



## Optimizing the Role and Function of ZISWAF in Empowering the Economy of the Ummah

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**Abstract.** *This study aims to analyze the concept of Economic Empowerment of the People and identify the strategic role of Zakat, Infaq, Sedekah, and Wakaf (ZISWAF) as key instruments in this effort. Economic Empowerment is understood as a comprehensive step to build community capacity through three ways: creating an enabling environment for community potential to flourish, strengthening existing potential, and protecting vulnerable groups. Although Indonesia has great potential for ZISWAF, its optimization as a driver of community economy still faces challenges such as low public literacy and a management system that is not yet integrated with development programs. The results of the study show that professional ZISWAF management can act as a catalyst to transform consumptive funds into productive capital. With proper allocation, ZISWAF has great potential to overcome structural poverty, increase social assets, and create sustainable and equitable economic independence for the community.*

**Keywords:** Alms, Economic Empowerment of the People, Infaq, Waqf, Zakat, ZISWAF

### 1. Introduction

The community is the most important element in the management of zakat, infaq, alms, and waqf. This is because the community is both the giver and the recipient of the benefits of managing zakat, infaq, alms, and waqf. As the givers of zakat, infaq, alms, and waqf are the Muslim community, while the recipients of the benefits can be the wider community, both Muslim and non-Muslim.

Islamic economics is an economic system born from the teachings of Islam, without negating its economic concepts by removing the value of 'dzolim' (minus usury) and adding the value of 'zakat'. This means that Islamic economics, in essence, process, and output, is rich in ethics and charity in the form of zakat, with the aim of equal distribution between capital owners (capital surplus) and those with minimal capital. This is where the positive domain of Islamic economics lies. One unique thing is that even though Indonesia has a Muslim majority, Islamic economics is still not accepted by Indonesians themselves. As well as the spirit of income and/or wealth redistribution that is in line with a pro-mustadh'afin (the oppressed) people's economy. This should be a golden opportunity to implement Islamic economics as a religious teaching, as well as in accordance with the noble values that characterize Indonesia.

The potential for raising ZISWAF (Zakat, Infaq, Shodaqoh, and Wakaf) funds among Muslims in Indonesia cannot be underestimated. Over the past 10 years, the emergence of ZISWAF management and distribution institutions in Indonesia has almost turned into a new form of business competition. The factors behind the emergence of ZISWAF management institutions are quite complex. In addition to significant economic growth and

religious awareness among middle- and upper-class Muslims, the management of ZISWAF funds in Indonesia is still relatively traditional.

The optimization of ZISWAF as a driver of the economy of the Muslim community still faces various challenges, ranging from low public literacy about ZISWAF, a weak management system, to a lack of integration between ZISWAF management institutions and economic development programs. As a result, the large amount of ZISWAF funds has not been able to fully address the structural problems of poverty and economic independence of the Muslim community. Therefore, more focused and systematic efforts are needed to make ZISWAF a strategic instrument for building a comprehensive and equitable economy for the Muslim community.

## 2. Methods

This article is based on a literature review of various sources relevant to the role and function of ZISWAF in the economic empowerment of the Muslim community. The sources used are from literature, journals, and other scientific works that discuss the concept of Economic Empowerment, as well as the Role and Function of ZISWAF in the context of the Muslim Community's Economy. The approach used is descriptive conceptual, which is to describe and analyze the role and function of ZISWAF based on the definitions and concepts found in the literature.

## 3. Results and Discussion

### 3.1. Definition of Economic Empowerment

According to Kartasasmita, economic empowerment of the people is an effort to mobilize resources to develop the economic potential of the people and increase their productivity. Empowerment is a concept that was born as part of the natural development of society, thought, and culture. Conceptually, empowerment comes from the word "power," which means authority or capability. Productive economic empowerment of the mustahiq based on zakat, infaq, and sadaqah is one of the efforts made by zakat institutions to strengthen the authority and capability of economically disadvantaged groups in society with the aim of meeting their daily needs. In terms of terminology, many experts offer definitions of empowerment. Variations in definitions of empowerment can be found in much literature. Some experts directly use the phrase "economic empowerment" when explaining this concept. Hutomo states that economic empowerment is the strengthening of ownership of factors of production, strengthening control over distribution and marketing, strengthening communities to obtain adequate wages/salaries, and strengthening communities to obtain information, knowledge, and skills. which must be done in a multifaceted manner, both by the community itself and through policy aspects. The above definition is widely used by government officials. Sumodiningrat states that economic empowerment is an effort to create a strong, large, modern, and highly competitive economy within a proper market mechanism. Because the constraints on the development of the people's economy are structural, the economic empowerment of the people must be carried out through structural change (Nadzir 2015).

