



Application of Zakat on Deposits in Bank: An Analytical Study Based on Islamic Law

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Abstract

This study definitively outlines the application of Islamic law regarding zakat on savings and the specific conditions under which zakat should be paid. Using Uṣūl al-Fiḥh methodology and comparative techniques in the literature review, the research provides a comprehensive analysis of today's society. The findings unequivocally establish that zakat is mandatory on bank savings if it meets the specified time criteria outlined in the zakat regulations. Additionally, the study asserts that scholars allowing the receipt of interest also require zakat on the interest earned. This rigorous analysis offers indisputable insights into zakat obligations on savings and interest, serving as a definitive guide for Muslims seeking to adhere to Islamic law in their financial practices.

Introduction

The Prophet Muhammad saw. was the messenger of Allah SWT who brought the teachings of Islam. His role was to convey revelations and guide the community according to the instructions of Allah. However, as a prophet, he was also responsible for the affairs of the ummah, including handling social, economic, and justice issues. One example is the management of zakat, where the Prophet Muhammad saw. ensured that zakat was distributed fairly to help those in need and maintain social balance. His role in leading the community is inseparable from his prophetic mission.¹

¹ M. N. Asadullah, 'The Prophet Muhammad's (SAW) Economic Model: Lessons for Social Justice and Sustainable Development', *Journal of Islamic Thought and Civilization*, 10(1), 35-50., 2020.

The Prophet Muhammad's saw. role in ensuring social justice through the management of zakat was part of his responsibility as the leader of the ummah. Zakat, an essential instrument in Islamic teachings, functions not only as an individual act of worship but also as an effective means of reducing social and economic disparities. Therefore, the zakat regulations implemented by the Prophet saw. form the foundation for the application of zakat among Muslims, including how zakat can remain relevant in the continuously evolving social and economic context.²

Zakat is one of the pillars of Islam, and when someone embraces Islam, zakat becomes a mandatory obligation on the wealth of a Muslim according to the rules established in the Qur'an and *Ḥadīṣ*. In the context of a modern state, zakat is not a source of tax or state revenue but serves as a primary means of communication between those who possess sufficient wealth, commonly referred to as the rich, and those who lack wealth, known as the poor. Zakat plays a crucial role in the income distribution process, regulating societal life in a country.³

The management of zakat by the Prophet Muhammad saw. laid the foundation for its continuation by the leaders of the ummah after his passing. However, following the Prophet's death, Islamic leadership underwent further development under the *Khulafā' Al-Rāshidīn*, who not only continued the practice of zakat but also faced new challenges in integrating religious and political responsibilities. After the passing of the Prophet Muhammad (peace be upon him), leadership was handed over to the *Khulafā' Al-Rāshidīn*: Abu Bakr, Umar, Uthman, and Ali. Initially, the caliph was a political successor to the Prophet, but later also became a religious leader who made decisions on both worldly and spiritual matters.⁴

After the era of the *Khulafā' Al-Rāshidīn* leadership transitioned to Mu'awiyah. Unlike his predecessors, Mu'awiyah was more known as a skilled political leader rather than a religious figure. This led to a new phenomenon where leadership was divided between religious authorities (*Ulamā*) and political leaders (*Umarā*). This division resulted in different interpretations of the teachings of the Prophet Muhammad (peace be upon him) among various groups. The main research issue in this paper is to examine how Islamic law explains the position of zakat on bank savings.⁵

With the development of the modern economy, particularly in the banking sector, various new forms of wealth have emerged that are not directly regulated by the texts (*naṣ*) in the Qur'an and *Ḥadīṣ*. One example is bank deposits, which have become an increasingly significant part of the economic life of the Muslim community. Although the Qur'an and *Ḥadīṣ* do not explicitly mention zakat on modern monetary deposits, contemporary scholars use the methodology of *Uṣūl al-Fiqh* to address this challenge, particularly by applying the method of *qiyas* (analogy). In this context, it is essential to refer to classical works of *Uṣūl al-Fiqh* that provide the foundation for applying Islamic law to new cases.⁶

The *Uṣūl al-Fiqh* methodology, particularly *qiyas*, allows scholars to apply the same law to new situations that share the same *illat* (legal reasoning) with previous cases. Therefore, bank

² M. Kahf, 'Zakat and Poverty Alleviation: The Role of Zakat in Overcoming Poverty in the Muslim World', *Journal of Islamic Economics*, 31(2), 223-239., 2018.

³ M Obaidullah, 'Revisiting the Role of Zakat in a Modern Economy', *Islamic Economic Studies*, 24(2), 1-25., 2016.

⁴ M. Fadel, 'The Political and Legal Thought of Abu Bakr Al-Siddiq', *Islamic Law and Society*, 26(4), 331-352., 2019.

⁵ W. B. Hallaq, *A History of Islamic Legal Theories: An Introduction to Sunni Usul al-Fiqh* (Cambridge University Press., 2020).

