

Islamic Philanthropy and the People's Economy in Indonesia: A Literature Synthesis

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ABSTRACT

This study reviews recent research on the contribution of Islamic philanthropy, including zakat, infaq, sadaqah, and waqf (ZISWAF), to community-based economic development in Indonesia. Using a systematic literature review (SLR) approach, the study examines peer-reviewed publications published between 2020 and 2025 that focus on ZISWAF governance, productive financing programs, and digital innovations. The findings show that productive zakat programs, when accompanied by mentoring, entrepreneurship training, and microfinance support, can improve beneficiaries' income, strengthen business sustainability, and enhance social mobility. Productive waqf has also emerged as a promising instrument for long-term economic development, particularly when supported by professional governance and effective asset management. In addition, the adoption of digital technologies, such as fintech platforms, online payment systems, and real-time reporting tools, has improved transparency, operational efficiency, and public trust in Islamic philanthropic institutions. Despite these positive developments, several challenges remain, including disparities in digital literacy, limited managerial capacity among waqf administrators, and the absence of standardized frameworks for measuring socioeconomic impact. The review further highlights that existing studies tend to examine ZISWAF instruments separately, with limited attention given to integrated approaches that connect Islamic philanthropy with inclusive and sustainable community development. The study concludes that Islamic philanthropy has significant potential to promote grassroots economic empowerment when supported by sound governance, digital innovation, and collaborative ecosystem-based strategies. Future research should focus on developing integrated ZISWAF models, conducting longitudinal impact assessments, and identifying scalable mechanisms for community economic development.

Keywords: *Islamic philanthropy; ZISWAF; productive zakat; waqf; digitalization.*

ABSTRAK

Penelitian ini mengulas berbagai kajian terkini mengenai kontribusi filantropi Islam yang mencakup zakat, infak, sedekah, dan wakaf (ZISWAF) terhadap pengembangan ekonomi berbasis masyarakat di Indonesia. Dengan menggunakan pendekatan *Systematic Literature Review* (SLR), penelitian ini menganalisis publikasi ilmiah terindeks dan telah melalui proses *peer review* yang diterbitkan pada periode 2020–2025, dengan fokus pada tata kelola ZISWAF, program pembiayaan produktif, serta inovasi digital. Hasil kajian menunjukkan bahwa program zakat produktif yang disertai dengan pendampingan, pelatihan kewirausahaan, dan dukungan pembiayaan mikro mampu meningkatkan pendapatan penerima manfaat, memperkuat keberlanjutan usaha, serta mendorong mobilitas sosial. Wakaf produktif juga muncul sebagai instrumen yang menjanjikan untuk pembangunan ekonomi jangka

panjang, terutama apabila didukung oleh tata kelola yang profesional dan pengelolaan aset yang efektif. Selain itu, pemanfaatan teknologi digital, seperti platform *fintech*, sistem pembayaran daring, dan perangkat pelaporan *real-time*, terbukti meningkatkan transparansi, efisiensi operasional, serta kepercayaan masyarakat terhadap lembaga filantropi Islam. Meskipun demikian, berbagai tantangan masih dihadapi, antara lain kesenjangan literasi digital, keterbatasan kapasitas manajerial pengelola wakaf, serta belum tersedianya kerangka baku untuk mengukur dampak sosial-ekonomi secara komprehensif. Kajian ini juga menunjukkan bahwa penelitian yang ada masih cenderung membahas instrumen ZISWAF secara terpisah, sehingga perhatian terhadap pendekatan yang terintegrasi antara filantropi Islam dan pembangunan masyarakat yang inklusif serta berkelanjutan masih relatif terbatas. Penelitian ini menyimpulkan bahwa filantropi Islam memiliki potensi yang besar dalam mendorong pemberdayaan ekonomi masyarakat akar rumput apabila didukung oleh tata kelola yang baik, inovasi digital, dan strategi kolaboratif berbasis ekosistem. Oleh karena itu, penelitian di masa mendatang perlu difokuskan pada pengembangan model ZISWAF yang terintegrasi, pengukuran dampak jangka panjang, serta identifikasi mekanisme pengembangan ekonomi masyarakat yang dapat direplikasi dan diperluas.

