



Zakat as a Complementary Fiscal Instrument: Strengthening Amil Governance through a Multidisciplinary Islamic Perspective

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Received : January 13, 2026	Revised : January 16, 2026	Accepted : January 19, 2026	Online : February 11, 2026
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Abstract

Fiscal systems in many Muslim-majority countries are under growing strain as governments are expected to expand social protection, reduce inequality, and respond to economic uncertainty—often while relying on tax-based instruments that face structural and institutional limits. In this context, zakat is frequently acknowledged for its redistributive purpose; yet in practice, it is still treated mainly as a charitable activity or as a parallel system operating outside formal fiscal policy. This paper argues that such treatment underestimates the potential role of zakat within contemporary public finance. The study aims to reposition zakat as a complementary fiscal instrument and to highlight the role of *amil* governance as a decisive factor in enabling this complementarity. Using a qualitative and conceptual approach—based on conceptual synthesis of peer-reviewed literature and institutional standards in zakat governance (including zakat supervision principles)—the analysis integrates Islamic jurisprudence, *maqāṣid al-shari‘ah*, public finance theory, and governance perspectives to develop an integrated analytical framework. Rather than testing hypotheses or estimating fiscal impacts, the paper focuses on institutional reasoning and theory-building. The main contribution of this study lies in advancing a governance-centered framework that places *amil* institutions at the heart of zakat's fiscal relevance. It demonstrates how accountability, transparency, and public trust—particularly in increasingly digitalized zakat systems—shape zakat's capacity to operate alongside taxation. By shifting attention from fiscal outcomes to governance foundations, the paper offers a clear institutional pathway for strengthening zakat's role within modern social protection and fiscal systems.

Keywords *Zakat, complementary fiscal instrument, good amil governance, Islamic public finance, maqāṣid al-Shari‘ah*

INTRODUCTION

In public finance, fiscal instruments are often assessed based on whether they substitute for or complement one another. Fiscal substitution implies replacement, where the expansion of one instrument reduces the role of another. Fiscal complementarity, by contrast, refers to an arrangement in which different instruments serve distinct yet interconnected functions to support shared redistribution and welfare objectives. Importantly, complementarity does not weaken taxation; instead, it reinforces fiscal capacity by addressing areas that conventional tax systems may struggle to reach.

Zakat fits more convincingly within a complementary, rather than substitutive, fiscal logic. Taxation remains the primary mechanism for financing public goods, infrastructure, and state administration, while zakat operates as a compulsory, value-based institution with a clearly defined redistributive mandate rooted in Islamic ethics. Its focus on specific beneficiaries allows zakat to function alongside taxation without competing for the same fiscal space (Ahmed et al., 2014; Suherli et al., 2025). This distinction is especially relevant in contexts characterized by informality and uneven tax compliance, where zakat can mobilize resources from segments of society that remain partially outside the formal tax net, thereby strengthening redistribution without undermining tax authority (Djatmiko, 2019; Halimatusa'diyah, 2015).

The ethical rationale for zakat as a complementary fiscal instrument lies in its grounding in justice (*‘adl*) and social responsibility. Unlike taxation, which derives legitimacy primarily from

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legal and administrative authority, zakat is sustained by religious obligation and moral accountability. This ethical foundation can enhance compliance and public trust, particularly when zakat institutions are perceived as credible and well governed (Chapra, 2008; Sawmar & Mohammed, 2021). Economically, zakat also plays a stabilizing role by mandating regular redistribution, helping to mitigate inequality and support vulnerable groups during periods of economic stress (Abderrahim & Fadma, 2024; Raies, 2020).

Within this complementary framework, amil occupy a pivotal institutional position. As one of the recognized *aṣnāf*, amil are explicitly entrusted with managing zakat collection and distribution, reflecting a delegated public responsibility rather than a voluntary charitable role. Classical Islamic scholarship emphasizes that zakat is not merely a private moral act but a structured social institution, with an amil serving as the institutional channel through which this structure operates in practice (Al-Qaradawi, 1999; Hassan et al., 2024).

