



ESCALATION OF ONLINE ZAKAT IN NEW NORMAL

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Abstract

The phenomenon of consumption levels in Indonesia is an important concern. This study aims to determine the factors that influence Muzakki's decision to pay zakat online. This study uses a younger generation as a sample because of its role as the largest internet users who are able to easily learn the latest technology. This research contributes to providing new insights regarding the factors that influence consumers in using e-zakat. This research has implications for amil zakat institutions to innovate through e-zakat services and improve their services so that more consumers can serve so that the number of users will increase. Research instrument used to obtain data was a likert scale questionnaire. The research model used is the Structural Equation Model (SEM) and analyzed using PLS to test the measurement model and the structural model simultaneously. Based on the results of hypothesis testing, E-WOM and religiosity have a positive effect on the decision to pay zakat. Meanwhile, the intention variable proved insignificant in moderating the relationship between Electronic-Word of Mouth (E-WOM) and religiosity towards the decision to pay zakat online.

Keywords: E-WOM, Religiosity, Intention, Decision

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Introduction

Zakat is one of the obligations of Muslims that must be fulfilled and the rules have been mentioned in several verses of the Quran, namely Al Baqarah verse 3, 43, 83, 110 and 177 (Antonio et al., 2020). As a country with the largest Muslim population in the world, the role of zakat in Indonesia is large to be able to alleviate poverty in Indonesia. In 2019, the potential amount of zakat in Indonesia will reach 233.8 trillion Rupiah (IPPZ, 2019 in Zakat Outlook, 2020: 6). The amount of potential is followed by the growth of zakat collection each year. In 2020, BAZNAS recorded that overall, in the last three years (2015-2018), there was a large increase in zakat collection of 122% or around IDR 4.5 trillion (Zakat Outlook, 2020).

Nowadays, the world is still struggling in dealing with Covid-19 and all the effects it causes. The existence of this pandemic has had many impacts not only on business activities but also on socio-economic activities. These socio-economic problems can be overcome by increasing zakat income (Aji et al., 2020) so that it is necessary to optimize the collection of zakat funds. Given the extremely dangerous nature of the transmission of the corona virus, WHO recommends the use of digital money (Aji et al., 2020). This also applies to the payment of zakat through e-zakat (online payment of zakat).

In this era of 4.0, the use of the internet by Indonesians is increasing (Niswah et al., 2019). Based on Digital Global data (2018), the number of internet consumers in Indonesia is 132 million people. So that Indonesia is categorized as one of the countries with the highest number of internet users (Friantoro & Zaki, 2019). The use of digital technology and the distribution of wealth through zakat is an effective and efficient combination (Utami et al., 2020). Through e-zakat, people as muzaki can easily make zakat payments and zakat institutions can play their role (Utami et al., 2020).

Research on the use of e-zakat in the pandemic era is very interesting to study further. So far, research has only focused on effectiveness, efficiency, and also SWOT analysis, namely research by Utami et al., (2020), Saharuddin et al. (2017), Friantoro & Zaki (2019). This study focuses on the factors that influence muzakki's interests and decisions in using e-zakat. This study replicates and studies from Aji et al., (2020) by adding the electronic word of mouth (E-WOM) variable (Hidayanto et al., 2017) and the decision variable using e-zakat (Sofiyani, 2019).

This study uses a younger generation as a sample because of its role as the largest internet users who are able to easily learn the latest technology. This research contributes to providing new insights regarding the factors that influence consumers in using e-zakat. This research has implications for amil

zakat institutions to innovate through e-zakat services and improve their services so that more consumers can serve so that the number of users will increase.

The next section contains a discussion of the review literature and the development of hypotheses. The third section discusses the research methodology, the fourth section contains discussion of results and discussion of the research, and the last section contains the conclusions of this research.

