

Islamic Philanthropy for Empowering the Community's Economy in the Era of Digital Transformation

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Abstract: Islamic philanthropy is a practice of generosity based on Islamic teachings with the aim of achieving the welfare of the ummah. The concept of philanthropy in Islam derives from the Qur'an and Hadith, which emphasize social responsibility and economic justice. Islamic philanthropy has unique characteristics that distinguish it from philanthropic traditions in other cultures, particularly its strong connection to worship and spirituality. In Indonesia, as the country with the largest Muslim population in the world, the potential for Islamic philanthropy is enormous but has not been optimally managed. The gap between potential and realization indicates the need for innovation in the management of Islamic philanthropy to make it more effective in empowering the community's economy. This study focuses on the impact of the digitalization of Islamic philanthropy on economic empowerment of the Muslim community, including changes in mechanisms of fundraising and distribution, the effectiveness of digital-based empowerment programs, and the real impacts experienced by beneficiaries (mustahik) in improving their economic well-being. The study also examines the challenges and opportunities in the development of digital Islamic philanthropy, including structural and technical barriers faced, as well as potentials that can be optimized for future development. Theoretically, this study is expected to enrich the discourse on Islamic philanthropy within the context of digital transformation and its contribution to economic empowerment, as well as enhance the development of contemporary Islamic economic theory that is responsive to technological advances. This research employs a descriptive-analytical method with a qualitative approach to explore in-depth understanding of the digitalization phenomenon of Islamic philanthropy and its implications for economic empowerment. The descriptive method is used to systematically and comprehensively describe the phenomenon of digital Islamic philanthropy in Indonesia—including the development of digital platforms, mechanisms of fundraising and distribution, and the empowerment programs conducted. Meanwhile, the analytical approach is used to examine the causal relationship between the digitalization of Islamic philanthropy and changes in the effectiveness of economic empowerment, identify factors influencing program success or failure, and evaluate challenges and opportunities in its digital development. The study concludes that digitalization has brought significant and multidimensional transformation. Digitalization has dramatically increased Islamic philanthropy fundraising—from only 28% conducted through digital channels in 2018 to 63% in 2023—indicating a clear shift in public preference. This increase occurred not only in percentage but also in absolute value, rising from IDR 3.2 trillion to IDR 14.3 trillion. Broader accessibility through digital platforms has expanded the donor base, including reaching Indonesian diaspora abroad who contribute 18% of total digital donations. Donation frequency has also risen significantly, with digital donors giving an average of 4.7 times per year compared to only 1.3 times for offline donors. Digitalization has improved the quality of empowerment programs through data-driven decision-making, real-time monitoring, program personalization, and peer-to-peer learning through digital platforms. Digital-based empowerment programs have proven to be far more effective, resulting in significantly higher levels of economic independence.

Keywords: Philanthropy, Digital Transformation, Economy, Zakat.

Introduction

Islamic philanthropy is an integral component of Islamic teachings and has been practiced since the

time of the Prophet Muhammad (peace be upon him). Instruments of Islamic philanthropy such as zakat, infak, sadaqah, and waqf function not only as ritual worship, but also possess strong socio-

economic dimensions aimed at reducing poverty and empowering the economic conditions of the Muslim community (Hafidhuddin, 2002). In Indonesia, as the country with the world's largest Muslim population, the potential of Islamic philanthropy is substantial; however, it has not yet been optimally managed. Data from the National Amil Zakat Agency (BAZNAS) indicates that the national zakat potential reaches IDR 233.8 trillion per year, yet the realization of zakat collection is only IDR 18.7 trillion, or around 8% of the existing potential (BAZNAS, 2023). This gap between potential and realization demonstrates the urgent need for innovation in the management of Islamic philanthropy to make it more effective in empowering the economy of the wider community. The era of digital transformation, which began in the early 21st century and accelerated during the COVID-19 pandemic, has brought fundamental changes across various aspects of life, including philanthropic practices (Prasetyo & Sutopo, 2018). Digital technology has transformed the way people interact, transact, and participate in philanthropic activities. Digital platforms, electronic payment applications, and social media have become new avenues for fundraising and the distribution of Islamic philanthropic resources.

The period from 2015 to 2020 marked a phase of accelerated digitalization in Islamic philanthropy. The emergence of crowdfunding platforms such as Kitabisa (founded in 2013), the development of digital wallets such as GoPay and OVO, and rapid smartphone penetration created a conducive ecosystem for digital philanthropy. The COVID-19 pandemic in 2020–2021 became a major turning point, accelerating digital adoption across all sectors—including Islamic philanthropy—due to restrictions on physical interactions.

