

**Analysis of Productive Zakat Utilization to Increase *Mustahik*'s Revenue in the City of Serang in the Micro Finance Group Program (Case Study of Laz Harfa Banten)**

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**ABSTRACT.** *The purpose of this study is to find out how productive zakat in LAZ Harfa has been utilized and to see if there is an increase in revenue after receiving productive zakat assistance. This study is a field research with a descriptive qualitative approach to analyze the utilization of productive zakat in LAZ Harfa Banten. Data collection techniques used are interviews, observation, and also documentation. Based on the results of the study, it is known that the mustahik's business revenue has increased despite the little amount, but the mustahik who get the many benefits are so grateful and they can learn a lot, because in addition to obtaining business capital, mustahik are also given guidance on business and religious motivational speech, so that it is not only from an economic perspective that increased but also spirituality and worship.*

**Keywords:** *Productive Zakat, Utilization, Micro Business*

## 1. INTRODUCTION

Poverty is a very complex problem that occurs in a country because it involves many other aspects, ranging from education, health, unemployment and so on. The problem of poverty has always been a major and serious problem to be addressed and resolved (Widiastuti & Rosyidi, 2015). According to Vahlevi (2018), currently, Indonesian still suffers from many problems to be resolved such as economy between regions, social and legal problems. The current economic system used by Indonesia is still not capable enough to solve all these kinds of problems. As evidenced by unemployment is still high, poverty is increasing while the rich are getting richer.

Table 1. 1 Percentage of Poor Population by Regency/City in Banten Province

NO	Regency	2018	2019	2020
1	Pandeglang Regency	9,61	9,42	9,92
2	Lebak Regency	8,41	8,30	9,24

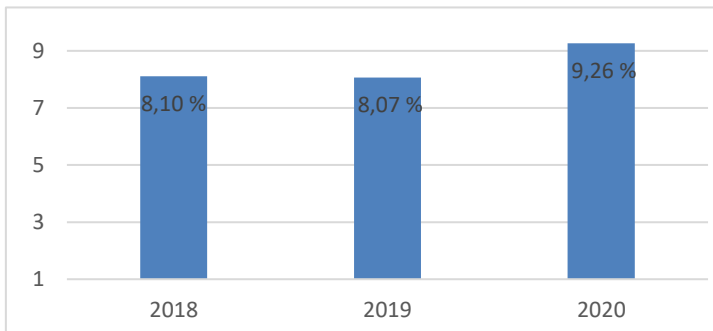
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3	Tangerang Regency	5,18	5,14	6,23
4	Serang Regency	4,30	4,08	4,94
5	Tangerang City	4,76	4,43	5,22
6	Cilegon City	3,25	3,03	3,69
7	Serang City	5,36	5,28	6,06
8	South Tangerang City	1,68	1,68	2,29
	<b>Banten Province</b>	<b>5,24</b>	<b>5,09</b>	<b>5,92</b>

(Source: BPS Provinsi Banten, 2020)

Table 1.1 describes a report from BPS Banten Province regarding the poverty rate in Banten Province by district/city, where the district with the highest poverty rate in 2020 is in Pandeglang district, which is 9.92% and has increased from the previous year. Then the district or city with the lowest poverty rate in 2020 was the city of South Tangerang with 2.29%, which increased from the previous year. Meanwhile, the city of Serang had a fairly high poverty rate in 2020 when compared to other big cities such as the city of Tangerang, the city of South Tangerang and the city of Cilegon, which was 6.06%, and increased from the previous year. And it was the 4<sup>th</sup> poorest city after Pandeglang Regency, Lebak Regency, and Tangerang Regency.

Graph 1. 1 Unemployment Rate in Serang City



Source: BPS Banten Province 2020

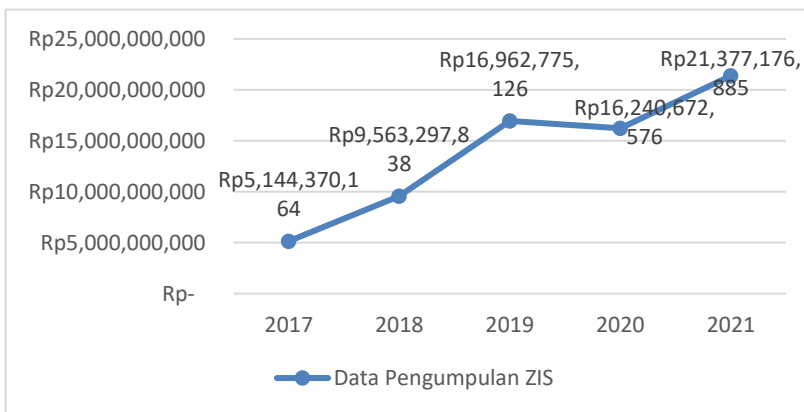
Based on Graph 1.1 above, it shows the data from the Central Statistics Agency (BPS) of Banten Province regarding the unemployment rate in Serang City. In 2018 the unemployment rate reached 8.10%, although in 2019 it fell to 8.07% and in 2020 the unemployment rate reached 9.25%, this makes 2020 the year with the highest unemployment rate compared to the previous 3 years. Where the lowest unemployment rate occurred in 2019 at 8.07%.

