Analysis of the Influence of Financial Performance on Zakat Expenditures at Islamic Commercial Banks in Indonesia 2016-2023

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Article Info	Abstract
	Purpose - The purpose of this research shows the effect of the return on asset, capital adequacy ratio, non performing financing, financing to deposit ratio, and company size on the zakat expenditure of Islamic banks in Indonesia. **Design / Methodology / Approach**- The research method used is descriptive quantitative by analyzing zakat expenditure from 2 Islamic banks, Bank Mega Syariah and Bank Muamalat Indonesia. Based on previous research, 5 hypotheses were built and the collected data were processed using a panel data regression analysis tool through the E-Views 13 application. **Findings** - The results showed that the return on asset, financing to deposit ratio, and company size had a significant effect on the zakat expenditure of Islamic banks in Indonesia. Meanwhile, the non performing financing and capital adequacy ratio have no effect on the zakat expenditure of Islamic banks in Indonesia. **Practical Implications**- To increase zakat expenditure from internal sources of Islamic commercial banks in Indonesia, the role of Islamic commercial banks is needed in optimizing the use of assets and financing from third-party funds for Islamic commercial bank business activities that can increase profits. In addition, there needs to be a role for related government parties such as the Financial Services Authority, Bank Indonesia, or the Indonesian Ulema Council regarding the existence of regulations that specifically for Islamic banks to issue zakat from internal sources of Islamic banks.

1. INTRODUCTION

Zakat is the third pillar of Islam, which every Muslim must fulfill. Zakat serves as a mechanism for income and wealth distribution, helping to address income inequality and prevent the accumulation of wealth among certain groups in society (Indah et al., 2021; Batari

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et al., 2024). According to Law No. 23 of 2011, Article 1, Paragraph 2, zakat is wealth that a Muslim or a business must distribute to those entitled, in accordance with Islamic law.

Data from Baznas (2023) shows that the zakat potential in Indonesia is quite substantial. At the beginning of 2022, the Directorate of Research and Development conducted a national mapping of zakat potential, which was then aggregated into provincial zakat potential values. The zakat potential in Indonesia for 2022, according to IPPZ, was recorded at Rp. 250.406 trillion. However, zakat from companies had the smallest potential compared to other zakat objects, contributing only 0.04% to the overall zakat potential based on the zakat potential mapping index.

One source of zakat funds comes from company zakat, particularly from Islamic financial institutions (Yuliasih et al., 2021; Mahri et al., 2017). Islamic banks operate based on Sharia principles (Indah et al., 2021). According to Harianja et al., (2020), Islamic banks use profit-sharing systems as per agreed contracts and do not employ interest systems for customers.

The growth of Sharia-based banks in Indonesia is rapidly increasing (Destiani et al., 2021; Setiyadi et al., 2025). The number of Islamic commercial banks has grown (Laela & Hasmarita, 2016). According to Fatimatuzzahro and Utomo (2022), this growth is due to the increasing need and awareness among Indonesian Muslims about the existence of riba in conventional banking practices. The rise in Islamic commercial banks reflects a positive outlook for the potential of Islamic banking in Indonesia, which is likely to increase the number of company zakat payers (Sumiyati, 2017).

Indah et al., (2021) explain that one characteristic distinguishing conventional from Islamic banking is zakat. Zakat is part of Sharia accounting goals established by Islamic banks as a form of responsibility to clients for the trust placed in them. As institutions in the Sharia financial services sector, Islamic banks manage social funds such as ZIS (zakat, infak, and sadaqah), collecting and distributing them according to Islamic economic principles (Fatimatuzzahro & Utomo, 2022).

Law No. 21 of 2008 states that Islamic banks and Sharia units can perform social functions in the form of baitul mal institutions, which accept funds from zakat, infak, sadaqah, grants, or other social funds and distribute them to zakat management organizations.

