



Fintech Remittance Syariah: The Solution of Collection *Ziswaf* Overseas in Indonesia

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Abstract: *Fundraising cross-border Zakah, infaq (charity spending), waqf (endowment) and sadaqah (voluntary charity) (ZISWAF) stated in Article 16 Law No. 23/2011 on Zakat Management is carried out by Baznas by forming UPZ representatives of the Republic of Indonesia abroad. The power of fintech that might be operated on a global scale can be an alternative for ZISWAF international friendly transfers. Based on the Islamic Finance News (IFN) report, as many as 142 Islamic fintechs are available worldwide. Islamic FinTech offers the opportunity to become more applicable to global Muslims. This article is a normative economic analysis on the basis of secondary data. This study found that there are three methods for managing transnational ziswaf that have been used globally, i.e., fintech crowdfunding cryptocurrency using a blockchain-based system, Payment via foreign fintech and fintech transfer peer-to-peer remittance, However, due to a number of variables, fintech remittance has an edge in the innovation of collecting ziswaf overseas in terms of popularity and halal transactions, despite the fact that it is not in the form of sharia. However, the development of sharia fintech remains the main goal of implementing muamalah in a kaffah ways.*

Key word: *jizwaf, fintech syariah, ziswaf overseas, remittance*

I. INTRODUCTION

Islam is the second-largest religion in the world, there are around 1.9 billion Muslims spread across the world in 2020.¹ According to the research conducted by PEW research center based in Washington D.C.,

shows that the world's Muslim population is expected to increase by about 35% in the next 20 years starting from 2010 about 1.6 billion to 2.2 billion in 2030.² Annual growth rate is 1.5% on average. In case the trend continues, the number of Muslims will reach 26.4% of

¹ World Population Review

² Brian J. Grim, Mehtab S. Karim, The Future Global Muslim Population Projections for 2010-

2030, PewResearchCenter| Forum On Religion & Public Life, Washington DC, January 2011

the world's total population or around 8.3 billion by 2030. It can bolster up the amount of collecting Ziswaf around the world which zakat is required for every Muslim who has met the requirements of hisab and haul as mentioned in the Al-Qur'an and Al-hadith. The laws of zakat, infaq, waqf and alms are explained in several arguments in the Quran, as followed:

“The example of those who spend their wealth in the cause of Allah is that of a grain that sprouts into seven ears, each bearing one hundred grains. And Allah multiplies the reward even more to whoever He wills. For Allah is All-Bountiful, All-Knowing” Q.S Al-Baqarah :261 “

“Establish Prayer and dispense Zakah. Whatever good deeds you send forth for your own good, you will find them with Allah. Surely Allah sees all that you do. (Q.S Al-Baqarah: 110)”

“Spend in the cause of Allah and do not let your own hands throw you into destruction by withholding. And do good, for Allah certainly loves the good-doers.– (Q.S Al-Baqarah: 195)”

“They ask you ‘O Prophet in what way they should donate. Say, “Whatever donations you give are for parents, relatives, orphans, the poor, and needy travellers. Whatever good you do is certainly well known to Allah.”– (Q.S Al-Baqarah: 215).”

Paying zakat is prioritized in the domicile of muzakki (a person or an entity liable to the requirement to pay zakat responsibilities on property ownership that has achieved the nishab and haul)³ or muzakki's family, while sadaqah, infaq and waqf can be paid to outside the domicile

because Muslims are like one body as the saying of Prophet Muhammad (saw):⁴

“Muslim Ummah is like one body. If the eye is in pain, then the whole body is in pain and if the head is in pain then the whole body is in pain.”

The several factors encouraging Muslims to pay Ziswaf are trust, accessibility, availability, awareness and literacy.⁵ Muslims who have a high level of religiosity tend to do what their religion commands without any doubt, but religiosity is not enough to driving people pay Ziswaf, without accessibility and literacy, it can't be works. Although the Baznas (Indonesian National Zakat Charity) institution is trustworthy, if the people find it difficult to access devices, the effectiveness of collecting ziswaf will not be optimal as well as if the people lack literacy. Some experts argue that the accessibility dimension greatly affects the Index of Sharia Financial Inclusion in Indonesia.⁶ To provide accessibility, Baznas has collaborated with the largest and the most popular payment gateways, e-commerce and fintech crowdfunding in Indonesia such as OVO, Gojek, Kitabisa.com, Shoopee.co.id, Tokopedia.com etc. to optimize the collecting of Ziswaf.