Keywords: *filantropi Islam; ZISWAF; zakat produktif; wakaf; digitalisasi.*

INTRODUCTION

Islamic philanthropy has emerged as an increasingly important instrument for addressing socio-economic challenges in Indonesia. Despite sustained economic growth, poverty, income inequality, and limited access to productive resources remain persistent issues, particularly among low-income and vulnerable communities. In this context, Islamic philanthropic instruments—zakat, infaq, sadaqah, and waqf (ZISWAF)—have gained growing attention as mechanisms for promoting inclusive economic development and community empowerment. Beyond their religious function, these instruments are increasingly expected to contribute to poverty alleviation, entrepreneurial development, social welfare improvement, and the strengthening of grassroots economic resilience.

The growing relevance of Islamic philanthropy is supported by Indonesia's substantial ZISWAF potential. As the country with the world's largest Muslim population, Indonesia possesses significant opportunities to mobilize philanthropic resources for development purposes. However, the gap between potential and actual outcomes remains considerable. Challenges related to fund collection, distribution efficiency, institutional governance, accountability, and program sustainability continue to limit the overall impact of Islamic philanthropic initiatives. At the same time, rapid digital transformation has created new opportunities for improving transparency, accessibility, and public participation in philanthropic activities.

Recent studies have documented various dimensions of Islamic philanthropy in Indonesia. Saputri (2024) highlights the role of Islamic fintech in enhancing the efficiency and inclusiveness of zakat and waqf management. Hadiyanto (2022) finds that the collection and distribution of zakat and waqf funds remain suboptimal in many regions, indicating the need for stronger institutional management. Similarly, Hendar and Ruhaeni (2024) emphasize that regulatory frameworks create both opportunities and challenges for the professional governance of ZISWAF institutions. At the community level, Febrianti et al. (2023) demonstrate that zakat and waqf programs contribute positively to business capital formation, skills development, and income generation among low-income households. Moreover, Rachman and Yaqien (2024) argue that collaboration among philanthropic institutions is essential for maximizing the developmental impact of philanthropic funds.

Although various studies have demonstrated that religiosity can strengthen the relationship between service quality, satisfaction, and loyalty in the Islamic business sector, there is still limited research linking religiosity to Islamic philanthropic behavior and its impact on the people's economy Arifa, N. N., & Rusyida, W. Y., (2025). The Effect of Service Quality and

Customer Satisfaction on Customer Loyalty through The Religiosity Variable As A Moderating Variable. *Banque Syar'i: Jurnal Ilmiah Perbankan Syariah*, 11(2), 203–218. <https://febi.uinbanten.ac.id/journal/index.php/banque/article/view/5>

. Most studies are oriented towards marketing and consumer behavior perspectives, thus failing to provide a comprehensive picture of the role of Islamic philanthropy as an instrument of economic redistribution and community empowerment. This gap highlights the need for a broader literature review to identify the contribution of Islamic philanthropy in supporting the development of the people's economy in Indonesia, while also explaining how religious values can serve as social capital in improving community welfare.

Although these studies provide valuable insights, the existing literature remains fragmented in several respects. First, most studies examine zakat, waqf, or other philanthropic instruments separately, with limited attention to their integration within a comprehensive empowerment framework. Second, research tends to focus on institutional performance or program effectiveness rather than exploring how multiple ZISWAF instruments can collectively support sustainable community-based economic development. Third, empirical and conceptual studies linking Islamic philanthropy to people-centered economic development (*ekonomi kerakyatan*) remain relatively limited. Consequently, a comprehensive understanding of how ZISWAF can function as an integrated ecosystem for economic empowerment has yet to be fully developed.

This study addresses these gaps by conducting a systematic literature review of scholarly publications published between 2020 and 2025. Specifically, the study examines: (1) community-based economic empowerment models implemented through ZISWAF instruments; (2) institutional, governance, and regulatory challenges affecting ZISWAF management; and (3) strategic approaches for strengthening the contribution of Islamic philanthropy to inclusive and sustainable economic development.

