AZKA-PPZ
AKADEMI ZAKAT
AZJAF
AZKA INTERNATIONAL JOURNAL OF ZAKAT & SOCIAL FINANCE ISSN : 2735-1890 e-ISSN : 2716-6643
Vol. 7 No. 3 (Special Issue 2026)
azka.zakat.com.my

DOI: 10.51377/azjaf.vol7no3.312

EXPLORING RISK IN ZAKAT COLLECTION MANAGEMENT: A NARRATIVE REVIEW

WAN MOHD AL FAIZEE WAN AB RAHAMAN
(Corresponding Author)
Arshad Ayub Graduate Business School, Universiti Teknologi Mara, Shah Alam.
Email: alfaizee@uitm.edu.my

MOHAMAD FITRI MOHAMAD YUSOFF
Sekolah Pengajian Islam dan Sains Kemanusian, Kolej Profesional MAIWP.
Email: fitri@kpmaiwp.edu.my

KAUSAR ISMAT 'ANUNU
Sekolah Pengajian Islam dan Sains Kemanusian, Kolej Profesional MAIWP.
Email: kausar@kpmaiwp.edu.my

NAFIDAH MOHD HASAN
Sekolah Pengajian Islam dan Sains Kemanusian, Kolej Profesional MAIWP.
Email: nafidah@kpmaiwp.edu.my

SUHADA ISHAK
Berjaya University College.
Email: suhada.ishak@berjaya.edu.my

A PEER-REVIEWED ARTICLE
(**RECEIVED** – 3RD JUL. 2026: **REVISED** – 20TH AUG. 2026: **ACCEPTED** – 7TH SEPT. 2026)

ABSTRACT

Zakat is an effective instrument for poverty alleviation, and its administration should be carried out with the highest degree of honesty, transparency and effectiveness. However, zakat administration is facing serious challenges such as weak internal controls, declining public trust, cyber risks and regulatory inconsistencies despite rising collections, putting institutional viability at risk. A full integration of these risk exposures is still rare in the existing literature. This systematic review of 21 peer reviewed publications and official documents published from 2015 to 2025 used a narrative literature review approach. The results point to six core risk categories: operational and governance, reputational and public trust, educational and awareness, digital and cybersecurity, legal and

regulatory, and financial. The most important risk is reputational risk, which directly impacts the trust of donors (muzakki) and the success of collection. Zakat organisations today should adopt holistic enterprise risk management (ERM) systems to address these interconnected risks. Zakat authorities can increase operational resilience and safeguard sustained public trust by highlighting open administration and strong digital security.

Keywords: risk, zakat collection, narrative review, trust, reputation

INTRODUCTION

Zakat is an obligatory Islamic financial duty and an important instrument for redistribution of wealth and alleviation of poverty. The integrity, transparency and efficiency of zakat institutions, especially in the collection process, are important for the effective management of zakat. In Malaysia, Zakat is managed at the state level, and each state has its own legal and institutional framework (Mukhlishin et al., 2024; Migdad, 2019).

Notwithstanding the rise in zakat collection, the administration of zakat encounters some difficulties that may jeopardise its sustainability. This encompasses inadequate internal controls, diminished public trust stemming from mismanagement incidents, insufficient zakat literacy, cybersecurity risks, legal discrepancies, and deficiencies in financial reporting (Mohamad & Sori, 2023; Jalal et al., 2024; Punding et al., 2024). The exposure to such risks, namely the extent of vulnerability of zakat institutions to bad events, may significantly impact collection performance and institutional legitimacy.

However, comprehensive synthesis of the full range of risk exposures in zakat management based on detailed examination of past literature has been limited, although individual risk factors have been identified in previous studies. Moreover, the relative significance of each risk exposure has not been systematically evaluated. This gap restricts the ability of zakat institutions to focus its risk management efforts.