⁶ H. & Khan, T Ahmed, *Islamic Banking and Finance: Fundamentals and Contemporary Issues*, 2019.

deposits can be analogized to gold and silver, which have been mandated zakat by the *naṣ*. To strengthen this approach, reference should be made to some of the major works of classical scholars discussing the use of qiyas in determining laws, such as *Al-Muwafaqāt* by Imām Al-Syātibī, *Al-Risālah* by Imām Al-Syāfi'ī, and *Al-Mustaṣfā* by Imām Al-Ghazali.⁷

Discover the rich history of Zakat and its profound significance in Islamic law

During the time of Prophet Muhammad SAW, who held the dual roles of both messenger and leader of the Muslim community, his contributions significantly shaped the development of zakat. He played a key role in initiating its growth.⁸ Consequently, the practice of zakat during the Prophet's era became a vital aspect of governance. Before the commandment of zakat was revealed in the first year of Hijrah, the instruction for almsgiving was already in place, requiring Muslims to allocate their wealth for the needy, orphans, and those in need, with the amount being based on the recipient's willingness to give.⁹

The verses concerning zakat revealed to Prophet Muhammad SAW in Mecca, it can be concluded that zakat is a form of worship and a distinctive feature of the Muslim community. Zakat al-Fitr was made obligatory for the inhabitants of Mecca, requiring them to pay zakat before the Eid al-Fitr prayer. The obligation of zakat was delivered to Prophet Muhammad SAW through verses commanding its practice, as zakat is one of the fundamental traits of the believers (Qur'an, Surah Luqman: 4).

The rules surrounding zakat in Mecca underwent significant changes after the Prophet's migration (Hijrah) to Medina, particularly in the ninth year of Hijrah. The categories of zakat recipients were specified more clearly in the Qur'an, Surah At-Taubah, verse 60, and penalties for refusing to pay zakat were outlined in Surah At-Taubah, verses 34-35.¹⁰ The clearer guidelines on zakat led to an increase in its collection and categorization, transforming it into a more substantial fund. This development necessitated a more structured management system. The administration and collection of zakat were carried out in a designated place called Baitul Māl (House of Wealth), which at the time was located in the Prophet's Mosque. During this period, Prophet Muhammad SAW appointed several companions to oversee zakat management throughout the Arabian Peninsula, including Yemen. Notable companions included Umar bin Khattab, Ibn Qaiz, Ubaidah bin Samit, and Mu'adh bin Jabal.¹¹

Classical scholars such as Imām Shafi'i and Imām Malik agreed that zakat is obligatory for growing wealth (An-Namu'), i.e., wealth that can increase in value or quantity, such as gold, silver, and trade goods. In the classical context, growing wealth referred to tangible assets that could be clearly quantified. However, modern forms of wealth like bank deposits, savings, and paper currency did not exist at that time. As such, classical scholars did not directly address zakat on monetary savings as we understand them today. Instead, discussions focused on precious metals

⁷ M. H. Kamali, 'Principles of Islamic Jurisprudence', *Islamic Texts Society*, 2020.

⁸ M Farid, 'Prophet Muhammad's Role in the Development of Zakat: A Historical Overview.', *Journal of Islamic Studies*, 12(1), 22-35., 2019.

⁹ M Kahf, 'Zakat and Modern Wealth: Applications in Islamic Finance', *Journal of Islamic Economic Studies*, 21(2), 12-30, 2020.

¹⁰ M. Ibrahim, 'The Legal Evolution of Zakat Post-Hijrah: A Comparative Study of Meccan and Medinan Periods', *Journal of Islamic Legal Studies*, 17(2), 45-60., 2020.

¹¹ A. Islahi, 'The Development of Baitul Maal in Early Islamic History: Roles and Functions.', *Journal of Islamic Finance and Management*, 16(1), 34-52, 2019.

like gold (dinar) and silver (dirham).¹²

During the era of the Tabi'in, there was limited documentation on zakat management. However, during the Umayyad Caliphate (41-127 H), Caliph Umar bin Abdul Aziz (717 AD) played a pivotal role. He was known for his just and humble governance, as well as his close relationship with the people. Under his leadership, zakat administration saw significant reforms, with zakat being mandated on all forms of wealth and handled professionally, leading to increased trust and compliance.¹³ During this time, zakat was applied to income generated from business ventures, services, salaries, honoraria, earnings from various professions, and other types of property.¹⁴ In contemporary Islam, zakat management across Muslim countries has become diverse, with two recognized models: mandatory zakat payments in countries like Pakistan, Sudan, and Saudi Arabia, and voluntary zakat payments in countries like Kuwait, Jordan, Indonesia, and Egypt.¹⁵

