



INDONESIA
DEVELOPMENT
FORUM 2018
INSPIRE · IMAGINE · INNOVATE · INITIATE



KNOWLEDGE
SECTOR INITIATIVE



Pathways to Tackle Regional Disparities Across the **Archipelago**

Sub-Theme : Smarter Funding for Better Outcomes



PERANAN ISLAMIC FINANCING DALAM PENDANAAN PEMBANGUNAN: POTENSI DAN REKOMENDASI KE DEPAN

OLEH
BAMBANG SUDIBYO
KETUA BAZNAS

INDONESIA DEVELOPMENT FORUM 2018 DENGAN TEMA
"OPTIMALISASI PENDANAAN PEMBANGUNAN *SMARTER FUNDING
FOR BETTER OUTCOME,*" DISELENGGARAKAN OLEH
KEMENTERIAN PPN/BAPPENAS, 10-11 JULI 2018



BAZNAS
Badan Amil Zakat Nasional



@baznasindonesia



badanamilzakat



www.baznas.go.id

2

STRATEGIC IMPORTANCE OF ISLAMIC PHILANTHROPY IN INDONESIA

- ❑ **THOUGH NOT AN ISLAMIC COUNTRY, INDONESIA IS A COUNTRY WITH THE LARGEST MUSLIM CITIZENS IN THE WORLD.**
- ❑ **OUT OF 260 MILLIONS CITIZENS, MORE THAN 88% (228,8 MILLIONS CITIZENS) ARE MUSLIMS**
- ❑ **ISLAMIC PHILANTHROPY IS SO CENTRAL WITH IN ISLAMIC TEACHING AND BELIEF.**
- ❑ **THEREFORE THE SIZE OF ISLAMIC PHILANTHROPY IN INDONESIA SHOULD BE VERY BIG.**

PHILANTHROPY IN ISLAMIC PERSPECTIVE

- ❑ **PHILANTHROPY IS A CENTRAL ISSUE IN ISLAM.**
- ❑ **MUSLIMS ARE INVOLVED IN TWO KINDS OF PHILANTHROPIC RELATION: :**
 - **VERTICAL RELATION OR *HABLUM MIN-ALLAH***
 - **HORIZONTAL RELATION OR *HABLUM MIN-ALNAS***
- ❑ **IN *HABLUM MIN-ALLAH* HUMAN BEING IS A PHILANTHROPIC OBJECT OF ALLAH, THE MOST GENEROUS AND THE MOST MERCIFUL.**
- ❑ **IN *HABLUM MIN-ALNAS* EVERY MUSLIM IS SUPPOSED TO IMITATE THE GENEROUSITY AND MERCY OF ALLAH SWT.**

NATURE OF ISLAMIC PHILANTHROPY	
OBLIGATORY	SUNNAH
ZAKAT <ul style="list-style-type: none"> ▪ ZAKAT ON ASSETS ▪ ZAKAT ON INCOME ▪ ZAKAT FITRAH 	INFAK
	SHADAQAH
	QURBAN
	AQIQAH
	WAQAF

OVERVIEW OF INDONESIA SYARIAH SOCIAL FINANCE

SOURCE OF FUNDS	REGULATIONS	REMARKS
ZIS AND OTHER SOCIAL RELIGIOUS FUNDS	<ul style="list-style-type: none"> ▪ UU NO 23/2011: ZAKAT MANAGEMENT ▪ PP NO 14/2014: IMPLEMENTATION OF UU 23/2011 ▪ INPRES 3/2014: OPTIMALIZATION OF ZAKAT COLLECTION BY BAZNAS ▪ OTHER REGULATIONS 	<ul style="list-style-type: none"> ▪ ASSUMING IDEAL TAX INCENTIVE, ZAKAT POTENCY IS ROUGHLY 3,4% GDP, AROUND Rp.462T IN 2017 ▪ UNDER THE EXISTING NON-IDEAL TAX INCENTIVE ZAKAT POTENCY IS ONLY 1,57% GDP. → AROUND Rp214T IN 2017 ▪ BAPPENAS INCLUDED ZAKAT IN THE INDONESIA SYARIAH FINANCIAL ARCHITECTURE ▪ IN GENERAL, ZAKAT MANAGEMENT IS ON THE RIGHT TRACT ▪ DEGREE OF FREEDOM TO UTILIZE ZAKAT FUND FOR PRODUCTIVE PURPOSES IS RESTRICTED BY SYARIAH
WAQAF	<ul style="list-style-type: none"> ▪ UU NO 41/2004: WAQAF ▪ PP NO 42/2006: IMPLEMENTATION OF UU 41/2004 	<ul style="list-style-type: none"> ▪ NUMBER OF WAQAF ASSETS IN INDONESIA IS VERY BIG. HOWEVER MOST OF THEM ARE NOT CERTIFIED AND NOT BEEN UTILIZED FOR PRODUCTIVE PURPOSES ▪ NUMBER OF COMMISSIONERS OF BWI, 35, IS TOO BIG → BWI IS A CLUMSY ORGANIZATION ▪ BAPPENAS INCLUDED WAQAF IN THE INDONESIA SYARIAH FINANCIAL ARCHITECTURE ▪ DEGREE OF FREEDOM TO USE THE FUNDS FOR PRODUCTIVE PURPOSES IS MUCH BIGGER THAN ZAKAT
HAJ FUNDS	<ul style="list-style-type: none"> ▪ UU NO. 34/2014: HAJ FINANCE MANAGEMENT ▪ PP NO. 5/2018 	<ul style="list-style-type: none"> ▪ NUMBER AND POTENCY OF HAJ FUND IS VERY BIG ▪ OPERATIONAL SOP HAS NOT BEEN PROPERLY DEVELOPED → BPKH IS NOT AN OPERATIONAL ORGANIZATION YET ▪ DEGREE OF FREEDOM TO UTILIZE FUND FOR PRODUCTIVE PURPOSES IS VERY BIG

