



Digital Technology and Its Impact on Islamic Social Finance Literacy

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Abstract Indonesia is one of five middle-income countries that remains trapped in the area where the richest 10 percent of their population continue to conquer a much greater share of the national income than 40 percent of the poorest. Fighting poverty and injustice are the main objectives of Islamic finance, and thus the society may live with good welfare and reach maqasid sharia. Within the Islamic finance sector, digital technology has emerged in the middle of this nascent industry. Financial sector has utilized the commencement of digital services to enhance its coverage, especially when government is promoting financial inclusion. This paper also elaborates Islamic social finance industrial solution to improve digitalized application as well as justifiable recommendations that followed it. Daily lifestyle of middle class population has switched the payment system, from manually transferring money through conventional banking services

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into employing e-banking facilitation for social funds-related transaction. A simple transaction leads to tremendous growing of the shifting social class penetration. This phenomenon has put BAZNAS to target 30 percent of *zakat* and charity transactions are done via digital platform in 2020. As a result, in 2020, the *zakat* literacy index survey showed that the surveyed Indonesia's population has a moderate level of literacy, with a score of 66.78. Basic knowledge of *zakat* contributed the highest score among the dimensions. It seems that *zakat* institutions still have a homework to bring Islamic social finance literacy into society, particularly via digital frameworks.

Keywords Digital • Finance • FinTech • Islamic • Social finance
• Literacy

INTRODUCTION

Indonesia is one of five middle-income countries that remains trapped in the area where the richest 10 percent of their population continue to conquer a much greater share of the national income than 40 percent of the poorest (Oxfam, 2014). Globally, it is also reported that the elites are progressively becoming richer, leaving a pernicious effect toward the poorest. This widening inequality gap is potentially creating impoverishment and famine. The wealthiest people are obtaining their fortunes at the expense of the rest of society, which left the deterrent effect of the rest of society living a better life. Fighting poverty and injustice are the main objectives of Islamic finance, and thus the society may live with good welfare and reach maqasid sharia. Both economic and social motives are merely in the favor of the welfare of society. While the financial sector has attracted many professionals, regulators, and academicians, the real sector has also been practicing toward the favor of micro-, small-, and medium-sized markets, but social sector has not much been attracted by many of them. The Islamic financial sector reached 8.24 percent in 2017 (Otoritas Jasa Keuangan [OJK], Snapshot of Indonesia Islamic Banking, 2017), while the household, wholesale and retail, construction, and process manufacturing sectors reached 40.67 percent, 11.49 percent, 7.77 percent, and 7.51 percent, respectively, placing them among the top four economic sectors in Indonesia. The Islamic social sector is still at 1.57 percent of its

potential that should reach 3.4 percent of the gross national product (GDP) (BAZNAS, 2018). From the fact that Islamic social finance is still far behind other sectors, dissemination of the products is highly recommended. Within the Islamic finance sector, particularly digital technology has emerged in the middle of this nascent industry. The financial sector has utilized the commencement of digital services to enhance its coverage, especially when the government promotes financial inclusion. Turkey's ETHIX, UK-based Path Solutions, Malaysia's Investment Account Platform (IAP), Dubai's Commodity Murabahah Trading Platform (CMTP) and Nasdaq Dubai Murabahah Platform are some of Islamic finance platforms adopted by many financial institutions in today's 4.0 era. Meanwhile, the real sector has employed many digital technology applications that support their activities by conveniently providing simple actions to do various transactions. In Indonesia there are Gojek and Bukalapak, which are part of local provenience of the real sector employing digital savvy. Furthermore, the social sector should also join the other sectors engaging with the techs. The global population is moving toward middle-class groups who are relatively *familiar* with the growth of digital technology. The middle class may use digital technology in the creation of life chances (Blagoev, 2015).