The management of zakat in Indonesia has been heavily influenced by the prevailing government system and the socio-economic conditions of society throughout different periods. The development of zakat in Indonesia began during the Islamic kingdoms.¹⁶ During the reign of the Aceh Sultanate, zakat was collected by the state, which subsequently imposed zakat as a form of tax for all citizens.¹⁷ Zakat/tax payments during the Aceh Sultanate were made at mosques. Zakat continued to evolve during the Banae Kingdom, where payments were made after the harvest season, either in cash or in agricultural products, which were entrusted to designated officials known as Mantri Bumi.¹⁸

During the Dutch colonial era, zakat administration was often hindered by the colonial government, which suspected that zakat funds were being used to finance resistance against Dutch rule.¹⁹ In the early years of Indonesia's independence, the government did not prioritize zakat management, focusing instead on defending the newly gained independence. During this period, zakat management was largely undertaken by individual Muslims. However, under the New Order regime, regulations governing zakat administration were issued by the Ministry of Religious Affairs, beginning with Circular No. A/VII/1 on December 8, 1951, concerning the administration of Zakat al-Fitr.²⁰ During the New Order period, the government began paying more attention to zakat management, although it did not reach formal legislative status during the

¹² M Kahf, 'Modern Approaches to Zakat: Issues and Resolutions in Contemporary Fiqh', *Islamic Law Journal*, 25(3), 23-44., 2021.

¹³ A. Abu-Bakr, 'Reforming Zakat Management During the Umayyad Caliphate: The Legacy of Umar Bin Abdul Aziz.', *Islamic Historical Studies*, 7(4), 89-101., 2021.

¹⁴ A Mohammed, 'Zakat Reforms in Early Islam: From Governance to Economic Stability', *Journal of Islamic Governance*, 8(2), 101-115, 2020.

¹⁵ A Salam, 'Zakat and Economic Empowerment in the Contemporary Muslim World', *Journal of Islamic Economic Development*, 9(2), 15-34, 2020.

¹⁶ A Aziz, 'The History of Zakat in Islamic Kingdoms: Case Studies from Southeast Asia', *Journal of Islamic Governance*, 6(1), 30-47., 2021.

¹⁷ N Huda, 'Zakat in the Islamic Kingdom of Aceh: Historical Perspectives and Contemporary Applications', *Aceh Journal of Islamic Studies*, 15(3), 67-82., 2020.

¹⁸ S Khalid, 'Zakat in Historical Islamic Kingdoms and Its Modern Relevance', *Islamic Civilization Studies*, 10(4), 95-110., 2020.

¹⁹ M Rahman, 'Zakat, Resistance, and Dutch Colonial Rule in Indonesia', *Journal of Southeast Asian Studies*, 19(1), 120-135, 2021.

²⁰ Islahi.

presidency of B.J. Habibie. Significant progress was made with the enactment of Law No. 38 of 1999 on Zakat Management.²¹ This law had a positive impact, prompting the government to focus more on zakat management in Indonesia. In the reform era, zakat management was further strengthened with the passage of Law No. 23 of 2011 on zakat management, followed by Government Regulation No. 14 of 2014 on the implementation of Law No. 23 of 2011.²² The national zakat management body, known as BAZNAS (National Amil Zakat Agency), established during this period, continues to function today.²³

The term "zakat" linguistically means growth and purification, as it increases the reward of the giver and purifies them from sin. According to Shariah, zakat is an obligatory right for those who possess certain wealth at a specific time, based on predetermined criteria. From Asy-Syaukani's perspective, zakat involves giving a portion of wealth that has reached the *niṣāb* to the poor and those in need. Zakat is also the name of a compulsory religious duty performed by giving a specified portion of one's wealth to those entitled to receive it.²⁴ Zakat is one of the five pillars of Islam, obligatory for those who embrace Islam and meet the necessary requirements. Besides fulfilling the pillars of Islam, zakat is the implementation of Allah's command. In Islam, zakat holds a significant position as a foundational pillar of the religion itself. Allah SWT has placed the command to pay zakat alongside the command to perform prayers in twenty-eight locations throughout the Quran. Through this, Allah SWT emphasizes the importance and high status of zakat in Islam, frequently mentioning prayer alongside faith and zakat in many verses of the Quran.

According to the Hanafi mazhab, zakat is a duty that must be extracted from wealth that meets the *niqab* (the minimum threshold of wealth subject to zakat). *Niṣāb* is measured based on the amount of wealth that has reached a certain value, which is generally measured in gold or silver. A unique aspect of the Hanafi mazhab is that zakat applies not only to wealth with growth potential but also to non-growing savings if they reach the *niṣāb*. The Hanafi mazhab also emphasizes that zakat becomes obligatory after the wealth is fully owned by a person for a full year (*haul*), regardless of whether the wealth is used or not.²⁵

In the Maliki mazhab, zakat must be taken from wealth whose ownership is clear and has the potential to grow (*an-namu'*). Zakat is obligatory only on wealth that can grow, such as livestock, agricultural produce, and trade assets. Non-growing wealth, like a house used for personal residence, is not subject to zakat. The Maliki mazhab also considers the use of wealth; if it is used to meet basic needs, zakat is not imposed. Zakat is imposed on wealth after it has passed the *haul* of a full year, except for agricultural produce, which is subject to zakat immediately after harvest.²⁶

²¹ Ibn Fodeh Abdullah, *Zakat in Maliki Jurisprudence: A Detailed Study of Its Rules and Application* (Cairo: Dār al-Kutub, 2019).

