

## THE CONCEPT OF *AL-FALAH* MAXIMIZATION: *ZAKAT* AND INDUSTRY REVOLUTION 4.0

Mohd Faisol Ibrahim<sup>a\*</sup> & Nor Maslina Binti Tambi Chek<sup>b</sup>

<sup>a,b</sup>*Fakulti Ekonomi dan Muamalat, Universiti Sains Islam Malaysia*

**A PEER-REVIEWED ARTICLE**

(RECEIVED – FEBRUARY 24, 2020; REVISED – AUGUST 3, 2020; ACCEPTED – OCTOBER 1, 2020)

### ABSTRACT

Falah maximization refers to the falah or success not only in the world, but also in the hereafter. Within this context, Muslim believes that obedience to Allah's command will lead to barakah and falah maximization in one life. Zakat is one of Islam pillar and the unique lies in the collection and distribution of zakat is that zakat is an economic system exclusively for Muslim society. In the hand of the muzakki (zakat payer), even though the experience less utility, less income and asset after paying zakat, it is undeniable that he will feel greater satisfaction after discharging his responsibility because as a true Muslim, he will believe that he do that for Allah and the reward will be given only by Allah in this world and hereafter. Zakat can also lead to fair income distribution in a country. When the rich pay zakat promptly, the wealth will not only be circulated among rich group of people, but it will also flow to the asnaf (mustahik) through the zakat distribution. This study is aimed at explaining that towards the Industry Revolution 4.0, zakat management can be optimized and enhanced using new technologies and by digitization of zakat, it is easier for muzakki to pay zakat and the zakat institutions can use technologies to provide online information and reporting which will help increase trust of public towards the zakat institutions. Because of new technologies, zakat collection and distribution will become smoother etc, then Malaysia will become more prosperous and lastly achieving falah as a whole as the income gap between rich and poor can be reduced and poverty can eventually be eliminated. This study was conducted using qualitative methods based on library research. The study finds that zakat institution should improve their strategy by developing strength and turning threat into opportunitie. Thus, achieving this via zakat will invite blessing from Allah and the Muslim society will not only actually achieving falah in this world, but also in the hereafter.

### ABSTRAK

Pemaksimuman Falah merujuk kepada falah atau kejayaan bukan sahaja di dunia, tetapi juga di akhirat. Dalam konteks ini, Muslim percaya bahawa kepatuhan kepada perintah Allah akan membawa kepada pemaksimuman barakah dan falah dalam satu kehidupan. Zakat adalah salah satu rukun Islam dan kebohongan unik dalam pengumpulan dan pengagihan zakat adalah bahawa zakat adalah sistem ekonomi yang eksklusif untuk masyarakat Islam. Di tangan muzakki (pembayar zakat), walaupun dia mengalami kurang utiliti, kurang pendapatan dan aset setelah membayar zakat, tidak dapat dinafikan dia akan merasa lebih puas setelah menunaikan tanggungjawabnya kerana sebagai seorang Muslim sejati, dia akan percaya bahawa dia lakukan itu untuk Allah dan pahala hanya akan diberikan oleh Allah di dunia dan akhirat. Zakat juga boleh menyebabkan pengagihan pendapatan yang adil di sebuah negara. Apabila orang kaya membayar zakat dengan segera, kekayaan itu tidak hanya akan diedarkan dalam

\* Corresponding author: Mohd Faisol Ibrahim, Senior Lecturer, Faculty of Economy and Muamalat, Universiti Sains Islam Malaysia. E-mail: [faisol@usim.edu.my](mailto:faisol@usim.edu.my)

kalangan kumpulan orang kaya, tetapi juga mengalir ke golongan asnaf (mustahik) melalui pengagihan zakat. Kajian ini bertujuan untuk menjelaskan bahawa menjelang Revolusi Industri 4.0, pengurusan zakat dapat dioptimumkan dan ditingkatkan dengan menggunakan teknologi baru dan dengan digitalisasi zakat, lebih mudah bagi muzakki untuk membayar zakat dan institusi zakat dapat menggunakan teknologi untuk memberikan maklumat dan pelaporan dalam talian yang akan membantu meningkatkan kepercayaan masyarakat terhadap institusi zakat. Oleh kerana teknologi baru, pengumpulan dan pengagihan zakat akan menjadi lebih lancar dan lain-lain, maka Malaysia akan menjadi lebih makmur dan akhirnya mencapai fahlah secara keseluruhan kerana jurang pendapatan antara kaya dan miskin dapat dikurangkan dan kemiskinan akhirnya dapat dibasmi. Kajian ini dilakukan dengan menggunakan kaedah kualitatif berdasarkan kajian perpustakaan. Kajian itu mendapati bahawa institusi zakat harus meningkatkan strategi mereka dengan mengembangkan kekuatan dan mengubah ancaman menjadi peluang. Oleh itu, mencapainya melalui zakat akan mengundang keberkatan dari Allah dan masyarakat Islam bukan sahaja dapat mencapai fahlah di dunia ini, tetapi juga di akhirat.

