

ZAKAT AND THE RESILIENCE OF ISLAMIC ECONOMICS IN THE ERA OF GLOBAL UNCERTAINTY: EVIDENCE FROM INDONESIA

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Abstract: *This study looks into how zakat might be used strategically to strengthen Indonesia's Islamic economy in the midst of ongoing global unpredictability. In recent years, Indonesia and other emerging countries have faced significant challenges due to global economic instability, financial crises, and social inequality. Indonesia, with one of the world's largest Muslim populations, has enormous potential to employ zakat as a tool for both socioeconomic policy and religious requirement. This paper examines how zakat enhances social welfare, equitable income distribution, and economic stability using empirical and theoretical data from recent Indonesian studies. The study used a qualitative literature review methodology, gathering material from seven peer-reviewed academic sources focusing on zakat, Islamic economics, and socioeconomic development in Indonesia. The article focuses on key subjects such as poverty alleviation, redistributive justice, and the role of zakat institutions in assisting vulnerable communities during difficult economic times. The findings indicate that zakat is critical for lowering income disparities, protecting low-income households' purchasing power, and encouraging equitable economic growth. Zakat also serves as an economic stabilizer by encouraging consumption and strengthening social safety nets, particularly during times of crisis. The research does, however, highlight a number of concerns, including the prevalence of consumptive rather than productive zakat consumption, unequal distribution systems, and governance limits. This study concludes with policy recommendations for developing zakat management systems, increasing institutional openness, and encouraging successful zakat programs. These steps are expected to boost zakat's effectiveness as a long-term instrument for strengthening Indonesia's Islamic economy.*

Keywords: *Zakat, Islamic Economics, Global Uncertainty, Economic Resilience, Indonesia*

Introduction

Maintaining macroeconomic stability, reducing income inequality, and ensuring social welfare are important challenges for emerging countries in an era of increasing economic volatility and global uncertainty. Financial crises, economic shocks, and global upheavals have made low-income groups more vulnerable. Indonesia provides a unique setting for studying the role of Islamic economic instruments in resolving these difficulties because it is a rising country with the world's largest Muslim population. Zakat, an obligatory Islamic almsgiving practice with religious and economical significance, is unique among these techniques.

Zakat has traditionally been regarded as both an Islamic economic and religious requirement. Zakat embodies the concepts of justice, equity, and social solidarity by mandating

the redistribution of wealth from financially capable individuals to designated beneficiaries. In actuality, zakat encourages social inclusion, assists vulnerable groups, and alleviates poverty. A number of studies undertaken in Indonesia suggest that zakat could be an effective tool for reducing income disparities and strengthening social safety nets, particularly during times of economic turbulence.

Despite its tremendous potential, the role of zakat in boosting economic resilience has received scant attention, particularly in light of the world economy's current challenges. Its broader economic significance is frequently limited by issues with institutional efficacy, governance, and the prevalence of consumption-based distribution schemes. Thus, the objective of this study is to look into how zakat helps Indonesia's Islamic economy remain resilient in the face of global uncertainty. This study combines empirical and theoretical data from recent Indonesian studies to provide a comprehensive understanding of zakat's role in promoting economic stability, equal income distribution, and long-term socioeconomic prosperity.

Literature Review

2.1 Zakat as an Instrument of Islamic Economics

Zakat, which requires wealth transfer, is one of the primary social finance measures in the Islamic economic system, fostering justice, equity, and social balance. Zakat, an Islamic cornerstone, has both spiritual and economical aspects, with the dual goals of eradicating economic disparity and purifying wealth. In Islamic economics, zakat is considered as a method for moving resources from surplus to deficit units, hence enhancing social cohesion and reducing wealth disparities. Zakat has been widely documented as an effective tool for facilitating income redistribution and improving overall social welfare in Indonesia. Numerous studies have shown that by providing direct relief to qualifying receivers, zakat helps to bridge the income gap between different socioeconomic categories. Furthermore, zakat stabilizes low-income households' purchasing power, which is critical during severe economic times. Zakat promotes the essential aims of Islamic economics, namely social fairness and balanced economic growth, through these mechanisms.

