
Integrating Maqāṣid al-Sharī'ah and SDGs in Sustainability Management: A Comparative Study of Indonesian Zakat Institutions

Fajrunas Alqodri^{1*}

¹Yayasan Zahabat Eksyar, Indonesia

Email Correspondence : Fajrunas.alqodri@gmail.com

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Abstrak

Studi ini mengeksplorasi bagaimana prinsip-prinsip manajemen berkelanjutan diterapkan dalam lembaga keuangan sosial Islam (LKSI) dan bagaimana prinsip-prinsip ini mendukung tujuan jangka panjang di bidang sosial-ekonomi dan lingkungan. Menggunakan pendekatan studi kasus komparatif kualitatif, penelitian ini berfokus pada tiga lembaga zakat terkemuka di Indonesia: BAZNAS, LAZISMU, dan NU Care-LAZISNU. Penelitian ini menelaah tata kelola, praktik keberlanjutan, dan transparansi digital berdasarkan analisis dokumen laporan tahunan dan pengungkapan keberlanjutan mereka. Temuan menunjukkan bahwa ketiga lembaga tersebut menunjukkan komitmen kepemimpinan yang kuat, tata kelola Syariah, dan integrasi yang semakin berkembang antara Maqāṣid al-Sharī'ah dengan Tujuan Pembangunan Berkelanjutan (SDGs). Namun, tantangan tetap ada dalam menstandarisasi pengukuran dampak dan memperdalam akuntabilitas lingkungan. Studi ini berkontribusi pada literatur dengan menunjukkan bagaimana lembaga keuangan sosial Islam mengoperasikan manajemen berkelanjutan dalam ekosistem zakat di Indonesia.

Keywords :

Islamic Social Finance;
Sustainability; Maqāṣid al-Sharī'ah

Abstract

This study explores how sustainable management principles are implemented in Islamic social finance institutions (ISFIs) and how these principles support long-term socio-economic and environmental goals. Using a qualitative comparative case study approach, this research focuses on three leading zakat institutions in Indonesia: BAZNAS, LAZISMU, and NU Care-LAZISNU. The study examines governance, sustainability practices, and digital transparency based on document analysis of their annual reports and sustainability disclosures. Findings reveal that all three institutions demonstrate strong leadership commitment, Shariah governance, and growing integration of Maqāṣid al-Sharī'ah with the Sustainable Development

Goals (SDGs). However, challenges remain in standardizing impact measurement and deepening environmental accountability. The study contributes to the literature by showing how Islamic social finance institutions operationalize sustainable management within Indonesia's zakat ecosystem.



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INTRODUCTION

Islamic social finance (ISF) has emerged as one of the most strategic mechanisms for achieving sustainable socio-economic development in Muslim societies, particularly in Muslim-majority countries. Its foundation is firmly rooted in the principles of distributive justice (adl), benevolence (ihsan), social solidarity (ta'awun), and collective responsibility (mas'uliyah). Through instruments such as zakat, waqf, infaq, and qardh hasan, ISF contributes to poverty reduction and economic resilience within a framework that integrates spirituality with economic functionality. The holistic nature of ISF makes it more than just a finance social mechanism; it also incorporates ethics to achieve moral and spiritual well-being (Syibly, 2015; Adinugraha et al., 2023; Dewi & Jamal, 2025; Karimah & Akbar, 2025).

In the past decade, global discourse has shifted toward sustainability and responsible finance. The United Nations Sustainable Development Goals (SDGs), introduced in 2015, further emphasize the importance of economic activities that also consider future environmental consequences. In this context, Islamic social finance offers a natural alignment with sustainability principles, given that both share similar ethical foundations—fairness, transparency, and resource management. However, a mismatch remains that hinders this goal. Many organizations face challenges in operationalizing sustainability principles beyond charitable purposes, particularly in developing measurable systems that ensure long-term socio-environmental impact.