Therefore, modern zakat institutions are required to adopt the same holistic risk management procedures as the wider Islamic finance industry to systematically address these risks. The risk in zakat has several dimensions, mostly in the form of reputational and muzakki (donor) loss, operational inefficiencies, and distribution risks. Operational risks such as human errors in data management, fraudulent activities, and breakdowns in technological infrastructure pose major threats to the institution's broader socio-economic goals. Additionally, zakat organisations that move to digital payment systems to improve collection are faced with greater challenges of data security and digital trust. Trust is always complicated and a lot depends on institutional

transparency, strong digital security and dependable reporting (Kasri & Yuniar, 2023). Even a high-tech zakat platform may not be able to increase collection rates without these basic principles. A strong risk management culture is a strategic must ensure the public's trust.

While risk reduction is vital, the current research on zakat risk management is fragmented, often focusing on specific risk factors, such as localised operational issues or specific cybersecurity threats, without providing a holistic view. A narrative literature review provides a useful methodological approach to fill this gap in the scholarship. The narrative approach, unlike the limited systematic models, permits the comprehensive integration of diverse theoretical and empirical research, leading to a better contextual understanding of the interrelationships and compounding character of different dangers. This review aims to map the emerging exposures to zakat risk, through literature synthesis, from traditional operational risks to new digital vulnerabilities. In the end, the integration of these diverse pieces of knowledge is critical to providing zakat authorities with a common framework for prioritizing risk mitigation initiatives, which will boost the operational resilience of zakat institutions.

Therefore, the focus of this study is to analyse risk exposure in zakat management by conducting a detailed narrative literature review that examines and synthesises findings from past scholarly and professional sources. The specific objectives of this study are:

1. To identify and synthesise the key risk exposures in zakat management as discussed in past literature (2015–2025).
2. To analyse the significance of each risk exposure in terms of its impact on zakat collection and institutional credibility.

LITERATURE REVIEW

Zakat is one of the five pillars of Islam. It is obligatory for Muslims who have reached the nisab (minimum wealth level) to give a share of their wealth to eight specific types of recipients (asnaf). In Malaysia, the collection of zakat is handled at the state level by the relevant State Islamic Religious Council (Majlis Agama Islam Negeri). Each state has its unique zakat laws, and this causes differences in terms of collection methods, distribution mechanism and enforcement (Mukhlishin et al., 2024; Migdad, 2019).

There are various means of collecting Zakat – direct payment to designated amil, deductions from salaries, online transfers and agency collections. Although the total quantity collected has expanded substantially over the previous 10 years, the gap between what is collected and what could be collected remains large. This disparity is mainly because of the risk exposures

which disincentivise muzakki (payers) to pay via official channels (Punding et al., 2024; Sawmar & Mohammed, 2021).

A robust risk management system is essential for the integrity of zakat administration, ensuring that the collection and distribution of monies are executed efficiently, transparently, and in strict compliance with Shariah law. To implement this requirement, some zakat institutions have integrated Enterprise Risk Management (ERM) frameworks into their governance structures. One example of this is the research conducted by Putri et al., (2021), who utilised the ERM model at BAZNAS Indonesia to identify risks across operational, financial, compliance, and educational domains. Fikri et al., (2025) utilised the COSO ERM technique to systematically identify and address vulnerabilities at LAZ Yakesma in East Java. The operational aspect of these frameworks was critically examined in the study by Hernawati et al., (2022), which evaluated their effectiveness during the distinct interruptions caused by the COVID-19 pandemic. Dyarini and Jamilah, (2017) offer a thorough examination of the predominant risk mitigation measures in modern zakat management.

Nevertheless, the practice of formal risk management in Malaysian zakat organisations is still growing despite the above trends. Many institutions do not have specific risk committees or holistic risk registries (Migdad, 2019; Mohamad & Sori, 2023). There is still a need to enhance the accountability and internal audit functions (Rejab et al., 2023).

Risk exposure signifies an organization's vulnerability to internal shortcomings or external disturbances that may impede its fundamental aims. In the context of zakat collection, this vulnerability manifests through a diverse array of challenges, including operational failures, reputational damage, educational deficiencies, cybersecurity incidents, legal and regulatory non-compliance, and financial instability.