---

*Keywords: fahlah maximization, zakat, industry revolution 4.0, asnaf*

## **1. Introduction**

From Islamic stand of view, the absolute ownership is Allah SWT only. Allah state this in Al-Quran, in Surah Al-Ali Imran, verse 26: "Say, "O Allah, Owner of Sovereignty, You give sovereignty to whom You will and You take sovereignty away from whom You will. You honor whom You will and You humble whom You will. In Your hand is [all] good. Indeed, You are over all things competent. Allah has bestowed to human being in this world as his servant as well as his caliph. As such, Allah provides guidance to us on how to lead a guided life in this world or world, so as we can attain blessing and fahlah not only in this world, but also in the hereafter. In hadith of Jibril, Allah through his angel, Jibril and his prophet, Muhammad SAW teach us about the basis of Islam, Iman and Ihsan where zakat is the third pillar of Islam.

Zakat is the third pillars of Islam, after syahadah and solah, and it is a socio-financial in nature. In his book, Yusuf al Qardawi mentioned that there are two main subjects in Islamic economics that deserve to be studied in this time because of their relevance, i.e zakat and riba. One is an essential obligation or a pillar of Islam while the other is a prohibition, a major sin. The first subject is zakat, the second riba (interest). In this article we will focus on the zakat to study on the impact it has to fahlah maximization to the giver (*muzakki*), receiver (*mustahik*) and Muslim Society.

Zakat in Malaysia has been administered by a subsidiary under Majlis Agama Islam Negeri (MAIN) to perform the duties. The collection of zakat was privatized. For example, Pusat Pungutan Zakat Wilayah Persekutuan (1991) and Lembaga Zakat Selangor (1994), Pusat Urus Zakat Pulau Pinang (1994), Pusat Kutipan Zakat Pahang (1995), Pusat Zakat Negeri Sembilan (1998) and Pusat Zakat Melaka (2001), Tabung Baitulmal Sarawak (2001), Pusat Zakat Sabah (2007) and Lembaga Zakat Negeri Kedah (2015) (Mohd Faisol, 2019) . The policy on the privatization of the zakat administration are as follows; to provide specified officers, offices or counters for collection of zakat separately from MAIN; to utilise the state of the-art in computer technology in all zakat related dealings; to set up a corporate working system which is not bound by bureaucracy. In this way it would encourage innovation, creativity, proactive and expedite the delivery system. In addition to that, to introduce its own service scheme to look after the welfare that would guarantee the future of their personnel; to recruit experienced personnel that have expertise in various fields including Islamic studies, finance, marketing, information technology, research, business administration, economics, mass communication and so on (Ahmad & Shofian, 2010). The administration of akat is very crucial in ensuring all-related matters to the collection and distribution of zakat could be carried out in the best possible way. Zakat administration in the various states and federal territories have gone through phases of development and restructuring with a view to strengthen the

institution of zakat machinery in delivering efficient service to the community as a whole. The matter has been highlighted by al-Qardhawi (2001) who listed five requirements for the success of zakat institution, i.e the expansion of new resources for zakat, the collection of zakat from tangible and intangible properties, systematic zakat management, efficient zakat distribution and the thoroughness in the implementation of Islamic rules.

In Malaysia, despite zakat centres having disbursed an increasing amount of expenditure annually on the two categories of zakat recipients, unfortunately the number of *fuqara* (poor) and *masakin* (needy) households is still increasing especially in urban area. Thus, this article attempts to explain that towards the Industry Revolution 4.0 and impact on zakat institutions. Zakat management in Malaysia can be optimized and enhanced using new technologies and by digitization of zakat, it is easier for *muzakki* to pay zakat and the zakat institutions can use technologies to provide new online information and new reporting which will help increase trust of public towards the zakat institutions. This study was conducted using qualitative methods. Qualitative research method is used by conducting library research and content review. Secondary data is obtained through books, scholarly articles, journals, articles and official websites. This is a conceptual paper that is based solely on a review of literature on the topic of revolution 4.0 and zakat towards al-falah.

### ***The meaning of falah maximization***

Al-falah (success) is the common words we hear every day in the adzan, hayya alal-falah, which means "let's be success". Thus, it can be said that Allah call us to the falah in our life, worldand hereafter. We will then explore what is falah concept in Islam and how can we achieve it. In contrast of value of conventional operations of maximizing shareholders wealth measured in materiality and world concept alone, muslimpreneur firm in a muslim society should focus in the falah maximization not only in world, but also hereafter, while extending the maximization of wealth not upon the shareholders only, but also to other stakeholders in the community, and one form of it through zakat contribution.

The success of a Muslimpreneur firm should be scrutinised from the perspective of Islam, namely through the concept of al-falāh. To date, the measurement of business success is heavily influenced by non-Islamic a model which taints the image of Muslimpreneurs by isolating them through features that are material in nature. Currently, there is paucity in studies within this Islamic entrepreneurship setting. As a khalifah, a muslim should be a role model especially to a non-muslim on the perferction of our deen. Thus, falah in this world cannot be compromised, especially if the falah in this world is for mardatillah, thus promising falah in the hereafter as well.