In term of digital technology utilization, Islamic social finance within the financial industry is still in its blossoming stage. Although Indonesia has been crowned as the most generous country by the World Giving Index 2018, its prime contribution was voluntary activities, compared with the other 143 countries. Meanwhile, for donating money Indonesia is only placed second, and for helping strangers is in 97th place. Thus, Islamic social finance still needs to spread its wings, especially to attract donors to give money to trustworthy and accountable institutions. Being a volunteer does not necessarily mean being free of compensation, because volunteers were given all facilities provided in the field. Volunteers may get money for expenses, limited to food, drink, even travel and any equipment they need to buy (www.gov.uk).¹ According to this hypothetical assumption, the first priority aspect to using the techs is to improve the Islamic social finance literacy of society. Literacy is the first stage of education, including in terms of financial education (Hogarth, 2006).

This study aims to identify possible industrial solutions for employing digital technology as a tool to improve the literacy rate of Islamic social

¹<https://www.gov.uk/volunteering/pay-and-expenses>

finance, particularly in developing countries such as Indonesia. This paper also elaborates an Islamic social finance industrial solution to improve digitalized application as well as justifiable recommendations that followed it. Lastly, this paper provides today's reality of its application in this industry.

ISLAMIC SOCIAL FINANCE

In general, Islamic social finance offers almsgiving (represented by *zakat*), endowment funds (represented by *Waqf*), charity (represented by *sadaqa*), and interest-free loans (*qardhasan*) (Rehman, 2019). All products are aimed to bridge the gap between the *have* and the *have-not* groups, thus circulating wealth not only among certain groups in society but also disbursing money more widely.

Almsgiving, which is an obligation for Muslims, has strong a objective and points directly at the *Muzakki* (the have group). The recipient groups (*mustahiq*) are specifically focused on. They are *faqir* (the poor), *miskin* (the needy), *amilin* (*zakat* administered), *riqab* (slave), *gharimin* (highly in debt and bankruptcy), *mu'alaf* (converter/reverted to Islam), *ibn sabil* (traveller), and *fi sabilillah* (wayfarer). The groups are eligible to receive funds from *Muzakki* directly or indirectly through *amilin* (*zakat* administered) to fulfil their needs. Particular attention is paid to the needs that attain to *maqasid sharia*, such as protection of *diin* (religion), *aql* (intellectual), *nafs* (life), *nasl* (offspring), *maal* (wealth).

The *Muzakki* must disburse their surplus through both productive and consumptive schemes. Productive schemes have particularly encouraged the *mustahiq* to uplift their class becoming *Muzakki*. The programs mainly consist of social entrepreneurship, micro and small businesses, with development community activities such as education for human development, skill improvement through various soft-skill trainings, and supervision for product development. Meanwhile, the consumptive scheme purposely targets those who are not productive anymore, senior citizens, or those who are incapable of producing any products or provide any services. The management of *zakat* is usually conducted by *amil*, which is specifically appointed to effectively and efficiently distribute *zakat* from *Muzakki* to *Mustahik* around the globe.

In 2018 there were 604 *amil zakat* organizations in total, spread throughout Indonesia (BAPPENAS, 2019). One of them is the government/state-owned organization, the National Board of *Zakat* (*Badan Amil Zakat Nasional*-BAZNAS). BAZNAS organizations consist of the

central BAZNAS at national level, thirty-four provincial BAZNAS, and 514 municipal- and district-level BAZNAS. There are also privately-owned *zakat* administered, i.e., private *Zakat* institutions (*Lembaga Amil Zakat-LAZ*).

Another form of social fund are endowment funds, which is represented by *Waqf*, but has not been much explored by Indonesia. There are 358,710 *Waqf*land units, which are 1,538,198,586 sq. meters in total. Most of the lands are idle, while are supposed to be cultivated or utilized for productive activities. However, Muslims in Indonesia have realized and recognized that *Waqf* revival has the potential to create a just and sustainable society (Ihsan & Adnan, 2017) because its perpetuity value becomes the uniqueness of *Waqf* (Candra & Ab Rahman, 2010).

The *Waqf* fund is collected by *nazir* who also manage the operation of its utilization. Its management must be conducted with prudence, be sustainable yet profitable, and achieve growth in order to keep the value of the *Waqf* fund from declining in any way. The Indonesia Board of *Waqf* (*Badan Waqf Indonesia-BWI*) acts as a regulator as well as organizer of the *Waqf* fund. Currently there are 192 *Waqf* organizations that have been licensed by BWI (BAPPENAS, 2019). Fifteen of them are Islamic Finance Institution-Cash *Waqf* Institutions (*Lembaga Keuangan Syariah Pengelola Waqf Uang LKS-PWU*). Also, 66 percent of them are sole *nazir*, 16 percent are *nazir* organizations, and another 18 percent are incorporated *nazir*.

