

## Evaluation of the Performance of the National Zakat Agency (BAZNAS) Using Financial Ratios for Optimization

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**ABSTRACT:** *BAZNAS as the coordinator of zakat management institutions spread across Indonesia, has conducted a financial ratio study to measure the performance of a non-profit organization, especially for zakat management organizations (OPZ). The advantage of using this method is that the OPZ performance is known precisely, quickly and can be assessed in all aspects, so that a decision can be made immediately about which aspects will be improved first. Therefore, this research aims to analyze the performance of BAZNAS using special financial ratios for zakat management institutions. This research uses a descriptive method with a quantitative approach, namely by describing the financial performance of BAZNAS over the last five years by first determining the financial ratios for non-profit institutions and then comparing them between years. This type of research data is secondary data, namely the audited financial reports of BAZNAS for 2018-2022. The results of this research state that BAZNAS' financial performance is declared optimal based on the activity ratio and amil fund ratio, while the other 3 ratios (efficiency ratio, liquidity ratio and growth ratio) state that BAZNAS' performance is not good.*

**ABSTRAK:** BAZNAS sebagai koordinator lembaga pengelola zakat yang tersebar di seluruh Indonesia telah melakukan studi rasio keuangan untuk mengukur kinerja organisasi nirlaba, khususnya organisasi pengelola zakat (OPZ). Keunggulan dari metode ini adalah kinerja OPZ dapat diketahui secara tepat, cepat, dan dapat dinilai dari seluruh aspek, sehingga keputusan dapat segera diambil mengenai aspek mana yang perlu ditingkatkan terlebih dahulu. Oleh karena itu, penelitian ini bertujuan untuk menganalisis kinerja BAZNAS dengan menggunakan rasio keuangan khusus untuk lembaga pengelola zakat. Penelitian ini menggunakan metode deskriptif dengan pendekatan kuantitatif, yaitu dengan mendeskripsikan kinerja keuangan BAZNAS selama lima tahun terakhir dengan terlebih dahulu menentukan rasio keuangan untuk lembaga nirlaba, kemudian membandingkannya antar tahun. Jenis data dalam penelitian ini adalah data sekunder, yaitu laporan keuangan BAZNAS yang telah diaudit untuk tahun 2018–2022. Hasil penelitian ini menunjukkan bahwa kinerja keuangan BAZNAS dinyatakan optimal berdasarkan rasio aktivitas dan rasio dana amil, sementara tiga rasio lainnya (rasio efisiensi, rasio likuiditas, dan rasio pertumbuhan) menunjukkan bahwa kinerja BAZNAS belum baik..

**Keywords:** *Financial performance, financial ratios, Optimization, Performance.*



## I. INTRODUCTION

The National Zakat Agency (BAZNAS) has made various efforts to improve its performance in order to provide high-quality services. This improvement was achieved through better zakat governance and improving the qualifications of amil throughout BAZNAS spread across Indonesia (BAZNAS RI, 2023d). With effective zakat management, public trust and interest in paying zakat through BAZNAS continues to increase (Bahri, Putri and Romansyah, 2022). This is evidenced by the achievement of three awards from Marketing Magazine, namely The Best in Marketing Driving Company, The Best Innovation in Marketing, and The Best in Marketing Campaign for the fundraising category.

The adoption of information technology has also significantly contributed to improving the performance of BAZNAS. Bahri (2022) revealed that the use of financial technology (fintech) influences people's interest in paying zakat, because it makes it easier for muzaki to pay zakat and get information about zakat. BAZNAS through the ZakaTech innovation provides services that support fundraising and socialization, creates efficient zakat governance and improves organizational performance. Research by Utami et al. (2020) indicates shows that digitalization of zakat payments can increase potential revenue by up to 55.9% (Utami et al., 2020). In addition to BAZNAS, other zakat institutions, such as Dompot Dhuafa, have also experienced an increase in zakat collection through the implementation of online zakat payments (Hidayat & Mukhlisin, 2020).

