

Financial Literacy and Paying Income Zakat: Moderating Role of Islamic Financial Planning

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Abstract

The potential for collecting zakat funds in Indonesia is very large, but its realization is still small. The low level of financial literacy, corporate support, and Islamic financial planning is the cause of this difference. This study aims to examine the effect of perceived corporate support, Islamic financial planning, and financial literacy on the payment of income zakat. The study was conducted on company employees in paying zakat income which was carried out in a survey of 106 respondents. The data analysis method used Partial Least Square Structural Equation Modeling (PLS-SEM) with SmartPLS software. The empirical findings of the study prove that financial literacy has a significant and positive effect on Islamic financial planning in paying zakat income. Financial literacy does not significantly affect the payment of income zakat directly, but Islamic financial planning mainly involves paying zakat income through intervening variables. Overall shows that the three factors, namely; Perceived corporate support, financial literacy, and Islamic financial planning can explain the amount of change in income Zakat revenue by 63.9 percent. The limited knowledge of planning and Islamic financial literacy needs to be improved so that the optimization of zakat fund collection in Indonesia can be improved.

Keywords: perceived corporate support, Islamic financial planning, income zakat, Indonesia

JEL classification: G53, 021; Z12

INTRODUCTION

The potential for zakat in Indonesia is very prospective, Asfarina et al. (2019) found that the potential for zakat in Indonesia in 2016 ranged from IDR 69.57 trillion (classical fiqh approach) to IDR 216.54 trillion (contemporary fiqh approach). This potential increased to IDR 233.8 trillion in 2019, with the most potential being income zakat income of IDR 139.07 trillion (Puskas BAZNAS, 2020). In practice, Puskas BAZNAS (2020) recorded that the collection of Zakat, Infaq, and Shadaqa (ZIS) in 2016 reached IDR 5.12 trillion (property zakat collected IDR 3.74 trillion). This collection is still tiny compared to the potential zakat of IDR 69.57 trillion (5.38% from the classical fiqh approach or only 1.73% from the contemporary fiqh approach).

Several people have researched things that influence a person to pay Zakat. Influencing factors such as subjective norms and attitudes (Bidin et al., 2009); attitudes, descriptive norms and moral norms (Andam & Osman, 2019); attitude and behavior control (Sapingi et al., 2011); social, religious and economic factors (Bakar & Rashid, 2014); priests and religious education (Jaafar et al., 2011); factors of adolescent understanding of zakat and facilities (Tajuddin et al., 2017); attitudes, subjective norms, behavior control, income, education, and knowledge (Huda & Gofur, 2012); Islamic religiosity (Haji-Othman et al., 2018); attitudes, subjective norms, and perceived behavioral controllers (Saragih, 2018); demographic factors such as age, marital status and income (Muthi'ah et al., 2021); perceptions of the capability of zakat institutions, perceptions of government support and religiosity (Farouk et al., 2017); education, income, religious knowledge and belief in LAZ (Dianingtyas, 2011); awareness, willingness to donate, trust in zakat institutions (Doktoralina et al., 2018).

This study examines and analyzes the factors that affect the payment of income zakat. These factors are perceived corporate support by employees as a *Muzakkī* (donor), Islamic financial planning, and financial literacy. Research on the influence of perceived corporate support as a *Muzakkī*, who has government support in paying zakat, as researched by (Farouk et al., 2017) and research on using the internet (Tan & Teo, 2000; Indrasari et al., 2022). Furthermore, the practice of Islamic financial planning is still relatively new, and the literature is still limited (Ahmed & Pg-Md-Salleh, 2016; Hidayat et al., 2022). And the financial literacy factor is one of the factors that have a significant effect on financial planning (Noor et al., 2018; Setyowati et al., 2018; Indupurnahayu et al., 2022). Financial literacy has a significant effect on financial planning components such as investment (Hsiao

& Tsai, 2018; Kumar et al., 2019a; 2019b; Lusardi & Mitchell, 2007b, 2007a; Sunaryo et al., 2020), insurance (Dalkilic & Kirkbesoglu, 2015). While in Islamic financial planning, there are other components, namely zakat. Islamic financial planning (IFP) is also an influencing variable that affects the payment of income zakat. IFP is the variable that intervenes because of the findings in the previous research that financial literacy as a variable that affects the payment of income zakat is also known to influence financial planning.