Charity is another form of Islamic social finance that can be disbursed for any kind of product or services that can be consumed by anyone, including non-Muslim recipients. Unlike *zakat*, charity as well as *Waqf* is not limited to those who wealthy. People with lower incomes are eligible to give charity as well. Charity can also take a non-monetary form, such as voluntary work, giving a smile, and helping senior citizens. Charity also does not need a specific officer to operate the funds. However, particular organizations can organize the funds, including *amil* and philanthropy organizations.

Meanwhile, the monetary form of charity in Indonesia includes money given into a charity box which has been put in masjid or *mushola*,² the money given through the box circulated during *Jumat* prayer, and money

²Prayer rooms, smaller than masjid, which usually also have been used to conduct every prayer, except *Jumat* prayer.

collected during *arisan*³ or *majlis ta'lim*⁴ (Arsyianti, Kassim, & Adeyemi, 2018). Actually, *zakat* is an obligatory monetary charity for eligible Muslims and *Waqf* is a voluntary charity which has perpetual value. Therefore, charity is the umbrella form for *zakat* and *Waqf*.

Lastly, *qardhasan* is also a part of Islamic social finance. It means giving loans for free. The term “for free” indicates that the borrowed money has no repayment requirement to be added with extra interest. “And if the debtor is in a hard time (has no money), then grant him time till it is easy for him to repay. but if you remit it by way of charity, that is better for you if you did but know.” (Al-Baqara (2): 80). Imam Muslim also narrated that Rasulullah (blessings and peace be upon him), once said that whoever allows more time for a debtor who is in difficulty or who waives the debt, Allah will shade him with His shade.

The Global Report on Islamic Finance 2017 has identified each financial sector in the Islamic financial industry to what extent their contribution is a catalyst for shared property. Islamic social finance has been encouraged to enhance community empowerment for sustainable Islamic social funding instruments. The aforementioned instruments (*zakat*, *Waqf*, *sadaqa*, and *qardhasan*) play a vital role in eradicating poverty and providing social protection in a dignified manner for wider social and inclusive impacts. The instruments, apart from public–private partnerships and market-based solutions, foster harmonious relationships between economic sectors and environmental interests (Islamic Development Bank Group [IDBG], 2017).

All forms of Islamic social finance have been developed widely in Indonesia within the last decade, in parallel with the monetary and real sectors which have dominated the Indonesia economy for centuries. Although the regulations have been developed and revised, infrastructure in supporting Islamic social finance has not much improved, in which an effective and efficient manners that pursuit mutual gains between developing the regulations and building the Islamic social finance infrastructure should not be an issue for the government. The development of Islamic social finance also needs to be supported with the updated, *familiar*, and

³ A micro-financing scheme for the Indonesian community, provided by a small group of people, usually with common interests, who gather together at a specified time. The main objective is to strengthen *silaturahmi* (brotherhood) among them (within a community).

⁴ A Muslim community who gather at an agreed time to share or hear Islamic knowledge or preaching. The speaker can be one of them, or an invited preacher outside the community, usually available in one specific neighborhood.

widely recognized tools that strengthen harmonious relationships among the economic sectors, namely digital technology.

DIGITAL TECHNOLOGY

Gottfried Wilhelm Leibniz, a German mathematician, proposed a computing system using binary code (combination of 1 and 0) that inspired the American Standard Code for Information Interchange to digitized objects, known as digital technology, in the mid-twentieth century ([Encyclopedia.com](https://www.encyclopedia.com), 2019).⁵ These days telecommunications relies massively on digital methods for transferring messages. The most extensively acknowledged technologies that enable this transmission is through fiber optics. Fiber optics utilize light instead of electricity to deliver optical signals. For a comprehensive infrastructure and digitalized system, digital technology can only be developed by support from the Indonesia government.