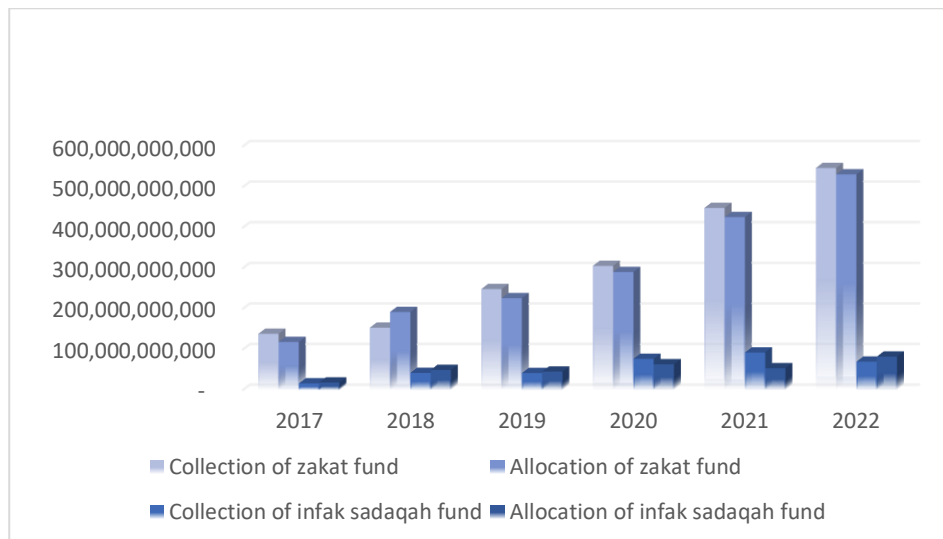


Figure 1. Collection and Allocation of ZIS 2017-2022

Based on BAZNAS' financial report from 2017 to 2022, it can be seen that the highest increase in ZIS collection occurred in 2019 by 62%, and in 2021 by 47%. This increase was largely due to the use of technology in fundraising during the COVID-19 pandemic. In the last five years, zakat funds have been distributed an average of 100%, while infaq and sedekah funds have been distributed up to 97%, indicating that BAZNAS' collection and distribution performance is very good.

BAZNAS has also succeeded in demonstrating accountability and transparency, as evidenced by obtaining an Unqualified Opinion (WTP) on the 2022 financial report (BAZNAS RI, 2023a). Bahri's research (2022) stated that accountability and transparency

factors greatly influence the trust of muzaki, who see the credibility of BAZNAS as an important factor in deciding to pay zakat through this institution (Napitupulu et al., 2021).

The success of BAZNAS is also related to efforts to improve the competence of amil, both in terms of professional skills and soft skills that support zakat management. The ability to analyze data and utilize technology, such as ZakaTech, is the main strategy for developing BAZNAS in the big data era (Syahbudi et al., 2023). BAZNAS has held amil certification which is available in 14 schemes (Daftar Skema Sertifikasi BAZNAS, n.d.). To date, there are 1,655 certificate holders from LSP BAZNAS (Daftar Pemegang Sertifikasi LSP BAZNAS, n.d.). In addition, competency improvement is also carried out in internal and external audits in accordance with ISO standards (BAZNAS RI, 2023c).

As an institution established by the government, BAZNAS has two main functions, namely as an operational institution and as a coordinator of zakat management in Indonesia. As an operational institution, BAZNAS is tasked with collecting and distributing zakat, infak, and sedekah (ZIS) funds at the national level, contributing to poverty alleviation. As a coordinator, BAZNAS coordinates all zakat management organizations in Indonesia, supported by the National Zakat Index (IZN) which is updated every three years to measure the performance of Zakat Management Organizations (BAZNAS RI, 2023b).

Various studies show the need for appropriate analysis methods to measure the performance of zakat management organizations. Data Envelopment Analysis (DEA) was used to analyze the efficiency of ZIS fund management by BAZNAS in Surakarta, showing that 57% of the institutions studied operated efficiently (Alam, 2018). Another study compared the efficiency of six LAZs in Indonesia using DEA and production methods, which showed an average annual efficiency of 88.6% during 2012-2016. (Fathurrahman & Hajar, 2019). The effectiveness of productive zakat on MSMEs in Klaten also shows an increase in the income of mustahik after receiving productive zakat (Usman & Sholikin, 2021). In Sumenep Regency, analysis based on the village zakat index shows that three priority villages require empowerment by zakat institutions (Yasin, 2022).

As a coordinating body, BAZNAS is expected to assist the government in overcoming poverty. However, BAZNAS stated that the pattern of coordination between zakat management organizations is still not optimal, due to weak management and quality of amil in several regions (BAZNAS, 2022). BAZNAS also developed the BAZNAS Information Management System (SIMBA) to improve coordination performance, although this system has not been used optimally by BAZNAS Regions and LAZ.

The performance of zakat management organizations in Indonesia still needs to be improved. Performance analysis methods, such as financial ratios, can be used to assess organizational performance. BAZNAS has developed a special financial ratio study to measure and improve the sustainability of zakat institutions according to their operational characteristics, in order to support accurate and fast decision making. Therefore, this study aims to analyze the performance of BAZNAS using special financial ratios for zakat management institutions.