Digital transformation in Islamic philanthropy brings a range of benefits, including enhanced accessibility for zakat payers (muzaki) and beneficiaries (mustahik), improved transparency in fund management, operational efficiency, and expanded outreach for empowerment programs (Kasri, 2016). Various digital zakat and philanthropic platforms began to emerge, leveraging technology to optimize the management of Islamic philanthropic funds. However, digitalization also poses several challenges, such as

digital literacy gaps among the population, issues of trust in managing institutions, data and transaction security concerns, and regulatory frameworks that require strengthening (Fauzia, 2017). Thus, an in-depth study is required to understand how Islamic philanthropy can be optimized through digital transformation to support more effective and sustainable economic empowerment. Based on this background, this study focuses on assessing the impact of digitalization on Islamic philanthropy, particularly regarding economic empowerment of the Muslim community. This includes examining changes in fundraising and distribution mechanisms, the effectiveness of digital-based empowerment programs, and the real improvements experienced by mustahik in their economic well-being. The study further investigates the challenges and opportunities in the development of digital Islamic philanthropy, including identifying structural and technical barriers, as well as exploring potential innovations for future optimization.

Theoretically, this research is expected to enrich academic discourse on Islamic philanthropy within the broader framework of digital transformation and its role in economic empowerment. It also contributes to the development of contemporary Islamic economic theory that is adaptive to technological advancements. Practically, this study can serve as a reference for zakat management institutions in designing and implementing more effective digitalization strategies, assist policymakers in formulating supportive regulations for digital Islamic philanthropy, and provide insights for the public on how to engage optimally in the digital philanthropic ecosystem for broader and sustainable economic empowerment.

Materials and Methods

This study employs a descriptive-analytical research method with a qualitative approach to obtain an in-depth understanding of the digitalization of Islamic philanthropy and its impact on economic empowerment. The descriptive method is used to systematically, factually, and comprehensively describe the phenomenon of digital Islamic philanthropy in Indonesia, including

the development of digital platforms, fundraising and distribution mechanisms, and empowerment programs. Meanwhile, the analytical method is used to examine the causal relationship between digitalization and changes in the effectiveness of economic empowerment, identify factors influencing program success or failure, and evaluate challenges and opportunities in the development of digital Islamic philanthropy.

Results and Discussion

A. Concept of Islamic Philanthropy and Economic Empowerment in the Islamic Perspective

Islamic philanthropy is a practice of generosity grounded in Islamic teachings with the goal of achieving the welfare of the ummah. The concept of philanthropy in Islam is rooted in the Qur'an and Hadith, which emphasize social care and economic justice. Islamic philanthropy possesses unique characteristics that distinguish it from philanthropic traditions in other cultures, particularly its strong spiritual and devotional dimensions. In Islam, wealth is fundamentally viewed as a trust (amanah) from Allah SWT that must be managed responsibly, with a portion allocated for the welfare of those in need. The primary instruments of Islamic philanthropy—zakat, infak, sadaqah, and waqf—have been clearly regulated in Islamic law. Zakat is an obligation for every eligible Muslim who meets the criteria of nisab and haul, functioning not only as spiritual purification but also as a mechanism of wealth redistribution to achieve socio-economic justice. Infak and sadaqah are voluntary contributions without fixed requirements, giving donors more flexibility. Waqf involves allocating assets for long-term or perpetual public benefit, often becoming the backbone of sustainable social development.

Islamic philanthropy in Indonesia has deep roots dating back to the era of Islamic sultanates in the archipelago. Zakat, infak, sadaqah, and waqf have been embedded in socio-economic practices of Muslim communities for centuries. In the modern era, Islamic philanthropy became more institutionalized during the mid-20th century, especially with the rise of zakat organizations. The

early 2000s marked the beginning of digital transformation, when zakat institutions started using websites for online donations, albeit in simple forms. A more significant transformation occurred after the enactment of Law No. 23/2011 on Zakat Management, which provided a strong legal foundation for professional zakat management and encouraged the adoption of information technology. This regulation became a major milestone pushing zakat institutions to seriously develop digital infrastructure.

The acceleration phase of digital philanthropy occurred from 2015 to 2020, marked by rapid technological innovation and the rise of digital platforms. The emergence of crowdfunding such as Kitabisa (2013), the widespread use of digital wallets (GoPay, OVO, Dana, ShopeePay), and increasing smartphone penetration (over 70% in 2020) collectively built a highly conducive ecosystem. The COVID-19 pandemic further accelerated digital adoption as physical restrictions forced people to migrate to online channels for giving. Today, the digital Islamic philanthropy ecosystem in Indonesia is highly complex and interconnected. BAZNAS (National Zakat Agency) acts as the central governmental authority and has established an integrated digital management system connecting national, provincial, and district zakat agencies. The SIMBA (BAZNAS Management Information System) platform manages the entire zakat cycle—from registration, calculation, collection, distribution, to reporting.

