

THE DEVELOPMENT OF *ZAKĀH* MANAGEMENT IN
BANGLADESH IN LIGHT OF THE MALAYSIAN *E-
ZAKĀH* MANAGEMENT SYSTEM

BY

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ABSTRACT

This study explores the main barriers and obstacles influencing the proper development of *Zakāh* management in Bangladesh. It demonstrated that the existing *Zakāh* management in Bangladesh is woefully inadequate regarding the extensive collection and equitable distribution of *Zakāh* by the government and a few private *Zakāh* organisations. Gaining encouragement from the Malaysian *e-Zakāh* application, the study proposed significant initiatives to adapt the *e-Zakāh* system in Bangladesh to utilise *Zakāh* funds in a digitalised systemic strategy through the formation of a dedicated website for *e-Zakāh* application. To achieve its research objectives, the study employs exploratory and analytical approaches to analyse the collected data. The qualitative method involves in-depth fieldwork interviews with four *Zakāh* experts to assess their perspectives on the *Zakāh* management processes in Bangladesh and Malaysia, complemented by library research. The main findings of the study highlighted several complications that impede the establishment of an impactful *Zakāh* management system in the country. These include a severe knowledge gap of the *Zakāh* concept, a lack of motivation to pay *Zakāh* accurately, insufficient awareness and ignorance, incompetent *Zakāh* collectors, the absence of digital applications in *Zakāh* operation, a general unfamiliarity with digital systems, digital illiteracy, and the lack of centralised monitoring authority. In response to these findings and envisioning significant development in *Zakāh* fund management, the study concludes with a targeted recommendation to overcome the identified issues by largely incorporating and developing a comprehensive digital literacy program designed for *Zakāh* contributors, beneficiaries, and administrators. This extensive program would eventually aim to bridge the knowledge gap and enhance the digital capabilities necessary for the successful implementation of an *e-Zakāh* system. Lastly, the study also provides a roadmap for future research scope to optimise the proper *Zakāh* fund management in Bangladesh and contribute to the broader perspective of *Zakāh* literature.

ملخص البحث

تكشف هذه الدراسة الحواجز والمعوقات الرئيسية التي تؤثر على التنمية السليمة لإدارة الزكاة في بنغلاديش. وتظهر الدراسة أنّ إدارة الزكاة الحالية في بنغلاديش تعاني من قصور هائل فيما يتعلق بجمع الزكاة على نطاق واسع وتوزيعها بشكل عادل من قبل الحكومة وبعض المؤسسات الخاصة للزكاة. مستفيدة من تجربة تطبيق الزكاة الإلكترونية الماليزية، تقترح هذه الدراسة مبادرات هامة لتكييف نظام الزكاة الإلكترونية في بنغلاديش لاستخدام أموال الزكاة بنظام الرقمنة مع إنشاء موقع مخصص لتطبيق الزكاة الإلكترونية. ولتحقيق أهدافها البحثية، تستخدم الدراسة مناهج استكشافية وتحليلية لتحليل البيانات المجمعة. وقد تم اعتماد أسلوب العمل الميداني لإجراء المقابلات مع أربعة خبراء في الزكاة لتقييم آرائهم حول عمليات إدارة الزكاة في بنغلاديش وماليزيا، مكملة بالبحث المكتبي. أبرزت الدراسة مجموعة من التعقيدات والتي قد تحجب إنشاء نظام فعال لإدارة الزكاة في البلاد، منها: وجود فجوة معرفية جادة حول الزكاة، ونقص الحافز لدفع الزكاة بالحساب الصحيح، ونقص الوعي، والجهل، وعدم كفاءة العامل، وغياب استخدام التطبيقات الرقمية في عمليات الزكاة، وعدم الإلمام بالأنظمة الرقمية، وغياب جهة المراقبة المركزية. استنادا إلى هذه النتائج ورؤية تطور ملموس على نطاق واسع في إدارة أموال الزكاة، تختتم الدراسة بتوصية مستهدفة لحل المشكلات المحددة من خلال تطوير برنامج شامل للتعليم الرقمي مصمم للمساهمين والمسؤولين في الزكاة. سيهدف هذا البرنامج الشامل إلى تقليل الفجوة المعرفية وتعزيز القدرات الرقمية اللازمة لتنفيذ عملية ناجحة للزكاة الإلكترونية. أخيرا، تقدم الدراسة خارطة طريق للبحث المستقبلي لتحسين الإدارة السليمة لصندوق الزكاة في بنغلاديش والمساهمة في الدراسات الأوسع نطاقا حول الزكاة.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion, it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Islamic Revealed Knowledge and Heritage in Fiqh and Usul Al-Fiqh.

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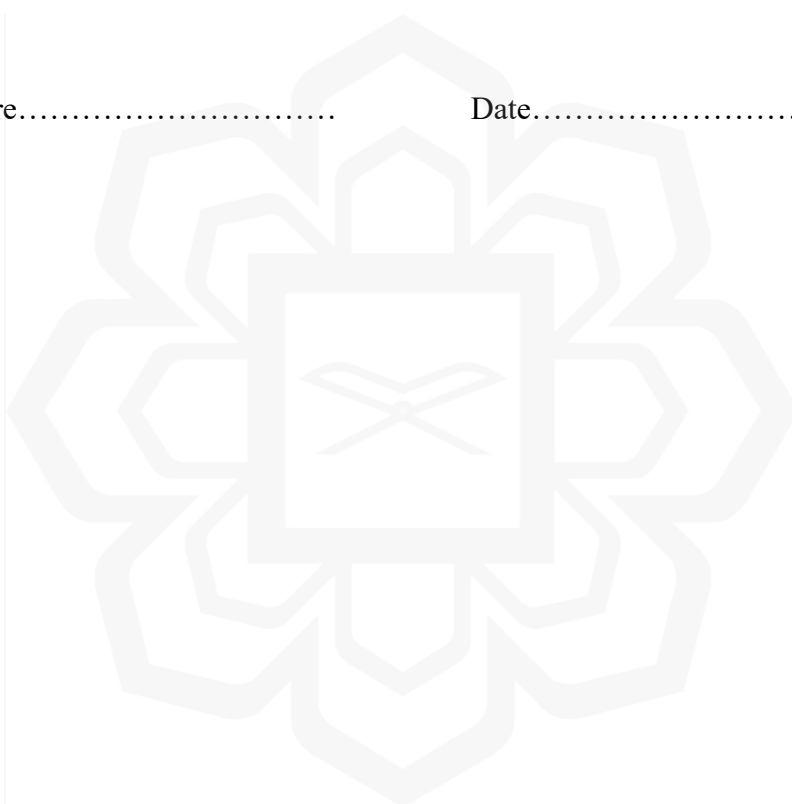
DECLARATION

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This contribution is dedicated to my respected father, Abul Khair Muhammad Azizul Hassan, and my beloved mother, Rahima. Their guidance, motivations, and sacrifices inspired my academic journey. This work reflects their enduring faith in me, and I am deeply grateful for their presence in my life.

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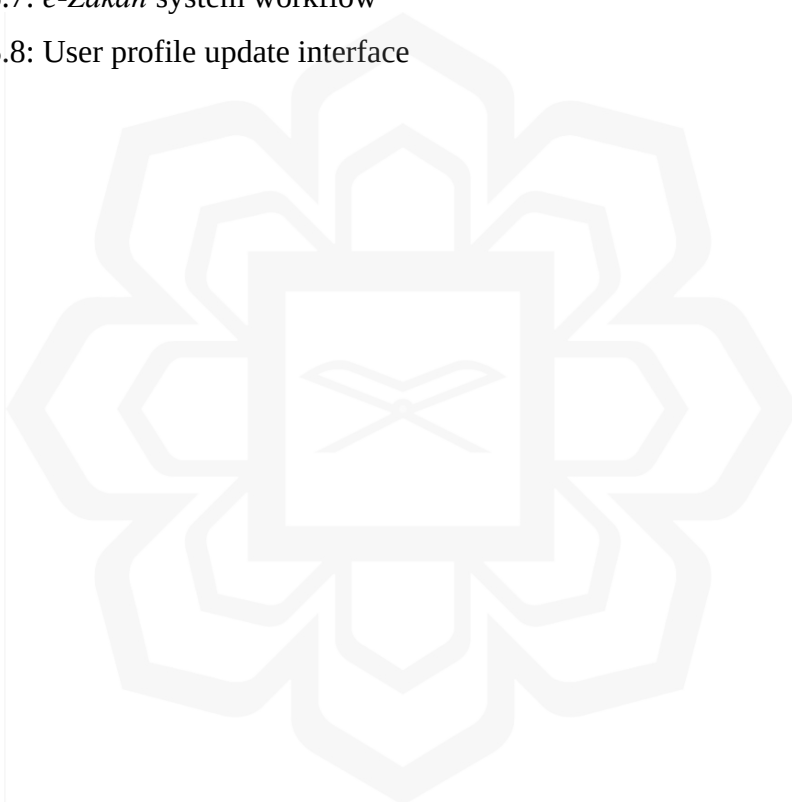
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CHAPTER ONE

INTRODUCTION

1.1 RESEARCH BACKGROUND

Zakāh is one of the fundamental pillars of Islam. It is considered a revolutionary concept of the financial security system of wealth transfer from the rich to the *aṣnāf* (*Zakāh* beneficiary). *Zakāh* significantly eliminates poverty among the underprivileged, ensuring a sustainable way of life with safety and dignity. In many Muslim countries, the proper *Zakāh* fund collection and fair distribution of wealth among the less fortunate helped gradually reduce inequality and injustice in society, enabling them to be self-independent and productive while improving their economy¹.

Bangladesh is the second largest Muslim-majority country, and (after 50 years of independence) the proper *Zakāh* management is still far behind ideal practise². The government has taken several initiatives and strategies to combat poverty, but *Zakāh* as a tool for poverty alleviation has yet to receive serious attention from economists, regulators, civil society, and policymakers in Bangladesh³.

At present, the ongoing process of *Zakāh* management in Bangladesh exists informally⁴. There is a minimal institutionalised platform for *Zakāh* payers and receivers where a structured process and suitable strategy for *Zakāh* administration can

¹ Khoutem Ben Jedidia and Khouloud Guerbouj, "Effects of Zakat on the Economic Growth in Selected Islamic Countries: Empirical Evidence," *International Journal of Development Issues*, (vol. 20, no. 1, March 16, 2021): 126–42, viewed on 24th November 2022 from <https://doi.org/10.1108/IJDI-05-2020-0100>

² Muhammad Obaidullah, "Zakah Management in Rural Areas of Bangladesh: The Maqasid al-Shari'ah (Objectives of Islamic Law) Perspective," *Middle-East Journal of Scientific Research*, (vol. 23, no. 1, 2015): P 10, viewed on 24th November 2022 from <https://doi.org/10.5829/idosi.mejsr.2015.23.01.22032>.