A comprehensive synthesis of these hazards necessitates more than simple identification; it requires a meticulous review in which each exposure is carefully assessed based on its probability of occurrence and the severity of its consequential effects. The significance of these repercussions must be evaluated in relation to their capacity to reduce collection yields, undermine stakeholder trust, and, in severe instances, jeopardise the institution's long-term sustainability. The reputational risk is particularly important because trust is the basis for zakat participation as shown in previous studies (Amar et al., 2024; Asmadia et al., 2025). Poor internal controls, operational hazards, directly help in fraud and mismanagement (Mohamad & Sori, 2023). Emerging risks are generated by digitalisation and digital assets (e.g. Bitcoin) which are new exposures not well

covered by existing legislation (Jalal et al., 2024; Erdawaty et al., 2023). To inform risk mitigation priorities, there is a need for a systematic synthesis of these risk exposures and their relevance - as provided in this narrative review.

METHODOLOGY

This study adopts a narrative literature review approach. According to Byrne, (2016), narrative reviews offer breadth of literature coverage and flexibility to deal with evolving knowledge and concepts, making them suitable for emerging topics such as risk management in zakat institutions.

Search Strategy

A systematic search was conducted using Scopus & Google Scholar. Keywords included combinations of: "zakat collection", "risk exposure", "risk management", "public trust", "operational risk", "legal risk", "cybersecurity risk", "financial risk", "zakat institution", "governance", "digital zakat", and "Malaysia". Boolean operators (AND, OR) were applied.

Inclusion and Exclusion Criteria

The following criteria guided the selection of documents (peer-reviewed articles, conference proceedings, official reports) in table 1:

Table 1: Inclusion and Exclusion Criteria

Included	Excluded
Published between 2015–2025	Published before 2015
Written in English or Malay	Languages other than English or Malay
Full text available	Full text not available
Topics covering risk, zakat, governance, digitalisation	Topics unrelated to zakat or risk
Peer-reviewed journals, official reports, conference papers	Opinion pieces without evidence

A total of 21 sources were retained from the initial search, all of which are listed in the reference list.

Data Extraction and Thematic Synthesis

A thematic synthesis approach was used. Data were extracted using a standardised template that captured: author(s) and year, country/context, risk

category discussed, key findings on risk exposure, and proposed mitigation strategies. Extracted data were then grouped into six thematic clusters.

Risk Classification Framework

The extracted risks were classified using a structured matrix based on dimensions commonly used in ERM: likelihood, impact, vulnerability, and speed of onset (Putri et al., 2021; Fikri et al., 2025). This allowed the study to move beyond simple listing of risks towards a significance analysis – i.e., assessing which risk exposures carry the greatest potential to disrupt zakat collection and erode institutional credibility.

Data Analysis Stages

Data analysis proceeded in three stages:

i. Descriptive synthesis – coding all risk statements into six a priori categories.
ii. Thematic mapping – extracting contextual examples for each risk category.
iii. Significance assessment – using frequency of concern, severity of impact, and interconnection to assign significance levels (Very High, High, Moderate–High, Moderate).

RESULTS AND DISCUSSION

Key Risk Exposures in Zakat Collection and Management

The analysis confirmed six core risk categories affecting zakat institutions. Table 2 presents these categories with descriptions, key impacts, and representative citations.

Table 2: Key Risk Exposures in Zakat Collection and Management

Risk Category	Description / Sources of Exposure	Key Impacts	Supporting Sources
Operational & governance	Weak internal controls, non-standardised SOPs, poor monitoring, staff capacity constraints	Undermines accountability and credibility; increases mismanagement	Mohamad & Sori, (2023); Punding et al., (2024); Sawmar & Mohammed, (2021); Migdad, (2019); Rejab et al., (2023)