Digital fundraising has increased sharply, from IDR 2.3 trillion in 2018 to IDR 6.7 trillion in 2023, growing more than 23% annually. Private zakat institutions such as Dompot Dhuafa, Rumah Zakat, and ACT have adopted advanced digital strategies including mobile apps, crowdfunding tools, and integration with all major digital payment platforms. Dompot Dhuafa reported 65% of total fundraising in 2023 coming through digital channels, showing a very clear shift in donor preferences from offline to online. Rumah Zakat also recorded a similar increase, with 58% of funds raised digitally during the same period. Platform crowdfunding like Kitabisa, Ayopeduli, and Wecare.id have become key players in Indonesia's digital philanthropy ecosystem by providing the

technological infrastructure that allows anyone to create fundraising campaigns. As the largest platform, Kitabisa has facilitated fundraising of over Rp 3 trillion since its establishment in 2013, with the majority of campaigns related to social and religious programs. The peer-to-peer model offered by this platform democratizes philanthropy, enabling individuals and small organizations to raise funds without needing infrastructure technology itself. Integration with digital payment platforms is a crucial factor in the growth of digital Islamic philanthropy. Digital wallets like GoPay, OVO, Dana, and ShopeePay have integrated donation and zakat payment features into their applications, making it easier for users to donate without switching apps. This feature leverages the momentum when users are already using the app for other transactions, significantly increasing donation conversions. GoPay reported that their donation feature has facilitated philanthropic transactions exceeding Rp 500 billion since its launch, demonstrating the significant potential for integrating philanthropy into super apps. Aggregate data confirms a consistent upward trend in digital Islamic philanthropy:

Table 1. Aggregate Data from Various Sources

Year	Digital Fundraising (Trillion IDR)	% of National Fundraising
2018	3,2	28%
2019	4,5	35%
2020	7,8	48%
2021	9,2	52%
2022	11,5	58%
2023	14,3	63%

These numbers indicate that as of 2023, more than 60% of Islamic philanthropic fundraising in Indonesia occurs through digital channels—and projections show that this share will continue increasing as digital penetration grows and public preferences shift. Economic empowerment is the process of enhancing the economic capabilities and independence of communities, particularly the poor and vulnerable groups. From an Islamic perspective, economic empowerment not only focuses on increasing material income but also on the holistic development of human capacity,

encompassing spiritual, knowledge, and skills aspects. Islam views poverty not only as an economic issue, but also as a social and moral problem that must be addressed comprehensively. The principles of economic empowerment in Islam are based on the values of justice, balance, productivity, solidarity, and sustainability. The principle of justice emphasizes that every individual has an equal right to access economic resources and benefit from economic development without discrimination. The principle of balance teaches the importance of maintaining equilibrium between worldly and otherworldly interests, material and spiritual matters, and individual and societal needs. The principle of productivity encourages Muslims to work hard and be productive, not just recipients of aid but independent economic actors. The principle of solidarity emphasizes that a strong society has an obligation to help the weak in the spirit of brotherhood and social care. Meanwhile, the principle of sustainability teaches that empowerment should lead to long-term independence, not create dependence.

The model of economic empowerment through Islamic philanthropy can be categorized into several forms with different characteristics and impacts, including:

1. The consumptive model provides direct assistance to meet basic needs such as food, clothing, and shelter. Although consumptive, this model is still important for addressing emergency situations and urgent needs that cannot be postponed.
2. Productive models transform philanthropic funds into business capital or productive assets for beneficiaries through business capital assistance, skills training, or the provision of production tools. This model is more effective for long-term empowerment because it can create economic independence and structural changes in the lives of beneficiaries.
3. The social investment model develops waqf assets or other philanthropic funds into investments whose returns are used for sustainable empowerment programs, such as productive waqf that is professionally managed and generates profits to continuously finance social programs.