TAX INCENTIVE FOR ZAKAT

- ❑ **TAX INCENTIVE UNDER CURRENT REGULATIONS WHICH IS NOT IDEAL: “ZAKAT PAID TO BAZNAS AND/OR LAZ IS DEDUCTIBLE TO TAXABLE REVENUE”**
- ❑ **THE IDEAL TAX INCENTIVE: “ZAKAT PAID TO BAZNAS AND/OR LAZ IS DEDUCTIBLE TO INCOME TAX OBLIGATION”**

ZAKAT POTENCY IN INDONESIA (1)

FIRDAUS ET AL (2012), ASUMING IDEAL TAX INCENTIVE, ESTIMATED ZAKAT POTENCY IN INDONESIA IN 2010 WAS ± Rp217 T.

AREAS OF ZAKAT	POTENCY OF ZAKAT (Rp)
HOUSEHOLD	82,70 T
PORIVATE COMPANIES	114,89 T
STATE OWNED COMPANIES	2,40 T
BANK DEPOSITS DAN SAVINGS	17,00 T
TOTAL	217,00 T
EKUIVALEN TO	3,40% GDP

BECAUSE IN FACT UNDER THE EXISTING REGULATIONS THE TAX INCENTIVE IS NOT THE IDEAL ONE, MOST COMPANIES ARE NOT WILLING TO PAY ZAKAT. → THE MORE REALISTIC ESTIMATE OF ZAKAT POTENCY IN 2010 IS ONLY ± “Rp100T” OR 1,57% OF GDP.

SOURCE: Modified from Muhammad Firdaus, Irfan Syauqi Beik, Tonny Irawan dan Bambang Juanda (2014) : “ Economic Estimation and determinations of zakat potential in Indonesia,” IRTI (IDB) Working Paper Series.

ZAKAT POTENSY IN INDONESIA (2)

- ❑ **UNDER THE EXSISTING TAX INCENTIVE, ZAKAT POTENCY IN 2017 IS 1,57% OF GDP (Rp 13.588,8T) = Rp. 213 T.**
- ❑ **UNDER THE ASSUMPTION OF IDEAL TAX INCENTIVE, ZAKAT POTENCY IN 2017 IS 3,4% OF GDP (Rp 13.588,8T) = Rp. 462 T**
- ❑ **IN THE FUTURE ZAKAT POTENCY IS TO CONTINUE TO GROW IN CONFORMITY WITH:**
 - **ECONOMIC GROWTH,**
 - **POPULATION GROWTH, AND**
 - **ELIT AND MIDDLE CLASS (MUZAKKI CLASS) GROWTH**

PROMISING STATISTICS OF ZIS COLLECTION

YEAR	ZIS (MILYAR RP)	GROWTH (%)	GDP GROTH (%)	REMARK
2002	68,39	-	3,7	
2003	85,28	24,70	4,1	
2004	150,09	76,00	5,1	ACEH TSUNAMI
2005	295,52	96,90	5,7	
2006	373,17	26,28	5,5	
2007	740,00	98,30	6,3	YOGYA EARTHQUAKE
2008	920,00	24,32	6,2	
2009	1.200,00	30,43	4,9	
2010	1.500,00	25,00	6,1	
2011	1.729,00	15,30	6,5	
2012	2.200,00	27,24	6,23	
2013	2.700,00	22,73	5,78	
2014	3.300,00	22,22	5,02	
2015	3.700,00	21,21	4,79	
2016	5.017,00	35,59	5,00	
2017	6.224,00	24,06	5,07	
ANNUAL AVERAGE		38,02	5,37	SOURCE: BAZNAS

PROMISING STATISTICS OF ZIS COLLECTION – WHY?