Zakat plays a big role in dealing with economic problems in Indonesia, especially unemployment and poverty. Moreover, it is supported by the high amount of zakat acceptance, which is supposed to be able to reduce poverty and unemployment, as well as with the existence of special institutions that take on their roles and duties in terms of collecting and managing zakat, such as BAZ and LAZ (Elfadhli, 2016). One way that is quite powerful to overcome poverty and unemployment is by working. Because when working or trying, people will generate profits or wages they receive in return that can be used to meet their needs. One of them is by establishing micro, small and medium enterprises (MSMEs) (Sanihah, 2014).

Management of zakat is not a personal problem, instead it is a public problem that needs to be solved properly and correctly. Therefore, zakat must be managed by administrators who have the ability in their fields, called the Amil Zakat Institution (Atqia, 2018). According to Hidajat (2017) zakat will be more effective and provide more change if it is distributed with productive businesses.

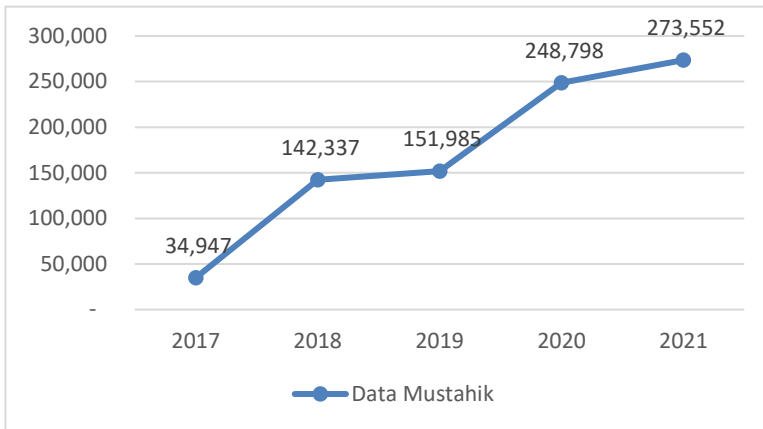
Among them are LAZ Harfa in Serang City which already has a program other than consumptive zakat (short term) but productive zakat (long term) for economic empowerment of *mustahik* through the Microfinance Group program.

Graph 1. 2 2017 ZIS Collection Data



Source:: Document LAZ Harfa, 2021

Graph 1.3 2017 ZIS Collection Data



Source:: Document LAZ Harfa, 2021

From graphs 1.2 and 1.3 it is known that the amount of ZIS data collection at LAZ Harfa has indeed increased, but the number of *mustahik* recipients of zakat has also increased significantly. Therefore, the question whether there is a program to utilize productive zakat funds to increase MSMEs managed by LAZ Harfa can be efficient and effective to empower the *mustahik's* welfare? In connection with this, the researcher is interested to conduct a research with the title "Analysis of Productive Zakat Utilization in Increasing *Mustahik* Business revenue in Serang City in the Micro Finance Group Program (Case Study of LAZ Harfa Banten)

## 2. LITERATURE REVIEW

### 2.1. Definition of zakat

According to etymology, zakat is "development" i.e. assets given to recipients which will give blessings to the remaining assets, so that it is qualitatively more valuable in use even though it is quantitatively reduced (Abror, 2018). Zakat is defined as every asset that is donated to be a blessing, grow, develop and become cleaner and better (Hafidhuddin, 2002). In terminology, the definition of zakat is to cultivate reward or charity in the hereafter, so while still living in the world the benefits can be felt directly by the recipient of zakat or *mustahik*. While the increase in kindness between *muzakki* (people who pay zakat) and people who receive zakat (*mustahik*) is part of the relationship (Abbas, 2017).

According to Abror (2018), zakat has several meanings, the first is that it means worship carried out with the intermediary of property in order to obey Allah's commands to expect a reward from Him. The second one, it means

social contribution which is conducted on a social basis or helping others. Zakat will directly give an impact on *mustahik* who have economic problems. Therefore, it can be concluded that the person who pays zakat has helped people who have economic problems from poverty so that they can live properly and well (Rosadi, 2013).

## 2.2. Legal Basis of Zakat

Zakat as the third pillar of Islam has a strong legal reference or basis based on the arguments stated in the Qur'an as follows:

وَالْمُؤْمِنُونَ وَالْمُؤْمِنَاتُ بَعْضُهُمْ أَوْلِيَاءُ بَعْضٍ يَأْمُرُونَ بِالْمَعْرُوفِ وَيَنْهَوْنَ عَنِ الْمُنْكَرِ وَيُقِيمُونَ الصَّلَاةَ وَيُؤْتُونَ الزَّكَاةَ وَيُطِيعُونَ اللَّهَ وَرَسُولَهُ أُولَئِكَ سَيَرْحَمُهُمُ اللَّهُ إِنَّ اللَّهَ عَزِيزٌ حَكِيمٌ

Meaning: "And those who believe, men and women, some of them (are) helpers for others. They command (do) what is right, prevent what is evil, establish prayer, pay zakat and they obey Allah and His Messenger. They will be given mercy by Allah; Verily, Allah is The Almighty and The Wise." (Q.S. At-taubah:71) (Abbas, 2017).