The writing of the paper is organized into five parts. The first part is an introduction that discusses two things, namely the phenomenon of income zakat payments and gap research. The literature review discusses one by one the research variables and previous studies. The third section describes the methods for testing research hypotheses. Research results and discussion of empirical findings are discussed more comprehensively in the next section. The last part is in the form of conclusions that are included with the limitations of the study and suggestions for future research agendas

1. LITERATURE REVIEW

Zakat, according to language, means to add. Meanwhile, according to Sharia, it is the name for certain assets according to specific ways and given to a particular group of people (Al-Ghazi, 1982). As the third pillar of Islam, Zakat is an obligation for every Muslim who has fulfilled the requirements to pay it. Allah SWT obliges every Muslim who can pay zakat as stated in Quran surah al-Baqarah: 43, and has determined the group who will receive the zakat as stated in at-Taubah: 6. The following hadith of the Prophet *Sallallahu 'Alayhi Wa Sallam*:

Ibn Umar RA. narrated, that the Prophet *Sallallahu 'Alayhi Wa Sallam* said: "Islam is built on five: Testifying that there is no god but Allah and Prophet Muhammad is the messenger of Allah, establishing prayer, paying zakat, pilgrimage to the temple, and fasting in the month of Ramadhan." [HR. al-Bukhari-Muslim]

Income zakat is zakah maal. Dr. Yusuf Qardawi initiated this zakah in his book *Fiqh Az Zakah*. Qardawi divides income into two parts, namely *Kasb al Amal* and *Mihan al Hurrah*. *Kasb al Amal* is a person who is subject to an individual or company by getting wages, while *Mihan al Hurrah* is an independent work and has nothing to do with other people. Qardawi also argues that there are two kinds of jobs that make money; the first is work done alone without depending on others, thanks to the skill of the hands of the brain. Examples of income in this category are an engineer, doctor, advocate, tailor, artist, carpenter, and others. While the second category is work done by one person to another party (either individual, companies, or the government) by using the brain, hands, or both to get a salary, wages, or honorarium (Qardawi, 2006).

1.1. Perceived Corporate Support

Perceived corporate support can be identified as the primary determinant of employee attitudes to pay income zakah. It is considered a controlling factor as described by Ajzen (2002). By using the approach taken by Ajzen (2002), individuals tend to have a higher level of intention to pay income zakah if they feel that the company, they work for supports this action. Likewise, in the research of Ajzen and Sheikh (2013), the controller reflects a person's perception of the resources, opportunities, and skills needed to perform a behavior. The description of the company's support in question is how an employee views the company's support in providing facilities that help pay income zakat. Research from Farouk et al. (2017), and Tan and Teo (2000) found government support that affects attitudes in acting. The perceived government support is in the form of support, providing facilities, promoting, encouraging, and providing a payment system for paying zakat (Farouk et al., 2017).

1.2. Islamic Financial Planning

The Certified Financial Planner Board of Standards defines financial planning as a collaborative process that helps maximize a client's potential to meet life goals through financial advice that integrates relevant elements of the client's personal and financial circumstances. Ahmed and Salleh (2016) explained that Islamic financial planning (IFP) is financial planning following sharia and aims to achieve al-Falah. In IFP, compliance with sharia in using financial services by avoiding *usury*, *gharar*, and *maysir*. IFP components include cash flow and liabilities management, Islamic risk management and takaful planning, Islamic investment planning, Zakah administration, and tax planning, Islamic retirement planning, and Islamic estate and waqf planning. Rahman (2015) examines who pays zakat on pension funds, while Arafah and Fathiy (2013) calculate zakat from the income received.

1.3. Financial Literacy

Financial literacy is the knowledge and skills that enable a person to make effective financial decisions (Altman, 2012). According to Servon and Kaestner (2008), financial literacy is a person's ability to understand and utilize financial concepts. Meanwhile, according to Chen (1998), financial literacy is knowledge to manage finances in financial decision-making, including general knowledge of personal finance, savings and loans, insurance, and investment. While the definition of financial literacy, according to the OECD (2019), is knowledge and understanding of financial concepts and risks, skills, motivation, and confidence to apply this knowledge and experience to make effective decisions in various financial contexts. Also, to improve the financial well-being of individuals and society and enables participation in economic life.

