.08% of its total population (Ditjen Dukcapil & Ministry of Home Affairs, 2021). This demographic underscores the vast potential of zakat management to make a significant impact on the nation's social and economic development.

. In several ASEAN countries, such as Malaysia, there are laws and regulations governing the lives of the Muslim community. This is due to the deeply ingrained Islamic values and way of life that have been established since Islam first arrived in the Malay Peninsula. These regulations provide broad coverage for Islamic principles, encompassing both matters of worship and socioeconomic transactions (muamalah), including zakat management. The potential for zakat in Malaysia has been increasing annually. Zakat collection in Malaysia is managed by the Zakat Collection Center (PPZ), which operates under the Federal Territory Islamic Religious Council (MAIWP) in Kuala Lumpur, or is directly supervised by the Islamic Religious Council in each of the 14 states. Each council employs staff from the respective Islamic religious departments, ensuring the effective management and administration of zakat within their jurisdictions. In Singapore, zakat management has shown significant progress, as it is directly overseen by the Islamic Religious Council of Singapore (MUIS), also known as the Majlis Ugama Islam Singapore. Singapore, a developed country in Southeast Asia, is a secular state with a multiracial, multilingual, and multi-religious population. Unlike Indonesia, where Muslims make up the majority, Muslims in Singapore constitute only 15% of the population, with the majority being of Malay ethnicity.

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Despite its secular system and minority Muslim population, Singapore has successfully advanced its zakat management. Muslims in Singapore continue to strive to enhance the quality of human capital to keep pace with the country's rapid development, including through professional zakat management. Based on this context, the author aims to delve deeper into the implementation of zakat management in three ASEAN countries, aligning with the research title: "Comparative Analysis of Zakat Implementation in Three ASEAN Countries (Indonesia, Malaysia, and Singapore) from 2021 to 2023: A Study on Policies and Practices".

B. LITERATURE STUDY

1. Definition of Zakat

Ibrahim and Ramli (2020) define zakat as a form of social tax within the Islamic economic system. Zakat serves to mobilize funds for social empowerment, both through direct assistance to those in need and through empowerment programs such as education and healthcare initiatives. Additionally, zakat fosters entrepreneurship among impoverished communities, stimulates economic activity, and reduces dependency on external aid. From an economic perspective, Beik and Syauqi (2015), in their work *"Towards International Standardization of Zakat System,"* argue that zakat functions as an effective tool for wealth redistribution. Zakat has a positive impact on the economy by narrowing economic disparities and enhancing social welfare. Furthermore, zakat facilitates the creation of a more sustainable and inclusive economy.

2. Zakat Management in the Context of Nations

Beik & Syauqi (2020) highlight that zakat management in Indonesia, Malaysia, and Singapore exhibits distinct characteristics despite sharing the same ultimate goal: reducing poverty and improving societal welfare. In Indonesia, zakat management is more centralized under the National Zakat Agency (BAZNAS). In contrast, Malaysia utilizes organizations such as the Selangor Zakat Board (LZS), which operates with a more structured management system. Meanwhile, Singapore relies more on mosque-based systems and other social institutions for zakat distribution.

Hassan & Sufian (2020) compare zakat practices in Indonesia, Malaysia, and Singapore. Each country has different mechanisms for the distribution and management of zakat, yet all focus on achieving similar social and economic objectives. Their research identifies challenges faced by each country in zakat management, including issues such as transparency, distribution efficiency, and increasing community participation in zakat programs. Zakat plays a central role in the Islamic socioeconomic system, functioning both as a religious obligation and as a wealth redistribution tool to achieve social justice. While its implementation varies across ASEAN countries like Indonesia, Malaysia, and Singapore, the fundamental principles of zakat remain consistent.

C. METHODOLOGY

This study employs a comparative approach to examine the implementation of zakat in three ASEAN countries: Indonesia, Malaysia, and Singapore. The goal is to identify the similarities and differences in zakat policies and practices in each country. The comparison will focus on legal frameworks, zakat governance policies, and their impact on social welfare. This comparative method allows researchers to gain a deeper understanding of how cultural, social, and economic factors in each country influence the administration and distribution of zakat.

The study utilizes qualitative analysis to examine data collected from various sources, including zakat policies, annual reports from zakat institutions, and secondary data from academic publications. Researchers will evaluate each country's zakat policies, how zakat funds are managed, and the challenges faced by zakat institutions. Through qualitative analysis, the study aims to explore the social and political dynamics that affect zakat governance in these three countries.