The result was effective based on the survey in 2019 by Baznas, the collection of Ziswaf exceeds the target than expected. According to the press release of Indonesian National Zakat Charity (Baznas), posted on

³ Sofyan Hasan and Taroman Pasyah, 'Legal Aspects of Zakat Empowerment In Indonesia' (2019) 3(1) *Sriwijaya Law Review*.

⁴ Dr tanpa gelar Husna Ahmad, Islam and Water, The Hajjar (r.a.) Story and Guide, Global One 2015, London 2011

⁵ Finteching remittances in Paradise: a path to sustainable development+ by Hongjoo Hahm, Tientip Subhanij and Rui Almeida* October 2019

⁶ Sanjaya, I Made dan Nursechafia. Keuangan inklusif dan Pertumbuhan Inklusif: Analisis antar Provinsi di Indonesia. Buletin Ekonomi Moneter dan Perbankan, (2016).

Baznas Official Website in April 2020⁷, the accumulation of Ziswaf collected in 2019 was approximately Rp. 41 billion which was 102,5% of the target (Rp. 40 billion). It can give opportunity to Baznas to provide easy access to Muslims around the world especially from developed countries to donate Ziswaf through Baznas platform without using any complicated routes. Based on the foregoing background, a study related to what is the Islamic fintech model can be a solution of the collecting Ziswaf overseas and what should be prepared so that international Islamic fintech can provide a Baznas donate in their platform.

II. LEGAL MATERIALS AND METHOD

This research is qualitative research, through normative approach, which is a scientific research method that combines two rational and empirical streams (observations) by identifying empirical facts on the muamalah problem. This research uses primary legal materials namely regulations, the principles of Islamic law in positive law, the opinions of scholars on Islamic economics, and the fatwas of the scholars and secondary legal materials in the form of expert theories and opinions. All are examined with a descriptive normative method that aims to find solutions / alternatives to problem solving so that muamalah can run optimally but still subject to sharia principles.

III. RESULT AND DISCUSSION

In today's globalized world, generosity no longer begins and ends at home. For example, in Australia for example, more than

4,500 charities, or roughly 10% of all charities, were estimated to be working overseas in 2017.⁸ This shows that worldwide charitable organizations are expanding. If it connected with the virtue of charity in Islam, then internationalize zakat, infaq, sadaqah, and waqf (ziswaf) should be highly appreciated by Muslims, especially for Indonesia, which has the world's biggest Muslim population. In Indonesia, the management of zakat, infaq, alms and waqf (Ziswaf) is carried out by the government by forming the Zakat Management Organization (OPZ). The OPZ consists of the National Amil Zakat Agency (Baznas) at the central, provincial, district or city levels, the Amil Zakat Institution (LAZ), the Zakat Management Unit (UPZ) and individual amil zakat or groups of people who are licensed by the authority. Domestically, OPZ has made attempts to manage Ziswaf such as collaborated with several Indonesian's largest fintechs to assist the collection of ziswaf by provide Baznas donate in their platform. In addition, the agreement must adhere to the Regulation of the National Zakat Agency of the Republic of Indonesia No. 6 of 2018 about Guidelines for the Execution of Zakat Management Cooperation, which, in essence, must be governed by Sharia principles in its implementation. Despite the fact that fintech in collaboration with baznas in some ways contrary to sharia principles, such as receiving interest on bonds issued by Bank Indonesia through fintech float funds, however, based on the results of Baznas research, it was proven that the ziswaf funds

⁷https://baznas.go.id/Press_Release/baca/BAZNAS_Ajak_Masyarakat_Zakat_Digital/531 (access on 26 October 2021)

⁸ Silver, Natalie. 2019. "When Charity No Longer

Begins and Ends at Home: The Australian Government's Regulatory Response to Charities Operating Overseas." *Adelaide Law Review* 40(3):755-82

collected exceeded the target⁹. It is because the number of users and enthusiasts of popular fintech is very large, for example in the Gojek application, per semester 1 of 2019 has been downloaded by around 155 million users. ¹⁰BAZNAS recorded that there were 42,030 muzaki who distributed Zakat, Infaq and Alms with a total of 75,471 transactions via digital platforms in 2019. Based on the amount, an accumulation of approximately Rp. 41 billion exceeded or exceeded the target amount of Rp. 40 billion. The success of fintech-based ziswaf collection and management may now be expanded to overseas.