The need for Islamic banks to issue zakat is based on general evidence (nash) in the Al-Quran, namely Surah At-Taubah verse 103.:

خُذْ مِنْ أَمْوَٰلِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِم بِهَا وَصَلِّ عَلَيْهِمْ ۖ إِنَّ صَلَوٰتَكَ سَكَنٌ لَّهُمْ ۗ وَٱللَّهُ سَمِيعٌ عَلِيمٌ

Meaning: Take zakat from their wealth, to cleanse and purify them with it, and pray for them. Verily your prayer is a comfort to them. And Allah is All-Hearing, All-Knowing. (QS. At-Taubah: 103)

Here is the translation:

Similarly, the Prophet Muhammad's words to Muaz bin Jabal when he appointed him as a governor to Yemen were: "Tell them that Allah has made it obligatory to collect zakat from the rich and distribute it to the poor among them" (HR. Bukhari and Muslim) (BAZNAS, 2021).

Indonesia is the largest Muslim country in the world with substantial zakat potential, but this has not been reflected in zakat collection realities (Safitri & Juliana, 2025). Islamic economists argue that this issue can be addressed by applying Islamic principles in operational basics, such as the use of zakat instruments (Nurjanah et al., 2019). The zakat funds issued by general Islamic banks in Indonesia have been increasing each year. However, this increase does not align with the zakat funds issued by each bank individually, with fluctuations observed in some banks. For example, Bank Mega Syariah's zakat funds increased in 2021 but decreased in 2022.

Other Islamic banks have only collected zakat periodically, and some did not collect zakat from internal sources from 2016-2022. In 2020, six Islamic banks disbursed zakat from internal sources, but this number dropped to three in 2021 due to mergers among the banks. Thus, it can be concluded that the growth of zakat funds from internal bank sources is not optimal compared

to the maximum zakat potential from Islamic banking (Indah et al., 2021). According to Fatimatuzzahro and Utomo (2022), the lack of awareness among companies to disburse zakat is one reason why the potential zakat funds are not fully realized. Nurnasrina (2021) explains that the role of Islamic banking in managing zakat funds is still passive and voluntary. This is because the Law No. 21 of 2008 on Islamic Banking gives Islamic banks the option to fulfill their social function as baitul mal or ignore it, creating issues in zakat management.

The importance of Islamic banking in zakat management is not explicitly recognized in Law No. 23 of 2011 on Zakat Management. This law does not clearly regulate the authority of Islamic banks in zakat management (Aristoni, 2018). The lack of legal provisions regarding zakat funds and penalties for non-compliance is a reason why companies do not realize zakat-oriented performance. Juliana et al. (2023a) note that the public lacks sufficient knowledge about zakat types and how to pay zakat according to Islamic law. Some still feel zakat is unnecessary, believing their income is solely from their own efforts.

For Islamic banks not issuing corporate zakat, the impact includes failing to meet the sharia principles underlying operational activities and creating a social gap between the rich and poor (Sumiyati, 2017; Juliana et al., 2023b). Zakat is part of Corporate Social Responsibility (CSR) (Rhamadhani, 2016), which can positively impact a company by enhancing public trust and reputation (Parengkuan, 2017; Monoarfa & Juliana, 2025). Proper zakat management, done transparently and responsibly, can address many social and economic issues (Rhamadhani, 2016). Nurjanah et al., (2019) and Juliana et al., (2025) explain that zakat is a key social security system in Islam, reducing poverty and income inequality. The Baznas (2021) strategic plan emphasizes that optimal zakat collection is crucial in unstable economic conditions to enhance social justice and poverty alleviation.

The growth and performance improvement of Islamic banks will drive increased zakat management, aligning with higher profits (Yetty et al., 2021). The financial performance of a company and zakat are conceptually linked; good financial performance leads to better zakat collection and distribution according to religious and national regulations (Alfani et al., 2022). Thus, Fitria et al. (2022) argue for presenting overall financial performance to assess zakat calculations. Profit levels can influence zakat amounts, and performance can be evaluated through profitability ratios and other financial performance metrics (Sumiyati, 2017).