Economic empowerment is an effort to build community capacity by encouraging, motivating, and raising awareness of its economic potential and striving to develop it. Community empowerment is a fundamental element that enables a community to survive. In a dynamic sense, it means developing oneself and achieving progress. Community empowerment is the source of what is known as national resilience. In implementing

community empowerment, efforts are needed that can be carried out according to Kartasasmita. Efforts to empower the community must be carried out through three steps, namely:

1. Creating an atmosphere or climate that allows the potential of the community to develop (enabling). The starting point here is the recognition that every human being and every community has potential that can be developed.
2. Strengthening the potential or power possessed by the community (empowering). In this context, more positive steps are needed beyond simply creating an atmosphere or climate. Empowerment also means protecting. In the empowerment process, we must prevent the weak from becoming weaker because they are powerless in the face of the strong.
3. Empowering also means protecting. In the empowerment process, we must prevent the weak from becoming weaker because they are powerless in the face of the strong. Therefore, protection and advocacy for the weak are fundamental in the context of community empowerment. Protecting does not mean isolating and shielding from interaction because that will not strengthen, but rather weaken. Protection must be seen as an effort to prevent unfair competition and exploitation of the weak by the strong (Afrina 2018).

### 3.2 The Role of ZISWAF in Economic Empowerment of the Community.

Economic empowerment of the community through the management of zakat, infaq, and sadaqah (ZISWAF) funds has the potential to create significant social change. When ZISWAF funds are well managed and allocated to empowerment programs, the impact can be felt in various aspects of community life. One of the main impacts is poverty alleviation. Through productive programs such as providing business capital, skills training, and economic infrastructure development, ZISWAF funds can help individuals or families living in poverty to improve their standard of living in a sustainable manner. These programs not only provide temporary assistance but also create opportunities for beneficiaries to earn a stable income (Ramadhani et al. 2024).

Zakat is a tool for empowerment and poverty alleviation that is very important in terms of consolidating zakat administrators with a new face. Baznas acts as the national coordinator for zakat. The benefits of zakat felt by Muslims will have an impact on *ghirah fastabiliquil khairat* (competing in goodness) in giving zakat and alms. The distribution of zakat through empowerment will be distributed economically, fairly, and widely so that economic disparities can be minimized. The noble goal of empowering the community with zakat funds will stimulate the community's economic system in various sectors of life, especially in: economic problems, low-income communities, minimal capital, and minimal community expertise in the fields of agriculture, fisheries, and agribusiness. 1) problems in the community environment, especially in the religious, educational, and social sectors; 2) social problems that continue to exist due to a lack of supporting facilities and infrastructure, public service facilities, and cooperatives for small and medium enterprises and farmers (Ramadhan, Taufik.Riski, Murdani, Indra 2024).

One aspect of the Islamic economy that cannot be underestimated is the socio-economic role of Islam through the important instruments of ZISWAF (Zakat, Infaq, Shadaqah, and Wakaf). In fact, Zakat, Infaq, Shadaqah, and Wakaf are acts of worship that have two dimensions, namely as an act of obedience to Allah (vertical) and as an obligation

related to fellow human beings (horizontal). Zakat, Infaq, Shadaqah, and Wakaf are one of the characteristics of the Islamic economic system, because they implement the principle of justice in an Islamic economic system. Sharia economic instruments such as ZISWAF play a major role in realizing economic and social justice in society. ZISWAF plays a role in meeting the needs of the underprivileged. This role is outlined in the 1945 Constitution, Article 34, paragraph 1, which states, "The poor and neglected children shall be cared for by the State." Waqf also plays a very important role in supporting and sustaining the development infrastructure needed by the community (Masharif 2017).

An important element of community empowerment is providing authority and capacity building for the community. These two elements cannot be separated; if the community has power, the results will not be optimal. The community is in a marginal position because it lacks these two elements, namely authority and capacity. The community's poor living conditions are caused by a lack of empowerment, which means that the community does not have the opportunity to control its own future (Fauzy Bahitsul et al. 2021). Economic empowerment of the community through the management of zakat, infaq, and shodaqah carried out by BAZ can be classified into two models based on their utilization.

#### 1) Consumptive distribution model.

In general, the consumptive distribution model is divided into two forms.

- a. Traditional consumptive distribution model, which is zakat given directly to those who are entitled to receive it (mustahik) to be used immediately, such as zakat given to disaster victims.
- b. Creative consumptive distribution model, which is zakat given in other forms. This zakat is usually given to orphans, street children, and neglected children. This assistance takes the form of scholarships. Scholarships are provided so that these children can continue their higher education so that they do not fall into poverty and unemployment. There is also assistance in the form of school supplies, religious study materials, and much more (Fauzy Bahitsul et al. 2021).

#### 2) Productive distribution model.

There are two types of productive distribution models.