Theoretical framework

This study aims to determine the influence of E-WOM and religiosity on the decision to pay zakat online and determine whether the intention can moderate the influence of E-WOM and religiosity on the decision to pay zakat online. Based on these objectives, the following is the theoretical framework in this study

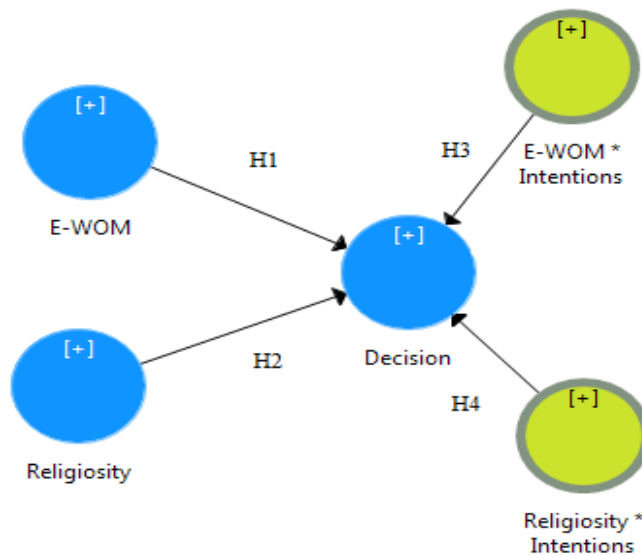


Fig. 1 Research Model

Research Method

A quantitative method was used in this study. The questionnaire items were used and revised according to pilot study and collected starting from 26th to 29th March, 2021. The purposive sample is used to collect the data. The questionnaire divided into 3 sections; introduction, respondents

demographics, and questions consist of E-WOM, intentions, religious and intentions of online zakat. Respondent views were evaluated based on the five-point Likert scale starting from 1 (“strongly disagree”) to 4 (“strongly agree”). PLS-SEM is utilized to analyze the collected data. Four steps involved in the data analysis process; data conversion, path diagram model, structural model assessment (inner model), measurement model assessment (outer model) and hypothesis assessment.

Data Analysis and Result

On Table 1 shows 271 respondents were collected, however 30 respondents filled the same scale for all questions, in order so 241 is chosen as a data analysis. The respondents represented in Indonesia where there are 65 male respondents (27%) and 176 female respondents (73%). As many as 241 respondents were born between 2004 and 1992. Most respondents have graduated from high school and 39% of respondents are college students.

Table1. Respondent Demographic

Demographic Variable		Frequent	Percentage (%)
Gender	Male	65	27%
	Female	176	73%
Age	< 20 years old	102	42%
	> 20 years old	139	58%
Education	High School	147	61%
	College Student	94	39%

In convergent validity, indicator loadings must be higher than 0.70 (Hair, Christian, & Sarstedt, 2011). The indicators were removed if there were indicators that had low outer loading and not the only loadings. Indicator R4 was deleted since its outer loading value is lower than 0.70. The remaining variables on Table 2 have a value higher than 0.70 which means that indicators are reliable.

Table 2. Outer Loadings

	DECISION	E-WOM	E-WOM * Intensions	INTENTIONS	RELIGIOSITY	Religiosity * Intensions
DC1	0,905					

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DC2	0,861	
DC3	0,915	
DC4	0,904	
E-WOM * INTENTIO NS		1,330
I1		0,902
I2		0,938
I3		0,894
R1		0,835
R2		0,857
R3		0,870
RELIGIOSI TY * INTENTIO NS		1,393
WO1	0,859	
WO2	0,854	
WO3	0,850	
WO4	0,861	

The average extracted for model evaluation, convergent validity, AVE must be higher than 0.5 (Hair, Christian, & Sarstedt, 2011). Internal consistency reliability, composite reliability must be higher than 0.70. Based on rules by Hair et al., (2011), cronbach's alpha values are greater than 0.7. On Table 3 is shown, the composite reliability and Cronbach's alpha scores are greater than 0.70, indicating fulfilling reliability assumption.

Table 3. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
DECISION	0,919	0,924	0,942	0,804
E-WOM	0,879	0,883	0,916	0,733
E-WOM * Intentions	1,000	1,000	1,000	1,000
INTENTIONS	0,898	0,903	0,936	0,831
RELIGIOSITY	0,817	0,834	0,890	0,730
Religiosity * Intentions	1,000	1,000	1,000	1,000

As Fornell-Lacker (1981) criterion that AVE of each latent construct must be higher than the construct's highest squared correlation with any other latent construct. For an example on Table 4, the latent construct of E-WOM has a higher value (0.897) than any other latent constructs.