### ***The meaning of zakat***

According to Yusuf Al Qardawi in his book *Fiqh Al Zakat*, zakat in language is an infinitive of the verb zakat. Zakat means to grow and to increase. When it is said about a person, it means to improve, to become better. Consequently zakat is blessing, growth, cleanliness, and betterment. In *Lisan al Arab* it is said, "The root of the word zakat in Arabic means cleanliness, growth, blessing, and praise. All these meanings of the word are used in Qur'an and Hadith."

It seems to be most obvious according to al Wahidi and others that the root "zakat" means increase and growth. For example, with respect to plants it means to grow and with respect to things, it means to increase. But since plants grow only if they are clean of insects and other detrimental things, then the word "zakat" implies cleanliness and cleansing. If it is used with respect to persons, zakat then means betterment and righteousness. You may say a man is "zaki"; that is, he has good character, or you may say that the judge "zakat" the witnesses to mean he shows that they are of a higher level in their testimony.

In Shari'ah the word zakat refers to the determined share of wealth prescribed by God to be distributed

among deserving categories. It is also used to mean the action of payment of this share. According to al Nawawi's report from al Wahidi, this share of wealth is called zakat because it increases the funds from which it is taken and protects them from being lost or destroyed. Ibn Taimiyah said that the inner soul of the zakat payer becomes better, and his wealth becomes cleansed. Growth and cleanliness are not restricted to the zakated assets themselves, but reach out to the person who pays zakat, in accordance to the verse "out of their wealth take zakat that so thou mightest purify and sanctify them"(Sura at Tawbah, 9:103).

The basic principle in zakat distribution is explained by Allah in Al-Quran, Surah At-Taubah, verse 60: Zakat expenditures are only for the poor and for the needy and for those employed to collect [zakat] and for bringing hearts together [for Islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allah and for the [stranded] traveler - an obligation [imposed] by Allah . And Allah is Knowing and Wise.

### ***Zakat and falah of the Giver***

As explained in the above, paying zakat will definitely decreasing income or asset of a muslim. However, as zakat is also believed root from the word of growing, the zakat giver will actually grow more from paying zakat. Even in the utility concept, they regard saving and investment as part of the choice of utility, zakat in other way is also a long term investment that the reward can be received in hereafter.

As zakat is also known as purification, a person who performs his obligation in zakat payment will also achieve peace of mind and heart. With such conditions, Allah will allow him to grow more on his assets as well. A person who enjoy the gift from Allah with shariah in mind will not only enjoy the sweetness in obeying Allah's rule, but will also attain Allah blessing in his life in world and hereafter.

As such, it can be said that although a portion of Muslim's income and asset is taken out to pay zakat, he will also attain falah in this world and hereafter as her assets will keep growing and in the hereafter, he will be rewarded by Allah as he obeyed Allah's rule.

### ***Zakat and falah of the Receiver***

Asnaf entrepreneurs can be defined as individuals through a business creation process, capable of carrying out their duties, responsibilities and trying as traders stimulated by encouragement and assistance from zakat institutions in Malaysia especially the destitute, the poor and for those who convert in Islam and poor. Islam has outlined some financial rules in creating funds for the benefit of Muslims and zakat is seen to be able to help the asnaf towards producing successful asnaf entrepreneurs. As such, the capital aid from this zakat fund can avoid asnaf entrepreneurs from being caught up with the problem of riba through the method of qardhul al-hasan, thereby avoiding asnaf from continuing to be asnaf of zakat.

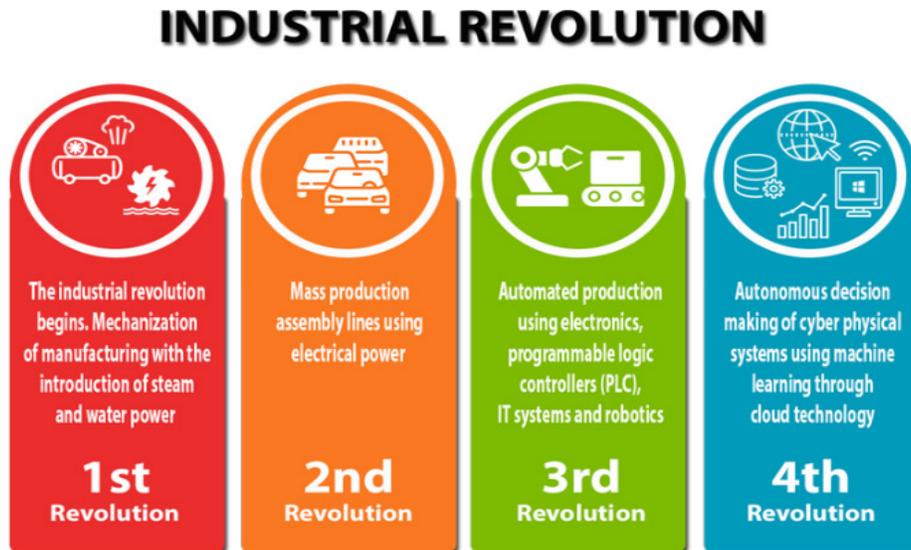
The external factors affecting the success of MAIM icon asnaf entrepreneurship are capital assistance, entrepreneurship knowledge, support and assistance from family members and asnaf partners. While the most dominant internal factor is the practice of Islamic teachings in life such as charity, keeping the 5 time prayers and sincere intentions. Attitudes and interests in business are also an internal factor that affects their success.

