

CRITICAL REVIEW OF CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM OF AMIL ZAKAT INSTITUTION IN INDONESIA

Prameswaa Samofa Nadya*

Perbanas Institute

*Corresponding Author: prameswara.samofa@perbanas.id

Siedqy Nadiefiansyah Effendi

Perbanas Institute

nadiefsiedqy@gmail.com

Abstract – Besides an obedience dimension to adherents of Islam, zakat also has a social dimension which can potentially be a solution to poverty alleviation. Therefore, the role of Amil Zakat Institution (LAZ) is crucial. In fundraising, Amil Zakat Institution faces some challenges related to the effort of maintaining muzakki. So, Customer Relationship Management (CRM) within Amil Zakat Institution has a vital role in maintaining the continuity of zakat payments from muzakki and sustaining positive relationships with them. Unfortunately, CRM has not well managed yet. This research is conducted to find out the ideal form of CRM, implementation of CRM on amil zakat institution in Indonesia and henceforth formulating the ideal CRM implementation for amil zakat institution, by analyzing data based on literature reviews and direct observations, either through internships conducted by the researcher, also interviewed the muzakkies. The results show that amil zakat institution in Indonesia still implements CRM traditionally without paying attention to how the CRM system should be run, both related to building relationship with muzakki and data security issues. For this reason, research suggests that the problem of managing the CRM system bay amil zakat institution also gets attention from national zakat board (BAZNAS).

Keywords: amil zakat institution, CRM system, zakat fundraising, data, muzakki

I. INTRODUCTION

Zakat is one of the pillars in Islam which is obligatory for a Muslim who has reached a certain amount and time limit (haul and nisab) and is distributed to 8 groups specified in the Al Quran (Anggara & Hastuti, 2018). Zakat has a vertical dimension, towards the Creator, and a horizontal dimension, towards fellow human beings, which is a form of caring for others. Zakat can become the axis and center of state finances if implemented properly. Its position can alleviate poverty, stimulate the economy, and even become the last shield for the economy so that it does not slump when consumption capacity stagnates (Aravik, 2017). Zakat literally means to grow and develop. The Koran (*Qur'an Kemenag*, n.d.) states that zakat can cleanse and purify humans (QS 9:103).

In Indonesia, zakat is managed by 2 types of institutions, they are Zakat Manager Organization (Organisasi Pengelola Zakat = OPZ), namely the National Amil Zakat Agency (BAZNAS) which is managed by the government and the Amil Zakat Institution (LAZ) which is managed by the community. BAZNAS manages zakat nationally, while LAZ is formed by the community with the task of assisting the collection, distribution and utilization of zakat (*PP No. 14 Tahun 2014 Tentang Pelaksanaan Undang Undang Nomor 23 Tahun 2011 Tentang Pengelolaan Zakat [JDIH BPK RI]*, n.d.).

As a social institution, amil zakat institution is expected to always have a good relation with

zakat payer (*Muzakki*), so that the role of Customer Relationship Management (CRM) becomes important in it. CRM is an effort to maintain good relationship with customers for long-term profitability, where good CRM results from people, processes and technology (Chen & Popovich, 2003). CRM is an important component that connects consumer perceptions and the value that companies want to create (Kumar & Reinartz, 2018a). Also, CRM indicates a comprehensive strategy and interactive process intended to achieve an optimum balance between corporate investment and the satisfaction of customer needs to generate the maximum profit (Wang, 2008). In another way, CRM is an administration system that connects customer needs with the products offered by the company. Ideally, CRM involves good technology and databases so that they can absorb customer information properly and meet their expectations.

Reflecting on condition in Indonesia with a poor population of 26.36 million people, all zakat institutions in 2022 have carried out poverty reduction for 1.76% of the poor population in Indonesia (Studies, 2023a), where the potential of zakat in Indonesia reaches 5.8 trillion rupiahs (Aneu, 2022), which means that optimal efforts can be made to mobilize zakat collection nationally, where the zakat literacy index of the Indonesian population has entered the middle category, where those with higher education make up the majority of the group that has a highest zakat literacy index (Studies, 2023b). One of the optimal efforts is to utilize the marketing function of amil zakat institution, including using a good CRM system.

