

# The Role of Islamic Social Finance in Covid-19

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## ***Abstrak,***

Fokus penelitian ini adalah membahas peran keuangan sosial Islam khususnya zakat, infaq, sedekah dan wakaf dalam menghadapi pandemi COVID-19. Penelitian ini menggunakan metode kualitatif dan deskriptif dengan teknik studi literatur (studi pustaka). Hasil penelitian menunjukkan bahwa keuangan sosial syariah dapat menjadi solusi dalam penanganan Covid-19, dengan menggunakan dana zakat, donasi dan sedekah dalam memenuhi kebutuhan konsumtif dan dana abadi yang digunakan dalam bantuan infrastruktur kesehatan.

**Kata kunci:** Keuangan Sosial Islam, ZISWAF, Covid-19

## ***Abstract,***

The focus of this research is to discuss the role of Islamic social finance especially zakat, infaq, alms and endowments in the face of the covid-19 pandemic. This study uses qualitative and descriptive methods with techniques for studying literature (library research). The results showed that Islamic social finance can be a solution in handling Covid-19, by using zakat funds, donations and alms in meeting consumptive needs and endowment funds used in health infrastructure assistance.

**Keywords:** Islamic Sosial Finanse, ZISWAF, Covid-19

## **INTRODUCTION**

At the end of 2019 the world was shocked by the emergence of the corona virus or commonly referred to as covid-19. This virus was first discovered in a seafood and animal market in Wuhan, Hubei Province of China. Not only attacking China, the Covid-19 endemic has also spread to several countries and is of particular concern to the government in overcoming it.

According to data reported by Johns Hopkins University and Medicine, dated August 4, 2020, the total number of people infected with the Corona Virus was 18,193,291 people with a total of 691,352 who died. The number of countries infected with Covid-19 is 188 countries. The top position is occupied by the United States with 4,712,724 people, secondly Brazil with 2,733,677 people, third India with 1,803,695 people, fourth Russia with 854,641 people, and fifth South Africa with 516,862 people. The Western Sahara Country is in the last position by confirming 10 of its citizens who have tested positive for the Corona Virus.

Indonesia is also inseparable from Covid-19, based on the press conference of President Joko Widodo accompanied by Health Minister Terawan Agus Putranto at the Merdeka Palace, Monday (2/3/2020) announcing that two residents were found to be positively infected with the Corona Virus. The two residents are 64 and 31 years old, respectively. Covid-19 has also begun to spread to all cities and districts, until now Indonesia is in position 23 with a total of 113,134 people.

Apart from health impacts and causing many casualties. Covid-19 also has a significant impact on the world economy. According to the World Bank in azwar, the economic impact of Covid-19 will stop the businesses of nearly 24 million people in East Asia and the Pacific. Under the worst-case scenario, the World Bank also estimates that nearly 35 million people will remain in poverty. In fact, through a number of scenarios taking into account various poverty lines, the World Bank estimates that the number of people living in extreme poverty will increase to 922 million worldwide.

Islamic Social Finance is one of the sectors of Islamic Economics which we are familiar with as Zakat, Infaq, Almsgiving and Endowments (ZISWAF), according to the Director of Distribution and Empowerment of BAZNAS Irfan Syauqi Beik, the potential for zakat is up to Rp. 2333.8 trillion. Meanwhile, according to data from the Indonesian Waqf Board as the independent institution managing waqf in Indonesia, the potential for waqf assets per year is 420,000 hectares, while the potential for cash waqf can penetrate the range of Rp. 188 trillion per year. The potential is huge and of course it can help in handling the Covid-19 outbreak. Based on the description above, this study aims to examine the role of Islamic Social Finance in dealing with the Indonesian Covid-19 pandemic.

## **THEORITICAL REVIEW**

### **Concept Of Zakat**

Zakat comes from the word zaka, which means 'holy', 'good', 'blessed', 'growing' and 'developing'. In line with Yusuf Qardhawi, the basic word zaka means increasing and growing, so it can be said that "a plant is zaka", meaning that the plant grows. According to the terminology of sharia (the term), zakat is the name for a certain number of assets which are required by Allah to issue zakat and given to those entitled to receive it with certain conditions as well. The relationship between the meaning in language and this term is very closely

related, namely that every asset that has been spent zakat will be holy, clean, good, the blessing grows and develops (at-Taubah: 103 and Ar-Rum: 39).

In the Zakat Guidelines book of the Ministry of Religion of the Republic of Indonesia, it is stated that zakat is something that is given by people as the right of Allah SWT to those who have the right to receive, among others, the poor, according to the provisions of Islam. Technically, zakat means purifying one's property by distributing part of the wealth to the poor as their right, and not charity. By paying zakat, a person obtains the purification of his heart and himself and has done the right action and obtains grace besides his wealth will increase. From these definitions, it can be understood that zakat is worship in Islam and it is the obligation of every Muslim by removing or setting aside part of the property that is owned under certain conditions and given to every Muslim with certain conditions as well.

### **Concept Infaq and Sedekah**

Infaq in language (lughat) comes from the Arabic word *anfaqo-yunfiq*, which means to spend or finance, the meaning of infaq becomes special when it is associated with efforts to realize Allah's commandments. Thus Infaq is only related to or only in material form, while there are laws that are obligatory (including zakat, nadzar), there is infaq sunnah, change and some are even haram. In this case infaq only relates to matter. According to the Indonesian dictionary, Infaq is to issue assets which include zakat and non-zakat. Meanwhile, according to the terminology of sharia, infaq means removing part of the assets or income/income for an interest ordered by Islamic teachings.