2. LITERATURE REVIEW
Sharia Enterprise Theory
This theory is part of the enterprise theory developed by Triyuwono into the shari'ah enterprise theory, this theory contains Islamic values that aim to produce a new, more humanistic theory, which will bring benefits to stakeholders, society and the environment (Fatimatuzzahro & Utomo, 2022).

Sharia Enterprise Theory is a social integration that begins with emancipatory interests to provide freedom for knowledge that has so far been material to become knowledge that considers non-material or spiritual aspects or divine values (Suryani, 2023). Enterprise Theory shows that economic power is no longer in one hand, but in many hands, namely stakeholders (Sufyan & Lukman, 2023). Therefore, Sharia Enterprise Theory is recommended for an economic system that is based on sharia values considering that sharia prohibits the circulation of wealth only among certain groups.

This theory assumes that the disclosure of every operational activity of the company must be carried out transparently and accountably based on sharia principles to cover a fairly wide range of stakeholders, namely Allah SWT, humans, and the environment. In this theory, the highest stakeholder is Allah SWT (Ilmi, Fatimah, & Sumarlin)

Zakat

In terms of language, the word zakat has several meanings. In the Mu'jam Al-Wasith dictionary, it is stated that among the many meanings of the word zakat are increasing, growing, and blessings (Sarwat, 2017). Some of the wisdoms of implementing zakat are that zakat can purify oneself from the dirt of sin, purify the soul (grow noble morals, be generous, have a high sense of humanity), and erode stingy and greedy traits so that one can feel inner peace because one is free from the demands of Allah SWT and the obligations of society (Rhamadhani, 2016).

Corporate Zakat

Corporate zakat is zakat imposed on companies that run their businesses (can act legally, have rights and obligations and their own wealth). The obligation of corporate zakat is based on the general meaning of assets (al-maal) contained in the verses of the Qur'an and the Hadith of the Prophet Muhammad SAW regarding zakat. Corporate zakat is not specifically explained in the fiqh of muamalah, but the legal basis for corporate zakat is general texts (Reza, 2012). Companies owned by Muslims are required to pay zakat because a company has experienced asset development from business activities and the company can also act as amil in paying zakat to its owners before profits are distributed to the owners. According to the legal perspective, there are two regulations that state that a company is a muzakki or subject of zakat, namely Law of the Republic of Indonesia Number 23 of 2011 concerning Zakat Management, and the Compilation of Sharia Economic Law (Komarudin & Hidayat, 2018).

Profitability

Return on Assets is a comparison between profit before tax and total assets in one period. The purpose of the Return on Asset ratio is to measure the success of management in generating profits. The smaller this ratio indicates the lack of bank management's ability to manage assets to increase income and/or reduce costs. The Return on Asset ratio formula is

ROA= (Profit before tax)/(Average total assets) x 100%

In the research of Yetty et al., (2021) it was shown that the Return on Asset ratio had an effect on the zakat expenditure of Islamic General Banks. This is supported by the research of Krisdiyanti et al., (2019) which stated that the Return on Asset ratio had an effect on the zakat expenditure of the Hasby Collection Convection Company in Ponorogo Regency in 2007-2018. This condition means that the higher the Profitability Ratio (ROA) can increase Zakat expenditure. The following is the formulated hypothesis

H1: The level of Return on Asset has a positive effect on the zakat expenditure of Islamic general banks.

Solvency Level

Capital is often referred to as the solvency ratio or capital adequacy ratio. This level of capital adequacy can be measured by comparing capital with risky assets (Ismaulina et al., 2020). According to Kuncoro & Suhardjono (2011) CAR is capital adequacy that shows the bank's ability to maintain sufficient capital and the bank's management's ability to identify, measure, supervise, and control risks that arise that can affect the amount of bank capital.
According to Hasibuan (2009), the CAR ratio can be formulated as follows:

CAR= (Own Capital)/RWA x 100%

This is supported by Widiastuty's research (2019) which states that there is a positive effect of CAR on Zakat because the higher the CAR, the more funds will be deposited so that the zakat issued will be greater. Similar to the research of Alfani et al., (2022), Narawi (2017), and Murni et al., (2018) which shows that CAR has a positive effect on zakat expenditure. The following is the formulated hypothesis.