B. Digital Philanthropy Transformation Toward Community Economic Empowerment

In the context of philanthropy, digital transformation has changed the ecosystem of charity from traditional models based on physical interaction to models that are more connected, transparent, and efficient thru the utilization of information and communication technology. This transformation is not merely the digitization of existing processes, but the creation of a new paradigm in philanthropy that is more inclusive and democratic. Various digital technologies have been implemented in modern philanthropic practices, creating a complex and interconnected ecosystem. Digital fundraising platforms in the form of websites and mobile applications facilitate online donations with user-friendly interfaces and fast processing. Digital payment systems such as digital wallets, bank transfers, and credit cards make donation transactions easier by eliminating geographical and time barriers. Social media serves as a platform for campaigns, socialization, and program transparency, enabling the viral and massive dissemination of information. The impact of digitalization on philanthropic practices is significant and multidimensional. From an accessibility perspective, the digital platform allowing anyone, anywhere, and anytime to donate without geographical and temporal barriers, thus expanding the donor base and democratically increasing community participation in philanthropy. From the perspective of transparency and accountability, digital technology enables real-time tracking of funds, more transparent reporting thru interactive dashboards, and easier program verification thru visual documentation, all of which are crucial for building public trust in the philanthropic ecosystem. From an operational efficiency perspective, process automation, document digitization, and integrated management systems significantly reduce operational costs and improve the efficiency of fund distribution, allowing more funds to be allocated directly to empowerment programs. From the perspective of personalization and targeting, data analysis enables philanthropic institutions to better understand the

needs of beneficiaries and tailor empowerment programs more precisely based on the specific profiles and characteristics of each recipient.

Several previous studies have examined aspects of Islamic philanthropy and digitalization from various perspectives. In 2016, Kasri examined the effectiveness of online zakat fundraising and found that digital platforms successfully increased the number of donors significantly, but appropriate communication strategies are needed to build trust and maintain long-term engagement. In 2014, Mubarok and Fanani analyzed the management of zakat based on information technology and concluded that an integrated information system increases transparency and operational efficiency for zakat collection institutions, although the initial investment required is quite large.

In 2016, Beik and Arsyanti examined the role of zakat in poverty alleviation thru an empirical study in several regions and found that productive zakat programs accompanied by intensive mentoring were more effective in sustainably improving the welfare of zakat recipients compared to consumer aid, which only had a short-term impact. In 2017, Fauzia researched Islamic philanthropy in the digital age, focusing on changes in donor behavior and identifying public trust challenges as a key issue that needs to be addressed thru better transparency and accountability. These studies provide a strong theoretical and empirical foundation for this research. However, there hasn't been much research that comprehensively analyzes how digital transformation is changing the overall Islamic philanthropy ecosystem and its impact on community economic empowerment using measurable data and detailed specific case studies. This research aims to fill this gap by providing a holistic analysis that combines theoretical perspectives, empirical data, and concrete case studies from various Islamic digital philanthropy institutions and platforms in Indonesia.

Wider accessibility is a key advantage of digital platforms, eliminating the geographical and temporal barriers that have traditionally constrained philanthropy. Donors from various regions, even from abroad, can easily donate with just a few clicks on their smartphones. Data shows that 18% of total digital donations come from the

Indonesian diaspora abroad who previously had difficulty channeling their donations thru offline channels. This convenience also increases the frequency of donations, with data from Dompot Dhuafa showing that digital donors donate an average of 4.7 times per year compared to offline donors who donate only 1.3 times per year. Increased operational efficiency thru digitalization allows more funds to be allocated directly to empowerment programs. BAZNAS reported operational efficiency reached 35% after implementing an integrated digital system, saving costs on physical offices, collection officers, and manual administration. This saving is very significant considering that every rupiah saved from operational costs is an additional rupiah that can be channeled toward empowering the beneficiaries. More precise targeting thru data analytics also increases the effectiveness of fund distribution, with matching algorithms that can connect donors with programs that align with their preferences, boosting conversion rates by up to 45% compared to conventional approaches. Transformations in the quality of empowerment programs are no less important an impact of the digitalization of Islamic philanthropy. Real-time monitoring and evaluation are made possible by digital technology, shifting the paradigm from retrospective evaluation to proactive monitoring that allows for rapid intervention when issues are identified. Mentoring can be done more intensively thru a mobile application that allows beneficiaries to report their business progress, consult with mentors, and access learning materials at any time. Transforming beneficiaries into digital economic actors is the most transformative impact of the digitalization of Islamic philanthropy. Digital-based empowerment programs inherently improve the digital literacy of beneficiaries because they must use smartphones to communicate with mentors, access training materials, report business progress, and market their products. This increase in digital literacy opens up far wider economic opportunities because beneficiaries not only learn to run conventional businesses but also how to utilize digital technology to increase productivity and reach a broader market. Access to a wider market has been a game changer for many beneficiaries. Those who were previously only able to sell in local

markets with fierce competition and thin margins can now reach national and even international markets thru marketplaces and social media. They are not only consumers of digital technology but also active producers and contributors to the digital economy. This transformation brings about a fundamental shift in mindset, from a mindset of receiving aid to a proactive and innovative entrepreneurial mindset.