Reputational & public trust	Misappropriation cases, lack of transparency, weak accountability	Severely erodes public confidence; directly threatens collection levels	Amar et al., (2024); Asmadia et al., (2025); Migdad, (2019)
Educational & awareness	Low zakat literacy; limited understanding of formal channels	Reduces formal channel collection	Putri et al., (2021); Sarasi et al., (2025); Rahman et al., (2025)
Digital & cybersecurity	Perceived security risks, transfer failure, Sharia non-compliance, cyber threats	Hinders digital adoption; potential data breaches and fund loss	Erdawaty et al., (2023); Rosele et al., (2022); Rahman et al., (2025); Jalal et al., (2024)
Legal & regulatory	Unclear rules for digital assets (e.g., Bitcoin); state-level inconsistencies	Creates credit, legal, and compliance risk; valuation complexity	Jalal et al., (2024); Mukhlishin et al., (2024)
Financial	Volatility of digital assets; improper fund pooling; weak financial reporting	Threatens institutional credibility; misallocation of funds	Jalal et al., (2024); Widagdo et al., (2025); Punding et al., (2024)

Core Risk Categories Affecting Zakat Institutions

Table 2 shows the synthesis of themes that reveals six major dimensions of risk exposure that influence zakat management, namely operational and governance, reputational and public trust, educational and awareness, digital and cybersecurity, legal and regulatory, and financial risks. Importantly, these categories are not mutually exclusive but are deeply interconnected and operate in a fluid institutional context, where one vulnerability can quickly precipitate another.

The underlying drivers of large-scale institutional failures are operational and governance risks such as lack of adequate internal controls, inconsistent standard operating procedures (SOPs) and systemic oversight lapses. Poor internal governance creates an environment susceptible to mismanagement and

inefficiencies. This operational vulnerability directly contributes to reputation and public trust issues. The compliance with zakat is based on public trust, so any operational deficiencies, lack of transparency or embezzlement scandals can seriously damage the confidence of muzakki (donors) which will immediately negatively affect the amount collected.

Risks related to awareness and education often contribute to this loss of confidence. The low level of zakat knowledge in the general population suggests that they may not fully appreciate the need to use official, government-approved channels, which would make it more difficult to engage with the system. As organisations seek to overcome these barriers through modernisation, they are inevitably confronted with digital and cyber risks. However, digital platforms are confronted with major challenges in digital adoption, such as security risks, the possibility of errors in financial transfers, and data breaches, especially among a population with a lower level of technological knowledge.

However, the shift to digitalisation and technological integration raises complex legal and regulatory questions. The emergence of digital wealth, including crypto currencies does pose unique challenges especially due to differences in state regulations and the lack of coherent frameworks for crypto-zakat. Ultimately, these regulatory uncertainties and operational errors create financial hazards." Poor financial reporting, miscalculation of funds, and the volatile nature of emerging online assets pose risks to the fair distribution of resources to the asnaf, thereby jeopardising the institution's long-term legitimacy and financial stability.

Nevertheless table 2 shows these vulnerabilities cannot be overcome by proficient zakat administration alone. A governance breakdown can set off a domino effect that risks digital security, regulatory compliance and, more importantly, the public confidence that is crucial for sustaining zakat collection.

Risk Management, Governance, and Public Trust

The literature consistently relates effective risk management, solid governance and public trust. To effectively direct mitigation priorities, risk management frameworks specifically Enterprise Risk Management (ERM) and structured matrices evaluate dimensions such as likelihood, impact, vulnerability, and speed of onset to classify risks as negligible, acceptable, undesirable, or unacceptable (Putri et al., 2021; Fikri et al., 2025; Dyarini & Jamilah, 2017). The practical applicability of this ERM approach within the zakat sector is further substantiated by Nahda et al., (2022), who successfully implemented these principles at BAZNAS Asahan.

Strong governance practices such as having a high-quality board, promoting transparency and disclosure, and ensuring fair stakeholder management play a key role in improving zakat payment compliance. Importantly, trust is a crucial factor that can strengthen this relationship, especially within structured regulatory environments like Malaysia's (Sawmar & Mohammed, 2021; Rejab et al., 2023; Amar et al., 2024).

Furthermore, operational inefficiencies such as manual entry processes and a lack of automated deduction systems directly expose zakat institutions to calculation inconsistencies and human error, which subsequently erodes public trust and hinders the long-term sustainability of zakat funds (Nuriftinani et al., 2025)

In addition, robust internal audit processes covering organizational status, audit scope, management support, and auditor competency are strong predictors of effective zakat management. When internal controls are sound, the organization tends to perform better, both in collecting and distributing zakat funds (Rejab et al., 2023; Punding et al., 2024).