In view of the above, we can say that zakat is the turning point of the receiver to attain falah in his life. Complemented with his own good values in adhering to Allah's rules, he did become successful in the business and becoming asnaf entrepreneur which can be a good example on how zakat can help muslim attain falah in this world. When the asnaf entrepreneur being success in his business, he then can pay zakat instead of receiving zakat. This evolution thus increase blessing his life, leading him to mardatillah, thus he will be happily utilizing his asset and income in paying zakat as the fruits from this good deed

will also be rewarded in hereafter.

### ***Revolution industry 4.0***

Industry 4.0 is the subset of the fourth industrial revolution that concerns industry. The fourth industrial revolution encompasses areas which are not normally classified as an industry, such as smart cities, for instance. In essence, industry 4.0 is the trend towards automation and data exchange in manufacturing technologies and processes which include cyber-physical systems (CPS), the internet of things (IoT), industrial internet of things (IIOT), cloud computing, cognitive computing and artificial intelligence. The revolution of industry can be seen in the illustration below.



Source: <https://www.studymalaysia.com>

**Figure 1. Industrial revolution**

Revolution industry 4.0 is currently hit the world and has a great prospect in bringing ease in our life in using technology at a new phase. This also bring more prospects in organisations to increase their level of services using sort of high technology devices and system, use of big data in extracting useful info needed, internet of things which means people and organisations can connect efficiently in real time, and also cashless society which make easier for people do payment or financial transaction online rather than using cash. In view of this, organisations including islamic organisations such as zakat collector and distributor such as MAIN and PPZ need to adapt to this changes to ensure their services is relatively easy to be accessed both by muzakki and mustahik, thus also increase trust in the public via transparent reporting online, which can be easily accessed by the public.

In view of zakat management, the digitization of zakat management systems will be expected to increase public trust. It will be easier for muzakki to pay zakat online. The efficiency and effectiveness of digital zakat management will lead to increase in public welfare realization and poverty reduction in a country. Using the database cloud in the zakat management system, the data can be managed to improve and optimize the collection and distribution of zakat.

## **2. Literature review**

The success of a Muslimpreneur firm should be scrutinised from the perspective of Islam, namely through

the concept of al-falāḥ (success). To date, the measurement of business success is heavily influenced by non-Islamic a model which taints the image of Muslimpreneurs by isolating them through features that are material in nature. Currently, there is paucity in studies within this Islamic entrepreneurship setting. Therefore, the purpose of this study is to explore the concept of al-falāḥ, particularly within the Muslimpreneur context by conducting in-depth interviews with six Malaysian experts. Two pertinent issues emerged from this exploratory study. First, the experts in this study demonstrated a good understanding on the concept of al-falāḥ, especially in business context, hence contributing to the development of certain relevant attributes. Second, the concept of al-falāḥ integrates the role of individual (Muslimpreneur) and firm, indicating the implication of religiosity commitment, Islamic business values and entrepreneurial activities as important aspects of business outcome (business performance, zakat and social responsibilities activities). The study is significant in the embracing of the concept of al-falāḥ as a determinant of success in Islamic business and it should be viewed holistically in reflecting the needs of spirituality and meaningful efforts in business in obtaining God's blessing towards achieving prosperity in this world and the life hereafter (Zanatul Shima. et Al, 2016).

The era of innovation is disrupted providing space in the development of digital zakat management systems that are expected to increase public trust and make it easier for muzaki to pay zakat. The management of digital zakat is expected to increase the efficiency and efficiency of services in the management of zakat and increase zakat benefits to realize public welfare and poverty reduction. The research method used is descriptive qualitative with SWOT analysis techniques to analyze corporate strategy factors (strengths, weaknesses, opportunities and threats). This study found a strategy to optimize zakat through the improvement of governance systems and information on zakat-based digitalization institutions. In addition, the information system for mustahik and muzaki database needs to be improved in order to optimize the collection (Santoso, 2019).

