

Enhancing Public Sanitation through the Combination of *Istisna* Financing and *Zakat* at Benteng Mikro Tangerang Cooperative.

Dina Febriani Darmansyah^{*1}, Moh Khoirul Anam², M Reza Prima³

Universitas Muhammadiyah Jakarta, Indonesia^{1,2,3}

Email: dina.febrianidarmansyah@umj.ac.id^{*1}, m.khoirulanam@umj.ac.id²,
reza85@umj.ac.id³

Abstract

Zakat funds play a crucial role in financing social activities. Sanitation is a significant issue in rural communities, making allocating *zakat* funds for sanitation facilities essential. This research aims to evaluate the effectiveness of the sanitation program run by the Benteng Mikro Tangerang Cooperative, examining how efficiently the initiative is implemented. The study employs a qualitative method to explore the phenomenon in greater depth. Data collection was conducted through in-depth interviews with the cooperative's management. To ensure accuracy, the researcher cross-checked interview results with gathered data and firsthand observations. The study reveals that the Benteng Mikro Tangerang Cooperative integrates social and commercial funds into its sanitation development efforts. Due to limited social funds, the cooperative maximizes resources by incorporating commercial funds. This additional commercial funding significantly enhances financial support for sanitation facilities. The initiative also has commercial implications for the cooperative, including financing, distribution, and profits from fund allocation. Collecting social funds from lower-income communities has been effective, yielding substantial contributions. Social funds from and for non-Muslims are managed separately, and non-Muslim communities demonstrate a strong interest in contributing and making donations. These findings offer valuable insights for *zakat* institutions, *waqf* organizations, and other related entities, helping them optimize social fund collection and allocation opportunities, particularly for non-Muslim segments and commercial fund distribution to capable beneficiaries.

Keywords: *Zakat, Waqf, Sanitation, Sharia Cooperative, Istisna Financing.*

Abstrak

Dana *zakat* memegang peranan penting dalam pembiayaan kegiatan sosial. Di masyarakat pedesaan, sanitasi merupakan isu penting, sehingga alokasi dana *zakat* untuk fasilitas sanitasi menjadi penting. Penelitian ini berupaya mengevaluasi efektivitas program sanitasi yang dijalankan oleh Koperasi Benteng Mikro Tangerang, untuk menentukan seberapa efisien inisiatif tersebut dilaksanakan. Penelitian ini menggunakan metode kualitatif yang dipilih untuk mengeksplorasi fenomena tersebut secara lebih mendalam. Pengumpulan data dilakukan melalui wawancara mendalam dengan manajemen koperasi. Peneliti memeriksa silang hasil wawancara dengan data yang terkumpul dan pengamatan langsung untuk memastikan keakuratan. Penelitian ini

mengungkap bahwa Koperasi Benteng Mikro Tangerang mengintegrasikan dana sosial dan komersial dalam upaya pengembangan sanitasinya. Karena keterbatasan dana sosial, koperasi memaksimalkan sumber daya dengan memasukkan dana komersial. Pendanaan komersial tambahan ini secara signifikan meningkatkan dukungan finansial untuk fasilitas sanitasi. Inisiatif ini juga memiliki implikasi komersial bagi koperasi, termasuk penyaluran pembiayaan dan keuntungan dari alokasi dana. Pengumpulan dana sosial dari masyarakat berpenghasilan rendah telah efektif, menghasilkan kontribusi yang substansial. Dana sosial dari dan untuk non-Muslim dikelola secara terpisah, dan masyarakat non-Muslim menunjukkan minat yang kuat untuk berkontribusi dan memberikan sumbangan. Temuan ini menawarkan wawasan berharga bagi lembaga *zakat*, organisasi *Waqf*, dan entitas terkait lainnya, membantu mereka mengoptimalkan peluang dalam pengumpulan dan alokasi dana sosial, khususnya untuk segmen non-Muslim dan penyaluran dana komersial kepada penerima manfaat yang mampu.

Kata Kunci: *Zakat, Wakaf, Sanitasi, Koperasi Syariah, Pembiayaan Istisna*

INTRODUCTION

Zakat funds play a crucial role in the Islamic economy. Various studies have highlighted its effectiveness, including Muhammad et al. (2022), which discusses how *zakat* contributes to poverty alleviation among disabled communities in Nigeria. Similarly, research by Irwanda (2021) suggests that rolling out *zakat* funds can help address poverty in every country, reduce the gap between the rich and the poor, and improve the Human Development Index. Social funds contribute to enhancing the social and economic well-being of lower-income communities. Social funds assist in both consumptive and productive forms. For instance, infrastructure aid enables recipients to develop businesses as their primary livelihoods, such as small home enterprises. Recipients can now establish businesses thanks to improved housing conditions, which previously hindered their business expansion. Although modest, these businesses act as a crucial stepping stone for future growth. Beneficiaries looking to expand their businesses can become cooperative members and utilize cooperative funds for growth. Here, social funds play a crucial role in driving economic development and supporting Sharia financial enterprises (Chen & Wang, 2024). Microfinance institutions serving lower-income communities are vital in fulfilling social responsibilities. Their emphasis on small businesses gives them a competitive edge, though they must also maintain their position against commercial financial institutions.