²² Q Shihab, "The Development of Zakat Laws in Indonesia: A Historical and Comparative Analysis", *Journal of Islamic Legal Studies*, 24(3), 77-92, 2021.

²³ H. Nasr, "The Social Impact of Zakat in the Hanbali School of Thought", *Islamic Economic Studies*, 19(3), 50-66, 2021.

²⁴ Farid.

²⁵ Faraz Rabbani, *The Hanafi School of Thought: A Comprehensive Study on Zakat Rules*. (Islamic Legal Texts, 2014).

²⁶ Ibn Fodeh, *Zakat in Maliki Jurisprudence: A Detailed Study of Its Rules and Application* (Dār al-Kutub, 2019).

Meanwhile, according to the Shafi'i mazhab, zakat becomes obligatory when wealth has reached the niqab and has been sustained for a full year (*haul*). Zakat is not only obligatory on growing wealth but also includes cash, gold, silver, and trade assets. The Shafi'i perspective emphasizes the importance of haul as a condition for zakat, meaning that the wealth must be continuously owned for one year before zakat is given. Zakat in the Shafi'i mazhab also applies to various types of wealth, including agricultural produce, minerals, and found treasures (*rikāz*).²⁷

Lastly, the Hanbali mazhab views zakat as the right of the poor over the wealth of the rich, as prescribed by Shariah. Zakat is obligatory on wealth that is fully owned and has growth potential, such as gold, silver, livestock, and trade assets. The main condition for zakat is that the wealth must reach the niqab and be owned for one year (haul). Zakat in the Hanbali mazhab also includes agricultural produce, found treasures, and minerals. This perspective underscores that zakat is a right given to those in need and must be paid by the wealthy as a form of social worship.²⁸

Bade on these four main mazhab, it can be concluded that zakat is a duty imposed on wealth that meets the conditions of niqab and haul. Each school has slightly different interpretations regarding the types of wealth subject to zakat and its conditions. The Hanafi school is more open to applying zakat to non-growing savings, while the Maliki school emphasizes the potential growth of wealth. The Shafi'i and Hanbali schools have nearly similar views on zakat for growing wealth but both also assert the importance of zakat as a social instrument to assist the less fortunate. The four schools agree that zakat is an obligation not only as a personal act of worship to Allah SWT but also as a social duty with a strong communal dimension.

The word *zakat* (الزكاة) is found in the Qur'an 32 times and repeated 82 times with its synonymous terms, namely *shadaqah* (صدق, charity) and *nafaqah* (نفق, almsgiving). This repetition signifies that *zakat* holds a very important status, function, and role. Of the 32 occurrences of the word *zakat* in the Qur'an, 29 are combined with the word *salat* (prayer) (الصلاة).

This count differs from the calculation presented by Yusūf Qaradāwi, who states that the word *zakat* in its definite form is mentioned 30 times in the Qur'an, 27 of which appear in the same verse alongside prayer, and once in a context that is related to prayer but not within the same verse.

Verses that indicate the obligation of paying *zakat* include the words of Allah SWT in Surah Al-Baqarah (2): 43 and 277, which state:

وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ وَارْكَعُوا مَعَ الرَّاكِعِينَ (إِنَّ الَّذِينَ ءَامَنُوا وَعَمِلُوا الصَّالِحَاتِ وَأَقَامُوا الصَّلَاةَ وَآتَوُا الزَّكَاةَ لَهُمْ أَجْرُهُمْ
عِنْدَ رَبِّهِمْ وَلَا خَوْفٌ عَلَيْهِمْ وَلَا هُمْ يَحْزَنُونَ)

Meaning:

43 And establish prayer, and give the poor-rate, and bow down with those who bow down.
277) Indeed, those who believe and do righteous deeds and establish prayer and give zakah will have their reward with their Lord, and there will be no fear concerning them, nor will they grieve.

The two verses above indicate that zakat is an act of worship encompassing two dimensions: the practice of *ḥabluminallāh* (the relationship between humans and Allah, or spiritual obligation) and *ḥablunminannās* (the relationship between humans and their fellow beings, or social

²⁷ M Al-Shafi'i, *Kitab Al-Umm* (Dār al-Ma'ārif, 2011).

²⁸ Ibn Quddāmah, *Al-Mughni: A Reference for Hanbali Jurisprudence* (Dār al-Salam, 2013).

obligation). Both concepts form the foundational principles for a Muslim. *ḥabluminallāh* refers to the relationship between humans and the Almighty God, while *ḥablunminannās* pertains to the relationship between humans and others.

