

## ABSTRACT

*As an Islamic financial instrument, zakat plays a very important and strategic role. As an obligatory duty for Muslims, zakat has enormous potential. This substantial potential needs to be optimized so that the objectives and wisdom of zakat can be realized. This study aims to examine the implementation of the distribution and allocation of zakat funds and their impact on the economic conditions of mustahik in the City of Surakarta, as carried out by BAZNAS of the City of Surakarta. Using a qualitative method, with data obtained from mustahik who received zakat assistance from BAZNAS of the City of Surakarta, the study found that the distribution of zakat by BAZNAS of the City of Surakarta has significantly improved the welfare of mustahik. Previously, many mustahik only received consumptive assistance without any sustainable economic support. However, through this program, they received business capital, enabling them to establish and operate their own businesses. The main obstacle identified was the lack of business monitoring and mentoring. These findings indicate the need for improvements in the monitoring system and business mentoring so that the distribution and allocation of zakat can achieve optimal results.*

**Keywords:** *Implementation of Zakat, Zakat, BAZNAS, Welfare of Mustahik*

