

The Influence Of Digital Transformation And Transparency On Ziswaf Payment Decisions And Its Impact On Millennial Loyalty

*Community
Acceptance and
Digital Payment*

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ABSTRACT

This study investigates the influence of digital transformation and transparency on ZISWAF (Zakat, Infaq, Sadaqah, and Waqf) payment decisions and their subsequent impact on millennial loyalty, with a focus on LAZISMU DKI Jakarta. Employing a quantitative, associative research approach, data were collected from 150 millennial respondents through structured questionnaires. Structural Equation Modeling using Partial Least Squares (SEM-PLS) was applied for data analysis. The results demonstrate that digital transformation significantly affects both payment decisions and user loyalty, while transparency does not directly influence payment decisions but contributes to loyalty. Furthermore, ZISWAF payment decisions are shown to have a positive and significant effect on millennial loyalty. These findings underscore the strategic importance of service digitization and transparent fund management in enhancing youth engagement and long-term donor commitment in Islamic philanthropic institutions.

Keywords: Digital Transformation, Transparency, ZISWAF, Payment Decision, Millennial Loyalty

INTRODUCTION

As the country with the largest Muslim population in the world, Indonesia has the potential for zakat, infak, sedekah, and wakaf (ZISWAF) estimated to reach hundreds of trillions of rupiah each year. However, to date, the realization of these funds is still far below the existing potential. A report from the National Zakat Agency (BAZNAS) indicates that the national collection of zakat funds has only reached approximately 6–7% of its total potential. One of the factors contributing to this low achievement is the limited reach of services provided by zakat collection agencies. Additionally, a lack of transparency in information has further eroded public trust.

Advances in information technology have created new opportunities through digital transformation, such as the implementation of online payment applications, QR codes, digital wallets, and real-time reporting dashboards. These innovations have proven capable of overcoming geographical and procedural barriers. On the other hand, public demands for transparency in the management of religious social funds have increased since the enactment of the Public Information Disclosure Act. For Islamic philanthropic institutions, transparency in financial reporting and distribution programs is key to building the trust of zakat payers.

Along with technological developments and increasing demands for transparency, the logical consequence is the digitization of zakat. Zakat digitization is a mechanism for paying zakat through online media, such as electronic banking and financial technology. According to Khadijah (2019), online zakat is the process of paying, receiving, collecting,

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and distributing zakat through digital systems or the internet. Millennials tend to rely on digital technology as a means of fulfilling their zakat, infak, and sedekah (ZIS) obligations, given their familiarity with the digital environment and their preference for instant and easily accessible services.

In ZIS fundraising, there are three types of platforms used, namely internal platforms, external platforms, and social media platforms. Internal platforms are tools developed by Zakat Management Organizations (OPZ) through websites or applications. External platforms refer to services provided by zakat management institution partners to facilitate ZIS fundraising. The use of technology by zakat organizations is now increasingly diverse, including e-commerce services, crowdfunding platforms, digital payment systems, and the use of QR codes.

Additionally, social media has become an important alternative in the online fundraising process. The development of information technology in recent years, especially since the pandemic, has accelerated the shift in public donation patterns. Currently, the public tends to shift toward digital payment mechanisms for distributing ZIS. This shift is not only driven by the limitations of physical interaction during the pandemic but also by increasing expectations for services that are fast, practical, and accessible at any time. For zakat management organizations, this phenomenon underscores the urgency of undergoing digital transformation as part of their managerial strategy to expand reach and increase participation, particularly among the more tech-savvy millennial generation. This can be seen in the table below:

Table 1. Comparison of Donation Patterns Among Generations Z, Millennials, and X During the Pre- and Post-COVID-19 Pandemic Periods

Community Group	Before Covid-19	After Covid-19
Generation Z	35%	51%
Millennials	31%	40%
Generation X	24%	31%

Source: National Zakat Management Report (2024)

Based on the data in the table, there has been a 16% increase in the use of digital channels for donations among Generation Z, 9% among Millennials, and 7% among Generation X. These findings indicate a significant increase in people's preference for using digital channels for donations since the Covid-19 pandemic began. Millennials, who include individuals born between 1981 and 1996, dominate Indonesia's demographic structure and show a strong tendency to utilize digital technology, including in religious philanthropic practices such as online zakat, infak, and sedekah payments. The results of the BAZNAS survey (2024) show that over the past five years, millennials have recorded the highest increase in digital donation activities, at 40%, surpassing contributions from other generations. However, despite this significant potential, previous studies have primarily focused on factors such as trust and zakat literacy. As a result, comprehensive research examining the simultaneous influence of digital transformation and transparency on ZISWAF payment decisions and their impact on millennial loyalty remains limited.

Table 2. Data on the Collection of Zakat, Infaq, and Sadaqah (ZIS)

No	Types of Funds	Total amount collected (Rp)	
		Semester I 2023	Semester I 2024
1	Zakat Maal	2,060,963,567,082	2,486,028,944,9231
2	Zakat Fitrah	197,646,112,664	475,220,336,589
3	Infaq/Sadaqah	1,210,257,317,0601	1,667,211,191,671
4	Qurban (Animal Sacrifice Donations)	1,734,909,237,187	1,937,966,445,916
5	Other Religious Social Contributions	75,368,272,736	83,301,782,702
6	ZIS – Off-Balance Sheet (DSKL)	10,252,220,972,050	19,486,989,200,537
	Total	15,531,365,478,779	26,136,717,902,338

Source: National Zakat Management Report (2024)

Zakat maal collected in the first semester of 2023 reached Rp2.06 trillion, and increased to Rp2.48 trillion in the same period in 2024. Meanwhile, other religious social funds contributed the lowest amount to the total national ZIS collection, amounting to Rp75.36 billion in the first semester of 2023 and increasing to Rp83.30 billion in the first semester of 2024.