According to Rohim (2018), zakat is able to fulfil and increase the satisfaction of a Muslim consumer, even if it reduces the quantity of goods consumed. In addition, this article will also clarify the role and function of zakat in dealing with the problem of economic inequality. Economic inequality is characterized by uneven distribution of income and wealth and only revolves around a handful of people. This made the gap between rich and poor deepening. One of the factors causing the gap is the behavior of consumers who tend to pursue pure utility. So that it fosters greed in itself and increases negative behaviors such as hoarding property, and makes wealth not circulated in the community evenly. This study also identifies the impact of zakat on public consumption behavior which also has direct implications for income distribution. The results of the study show that utility in Islamic economics is a combination of two utilities. Worldly utilities that represent real satisfaction directly felt such as feeling full, happiness in the world, fulfilled their life needs. Also the ukhrawi utility is represented by an increase in faith and piety, and a reward that is expected to be obtained in the hereafter. Where zakat is able to increase the two types of utilities. This concept encourages rich Muslim communities to distribute their income through zakat instruments to the poor. So that the redistribution of income fairly can be realized through zakat, and in the end is able to realize equitable welfare in the community (Rohim, 2018).

The era of innovation is disrupted providing space in the development of digital zakat management systems that are expected to increase public trust and make it easier for muzaki to pay zakat. The management of digital zakat is expected to increase the efficiency and efficiency of services in the management of zakat and increase zakat benefits to realize public welfare and poverty reduction. The research method used is descriptive qualitative with SWOT analysis techniques to analyze corporate strategy factors (strengths, weaknesses, opportunities and threats). This study found a strategy to optimize zakat through the improvement of governance systems and information on zakat-based digitalization institutions. In addition, the information system for mustahik and muzaki database needs to be improved

in order to optimize the collection and distribution of zakat (Santoso, 2019).

Towards the industrial revolution 4.0, zakat management can be optimized by using full advantage on the technology enhancement. The digitalization of zakat management will lead to effectiveness and increase efficiency in collecting and distributing zakat. The technology can also be used to increase public trust in zakat institutions by updating latest information on the website and social media on how the zakat has been distributed and the effectiveness of the zakat in reducing poverty in this country thus creating *falāh* maximization for the *muzakki*, *mustahik*, muslim community and Malaysia as a whole.

Among the optimization area that can be improved by technology includes expanding the reach and target of zakat socialization to all segments of society in the country, improving HR competency and professionalism in zakat management through training programs, Management Information System and building a comprehensive *mustahik* and *muzakki* database information system, so that the results of collection and distribution can be monitored at all times.

In digitizing zakat, Santoso suggest that the digitization covers three area i.e zakat collection, management of zakat and distribution of zakat. Zakat collection can be increased via online zakat payment, e-commerce, crowdfunding platform, cashless zakat payment system, and utilizing the social media platform. Digital zakat collection can be made available via internal platforms and external platforms, where the internal platforms, *muzakki* can make zakat payments using a website or application that connects with the zakat institutions information system and it must facilitates payment via the internet and mobile phone applications. External platform is a platform provided by the zakat institutions partners to raise zakat funds. Various channels of payment for zakat based on technology, such as through e-commerce, online crowdfunding, digital payment machines. In the management of zakat, blockchain can also be improved while in the distribution of zakat, zakat virtual assistant is suggested and the usage of zakat distribution technology.

In case of poverty alleviation, particularly in Malaysia, Zakat distribution has always been a vital and significant factor in reducing income inequalities among the various strata of community. M. H. Y. et al. (2018), study the usage of FinTech and mobile banking is discussed to achieving financial inclusion by efficient zakat distribution. According Mohd Faisol (2016), the use of technology such as internet and mobile banking has proven a successful tool for zakat institution. This possibly will be a new channel for zakat distribution in addressing the issue of efficiency and distribution effectiveness. Therefore, the purpose of this study is to show the relevancy and significance of mobile banking for efficient zakat distribution which leads to a cost reduction in an effort to poverty alleviation. Furthermore, recommendations were also given in this study for the purpose of contribution to the existing body of Fintech knowledge and Islamic social financing (Muhamad Hasif & Khaliq, 2018).

### 3. Finding and discussion

Innovation in zakat collection in Malaysia is dynamic and in movement with the technological development. For example, the innovation and development can be seen in the means of distribution used by Majlis Agama Islam Wilayah Persekutuan (MAIWP) as part of zakat management in Malaysia. Modernization in management of zakat in Malaysia took a giant innovative step when the Federal Territories Islamic Religious Council agreed to a proposal forwarded in 1990. From manual collection by *amil*, with incorporation of Pusat Pungutan Zakat (PPZ), computerised system at the counter of PPZ being introduced and up to 2015, various methods of zakat payment were introduced, in phase with the technology advancement in Malaysia.

As zakat management in Malaysia is managed by different management based on states, the method of

zakat collection or payment and distribution are also differing among the states. However, as the technology advance, the method of managing the zakat is also changing to adapt with the society requirements and to facilitate ease to the Muslim community in Malaysia in discharging their responsibility to pay zakat as muzakki. Zakat management in Malaysia has long history development and sometimes create confusion among the public due to the difference between states, however every zakat institutions have the same objective in ensuring the zakat is distributed to the asnaf as guided by Shariah. (Azman. Ab. Rahman. et al, 2018).