There are several Islamic fintech alternatives that can be used to collect Ziswaf.

1. Crowdfunding cryptocurrency by blockchain-based system

Islamic fintechs is available to collect Ziswaf through crowdfunding cryptocurrency, for instance FINTERRA and GlobalSadaqah. Finterra provides innovation in zakat payments using blockchain technology with promises on digital accountability, security, transparency and efficiency across its ecosystem. Finterra has designed the world's largest Waqf financing platform and made it available to the general public, revival of Waqf around the world. While, GlobalSadaqah collaborates with SINEGY and LuxTag to come together to facilitate cryptocurrency donations on their platforms. The main objective of this collaboration is to raise awareness and educate the community of Muslim cryptocurrency owners about the need to

pay Zakat on their digital assets. GlobalSadaqah is an Islamic Social Finance Platform that focuses on CSR, Management of Zakat and Waqf. It features various campaigns from trusted and verified partners from around the world.

2. Payment application

One of the Islamic fintech payments is Payhalal, the world's first Shariah compliant Islamic payment gateway, which facilitates all payment transactions by eliminating Riba 'and Gharhar. Payhall also serves zakat and shadaqah. The requirements are user must have a valid email address, valid debit, credit card or bank account or even loaded via prepaid card and Bank account with online facilities.

3. Transfer peer to peer remittance

Money transfer assisted by FinTech is a start-up that provides currency transfer services online from one account holder to another, or from the same account owner, from one area or nation to another. Adab Solutions, for example, is a fintech remittance using cryptocurrency based in the UAE, the only cryptocurrency exchange designed globally to comply with sharia law. This makes it possible to receive money from a different transferred currency without actually crossing the border. These transactions work in the opposite direction to be paired, not transferred or exchanged so as to reduce transaction costs.¹¹ TransferWise, a company based in the United Kingdom (UK) and founded in 2011. To use the

⁹ Umi Pati, Pujiyono Pujiyono and Pranoto Pranoto, 'Sharia Fintech as a Sharia Compliance Solution in the Optimization of Electronic-Based Mosque's Ziswaf Management' (2021) 8(1) *PADJADJARAN Jurnal Ilmu Hukum (Journal of Law)*.

¹⁰ A survey by alvara research center in July 2019 published in *bisnis.com*

¹¹ Finteching remittances in Paradise: a path to sustainable development+ by Hongjoo Hahm, Tientip Subhanij and Rui Almeida* October 2019

TransferWise service which allows money transfers in more than 40 currencies, the sender only needs to create an account on the company website or application and linking it to their official bank account or payment card. Although TransferWise does not operate as a bank, the company's UK regulations keep all customer funds separate from money used to conduct their daily business. Another fintech remittance is Western Union, a global leader in cross-border, cross-currency money movement and payments, with connections to over 200 nations and territories, as well as over 130 currencies. In the fifth annual FinTech Breakthrough Awards for 2021, WU received the "Consumer Payments Innovation Award."¹² WU was recognized for its 'plug and play' technology, which is being utilized by an increasing number of financial institutions to provide seamless, convenient, dependable, and rapid international money transfer capabilities to its clients.

a. Analysis of overseas ziswaf management using cryptocurrency crowdfunding through blockchain-based system

The advantage of adopting blockchain in fintech is that it is straightforward to identify transaction errors since transactions done using blockchain technology are very difficult to change (immutable), easy to trace, and all users (transparent) can observe all