According to Santoso (2019), the process of zakat digitalization can be divided into three main components. First, the fund collection stage is carried out by optimizing the use of digital technology, such as official websites, mobile applications, electronic trading platforms, and social media that support crowdfunding systems. Second, in terms of management, zakat is increasingly being managed through blockchain technology to ensure transparency and accountability. Third, the distribution of zakat is also undergoing transformation through the use of virtual distribution channels and similar digital technologies.

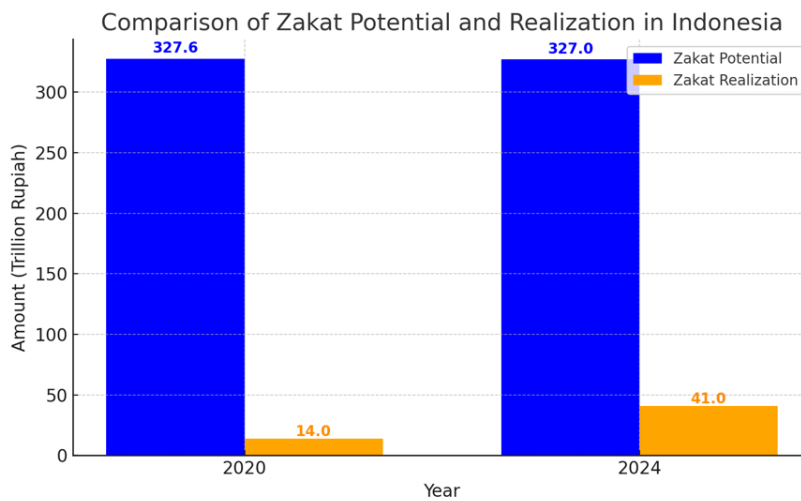


Figure 1. Comparison of Potential and Actual Zakat Collection in Indonesia

The significant gap between the potential and actual collection of zakat indicates that strategic efforts in collection need to be improved. Along with the challenges in optimizing zakat, the application of digital technology has emerged as a relevant strategic solution to strengthen the collection process. Some approaches that can be taken include increasing public understanding of zakat, strengthening the institutional capacity of zakat administrators, and optimizing the use of digital technology as a supporting tool.

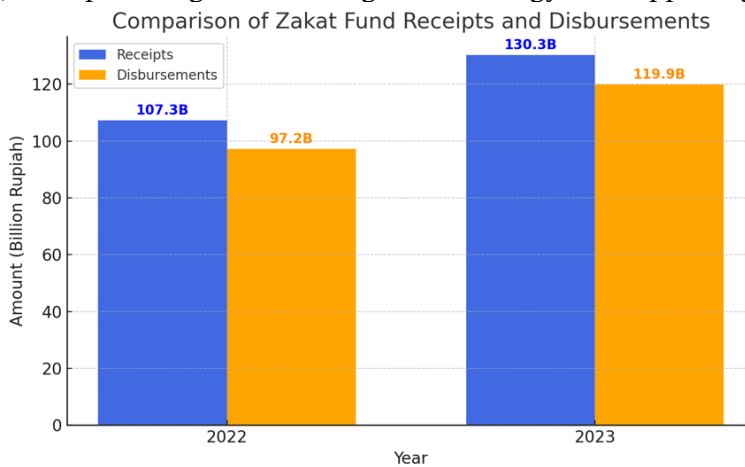


Figure 2. Comparison of Zakat Fund Collection and Distribution Data in billions of rupiah

In 2022, zakat revenue reached 107.5 billion rupiah, while the amount of funds successfully distributed was 97.2 billion rupiah. In the following year, 2023, there was a significant increase in zakat revenue, reaching 130.3 billion rupiah, followed by an

increase in the distribution of zakat funds. The comparison between revenue and distribution shows a relatively consistent difference, which may indicate that some funds are still being held or allocated for distribution in the next period. This trend reflects positive growth in public awareness of zakat payments and effectiveness in fund collection. However, optimization of the zakat distribution mechanism remains an urgent need so that the funds collected can be distributed more accurately, evenly, and in a timely manner to meet the needs of mustahik.

Table 3. Recipient Levels and Distribution Realization

Year	Revenue	Realization
2022	107.542.069.306	97.191.370.802
2023	130.296.068.126	117.577.533.429

Source: LazisMU Headquarters

Based on the data in Table 1.3, total zakat revenue increased by 21.2%, from Rp107.54 billion in 2022 to Rp130.29 billion in 2023. This increase indicates positive growth in zakat collection during this period. On the other hand, the realization of zakat distribution also increased, from Rp97.19 billion to Rp117.57 billion, accompanied by an increase in the distribution ratio from 90.4% to 92.8%. This trend reflects an increase in public awareness and the effectiveness of zakat collection and distribution, although optimization of distribution still needs to be considered.