³ Poverty Alleviation" Bangladesh Economic Review 2022, Bangladesh Ministry of Finance, (01-06-2023), viewed on 21st December 2022 from <https://mof.portal.gov.bd/site/page/28ba57f5-59ff-4426-970a-bf014242179e/Bangladesh-Economic-Review-2022>

⁴ Mohammad Saiful Islam, "Towards an Establishment of Zakat Institution in Bangladesh Based on Malaysian Experience: A Juristic and Analytical Study" (Proceedings of The Mukhtar Waqf Iqlimi III, Songkla, Thailand: Pusat Pembangunan Pembiayaan Wakaf (PPPW), Universiti Sains Islam Malaysia (USIM), 2016), P 12.

lead them. In these circumstances, the collection and distribution of *Zakāh* cannot reach their deserving target.

On the other hand, in Muslim countries like Malaysia, *Zakāh* is a significant Islamic institution. Over time, the growth of the *Zakāh* institution was influenced by the shifting social, geopolitical, and economic conditions in the country. *Zakāh* institutions have been established to collect and distribute funds through systematic and efficient management procedures under the supervision of the Islamic Religious Council (IRC) in every state. The IRC plays a vital role in the administration and management of *Zakāh* institutions in Malaysia. Moreover, its *Zakāh* collection has risen year after year, and *Zakāh* distribution methods have become a role model for other Muslim countries. For instance, the Selangor *Zakāh* Board, or Lembaga Zakat Selangor (LZS), is one of the leading *Zakāh* collection bodies, serving the state of Selangor. The Lembaga Zakat Selangor (LZS) is a recognised organisation that ensures that *Zakāh* is collected and distributed with proper legislative requirements. LZS in Selangor also helps to minimise unemployment by providing job chances and business opportunities through capital, strengthening entrepreneurial expertise, financial planning, marketing high-quality and branded products, ongoing guidance, and monitoring processes. LZS continually ensures that collection is increased to ensure the long-term viability and sustainability of *Zakāh* fund distributions⁵.

Therefore, this study will explore a suitable method that can be used to improve the current method of collecting and distributing *Zakāh* funds in Bangladesh based on the framework adopted in Malaysia.

1.2 STATEMENT OF THE PROBLEM

Despite the ability of *Zakāh* to end poverty, few Bangladeshi *Zakāh* payers are aware of it. In addition, there are several barriers to *Zakāh* management and a lack of efficiency in the *Zakāh* collection and distribution system in Bangladesh. The concept of *Zakāh*

⁵ Amirul Afif Muhamat et al., “An Appraisal on the Business Success of Entrepreneurial *Asnaf*: An Empirical Study on the State Zakat Organization (the Selangor Zakat Board or Lembaga Zakat Selangor) in Malaysia,” ed. Associate, *Journal of Financial Reporting and Accounting*, (vol. 11, no. 1, June 28, 2013): P 51–63, viewed on 25th November 2022 from <https://doi.org/10.1108/JFRA-03-2013-0012>.

and *Ṣadaqah* (charity) are mixed up in society⁶. A widespread *Zakāh* distribution is done by providing cheap clothes pre-labelled in markets as “*Zakāh* cloth” for which *Zakāh* recipients are made to gather in crowds that often cause stampedes. This current *Zakāh* distribution practice needs improvement to achieve its objectives. Hence, giving away a big portion of *Zakāh* money to vulnerable people in a planned way would be more helpful for them in the long run.

Bangladesh has huge potential from the *Zakāh* fund, and if it is utilised properly, the recipients can meet their essential needs. Moreover, the majority of affluent Bangladeshi Muslims are not well-aware or are careless about paying *Zakāh* annually. Only a few people are willing to pay their *Zakāh* alms, but most do so in an ill-informed way. Due to several barriers in *Zakāh* management, there is no effective *Zakāh* collection and distribution system to utilise this potential fully. 0

Malaysia, on the other hand, has made significant use of the *Zakāh* fund through its well-established *Zakāh* management system with its standardised procedures and clear guidelines. In the Malaysian context, LZS is the most recognised *Zakāh* institution, becoming the pioneer in introducing a systematic entrepreneurial program that other states’ *Zakāh* institutions have emulated. This research, therefore, seeks to study the best *e-Zakāh* management practices in Malaysia in terms of the *Zakāh* collection and distribution process undertaken by the LZS as a model for the good practice of *Zakāh* management in Bangladesh.

1.3 RESEARCH QUESTIONS

The study strives to respond to the following questions:

1. What are the rulings of *Zakāh* Collection and Distribution from the *fiqh* perspective?
2. What are the current *Zakāh* management system challenges in Bangladesh?

⁶ Obaidullah, “Zakah Management in Rural Areas of Bangladesh: The Maqasid al-Shari’ah (Objectives of Islamic Law) Perspective,” 10.

3. How the *e-Zakāh* system is developed in general and particularly in Malaysia for managing the *Zakāh* funds?
4. How the *e-Zakāh* management system could be implemented in Bangladesh for the *Zakāh* collection and distribution?

1.4 RESEARCH OBJECTIVES

The objectives of this research are as follows:

1. To explain the *Zakāh* Collection and Distribution from the *fiqh* perspective.
2. To study the current *Zakāh* management system in Bangladesh.
3. To study the *e-Zakāh* development for *Zakāh* management in Malaysia.
4. To propose the *e-Zakāh* management system for the *Zakāh* collection and distribution in Bangladesh.

1.5 SIGNIFICANCE OF THE STUDY

This research was motivated by several factors, the most significant of which are as follows:

Firstly, the nature of the population in Bangladesh and the level of poverty that continues to affect this resourceful Muslim country. *Zakāh* is a tool to bridge the gap between the rich and poor in a Muslim society. Yet with a population of 164.7 million people, of which 92 % are Muslim, the poverty rate is extremely high, at 25.87%.

Secondly, the status of *Zakāh* in this country and its current inability to alleviate poverty require an investigation. With 92% of the population being Muslims, a strong *Zakāh* institution is expected to meet the needs of the poor and needy. Unfortunately, amidst the massive *Zakāh* potential in the country, *Zakāh* management remains unproductive.

Thirdly, it is necessary to contribute to the existing literature on *Zakāh*-related issues and draw the attention of researchers to the development of *e-Zakāh* in Bangladesh.

Fourthly, the emergence of technologies and the advancement of the internet in recent years have changed how society functions. The tremendous development of technologies and their extended services significantly impact citizens. The various applications of technologies allow citizens to receive the correct service or enable them to access information within a short time. The internet introduced an e-payment system that plays a vital role in daily economic transactions and activities. The electronic payment of *Zakāh* is known as the *e-Zakāh* system, which can be done online without going to *Zakāh* counters.

Fifthly, the significance of this research stands in its potential to bridge the gap between traditional practices of *Zakāh* management and the modern, digital landscape. The proposed research on developing a digital structure for *Zakāh* management holds substantial significance for both the government and society. By focusing on implementing a digital structure for *Zakāh* management, this study aims to contribute to the government's policy level, offering insights and recommendations that could revolutionise the way *Zakāh* is collected, distributed, and monitored. It will provide the government with a comprehensive understanding of the current *Zakāh* management challenges and the benefits of digitisation. The research will offer data-driven insights and practical roadmaps for integrating digital solutions into the *Zakāh* collection and distribution process. Such a framework can guide policymakers in formulating robust policies that ensure efficient resource distribution and utilisation.

Lastly, the research will also demonstrate how digital tools can track *Zakāh* contributions from collection to distribution, reducing the risk of mismanagement and corruption. This transparency can enhance public trust in the *Zakāh* system and encourage higher participation rates. In addition, it can help address urgent social needs, reduce inequality, and ensure *Zakāh* resources as a tool for socio-economic development. Therefore, this research will provide a comprehensive *Zakāh* collection and distribution system to the community.

1.6 RESEARCH METHODOLOGY

1.6.1 Data Collection and Preparation

This research adopted a qualitative approach, which is more suitable for exploring the issue of *Zakāh* challenges in depth. The data collection methods involved both library research and field studies. The data will be collected from primary and secondary sources of information. The author will use the fieldwork method by conducting in-depth interviews with four *Zakāh* experts to examine their opinions regarding the *Zakāh* management process in Bangladesh and Malaysia. Three of these experts are from prominent *Zakāh* organisations officials in Bangladesh including the As-sunnah Foundation, Center for Zakat Management (CZM), Islamic Foundation Bangladesh (IFB), and Lembaga zakah Selangor (LZS) in Malaysia.

During the face-to-face interview session with the three *Zakāh* experts from Bangladesh, a short background of the study was explained to them. The fourth official from LZS offered a written response to the interview questions. The interviews focused on several major aspects of *Zakāh* management, combining the relevant questionnaire inquiries.

The secondary sources will include books, seminar papers, online websites, published journal articles, theses, and editorial reports to obtain more relevant data from the interviews that others have already conducted. Furthermore, this study is expected to be able to describe the realities and social complexities associated with the *Zakāh* collection and distribution.

1.6.2 Research Design and Data Analysis

This research study will use data techniques based on in-depth interviews. The researcher will conduct semi-structured interviews with four *Zakāh* officials in Malaysia and Bangladesh, following the same style in both countries.

The interviews will be performed in both English and Bengali languages. During the fieldwork, all interviews will be recorded and transcribed in 'word' format, and detailed notes will be obtained. The data acquired from these interviews is subjective. Interview tapes and written notes will be rigorously evaluated using descriptive and analytical approaches. To fulfil the objectives of this work, the data will be carefully

assessed using qualitative content analysis. This will enable a better understanding of each expert's perspective and viewpoint, revealing links and significant differences within and across interviews, challenging situational aspects that emerge from recent interviews, and the interconnections between the key themes.

1.7 SCOPE AND LIMITATION OF THE STUDY

Since the research topic is based on Malaysian experience, the study has limitations regarding data collection and institutional coverage. This study concentrates on the *Zakāh* funds process undertaken by LZS through *e-Zakāh* management. LZS was selected due to its good performance and standing as one of the leading *Zakāh* organisations in Malaysia⁷. Therefore, this study investigates and analyses *e-Zakāh* management undertaken by LZS and other related issues and proposes some significant recommendations to enhance this study.