Sustainable management in the context of Islamic financial institutions (IFIs) refers to the strategic integration of social, environmental, and governance (ESG) aspects into institutional planning and decision-making processes. For Islamic institutions, sustainability is not simply a managerial choice but an expression of the Maqāsid al-Sharī'ah—the higher objectives of Islamic law aimed at preserving faith (din), life (nafs), intellect (aql), posterity (nasl), and wealth (mal). These objectives provide a philosophical foundation for aligning modern sustainability frameworks, such as the SDGs, with Islamic ethical values. Thus, ISFI has a strategic role in contributing to social justice and economic efficiency by embodying concerns related to spiritual accountability (Agustin et al., 2023; Wardiman et al., 2024; Marianingsih, 2025; Shaharuddin et al., 2025; Muslim & Irma, 2025).

In Indonesia, Islamic social finance has grown rapidly over the past two decades. The establishment of the National Zakat Agency (BAZNAS) under Law No. 23 of 2011 represents a concrete government effort demonstrating its desire for social

financial institutions to be run professionally and have a long-lasting impact (Yahya, 2020). Alongside BAZNAS, religious institutions such as LAZISMU (Muhammadiyah's Zakat, Infaq, and Shadaqah Institution) and NU Care–LAZISNU (Nahdlatul Ulama) have emerged as influential actors in the country's social finance ecosystem. LAZISMU is an organization operating under the supervision of Muhammadiyah and is also known for its programs that widely support SMEs (Small and Medium Enterprises) (Rahmat & Aiyub, 2024). LAZISNU carries out activities in the fields of education, health, economics (economic empowerment), environment, disaster management, as well as da'wah and humanity under the supervision of PBNU (Niam, 2024). These institutions are among the largest Islamic social institutions in Indonesia, boasting substantial organizational footprints and implementing numerous social programs in education. Together, they form a dynamic ecosystem that reflects Indonesia's commitment to institutionalizing Islamic philanthropy.

Despite these positive developments, challenges remain. Institutional capacity to implement sustainable management varies widely across institutions (Nashirudin et al., 2025). Some institutions still rely heavily on short-term charitable distribution models, which, while necessary for immediate relief, often lack mechanisms to ensure long-term socio-economic empowerment (Wahyudi et al., 2025). Furthermore, the absence of standardized sustainability indicators specifically designed for Islamic social finance makes it difficult to evaluate the tangible impact of these institutions on poverty alleviation and social development (Wan et al., 2025). Limited digital infrastructure and data integration across provincial or regional offices also hinder effective governance and monitoring (Pratama, 2025).

This research focuses on three leading zakat institutions in Indonesia—BAZNAS, LAZISMU, and NU Care–LAZISNU—to examine how sustainable management practices are conceptualized and implemented in practice. BAZNAS functions as a legal entity under government supervision, serving as the central authority for zakat governance. LAZISMU and NU Care–LAZISNU represent the civil society dimension of Islamic social finance, each linked to the country's two largest Islamic organizations, Muhammadiyah and Nahdlatul Ulama. Together, they illustrate the diversity of management structures, funding models, and program priorities within the Indonesian Islamic social finance landscape. This comparative analysis across institutions aims to uncover how leadership commitment, governance innovation, and digital transformation contribute to their sustainability. It also explores how Maqāṣid al-Sharī'ah and the SDGs are integrated into their management frameworks and the operational challenges they address.

Understanding these dynamics is crucial not only for improving institutional performance but also for informing national and international policies on Islamic social finance. By qualitatively analyzing these cases, this study contributes to filling the literature gap regarding the operational dimensions of sustainability management in Islamic social finance institutions (IFIs)—how these institutions

translate values into practice, balance ethical imperatives with performance targets, and build resilience in a changing socio-economic environment.