2.2 Zakat's Prospects and Institutional Challenges

According to new study, zakat has the potential to considerably boost the resilience of modern Islamic economies, particularly if it is supported by robust institutional frameworks. Zakat collection and distribution have become more efficient as a result of the rising usage of digital technologies such as fintech-based payment systems and online zakat platforms. Digitalization, particularly in metropolitan and digitally connected communities, allows for a larger audience to be reached, increased transparency, and faster funding distribution. Nonetheless, a variety of institutional difficulties hinder zakat from reaching its full potential. Concerns concerning accountability, governance, and compliance remain prominent in zakat management groups. Furthermore, assessing the long-term economic repercussions of zakat programs is frequently difficult due to a lack of standardized impact measurement frameworks. As a result, zakat's potential as a long-term economic tool has yet to be fully fulfilled. As a

result, overcoming these institutional challenges is critical to ensuring that zakat operates successfully in today's economic situation.

2.3 Zakat and Social Economic Development

Zakat is increasingly recognized as a driver of socioeconomic development and communal empowerment, in addition to its function in short-term social assistance. Zakat, when properly administered, can be used to fund profitable initiatives such as income-generating programs, skill development, and microenterprise assistance. These measures help zakat users transition from dependency to independence, which promotes long-term economic viability. Numerous studies show that zakat has a greater impact on social and economic development when it is integrated into larger development plans. To fully realize zakat's developmental potential, state institutions, zakat management organizations, and financial technology platforms must collaborate. Zakat can promote fair growth, reduce structural poverty, and boost economic resilience through well-coordinated policies and effective institutional cooperation, particularly in emerging markets such as Indonesia.

2.4 Zakat and Economic Resilience in Times of Global Uncertainty

Due to global economic instability, there is a growing demand for alternative economic tools that can promote social and economic resilience. Economic shocks, rising inequality, and instability disproportionately harm vulnerable communities, particularly those in emerging countries. Because they are supposed to act as integrated social safety nets, Islamic economic mechanisms such as zakat become increasingly important in this context. During times of crisis, zakat provides a methodical and ethically sound approach to wealth transfer, promoting social cohesion and economic stability. According to several studies, zakat helps Indonesia's economy stay resilient by reducing social vulnerability and maintaining consumption levels among low-income households. Zakat helps to stabilize aggregate demand and mitigate the negative effects of economic downturns by channeling resources to those who are most affected by them. The greater goals of Islamic economics, which emphasise sustainability, fairness, and balance as the foundations of long-term economic resilience, are consistent with this stabilising role.

2.5 Research Gap and Contribution of the Study

Zakat's role in increasing economic resilience in the face of global uncertainty has gotten little attention, despite significant research in the literature on social welfare and poverty alleviation. The majority of study focuses on the distributive, institutional, or normative components of zakat, without providing a strong relationship to the concept of economic resilience. As a result, particularly in the Indonesian context, the strategic significance of zakat within the greater framework of Islamic economic stability remains understudied. This paper seeks to bridge this gap by examining zakat as a tactical instrument for increasing the robustness of Islamic economics in Indonesia. This study contributes to the literature by emphasizing the stabilizing and resilience-building aspects of zakat through a synthesis of empirical and theoretical findings from previous Indonesian studies. The findings are expected to provide

researchers, zakat groups, and policymakers with valuable information for improving zakat governance and optimizing its contribution to equitable and sustainable economic growth.

2.6 Zakat, Inequality Reduction, and Social Protection

Zakat is often cited as a key strategy for eliminating economic disparity in Islamic economic systems. Zakat tackles income inequities and promotes social justice by requiring eligible contributors to transfer wealth to specified beneficiaries. Zakat is regarded as a crucial supplemental tool to formal redistribution measures in emerging economies such as Indonesia, where inequality remains a persistent concern. Several studies have found that zakat serves as an informal social safety system, notably for low-income and vulnerable populations. Zakat minimizes economic vulnerability and strengthens household resilience by providing consistent cash aid and access to essential necessities. This position becomes more crucial during times of economic uncertainty, when the government's ability to respond to shocks may be limited. According to Islamic economics, reducing inequality through zakat is a moral imperative as well as an economic one. According to the research, good zakat administration promotes social cohesiveness and trust within society, reinforcing the larger aims of inclusive and balanced economic development. These findings demonstrate the importance of zakat as a social safety measure based on Islamic economic principles.