It should be noted that this study uses recently available data to provide a more detailed assessment of the *Zakāh* management procedure and strategies.

1.8 LITERATURE REVIEW

It is significant to mention that research on *e-Zakāh* management in the context of the research topic is still limited. Therefore, this study examines how the *e-Zakāh* system is managed and implemented in Malaysia and identifies the best practices that other countries can adopt.

This literature review consists of four aspects: the discussion about the *Zakāh* management and administration in both countries, a few recently conducted research on *Zakāh* collection and distribution, and overall *e-Zakāh* management issues. This literature review discusses some significant findings related to this matter.

⁷ Ghafoorzai Shaiq Ahmad et al., "Developing the hybrid model (waqf & zakat) for improving the zakat recipients' healthcare in Selangor," *Journal of Islamic Finance, IIUM Institute of Islamic Banking and Finance*, (vol. 10, 2021): 8.

1.8.1 *Zakāh* Management and Administration in Bangladesh

The *Zakāh* management refers to planning, implementing, and organising or managing the *Zakāh* fund after it has been collected properly and distributed optimally. In Bangladesh, the *Zakāh* management is structured in a dual system where *Zakāh* payment is paid voluntarily. The Islamic Foundation receives the payment, the government agency that manages the *Zakāh* Board under the Ministry of Religious Affairs, or a limited number of private *Zakāh* institutions or sometimes private individuals. But at the same time, this existing *Zakāh* management is not making the deserving contributions of the *Zakāh* fund. Saiful Islam and Umme Salma support this statement in their article titled “*The management of Zakāh by the Center for Zakat Management (CZM): A Malaysian experience*”, which mentioned that in Bangladesh, there is no efficient or well-organised *Zakāh* system. The authors bring some information about the background of the problem that the country suffers from a severe lack of proper *Zakāh* giving-and-receiving platforms and insufficient organisations dedicated to properly collecting and distributing *Zakāh* among the people. Comparing the *Zakāh* collection and distribution process in Bangladesh by CZM to Malaysian experiences, the research article states the CZM is a non-governmental organisation that collects and distributes *Zakāh* in a structured manner among the *Zakāh* institutions while the “Bangladesh Zakat Board” created after the 1982 Ordinance to oversee *Zakāh* organisation is currently inactive. The article also affirmed and discussed that the Bangladesh government failed to lead an organised *Zakāh* administration and management in collecting *Zakāh* money from all *Zakāh* payers and distributing it to those in need⁸.

In light of the research findings and the general infrastructure of *Zakāh* management in both countries, the recommendations encourage setting up an effective web-based information system with a modernised *e-Zakāh* management system in Bangladesh.

Additionally, the issue of *Zakāh* distribution and the management of *Zakāh* collection are still discussed in debates and dialogues. Even though *Zakāh* distribution

⁸ Mohammad Saiful Islam and Umme Salma, “The Management of Zakat by Center for Zakat Management (Czm): A Malaysian Experience,” *International Journal of Zakat and Islamic Philanthropy*, (vol. 2, no. 1, 2020); P 184–91.

has been implemented in many countries, the difficulty with management and poverty persists. In Bangladesh, the *Zakāh* fund is collected but the mismanagement of the *Zakāh* resources can be found from the grass-root level to the top of the administration tasked with utilising the *Zakāh* money most productively.

The recent article written by Hamidur Rahman and Obaidullah titled “*Zakat Management in Bangladesh: An Analysis*”, states that defective *Zakāh* management over the last thirty years in Bangladesh has resulted in more than 300 deaths among the *Zakāh* seekers while they are gathered around to collect the *Zakāh* clothes, where it is very likely that chaos will erupt, resulting in the deaths of the poor in stampedes. Recognising the significance of *Zakāh* distribution in Islamic *Sharī‘ah*, the authors claim it is now the responsibility to carry out *Zakāh* activities through area-based institutional management in Bangladesh to avoid catastrophic disasters related to *Zakāh* distribution methods⁹. The article concludes that the distribution of *Zakāh* at both individual and group levels in the country is defective in many ways. Therefore, it is now a demand of the times to reorganise and reform the *Zakāh* management system to achieve its true objectives.

In response to the demands of a digitised world, the researcher posits that the adoption of a modern, digitalised system for *Zakāh* collection and distribution could serve as an effective solution for enhancing the efficiency of *Zakāh* management in the country.

Mohammad Zohurul Islam and Kabir Hassan examined whether the government is credible in pursuing the purpose of the *Zakāh* Fund in their recently published book, “*Zakat Administration: Principles and Contemporary Practices*”¹⁰. Intellectuals from civil society are likewise sceptical about the government's ability to act in this area. The public lacks faith in the government that is deficient in Islamic ethos, which is another reason they feel uncomfortable paying their *Zakāh* to government-run institutions. The authors elaborate that through voluntary donations

⁹ Mohammad Hamidur Rahman and Abul Kalam Mohammad Obaidullah, “Zakat Management in Bangladesh: An Analysis,” (ইসলামী আইন ও বিচার) Bangladesh Islamic Law Research & Legal Aid Centre, *Journal of Islamic law and Justice*, (vol. 17, no. 66, 2021): P 133–62.

¹⁰ Muhammad Zohrul Islam FCA and M Kabir Hassan Ph.D., *Zakat Administration: Principles and Contemporary Practices* (Dhaka, Bangladesh: Bangladesh Institute of Islamic Thought (BIIT), 2022).

from the *Zakāh* accounts maintained by various banks, the *Zakāh* Board collects money for the *Zakāh* Fund. Owing to its optional nature, most people cannot distinguish *Zakāh* from other types of philanthropy and are not motivated to contribute to the *Zakāh* Fund. Most people are unaware of any system for collecting and disbursing *Zakāh*.

On the other hand, there are positive indicators in the non-governmental and private efforts that have begun organising the collecting and distribution of *Zakāh*. Zohrul Islam and Kabir Hassan also bring into focus how *Zakāh* has failed to receive the attention and importance it merits in Bangladesh as a means of reducing poverty. If the *Zakāh* management structures are correctly followed, the potential resource that *Zakāh* can offer is enormous in the context of Bangladesh. Moreover, the *Zakāh* Fund can accomplish poverty elimination in a short amount of time and result in a fundamental shift in society without placing a strain on the government's coffers, even if just one-tenth of the available *Zakāh* resources can be collected in conformity with *Sharī'ah*. But the institution of *Zakāh* has seldom been considered a national anti-poverty policy, despite the government's strong commitment to fighting poverty.

Regarding social assistance, *Zakāh* could provide a significant source of income for the poor and vulnerable segments of society. In that vein, the authors find it astonishing that *Zakāh*, a method of eradicating poverty expressly recommended in the Holy *Qur'ān*, has been completely disregarded by all poverty reduction strategies and programs in Bangladesh. The majority of Muslims in Bangladesh are not sufficiently informed about or aware of the religious significance of *Zakāh* and its payment. Because of this, most individuals do not properly pay *Zakāh*. To that effect, the authors believe *Zakāh* being paid off by donations of alms voluntarily does not contribute to any effective socio-economic benefit.

The aforementioned review indicates that *Zakāh* is the missing piece of the funding component in the spending patterns of Bangladeshi households, as it is not perceived as a strategy to fight poverty in Bangladesh. There is an urgent need to present an innovative approach to *Zakāh* management. As such, it is necessary to assess the effectiveness of *Zakāh* fund management in the country.

1.8.2 *Zakāh* Management in Malaysia

In Malaysia, the *Zakāh* management and administration are institutionalised and under the control of the Islamic Religious Council (IRC) in each state. The IRC is responsible for the collection and distribution of *Zakāh* funds in that specific state. The organisational administration and structure of *Zakāh* practices vary from one state to the other. In terms of effectiveness and productivity of the collection and distribution of *Zakāh* funds, the Malaysian *Zakāh* administration has adopted technological usage to deliver its excellent services to the *Zakāh* payers and receivers.

In the Malaysian context, the first computerised and online *Zakāh* system was introduced and implemented by Lembaga Zakat Selangor (LZS). A study conducted by Azman Abdurrahman titled “*Jibāyah amwāl al-zakāh wa ṣarfihā fī Mālīziyā: hai'ah al-zakāh fī Salanjur namūdhajan*”, elaborates the process utilised by the Selangor *Zakāh* Authority of collecting and disbursing *Zakāh* funds and the factors that influenced Muslims across Selangor to pay their *Zakāh*. Additionally, the author examined the various methods of collecting and distributing *Zakāh* funds by the institution. Moreover, the study disclosed that Lembaga Zakat Selangor became Malaysia’s first corporate *Zakāh* institution that uses an electronic operating system to manage *Zakāh* funds besides the traditional method. The study suggested that awareness of the usage of the technological system is important to increase the *Zakāh* payers and receivers¹¹. This analysis will inform the current study by elucidating the digitisation initiatives enacted by LZS to streamline *Zakāh* collection and distribution processes.

Having recognised the significance of *Zakāh* as a tool for poverty eradication, LZS holds a pioneering position among the *Zakāh* institutions in Malaysia. An article titled “*The role of zakah in reducing poverty: a case study of Pusat Zakāh Selangor, Malaysia*”, describes how the *Zakāh* fund could be utilised properly to reduce poverty among the *Zakāh* recipients. The author examined the procedures of the institution in utilising the *Zakāh* fund and found that PZS (currently known as LZS) has made great endeavours in collecting and distributing *Zakāh* fund in Selangor state. Alongside enabling Muslims to maintain a sustainable life, their initiatives have reduced poverty

¹¹ Azman Ab Rahman, “*Jibāyah Amwāl Al-Zakāh Waṣarfihā Fī Mālīziyā: Hai’ah al-Zakah Fi Salanjur Namūdhajan*” (Ph.D. Dissertation, IIUM, Gombak, Selangor, 2010).

rates by changing the status from poor and needy to self-dependent¹². Although the author did not mention any digital methods for *Zakāh* collection and distribution by the organisation, the study provides valuable insights to the researcher about the changes in the economic conditions of individuals and families who have received *Zakāh* from Pusat Zakat Selangor over several years. This information allows for a more comprehensive understanding of the role of *Zakāh* in creating lasting change and breaking the cycle of poverty.