This financial literacy includes basic knowledge of money, borrowing, saving/investment, and protection (Huston, 2010). Financial literacy has a significant influence on personal financial planning. Someone with a good level of financial literacy turns out to be more focused on planning their finances (Lusardi & Mitchell, 2008; Setyowati et al., 2018). Financial literacy also has a significant influence on components in financial planning. Several researchers have found the effect of this financial literacy on personal financial planning (Lusardi & Mitchell, 2008; Setyowati et al., 2018), investment (Hsiao & Tsai, 2018; Shahniah et al., 2020), insurance (Dalkilic & Kirkbesoglu, 2015), retirement planning (Lusardi & Mitchell, 2007a). In personal financial planning, income zakat should be an integral part of calculating the outflow of money, so the authors suspect that financial literacy also influences the payment of income zakat.

According to the theory of investment and behavior, perceived corporate support, financial literacy and Islamic financial planning both directly and indirectly can determine efforts to collect zakat on company income. Therefore, by the research objectives, the research hypotheses tested are:

- H_1 : The perceived corporate support has a positive effect on the payment of income zakat.
- H_2 : IFP has a positive effect on income zakat payments
- H_3 : Financial literacy has a positive effect on IFP in paying income zakat
- H_4 : Financial literacy has a positive effect on income zakat payments

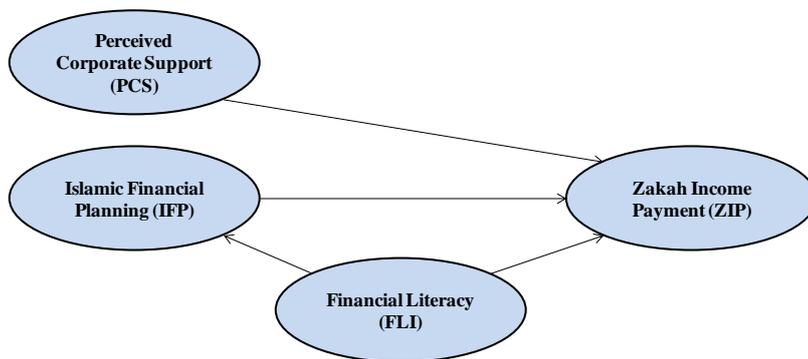


Figure 1. Conceptual framework

2. METHOD

The method was selected to test the proposed hypotheses and explain the impact of the independent variables, including perceived corporate support, Islamic financial planning, and financial literacy, on the dependent variable. Data collection using a questionnaire, Likert scale with intervals of 1-5, with the weighted values include: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree. The number of data is 130 respondents; 24 respondents are eliminated. So that this study will analyze data from 106 respondents. Perceived corporate support was measured using 4 indicators adapted from Ajzen (2002), Farouk et al. (2017), and Tan and Teo (2000), while Islamic financial planning was measured using 6 indicators adapted from Ahmad et al. (2020). Moreover, financial literacy was measured using 4 indicators adapted from Chen (1998), Huston (2010), and OECD (2019). Zakat income payments were assessed using 6 indicators (Cokrohadisumarto et al., 2020; Saragih, 2018). Analyst model with Partial Least Square – Structural Equation Modeling (PLS-SEM).

3. RESULTS AND DISCUSSION

The demographic characteristics of the respondents are in the following table 1.

Table 1. Characteristics of the respondents

Characteristics	Criteria	Total	Percentage
Gender	Male	73	68.87%
	Female	33	31.13%
Age	< 25 years	3	2.83%
	25 – 40 years	51	48.11%
	41 – 56 years	52	49.06%

Education background	High School	2	1.98%
	Diploma	2	1.98%
	Bachelor	65	61.32%
	Postgraduate	37	34.91%
Marital status	Not married yet	14	13.21%
	Married	89	83.96%
	Widower	3	2.83%
Salary (IDR - million)	7 – 10	20	18.8%
	10 < x ≤ 20	16	15.09%
	20 < x < 30	47	44.34%
	30 <	23	21.70%

Most respondents were male, with a total sample of 63.87%. The age of respondents aged 41 – 56 years is the X-generation (49.06%), the age of 25-40 years as the Y-generation (48.11%), and a few Z-generation (2.83%). Respondents are dominated by highly educated (bachelor 61.32%, master 34.91%). Most respondents are married or have a family of 83.96% and have a high income.