Table 4. Discriminant Validity

	DECI SION	E- WO M	E-WOM * Intentions	INTEN TIONS	RELIGI OSITY	Religiosity * Intentions
DECISION	0,897					
E-WOM	0,677	0,856				
E-WOM * Intentions	-0,224	-	1,000			
INTENTION S	0,725	0,653	-0,320	0,911		
RELIGIOSIT Y	0,672	0,610	-0,213	0,687	0,854	
Religiosity * Intentions	-0,118	-	0,776	-0,226	-0,196	1,000

Assessing r-square can be used to measure across all constructs in the model. For endogenous latent variables in the structural model can be described as weak if r-square is 0.25, moderate if r-square is 0.50 substantial if r-square is 0.75 (Hair, Christian, & Sarstedt, 2011). The model is explained 63% on decision.

The hypotheses testing result was evaluated by examining structural paths, t-statistics, and P-value. The correlation coefficients are significant if t-statistics higher than 1.96 with significance level 5% (Hair, Christian, & Sarstedt, 2011). On Table 5 all hypotheses are supported. E-WOM positively relates to the decision of using online zakat (t-statistic = 5.556). E-WOM and religiosity has no relation to the decision of using online zakat moderation by intentions (t-statistic = 0.221 and t-statistic = 1.339). Religiosity positively relates to the decision of using online Zakat (t-statistic = 4.033).

Table 5. Hypotheses Testing Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
E-WOM -> DECISION	0,290	0,293	0,052	5,556	0,000
E-WOM * Intentions -	-0,011	-0,013	0,048	0,221	0,825

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DECISION					
INTENTIO NS -> DECISION	0,380	0,372	0,068	5,567	0,000
RELIGIOSI TY -> DECISION	0,248	0,253	0,061	4,033	0,000
Religiosity* Intentions - > DECISION	0,062	0,062	0,046	1,339	0,181

The Influence of E-WOM to Decision of Using Online Zakat

Hypotheses 1, E-WOM positively related to the decision of using online zakat, is accepted. The respondents rely on E-WOM to decide using online zakat. Especially, the experience of trusted influencers such as the respondent's family or friends. E-WOM plays a significant role in consumer decision making to use online zakat. The hypothesis's result is supported by literature and previous study explained that E-WOM is the primary factor in purchase decisions.

To drive positive word-of-mouth, companies should provide friendly interface and interpersonal communication. Kotler et al. (2017) described that one of the best marketing best practices is through word-of-mouth marketing. Through word-of-mouth, the content share virally on social media. Some companies gained significant sales from E-WOM on social media. Thus, the company should create creative content and provide feedback feature to gather E-WOM on social media (Quesenberry, 2019).

Institution or organization of online zakat should expand footprints and greet the online customers across to multiple social media platforms. Provide customers related and useful information, be resourceful and visible in social media through E-WOM to increase relation between online zakat services and customers. Set fire to online word-of-mouth campaign to the targeted customers. Build an online community to increase influence in using online zakat. By creating an online discussion forum, show to a social network of organisation or company commitment. Maximize the features of online platforms such as notification and let customers add company news to social bookmarking websites to spread E-WOM (Cakim, 2010).

The Influence of Religiosity to Decision of Using Online Zakat

Religiosity relates to a person's level of faith, meaning that the higher the level of one's faith, the greater the commitment to carry out God's commands and stay away from His prohibitions. Based on the hypothesis test, the religiosity variable has a significant positive effect on muzakki's decision to pay zakat online. This shows that the more religious a person is, the more obedient he is to pay zakat. Because zakat is one of the pillars of Islam that a Muslim must fulfill. Paying zakat for a Muslim is a manifestation of understanding and performing worship. As stated by Sofha and Utomo (2018), religiosity can be seen from the depth of knowledge, belief, implementation of worship and religious principles.

Paying zakat is not only fulfilling Islamic law, but is a manifestation of social solidarity to achieve a fair distribution of wealth so that it does not accumulate in a group of people. For a Muslim, paying zakat is a means to clean up property and a manifestation of caring for fellow believers who are entitled to receive (*mustahiq*). Abdullah (2000) says that religiosity is defined as "the process of exhibiting religious beliefs through maghdah and ghairu maghdah ritual behavior" (social activities). Referring to this opinion, it can be said that one's religiosity is not only reflected in worship vertically but also in making choices in daily life. This result is in accordance with research from (Fitriyah, 2017; Fitri, 2021; Kurnia et al, 2020) which states that the aspect of religiosity plays a role in muzakki's decision to pay zakat. On the other hand, paying zakat online provides convenience where the convenience factor becomes an important point in the preference of muzakki to pay zakat (Ekacahyanti, 2020).