**Table 1. Methods of zakat payment in 5 states in Malaysia from year 2000-2015**

	Methods	PPZ-MAIWP	Lembaga Zakat Selangor	Pusat Zakat Negeri Sembilan	Zakat Pulau Pinang	Pusat Zakat Sabah
1	Amil	√	√	√	√	√
2	Counter	√	√	√		√
3	Bank Counter	√	√	√		√
4	Salary deduction	√	√	√	√	√
5	By post	√				
6	Agent	√	√	√		√
7	Pos Malaysia	√	√	√		√
8	Tax Agent & Audit Firm		√			
9	Kiosk machine	√		√		
10	By cheque	√				
11	Deposit cheque	√				
12	ATM			√		√
13	Auto-debit instruction	√				
14	Internet banking		√	√	√	√
15	Mobile Money (handphone)	√		√		
16	MYEG	√				
17	Portal online		√			
18	Zakat portal	√	√			

Source: Encyclopedia zakat management in Malaysia (2018)

Table 1 shows the method in zakat payment until year 2015 in 5 states in Malaysia. As the technology advances towards the Industry Revolution 4.0, we can see the method of zakat payment for number 13 until 18, usage of internet-of-thing is used by the zakat institutions. Nevertheless, the rapid technology advancement towards the Industry Revolution 4.0 enables more innovations by the zakat institutions in terms of the methods of zakat collection. For example, as the Industry revolution 4.0 is moving the society towards cashless society, the e-wallet provider is having collaborations with various zakat institutions and its agent to enable the muzakki pay zakat via their e-wallet such as Boost which collaborate with Universiti Sains Islam Malaysia and kiplePay with Universiti Utara Malaysia in

providing avenue for payment of zakat via cashless application in 2018.

In management of distribution of zakat, we can also see innovations using technological advancement in Malaysia. Previously, manual process of application is needed at the zakat institutions, interview and investigations by the zakat institutions is being done and manual cash distributions of zakat to the asnaf is used as a method of zakat distributions in most state of Malaysia. Towards the Industry Revolution 4.0, we can see that the zakat distribution is now done in a more technological way such as transfer the money to the asnaf using internet banking transfer. As the methods receiving zakat also changing from distributing in the form of cash, cheque and now days with internet banking where, mustahik can save time and cost. This also shows evolution in the distribution of zakat towards the Industry Revolution 4.0.

Islamic social finance sector is one of the sector that was hoped to leads to fair income distribution and helping Muslim society in increasing their economic level in Malaysia, where the majority is Muslim. Zakat, waqf, sadaqah and qard al hassan were among the means supporting Islamic social finance sector. The potential of this sector has been presented by Dr Mohamed Azmi Omar, the Director General of the Islamic Research and Training Institute (IRTI), and zakat itself have the potential of eliminating poverty. UNCHR also stated that the poverty in this world can be eliminated if only five per cent of the world population paying zakat promptly.

In Malaysia, zakat collection continually increases year by year. For instance, in year 2018, MAIWP collected RM651 million zakat as compared to RM615 million in 2017. In Malaysia, the main issue that the public focus is on how the zakat distribution is done. It is because we can see that even though the collection of zakat is increasing, the poor, needy and homeless person is still there especially in big city like Kuala Lumpur.

Zakat can be used in helping the *mustahiq*, poor and needy in empowering them produce products and services as their access to formal financing is very limited. Through *qard al-hassan* by zakat institution, they can improve their economic status and life and becoming successful and later can become *muzakki*. The distribution of zakat fund need to be strengthens by zakat institutions to increase asnaf economy. Hence, microfinance is one of the approach that can be used by zakat institutions to improve asnaf income. This approach is more effective than subsistence aid (Zahri, 2010). The main purpose of microfinance is to alleviate poverty among poor households in Malaysia. (Hafizah, 2016)

There are eight asnaf mentioned in the Quran, poor, needy, *amil*, *muallaf*, *riqab*, *fisabilillah*, *gharimin* and *ibn sabil*. In Malaysia, innovation in the zakat distribution has been based on the muzakarah fatwa, *ijtihad* in dealing with issues of zakat distribution and shariah dynamic based on the current changes. For example, in the modern *ijtihad*, as in this modern world, slavery is no longer exist, Qardawi (1999) proposed that zakat can be used to free Muslims from physical and psychological abuse. In terms of shariah dynamic, Qardawi (1999) also stated that zakat should be change according to the socio-economic situation. Hence, with the changes in the current economic situation, a few MAIN have introduced zakat entrepreneurship programme as a programme in the zakat distribution aiming to empower the asnaf to be independent and success asnaf entrepreneur and later helping in increasing zakat collection when he is in position of the muzakki.

Towards the Industry Revolution 4.0, MAIWP also anticipate in using current technology to enhance its performance in zakat management. For example, a committee is established to administers, develops and improves Zakat Integration Information Systems to help in facilitating the flow of zakat collection operations and the support activities to work as effectively and efficiently. A new media committee is also formed with the objective of discussing matters concerning new media platforms for dakwah of zakat and confer on the latest methods in spreading the zakat dawah activities.