- a. Traditional productive distribution model, which is zakat given in the form of productive goods such as scissors, cows, goats, sheep, and so on.
- b. Creative productive distribution model, which is zakat in the form of donations to increase business funds for those who are entitled to receive it, such as adding capital to traders and so on. Through the empowerment process, the state must delegate some of its authority or power to the community. Understanding among the community regarding the differences between zakat, infak, sadaqah, and waqf, as well as understanding how the advancement of Islamic civilization in the past was due to the management of public financial instruments, some of which are ZISWAF (Sahri and Paramita 2020).

The role of Ziswaf in empowering the economy of the people to alleviate poverty is as follows

- 1) Production activities. Ziswaf will create new potential demand, thereby increasing aggregate demand, which will encourage producers to increase their production to meet high demand.
- 2) Investment. In Islam, investment is a highly recommended activity, especially investments that comply with Sharia law.
- 3) Employment. Ziswaf will increase an individual's income, which can be used as business capital aimed at improving the standard of living of the beneficiaries.
- 4) Economic growth. When Ziswaf is used for business capital, it will help economic growth because there will be a change in the income of each individual in terms of increased consumption, which will affect the increase in demand and production factors, and growth will be driven by the pace of the Islamic economy, which originates from the Ziswaf instrument (Rahmawati and Yazid 2025).

### *3.3 The Function of Ziswaf in Economic Empowerment of the People*

Zakat functions in the economy as an allocative and stabilizing agent. In its allocative function, zakat is expressed as a tool or instrument to combat poverty. However, in its distribution pattern, zakat should not only be given in the form of consumable goods but also in the form of production goods. This is done when the mustahik (recipients) have the capacity and ability to process and carry out production activities. The stabilizing function of ZISWAF (Zakat, Infak, Sedekah, and Wakaf) is to maintain social and economic balance in society by distributing wealth from the affluent to those in need. Through this mechanism, ZISWAF helps reduce social inequality, maintain the purchasing power of vulnerable groups, and prevent potential conflicts caused by poverty. In times of crisis or economic instability, ZISWAF also acts as a social safety net that can support the lives of the poor and support sustainable economic recovery. The distribution of zakat is encouraged in the form of equity, which is expected to have a broader impact on economic conditions (Prayoga, Nugraha 2024).

ZISWAF not only serves as a religious obligation, but also as a socio-economic tool that can promote equitable welfare and empower underprivileged communities. Professional, transparent, and accountable management of ZISWAF has been proven to increase the income, skills, and independence of mustahik (recipients of zakat). Each component of ZISWAF has a specific contribution: zakat functions as a social safety net and a tool for wealth redistribution; infaq and shodaqoh strengthen social solidarity in a flexible manner; while waqf provides long-term support in the development of public facilities and improvement of the quality of life of the community (Dillawati dkk 2025). Here are some aspects that explain the urgency and potential of ZISWAF in the context of the Indonesian economy:

1. The significance of ZISWAF encourages Muslims to do several things, including: The desire of Indonesian Muslims to perfect the practice of their religious teachings. After performing prayers, fasting during Ramadan, and



even performing the Hajj pilgrimage to Mecca, Muslims are increasingly aware of the need to pay zakat as a religious obligation. This is the responsibility of every Muslim who is able to do so and has met the specified requirements.

2. There is a growing awareness among Muslims of the positive potential of zakat if it is used properly. Zakat can help overcome various social problems in the country, such as caring for neglected children, orphans, youth development, education, and so on.
3. In Islamic history, the institution of zakat has successfully achieved several objectives, including:
  - a) Protecting people from humiliation and poverty.
  - b) Building social solidarity among members of society.
  - c) Facilitating the implementation of social tasks related to the public interest.
  - d) Distributing the sustenance obtained from God evenly.
  - e) Preventing the accumulation of wealth in certain groups or classes.
4. Efforts to develop and manage zakat in the country are growing. In addition to being carried out by the community itself, local governments are also encouraging its development. In several regions, such as the Special Region of Aceh, West Sumatra, DKI Jaya, West Java, and South Kalimantan, local governments are actively participating in the management and development of zakat. The potential for zakat in Indonesia is enormous, strategic, and promising. (Amelia, Khairi, and Asyifa 2023)

#### **4. Conclusions**

Economic empowerment of the people is a planned process to increase the economic potential and independence of poor or vulnerable communities through the creation of an enabling environment, strengthening of capabilities and potential, and protection from exploitation.

Zakat, Infak, Sedekah, and Wakaf (ZISWAF) have a very crucial role and function as instruments of wealth redistribution in the Islamic economic system and social asset development. Functionally, ZISWAF acts as a catalyst that transforms consumptive funds into productive capital, particularly through micro-business financing schemes sourced from Zakat/Infak/Sedekah, and the development of permanent economic facilities through Wakaf assets. The optimization of ZISWAF, managed professionally and in an integrated manner, is the key to achieving social change, overcoming structural poverty, and building sustainable economic independence for the community.

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