While Malaysian states are making progress in publishing clear and systematic reports on zakat collection and distribution through their websites, there are still areas that need improvement. More comprehensive and accessible disclosure is recommended to further build public trust in the zakat system (Punding et al., 2024; Amar et al., 2024; Migdad, 2019).

Digitalisation, Perceived Risk, and Cybersecurity

Digital zakat platforms are improving the efficiency and transparency of zakat administration in Malaysia. However, their adoption is hampered by concerns on risk and security (Erdawaty et al., 2023; Rosele et al., 2022; Rahman et al., 2025). A study in Malaysia found that people are less likely to use online zakat payment platforms if they think they are risky. In contrast, a higher level of trust in zakat organisations, a higher level of zakat knowledge, and prior experience with the systems all encourage acceptance (Rahman et al., 2025; Sarasi et al., 2025). For instance, Sarasi et al., (2025) revealed that people with higher financial literacy and a thorough knowledge of these systems, particularly QRIS-based zakat administration, face fewer hurdles.

Nonetheless, several risks still need attention, such as possible fund transfer failures, issues of Sharia compliance, and broader technology and information risks. Global best practices in cybersecurity and fintech have been suggested to address these concerns (Erdawaty et al., 2023; Rosele et al., 2022). When it comes to Bitcoin zakat in Malaysia, the main challenges are

cybersecurity threats like hacking, regulatory uncertainty, and difficulties in valuation. These factors highlight the need for robust cybersecurity frameworks and clearer regulations, particularly in collaboration with Bank Negara Malaysia (Jalal et al., 2024; Mukhlishin et al., 2024).

Looking at risk mitigation, Sari et al., (2025) documented practical strategies at the National Amil Zakat Agency of Tanah Datar Regency. Their preventive and repressive measures could offer valuable lessons for improving risk management in Malaysia's zakat sector.

Digital Zakat: Drivers and Risks

Table 3 summarises the benefits and risks of digital zakat systems.

Table 3: Benefits and Risks of Digital Zakat Systems

Aspect	Positive Drivers	Key Risks / Barriers	Citations
Online payment systems	Convenience, efficiency, transparency	Perceived security risk, mistrust	Erdawaty et al., (2023); Rosele et al., (2022); Rahman et al., (2025)
Broader digitalisation	Better data, monitoring, innovation	Technology infrastructure gaps, information-technology risk	Putri et al., (2021); Sarasi et al., (2025)
Crypto / digital assets	New collection channel	Cybersecurity, legal, credit, valuation	Jalal et al., (2024); Mukhlishin et al., (2024)

Table 3 shows that the adoption of digital zakat systems presents a significant duality with substantial operational benefits and big institutional challenges. The transition to online payment systems in essence increases the ease, effectiveness and transparency of the collecting procedure. In addition, large scale digitalisation initiatives improve the data oversight ability of zakat organisations and contribute to systemic improvement. But these technical innovations are often counterbalanced by serious deficiencies. The adoption of online payment systems by users is frequently hampered by the perceived security threats and persisting public scepticism (Erdawaty et al., 2023; Rosele et al., 2022; Rahman et al., 2025). At the same time, large-scale digital efforts face systemic barriers, including lack of technological infrastructure and inherent information technology weaknesses, which may stall operational progress if not addressed (Putri et al., 2021; Sarasi et al., 2025).

The difficulties associated with using cryptocurrencies and digital currencies as a new means of zakat collection, beyond the traditional online platforms, are highlighted in Table 3. These new assets present opportunities for broadening the donor base and accessing new sources of modern wealth but also carry an intricate blend of risks. Zakat organisations working in this field are faced with considerable cybersecurity risks, as well as large legal, credit and valuation uncertainties due to the unpredictable features of digital currencies and the absence of comprehensive regulatory structures (Jalal et al., 2024; Mukhlishin et al., 2024). Ultimately, the catalysts for digital zakat point to a more robust and expansive framework for collection, but the actualisation of these benefits hinges entirely on the institutions' skill in navigating these complicated digital and regulatory challenges.

