



## Factors Influencing Muzakki Loyalty to Pay Zakat

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### **Abstract**

This study aims to examine and analyze the influence of muzakki's internal and external factors on the motivation to pay zakat through the level of faith, knowledge of zakat, advertising, public relations, direct marketing, personal selling, accountability, and transparency of financial reporting. The sample in this study was 100 muzakki registered at BAZNAS of Central Java Province. The sampling method used was accidental sampling. This study used a questionnaire method and SEM-PLS for data analysis. The results of this study indicate that accountability and transparency have a positive and significant influence on muzakki's trust, while service quality has no significant positive effect on trust. Furthermore, transparency has no effect on Muzakki's loyalty. Meanwhile, service quality and trust have a significant effect on muzakki's loyalty.

**Keywords:** *Accountability; Transparency; Service Quality; Trust; Muzakki's Loyalty*

### **Introduction**

Zakat management in Indonesia is divided into two systems, namely the management of zakat by government agencies and community institutions. As stated in article 5 paragraph 1, in order to settle office zakat, public bodies form National Amil Zakat Agency (BAZNAS). In addition, in article 17, regions can frame the Amil Zakat Institution (LAZ) to assist BAZNAS in implementing the arrangement, socialization, and utilization of zakat.

The potential for zakat in Central Java reaches IDR 150 billion, but in 2022 BAZNAS Central Java can only collect zakat of around IDR 105 billion. Even though the number of donors increased from the target of 98,345, the actual number of donors became 143,088.

Table 1. Zakat Collection, *Infuq/Shodaqoh* (IDR) on BAZNAS Central of Java

Year	ZIS Collection		Total Donor	
	Target	Realisation	Target	Realisation
2019	75.000.000.000	51.867.885.176	45.000	57.950
2020	100.000.000.000	63.022.250.168	58.000	77.995
2021	125.000.000.000	76.050.123.205	78.000	92.449
2022	150.000.000.000	105.000.000.000	98.500	143.088

Source: Financing Report BAZNAS (proceed)

Based on the data in Table 1, the target amount of zakat collection from year to year has not been achieved, even though the number of donors continues to increase. BAZNAS as a *zakat* institution has not been able to increase *muzakki's* trust in distributing *zakat*.

Increasing the number of muzakki should be a major concern, but LAZ must maintain the muzakki who have paid their zakat through the Amil Zakat Institution (LAZ) (Azzahra & Majid, 2020). The muzakki who have paid their zakat through the Amil Zakat Institution (LAZ) must pay close attention, because these muzakki have a great influence on LAZ (Yusuf & Nugrahadi, 2021). Muzakki who continuously pays his zakat through the Amil Zakat Institution (LAZ) will have an effect on increasing the zakat receipts of the institution (Fahrani et al., 2022). Thus, LAZ must continue to strive to maintain muzakki so that it will increase loyalty (Nurkholis & Jayanto, 2020).

Muzakki's assessment of Amil Zakat Institutions varies, according to the perceptions and experiences of each muzakki. One of the reasons a Muslim pays his zakat through the Amil Zakat Institution is due to the loyalty factor (A.- Roziq et al., 2020). One of the factors that determine the level of loyalty is trust. Muzakki's trust is one of the keys in creating muzakki's loyalty (Jumriani, 2020). In forming trust, LAZ needs to improve the quality of its service to muzakki (Mardini et al., 2020). The good service provided by LAZ will form positive perceptions and expectations for muzakki so that they will feel satisfied with the LAZ. This good service quality makes muzakki satisfied, because their expectations and needs have been fulfilled.

In addition to improving service quality, Amil Zakat Institutions must also pay attention to other principles, namely transparency and accountability. In Indonesia, the decentralization model is considered capable of being a solution for zakat management today. This model is seen as realizing good organizational governance with three principles: trustworthy, transparent, and professional (Bahri et al., 2021). Increased transparency and accountability of LAZ can increase muzakki's trust in channeling zakat funds to the Amil Zakat Institution.

Several researchers regarding the loyalty of *Muzakki* paying zakat at Amil Zakat Institutions are heavily influenced by Transparency, Accountability, Service Quality, Satisfaction, and Religiosity. However, there is still little research on Trust as an intervening variable in strengthening *Muzakki's* loyalty to pay *Zakat*.

The results of research on the influence of transparency, accountability, service quality satisfaction, and trust in *Muzakki's* loyalty in paying zakat were examined by (Nurkholis & Jayanto, 2020), (Jumriani, 2020), (Said et al., 2020), shows differences in research results. This research refers to research from. The difference is adding the Transparency variable as an independent variable and Trust as a Moderating variable. This research aims to examine the effect of religiosity, accountability, transparency, and service quality, on *muzakki's* loyalty to pay zakat and trust as a intervening variable.