For this reason, this research wants to answer the following questions:

1. What is a good form of CRM system for amil zakat institutions?
2. What kind of CRM system has been implemented for amil zakat institution in Indonesia?
3. How to improve the CRM for amil zakat institutions in Indonesia for the optimal function of fundraising effort?

II. METHODS

This research uses qualitative methods obtained from the results of literature reviews and direct observations made by the researchers. Observation activities involve biological and psychological processes in which researchers conduct direct research into the field regarding the working mechanism of CRM at amil zakat institution, as well as conducting interviews with several muzakki who meet the requirements, they should be have paid zakat regularly for at least 3 years and having experience in CRM services by amil zakat institution.

Literature review is carried out by examining an in-depth understanding of CRM, the capacity that can be developed in CRM, and its benefits, then comparing it with the implementation of CRM in amil zakat institutions in Indonesia through direct observations in the field. From these activities, researchers analyze the gap that occurs between the two to further examine what needs to be improved in order to achieve progress in optimizing the collection of zakat funds through amil zakat institution.

III. RESULTS AND DISCUSSION

The Role of CRM as a Liaison Between Company and Customers

Customer Relationship Management (CRM) is an additional function in a company that is include in the bulk of sales, where CRM is an effort to maintain good relations between the company and its customers (Kumar & Reinartz, 2018b), which with adequate technological growth, CRM grows become a system that involves people, technology and process (Chen & Popovich, 2003), where CRM is not just a function driven by HR within a company, but also driven by technology and process, because with the ultimate goal of customer satisfaction,

company have to know exactly what the customer needs, so that the existence of data really supports good service by the company.

In packaging of digital technology 4.0, CRM is often juxtaposed with Artificial Intelligence (AI) and knowledge management (KM) (Chatterjee et al., 2020), so that the use of a special CRM platform is widely used by various companies that want to foster good relations with customers, so as to create the best mechanism in this CRM process. Of course, this system must be supported by a number of adequate infrastructures, where the company must spend a certain amount of funds to invest to build a good CRM application system for the company. As stated by (Wang, 2008), a good CRM system is one that can manage the balance between investment made by the company and customer satisfaction, so as to generate the desired maximum profit.

A good CRM system covers mechanism below:

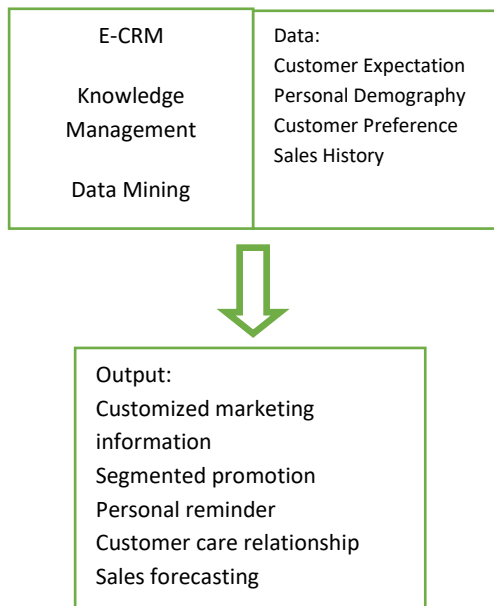


Figure 1. CRM Mechanism

The initial step to starting the CRM system includes a series of activities involving input – process – output, as described in the following table:

Table 1. Starting CRM System

Stage	Input	Process	Output
1	Vision Strategy Company size	The Board of Director of the company – a decision of the CRM system implementation	Vision Aims Expectation
2	Analysis of the current option – the needs, suppliers, market	Selection of suitable CRM system – project leader	Presenting options to the board by the team Selection of CRM System
3	Examining the CRM Company	Selection of suitable CRM System	Setting up the system for a particular company, setting up function, module. Setting the final price and number of licences, service, maintenance, long-term cooperation
		Go Live	Functionality
4	Training by organizational structure levels, needs, etc	Employees training	Staff qualification Technological equipment Business process – set up
		Optimizing the entire system	Functional system Evaluation Updating
		Data entry daily use	
		CRM Management	

Source: processed from (Pohludka & Štverková, 2019)

Based on the description of the table above, the establishment of a CRM system requires attention in the form of adequate investment funds and focus in order to produce a good system which when running will produce the right output when used properly. For this reason, the role of HR is very important, so training in using the system is absolutely important, as well as maintenance of the CRM infrastructure so that it can be implemented properly. Thus, top management support is very important in implementing this system (Chatterjee et al., 2020).

CRM as a Driving Force for Optimizing the Collection of Zakat Funds

In Indonesia, CRM has also begun to be widely used by companies, both multinational also national companies. Likewise with nonprofit organization like amil zakat organization, this time, many amil zakat organizations claim that they already have CRM function at their institution where this CRM is used to optimize zakat fund collection.

As is known, amil is one of the parties entitled to receive zakat funds (QS 9:60) with an undetermined amount, but scholars translate that the share of amil is a maximum of one-eighth of all zakat funds collected (Rezeki et al., 2022). These funds are used by amil to finance operational needs or increase the foundation's wealth, including for marketing needs and employee salaries, so that funds for building a CRM system can be taken from here.

The CRM function built by amil zakat institutions has the potential to optimally mobilize zakat funds, where the majority of scholars in Indonesia have recognized the existence of professional zakat which can be paid monthly and with 38% of the population working as employees or laborers (Badan Pusat Statistik, 2023), then the potential for professional zakat payments on a regular basis every month is potentially large. For this reason, if the relationship with muzakki can be fostered properly, then LAZ can not only forster relationship with customers, but also have an element of da'wah in the form of maintaining the fourth pillar of faith (paying zakat).

The results of the research of (Amrina & Fahrullah, 2021; Doddy et al., 2022) show that the application of the CRM system at amil zakat institutions provides satisfactory results, which can significantly affect the satisfaction of the muzakki.

Implementation of CRM on Amil Zakat Institutions in Indonesia

Even though the amil zakat institution is a non-profit institution, where the income earned is prioritized to be allocated to matters that do not expect large profits, the amil zakat institution still requires professional

management in collecting and distributing zakat funds. Specifically for the collection of zakat funds, in tis current implementation in Indonesia, muzakki are generally regular zakat payers, either paid periodically monthly or annually, so that fostering good relations with customers becomes an equal effort for amil zakat institutions.

Along with the progress of the digital era, especially after the Covid-19 pandemic which forced interpersonal interactions to be carried out indirectly, more amil zakat institutions are driving the CRM function in their institutions, especially e-CRM, although it must be understood that the collection of zakat funds is not optimal in Indonesia, not all amil zakat institutions are able to provide an adequate system for optimal e-CRM application based on obeservations, the 5 largest zakat collection organization (OPZ), including BAZNAS as the largest (*5 Organisasi Pengelola Zakat Terbesar Di Indonesia, Himpunan Dana Sampai Ratusan Miliar / Dream.Co.Id*, n.d.) already has its own customer service application to make it easier for muzakki to choose the zakat services they need and want, some even have a special platform, some also have quite al ot of zakat options, but the rest are more which implements a simple CRM system, such as by optimizing the use of social media and messaging platform operated by HR who are marketing agents, as implemented by LAZ Zakat Sukses which organized 'Sahabat Zakat' as volunteers in carrying CRM function (Yasin & Saputra, 2023) or LAZNAS IZI East Java which optimized the use of WhatsApp as a mainstay messaging platform, then combines it with various marketing strategies such as segmentation, targeting, positioning and differentiation (Amrina & Fahrullah, 2021), as well as findings in the field where the researcher did an internship at LAZ UCare Bekasi, CRM activities are carried out by relying on the WhatZapp application to spread broadcasting messages to remind the benefits of tithing, while the muzakki database is taken based on entry data obtained from each data entry by muzakki at the time of zakat and stored in the office application (Microsoft Excel).