Indonesia will undergo a revision on the e-commerce road map under Presidential Regulation No. 74/2017 and the management of electronic transactions and systems under Government Regulation No. 82/2012, particularly to accommodate micro-, small-, and medium-sized enterprises (MSMEs). Indonesia is expected to become a giant “Komodo dragon” in digital transactions within the next twenty years, and that the amount will reach 172 billion US dollars as estimated by the Hinrich Foundation and the Centre for Strategic and International Studies (CSIS).⁶

Over the last five years in Indonesia, from 2012 to 2017, consumer behavior for spending has been shifting from product category into service category. Consumer good services and traveling have become the second and the third position after food, beverages, and tobacco on their spending in 2017, according to Euromonitor International.

Digital financial services have become more affordable and convenient, especially for low-income people, as they offer inclusiveness and broader accessibility (Haider, 2018). For example, the dissemination of e-tailing in Indonesia had become similar to China in 2010 (Das et al., 2018) with the

⁵[Encyclopedia.com](https://www.encyclopedia.com/history/dictionaries-thesauruses-pictures-and-press-releases/digital-technology). (2019). Digital Technology. <https://www.encyclopedia.com/history/dictionaries-thesauruses-pictures-and-press-releases/digital-technology>. Retrieved on July 12, 2019, 15:38 GMT+7.

⁶R. Aisyah (2019). Indonesia Aims to be a Regional Digital Technology Hub in 2020, *Jakarta Post*. Retrieved from <https://www.thejakartapost.com/news/2019/02/20/indonesia-aims-to-be-regional-digital-technology-hub-in-2020.html> on February 20, 2019, 05:59 pm.

indicators of retail spending, Internet penetration, and urbanization. Digital-savvy, mobile first market, young consumers help explain the growth of this industry, especially for MSMEs. Therefore, it is expected that poverty will reduce more speedily through the improvement of economic outcomes and livelihoods, than in non-digital technology utilized industries.

The development of digital technology has offered more timely, secure, faster, and convenient transactions as it goes along with developing the individual's experience in financial transactions. Thus, people's literacy on finance as well as their competencies, confidence, and experience toward it are improved, and create better economic opportunities ([OECD] International Network on Financial Education, 2018).

According to Venkataramani et al. (2017), Indonesia should focus on its foundational infrastructure at the beginning, followed by the improvement of awareness which later becomes the trust of Indonesian society toward digitization. Next, the homework is to prepare a viable and qualified capital of a readily hireable workforce.⁷ Hiring good talent is still an obstacle to developing this industry, especially by knowing that 9 million Indonesian people are looking for jobs abroad—the “brain drain.” Subsequent steps that should have attracted Indonesia's attention are developing an innovation ecosystem before looking for supporting local potentials of the monetary, real, and social sectors (Table 23.1).

Table 23.1 Involved economic sectors

Economic sectors	Sectors with economic motives	Financial sector: Banks, financing institutions, insurance, capital markets, etc. Real sector: Manufacturing, agriculture, tourism, transportation, communication, trading, construction, etc.
	Sectors with social motives	<ul style="list-style-type: none"> • ZIS and other social religious fund managed by BAZNAS • <i>Awqaf</i> managed by BWI • Hajj fund managed by BPKH

Source: Sudibyo (2018)

⁷T. Astandu (2019). Same Old Issues Slow Indonesia's Digital Economy, *Jakarta Post*. Retrieved from <https://www.thejakartapost.com/academia/2019/03/18/same-old-issues-slow-indonesias-digital-economy.html> on March 18, 2019, 09:05 am.

To the extent of the potential application of digital technology in the financial industry, which can be juxtaposed with the development of Islamic social finance, Blagoev (2015) studied the growth and emergence of the middle class/bourgeoisie, their life chances and digitized world. The global dispersed social relations have attracted the middle class to applied innovative practices in fusing global opportunities. To the degrees of flexibility, autonomy, and innovative orientation toward the environment, the digitized world will be widely accepted by this group, especially when it narrows or eliminates the stratification of classes in the society.