1.8.3 Contemporary *Zakāh* Collection and Distribution Issue

Zakāh, one of the social Islamic funding mechanisms, is unquestionably necessary to build a Muslim society. Bangladesh, a country with a significant Muslim population, is also accountable for maintaining its *Zakāh* earnings through effective collection and distribution. Three specific research papers were selected to demonstrate the correct and efficient *Zakāh* collecting and distribution procedure, including issues encountered and suggestions from a Malaysian viewpoint.

An empirical study by Yusoff and Sofrina found that efficient and effective *Zakāh* collection and distribution practices significantly boost economic growth. After examining the impact of *Zakāh* distribution on real GDP, the authors argue that *Zakāh* helps bridge the wealth and income gaps between the wealthy and the poor, promoting economic growth of the *ummah*¹³. Drawing upon the findings of this study, it is believed that Bangladesh can implement *Zakāh* as a tool for the economic development of the country if efficient and effective *Zakāh* collection and distribution can be established.

In terms of *Zakāh* administration aspects, Malaysia has established a well-structured framework for *Zakāh* payers and receivers. A study conducted by Raja Norhanani states that the present practice of *Zakāh* collection and distribution in the Malaysian Federal Territory largely complies with *Sharī'ah* standards and is regarded as satisfactory and excellent. This is because all the institutions strive to provide better

¹² Muhammad Amanullah, "The Role of Zakah in Reducing Poverty: A Case Study of Pusat Zakāh Selangor, Malaysia," in *Selected Issues in Islamic Banking and Finance*, 1st ed. (Gombak, Kuala Lumpur: IIUM Press, 2011), P 115–60.

¹³ Mohammed B. Yusoff, "Zakat Distribution and Growth in the Federal Territory of Malaysia," *Journal of Economics and Behavioral Studies*, (vol. 4, no. 8, 2012): P 449–56, viewed on 26th November 2022 from <https://doi.org/10.22610/jebs.v4i8.346>.

service to *Zakāh* management in their specific states. Raja Norhanani identifies how the systematic enhancement and development in *Zakāh* collection and disbursement avails the *Zakāh* payers as well as the recipients of the *Zakāh* fund. The study further demonstrates that proper *Zakāh* collection and distribution have been successful in the Malaysian Federal Territory¹⁴. Along the same vein, it can be argued that the current *Zakāh* situation in Bangladesh can be addressed by adopting a similar approach that the Federal Territory has used to collect and distribute *Zakāh*.

A case study conducted on *Zakāh* collection and distribution management in Terengganu by Shahirah and Habibur Rahman argued that efficient management of *Zakāh* can achieve its utmost goal. To achieve the highest performance of the *Zakāh* fund, *Zakāh* management must be overall efficient and transparent. Efficient distribution practices of *Zakāh* are so pivotal that failure to do so can cast doubt on the effectiveness and the success of the *Zakāh* institution. Explaining how effective *Zakāh* distribution involves collaboration, they evaluate MAIDAM's¹⁵ *Zakāh* collection and distribution procedure and identify the channels adopted by Maidam to appropriately collect and distribute *Zakāh* funds in conjunction with other organisations and institutions. The study advances the idea that *Zakāh* distribution through sustainable means can lead to eliminating the poverty line and reducing the economic disparity¹⁶. To that end, Bangladesh can profit from using *Zakāh* as a strategy for reducing poverty if the *Zakāh* management in the country can ensure that the distribution of *Zakāh* is being done among the proper individuals who can employ it productively.

1.8.4 E-Zakāh Management

The core concept of e-payment can be defined as transferring money from the payer to the recipient via an electronic system. An online communication channel is used to

¹⁴ Raja Norhanani binti Raja Norabidin Shah, "Zakah Collection and Distribution Framework in Federal Territory: A Study on Selective Islamic Banking Institutions" (Master's thesis, Gombak, Kuala Lumpur, IIUM Institute of Islamic Banking and Finance, 2016).

¹⁵ Maidam is Majlis Agama Islam Dan Adat Melayu Terengganu or Council of Islamic Religion and Malay Customs of Terengganu.

¹⁶ Md Habibur Rahman and Shahirah binti Mat Shaari, "Zakat Collection and Distribution Management: A Case Study of MAIDAM in Terengganu," *The Journal of Management Theory and Practice (JMTP)*, (vol. 2, no. 2, June 25, 2021), 44–50, viewed on 26th November 2022 from <https://doi.org/10.37231/jmtp.2021.2.2.108>.

initiate an exchange of funds, known as e-payment¹⁷. E-payment is usually made through an online transaction, where verification, validity, and approval are all done simultaneously, with most transactions involving web banking and credit cards. E-payment, on the other hand, is not limited to credit cards, debit cards, e-money, or online banking. Payments made at ATMs or bank counters are also considered e-payments as long as the customer transfers money using an electronic process. Several studies on the e-payment system explain the advantages and related issues regarding its developments over the years in online payments and its activities. The research work done by Khairul Rijal on “*Analysis of Online Portal and E-Payment Application Usage: A Case Study of BAZNAS Indonesia*”, emphasises that the development process for an effective website must be in line with the modern scenario and public use of the internet, and Web sites must be freely reachable and findable, particularly through web browser systems in connection with the globalisation of technological progress and the Internet as the most recent major medium¹⁸. The present research study, therefore, will critically determine factors that can influence the use of online channels to improve *Zakāh* fund collection in Bangladesh.

Another article titled “*Analysis of E-payment applications: A case study of one of the Zakat institutions in Malaysia*”, provides an extensive exposition about the benefit of electronic *e-Zakāh* payment systems in *Zakāh* organisations in Malaysia. It also explains the institution's online transaction performance, where the e-payment is thought to be capable of overcoming the majority of *Zakāh* payment constraints, such as distance, time, and parking issues. The findings from the article revealed that the most popular e-payment systems among the institution's customers are Internet banking, bank cards, and credit cards. The authors argued that there are no longer any excuses for Muslims to avoid paying *Zakāh*. This article also emphasises that e-payment can be considered one factor contributing to the increase and boost of *Zakāh* fund collections in Malaysia and other non-profit organisations because it provides numerous benefits

¹⁷ Mohammad Auwal Kabir, Siti Zabeth Saidin, and Aidi Ahmi, “Adoption of E-Payment Systems: A Review of Literature,” in *Proceedings of the International Conference on E-Commerce* (International Conference on E-Commerce, Kuching, Malaysia, 20-22 October 2015), P 112–20. viewed on 26th November 2022 from <http://www.icoec.my/>.

¹⁸ Khairul Rijal, “Analysis of Online Portal and E-Payment Application Usage: A Case Study of BAZNAS Indonesia,” (*International Conference of Zakāh*, Universitas Gadjah Mada, Yogyakarta, Indonesia, 15-16 November 2018), P 43–51, <https://doi.org/10.37706/iconz.2018.116>.

to both payers and recipients¹⁹. Although the authors did not mention the specific *Zakāh* institution name in their work, the article offers a framework to incorporate the adaptation of using the e-tools to determine the efficiency of *Zakāh* management and its administration. Therefore, it can be said that technological innovation should not be limited to the mainstream financial sector but can play an important role in public and non-financial sectors, such as *Zakāh* institutions, to achieve effective access to financial services²⁰.

Furthermore, it is undeniable that with the advent of technology, any user anywhere in the world can now enjoy online payment and information distribution very easily. In Malaysia, Shawal Kaslam was the first researcher to raise the issue of the implementation of *e-Zakāh* in *Zakāh* management. His article titled “*The Advancement of E-Zakat for Delivering Better Quality Service and Enhancing Governance Sphere of Zakat Institution in Malaysia*”, discussed the advantages of *e-Zakāh*, including how it improves the user's ability to quantify, communicate, and check *Zakāh* issues with the *Zakāh* institution, as well as how it enhances the efficacy of *Zakāh* information, management, and distribution. The author mentioned that in Malaysia, the majority of *Zakāh* organisations have already created an online internet system and *e-Zakāh* as a method of interacting with citizens and delivering its services. He stated that since 2002, Lembaga *Zakāh* Selangor has been developing web-based internet *Zakāh* and *e-Zakāh* as a strategy to improve the institution's operating performance. He also highlighted that the development of *e-Zakāh* by LZS has continued to enhance the quality of service through this system. It can also be transparent by publishing *Zakāh* information, particularly on the *Zakāh* collection and distribution process. It is key in gaining public trust and enhancing the *Zakāh* organisation's integrity²¹. To achieve a significant impact of *e-Zakāh* in Bangladesh from the experience of LZS Malaysia, this present research will study the application of *e-Zakāh* system in terms of its credibility, integrity, and effectiveness of services expanded to the *Zakāh* payers and receivers. The findings of

¹⁹ Nor Asiah Yaakub et al., “Analysis of E-Payment Applications: A Case Study of One of The Zakat Institutions in Malaysia,” *Journal of Techno-Social*, (vol. 8, no. 2, 2016): P 9–17.

²⁰ Muhamad Hasif Yahaya and Khaliq Ahmad, “Factors Affecting the Acceptance of Financial Technology among Asnaf for the Distribution of Zakat in Selangor- A Study Using UTAUT,” *Journal of Islamic Finance, IIUM Institute of Islamic Banking and Finance*, (vol. 8, 2019): P 35–46.

²¹ Shawal Kaslam, “The Advancement of E-zakat for Delivering Better Quality Service and Enhancing Governance Sphere of Zakat Institution in Malaysia” (World *Zakāh* Forum organized by BAZNAS, University Gajah Mada Yogyakarta, Indonesia, 30, 2009).

this research suggest that implementing the *e-Zakāh system* will considerably enhance the efficiency of the internal working processes of the *Zakāh* organisation, increase its performance, and strengthen its management in Bangladesh.

The prevalence of technology in today's world has brought about a shift in the way institutions grow and evolve. The conference paper titled "*Technology adaptation among Zakat institutions in Malaysia: An observation*", explains the advantages of using technology among the *Zakāh* organisations in Malaysia for *Zakāh* collection and distribution. The authors found that the majority of the *Zakāh* institutions in Malaysia use technology for *Zakāh* payment even though some shortages still exist in the usage of technology. They opined that much work must be done to improve *Zakāh* practice, become more creative and innovative through technology, and increase *Zakāh* fund execution. Moreover, this helps to identify the types of technology that the *Zakāh* institutions in Malaysia use in terms of the collection and distribution of *Zakāh*²². Considering the recommendations of this study, the researcher believes that the *e-Zakāh* technology is very useful for *Zakāh* institutions to become more efficient and effective in collecting and distributing *Zakāh* wealth to unprivileged people in society, which will increase public trust in the *Zakāh* institutions and their management. Therefore, the above study provides valuable insights into the current practices and challenges of e-applications for *Zakāh* by LZS.