Zakat also aims to cleanse someone and his soul from bad traits. At the same time, he can always clean and purify his property from the dirt he gets when getting the wealth. It is stated in Q.S. Ar-rum verse 39:

وَمَا آتَيْتُم مِّن رَّبَا لَيْرَبُوا فِي أَمْوَالِ النَّاسِ فَلَا يَرَبُوا عِنْدَ اللَّهِ وَمَا آتَيْتُم مِّن زَكَاةٍ تُرِيدُونَ وَجْهَ اللَّهِ فَأُولَئِكَ هُمُ الْمُضِعِفُونَ

Meaning: "And something usury (additional) that you give so that it increases in human wealth, then usury does not add to the sight of Allah. And what you give in the form of zakat which you intend to achieve the pleasure of Allah, then (who do so) it is the people who multiply (the reward) ". (Ar-rum:39) (Rosadi, 2013).

While the positive law that applies in Indonesia regarding zakat is in the form of several rules that have been issued by the government related to zakat management, namely as follows:

- a. RI Law Number 23 of 2011 concerning Zakat Management
- b. RI Law Number 38 of 1999 concerning Management of Zakat
- c. Law of the Republic of Indonesia Number 17 of 2000 concerning the Third Amendment to Law No. 7 of 1983 concerning Income Tax
- d. Decree of the Minister of Religion Number 581 of 1999 concerning the Implementation of Law no. 38 of 1999 concerning Management of Zakat

- e. Decree of the Director General of Islamic Guidance and Hajj Affairs Number D/291 regarding Technical Guidelines for Zakat Management (Fasiha, 2018).

### 2.3. Types of Zakat

#### 1. Zakat Fitrah

*Fitr* means charity which is obligatory for every Muslim who has assets worth the *nisab* of zakat, so zakat fitrah is an obligation for every Muslim and serves to cleanse the sins of those who are fasting (Ramadan) by feeding the poor (Chaudhry, 2012).

According to the consensus of scholars, the guarantee is for each individual because the zakat of the body or zakat of oneself is not zakat of property or objects. Small children who are still in the care of their parents and slaves who have no possessions, are borne by their masters. Zakat fitrah is in the form of staple food in the local area or food for adults, such as wheat, corn, dates, rice, or so on. Scholars agree that zakat fitrah should not be less than one sha' (2.4 kg) (Rosadi, 2013).

#### 2. Zakat Maal

Zakat mal is an "obligatory gift" for a Muslim in the form of wealth, and various forms of work including professions, agricultural products, mining and livestock. The aim is to help fellow Muslims who are economically deprived, so that they can live a decent and prosperous life (Ali, 2015).

According to Hamzah (2019), zakat mal is the giving of zakat in the form of assets that can be traded in the form of solid materials and have value in social view. From the definitions and explanations mentioned earlier, it can be formulated that zakat mal is property or wealth that must be paid in the form of halal business results, whether the business is services or in the form of fruits, livestock, wealth of money, gold, silver and the wealth taken from the earth, when the *nishab* is sufficient.

### 2.4. Zakat Recipients

People who are entitled to receive zakat are people who belong to the 8 groups based on what Allah SWT mentioned in Surah At-Taubah verse 60, (Asnaini, 2010) :

إِنَّمَا الصَّدَقَاتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَمِلِينَ عَلَيْهَا وَالْمَوْلَاةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغُرْمِينَ وَفِي سَبِيلِ اللَّهِ  
وَأَبْنِ السَّبِيلِ فَرِيضَةً مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ

Meaning: "Verily, zakat is only for the needy, the poor, the amil zakat, who are softened in their hearts (converts), for (liberating) slaves, for (freeing) people who are in debt, for the way of Allah and for people who are in poverty. journey, as an obligation from Allah. Allah is All-Knowing, All-Wise "(Surah At-Taubah: 60).

1) The *Fakir*

People who do not have legal and proper business results (work) to fulfill their needs and their dependents, including food, clothing, shelter and other needs.

2) The Poor

People who have property and business results (work) that are lawful and proper with them but are still not sufficient to bear the needs of themselves and their dependents.

3) *Amil*

People who are assigned to be an imam (leader of the state) who is assigned to collect zakat and manage it including distributing it to those who are entitled to receive it stated in the 8 *asnaf* (groups).

4) *Muallaf*

People who have just converted to Islam, but judging by history, in the early days of converting to Islam, converts who were given zakat funds were divided into two groups, namely infidels, who were expected to convert to Islam and those who were feared to hurt Muslims.

5) *Riqab*

Riqab is a slave, but nowadays the status of a slave no longer exists, but when viewed from a broad sense, riqob is a person who is oppressed by others, either personally or structurally.

6) *Gharim*

Muslims who are in debt to meet basic needs for problems of themselves or their dependent families or people who are in debt to solve community problems in matters of obedience that are permitted by *syara'*, and are unable to pay their debts and have reached the due date to be paid.

7) *Sabilillah*

Efforts whose purpose is the *syiar* of Islam, such as protecting and defending Islam, establishing places of worship, education, and other religious institutions.

## 8) *Ibn Sabil*

A muslim who starts a journey but runs out of money or food in the middle of his way on the condition: He wanders from the country where he lives, and the reason of his journey is accepted by Islamic law (Rosadi, 2013).

### **2.5. Definition of Productive Zakat**

The word productive comes from the English language "productive" which means a lot of produce; give a lot of results; produce a lot of valuable goods; which has good results. "Productivity" means production power. In general, productive means producing a lot of work or goods. Productive also means "producing a lot; gives a lot of results (Thoriquddin, 2017).