In term of age, this is expected to relate to tech savvy; at the context of giving charity, Leliveld and Risselada (2017) found that Donators were younger than Keepers. Donators denote to those who always donate regularly whenever they earned money, while Keepers are those who always keep money whenever they earned money, in the sense of distributing their money. Another study done by Arsyianti and Kassim (2016) found that age has not been proven to be significantly differentiate between those who gave charity regularly and those who do not, with the frontier age being 45 years old. The Indonesian population on average was at the age of 28.3 years old in 2019.⁸ Therefore, applying digital technology is not a difficult matter to Indonesian people in the Islamic social finance industry.

Haider (2018) added regulations as the first priority to build a supporting system for digital technology application, not limited to financial services. Regulations can overcome the barriers of low (financial) literacy and numerical skills.

FINANCIAL LITERACY

Financial literacy indicates the rate of an individual's knowledge of finance. Financial knowledge can be improved through financial education, either at the higher level or from the middle level of education. Although some research, such as done by Mandell and Klein (2009), shows that financial education has made no different effect between those who have taken a financial course and those who have not. Financial literacy can also improve an individual's expectation on their future financial condition (Martin, 2007). Yet financial education was still continually searched even for those

⁸Worldometers (2019). Indonesia Population. Retrieved from <https://www.worldometers.info/world-population/indonesia-population/> on July 16, 2019, 7:46 am.

who have taken financial course. Nevertheless, the financial literacy survey is put on Indonesia's financial inclusion program (Ministry of Finance, 2013) in order to embrace wider groups applying formal financial transactions, through online or offline operators.

The Islamic financial literacy rate, in general, is still low for Indonesia, i.e. 8.11 percent, as of 2017. Meanwhile, the financial literacy rate, according to the National Survey on Financial Literacy 2013, is only 21.84 percent. It means that every one hundred Indonesian people, only around 21–22 of them are financially literate. However, for a specific Islamic Social Finance literacy there is as yet no provided data.

Financial literacy for Islamic Social Finance should intentionally be developed through intensified programs. Financial literacy can drive individuals' preference toward their financial portfolio (Setyawati & Suroso, 2016). Apparently, skills and behavior collegially link to literacy, beside knowledge (Hung et al., 2009; Lusardi, 2008; Mitchell, Lusardi, & Curto, 2010). Albeerdy and Gharleghi (2015) have studied the correlation between financial socialization agents and financial literacy which, however, shows a weak relationship between the two. Therefore, literacy in this paper includes skills and behavior as its key points to deepen the meaning of knowledge that a society has.

DIGITAL TECHNOLOGY BEST PRACTICES FOR ISLAMIC SOCIAL FINANCE LITERACY

The *Mustabik* and *Muzakki* database systems are applied in the case of BAZNAS. The *Mustabik* database system integrates several available data, such as from the Ministry of Social Affairs (104 million people at the bottom 40 percent), develops special applications for the data centre, and for BAZNAS data centre of *Mustabik* and its impact factor. Meanwhile, the *Muzakki* database system is supported by Dukcapil data (e-KTP, or electronic identification card number), special applications for the data centre, and potential targets of *Muzakki* and their dissemination (Beik, 2019).

Collecting and distributing social funds in BAZNAS is now easier and more affordable. The digital technology platforms are initialized both internally and externally. BAZNAS has also utilized social media. Social media as a catalyst of financial literacy has been demonstrated in Uzbekistan where media are socializing factors for young students (Isomidinova, Singh, & Singh, 2017). Skills and behavior as part of literacy can be improved through widening social networks in United States (US) (Hung et al., 2009).

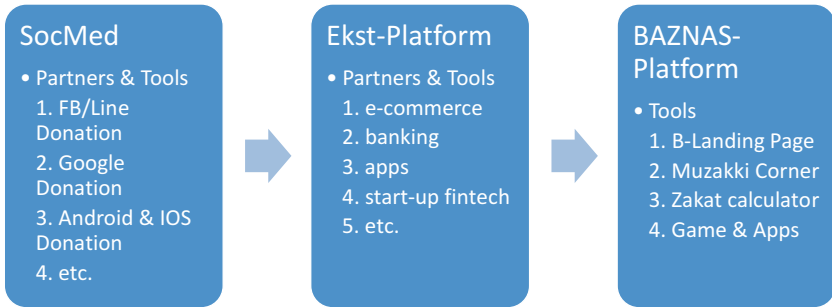


Fig. 23.1 Zakat digital channel. (Source: Beik, 2019)

Figure 23.1 depicts Indonesia's *amil* institution's digital channel platform that is adopted to collect and distribute *zakat* funds as well as charity. The platform accommodates social media, and external and internal sources of application to deliberate the knowledge and behavior of *Muzakki* and *Mustahik*.