H2: The Capital Adequacy Ratio level has a positive effect on zakat expenditure in Islamic commercial banks.

Productive Asset Quality Concept

A financing that experiences problems or difficulties in repayment due to deliberate and/or because it is beyond the debtor's ability is also called Non Performing Financing (NPF) (Khairiyah et al., 2022). While in another sense, Non Performing Financing (NPF) is a calculation between the amount of financing provided (with the criteria of substandard, doubtful and bad) to the total credit provided by the bank (Kuncoro, Anam, & Sanusi, 2020)..

The NPF formula according to Wangsawidjaja (2012) is as follows:

NPF= (Problem Financing)/(Total Financing) x 100%

In the study of Sandy et al. (2018) stated that NPF has a negative effect on zakat expenditure in Islamic Banks. This is because the higher the problematic financing, the smaller the profit that will be obtained by Islamic Banks (Alfani et al., 2022). Similar to the research of Sandy, Mulazid, & Mubarok (2018) which concluded that NPF has a negative effect on zakat expenditure in Islamic Banks. The following is the formulated hypothesis.

H3: The level of Non-Performing Financing has a negative effect on zakat expenditure in Islamic commercial banks.

Liquidity Level Concept

Calculating the level of liquidity can help company management in determining the level of the company's ability to meet its short-term obligations. In this study, the liquidity ratio uses the proxy Financing to Deposit Ratio (FDR), which is a ratio to measure the composition of the amount of credit given compared to the amount of public funds successfully collected by the bank.

The formula for calculating the FDR ratio is:

FDR = (Total Financing) / (Total Third Party Funds) x 100%

The results of this study are supported by previous studies conducted by Pattiala (2019), and Khoeriyah (2019) which showed that FDR has a significant effect on zakat expenditure variables. Based on previous theories and research regarding the relationship between the Financing to Deposit Ratio and zakat expenditure at Islamic Commercial Banks in Indonesia, the hypothesis proposed is that the Financing to Deposit Ratio has a positive effect on zakat expenditure at Islamic Commercial Banks in Indonesia. The following is the formulated hypothesis.

H4: The Financing to Deposit Ratio level has a positive effect on zakat expenditure at Islamic commercial banks.

Company Size Concept

In Rachmawati, et al. (2022) it is explained that company size as a factor in the company's ability is seen from the size of the company to make a profit.

The formula used to calculate company size is as follows

Company Size = Ln_Total asset

The size of the company which describes the total assets of BUS has a significant effect on zakat expenditure. The same results were shown by research conducted by Utari et al., (2019) that Company Size has a positive and significant effect on corporate zakat expenditure of Islamic Commercial Banks in Indonesia. The larger the size of the company, the greater the zakat issued by the company. Research by Septiana Kartika Rachmawati, et al. (2022) showed

that the variable of company size has an effect on zakat expenditure of Islamic commercial banks. The following is the formulated hypothesis.

