

FINANCIAL HEALTH AND MANAGEMENT EFFICIENCY OF BAZNAS GRESIK: A LONGITUDINAL ANALYSIS

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ABSTRACT

Zakat is an Islamic economic instrument that plays a role in income equality and poverty alleviation through the distribution of funds to mustahiq. However, there is still a gap between the potential and realization of zakat collection in Indonesia, so more effective and efficient management is needed. This study aims to analyze the financial health of BAZNAS Gresik Regency during the 2016-2024 period based on the efficiency of the management of Zakat, Infaq, and Alms (ZIS) funds. The approach used is quantitative descriptive with document analysis of the annual financial statements of BAZNAS Gresik Regency. The analysis was carried out using financial ratios which included distribution efficiency ratios, amil cost ratios, collection growth ratios, and fund surplus ratios, as well as time-series trend analysis. The results of the study show that ZIS fundraisers have increased significantly by 443.73% with an average growth of 23.52% per year. The distribution efficiency ratio reached an average of 99.28% which indicates a very high level of efficiency, while the average amil cost ratio of 11.24% is still below the maximum regulatory limit of 12.5%. In addition, the trend of fund surplus shows a decline which indicates an increase in the effectiveness of fund distribution. Overall, BAZNAS Gresik Regency is in good financial health with efficient, transparent, and accountable fund management. This research contributes to enriching empirical studies related to the evaluation of the financial performance of regional zakat institutions and can be a reference for increasing the effectiveness of ZIS fund management in the future.

Keywords:

Financial Health, BAZNAS, Distribution Efficiency, Financial Ratios, Zakat Management.

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1. INTRODUCTION

Zakat is one of the instruments in Islamic economics that has an important role in helping to reduce poverty and improve people's welfare. Apart from being an obligation for Muslims who can afford it, zakat is also a means of economic equity through the distribution of funds to people in need (Beik & Arsyianti, 2016). In recent years, zakat management in Indonesia has continued to develop, both in terms of collecting and distributing zakat, infaq, and alms (ZIS)

funds. Based on the 2024 Indonesian Zakat Outlook published by the National Amil Zakat Agency, the potential for national zakat reaches IDR 327.6 trillion per year, but the realization of its collection is still not optimal compared to the existing potential. This condition shows that the management of zakat funds needs to be carried out more effectively and efficiently so that the benefits can be felt maximally by the community.

The management of zakat in Indonesia is regulated in Law Number 23 of 2011 concerning Zakat Management which stipulates official institutions as national zakat managers. At the regional level, district/city zakat management institutions have an important role in collecting and distributing zakat, infaq, and alms (ZIS) funds to mustahiq. Therefore, good financial management is important to maintain public trust in zakat institutions. Transparency, accountability, and efficiency of fund management are important indicators in assessing the financial health of zakat institutions (Ayati et al., 2025).

One way to assess the financial health of zakat institutions is through an analysis of the efficiency of the management of zakat, infaq, and alms funds. Efficiency can be seen from the ability of institutions to collect and distribute funds optimally with proportionate operational costs. Research by Nofiansyah and Pramono (2024) also shows that the transparency and accountability of financial statements have an influence on the financial performance of zakat institutions as measured through the Allocation to Collection Ratio (ACR). The higher the level of distribution of funds to mustahiq, the better the effectiveness and efficiency of zakat fund management (Nofiansyah & Pramono, 2024).

The regional zakat management institution that has experienced the development of ZIS fund collection from year to year is BAZNAS Gresik Regency. Based on the institution's financial statements, ZIS fund collection increased from IDR 5.06 billion in 2016 to IDR 27.54 billion in 2024. This increase shows that there are developments in the management of zakat, infaq, and alms funds. However, the increase in fund collection also needs to be balanced with sound and efficient financial management, especially in the distribution of funds, the management of amil funds, and the control of surplus funds (Riani et al., 2024).

Research on the financial health of zakat institutions at the district/city level is still limited, especially those that use financial statement data in the long term. Most of the previous research has mostly discussed the efficiency of zakat institutions in general or only used a short research period. This study was conducted to analyze the financial health of zakat management institutions in Gresik Regency based on the efficiency of the management of zakat, infaq, and alms funds during the 2016-2024 period through financial ratio analysis which includes efficiency ratio, activity ratio, amil funds, and ZIS fund growth.

Based on this background, this study formulates the following research questions: (1) What is the growth trend of the collection and distribution of ZIS BAZNAS funds in Gresik Regency during the period 2016–2024? (2) What is the efficiency level of ZIS fund distribution based on

the relevant financial ratios? (3) How is the financial health condition of BAZNAS Gresik Regency reviewed from the perspective of Islamic financial management? This research aims to answer these three questions by using authentic financial data sourced from the audited financial statements of BAZNAS Gresik Regency.

2. LITERATURE REVIEW

2.1 Stewardship Theory in Zakat Management

The theory of stewardship was first proposed by Lex Donaldson and James H. Davis who explained that a steward basically has an orientation to work for the benefit of the organization and society rather than personal interests. In the management of zakat, amil zakat is seen as a party that is entrusted to manage the people's funds in a professional, transparent, and responsible manner in order to achieve the common good. In contrast to agency theory which emphasizes potential conflicts between owners and managers, stewardship theory views that managers have a moral and ethical commitment to carry out their duties optimally for organizational goals (Donaldson, L., & Davis, J. H., 1991).

The application of the theory of stewardship in zakat institutions can be seen through the efforts of amil zakat in maintaining the trust of muzakki through good governance, transparency of financial statements, accountability of fund distribution, and professional service. Public trust in zakat institutions is greatly influenced by the ability of managers to show integrity and responsibility in managing zakat funds. Research on zakat management shows that the reputation of the institution and the level of trust have an influence on the community's commitment to distributing zakat through official institutions (Boonyamanond & Chaiwat, 2020).

In stewardship theory, the success of zakat institutions is not only measured by the amount of funds that have been collected, but also by the ability of the institution to provide social benefits to the community. Zakat institutions need to implement good governance through the principles of transparency, accountability, responsibility, and justice. Stewardship theory emphasizes the importance of good relationships between zakat institutions and various parties, such as muzakki, mustahik, the government, and the community. When the zakat institution is able to show trustworthy and professional management, then the community will be more confident in distributing zakat through the institution. Research conducted by Aftuqa shows that the application of the principle of stewardship in zakat management can increase muzakki's trust in zakat institutions (Aftuqa Sholikatur Rohmania & Sholihah, 2023).

Research (Wahyudi et al., 2026) Explained that the relationship between Muzakki, Amil, and Mustahiq reflects the stewardship relationship because Amil acts as the manager of the Ummah's Fund Trust. Therefore, the quality of financial management is an important aspect in maintaining the legitimacy of zakat institutions. Transparent financial statements in accordance with PSAK 109 are a form of institutional accountability to the community and are one of the indicators of the financial health of zakat institutions. In this study, stewardship theory is used

to explain the importance of financial health in the management of zakat, infaq, and alms funds. The efficiency of ZIS fund management reflects the institution's ability to carry out its mandate professionally and responsibly. The better the efficiency of fund management, the higher the level of public trust in zakat institutions (Kasri & Sosianti, 2023).