Partners and tools that are used in *zakat* digital channel platforms include Facebook, LINE, Google, Play Store, and App Store donation platforms. These giant social media players were selected due to the wide range of users, the effective target of (at the least) middle-class users, and efficient utilization of cashless, paperless, and immediate transactions. As of June 2019, Facebook as a media to socialize via electronic systems has grabbed 42.99 percent of social media share in Indonesia.⁹ Meanwhile, 88 percent of Indonesian people are widely utilizing YouTube,¹⁰ which is the highest frequency of social media penetration, followed by WhatsApp and Facebook; 150 million people spend eight hours and thirty-six minutes per day to communicate online.¹¹ The statistics showed that using social

⁹ GlobalStats (2019). Social Media Stats Indonesia. Retrieved from <http://gs.statcounter.com/social-media-stats/all/indonesia> on July 18, 2019, 02:36 pm.

¹⁰ Statista (2019). Penetration of leading social networks in Indonesia as of 3rd quarter 2018. Retrieved from <https://www.statista.com/statistics/284437/indonesia-social-network-penetration/> on July 18, 2019, 02:43 pm.

¹¹ E. Wong (2019). How Indonesians Embrace the Digital World, *Jakarta Post*. Retrieved from <https://www.thejakartapost.com/academia/2019/03/18/how-indonesians-embrace-the-digital-world.html> on March 18, 2019, 04:03 pm.

media to boost the literacy of Islamic social finance, at this time and particularly by BAZNAS, is precisely right on target.

External sources of applications that are employed by BAZNAS include e-commerce, banking facilitation, apps, and start-up FinTech corporations. There were an estimated 1.8 billion people worldwide purchasing goods via e-commerce in 2018.¹² For example, Bukalapak, one of the biggest online marketplaces, has facilitated their customers—buyers and sellers—to pay *zakat* via BAZNAS using their platform. Online banking, mobile banking, apps, and their automated teller machines (ATMs) have been also providing online users with a friendly platform to accommodate their customers paying *zakat* via BAZNAS. For example, at the end of every transaction, a pop-up message will appear, and their customers are asked whether they are willing to pay *zakat*.

Other than those external source, BAZNAS engages with internal sources of digital application. The B-landing page, *Muzakki* corner, *zakat* calculator, games, and apps are some of the internal sources of application that are employed by BAZNAS. *Muzakki* can directly transfer their *zakat* funds through BAZNAS accounts at appointed banks via the BAZNAS website. BAZNAS has targeted to simplify *zakat* and the charity payment system. Since it has been launched, the *zakat* collection via digital platforms has increased from 2 percent in 2017, 6 percent in 2018, 15 percent estimated in 2019, to become 30 percent in 2020.¹³ Meanwhile, Dompet Dhuafa, one of the private *amil* organizations, published the fact that the use of digital platforms for *zakat* and charity transaction has been increasing 200 percent per month with an estimated volume up to around 8000 transactions.¹⁴

¹²J. Clement (2019). E-commerce worldwide: Statistics & Facts in Statista. Retrieved from <https://www.statista.com/topics/871/online-shopping/> on March 12, 2019.

¹³Puskas BAZNAS (2019). BAZNAS target 30 percent of *zakat* is collected via digital. Retrieved from <https://www.puskasbaznas.com/news/928-baznas-target-30-percent-of-zakat-is-collected-via-digital> on February 25, 2019.

¹⁴U. N. Fadillah and A. Sasongko (2019). TrenDonasi Online di DompetDhuafaAlamiPeningkatan in Republika On Line. Retrieved from <https://www.republika.co.id/berita/dunia-islam/wakaf/prndvu313/tren-donasi-online-di-dompet-dhuafa-alami-peningkatan> on May 17, 2019, 09:41 pm.