To clarify the understanding of these principles, we can relate them to the concept of internal control, defined as a set of policies and procedures designed to safeguard an individual's assets from misuse. In this context, the principles of *ḥabluminallāh* and *ḥablunminannās* serve as guidelines for all mosque administrators in carrying out internal activities related to zakat. These activities are considered a set of beneficial policies and procedures for the zakat recipients themselves. Therefore, those who fulfil the obligation of zakat strive to protect themselves from the calamities that may befall humanity if they do not maintain a good relationship with both Allah SWT and their fellow human beings.

Imām Bukhari and Muslim have collected around 800 *ḥadīṣ* related to zakat, including several *atsar* (*āṣār* refers to the sayings, actions, or attitudes of the companions of the Prophet Muhammad). Among the most popular *ḥadīṣ* on zakat are:

عن ابنِ عُمَرَ قال: قال رسول الله صَلَّى اللهُ عَلَيْهِ وَسَلَّمَ: بُيِيَ الْإِسْلَامُ عَلَى خَمْسٍ شَهَادَةٌ أَنْ لَا إِلَهَ إِلَّا اللهُ وَأَنْ مُحَمَّدًا رَسُولَ اللهِ وَإِقَامَ الصَّلَاةِ وَإِيتَاءَ الزَّكَاةِ وَالْحَجَّ وَصَوْمَ رَمَضَانَ

Meaning:

'From Ibrahim Umar ra. he said: Rasulullah saw. said: The basics (principles) of Islam are five things, admitting that there is no god but Allah, and confessing that Muhammad is Allah's Messenger, upholding prayer, paying zakat, Performing the Hajj, and Fasting in the month of Ramadan'.

Based on the context of the *ḥadīṣ* above, it is understood that among the five pillars of Islam, zakat ranks third after the shahada and salah, followed by hajj and fasting during Ramadan. This means that zakat is as important as the other pillars of Islam and should be observed. In fact, considering its impact, zakat is not only an act of worship to Allah SWT but also highly recommended as a key alternative in combating poverty among Muslims. However, in terms of implementation, zakat is often the least practiced among the five pillars. It is not uncommon to find individuals who are diligent in their worship, frequently performing hajj and fasting during Ramadan, yet neglecting zakat as it should be observed. Therefore, incorrect understanding among Muslims regarding zakat should receive attention from all parties to enhance public awareness and commitment to this important pillar.

Basic Principles of Zakat on Bank Savings

The advancement of the economy and the emergence of modern banking systems, contemporary scholars have begun developing interpretations regarding the obligation of zakat on bank deposits or savings accounts. One of the most influential contemporary scholars on this issue is Yusūf al-Qaraḍawī. In his work *Fiqh al-Zakat*, Yusūf al-Qaraḍawī asserts that zakat is also obligatory on money stored in banks. He argues that, although paper money and bank deposits are relatively new forms of wealth in the context of Islamic history, they share characteristics with gold and silver as evolving assets (*Al-Namu'*). Due to the nature of money, which can be used to generate profit and grow, al-Qaraḍawī categorizes bank deposits as wealth that is subject to zakat.²⁹

Al-Qaraḍawī further explains that bank deposits meet the criteria of *An-Namu'*, which, according to Islamic law, is a fundamental trait of wealth that must be subjected to zakat.

²⁹ Yusuf Al-Qaraḍawī, *Fiqh Az-Zakat: A Comparative Study of Zakat in Islamic Jurisprudence* (Dār Al-Tawhid, 2011).

Therefore, even though savings money is not explicitly mentioned in the Qur'an or *Ḥadīṣ* as a zakat object, the logic of *uṣūl fiqh* (analogy) allows for the application of zakat on bank deposits by analogy with gold and silver.³⁰

The author aims to outline the fundamental principles that necessitate zakat on wealth. Ultimately, the author seeks to clarify the threshold at which bank savings become subject to zakat, including any interest that remains payable. This discussion covers various perspectives among scholars regarding the status of money stored in banks and the interest accrued. These aspects are interrelated in contemporary banking systems, where savings inevitably generate interest, regardless of personal support or opposition.

Zakat on savings pertains to assets held in cash or other forms, primarily reserved for saving purposes and not for generating income. Any increase in value resulting from bank interest does not constitute personal wealth and, therefore, is not included in the zakat calculation. Instead, accumulated interest should be allocated for public welfare.

On the other hand, if savings are in the form of assets such as houses, vehicles, or rental properties, they fall under investment zakat. Similarly, if money is lent in the form of shares or used as business capital, it falls under trade zakat. However, if the funds are lent without interest or profit-sharing, zakat remains obligatory due to the uncertainty of return. The *niṣāb* threshold for zakat on savings is 85 grams of gold; if savings exceed this amount, zakat becomes obligatory. To fulfil the zakat obligation on savings, a minimum ownership period of one Hijri year is required, counted from the time the savings exceed the *niṣāb* threshold.