Legal and Institutional Context: Malaysia and Comparisons

Malaysia's zakat system is both centralised and state-regulated, managed by the State Islamic Religious Councils. Compared to countries like Indonesia and Turkey, Malaysia stands out for its strong regulatory framework, effective use of technology, and operational efficiency. However, challenges still exist, particularly around ensuring fair distribution and improving data systems (Mukhlishin et al., 2024; Migdad, 2019).

When looking at zakat management laws, Malaysia is ahead of Indonesia in terms of legal development. Still, the system faces some institutional risks, such as persistent surpluses and ongoing gaps in distribution (Mukhlishin et al., 2024).

Integrating zakat with the tax system and managing it centrally has made the scheme a more powerful tool for poverty reduction in Malaysia. Yet, public scepticism and various operational hurdles continue to hold back its full impact. To address these issues, increasing transparency and improving communication are seen as essential ways to build greater public trust (Asmadia et al., 2025; Amar et al., 2024; Migdad, 2019).

Building and Protecting Reputation and Public Trust

Reputation in the context of zakat institutions is seen as a stable, long-term external judgment. Muzakki, or zakat payers, are more likely to choose institutions with a strong reputation, which directly boosts zakat collection levels (Amar et al., 2024; Migdad, 2019).

Several factors contribute to building and maintaining this reputation. These include the organisation's ability to conduct digital fundraising, its overall

capability, the quality of services it provides, stakeholders' satisfaction with how zakat is distributed, and the institution's perceived financial health. Together, these factors build trust and help increase zakat collection (Amar et al., 2024; Asmadia et al., 2025).

However, any cases of misconduct or ongoing inefficiency can seriously damage an institution's reputation in the long run. This type of reputational harm is considered extremely risky sometimes even "fatal" because it discourages people from making zakat payments through formal channels (Amar et al., 2024; Asmadia et al., 2025).

Significance Analysis of Risk Exposures

Based on the thematic synthesis and the ERM-based classification, Table 4 presents the significance ranking of the six risk exposures.

Table 4: Significance Ranking of Risk Exposures in Zakat Management

Risk Exposure	Significance Level	Justification
Reputational & public trust	Very High	Direct, immediate impact on collection; national ripple effect; considered "fatal risk"
Operational & governance	High	Foundational; enables other risks; affects accountability and internal control
Digital & cybersecurity	High (growing)	Increasing reliance on online platforms; data breach consequences; perceived risk as adoption barrier
Legal & regulatory	Moderate–High	Context-dependent; critical for digital assets (crypto) and cross-state harmonisation
Financial	Moderate (long-term high)	Erodes credibility gradually; Shariah non-compliance risk from improper fund pooling
Educational & awareness	Moderate (strategic)	Long-term driver; amplifies other risks if neglected; directly affects adoption of digital systems

Summary of Findings

The study's synthesis of the data suggests that contemporary zakat organisations function in a complex and interconnected risk environment. This section shows

how institutional vulnerabilities are interrelated and how operational, legal, digital and financial risks are continuously impacting and amplifying each other. While the move to digital zakat platforms and the addition of new assets like cryptocurrencies have certainly modernised collection methods and broadened access, they have also introduced significant cybersecurity risks and regulatory uncertainties. The complexity of these challenges requires a holistic perspective that views risk not as a bundle of discrete administrative hurdles but as a governance issue that permeates the entire institution and fundamentally shapes the viability and efficiency of the institution.

Table 4 presents a systematic relevance ranking of the discovered risk exposures to conceptualise the urgency of these interconnected vulnerabilities. Notably, risks to reputation and public trust are categorised as "Very High" and could be considered a potential "fatal risk" due to their rapid and devastating effects on muzakki confidence and formal collection amounts. Operational and governance risks rated as "High" are the key enablers of institutional inefficiencies, data deficiencies and mismanagement that make reputational damage susceptible. Moreover, the growing dependence on digital platforms also means that the related digital and cyber security threats are rated with a "High" relevance rating. Legal, financial and educational risks are major strategic factors, ranked as "Moderate" to "Moderate-High". They may not have the immediate impact of a cyber incident but they can gradually erode Shariah compliance, hamper digital integration and erode institutional credibility over time if ignored.