The distribution of ZISWAF (*Zakat, Infaq, Sadaqah, and Waqf*) funds requires operational costs, which reduce the total social funds available. *Zakat* institutions impose *amil* fees for operational management, while *waqf* institutions charge management fees for fund distribution. These operational expenses are legally and religiously sanctioned, but they ultimately decrease the amount of *zakat* and *waqf* funds disbursed. To ensure accountability, *zakat* institutions use the Allocation Ratio (ACR) to measure the total funds successfully distributed (Baznas, 2019). The ACR sets a maximum allocation of 12.5% of total *zakat* funds for *amil* costs, meaning the remaining 87.5% of *zakat* funds can be distributed to beneficiaries.

The allocation of social funds frequently encounters obstacles, making well-structured programs essential for maximizing impact with available resources. Efficient fund distribution requires sufficient human capital, as Anam & Hardiansah (2023) observed that inadequate staffing in social fund management diminishes effectiveness and limits overall benefits. Comparable challenges arose during the COVID-19 pandemic, as Hamidah et al. (2021) noted that economic uncertainties disrupted *zakat* fund distribution. Many beneficiaries diverted funds for business development toward personal expenses, while Lazismu's constrained human resources hindered proper oversight. Institutions must optimize social fund distribution to encourage donor contributions and ensure meaningful outcomes through professional management. Amri & Marwiyati (2019) found that the effectiveness of institutional fund management significantly shapes public preferences for donating via formal organizations.

The distribution of funds through empowerment programs requires innovation and collaboration with various stakeholders to enhance their impact. Partnerships ensure fund allocation is more effective, while innovative approaches can further optimize distribution. As noted by Fahlefi (2022), implementing innovative strategies can increase the effectiveness of *zakat* fund distribution. For instance, funding small businesses requires the development of appropriate distribution models that employ well-planned strategies. Another example of innovation in fund allocation is presented by Villalba et al. (2023), who suggest that microcredit distribution can be improved through a specialized method known as Agricultural Value Chain Finance (AVCF), which is structured around specific value chains. This approach minimizes transaction costs and distribution risks, making fund allocation more efficient. With continued

development, such methods are expected to create significant opportunities for enhancing financial distribution strategies.

Zakat and *waqf* funds need to be optimally distributed to maximize their benefits. Typically, *zakat* funds are allocated through *zakat* institutions, while *waqf organizations manage waqf funds*. However, limited research has explored the integration of *zakat* and *waqf* funds with commercial financing in fund distribution. This study analyses the allocation of *zakat*, *waqf*, and cooperative financing within a single sanitation funding program, which aims to improve the well-being and health of recipients. The initiative is carried out by a large-scale cooperative with substantial assets amounting to IDR 1.2 trillion. Given this asset size, the cooperative qualifies as KUK (Cooperative Business Classification) Level 4, as it exceeds the IDR 500 billion threshold (Minister of Cooperatives, Small and Medium Enterprises, 2020). This research aims to assess how fund distribution operates within large cooperatives that manage significant *zakat*, *waqf*, and commercial financing resources.

According to Ministerial Regulation No. 16 of 2015 (Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number 16/Per/M.KUKM/IX/2015, 2015), a Sharia financing cooperative is a cooperative whose business activities include savings, loans, and financing based on Sharia principles, including the management of *zakat*, *infaq/sadaqah*, and *waqf*.

A Sharia Financing Cooperative carries out *maal* activities as regulated in Article 27: a) Conducts *maal* activities to empower members of the community in social and economic sectors, including savings and Sharia financing services; b) Collects *maal* funds such as *zakat*, *infaq*, *sadaqah*, *waqf*, and other social funds; c) *Maal* activities must be reported in the cooperative's financial statements.

Hanafi (2020) found that cooperatives can strengthen the economic well-being of their members by helping them market their products and businesses. This suggests that cooperatives are an effective means of empowerment, as their core mission is to support members. As a result, any social assistance provided will have a greater impact on those directly affiliated with the cooperative.

A cooperative (Government of Indonesia, 2021) is a business entity consisting of individuals or legal entities that operate based on cooperative principles, prioritising the people's economic movement. The Sharia principle refers to Islamic legal guidelines in operations, established through fatwas issued

by authorised institutions. Thus, a Sharia cooperative operates both business and social activities while adhering to cooperative principles. It also serves a social function in empowering the economic and social well-being of its members.