Productive zakat is wealth or zakat money given to *mustahik* that is not spent but is developed and used to help *mustahik's* business in order to develop the economic level and productivity potential of *mustahik*. Utilization of productive zakat funds is in the form of providing business capital to *mustahik* in need (Rahardi & Hafriza, 2019).

According to Fasiha (2018), productive zakat is distributing zakat funds to *mustahik* as assets to be managed and developed so that they can generate profits. Where the profit can be used to fulfill his life in the short term. The point is that these assets are used as business capital which is expected to improve the *mustahik's* standard of living. Also included in the definition of productive zakat if zakat assets are managed and developed by amil whose results are distributed to *mustahik* on a regular basis.

### **2.6. Productive Zakat Law**

Based on a book written by Musa (2020), the law of productive zakat refers to the Qur'an. It is found that productive zakat is permissible, although it is not said to be highly recommended to be practiced. For example, the interpretation is taken from Surah al-Taubah verse 103 as follows

خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِمْ بِهَا وَصَلِّ عَلَيْهِمْ إِنَّ صَلَاتَكَ سَكَنٌ لَهُمْ وَاللَّهُ سَمِيعٌ عَلِيمٌ

Meaning: "Take zakat from their wealth, to clean and purify them, and pray for them. Verily, your prayer (grows) peace of mind for them. Allah is All-Hearing, All-Knowing." (Q.S. At-Taubah: 103)

In the verse above, there is a word *tuzakkihim* which comes from the word *zakka*, which means to purify and can also mean to develop. The development itself can be viewed from two aspects, namely: First, the spiritual aspect. Allah will multiply the reward for those who pay zakat because they have carried out their obligations as determined and have helped their brothers in need. Second, the economic aspect, by giving zakat assets to *mustahik* means also growing purchasing power for economic goods. The zakat assets received



will be used to meet their daily needs. Thus, the use of the property develops not only by the but also by the *mustahik* (Musa, 2020).

## 2.7. Productive Zakat Instruments

Productive zakat is generally distributed in two forms, the first of which is zakat directly handed over to *mustahik*, so that they themselves use it for various purposes such as business capital. The second is that zakat is not given directly to *mustahik*, but by *amil*. It is given in the form of business capital in the form of loan or profit sharing (*mudharabah*). The scholars agree that productive zakat may be issued because it can overcome poverty, but productive zakat which is channeled indirectly or using *qard hasan*, , or *murabahah* contracts, some scholars have different opinions (Mahadhir & Arifai, 2021).

Some scholars prohibit the distribution of productive zakat through *qard hasan*, and *murabahah* contracts, because productive zakat funds belong to *mustahik* so it is not necessary for *mustahik* to return zakat funds that have been given, as stated in Q.S At-taubah 30 (Fasiha, 2018). Investments in zakat funds in the form of *qard hasan*, , *murabahah* or in any form will pose a risk of loss or bankruptcy for the *mustahik* who runs the business because in business there are two possibilities; profit and loss. Therefore, investing zakat funds is contrary to the opinion of *jumhur fuqaha* which requires perfect property ownership for *mustahik* (Marseli, 2020).

The opinion of the scholars who allow the distribution of productive zakat in the form of *qard hasan*, , and *murabahah* is also supported by the issuance of the MUI fatwa on the use of zakat funds for *Istitsmar* (Investment) as stated in Fatwa Number 4 of 2003, namely:

The zakat that has been determined can be invested (*istitsmar*) with the following conditions:

- a. To be distributed to businesses justified by sharia and applicable regulations (*al-thuruq al-masyru'ah*).
- b. To be invested in business fields that are believed to be profitable on the basis of a feasibility study.
- c. To be fostered and supervised by competent parties.
- d. It is carried out by professional and trustworthy (trusted) institutions/institutions.
- e. An investment permit (*istitsmar*) must be obtained from the Government and the Government must replace it in the event of a loss or bankruptcy.
- f. There are no poor people who are hungry or need expenses that cannot be postponed when the zakat assets are invested.

- g. The distribution of zakat is concluded because it is invested must be limited in time (MUI, 2003).

## 2.8. Utilization

According to Dewi (2017), the utilization of zakat is one of the processes of optimally utilizing zakat funds so that they can be distributed optimally. Therefore, *mustahik* can receive these benefits and their standard of living to increase.

Utilization of productive zakat is a way of utilization with an empowerment scheme. The economic sector is a field that can be used to carry out empowerment and reduce poverty. In the utilization of productive zakat, the recipient of zakat or *mustahik* is obliged to return the business capital that he has obtained from the zakat institution through the provision of a portion of his business profits. It aims to provide education to *mustahik* so that they can continue to be encouraged to increase their business productivity. Later, these funds will be redistributed to other *mustahik* so that zakat beneficiaries will increase (Aulia & Cahya, 2020).

In the implementation of productive zakat business, it must comply with the provisions in Article 29 of Law no. 38 of 1999 (Khariri, 2014) are as follows:

### 1. Conduct a Feasibility Study

That is an effort to gain confidence that the business financed from the zakat funds is right on target and can thrive in repaying the loan. The results of this feasibility study show clarity regarding prospective *mustahik*, definite loan needs, time ability to repay them, and clear loan allocations.