## Literature Review

### Trust in Zakat Institutions

Previous researchers from various disciplinary fields such as sociology, psychology, management, economics, and political science provide definitions of trust according to their perspectives (Armstrong & Yeein, 2001) and (Mayer et al, 1995). Therefore, trust has different meanings depending on the individual, and each goal may have different effects and implications.”

Trust is defined as a belief that one party will act, as expected, in a socially responsible way, even in the absence of constant auditing and will meet the expectation of another party that trusted them (Nunkoo et al., 2012).

Customer trust is a quality that reflects a good relationship between that person and other parties. Consumers have trust in the organization through organizational activities. Meanwhile, according to (Mayer et al, 1995). Consumer trust is defined as the willingness of a party to accept the risk of another party's actions based on the hope that the other party will take important actions for those who trust it, regardless of the ability to supervise and take action from the trusted party. Consumer trust is one of the fastest ways to build long-term organisational relationships. Only through the consumer's trust, the information can be returned to the organisation. Trust plays a role in enhancing consumers' ability to make choices and trust-based relationships.

According Robbins, Stephen P & Judge, (2017) menyebutkan ada empat dimensi kunci dalam konsep kepercayaan, yaitu Integritas (**integrity**), merujuk pada kejujuran dan kebenaran, Kompetensi (**competence**), terkait dengan pengetahuan dan keterampilan teknis dan interpersonal yang dimiliki individu, Konsistensi (**consistency**), berhubungan dengan keandalan, kemampuan memprediksi dan penilaian individu jitu dalam menangani situasi dan keterbukaan (**openness**).

The variable of trust is also found in several *zakat* studies but mostly as an independent variable. For instance, a study has been done by Hairunnizam wahid et al., (2009) in examining the factors influencing the trust level of the *zakah* distribution in Selangor. The finding shows that the level of trust towards the *zakah* institution is dependent on the other three main factors, namely the corporate image of LZS, *zakah* collection and *zakah* distribution

Trust is *muzakki's* assessment of *zakat* institutions' ability to be relied on in managing *zakat*. According to Martin et al., (2019), there are some theories that hold that institutional trust may change depending on the characteristics of the individuals, since there are people who tend to rely more on their fellows, so they will have a greater inclination to rely more on their institutions. However, it should be taken into account that not all individuals have direct relations with all institutions, which may affect to a greater or lesser extent their individual well-being. Therefore, it is necessary to observe that some of the confidence that citizens have in the institutions may be due to indirect knowledge that is determined by the experience of other groups, or by means of communication.

In the *zakat* management system, *muzakki's* trust is very important to be built by *zakat* management institutions. *Muzakki* who puts their trust in *zakat* management institutions becomes an important capital in optimizing *zakat* collection. Meanwhile, the collected *zakat* plays a role in realising the community welfare (Ghazali et al., 2016). Therefore, studies related to *muzakki's* trust and their behaviours in paying the *zakat* are very important to be carried out by *zakat* management institutions.

## Theory of Loyalty

Loyalty is defined as the level of consumer loyalty to certain brands, regardless of competitive brand marketing activities (Giovanis & Athanasopoulou, 2018). The condition that consumers like certain products can have an impact on consumers' decisions to remain on the same product or not, and when consumers decide to use the same product, they automatically become loyal customers so that they do not need much consideration if they will buy the same product for both times even for more frequent intensity. Loyalty can be indicated by the existence of consumers who not only buy products or services but also those who have good commitment and behaviour by serving the company by recommending others to buy products or the same service they bought (Konečnik Ruzzier et al., 2014).

Consumer loyalty can grow because consumers are satisfied with the services provided. Loyalty can also arise because consumers believe and have a strong commitment to companies that sell services (Dewi, 2020). It is because consumers have felt the real benefits of the services offered by the company. Therefore, in ZIS management institutions, customer loyalty is an active donor, which is something that causes customers to survive for a relatively long time and became a *muzakki* or donor to the institution. This is known from the activeness of paying ZIS to the institution.

## Accountability and Trust in Zakat Institution

Accountability and transparency are two of the five basic principles of GCG which have a significant influence on increasing *muzzaki's* trust in *zakat* management institutions, both in terms of publication and management. As research conducted by (Ikhwandha & Hidayati, 2019), accountability and transparency are factors that can influence a person's desire to pay *zakat*, in order to create *muzakki's* trust in *zakat* management institutions. Akuntabilitas berkaitan dengan Accountability is related to the accountability of *zakat* management institutions in the form of reporting on all activities, especially regarding the flow of *zakat* funds and the financial reports of *zakat* management institutions. The better the accountability in the *zakat* management organization, the higher the trust of *muzakki* (Sawmar & Mohammed, 2021).