The viability of zakat institutions depends on an effective and proactive risk management strategy in the end. The results show how important it is for officials to move from ad hoc solutions to more formalised risk management systems across the enterprise, including ERM and COSO standards. "Zakat institutions can effectively manage the key risks outlined in this analysis, by prioritising comprehensive internal audits, harmonising interstate regulatory systems and strengthening digital infrastructure. Effective tight risk management practices, coupled with clear reporting and superior public service, can adeptly maintain public confidence, improve collection adherence and achieve their primary objectives of socio-economic advancement and poverty reduction.

CONCLUSION

The objective of this narrative review was twofold and both objectives were achieved. It first identified and synthesised six main categories of risks faced by zakat management documented in the literature from 2015 to 2025. They are operational and governance risk, educational and awareness risk, reputational

and public trust risk, digital and cybersecurity risk, legal and regulatory risk, and financial risk. 2. It investigated the impact of each of these hazards on zakat collection and the credibility of zakat organisations.

The highest factor was reputational risk. This is because it affects the public's confidence and the amount of zakat collected directly and immediately. The foundation is operational and governance risks, which are the source of other forms of vulnerability when they fail. As zakat collection online increases, so does the importance of digital and cyber security threats. Legal and regulatory risks for the supervision of digital resources and consistency across jurisdictions are key. The financial and educational risks may not have an immediate effect, but they have strategic importance for maintaining credibility in the long run and for expanding the base of zakat contributors. The paper provides the final ranking of risk categories based on their importance with concrete instances and highlights the interplay of effective risk management, sound governance, digital innovation and public confidence in the administration of zakat.

ACKNOWLEDGEMENT

We are very grateful to the Arshad Ayub Graduate Business School, UiTM Shah Alam and Kolej Profesional MAIWP for their continuous support and encouragement in publishing this work. Their dedication to furthering risk management study and zakat has helped this paper to completion.

REFERENCES

Amar, F., Purwoko, B., & Sihite, M. (2024). Unlocking Success: Factors Influencing Zakat Collection and Reputation at Zakat Institution. *Indonesian Journal of Islam and Muslim Societies*. https://doi.org/10.18326/ijims.v14i1.145-176

Asmadia, T., Suryadi, A., Asrida, A., & Utami, S. (2025). Zakat as a Poverty Alleviation Instrument: A Case Study in Indonesia and Malaysia. *Asian Journal of Muslim Philanthropy and Citizen Engagement*. https://doi.org/10.63919/ajmpce.v1i1.14

Dyarini, D., & Jamilah, S. (2017). *Risk Management of Zakat Management*. https://doi.org/10.5220/0007085805630568

Erdawaty, S., Yaacob, P., & At, A. (2023). Technological Integration within Zakat Institutions: A Comprehensive Review and Prospective Research Directions. *International Journal of Islamic Thought*. https://doi.org/10.24035/ijit.24.2023.268

Fikri, R., Evrytanadha, A., & Aini, S. (2025). Identification and Risk Mitigation of Zakat Fund Management Based on COSO ERM at LAZ Yakesma

East Java. *Filantropi: Jurnal Manajemen Zakat dan Wakaf*. https://doi.org/10.22515/finalmazawa.v6i2.11835

Furqani, H., Arifin, M., Bin Nor Paizin, M., Mirzal, H., Azzahra, F., & Arief Maulana, M. (2026). Institutional Strategies for Transformative Zakat: A Comparative Analysis of Indonesia's BAZNAS and the PPZ-MAIWP System in Malaysia's Federal Territories. *Journal of Accounting Research, Organization and Economics*, *9*(1), 32–42. https://doi.org/10.24815/jaroe.v9i1.2791

Hernawati, N., Maemunah, M., & Kuntorini, R. (2022). Effectiveness Zakat Operational Risk Management on the Pandemic Era of Covid 19. *Advances in Social Science, Education and Humanities Research*. https://doi.org/10.2991/assehr.k.220407.037