2.2 Islamic Financial Theory and Sharia Maqashid

Islamic financial theory is a concept of financial management based on sharia principles with the aim of creating economic justice, equitable distribution of welfare, and community benefits. In the Islamic financial system, economic activity is not only oriented towards material gains, but also pays attention to moral, ethical, and social responsibility aspects. One of the important instruments in Islamic social finance is zakat, because zakat functions as a mechanism of wealth redistribution to help needy groups of people while reducing socioeconomic disparities (Razak et al., 2024).

According to M. Umer Chapra, the Islamic financial system is directed to achieve *falah* or welfare through a fair distribution of resources and in accordance with sharia values. In this context, zakat has a strategic position because it is not only seen as an obligation of worship, but also as an instrument of economic development for the people. Good zakat management is expected to be able to improve the welfare of *mustahiq* and encourage economic equity in a sustainable manner (Inayati, n.d.).

The concept of Islamic finance is also closely related to the *maqashid* of sharia, which is the main goal of Islamic sharia in safeguarding human welfare. Sharia *maqashid* includes five main elements, namely maintaining religion (*hifz al-din*), preserving the soul (*hifz al-nafs*), preserving reason (*hifz al-aql*), preserving posterity (*hifz al-nasl*), and preserving property (*hifz al-mal*). In the management of zakat, the aspect of maintaining assets is very important because zakat funds are the mandate of the *ummah* which must be managed professionally, transparently, and on target so that the benefits can be felt optimally by the zakat recipient community (Ayati et al., 2025).

Recent research shows that zakat management based on sharia *maqashid* not only emphasizes on the aspect of fundraising, but also on the success of zakat institutions in creating social welfare. Research on measuring the performance of zakat management in Baitul Mal Aceh explained that the *Maqashid Sharia Index* approach can be used to assess the extent to which zakat institutions are able to realize education, justice, and community welfare through the management of zakat funds (Azzuhra et al., n.d.). In addition, other research on the strategy of managing zakat funds from the perspective of sharia *maqashid* emphasized that the effectiveness of zakat distribution is an important factor in improving the welfare of *mustahiq* and reducing community poverty (Syarifuddin & Zaerofi, 2024)

In the development of modern zakat management, the principles of sharia *maqashid* are also associated with the governance of Islamic philanthropic institutions. Research on Islamic

philanthropic institutions explains that zakat institutions need to implement multidimensional governance that includes transparency, accountability, efficiency, and sustainability of fund management in order to maintain public trust (Firman et al., 2023). Transparency of financial statements and public accountability are important factors because people as muzakki need confidence that the funds they distribute are truly managed according to sharia principles and distributed to those who are entitled to receive (Sulistiyowati, 2019).

In addition, the development of digital technology also affects the modern zakat management system. Research on marketplace-based ZIS management shows that digitalization is able to expand the collection of zakat, infaq, and alms funds, but still requires sharia supervision and accountable management so that public trust is maintained (Fadhilah & Fitanto, 2025). This shows that the financial health of zakat institutions is not only seen from the amount of funds that have been successfully collected, but also from the institution's ability to manage funds efficiently, transparently, and in accordance with the principles of maqashid sharia.

2.3 The Concept of Financial Health of Non-Profit Institutions

Financial health (financial health) Nonprofit organizations have different characteristics than profit-oriented organizations. Non-profit organizations do not focus on maximizing profits, but on the sustainability of social programs and services to the community. Therefore, the measure of the financial health of non-profit organizations emphasizes more on the organization's ability to maintain funding stability, run programs sustainably, and maintain the trust of stakeholders. Greenlee and Trussel (2000) define the financial health of a nonprofit organization as the ability of an organization to sustain its activities and programs in the long term without experiencing financial stress that can interfere with the achievement of organizational goals (Greenlee, J. S. & Trussel, J. M, 2000).

In measuring the financial health of non-profit organizations, there are several commonly used indicators, namely liquidity ratio, funding dependency ratio, administration to total revenue, and revenue growth ratio. The liquidity ratio is used to see an organization's ability to meet its short-term obligations (Beik & Arsyianti, 2016). The funding dependency ratio shows the level of dependence of an organization on a particular source of funds, while the administrative ratio is used to assess the efficiency of the use of operational funds. The revenue growth ratio reflects the organization's ability to maintain the sustainability of fundraising over time (Greenlee, J. S. & Trussel, J. M, 2000).

Furthermore, Tuckman and Chang (1991) introduced the concept of financial vulnerability in non-profit organizations. They explained that organizations that have vulnerable financial conditions tend to have difficulty maintaining programs when facing a decline in revenue or changes in economic conditions. There are four main indicators of the financial vulnerability of non-profit organizations, namely: (1) insufficient equity, (2) high concentration of income in one source of funds, (3) low operational surplus, and (4) low administrative expenses. Organizations

that experience vulnerability to some of these indicators are considered more at risk of facing financial crises in the medium and long term (Tuckman, H. P. & Chang, C. F., 1991).

The concept of financial health then developed not only focusing on the ability to survive financially, but also on the effectiveness of the organization in achieving its social goals. In philanthropic organizations and socio-religious institutions, financial health is closely related to the institution's ability to manage public funds efficiently, transparently, and accountably. In the *amil zakat* institution, the concept of financial health has a more specific dimension because the funds managed are trust funds of the *ummah* that must be distributed according to sharia principles (Hudaefi et al., 2020). Therefore, the measurement of the financial health of zakat institutions not only assesses the financial stability of the institution, but also the effectiveness of the distribution of funds to *mustahiq*. Beik and Arsyianti (2016) explained that zakat institutions need to apply the principle of Zakat Core Principles (ZCP) which emphasizes aspects of governance, transparency, distribution efficiency, and institutional sustainability in zakat management (Beik, I. S., & Arsyianti, L. D., 2016).

Recent research also shows that the financial health of zakat institutions is influenced by the quality of governance and the efficiency of fund management. Haris et al. (2025) developed the concept of Zakat Institutional Health Index (ZIHI) to measure the health level of zakat institutions through several dimensions, such as operational efficiency, growth in fundraising, liquidity, risk management, and institutional governance. The results of the study show that zakat institutions with a good financial management system tend to have stronger program sustainability and a higher level of public trust (Haris et al., 2025).

In addition, Widiastuti et al. (2022) explained that the sustainability of Islamic social finance institutions needs to be measured through the integration between fund growth, distribution efficiency, and institutional financial stability. This approach is considered more relevant because zakat institutions are not only required to increase fund collection, but also ensure that the funds collected can be immediately and on target distributed to people in need (Widiastuti et al., 2022).

As for specific *amil zakat* institutions, Canggih et al. (2017) suggest the use of ratios that are adjusted to the characteristics of zakat management, namely: (1) collection ratio to potential zakat (collection ratio), (2) distribution to collection ratio (3) operational cost ratio to managed funds (cost ratio), and (4) growth ratio (growth ratio). This approach is considered more appropriate because it considers the social functions and characteristics of sharia inherent in zakat institutions (Scott, C., et al., 2017).

In this study, the concept of financial health of non-profit institutions was used to analyze the financial condition of the National *Amil Zakat* Agency of Gresik Regency during the period 2016–2024. The analysis was carried out through measuring the efficiency of the management of zakat, *infaq*, and *alms* funds, the growth rate of the collection and distribution of funds, and

the proportion of the use of amil funds. By using this approach, this study is expected to be able to provide an overview of the level of financial health of BAZNAS Gresik Regency in carrying out its social and religious functions in a sustainable manner.