Therefore, the objectives of this study are threefold: (1) to identify the sustainable management practices implemented by BAZNAS, LAZISMU, and NU Care-LAZISNU; (2) to analyze internal and external factors influencing sustainability implementation; and (3) to propose recommendations for strengthening sustainable management across Islamic social finance institutions in Indonesia. This study also offers a conceptual contribution by linking Maqāṣid al-Sharī'ah with modern ESG and SDG frameworks, thus building an integrated sustainability model that can be replicated across the Muslim world. Thus, this study aims to demonstrate that Islamic social finance can be a transformative force for sustainable development if guided by effective governance, ethical leadership, and innovative digital practices.

METHODS

This research adopts a qualitative comparative case study design, allowing in-depth exploration of three major ISFIs: BAZNAS, LAZISMU, and NU Care-LAZISNU. Data Collection through Document analysis: Primary data were obtained from the BAZNAS National Zakat Management Report 2024, LAZISMU audited financial statements (2023–2024), and NU Care-LAZISNU Annual Report (2023). Secondary sources: Scholarly articles, institutional websites, and public statements complement the primary data.

Data Analysis by Thematic analysis was applied to identify patterns in governance, social programs, environmental practices, and digital reporting. Coding focused on three analytical dimensions: (1) institutional governance, (2) social-environmental impact, and (3) strategic integration with Maqāṣid al-Sharī'ah and SDGs. Triangulation across multiple institutions enhances validity and transferability.

RESULT AND DISCUSSION

The results obtained from the research have to be supported by sufficient data. The research results and the discovery must be the answers, or the research hypothesis stated previously in the introduction part.

Institutional Governance and Leadership Commitment

Institutional governance and leadership commitment form the backbone of sustainable management within Islamic social finance institutions (ISFIs). For zakat-based organizations such as BAZNAS, LAZISMU, and NU Care-LAZISNU, governance is not only a matter of regulatory compliance but also a religious and ethical imperative rooted in Shariah principles. This section explores how these three institutions implement governance structures, uphold accountability, and align their leadership vision with both Maqāṣid al-Sharī'ah and modern sustainability frameworks.

As a state-sanctioned national zakat body, BAZNAS (Badan Amil Zakat Nasional) exhibits a highly formal governance structure. Established under Law No. 23 of 2011, BAZNAS operates under the direct supervision of the Indonesian government, with a mandate that includes national coordination, policy formulation, fundraising, distribution, and reporting.

BAZNAS's governance system includes a Supervisory Board, an Executive Body, and a dedicated Sharia Supervisory Board. This tiered structure ensures that all operational and strategic decisions comply with Islamic law while remaining accountable to the state. One of BAZNAS's strengths lies in institutionalized codes of ethics, internal audit mechanisms, and risk management frameworks. This shows that although BAZNAS is a nonprofit social organization, its accountability can be justified through reports accessible to the public via its website.

Leadership in BAZNAS is characterized by a top-down approach, where national directives are passed down to provincial and district branches. This hierarchical system allows for uniform governance practices, though it can sometimes face bureaucratic rigidity that slows innovation. Nevertheless, BAZNAS has proactively developed standardized operating procedures (SOPs), introduced an integrated management information system, and published annual national zakat management reports—all of which strengthen transparency.

In contrast to BAZNAS's state-linked structure, LAZISMU (Lembaga Amil Zakat, Infaq dan Shadaqah Muhammadiyah) operates as a civil society organization affiliated with Muhammadiyah, one of Indonesia's largest Islamic mass organizations. This affiliation provides LAZISMU with a wide network of human and institutional resources based in the community, such as mosques, schools, clinics, and universities. LAZISMU also receives and distributes sacrificial meat during Eid al-Adha, which is processed and packaged so that the needy can consume it over a longer period.

LAZISMU's governance model is decentralized, granting considerable autonomy to regional and local branches while maintaining strategic alignment with the central leadership. One of the most distinctive features of LAZISMU's governance is its participatory leadership style, encouraging bottom-up planning and stakeholder engagement. Decisions are often based on input from Muhammadiyah stakeholders, including volunteers, management, and beneficiaries. This participatory model enhances social legitimacy and allows programs to be more responsive and contextually appropriate.