Accordingly, another article titled "*Financial Innovation on Zakat Distribution and Economic Growth*", describes *Zakāh* as a *Sharī'ah* governance finance tool, which is advancing toward financial technology to speed up the collection and distribution of *Zakāh* funds. As the world enters the era of virtual knowledge-based economies and moves towards automation and artificial intelligence, the authors remarked that there is a growing need for cost-effective, efficient, transparent, and user-friendly ICT platforms to provide quality services²³. Given the findings that financial technology on

²² Marhanum Che Mohd Salleh and Muhamad Abdul Matin Chowdhury, "Technology Adoption among Zakat Institutions in Malaysia: An Observation," in *4th International Conference of Zakat proceedings* (4th International Conference of Zakat (ICONZ), Surabaya, Indonesia: International Conference of Zakat, 2020), P 1–14.

²³ Ummu Salma Al Azizah and Muhammad Choirin, "Financial Innovation on Zakat Distribution and Economic Growth" (International Conference of Zakat 2018 Proceedings, Universitas Gadjah Mada, Yogyakarta, Indonesia, 2018), P 31–42, viewed on 27th November 2022 from <https://doi.org/10.37706/iconz.2018.115>.

Zakāh collection and distribution in Indonesia has significantly improved, this present research seeks to determine the most operationally applicable financial technology services for streamlining *Zakāh* administration in Bangladesh.

It is widely believed that attitudes and behavioural intentions towards technology depend on the acceptance of the implementation of the system. In an article titled “*The application of unified theory of acceptance and use of technology (UTAUT) for predicting the usage of E-Zakat online system*”²⁴. The authors measure the awareness of *e-Zakāh* by using the UTAUT model. Alongside asserting that proactive technological advancement and innovation will eventually affect and change society's lifestyle, they argued that one of the most significant effects of technological adoption on society's lifestyle can be seen in the use of the *Zakāh* online system, also known as *e-Zakāh*. *E-Zakāh* is a website where *Zakāh* payers can update their *Zakāh* details, calculate their *Zakāh* amount, pay *Zakāh*, and track their *Zakāh* payment all from one place.

Since 30 May 2006, Lembaga Zakat Selangor (LZS) has been the first *Zakāh* organisation in Malaysia to use an internet payment system. In addition, the UTAUT model determines how the *e-Zakāh* online can be applied practically. The benefits of a system include an easy method of payment through a network without having to go to the *Zakāh* counter to update the *Zakāh* payment, the ability to save time and energy, and its accessibility 24 hours a day.

Another study on the user's awareness of the *e-Zakāh* system under the title “*An Exploratory Study of E-Zakat usage among Malaysian Academicians*”, examined the current situation of *e-Zakāh* utilisation in the state of Selangor. A questionnaire survey sent to academic personnel in Selangor-based universities revealed that 29% of *Zakāh* payers in the state do not possess sufficient information about *e-Zakāh* usage even though the system has been in place since 2002. Only a small percentage of respondents use the online system to pay *Zakāh*. The majority of *Zakāh* payers prefer to use the traditional way. Despite the advancement of technology of *e-Zakāh* in Malaysia, the study explains that, unfortunately, the learned personnel in Selangor were still unable

²⁴ Nurul Nadiyah Ahmad et al., “The Application of Unified Theory of Acceptance and Use of Technology (UTAUT) for Predicting the Usage of E-Zakat Online System,” *International Journal of Science and Research*, (vol. 3, no. 4, 2014): P 63–67.

to use the technology²⁵. Interestingly, another research was conducted by a group of researchers titled “*A Study of The Muslim Community Awareness of Financial Technology in Zakat*”, which provides a preliminary exploration of whether the Muslim community in Malaysia is conscious of such facilities. The research found that their level is satisfactory in terms of *Zakāh* knowledge and its obligation and significance. Unfortunately, their digital technology use and awareness of existing online *Zakāh* payments are insufficient²⁶. Therefore, these studies raise the question of whether technology usage awareness is one of the criteria for *e-Zakāh* management adaptation and can be applicable in Bangladesh.

Various scholars have argued in favour of the positive impact of implementing the *e-Zakāh* system. A research article titled “*Muslims Perception on Online Zakat Usage in Kuala Lumpur*”, investigates the elements that determine online *Zakāh* usage. The article found that trust is the most important factor besides accessibility and perceived ease of use in online *Zakāh* usage. The authors concluded that only when societies have established strong trust in the online system, will they increase their use of online *Zakāh*. Furthermore, as an Islamic institution, the *Zakāh* institution is governed by Islamic law and is expected to gain public trust in terms of its dependability and integrity; implementing online *Zakāh* is simply acceptable and user-friendly. An investigation of the factors that influence the decision to use online Zakah payment by Muslims in Selangor discovered that perceived usefulness, user satisfaction, and security or privacy are three important factors that influence the decision to use online *Zakāh* payment²⁷. The study titled “*Analysing the Drivers Affecting the Intention to Use Online Zakat Payment Among Muslim in Shah Alam*”, explains that perceived utility, satisfaction, and security are three factors that affect how adaptable users are to using

²⁵ Rusli Abdul Roni and Mahlindayu Tarmidi, “An Exploratory Study of E-Zakat Usage among Malaysian Academician” (Proceedings of the Fourth Asia-Pacific Conference on Global Business, Economics, Finance and Social Sciences, Kuala Lumpur, Malaysia, 2015), P 1–11.

²⁶ Mardhiyyah Sahri et al., “A Study of The Muslim Community Awareness of Financial Technology in Zakat,” *Kumpulan Artikel Zakat, Wakaf, Dan Filantropi Islam* (4th International Conference on Zakat, Waqf and Islamic Philanthropy, UiTM Shah Alam Selangor: Badan Amil Zakāh Nasional (Puskas BAZNAS), 2020), P138–43.

²⁷ Norhatini Jamaludin, Norazlina Abd Wahab, and Abu Bakar Hamed, “Muslims Perception on Online Zakat Usage in Kuala Lumpur,” *Journal of Muamalat and Islamic Finance Research*, (vol. 14, no. 1, 2017): P 55–71.

e-Zakāh payments²⁸. Drawing on these findings, the present research, therefore, will explore whether the context of Bangladesh is also similar to the usage of online payment in *Zakāh*.

Another paper titled “*E-Zakat: Redesign the Collection and Distribution of Zakat*”, explores several ‘*ulamā*’s (scholars’) views on the development of the *e-Zakāh* system. The authors confirmed that the *e-Zakāh* online system can make *Zakāh* collection and distribution more efficient and attract a larger number of payers to pay their *Zakāh*. The paper revealed that all religious scholars agreed and accepted that the *e-Zakāh* system is an effective major advancement, and they favour the system's progress. Furthermore, the research sheds light on several important recommendations to enhance the *e-Zakāh* system to facilitate *Muzakki* and *Mustahiq* (recipients) in a user-friendly condition²⁹.

A study titled “*Developing a modern Zakat management model digital technology 4.0 version*”, discusses the development of modern transactions on the *Zakāh* administration model for the *Zakāh* payment method in Indonesia. It emphasises that a new approach is required to collect *Zakāh*, accommodating modern transactions like Internet banking and other financial services. Within that context, the *Zakāh* center must work with several financial institutions, including Islamic banking, Islamic insurance, Islamic financial technology, and Islamic bond companies³⁰. Similarly, another article titled “*Determinants of digital Zakat payments: lessons from Indonesian experience*”, describes the positive impact of the intention to pay *Zakāh* through an online platform, where the most important practical factor influences the ease of connectivity to the system³¹.

²⁸ Noryati Ahmad, Roszahira Idayu Roslin, and Nur Fatin Syahira Nazrin, “Analysing the Drivers Affecting the Intention to Use Online Zakat Payment Among Muslim in Shah Alam, Selangor,” *International Journal of Islamic Business*, (vol. 6, no. 1, 2021): P 32–48.

²⁹ Mulyadi et al., “E-Zakat: Redesign the Collection and Distribution of Zakat,” in International Conference on Islamic Finance, Economics, and Business, *KnE Social Sciences*, (vol. 3, no. 8, 2018): P 433–52, viewed on 27th November 2022 from <https://doi.org/10.18502/kss.v3i8.2525>.

³⁰ Patria Yunita, “Developing A Modern Zakat Management Model Digital Technology 4.0 Version,” *AZKA International Journal of Zakat & Social Finance*, (vol. 2, no: 1, March 30, 2021), P 139–56, viewed on 27th November 2022 from <https://doi.org/10.51377/azjaf.vol2no1.47>.

³¹ Rahmatina Awaliah Kasri and Adela Miranti Yuniar, “Determinants of Digital Zakat Payments: Lessons from Indonesian Experience,” *Journal of Islamic Accounting and Business Research*, (vol. 12, no. 3, 2021): P 362–79, viewed on 27th November 2022 from <https://doi.org/10.1108/JIABR-08-2020-0258>.

Additionally, the research article “*E-Zakat: An Approach for Zakat Management to Eradicate Poverty*”, discusses the advantages of using an online *Zakāh* system. The authors developed their *e-Zakāh* web application to provide a faster and more highly developed system for *Zakāh* payers and seekers. Asserting that the *Zakāh* management in Bangladesh is in poor condition due to a lack of an online *Zakāh* system, the authors opine that as proper knowledge and awareness among the people are very limited, most of the payers prefer to pay their *Zakāh* individually. Consequently, the objective of *Zakāh* is not achieved properly³². As per the study, the *e-Zakāh* method is suitable for increasing public awareness of *Zakāh* management and administration.

To summarise, it can be said that the evidence presented demonstrates a common theme among researchers in *Zakāh* management. Owing to the universality of online technology, *e-Zakāh* has emerged as an innovative and efficient model for facilitating *Zakāh* administration through digital means. However, an analysis of the existing literature reveals that these electronic platforms and services have yet to be studied in detail or implemented in Bangladesh. To fill this gap, this study attempts to benchmark the LZS as a successful model for the *Zakāh* administration to be emulated and adopted in Bangladesh with the ultimate goal of poverty reduction in the country.

³² Md. Abdur Rouf et al., “E-Zakat: An Approach for Zakat Management to Eradicate Poverty,” *International Journal of Islamic Banking and Finance Research*, (vol. 8, no. 1, 2021): P 29–40, viewed on 27th November 2022 from <https://doi.org/10.46281/ijibfr.v8i1.1521>.