2.4 Zakat Management Regulations in Indonesia

Zakat management regulations in Indonesia have undergone significant developments since the issuance of Law Number 23 of 2011 concerning Zakat Management. The presence of the law is the main legal basis in the management of zakat nationally, as well as strengthening the position of the National Amil Zakat Agency as a non-structural government institution that has the authority to manage zakat in Indonesia. Through this regulation, the government seeks to create a more organized, transparent, and accountable zakat management system so that zakat funds can be managed optimally to improve people's welfare (Hilmiyah et al., n.d.) .

In Law Number 23 of 2011, it is explained that zakat management includes planning, implementation, control, and reporting activities in the collection, distribution, and utilization of zakat. The regulation also emphasizes that the management of zakat must be carried out based on sharia principles, trust, utility, justice, legal certainty, integration, and accountability. With these principles, the amil zakat institution is required to be able to maintain public trust through professional and responsible fund management.

One of the important provisions in zakat regulations in Indonesia is found in Article 27 of Law Number 23 of 2011 which stipulates that the maximum amil share is 12.5% of the total zakat funds collected. This provision is an important reference in assessing the efficiency of zakat fund management, because too large a proportion of amil funds can reduce the effectiveness of the distribution of funds to mustahiq. In addition to regulating the aspects of collecting and distributing funds, zakat regulations in Indonesia also emphasize the importance of transparency and accountability in financial statements. Zakat institutions are required to prepare financial statements in accordance with the Financial Accounting Standard Statement (PSAK) 109 concerning Zakat, Infaq, and Alms Accounting. PSAK 109 provides guidelines regarding the recognition, measurement, presentation, and disclosure of zakat, infaq, and alms transactions so that the financial statements of zakat institutions are more uniform, transparent, and easy to understand by stakeholders (Srinovita et al., 2016).

The implementation of PSAK 109 is also a form of accountability of zakat institutions to the community, the government, and muzakki. Financial statements prepared in accordance with accounting standards can increase the credibility of zakat institutions while strengthening public trust in the management of people's funds. In practice, the quality of good financial reporting contributes to an increase in the collection of zakat funds because people tend to trust transparent and accountable institutions in managing social and religious funds (Talattov et al., 2016).

The strengthening of zakat management regulations is also clarified through BAZNAS Regulation Number 5 of 2018 concerning BAZNAS Financial Management. This regulation

regulates financial governance standards that must be applied by all central, provincial, and district/city levels. In the regulation, it is explained that BAZNAS' financial statements must contain financial position reports, fund change reports, changes in assets under management, cash flow statements, and notes on financial statements. The provisions aim to create a more systematic and professionally auditable reporting system. In addition, the regulation also emphasizes the importance of internal supervision and external audit in maintaining the quality of zakat fund management. Auditing financial statements is one of the important instruments to ensure that zakat, infaq, and alms funds have been managed in accordance with sharia principles and applicable laws and regulations. With audits, zakat institutions can increase accountability and minimize the risk of misuse of funds.

2.5 Previous Empirical Studies

Research on the efficiency and financial health of amil zakat institutions has been widely conducted, both in Indonesia and in other countries that have formal zakat management systems. These studies generally discuss the efficiency of collecting and distributing zakat funds, the governance of zakat institutions, the transparency of financial statements, and the sustainability of institutions in carrying out their social functions.

Aftuqa et al (2023) conducted a study on the technical efficiency of zakat institutions in Malaysia using the Data Envelopment Analysis (DEA) method. The results of the study show that the average technical efficiency of zakat institutions is still below the optimal level, so there are still opportunities for improvement in resource management and distribution of zakat funds. This study emphasizes that the ratio of distribution to collection is an important indicator in assessing the efficiency of zakat institutions (Aftuqa Sholikatur Rohmania & Sholihah, 2023).

Furthermore, in previous research on the management of zakat in countries the Organization of Islamic Cooperation (OIC) explained that the institutionalization of zakat management has a positive influence on the level of public trust. The better the zakat governance system that is implemented, the higher the community participation in distributing zakat through official institutions. These findings show that the quality of governance is an important factor in increasing the collection of zakat funds (Ayati et al., 2025).

Another study analyzed the factors that affect the satisfaction of muzakki with zakat institutions in Malaysia using the Structural Equation Modeling (SEM) approach. The results of the study show that the transparency of financial statements and the efficiency of fund distribution are the main factors that affect the level of satisfaction of muzakki. This satisfaction then has an impact on increasing public compliance in paying zakat through official institutions (Ayuniyyah et al., 2025).

In Indonesia, research by Canggih et al. (2017) shows that the institutional capacity of amil zakat has a positive effect on the level of muzakki participation. The institutional capacity is measured through the effectiveness of the distribution of zakat funds, the quality of governance,

and the ability of the institution to maintain accountability in fund management. This study emphasizes that distribution efficiency is one of the important factors in increasing public trust in zakat institutions (Scott, C., et al., 2017).

Research on the efficiency of 14 provincial BAZNAS in Indonesia using the DEA method found that most of them still experience technical inefficiencies in the management of zakat funds. Only a few institutions are able to achieve optimal levels of efficiency. The results of the study show that there is still a need to improve the quality of financial management, control operational costs, and optimize the distribution of zakat funds in regional zakat institutions (Hasan & Islam, 2020).

More recent research was also conducted by Haris et al. (2025) through the development of the Zakat Institutional Health Index (ZIHI). This study emphasizes that the health of zakat institutions is not only measured by the amount of funds collected, but also by the operational efficiency, liquidity, governance, and sustainability of the social programs carried out. This approach provides a more comprehensive picture in assessing the financial condition of zakat institutions (Haris et al., 2025).

Meanwhile, Riani, Meutia, and Taqi (2024) used the DEA Window Analysis method to analyze the efficiency and stability of zakat institutions in Indonesia and Malaysia during the 2016–2022 period. The research shows that the efficiency of zakat institutions is dynamic and influenced by economic conditions, organizational capacity, and the strategies for collecting and distributing funds implemented by each institution (Riani et al., 2024).

Based on these previous studies, it can be seen that studies on the efficiency and financial health of zakat institutions are still developing. However, there are still some research gaps. First, most of the research was conducted at the national or provincial level with a relatively short research period. Second, research on the financial health of district/city BAZNAS with a longitudinal approach is still very limited. Third, research that integrates aspects of efficiency, growth of collection, distribution of funds, and management of amil funds at the same time has not been widely carried out, especially in BAZNAS Gresik Regency. Therefore, this study was conducted to fill the gap through an analysis of the financial health of BAZNAS Gresik Regency based on the efficiency of the management of zakat, infaq, and alms funds during the 2016–2024 period. (Times New Roman, 12, Justify,)

3. RESEARCH METHODS

3.1 Research Design

This study uses a descriptive quantitative approach with the aim of analyzing the financial health of the National Amil Zakat Agency of Gresik Regency based on the efficiency of the management of zakat, infaq, and alms (ZIS) funds during the period 2016–2024. The quantitative approach is used because this study focuses on processing financial data in the form of numbers which are then analyzed using financial ratios to objectively describe the health condition of the

institution (Creswell, J. W., & Creswell, J. D., 2018). Meanwhile, the descriptive method was used to provide an overview of the trends in collection, distribution, fund management efficiency, and financial health conditions of BAZNAS Gresik Regency during the research period.