D. RESULT AND DISCUSSION

1. Regulatory System and Practices of Zakat Institutions in Achieving Zakat Collection Targets for 2021-2023 in Indonesia

The role of the state as a regulator and central oversight authority is crucial in the management of zakat to ensure it is more effective and efficient. As the regulator, the state ensures that zakat management operates in accordance with consistent and transparent rules, thereby supporting zakat's goals of economic equity and poverty alleviation (Musthofa & Possumah, 2020). The Unitary State of the Republic of Indonesia has the authority to regulate and facilitate Muslims in performing religious duties in accordance with Sharia, including zakat, without adhering to a specific Islamic jurisprudential school (madhhab). This allows for the development of diverse zakat laws in line with the variety of schools of thought within Islam (Rosadi, 2020).

As a rule-of-law state, Indonesia integrates religious norms into national law for the welfare of society. Religion plays a role through zakat, while the state regulates zakat through legislation, creating a symbiotic relationship. Zakat regulations are crucial to optimizing the state's role in advancing the common welfare (Suprema & Rahman, 2019). The potential of zakat in Indonesia can be optimized through the government's role as a regulator and supervisor. However, at the micro level, awareness of zakat needs to be cultivated, starting with individuals, families, and community leaders. Considering that the majority of Indonesia's population is Muslim, zakat should serve as an effective instrument for poverty alleviation (Safitri, 2017). The regulatory system for zakat management in Indonesia is governed by several laws and regulations that establish the legal framework, managing institutions, and

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the procedures for zakat collection and distribution. The primary goal of zakat management regulations in Indonesia is to ensure that zakat is managed effectively, transparently, and accountably. The existing regulations for zakat management in Indonesia are outlined in the table below:

Tabel I. Zakat Regulations in Indonesia

Regulation	Description
Law No. 23 of 2011 on Zakat Management	This regulation provides guidelines for the technical provisions of zakat management, including: Establishing the National Zakat Agency (BAZNAS) as the official institution responsible for managing zakat at the national level; Allowing the formation of Zakat Management Organizations (LAZ) by community entities, contingent upon
	obtaining government approval; and Assigning BAZNAS the roles of planning, collecting, distributing, and utilizing zakat. The regulation also governs the collection of zakat, covering <i>zakat maal</i> and <i>zakat fitrah</i> , and details the mechanisms for its distribution to <i>mustahik</i> (zakat recipients) within the eight categories outlined in Islamic principles.
Government Regulation No. 14 of 2014 on the Implementation of Law No. 23 of 2011	This regulation serves as a guideline for the implementation of Law No. 23 of 2011, clarifying several technical provisions in zakat management, including: Establishing licensing procedures for Zakat Management Organizations (LAZ) wishing to operate; Setting up monitoring procedures for zakat management conducted by BAZNAS and LAZ; and Promoting empowerment programs for zakat recipients to help them achieve economic independence.
Regulation of the Minister of Religious Affairs (PMA) No. 52 of 2014 on Requirements and Procedures for LAZ Registration	This regulation provides detailed requirements that must be met by Zakat Management Organizations (LAZ), including operational standards and accountability in managing zakat. It also outlines the establishment of regional BAZNAS offices, which are responsible for distributing zakat at the local level.
Decree of the Director General of Islamic Community Guidance No. 606 of 2017 on Amil Zakat Competency Standards	This decree provides guidance on the competencies required for <i>amil</i> (zakat managers) to perform their duties professionally and in accordance with Islamic principles. These competency standards cover aspects of management, accounting, and effective distribution.
Sanctions for Zakat Mismanagement	Sanctions include imprisonment of up to 5 years and/or a maximum fine of IDR 500,000,000.

Source: Processed Data, 2024.

These regulations highlight that zakat management in Indonesia operates on a voluntary basis, relying on individual awareness without legal penalties for non-compliance. According to Law No. 23/2011, Indonesia has two types of Zakat Management Organizations (OPZ): BAZNAS, managed by the government, and LAZ, managed by civil society. This dual structure reflects a balance between state and community participation in zakat management, aligned with Indonesia's socio-historical characteristics and supported by normative views from the Indonesian Ulema Council (MUI) on zakat management. The integration and synergy between BAZNAS and LAZ enable more effective, efficient, and goal-oriented zakat management in line with the state's ideological demands (Fahham, 2020). With proper regulations, zakat management in Indonesia is expected to become more organized, transparent, and efficient, maximizing the significant potential of zakat for societal welfare, particularly to aid those in need. The performance of zakat institutions in Indonesia for 2021-2023 is reflected in the following table:

Tabel II. Optimization of Zakat Fund Management in Indonesia for 2021-2023

Year	2021	2022	2023
	Zakat Collected		
Rupiah (Ind)	Rp.14.188.192.892.281	Rp.22.485.332.092.226	Rp.32.321.191.779.419
USD	945,879,526.15usd	1,499,022,139.48usd	2,154,746,118.63usd
	Zakat Distributed		
Rupiah (Ind)	Rp.14.043.737.614.114	Rp.21.685.902.998.533	Rp.31.199.428.031.786
USD	936,249,174.27usd	1,445,726,866.57usd	2,079,961,868.79usd
Optimalisasi	98.98%	96.44%	96.53%

Source: Processed Data, 2024.