## II. LITERATURE REVIEW

### ***Organizational Performance***

Organizational performance is the result of processes carried out by individuals in the organization based on predetermined plans to achieve certain goals. Organizational goals are achieved by utilizing existing resources to ensure the long-term sustainability of the organization to produce maximum organizational work results. In other words, organizational performance is achieved if tasks or work are carried out effectively and efficiently and remain relevant to organizational goals (Suryani & EHJ, 2018). So a performance assessment is needed, which has important value for the company, apart from being used as a benchmark for success in a certain period, it can also be used as input for improving or increasing performance in the future.

Organizational performance is influenced by several factors, namely the implementation of Human Capital management, line manager motivation, organizational justice and organizational effectiveness. The implementation of Human Capital management includes a series of interrelated activities from planning, management, to supervision of owned human resources. Employee competency is an invisible asset that must be improved. Therefore, it is necessary to carry out strategic Human Capital management so that it can increase employee competency. Competent employees will make optimal contributions to all lines of the organization (operations to managers) towards organizational success (Suryani & EHJ, 2018, pp. 12–13).

Organizational performance can be measured using several methods and can be done by combining or combining methods and measuring tools. Organizational performance is multi-dimensional, meaning that there are many dimensions whose performance can be measured. Broadly speaking, these dimensions are divided into two large groups, namely financial and non-financial performance.

### ***Financial Ratios of Zakat Management Organizations***

Financial ratios are used by many companies because they are easy to apply and easy to predict and identify the company's condition. Some of the advantages of financial ratios are:

- 1) To measure the performance of managers and departments of a company
- 2) Predict conditions sometime in the future using currently available information
- 3) As a means of information for creditors and investors
- 4) To evaluate the level of financial performance and compare with competing companies

Financial ratios that are often used in profit-based companies are grouped into several parts. In 1968, financial ratios were grouped into two, namely liquidity ratios and profitability ratios. In 1978, the groupings expanded to solvency ratios, profitability ratios, and managerial performance. Currently, the ratios used by companies as a way to assess company performance are activity ratios, liquidity ratios, solvency ratios and profitability ratios (BAZNAS, 2019, p. 7).

In contrast to non-profit institutions, the commonly used financial ratios must be adjusted to assess the performance of the institution, which has its own characteristics according to the operational activities carried out. The Zakat Management Organization (OPZ) is a form of non-profit institution whose operational activities are the collection and distribution of zakat, infaq and Shadaqa (ZIS) funds. Even though the main goal is not to achieve profits alone, but rather has a social mission, financial management is important to increase

institutional accountability Human Capitalough performance evaluation using financial ratios.

Based on the results of the BAZNAS study, financial ratios that can be used by zakat management organizations are categorized as (BAZNAS, 2019, p.48):

**1) Activity Ratio**

The activity ratio is a ratio that measures the effectiveness of the distribution of zakat, infaq and Shadaqa funds based on the collection that has been obtained in the year concerned. With this ratio, muzaki can find out how much funds have been distributed to the 8 asnaf. This ratio is a comparison between funds distributed and funds collected in that year. Activity Ratio can be determined in several ways:

**a) Allocation to Collection Ratio (ACR)**

This ratio is used to measure how much zakat funds have been distributed in that year. This ratio can help to improve the reputation of OPZ by showing muzaki that the funds received by OPZ have been distributed to mustahik. This is a comparison between funds distributed and funds collected. Funds distributed or collected can be determined based on considerations: distribution or collection that includes the previous period because it is still owed, without including distribution that is owed, without including distribution for amil, only calculating distribution and collection of zakat funds or infaq and sedekah only. So, the 8 formulas used to determine this ratio can be adjusted with the following formula:

$$R = \frac{\text{Fund X is distributed}}{\text{total fundraising x}}$$

Interpretation of the ACR ratio value is as follows:

$R < 45\%$  : *tidak efektif*

$45\% \leq R < 60\%$  : *kurang efektif*

$60\% \leq R < 75\%$  : *cukup efektif*

$75\% \leq R < 90\%$  : *efektif*

$R > 90\%$  : *sangat efektif*

**b) ZIS Turn Over Ratio**

This ratio describes the turnover of ZIS funds distributed during a certain period, so by determining this ratio it can be seen how active OPZ is in ZIS collection and distribution activities.

The higher this ratio ( $R > 1$ ), the higher OPZ's activity in collecting and distributing. This ratio can be adjusted by separating zakat funds and infaq shadaqah funds. So, the names of the ratios are zakah turn over ratio and infaq shodaqoh turn over ratio.

**c) Average of Days ZIS Outstanding**

The ZIS fund turnover can be adjusted if you want to know more specifically about zakat funds only or infaq and shodaqoh funds only. This ratio describes how long the collected ZIS funds are stored by the Zakat collection institution. It is expected that this ratio will be less than 12 months. This means that the smaller this ratio, the better the performance of the Zakat institution in distributing ZIS funds.