The results of processing the SmartPLS software are as shown in the following picture:

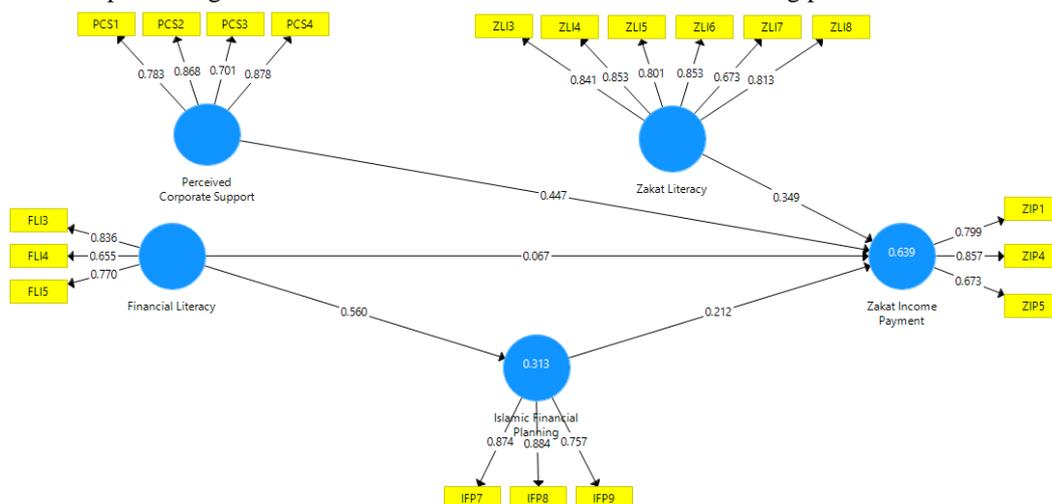


Figure 2. SEM Model

Table 2. Construct Validity & Reliability

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)	Remark
Zakat Literacy	0.895	0.907	0.918	0.653	Reliabel & Valid
Perceived Corporate Support	0.826	0.856	0.884	0.657	Reliabel & Valid
Islamic Financial Planning	0.791	0.807	0.878	0.706	Reliabel & Valid
Financial Literacy	0.676	0.751	0.800	0.574	Reliabel & Valid
Zakat Income Payment	0.674	0.698	0.822	0.608	Reliabel & Valid

Table 3. Fornell-Larcker Criterion

	Zakat Literacy	Perceived Corporate Support	Islamic Financial Planning	Financial Literay	Zakat Income Payment
Zakat Literacy	0.808				
Perceived Corporate Support	0.297	0.811			
Islamic Financial Planning	0.358	0.433	0.840		
Financial Literacy	0.128	0.292	0.560	0.757	
Zakat Income Payment	0.567	0.663	0.569	0.362	0.780

From the results of the PLS_SEM run, the loading factor > 0.6 (Hair et al., 2019), AVE > 0.5 (Hair et al., 2013, 2019), Fornell-Larcker criterion reflective construct values (Hair et al., 2013). Thus, all latent variables meet the requirements of convergent, reliable, and valid validity.

The structural model analyzes the effect of exogenous variables on endogenous variables by using inner model evaluation. The evaluation of the inner model includes multicollinearity (multicollinearity), predictive relevance (Q2), and determination (R2).

Tabel 4. Inner value VIF

	Zakat Literacy	Perceived Corporate Support	Islamic Financial Planning	Financial Literay	Zakat Income Payment	Remark
Zakat Literacy					1.194	Non collinearity
Perceived Corporate Support					1.276	Non collinearity
Islamic Financial Planning					1.789	Non collinearity
Financial Literacy			1.000		1.479	Non collinearity
Zakat Income Payment						

The multicollinearity test shows that all variables have an inner VIF value below 5. This result indicates that the model avoids the problem of multicollinearity (multicollinearity). Furthermore, the value of R2 for Islamic financial planning and payment of income zakat are 0.313 and 0.639, respectively. These results indicate that the strength of the model for Islamic financial planning is close to moderate, while the power of the model for payment of income zakat is close to strong (Hair et al., 2019).