transactions. Cryptocurrency, on the other hand, is electronic money that may be used to replace fiat currency as a means of exchange by utilizing blockchain as a transaction security guarantee. Some Muslim clerics, however, are opposed to the usage of cryptocurrencies in the Islamic economy. One of them is Professor Ahmed Kamel Midin Merra, the former Dean of the Institute of Islamic Banking and Finance at the International Islamic University of Malaysia. He believes that in order for cryptocurrencies to be acknowledged in the Islamic financial industry, they must have intrinsic value and not simply be a commodity tool¹³. The famous Egyptian mufti, Shaikh Shaki Alam, is another Muslim thinker who opposes cryptocurrencies.¹⁴ He publicly opposes cryptocurrencies, claiming that it breaches Sharia precepts. Sharia law is violated for a number of reasons. **To begin with**, there is an element of gharar (uncertainty). **Second**, the real value of money is unknown. **Third**, prices are quite volatile. **Fourth**, due of their anonymity, they are frequently utilized in illicit activities. **Fifth**, there are differences in valuation methodologies and the determination of worth. **Sixth**, it is not regulated by a central bank. **Seventh**, bitcoin volatility is extremely high since it may be impacted by a number of factors such as hackers and technology issues. As a result, Bitcoin may only be recognized as a means of exchange in Islam if it can give assurance in exchange rate stability, protection or

¹² Western Union Wins Fintech Breakthrough Award For 'Consumer Payments Innovation' Press Release by Western Union published on March 16, 2021

¹³ Mustafa Raza Rabban, Shahnawaz Khan, Eleftherios I, Thalassinou, "FinTech, Blockchain and Islamic Finance: An Extensive Literature

Review", *International Journal of Economics and Business Administration*, Vol. VIII, Issue 2, 2020, hal 75.

¹⁴ Nisar Ahmed, Khadija Rasheed, dan Muhammad Talha, "Islamic Banking Perspective on Shariah Compliant FinTech (Financial Technology) Model", *Islamic Banking Fintech*, 2019, p. 29.

guarantee from misuse, and other benefits, and does not violate the laws of a country.¹⁵

Stable currencies are the greatest solution to bitcoin's extreme volatility. A stablecoin is a cryptocurrency whose value is determined by pegging it to the price of another asset. Stablecoins can be linked to a variety of assets that are backed in a 1:1 ratio by money stored in bank accounts. Companies must deposit an equivalent amount of fiat currency, such as USD, in a bank account before issuing this cryptocurrency. By tying these currencies to real-world assets, in this example US dollars, they may avoid the price volatility that is common in the cryptocurrency trading market.¹⁶ CBDC stands for Central Bank Digital Currencies, which is a new form of currency being piloted by several governments across the world. It is a new type of stablecoin that will be issued in numerous nations. CBDCs differ from traditional currencies in that consumers anticipate CBDCs to be able to leverage new payment technologies, primarily blockchain, to enhance payment efficiency and decrease costs. CBDCs vary fundamentally from digital currencies. The distinction between CBDC and digital currency is the degree of centralization. CBDC is issued by the central bank in the currency of the local unit of account and may be used as a medium of exchange and deposit. Creation process, which is centralized under the control of the central bank and its status as legal tender, the CBDC will ensure that the public has access to legal tender if for some reason cash is not

widely available. As legal tender, this means that cash and CBDC will be legally recognized as a form of payment and represent claims in the central bank/government. Bank Indonesia is still in the early stages of developing a CBDC. The usage of CBDC as a stable coin that may replace bitcoin would create several options for controlling *ziswaf* on a global scale.

Moreover, In Indonesia, cryptocurrency is not recognized as a legal payment method, although it is permitted as an investment tool. Article 34 letter an of Bank Indonesia Regulation Number 18/40 / PBI / 2016 on Implementation of Payment Transactions for Payment System Service Providers Junto Article 8 paragraph 2 of Bank Indonesia Regulation Number 19/12 / PBI / 2017 concerning The Application of Financial Technology states that Payment System Service Providers are prohibited to process payment transactions using virtual currencies.¹⁷

b. Analysis of overseas *ziswaf* management using Islamic fintech payments

The term "Islamic fintech" refers to the combination of technology and Islamic finance. This implies that any fintech product or service must follow the rules derived from the Qur'an and Sunnah, collectively known as Shariah. True to its fintech monitor, its Shariah-compliant financial goods and services are distributed digitally via innovative digital platforms known as Omni-channels.¹⁸ Baznas can collaborate with

¹⁵ *Ibid.*

¹⁶ Dirk Bullmann, Jonas Klemm, Andrea Pinna, Occasional Paper Series In search for stability in crypto-assets: are stablecoins the solution?, European Central Bank paper series, 2019, hal 10

¹⁷ Soehartono and U Khaerah Pati, 'The Regulation of Cryptocurrency Investation in Indonesia' (2019).