MAIWP is seen successful in promoting zakat collections through the portal where the receipts is also issued online. The launch of Zakat2U Version 4.0 in 2018 has succeeded in featuring more user-friendly features such as the zakat trolleys, payment of multiple types of zakat in a single receipt, fully utilization of online payment receipts, doa recitations once payment is completed, chatbot facility and tutorial video. The PPZ MAIWP portal continues to be a trusted media for zakat payments, by looking at the upward performance of zakat payments since 2011. The data on the collection of zakat via the portal is increasing, evidence that by incorporating technology in the zakat collection and payment, it is easier for the muzakki to pay zakat, thus increasing zakat collection year by year as shown in Table 2.

**Table 2. Zakat collection by Pusat Pungutan Zakat Wilayah Persekutuan (2018)**

<b>Year</b>	<b>Collection Amount (RM)</b>	<b>Number of Payers</b>
2011	1,144,523.06	1074
2012	405,5382.20	3629
2013	587,3545.67	5669
2014	847,6197.15	7145
2015	1,127,6964.36	8902
2016	1,484,9100.68	11,627
2017	2,104,5222.67	15,445
2018	2,645,2563.52	22,160

**Source: Annual report Pusat Pungutan Zakat Wilayah Persekutuan (2018)**

Special programs were developed in order to increase the collection of zakat and number of zakat payers especially through salary deduction (*Thohir* Scheme). It is aimed to encourage the Muslim community who are working in the Federal Territory, to pay the zakat through salary deductions and to increase the existing zakat payroll deductions. This collaboration with the employers also a proven success in increasing zakat collection where in 2017, 53% of total zakat collection from MAIWP is from the salary deduction.

Continuous Research and Development project by MAIWP is believed can aid in the exploration of the latest marketing strategies, the improvement of existing process and also exploring new zakat resources, which in turn can help MAIWP to be in pace with the latest technological advances towards the Industry Revolution 4.0.

In Malaysia, Muslim is always associated with Malays, even though the population of non-malays reverting to Islam and become Muslim is increasing. Even though Malays is the majority of the Malaysian, it is sad to see that the economic power of Malay is far behind other minority Malaysian. For example, the total income of Malay is 3.5 time lower than Chinese in 2016. There are various reasons as why the economic power of Malay is far behind of others in Malaysia. However, as Muslim we are guided by Shariah rulings, and zakat institution can be one of the ways to increase economic power among Muslim in Malaysia. Zakat is imposed to Muslim and to be distributed to other Muslim, and hence it can be said that zakat is exclusively from muslim to muslim. The zakat institution thus can become a promising way in improving muslim economic power in Malaysia and promoting fair distribution of income among Muslims as well as strengthening the economic power of Muslim in Malaysia.

In reaching the public, the portal of PPZ MAIWP is designed to be interactive and user friendly to attract the public especially the muzakki to know more on this obligation. They can calculate the zakat payable, asked questions online, pay zakat and receive receipts via the portal. In addition, through social media platform such as Facebook, the zakat institutions can enhance trust among public as more information on zakat can be given to the public. The questions from the public are also answered promptly by the officer

in charge. By allowing public to have more interactions, good reviews and recommendation by the public indirectly promote zakat to others as well.

Example of other innovations in zakat distribution by MAIWP is the establishment of Zakat Distribution Centre (PAZA) to facilitate and ease asnaf applying zakat and MAIWP Baitulmal Asnaf Trail Squad to track down asnafs who were left out from receiving the zakat aid. However, the uses of technology in the distribution of zakat need to be enhanced. For example, in the MAIWP portal only have features for a muzakki to calculate zakat and pay zakat, but there is no feature for an asnaf to apply for zakat in the portal. Towards the Industry Revolution 4.0, it will be more convenient for an asnaf to apply for zakat online. The traditional method of need them to go to the nearest counter of zakat institutions may pose more burden to the asnaf and not user friendly in the era of technology savvy. Innovation of jejak asnaf by MAIWP can be complementary to this online application, as they may also use this as one of the platform to start the review or investigation.

#### 4. Conclusions

Based on the above, we can conclude that zakat is the special order from Allah for Muslim in helping each other in this world using the wealth given by Him to His servant and caliph. As a Muslim, we must always have in mind that in our income and asset, there is always others right as well. Thus, by performing zakat payment, a muzakki is giving the right to the intended asnaf. In Malaysia, the zakat collection is managed by MAIN and MAIWP and with their continuous innovation in the collection and distribution of zakat, we can see that there are improvements in the economic life of the asnaf. There are several cases that the mustahiq becoming muzakki after getting the encouragement and zakat aid from the zakat institutions. It is evidence on how zakat can leads to falah maximization in Muslim Society, especially in Malaysia context. The falah maximization is not only enjoyed by the mustahiq, but also by the muzakki as his asset and income will grow after discharging his responsibilities. Towards the Revolution Industry 4.0, the uses of technology have to be realized in optimizing the management of zakat in Malaysia. It can be seen that the use of technology in past years especially by the use of portal where the muzakki can calculate, pay and receive the receipt online. Collaboration with employers and other agency also increase the collection of zakat on employment income and moving forward, the data cloud in the zakat management system can be further used to create info beneficial in the zakat management. By being in pace with the technological revolution, optimization in zakat management will also lead to the falah maximization in Malaysia. The country will also enjoy falah maximization as the fair distribution of income can be achieved and poverty can be eliminated through zakat system. As a muslim society obey Allah's order, the barakah and falah will eventually be enjoyed in the hereafter as a reward from The Almighty.