Tabel 5. Coefficient of determination (R²)

	R Square	R Square Adjusted	Remark
Islamic Financial Planning	0.313	0.307	Moderate
Zakat Income Payment	0.639	0.625	Strong

Path coefficient, the test carried out using the bootstrapping procedure, with the following results:

Table 6. Path Coefficients

	Original Sample (O)	T Statistic (O/STDEV)	P Values	Remark
Zakat Literacy -> Zakat Income Payment	0.349	4.988	0.000	Significant
Perceived Corporate Support -> Zakat Income Payment	0.447	6.852	0.000	Significant
Islamic Financial Planning -> Zakat Income Payment	0.212	2.405	0.017	Significant
Financial Literacy -> Islamic Financial Planning	0.560	9.435	0.000	Significant
Financial Literacy -> Zakat Income Payment	0.067	0.863	0.389	Not Significant

Based on the results of the table above, there is significance in all paths indicated by P-values less than 0.05 and t-statistics values greater than 1.96. However, there is also one path with P-values of 0.389 (greater than 5%) and a t-statistics value of 0.863 (less than 1.96), which is not significant.

Table 7. Total Indirect Effects

	Original Sample (O)	T Statistic (O/STDEV)	P Values	Remark
Zakat Literacy -> Zakat Income Payment				
Perceived Corporate Support -> Zakat Income Payment				
Islamic Financial Planning -> Zakat Income Payment				
Financial Literacy -> Islamic Financial Planning				
Financial Literacy -> Zakat Income Payment	0.119	2.328	0.020	Significant

From table 6, the financial literacy variable has an indirect effect significantly and positively on the payment of income zakah through IFP of 0.119 with the t-statistics value of 2.328 greater than 1.96 and a significance value (p-value) of 0.020 smaller than 0.05. The IFP variable plays a good role in mediating the effect of financial literacy in paying income zakah (the intervening variable). Furthermore, to assess the prediction accuracy of the PLS path model by calculating the Stone-Geisser Q2 value. This test uses a blindfolding procedure, with the following results:

Table 8. Predictive Relevance

	SSO	SSE	Q2 (=1-SSE/SSO)	Remark
Zakat Literacy	636.000	636.000		
Perceived Corporate Support	424.000	424.000		
Islamic Financial Planning	318.000	251.639	0.209	Medium
Financial Literacy	318.000	318.000		
Zakat Income Payment	318.000	200.023	0.371	Strong

The predictive relevance value (Q2) for the endogenous latent variable (inner model) is greater than zero, indicating the path model's predictive relevance for certain constructs. The Q2 value for Islamic financial planning is 0.209, or moderate, and income zakat payments are 0.371 or strongly appropriate (Hair et al., 2013).

All indicators and constructs in this study have met the convergent validity requirements. They have also met discriminant validity criteria, free from multicollinearity. The goodness of the model in this study, by looking at the R² value according to table 5. The R² value as shown in the table is:

- The effect of the financial literacy variable (FLI) on Islamic financial planning (IFP) gives an R² value of 0.313 (close to medium). This value illustrates that the FLI variable has a moderate effect on IFP by 31.3%, and other variables outside this study explain 68.7%.
- Meanwhile, the influence of zakat literacy variables (ZLI), perceived company support (PCS), Islamic financial planning (IFP), and financial literacy (FLI) on income zakah payments (ZIP) gives a value of 0.639 (close to strong). This value illustrates that the variable of the perceived company support, Islamic financial planning together with financial literacy, and financial literacy itself, affects the income zakah payment by 63.9%, and other variables outside this study explain 36.1%.

Furthermore, to measure the prediction accuracy of the PLS path model, it was tested using Q2 Stone-Geisser's test through a blindfolding procedure. From the test results, the Q2 value of Islamic financial planning is 0.209, and the income zakat payment is 0.371 (table 28). This Q2 value indicates that:

- Financial literacy (FLI) has a score of 0.209. This value indicates that the model's prediction accuracy on Islamic financial planning (IFP) in this study is moderate.
- While zakah literacy (ZLI), perceived company support (PCS), financial literacy (FLI), and Islamic financial planning (IFP) resulted in a value of 0.371. This value indicates that the prediction accuracy of the model in this study is substantial (Hair et al., 2013).

Promotion, facilities, encouragement, and support are indicators that meet the requirements of convergent and valid reliability and are free from multicollinearity in this variable. Test results show the t-statistic value of 6.852 (greater than 1.96), then the effect is significant with a p-value of 0.000 (less than 0.05). Refer to the original sample (O) value of 0.447, which indicates that the relationship between perceived company support and income zakat payments is positive. Thus, hypothesis H1 proposed in this study is that the perceived corporate support has a significant and positive effect on the income zakat payment, which is accepted. The stronger the support provided by the company in collecting income zakah, it will encourage employees to pay income zakat. The results are in line with previous research that the role of the government in the form of providing facilities, promoting, encouraging, and providing a payment system affects muzakki in paying zakah (Farouk et al., 2017). The perceived support also from the government involves internet use (Tan & Teo, 2000). This research can be more specific because its scope is more limited to the role of company support felt by employees in paying income zakat.