Aqilah Selma Amalia in her book explains, alms comes from the word *Shadaqoh* which means a gift given by a Muslim to another spontaneously and voluntarily without being limited by a certain time and amount. Almsgiving means a gift given by someone as a virtue who hopes to be pleased with Allah *Shubahahu wa ta'ala* and only reward. The difference between infaq and alms is in the object to be given, infa is more to spend wealth or income on the path of kindness, while alms are not only material, good activities such as a smile in front of you include alms.

### **Concept Wakaf**

The word *waqf* or *wacf* comes from the Arabic word *wakafa*. The origin of the word *Wakafa* means to hold or stop or stay put or stay standing. The word *wakafa-yaqifu-waqfan* is the same as *habasa-yabhisu-tahbisan*. The word *al-waqf* in Arabic contains several meanings: *Alwaqfu bimagnattahbiisi wattasbiili* means: Holding back, holding property to be donated, not transferring property.

Waqf has two functions, namely as a worship to Allah and also a social function among humans. The function of waqf as worship means that waqf is expected to be a provision for the life of waqf (waqf giver) in the afterlife because the rewards will continue to flow as long as the waqf property is utilized. While waqf in a social function means that waqf is an asset that has a role in accelerating the development of a country. Waqf has a role in distributing welfare among the people. And poverty reduction is one of the targets of the benefits of waqf.

## **METHODS**

The research method used in this research uses literature review or literature study, which contains theories that are relevant to research problems. Review and analyze the role of Islamic social finance in dealing with Covid-19. The data used are secondary data obtained

through literature studies, scientific documents and publications and the internet related to the purpose of writing.

The next step is to analyze the available data literature, namely by reading and studying it. Data analysis is the simplest and most frequently used by a researcher to analyze data, is to use descriptive principles. By analyzing descriptively we can present in a more concise, simpler, and easier to understand manner. Literature review serves to build concepts or theories on which to base studies in research.

## **RESULT AND DISCUSSION**

### **Providing Consumptive Assistance,**

Arif Mufraini quoted in the zakat guidebook published by the Directorate General of Islamic Community Guidance and Haj Affairs of the Ministry of Religion in relation to the distribution of zakat funds, explaining the four distribution categories :

1. Traditional consumptive distribution, namely zakat distributed to mustahik for direct use, such as zakat fitrah which is given to the poor to fulfill their daily needs or zakat mal which is distributed to victims of natural disasters.
2. Distribution is consumptive creative in nature, that is, zakat is manifested in another form from the original goods, such as given in the form of school supplies or scholarships.
3. Distribution of a traditional productive nature, where zakat is given in the form of productive goods such as goats, cows, razors, and so on. Giving in this form will be able to create a business that opens up jobs for the poor.
4. Distribution in the form of creative productive, namely zakat manifested in the form of capital either to build social projects or increase the capital of small entrepreneurs traders.

The contribution and role of all components of the nation is very important, so that the negative impacts of the Covid-19 pandemic can be properly mitigated and overcome. The state cannot be alone in this. The support and collaboration of various parties is needed so that all resources owned by this nation can be utilized properly. One of the institutions that has played a role in efforts to deal with the impact of Covid-19 is the zakat institution. BAZNAS and LAZ have shown their involvement in activities to respond to this pandemic, both in terms of health programs and socio-economic programs. Central BAZNAS, for example, until 25 May 2020, has disbursed funds amounting to IDR 28.32 billion which has been allocated for health emergency programs (39 percent), socio-economic emergencies (59 percent) and current security programs (2 percent).

Based on explanation above, some of the activities carried out by zakat management agencies in handling Covid-19 are as follows: Covid-19 hotline, education on clean and healthy living habits (phbs), disinfectant spraying services, logistical assistance and hygiene kits , ambulance services and standby health facilities, provision of personal protective equipment (APD), covid-19 prevention protocol documents, implementation of wfh, psychosocial services, special covid-19 health volunteers and corpse services. This activity is carried out by 40 zakat management institutions under the zakat forum.

As Covid-19 cases increase, the zakat forum continues to collaborate with zakat managers. There are at least more than 100 zakat management institutions engaged in handling the Covid-19 case. From the collaboration of 33 Provinces, the amil zakat institution, the funds that have been channeled are Rp. 43,519,759,938.

## **The Use of Waqf As Provision of Health Facilities and Infrastructure**

Health waqf is property that is represented by wakif (individual, organization, or legal entity) for the health sector. For example, building clinics, hospitals and providing equipment, providing medical equipment needed when a disease or epidemic spreads, providing medical care and treatment to the sick, and providing financial assistance. In addition to property, health waqf can also be carried out by medical personnel, doctors, nurses, midwives, and others, namely by donating their time or work, for example one day a week opening a practice by providing free examinations and care for poor patients.

In fact, with current developments, waqf can be in the form of any object with economic value, including patents as productive waqf. If it is time for a vaccine for Covid-19 to be found, it is hoped that the patent can be donated, so that it can be used for the entire world community. Therefore, it is important to campaign for the importance of waqf during the Covid-19 pandemic to the public including scientists and inventors (vaccine researchers).

Several hospital facilities are currently needed by medical personnel in handling Covid-19 such as Personal Protective Equipment (PPE), Health Ventilators, Masks and others. The use of productive waqf funds can certainly be very helpful in providing these health facilities and infrastructure.

## **CONCLUSION**

Islamic Social Finance has a strategic role in helping to handle Covid-19. Therefore, the management of Islamic social financial institutions needs to continue to innovate so that they can raise large funds for religious social activities. Zakat, infaq and alms funds can be used for consumptive purposes, such as providing logistical assistance in the form of food. The waqf funds can be used to facilitate the provision of health facilities and infrastructure.

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