The results of the study by (Mukhibad et al., 2019) stated that accountability has a significant positive effect on *Muzakki's* decision to pay *zakat*. This is supported by the results of research from (Ahmad, 2018), (Nurkholis & Jayanto, 2020) which stated that accountability influences *Muzakki's* trust where the accountability of *zakat* management institutions is related to reporting all activities, especially regarding the flow of *zakat* funds and financial reports to *muzakki*. Therefore, the better the accountability in reporting by the *Amil* Institution, the higher the *muzakki's* trust in distributing *zakat*. Based on this description, the hypothesis is formulated as follows:

H1: Accountability has a significant positive effect on Trust in *zakat* institution

## Transparency and Trust in Institution

*Muzakki* requires transparency in gaining information about the *zakat* distribution and reception (Bahri, Zakiyyah, et al., 2021). Therefore, *zakat* institutions must disclose information in a timely, adequate, clear, accurate, and easily accessible way for *muzakki* according to their rights (Mahmudi & Prastmawati, 2020). *Muzakki* who have easy access to information will be pleased because the need for information is fulfilled and will continue to trust *zakat* institutions and be reluctant to move in distributing their *zakat* to other places (Syaksena & Ekawaty, 2021). Transparency of financial statements is presented openly, accurately and transparently. *Zakat* institution's financial statement is very strategic to increase in terms of accountability and transparency to *muzakki* and especially to Allah SWT so that it has an impact on trust in *muzakki* and society. (Nikmatuniayah et al., 2017). Transparency of financial report is very im-

portant for collecting and distributing zakat to the community (Wahyuni, 2017). This is based on reputation to provide a positive influence on the perceptions and views of Muzakki to pay zakat (Saad et al., 2014).

Transparency relates to how to publish all reports including reports on activities, programs, to finances and distribute them to the *muzakki* (Ruslan, 2022). The more transparent the *zakat* management institution is, the more trusted *muzakki* will be to distribute their *zakat* funds through the *zakat* management institution (Munir, 2021) Based on this description, the hypothesis can be formulated as follows:

H2: Transparency has a significant positive effect on trust in *Zakat* institution

### **Transparency and Muzakki Loyalty**

Muzakki needs transparency in terms of information about the distribution and collection of zakat. Thus, zakat management institutions are obliged to disclose information in a timely, adequate, clear, accurate, and comparable manner, and make it easily accessed by muzakki according to their rights (Mahmudi & Prastmawati, 2020). Muzakki will feel satisfied when they could access information easily and completely.

The creation of the transparency concept will be able to have a good impact on *muzakki's* supervision of institutions. Moreover, it will influence and encourage *muzakki* in choosing *zakat* institutions. It is supported by research conducted by (A.- Roziq et al., 2020),(Salman, 2022) dan (Mahmudi & Prastmawati, 2020) which states that transparency has a positive and significant effect on *muzakki* loyalty. Based on this description, the hypothesis can be formulated as follows:

H3: Transparency has a positive and significant effect on muzakki loyalty.

### **Service Quality and Trust in Zakat Institutions**

Apart from being influenced by accountability and transparency factors, *muzzaki's* trust is also influenced by service quality. Service quality is a level of service related to the fulfilment of customer expectations and needs. This means that services are said to be qualified if certain companies or institutions are able to provide products or services following the wishes, needs and expectations of their customers/users (Kotler, 2016). Service quality is a form of assessment of the level of service provided by an institution or company. People expect service at a certain level and they feel that the service is higher than what they expected and the community continues to use the product or service. In that case, it means that the community trust an institution or company (Pramana dan Rastini, 2016).

In *zakat* management institutions, service quality can be interpreted as a form of assessment of *zakat* management and the attitude of *zakat* institution managers towards *muzakki* which creates satisfaction (Vegirawati et al., 2022). When satisfaction is obtained by *muzakki* as a result of the high service quality from *zakat* institutions, *muzakki's* trust will automatically be obtained (Zainal, 2016).

Agency theory relates to the service quality provided by a *zakat* management institution that acts as an agent (trustee). When a service is provided properly, it will be able to meet expectations and increase the trust of the *muzakki*, who acts as the principal (trustee), so that the *muzakki* will continue to pay *zakat* to the *zakat* institution.

The service quality can affect the loyalty of *zakat* payers because the satisfaction of *zakat* payers is influenced by whether the services obtained are good or not and how easy the procedure for paying *zakat* is in *zakat* management organizations. The better the service quality in *zakat* management organizations, the higher the trust of *zakat* payers. It will affect the loyalty of *zakat* payers who will pay

higher funds to zakat management institutions (Mardini, et. al 2020).