### 2. Determine the Type of Productive Business

Every *mustahik* who is given capital must know what type of business they will run. If the *mustahik* does not yet have a business, the duty of the *amil* is to encourage and direct the *mustahik* to have a viable and long-term business. Meanwhile, if the *mustahik* already has a business but it is underdeveloped, the *amil*'s task is to analyze his business through the future prospects of the business whether it can be continued or switch to another business.

### 3. Conducting Guidance and Counseling

In this case, the *amil* provides regular guidance and counseling to *mustahik* so that their business can continue to run and develop in order to secure their zakat funds so they are not misused. And to see the development of *mustahik* businesses that are given capital. Each *mustahik* is made into a group so that it is easy to guide and educate.

#### 4. Conducting Monitoring, Control, and Supervision

In this case, the *amil* conducts monitoring, control and supervision of *mustahik* businesses to see how far the development of *mustahik* businesses that have been given capital, is in accordance with the target or used for other purposes. Here, the *mustahik's* role is very accountable for his awareness.

#### 5. Conducting Evaluation

The evaluation is carried out to obtain data that the *mustahik* business has been carried out in accordance with the plan. And to see if there is a growth in income before and after being given capital.

#### 6. Making Reports

The zakat funds that have been collected and distributed by the zakat *amil* body through productive zakat are made a report.

### 3. RESEARCH METHODOLOGY

In the current study, the researcher decided to use field research, which means the research conducted in the field or to the object of direct research that aims to reveal the meaning given by community members to their behavior and the surrounding reality (Martana, 2006). It belongs to descriptive qualitative research. The main goal is to try to get a deeper picture that is easy to understand as well as a thorough and clear understanding based on the natural setting of the phenomenon to be studied, and the researcher himself acts as a key instrument in obtaining the data needed (Yusanto, 2019).

The types of data taken in this study are primary data and secondary data. The primary data in this study were taken from the in-depth interviews with the productive zakat manager at LAZ Harfa, Ms. Nufus Nurzakia as the head of the development program, and also *mustahik* as a participant in the productive zakat program. namely in the form of SMEs in the city of Serang. Meanwhile, secondary data was obtained from the LAZ Harfa Program Report on the internet, several literatures, articles from magazines, journals, and newspapers on the internet.

The data in this research is collected using observation, interviews and documentation method. Observations made in this study were using a non-participation observer, which is a form of observation in which the researcher is not directly involved in group activities, or it can also be said that the observer does not participate in ongoing activities at the place or institution being researched and observed (Yusuf, 2014). This observation was conducted to obtain information regarding the utilization of productive zakat carried out

by LAZ Harfa Banten, as well as how LAZ Harfa in providing capital to increase welfare for *mustahik* business owners.

Structured Interviews were conducted with LAZ Harfa as the manager of the zakat institution, Nufus Nurzakia (26 years) as the head of the development program who has worked for four years at LAZ Harfa. The interview was conducted on January 24, 2022 for 1 hour at the LAZ Harfa office which is located at Jl. Ciwaru 1 Pondok Citra Complex, No.1b, Cipare Village, Serang District, Serang City, Banten, and continued on January 25, 2022 via the Zoom application for 1 hour. And the second interview was with the *mustahik* as beneficiaries who live in Lopang Village, Serang District, Serang Regency/City Banten Province as many as 6 informants for 1 hours. And the distance from the LAZ Harfa office to the 6 informants or *mustahik* beneficiaries is 4 Km.

In this research method, documents are used to determine the empowerment of productive zakat carried out by LAZ Harfa and the increase in income for *mustahik* businesses as recipients of productive zakat. This document is in the form of notes from LAZ Harfa regarding history to the organization of LAZ Harfa itself as well as documents in the form of data on the number of *mustahik* and also the work program of LAZ Harfa in 2021.

The data analysis used in this study is based on the opinion of Miles and Huberman, namely the data that has been obtained must be "processed" and analyzed before it can be used. Activities in data analysis are in the form of data reduction, data display, and conclusion drawing/verification (Yusuf, 2014).

## 4. RESULT AND DISCUSSION

### 4.1. Utilization of Productive Zakat for *Mustahik* in Serang City through the Micro Finance Group (KKM) Program

LAZ Harfa is a humanitarian social institution in Banten province which is tasked with collecting and distributing zakat, infaq, sodaqoh, waqf funds, as well as grants and Corporate Social Responsibility (CSR) originating from *muzakki* or donors, both individuals, communities, institutions and companies. This distribution activity is for activities in the form of consumptive and productive forms.

The Micro Finance Group (KKM) helps *mustahik* business capital consisting of housewives or widows who have businesses such as small traders, stalls, and food sellers who sell their goods at home and are included in the 8 *asnaf* or *mustahik* who are entitled to receive zakat. Each group formed a coordinator representative to manage the group. Each group is formed based on one area to make coaching easier. Although this business program is in groups, the business capital provided is still distributed individually and the business are not run in groups.