The central argument of this article is that Islamic philanthropy should not be viewed merely as a charitable mechanism for short-term social assistance. Rather, when supported by effective governance, digital innovation, institutional collaboration, and productive-oriented programs, ZISWAF can function as an integrated development ecosystem capable of promoting sustainable community empowerment and strengthening people-centered economic development. By synthesizing recent evidence, this study contributes to the literature by proposing a more integrated perspective on the relationship between Islamic philanthropy and community-based economic development in Indonesia.

METHOD

This study employs a systematic literature review (SLR) method with a qualitative-descriptive approach. This method is selected to obtain a comprehensive synthesis of the development of research on Islamic philanthropy and people-centered economics in Indonesia over the past five years. The SLR approach enables the researcher to systematically and structurally identify patterns, thematic trends, and scholarly gaps.

The data sources consist of national journal articles indexed in Sinta 1–6, published between 2020–2025, as well as supporting documents such as reports from philanthropic institutions (BAZNAS, LAZ, BWI) and government publications. The search databases include Garuda, Sinta Ristekbrin, Google Scholar, and PTKIN journal portals. Included articles must be relevant to the themes of Islamic philanthropy, productive zakat, productive waqf, economic empowerment, MSMEs, or people-centered economic development.

The data selection technique uses purposive sampling, with inclusion criteria: (1) full-text articles; (2) written in Indonesian or English; (3) containing concepts, implementation, or evaluation of Islamic philanthropy; and (4) demonstrating direct or indirect relevance to

community-based economic development. Articles lacking conceptual relevance or inaccessible in full text were excluded from the analysis.

The research instrument consists of a literature coding sheet designed to extract key elements from each article, including publication details, research objectives, methods, units of analysis, main findings, theoretical and practical contributions, and research limitations. This instrument ensures consistency in cross-article analysis.

Data analysis is conducted in three stages. First, data reduction, which involves selecting articles based on inclusion criteria and extracting essential information. Second, data display, which presents information in summary tables to facilitate the identification of emerging patterns. Third, thematic synthesis, which groups findings into thematic categories aligned with the research focus, such as empowerment models, the effectiveness of philanthropic instruments, the relationship between philanthropy and people-centered economics, and institutional management challenges.

The SLR approach is considered most appropriate for this study because it enables the formulation of a robust scientific synthesis, illustrates the chronological development of existing research, and identifies research gaps that remain unexplored. This method is also effective for formulating the future direction of Islamic philanthropy in strengthening people-centered economic development in Indonesia.

RESULT AND DISCUSSION

Based on a synthesis of national and international literature from the past five years, four key themes were identified that explain how Islamic philanthropy contributes to people-centered (community-based) economic development in Indonesia:

Digital Transformation as an Enabler of Islamic Philanthropy

The findings indicate that digital transformation has become one of the most significant developments in contemporary Islamic philanthropy. The reviewed studies consistently show that digital technologies—including fintech platforms, QRIS, mobile applications, digital wallets, and real-time reporting systems—improve operational efficiency, transparency, and accountability in ZISWAF management. These technologies facilitate easier access for donors, reduce transaction costs, accelerate fund collection and distribution processes, and strengthen institutional legitimacy through more transparent reporting mechanisms.

Beyond operational benefits, digitalization contributes to strengthening public trust, which is a critical factor in sustaining philanthropic activities. Transparent reporting and monitoring systems allow donors to track the utilization of funds more effectively, thereby increasing confidence in philanthropic institutions. However, the findings also reveal several persistent challenges, including uneven digital literacy, technological disparities across regions, and concerns regarding data security and privacy. These challenges suggest that digital transformation should not be viewed merely as a technological innovation but as an institutional transformation that requires investment in human resources, cybersecurity, and inclusive digital infrastructure.

Productive Zakat as a Community Empowerment Mechanism

The literature reviewed consistently demonstrates that productive zakat generates stronger and more sustainable economic impacts than conventional consumptive assistance. The findings show that zakat programs accompanied by mentoring, entrepreneurship training, business development support, and access to capital contribute significantly to improving beneficiaries' income, business performance, and economic independence.

These results indicate that the effectiveness of productive zakat lies not only in resource redistribution but also in capacity building. Through entrepreneurship-oriented approaches, beneficiaries are empowered to become active economic actors rather than passive recipients of assistance. This finding supports the broader development perspective that sustainable poverty alleviation requires strengthening productive capacities and expanding economic opportunities. Consequently, productive zakat can be understood as a strategic instrument for community-based economic development that simultaneously promotes social inclusion, economic resilience, and upward social mobility.