Not only does LAZISMU adopt practices similar to commercial financial institutions like Islamic banks or insurance, but the presence of a Sharia Advisory Board, independent auditors, and regular financial disclosure also confirms its commitment to good governance. The organization invests in capacity-building initiatives for regional staff and volunteers, ensuring consistency in program implementation, financial management, and long-term impact. Although LAZISMU

operates independently of the state, it complies with national zakat regulations and actively collaborates with BAZNAS in strategic programs.

Leadership in LAZISMU is often mission-driven, emphasizing empowerment, education, and entrepreneurship. Programs are implemented periodically—monthly, annually, or on an ad hoc basis. Leadership has also worked to align organizational operations with the Sustainable Development Goals (SDGs), particularly in poverty alleviation, quality education, and economic growth. However, formal integration between Maqāṣid al-Sharī'ah and ESG metrics is still under development.

NU Care–LAZISNU, a zakat body affiliated with Nahdlatul Ulama (NU)—Indonesia's largest Islamic organization—has shown significant institutional progress over the past five years. Initially operating in a fragmented and informal manner, LAZISNU has made major efforts to consolidate governance systems, improve organizational structures, and strengthen accountability mechanisms. Moreover, given Nahdlatul Ulama's large membership base, LAZISNU can assist communities that remain underprivileged.

At the national level, NU Care–LAZISNU has established a central leadership board, functional units, and a Sharia compliance oversight system, although full institutionalization is still underway in regional branches. The main challenge for LAZISNU is achieving governance uniformity across the highly decentralized and diverse NU-affiliated network. Many regional branches still operate with minimal reporting systems, and differences in organizational capacity hinder effective data collection and monitoring.

Social Impact and Environmental Limitations

The social impact dimension remains a core focus for Islamic social finance institutions (ISFIs) such as BAZNAS, LAZISMU, and NU Care–LAZISNU. These institutions are fundamentally committed to alleviating poverty, enhancing access to education and healthcare, and empowering economically marginalized communities. However, while their contributions to social welfare are significant and multifaceted, their engagement with environmental sustainability remains limited and underdeveloped. This section explores the social initiatives of each institution and highlights the gaps in environmental integration within their strategic frameworks.

All three institutions have designed and implemented programs targeting critical socio-economic challenges faced by Indonesian Muslim communities. These interventions align with the broader objectives of Islamic social finance, which emphasizes distributive justice, social solidarity, and equitable resource distribution.

LAZISMU stands out in its focused efforts on community-based entrepreneurship and sustainable education. Through partnerships with Muhammadiyah's extensive network of schools, universities, and vocational training centers, LAZISMU offers tailored programs that not only provide financial assistance but also foster skills development and capacity building. Its initiatives often include microfinance schemes, business incubation, and scholarship programs that equip

beneficiaries with the tools needed for long-term economic resilience. LAZISMU's approach to outcome measurement is notably structured, with monitoring and evaluation systems that track beneficiary progress and program effectiveness. This allows for evidence-based adjustments and continuous improvement of interventions.

On a national scale, BAZNAS operates with the broadest scope, addressing various social issues through a wide portfolio of programs. These include disaster relief operations, zakat-based productive financing, healthcare support, and educational scholarships. BAZNAS's ability to mobilize resources at the national level allows it to undertake large-scale interventions, reaching diverse segments of the population. However, while its programmatic reach is extensive, the institution faces challenges in conducting long-term impact evaluations. Most reporting remains descriptive, focusing on output indicators such as the number of beneficiaries served or funds disbursed, rather than deeper outcome or impact metrics. This limits the ability to assess the sustainability and transformative potential of its social initiatives fully.