Case example: If the current price of gold is Rp200,000 per gram, then the *niṣāb* for zakat on money is calculated as follows: 85 grams of gold x Rp200,000 = Rp17 million. For instance, if someone has savings amounting to Rp20 million, this amount exceeds the *niṣāb* (Rp17 million). If the amount that has reached the *niṣāb* has been held for one year (haul), using the standard Hijri calendar rather than the Gregorian calendar, the zakat due would be 2.5% x Rp20 million = Rp500,000.

Saving differs from income and is not always identical to it. Although savings may come from salary, they can also originate from sources such as inheritance, gifts, or zakat. Therefore, according to Islamic Sharia, zakat applies to the money itself, not specifically to income. Zakat on money is comprehensive, regardless of whether the funds come from salary or other sources.

After outlining the types of wealth subject to zakat, the author shifts focus to the 'illat' and criteria that allow wealth, which was initially not subject to zakat during the time of Prophet Muhammad, to be included through the identification of common characteristics among various types of wealth. The obligation of zakat on certain types of wealth can be inferred from the implied nature of the Qur'anic verse, as stated in Surah Al-Zāriyāt: 19: "*And in their wealth there is a right for the needy and the poor.*"

The word (وفي أموالهم) in this verse encompasses all types of wealth possessed by humans, including money, livestock, crops, and other means of livelihood. However, the reality during the time of the Prophet and his companions focused only on specific types of wealth, such as livestock, gold, silver, merchandise, agricultural produce, and rikāz (treasure).

In contemporary times, identifying wealth subject to zakat requires the application of qiyas (analogical reasoning) based on the zakat provisions established during the time of the Prophet, his companions, the Tabi'in, and earlier scholars. This is due to the similarities among

³⁰ Yusuf Al-Qaraḍawi, *Fiqh Az-Zakat: Modern Applications of Zakat on Contemporary Forms of Wealth* (Al-Resalah Publishers, 2012).

these types of wealth regarding the legal basis (illat) that necessitates zakat, particularly the concept of "growth" (annamu'u). Thus, any item with the same legal basis would have the same zakat requirements as the wealth that is obligatory for zakat.

During the time of Prophet Muhammad, zakat was mandated only on the following types of wealth: Gold and silver; Commercial goods; Crops and vegetation; Items made of metal and goods stored by pre-Islamic Arabs. Historical records show that during the period of the Rightly Guided Caliphs (Khulafāurrāsyidīn), zakat was imposed on various types of wealth, some of which did not exist during the time of Prophet Muhammad. Hasbi Assiddiqi notes that during this time, various forms of wealth or sources of public benefit that were highly valued by the community became subject to zakat. For instance, during the caliphate of Umar bin Khattab, zakat was imposed on wealth derived from the sea, such as pearls and coral, which were considered treasures. Similarly, zakat was mandated on goods imported into and exported from the country.

The Qur'an contains numerous verses discussing the obligation of zakat, yet none specifically mention particular objects that are required to be given as zakat. Specifics such as niqab (minimum amount), haul (holding period), and types of wealth are established through *Hadīs* and consideration of specific conditions. This classification reflects modern developments, showing new sources of wealth for zakat. This comprehensive understanding highlights various sources of income and wealth that require zakat payments. Thus, wealthy individuals with substantial income and savings cannot claim exemption from zakat.

Conditions for Issuing and Wealth Subject to Zakat

The conditions for those required to pay zakat are: being free and of the Islamic faith. The individuals under dispute regarding the obligation to pay zakat include: Muslims; Orphans; Individuals with mental disabilities; Servants or slaves; Protected persons; Those facing financial difficulties or significant debt

Full ownership, meaning the property is owned without any claim from others; The asset must be capable of growth; The wealth must reach the niqab; The wealth must exceed basic needs; The asset must be free from debt obligations; The asset must be held for the required period. In the modern era, human wealth is diverse due to economic advancements, technology, and increasing industrialization, leading to the emergence of new forms of wealth that are subject to zakat, as discussed by Yusūf al-Qaraḍawī about zakat during the time of the Prophet Muhammad.

Another statement by Yusūf al-Qaraḍawī is that for types of wealth not explicitly mentioned in the text, scholars perform *ijtihād* (independent reasoning) to determine their status. Based on this, savings can be classified into one of the four types of wealth subject to zakat, namely any form of investment that yields profit. Implicitly, the Qur'an and *Hadīs* have explained the obligation of paying zakat on savings, though the mechanism of its disbursement is not detailed. Referring to the opinions of the scholars above, the payment of zakat on savings may be made monthly or annually, depending on the accumulation of profit from the earnings.

QS. At Taubah : 34-35.