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Based on the table on the optimization of zakat fund management in Indonesia for the years 2021-2023, it can be observed that zakat management during this period showed a positive trend in zakat collection, with a significant increase from IDR 14.188 trillion in 2021 to IDR 22.485 trillion in 2022, and then to IDR 32.321 trillion in 2023. The average annual growth rate reached 51.13%, reflecting the success of zakat institutions in raising public awareness, expanding the muzakki (zakat payer) base, and improving the effectiveness of zakat collection campaigns. However, the optimization of zakat distribution showed fluctuations, decreasing from 98.98% in 2021 to 96.44% in 2022, before slightly improving to 96.53% in 2023. The decline from 2021 to 2022 and the stabilization in 2023 indicate challenges in accelerating the distribution of zakat amidst the growing volume of funds collected.

The main challenges in zakat management include suboptimal distribution capacity, the need to enhance economic empowerment programs for *mustahik* (zakat recipients), and the importance of accurate and up-to-date *mustahik* data. Uneven technological infrastructure also poses obstacles to accelerating the collection and distribution processes, particularly in remote areas. More productive zakat distribution should focus on long-term programs, such as skills training, providing business capital, and developing *mustahik* infrastructure, to deliver more significant and sustainable impacts. To enhance optimization, prioritizing digitalization in zakat management is crucial, including collection through e-payment systems and distribution via direct digital transfers to *mustahik*. Additionally, strengthening the capacity of Zakat Management Organizations (LAZ) through training and human resource development is essential to handle the increasing volume of zakat funds. The integration of technology-based *mustahik* data at a national level is also necessary to prevent duplication of recipients and ensure fair distribution. Collaboration between the government, BAZNAS, and LAZ is key to creating a more efficient and effective zakat management system. With these strategic steps, zakat management in Indonesia can generate a greater impact for *mustahik* and support sustainable economic growth for the Muslim community.

When viewed by sector, distribution is carried out across the areas of humanitarian aid, da'wah and advocacy, education, economy, and healthcare. Programs in the humanitarian sector typically target the poor and needy with consumptive assistance to sustain their basic needs. These humanitarian programs focus on the impoverished and other vulnerable groups. The forms of aid provided include consumptive assistance, such as food supplies, daily necessities, and emergency financial support, to help recipients meet their basic needs and sustain their livelihoods.

Distribution in the field of da'wah and advocacy involves programs that support religious outreach activities, moral and spiritual development, and advocacy to enhance the social and economic rights of *mustahik* (zakat recipients). These programs aim to strengthen religious understanding and nurture *mustahik* toward greater mental and spiritual independence. Distribution programs in the field of education focus on providing scholarships, educational facilities, and learning support for children from underprivileged families. This assistance helps them gain better access to education, which, in turn, is expected to improve their living standards and future prospects. In the economic sector, zakat is distributed in the form of business capital grants, skills training, and business mentoring, focusing on the development of micro, small, and medium enterprises (MSMEs). Through this approach, zakat functions not only as direct assistance but also as a catalyst for sustainable economic development by empowering and enhancing the capacity of *mustahik* (zakat recipients) to achieve economic independence (Hajar, Amelia, & Nasir, 2023). This program aims to empower the economy of *mustahik* (zakat recipients) so they can establish independent sources of income. In the long term, this enables them to transition out of the *mustahik* category and become *muzakki* (zakat payers).

Zakat distribution in the healthcare sector includes assistance for medical treatment, hospital expenses, preventive health programs, and free health check-ups for *mustahik* (zakat recipients) in need. This aid is crucial to ensure they have access to basic healthcare services and proper care. Programs in each sector are designed to be more effective in supporting the lives and wellbeing of *mustahik*, with the ultimate goal of helping them achieve independence. Based on an analysis of zakat regulations and performance by zakat institutions in Indonesia during 2021-2023, there has been a significant increase in the achievement of zakat collection and distribution targets. The government plays a role as a regulator in zakat management, which is governed through laws and regulations to ensure zakat management is effective, transparent, and accountable. Two main institutions, BAZNAS and LAZ, work synergistically in the collection and distribution of zakat, in line with Indonesia's socio-historical characteristics and Islamic norms. The performance of zakat institutions is reflected in the increasing trend of funds collected and distributed, from approximately USD 814 million in 2021 to USD 1.9 billion in 2023.