Social funds consist of *zakat*, *infaq*, and *sadaqah*. According to Law No. 23 of 2011 on *Zakat* Management, BAZNAS and LAZNAS are authorised to collect funds beyond *zakat*, including *infaq*, *sadaqah*, and other religious social funds.

Rahman & Ley (2020) highlight that microcredit serves as a financial tool for providing housing support to low-income urban populations. Their research examines how Bangladeshi communities access housing loans from NGOs through microfinance programs, which are funded by pooled community savings. Meanwhile, Zhang et al. (2022) stress the importance of making financial services accessible to low-income groups. However, they note that inadequate credit evaluation information remains a significant obstacle.

Existing research has primarily focused on institutions whose main activities involve collecting and distributing social funds. However, there has been limited exploration into managing social funds integrated with commercial financing within communities. The combination of social and commercial funds offers an alternative financing model that aligns with users' financial capabilities—when social funds are insufficient and beneficiaries can afford to contribute, commercial funds are utilized. Islamic banking plays a significant role in social and economic development, making its involvement in social initiatives essential (Avdukić & Smolo, 2024). In implementing Sustainable Development Goals (SDGs), Islamic banks have been recognized as key drivers of sustainable development (Smolo et al., 2024). A study on the integration of social and commercial fund management (Widiastuti et al., 2022) found that an integrated approach to social finance was 12% more effective in improving impoverished communities' economic well-being than non-integrated management.

According to PSAK 109 (PWC, 2024) on *zakat*, *infaq*/*sadaqah* refers to assets voluntarily donated by their owner, whether with specific restrictions on their use or without any limitations.

RESEARCH METHOD

This study aims to analyze the collection and distribution of *zakat*, *waqf*, and commercial financing to fund a sanitation program implemented by the Benteng Mikro Tangerang Cooperative. The effectiveness of fund allocation is

examined from two perspectives: a) The distribution efficiency, measured by the amount of funds disbursed and the number of recipients, and b) The collection process, assessing the scale of gathered *zakat* funds and member savings.

Data was collected through in-depth interviews with cooperative leaders overseeing financing operations (Sari et al., 2021). Additionally, the study incorporated observations and published data requests. Published data was chosen to ensure confidentiality, as it aligns with information typically shared by the cooperative with the public. The validation process involved cross-verifying interview results with observations and the received data. The collected information was compared to interview findings to authenticate the accuracy of reported details.

RESEARCH FINDINGS AND DISCUSSION

Profile of Benteng Mikro Tangerang Cooperative

Benteng Mikro Tangerang Cooperative was established and is headquartered in Tangerang Regency, operating under Sharia principles. Its activities include both social and commercial operations. Commercial activities involve managing savings and financing under Sharia-compliant principles. Social activities encompass the collection and distribution of *zakat*, *infaq/sadaqah*, and *waqf* funds. As of November 2024, the cooperative held assets amounting to IDR 1.2 trillion and had 238,204 members. Based on its membership size and asset value, Benteng Mikro Tangerang Cooperative is classified as Cooperative Business Classification (KUK) Level 4, as defined by the Minister of Cooperatives and Small and Medium Enterprises (2020). This classification applies to cooperatives with more than 35,000 members and assets exceeding IDR 500 billion.

Collection Activities for *Zakat*, *Infaq*, *Sadaqah*, and *Waqf*

In its social activities, the cooperative collects social funds through *zakat*, *infaq*, *sadaqah*, and *waqf* (ZISWAF) products. The collection and management of social funds by cooperatives are permitted, as Sharia Savings and Loan Cooperatives (KSPPS) conduct various activities, including *zakat*, *infaq*, *sadaqah*, and *waqf* management, under their Baitul Maal operations (Kemen-KUKM, 2023). The collection method involves gathering ZISWAF funds from cooperative members. ZISWAF payments are commonly made during regular member

meetings, where members settle their instalment payments, often contributing ZISWAF funds at the same time.

Most members belong to low-income groups, resulting in small individual ZISWAF contributions. However, due to the large number of contributors, the total amount collected becomes substantial. Other institutions often hesitate to collect funds from this community, but the cooperative has successfully implemented ZISWAF fundraising. The fundraising strategy targets individual donors, as personal donors have strong donation potential (Ghofur, 2018). Offering detailed programs tailored to personal donor preferences is crucial, as their funding choices are often based on specific needs.

Examining how funds are collected from low-income communities highlights the promising potential of ZISWAF fundraising among these groups. Despite financial constraints, they exhibit remarkable generosity, making substantial contributions to social funds. This creative method has led to highly effective fundraising outcomes. According to the study by Jabbour Al Maalouf et al. (2025), the ability to compete for funding is a key factor determining the effectiveness of social institutions in collecting funds.