**d) Zakat Managed Assets Ratio**

Zakat managed assets are the target of funds or infrastructure held from zakat assets and managed by amil zakat. Amil zakat is the representative of mustahik zakat, so the benefits

of zakat managed assets are intended for mustahik zakat. This ratio shows how much zakat is distributed to managed assets. But not all Zakat institutions distribute it to managed assets. The smaller this ratio, the more optimal the Zakat institution is in allocating managed assets (ratio no more than 10%).

## 2) *Efficiency Ratio*

The efficiency ratio is a ratio that measures the efficiency of operational costs incurred by zakat institutions in collecting and/or allocation funds. The efficiency ratio is obtained from the collection cost ratio, operational cost ratio and Human Capital cost ratio.

### a) *Collection Expenses Ratio*

The collection cost ratio functions to find out how much funds are needed to carry out zakat collection activities. It will be more efficient if the funds needed are smaller and the maximum amount of zakat can be collected.

$$R = \frac{\text{Total Collection Cost}}{\text{Total Collection}}$$

$R < 2\%$  : *Efficient*

$2\% \leq R \leq 5$  : *Quite Efficient*

$R > 5\%$  : *Not efficient*

### b) *Operating expenses Ratio*

The operational cost ratio functions to determine efficiency in managing the proportion of expenses when carrying out operational activities.

$$R = \frac{\text{Total Operating Costs}}{\text{Total Collection}}$$

$R < 12,5\%$  : *Efficient*

$12,5\% \leq R \leq 17,5\%$  : *Quite Efficient*

$R > 17,5\%$  : *Not efficient*

### c) *Human Capital Expenses Ratio*

This ratio is used to measure human capital performance in collecting ZIS funds using costs based on the competencies possessed by Human Capital. The more efficient human capital performance, the smaller the value of this ratio.

$$R = \frac{\text{total HR costs}}{\text{total collection}}$$

Interpretation of the value of this ratio:

$R \leq 10\%$  : *Efficient*

$R > 10\%$  : *Not efficient*

## 3) *Amil Fund Ratio*

The amil fund ratio is a ratio that measures the efficiency and effectiveness of the use of amil funds in the operational activities of collecting and distributing ZIS funds of a zakat management institution. Amil has the right to a maximum zakat fund of 1/8 or 12.5%. The Zakat Management Institution uses this right to cover the shortfall in the institution's operational costs which come from the government and/or funds outside of Zakat. Funds outside Zakat are infaq and alms funds with a maximum of 20% and CSR with a maximum of 15%. This ratio can be calculated from a comparison of the amil share of total funding sources or separate funding sources with ZIS management both in total and separately.

#### 4) *Liquidity Ratio*

Generally applicable Liquidity Ratios cannot be fully used in OPZs, they need to be adjusted to OPZ activities. The current liability account in the BAZNAS financial statements only consists of distribution deposit accounts and tax payables, while there are no long-term liability accounts in certain years. So, this ratio is used to measure the ability of Zakat institutions to distribute and/or pay off short-term obligations. This means that with this ratio, the amount of funds deposited in Zakat Institutions that have not been distributed in the previous period can be analyzed.

This ratio can be calculated with Current Ratio, Quick Ratio, and Cash to Zakah Ratio. If the ratio shows that the liquid assets of OPZ can meet all of their short-term obligations including the obligation to distribute ZIS funds in a period, then it is considered good with a ratio value of  $1 \leq R \leq 1.5$ . But if the ratio value is less than 1, it means that the current assets are unable to meet their short-term obligations, while if the ratio value exceeds 1.5, it indicates that there are funds in the form of distribution receivables.

#### 5) *Growth Ratio*

Growth ratio to measure the level of fund growth from previous years. Specifically, it can be used to measure the development of the collection and distribution of zakat, infaq and shadaqa funds from previous years. The growth ratio is divided into two:

##### IV. *ZIS Collection Growth Ratio*

This ratio is to measure OPZ's ability to increase the ZIS funds collected from the previous year. The greater this ratio, the better OPZ's ability to increase ZIS funds, so that it has an impact on OPZ distribution and expansion. The collection growth ratio can be calculated by Growth in Zakat Collection, Growth in Infaq Shadaqa Collection, and ZIS Collection Growth. The interpretation of this ratio value is very good if the ratio value is more than 130%, good if the ratio value is between 120% to 130%, quite good if the ratio value is between 100% to 120%, not good if the ratio value is less than 100%.