¹⁸ Hassnian Ali, Hazik Mohamed, Hadia Saqib Hashmi, Muhammad Hassan 4Abbas2Stellar Consulting Group, Singapore1,3,4Minhaj University, Lahore (COMSATS Journal of Islamic Finance) Vol 4(2), 2019, pp. 29-53

international Islamic fintech using mobile money services. They offered by mobile network providers and consist of electronic wallets that are linked to the customer's mobile phone number. Individuals may use their mobile phones to transfer payments, pay bills, and deposit and withdraw cash utilizing these e-wallets (ADB, 2016). However, in order for foreign fintechs to be transacted in Indonesia, there are several rules that must be followed. There are several Bank Indonesia Regulation (PBI) provisions that restrict the use of foreign fintech transactions in Indonesia, inter alia, Article 6 PBI No.19 / 12 / PBI / 2017 concerning the Implementation of Financial Technology which requires Financial Technology Providers other than banks to fulfill Payment System Service Provider category, must be an Indonesian legal entity, Article 4 PADG (Member Regulation of the Board of Governors) No.19 / 15 / PADG / 2017 concerning Procedures for Registration, Submission of Information and Monitoring of Financial Technology Operations states that "Financial Technology Operators other than banks fulfill the category of Payment System Service Providers must be an Indonesian legal entity", Bank Indonesia Regulation Number 20/6 / PBI / 2018 of 2018 concerning Electronic Money Article 38 Every Operator is required to make payments for payment transactions using Electronic Money issued and transacted in the region of the Unity of the Republic of Indonesia (NKRI). Article 39 states that Electronic Money issued outside the territory of the Indonesia (NKRI) can only be transacted in the NKRI by using a payment channel connected to a national payment gateway and it also required to cooperate with a licensed Payment System Service Provider such as commercial bank and connected it to the national payment

gateway and the last but not least, electronic money managers (either fintech payments or remittances) must adhere to the laws controlling the required use of rupiah for payment transactions conducted inside the Republic of Indonesia's territory. Violations of the foregoing restrictions are punishable by up to one year in prison and a fine of Rp200,000,000.00, according to Article 33 paragraph (1) of the Law on Currencies (two hundred million rupiah).

c. Analysis of overseas ziswaf management using Transfer peer to peer remittance

Fintech application in remittance services is described as the use of alternative payment mechanisms for money transfers, such as the internet or mobile phones. Traditional remittance service providers (traditional RSPs) on the other hand, comprise entities whose services are hired through bank branches, brick-and-mortar agents, or call centers. The entry point through which their services are made available is what distinguishes these two sorts of enterprises. Fintech businesses use a variety of business models to facilitate cross-border transfers. According to the Alliance for Financial Inclusion (AFI), they include internet platforms (including peer-to-peer platforms), block chain-based technology, and mobile money. The phrase "online platforms" refers to businesses that only offer online remittance services through mobile applications or websites. Senders must link their bank accounts to the site in order to transfer money, while recipients can receive payments in a variety of ways (cash included). Peer-to-peer systems are used by several internet platforms. This permits money to be received in a currency other than the one sent without the cash actually

crossing borders. The expansion of the remittance economy has had a beneficial influence and has resulted in concrete advantages for people all across the poor globe.¹⁹ Adams and Page (2005) proved that remitting helps to reduce poverty in a survey of 71 developing nations, finding that an average 10% per capita increase in remittances resulted in a 3.5 percent decrease in the percentage of persons living in poverty. Remittances account for an average of 2% of GDP in developing nations overall, also 5–6% in low-income countries (World Bank 2011).²⁰ Remittances can assist in addressing the fundamental causes of poverty and inequality. In 2012, India and China each received more than \$60 billion in remittances; remittance payments alone accounted for 47 percent of Tajikistan's national GDP. Remittance payments amount to more than foreign aid for nations such as Bangladesh, Senegal, and Mexico.²¹

According to the World Bank²², official reported remittances to poor nations totaled \$530 billion in 2012. Remittance payments sent from the United Kingdom were \$23.16 billion in 2012, and they are anticipated to grow by 8% in 2013 and 10% in 2014. With remittance transfer, fintech can improve the consumer experience. Mobile money and online wallets can give comprehensive insight into payment progress and delivery at the front-end. At the back end,

in addition to novel solutions including traditional settlement, distributed Ledger Technology (DLT) or blockchain token-based payments provide decentralized alternatives to correspondent banking's account-based payments.