In terms of *zakat* collection, the cooperative gathers funds from internal sources, including contributions from its employees and members who are actively committed to fulfilling their *zakat* obligations.

Table 1: Amount of Fundraising by year

No	Year	Infraq	Wakaf
1	2018		Rp. 1.800 mln
2	2019	Rp. 787 mln	Rp. 6.600 mln
3	2020	Rp. 662 mln	Rp. 4.000 mln
4	2021	Rp. 1.019 mln	Rp. 5.900 mln
5	2022	Rp. 1.421 mln	Rp. 7.800 mln
6	2023	Rp. 1.866 mln	Rp. 7.400 mln
7	2024	RP. 1.933 mln	Rp. 5.200 mln

The total amount of *waqf* funds collected is IDR 39,158,523,206. The entrusted funds have been allocated as follows:

- IDR 17,832,070,236 for rice field land (92,486 *waqf* donors)
- IDR 10,068,583,173 for mosque construction (87,363 *waqf* donors)
- IDR 6,760,225,554 for hospital development
- IDR 3,587,489,109 for Islamic school funding

Infaq and *waqf* donations are received in varying amounts, with most contributions ranging from IDR 1,000 to IDR 100,000.

Cooperative financing serves as an accessible alternative for individuals facing economic challenges who find it difficult to obtain bank loans. Traditional housing finance programs offered by banks often involve complicated procedures, creating barriers for low-income communities seeking homeownership (Ebrahim, 2009). The cooperative addresses this issue by providing housing financing options through grants and commercial loans, ensuring financial solutions tailored to different economic circumstances. Individuals who can afford instalment payments opt for commercial financing. Those unable to make payments receive housing assistance in the form of grants, meaning they are not required to repay the funds to the cooperative.

In addition to fund collection through regular meetings, ZISWAF payments can also be made via bank transfers. The cooperative accepts ZISWAF donations from both individual donors and the general public, either through direct visits to the cooperative or transfers to a designated account. Each deposit is assigned a specific code based on the type of fund: *Zakat* payments use code 1, *Infaq* payments end with code 2, *Sadaqah* payments end with code 3, *Waqf* payments end with code 4.

ZISWAF Fund Distribution Activities

Benteng Mikro Cooperative distributes ZISWAF funds through five key pillars: a) Economic pillar – Programs include Qardhul Hasan loans and business savings; b) Education pillar – Programs focus on school savings; c) Health pillar – Initiatives include sanitation programs; d) Social pillar – Support includes orphan aid; e) Spiritual pillar – Efforts involve mosque and cemetery sanitation.

Through these social initiatives, the cooperative maintains the following fund balances: *Zakat* funds: IDR 79,950,713, *Infaq* funds: IDR 530,245,406, *Waqf* funds: IDR 26,172,221,330. The accumulated ZISWAF fund distribution includes: *Zakat* funds disbursed: IDR 2,628,010,898, *Infaq* funds disbursed: IDR 1,589,634,385.

Sanitation Program

The sanitation program is a flagship initiative of the cooperative, distributing both social and commercial funds. Social funds are allocated to financially disadvantaged communities. Commercial funds are provided to those who can afford repayment. By offering both funding options, the cooperative ensures flexibility for members in financing sanitation facilities. If a member can pay, they can choose commercial financing as an alternative solution.

Sanitation financing through commercial funds is carried out using the *istisna* contract. This financing method is chosen because it aligns with the most relevant funding process. The *istisna* contract is a sale and purchase agreement in which specific goods are ordered for production based on predetermined criteria and conditions, agreed upon by both the buyer and seller (Syariah, 2025). Under this financing scheme, the purchased or ordered item refers to sanitation facilities or housing, with the cooperative ensuring the production of these items to the agreed quality standards.

For residents of Tangerang Regency, particularly those living in village-style settlements, many still lack proper sanitation facilities. Government programs do not cover funding for improving sanitation quality. Sanitation development efforts aim to create a healthier environment, ensuring that communities benefit from better hygiene practices. The sanitation program is designed to help residents adopt healthier habits, such as using private toilets in their own homes. Proper sanitation plays a crucial role in privacy protection—for example, a bathroom with adequate sanitation ensures that individuals can maintain their privacy while bathing.

The sanitation program supports the development of essential sanitation facilities for both individuals and families. These efforts encompass: Restrooms and toilets, places of worship, sanitation and water regulation systems, and establishing safe and clean water sources. Additionally, the program extends its impact to cemetery areas, facilitating the construction of prayer rooms (*mushola*) at burial sites to enhance accessibility and religious observance.