The role of amil is best understood through their dual accountability. Vertically, amils are accountable to religious norms, requiring compliance with fiqh al-zakat and alignment with *maqāṣid al-sharī‘ah*, including justice, wealth protection (*hifż al-māl*), and public interest (*maṣlahah*) (Chapra, 2008; Saleh et al., 2024). Horizontally, they are accountable to society—particularly to muzakki and mustahiq—with an environment of increasing public scrutiny, where transparency, professionalism, and responsiveness shape institutional trust and participation (Amalia, 2019; Wahab & Rahman, 2011). These expectations are reflected in governance standards such as the Core Principles for Effective Zakat Supervision, which emphasize oversight, accountability, and transparent reporting (BAZNAS, 2016).

Taken together, these accountability dimensions position amil institutions as custodians of public trust. Trust is not peripheral but a functional condition for zakat to operate effectively at scale. Well-governed amil institutions can bridge the gap between religious obligation and fiscal relevance by ensuring that zakat is managed responsibly, distributed fairly, and aligned with broader social protection goals (Al-Fatih, 2020; Indriana & Rohim, 2025). Conversely, weak governance risks fragmenting zakat into informal channels that are difficult to coordinate and evaluate, limiting its contribution within a complementary fiscal ecosystem.

For zakat to consistently perform this role, core governance principles are indispensable. Transparency and disclosure reduce information asymmetry and reinforce confidence; accountability and oversight ensure institutional discipline; professionalism and competence support effective management at scale; ethical integrity sustains legitimacy; and institutional sustainability ensures continuity and long-term public trust (Al-Fatih, 2020; Amalia, 2019; Chapra, 2008; Indriana & Rohim, 2025; Wahab et al., 2024). Together, these elements form a governance foundation through which zakat can move beyond charitable administration toward credible participation in contemporary Islamic public finance.

Building on this argument, the paper addresses a governance-centered gap in the zakat-fiscal integration debate: while zakat is increasingly discussed as a complementary instrument, the institutional conditions that make such complementarity credible and scalable—especially the governance role of amil—remain under-specified in much of the literature (Amalia, 2019; Indriana & Rohim, 2025; Wahab & Rahman, 2011).

Accordingly, this study is guided by three research questions:

- (RQ1) How can zakat be conceptually positioned as a complementary fiscal instrument within modern public finance systems?
- (RQ2) What governance roles do Amil institutions play in enabling zakat to function effectively as a fiscal complement rather than a parallel charitable mechanism?
- (RQ3) Which core governance principles are most critical for sustaining trust, accountability, and coordination in amil-led zakat management (BAZNAS, 2016; Chapra, 2008)?

To answer these questions, the study pursues three objectives: (1) to conceptually clarify zakat's fiscal complementarity in relation to taxation, (2) to theorize amil institutions as governance actors and transmission mechanisms linking ethical obligations with fiscal effectiveness, and (3) to synthesize core governance principles into an amil-centered framework that is relevant for contemporary zakat institutions (Chapra, 2008; Sawmar & Mohammed, 2021).

The expected contributions are twofold. Theoretically, the paper shifts the discussion from outcome-focused zakat-tax interactions toward a governance-first explanation of how complementarity becomes institutionally workable. Practically, it offers a policy-relevant framework to strengthen amil governance—especially transparency, oversight, professionalism, and ethical integrity—so that zakat can more reliably support social protection and redistribution alongside state-based fiscal systems (Al-Fatih, 2020; BAZNAS, 2016; Wahab et al., 2024).

LITERATURE REVIEW

Zakat-Tax Integration in Contemporary Public Finance

Discussions of zakat in Islamic public finance have long revolved around its relationship to taxation. Early scholarship often framed zakat and tax as parallel systems, emphasizing their differences in legal basis, beneficiaries, and enforcement mechanisms (Ahmed et al., 2014). This line of thinking tended to position zakat either as an alternative to state taxation or as a corrective instrument when fiscal systems were perceived as ineffective.

More recent studies, however, have gradually moved away from this substitution narrative. A growing body of literature now treats zakat as a complementary fiscal instrument, particularly through policy arrangements such as tax deductions, rebates, or credits for zakat payments (Djatmiko, 2019; Halimatusa'diyah, 2015; Suherli et al., 2025). From this perspective, zakat does not weaken tax authority; rather, it can extend redistribution to segments of the economy that remain difficult for formal tax systems to reach, particularly in settings characterized by informality and uneven compliance (Hassan et al., 2024; Raies, 2020).

Despite this conceptual shift, much of the zakat-tax literature remains outcome-oriented. Studies frequently focus on compliance behavior, revenue implications, or legal compatibility, while giving less attention to the institutional conditions that allow zakat to function effectively within a broader fiscal ecosystem. As a result, zakat's role as a fiscal complement is often acknowledged in principle but insufficiently explained in practice.