Meanwhile, NU Care-LAZISNU adopts a different orientation, emphasizing rapid social-charitable responses linked closely with Nahdlatul Ulama's grassroots structure. NU Care-LAZISNU excels in mobilizing volunteers and local community leaders to address immediate social needs such as disaster response, health assistance, and basic livelihood support. However, its program documentation and impact measurement remain less formalized compared to BAZNAS and LAZISMU. The institution has yet to fully develop standardized performance indicators to capture long-term socio-economic empowerment or to systematize learning from program outcomes across its extensive decentralized network.

Environmental Sustainability: An Overlooked Dimension

In contrast to their significant social contributions, these institutions have been slower to integrate environmental sustainability into their operational and strategic priorities. Despite the global urgency around climate change and environmental degradation, the concept of environmental stewardship as a component of Islamic social finance remains nascent within the Indonesian zakat ecosystem.

Among the three, only BAZNAS has initiated some limited green programs, albeit these efforts are in the early stages and not yet mainstreamed within their overall sustainability agenda. Examples include projects promoting sustainable agriculture, such as organic farming and water conservation initiatives, and campaigns encouraging energy efficiency and waste reduction in zakat offices and beneficiary communities. These initiatives are aligned with the broader Islamic principle of stewardship of the earth (*khilafah*), which calls for responsible management of natural resources. However, these programs are isolated and do not yet form an integrated environmental strategy or contribute substantially to the institution's reported sustainability outcomes.

LAZISMU and NU Care–LAZISNU, despite their extensive social programs, have not explicitly embedded environmental considerations within their strategic planning or reporting frameworks. There is little evidence of institutional policies or program designs that systematically address issues such as climate resilience, pollution reduction, or sustainable resource management. This gap reflects a broader challenge in Islamic social finance globally, where the linkage between religious values and environmental sustainability is acknowledged in principle but underdeveloped in practice.

Digital Transformation and Transparency

In today's rapidly evolving technological landscape, digital transformation has become an essential component for enhancing institutional transparency, efficiency, and stakeholder engagement. Islamic social finance institutions (ISFIs) in Indonesia, including BAZNAS, LAZISMU, and NU Care–LAZISNU, have recognized the strategic importance of adopting digital tools to optimize fundraising, reporting, and communication. This section examines how these organizations leverage digital technologies to improve operational performance and public trust, as well as the challenges they face in achieving comprehensive digital integration aligned with sustainable development frameworks.

All three institutions have initiated steps toward embracing digital platforms, albeit at varying levels of sophistication and scale. The use of digital tools spans across fundraising mechanisms, financial and programmatic reporting, donor engagement, and transparency enhancement.

BAZNAS, as Indonesia's national zakat authority, has made significant investments in developing a comprehensive digital infrastructure. The most notable innovation is the BAZNAS Integrated System (BASIS), a digital platform designed to unify zakat collection, distribution, and reporting activities into a single, centralized system.

BASIS enables real-time monitoring of zakat funds, allowing BAZNAS management and external stakeholders to track donations from collection points to beneficiaries. This capability has dramatically improved transparency, reducing the risk of mismanagement and building public confidence in the institution's accountability. The platform integrates financial data with programmatic reports, facilitating more accurate and timely disclosures aligned with Islamic governance standards.

Additionally, BASIS supports risk management by enabling early detection of anomalies in fund flows, ensuring compliance with Shariah principles, and streamlining audit processes. The user-friendly interface and mobile accessibility have expanded donor participation, encouraging micro-donations and recurrent giving through digital payment channels.

BAZNAS's digital transformation is further supported by its collaboration with fintech companies and government e-services, positioning it as a leader in digital

zakat management nationally. However, challenges remain in integrating data from regional branches and non-state zakat institutions, which operate with varying levels of digital maturity.

LAZISMU has also embraced digital tools, focusing on enhancing donor interaction and program transparency. It employs mobile applications and online dashboards that connect donors directly to detailed reports and updates on zakat programs and social initiatives.

These digital platforms provide interactive features, such as real-time project updates, multimedia content, and feedback channels, which foster deeper engagement between donors and beneficiaries. By facilitating transparent storytelling and impact visualization, LAZISMU cultivates trust and encourages sustained philanthropy.