This research is longitudinal because it uses financial statement data over a period of nine years, from 2016 to 2024. The use of longitudinal data allows researchers to see the development and change of the financial condition of the institution from year to year more comprehensively. This approach was chosen because it is in accordance with the research objectives that not only want to know the financial condition in a certain period, but also want to see the growth pattern and efficiency of ZIS fund management in the long term.

In addition, this study uses a financial ratio analysis approach that is commonly used in measuring the financial health of zakat institutions. The ratios used include the fund-raising ratio, the fund distribution ratio, the operational efficiency ratio, the amil fund ratio, and the fund growth ratio. The use of this ratio is considered relevant because it is able to describe the ability of institutions to manage the people's funds effectively, efficiently, and sustainably.

3.2 Participants/Sample Selection and Data Sources

The object of this study is the financial statements of BAZNAS Gresik Regency for the 2016-2024 period. This study did not use individual respondents or participants because the research focused on the analysis of institutional financial documents. The research sample was determined using the purposive sampling technique, which is the selection of samples based on certain criteria that are in accordance with the research objectives. The data criteria used in this study include:

- a. The financial statements of BAZNAS Gresik Regency are available in full for the 2016-2024 period.
- b. The financial statement data contains information regarding the collection of ZIS funds, the distribution of ZIS funds, amil funds, and surplus funds.
- c. Financial statement data has been compiled in accordance with the financial management standards of zakat institutions.

The type of data is obtained from official documents of the BAZNAS financial statements of Gresik Regency, institutional publication reports, and other supporting documents relevant to the research. In addition, this study also uses supporting data in the form of zakat management regulations, scientific journals, and literature related to the financial health of zakat institutions as a theoretical foundation and supporting analysis.

3.3 Instrumentation/Data Collection

The main instrument in this study is the documentation of the financial statements of BAZNAS Gresik Regency for the period 2016–2024. The data collection technique is carried

out through a documentation study by collecting annual financial reports containing data on the collection and distribution of zakat, infaq, and alms funds.

The data collection procedure is carried out through several stages. The first stage is to identify and collect the financial statements of BAZNAS Gresik Regency during the research period. The second stage is to record and classify financial data based on the components needed in the research, such as the total collection of ZIS funds, the total distribution of ZIS funds, amil funds, and the surplus of zakat and infaq/alms funds. The third stage is to re-check the completeness and consistency of the data so that the data used is in accordance with the needs of the research.

In addition to the documentation of financial statements, the researcher also conducted a literature study by reviewing scientific journals, books, regulations, and previous research related to the efficiency of zakat management and the financial health of amil zakat institutions. Literature studies are conducted to strengthen the theoretical foundation and support the interpretation of research results.

3.4 Data Analysis/Estimating Model/Variable Measurement

The data analysis technique used in this study is quantitative descriptive analysis through a financial ratio approach. The data that has been obtained is then processed and analyzed to determine the level of efficiency and financial health of BAZNAS Gresik Regency during the 2016–2024 period. The analysis is carried out through several stages. The first stage is to calculate the financial ratio used as an indicator of the financial health of the zakat institution. The ratios used in this study include:

a. Distribution Ratio

This ratio is used to measure the level of effectiveness of the distribution of ZIS funds to the total fundraising.

$$\text{Distribution Ratio} = \frac{\text{Total Distribusi Dana ZIS}}{\text{Total Penghimpunan Dana ZIS}} \times 100\%$$

b. Amil Fund Ratio

This ratio is used to determine the proportion of the use of amil funds to the total collection of zakat funds.

$$\text{Amil Fund Ratio} = \frac{\text{Dana Amil}}{\text{Total Penghimpunan Dana ZIS}} \times 100\%$$

c. Growth Ratio of Fundraisers

This ratio is used to measure the growth of ZIS fundraisers each year.

$$\text{Growth Ratio} = \frac{\text{Pendapatan}_t - \text{Pendapatan}_{t-1}}{\text{Pendapatan}_{t-1}} \times 100\%$$

d. Fund Management Efficiency Ratio

This ratio is used to see the ability of institutions to manage funds efficiently through a comparison of the distribution of funds and the funds raised.

Once the entire ratio has been calculated, the next stage is to conduct a trend analysis to see the progress of the collection and distribution of ZIS funds during the research period. Trend analysis is carried out by comparing the value of ratios from year to year so that patterns of increase, decrease, and stability of the institution's financial condition can be known.

To maintain the validity of the data, this study uses official financial statement data derived from institutional documents. In addition, the data checking process is carried out repeatedly so that the data analyzed matches the original report. The reliability of the research is maintained through the use of financial ratio indicators that have been widely used in financial health research by zakat institutions and non-profit organizations.

4. RESULT

4.1 Overview of BAZNAS Gresik Regency

The National Amil Zakat Agency (BAZNAS) of Gresik Regency is an official institution for managing zakat at the regional level which was formed based on the mandate of Law Number 23 of 2011 concerning Zakat Management. As part of the national BAZNAS structure, BAZNAS Gresik Regency has the main task of collecting, managing, distributing, and utilizing zakat, infaq, and alms (ZIS) funds to people who are entitled to receive (mustahiq). The existence of BAZNAS Gresik Regency is one of the important instruments in supporting poverty alleviation, economic empowerment of the people, and improving the social welfare of the community in Gresik Regency.

Zakat management institutions in Gresik Regency carry out the function of social intermediation between muzakki and mustahiq through a fund management system based on sharia principles, transparency, accountability, and professionalism. In carrying out its duties, the institution not only focuses on collecting zakat funds, but also ensures that the collected funds can be distributed effectively and on target in accordance with the provisions of Islamic law and government regulations. This condition is in line with the concept of Islamic Social Finance which places zakat as an instrument of economic redistribution to create social justice and reduce economic disparities in society. Recent research shows that professional zakat management can increase the effectiveness of community empowerment programs and support the achievement of Sustainable Development Goals (SDGs) (Khadar Ahmed Dirie; & Selamah Maamor, 2024)

Gresik Regency itself is known as one of the main industrial areas in East Java Province with a large Muslim population and relatively high economic activity. This condition makes Gresik Regency have a considerable potential for zakat, both from the industrial sector, civil servants, business actors, and the general public. This potential is a strategic opportunity for regional zakat management institutions to increase the collection of ZIS funds in a sustainable manner. In recent years, the performance of collecting and distributing ZIS funds has shown

significant development. Based on the financial statements for the 2016–2024 period, ZIS fund collection has experienced a consistent increase from year to year, which indicates an increase in public trust in zakat management institutions.

In addition to increasing fundraising, the institution is also actively developing various zakat utilization programs in the social, educational, health, economic, and humanitarian fields. These programs are directed to help the poor and vulnerable groups to improve their quality of life and economic independence. This approach is in line with the concept of sharia maqashid, especially in the aspects of hifzh al-mal (safeguarding property) and hifzh an-nafs (safeguarding the soul), where zakat is not only understood as consumptive assistance, but also as an instrument of socio-economic empowerment of the community (Hadi et al., 2024).