Amil Governance, Accountability, and Institutional Trust

Parallel to debates on zakat-tax integration, another stream of research examines the governance of zakat institutions themselves. Classical Islamic jurisprudence clearly positions the amil as a delegated public agent entrusted with managing zakat collection and distribution, underscoring that zakat is a structured social institution rather than a purely voluntary act of charity (Al-Qaradawi, 1999). Contemporary scholarship builds on this foundation by asking how well these governance roles are fulfilled in modern institutional settings.

Empirical studies consistently highlight governance quality as a key determinant of zakat effectiveness. Transparency, accountability, professionalism, and ethical conduct are repeatedly identified as factors that shape public trust and participation among both muzakki and mustahiq (Wahab & Rahman, 2011; Amalia, 2019). In the Indonesian context, weak governance has been linked to fragmented zakat channels and limited coordination with formal social protection systems, while stronger governance frameworks tend to support higher institutional credibility (Al-Fatih, 2020; Indriana & Rohim, 2025).

These concerns are reflected in formal standards such as the Core Principles for Effective Zakat Supervision, which emphasize oversight, reporting, and institutional sustainability (BAZNAS,

2016). More recent studies also note that governance challenges become more complex in digital zakat systems, where efficiency gains may outpace the development of ethical safeguards and accountability mechanisms (Beik et al., 2024; Kasri & Yuniar, 2021; Nashirudin et al., 2025).

Research Gap: Governance as the Missing Mechanism

Taken together, these two strands of literature reveal a persistent gap. On one hand, zakat is increasingly recognized as a potentially important complement to taxation. On the other hand, governance is widely acknowledged as essential for effective zakat management. Yet these discussions rarely converge systematically.

Most zakat-tax studies remain focused on legal design and measurable outcomes, while governance research tends to examine institutional performance in isolation from fiscal theory. What is largely missing is an explanation of how amil governance operates as the institutional mechanism that enables zakat to function as a credible fiscal complement. In particular, the role of governance in translating ethical obligation into fiscally relevant, scalable outcomes remains under-theorized.

This gap is especially evident in the context of digital zakat management, where technological adoption has progressed rapidly, but governance frameworks have not always evolved at the same pace (Hamsin et al., 2024; Riani et al., 2024). By explicitly positioning amil governance as a transmission mechanism linking Islamic ethics with public finance objectives, this study addresses that gap and offers a governance-centered perspective on zakat-fiscal complementarity.

RESEARCH METHOD

Research Design and Theory Building Orientation

This study adopts a qualitative, conceptual, and normative-analytical institutional research design. The primary aim is theory-building, rather than hypothesis testing or causal estimation. Specifically, the paper develops a governance framework and a set of design principles that explain how zakat—through amil institutions—can function as a complementary fiscal instrument within Islamic public finance.

Rather than measuring outcomes, the analysis focuses on institutional mechanisms: how governance structures, accountability arrangements, and ethical constraints shape the fiscal relevance of zakat. This approach is appropriate given the study's objective of clarifying how zakat operates within a fiscal ecosystem, rather than assessing its impact. Conceptual institutional analysis allows the study to surface governance logics that are often obscured in empirically driven or compliance-focused zakat research.

The expected theoretical outputs of this study are twofold. First, the paper produces a conceptual governance framework that links Islamic normative foundations to fiscal functions through institutional mechanisms. Second, it derives a set of governance propositions and design principles that can guide policy design, regulatory evaluation, and future empirical testing of zakat-fiscal complementarity.

Analytical Framework: Sequential Integration of Four Lenses

The analytical framework integrates four bodies of theory in a sequential, rather than parallel, manner: Fiqh (norms) → *Maqāṣid* (objectives) → Public finance (functions) → Governance (mechanisms).

Fiqh al-zakat establishes the normative constraints, defining zakat as a compulsory institution and specifying the delegated public role of amil (Al-Qaradawi, 1999; Hassan et al., 2024). These norms inform the *maqāṣid al-shari‘ah*, which articulate the objectives of justice ('*adl*), wealth

protection (*hifz al-māl*), and public welfare (*maṣlahah*) as evaluative benchmarks (Chapra, 2008; Saleh et al., 2024).