Zakat management in Indonesia is based on the principle of justice, aiming to ensure equitable distribution and the utilization of funds for the welfare of the community. Through regulations that promote transparency and accountability, zakat funds contribute to economic empowerment, improved access to education, and the development of productive enterprises. Collaboration between zakat institutions, the government, and the community is essential to ensure that these funds effectively reduce poverty and social inequality in a sustainable manner (Susila et al., 2023). With this optimization, zakat is expected to play an effective role in alleviating poverty, improving welfare, and fostering independence among beneficiaries. Overall, the more organized zakat management in Indonesia ensures that collected funds can have a positive impact on the socio-economic development of those in need. The reporting of zakat fund management in Indonesia is conducted on a national scale in a centralized and coordinated manner. Each province, whether through the National Zakat Agency (BAZNAS) or Zakat Management Organizations (LAZ), prepares its

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own financial reports detailing zakat collection, management, and distribution activities within their respective regions. These provincial reports are then compiled by the National BAZNAS, which is responsible for consolidating them into a single integrated national report. The national report is structured to make it easier for the public to access information regarding zakat fund management, thereby enhancing transparency, accountability, and public trust in zakat management institutions in Indonesia.

2. Regulatory System and Practices of Zakat Institutions in Achieving Zakat Collection Targets for 2021-2023 in Malaysia

The regulations governing zakat in Malaysia include several laws and policies aimed at ensuring the transparent collection, distribution, and management of zakat in accordance with Islamic principles. The zakat management system in Malaysia demonstrates a highly organized and coordinated structure, with the government directly overseeing it through the Department of Zakat and Hajj (JAWHAR), which operates under the Prime Minister's Department. One of the key strengths of this system is its approach to automatic deductions from individuals' monthly salaries or incomes, ensuring efficient and consistent zakat collection. This system also highlights the involvement of various local zakat bodies, which play a crucial role in ensuring that zakat funds are distributed to the rightful beneficiaries (Hallasurra et al., 2023).

In addition to efficient management, Malaysia leverages technology to streamline the zakat collection process through digital platforms and online applications. These tools facilitate zakat payments with greater transparency, enhancing efficiency while minimizing the potential for mismanagement of zakat funds. Through this approach, the Malaysian government has successfully optimized zakat as a socio-economic instrument, supporting community welfare and strengthening the nation's economic and social development. Overall, Malaysia's zakat management system can be considered an effective model for systematically, transparently, and cohesively managing zakat obligations, with a positive impact on social welfare. Below are some of the key regulations governing zakat in Malaysia:

Tabel III. Zakat Regulations in Malaysia

Regulation	Description
State Islamic Religious Council Act (MAIS Act)	Each state in Malaysia has an Islamic Religious Council (MAI) responsible for zakat management. This act empowers the MAI to regulate, collect, and distribute zakat in accordance with Sharia law.
Zakat Act (Zakat Collection Act)	This law governs the collection of zakat by zakat institutions in Malaysia. Under this act, zakat must be managed in a lawful manner and disbursed by designated individuals or bodies, such as Baitulmal or other zakat organizations.
Zakat Collection Act 1997	The purpose of this law is to establish mechanisms for zakat collection and distribution in Malaysia, with a focus on channeling zakat to rightful beneficiaries (mustahik).
Fatwas Issued by State Islamic Religious Councils	Each state in Malaysia issues fatwas regarding zakat management, including provisions on who is eligible to receive zakat, the criteria for zakatable assets, and other related matters. These fatwas serve as guidelines for zakat implementation in each region.
State-Specific Zakat Regulations	Each state in Malaysia has local regulations governing zakat, providing further procedures for zakat collection and distribution.
Zakat Board Act	In some states, there are specific zakat institutions established under the law, such as the Selangor Zakat Board (LZS). These institutions are tasked with managing zakat in accordance with established regulations.
Sanctions for Zakat Mismanagement	Penalties include fines of up to 1,000 ringgit and/or imprisonment for up to six months for violations related to zakat.

Source: Processed Data, 2024.

Zakat laws in each country are enacted by the respective national legislative bodies. Each country has its own laws governing zakat management, which are usually embedded within the broader framework of the country's Islamic legal statutes. The autonomy in drafting zakat laws results in variations across countries, leading to differences in various aspects of zakat management and implementation. There are three key aspects regulated under zakat laws: the types of zakat that can be collected by authorized institutions and legal provisions concerning offenses or violations related to zakat. Although there are central government regulations in place, such as penalties for the mismanagement of zakat funds, a unified national zakat law that standardizes the zakat management system across Malaysia does not yet exist. Each state has its own policies and regulations for managing zakat, resulting in a fragmented and less coordinated system (Wira, 2019). The absence of a nationally applicable zakat law results in inconsistencies in zakat management across different states. Each region has the authority to regulate and manage zakat according to the policies

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applicable in that area. While this allows flexibility for each state to adapt zakat management to local conditions, it also leads to differences in the methods of collection, distribution, and reporting of zakat.