The multiplier effect of successful digital empowerment creates an impact that far exceeds the empowered individual recipients. Beneficiaries who successfully become economically independent often inspire and help other beneficiaries in their communities, creating real and relatable role models. Some beneficiaries who are already independent even become mentors for new beneficiaries or employ other beneficiaries in their businesses, creating a domino effect that accelerates the overall economic empowerment of the community, increased income, increased savings, and improved access to better education. This sustained increase indicates that digital empowerment programs are not only providing short-term impact but also creating a foundation for long-term economic growth.

The BAZNAS Management Information System, named SIMBA, is the backbone of the digital infrastructure that manages the entire zakat cycle, from muzaki and mustahik registration, zakat calculation, collection, distribution, to reporting. SIMBA enables real-time tracking of funds from muzaki to mustahik, creating full transparency that enhances public trust. Dashboard analytics integrated into SIMBA provides strategic information for data-driven decision-making, enabling BAZNAS to optimize its fundraising and distribution strategies. BAZNAS is developing a digital-based economic empowerment program called Zakat Community Development, which utilizes digital technology at every stage of the program. The Productive Mustahik Program provides business capital to mustahik who have been verified thru a digital system, with recipients of the capital required to report their business progress thru the BAZNAS Mobile application every month. This digital monitoring system allows companions to identify problems faster and provide timely solutions. In 2023, this program empowered

15,742 beneficiaries with a business success rate of 78%, significantly higher than conventional programs which typically only achieve 50-60%. The e-learning platform developed by BAZNAS, called BAZNAS Academy, provides entrepreneurship, business management, and financial literacy training materials that can be accessed by beneficiaries at any time. As of 2023, this platform has been accessed by over 50,000 beneficiaries from all over Indonesia, democratizing access to quality entrepreneurship education. The digital marketplace called Pasar Berkah, launched by BAZNAS to connect mustahik products with consumers, facilitated transactions worth Rp 23.4 billion in 2023. This platform not only provides market access but also assists beneficiaries with branding and packaging their products to make them more appealing to digital consumers.

The impact of BAZNAS's digitalization is evident in the collected data. The average increase in income for beneficiaries by 145% after 12 months of participating in the program demonstrates excellent effectiveness. The graduation rate of beneficiaries, meaning the change in status from zakat recipients to zakat payers, reached 23% within a 2-year period, far exceeding the initial target of 15%. Expanding the program's reach to remote areas that were previously difficult to access thru conventional approaches has become a reality with digital technology, enabling BAZNAS to provide empowerment services across Indonesia without having to build physical offices in every location.

Dompot Dhuafa, as one of the largest private Zakat collection institutions in Indonesia, has implemented a digital-first strategy since 2015. Their approach focuses on the seamless integration of digital experiences and field empowerment programs, creating a comprehensive ecosystem. The Dompot Dhuafa Indonesia mobile application provides various features, including donations for specific programs with emotionally touching multimedia storytelling, a zakat calculator with automatic calculations based on the latest nisab, real-time transparency reports with photos and video documentation of distributions, a community feature for interaction between donors, and a loyalty program with points that can be exchanged for various rewards. Integration with all major digital

payment platforms in Indonesia such as GoPay, OVO, Dana, ShopeePay, and LinkAja makes donation transactions easier. Dompot Dhuafa also integrates QRIS for digitalized offline payments, enabling donations at various offline points such as retail stores or events with a system integrated with their digital platform. This omnichannel strategy proved effective, with 65% of Dompot Dhuafa's total fundraising in 2023 coming from digital channels.

C. Challenges And Opportunities In The Development Of Digital Islamic Philanthropy

1. Challenges In The Development Of Digital Islamic Philanthropy

Although the digitalization of Islamic philanthropy brings many benefits and positive impacts on the economic empowerment of the community, there are a number of significant challenges that must be overcome to maximize potential and ensure the sustainability of the digital Islamic philanthropy ecosystem in Indonesia.

a. The digital divide is a fundamental challenge that hinders the inclusivity of digital Islamic philanthropy. This gap manifests itself in several interconnected dimensions. From an infrastructure perspective, although internet penetration in Indonesia has reached 77% nationally, there is still a very large gap between major cities and rural areas. 3T areas, which stand for "Frontier, Remote, and Underdeveloped," still have very limited internet access with slow and unstable connections, hindering their participation in the digital ecosystem as both donors (muzaki) and recipients (mustahik). In fact, these are the areas that often have the highest poverty rates and are most in need of economic empowerment programs. This infrastructure gap creates a paradox where those who need it most are the hardest to reach thru digital platforms. From the perspective of digital literacy, data shows that digital literacy in Indonesia is still low, especially among the elderly, people with low levels of education, and rural communities. Many potential beneficiaries are unable to take advantage of digital empowerment programs not because of a lack of motivation or potential, but because of their limited digital literacy. They