Public finance theory is then used to interpret how zakat may serve fiscal functions, particularly redistribution and fiscal complementarity under conditions of informality and limited tax reach. This analysis draws on the sub-stream of fiscal complementarity and social contract logic, which recognizes that non-tax instruments reinforce—rather than substitute for—state fiscal capacity (Rao et al., 2023; Toye, 2023). Finally, governance theory operationalizes these functions into institutional mechanisms, drawing primarily on principal-agent accountability and institutional trust perspectives. These lenses explain how transparency, oversight, and professionalism enable zakat institutions to translate ethical obligation into fiscally credible practice (Sawmar & Mohammed, 2021).

Analytical Procedure

To operationalize this framework, the study follows a structured analytical sequence:

1. Establishing a working definition of fiscal complementarity, distinguishing it from substitution and charitable relief.
2. Reviewing and filtering relevant literature on zakat-tax interaction, governance, and Islamic public finance based on conceptual relevance rather than empirical method. Literature selection prioritized peer-reviewed studies and institutional reports from the most recent decade, with particular emphasis on works published within the last five years, while allowing seminal contributions where necessary for theoretical grounding.
3. Mapping maqāṣid principles onto fiscal and welfare objectives.
4. Linking public finance functions (redistribution, stabilization, legitimacy) to governance mechanisms.
5. Synthesizing these linkages into a conceptual framework (matrix/sequence).
6. Formulating governance propositions and policy-relevant design principles.

Normative—Analytical Boundary

Normative and analytical elements are treated as complementary but distinct. Fiqh and maqāṣid provide normative constraints and objectives, while public finance and governance theory act as feasibility filters that assess institutional viability. When normative ideals and practical constraints diverge, the analysis prioritizes *maṣlahah*, harm reduction, and institutional feasibility, while remaining within established shari‘ah boundaries.

Scope and Boundary Conditions

The study is situated in the context of Indonesia, with relevance to developing Muslim-majority countries that operate formal zakat institutions. The analysis focuses on state-recognized zakat institutions (BAZNAS and formal LAZ) rather than informal or purely community-based arrangements.

The unit of analysis is the amil institution as a governance actor, not individual muzakki, mustahiq, or household behavior. The proposed framework is less applicable under certain boundary conditions, including contexts of severe institutional fragmentation or armed conflict, environments of extremely low public trust, and settings where zakat administration remains entirely informal and unregulated.

Use of Empirical Literature

Empirical studies referenced in this paper are used to contextualize the problem and illustrate relevance, not to provide causal validation of the proposed framework. They serve as

motivating evidence for institutional concern rather than as tests of the theoretical propositions advanced.

FINDINGS AND DISCUSSION

Results

Zakat as a Complementary Fiscal Instrument

In public finance, fiscal instruments are commonly evaluated according to whether they substitute for or complement one another. Fiscal substitution implies replacement: the expansion of one instrument reduces the role or necessity of another. Fiscal complementarity, by contrast, refers to an arrangement in which different instruments perform distinct but interconnected functions, jointly supporting redistribution and welfare objectives. Within this framework, complementarity does not weaken taxation; rather, it reinforces fiscal capacity by addressing gaps that conventional tax systems may struggle to reach.

Zakat aligns more coherently with a complementary, rather than substitutive, fiscal logic. Taxation remains the principal mechanism for financing public goods, infrastructure, and state administration. Zakat, by contrast, functions as a compulsory, value-based institution with a clearly defined redistributive mandate grounded in Islamic ethics. Its focus on specific beneficiaries allows it to operate alongside taxation without competing for the same fiscal space (Ahmed et al., 2014; Suherli et al., 2025). This distinction is particularly relevant in contexts marked by informality and uneven tax compliance. In such settings, zakat can mobilize resources from segments of society that may remain partially outside the formal tax net, thereby strengthening overall redistribution without undermining tax authority (Djatmiko, 2019; Halimatusa'diyah, 2015).

The ethical rationale for zakat as a complementary fiscal instrument lies in its grounding in justice ('*adl*) and social responsibility. Unlike taxation, which derives legitimacy primarily from legal and administrative authority, zakat is sustained by religious obligation and moral accountability. This ethical foundation can enhance compliance and trust, particularly when zakat institutions are perceived as credible and well-governed (Chapra, 2008; Sawmar & Mohammed, 2021). Economically, zakat also carries a stabilizing role. Mandating regular redistribution of wealth helps mitigate extreme inequality and support vulnerable groups during periods of economic stress, contributing to social cohesion and fiscal resilience (Abderrahim & Fadma, 2024; Raies, 2020).