##### V. *Allocation Growth Ratio*

This ratio is to assess OPZ's efficiency in distributing collected funds. The increasing distribution growth ratio must be carried out in depth analysis; there is a possibility that the increase is caused by previous year's distributions which have not been distributed so that they become funds that settle and are distributed in the current year. The interpretation of this ratio value is very good if the ratio value is more than 130%, good if the ratio value is between 120% to 130%, quite good if the ratio value is between 100% to 120%, not good if the ratio value is less than 100%.

##### VI. *Operational Cost Growth Ratio*

The growth of operational costs describes the effectiveness and efficiency of a UPZ in managing the funds used for its operational activities, namely the collection and distribution of ZIS funds.

$$R = \frac{\text{operating cost growth}_t}{\text{growth of ZIS collection}_t}$$

Interpretation of the value of this ratio:

$R \leq 10\%$  : *Effective*

$R > 10\%$  : *Not effective*

### III. RESEARCH METHODOLOGY

This research uses a descriptive method with a quantitative approach, namely by describing BAZNAS's financial performance over the last five years by first determining the financial ratios for non-profit institutions and then comparing them between years. Quantitative approach because the data obtained is in the form of numbers sourced from BAZNAS financial reports from 2018 to 2022.

This type of research data is secondary data, namely the audited financial reports of BAZNAS for 2018-2022. This data was obtained by downloading it on the BAZNAS website at the web address <https://baznas.go.id/keuangan>. The data were analyzed using financial performance analysis tools adapted to the characteristics of non-profit institutions, especially the characteristics of zakat management organizations.

### IV. RESULTS AND DISCUSSION

#### *Results*

The financial ratios used to determine BAZNAS's performance in this research are the ratios that have been determined by the BAZNAS Center for Strategic Studies (Puskas) in 2019 after being adjusted to BAZNAS' activities. The following are the results of calculating financial ratios for the last 5 years.

#### 1) *Activity Ratio*

Table 1. BAZNAS Activity Ratio for 2018-2022

No	Ratio	2018	2019	2020	2021	2022
1	ACR (Allocation to Collection Ratio)					
a.	Gross ACR	0,80	0,77	0,76	0,74	0,80
b.	Gross ACR non-Amil	0,77	0,74	0,74	0,72	0,78
c.	Net ACR	1,24	0,93	0,92	0,89	0,99
d.	Net ACR non-Amil	1,27	0,92	0,92	0,87	0,99
e.	Zakat Allocation Ratio	1,25	0,91	0,95	0,95	0,97
f.	Zakat Allocation Non-Amil	1,30	0,90	0,94	0,94	0,97
g.	Infaq Shadaqa Allocation Ratio	1,17	1,08	0,82	0,58	1,18
h.	Infaq Shadaqa Allocation Ratio Non-Amil	1,55	1,48	1,51	1,57	1,61
2	Zakat Turn Over Ratio	1,55	1,48	1,51	1,57	1,61
3	Average of Days Zakah Outstanding	233	243	238	229	224
4	Infaq Shadaqah Turn Over Ratio	5,30	11,43	7,10	1,79	3,08
5	Average Days Infaq Shodaqoh Outstanding	68	32	51	201	117
6	ZIS turnover ratio	1,59	1,54	1,53	1,44	1,65
7	average of days ZIS outstanding	226	234	236	249	219
8	Receivables Distribution Ratio	0,06	0,03	0,02	0,04	0,07
9	Receivables Distribution Realization Time (days)	22	12	6	15	23
10	Activity Advance Ratio	0,04	0,05	0,05	0,05	0,04

No	Ratio	2018	2019	2020	2021	2022
11	Zakat Asset Management Ratio	0,004	0,004	0,03	0,04	0,04

Source: Processed Data from BAZNAS Financial Report 2018-2022

Based on table 1, The distribution of ZIS funds from 2018 to 2022 was effective, with an average of 77% of collected funds distributed to 8 asnaf. Excluding amil fund distributions, effectiveness decreased in 2019 and 2020, dropping from effective to effective, with 74% of collected funds distributed. When comparing ZIS distribution to current-year collection alone (excluding fund balances from previous periods), BAZNAS distribution was very effective overall, except in 2021, which was effective. Zakat fund distribution over the past five years was consistently very effective, regardless of amil fund inclusion. In contrast, alms donations distribution was very effective in 2018, 2019, and 2022. In 2020, it was effective, but in 2021, it declined to less effectively, with only 58% and 54% distributed when excluding amil funds.

BAZNAS has shown excellent performance in collecting and distributing ZIS funds, whether calculated separately (zakat and alms donations) or collectively. Over the past five years, ZIS funds have been stored for less than one year on average, reflecting active and efficient distribution. This indicates that BAZNAS distributes collected funds promptly, optimizing its performance. Additionally, the realization time for distribution receivables has remained below 10% during this period, further demonstrating the institution's effective management. These achievements highlight BAZNAS's commitment to ensuring that collected funds are distributed in a timely and efficient manner.