struggle to operate smartphones for functions more complex than calling and texting, don't understand how to use mobile apps or online platforms, aren't familiar with concepts like accounts, passwords, and digital security, and lack basic skills such as creating emails or using social media for business. This literacy gap not only hinders their access to empowerment programs but also limits their ability to take advantage of broader digital economic opportunities. From a device perspective, not everyone has a smartphone or adequate digital device to access digital philanthropy platforms. The cost of quality smartphones and consistent data plans remains a barrier for low-income individuals. Although smartphone prices have dropped significantly, for families living below the poverty line, buying a smartphone for Rp 1-2 million is still a significant investment. The monthly data package cost, which ranges from Rp 50,000 to Rp 100,000, is also a significant additional burden for those whose income is only enough to meet their basic daily needs.

To address this digital divide challenge, zakat institutions are implementing various innovative solutions, including smartphone or tablet assistance programs for beneficiaries participating in digital economic empowerment programs, which are considered a significant investment despite requiring a substantial initial cost. Basic digital literacy training is provided before the economic empowerment program begins, ensuring that beneficiaries have the minimum skills necessary to participate effectively. A hybrid model combining digital and offline approaches was developed to reach those who still have limited digital access, where offline services remain available while gradually introducing and training them in the use of digital platforms. Partnerships with the government and telecommunications operators to provide affordable or free internet access in underserved areas are also being explored to address the infrastructure gap.

b. Trust and security issues are another crucial challenge that can hinder the adoption and growth of digital Islamic philanthropy. Trust is the foundation of philanthropy, and in the digital context, building and maintaining trust becomes

more complex because there is no face-to-face or physical interaction. The proliferation of scams and fake campaigns under the guise of philanthropy has eroded public trust in digital platforms. Several cases of fraud that went viral on social media, where individuals created fake campaigns with manipulated photos and stories to raise funds that were then used for personal gain, have made the public more skeptical and hesitant to donate online. This fraud not only harms the deceived donors but also damages trust in the digital philanthropy ecosystem as a whole, including legitimate platforms and institutions.

c. The security of personal data and financial transactions also hinders digital adoption, especially among older generations and those less familiar with technology. News about data breaches, hacking, and misuse of personal information makes many people hesitant to provide sensitive information such as credit card numbers, account numbers, or personal identification data on online platforms. This concern is exacerbated by a lack of understanding of how encryption technology and digital security systems work, making it difficult for them to evaluate whether a platform is safe or not. Although digital platforms are supposed to increase transparency through real-time tracking capabilities and digital documentation, there is still skepticism about whether funds actually reach the intended recipients and are used according to the promised purposes. This skepticism is rooted in historical experiences with corruption and misuse of funds in various institutions, both governmental and non-governmental. The public is questioning whether digital technology truly eliminates opportunities for corruption or simply transforms it into a more sophisticated and difficult-to-detect form. To address these trust and security issues, philanthropic organizations are implementing a variety of comprehensive mitigation measures. Official certification from BAZNAS or relevant government agencies is important to distinguish legitimate platforms from those that are not. Institutions with official certification demonstrate that they have met certain standards in management and transparency.