This sanitation program is funded through both social and commercial funds. By utilising these two funding schemes, Benteng Mikro Tangerang Cooperative has successfully distributed IDR 88,843,127,000 to develop 15,467 sanitation units. Since the sanitation program involves commercial financing through the cooperative's funding model, it has resulted in accounts receivable totalling IDR 3,804,204,500. The cooperative currently has 14,598 active members,

with members' savings amounting to IDR 457,501,566. This demonstrates that the sanitation initiative not only benefits the community but also contributes to the cooperative's revenue growth.

The cooperative has distributed a total of IDR 48,796,689,881, benefiting 63,230 recipients. The assistance is categorized into Aid A and Aid B. Aid A amounts to IDR 29,270,596,700, reaching 908 recipients, and is allocated across various programs: a) Ready-to-Occupy Home Grants (HRSH) – IDR 23,476,500,000 for 515 recipients; b) Sanitation for Mosques, Prayer Rooms, and Islamic Boarding Schools (Sanimesra) – IDR 4,176,291,700 for 196 recipients; c) Sanitation for Underprivileged Communities – IDR 1,072,600,000 for 174 recipients; d) Prayer Room Renovation – IDR 359,705,000 for 14 recipients; e) Sanikam (sanitation program) – IDR 185,500,000 for 9 recipients.

Aid B has been distributed for IDR 19,526,093,181, benefiting 62,322 recipients. This aid is allocated across several programs: a) Medical and Funeral Assistance – IDR 8,858,587,080 for 36,161 recipients; b) Free Ambulance Services – IDR 2,849,149,862 for 8,051 recipients; c) Medical and Other Social Assistance – IDR 1,586,618,013 for 197 recipients; d) Orphan Assistance – IDR 1,375,000,000 for 5,503 children; e) Disaster Relief Aid – IDR 1,114,200,000 for 658 locations; f) Support for Underprivileged Communities – IDR 898,046,227 for 1,041 packages; g) Geser Dahan Program – IDR 851,397,000 for 7,500 packages; h) Mosque and Prayer Room Construction Assistance – IDR 561,196,000 for 800 locations; i) Foster Child Support – IDR 542,549,000 for 435 individuals.

Based on the overall distribution, the corresponding percentages can be determined as follows:

Table 2. Fund Disbursed by Project

No	Type	Percentage of Recipients	Percentage of Funds Disbursed
1	Project A	1.44%	59.98%
2	Project B	98.56%	40.02%

Based on the table above, the following conclusions can be drawn: a) Aid A has fewer recipients, but the total amount disbursed is larger; b) Aid B has a higher number of recipients, but the funds allocated per recipient are smaller; c) Aid A is dedicated to financing sanitation facilities, meaning the funding per unit is relatively high. d) Meanwhile, the distribution of Aid B supports multiple activities, with a lower average funding per unit.

The existing social fund distribution program is designed for members who regularly use and receive commercial loans. This assistance is expected to contribute to the growth and stability of their businesses, ultimately leading to greater profitability for the cooperative.

According to Rahmuniyati & Sahayati (2021), sanitation challenges and infectious diseases play a role in stunting, which primarily results from nutritional deficiencies. Efforts to combat stunting through environmental initiatives can be carried out via the Community-Based Total Sanitation (STBM) program, which is built upon five key pillars. Findings from the public health centre (Puskesmas) in Sleman Regency show remarkable success in introducing innovative programs and involving the community in implementing these pillars. This approach has been particularly effective in Lowering stunting rates, improving hygienic sanitation practices, and fostering behavioural shifts that enhance public health.

In the commercial financing scheme, the cooperative's financing team evaluates recipients to determine their ability to make instalment payments. Those deemed capable are provided with commercial funding. The allocated commercial financing is disbursed according to cooperative policies, with recipients receiving a predetermined amount. Members then repay the loan through weekly instalment plans. Additionally, the cooperative holds weekly member meetings, during which the BMI *zakat* program is discussed and implemented through structured initiatives.

Research by Awaliyah et al. (2020) conducted at Benteng Mikro Tangerang Cooperative examined sanitation financing, which is implemented using the parallel *istisna'* contract scheme. The execution of this contract adheres to the Standard Operating Procedures (SOP) established by the cooperative and complies with Fatwa DSN MUI No. 22/DSN-MUI/III/2002.

Research by Nazmul Islam et al. (2024) highlights the role of microfinance in funding healthcare for low-income communities. The ease of applying for microfinance loans is seen as a positive factor, helping underserved populations gain access to health funds. Microfinance provides liquidity access for healthcare expenses, increased health spending capabilities, smoother consumption patterns, and enhanced overall well-being. This financing model has the potential to support healthcare initiatives in countries where government healthcare funding is insufficient for the population's needs.