Furthermore, zakat management, which remains based on policies set by the federal territories and individual states, exacerbates issues of coordination and transparency. In some cases, the public may face difficulties in obtaining clear information on how zakat funds are managed and distributed, particularly if the policies in a given state are not openly disclosed. As a result, this fragmented management approach has the potential to hinder the overall optimization of zakat at the national level. To enhance efficiency and transparency, efforts should be made to formulate a national zakat law. Such a law would enable a more coordinated zakat management system, facilitating equitable distribution and strengthening public trust in Malaysia's zakat system. Below is the financial data on zakat collection and distribution in Malaysia:

Tabel IV. Optimization of Zakat Fund Management in Malaysia for 2021-2023

Years	2021	2022	2023
Zakat Collected			
Ringgit malaysia	RM.3.272.858.903	RM.3.647.234.994	RM.1.562.216.437
USD	USD. 719,988,998	USD. 802,391,698	USD. 343,687,616
Zakat Distributed			
Ringgit malaysia	RM.2.594.901.092	RM.2.593.917.365	RM.1.575.093.807
USD	USD. 570,878,240	USD. 570,661,820	USD. 346,520,638
Optimalisasi	86%	95%	101%

Source: Processed Data, 2024.

Based on the table, it can be observed that zakat fund management in Malaysia during the 2021 to 2023 period showed significant progress in both the amount of zakat collected and distributed to *mustahik* (zakat recipients). In 2021, the total zakat collected reached RM 3.27 billion, while the amount distributed was RM 2.59 billion, with a zakat management optimization rate of 86%. This indicates that although most zakat funds were distributed, a portion of the funds was not fully utilized. In 2022, the total zakat collected increased to RM 3.65 billion, but the amount distributed slightly decreased to RM 2.59 billion. Despite the decline in distributed zakat, the zakat management optimization rate improved to 95%, reflecting enhanced efficiency in the distribution of zakat funds.

In 2023, despite a sharp decline in zakat collection to RM 1.56 billion, the amount of zakat distributed was higher at RM 1.57 billion, resulting in an optimization rate of 101%. The significant drop in zakat collected between 2022 and 2023 in Malaysia can be linked to several factors, one of which is the lack of transparency in zakat management in certain states. In 2023, several states in Malaysia failed to publicly disclose their financial reports on zakat management, making it difficult for the public to access information regarding zakat fund management. This lack of transparency may have eroded public trust in the zakat system, leading to a decrease in the willingness of individuals to contribute zakat. The Malaysian government plays a critical role in zakat management, as reflected in policies issued through enactments in 14 states. Since the era of traditional Malay kingdoms until the 1990s, zakat policies have been under the jurisdiction of the Islamic Religious Councils of each state, with each state having the authority to regulate and manage zakat according to local needs. However, despite the existence of zakat laws, their implementation does not fully encompass all types of zakat. Some types of zakat, such as agricultural zakat, income zakat, business zakat, and corporate zakat, are not yet comprehensively addressed in existing enactments. Additionally, the management of corporate zakat remains underutilized, as it is more often considered the responsibility of the federal government (Nurhasanah, 2012).

For example, in Johor, zakat management is handled by Majlis Agama Islam Johor (MAIJ), while in Kedah, Majlis Agama Islam dan Adat Istiadat Melayu Kedah (MAIK) oversees zakat management, with much of the funds directed towards empowering the Muslim community, including providing business capital for *mustahik*. In Kelantan, zakat is managed by the (MAIK), and in Melaka, zakat management is administered by the Melaka Islamic Religious Council (MAIM). Similarly, in Pulau Pinang, Perak, Selangor, Terengganu, Sabah, Sarawak, and the Federal Territories, each has its own zakat institution responsible for managing zakat funds. These include the Pulau Pinang Islamic Religious Council (MAINPP), the Perak Islamic Religious and Malay Customs Council (MAIPk), the Selangor Zakat Board (LZS), the Terengganu Islamic Religious and Malay Customs Council (MAIDAM), the Sabah Islamic Religious Council (MUIS), the Sarawak Islamic Council (MIS), and the Federal Territories Zakat Center (PZW).

This decentralized system has positive impacts in terms of the responsiveness of zakat institutions to local needs. However, it also creates challenges in terms of national coordination and transparency. The absence of a centralized reporting system makes it more difficult for the public to access zakat management reports from individual states. As a result, people cannot easily monitor the overall effectiveness and transparency of zakat fund management. This has the potential to lower public trust in the zakat system, which could ultimately affect the amount of zakat collected. To enhance participation and transparency, efforts must be made to improve zakat reporting systems in Malaysia. More open and publicly accessible zakat management reports would reassure the

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public that the zakat they contribute is being distributed for the right purposes. One potential solution is the creation of a national platform that integrates zakat management reports from all states, allowing the public to view how zakat funds are managed and distributed on a national scale. Such a platform would also facilitate monitoring and improve accountability in zakat management across the country.