In a study conducted by Anisa and Fatwa (2021), it was also mentioned that LAZ has various platforms for digital zakat, such as internal platforms, external platforms, and mobilization of capital from the community. Philanthropic organizations such as the National Zakat Management Agency (Lembaga Amil Zakat Nasional) have adopted digital fundraising strategies, particularly the Zakat, Infaq, and Sadaqah Management Agency of Muhammadiyah (LAZISMU). This research is based on the existence of a research gap evident from the inconsistency of findings between several previous studies, necessitating further exploration to gain a comprehensive understanding of the issue raised. As explained by Tanjung et al. (2023) pointed out that an individual's understanding of zakat significantly influences their compliance level and decision-making in fulfilling their zakat obligations. This means that the higher the muzakki's awareness of their zakat obligations, the more likely they are to fulfill them consistently. In other words, the higher the muzakki's level of understanding of their obligations, the higher their compliance in paying zakat. Similarly, the higher the level of understanding of muzakki regarding the importance of zakat, infaq, and sadaqah, the higher the awareness to make the decision to pay zakat. On the other hand, Asminar (2017) states different findings, namely that the level of understanding does not have a significant effect on the decision to pay zakat. Conversely, the results of Ichwan and Ghofur's (2020) study show that the application of digital technology has a positive and significant effect on the decision of muzakki to pay zakat, particularly through the use of digital financial services such as Gopay. Meanwhile, Rasiono, A. G. (2024) found that the trust variable also contributes positively and significantly to purchasing decisions. This means that the higher the consumer's trust, the more it will increase purchasing decisions. On the other hand, research conducted by Sulisdika et al. (2020) shows that the variables of digital transformation and trust do not have a significant influence on the decision to pay zakat. Research by Oktaviani, L., Asmin, E. A., & Andari, T. T. (2024) shows that perceptions of security play a direct and significant role in shaping customer loyalty. Meanwhile, according to the findings of Zahroniyah et al. (2022), the decision to pay zakat does not show a significant relationship with the loyalty demonstrated by muzakki or customers. Furthermore, findings from the research by Budi et al. (2020) show that ease of access to zakat payment services does not have a significant influence on increasing the loyalty of zakat users or consumers. Meanwhile, the results of research conducted by Nirawati et al.

(2020) indicate that the adoption of digital transformation in zakat services has a positive impact on encouraging user loyalty. The research by Vira et al. (2022) explains that trust does not influence loyalty. These results illustrate that trust does not necessarily make consumers loyal. In contrast, Lubis & Sitorus (2023) and Yulinda & Iskandar (2023) emphasize that trust plays a significant role in shaping customer loyalty.

This study has novelty compared to the previous study conducted by Fatmawati, H., & Aini, S. N. (2024) in a study titled “The Influence of Digital Transformation of Payments, Transparency, and Trust on Muzakki's Decision to Pay Zakat at Lazis Nurul Falah.” The similarity lies in the use of digital transformation and trust variables in influencing zakat payment decisions. The difference lies in the expansion of the model through the addition of understanding and loyalty variables and the selection of different study objects. While the previous study only examined direct effects, this study integrates the loyalty variable to test the relationship more comprehensively. Therefore, based on the above discussion, it can be concluded that there are empirical phenomena, research gaps, and novel aspects that form the basis for this study, titled “**Determinants of Digital Transformation and Transparency on ZISWAF Payment Decisions and Their Impact on Loyalty Among Millennials.**”

This study offers a distinct contribution by simultaneously examining the effects of digital transformation and transparency on ZISWAF payment decisions and millennial loyalty, incorporating payment decision as a mediating variable. Unlike the study by Fatmawati and Aini (2024), which focused solely on the direct effects of digital transformation and trust on zakat payment decisions, this research extends the model by including *loyalty* as an outcome and analyzing indirect effects. Furthermore, it uniquely targets the millennial demographic—an emerging and underexplored group in the context of digital zakat behavior—within a comprehensive structural equation modeling framework.

LITERATURE REVIEW

Theory Of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB) developed by Ajzen in 1985 is an elaboration of the Theory of Reasoned Action (TRA) previously formulated by Fishbein and Ajzen in 1975. This theory aims to explain individual behavior in greater depth (see Halim & Tyra, 2020). Within the TPB framework, an individual's behavior is influenced by three main determinants: the individual's evaluation of an action, social expectations from the surrounding environment, and the individual's perception of their ability to control that behavior. Furthermore, this theory provides a comprehensive approach to understanding human behavior, including in the context of technology utilization in the provision of products and services. Due to its flexible nature and applicability in various situations, the Theory of Planned Behavior (TPB) is considered an effective approach in understanding and anticipating various individual behavioral tendencies. Ajzen (1991, cited in Rimadiaz & Pratiwi, 2017) explains that behavioral intention is a central factor in determining a person's actions. An individual's desire to perform an action is influenced by three main elements: personal evaluation of the action, the influence of social norms that develop around them, and their belief in their ability to control that behavior.

Zakat Literacy

Zakat, Infaq, and Sadaqah (ZIS) are fundamental instruments in the Islamic economic system that not only reflect aspects of worship, but also play a strategic role in reducing poverty and realizing social justice. Etymologically, zakat means blessing, growth, purity, and improvement, while terminologically, zakat is part of the property that must be given by Muslims to *mustahik* according to the provisions of the Sharia (Hafidhuddin, 2002). The foundation of zakat is normative, as stated in Surah Al-Baqarah verse 43 and *sahih* hadiths, which emphasize its status as a pillar of Islam and an individual obligation (*fardhu 'ain*). According to Iqbal (2019), a person is subject to zakat obligations if they fulfill a number of conditions, such as embracing Islam, being a free individual, reaching the age

of puberty, having a healthy mind, and controlling assets that have reached the *nisab* and *haul* limits without any debt dependents that reduce the obligation.