For underprivileged communities, sanitation facility financing is provided free of charge, with no repayment or instalment obligations for recipients. This is possible because funding for sanitation facilities for the needy comes from *zakat* funds. The cooperative's policy on *zakat* allocation for sanitation is based on MUI Fatwa No. 1 of 2015, which permits the use of *zakat* for health facilities and clean water sources. The program includes a pilot project in Cikupa, called Sanimesra (Sanitation for Mosques, Prayer Rooms, and Islamic Boarding Schools).

The financing ceiling allocated for each sanitation program product is as follows:

Table 3: Financing Ceiling Amounts for each Mustahiq

No	Product	At Launch	Current
1	Istisna Financing	Rp. 20 million	RP. 27 million
2	Dhuafa Sanitation	Rp. 5 million	Rp. 7,5 million
3	Cemetery Sanitation	Rp. 17 million	Rp. 27 million

Waqf Fund Distribution

The *waqf* fund has been allocated for the construction of livable housing under a grant scheme, with IDR 55,000,000 disbursed for this initiative. The program, known as Hibah Rumah Siap Huni, is carried out by Koperasi Konsumen BMI, which operates within the same business group. This scheme is designed to enhance program efficiency. Estimates indicate that if the housing construction were handled by an external entity, it would require IDR 100,000,000 per unit. Thus, by executing the project internally within the cooperative's business group, there is a 45% cost savings. Beyond the financial savings, the cooperative also ensures that the quality of the homes meets the expected standards, as quality control is conducted efficiently and rigorously.

Collection and Distribution of Social Funds for Non-Muslim Communities

The cooperative sets aside a dedicated fund for social assistance aimed at non-Muslim members and communities. Donations from non-Muslim individuals are accepted and recorded as sedekah (charitable giving), ensuring that the distribution of funds also benefits non-Muslim recipients. There is strong enthusiasm among non-Muslim communities within the cooperative's

operational area to participate in donations. The utilisation of sedekah funds aligns with Sharia principles, allowing their allocation for sanitation programs. While social fund distribution for non-Muslim communities is still limited, the cooperative has successfully implemented a flagship sanitation program for non-Muslim residents.

Non-Muslim communities have shown interest in Islamic financial institutions, as supported by research conducted by Rina (2017). The study found that over 50% of the members or service users of the examined Islamic cooperative were non-Muslims. Factors influencing non-Muslim customers in choosing Islamic banking products include: Information, products, pricing, and promotions (Siti Arawiyyah Ardi et al., 2023), promotions and product offerings (Anjur Perkasa Alam & Jureid Lubis, 2021).

The collection and distribution of social funds for non-Muslim communities is conducted in alignment with the cooperative's work programs and operational framework, which serve non-Muslim members. Non-Muslim individuals also demonstrate strong interest in charitable giving, as reflected in the high participation of non-Muslim donors contributing to the cooperative's social initiatives. According to Huda (2019), receiving social funds from non-Muslim communities is permissible as long as it does not pose any harm.

CONCLUSION

The distribution of ZISWAF funds has improved cooperative members' quality of life, particularly through enhanced sanitation and housing. Improved well-being is evident from the ownership of sanitation facilities, which were previously unavailable to cooperative members due to financial constraints. With cooperative assistance, these members now have access to sanitation facilities, leading to better living conditions. The distribution of ZISWAF funds, combined with commercial financing, expands funding accessibility for sanitation facilities. Commercial financing serves as an alternative funding option for cooperative members. By incorporating commercial financing in sanitation initiatives, the total amount allocated for sanitation financing has significantly increased. An innovative development in sanitation funding involves constructing sanitation facilities within the cooperative's business group. This approach not only yields business benefits but also reduces sanitation facility construction costs by up to

40%, allowing for higher efficiency in fund allocation and improved quality in the housing grant program.

Non-Muslim communities and individuals from lower economic backgrounds demonstrate strong enthusiasm for donating, often driven by specific motivations for charitable giving. Despite this, *zakat* institutions have yet to widely consider this demographic for fundraising efforts, presenting a new opportunity for *zakat* organisations to actively engage with lower-income donors. The cooperative also allocates social funds to non-Muslim communities, ensuring that these distributions adhere to Sharia principles through specialised programs. Several initiatives for social fund distribution to non-Muslim communities have already been implemented. Additionally, funds collected from non-Muslim members can be utilised for sanitation projects, as this allocation complies with Sharia regulations.

ACKNOWLEDGEMENT

Upon the completion of this research and the finalisation of this journal, we extend our gratitude to the following parties for their support: a) Benteng Mikro Tangerang Cooperative for facilitating the successful completion of this research; b) Universitas Muhammadiyah Jakarta for providing research funding support through the internal research grant scheme.