2.7 Zakat Governance and Policy Integration in Indonesia

The efficiency of zakat as an economic tool is intimately related to the quality of its institutional governance. The existing research highlights the need of well-managed zakat institutions in guaranteeing openness, accountability, and effective resource distribution. In Indonesia, the growing institutionalization of zakat through formal institutions has expanded its visibility and potential impact on the national economy. Policy synergy between zakat institutions and government development programs is also cited as a critical aspect in optimizing zakat's socioeconomic impact. Several studies argue that coordination between state agencies and zakat organizations allows for improved beneficiary targeting and reduces social aid duplication. Such integration enables zakat to supplement national poverty-reduction and economic development goals. However, the literature highlights problems such as regulatory harmonization, data exchange, and institutional capacity. Without consistent regulatory frameworks and regulated governance processes, zakat's role may remain fragmented. As a result, boosting governance mechanisms and policy integration is widely seen as critical for increasing the contribution of zakat to Islamic economic resilience in Indonesia.

Method

This study adopts a qualitative research approach by employing a comprehensive literature review to examine the role of zakat in strengthening the resilience of Islamic economics in Indonesia. The selection of this approach is intended to capture conceptual, institutional, and empirical perspectives on zakat as discussed in existing academic studies. The main data sources are peer-reviewed journal publications and conference proceedings focused on zakat, Islamic economics, and socioeconomic development in Indonesia. To ensure that the analysis is relevant

to current economic conditions and scholarly discourse, the selected material was published between 2025 and 2026. The analytical procedure involved thematic synthesis and content analysis. Relevant literature was systematically reviewed to identify recurring themes about income redistribution, economic stability, institutional governance, and social welfare. These concepts were contrasted and merged to form a unified picture of how zakat promotes economic resilience in the face of global volatility. This study aims to provide a full and unbiased understanding of zakat's strategic role within Indonesia's Islamic economic framework by synthesizing insights from other studies and avoiding reliance on a particular viewpoint or empirical evidence.

Result and Discussion

4.1 Zakat as an Instrument of Wealth Redistribution and Economic Justice

In line with the literature that sees zakat as a fundamental tool of Islamic economics, this study shows that it plays a significant role in wealth redistribution and the advancement of economic justice. By imposing mandatory donations from financially capable individuals, zakat eliminates structural income inequality and reallocates resources to eligible beneficiaries. The fundamental goals of Islamic economics—fairness, balance, and social solidarity—are in line with this redistributive process. Zakat helps Indonesians build economic resilience by minimizing socioeconomic inequities. Zakat contributes to social stability by assisting disadvantaged households and preventing inequality from worsening during times of economic turmoil. This function emphasizes zakat's position as a systematic economic tool that promotes distributive justice and long-term economic balance, rather than simply as charity help.

4.2 Zakat and the Stabilization of Low-Income Households

Building on prior research that has shown zakat's significance in social welfare, this debate focuses on its contribution to the economic stability of low-income people. Zakat distribution increases the purchasing power of mustahik, allowing them to meet basic needs while maintaining consumption levels. This is especially critical during economic downturns, when vulnerable people are worst hit by income shocks and rising living costs. Zakat's ability to stabilize household spending has broader economic ramifications. By maintaining grassroots demand, zakat indirectly promotes local economic activity and small-scale markets. As such, zakat serves as an informal social safety net, supplementing official welfare programs and building economic resilience from the ground up.

4.3 Institutional Governance and the Role of Digitalization

In keeping with the literature on zakat's possibilities and institutional constraints, this analysis concludes that effective governance is crucial in determining zakat's economic benefit. The introduction of digital zakat platforms and fintech-based payment systems has increased the efficiency, transparency, and reach of zakat collection and distribution. These technologies enable zakat institutions to reach a larger number of contributors and provide help more efficiently. However, the success of digitalization is strongly reliant on institutional capability and regulatory support. Technological developments alone are insufficient to fully realize the

potential of zakat without solid governance frameworks, transparency procedures, and consistent reporting. As a result, enhancing institutional governance is critical to ensuring that zakat continues to function as a dependable and accountable economic mechanism.