## 2) Efficiency Ratio

Table 2. BAZNAS Efficiency Ratio for 2018-2022

No	Ratio	2018	2019	2020	2021	2022
1	Collection Expenses Ratio					
	Cost of Collection Ratio	0,19	0,26	0,25	0,22	0,09
	Collection Ratio	0,04	0,05	0,05	0,04	0,02
2	Operating expenses Ratio					
	Ratio of Operating Costs to Total Amil Rights	1,65	1,72	1,59	1,63	1,59
	Operating Costs with total collection	0,23	0,21	0,18	0,19	0,19
3	Human Capital Expenses Ratio	-	-	-	$5,6 \cdot 10^{-4}$	$5,5 \cdot 10^{-4}$

Source: Processed Data from BAZNAS Financial Report 2018-2022

BAZNAS's performance, which is measured from the efficiency ratio, can be seen from three points of view, namely the costs required to collect ZIS funds and the results of their collection, the efficiency of managing the proportion of expenditure in carrying out its operational activities, and the competency of HR in collecting ZIS. The operational costs used by BAZNAS to collect ZIS funds in 2018 were quite efficient, in 2019-2021 they decreased to become inefficient and then in 2022 they were efficient. This means that in 2018-2021 BAZNAS allocated operational costs for ZIS collection in a larger proportion than other costs. However, these large costs are in line with the ZIS

funds that have been collected. This is shown in the collection ratio which is considered efficient in those 5 years.

Operational costs come from amil's rights to ZIS funds and are sometimes assisted by the government through the APBN. The amount of amil rights funds used in operational activities is considered inefficient in the last 5 years with an average ratio of 164%, this value exceeds the value which should be less than 90%. BAZNAS provides a very small portion of HR development costs from total operational costs, namely 0.056% in 2021 and 0.055% in 2022. This is considered efficient because it is less than 10%. The efficiency of HR costs in 2018-2020 is unknown because researchers did not find the operational costs for HR development in that year.

3) *Amil Fund Ratio*

Table 3. BAZNAS Amil Fund Ratio for 2018-2022

No	Ratio	2018	2019	2020	2021	2022
1	Amil Portion to Zakat Ratio	0.15	0.12	0.12	0.12	0.13
2	Amil Portion to Shadaqa Ratio	0.13	0.09	0.07	0.08	0.09
3	Amil Portion to ZIS Ratio	0.14	0.12	0.11	0.11	0.12

Source: *Processed Data from BAZNAS Financial Report 2018-2022*

Based on table 3 above, it is known that the use of amil funds allocated for operational activities of collecting and distributing ZIS funds is used optimally to collect ZIS, both calculated separately for each type of fund and the total of ZIS funds, except in 2018 it is still not optimal.

4) *Liquidity Ratio*

Table 4. BAZNAS Liquidity Ratio 2018-2022

No	Ratio	2018	2019	2020	2021	2022
1	Current Ratio	52.90	1.04	1.03	0.99	0.99
2	Quick Ratio	34.03	0.66	0.75	0.63	0.55

Source: *Processed Data from BAZNAS Financial Report 2018-2022*

The liquidity ratio that has been adjusted by BAZNAS shows that the ability of BAZNAS' current assets to meet distribution deposits and other current debts is considered good in 2019 and 2020, while other years were not good. In 2021 and 2022 it is not good because the current assets owned cannot meet distribution deposits and other current debts that must be paid immediately, while in 2018 it is not good because there are indications that there are leeway funds in the form of distribution receivables.

5) *Growth Ratio*

Table 5. BAZNAS Growth Ratio 2018-2022

No	Ratio	2018	2019	2020	2021	2022
1	ZIS Collection Growth Ratio Growth in Zakat Collection	0.11	0.62	0.23	0.47	0.22

No	Ratio	2018	2019	2020	2021	2022
	Growth in Infaq Shadaqa Collection	1.62	-0.01	0.84	0.21	-0.24
	ZIS Collection Growth	0.27	0.49	0.32	0.42	0.14
2	Allocation Growth Ratio	0.77	0.12	0.30	0.36	0.28
3	Operational Cost Growth Ratio	0.78	0.66	0.45	1.15	1.28

Source: Processed Data from BAZNAS Financial Report 2018-2022

BAZNAS's ability to increase zakat funds collected over the last 5 years has experienced growth but is considered not good because it is less than 100%. Meanwhile, the ability to increase alms donations has even decreased in two years, namely in 2019 it fell by only 1% and in 2022 it fell by 24% from the previous year, but in other years it experienced growth with an unfavorable assessment. Distribution growth from year to year also increased but was less than 100% so it was considered not good. However, the operational cost growth ratio shows harmony between operational costs and the management of funds used for distribution activities of collected ZIS funds. Only in 2021 and 2022 are considered not aligned, because growth exceeds 100%, namely 115% in 2021 and 128% in 2022.