Table 4.1 Total Distribution of Microfinance Group Programs (KKM) in Serang City in 2020-2021

NO	GROUP	2020		2021	
		Receiver	Total (Rp)	Receiver	Total (Rp)
1	Group 1	15 Member	42,300,000	15 Member	91,800,000
2	Group 2	15 Member	35,400,000	15 Member	67,500,000
3	Group 3	15 Member	29,500,000	15 Member	60,800,000
4	Group 4	15 Member	19,400,000	15 Member	50,500,000
5	Group 5	15 Member	10,500,000	15 Member	29,100,000
	<b>Total</b>	<b>75 Member</b>	<b>137,100,000</b>	<b>75 Member</b>	<b>299,700,000</b>

(Source: LAZ Harfa 2020 and 2021 documents)

From table 4.1 above, it can be seen that the distribution of funds for the microfinance group (KKM) program increased dramatically from 2020 to 2021. This proves that so many micro-enterprises need capital for their business. This KKM program has been running since 2017 and this business group has many and is able to help *mustahik* businesses in developing their business in terms of capital to income.

#### Chart 4. 1 Productive Zakat Utilization Scheme

The utilization of productive zakat carried out by LAZ Harfa Banten was explained by Ms. Nufus Nurzakia as the head of the development program, based on the provisions in Article 29 of Law no. 38 of 1999, as follows:

##### 1. Conducting a Feasibility Study

In conducting a feasibility study, LAZ Harfa must look for *mustahik* who are eligible to be given zakat funds, this *mustahik* data is obtained from several sources. The first is to conduct a direct survey, asking for recommendations from local community leaders, whether there are prospective *mustahik* who need to be assisted and have met the criteria for zakat recipients. However, there are also *mustahik* candidates who are

recommended directly by the donors. Local residents who are close to the office, as well as prospective *mustahik* who still have kinship with the LAZ can be given recommendations. Besides being selected, *mustahik* candidates can also submit directly by sending a proposal to LAZ Harfa. If possible and according to the criteria, LAZ Harfa will agree and accept. Furthermore, the *mustahik* candidate will fill out an assessment form, which is to find out data or information on the *mustahik* candidate and what is needed by the *mustahik* candidate. So that the funds provided are on target and minimize the capital used for other things

Then the KKM members then pay Rp. 10,000 which is used as insurance fund where LAZ harfa cooperates with Amanah Takaful, the money will be issued if a member fails to pay installments or dies. Then *mustahik* get a phase one capital assistance of Rp. 500,000. For 5 months the installments are 10 times with a qardhul hasan contract, namely *mustahik* is only obliged to return the principal amount of the loan without any profit sharing. However, after five months, if the *mustahik* runs smoothly in installments, then the *mustahik* will be given a loan of Rp. 800,000. within 5 months with 10 installments using a *mudharabah* contract, namely profit sharing of Rp. 3000 for each installment, of which Rp. That 3000 will be used as transportation and administrative expenses.

## 2. Determining the Type of Business

Determining the type of business, which is carried out by the first two events, if the *mustahik* does not yet have a business, the amil's task is to encourage and direct so that the *mustahik* can open a decent business. Second, if the *mustahik* already has a business but it is not growing, it is the duty of the amil to analyze his business and help the *mustahik* be more advanced and develop in terms of his business. However, LAZ Harfa only accepts *mustahik* who already have a business to get capital assistance. Prospective *mustahik* who do not have a clear business will not get capital assistance from LAZ Harfa. Meanwhile, for *mustahik* who already have a business but are not developing, LAZ Harfa provides capacity building to guide and improve the business ability of the *mustahik*, by bringing in tutors who are experts in the field of business, especially the marketing department.

## 3. Conducting Guidance and Counseling

LAZ Harfa provides regular guidance and counseling to *mustahik* so that their business can continue to run and develop in order to secure their zakat funds so they are not misused. This guidance and counseling are carried out every two or three months through regular meetings. Guidance and guidance are provided in the form of correct trading methods in accordance with Islamic law and spiritual mental development regarding honesty in entrepreneurship.

#### 4. Carrying out Monitoring, Control, and Supervision

In this case, LAZ Harfa monitors, controls and supervises *mustahik* businesses. Here, the *mustahik's* role is very accountable for his awareness. This supervision is carried out through regular monthly meetings. Monitoring and supervision carried out by LAZ Harfa to see whether the *mustahik* business is running smoothly and whether the *mustahik* business is increasing or not.

#### 5. Conducting Evaluation

LAZ Harfa conducts an evaluation every three months regarding the *mustahik* business being carried out. This evaluation is used to obtain data that the *mustahik's* business have been carried out in accordance with the plan and that these productive zakat funds are distributed accordingly to the right targets. The systems and programs at LAZ Harfa itself implement evaluations every two to three months, not once a year like most other amil zakat institutions. The reason is that the mistakes and shortcomings made by *mustahik* can be corrected immediately without having to wait long. According to the author, this is very effective because when there is an error, *mustahik* can immediately fix it.

#### 6. Making Reports

At the end of the LAZ period, Harfa will make a data recapitulation report on the amount of funds that have been channeled for the utilization of productive zakat and the number of *mustahik* who have received business capital assistance and the amount of infaq that has been collected from productive zakat recipients. Every month, *mustahik* must submit a report on his business development to LAZ Harfa.