REFERENCES

- Amri, K., & Marwiyati, M. (2019). Preferensi Muzakki Membayar Zakat Melalui Baitul Mal: Studi Empiris di Kota Banda Aceh. *Jurnal Manajemen Dan Sains*, 4(2). <http://dx.doi.org/10.33087/jmas.v4i2.123>
- Anam, M. K., & Hardiansah, I. (2023). Manajemen Pendistribusian Zakat di Masa Pandemi Covid-19. *Al-Kharaj: Jurnal Ekonomi, Keuangan & Bisnis Syariah*, 5(1). <https://doi.org/10.47467/alkharaj.v5i1.1116>
- Anjur Perkasa Alam, Jureid Lubis. (2021). Analisis Faktor Yang Mempengaruhi Non Muslim Menjadi Nasabah Bank Syariah Indonesia Di Medan. *Islamic Circle*, 2(1), 16–27. <https://doi.org/10.56874/islamiccircle.v2i1.483>
- Avdukić, A., & Smolo, E. (2024). *Promoting Sustainable Development Through Islamic Social Finance*. Emerald Group Publishing Ltd.
- Awaliyah, N., Suharno, H., & Safitriawati, T. (2020). Implementasi Akad Istishna' Pada Produk Pembiayaan Skim Mikro Tata Sanitasi Di Koperasi Syariah Benteng Mikro Indonesia. *Ekonomi Bisnis*, 26(2), 367–377. <https://doi.org/10.33592/jeb.v26i2.1046>
- Baznas, P. K. S. (2019). *RAsio Keuangan Organisasi Pengelola Zakat*. Pusat Kanjian Strategis Baznas.
- Chen, M., & Wang, C. (2024). How business model innovation facilitates microcredit in balancing social mission with commercial performance - evidence from local commercial banks. *Technological Forecasting and Social Change*, 202, 123287. <https://doi.org/10.1016/j.techfore.2024.123287>
- Ebrahim, M. S. (2009). Can an Islamic model of housing finance cooperative elevate the economic status of the underprivileged? *Journal of Economic Behavior & Organization*, 72(3), 864–883. <https://doi.org/10.1016/j.jebo.2009.08.002>
- Fahlefi, R. (2022). Model of Zakat Utilisation Based on Local Geographical Potential in West Sumatra. *Ziswaf: Jurnal Zakat Dan Wakaf*, 9(1), 32. <https://doi.org/10.21043/ziswaf.v9i1.14551>
- Ghofur, A. (2018). *Tiga Kunci Fundraising*. Gramedia Pustaka Utama.
- Hamidah, R. A., Alam, A., Anggraeni, A., & Nizam, R. S. (2021). An Assessment of Zakat Contributions for Productive Purposes to Empower the Mustahik

- Economy in the Face of the Covid-19 Pandemic. *Ziswaf: Jurnal Zakat Dan Wakaf*, 8(2), 154. <https://doi.org/10.21043/ziswaf.v8i2.11242>
- Hanafi, A. (2020). Pemberdayaan Ekonomi Anggota Koperasi Harapan Keluarga Sejahtera Sebagai Alternatif Mengurangi Tingkat Kemiskinan Di Desa Nanggela Kec. Gregeed Kabupaten Cirebon. *Jurnal Indonesia Sosial Teknologi*, 1(1). <https://doi.org/10.59141/jist.v1i01.8>
- Huda, B. (2019). Legalitas Penyaluran Harta Zakat dan Bantuan Non Muslim sebagai Dana Wakaf pad Bank Wkaf Mikro Perspektif Fikih. *2nd Prosidings Annual Conference For Muslim Scholars, April 2018*, 818–829.
- Irwanda, M. (2021). Pengaruh Zakat dan Indeks Pengaruh Zakat dan Indkes Pembangunan Manusia Terhadap Kemiskinan. *OIKOS: Jurnal Kajian Pendidikan Ekonomi Dan Ilmu Ekonomi*, 5(2). 91-98. <https://doi.org/10.23969/oikos.v5i2.3329>
- Jabbour Al Maalouf, N., Sawaya, C., & Elia, J. (2025). Evaluating the influence of organisational capability on fundraising success in lebanese non-governmental organizations. *Heliyon*, 11(2), e41891. <https://doi.org/10.1016/j.heliyon.2025.e41891>
- Kemen-KUKM. (2023). *Peraturan Menteri Koperasi dan Usaha Kecil dan Menengah Republik Indonesia No.8 2023 tentang Usaha Simpan Pinjam Oleh Koperasi*. 151(2), 10–17.
- Minister of Cooperatives Small and Medium Enterprises. (2020). Regulation of the Minister of Cooperatives, Small and Medium Enterprises of the Republic of Indonesia about Cooperative Supervision. *Minister of Cooperatives, Small and Medium Enterprises*, 1202, 1–53.
- Muhammad, A. A., Idriss, I. D., Bagari, M., & State, G. (2022). Zakat and Poverty Allevation Among People With Disabilitaies In Gombe State Nigeria: A Critical Analysis. *ZISWAF: Jurnal Zakat Dan Wakaf*, 9(1), 46–58.
- Nazmul Islam, M., Rabbani, A., De Allegri, M., & Sarker, M. (2024). Medical treatment loans and their effects on health care utilization and out-of-pocket expenditure: Evidence from an experiment in northern Bangladesh. *World Development*, 184, 106757. <https://doi.org/10.1016/j.worlddev.2024.106757>
- Pemerintah Indonesia. (2021). *Peraturan Pemerintah Republik Indonesia Nomor 07 Tahun 2021 tentang Kemudahan, Pelindungan, dan Pemberdayaan Koperasi dan Usaha Mikro, Kecil, dan Menengah*. 086507, 1–121.