Productive Waqf as a Sustainable Development Asset

The findings further reveal that productive waqf serves a different but complementary function to productive zakat. While productive zakat primarily supports short- and medium-term economic empowerment, productive waqf provides long-term assets that can generate sustainable economic and social benefits. The reviewed studies show that productive waqf contributes to financing educational institutions, supporting MSMEs, and funding community development initiatives.

However, the effectiveness of productive waqf is strongly influenced by the managerial capacity of nazhir and the quality of governance systems. Weak planning, limited asset development strategies, and inadequate accountability mechanisms often reduce the developmental impact of waqf assets. Therefore, the sustainability of productive waqf depends not only on the availability of waqf assets but also on the professionalization of waqf management. These findings reinforce the argument that productive waqf should be positioned as a long-term development instrument requiring strategic asset management, institutional innovation, and supportive regulatory frameworks.

Governance, Institutional Capacity, and Public Trust

Another important finding concerns the central role of governance in determining the effectiveness of Islamic philanthropy. Across the reviewed studies, transparency, accountability, and institutional professionalism emerge as key determinants of successful philanthropic programs. Institutions that implement transparent reporting systems, effective auditing mechanisms, and professional management practices tend to achieve higher levels of donor trust and program sustainability.

The findings also reveal that governance challenges remain prevalent across many Islamic philanthropic institutions. Limitations in human resources, inconsistent reporting standards, and weak monitoring systems continue to hinder institutional performance. As a result, governance should not be considered merely an administrative requirement but rather a strategic foundation for maximizing the socio-economic impact of Islamic philanthropy. Strengthening governance capacity is therefore essential for ensuring that ZISWAF programs achieve measurable and sustainable development outcomes.

Integrating ZISWAF for Community-Based Economic Development

The synthesis of the four themes demonstrates that the greatest potential of Islamic philanthropy lies not in individual instruments but in their integration. Digital transformation strengthens efficiency and transparency; productive zakat promotes entrepreneurship and income generation; productive waqf provides sustainable development assets; and governance ensures accountability and public trust. Together, these components form an interconnected ecosystem capable of supporting community-based economic development.

This review suggests that Islamic philanthropy should be understood as a comprehensive development framework rather than a collection of isolated charitable activities.

An integrated ZISWAF ecosystem can contribute to poverty reduction, economic empowerment, and social welfare improvement more effectively than fragmented approaches. Nevertheless, the literature also indicates the need for future research to develop integrated ZISWAF models, establish standardized impact-measurement frameworks, and examine long-term developmental outcomes through longitudinal studies.

CONCLUSION

This systematic literature review demonstrates that Islamic philanthropy, through zakat, infaq, sadaqah, and waqf (ZISWAF), plays a strategic role in promoting community-based economic development in Indonesia. The findings indicate that productive zakat contributes significantly to income generation, entrepreneurial capacity building, and economic independence among beneficiaries, while productive waqf serves as a sustainable asset that supports long-term socioeconomic development. Furthermore, digital transformation has enhanced the efficiency, transparency, and accessibility of philanthropic services, thereby strengthening public trust and institutional performance.

The review also highlights that the effectiveness of Islamic philanthropy is highly dependent on sound governance, professional management, institutional accountability, and the capacity of human resources involved in ZISWAF administration. Despite considerable progress, challenges remain in the form of uneven digital literacy, limited managerial capabilities, fragmented program implementation, and the absence of standardized frameworks for measuring socioeconomic impact.

Overall, the study argues that the greatest developmental potential of Islamic philanthropy lies in the integration of ZISWAF instruments within a collaborative and ecosystem-based approach. Rather than functioning as isolated charitable mechanisms, zakat, waqf, and other philanthropic instruments should be strategically combined to create sustainable pathways for poverty alleviation, economic empowerment, and social welfare improvement. Future research should focus on developing integrated ZISWAF models, establishing comprehensive impact measurement systems, and conducting longitudinal studies to evaluate the long-term contribution of Islamic philanthropy to inclusive and sustainable economic development in Indonesia.

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