The results of the study by Aisyah & Sutejo, (2020) stated that service quality has a significant positive effect on *Muzakki's* trust in paying *zakat*. It is supported by (Jumriani, 2020), dan (Mardini, 2020) who stated that service quality will have an impact on *muzakki's* loyalty in paying *zakat*. Based on this description, the hypothesis can be formulated as follows:

H4: Service quality has a significant positive effect on Trust in zakat institution

### **Service Quality and Muzakki Loyalty**

In the context of customer service, good quality is a package of services rendered include the quality of a product, servic and also the environment in which goods and services is given (Brady, Michael & Cronin Jr., 2001). Service quality becomes a consideration for *muzakki* in distributing their funds to a Zakat Institutional because the convenience of distributing funds is important for *muzakki*. The better the service provided to donors, the better the response of the *muzakki* to distribute their funds to *zakat* institutions. It is supported by the results of research from (Mardini et al., 2020) and (Jumriani, 2020) which showed that there is an effect of service quality on loyalty because the increasing service quality at an *amil zakat* institution will provide loyalty to *muzakki* in paying *zakat* at the institution. Based on this description, the hypothesis can be formulated as follows:

H5: Service quality has a significant positive effect on *Muzakki* Loyalty

### **Trust in Zakat Institution and Muzakki Loyalty**

In increasing *muzakki's* loyalty, a trust variable can be a factor that will be given by *muzakki*. Trust is essential in measuring *muzakki's* loyalty because the effect of trust will greatly determine a person's loyalty to the institution that will be assisted.

The results from (A. Roziq et al., 2021) state that trust has a significant effect on *muzakki* loyalty, This study suggests that management should improve zakat payments' performance by increasing the loyalty and trust of muzakki and increasing transparency and accountability of the zakat management. To increase muzakki trust and increase transparency and accountability of the zakat management, good BAZNAS governance in accordance with sharia principles are required. This result is supported by several researchers, namely, (Jumriani, 2020) and (Mukhibad et al., 2019). Based on these results, the hypothesis can be formulated as follows:

H 6: Trust has a significant positive effect on *Muzakki* Loyalty

### **Conceptual Framework**

Based on studies of various theoretical and empirical references, a conceptual framework can be formulated as a reference in this empirical research as shown. Figure 1 shows the latent variables to examine, consisting of FIVE variables each of which is taken from four indicators. The names of variables and indicators are explained after the conceptual figure below.

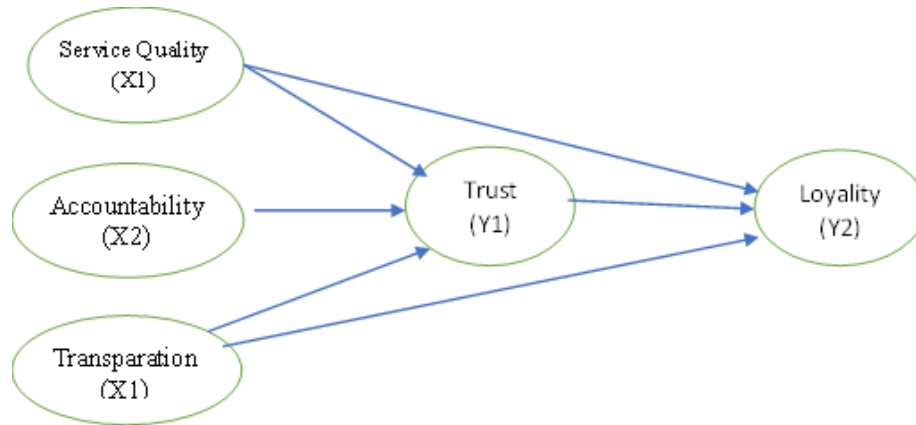


Figure 1. Research conceptual framework  
Source: Authors documentation

### **Methods**

This type of research is explanatory research, which explains the causal relationship between research variables and hypothesis testing. This explanatory research was conducted on the Indonesian Muslims who can pay zakat from various regions, especially in Central Java Province, Indonesia.

Primary data is collected directly by using a questionnaire. The sampling technique used the accidental sampling method which was carried out on 100 Muslims who had paid zakat through the BAZNAS institution in Central Java, Indonesia.

The data analysis technique in this study used the Partial Least Square (PLS) approach. PLS is a model of Structural Equation Modeling (SEM) based on components or variants. According to Garson David, (2016), PLS is an alternative approach that shifts from a covariant-based SEM approach to variant based. Garson David, (2016) state that the formal PLS model defines the formation variable is linearly aggregated from its indicators. The value estimation used to create variable score components was based on the specifications of the inner model and outer model. Hypothesis testing was done by carrying out the following steps. First, the outer model with reflective indicators were evaluated based on the substantive content, that is by comparing the relative value and seeing the significance of these values. Second, the inner model was evaluated by taking into account the percentage of variance explained, namely by looking at the value of R<sup>2</sup> for endogenous constructs and also looking at the magnitude of the structural path coefficient. The significance of influence was evaluated using statistical t-test. Changes in the value of R<sup>2</sup> can be used to assess the effect of certain exogenous variables on endogenous variables, that is whether the variable has a substantive effect. The operational definition of the variable was measured using a Likert scale from the statement strongly disagree (value=1) to strongly agree (value=5), presented in Table 1.