As a result, transactions are: (I) more quickly, through real-time settlement and bidirectional messaging between banks; and (ii) more securely. (ii) certain and transparent, owing to the disclosure and validation of rich information prior to settlement (aided by Big Data and Artificial Intelligence, AI), facilitating compliance with AML/CFT and KYC regulations, as well as credit scoring; (iii) and cost-effective, owing to lower processing and liquidity costs. (Liquidity on demand, high Straight-Through-Processing (STP) rates, and less dependency on nostro accounts for worldwide payments).²³ Fintech start up joined the internet market in the 2010s, concentrating on various customer bases, including developed nations (TransferWise), African and working-class migrants (WorldRemit), and US-based immigrants (Remitly). Their cost-effectiveness derives from: avoiding cross-border payments and currency conversion by matching transfers flowing in opposite directions (Transferwise); (ii) pricing differentiation based on volume and speed (Remitly offers fee-free transfers to India for transfers of

²⁰ Adams RH Jr and Page J (2005) 'Do international migration and remittances reduce poverty in developing countries?' *World Development* 33 (10), pp1645–69.

²¹ Giving back to communities of residence and of origin: An analysis of remittances and charitable donations in the UK. Centre for Charitable Giving and Philanthropy/Cass Business School/Trust for London. January 2013 Publisher: Centre for Charitable Giving and Philanthropy/Cass Business School/Trust for London

²² World Bank (2011) *Migration and Remittances Factbook 2011* (second edition) World Bank, Washington DC

²³ IMF Working Paper Western Hemisphere Department Fintech Potential for Remittance Transfers: A Central America Perspective Prepared by Julia Bersch, Jean François Clevy, Naseem Muhammad, Esther Pérez Ruiz, and Yorbol Yakhshilikov1 Authorized for distribution by Patricia Alonso-Gamo June 2021

\$1,000 or more); and (iii) a strong emphasis on mobile-to-mobile transfers (WorldRemit). These businesses have created a worldwide network involving financial institutions and mobile telecom providers, enabling for precise payment monitoring, virtually instantaneous payments, and dependence on artificial intelligence and machine learning for identification and secure regulatory compliance (reducing costs).

The requirements for international Islamic payments and remittance fintech to be transacted using the rupiah currency are establishing a legal entity in Indonesia and collaborated with commercial banks as determined by Bank Indonesia or directly collaborated with Bank Indonesia. The requirements are quite strict for foreign fintechs. But between the 3 (three) types of fintech mentioned above, remittance fintech is the best way to collect Ziswaf directly to Baznas account. Because it is peer to peer transfer without an inter-state bank institution to act as an intermediary in the currency exchange process, it works only by linking the account made in company website to the user official bank account or payment card. Fintech remittances that have collaborated with several countries can easily diversify their currencies. In Indonesia, in 2018, BI has collaborated with a fintech remittance called wallex, a fintech that offers FX rates in 30 global currencies (including rupiah and baht) to more than 180 countries. It charges a minimum fee of IDR 100,000 (US \$ 6.85) per transfer of any amount. Moreover, In mid-2021, Bank Syariah Indonesia has collaborated with Western Union, a global leader in cross-border, cross-currency money movement and payments, to

increase the remittance transaction network in more than 190 countries.

Discussion about remittance transactions from an Islamic point of view, Currency exchange, commonly known as foreign exchange, is governed by Islamic law, namely Al-Sharf. Al-Sharf literally means Al-Ziyadah (additional) and Al'adl (balanced).²⁴ According to the definition of fiqh, Ba'i Sharf is trading currency for currency (gold for gold).²⁵ There are several condition of Al-Sharf's Terms²⁶

1. Before the two parted ways, each party gave up the items. This criterion is in place to prevent the incidence of usury nasi'ah. If none of them hands up the items until the two of them split, the Al-Sharf contract is null and invalid.
2. If the Al-Sharf contract is carried out on similar products, it must be balanced, even if the quality or print model differs.
3. The Khiyar requirements do not apply to the Al-Sharf contract since it is a real transaction involving the sale and purchase of two things for cash. Being in khiyar circumstances indicates that you should sell and purchase for cash.
4. is hoped that BI can collaborate with Islamic fintech remittance which has many networks so that Baznas can cooperate with to put Baznas donate in their Platform.