In supporting institutional governance, this zakat management institution has also implemented a digital-based financial management system through the use of SIMBA (BAZNAS Management Information System). The implementation of the system helps improve administrative efficiency, reporting transparency, and accuracy in the management of data collection and distribution of funds. Recent research shows that the digitalization of zakat management has a positive effect on increasing the accountability and effectiveness of zakat institutions, especially in increasing muzakki's trust in zakat management institutions. (Alhaija et al., n.d.).

4.2 Development of ZIS Fund Collection and Distribution (2016–2024)

Table 1 presents complete data on the collection and distribution of ZIS BAZNAS funds in Gresik Regency during the 2016–2024 period along with relevant financial ratios.

Table 1 (Financial Data and Ratio of BAZNAS Gresik Regency in 2016–2024)

Year	ZIS Collection (Rp Billion)	ZIS Distribution (Rp Billion)	Amil Distribution (Rp Billion)	Zakat Surplus (Rp Billion)	Infak Surplus / Alms (Rp Billion)	Distribution Efficiency Ratio (%)	Amil Cost Ratio (%)
2016	5.067	4.029	0.529	0.886	0.151	79.53	10.44
2017	6.518	5.723	0.663	0.786	0.008	87.81	10.18
2018	7.657	7.578	0.856	0.013	0.066	98.96	11.18
2019	8.846	9.029	1.086	0.734	0.550	102.07	12.28
2020	9.832	9.968	1.045	1.060	0.924	101.38	10.63
2021	14.992	16.419	1.580	0.680	2.107	109.52	10.54
2022	19.188	19.606	2.085	0.122	0.540	102.18	10.86
2023	21.493	22.064	2.622	0.274	0.019	102.65	12.20
2024	27.546	27.826	3.191	0.272	0.009	101.02	11.59
Average	13.460	13.582	1.518	0.536	0.486	98.35	11.10

Source: BAZNAS Financial Report of Gresik Regency (2016–2024), processed by the author

Based on Table 1, the collection of ZIS BAZNAS funds in Gresik Regency shows a consistent growth trend during the 2016–2024 period. In 2016, the total collection of ZIS funds

was recorded at IDR 5.067 billion and continues to increase until it reaches IDR 27.546 billion in 2024. This increase shows that the level of public trust in BAZNAS Gresik Regency as a zakat management institution is getting better from year to year. From the perspective of stewardship theory, the increase in fundraising reflects the success of the institution in maintaining the trust, transparency, and accountability of the community's fund management so as to increase the loyalty of the muzakki. Recent research shows that public trust in zakat institutions is influenced by the quality of governance, transparency of reporting, and the effectiveness of the distribution of zakat funds (Lindorfer et al., 2023).

The significant growth in fundraising mainly occurred in 2021, from IDR 9.832 billion in 2020 to IDR 14.992 billion or an increase of around 52.47%. This condition shows that BAZNAS Gresik Regency is able to maintain and even improve the performance of fundraising in the post-COVID-19 pandemic period. The increase can be attributed to the development of digitization of zakat services, increasing public awareness of the importance of zakat through official institutions, and strengthening institutional governance. Research on modern zakat management explains that digital transformation and strengthening institutional systems are important factors in increasing the collection of zakat funds formally (Khadar Ahmed Dirie; & Selamah Maamor, 2024)

In terms of fund distribution, BAZNAS Gresik Regency also showed positive developments. The total distribution of ZIS funds increased from IDR 4.029 billion in 2016 to IDR 27.826 billion in 2024. Even in certain years, such as 2019, 2020, 2021, 2022, 2023, and 2024, the amount of distribution is greater than the collection of funds in the current year. This is reflected in the distribution efficiency ratio which is above 100%, with the highest value occurring in 2021 at 109.52%. This condition shows that BAZNAS Gresik Regency not only distributes the funds obtained in the current year, but also takes advantage of the accumulated surplus funds from the previous period to increase distribution to mustahiq. In the principle of zakat management, a fast and optimal distribution reflects the effectiveness of the institution in carrying out its social functions. In line with the principle of Allocation to Collection Ratio (ACR) which emphasizes that zakat funds should be immediately distributed to beneficiaries so that the social impact is more optimal (Yerrou et al., 2023)

The average distribution efficiency ratio during the study period reached 98.35%. This value shows that almost all of the funds collected have been successfully distributed back to the community. Theoretically, the distribution ratio that is close to or exceeds 100% reflects the effectiveness of zakat fund management because the institution is able to minimize settling funds and optimize the social function of zakat. Research by Haris et al. (2025) through the Zakat Institutional Health Index (ZIHI) explained that distribution efficiency is one of the main indicators of the financial health of zakat institutions because it is directly related to the

sustainability of social programs and the level of public trust in amil zakat institutions (Haris et al., 2025)

In addition to the distribution of ZIS funds, the ratio of amil costs is also an important indicator in assessing the financial health of zakat institutions. Based on research data, the ratio of amil costs is in the range of 10.18%–12.28% with an average of 11.10%. This value is still within the limits of reasonableness and in accordance with sharia provisions and zakat management regulations in Indonesia which stipulate a maximum allocation of amil funds of 12.5% of the zakat funds collected. This shows that BAZNAS Gresik Regency is able to maintain operational cost efficiency without reducing the quality of services and distribution programs to mustahiq. In the context of non-profit organizations, operational cost efficiency is one of the important indicators in maintaining the sustainability of the institution and reducing the risk of financial distress (Wahyudi et al., 2026).

In terms of surplus of zakat and infaq/alms funds, fluctuations were seen during the research period. The highest surplus of zakat funds occurred in 2020 of IDR 1.060 billion, while the highest surplus of infak/alms funds occurred in 2021 of IDR 2.107 billion. Surplus fluctuations indicate dynamics in the institution's cash distribution and management strategy. In certain years, a relatively small surplus indicates that most of the funds were immediately channeled to the mustahiq. This condition reflects the high level of distribution productivity and shows that institutions are more oriented towards optimizing social benefits rather than accumulating funds. Research on the sustainability of zakat institutions states that a healthy zakat institution is not only characterized by the amount of funds collected, but also by the institution's ability to distribute funds effectively, maintain liquidity, and maintain operational stability in a sustainable manner (Lindorfer et al., 2023).

4.3. Analysis of the Growth Ratio of ZIS Fund Collection

Table 2 (Growth Ratio of ZIS BAZNAS Fund Collection in Gresik Regency (2017-2024))

Year	Collection (Rp)	Difference vs Previous Year (Rp)	Growth (%)	Status
2016	5.066.849.843	–	Foundation Year	–
2017	6.517.716.364	1.450.866.521	28.63%	Very High
2018	7.657.192.283	1.139.475.919	17.48%	Height
2019	8.845.892.799	1.188.700.516	15.52%	Height
2020	9.832.266.704	986.373.905	11.15%	Height
2021	14.991.812.099	5.159.545.395	52.48%	Very High
2022	19.188.378.947	4.196.566.848	27.99%	Very High
2023	21.493.342.309	2.304.963.362	12.01%	Height
2024	27.545.802.794	6.052.460.485	28.16%	Very High

Source: Data processed by the author from the BAZNAS Financial Statements of Gresik Regency (2016–2024)

Based on Table 2, the collection of ZIS BAZNAS funds in Gresik Regency experienced positive and consistent growth during the 2017–2024 period. In general, the entire study period showed growth values that were in the high to very high category. From the perspective of the financial health of non-profit institutions, the growth of fundraising is one of the important indicators that reflects the sustainability of the organization, the level of public trust, and the effectiveness of the social fund management strategy. Organizations that have stable funding growth tend to have stronger operational capacity to carry out social programs in a sustainable manner (Greenlee, J. S. & Trussel, J. M., 2000).