IMPACT ON *ZAKAT* COLLECTION AND DISTRIBUTION AS A PROJECTION OF ISLAMIC SOCIAL FINANCE LITERACY

As a digital platform progressively employed by both *Muzakki* and *Mustahik*, BAZNAS has stimulated their collection from 2012 until 2020 which might reflect the growth of Islamic social finance literacy. The *zakat* literacy index survey (BAZNAS, 2020) showed that the surveyed Indonesia's population has a moderate level of literacy, with a score of 66.78. Basic knowledge of *zakat* contributed the highest score among the dimensions. Meanwhile the advanced knowledge got the lowest score. The highest score was about the basic concept of *zakat*, followed by the concept of *asnaf*. In the meantime, the lowest score was literacy about *zakat* regulation. Therefore, it is obvious that Indonesian society is not yet familiar with *zakat* regulations where there are stated that formal *zakat* institutions have been appointed by Indonesia regulations. The aforementioned literature reviews have clearly elaborated that literacy is not only about knowledge, but also includes skills and behavior. According to their income, *Muzakki* is divided into five social classes: elite, affluent, high middle, mid middle, and low middle. Meanwhile, *Mustahik* is divided into only two classes which basically are the targeted group for distributed funds, i.e. the poor and the needy.

Since the middle class has been growing rapidly in Indonesia,¹⁵ there might be quite a big shifting of class penetration from low-middle-class in 2012 to becoming mid-middle-class in 2020. Currently, the middle class of 60 million is expected to reach 85 million in 2020. Mid-middle-class people are shifting to high-middle-class.

Digital platform technology has become all of society's preference for every transaction. Whether for purchasing goods, financial transactions, or highlighting the importance of lifestyles and experiences, the Indonesian people are predicted to grow enormously, especially the middle class who should be more aware of Islamic social funds (Table 23.2).

¹⁵ Kementerian Keuangan Republik Indonesia (2019). These are the impacts and opportunities of Indonesia as a middle-income country. Retrieved from: <https://www.kemenkeu.go.id/en/publications/news/these-are-the-impacts-and-opportunities-of-indonesia-as-a-middle-income-country> on January 22, 2019, 05:01 pm.

Table 23.2 Social class penetration as Islamic social transactions grown immensely through digital platforms

<i>Social class</i>	<i>2012</i>		<i>Projection 2020</i>		<i>Shift</i>			
	<i>Million people</i>	<i>%</i>	<i>Million people</i>	<i>%</i>	<i>Million people</i>	<i>%</i>		
<i>Muzakki</i>	Elite	2.5	3.67	6.9	8.74	4.4	5.07	23.85
	Affluent	6.6		16.5		9.9		
	High middle	23.2	44.00	49.3	62.78	26.1	18.78	
	Mid middle	41.6		68.2		26.6		
	Lower middle	44.4		50.5		6.1		
<i>Mustahik</i>	The needy	65.4	52.33	47.9	28.48	-17.6	-23.85	-23.85
	The poor	64.5		28.3		-36.2		

Source: Sudibyo (2018)

CONCLUSION

Digital technology has been widely used in developing countries such as Indonesia, Uzbekistan, and Malaysia. This utilization is not limited to e-commerce for selling and buying products, but also for financial services, including Islamic social finance services. The daily lifestyle of the middle-class population has switched the payment system from manually transferring money through conventional banking services, into employing e-banking facilitation for social funds-related transactions.

A simple transaction leads to tremendous growth of the shifting social class penetration. This phenomenon has made BAZNAS target 30 percent of *zakat* and charity transactions which were done via digital platforms in 2020, where the middle class is familiar with the digitized world. Behavior and skills, then, cannot be separated from literacy. Thus, Islamic social finance literacy can also be estimated by people's targeted behavior or mastery of skills. Islamic social finance literacy survey leads us to give more effort to introduce formal *zakat* institutions to the society. According to the survey, most of them were still paying *zakat* informally via masjid. This left *zakat* institutions to instill the concept of Islamic social finance into the society, specifically via digital frameworks.

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