Furthermore, LAZISMU's systems incorporate donation tracking and receipt issuance in compliance with regulatory requirements, ensuring donors have clear records for tax and personal accountability. Its use of social media integration amplifies outreach and communication effectiveness, allowing rapid dissemination of campaign information and emergency appeals.

While LAZISMU's digital tools are well-developed in core urban centers, there remains room to expand accessibility and digital literacy in rural and remote areas where many beneficiaries reside. Additionally, the institution is exploring ways to better align digital reporting with the United Nations Sustainable Development Goals (SDGs), though formal frameworks and standardized indicators are still in development.

Integration of Maqāṣid al-Sharī'ah and the Sustainable Development Goals (SDGs)

The integration of Islamic ethical principles with global development frameworks is increasingly becoming a critical dimension in the evolution of Islamic social finance institutions (ISFIs). Central to this integration is the concept of Maqāṣid al-Sharī'ah, or the higher objectives of Islamic law, which aims to safeguard fundamental human interests including faith (din), life (nafs), intellect ('aql), progeny (nasl), and wealth (mal). Simultaneously, the United Nations' Sustainable Development Goals (SDGs) offer a universally recognized roadmap for socio-economic progress and environmental stewardship.

This section explores how three prominent Indonesian zakat institutions—BAZNAS, LAZISMU, and NU Care—LAZISNU—are aligning their programmatic goals with Maqāṣid al-Sharī'ah and the SDGs, highlighting the current achievements, approaches, and ongoing challenges in operationalizing these frameworks cohesively.

At its core, Maqāṣid al-Sharī'ah embodies an ethical vision aimed at preserving five essential values: protection of religion, life, intellect, lineage, and property. These

principles provide a moral and jurisprudential basis for social justice, human dignity, and balanced economic development within Islamic tradition.

The SDGs, adopted in 2015, comprise 17 goals targeting poverty eradication, quality education, gender equality, economic growth, climate action, and institutional peace, among others. Notably, many SDGs resonate with the objectives of Maqāṣid al-Sharī'ah, especially in areas like poverty reduction (SDG 1), health and well-being (SDG 3), education (SDG 4), decent work (SDG 8), and reduced inequalities (SDG 10).

Thus, the alignment of ISFIs' programs with both Maqāṣid and SDGs represents a promising avenue to integrate Islamic ethical governance with global sustainable development agendas, fostering inclusive socio-economic progress underpinned by spirituality.

BAZNAS, as the government-sanctioned national zakat authority, has embarked on systematic efforts to integrate Maqāṣid al-Sharī'ah with SDGs since 2022. The institution has introduced a program labeling system that categorizes zakat initiatives according to relevant SDG targets.

For example, poverty alleviation programs are tagged under SDG 1 (No Poverty), while education-related scholarships and capacity-building efforts fall under SDG 4 (Quality Education). Efforts to promote sustainable livelihoods and productive zakat fall within the ambit of SDG 8 (Decent Work and Economic Growth).

Despite these promising steps, full implementation remains uneven across BAZNAS's operational units. Not all branches have adopted the labeling guidelines consistently, reflecting variations in institutional capacity and understanding of the frameworks.

BAZNAS emphasizes that this integration enhances strategic planning and impact measurement, enabling clearer communication of zakat's socio-economic contributions aligned with international standards. However, challenges persist in developing comprehensive key performance indicators (KPIs) that encapsulate both Maqāṣid objectives and SDG targets in a measurable and meaningful manner.

LAZISMU demonstrates a more explicit and structured alignment with specific SDGs, particularly SDG 1 (No Poverty), SDG 4 (Quality Education), and SDG 8 (Decent Work and Economic Growth). This focus is evident in the organization's community-based entrepreneurial programs and sustainable education initiatives.

For instance, LAZISMU's microenterprise development projects are designed to empower economically disadvantaged groups, supporting SDG 8's emphasis on decent work and economic growth. Simultaneously, their ongoing educational programs aim to improve access and quality, directly contributing to SDG 4.