- ❑ **ANNUAL AVERAGE GROWTH OF ZIS COLLECTION (38,2%) IS FARWAY ABOVE ANNUAL AVERAGE GROWTH OF GDP (5,37%)**
- ❑ **POTENTIAL EXPLANATIONS:**
 - **NATURAL CATASTROPHIC EVENTS. IF THE CATASTROPHIC YEARS OF 2004, 2005, AND 2007 WERE EXCLUDED, THEN THE AVERAGE ANNUAL ZIS COLLECTION IS ONLY 24%**
 - **IMPROVEMENT OF MUSLIMS COMPLIANCE TO ZAKAT SYARIAH**
 - **IMPROVEMENT OF MUSLIMS COMPLIANCE TO LAW NO 23/2011, TO PAY ZIS THROUGH BAZNAS AND LAZ**
 - **IMPROVEMENT OF ZIS REPORTING SYSTEM**
 - **FAST GROWTH OF MIDDLE CLASS (FASTEST IN ASEAN)**

GOLDEN OPPORTUNITY FOR INDONESIAN ISLAMIC PHILANTHROPY AND FINANCE IN THE 21ST CENTURY

- ❑ **GEO-ECONOMIC CENTER OF GRAVITY IS NOW SHIFTING FROM THE WEST TO ASIA.**
- ❑ **INDONESIA IS WITHIN THE MAINSTREAM OF THE SHIFT:**
 - **PWC (2005) PREDICTED THAT IN THE YEAR 2050 INDONESIAN GDP WILL BE THE 6TH LARGEST IN THE WORLD.**
 - **CITIBANK (2010) PREDICTED:**
 - **IN THE YEAR 2030 INDONESIAN GDP WILL BE THE 7TH LARGEST IN THE WORLD**
 - **IN THE YEAR 2040 INDONESIAN GDP WILL BE THE 4TH LARGEST IN THE WORLD AFTER CHINA, INDIA, AND USA.**
 - **MACKENSEY (2012) PREDICTED IN THE YEAR 2030 INDONESIAN GDP WILL BE THE 6TH LARGEST IN THE WORLD.**
- ❑ **THE 21ST CENTURY, IF MANAGED PROPERLY, IS GOING TO BE A GOLDEN ERA FOR INDONESIA, INCLUDING IT'S ISLAMIC PHILANTHROPY AND FINANCE**