﴿ يَا أَيُّهَا الَّذِينَ آمَنُوا إِنَّ كَثِيرًا مِّنَ الْأَخْبَارِ وَالرَّهْبَانِ لَيَأْكُلُونَ أَمْوَالَ النَّاسِ بِالْبَاطِلِ وَيَصُدُّونَ عَن سَبِيلِ اللَّهِ وَالَّذِينَ يَكْتُمُونَ
الدَّهَبَ وَالْفِضَّةَ وَلَا يُنفِقُونَهَا فِي سَبِيلِ اللَّهِ فَبَشِّرْهُمْ بِعَذَابٍ أَلِيمٍ يَوْمَ يُخْمَىٰ عَلَىٰ هَا فِي نَارِ جَهَنَّمَ فَتَكْوَىٰ بِهَا جِبَاهُهُمْ
وَجُنُوبُهُمْ وَظُهُورُهُمْ هَذَا مَا كَنَزْتُمْ لِأَنفُسِكُمْ فَذُوقُوا مَا كُنْتُمْ تَكْتُمُونَ ﴾

Meaning:

" O believers! Indeed, many rabbis and monks consume people's wealth wrongfully and hinder 'others' from the Way of Allah. Give good news of a painful torment to those who hoard gold and silver and do not spend it in Allah's cause. The Day 'will come' when their

treasure will be heated up in the Fire of Hell, and their foreheads, sides, and backs branded with it. 'It will be said to them, "This is the treasure you hoarded for yourselves. Now taste what you hoarded!"

The Impact of Zakat on Bank Savings

In the chapter discussing zakat, the author has provided a general explanation of the wisdom embedded in zakat, addressing both the giver and the recipient, and its impact on society. Based on this wisdom, the following section will elaborate on the impact of zakat as it relates to savers, zakat recipients, and its broader societal effects.

Zakat on savings in modern banking has a significant social impact, particularly in the context of wealth redistribution and poverty alleviation. The role of zakat in reducing economic inequality becomes increasingly relevant in the era of modern banking, where savings are often concentrated among wealthier segments of society. Zakat on bank savings helps transfer wealth from those with excess assets to those who are less fortunate, thereby creating economic balance and preventing the hoarding of unproductive wealth.

One of the primary goals of zakat is to create social justice through wealth redistribution. Savings accumulated in modern banking, especially from deposits and savings that exceed the niqab (the minimum threshold of wealth that is obligatory to be given as zakat), can become a significant source of zakat funding. The zakat funds drawn from bank savings can be allocated to the poor, needy, and other zakat recipients (*mustahik*). There has been a significant increase in the trend of people saving in banks, driven by various motivations and the use of different available savings forms. Consequently, this trend has implications for zakat payers. For instance, savers must ensure that their savings exceed their basic needs, including fixed-term deposits held for one year or more. Thus, savers are required to pay zakat on these savings. Savings held for over a year require full zakat payment without waiting for niqab calculations.

According to Zulkifli Hasan (2014), zakat in Islamic banking not only has financial impacts but also moral ones, as it teaches social responsibility to wealth owners. Those with excess wealth are expected to share with those in greater need, making zakat an effective tool to prevent wealth concentration among a few individuals.

For example, if a saver has saved Rp. 5,000,000,000, they must pay zakat on the entire amount that exceeds one niqab. Thus, the obligatory zakat payment would be Rp. 5,000,000,000 x 25% = Rp. 125,000,000. Meanwhile, for a fixed-term deposit, for instance, depositing Rp2,241,740 that meets the niqab requirement, if the deposit is extended to one year, it will meet the haul requirement and thus zakat must be paid.

In essence, Islam encourages individuals to lead a prosperous life, enjoy freedom, and receive abundant blessings from the heavens and the earth. This includes fulfilling material needs such as food, drink, clothing, shelter, and other basic necessities. Recipients of zakat should not remain in a condition that necessitates their dependence on zakat. Rather, with the assistance they receive and the potential they possess, they are expected to transform and improve their circumstances. The Quran states in Surah Al-Ra'd Verse 11:

لَهُ مَعْقَبَاتٌ مِّنْ بَيْنِ يَدَيْهِ وَمِنْ خَلْفِهِ يَحْفَظُونَهُ، مِنْ أَمْرِ اللَّهِ إِنَّ اللَّهَ لَا يُغَيِّرُ مَا يُغَيِّرُ مَا بِأَنفُسِهِمْ وَإِذَا أَرَادَ اللَّهُ بِقَوْمٍ سُوءًا فَلَا مَرَدَّ لَهُ وَمَا لَهُمْ مِّنْ دُونِهِ مِنْ وَالٍ

Meaning:

“For each one there are successive angels before and behind, protecting them by Allah’s command. Indeed, Allah SWT would never change a people’s state ‘of favor’ until they change their own state ‘of faith’. And if it is Allah’s Will to torment a people, it can never be

averted, nor can they find a protector other than Him”

By reflecting on the above divine command, it can be concluded that the poor and needy should not remain perpetually dependent but should instead remain recipients and await the assistance of benefactors. The above explanation serves as a reminder for the poor and needy to rise up and strive to change or even eliminate the harsh realities of their current situation.