### Discussion

This study analyzes the financial performance of BAZNAS, the National Zakat Agency, using special financial ratios tailored for zakat management organizations (OPZ). OPZ is a non-profit institution that focuses on collecting and distributing zakat, infaq, and shadaqah (ZIS) funds. ZIS itself is an abbreviation of Zakat, Infaq, and Sedekah, which are the types of funds managed by BAZNAS. One of the key ratios used in this analysis is the Allocation to Collection Ratio (ACR), which measures the effectiveness of fund distribution compared to funds collected. Analysis of institutional performance using financial ratios is an easy, fast, and comprehensive method because the data source is financial reports that have been audited by independent auditors, so that it can provide an accurate picture of the condition and performance of the institution to stakeholders.

BAZNAS has conducted a study regarding the use of financial ratios to measure the performance of institutions, especially zakat management organizations (OPZ), with the hope that this study can be used as a guide for OPZs to measure their financial performance and be used as a first step in standardizing OPZ financial reports in Indonesia (BAZNAS, 2019, pp. 2–3).

The results of this study group financial ratios into 5 groups with different analysis objectives according to the aspects that the related parties want to analyze. These five ratios have not been included in the BAZNAS financial reports at both regional and provincial levels. So, parties who want to know the condition of BAZNAS quickly and accurately must carry out an analysis by first calculating the required ratios independently. This requires time and understanding in looking at the financial reports that have been published publicly by BAZNAS. Therefore, researchers want to conduct an analysis of BAZNAS's financial performance using the financial ratios that have been determined by BAZNAS in the last five years, namely 2018-2022.

The results of the activity ratio calculation show BAZNAS' performance in the effectiveness of distributing the collected ZIS funds. The majority of the ACR ratio calculation results state that BAZNAS' operational activities from 2018-2022 have been effective. This indicates that BAZNAS has succeeded in distributing most of the funds collected to mustahik, which can improve the reputation of OPZ in the eyes of muzaki. However, the decrease in effectiveness in the distribution of ZIS funds without amil funds in 2019 and 2020, as well as the ineffective distribution of infaq and shadaqah funds without amil funds in 2020 and 2021, indicate the need for further evaluation of the allocation of non-amil funds or increasing the collection of non-amil funds. BAZNAS' performance in terms of ZIS fund turnover is considered less than one year, which means that BAZNAS is active in carrying out ZIS fund collection and distribution activities. This activity is in line with the time value of the realization of distribution receivables which is less than 10% over the past 5 years, so that its operational performance is considered optimal. The implication is that BAZNAS has succeeded in distributing the collected funds quickly, which is a good performance indicator for a non-profit organization like OPZ. Even though the analysis method is different, this is in line with Rustyani's research which states that in the five LAZ institutions in Indonesia in 2014-2015 there were two LAZs that were inefficient, but in 2016 the five LAZs studied had achieved optimal efficiency with using the DEA analysis method (Rustyani & Rosyidi, 2019). LAZ Dompot Dhuafa is also considered to have achieved maximum efficiency in distribution and distribution in 2012-2014, with a decrease in efficiency of 78.71% in 2015 and 64.33% in 2016. This is different from LAZ Rumah Zakat which is every year in the 2012-2016 period, achieve a maximum efficiency level of 100%(Fathurrahman & Hajar, 2019). From a cost perspective, BAZNAS' operational activities in 2018-2021 received a larger proportion of the portion of the amil funds that had been obtained. This shows BAZNAS' dependence on amil rights to fund its operations. However, although this large cost is in line with the ZIS funds that have been collected, the amount of amil rights funds used for operational activities is considered inefficient in the last five years, with an average ratio of 164%. This implies that the proportion of amil funds allocated for operations exceeds the optimal limit, which needs to be reviewed to achieve better efficiency.