Recent studies reinforce the importance of zakat literacy in shaping payment behavior and increasing compliance, particularly among younger generations. Rahman and Siregar (2024) found that higher zakat literacy correlates positively with consistency in ZIS contributions across digital platforms. Similarly, Ramadhani and Kurniawan (2024) highlight that digital zakat literacy significantly influences millennial engagement with Islamic philanthropic platforms. Alfath and Rachmawati (2023) also emphasized that knowledge of zakat rights and obligations strengthens muzakki's trust in official amil zakat institutions. Jabar et al. (2024) argue that awareness and understanding of zakat concepts improve both payment accuracy and channel preferences. Meanwhile, Putra and Nurhidayat (2023) underscore the importance of literacy in encouraging proactive behavior among Muslim donors in urban settings. These findings affirm that zakat literacy is not only a theological necessity but also a key behavioral determinant in the effectiveness of ZISWAF management in the digital age.

Digital Transformation

Digital transformation is the process of integrating digital technology into all aspects of an organization's operations to improve efficiency, effectiveness, and competitiveness. In the context of zakat institutions, digital transformation allows innovations in services such as online payment applications, transparent reporting, and real-time muzakki data management. According to Naveen Kumar (2022), digital transformation is the process of applying technology to increase customer engagement, improve business processes, and optimize human resources to achieve better results. Meanwhile, Saarikko et al. (2020) state that digital transformation is one of the main challenges facing the business world today. Agostino and Costantini (2022) state that digital transformation is the result of the accumulation of various technological innovations that not only present new actors in the business world, but also cause changes, replacements, or adjustments to the structures, habits, values, and beliefs that have been embedded in organizations and industrial sectors. Vial (2019) argues that digital transformation shows the extent to which an organization is able to adopt digital technology to improve the efficiency of internal processes and strengthen its position in external market competition. According to Ebert and Duarte (2018), digital transformation generally refers to the process of utilizing technology to improve work efficiency, generate added value, and support sustainable social development. In a broader perspective, Henriette and colleagues (2016) view digital transformation as a social phenomenon or a form of cultural evolution, where the presence of digital technology has become an integral part of modern human life and has contributed to a significant transformation in the social structure of society.

Recent empirical studies reinforce the urgency of digital transformation in Islamic philanthropic institutions. Hasanah and Prasetyo (2023) assert that digital innovation plays a vital role in strengthening user engagement and platform loyalty in zakat services. Putri and Huda (2024) emphasize that real-time digital interfaces enhance transparency and speed of service, thus increasing user satisfaction. Wulandari and Nugroho (2023) show that digital zakat platforms significantly increase transaction frequency among tech-savvy users. Fatimah and Husein (2024) add that interactive digital features such as dashboards and e-statements foster a perception of accountability, leading to higher trust levels. Furthermore, Oktaviani et al. (2024) confirm that digital payment transformation contributes to perceived ease of use and strengthens loyalty behavior among users of financial technology-based Islamic services.

Transparency

Transparency can be interpreted as an institution's efforts to convey data and work processes openly, so that the public has adequate access to review and understand how the institution carries out its duties and responsibilities. In the management of zakat, infaq, and sadaqah (ZIS) funds, the disclosure of information provided by the Amil Zakat Institution (LAZ) plays an important role in encouraging the involvement of muzakki to fulfill their obligations through this institution. This is because the level of transparency

in financial reporting, fund distribution, and implementation of social programs is an important indicator in building public trust. In line with that, Adnan and Abduh (2012) asserted that "transparency is one of the important indicators in realizing good governance of amil zakat institutions, because it can increase public trust and participation in paying zakat. Consistent information disclosure from LAZ can strengthen people's positive perception, which in turn encourages them to choose the institution as a means of fulfilling their zakat obligations.

Recent studies support the critical role of transparency in driving user trust and donor commitment. Hidayat and Azizah (2024) emphasize that detailed fund reports and open program evaluations significantly enhance muzakki engagement. Fatimah and Husein (2024) highlight that perceived transparency in digital zakat platforms positively influences satisfaction and repeated use. Latifah and Yusuf (2023) found that zakat institutions with high disclosure levels tend to have stronger donor retention and loyalty rates. In addition, Rizki and Salsabila (2023) demonstrate that financial disclosure via digital dashboards increases perceived institutional credibility. Meanwhile, Hasanah et al. (2024) show that transparency mediates the relationship between institutional image and payment decisions, making it a strategic element in zakat governance in the digital era.

ZISWAF Payment Decision

In the decision-making process, individuals will generally mobilize all their thoughts and considerations in order to obtain the most appropriate choice. This process usually involves various activities that are considered relevant, such as identifying the information and data needed, then determining the strategy or approach that will be used as the basis for making decisions. Based on the views of Kotler and Keller (2012), decision making is a series of processes that include five main stages, namely problem identification, search for relevant information, assessment of a number of alternatives, final decision selection, and post-decision review. This process does not only begin when a decision is to be made, but has been going on since before the actual action is taken and has a continuing influence over a period of time. Meanwhile, Assauri (2015) states that decisions are strongly influenced by consumer habit patterns, such as the time, amount, and location of purchases.

Loyalitas Milenial

Loyalty is defined as a voluntary and conscious commitment, often formed through consistently positive experiences. In the consumer context, loyalty is reflected not only in repeat purchases but also in the willingness to recommend a product or service to others, indicating trust and satisfaction (Kotler & Keller, 2009; Hasan, 2008). In the context of zakat management, muzakki loyalty extends beyond individual contributions. It also manifests in efforts to encourage others to channel their zakat, infaq, and sadaqah (ZIS) through the same institution, reflecting collective confidence in the institution's credibility and professionalism.