Amil as an Institutional Actor in Islamic Public Finance

Within this complementary framework, amil occupy a pivotal institutional position. As one of the recognized *asnāf*, amil are explicitly entrusted with managing zakat collection and distribution, implying a delegated public responsibility rather than a voluntary charitable role. Classical Islamic scholarship emphasizes that zakat is not merely a private moral act, but a structured social institution, and an amil serves as the institutional channel through which this structure operates in practice (Al-Qaradawi, 1999; Hassan et al., 2024).

The institutional role of amil is best understood through their dual accountability. The first is vertical accountability to religious norms, requiring adherence to fiqh al-zakat and alignment with the broader objectives of Islamic law, including justice, wealth protection (*hifż al-māl*), and public interest (*maṣlahah*) (Chapra, 2008; Saleh et al., 2024). Through this lens, amil safeguard not only funds but also the moral legitimacy of zakat. The second is horizontal accountability to society, particularly to muzakki and mustahiq. Contemporary zakat institutions operate under increasing public scrutiny, where transparency, professionalism, and responsiveness shape institutional trust and participation (Amalia, 2019; Wahab & Rahman, 2011). This is reflected in governance frameworks that emphasize supervision and standards, as articulated in the Core Principles for

Effective Zakat Supervision, which stress credible oversight, accountability systems, and transparent reporting (BAZNAS, 2016).

Taken together, these accountability dimensions position amil institutions as custodians of public trust. Trust is not a peripheral concern; it is a functional condition for zakat to operate effectively at scale. Well-governed amil institutions can bridge religious obligation and fiscal relevance by ensuring that zakat is managed responsibly, distributed fairly, and aligned with broader social protection goals (Indriana & Rohim, 2025; Al-Fatih, 2020). Conversely, weak governance risks fragmenting zakat into informal channels that are difficult to coordinate and evaluate, limiting its contribution within a complementary fiscal ecosystem.

Zakat Core Governance Principles

For zakat to perform this role consistently, core governance principles are indispensable. Transparency and disclosure enable stakeholders to understand how zakat funds are collected and utilized, reducing information asymmetry and reinforcing confidence (Amalia, 2019; Wahab & Rahman, 2011). Accountability and oversight ensure that amil institutions remain answerable to both internal controls and external supervision (BAZNAS, 2016; Indriana & Rohim, 2025). Professionalism and competence equip institutions to manage zakat at scale without compromising shariah principles (Amalia, 2019; Wahab et al., 2024). Ethical integrity sustains legitimacy, while institutional sustainability ensures continuity, adaptability, and long-term public trust (Al-Fatih, 2020; BAZNAS, 2016; Chapra, 2008). Together, these elements form a coherent governance foundation through which zakat can move beyond charitable administration toward credible participation in contemporary Islamic public finance.

Discussion

Governance as the Missing Link in Fiscal Complementarity

This study advances a governance-first explanation of fiscal complementarity by shifting the zakat-tax debate away from outcome measurement and formal policy alignment toward the institutional transmission mechanisms through which complementarity becomes operational, positioning amil institutions as the central governance actors that mediate accountability, trust, and fiscal credibility. Rather than treating zakat as a parallel redistributive instrument or evaluating it primarily through legal or fiscal outcomes, this perspective explains how governance quality determines whether zakat can function credibly alongside taxation in practice, rather than merely why such complementarity is normatively desirable.

Despite growing policy attention to zakat-tax integration, many initiatives remain largely symbolic. Legal recognition, tax deductions, or formal coordination frameworks often exist on paper, yet their practical impact on redistribution and fiscal resilience remains limited. This pattern suggests that integration challenges are not primarily technical or legal, but institutional in nature. Without credible governance structures, zakat's potential to complement taxation struggles to translate into effective fiscal outcomes (Djatmiko, 2019; Suherli et al., 2025).

Governance failures constrain fiscal transmission in several ways. Weak accountability mechanisms can undermine confidence in zakat institutions, discouraging compliance and fragmenting zakat flows into informal channels that are difficult to coordinate or evaluate. Limited transparency and inconsistent reporting further erode trust, reducing zakat's capacity to operate at scale or align with broader social protection objectives (Amalia, 2019; Wahab & Rahman, 2011). In such conditions, zakat-tax integration risks becoming procedural rather than substantive—visible in regulation, but ineffective in practice.