The Fatwa of DSN 28/DSN-MUI/III/2002, issued by the National Sharia Council, specifies a fatwa on Al-Sharf to be followed as a guideline. The Fatwa stated that

²⁴ Ghufron A Mas'adi, *Fiqh Muamallah Kontekstual*, PT. Raja Grafindo Persada, Jakarta, 2005, Hlm. 149

²⁵ Abdul Mujieb, *Kamus Istilah Fiqh*, PT. Pustaka Firdaus, Jakarta, 1995, Hlm. 34

²⁶ Ibid Ghufron, hal 150

currency buying and selling transactions are permitted under the following conditions:

- a. Not for speculative purposes (chance)
- b. Transactions are required, or simply in case (savings)
- c. If the transaction is performed in cash against a similar currency, the value must be the same (at-taqabudh).
- d. If different types, it must be done in cash and at the prevailing currency rate at the time of the transaction.

In addition, Spot transactions are permitted, which are transactions of buying and selling foreign currencies for delivery at that time (over the counter) or settlement within two days, with the goal of profit but not speculation, and are carried out on the basis of willingness between the seller and the buyer. According of the Fatwa, it can be

conclude that as long as fintech remittance activities conform with the Fatwa, Baznas can work with it even if it is not a sharia fintech. However, author highly suggested that Baznas collaborate with sharia remittance fintechs that already have networks in many countries, so that all types of operations are carried out in line with sharia principles in a kaffah way. Moreover, it can help expand the sorts of sharia fintech remittances, so that they may compete with conventional and become partners with sharia financial institutions and national baznas all over the world.

Based on the analysis, author summarizes the comparison of the advantages and disadvantages of the 3 types of alternatives as a means of collecting and boiling Ziswaf overseas.

Table 1

Comparison of the advantages and disadvantages of the 3 types of alternatives as a means of collecting and processing Ziswaf overseas

Advantages and Disadvantages	Crowdfunding cryptocurrency by blockchain-based system	Fintech payment	Fintech remittance
Advantages	More efficient because there is no need for financial authority intermediaries	<ul style="list-style-type: none"> • only sharia fintech that is fully subject to sharia principles 	<ul style="list-style-type: none"> • currently BI has collaborated with the most popular fintech remittance in the world. • Users are spread across several countries because it provides ease of exchange of money between countries. • If the business activities are only remittance and the benefits are in the form of fees, then the operational activities are halal according to the fatwa of DSN MUI even though it is not Sharia Fintech.

- Advantages
- High volatility
 - Some countries still prohibit crypto as a means of payment transactions including Indonesia.
 - Some scholars argue that cryptocurrencies have elements that are contrary to sharia principles, one of which is speculative.
 - Some fintech payments in their operations have haram elements such as receiving deposit interest from floating funds placement in National Securities.
 - A representative office must be established, incorporated in Indonesia and the apps should be connected with payment gateway of commercial banks in Indonesia
 - A representative office must be established, incorporated in Indonesia and the apps should be connected with payment gateway of commercial banks in Indonesia

IV. CONCLUSION AND SUGGESTION

There are three methods for managing transnational *ziswa*f that have been used globally, i.e., fintech crowdfunding cryptocurrency using a blockchain-based system, Payment via foreign fintech and fintech transfer peer-to-peer remittance, of the three categories, the author is preferable to the usage of fintech remittance, which has several of advantages that are, being more popular, such as Western Union which has collaborated with Islamic banks in some Islamic-majority countries, because as long as fintech remittance only provides currency exchange services, then the activity is halal even though fintech is not sharia fintech. While fintech payment will be fully subject to sharia principles as long as in the form of sharia fintech payment. In addition, In Indonesia, sharia fintech is not as well-known as conventional fintech. Moreover, Bank Indonesia and Islamic banks, on the other hand, continue to work with the largest conventional fintech remittances such as

Wallex and Western Union. It is envisaged that in the future, sharia fintech remittances would flourish, have networks all over the world and collaborate with sharia financial institutions and national *baznas* all over the world.

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