The Influence of E-WOM to Decision of Using Online Zakat with Intention as A Moderating Variable

Based on the results of the hypothesis test, it is proven that the intention to moderate the effect of E-WOM on the decision to pay zakat online is not significant, so the hypothesis of this study is rejected. Currently, the use of social networks is growing rapidly as a marketing tool so that it becomes an effective communication tool for spreading messages by word of mouth (Sadrabadia, A. N, M. K. Sarajib, 2018). The existence of technology in the collection, distribution, control, and reporting of zakat will increase the quantity and quality of zakat funds. Conceptually, the role of technology in

collecting zakat funds will expand access to amil zakat in accessing muzakki (Zein et al., 2020).

In this study, the intention did not significantly moderate the effect of E-WOM on the decision to pay zakat online because the intention in this study was measured by the interest of muzakki in breaking mutations in the spread of covid-19. With this result, it means that there are still few muzakki who are educated about the dangers of the spread of covid-19 so they still prefer traditional zakat payments. In addition, muzakki still feel unfamiliar with online zakat payments so that doubts arise about LAZ online in distributing their zakat funds.

The Influence of Religiosity to Decision of Using Online Zakat with Intention as A Moderating Variable

Based on the hypothesis test, it is proven that the interest variable cannot moderate the relationship between religiosity and the decision to pay zakat online. That is, the existence of the interest variable cannot strengthen the religious influence on the decision to pay zakat online. This is because in this study interest is interpreted as an encouragement to pay zakat online to prevent the spread of COVID-19. By paying zakat online, muzakki can distribute zakat funds without having to visit the Amil Zakat Institute (LAZ) or give it to mustahiq in person. However, not everyone has the awareness to actively participate in preventing the spread of the virus by reducing direct interactions. Lack of socialization from the government and the Amil Zakat Institution (LAZ) regarding the urgency of paying zakat online during the pandemic is the reason muzakki are less interested. The dominant factor that influences the decision of muzakki to pay zakat is that it is limited to fulfilling obligations as a Muslim as conveyed in research by (Fitriyah, 2017; Fitri, 2021; Kurnia et al, 2020).

In addition, not all respondents have an understanding of the ability to pay zakat online. Some respondents argued that the intention and utterance of the muzakki prayer must be said directly in front of amil zakat, even though in sharia online zakat payments are allowed because it follows the times and technological advances that make it easier Muzakki prayers when paying zakat can be sent via sms to amil (Azis, 2017). This is in accordance with Yusuf Al Qardhawi's statement in the book of fiqh zakat, namely that a person may not

explicitly state that the funds he gives are zakat and are considered to remain valid as zakat. Therefore, the government needs to aggressively educate the public regarding the legality of paying zakat online both in terms of sharia and law.

Conclusion

Based on the results of statistical tests using PLS, there are several conclusions and suggestions in this study, namely: E-WOM has a positive effect on the decision to pay zakat online. The experience of trusted influencers such as the respondent's family or friends. E-WOM plays a vital role in consumer decision making to use online zakat. This shows that LAZ must continue to increase the use of its social media, improve features in the online zakat payment application, as well as large-scale campaigns regarding its online zakat payment application so that it can increase consumer satisfaction. If the consumer is satisfied, he will promote to all his colleagues to pay zakat online.

Religiosity has a positive effect on the decision to pay zakat online because the higher a person's religious level, he will continue to fulfill his obligations as a Muslim, one of which is paying zakat. So, it is hoped that LAZ will comply with sharia compliance and continue to comply with regulations from the OJK and DSN related to legality aspects. The intention does not moderate the effect of E-WOM on the decision to pay zakat online so that further education is needed for the public about the mechanisms and advantages of paying zakat online. The intention does not moderate the influence of religiosity on the decision to pay zakat online because people are still ignorant of the mutations in the spread of covid-19 so further education is needed about the dangers of covid-19

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