The results of the efficiency ratio calculation show that the operational costs used by BAZNAS to collect ZIS funds in 2018 were quite efficient, but in 2019-2021 they decreased to inefficient, then returned to efficient in 2022. Although large costs are allocated for ZIS collection, this is in line with the ZIS funds that have been collected, as shown by the efficient collection ratio for the five years. On the other hand, the amil fund ratio shows that the use of amil funds for operational activities of ZIS collection and distribution is used optimally, except in 2018 which was not optimal. The contradiction between the efficiency ratio (total operational costs) and the amil fund ratio (efficiency of use of amil funds) may be due to the absence of specific regulations regarding the use of amil funds in operational activities of ZIS collection and distribution. The benchmark used in measuring performance is MUI fatwa No. 8 of 2011, which states that OPZ operational costs that are not funded by the government or are sufficiently funded by the government can be taken from the amil portion within reasonable limits or from funds outside of zakat. The implication is that BAZNAS needs to align the use of amil funds with total operational costs to achieve overall efficiency (BAZNAS, 2019, pp. 45–46).

The liquidity ratio adjusted by BAZNAS shows that the ability of BAZNAS' current assets to meet distribution deposits and other current liabilities is considered good in 2019 and 2020, but not good in other years. In 2021 and 2022, the condition is not good because the current assets owned cannot meet distribution deposits and other current liabilities that must be paid immediately. Meanwhile, in 2018 the condition was not good because there were indications of slack funds in the form of distribution receivables. The implication is that BAZNAS needs to manage current assets more carefully to ensure the availability of funds to meet short-term obligations and avoid funds that are deposited in the form of receivables.

The results of the growth ratio show that BAZNAS's ability to increase zakat funds collected over the past 5 years has experienced growth but is considered not good because it is less than 100%. The growth of infaq and shadaqah funds even decreased in two years, namely in 2019 (-1%) and 2022 (-24%) from the previous year, although in other years it experienced growth with unfavorable assessments. Distribution growth from year to year also increased but was less than 100%, so it was considered not good. However, the operational cost growth ratio shows the alignment between operational costs and management of funds used for distribution activities of the collected ZIS funds. Only in 2021 and 2022 were considered not aligned, because the growth exceeded 100%, namely 115% in 2021 and 128% in 2022. The implication is that BAZNAS needs to improve its fund collection and distribution strategy to achieve the set growth targets, as well as ensure that operational cost growth is in line with the growth of ZIS fund collection and distribution.

Collectively, the five financial ratios highlight the strengths and weaknesses of BAZNAS. BAZNAS's main strength lies in the activity ratio and the amil fund ratio, which consistently show high effectiveness in collecting and distributing ZIS funds, as well as the optimal use of amil funds for operations. This indicates that BAZNAS has succeeded in carrying out its core function of managing zakat well and distributing it in a timely manner. However, BAZNAS has significant weaknesses in the efficiency ratio, liquidity ratio, and growth ratio. Although the amil funds are used optimally, overall operational costs have not been efficient in several years. The ability of current assets to meet short-term liabilities is also inconsistent, and the most striking is the growth in collection, distribution, and operational costs which are considered poor because they do not reach the 100% growth target. The misalignment between operational cost efficiency and human resource development indicates that BAZNAS needs to review the allocation and management of its operational funds. Optimizing BAZNAS' performance can be achieved by improving and focusing performance on the aspect of human resource (HR) development by increasing the proportion of amil funds to a maximum of 10% of the operational funds obtained. Competent human resources will improve BAZNAS' financial performance (Assalafiyah & Rusydiana, 2020), especially in the preparation of financial reports (Annahl, 2020), and will ultimately have an impact on improving services and the trust of muzaki and mustahik towards the institution (Harahap et al., 2022). This is expected to result in optimal growth in the collection, distribution, and operations of BAZNAS (Kurnia et al., 2020).

## V. CONCLUSION

BAZNAS's financial performance can be determined through the five ratios that have been determined by BAZNAS, namely the activity ratio, efficiency ratio, amil funds ratio, liquidity ratio and growth ratio. Based on the activity ratio, the effectiveness of the distribution of zakat, infaq and alms funds for the collection obtained in the year 2018-2022 reached an effective value. The amil fund ratio also states the same result that the use of amil funds allocated for operational activities of collecting and distributing ZIS funds was used optimally to collect ZIS, except that in 2018 it was not optimal. These results contradict the results of calculating the efficiency ratio, that BAZNAS in utilizing operational funds for collection and distribution activities and increasing human resources has not been proportional, thus causing operational activities to be inefficient while increasing human resources is efficient. In line with the efficiency ratio, the liquidity ratio describes the ability of BAZNAS' current assets to meet distribution deposits and other current debts which are considered good in 2019 and 2020, while other years are not good. Likewise with the growth ratio, it states that BAZNAS' ability to increase zakat funds collected over the last 5 years has experienced growth but is considered not good because it is less than 100%.

BAZNAS's performance can be further optimized by focusing on resource development by increasing the proportion of amil rights funds to a maximum of 10% of the operational funds obtained. So it will provide efficient operational performance and good growth in collection, distribution and operational costs.

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