With the increasing use of digital platforms, the concept of loyalty has expanded to include digital loyalty—characterized by consistent use, satisfaction, and advocacy of online services. In this context, loyalty is seen in users' repeated visits to digital platforms, continued use of the same service provider, and positive word-of-mouth in digital spaces (Hur et al., 2011; Anderson & Srinivasan, 2011; Cyr et al., 2007). Digital loyalty in ZISWAF payment systems represents a sustained level of trust, satisfaction, and alignment with the institution's values, especially when enhanced by features such as transparency, ease of access, and service responsiveness.

Millennials, defined as individuals born between 1981 and 1996, represent a tech-savvy generation that places high value on user experience, digital convenience, and institutional transparency. Research by Ramadhani and Kurniawan (2024) shows that millennial loyalty in the context of digital zakat platforms is significantly influenced by service quality, perceived transparency, and emotional connection to the cause. Alfath and Rachmawati (2023) also found that loyalty among digital donors is not only transactional but driven by shared values and social mission alignment. Hasanah and Prasetyo (2023) assert that digital engagement features—such as real-time notifications,

personalized messages, and user dashboards—greatly contribute to loyalty formation among millennial users.

Moreover, loyalty among millennials tends to be conditional; institutions must consistently demonstrate trustworthiness, innovation, and responsiveness. Failure to meet these expectations may lead to disengagement, as this generation is more likely to switch platforms compared to older users. Therefore, cultivating loyalty among millennial ZISWAF payers requires a holistic digital strategy that combines technology adoption with ethical governance and transparent reporting (Wulandari & Nugroho, 2023; Fatimah & Husein, 2024).

Conceptual Framework

The framework is a conceptual model of how theory can relate to various factors that have been identified as important problems (Sugiyono, 2013).

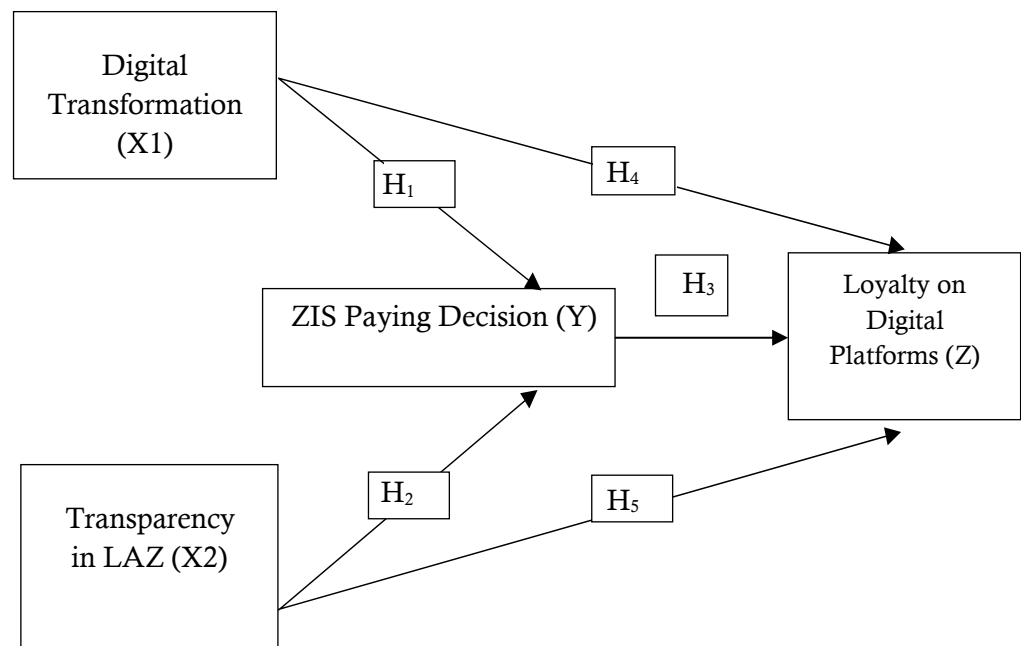


Figure 3 Research framework

Digital Transformation and the Decision to Pay ZIS

Digital transformation is a strategy that integrates information technology to improve the quality of public services, including in the management of Zakat, Infaq, and Sadaqah (ZIS). In this context, the application of digitalization brings convenience and efficiency to zakat service users (Prawira, 2021; Zouari & Abdelhedi, 2021). Ease of access, speed of obtaining information, and accuracy of services are factors that encourage people to make digital ZIS payments (Westerman et al., 2014). Thus, the application of digital transformation also makes a significant contribution to the formation of individual decisions in making ZIS payments.

H1: Digital transformation affects the decision to pay.

Transparency and Decisions on ZIS Payments

Transparency is one of the key factors in improving the effectiveness of digital-based zakat services. The public's positive perception of the information disclosed by the Amil Zakat Institution (LAZ) reflects the belief that the institution carries out its functions honestly, responsibly, and in accordance with sharia principles. When a high level of transparency is consistently demonstrated, it will encourage individuals to be more committed in channeling zakat through digital platforms, because they feel safe and confident in the management of funds.

H2: Transparency towards LAZ affects the decision to pay.

Payment Decisions and Loyalty to Digital Platforms

The decision to pay ZIS digitally indicates active engagement in modern philanthropic practices. User satisfaction with the convenience, security, and efficiency of digital platforms will encourage repeat use and create loyalty to the platform (Tjiptono, 2015; Parhusif, 2021). This loyalty is manifested in the form of repeat visits, active engagement, and the tendency to continue using the same digital service.