This method, although looks massive and able to reduce costs, it is actually not in accordance

with the objective of CRM, in which CRM as the principle of fostering good relationships with customers to achieve optimal customer satisfaction, so as to maintain loyalty and in the long term can maximize profits.

Broadcast messaging that is practiced as in the example above shows that amil zakat organization has not taken an approach that suits the needs of muzakki, whereby broadcast messaging all customers, with various demographics and needs, are offered the same product, or in this case muzakki with different characteristics and desires. Different offerings of the same zakat product.

Based on the interviews with several muzakkies who have experienced CRM services from amil zakat organization in Indonesia, several respondents rated the form of CRM as broadcast messaging positively because it has a positive benelovent message.

“The language delivered is polite, the motivation is good, and most importantly, it reminds us that it’s time to donate or pay professional zakat again. Reminders from Allah can come in any form, who knows, this is one of them.” (Muzakki 2, 38 years old)

“Many friends feel disturbed by WhatsApp from amil zakat, but not for me. Because of that WhatsApp, I know that there is small kid who have been orphaned since infancy and have acute digestive disorders, or mother who have stage 4 cancer but their house caught fire. I even thank the message because he gave information for various. The rewards are many. Hopefully it is blessed.” (Muzakki 4, 40 years old)

However, other respondents felt disturbed by this form of broadcasting for various reasons, such as the incompatibility of the products/forms of zakat distribution offered with the expectation of the muzakki.

“I think zakat for da’wah fighters in the inland area is most important now. I have asked the amil to report that there is another zakat program from preachers in the inland area of Papua, but what comes back are forth to me is an invitation to give zakat to the homeless in Jakarta.” (Muzakki 5, 34 years old)

“At that time, I was very happy to be able to pay zakat regularly to a mualaf institution and thankful because many mualaf have been helped by this program. After my income increased, I wanted to share additional zakat funds that could be channeled through other organizations. I started to wonder about the Mualaf Program at several organizations that I knew, but in fact I was bomarded with zakat programs that didn’t suit my expectation. Finally, now I focus on that mualaf institution. God willing, my blessings are here.” (Muzakki 1, 50 years old)

Some respondents thought that broadcast messaging from amil zakat organization filled up their social media and messaging too much. This is the second problem.

“Initially I just wanted to try using amil zakat organization service which was opening a booth at a mall and I did fill in the data form there. As a result, after that at least every day there must be a message asking me to distributed the best wealth in the way of Allah. It’s not that I don’t want to, but as a new entrepreneur my income still fluctuates, it’s also disrupted overtime. Finally, now if there is sustenance, I will return to paying zakat at the mosque near my house. Paying zakat with Pak Haji is the safest thing.” (Muzakki 7, 29 years old)

“My WhatsApp nowadays contains an invitation to tithe. Morning, afternoon, evening, it seems to be there all the time. If we follow the invitation later there will be more invitation to come. Now at least ever day there are 5 invitations to give tithes and donate. After a long time, I became lazy to use this number.” (Muzakki 6, 31 years old)

Regarding the second problem, a respondent complained about the possibility of data leakage. It is the third problem.

“Starting from the infaq that I paid and I was asked to write down my name and phone number, then one message started appearing from this organization, I was moved to donate there as well, then gave alms as well as already entering Ramadhan. After that I received a lot of messages and now various people from various LAZs, whether licensed or not, are going back and forth to my messaging

application. 'Moving the heart', he said, but if I follow up that, it's like terror." (Muzakki 10, 41 years old)

From the various responses received by respondents, it is visible that the CRM function has not been well practiced by many amil zakat institution in Indonesia and for this reason improvements are needed in order to produce an effective way to optimize zakat collection, because muzakki's dissatisfaction will worsen amil zakat institution's image in the future.