H5: The level of Company Size has a positive effect on zakat expenditure of Islamic commercial banks.
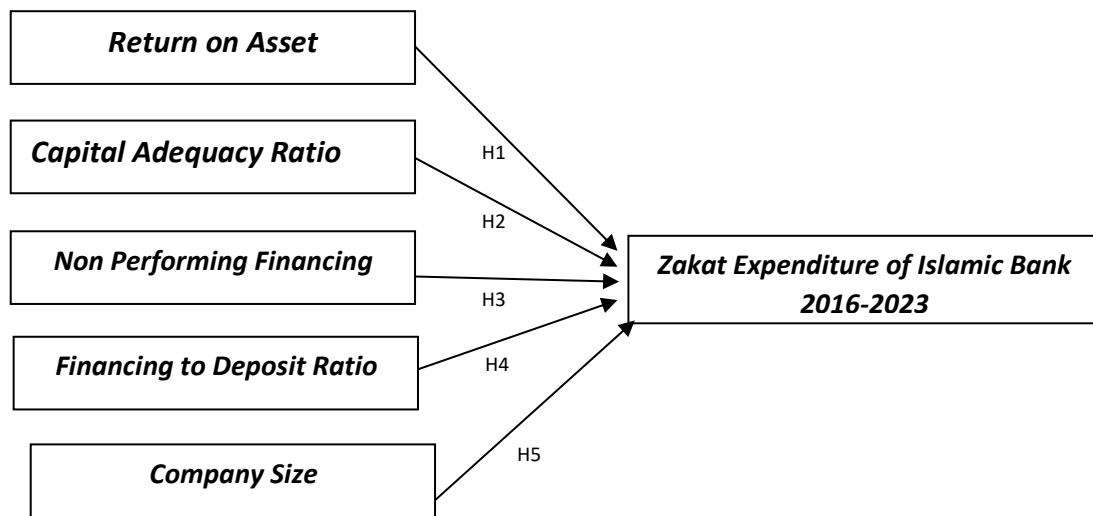

Figure 1.1
Theoretical Framework

3. METHODOLOGY

The research method used in this study is a quantitative method with a descriptive approach. The population in this study is all Islamic Commercial Banks in Indonesia which are then sampled based on consideration of certain criteria (purposive sampling), samples that meet the requirements and will be used in this study consist of 2 Islamic Commercial Banks in Indonesia, namely Bank Muamalat Indonesia and Bank Mega Syariah. In this study, the documentation technique is used by collecting officially published data for the 2016-2020 period which can be obtained from the website of each Islamic Commercial Bank in Indonesia regarding zakat expenditure, profitability (Return on Asset), solvency (Capital Adequacy Ratio), Non Performing Financing, liquidity (Financing to Deposit Ratio), and company size. Then the tool used to analyze panel data regression is e-Views for windows software.

4.RESULTS AND DISCUSSION

1. Panel Data Regression Model Selection Test

Uji Chow

This test is conducted to compare the common effect and fixed effect models in determining the more appropriate model to use in panel data regression. The following are the results of the chow test:

Tabel 1. Uji Chow

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	23.143513	(1,9)	0.0010
Cross-section Chi-square	20.367777	1	0.0000

Source: Authors' own work

Based on the Chow test above, the cross-section chi-square value is obtained with a probability value of 0.0000. The level of significance used is 5% (α = 0.05), then 0.000 <0.05 so that H0 is rejected (Common Effect) and H1 is accepted (Fixed Effect), thus the appropriate model to use is the Fixed Effect Model. Therefore, the appropriate model to use in this study is the Fixed Effect Model with the following estimation results:

Tabel 2. Uji Chow

Dependent Variable: ZAKAT
Method: Panel Least Squares
Date: 08/06/24   Time: 19:47
Sample: 2016 2023
Periods included: 8
Cross-sections included: 2
Total panel (balanced) observations: 16

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-54.71204	14.28179	-3.830896	0.0040
ROA	0.690965	0.132641	5.209291	0.0006
CAR	0.011171	0.027862	0.400944	0.6978
NPF	0.063732	0.112444	0.566791	0.5847
FDR	0.039152	0.009840	3.978973	0.0032
COMPANY SIZE	2.337912	0.441820	5.291548	0.0005

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.957775	Mean dependent var	21.26040
Adjusted R-squared	0.929624	S.D. dependent var	1.264370
S.E. of regression	0.335417	Akaike info criterion	0.952752
Sum squared resid	1.012542	Schwarz criterion	1.290760
Log likelihood	-0.622018	Hannan-Quinn criter.	0.970061
F-statistic	34.02368	Durbin-Watson stat	3.262645
Prob(F-statistic)	0.000011		

Source: Authors' own work

The results of the regression estimation in the table obtained the following equation:

$$Y_{it} = a + b1\ X1_{it} + b2\ X2_{it} + b3\ X3_{it} + b4\ X4_{it} + b5 X5_{it} + e_{it}$$
$$Zakat\ BUS_{it} = -54.71204 + 0.690965 ROA_{it} + 0.011171 CAR_{it} + 0.063732 NPF_{it} + 0.039152 FDR_{it} + 2.337912\ Company\ Size_{it} + e_{it}$$

The regression equation contains constant values for each research variable. The explanation of each variable coefficient is as follows:

-54.71204 : If X1 (ROA), X2 (CAR), X3 (NPF), X4 (FDR), and X5 (Company Size) are zero, then Y (BUS Zakat) is -54.7%.