4.4 Zakat and Inclusive Socio-Economic Development

This discussion emphasizes the need of incorporating zakat into broader development initiatives, in line with studies that highlight zakat's role in socioeconomic growth. Zakat has the potential to support inclusive growth through productive utilization, such as financing micro-enterprises, promoting skill development, and empowering small business actors. These initiatives enable beneficiaries to gain economic independence and actively contribute to economic prosperity. Zakat's long-term impact and sustainability are enhanced when it is integrated with development-oriented projects. When zakat is combined with community empowerment efforts, it not only reduces poverty but also promotes fundamental economic development. This developmental role increases Islamic economics' resilience by promoting inclusive and sustainable growth.

4.5 Challenges and Strategic Implications for Strengthening Economic Resilience

Despite its enormous contributions, zakat management in Indonesia still faces a number of obstacles that hinder its efficacy. Governance, transparency, compliance, and data integration remain important challenges. Furthermore, the prevalence of consumption-oriented zakat distribution decreases the long-term economic benefit that may be produced through productive activities. These issues underline the necessity for strategic reforms in zakat management. Strengthening institutional capacity, boosting regulatory coordination, and encouraging productive zakat use are all critical measures toward increasing zakat's role in economic resilience. Addressing these concerns will enable zakat to be more effective as a stabilizing influence in the Islamic economic system, especially during times of global turmoil.

4.6 Zakat as a Social Protection Mechanism in Economic Crises

Building on the literature that describes zakat as a mechanism for reducing inequality and providing social security, this study discovers that zakat plays an important role in mitigating the socioeconomic impact of economic crises. During times of global uncertainty, vulnerable groups are generally the worst hit by income loss and rising living costs. Zakat provides timely aid to help households deal with economic shocks and preserve basic living standards. Zakat's role as a social protection measure extends beyond providing immediate aid. Zakat aids in the prevention of further economic downturn at the communal level by encouraging household consumption. This stabilizing effect is consistent with the broader goals of Islamic economics, which stress social balance and societal well-being over strictly market-driven outcomes. In Indonesia, zakat supplements state-led social assistance programs by reaching out to parts of society that are not fully covered by formal welfare systems. This complementary role enhances overall economic resilience and emphasizes zakat's significance as part of a larger socioeconomic safety net during times of uncertainty.

4.7 Governance Strengthening and Policy Implications for Zakat-Based Resilience

This study, like other research on zakat governance and policy integration, highlights the importance of institutional quality in determining zakat's effectiveness. Weak governance mechanisms, insufficient transparency, and fragmented data systems continue to limit zakat's overall economic benefit. Addressing these issues is critical for transforming zakat into a more strategic tool for economic resilience. Improving governance necessitates collaboration among zakat institutions, policymakers, and regulatory authorities. Improved accountability mechanisms, consistent reporting, and integrated data systems can boost public trust and compliance among zakat contributors. Furthermore, if robust institutional frameworks are in place, digital transformation presents substantial opportunity to improve efficiency and broaden outreach. From a policy standpoint, including zakat into national economic and social development objectives can strengthen its resilience.

Conclusion

This study concludes that zakat plays a meaningful and strategic role in strengthening the resilience of Islamic economics in Indonesia, particularly in the context of global economic uncertainty. Aside from its religious function, zakat is a socioeconomic mechanism that promotes wealth redistribution, reduces income inequality, and improves social welfare. Zakat promotes economic stability at the grassroots level by channeling resources to vulnerable populations and reinforcing the Islamic economic system's fundamental principles of fairness and balance.

The findings further indicate that zakat has the potential to act as an economic stabilizer during periods of uncertainty by sustaining household consumption and supporting inclusive economic activities. When zakat distribution is matched with broader socioeconomic goals, it not only meets short-term welfare needs but also promotes long-term economic resilience. This emphasizes the necessity of considering zakat not just as charitable help, but also as an essential component of Islamic economic development that supplements conventional economic programs. However, the effectiveness of zakat in strengthening economic resilience depends largely on institutional factors. Challenges related to governance, transparency, compliance, and the predominance of consumptive distribution continue to limit its broader economic impact. As a result, this study underlines the importance of improving institutional governance, implementing digital transformation, and promoting profitable zakat initiatives. Such measures are critical for maximizing zakat's contribution to Indonesia's long-term economic resilience and inclusion.

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