CHAPTER TWO

***FIQHI* ISSUES ON *ZAKĀH* MANAGEMENT AND CONTEMPORARY PERSPECTIVES**

2.1 INTRODUCTION

Zakāh is one of the fundamental principles among the five pillars of Islam. *Zakāh* is considered an Islamic economic system based on its legislation. The Holy *Qur'ān* and the Prophet's *sunnah* are the primary sources for this regulation. Various verses from the Holy *Qur'ān*, Prophetic texts, and the interpretations of both sources by Islamic scholars, are cited to demonstrate its function and guiding principles. Therefore, this chapter mainly highlights the *fiqhi* issues on *Zakāh* management and its contemporary aspects. Accordingly, the subsection of this chapter is structured as follows: Section 2.2 describes the principal concept of *Zakāh*. Section 2.3 discusses the objectives and goals of *Zakāh*. Sections 2.4 and 2.5 illustrate the *Zakāh* Collection Management and *Zakāh* distribution management issues. Section 2.6 explains the *Zakāh* institution and administration problems with its position in *Sharī'ah* and other contemporary aspects. Lastly, the final section, 2.7, concludes and summarises the chapter.

2.2 THE PRINCIPAL CONCEPT OF *ZAKĀH*

2.2.1 Literal Meaning of *Zakāh*

The Arabic word *Zakāh* is derived from the root *za-kaf-ya*, the word *zakaah* which refers to growing or increasing and becoming more enhanced and better¹. In *Al-Mu'jam al-wasīf*, the word *Zakāh* came from “*zakka*” which means blessings, increase, expansion, organise, and reform². Subsequently, it is also used to bless and purify the soul from all

¹ Yūsuf al-Qardāwī, *Fiqh Al Zakah: A Comparative Study of Zakah Regulations and Philosophy in The Light of Qur'an and Sunnah*, trans. Monzer Kahf, 1st ed., vol. 1, Islamic Economics Research Series, King Abdulaziz University-3 (Jeddah, Saudi Arabia: Scientific Publishing Centre, 2000), xxxix.

² Anīs Ibrāhīm, “*Al-Mu'jam al-Wasīf*” (Al-Qāhirah: Maktabat al-Shurūq al-Dawliyah, 2004). P 396.

sins³. In addition, *Al-Muḥīṭ* defines the word *zakaah* as purification, which indicates giving up on the right to one who deserves it⁴. Moreover, in *Lisān al-‘Arab*, the word *zakaah* means to prolong, and *Zakāh* refers to a well-known property purified and produced righteously⁵. Commonly, *Zakāh* in Arabic entails the process of cleansing or purifying anything filthy. Theologically, it pertains to cleansing an individual's soul through the practice of the *Zakāh*. In practical terminology, *Zakāh* is the action of donating a portion of one's wealth to specific categories of people under specific conditions. *Al-Isfahānī* describes *Zakāh* as the growth of resources and assets by Allah SWT's mercy and blessings⁶. It is evident that the word *Zakāh* has a similar meaning in every source and the meaning of the Arabic word *Zakāh* denotes to reproduce and to develop.

2.2.2 *Zakāh* Definitions from the *Sharī‘ah* Perspective

There are several definitions of *Zakāh* among the classical and contemporary scholars from the viewpoint of *Sharī‘ah*. The following definitions represent the different doctrines in Islamic jurisprudence. The explanation of *Aḥnāf* acknowledged that it is ownership of a specific portion of a specific amount of money on a particular person or group imposed by the Almighty for the purpose of His blessings and pleasure⁷.

According to the *Mālikīs*, it is offering out a specific portion of a certain amount of money that reaches the *niṣāb* for the person entitled to it, if the year and ownership have already passed⁸.

According to the *Shāfi‘īs*, a specific amount of money must be spent on a particular group or person⁹. In addition to the *Ḥanābilah*, *Zakāh* is an obligation on

³ Ibid, 187.

⁴ Al-Ṣāḥib ibn ‘Abbād, *Mu‘jam al-Muḥīṭ fī al-lughah*, (Bayrūt: N.p, 1994), P 34.

⁵ Muhammad ibn Mukarram Ibn Manzūr, *Lisān al-‘Arab*, vol. 6 (Bayrūt: Dār Iḥyā’ al-Turāth al-‘Arabī, 1999), P 64.

⁶ Rāghib al-Isfahānī, *Al-Mufradāt fī gharīb al-Qur‘ān*, vol. 1 (Dimashq: Dār al-Qalam, n.d), P 335.

⁷ Muḥammad Amīn ibn ‘Umar Ibn ‘Ābidīn, *Radd Al-Muḥtār ‘alā al-Durr al-Mukhtār Sharḥ Tanwīr al-Abṣār Fī Fiqh Madhhab al-Imām al-A‘ẓam Abī Ḥanīfah al-Nu‘mān*, vol. 2 (Bayrūt: Dār al-Fikr, 2000), P 2.

⁸ Shams al-Dīn Muḥammad al-‘Irfah Dasūqī, *Ḥāshiyat Al-Dasūqī ‘alā al-Sharḥ al-Kabīr*, vol. 1 (al-Qāhirah: Dār Iḥyā’ al-Kutub al-‘Arabīyah, n.d.), P 430.

⁹ Muḥyī al-Dīn Abī Zakariyā Yahyā ibn Sharaf al-Nawawī, *Al-Majmū‘ Sharḥ al-Muhadhdhab*, vol. 6 (Bayrūt: Dār al-Kutub al-‘Ilmiyah, 2002), P 454.

wealthy individuals that requires them to spend their money on a specific group at a specific time¹⁰.

These definitions indicate that *Zakāh* is a financial obligation that a Muslim must fulfil if certain conditions meet the requirements and that those in need receive its benefits if their conditions are reached. It is a financial obligation entrusted to the wealthy under specific conditions. To elaborate more, it can be said that the specific part refers to the amount of *Zakāh* determined by the *Sharī'ah*. The specific money on which *Zakāh* is required if it reaches the *niṣāb* of the percentage is based on the form of money, such as cash or property. As for the specific section or group, there are eight categories described in the Holy *Qur'ān*.

According to Dr. Yūsuf al-Qarḍāwī, it is “the determined share of wealth prescribed by God to be distributed among deserving categories. It is also used to mean the action of payment of this share”¹¹.

Abdul Aziz defines *Zakāh* “as a method to narrow the gap between and to achieve balance among the rich and the poor or to strike social justice”¹². Habib bin Tahir states that *Zakāh* refers to taking out a specific part of specific money that has reached the minimum number for those entitled to it if the possession and the year are complete¹³. The Encyclopaedia of Fiqh defines the *Zakāh* as a form of paying obligatory specific funds in a specific manner, and it is considered after reaching the year and the quorum¹⁴.

Hence, it is significant to mention that based on the definitions above, it can be said that *Zakāh* is a compulsory annual payment for a Muslim after reaching a quorum of money. It is a religious obligation to all Muslims once their wealth reaches a certain amount of money which helps as a tool to bridge the gap between the rich and poor. Subsequently, the term *Zakāh* indicates the portion of specific wealth identified for the

¹⁰ Muwaffaq al-Dīn ‘Abd Allāh ibn Aḥmad ibn Qudāmāh, *Al-Mughnī*, vol. 2 (Bayrūt: Dār al-Kitāb al-‘Arabī, 1983), P 433.

¹¹ Al Qardawi, *Fiqh Al Zakah*, vol.1, P 40.

¹² Abdul Aziz Bin Muhammad, *Zakāh and Rural Development in Malaysia*, (Kuala Lumpur: Berita publishing, 1993), P 3.

¹³ Al Ḥabīb Bin al-Ṭāhir Abd Allāh, *Al-Fiqh al-Mālakī Wa-Adallatuh*, 1st ed., vol. 2 (Ibnu: Dār Ibn Ḥazm, 1998), P 3.

¹⁴ Wizārat al-Awqāf wa-al-Shu’ūn al-Islāmīyah, *Al-Mawsū‘ah al-Fiqhīyah*, 3rd ed., vol. 23 (Al-Kuwayt: Dhāt al-Salāsīl, 1983), P 226.

poor to seek pleasure from Almighty Allah (SWT)¹⁵. Therefore, *Zakāh* is the mandatory payment made by Muslims from certain categories of their legal property for the benefit of the underprivileged and other listed classes of people¹⁶. Ultimately, for the benefit of the less fortunate, each Muslim community must transfer a fixed amount to a particular individual with certain terms and conditions, which have a significant effect on balancing their social and economic lives.

2.2.3 The Ruling of *Zakāh* and the Evidence of its Authenticity

There is no disagreement among Muslim jurists that *Zakāh* is one of the compulsory obligations of Islam and one of its core duties if certain conditions are met. It is an essential pillar of Islam, without which Islam would be incomplete. If prayer is a religious pillar, then *Zakāh* is its bridge. Therefore, the texts of the Holy *Qur'ān* came multiple times by mentioning the term *Zakāh* directly and clearly, and sometimes it was associated with prayer or in various ways. From among those verses, Allah mentioned:

﴿وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ وَارْكَعُوا مَعَ الرَّاكِعِينَ﴾ [البقرة: ٤٣].

"And establish prayer and give zakah and bow with those who bow [in worship and obedience]¹⁷"

It is demonstrated that the importance of performing the obligatory *Zakāh* is no less than the significance of establishing the prayer, and this evidence specifies this obligation.

﴿الَّذِينَ إِن مَكَّنَّاهُمْ فِي الْأَرْضِ أَقَامُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ وَأَمَرُوا بِالْمَعْرُوفِ وَنَهَوْا عَنِ الْمُنْكَرِ ۗ وَلِلَّهِ عَاقِبَةُ الْأُمُورِ﴾ [الحج: ٤١].

"[And they are] those who, if We give them authority in the land, establish prayer and give zakah and enjoin what is right and forbid what is wrong. And to Allah belongs the outcome of [all] matters"¹⁸.

¹⁵ Ziauddin Ahmad, *Islam, Poverty and Income Distribution: A Discussion of the Distinctive Islamic Approach to Eradication of Poverty and Achievement of an Equitable Distribution of Income and Wealth*, vol. 15, Islamic Economic Series (Nairobi, Kenya: Islamic Foundation, 1991).

¹⁶ P. J Bearman et al., *The Encyclopaedia of Islam. 11: V - Z*, vol. 11 (Leiden: Brill, 2002).

¹⁷ Qur'ān 2: 43.

¹⁸ Qur'ān 22: 41.