0.690965ROAit : If there is an increase in X1 (ROA) by one percent, then Y (BUS Zakat) will increase by 0.69%.

0.011171CARit : If there is an increase in X2 (CAR) by one percent, then Y (BUS Zakat) will increase by 0.01%.

0.063732NPFit : If there is an increase in X3 (NPF) by one percent, then Y (BUS Zakat) will increase by 0.06%.

0.039152FDRit : If there is an increase in X4 (FDR) by one percent, then Y (BUS Zakat) will increase by 0.04%.

2.337912Company Size: If there is an increase in X5 (Company Size) by one percent, then Y (BUS Zakat) will increase by 2.34%.

Classical Assumption Test
Multicollinearity Test

The multicollinearity test is conducted with the aim of finding out whether a regression model finds a correlation between independent variables. The following are the results of the multicollinearity test

Table 3. Multicollinearity Test

	ROA	CAR	NPF	FDR	COMPANY SIZE
ROA	1.000000	0.418623	-0.282214	0.109020	-0.704152
CAR	0.418623	1.000000	-0.729131	-0.549745	-0.258207
NPF	-0.282214	-0.729131	1.000000	0.475392	0.077185
FDR	0.109020	-0.549745	0.475392	1.000000	-0.518168
COMPANY SIZE	-0.704152	-0.258207	0.077185	-0.518168	1.000000

Source: Authors' own work

Based on Table 2, it can be said that the indicators in this study have adequate convergent validity because all Based on the results of the multicollinearity test in the table above, it can be seen that all independent variables have low coefficients, namely below 0.80, so it can be concluded that there is no multicollinearity in this study. This means that the variables ROA, CAR, NPF, FDR, and company size are not related..

Heteroscedasticity Test

The heteroscedasticity test is carried out to determine whether there is inequality between the regression equation with variance and residuals from one observation to another. Good regression is regression that does not experience heteroscedasticity. To find out whether there is heteroscedasticity, the Glejser Test can be carried out. In the Glejser Test, if the probability value for each independent variable is ≥ 0.05, it can be concluded that there is no heteroscedasticity problem, the value is <0.05, then it can be said that there is a heteroscedasticity problem (Yudiatmaja, 2013).

Tabel 3. Heteroscedasticity Test

Heteroskedasticity Test: Glejser
Null hypothesis: Homoskedasticity

F-statistic	1.854034	Prob. F(5,10)	0.1899
Obs*R-squared	7.697012	Prob. Chi-Square(5)	0.1737
Scaled explained SS	3.593033	Prob. Chi-Square(5)	0.6094

Source: Authors' own work

Based on Table 4. using the Glejser method, the output results show that the Prob Obs*R-squared value is greater than 0.05. So it can be concluded that there is no heteroscedasticity problem in this research model

Hypothesis Testing
Partial t-test

Partial t-test is a method used to determine whether an independent variable partially affects the dependent variable or vice versa. This test is conducted to determine whether or not there is an influence of the independent variable (X) on the dependent variable (Y). The basis for decision making is based on significant figures with a significance level of 5% ($\alpha = 0.05$).