Transparency and clear reporting on how zakat funds are collected and distributed are crucial for maintaining public trust. When people feel that zakat management lacks transparency or are unable to see how the funds are allocated, they may become reluctant to contribute. This can lead to a decline in zakat collection, as reflected in 2023. Furthermore, if information about the effectiveness of zakat distribution is unavailable, people may perceive that zakat funds are not being used efficiently or effectively, reducing their motivation to participate in the zakat system. As a solution, it is essential for zakat institutions across all states in Malaysia to enhance transparency by openly presenting financial reports on zakat management. This will not only rebuild public trust but also encourage greater participation in zakat contributions, which in turn will support an increase in zakat collection and distribution. To further improve efficiency and transparency, efforts should be made to formulate a national zakat law. Such legislation would enable a more coordinated zakat management system, facilitating equitable distribution of zakat and strengthening public confidence in Malaysia's zakat system.

3. Regulatory System and Practices of Zakat Institutions in Achieving Zakat Collection Targets for 2021-2023 in Singapore

Zakat management in Singapore is administered by the Islamic Religious Council of Singapore (MUIS) under the legal framework of the Administration of Muslim Law Act (AMLA), enacted in 1968. This success highlights the significant role of zakat in supporting the Muslim community's economy, particularly in alleviating poverty and improving the quality of education. Despite having a Muslim minority population of approximately 15%, Singapore has consistently demonstrated growth in zakat collection year after year. This reflects the high level of public awareness about zakat, supported by a professional and transparent management system (Subardi et al., 2020). MUIS's professionalism in managing zakat has fostered trust among the community, demonstrated through the implementation of modern management practices for over a decade. Additionally, technological innovations such as online zakat payment systems highlight MUIS's ability to adapt to changing times while making it easier for Singapore's Muslim community to fulfill their zakat obligations.

Zakat management in Singapore is governed by the Administration of Muslim Law Act (AMLA), enacted on August 25, 1968. This law grants the Islamic Religious Council of Singapore (MUIS) the authority to oversee all matters related to Islam, including zakat. AMLA serves as the primary legal framework supporting the effective collection, management, and distribution of zakat. Additionally, AMLA mandates MUIS to ensure that zakat funds are utilized in accordance with Islamic principles while promoting transparency and accountability in fund management. The act also includes provisions on zakat collection methods, organizational governance, and the distribution of funds to eligible recipients. Over time, MUIS has adopted modern technologies to enhance the efficiency and convenience of zakat payments, such as online payment systems, aligning with its goal of improving services for the Muslim community in Singapore. Furthermore, Singapore's secular system has not hindered the Muslim community's development. Instead, it has motivated them to enhance human resource quality and zakat governance to remain competitive amidst the nation's progress. MUIS's outreach programs have also played a significant role in introducing initiatives that support the increase in zakat collection. Through a strategic and structured approach, MUIS has successfully positioned zakat as an instrument that not only benefits the welfare of the Muslim community but also contributes to broader social development. The regulations governing zakat in Singapore aim to ensure that zakat management is carried out optimally. Based on available data, the optimization of zakat fund management in Singapore is as follows:

Tabel V. Optimization of Zakat Fund Management in Singapore for 2021-2023

Year	2021	2022	2023
Zakat Collected			
Singapore Dollar (SGD)	SGD 59.500.000	SGD.65.000.000	SGD. 69.500.000
USD	USD 44.315.750.	USD. 48.392.500	USD.51,768.775
Zakat Distributed			
Singapore Dollar (SGD))	SGD 56.300.000	SGD. 60.900.000	SGD. 60.700.000
USD	USD. 41.930.350	USD. 45.361.050	USD. 45.173.150
Optimalisasi	95%	94%	88%

Source: Processed Data, 2024.

Based on the table, the optimization of zakat fund management in Singapore from 2021 to 2023 showed a fluctuating trend. In 2021, zakat collection reached SGD 59,500,000, with distributions amounting to SGD 56,300,000, resulting in an optimization rate

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of 95%. In 2022, the zakat collection increased to SGD 65,000,000, with distributions of SGD 60,900,000, although the optimization rate slightly declined to 94%. Meanwhile, in 2023, despite a significant increase in zakat collection to SGD 69,500,000, zakat distribution slightly decreased to SGD 60,700,000, lowering the optimization rate to 88%.