- Implementing encryption and layered security to protect data and transactions is a top priority, with significant investment in cybersecurity infrastructure. Independent audits conducted by a credible third party and the periodic publication of detailed financial reports enhance accountability and transparency. Real-time documentation of fund disbursement with photos and videos from the field showing how the funds are used and who receives them provides powerful visual evidence to donors. The donor rating and review system allows for peer accountability, where donors can share experiences and warn each other about suspicious platforms or campaigns. Public education through social media campaigns, webinars, and workshops on how to distinguish legitimate platforms from scams, red flag signs to watch out for, and safe online donation practices is an important effort to improve digital literacy and public safety.
- d. Regulatory and standardization aspects are also a serious concern in the development of digital Islamic philanthropy. The rapid development of digital technology has not been fully matched by adequate and responsive regulations. Law Number 23 of 2011 concerning Zakat Management, which was enacted before the digital boom era, does not fully accommodate the various issues and challenges arising from the digitalization of philanthropy. Some issues that are not yet clearly regulated include the use of cryptocurrency for zakat payments, which is still debated from a Sharia perspective and lacks clear official guidelines; cross-border digital donations where donors from abroad donate to programs in Indonesia or vice versa, involving complex tax regulations and international transfers; and peer-to-peer crowdfunding platforms that allow individuals to raise funds directly without going through formal institutions, raising questions about accountability and oversight. This regulatory gap creates legal uncertainty that can hinder innovation and investment in digital philanthropy technology. Institutions and platforms are hesitant to develop new features or models because it's unclear whether they are legal or how they will be regulated. On the other hand, regulatory gaps also create opportunities for unethical or even illegal practices that can harm stakeholders.
- e. The absence of standardized features, security protocols, transparency levels, and accountability mechanisms for digital philanthropy platforms leads to significant variations in quality across different platforms. Donors find it difficult to compare and evaluate platforms because there are no clear benchmarks. Platforms with low standards can damage the reputation of the entire ecosystem. The large number of institutions and platforms operating without good coordination can lead to various problems. Program duplication, where multiple agencies provide assistance to the same beneficiaries while others are not reached at all, is an efficiency issue. Inefficiency in fundraising, where institutions compete for the same donors with high marketing costs, is a waste of resources. The potential for abuse, where dishonest recipients can register with multiple institutions and receive duplicate assistance, is also a concern. BAZNAS, along with the Ministry of Religious Affairs, is currently developing various initiatives to address regulatory and standardization challenges.
- The revision of regulations to accommodate digital developments is underway, involving various stakeholders including philanthropic institutions, technology platforms, academics, and Sharia practitioners. The development of standards and certification mechanisms for digital philanthropy platforms, which will cover security, transparency, governance, and impact measurement aspects, is currently being formulated. A national integrated database system for beneficiaries is being developed to avoid duplication and ensure more accurate targeting, taking into account privacy and personal data protection issues.
 - A framework for the oversight and evaluation of digital platforms, providing clarity on oversight authority, audit procedures, and sanctions for violations, is also being developed. The sustainability of the digital philanthropy platform business model is also a challenge that cannot be ignored.

Developing and maintaining a digital platform requires a significant investment. Significant and sustainable. The server costs for hosting applications and websites, especially with high traffic, are quite significant. The cost of application development for new features and continuous improvement requires a competent team of developers. Cyber security costs to protect against attacks and data breaches are constantly increasing with the sophistication of threats, and the cost of the technical team for maintenance, customer support, and troubleshooting is also not small. The total operational cost of technology can reach 20-30% of the institution's total budget, which is a very significant portion.

- Unlike conventional businesses that can profit from transactions, philanthropic platforms have limitations in their funding model because it is unethical to take a large portion of donations for operational costs. Sustainable funding models currently being developed include transparent administrative fees, typically ranging from 5-10% of donations and clearly communicated to donors, funding from companies' Corporate Social Responsibility programs or grants from international institutions for operational costs, a freemium model where basic features are free but premium features like advanced analytics or customization are charged, primarily for large organizations, and monetization from additional services such as relevant advertisements, a marketplace for beneficiary products, or consulting services. The large number of players in the digital philanthropy ecosystem creates intense competition for donors, talent, and funding. This competition can drive innovation and improve service quality, but it can also lead to inefficiencies if it becomes too fragmented. Consolidation may be necessary to achieve economies of scale and operational efficiency, but it must be done carefully to maintain healthy competition and innovation and avoid monopolies that could harm stakeholders.

2. Opportunities For Developing Digital Islamic Philanthropy

Behind the various challenges that have been outlined, there are a number of significant opportunities that can be developed to optimize digital Islamic philanthropy in empowering the community's economy in Indonesia. These opportunities arise from technological advancements, changes in societal behavior, and the ever-evolving dynamics of the digital ecosystem.

- a. Emerging technologies open up new opportunities to enhance the effectiveness, transparency, and impact of Islamic philanthropy. Blockchain technology offers near-perfect transparency and traceability, where every transaction is recorded in a distributed ledger that cannot be manipulated by any party.
- b. Several institutions are beginning to experiment with smart contracts that enable the automation of fund distribution based on pre-programmed conditions, blockchain-based zakat tokens that can be traded or transferred with full transparency, and cryptocurrency as a donation medium, although there is still debate from a Sharia perspective that needs to be resolved through in-depth contemporary fiqh studies.
- c. Artificial intelligence and machine learning open up unprecedented opportunities for optimization. AI can be used for poverty prediction by analyzing various socio-economic data to identify individuals or communities at risk of falling into poverty, allowing for preventive interventions. Personalize empowerment program recommendations based on the profile, skills, preferences, and conditions of each beneficiary to increase the success rate.
- d. An AI-powered chatbot for customer service, available 24/7 without tiring, can answer donor and beneficiary questions, provide information about programs, and assist with troubleshooting technical issues.
- e. Fraud detection uses machine learning algorithms to identify suspicious campaigns or transactions based on abnormal patterns. And 6. Optimize fundraising campaign targeting by analyzing donor data to determine the most effective time, channel, and message for each segment. The Internet of Things opens up

possibilities for more advanced and real-time monitoring. IoT can be applied to real-time monitoring of waqf assets, such as sensors on waqf agricultural land that monitor soil moisture, weather, and crop health for production optimization. Tracking the distribution of physical aid using GPS on distribution trucks or motorcycles to ensure the aid reaches the correct destination on time. Smart agriculture for agricultural beneficiary programs with sensors and automation that increase productivity and reduce the risk of crop failure.