Tabel 4. Partial t-test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-54.71204	14.28179	-3.830896	0.0040
ROA	0.690965	0.132641	5.209291	0.0006
CAR	0.011171	0.027862	0.400944	0.6978
NPF	0.063732	0.112444	0.566791	0.5847
FDR	0.039152	0.009840	3.978973	0.0032
COMPANY SIZE	2.337912	0.441820	5.291548	0.0005

Source: Authors' own work

The table above shows that there are 3 independent variables that have an influence and 2 independent variables that do not affect zakat. If explained, the ROA variable has a probability value of 0.0006 <0.05, which means that the ROA variable has a significant effect on Zakat. The CAR variable has a probability value of 0.6978> 0.05, which means that the CAR variable does not have a significant effect on zakat. The NPF variable has a probability value of 0.5847> 0.05, which means that the NPF variable does not have a significant effect on zakat. The FDR variable has a probability value of 0.0032 <0.05, which means that the FDR variable has a significant effect on Zakat. The Company Size variable has a probability value of 0.0005 <0.05, which means that the Company Size variable has a significant effect on Zakat.

Simultaneous f Test

The F (simultaneous) test is used to determine the causal relationship between independent variables and dependent variables. The null hypothesis will be rejected if the p-value is smaller than the specified significance level. This means that at least one independent variable in the model affects the dependent variable.

Tabel 5. Simultaneous f Test

F-statistic	34.02368
Prob(F-statistic)	0.000011

Based on the F test in the table above, a probability value of 0.000011 and a significance level of 5% ($\alpha = 0.05$) are obtained, so 0.000011 <0.05 so that H0 is rejected, meaning that it can be concluded that together the independent variables have a significant effect on the dependent variable.

Determination Coefficient

The determination coefficient analysis is used to determine the magnitude of the influence of the independent variables in explaining the variation in the rise and fall of changes in the dependent variable. The determination coefficient (Goodness of Fit) shows the percentage of all dependent variables that can be explained by the regression equation (independent variance variation) produced, the rest is explained by the variation of other variables outside the model.

Tabel 6. Determination Coefficient

R-squared	0.957775
Adjusted R-squared	0.929624

In the table above, the R-squared value obtained is 0.929624 or 93% of the independent variables can influence the dependent variable, while the remaining 7% is influenced by other variables not included in this study, such as NIM, DER, and ROE.

DISCUSSION AND IMPLICATION

The relationship between shopping lifestyle variables and impulse buying has a t-statistic value The Return on Asset (ROA) variable has a t-statistic value of 5.209291, which is greater than the t-table value of 1.812, with a probability value of 0.0006, which is less than the significance level of 5% (α = 0.05), indicating the rejection of H0 and acceptance of H1. Additionally, the ROA variable has a positive coefficient value of 0.69. This suggests that ROA has a positive effect on zakat expenditure, meaning that for every 1% increase in ROA, zakat expenditure will rise by 0.69%. This finding is consistent with studies by Yetty, Rohim, & Praptiningsih (2021); Radianti & Rahma (2023); and Putrie and Achiria (2019), which state that ROA influences zakat expenditure. Similarly, research by Ibrahim et al., (2020) shows that ROA has a positive impact on zakat in Islamic banks. Furthermore, Louati et al., (2015) concluded that regulatory capital requirements significantly impact expenditures in Islamic banks. This can be explained by the fact that Islamic banks rely on assets to meet regulatory requirements. However, this finding contrasts with studies by Pam (2021) and Sumiyati (2017), which indicate that ROA does not affect zakat.

The Capital Adequacy Ratio (CAR) variable has a t-statistic value of 0.400944, which is smaller than the t-table value of 1.812, with a probability value of 0.55776, which is higher than the significance level of 5% (α = 0.05), indicating acceptance of H0 and rejection of H1. It can be concluded that CAR does not affect zakat expenditure. The level of capital held by the bank does not influence zakat expenditure in general Islamic banks. This finding aligns with studies by Fitria et al., (2022) and Alfani et al., (2022), which state that CAR does not influence zakat expenditure. This contrasts with research by Sumardi et al., (2020), which found that CAR has an effect on zakat expenditure. Similarly, Alnajjar & Othman (2021) showed that CAR negatively affects the profitability of commercial Islamic banks in the MENA region. Mohanty & Krishnakutty (2018) also noted that CAR has a significant impact on the profitability of Islamic banks.