In 2017, ZIS funds raised increased by Rp1.45 billion or 28.63% compared to 2016. The growth shows an increase in public trust in BAZNAS Gresik Regency as the official institution for managing zakat. The increase can be influenced by the increase in the socialization of zakat, the optimization of collection through government and private agencies, and the growing public awareness in distributing zakat through formal institutions. Recent research on zakat governance explains that the increase in fundraising is greatly influenced by the transparency of management, service quality, and accountability of zakat institutions in submitting financial statements to the public (Donaldson, L., & Davis, J. H., 1991)

From 2018 to 2020, fundraising growth remained in the high category, although it slowed slightly. In 2018, it recorded a growth of 17.48%, then decreased to 15.52% in 2019 and 11.15% in 2020. The decline in the growth rate can be attributed to the economic condition of the community which experienced a slowdown, especially at the beginning of the COVID-19 pandemic in 2020. Nevertheless, BAZNAS Gresik Regency is still able to maintain positive growth in the midst of unstable economic conditions. In Islamic social finance theory, the ability of zakat institutions to maintain fundraising in times of crisis is an important indicator of the success of governance and the strength of the trust relationship between muzakki and amil zakat institutions (Syarifuddin & Zaerofi, 2024).

The highest growth in fundraising occurred in 2021 with an increase of IDR 5.16 billion or 52.48%. This surge was the highest growth during the study period and showed a significant acceleration in ZIS fundraising. The increase can be influenced by several factors, such as increasing social awareness of the post-pandemic community, optimizing digital fundraising, strengthening the online zakat payment service system, and increasing collaboration between BAZNAS and local governments and other institutions. Recent international research shows that the digitalization of zakat management has a significant effect on increasing fundraising because it is able to expand public access to zakat payments easily, quickly, and transparently. (Lindorfer et al., 2023)

In 2022, fundraising increased again by 27.99%. Although lower than the previous year, the figure still shows excellent growth performance. This condition indicates that the increase in collection in 2021 is not only temporary, but can be maintained in the following years. Growth

stability is important in maintaining the financial health of zakat institutions because it shows the continuity of fund receipts that can support the distribution and empowerment program of mustahiq in a sustainable manner.

2023 showed growth of 12.01%, which is the second lowest growth after 2020. Even so, this value is still in the high category. This slowdown in growth can be influenced by external factors such as national economic conditions, inflation rates, and changes in people's consumption patterns. However, in 2024 fundraising will again increase significantly by 28.16% or an increase of IDR 6.05 billion compared to the previous year. The increase that occurred shows that BAZNAS Gresik Regency is able to recover and strengthen its fundraising strategy effectively.

The growth of ZIS BAZNAS funds collection in Gresik Regency during the 2017-2024 period is in very good condition. The consistency of growth reflects the increasing level of public trust in institutions, the effectiveness of financial governance, and the success of the fundraising strategies implemented. In the framework financial health Non-profit institutions, stable and sustainable funding growth is an important indicator in maintaining the sustainability of the organization and strengthening the distribution capacity of social programs. These findings also reinforce the research (Haris et al., 2025) which states that the growth of fundraising is one of the main components in measuring the financial health of zakat institutions through the Zakat Institutional Health Index (ZIHI) approach.

4.4 Analysis of the Efficiency Ratio of ZIS Fund Distribution

The Distribution Efficiency Ratio (RED) is a key indicator in assessing the financial health of the amil zakat institution. This ratio reflects how much of the funds that have been successfully channeled to mustahiq from the total collection. The higher the RED value, the more efficient the institution is in carrying out the function of zakat distribution.

Table 3 (Ratio of Distribution Efficiency and Cost of Amil BAZNAS Gresik Regency (2016–2024))

Year	RED (%)	RBA (%)	Status RED	Status RBA	The RBA benchmark max. 12.5% (Law 23/2011)
2016	79.53%	10.44%	Efficient	Meet	✓ Compliant
2017	87.81%	10.18%	Efficient	Meet	✓ Compliant
2018	98.96%	11.18%	Highly Efficient	Meet	✓ Compliant
2019	102.07%	12.28%	Highly Efficient	Meet	✓ Compliant
2020	101.38%	10.63%	Highly Efficient	Meet	✓ Compliant
2021	109.52%	10.54%	Highly Efficient	Meet	✓ Compliant
2022	102.18%	10.86%	Highly Efficient	Meet	✓ Compliant
2023	102.65%	12.20%	Highly Efficient	Meet	✓ Compliant

2024	101.02%	11.59%	Highly Efficient	Meet	✓ Compliant
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Note: RED = Distribution Efficiency Ratio; RBA = Amil Expense Ratio. Source: Data processed by the author

Based on Table 3, the level of efficiency of the management of GIS BAZNAS funds in Gresik Regency during the 2016–2024 period shows very good conditions. This can be seen from the value of the Distribution Efficiency Ratio (RED) which tends to be high and has increased from year to year. In 2016, the value of RED was recorded at 79.53% and increased to 101.02% in 2024. Even from 2018 to 2024, the entire value of RED is above 98%, which shows that almost all of the funds collected have been successfully channeled to mustahiq. In the management of zakat institutions, the distribution efficiency ratio is used to measure the institution's ability to distribute zakat funds optimally compared to the total funds that have been successfully collected.

Theoretically, the higher the value of the distribution efficiency ratio, the better the ability of the zakat institution to carry out its social functions. In line with the concept financial health in non-profit organizations that emphasize the importance of the effectiveness of resource distribution in achieving the organization's social goals. In zakat institutions, the effectiveness of distribution reflects the success of the institution in distributing the mandate of the ummah's funds to the mustahiq group appropriately and quickly. Recent research on the health of zakat institutions explains that distribution efficiency is one of the main indicators of the success of zakat institution governance because it is directly related to the sustainability of social programs and the level of public trust in zakat management institutions (Khadar Ahmed Dirie; & Selamah Maamor, 2024)

The value of RED that exceeds 100% in some years, such as 2019, 2020, 2021, 2022, 2023, and 2024, shows that the amount of funds distributed is greater than the fundraising in the current year. This condition indicates that BAZNAS Gresik Regency uses part of the surplus funds or fund balance from the previous year to increase the volume of distribution to mustahiq. This phenomenon reflects an aggressive and productive distribution strategy, especially in meeting the increasing social needs of the community during certain periods, such as during the COVID-19 pandemic and the post-pandemic economic recovery period (Hasan & Islam, 2020). 2021 was the period with the highest RED value, which was 109.52%. The high distribution ratio in that year shows that BAZNAS Gresik Regency is trying to maximize the social function of zakat to help people affected by the pandemic. From the perspective of sharia maqashid, zakat has a function of protecting the welfare of the community (hifz al-mal and hifz al-nafs), so that the optimal distribution of funds in times of crisis reflects the implementation of Islamic social values in a real way. Recent international research on Islamic social finance also confirms that zakat institutions have a strategic role in maintaining social and economic stability of the community, especially during times of economic crisis and social disasters (Khadar Ahmed Dirie; & Selamah Maamor, 2024)

In addition to the distribution efficiency ratio, another important indicator in assessing the financial health of zakat institutions is the Amil Cost Ratio (RBA). This ratio shows the proportion of funds used for the operational and management costs of the institution compared to the total funds raised. Based on research data, the value of RBA during the 2016–2024 period is in the range of 10.18% to 12.28%. All of these values are still below the maximum limit of 12.5% as stipulated in Law Number 23 of 2011 concerning Zakat Management. Thus, the entire research period shows a "compliant" status or in accordance with the provisions of zakat management regulations in Indonesia.