The company's support felt by TELKOM's employees is indeed very strong. This support is in the form of providing monthly salary deduction facilities to pay income zakat. The company also encourages zakah studies in routine recitations at office mosques, providing place/room facilities for LAZ to conduct socialization and open houses on institutional programs. The company also disseminates information about the distribution of zakah and infaq in Telkom's internal media as a form of transparency in the management of zakah and infaq. Cokrohadisumarto et al. (2020) in their research, found that transparency can help increase the acquisition of zakat collection. Likewise, a study conducted by Jayanto and Munawaroh (2019) related to Muzakki's perception that openness is essential in the form of periodic reports that Baznas must carry out as LAZ. This regular report can increase Muzakki's trust in Basnaz and make quality relationships more maintained so that zakah payments through Baznas will continue to be made by muzakki. In this regard, the company as a channel for paying income zakat through salary deductions will still be an employee's choice if they can carry out transparency and periodic reports.

Indicators that meet the requirements of convergent and valid reliability and are free from multicollinearity in this variable are Islamic risk management and insurance and Islamic investment planning. The test results show the t-statistic value of 2.405 (greater than 1.96), then the effect is significant with a p-value of 0.000 (less than 0.05). Refer to the original sample (O) value of 0.212, which indicates that the relationship between Islamic financial planning and the payment of income zakah is positive. Thus, hypothesis H3 proposed in this study, namely Islamic financial planning, has a significant and positive effect on the income zakat payment is accepted. The higher the literacy of Islamic financial planning in employees, the more employees pay income zakat. The results of this study have explored and confirmed the effect of IFP in paying income zakah, as stated by Andam and Osman (2019) and supported by research by Asfarina et al. (2019), which calculates zakah on money received at retirement, and also a study from Arafah and Fathiy (2013) which calculates zakah from income received. It is essential for every Muslim to do this Islamic financial planning, not only for paying income zakat. But Islamic financial planning is also in managing income (cash flow and expenses) to comply with religious law, doing risk mitigation and Islamic insurance, making Islamic investments, planning Islamic pensions, dividing assets for grants, donations, endowments, and planning inheritance.

Indicators that meet the requirements of convergent and valid reliability and are free from multicollinearity in this variable are insurance, pensions, and investment. The test results show the t-statistic value of 9.453 (greater than 1.96), then the effect is significant with a p-value of 0.000 (less than 0.05). Refer to the original sample (O) value of 0.560, which indicates that the

relationship between financial literacy and Islamic financial planning is positive. Thus, hypothesis H3 proposed in this study, namely that financial literacy has a significant and positive effect on Islamic financial planning in paying income zakat, is accepted. The financial literacy of employees will encourage employees to carry out Islamic financial planning. The results are in line with a study by Lusardi and Mitchell (2011), who found someone with a higher financial literacy score tended to be more involved in preparing a clear financial plan. Likewise, research on the effect of financial literacy on financial planning was conducted by (Noor et al., 2017; Setyowati et al., 2018).

Although the financial literacy of Telkom's employees is quite good, they still need to improve their financial literacy in personal financial planning. This increase in financial literacy is significant, especially for the X-generation approaching retirement. The unpreparedness of financial literacy in this generation can result in unpreparedness in facing retirement. If you are not ready to face retirement financially, this generation will become a burden for the next generation. If it becomes a burden, this generation who previously became *Muzakkī* will be lowered in rank and even become zakat *Mustahik*. So, the efforts to improve financial literacy in this generation X must be a particular concern from the company and LAZ in preparing this generation to remain *Muzakkī*.