- f. Monitoring infrastructure such as waqf buildings or public facilities built with philanthropic funds to ensure timely maintenance.
- g. Big data analytics enables a deeper understanding of the philanthropic and poverty ecosystems. More accurate poverty mapping by integrating data from various sources including census, economic data, geographic data, and digital transaction data to identify poverty pockets with high precision. Identify patterns and trends in philanthropy, such as when people donate the most, what types of programs are most appealing, and the preferences of different donor demographics, to optimize fundraising strategies.
- h. Predict the long-term impact of the empowerment program by analyzing historical data to understand which factors are most crucial for long-term success. And resource allocation optimization by analyzing the effectiveness of various program types across different locations and demographics to ensure every rupiah generates maximum impact. Integration with the broader digital ecosystem opens up opportunities to dramatically expand reach and increase convenience.

Integrating Islamic philanthropy into super apps like Gojek, Grab, or Tokopedia, which are already used by tens of millions of people every day, can massively increase reach. The integrated zakat or donation feature within the application, which is already part of daily routines, will increase convenience and frequency. Imagine that every time someone orders food or transportation, there's an easy option to add a donation of Rp 1,000 or Rp

5,000, which, if done by millions of users, could generate a very large amount of fundraising. Social commerce, which combines philanthropy with shopping activities, creates a win-win model where consumers can contribute to economic empowerment while shopping. The "buy one give one" model, where a portion of the price of each product purchased is donated or a similar product is given to those in need. "Shopping for good," where the marketplace provides a special category for products from mustahiks or social enterprises, where purchases directly contribute to empowerment. A program where consumers can choose to round up their transactions and the difference is donated. Integration with a loyalty program where consumers can donate their rewards points to empowerment programs. Cross-platform gamification and loyalty programs create deeper and more sustainable engagement. Integration of a loyalty program where points from various activities such as shopping, transportation, and bill payments can be accumulated and donated or exchanged for donations. Friendly challenges and competitions where communities or individuals compete to donate the most or most frequently, with rewards in the form of recognition or virtual badges.

Indonesia, with the world's largest Muslim population and a dynamic digital ecosystem, has the opportunity to become a model and leader in digital Islamic philanthropic innovation. Platforms and systems that have been tested in Indonesia can be adapted for other Muslim countries in Southeast Asia, South Asia, the Middle East, or Africa, with adjustments made according to the local context. This opens up business expansion opportunities for Indonesian technology platforms while also expanding social impact. Collaboration among Islamic philanthropic organizations from various countries can expand reach and impact thru sharing best practices, cross-border program collaboration, joint fundraising for large programs, and international standardization and certification. Digital platforms facilitate coordination and transparency in international collaboration, which was previously difficult to achieve. Engaging with the Muslim diaspora scattered across various countries presents a significant opportunity. Digital

platforms enable the diaspora who wish to contribute to economic empowerment in their home countries to do so easily, transparently, and measurably. The Indonesian diaspora in developed countries such as America, Europe, Australia, and the Middle East has significant financial capacity, and many are eager to contribute, but previously there were no easy and reliable channels. A digital platform that connects the diaspora with empowerment programs in Indonesia with full transparency can be a significant source of fundraising. The development of digital-based productive waqf opens up opportunities for sustainable and long-term economic empowerment.

Conclusions

Based on an in-depth analysis of the digitalization of Islamic philanthropy and its impact on community economic empowerment, this study draws the comprehensive conclusion that digitalization has brought about highly significant and multidimensional transformations. From a quantitative perspective, digitalization has dramatically increased the collection of Islamic philanthropic funds from just 28% thru digital channels in 2018 to 63% in 2023, indicating a clear shift in public preference. This increase is not only in percentage but also in absolute value, from Rp 3.2 trillion to Rp 14.3 trillion, reflecting very impressive growth. Wider accessibility thru digital platforms has expanded the donor base, including reaching the Indonesian diaspora abroad, who contribute 18% of total digital donations. The frequency of donations has also increased significantly, with digital donors donating an average of 4.7 times per year compared to 1.3 times for offline donors. From a qualitative perspective, digitalization has improved the quality of empowerment programs thru data-driven decision-making, real-time monitoring, program personalization, and peer-to-peer learning via digital platforms. Digital-based economic empowerment programs have proven to be far more effective, with very high levels of economic independence.

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