

A Conceptual Model of Zakat Payers' Trust in a Zakat Institution in Kelantan

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ABSTRACT

Zakat institutions are obliged to collect zakat from every eligible Muslim because their existence manages the institution by distributing the wealth from the wealthy Muslims to zakat asnafs. However, the zakat institutions still fail to ensure that every one of zakat payers will comply with paying through the institutions. Zakat payers' trust affects their zakat compliance behavior (Mustafa et al., 2013). According to research done by Faizal and Ramli (2017), compliance behavior is one factor that influences the act of tax compliance. This finding supports the prior studies by Kastlunger et al. (2013), who say that high trust causes the increase in tax compliance. The same case goes with paying zakat. Zakat payers' trust is essential in ensuring zakat payers pay zakat through the formal channels. According to Ahmad, Wahid, and Mohamad (2006), zakat payers' dissatisfaction towards zakat distribution practices by zakat institutions leads them to pay zakat directly to asnafs. Thus, this proves that lack of trust by zakat payers can increase the self-distribution practice and leakage in zakat collection. According to a report by Populus (2018), donors are most likely to donate their money to support causes by charities if charities are good at managing funds and demonstrate impacts for their causes. Otherwise, they will lose trust in those charities. As in this study, the main focus to study zakat payers' trust is to reduce the increase in self-distribution practice and gradually lead to maximize the zakat collection in the future. Based on that reason, this study determines which factors should be focused on to increase zakat payers' trust. The proposed factors in this study are disclosure practices, council board, and stakeholder management practices. Thus, the paper aims to develop a conceptual model of zakat payers' trust in a zakat institution in Kelantan.

Keywords: Council board; Disclosure practices; Stakeholder management practices; Zakat payers' trust.