The decline in the optimization percentage indicates a need to improve the efficiency of zakat distribution to align with the increasing zakat collection. Zakat distribution in Singapore is categorized into four main areas managed by the MUIS:

Tabel VI. Categories of Zakat Distribution Programs in Singapore

Program Category	Description
Madrasah & Asatizah Development & Assistance	Zakat is utilized to support the improvement of Islamic education quality in madrasahs and training for asatizah (Islamic educators). Through programs like aLIVE and ADIL, MUIS provides financial subsidies, professional training, and funding for Islamic learning centers. These initiatives aim to ensure access to quality Islamic education for all Muslims in Singapore.
Social Development & Assistance for Poor & Needy	Zakat funds are allocated to assist the poor and needy through financial aid, fidyah food vouchers, and social development programs. Most beneficiaries are low-income families, including those experiencing elderly poverty or disabilities. MUIS collaborates with mosques to ensure targeted distribution.
Islamic Education & Youth Engagement (includes Convert Administration)	This category encompasses Islamic education for children to young adults and administrative support for converts. Programs include curriculum development, educational subsidies, and asatizah training to enhance teaching quality.
Religious Programmes, Mosque & Amil Management	Zakat funds are used to support mosque management, religious programs, and capacity-building for zakat administrators (amil). This aims to enhance zakat management efficiency and strengthen the role of mosques within the community.

Sumber: <https://www.zakat.sg>

Through this allocation, MUIS ensures that zakat funds not only serve as direct assistance but also act as a long-term investment in the social, educational, and religious development of the Muslim community in Singapore.

4. Comparison of Regulatory Systems and Practices of Zakat Institutions in Achieving Zakat Collection Targets (2021-2023) in Indonesia, Malaysia, and Singapore

The comparison of the regulatory systems and performance of zakat institutions in Indonesia, Malaysia, and Singapore (2021-2023) can be seen in the following table:

Table VII. Comparison of Zakat Regulatory Systems and Performance in Indonesia, Malaysia, and Singapore (2021–2023)

Country	Regulatory System	Performance
Indonesia	Zakat management is based on Law No. 23 of 2011, supported by government regulations and ministerial decrees. The system is dualistic, with BAZNAS (government-managed) and LAZ (community-managed) institutions coexisting. The system is voluntary, relying on individual awareness, with no legal penalties for non-compliance. This flexibility accommodates Indonesia's socio-religious diversity.	Significant growth in zakat collection, increasing from IDR 14.188 trillion (2021) to IDR 32.321 trillion (2023), with distribution optimization consistently above 96%. Challenges include uneven technological infrastructure and the need for innovative mustahik empowerment programs to ensure sustainable economic impact.
Malaysia	Zakat management is decentralized, with regulations formulated by each state's Majlis Agama Islam Negeri (MAI). This allows states to adapt to local needs but lacks a unified national zakat law, leading to coordination challenges. State-level autonomy creates disparities in transparency, efficiency, and fund management practices.	Zakat collection fluctuated, with a peak of MYR 3.65 billion (2022), but dropped significantly to MYR 1.56 billion (2023). Optimization improved from 86% (2021) to 101% (2023), indicating increased distribution efficiency despite lower collections. Challenges include lack of transparency in some states and absence of a centralized reporting system.

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Singapore	Zakat management is highly centralized under Majelis Ugama Islam Singapore (MUIS), governed by the Administration of Muslim Law Act (AMLA). The system employs advanced technology, such as online zakat payment platforms, ensuring professionalism, transparency, and accountability. Despite being a minority Muslim population (15%), the system is effective and highly trusted.	Consistent growth in zakat collection, from SGD 59.5 million (2021) to SGD 69.5 million (2023). However, optimization declined from 95% (2021) to 88% (2023), indicating challenges in aligning distribution with increasing collections. MUIS's focus on education, social development, and mosque management reflects a long-term investment approach.
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Source: Processed Data, 2024.

Next, the optimization of zakat fund distribution in Indonesia, Malaysia, and Singapore can be illustrated in the following chart:

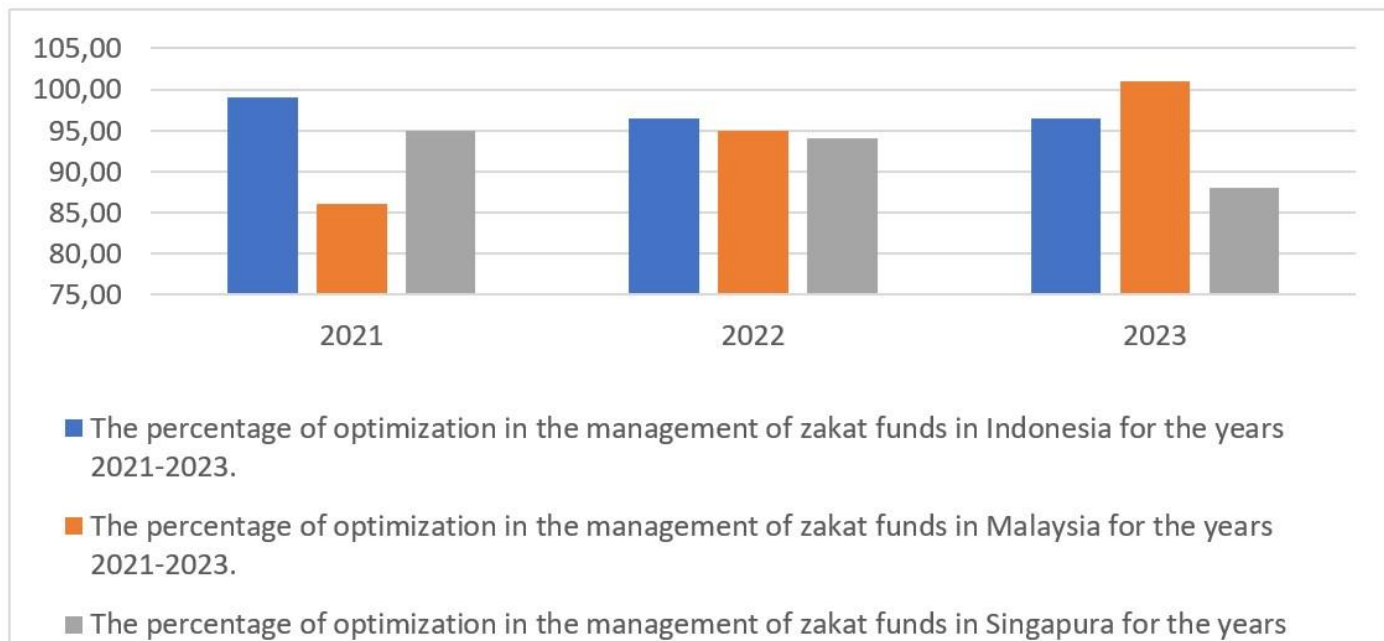


Figure I. Optimization of Zakat Fund Distribution in Indonesia, Malaysia, and Singapore

Based on the zakat regulatory systems in Indonesia, Malaysia, and Singapore, each country demonstrates a different approach to managing zakat potential, reflecting the unique characteristics of their societies and governance structures. Indonesia has a strong legal framework through Law No. 23 of 2011, which provides the foundation for BAZNAS and LAZ to collaborate in zakat management. This system reflects a dual role of the government as a regulator and society as the executor. The regulation allows for flexibility in zakat collection among the diverse population, but challenges remain, especially in the synergy between BAZNAS and LAZ and the uneven distribution of technological infrastructure across regions. Nevertheless, the trend in zakat collection has shown significant growth, increasing from IDR 14.188 trillion in 2021 to IDR 32.321 trillion in 2023, with a stable distribution rate of over 96%.

Malaysia applies a decentralized system where each state has full authority over zakat management. While this approach allows responsiveness to local needs, the absence of national regulations has led to weak coordination and disparities in transparency and efficiency across states. The optimization rate of zakat management increased from 86% in 2021 to 101% in 2023, although the amount of zakat collected in 2023 decreased significantly. This can be attributed to the lack of financial reporting transparency in several states, potentially undermining public trust. Efforts to improve the national system are needed to ensure more equitable and coordinated zakat distribution. Singapore presents the most centralized and professional zakat management system through the MUIS, regulated by the Administration of Muslim Law Act (AMLA). With the support of modern technologies, such as online zakat payments, Singapore has achieved high efficiency despite the Muslim community comprising only 15% of the total population. Zakat collected has continued to increase from SGD 59.5 million in 2021 to SGD 69.5 million in 2023, although the optimization of distribution declined from 95% to 88%. This indicates challenges in ensuring that distribution aligns with the increase in collected funds. Zakat programs in Singapore focus on education, social empowerment, and amil capacity development, showcasing a long-term investment approach to support the development of the Muslim community.

Overall, this comparison shows that Singapore excels in professionalism and centralization. This aligns with research conducted by Subardi et al. (2020), which praised MUIS's professionalism, noting that the modern management system in Singapore could

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serve as a model for other countries. Meanwhile, Indonesia has succeeded in increasing zakat collection through widespread public participation. This is consistent with the study by Musthofa & Possumah (2020), which mentioned that zakat regulations in Indonesia are effective in improving community welfare, but the study highlighted that the dual structure could create overlapping functions between BAZNAS and LAZ. Furthermore, Malaysia, with its decentralized system, faces challenges in transparency and national coordination. This aligns with the research by Wira (2019), which emphasized the importance of a national system to improve coordination and transparency in zakat management. Moving forward, the three countries can learn from each other's approaches to optimize zakat's role in poverty alleviation and economic empowerment. Therefore, improvements in regulations, the application of technology, and strengthened transparency are key to the successful management of zakat in these three countries.

E. CONCLUSIONS

The zakat regulatory systems in Indonesia, Malaysia, and Singapore exhibit different approaches to managing zakat potential, tailored to the characteristics of their societies and governance structures. Overall, this comparison highlights Singapore's superiority in professionalism and centralization. Meanwhile, Indonesia has successfully increased zakat collection through broad public participation. On the other hand, Malaysia, with its decentralized system, faces challenges related to transparency and national coordination.

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