Institutional credibility, therefore, emerges as a decisive factor. Credible amil institutions provide the assurance that zakat funds are managed responsibly, distributed fairly, and aligned

with both ethical commitments and public welfare goals. Governance standards, oversight frameworks, and professional management are not ancillary features; they shape whether zakat can function as a reliable fiscal complement or remain confined to fragmented charitable activity (BAZNAS, 2016; Indriana & Rohim, 2025).

From this perspective, fiscal complementarity should be understood less as a policy design problem and more as a governance challenge. Zakat and taxation may be conceptually complementary, but without institutional trust and accountability, their interaction cannot generate meaningful redistribution or fiscal resilience. This governance-centered reading explains why zakat-tax integration often falls short of expectations and reinforces the study's core argument: governance quality determines whether fiscal complementarity remains symbolic or becomes operational.

Multidisciplinary Integration: Islamic Ethics and Fiscal Governance

A governance-centered approach also highlights the value of integrating Islamic ethical principles with public finance governance. At a normative level, the objectives of *maqāṣid al-shari‘ah*—particularly justice (*‘adl*), wealth protection (*hifz al-māl*), and public interest (*maṣlahah*)—closely align with core goals of modern fiscal policy, such as redistribution, social protection, and economic stability (Chapra, 2008; Saleh et al., 2024). This alignment suggests that zakat is not external to public finance, but normatively compatible with its foundational objectives.

Amil governance represents a key convergence point between religion and policy. Through amil institutions, ethical obligations are translated into administrative practice, and moral accountability intersects with governance expectations, including transparency, professionalism, and oversight. When Amil institutions operate with strong governance, they embody both religious legitimacy and institutional credibility, allowing zakat to function as an ethically grounded yet policy-relevant fiscal instrument (Al-Qaradawi, 1999; Hassan et al., 2024).

Ethical legitimacy plays a crucial role in shaping fiscal trust. Unlike taxation, which relies primarily on legal enforcement, zakat relies on moral commitment and shared values to ensure compliance. This ethical foundation can strengthen participation and trust, provided that institutions managing zakat are perceived as trustworthy and competent (Al-Fatih, 2020; Sawmar & Mohammed, 2021). In this sense, ethics does not replace governance; it reinforces it. Ethical norms enhance the social acceptance of fiscal arrangements, while governance ensures those norms are reflected in accountable institutional practice.

The discussion, therefore, underscores the importance of a multidisciplinary lens. Viewing zakat through Islamic ethics alone risks moral idealism without institutional traction, while approaching it solely through public finance may overlook the sources of legitimacy that sustain compliance. Amil governance bridges this divide, offering a framework in which ethical values and fiscal governance reinforce one another. This integration provides a more robust foundation for understanding zakat's role within contemporary fiscal systems and explains why governance quality remains central to its effectiveness as a complementary fiscal instrument.

Zakat Governance in the Digital Era

The digital transformation of zakat management has created new opportunities to expand reach, improve efficiency, and strengthen engagement with younger, digitally literate contributors. Digital platforms have reduced transaction costs, facilitated real-time payments, and enabled zakat institutions to mobilize resources more effectively across geographical boundaries (Beik et al., 2024; Kasri & Yuniar, 2021). In this sense, digitalization presents a clear opportunity to enhance the relevance of zakat within contemporary fiscal and social protection systems.

However, digitalization also introduces new risks. Technology alone does not guarantee

better governance. When digital tools are adopted without adequate oversight, transparency, and ethical safeguards, they may reproduce—or even amplify—existing institutional weaknesses. Concerns regarding data security, misuse of funds, inadequate disclosure, and limited accountability can undermine public trust, particularly in highly visible digital environments (Hamsin et al., 2024; Riani et al., 2024). This highlights a critical distinction between technology without governance and technology guided by ethical oversight.

Technology without governance tends to prioritize speed and volume, often at the expense of institutional integrity. By contrast, technology embedded within strong governance frameworks can enhance traceability, accountability, and public confidence. Studies on zakat technology emphasize that digital systems are most effective when accompanied by standardized reporting, clear audit trails, and professional management practices (Mukhlishin et al., 2024; Widiastuti et al., 2021). In this context, digitalization becomes a governance enabler rather than a substitute for institutional responsibility.