#### References

- Ab. Aziz, M. R. (2017). *Kewangan Sosial Islam: Inovasi Ke Arah Pembangunan Ummah*. USIM.
- Abdullah Muhammad Basmeih (2013), *Tafsir Pimpinan Ar-Rahman Kepada Pengertian Al-Qur'an*.
- Ahmad S.M., & Shofian (2010), Transformasi Pengurusan Zakat Di Malaysia, paper was presented in International Islamic Development Conference (IDMAC) on 21-22 december 2010 USM, Pulau Pinang.
- Al, Azman. Ab. Rahman. et. (2018). *Ensiklopedia Pengurusan Zakat di Malaysia* (1st ed.). USIM.
- Muhamad Hasif Yahaya & Khaliq Ahmad. (2018). *Financial Inclusion through Efficient Zakat Distribution for Poverty Alleviation in Malaysia: Using FinTech & Mobile Banking*. PROCEEDING OF THE 5TH INTERNATIONAL CONFERENCE ON MANAGEMENT AND MUAMALAH (ICOMM 2018), Selangor: KUIS.
- Al Qardawi, Y. (1999). *Fiqh Al Zakat. A Comparative Study*. Dar al-Taqwa.

- Al Qardawi, Y. (2000). *Fiqh Al Zakat A Comparative Study: The Rules, Regulations and Philosophy of Zakat in the Light of Quran and Sunnah (Volume 1)*. Scientific Publishing Centre, Saudi Arabia.
- Al, Zanatul Shima Aminudin. et. (2016). Exploring the Concept of Al-Fal Āḥ (Success) in Business : an. Insight From Muslim Experts. *International Journal of Management, Information Technology and Engeneering, Vol. 4, pp.23-26*.
- Buku Laporan Pusat Pungutan Zakat. (2018). Pusat Pungutan Zakat Wilayah Persekutuan Kuala Lumpur.
- Fikhriah, N., Faizah, T. N., Sri, O., Sakina, W., Teh, A. S., & Tajuddin, S. (2018). *The Efficiency Of Zakat Counters Collection And Distribution In Higher Learning Institution*. 5th INTERNATIONAL RESEARCH MANAGEMENT & INNOVATION CONFERENCE (5th IRMIC 2018) Palm Garden Hotel, Putrajaya 7 August 2018.
- Hafizah, Z. (2016). Managing Zakat Fund In Malaysia. *Journal of Global Business and Social Entrepreneurship, 1(2)*, 46–53. <https://doi.org/10.3896/IBRA.1.48.1.05>  
<https://www.studymalaysia.com>  
<https://www.nst.com.my/education/2019/05/488606/cashless-uum-kiplepay>  
<https://www.facebook.com/myboostapp/posts/pay-your-zakat-through-an-ewallet-say-whaaaat-we-are-proud-to-share-that-boost-i/632134560467342/>
- Ithnan, K. A., & Rosdi, M. S. M. (2018). The ultimate objective of Islamic based development: an analysis of the views of experts. *International Journal of Academic Research in Business and Social Sciences, 8(10)*, 191–201.
- Mohd Faisol Ibrahim. (2016). Analisis kaedah bayaran zakat harta oleh institusi zakat di Malaysia, *Journal of Muamalat and Islamic Finance Research, 13(2)*, 109-124.
- Mohd Faisol Ibrahim .(2019). Perbandingan kaedah kutipan zakat harta oleh institusi zakat di negeri-negeri utara Malaysia, *International Journal of Zakat and Islamic Philanthropy, 2(1)*, 114-124.
- Rohim, A. N. (2018). Maximizing utility and distributing income equitably: how does zakat impact both of them at once? ade. *Islamic Economics Journal, 4(2)*, 155-180.
- Santoso, I. R. (2019). Strategy for optimizing zakat digitalization in alleviation poverty in the era of Industrial Revolution 4.0. *Ikonomika, 4(1)*, 35–52.
- Zahri Hamat. (2010). Kelestarian Pengagihan Dana Zakat Di Baitulmal Aceh, International Seminar Economic Regional Development, Law and Government in Malaysia and Indonesia, anjuran Universiti Utara Malaysia dan Universiti Islam Riau di Pekan Baru, Riau pada 7 - 9 Jun 2010.