The ratio of amil costs that remains within the ideal limit shows that BAZNAS Gresik Regency is able to maintain the operational efficiency of the institution without reducing the quality of service and distribution of funds to mustahiq. In the theory of non-profit organizations, operational cost efficiency is an important indicator of financial health because it shows the ability of the institution to control administrative expenditures so that it remains proportional to the funds under management. Organizations that are able to maintain operational costs efficiently tend to have a better level of institutional sustainability and obtain a higher level of public trust (Al-Bawwab, 2023).

In 2019 and 2023, the RBA value was recorded relatively high compared to other years, namely 12.28% and 12.20%, respectively. However, this value is still within the limits of sharia provisions and national regulations. The increase in the ratio of amil costs in a certain period can be influenced by the increase in institutional operational activities, the development of social programs, the increase in information technology costs, and the expansion of the network of zakat collection and distribution services. Recent research on the governance of zakat institutions explains that an increase in operational costs does not necessarily indicate inefficiency, as long as the increase is followed by a significant growth in the collection and distribution of funds (Khadar Ahmed Dirie; & Selamah Maamor, 2024).

The results of the analysis show that BAZNAS Gresik Regency has a very good level of distribution efficiency and amil cost management that is still in accordance with national regulatory standards. The high value of RED shows that the institution is able to optimize the social function of zakat through a productive and targeted distribution of funds. Meanwhile, the value of the RBA which remains below the maximum limit of 12.5% indicates that the institution's operations are managed efficiently and accountably. This condition reflects that the financial health of BAZNAS Gresik Regency during the 2016-2024 period is in the good and sustainable category, both in terms of distribution effectiveness and the efficiency of the institution's operational management.

4.5 Analysis of Surplus Zakat and Infaq/Sadaqah Funds

A surplus of funds is an important indicator in assessing the liquidity management of amil zakat institutions. A surplus that is too high can indicate a delay in distribution, while a negative surplus indicates the use of reserve funds to cover the distribution deficit.

Table 4 (Analysis of Surplus Zakat and Infaq/Alms Funds 2016–2024)

Year	Surplus Zakat (Rp)	Surplus of Infaq/ Alms (Rp)	Total Surplus (Rp)	Surplus/Collection Ratio (%)	Collection (Rp Billion)	Remarks
2016	886.452.549	150.976.981	1.037.429.530	20.47%	5.067	High accumulation
2017	786.009.625	8.407.323	794.416.948	12.19%	6.518	Normal
2018	13.082.324	66.228.007	79.310.331	1.04%	7.657	Optimal distribution
2019	733.551.272	550.404.625	1.283.955.897	14.51%	8.846	Normal
2020	1.059.920.072	924.284.893	1.984.204.965	20.18%	9.832	High accumulation
2021	680.344.586	2.107.294.739	2.787.639.325	18.59%	14.992	High accumulation
2022	122.388.888	539.853.950	662.242.838	3.45%	19.188	Optimal distribution
2023	274.365.269	18.951.188	293.316.457	1.36%	21.493	Optimal distribution
2024	271.823.026	8.531.986	280.355.012	1.02%	27.546	Optimal distribution

Source: (Data processed by the author from the BAZNAS Financial Statements of Gresik Regency 2016–2024)

Based on Table 4, the surplus of zakat and infaq/alms funds of BAZNAS Gresik Regency during the 2016–2024 period shows a fluctuating pattern. The surplus in this study describes the difference between the funds collected and the funds distributed in the current period. Theoretically, the existence of a surplus in zakat institutions can indicate two conditions. First, the surplus can reflect the prudentness of the institution in maintaining program sustainability and cash stability. Second, a surplus that is too large can also indicate that the distribution of funds is not optimal so that zakat funds have not been fully distributed to mustahiq in the same period. In the perspective of the Zakat Core Principles (ZCP), good zakat management emphasizes the importance of a balance between institutional sustainability and the optimization of the distribution of funds to beneficiaries.

In 2016, the total surplus was recorded at Rp1.037 billion with a surplus to collection ratio of 20.47%. This ratio is quite high and shows that some of the funds collected are still stored as year-end balances. This condition can be understood because in the early period of institutional development, zakat organizations generally still made adjustments to distribution capacity, strengthening the administrative system, and developing social programs. Research (Haris et al., 2025) explained that a relatively high surplus in zakat institutions can be an indicator

of a strategy to maintain program sustainability and short-term operational fund reserves, especially in the institutional growth phase. However, if the surplus is too large and persistent, it can affect the perception of the effectiveness of zakat distribution in the eyes of the public.

In 2017, the total surplus decreased to Rp794 million with a surplus to collection ratio of 12.19%. This decrease shows that the distribution of funds is starting to be more optimal compared to the previous year. This condition indicates an increase in the capacity of the zakat program distribution so that the funds collected can be distributed more quickly to mustahiq. In the theory of financial management of Islamic philanthropic institutions, the decrease in surplus followed by an increase in distribution reflects the efficiency of the use of social funds and the improvement of the institution's ability to carry out its social functions.

The most optimal development was seen in 2018 when the total surplus was only Rp79 million or around 1.04% of the total collection. This value shows that almost all of the funds collected were successfully distributed in the current period. This condition is in line with the principle of Allocation to Collection Ratio (ACR) which emphasizes the importance of distributing zakat funds quickly and on target. According to research (Riani et al., 2024) Zakat institutions that have a high level of distribution with a low surplus tend to have a better level of efficiency and institutional stability because social funds can immediately provide economic benefits to the community.

However, in 2019 and 2020 the surplus increased again to IDR 1.284 billion and IDR 1.984 billion, respectively with a surplus ratio of 14.51% and 20.18%. The increase in surplus in this period can be attributed to the national economic conditions that are under pressure, especially in the early days of the COVID-19 pandemic. Many zakat institutions have increased their reserves to anticipate economic uncertainty and a surge in the need for community social assistance. Research (Khadar Ahmed Dirie; & Selamah Maamor, 2024) explained that in times of crisis, Islamic social finance institutions tend to strengthen fund reserves in order to be able to maintain the sustainability of social assistance programs, especially for vulnerable groups affected by economic crises.

The peak of the surplus occurred in 2021 with a total surplus of IDR 2.788 billion or 18.59% of the collection. The increase in surplus this year was influenced by a significant increase in fundraising during the pandemic, while some distribution programs are still being carried out in stages and planned. In the context of zakat management, this condition can show an increase in public trust in formal zakat institutions so that collection increases faster than distribution capacity. Research (Hadi et al., 2024) found that the digitization of zakat collection and increased transparency of financial reporting during the pandemic contributed to the significant growth of zakat collection in Indonesia.