Table 1. Definition of operational variable

Variable	Indicator
Service Quality (X1)	<ol style="list-style-type: none"> <li>1. The quality of services offered is in accordance with the needs of muzakki.</li> <li>2. Programs made in accordance with the hopes and wishes of muzakki.</li> <li>3. The overall service is very good and satisfying.</li> <li>4. BAZNAS institution provides easy access to paying zakat.</li> </ol>
Accountability (X2)	<ol style="list-style-type: none"> <li>1. Disclosure of information related to the activities carried out</li> <li>2. BAZNAS program in improving the welfare of mustahiq</li> <li>3. Distributed by looking at the needs of mustahiq</li> <li>4. Knowledge of muzakki on the distribution of zakat funds</li> </ol>
Transparency (X3)	<ol style="list-style-type: none"> <li>1. Issuance of periodic financial statements</li> <li>2. Easy access to financial reports</li> <li>3. Publication of financial statements</li> <li>4. Availability of community proposals for BAZNAS</li> </ol>
Trust (Y1)	<ol style="list-style-type: none"> <li>1. Zakat fund management at BAZNAS is managed openly</li> <li>2. Amil carries out his duties in a trustworthy and professional manner</li> <li>3. BAZNAS is honest in providing information to <i>muzakki</i></li> <li>4. BAZNAS provides consulting services to the community,</li> </ol>
Loyalty (Y2)	<ol style="list-style-type: none"> <li>1. The relationship between BAZNAS and muzakki has been strong and for a long time</li> <li>2. Muzakki makes regular zakat payments to BAZNAS</li> <li>3. Muzakki has and will recommend the BAZNAS to others</li> <li>4. Muzakki is not interested in product offerings</li> </ol>

## Results and Findings

### Outer Model Analysis

Testing the measurement model (outer model) is used to determine the specification of the relationship between latent variables and their manifest variables, this test includes convergent validity, discriminant validity and reliability.

### Convergent Validity

Convergent Validity is done by looking at validity indicator which is indicated by the loading factor value. Loading factor is a number that shows the correlation between the score of a question item and the score of the construct indicators that measure the construct. The loading factor value greater than 0.7 is said to be valid. However, according to Hair et al. (1998), for initial examination of the matrix loading factor is approximately 0.3 considered to have met the minimum level, and for loading factors is approximately 0.4 (which is considered better), and for loading factors greater than 0.5 is generally considered significant. In this study, the loading factor limit used was 0.7. After processing the data using



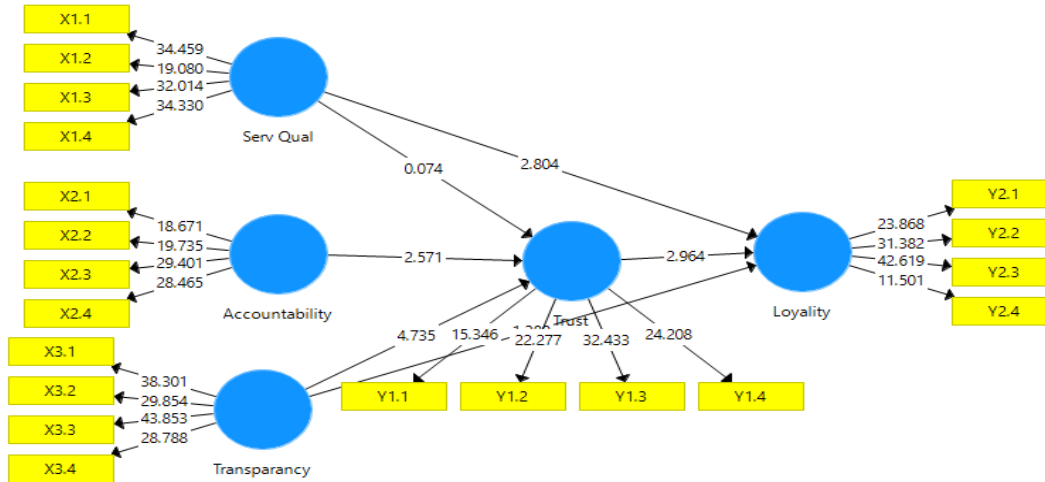
SmartPLS 3.0, the results of the loading factor can be shown as in Table 2.

From the results of data processing with SmartPLS in Table 4.3, all indicators for each variable in this study have a loading factor value greater than 0.70 and are said to be valid.