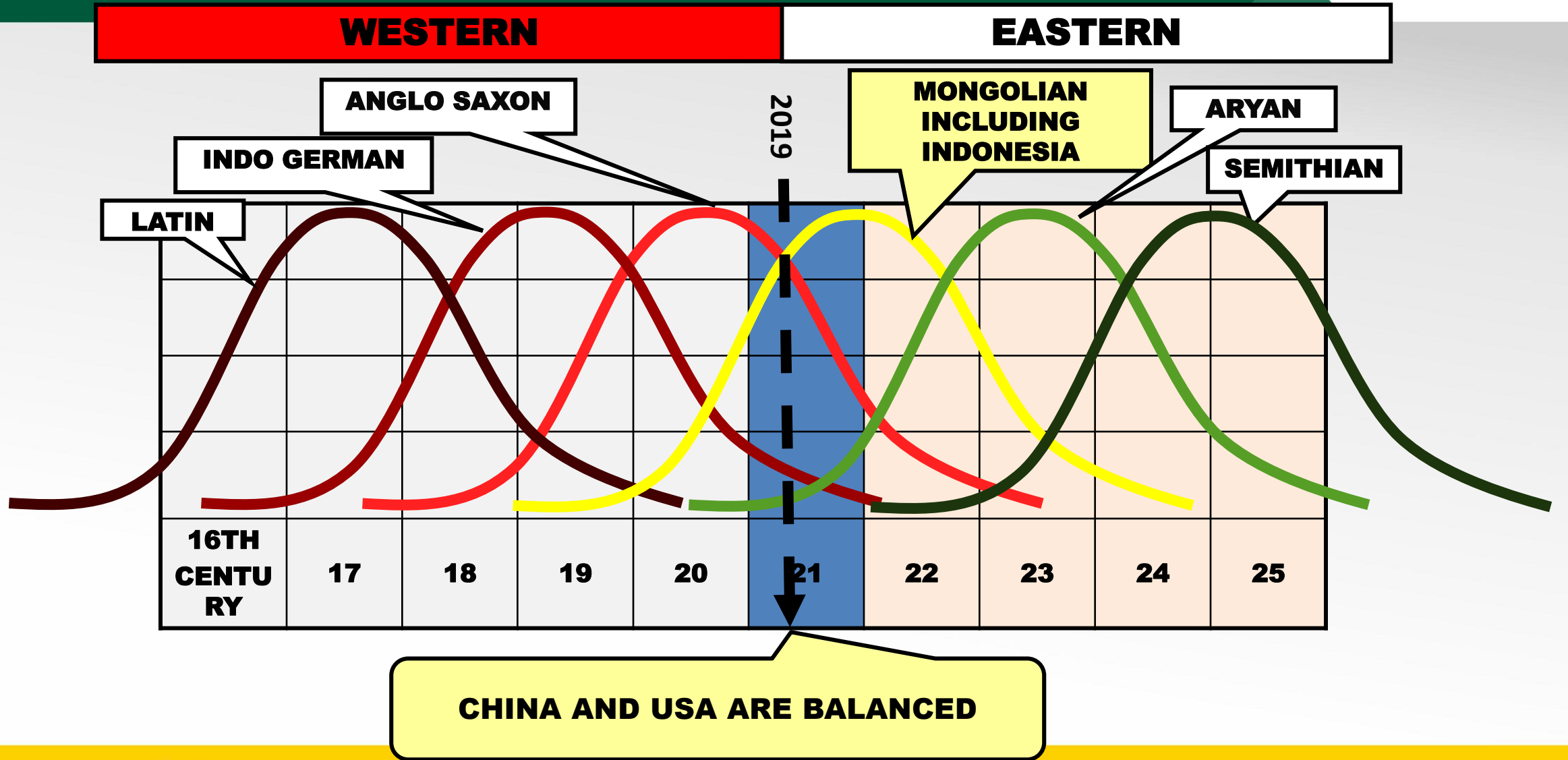
COKROMANGGILINGAN IN THE QUR'AN

إِنْ يَمَسُّكُمْ قَرْحٌ فَقَدْ مَسَّ الْقَوْمَ قَرْحٌ مِثْلُهُ وَتِلْكَ الْأَيَّامُ نُدَاوِلُهَا بَيْنَ
النَّاسِ وَلِيَعْلَمَ اللَّهُ الَّذِينَ آمَنُوا وَيَتَّخِذَ مِنْكُمْ شُهَدَاءَ ۗ وَاللَّهُ لَا يُحِبُّ
الظَّالِمِينَ

“IF A WOUND HAS BEFALLEN YOU (IN THE UHUD WAR), A SIMILAR WOUND HAS ALREADY BEFALLEN THEM (IN THE BADAR WAR). AND WE TURN THE ERA OF TRIUMPH AND DEFEAT AMONG MEN, SO THAT ALLAH MIGHT MARK THOSE WHO ARE THE TRUE MEN OF FAITH AND THAT ALLAH MIGHT SELECT SYUHADA’ AMONG YOU, FOR ALLAH DOES NOT LOVE THE WRONG DOER.” (QS ALI IMRAN:140)



COKROMANGGILINGAN OF CIVILIZATION



RECOMMENDATION

SOURCE OF FUND	RECOMMENDATION
ZIS	<ul style="list-style-type: none"> ▪ REVISION OF UU NO 23/2011: <ul style="list-style-type: none"> ➤ ZAKAT IS OBLIGATORY TO ALL MUSLIMS → RESPONSIVE TO MINISTER OF FINANCE SUGGESTION THAT ZAKAT SHOULD BE MANAGED LIKE TAX ➤ ZAKAT IS DEDUCTIBLE TO INCOME TAX OBLIGATION FOR ANY TAX PAYER, INDIVIDUAL AS WELL AS INSTITUTION ▪ REVISION OF UU. NO 26/2008 ON INCOME TAX: ZAKAT IS DEDUCTIBLE TO INCOME TAX OBLIGATION FOR ANY TAX PAYER, INDIVIDUAL AS WELL AS INSTITUTION ▪ BAZNAS AND LAZ TO BE SUPERVISED BY OJK
WAQAF	<ul style="list-style-type: none"> ▪ REVISION OF UU NO 41/2004 ON WAQAF: REDUCE THE NUMBER OF BWI COMMISSIONERS FROM 35 TO 11 LIKE BAZNAS ▪ MASSIVE CERTIFICATION OF WAQAF ASSETS IN COOPERATION WITH BPN ▪ BWI TO BE SUPERVISED BY OJK
HAJ FUND	<ul style="list-style-type: none"> ▪ MAKE BPKH OPERATIONAL: DEVELOPED GOOD SOP ▪ BPKH TO BE SUPERVISED BY OJK

SALAM