In general, the process of utilizing productive zakat at LAZ Harfa in the Microfinance Group program has been going well. Although there are some groups who are still debating whether or not it is permissible to distribute productive zakat with the *qard hasan*, *mudharabah*, or *murabahah* system. However, LAZ Harfa itself adheres to the opinion of scholars who allow it on the grounds that it does not conflict with the concept of *maslahah amah* to be achieved. Coupled with the issuance of the MUI fatwa no. 4 of 2003 concerning the use of zakat funds for *istitsmar* (investment), namely:

The zakat that has been determined can be invested (*istitsmar*) with the following conditions:

- a. Must be channeled to businesses justified by sharia and applicable regulations (*al-thuruq al-masyru'ah*). In this case, LAZ Harfa, before giving productive zakat to *mustahik*, first conducts a feasibility study

- to see data on prospective *mustahik* who will be given loan funds. This is done to see what efforts the *mustahik* is doing, whether it is in accordance with the Shari'a or not.
- b. Must be invested in business fields that are believed to be profitable on the basis of a feasibility study. LAZ Harfa itself helps *mustahik* in developing their business not only in the form of capital, but also in the form of coaching. So that the business run by *mustahik* can be carried out optimally, if there are problems, LAZ Harfa will provide facilities in the form of entrepreneurship training.
  - c. Must be Fostered and supervised by competent parties. Where coaching and mentoring is carried out directly by LAZ Harfa which is held every month to see the development of *mustahik's* business.
  - d. Must be carried out by professional and trusted institutions. In its implementation, LAZ Harfa is an Amil Zakat Institution that already has a legal aspect in the form of a Deed of Establishment: No. 27 Dated 27 February 2012 Decree of the Ministry of Law and Human Rights Number: AHU-1799AH.01.04 Year 2012 and based on: Decree of the Director General of Islamic Community Guidance Number: DJ.I/651 Year 2016.
  - e. An investment permit (*istitsmar*) must be obtained from the Government and the Government must replace it in the event of a loss or bankruptcy. However, in this case, LAZ Harfa asked the *mustahik* to pay Rp. 10,000 in advance, which LAZ Harfa collaborated with Amanah Takaful. Furthermore, the insurance funds will be issued if there are *mustahik* who fail to pay installments or *mustahik* who dies. But so far there has never been a *mustahik* who failed to pay or went bankrupt in his business. Plus the business run by *mustahik* is classified as a small business and can still be reached with 10 installments for 5 months which is light.
  - f. There are no poor people who are hungry or need expenses that cannot be postponed when the zakat assets are invested. In fact, it is difficult to realize this considering the number of poor people who are always increasing. However, in this case LAZ Harfa always prioritizes *mustahik* who need urgent funds such as the poor so that they are free from hunger. Even so, LAZ harfa also has limitations because not all of them can be reached due to limited information and space.
  - g. The distribution of zakat which is concluded because it is invested must be limited in time. LAZ Harfa provides a time limit of 10 installments within a period of five months for *mustahik* who get capital loan assistance using *qardh hasan and*.

Based on the explanation above, the implementation of productive zakat which is channeled indirectly or using *qard hasan*, *mudharabah*, *murabahah* contracts may be done because LAZ Harfa has met the requirements issued by the MUI, but in its implementation there are still some



conditions that must be corrected such as not meeting the points part e, namely the investment permit (*istitsmar*) must be obtained from the government and the government must replace it in the event of a loss or bankruptcy, in this case LAZ Harfa actually asked for an initial money of Rp. 10,000 to *mustahik* as a guarantee if it turns out that in the future there is a bankruptcy that should be paid by the government. And also, for point f, namely that there are no poor people who are hungry or need costs that cannot be postponed when the zakat assets are invested, it is very difficult to realize the number of *mustahik* which is too much compared to the zakat obtained.

Although there are many opinions saying that zakat should be distributed directly without any obligation to return it because zakat is absolutely the property of *mustahik*. However, in Indonesia, this is difficult to do considering that the number of *mustahik* itself is more and continues to increase every year compared to the amount of zakat obtained, so that zakat assets are feared not to be sufficient if given free of charge or consumptively.

This is supported by the statements of several *mustahik* who said that thanks to the productive zakat distributed by LAZ Harfa, they were protected from the dangers of mobile banks or conventional bank loans which usually provide high interest rates for the poor among them. Precisely with the presence of productive zakat, *mustahik* is no longer dependent on the dangers of usury. It is feared that if productive zakat with the system run by LAZ Harfa is now abolished, then *mustahik* will again fall into the danger of usury which will actually cause greater harm.

Overall, the utilization process carried out by LAZ Harfa is appropriate and effective, although there are still shortcomings, such as some *mustahik* who use the zakat funds for consumptive needs because their daily needs are still lacking and mix business money with their personal money. *Mustahik* who do not have a business do not get the opportunity to be given capital assistance. In fact, if they are fostered and given entrepreneurship training, they can also progress and develop through their business. As well as understanding *mustahik* about the importance of zakat which is still lacking.

#### **4.2. Changes in *Mustahik's* Business Revenue After Receiving Microfinance Group Program Assistance (KKM)**

According to interviews with several MSME recipients of capital assistance, they said they were greatly helped by this capital loan. According to Yuni's mother, as a home-based food seller who has been selling since 5 years ago, said that before receiving assistance from LAZ harfa for capital, Yuni's mother depended on bank loans with large interest so she often felt difficult to pay, plus her financial situation was declining due to the covid pandemic. -19. After joining the KKM program, Ibu Yuni was able to reopen her business which almost failed due to lack of capital. Plus the installments

that must be paid by Yuni's mother are very light, only 10 installments for 5 months, with regular meetings held once a month by LAZ Harfa in the form of directions, socialization and also lectures or *tausiyah*. After getting capital from LAZ Harfa, his merchandise was more. And the income can increase which was initially only Rp. 150,000 to Rp. 250,000 per day.