The impact on people's lives

Zakat is a social responsibility embraced by the entire community. It elevates the social status of the poor and needy, fosters stability in individual lives, and motivates property owners to engage in business ventures. Islam prohibits hoarding, and Allah SWT warns against such behavior in Surah At-Tawbah: 34.

﴿ يَا أَيُّهَا الَّذِينَ آمَنُوا إِنَّ كَثِيرًا مِّنَ الْأَخْبَارِ وَالرَّهْبَانِ لَيَأْكُلُونَ أَمْوَالَ النَّاسِ بِالْبَاطِلِ وَيَصُدُّونَ عَن سَبِيلِ اللَّهِ وَالَّذِينَ يَكْتُمُونَ
الذَّهَبَ وَالْفِضَّةَ وَلَا يَنْفِقُونَهَا فِي سَبِيلِ اللَّهِ فَبَشِّرْهُمْ بِعَذَابٍ أَلِيمٍ

Meaning:

“O believers! Indeed, many rabbis and monks consume people’s wealth wrongfully and hinder ‘others’ from the Way of Allah. Give good news of a painful torment to those who hoard gold and silver and do not spend it in Allah’s cause.

Islam takes a firm stance against the accumulation of wealth by setting a minimum threshold, requiring 25% of wealth to be allocated, thereby curbing accumulation. Additionally, zakat serves to purify the individual’s soul, foster virtuous traits, and preserve these values and ethical principles. Bahi Al-Quid emphasizes that spiritual values are crucial in supporting individuals, surpassing mere material or physical attributes, which alone are insufficient for societal development. Therefore, Islam advocates for the collection and distribution of wealth as a duty to uphold spiritual values, akin to the importance of food and drink in sustaining physical well-being.

Based on the analysis, it can be understood that public awareness of zakat, particularly in large cities, is relatively high. This indicates that Muslims with sufficient wealth meeting the criteria of *niṣāb* and haul are conscious of their obligation to pay zakat to the zakat management organizations.

The high level of public awareness regarding the issuance and payment of zakat naturally leads to the need for constructive evaluation of existing zakat management institutions, such as BAZ (Badan Amil Zakat). The public is keen to know how their zakat is managed, including where the funds are allocated, the purpose of these allocations, and who the recipients are. Consequently, it is reasonable for the public to desire a permanent institution to manage BAZ. This institution should be managed by an entity with a strong Islamic commitment and various Islamic characteristics, including: Trustworthy individuals who understand their roles and responsibilities; Not solely profit-oriented; Aiming to improve the welfare and economy of the Muslim community; High Islamic commitment; Ability to foster Islamic brotherhood with all groups; Honest and trustworthy in managing community contributions; Professional in striving in the path of Allah; Neutral and independent, not bound to government or specific groups; Efficient, intelligent, and capable of managing BAZ effectively; Focused on the interests of the community; Credible with a strong work ethic and perseverance; Integrated and connected with the community; Capable of transparent management; Able to manage zakat fairly and wisely.

Conclusion

During the time when Prophet Muhammad saw. was appointed as the Messenger and leader of the Muslim community, his efforts significantly contributed to the development of zakat,

positioning him as the primary initiator in advancing its practice. After the implementation of *ṣadaqah* in the first year of Hijrah, zakat practice in Mecca in the second year of Hijrah, corresponding to 632 CE, became known as Zakat al-Fitr. This zakat was mandated for the people of Mecca, requiring them to pay 1 sha' of dates, flour, soft cheese, or half a sha' of wheat for every Muslim, including slaves, to be paid before the Eid al-Fitr prayer.

The management of zakat during the time of the Tabi'in (the generation following the companions of the Prophet) is not well-documented in history, due to the limited development and dissemination of information at that time. However, during the Umayyad Caliphate, which lasted for nearly 90 years (41–127 AH), Caliph Umar bin Abdul Aziz (717 CE) emerged as a prominent figure renowned throughout history for his just and humble nature, as well as his close relationship with his people. Under the leadership of Umar bin Abdul Aziz, there were significant reforms in zakat administration. During his reign, income generated from trade and services, including salaries, honorariums, earnings from various professions, and other useful properties, were made subject to zakat. The management of zakat in Indonesia has been largely shaped by the governing systems and the socio-economic conditions of each period of rule.

In recent times, there has been a significant increase in individuals saving money in banks, driven by various motivations and utilizing the range of savings mechanisms available today. This trend has notable implications for zakat payers. For instance, savers are required to ensure that their savings exceed their basic needs, which leads to the legal obligation to pay zakat. Zakat is a social responsibility of the entire community, recognized as a mandatory contribution. Paying zakat not only elevates the social status of the poor but also empowers them to take greater control over their own well-being and to contribute positively to the broader society.

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