The test results show that the t-statistic value is 0.863 (less than 1.96), then the effect is not significant with a p-value of 0.389 (greater than 0.05). Thus, hypothesis H4 in this study, namely financial literacy, has a substantial and positive effect on the payment of income zakat is rejected. High financial literacy does not automatically directly influence someone to pay income zakat. This finding is different from the OECD (2019), which defines that a person's financial literacy will participate in economic life. A person's understanding of finances (financial literacy) is not necessarily or not related at all to the level of one's faith in *Allah Subhanahu Wa Ta'ala*. Financial literacy is the guidance of reason (*al-'Aql*) which is different from spiritual direction (*ad-Diin*). Intellectual guidance does not necessarily encourage someone to obey the commands of *Allah Subhanahu Wa Ta'ala* and His Messenger. Still, religious guidance will inspire someone to follow and carry out the orders of *Allah Subhanahu Wa Ta'ala* and the sunnah of the Messenger of Allah (*Sallallahu 'Alayhi wa Sallam*). A person's strong faith will encourage him to use himself, time, wealth, and facilities that *Allah Subhanahu Wa Ta'ala* has given him to get closer to *Allah Subhanahu Wa Ta'ala*. The relationship with *Allah Subhanahu Wa Ta'ala* increases (vertical worship - *hablum minallah*). And in life, it will be better and more beneficial for humans and the environment (horizontal worship - *hablum minannas*). This result is in line with previous research that faith (religiosity) is influenced by paying the zakat (Bakar & Rashid, 2014; Farouk et al., 2017; Haji-Othman et al., 2018).

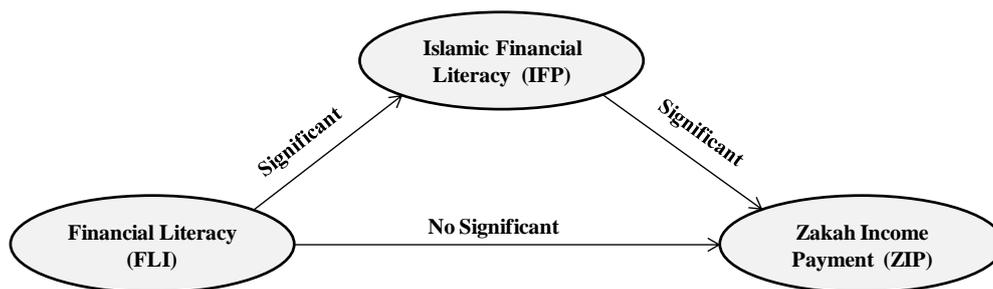


Figure 3. IFP as an intervening variable of Financial literacy

Although financial literacy has no significant effect on paying income zakat directly, Islamic financial planning as an intervening variable has a significant and positive effect on paying income zakat. The test results show the t-statistic value of 2,328 (greater than 1.96) with a p-value of 0.020 (less than 0.05). Refer to the original sample (O) value of 0.119, which indicates the direction of the relationship between financial literacy indirectly, and the payment of income zakat is positive. The employees with higher financial literacy and higher knowledge of Islamic financial planning will encourage to pay income zakat. This result is in line with previous research that financial literacy has a significant effect on components of financial planning. That is the investment (Hsiao & Tsai, 2018; Suryadi et al., 2021), retirement (Kumar et al., 2019a; Lu, 2003; Lusardi & Mitchell, 2007b), and insurance (Dalkilic & Kirkbesoglu, 2015). Thus, efforts to increase the collection of income zakat for Telkom employees by increasing financial literacy and simultaneously increasing the employee understanding of Islamic financial planning.

CONCLUSION

This study concludes that perceived company support and Islamic financial planning have a significant and positive effect on the payment of income zakat. Financial literacy has a significant and positive impact on Islamic financial planning in paying income zakat. Financial literacy does not significantly affect paying income zakat directly, but Islamic financial planning especially involves paying income zakat through the intervening variable. This study recommends that companies improve financial literacy and Islamic financial planning for the employees. Secondly, providing income zakat payment facilities with salary deductions, proof of payment of income zakat payments to the employees reports on income zakat funds collected and distributed transparently, and work the same as LAZ to form UPZ in the company. LAZ, as an Amil zakat institution, must proactively improve Islamic financial planning studies for the employees with material on cash flow and expense management according to religious law, risk management and Islamic insurance planning, Islamic investment planning, zakat, and tax planning, Islamic retirement planning, planning inheritance, grants, and waqf, so that their literacy increases and able to pay income zakat continuously. For this purpose, Amil must prepare himself with knowledge of Islamic financial planning to enlighten the employees as *muzakkī* zakat. Finally, the recommendation is

to conduct further research by expanding respondents, such as the millennial generation who have entered the working period and the expansion of respondents in private companies.

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