Admittedly, while defining *Zakāh* in *Surah tawbah*, the term *Ṣadāqah* is used to describe the obligation of *Zakāh* in its Qur’anic meaning¹⁹.

﴿إِنَّمَا الصَّدَقَاتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَامِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغَارِمِينَ وَفِي سَبِيلِ اللَّهِ وَابْنِ السَّبِيلِ ۖ فَرِيضَةً مِّنَ اللَّهِ ۗ وَاللَّهُ عَلِيمٌ حَكِيمٌ﴾ [التوبة: ٦٠].

In the context of this verse, the scholars affirmed that almsgiving means the money on which *Zakāh* is mandatory, and these are the *Zakāh*-eligible individuals for whom *Zakāh* funds are expended or disbursed.

2.2.3.1 Portrayal of *Zakāh* as *Ṣadāqah*

In the Holy *Qur’ān* and hadith, the term *Zakāh* is outlined very briefly as *Ṣadāqah*, and its plural word is *Ṣadaqat* which has been mentioned in the *Qur’ān* twelve times. The word *Ṣadāqah* comes from the root of *sidq*, and holds the actual meaning which indicates the truth, acceptance, support, and confirmation. The root *sidq* has different aspects consisting of *Ṣadāqah*, *tasaddaqa*, *sadaq*, *asdaq*²⁰. The word *Ṣadāqah* clearly involves giving away specific wealth and helping for the sake of Allah SWT, exemplifying one's faithfulness, and making one's belief in the revival of the hereafter²¹. Furthermore, the word is also used to cover other meanings, including performing virtuous works, helping hand, promoting good, and prohibiting evil²². Al-Māwardī states that “*Ṣadāqah* is *Zakāh* and *Zakāh* is *Ṣadāqah*; they are two names for the same thing”²³. However, Yūsuf al-Qarḍāwī mentioned that, in later Islamic history, *Ṣadāqah* was traditionally used to refer to only voluntary charitable contributions made to beggars and the destitute. It does not allow such a tradition to misguide and distract us

¹⁹ Qur’ān 9: 60.

²⁰ Al Qardawi, *Fiqh Al Zakah*, vol. 1, P xl-xli.

²¹ Muḥammad ibn ‘Abd Allāh Ibn al-‘Arabī, “*Aḥkām al-Qur’ān*” *Li-Ibn al-‘Arabī al-Mālikī*, ed. ‘Alī Muḥammad al-Bajāwī, 2nd ed., vol. 2 (n.p: ‘Īsā al-Bābī al-Ḥalabī, 1968), P 946.

²² Omer faruk Senturk, *Charity in Islam: A Comprehensive Guide to Zakāh*, trans. Erdinc Atasever, Islam in Practice (New jersey, 2007), P4.

²³ Ibn al-Farrā’ Abū Ya’lā Muḥammad ibn al-Ḥusayn, *Al-Aḥkām al-Sulṭānīyah*, ed. Aḥmad Jād. (Al-Qāhirah: Dār al-Ḥadīth, 2006).

from the meaning of the term at the time the *Qur'ān* was revealed as even the *Zakāh* collector and distributor is named *Muṣaddiq*²⁴.

2.2.3.2 Terminological Differences Between *Ṣadāqah* and *Zakāh*

The major distinction between *Zakāh* and *Ṣadāqah* is that *Zakāh* is an obligatory act with several terms and conditions, whereas *Ṣadāqah* is optional. *Ṣadāqah* can be classified into two ways which include *Ṣadāqah Taṭawwu'* and *Ṣadāqah mafrūḍah*²⁵. Generally, the word *Ṣadāqah* in *Sharī'ah* accommodates a large aspect of the meaning of life itself. As an Islamic terminology, the word can refer to the meaning that includes providing any offer, deed, or presentation where the reward is expected only from Almighty Allah²⁶. *Ṣadāqah* is characterised as any voluntary choice of righteousness or gratitude performed without expecting anything in exchange. There is no minimum level of *Ṣadāqah* that must be given, nor is there a requirement to give on a regular basis. *Ṣadāqah* can be divided into two types of acts of kindness: *Ṣadāqah* itself, which is a short-term gesture, and *Ṣadāqah jāriyah*, which is a long-term gesture. There are no requirements for what you must do to fulfil *Sadaqah*, and even something as simple as sharing your knowledge of Islam can be a gift that keeps on giving. Consequently, the outcome would be that "Every *Zakāh* is *Ṣadāqah*, although not every *Ṣadāqah* is *Zakāh*"²⁷.

The Arabic word for charity, *Ṣadāqah*, which means "benevolence," is used to refer to acts of generosity done solely to please Allah. *Ṣadāqah* varies significantly from *Zakāh* in that it is optional, whereas *Zakāh* is one of the tenets of Islam. Each selfless act constitutes a form of *Ṣadāqah*. Therefore, this voluntary generosity, which can be provided in tangible or immaterial forms, aims to promote a sense of community and social harmony and establish a feeling of brotherhood and togetherness among Muslims. The following table includes the various terminological differences between *Ṣadāqah* and *Zakāh*.

²⁴ Al Qardawi, *fiqh al zakah*, vol. 1, x1.

²⁵ Thomas B. Irving, *The Qur'ān: basic teachings*, 2., rev. ed (Leicester: Islamic Foundation, 1992), P 255.

²⁶ Qāsim Qūnawī, *Anīs Al-Fuqahā* (Jeddah: Dār al-Wafā', 1987), P 193.

²⁷ Senturk, *Charity in Islam: A Comprehensive Guide to Zakāh*, P 5.

Table 2.1 Terminological distinctions between *Ṣadāqah* and *Zakāh*

Several terminological distinctions between <i>Ṣadāqah</i> and <i>Zakāh</i> :	
Theory:	<i>Ṣadāqah</i> is a voluntary, non-mandatory charitable contribution, whereas <i>Zakāh</i> is an obligated payment imposed by Islamic law.
Characteristic:	<i>Ṣadāqah</i> is a general personal form of worship, not mandatory but highly encouraged and recommended, whereas <i>Zakāh</i> , being one of the pillars of Islam, is a required act of devotion and Islamic responsibility.
Assessment:	<i>Ṣadāqah</i> has no fixed rate or calculations, and the money received is entirely the decision of the giver, whereas <i>Zakāh</i> has a fixed estimate based on a specific percentage of a person's wealth.
Beneficiaries:	<i>Zakāh</i> is often given to specified types of receivers outlined by Islamic law, such as the destitute, the needy, and those in debt, whereas <i>Ṣadāqah</i> can be given to anybody in necessity.
Duration:	<i>Zakāh</i> is required once a year, commonly during the holy month of Ramadan, although <i>Ṣadāqah</i> can be provided anywhere at any time.
Requirements:	<i>Zakāh</i> is only necessary for individuals who meet particular financial conditions, such as possessing a certain amount of assets or income, but <i>Ṣadāqah</i> can be given by everyone, irrespective of their economic status.

2.3 THE OBJECTIVES AND GOALS OF *ZAKĀH*

2.3.1 Spiritual Perspective

For a Muslim, paying *Zakāh* purifies the soul spiritually. It cleanses the giver's soul and frees an individual from the selfishness and miserliness that are often related to wealth. According to Yūsuf al-Qarḍāwī²⁸: *Zakāh* works as a purifier of the soul that

²⁸ Al Qardawi, *Fiqh Al Zakah*, P 172.

trains to spend unselfishly and liberates from all the extreme love of wealth and slavery, material achievement, and property. Al Qarḍāwī explained that *Zakāh* payers in Islam are not seen as financiers, but as people who seek self-satisfaction and purification. He also added that they must free themselves from all forms of greed and attachment to material things.

Providing and spending *Zakāh* money on the needy and less fortunate people in society purifies one's soul. It enhances the low personality of fleshy desires with characteristics of kindness and generosity. Moreover, *Zakāh*, by concept, allows the person to abstain from material fascination. Stinginess, a destructive disorder, is defeated as the giver accepts the perception that what Allah (SWT) gives is to be invested in the way intended by Him. Subsequently, *Zakāh* is a process of purification of the soul where the *Zakāh* provider and the recipients rid themselves of all potential dirt of humiliation, envy, and hatred²⁹ and link the gap between the rich and the poor with brotherhood, a helping hand, and love of each other³⁰. Furthermore, *Zakāh* cleanses the performer's soul from the abominations of sin and purifies his morals by encouraging generosity and abandoning selfishness, thereby cultivating tolerance. Allah SWT has bestowed all kinds of grace on the rich and, thanking and appreciating Allah SWT for his endless gracing is legally and logically convenient³¹. Therefore, sharing assets is essential in Islam for achieving social harmony, meaning that the poor and needy can indeed be helped through the *Zakāh* distribution.

It can be said that those who spend on *Zakāh* can find spiritual pleasure and satisfaction. Spiritual enlightenment can be achieved only by individuals who are convinced that by paying *Zakāh*, they are obeying Allah's order without hesitation or unwillingness.

²⁹ Senturk, *Charity in Islam: A Comprehensive Guide to Zakāh*, P 31-33.

³⁰ Al Qardawi, *Fiqh Al Zakah*, P 169-171.

³¹ Alā' al-Dīn Abī Bakr ibn Mas'ūd ibn Aḥmad al-Kāsānī, "*Badā'i' al-Ṣanā'i' Fī Tartīb al-Sharā'i'*", 2nd ed., vol. 2 (Bayrūt: Dār al-Kutub al-ʿIlmiyah, 1986), P 3.

2.3.2 Religious Perspective

In Islam, *Zakāh* is one of the religious, compulsory obligatory acts and is ranked as the third pillar of Islam. The mention of *Zakāh* was specially made alongside *Salah* by the Prophet (SAW) compared to other pillars of Islam. Several *Aḥādīth* attest to this special place *Zakāh* enjoys in Islam. There are several Quranic verses and hadith of the Prophet indicating the importance of the responsibilities informing the obligation of *Zakāh*. It has been also confirmed by the *ijmā'* of Muslim scholars. In *Badā'i' al-ṣanā'i*: “As for the agreement, the nation has unanimously agreed on its obligation”³².

It is worth noting that the Quranic verses indicating its confirmation appeared in a variety of ways. It sometimes came in the context of commanding it, sometimes in the form of praising its authority, sometimes in the form of explaining some of its wisdom and secrets, and sometimes in the form of warning against negligence in it, as well as in several hadiths, the Sunnah follows the *Qur'ān* in clarifying the obligation of *Zakāh*³³.