LAZISMU integrates Maqāṣid principles in program design by prioritizing the protection of wealth (ḥifẓ al-māl) and progeny (ḥifẓ al-nasl), ensuring that initiatives promote not only material well-being but also intergenerational sustainability and social cohesion.

Moreover, LAZISMU utilizes structured outcome measurement tools to track progress, enabling more systematic evaluation against both Islamic ethical goals and SDG benchmarks. This dual framework helps position LAZISMU as a model for Islamic social finance institutions aspiring to operationalize global sustainability commitments.

NU Care–LAZISNU, deeply rooted in grassroots social-charitable work, prioritizes immediate relief and community responsiveness. Its programs often focus on urgent social needs such as disaster response, health services, and poverty alleviation.

While these efforts align implicitly with Maqāṣid principles—particularly the preservation of life (ḥifẓ al-nafs) and wealth (ḥifẓ al-māl)—NU Care–LAZISNU has yet to explicitly frame its programs within the SDG framework.

The institution's emphasis remains on delivering tangible, short-term benefits to communities rather than systematically integrating longer-term sustainability targets. Consequently, program monitoring and evaluation tend to focus on immediate outputs rather than sustained impact or alignment with international development goals.

NU Care–LAZISNU's approach reflects the challenges of balancing rapid responsiveness with strategic planning. Nonetheless, its strong connection with Nahdlatul Ulama's grassroots network positions it well to potentially adopt SDG-aligned frameworks that complement its existing community engagement strengths.

CONCLUSION

This study has demonstrated that the application of sustainable management principles within Islamic social finance institutions (ISFIs) in Indonesia—namely BAZNAS, LAZISMU, and NU Care–LAZISNU—has shown meaningful progress, although significant challenges remain. All three institutions exhibit strong commitments to good governance, the integration of Maqāṣid al-Sharī'ah values, and increasing transparency through digital transformation. However, the institutionalization of standardized sustainability indicators and full alignment with the Sustainable Development Goals (SDGs) has yet to be consistently achieved.

In terms of governance, BAZNAS benefits from a formal, government-regulated structure and robust internal controls. LAZISMU stands out for its community-driven governance innovations, while NU Care–LAZISNU is steadily strengthening its institutional capacity. Socially, all institutions contribute to poverty alleviation, education, healthcare, and community empowerment. LAZISMU, in particular, has developed more structured impact measurement tools. Nonetheless, environmental sustainability remains under-prioritized, with only BAZNAS initiating limited green programs such as sustainable agriculture and energy-saving campaigns.

Digital transformation plays a critical role in enhancing operational efficiency and transparency. BAZNAS leads with its real-time reporting system (BASIS), LAZISMU uses interactive digital platforms to engage donors, and NU Care–

LAZISNU is in the early stages of expanding its digital capabilities at the regional level. Despite these advances, challenges persist in developing integrated national data systems and in aligning reporting frameworks with SDG indicators.

Regarding the integration of Islamic ethical values with global development goals, all three institutions have begun to link their programs to the objectives of Maqāsid al-Sharī'ah. LAZISNU demonstrates the clearest alignment with specific SDGs (e.g., SDG 1, 4, and 8), followed by BAZNAS, which has introduced SDG-based program labeling. NU Care–LAZISNU continues to focus on short-term social relief without explicitly connecting its efforts to SDG targets.

In conclusion, this research affirms that Islamic social finance institutions hold significant potential to act as transformative agents of sustainable development, rooted in Islamic ethical frameworks while also engaging with globally recognized sustainability agendas. To enhance their impact, these institutions require capacity building, the development of standardized sustainability indicators that integrate Maqāsid al-Sharī'ah and SDGs, and improved inter-institutional collaboration. Such efforts will be essential in building a transparent, inclusive, and results-oriented national zakat ecosystem that contributes meaningfully to both Islamic and global visions of development.

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