Tabel 2. Nilai *Loading Factor*

Variabel	Indikator	Outer Loading
Saervice Quality (X1)	X1.1	0,889
	X1.2	0,846
	X1.3	0,879
	X1.4	0,882
Accountibility (X2)	X2.1	0,830
	X2.2	0,804
	X2.3	0,889
	X2.4	0,864
Transparation (X4)	X4.1	0,831
	X4.2	0,864
	X4.3	0,823
	X4.4	0,855
Trust (Y1)	Y1.1	0,831
	Y1.2	0,864
	Y1.3	0,823
	Y1.4	0,855
Loyalty Muzakki (Y2)	Y2.1	0,831
	Y2.2	0,864
	Y2.3	0,823
	Y2.4	0,855

After analyzing the outer model, the value of indicators on each variable is above 0.7, so there is no need for a re-analysis. The relationship between latent variables and their indicators requires a loading score (outer loading) greater than 0.7 ( $>0.7$ ), according Garson David, (2016) that PLS requires a loading score (outer loading) indicator for each latent variable which should be  $>0.7$ . Analysis of the outer model was done through discriminant validity, average variance extracted (AVE), and composite reliability.



**Discriminant Validity**

It is used to test whether the indicators in a construct have the greatest correlation to the constructs formed rather than correlations on other constructs. Discriminant validity is assessed based on cross loadings between indicators and their constructs. If the construct indicator correlation has a higher value than the correlation of the indicator to another construct, the construct is said to have high discriminat validity. The results of cross loadings can be seen in Table 3.

Table 3. The result of *Cross Loadings*

	X1 (Service Quality)	X2 (Accountabilty)	X3 (Transparency)	(Y1) (Trust)	(Y2) (Loyal)
X1.1	<b>0,889</b>	0,720	0,602	0,546	0,569
X1.2	<b>0,846</b>	0,777	0,645	0,578	0,651
X1.3	<b>0,879</b>	0,707	0,706	0,611	0,644
X1.4	<b>0,882</b>	0,687	0,717	0,628	0,666
X2.1	0,702	<b>0,830</b>	0,581	0,542	0,573
X2.2	0,750	<b>0,804</b>	0,722	0,636	0,620
X2.3	0,701	<b>0,889</b>	0,684	0,667	0,681
X2.4	0,656	<b>0,864</b>	0,655	0,681	0,636
X3.1	0,747	0,702	<b>0,895</b>	0,715	0,675
X3.2	0,639	0,666	<b>0,890</b>	0,691	0,649
X3.3	0,697	0,752	<b>0,902</b>	0,696	0,666
X3.4	0,637	0,657	<b>0,863</b>	0,689	0,648
Y1.1	0,512	0,537	0,608	<b>0,784</b>	0,529
Y1.2	0,611	0,671	0,682	<b>0,845</b>	0,669
Y1.3	0,601	0,661	0,671	<b>0,856</b>	0,680
Y1.4	0,536	0,625	0,664	<b>0,853</b>	0,659
Y2.1	0,554	0,610	0,610	0,668	<b>0,851</b>
Y2.2	0,659	0,686	0,623	0,622	<b>0,855</b>
Y2.3	0,715	0,679	0,721	0,722	<b>0,882</b>
Y2.4	0,434	0,450	0,472	0,484	<b>0,710</b>

From the results of cross loading in Table 3, it shows that the correlation value of the construct with the indicators is greater than the correlation value with the other constructs. Thus, all constructs or latent variables already have good discriminant validity, where the indicators in the construct indicator block are better than indicators in other blocks.

The next evaluation is that the model has better discriminant validity where a good AVE value is required to have a value greater than 0.50 (Garson David, 2016).

### Average Variance Extracted (AVE)

Table 4. The result of Average Variance Extracted (AVE)

<b>Variabel</b>	<b>Average Variance Extracted (AVE)</b>	<b>Composite Reliability</b>	<b>Cronbach's Alpha</b>
<b>Servis Quality (X1)</b>	<b>0,718</b>	<b>0,928</b>	<b>0764</b>
<b>Akuntabilitas (X2)</b>	<b>0,788</b>	<b>0,911</b>	<b>0,718</b>
<b>Tranparansi (X3)</b>	<b>0,711</b>	<b>0,937</b>	<b>0,788</b>
<b>Trust (Y1)</b>	<b>0,698</b>	<b>0,902</b>	<b>0, 698</b>
<b>Loyalty (Y2)</b>	<b>0,684</b>	<b>0,896</b>	<b>0,684</b>

Source: Output Program SmartPLS

It is another measurement of discriminant validity, that is by looking at the value of AVE. The construct of the research model is considered valid if the value of AVE >0.5 (Garson David, 2016) AVE results can be seen in the following table. 4. The above results show that the AVE value of each construct is >0.5. Thus, it can be said that all constructs have high discriminant validity.

### Composite Reliability

In addition to being measured by assessing convergent validity and discriminant validity, the outer model can also be measured by looking at the reliability of the construct or latent variable as measured by the composite reliability value. The construct is declared reliable if the composite reliability has a value > 0.7, then the construct is reliable (Garson David, 2016) .The SmartPLS output results for composite reliability values can be shown in Table. 4.

From the SmartPLS output results in Table. 4 shows the composite reliability value for all constructs is above the value of 0.70. Thus, all constructs have good reliability in accordance with the minimum value limit that has been required.

