

ENGINEERING OF ZAKAT FITRAH'S COLLECTION VIA FINANCE TECHNOLOGY (FINTECH)

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Abstract

Pandemic of Covid-19 has changed a lot of Malaysian's lifestyle including introduction of paying the zakat fitrah via finance technology. There was some debate on the perception of public on adapting this method of payment. Through this discussion, Unified Theory of Acceptance and Use of Technology (UTAUT) will be used as the conceptual framework to evaluate the acceptance level of sample. Hence, the researchers will discuss the social influence and facilitating condition factors that might have influenced towards the behaviour of paying zakat using fintech. The main aim of this paper is to propose a conceptual framework to measure the acceptance level on using fintech as the means of zakat fitrah's collection. In addition, it will identify the relationships between social influence and facilitating conditions with behavioural intention. As a result, it will help related parties to understand the Malaysian's perception on adapting fintech in Islamic finance and identify the right strategic to promote and educate. Finding of this study may assist and encourage the related authorities to apply the usage of technology in Islamic finance as a leapfrog to modernize the world of Islam.

Keyword: *Zakat fitrah, UTAUT, Islamic finance*

INTRODUCTION

The worldwide has changed from time to time due to impact of technological revolution which influence by the demand of economic, technological, and political trends (Miles, 1989). The outbreak of Covid-19 has totally changed our lifestyle into a new normal. Nowadays, social distancing is becoming a principle of our daily life. Besides keeping our body's clean, we are encouraged to avoid any big meeting (Jr, 2020). As a result, people are now more communicate via tele-communication like online shopping and video conferencing for a meeting. The emerging of financial technology (fintech) like introduction of e-wallet and implementation of Movement

Control Order (MCO) due to the pandemic of Covid-19 in Malaysia has changed the landscape of payment in Malaysia including the transaction under Islamic finance like zakat fitrah's collection. However, there is an argument on the readiness of Malaysians to accept and use online payment transaction especially those involving religion matters. Furthermore, the Islamic affairs including management of zakat is under state purview and differ from one state to another. There is no uniformity on the mechanism of zakat collection, which some state still practicing fully based on counter service, while others like Selangor and Wilayah Persekutuan have multiple means of zakat collection and introduce the usage of fintech, such as online system which is known as e-Zakat and payment via Automated Teller Machine (ATM) (Faisol Ibrahim, 2016). Thus, the authority who involves on handling zakat including zakat fitrah needs to be a progressive and up-to-dated organization by shifting from stereotyped to a modern approach (Dahlan, 2020).

There are a lot of opportunities for fintech in Islamic finance to growth. Based on the Fintech Malaysia Report 2018, Islamic finance was only contributed 2% towards fintech climate in Malaysia. The percentage was too small compare to the digital players involved in payment (19%) and wallet (17%) (Vincent Fong, 2018). As such, this study will help to determine the acceptance level of Malaysians to use online payment of zakat fitrah collection. Finding of this project will help to contribute to the knowledge in public perceptions towards usage of fintech in Islamic finance particularly zakat fitrah. Hence, this study can be prolonged to other instruments under Islamic finance. Understanding the issue will help to nurture and encourage Malaysian to go online for any transaction under Islamic finance. As a result, more Islamic finance players will be motivated to enter scene of fintech.

Although, Malaysian lifestyle may severely affect by implementation of MCO, this new normal create an opportunity to engineer the zakat fitrah mechanism in Malaysia. During MCO, neither mosque could be operated nor amil be allowed to collect the zakat fitrah through cash transaction on the area under Majlis Agama Islam Wilayah Persekutuan (MAIWP) like Putrajaya. The federal government together with zakat authorities had discussed to engineer the mechanism of zakat collection. Instead of using fiat money, zakat fitrah had been decided to be digitally paid via fintech. Multiple channels of fintech for zakat fitrah had been introduced. Muslim could pay it digitally either through respective portal of zakat centre like fitrah.com.my, e-wallet like Boost, online payment like MyEG, 14 online banking like Maybank2u or traditional amil via QR Code SnapNPay (Muzamir, 2020). Under this engineering, payee can also choose to contribute either to the state of birth or residence.

The main aim of this research is to measure the acceptance level on using fintech as the means of zakat fitrah's collection. Furthermore, it will identify the correlation between social influence with behavioural intention and facilitating conditions with user behaviour; and to determine the correlation between demographic and the behaviour of sample. As a result, it will help related parties to

understand the Malaysian's perception on adapting fintech in Islamic finance and identify the right strategic to promote and educate.

LITERATURE REVIEW

Unified Theory of Acceptance and Use of Technology (UTAUT) which develop by Venkatesh et al. (2003) is a well-known theory to measure the acceptance level of the technology user. This model is amalgamated several studies and theories on human psychology towards the intention and usage of science application products especially in communication, namely, Technology Acceptance Model (TAM), Theory of Reasoned Action (TRA) and Theory of Planned Behaviour (TPB) (Ahmad, Tarmidi, Ridzwan, Hamid, & Roni, 2014). TAM was introduced by F.D. Davis in 1989. He expanded the finding on intention, behaviour, and action of human under TPB and TRA in term of the user perception of alleviation and expediency to use technology (Davis, 1985). By deriving all the theories and models, UTAUT concluded that effort expectancy, social influence, performance expectancy, and facilitating conditions were four main constructs that become determinants on both behavioural intention and usage of technology (Venkatesh, Morris, Davis, & Davis, 2003).