- Peraturan Menteri Koperasi Dan Usaha Kecil Dan Menengah Republik Indonesia Nomor 16/Per/M.KUKM/IX/2015. (2015). Peraturan Menteri Koperasi Dan Usaha Kecil Dan Menengah Republik Indonesia Nomor 16/Per/M.KUKM/IX/2015 Tentang Pelaksanaan Kegiatan Usaha Simpan Pinjam Dan Pembiayaan Syariah Oleh Koperasi. *Menteri Koperasi Dan Usaha Kecil Dan Menengah RI*, 37.
- PWC. (2024, July). A practical guide to the new and revised Indonesian Financial Standards for 2024. *PWC Indonesia*, 7.
- Rahman, M. A. U., & Ley, A. (2020). Micro-credit vs. Group savings – different pathways to promote affordable housing improvements in urban Bangladesh. *Habitat International*, 106, 102292. <https://doi.org/10.1016/j.habitatint.2020.102292>
- Rahmuniyati, M. E., & Sahayati, S. (2021). Implementasi Program Sanitasi Total Berbasis Masyarakat (STBM) Untuk Mengurangi Kasus Stunting Di Puskesmas Wilayah Kabupaten Sleman. *PREPOTIF: Jurnal Kesehatan Masyarakat*, 5(1), 80–95. <https://doi.org/10.31004/prepotif.v5i1.1235>
- Rina, A. (2017). Analisis Faktor-Faktor Yang Mempengaruhi Non Muslim Untuk Memanfaatkan Produk Lembaga Keuangan Syari'Ah. *Wadiah*, 1(2), 1–24. <https://doi.org/10.30762/wadiah.v1i2.1279>
- Sari, E. D. K., Rustam, A., & Yunita, L. (2021). *PENGEMBANGAN INSTRUMEN PENELITIAN SOSIAL (Konsep, Tahapan dan contoh instrument, Analisis data menggunakan SPSS dan M-Plus, dan Winsteps)*. Kun Fayakun.
- Siti Arawiyyah Ardi, Maulana Alghifari, Restu Tumanggor, & Erika Diana Batubara. (2023). Analisis Faktor-Faktor Yang Mempengaruhi Minat Bertransaksi Masyarakat Non Muslim Pada Bank Syari'ah (Studi Pada Bank Syari'ah). *Jurnal Masharif Al-Syariah: Jurnal Ekonomi Dan Perbankan Syariah Analisis*, 8(2), 1429–1440. <https://journal.um-surabaya.ac.id/Mas/article/view/19940>
- Smolo, E., Saba, I., Ismail, N., & Mahomed, Z. (2024). *Integrating Islamic Finance Into the Sustainable Development Goals (SDGs)*. Emerald Group Publishing Ltd.
- Syariah, D. S. A. (2025). *Standar Akuntansi Keuangan Indonesia Syariah, No 404 tentang akuntansi Istishna*. Ikatan Akuntan Inonesia.
- Villalba, R., Venus, T. E., & Sauer, J. (2023). The ecosystem approach to

agricultural value chain finance: A framework for rural credit. *World Development*, 164, 106177. <https://doi.org/10.1016/j.worlddev.2022.106177>

Widiastuti, T., Ningsih, S., Prasetyo, A., Mawardi, I., Herianingrum, S., Robani, A., Al Mustofa, M. U., & Hady, A. F. (2022). Developing an integrated model of Islamic social finance: toward an effective governance framework. *Heliyon*, 8(9), e10383. <https://doi.org/10.1016/j.heliyon.2022.e10383>

Zhang, L., Chao, X., Qian, Q., & Jing, F. (2022). Credit evaluation solutions for social groups with poor services in financial inclusion: A technical forecasting method. *Technological Forecasting and Social Change*, 183, 121902. <https://doi.org/10.1016/j.techfore.2022.121902>