H3: The decision to pay affects loyalty to digital platforms.

Digital Transformation, Loyalty, and Payment Decisions

Digital transformation not only plays a role in simplifying payment mechanisms, but also contributes to improving the quality of user experience in accessing services. This improved experience has implications for the decision to make payments, which in turn plays a role in shaping user loyalty to digital platforms. Therefore, the decision to make a payment can be positioned as a mediating variable that explains the causal relationship between the implementation of digital transformation and the overall level of user loyalty to digital platforms.

H4: Digital transformation affects loyalty through the decision to pay.

Transparency, Loyalty, and Payment Decisions

A high level of transparency from the Amil Zakat Institution (LAZ) has a significant contribution in encouraging people to make ZIS payments through digital platforms. Transparency in the aspects of collecting, managing, and distributing ZIS funds plays a role in fostering a sense of trust and comfort for service users. When such transparency drives the decision to pay, it can also strengthen users' emotional attachment and satisfaction with the services used. Gradually, the information disclosure received by users can build the tendency to continue using zakat digital services repeatedly in the long run. Therefore, the decision to make payment acts as an intermediary variable in bridging the relationship between the level of transparency and user loyalty to digital zakat services.

H5: Transparency towards LAZ indirectly affects loyalty through the decision to pay.

METHOD

This study adopts a quantitative approach with a causal-associative research design to examine the influence of digital transformation and transparency on ZISWAF payment decisions, as well as the mediating effect of payment decisions on millennial loyalty. The research was conducted in DKI Jakarta between January and March 2025. The selection of this location was based on several considerations, including high levels of internet penetration, a dense urban millennial population, and the active implementation of digital zakat services by LAZISMU DKI Jakarta.

The population in this study consists of millennial muzakki and muwakif—individuals born between 1981 and 1996—who have made ZISWAF payments via digital platforms. A total of 150 respondents were selected using a purposive sampling technique, with criteria including experience using digital ZISWAF services within the past year and willingness to participate in the research. This sample size is considered adequate for analysis using Partial Least Squares Structural Equation Modeling (PLS-SEM), a method known for its suitability with small to medium sample sizes.

Primary data were collected using an online structured questionnaire consisting of closed-ended questions. A five-point Likert scale (1 = strongly disagree to 5 = strongly agree) was used to measure respondents' perceptions. The questionnaire covered four main constructs: digital transformation (8 indicators), transparency (8 indicators), ZISWAF payment decisions (8 indicators), and millennial loyalty (6 indicators). Prior to distribution, the instrument was reviewed by experts and pilot-tested on 20 respondents to ensure clarity and content validity.

The collected data were analyzed using SmartPLS 4.0 software. The analysis process involved two stages: outer model and inner model evaluation. The outer model assessed the validity and reliability of the constructs through convergent validity (using factor

loading and average variance extracted), discriminant validity (using cross-loading and Fornell-Larcker criteria), and construct reliability (via Cronbach's alpha and composite reliability). The inner model was evaluated by examining the significance of path coefficients through bootstrapping with 5,000 resamples, alongside coefficient of determination (R^2), effect size (f^2), and predictive relevance (Q^2). Model fit was assessed using Standardized Root Mean Square Residual (SRMR) and Normed Fit Index (NFI). This methodological approach ensured a statistically valid and reliable analysis to test the research hypotheses and interpret the causal relationships among the variables.

RESULTS AND DISCUSSION

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Data analysis in this study includes testing the outer model (measurement model) to ensure that the indicators used validly and reliably measure the intended latent variables, namely Digital Transformation, Trust, ZIS Payment Decision, and ZIS Loyalty. In addition, the inner model (structural model) testing was conducted to assess the significance, strength, and direction of the relationships between these variables, thereby ensuring that the structural model is capable of explaining causal relationships accurately and consistently within the research framework.

Table 4. Outer Loading

Variable	Indicator	Std Loading Factor
Digital Transformation	X1.1	0,758
	X1.2	0,829
	X1.3	0,793
	X1.4	0,757
	X1.5	0,794
	X1.6	0,852
	X1.7	0,794
	X1.8	0,800
Transparency	X2.1	0,613
	X2.2	0,645
	X2.3	0,742
	X2.4	0,748
	X2.5	0,777
	X2.6	0,734
	X2.7	0,756
	X2.8	0,648
ZIS Payment Decision	Z1	0,866
	Z2	0,940
	Z3	0,869
	Z4	0,806
	Z5	0,842
	Z6	0,710
	Z7	0,735
	Z8	0,607
ZIS Loyalty	Y1	0,924
	Y2	0,884
	Y3	0,584
	Y4	0,716
	Y5	0,783
	Y6	0,717

Source: Smart PLS output version 4.0 (2025)

Table 4 presents the results of the outer loading test for each indicator of the Digital Transformation, Transparency, ZIS Payment Decision, and ZIS Loyalty variables. All indicators have a fairly high factor loading value, which is above 0.5, which indicates that each indicator significantly and validly reflects the construct of the measured variable. For the Digital Transformation variable, the outer loading value ranges from 0.757 to 0.852, with indicator X1.6 having the highest value of 0.852. This indicates that all indicators in this variable strongly support the measurement of digital transformation. In the Transparency variable, the factor loading value is in the range of 0.613 to 0.777. Indicator X2.5 has the highest value of 0.777, indicating relevance and reliability in measuring the level of respondents' transparency in ZIS institutions. For the ZIS Payment Decision variable, the outer loading value ranges from 0.607 to 0.940, with indicator Z2 having the highest value of 0.940. This indicates that the Z2 indicator is a very strong and valid indicator in representing the decision to pay ZIS. Meanwhile, the ZIS Loyalty variable shows a factor loading value between 0.584 to 0.924. Indicator Y1 has the highest value of 0.924, indicating that this indicator is the strongest in measuring respondents' loyalty to ZIS institutions.