The need for standardized governance frameworks in digital zakat management is therefore paramount. The Core Principles for Effective Zakat Supervision serve as an important reference, emphasizing transparency, accountability, and institutional sustainability in both conventional and digital settings (BAZNAS, 2016). As zakat institutions increasingly adopt digital platforms, governance standards must evolve accordingly to ensure ethical compliance, data protection, and long-term credibility (Nashirudin et al., 2025). Ultimately, digital zakat governance tests whether innovation can be aligned with Islamic ethical values and public finance expectations in a coherent and trustworthy manner.

Policy Implications

The findings of this study carry important implications across policy, practice, and society. From a policy perspective, strengthening governance standards for zakat institutions should be treated as a strategic priority within Islamic public finance. Clear regulatory benchmarks on transparency, accountability, and professional competence are essential to ensure that zakat can function credibly as a complementary fiscal instrument. National and regional authorities can further enhance effectiveness by improving coordination between zakat bodies and fiscal institutions, particularly in social protection, poverty alleviation, and redistribution (Halimatusa'diyah, 2015; Suherli et al., 2025). Such coordination helps prevent fragmentation and ensures that zakat complements, rather than duplicates or conflicts with, existing fiscal programs.

Practically, zakat institutions are encouraged to prioritize governance reform alongside operational expansion and digital innovation. Investments in technology must be matched with investments in human capital, standardized reporting systems, and ethical oversight mechanisms. Strengthening professionalism within amil institutions improves not only efficiency, but also their capacity to collaborate with other welfare actors and respond to evolving socio-economic challenges (Amalia, 2019; Wahab et al., 2024). Without these reforms, the potential benefits of zakat digitalization risk being uneven or unsustainable.

Socially, improved zakat governance has broader implications for trust, participation, and social cohesion. Transparent and accountable institutions are more likely to mobilize wider public engagement and sustain long-term compliance. This reinforces zakat's role as an instrument of solidarity and ethical redistribution, particularly in contexts where trust in formal fiscal systems may be limited (Al-Fatih, 2020; Indiana & Rohim, 2025). Positioning amil institutions within broader social protection ecosystems, therefore, enhances not only fiscal effectiveness but also the social legitimacy of Islamic public finance in the digital era.

CONCLUSIONS

The central novelty of this study lies in its governance-centered reframing of zakat. Rather than asking whether zakat complements taxation in principle, this paper has argued that how zakat functions within a fiscal system depends fundamentally on the quality of governance that sustains it—particularly at the level of amil institutions. By shifting the analytical focus from outcomes to institutional foundations, the study positions amil governance as the key transmission mechanism linking Islamic ethical obligations with fiscal effectiveness and public trust.

The analysis highlights two core insights. First, zakat operates most effectively as a fiscal complement—not a substitute—when supported by credible governance structures that ensure accountability, transparency, and ethical integrity. In this setting, zakat reinforces redistribution and social protection without undermining the role of taxation. Second, amil institutions emerge as strategic intermediaries in Islamic public finance. Their dual accountability—to religious norms and to society—places them at the center of zakat's ability to translate moral obligation into meaningful public outcomes.

The study contributes at both theoretical and practical levels. Theoretically, it reframes zakat from a primarily charitable mechanism to a governance-based fiscal instrument embedded within a broader public finance ecosystem. This perspective helps clarify why zakat's fiscal relevance cannot be separated from institutional quality. Practically, the findings suggest that governance reform should be treated as a priority, rather than a supporting concern, in efforts to enhance zakat effectiveness. Strengthening professionalism, oversight, and institutional sustainability becomes essential if zakat is to play a credible role in contemporary fiscal systems.

Taken together, this study provides a foundation for moving zakat research beyond normative assertions and outcome-based debates toward a deeper institutional understanding—one that recognizes governance as the cornerstone of zakat's fiscal relevance in the modern economy.

LIMITATIONS & FURTHER RESEARCH

This study is not without limitations. Its conceptual nature means that the proposed governance–fiscal linkages have not been empirically tested. Future research is therefore needed to examine how variations in amil governance quality influence fiscal outcomes and public trust across different institutional contexts. Mixed-method approaches, cross-country comparisons, and integration with digital public finance systems offer promising directions for extending this governance-centered framework.

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