What Needs to be Fixed?

(Soltani & Navimipour, 2016) stated that one of the obstacles to CRM was implementing CRM before designing a customer strategy. Another obstacle was also stated, namely rolling out CRM before changing the organization to match. For this reason, CRM cannot be hastily applied by amil zakat institution without first improving the organizational form and first designing the desired customer strategy.

Before applying CRM, at least amil zakat institution must prepare several things, that is: first, determine the target CRM to be aimed at. Focus on efforts to maintain customer loyalty for the long term or more on short term efforts to increase fundraising. Second, after knowing the target application of the CRM system that will be used, amil zakat institution can start designing strategies that will be used for customers, such as increasing customer loyalty, introducing institutions and zakat offered to many parties, or increasing the attention of muzakki who have not regularly paid zakat. Third, reviewing the financing capacity for investing in CRM systems (Kumar & Reinartz, 2018b). A good CRM system requires number of funds that can be classified as up-front investment and this investment is not only for buying or renting the right CRM system, but also for preparing supporting infrastructure, including human resources to be involved in this system, training costs, maintenance costs. Tools and so on. Fourth, determine the CRM system to be used. Amil zakat institution can build its own CRM system with the benefit that the system is in accordance with amil zakat institution's conditions, but the cost is significant.

Institutions can also rent and then mutually adjust between the existing system and condition of organization. Fifth, organizational adjustments to prepare the CRM system to be used, both in terms of standard operating procedures and organizational structure. Amil zakat institution also needs to regulate that the new rules of the game guarantee the security of muzakki's data.

Completing CRM with artificial intelligence and database application will certainly make work easier, but the costs required are also significant, more careful consideration is needed regarding the priority of using each application. However, storing data with simple tools can cause new problems, namely data leakage. Based on observations in the field, muzakki's data storage is often carried out by amil zakat institution with very simple office applications, as well as operational mobile phones, so it is possible for data leaks to occur.

Thus, it is necessary to consider priorities regarding good data storage to protect muzakki's privacy.

Meanwhile, artificial intelligence rally helps LAZ to get to know muzakki better, so that it can offer akat products according to muzakki's expectations, understand the best time to offer products according to muzakki's conditions, and understand muzakki's difficulties so that they can then complete it with the best service that amil zakat institution can provide. If the institution dose not yet have a good artificial intelligence platform, then this role can be replaced as much as possible by available human resources, because with a personal approach that places more emphasis on efforts to build good relation between the institution and muzakki, not on short-term sales targets (Weitz & Bradford, 1999).

IV. CONCLUSION

Based on the discussion above, it can be concluded that:

1. A CRM system is needed by the amil zakat institution and its application must

consider to capacity of the institution, especially in considering the investment needed, because a good CRM must involve humans – process – technology with the ultimate goal of fostering good quality relationships with muzakki so as to create loyalty. AI and data mining technologies work very well together with CRM systems

2. The CRM implemented by amil zakat institution in Indonesia is still traditional, where the institution maximizes the function of various social media application and messaging platforms, while muzakki's data storage has not received attention, resulting in frequent over-overings from the institution an indication of muzakki's data leaks
3. To improve CRM implementation by the institution, the institution should focus on storing muzakki data in safe place and properly processed. the CRM must focus on efforts to maintain good relations with muzakki. For this reason, LAZ must carry out a number of planning stages before actually implementing CRM.

Based on these conclusions, it is suggested that BAZNAS as the parent of various zakat management organizations make efforts so that amil zakat institution can obtain adequate capacity in managing the CRM system. BAZNAS can try to provide a CRM system that can be utilized properly to create optimal conditins in a more massive and regular collection of zakat funds.

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