Table 5. Reliability Test

Variable	Cronbach's alpha	Composite Reliability
Digital Transformation	0,918	0,922
Transparency	0,864	0,868
ZIS Payment Decision	0,869	0,895
ZIS Loyalty	0,919	0,933

Source: Smart PLS output version 4.0 (2025)

Table 5 presents the reliability test results for the four research variables-Digital Transformation, Transparency, ZIS Payment Decision, and ZIS Loyalty-as measured using two main metrics: Cronbach's Alpha and Composite Reliability. The Cronbach's Alpha values for all variables are above 0.8, amounting to 0.918 for Digital Transformation, 0.864 for Trust, 0.869 for ZIS Payment Decision, and 0.919 for ZIS Loyalty. These figures indicate that each variable has a very high level of internal consistency, which means that the measurement instruments used in this study are reliable and consistent in measuring the intended construct. In addition, the Composite Reliability (CR) value for the four variables is also very high, namely 0.922 for Digital Transformation, 0.868 for Transparency, 0.895 for ZIS Payment Decision, and 0.933 for ZIS Loyalty. The CR value which is above 0.7 confirms that the indicators used for each variable as a whole have strong reliability and are able to produce stable constructs in the research model.

Table 6. Validity Test

Variable	Average Variance Extracted (AVE)
Digital Transformation	0,636
Trust	0,505
ZIS Payment Decision	0,614
ZIS Loyalty	0,645

Source: Smart PLS output version 4.0 (2025)

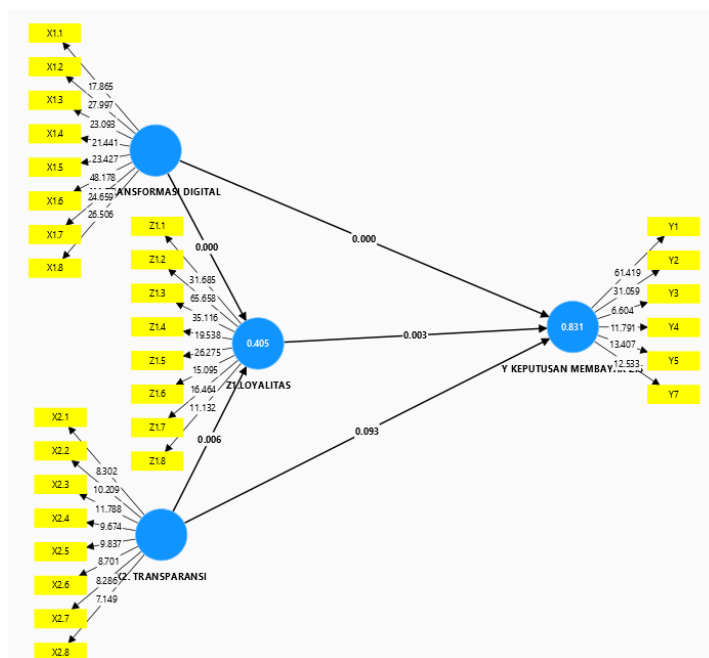
Table 6 presents the results of the construct validity test through the Average Variance Extracted (AVE) value for the four research variables, namely: Digital Transformation, Transparency, ZIS Payment Decision, and ZIS Loyalty. All AVE values of each variable are above the minimum threshold of 0.5, namely 0.636 for Digital Transformation, 0.505 for Transparency, 0.614 for the Decision to Pay ZIS, and 0.645 for ZIS Loyalty. These

results indicate that the four variables have good convergent validity, meaning that the indicators used are able to adequately explain the variance of the measured constructs. In other words, more than 50% of the variance of the indicators can be explained by the measured constructs, which indicates that the variables in this research model have been measured validly and representatively. This finding supports that the variable constructs used in this study are suitable for further analysis because their measurement validity has been well met.

Table 7. Hypothesis Testing

Hypotesis	Std. Deviation	T Statistic	P Values
Digital Transformation -> Payment Decision	0,852	15,212	0,000
Transparency -> Payment Decision	-0,074	1,324	0,093
Payment Decision -> ZIS Loyalty	0,164	2,774	0,003
Digital Transformation -> ZIS Loyalty	0,397	3,338	0,000

Source: Smart PLS output version 4.0 (2025)



Source: Smart PLS output version 4.0 (2025)

Table 7 presents the results of hypothesis testing that examines the relationship between Digital Transformation, Transparency, Payment Decision, and ZIS Loyalty variables, using statistical values such as standard deviation, t-statistic, and p-value. The test results show that three of the four relationships between variables are statistically significant, as the p-value is below the 0.05 significance level. First, the relationship between Digital Transformation to Payment Decision has a t-statistic value of 15.212 with a p-value of 0.000, which indicates that digital transformation has a positive and significant influence on the decision to pay ZIS. Second, the relationship between Trust and Payment Decision is not significant, with a t-statistic of 1.324 and a p-value of 0.093, which exceeds the 0.05 significance limit. This suggests that trust does not directly influence the decision to pay in this context. Third, the relationship between Payment Decision and ZIS Loyalty is significant, with a t-statistic of 2.774 and a p-value of 0.003, indicating that the decision to pay ZIS positively affects muzakki loyalty. Fourth, the relationship between Digital Transformation and ZIS Loyalty is also significant, with a t-

statistic of 3.338 and a p-value of 0.000, indicating that digital transformation contributes positively to increasing ZIS loyalty. This result confirms that digital transformation plays an important role in both payment decisions