The Non-Performing Financing (NPF) variable has a t-statistic value of 0.566791, which is smaller than the t-table value of 1.812, with an NPF probability value of 0.5847, which is higher than the significance level of 5% (α = 0.05). Therefore, it can be concluded that the level of NPF does not affect zakat expenditure. This finding is consistent with studies by Wahyudi (2015); Zulpahmi, and Fikri (2020); and Fitria et al., (2022), which found that NPF does not impact zakat expenditure. Conversely, research by Putrie and Achiria (2019) indicates that NPF affects zakat expenditure. Further studies by Oyong (2016) and Damanhur et al. (2017) show a significant effect of NPF on zakat or profitability in cooperatives.

The Financing to Deposit Ratio (FDR) variable has a t-statistic value of 3.978973, which is greater than the t-table value of 1.812, with a probability value of 0.0032, which is less than the significance level of 5% (α = 0.05). Additionally, the FDR variable has a positive coefficient value of 0.04. This suggests that FDR has a positive effect on zakat expenditure, meaning that for every 1% increase in FDR, zakat expenditure will rise by 0.04%. This finding aligns with studies by Wahyudi (2015); Fitria et al., (2022); and Utami (2018), which show that FDR influences zakat expenditure. This contrasts with research by Rambi Pattiala (2019), Siti Fatimatuzzahro and Utomo (2022), and Alfani et al., (2022), which states that FDR does not affect zakat expenditure. Additionally, Chi & Gooda (2023) note that if a company has a strong FDR, it is less likely to manage its revenues effectively.

The Company Size variable has a t-statistic value of 5.291548, which is greater than the t-table value of 1.812, with a probability value of 0.0005, which is less than the significance level of 5% (α = 0.05). Furthermore, the Company Size variable has a positive coefficient value

of 2.34, indicating that for every 1% increase in Company Size, zakat expenditure will rise by 2.34%. This suggests that Company Size affects zakat expenditure. This result is consistent with studies by Rachmawati et al., (2022) which show that Company Size influences zakat expenditure.

Theoretically, these findings strengthen the literature on the determinants of zakat expenditure in Islamic banks, particularly highlighting the significant roles of ROA, FDR, and Company Size in increasing zakat disbursement. Practically, the results serve as a reference for Islamic bank management to prioritize improving profitability, funding efficiency, and company expansion to optimize zakat expenditure. Furthermore, regulators can use these insights as a basis for formulating policies that support asset growth and financing distribution in Islamic banks, thereby enhancing the national contribution of zakat.

CONCLUSION

The research findings indicate that the Return On Asset (ROA) ratio, Financing to Deposit Ratio (FDR), and Company Size positively affect zakat in Islamic Commercial Banks. Meanwhile, the Capital Adequacy Ratio (CAR) and Non-Performing Financing (NPF) do not affect zakat in Islamic Commercial Banks. Therefore, Islamic banks need to pay attention to assets and financing from third party funds so that they can be used optimally so that they can increase income and increase zakat expenditure issued from internal sources of Islamic banks. In addition, Islamic banks must maintain capital levels so that they are not less than the provisions set by Bank Indonesia in order to overcome possible risks. However, bank capital must also be optimized for Islamic bank business activities. In terms of financing, banks need to pay attention to and maintain the level of problematic financing so that it remains stable and does not increase. In addition, banks must also ensure that they can manage risk management well in order to overcome problematic financing so that it does not affect the zakat expenditure of Islamic banks.

LIMITATIONS AND FURTHER RESEARCH

This study has proposed a number of managerial implications, however, there are still limitations that need to be addressed by further research. First, this study only covers samples with two Islamic banks, namely Bank Mega Syariah and Bank Muamalat Indonesia, so the findings in this study are still limited. To obtain more significant results, the author suggests conducting research by expanding the research sample to include other Islamic banks in Indonesia or other countries. Second, the variables used in this study are still limited. Therefore, further researchers are expected to be able to use other variables to be associated with zakat expenditures of Islamic general banks and extend the research period in order to obtain more varied and more accurate research results.

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