Furthermore, in the 2022-2024 period, there was a drastic decrease in surplus. The surplus to collection ratio fell to 3.45% in 2022, then to 1.36% in 2023, and 1.02% in 2024. This

decrease shows that BAZNAS Gresik Regency is increasingly able to optimize the distribution of ZIS funds to mustahiq. This condition reflects the increase in the effectiveness of zakat fund management and shows that institutions are increasingly responsive to the needs of the community. Within the framework of sharia maqashid, optimizing the distribution of zakat funds is part of efforts to realize social benefits and reduce the economic gap of the community. In the initial phase of the study, the high surplus indicates a strategy of institutional strengthening and fund reserves. Meanwhile, in the final period of the study, there was an increase in distribution capacity which was characterized by a low ratio of surplus to collection. This indicates that the financial health of BAZNAS Gresik Regency is getting better because the institution is able to manage ZIS funds efficiently, maintain the sustainability of the program, and optimize the distribution of funds to mustahiq according to the principles of effective and accountable zakat management.

4.6 Interpretation of Financial Health in a Theoretical Perspective

The results of research on the financial health of BAZNAS Gresik Regency during the 2016–2024 period show that the institution has relatively healthy, stable, and sustainable financial conditions. These empirical findings can be understood more deeply through integration with stewardship theory, Islamic finance theory and sharia maqashid, as well as the concept of financial health of non-profit organizations that have been described in the literature review. The integration between theory and empirical results is important to provide a comprehensive understanding of how zakat management is not only assessed from the financial aspect, but also from the aspects of trust, social benefit, and institutional sustainability.

In the perspective of stewardship theory, organizational managers are seen as parties who have moral and professional responsibilities to act in the interests of the organization and stakeholders. In the zakat institution, amil not only carries out administrative functions, but also carries out religious mandates in managing the people's funds in a transparent, efficient, and responsible manner. Donaldson and Davis explain that stewards tend to be collectively oriented and seek to maximize the welfare of the organization over personal interests.

The results of the study showed that BAZNAS Gresik Regency was able to maintain the amil cost ratio (RBA) in the range of 10-12% during the study period and remained below the maximum limit of 12.5% according to national regulations. This condition shows good operational cost control and reflects the implementation of the principle of trust in the management of zakat funds. In addition, the high distribution efficiency ratio (RED), which is mostly above 100%, shows that institutions are trying to optimize the distribution of funds to mustahiq, even by utilizing the previous year's surplus balance.

In the stewardship theory, this condition shows that the manager of BAZNAS Gresik Regency is not oriented to the accumulation of funds alone, but rather emphasizes the optimization of the social benefits of zakat funds for the community. Research by Haris et al.

(2025) explains that good governance, operational efficiency, and transparency in fund management are important indicators in maintaining the sustainability of zakat institutions and increasing public trust in zakat institutions. From the perspective of Islamic financial theory, zakat is not only an instrument of worship, but also an instrument of economic redistribution that aims to create social justice and community welfare. Within the framework of sharia maqashid, the management of zakat is directed to maintain the benefit of the community through the protection of property (hifzh al-mal), soul (hifzh an-nafs), and social welfare in general.

The results of the study show that BAZNAS Gresik Regency was able to significantly increase the collection of ZIS funds from Rp5.067 billion in 2016 to Rp27.546 billion in 2024. This growth reflects the increasing public awareness in paying zakat through official institutions and increasing trust in the integrity of zakat fund management. In Islamic financial theory, the belief of muzakki is the main foundation for the success of the zakat system because zakat funds are trustworthy and must be managed according to sharia principles.

The high ratio of fund distribution also shows that the zakat funds collected can be immediately distributed to mustahiq optimally. The conditions that occur are in line with the principles Allocation to Collection Ratio (ACR) which emphasizes that zakat funds should not settle for too long so that the social benefits can be immediately felt by people in need. Research (Khadar Ahmed Dirie; & Selamah Maamor, 2024) explained that Islamic social finance, including zakat, has a strategic role in supporting sustainable development, poverty reduction, and economic empowerment of vulnerable communities.

The optimal distribution of funds, especially during the COVID-19 pandemic and post-pandemic, also reflects the implementation of sharia maqashid values in zakat management. The distribution of zakat funds for social needs, health assistance, economic empowerment, and humanitarian assistance shows that zakat functions as an instrument of social protection for the community. Thus, the financial health of BAZNAS Gresik Regency is not only measured by the financial stability of the institution, but also by the ability of the institution to provide real social benefits to the community (Haris et al., 2025).

In the concept of financial health of a nonprofit organization, healthy financial conditions are characterized by the organization's ability to maintain operational sustainability, maintain funding growth, control administrative costs, and minimize the risk of financial vulnerability. Greenlee and Trussel explain that healthy nonprofits are able to sustain their social programs in a sustainable manner without experiencing financial pressures that interfere with the organization's activities.

The results of the study show that BAZNAS Gresik Regency has relatively good financial health indicators. First, fundraising experienced consistent growth during the research period. Second, the amil cost ratio remains at a healthy limit and in accordance with regulations. Third,

the fund surplus tends to be controlled and decreases further in the final period of the study, which shows that institutions are increasingly optimal in distributing funds to mustahiq.

According to the concept of financial vulnerability of nonprofit organizations developed by Tuckman and Chang, organizations are said to be vulnerable when they have low revenue growth, high dependence on a single source of funds, uncontrolled administrative costs, and unstable operating surpluses. Based on the results of the study, BAZNAS Gresik Regency does not show these vulnerability characteristics. On the contrary, institutions are able to maintain the growth of fundraising, maintain operational efficiency, and carry out the distribution of funds optimally. (Widiastuti et al., 2022) which explains that the health of Islamic social finance institutions needs to be measured through the integration between fund growth, distribution efficiency, financial stability, and sustainability of social programs.

5. CONCLUSION AND SUGGESTIONS

Based on the results of the research that has been conducted, it can be concluded that the financial health of the National Amil Zakat Agency of Gresik Regency during the period 2016-2024 is in good, stable, and sustainable condition. This can be seen from the growth of ZIS fund collection which continues to increase consistently from IDR 5.067 billion in 2016 to IDR 27.546 billion in 2024. The increase in fundraising shows the increasing level of public trust in the management of zakat carried out by BAZNAS Gresik Regency. In terms of distribution, the distribution efficiency ratio (RED) shows a very efficient category with an average of 98.35%, even in some years it exceeds 100%, which indicates that the institution is able to optimize the distribution of funds to mustahiq through the use of the previous year's surplus balance. In addition, the amil cost ratio (RBA) during the study period remained below the maximum limit of 12.5% according to the provisions of Law Number 23 of 2011, thus reflecting operational efficiency and compliance with zakat management regulations. From the aspect of fund surplus, in the final period of the research the surplus ratio decreased to close to 1%, which shows that the distribution of funds is increasingly optimal and zakat funds do not settle for too long. Theoretically, the results of this study show that the financial management of BAZNAS Gresik Regency has reflected the principle of stewardship through trustworthy, transparent, and accountable fund management, while supporting the implementation of sharia maqashid through optimizing the distribution of funds for the benefit of the community.

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