Likewise, Komariah, as the owner of a basic food stall business who has been selling food for a long time before getting married, used to receive capital assistance from LAZ Harfa, Komariah's mother opened her shop from 6 am to 8 pm. However, the shop is very quiet because there is a shortage of selling materials and the shop is only in the form of an overhang in the house, so it is often difficult to get the sales out of the house before starting to sell. After receiving capital assistance of Rp. 1,300,000. Mrs. Komariah added that her shop's merchandise was bigger and sold more so that the closest neighbors still came to her shop until the evening to buy necessities, and her income could increase even though it wasn't much. Komariah's mother's income was initially only Rp. 200,000 to Rp. 500,000. Although the results obtained are only approximately from Komariah's mother because Komariah's own mother does not have financial records for her business.

The next interview was with Mrs. Lia Marlia, the owner of a food stall business. Mrs. Lia has been selling for more than 10 years and her business for the past few years has experienced capital constraints due to Covid-19, her daily income is only Rp. 200,000 only if there are a lot of buyers, if it's quiet it can be less than that. Despite being constrained by capital, Mrs. Lia still refrains from borrowing capital from conventional banks, as many of her neighbors do who are experiencing the same difficulties. Until finally, Mrs. Lia was offered the Microfinance Group program and started joining for one year. According to Mrs. Lia herself, there are many benefits that can be felt, especially the stalls that used to be almost empty can be refilled, and buyers can increase a little because they see there are various needs that they can buy.

The next interview was to Mrs. Amiati as the owner of a snack business in the form of *seblak* and brewed drinks which she opened in front of her house from 9 am to 9 pm. Before receiving assistance from LAZ, harfa, bu Amiati said that she often borrowed money from mobile banks or conventional banks with fairly high interest, but since covid-19 her business has had problems and Amiati's mother has difficulty paying installments from the bank and the interest, even Mrs. Amiati almost did not sell for long because they ran out of capital. After getting a recommendation from Lia's mother, Amiati finally joined the KKM program and slowly re-opened her business. The income can increase from Rp. 150,000 to Rp. 300,000 per day if there are many buyers.

Table 4.2 Income Informants of Recipients of Capital Assistance for the 2021 KKM Program

NO	NAME	BUSINESS	BEFORE	AFTER
1	Lia Marlia	Basic Food Stall Business	Rp. 300.000.	Rp. 500.000.
2	Amiati	Snack and Brewed Drinks Business	Rp. 150.000.	Rp. 300.000.
3	Komariah	Basic Food Stall Business	Rp. 200.000.	Rp. 500.000
4	Susi	Oxtail Soup Business	Rp. 200.000.	Rp. 300.000
5	Ratna	Snack Business	Rp. 100.000.	Rp. 150.000
6	Yuni	Wet Cake Business	Rp. 150.000.	Rp. 250.000.

(Source: Interview with *Mustahik*)

From the data above, it can be seen that there was an increase in income of 57%, although this increase did not increase drastically, it could increase the income of *mustahik*. Seeing the additional capital received by *mustahik* proves that it can increase *mustahik's* income. It is very unfortunate that business capital in the form of money received by *mustahik* in their business activities is mixed with personal capital and business capital. So that the increase in income is seen at the beginning of receiving productive zakat capital assistance only. The *mustahik* also mentioned that the increase in income they experienced was uncertain, so it was only based on their estimates. This is because the management system they apply is still traditional and there is no special record for their business.

According to the author of the Microfinance Group (KKM) program, it has been running effectively, because the author saw from several interviews conducted by many zakat recipients who get the benefits of increasing their income and also their spirituality such as leaving usury and diligently following *tauisyah* and other worship. Although currently according to Ms. Nufus Nurzakia as the head of the development program, there has been no change in *mustahik* who become . However, *mustahiks* are still taught to donate through *kenceleng* or *infaq* boxes which are placed at the *mustahik's* business place which will be taken by LAZ harfa at the end of the loan period.

## 5. CONCLUSION

Based on the research explanation in Chapter 4, the authors can conclude from the Utilization of Productive Zakat in Increasing *Mustahik* Business Income in Serang City in the Micro Finance Group Program (Case Study of LAZ Harfa Banten):

1. LAZ Harfa utilizes productive zakat based on several stages, namely conducting a feasibility study, determining the type of productive business, conducting guidance and counseling, monitoring, controlling, and supervising, evaluating and reporting. Through the Micro Finance Group (KKM) program, namely business capital assistance for the assisted groups consisting of mothers or widows who have micro or small businesses. Where through this KKM program the *mustahik* get loan capital in several stages. After that, LAZ Harfa also often held meetings and supervision to see the development of the business run by *mustahik* whether there were developments or obstacles. Although it had become a debate among scholars regarding productive zakat which was used with the *qard hasan* and *mudharabah* systems, LAZ Harfa itself took an opinion that allowed it with several conditions that must be met.
2. There is an increase in income after receiving business capital assistance, although not much, which is 57%. Another thing that *mustahik* feels is that they are trained in giving and practicing sincerity in trading, especially after they receive productive zakat assistance, they are also free from the threat of usury that they previously did.

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