### Inner Model Analysis

After testing the outer model, the inner model (structural model) is carried out. The inner model can be evaluated by looking at the r-square (indicator reliability) for the dependent construct and the t-statistical value of the path coefficient test. The higher the r-square value means the better the prediction model of the proposed research model. The stages of analysis carried out in the evaluation of the structural model are seen from several indicators, namely:

### Assessment of Goodness of Fit (GoF)

The goodness of fit model test can be seen from the NFI value  $\geq 0.795$  which is declared fit. Based

on the data processing that has been done using the SmartPLS 3.0 program, the Fit Model values are obtained as follows:

Table 5. *Fit Model*

	Saturated Model	Estimated Model
<b>SRMR</b>	0,065	0,065
<b>d_ULS</b>	0,878	0,886
<b>d_G1</b>	0,855	0,859
<b>d_G2</b>	0,659	0,661
<b>Chi-Square</b>	356,241	357,476
<b>NFI</b>	0,795	0,794

The results of the goodness of fit test for the PLS model in Table 5 below show that the NFI value of 0.795, which means FIT. Thus, from these results it can be concluded that the model in this study already has a high goodness of fit and is suitable for testing the research hypothesis.

### Structural Model Evaluation

Based on the Table 5, it shows that of the ten hypotheses that have a direct effect, there are 5 (five) hypotheses that are accepted, namely H2, H3, H4, and H6 because the T-Statistics value > 1.96 and P-Values > 0.05 while 2 (two) the other hypothesis is Rejected because the value of T-Statistics < 1.96 P-Values > 0.05, namely H1 and H5.

Tabel 5. Path Coefficients (Direct)

	Direct Effect	Original Sample	T-Statistics	P Values	Result
<b>H1</b>	Service Quality (X1) → Trust (Y1)	0,011	0,074	<b>0,941</b>	<b>Rejected</b>
<b>H2</b>	Accountibility (X2) → Trust (Y1)	0,353	2,571	<b>0,010</b>	<b>Accepted</b>
<b>H3</b>	Transparancy (X3) → Trust (Y1)	0,518	4,735	<b>0,000</b>	<b>Accepted</b>
<b>H4</b>	Serv. Quality (X1) → Loyalty (Y2)	0,141	2,804	<b>0,005</b>	<b>Accepted</b>
<b>H5</b>	Transparancy (X3) → Loyalty (Y3)	0,264	1,389	<b>0,165</b>	<b>Rejected</b>
<b>H6</b>	Trust (Y1) → Loyalty (Y2)	0,764	2,964	<b>0,003</b>	<b>Accepted</b>

Source: *SmartPLS Output*

Based on Table 6, it shows that all independent variables indirectly effect have intervening Muzakki Decession through muzakki's Trust as a mediating (intervening) variable in BAZNAS Central Java Province with path coefficient values: t-statistics below 1,966 and p-values above 0.05 . Except one variables namely service quality that is no intervening.

Tabel 6. *Path Coefficients (Indirect)*

	<b>Indirect Effect</b>	Original Sample	T-Statistics	P Values	<b>Result</b>
<b>1</b>	Serv.Quality(X1) → Trust(Y1) → Loyalty (Y2)	0,005	0,074	<b>0,944</b>	<b>No Intervening</b>
<b>2</b>	Transparan(X3) → Trust (Y1) → Loyalty (Y2)	0,212	2,301	<b>0,022</b>	<b>Intervening</b>
<b>3</b>	Accountability (X2) → Trust (Y1) → Loyalty (Y2)	0,145	2,020	<b>0,044</b>	<b>Intervening</b>

### Coefficient of Determination ( $R^2$ )

Based on the data processing with the SmartPLS 3.0, the R Square value is obtained as follows:

	<b>R Square</b>
<b>Y1 (Trust)</b>	0,673
<b>Y2 (Loyalty)</b>	0,665

Based on the r-square value in Table 4, it shows that Satisfaction, Accountability, Service Quality, Transparency and and Religiosity are able to explain the variable construct of Trust (0.727 or 72.7%), and the remaining 27.3% is explained by other constructs outside those examined in this study. Meanwhile, Trust is able to explain the construct variable of loyalty (0.693 or 69.3%) and the remaining 31.62% is influenced by other constructs outside this study.

### Discussion

Based on the results of the data analysis test, it can be seen that Service quality has a positive and no significant effect on muzakki's trust in paying zakat at BAZNAS. Consistent with the findings of other studies shows that Service quality is positive and does not significant influence by Trust in Zakat institution (Herianingrum et al., 2019), (Ruslamsyah et al., 2019). Results that are not significant on the quality of service in Zakat institution indicate that the concept of trust is not only formed by service quality factors. Building donor's trust is not as easy as in a profit-oriented institution or company. In providing Islamic services to donors do not necessarily make the donors trust the institution because providing services is social institutions' obligation such as LAZISMU.