The integration of TAM and UTAUT have been applied in this study to construct the theoretical framework. Examining whether the government has done the best effort to encourage usage of fintech, social influence and facilitating condition are being chosen to become the main determinants. Whereas the effect of both performance and effort expectancy are not being included because during MCO, legally, Malaysians didn't have the choice to traditionally pay and had only obligated to pay zakat fitrah digitally which readiness all the system had been vetted and monitored by the related government authorities.

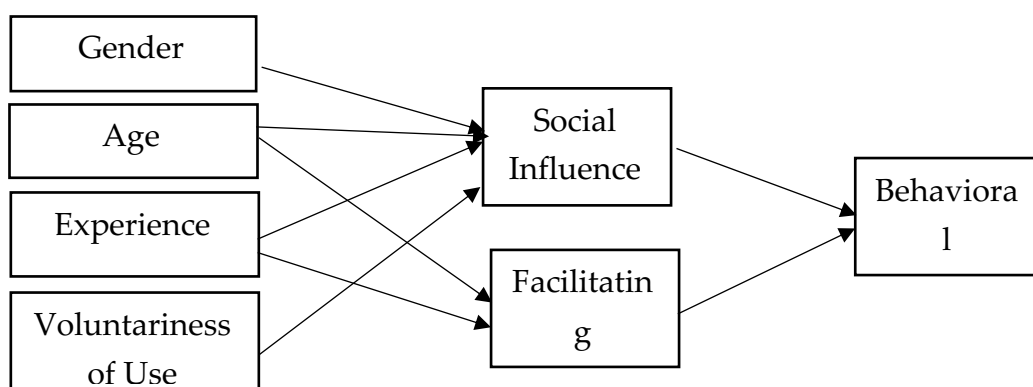


Figure 1. Schematic view of the theoretical framework

This study will be done through a quantitative approach. The questionnaire will design by adopting the theoretical framework that based on UTAUT model and related to Covid-19 and MCO era. Past studies related to the Islamic finance, UTAUT and fintech will be referred during developing the questionnaire. The questionnaire will be distributed to the 100 civil servants in Putrajaya via hard copy and soft copy. The civil servant in Putrajaya are chosen to be the sample are due to their exposure to the government initiative and live or work at the area which has among the best infrastructure of internet.

DISCUSSIONS

According to Deasy Tantriana and Lilik Rahmawati (2019), most of the sample in Surabaya who knows zakat was lack of knowledge and exposure on using electronic payment (Tantriana & Rahmawati, 2019). In Malaysia, federal government through Jabatan Kemajuan Islam Malaysia (JAKIM), zakat authorities and private entities who provide the electronic services for zakat fitrah payment had work hand by hand to promote and educate Malaysian on using fintech. Under this engineering, Malaysian can pay zakat fitrah without using fiat money and online. Payee can also choose to contribute either to the state of birth or residence. However, these efforts may contradict with the study done by Anton Hindardjo, Juhary Ali and Cicih Ratnasih at Jakarta, Bogor, Depok, Tangerang And Bekasi, Indonesia which discovered that the purposed of sample to pay zakat was due to their own enthusiasm, neither law nor means of telecommunication had influenced most of the sample to perform zakat (Hindardjo, Ali, & Ratnasih, 2019).

Both studies used different independent variables and model to develop theoretical framework for their respective researches. Deasy Tantriana and Lilik Rahmawati (2019) tested their sample in term of knowledge, satisfaction, and certainty on using digital methods for zakat payment. While, Anton Hindardjo, Juhary Ali and Cicih Ratnasih (2019) applied all four constructs under UTAUT. Interestingly, both researches had concluded that the main factor that drive people to pay zakat was their strong intention to pay. Usage of technology did not strongly influence them to pay.

Considering effect of MCO, TAM and UTAUT Model, Deasy Tantriana and Lilik Rahmawati (2019) and Anton Hindardjo, Juhary Ali and Cicih Ratnasih (2019) findings, this study will determine whether social influence like new normal will influence the behavioural intention of Malaysian to use fintech as the instrument to pay zakat fitrah. A lot of questions will be arisen to answer through this study. Are Malaysian ready to accept changes in practicing their religion in parallel with the technological revolution? Do Malaysian difference demography bring different finding? Besides social influence, through this research will discover the facilitating condition that may attract Malaysian's behaviour towards accepting fintech as the means to pay zakat fitrah. Moving towards in 5G, is there any possibility good

infrastructure of communication in Malaysia helps Malaysians to accept fintech as the best mechanism to contribute their zakat fitrah? Perhaps, through this research, we may discover any new role for amil in educating, promoting, and facilitating zakat fitrah collection by adapting technology especially the usage of fintech and media social.

CONCLUSION

In conclusion, this study would provide a small contribution to the Islamic finance by researching the Muslims perception on applying fintech in dealing with zakat fitrah. There will be a lot of arguments and intellectual discussions based on this research since it will challenge the norm of Muslim to pay zakat fitrah by applying a new methodology. Compromising with technology may uplift Islamic finance standard in par with conventional financing. Hence, this study will test the adoptability of TAM and UTAUT Models in determine the prediction of applying fintech usage in Islamic finance. As Islamic finance is a broad area with consists of many instruments besides zakat fitrah, the future research can test the Muslim perception on usage of fintech through other means of Islamic finance instruments. The finding of this research too, wish could help related authorities the way to educate and promote Muslim to use fintech in their daily life including all aspects related to Islamic finance.

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