Table 8. F Square (F²) Test

Variable	ZIS Loyalty	Decision to pay
Digital Transformation	2,277	0,163
Transparency	0,018	0,098
Decision to Pay	0,095	

Source: Smart PLS output version 4.0 (2025)

Table 5 presents the results of the F Square (F²) test, F Square shows how much change in endogenous variables can be explained by exogenous variables after including or excluding these variables from the model. According to Ghazali (2018), the F Square value can be categorized into three levels: large (>0.35), medium (0.15-0.35), and small (<0.15). Digital transformation on ZIS loyalty has an F Square value of 2.277, 0.018, 0.095, which is categorized as a high influence. The decision to pay for loyalty makes a significant and strong contribution. While digital transformation on the decision to pay and convenience and transparency on loyalty has a very small effect.

Table 9. Model Fit Test

Measurement	Saturated Model	Estimated Model
SRMR	0,116	0,116
d_ ULS	6,241	6,241
d_ G	2,166	2,166
Chi-Square	994,331	994,331
NFI	0,645	0,645

Source: Smart PLS output version 4.0 (2025)

Table 9 presents the results of model testing to assess the fit of the research model, using several key statistical indicators such as SRMR, d_ ULS, d_ G, Chi-Square, and NFI, for two types of models: Saturated Model and Estimated Model. The SRMR (Standardized Root Mean Square Residual) value of 0.116 for both models indicates a non-ideal level of fit between the estimated model and the observed data. Generally, SRMR values below 0.08 are considered to indicate a suitable model, so this value indicates that there is a potential mismatch between the model and the empirical data. Meanwhile, the NFI (Normed Fit Index) value of 0.645 is well below the common threshold of 0.90 which is usually used as an indicator of a good model. This value indicates that the estimated model has an inadequate level of fit and may not be fully representative of the relationship between variables in this study. The d_ ULS (Squared Euclidean Distance) value of 6.241 and d_ G (Geodesic Distance) value of 2.166 also reflect a relatively large distance between the sample covariance matrix and the model, suggesting that the proposed model may have a higher deviation from the empirical data compared to the results in Table 6. The Chi-Square value of 994.331 for both models indicates a significant difference between the model and the data. However, in the context of Partial Least Squares Structural Equation Modeling (PLS-SEM), Chi-Square is not a key indicator in assessing model fit because PLS focuses more on predictive ability rather than perfect model fit.

The results of this study indicate that digital transformation has a positive and significant effect on the decision to pay ZIS, which indicates that increased digitalization can encourage individuals to be more active in fulfilling their zakat, infaq, and sadaqah (ZIS) obligations. This is in line with previous studies which state that digitalization

creates a new, more convenient experience in ZIS transactions. However, transparency is not proven to have a significant effect on the decision to pay ZIS, in contrast to a number of previous studies. Although theoretically transparency can encourage positive behavior, in this context it is not strong enough to directly increase ZIS payment decisions.

This study also found that the decision to pay ZIS has a significant effect on ZIS loyalty, which indicates that when someone has made the decision to pay ZIS, it can strengthen their loyalty to the ZIS management institution. This reinforces the understanding that initial behavior in supporting social programs can have a long-term impact on relationships with institutions. In addition, digital transformation also had a significant impact on ZIS loyalty, suggesting that technological advances not only influence initial decisions, but also shape long-term commitment and satisfaction. Meanwhile, transparency was found to have an effect on ZIS loyalty, reinforcing transparency's position as an important foundation in building long-term relationships, even though it does not directly influence initial decisions.

Practically, the results of this study recommend that ZIS institutions not only encourage the digitization of their systems, but also build ecosystems that facilitate innovation and strengthen transparency. Thus, just as engagement in budgeting encourages innovative behavior and improved task performance in government bureaucracies, participation in a digitized ZIS system would also be more optimal if accompanied by innovative experiences that encourage long-term loyalty and engagement.

CONCLUSION

This study concludes that digital transformation has a positive and significant effect on the decision to pay ZISWAF, and the decision, in turn, significantly increases loyalty to ZISWAF among Millennials. The findings reinforce the view that the implementation of well-structured digital features can effectively encourage more active and consistent participation in zakat, infaq, and sadaqah (ZIS) payments. In addition, transparency was found to significantly influence ZISWAF loyalty, although it did not directly impact the initial decision to pay. This highlights the important role of transparent fund management in fostering long-term donor commitment.

In practice, these findings suggest that ZIS institutions should improve their digital platforms by providing easy-to-use and informative features tailored to Millennial preferences. In addition, transparent and accountable fund reporting is essential to increase public trust and strengthen ongoing loyalty. Promoting the ease, efficiency and clarity of digital ZIS payment platforms is also important to drive the decision to contribute.

This study has some limitations. First, the sample is limited to the Millennial generation, so the findings may not be generalizable to other generations, such as Generation Z or Baby Boomers, who may have different preferences. Secondly, other potentially influential variables, such as religiosity or individual economic conditions, were not included in the research model. Third, as the data was collected through surveys, there may be perception bias or misunderstandings about key concepts such as digital transformation or transparency.

Future research is recommended to broaden the generational scope and include additional variables, such as service support and transparency, to provide a more comprehensive understanding of the factors that influence the decision to pay and loyalty towards ZISWAF platforms.

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