Based on the research results, transparency has a positive and significant influence on Trust in Zakat Institution. This means that the transparency carried out by Lazismu of Central Java Province is considered good by Muzakki because it has provided information regarding the management of zakat funds in a clear and accurate manner and has always published reports related to the collection and distribution of zakat management openly through print and social media. The results of this study supported the results of studies that revealed that Transparency affects Trust in Zakat Institution (Retnowati & Usnan, 2022), (Ruslan, 2022) and (Ahmad Roziq et al., 2021). The results show that the

application of transparency in the form of information disclosure on the management of ZIS funds greatly determines the trust, transparency in the management of ZIS funds supports the creation of accountability for the ZIS management organization.

The results of accountability research have a positive and significant effect on Trust in paying zakat in LAZISMU. This is because muzaki believes that LAZISMU has carried out each of its programs in accordance with the vision and mission of the Institute. In addition, muzaki's trust in institutional figures is a reason that influences muzaki's interest in channeling zakat to institutions. The results of this study supported the results of studies that revealed that Accountability affects Trust (Ahmad Roziq et al., 2021) and (Retnowati & Usnan, 2022).

Based on the results of hypothesis testing, Transparency has no significant effect on muzakki loyalty, as indicated by a p-value of 0.165 (more than 0.05). The results of this study supported the results of studies that revealed that Transparency not affects Trust in Institution (Salman, 2022). This indicates that muzakki's loyalty in paying zakat is not always influenced by how the transparency is carried out by zakat institutions, but muzakki's loyalty in paying zakat is due to obligations as a Muslim.)

Service quality does not have a positive and significant effect on muzakki loyalty, as indicated by a p-value of 0.545 (more than 0.05). The results of this study supported the results of studies that revealed that Service Quality not affects muzakki loyalty (Ruslamsyah et al., 2019)

Based on the results of hypothesis testing, Trust has significant on muzakki Loyalty, as indicated by a p-value of 0.050 (less than 0,05). The research results of Trust on muzakki's loyalty show a positive and significant effect. That means, the higher the level of muzakki's trust, the greater the muzakki's loyalty. The results of this study supported the results of studies that revealed that Trust affects muzakki Loyalty (A. Roziq et al., 2021), (Mahmudi & Prastmawati, 2020) (Jumriani, 2020) and (Mukhibad et al., 2019).

With a high level of trust in Amil Zakat institutions, they will be more happy to pay zakat infaq and alms. They increasingly believe in the systems that exist in the Amil Zakat institution, so they will continue to pay zakat infaq and alms at the LAZISMU institution. However, different results were shown by the variables of service quality and transparency which showed a positive but not significant effect.

### ***Conclusion and Policy Implication***

The main objective of this study was to examine the effect of Muzakki's trust as a mediator in the relationship between service quality, accountability, service quality, transparency, religiosity and loyalty of Muzakki in BAZNAS, Central Java Province. The results showed that service quality, transparency and religiosity had a significant positive effect on muzaki's trust in paying zakat, infaq, and sadaqah in BAZNAS, Central Java Province.

If the quality of transparency and accountability in the management of Amil Zakat Institutions is improved properly, it will have a very positive impact on the trust of zakat payers (muzaki) to Amil Zakat Institutions. If an Amil Zakat Institution applies the principles of accountability and transparency properly in its management, it will be able to have a very positive impact on zakat payers (muzaki).

Muzakki's trust has a significant positive effect on muzaki's loyalty in paying zakat, infaq, and sadaqah at Amil Zakat Institutions. If the quality of trust given by muzaki to institutions is really maintained or enhanced by BAZNAS, it will be able to have a very positive impact on the loyalty of zakat payers (muzaki) to the Amil Zakat Institution.

Thus, a strategy is needed to increase accountability, transparency of service quality, and satisfaction in activity reports or financial reports to Muzakki, through outreach to the general

public regarding the understanding of the importance of Zakat. Besides that, it will be easy to pay zakat through online payments (m-payment) at BAZNAS.

The first implication of this research is that amil zakat institutions must pay attention to the aspect of accountability to stakeholders, especially zakat payers (muzakki). This implication arises because accountability plays an important role in increasing muzakki's trust. Eventually, it can also increase muzakki's loyalty.

The second implication is that zakat amil institutions must also pay attention to the transparency of stakeholders, especially zakat payers (muzakki). This implication is vital for amil zakat institutions because transparency plays an important role in increasing the muzakki's interest in paying zakat and ultimately leads to the muzakki's decision to pay zakat at an amil zakat institution. The third implication is that the amil zakat institution must always educate the public about the responsibility of issuing zakat and its benefits for Muslims. This implication arises because of the importance of the Religiosity aspect, which can influence the muzakki's interests and decisions to pay zakat.

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