Jalal, S., Sufian, A., & Abdullah, C. (2024). Challenges of Collecting Zakat on Digital Assets. *The Journal of Muamalat and Islamic Finance Research*. https://doi.org/10.33102/jmifr.545

Kasri, R., & Yuniar, A. M. (2021). Determinants of digital zakat payments: lessons from Indonesian experience. Journal of Islamic Accounting and Business Research. https://doi.org/10.1108/jiabr-08-2020-0258

Migdad, A. (2019). Managing Zakat Through Institutions: Case of Malaysia. *International Journal of Islamic Economics and Finance Studies*, 5, 28-44. https://doi.org/10.25272/ijisef.519228

Mohamad, S., & Sori, Z. (2023). Governance Issues In Managing Zakat Funds. *I-iECONS e-proceedings*. https://doi.org/10.33102/iiecons.v10i1.116

Mukhlishin, M., Wahab, A., Setiaji, B., & Tazhdinov, M. (2024). Zakat Maal Management and Regulation Practices: Evidence from Malaysia, Turki and Indonesia. *Journal of Human Rights, Culture and Legal System*. https://doi.org/10.53955/jhcls.v4i2.204

Nahda, Z., Alfarezi, A., & Nasution, M. (2022). Risk Management of Zakat Management at BAZNAS Asahan. *Jurnal Ekonomi, Manajemen, Akuntansi dan Keuangan*. https://doi.org/10.53697/emak.v3i2.487

Nuriftinani, A. N., & Mardian, S. (2025). Driving Zakat Payment Decision in the Indonesian Zakat Institution: The Role of Shariah Audit, Accountability and Trust. *AZKA International Journal of Zakat & Social Finance*. https://doi.org/10.51377/azjaf.vol6no2.220

Punding, A., Mohammad, S., & Bakar, N. (2024). Zakat collections and distributions within zakat institutions in Malaysia. *Journal of Emerging Economies and Islamic Research*. https://doi.org/10.24191/jeeir.v12i1.852

Putri, S., R., & Hayati, S. (2021). Analysis of Risk Management at Baznas in DIY with Enterprise Risk Management (ERM) Approach. 48-56. https://doi.org/10.2991/assehr.k.210120.104

Rahman, R. A., Sari, E. N., Radzi, S. H. M., Saragih, F., & Zakaria, N. B. (2025). Drivers Influencing The Usage Intention Towards Online Zakat Payment System: Evidence From Malaysia. *Bangladesh Journal of Multidisciplinary Scientific Research*, 10(1), 1-10.

Rejab, S., Wahid, H., & Yaacob, S. (2023). The Importance of Accountability in Zakat Institutions. *Business and Management Horizons*. https://doi.org/10.5296/bmh.v11i2.21034

Rosele, M., Muneem, A., Rahman, N., & Ali, A. (2022). The Digitalized Zakat Management System in Malaysia and the Way Forward. *AL-IHKAM: Jurnal Hukum & Pranata Sosial*. https://doi.org/10.19105/al-lhkam.v17i1.5365

Sarasi, V., Nugraha, D., Fadillah, A., Aulia, S., Farras, J., & Setiono, M. (2025). Improving zakat management with QRIS: A system thinking approach to boost financial literacy and inclusion. *Journal of Islamic Economics Lariba*. https://doi.org/10.20885/jielariba.vol11.iss1.art13

Sari, C., Rizal, R., & Nurhamima, N. (2025). Risk Mitigation of National Amil Zakat Agency Tanah Datar Regency. *Al-bank: Journal of Islamic Banking and Finance*. https://doi.org/10.31958/ab.v5i1.13995

Sawmar, A., & Mohammed, M. (2021). Enhancing zakat compliance through good governance: a conceptual framework. *ISRA International Journal of Islamic Finance*. https://doi.org/10.1108/ijif-10-2018-0116

Widagdo, R., Rokhlinasari, S., & Asyifa, D. (2025). Enhancing Risk Mitigation In Zakat Management To Increase Institutions' Accountability. *The International Conference on Sustainable Economics Management and Accounting Proceeding*. https://doi.org/10.32424/icsema.1.1.282

.