The provision of a range of punishments associated with neglecting the payment of *Zakāh* underscores its status in Islam and, by default, in the life of a Muslim. As far as the status of *Zakāh* is concerned, *Sharī'ah* strongly condemned and warned against with punishment for those who deny the payment of *Zakāh*. Qardāwī argued that the threat of harsh punishment in the hereafter life is intended to revive hidden spirits and shake ungenerous souls, providing both positive support and apprehension of punishment³⁴.

Paying *Zakāh* is a matter of helping the weak and appreciating the helpless, as well as strengthening to perform the acts of worship that the Almighty has made compulsory, and the means to perform the obligation is imposed. Hence, *Zakāh* is obligatory and cannot be avoided from what is known about the religion by necessity. As stated by Al-Shawkānī, “the requirement of *Zakāh* is a clear matter in *Sharī'ah*”³⁵.

³² Al-Kāsānī, *"Badā'i' al-ṣanā'i' Fī Tartīb al-Sharā'i"*, 2nd ed., vol. 2., P 45.

³³ Faḍl Ḥasan ‘Abbās, *Anwār Al-Mishkāh Fī Aḥkām al-Zakāh*, 1st ed. (‘Ammān: Dār al-Furqān, 1988).

³⁴ Al Qardawi, *Fiqh Al Zakah*, P 18.

³⁵ Muḥammad ibn ‘Alī al-Shawkānī, *Nayl Al-Wṭār*, ed. Sayyid al-Ṣabābiṭī., 1st ed., vol. 4 (al-Qāhirah: Dār al-Ḥadīth, 1993), P 114.

2.3.3 Economic Perspective

Zakāh is one of the core strengths of the Islamic finance system. From the economic perspective, “*Zakāh* is a transfer earning which involves the transfer of cash originally or by conversion from the wealthy segment of the society to the destitute”³⁶. *Zakāh*, as Monzer Kahf explains, aims to achieve two significant economic targets. It promotes socio-economic justice and development in society³⁷. This enhances the distribution of wealth to people experiencing poverty, allowing them to optimistically contribute to the economic cycle, which assists economic expansion and the well-being of everyone else.

Moreover, *Zakāh* is imposed on a variety of assets, including bank deposits. If it is not invested for an extended period, *Zakāh* will contribute to a reduction in investment. Hence, paying *Zakāh* on a yearly basis can act as motivation for people to invest their spare cash. As a matter of fact, *Zakāh* stimulates the economy, which can ultimately boost economic expansion³⁸. The significance of *Zakāh* depends on efficiently and successfully transferring surplus income from the wealthy to the poor, preventing even further accumulation of resources by a few hands and causing it to cycle through multiple different sections³⁹. This *Zakāh* fund process will promote positive economic well-being by reducing income disparities and helping the poor⁴⁰. Therefore, *Zakāh* can play an important role in fostering long-term economic improvement and financial participation by providing a more efficient and effective manner of redistributing wealth⁴¹.

It can be said that though *Zakāh* is not mandatory for all Muslims, it is a compulsory obligation for wealthy Muslims who possess *Ṣāhibi niṣāb* as determined by *Sharī'ah*. Distinctly, *Zakāh* establishes a thorough social, financial, and care support

³⁶ M. Zourul Islam, *Al Zakah, A Handbook of Zakah Administration* (Dhaka: Bangladesh Institute of Islamic Thought (BIIT), 1999), P 39.

³⁷ Kahf, Monzer. "Zakat: Unresolved issues in the contemporary fiqh." *IIUM Journal of Economics and Management*, (vol. 2, no. 1, 1989): P 3-4.

³⁸ Abdullah TM Al-Utaibi, "Towards a Unified System of. *Zakāh* Accounting: The Case of the. GCC Countries" (Doctoral dissertation, Cardiff Business School, Cardiff University, 1999), P 104-105.

³⁹ Islam, *Al Zakah, A Handbook of Zakah Administration*, P 40.

⁴⁰ Ahmad Fahme Mohd Ali et al., "The Effectiveness of Zakat in Reducing Poverty Incident: An Analysis in Kelantan, Malaysia," *Asian Social Science*, (vol. 11, no. 21, July 6, 2015): P 355, viewed on 28th November 2022 from <https://doi.org/10.5539/ass.v11n21p355>.

⁴¹ Elleriz Aisha Khasandy and Rudy Badrudin, "The Influence of Zakat on Economic Growth and Welfare Society in Indonesia," *Integrated Journal of Business and Economics*, (vol. 3, no. 1, January 5, 2019): P 76, viewed on 28th November 2022 from <https://doi.org/10.33019/ijbe.v3i1.89>.

system that is incomparable to most social insurance and social security systems in our mainstream secular and economic-based countries. Still, it is a special mechanism that does not require any dues or financial contribution from its rightful person to gain coverage or qualify for payment.

Imam Razi presented several rationales regarding the relationship between the rich's wealth and the poor's rights.

A. If a person acquires enough money to meet his needs, he has more right towards it. He is as rightful to the money as everyone who is in need. Since he has strived more to acquire that money than other needy, he has more control over that money than others.

B. The objective of earning money is defeated when people keep an excessive amount for themselves. And that is an attempt to stop the wisdom and mercy of Allah STW from reaching His servants, which is not allowed. So, Allah commanded people to spend some of the money on the poor so that His wisdom does not go to waste.

C. An impoverished individual is among those dearest to Allah. Since the money in the hands of the affluent is Allah's inheritance, they are merely custodians of this wealth. Islam has balanced *Zakāh* on wealth. It focuses on the efforts of the rich and the rights of the poor. In this case, Islam did not eliminate the rich and did not ignore the poverty of the poor⁴².

2.3.4 Social Perspective

Zakāh has a significant social impact, largely by bridging the gap between the rich and the poor. It is a pathway through which resources are distributed among the needy in the community to ensure that everyone has a minimum level of living standards. Admittedly, *Zakāh* is a fundamental tool as a social welfare placed on the wealthier

⁴² Fakhr al-Dīn al-Rāzī, *Tafsīr Maḥāṭib Al-Ghayb*, 3rd ed., vol. 16 (Bayrūt: Dār Ihya' al-Turāth al-‘Arabī, 1420h), P 79-80.

members of Islamic society and more stable and successful organisations to assist in ending the gap between the rich and the poor⁴³.

Islam mandates two characteristics for the togetherness of the *ummah*. Firstly, the person is an important part of his community and owes it just as much respect as the community does to him. Given that true faith cannot be attained unless one loves his brother as one loves oneself, this togetherness encompasses both material and spiritual dimensions. According to the teachings of the Prophet (SAWS), whoever has an abundance of wealth is obligated to provide for those who lack it. Second, Allah designated it as every Muslim's duty to protect the poor's claim to the riches of the rich. As a result, *Zakāh* is not dependent on the wishes of the wealthy. The wealth bestowed upon the individual is from Allah and when the needy receive it, it has reached its rightful owner. As Allah has intended it to be among humanity, this social and economic system is anticipated to gain greater benefit from the proper implementation of *Zakāh*.

The annual lump sum of *Zakāh* that is given to people in need should be enough to keep the beneficiary out of abject poverty. The recipient of the *Zakāh* may also decide to invest it as capital to generate income from it because investment fosters growth and eventually turns the recipient into a giver. If the recipient is unable to work or invest, the money should be utilised to cover his expenditure. This raises the level of living by stimulating supply and demand for the economic benefit of the commercial sector⁴⁴.

As a societal obligation that Allah imposed on the wealthy, *Zakāh* serves two distinct social purposes: facilitate social justice and lessen reliance on others⁴⁵. One of the main goals of this important tenet of Islam is to lessen income inequality in society through social welfare. As the impoverished can exercise their right to use the *Zakāh* money to spend on necessities, it not only provides a fair distribution of income to the needy but also opens the door to economic opportunities. This does not indicate that the less fortunate citizens in society should endlessly always rely upon this *Zakāh* fund. In

⁴³ Rashidah Abdul Rahman and Rohila Awang, "Assessing Business *Zakāh* At Pusat *Zakāh* Selangor: Between Theory and Practice," *Journal of Financial Reporting and Accounting*, (vol. 1, no. 1, January 6, 2003): P 33–48, viewed on 28th November 2022 from <https://doi.org/10.1108/19852510380000666>.

⁴⁴ Mahmoud Abu-Saud, *Contemporary Zakāh* (Ohio: *Zakāh* and Research Foundation, 1988), P 40.

⁴⁵ Mohammad Habibullah, "The Role of Zakat Towards Poverty Reduction: An Analytical Study from The Contemporary Tafasir" (A Thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy of Islamic Revealed Knowledge and Heritage, Gombak, Kuala Lumpur, IIUM, 2018), P 31-34.

Islam, each able Muslim is required to earn a living by working. *Zakāh* proceeds are only intended to increase the earnings of the poor to cover the bare necessities of life.

Islam places a strong emphasis on exerting oneself and generating one's own income as opposed to relying on others for support. Furthermore, Islam forbids begging and clearly distinguishes between those in need and those who make begging their livelihood. Although the goal of *Zakāh* is to aid the destitute, it prohibits beggars from being wholly dependent on the financial assistance given. Evidently, the poor who struggle to make a living are the true beneficiaries of *Zakāh*. The *Zakāh* fund is set aside for the truly impoverished since begging is not seen as a means of living⁴⁶.

2.4 ZAKĀH COLLECTION MANAGEMENT ISSUES

2.4.1 The Concept of *Zakāh* Collectors

There is some uncertainty concerning the administrative component deducted by *Zakāh* institutions and the share of *Zakāh* proceeds they get. Along with their *Zakāh* percentage, the *Zakāh* collectors must also know what portion they are allowed to take. It is necessary first to define the concept of workers on *Zakāh*, as well as the Muslim jurist opinion on it.

The word '*Āmil* in Arabic is derived from the verb *Amila-Ya'malu-A'milan*. the meaning indicates asked to work, to work, and interrupted at work: to take over the work⁴⁷. And it is said: I did it as a deed: I made it, and I worked on charity: I sought to collect it, I asked him to work. The word '*Āmil* is singular, plural is *u'mmal*, and *a'miloun*, the performers or doer⁴⁸.

According to *Ibn al-Athīr al-Jazarī*: '*Āmil* is (the worker): the one who manages a person's money, property, and work, and it was said of him that the one who collects

⁴⁶ Sheriff Muhammad Ibrahim, "The Role of Zakat in Establishing Social Welfare and Economic Sustainability," *International Journal of Management and Commerce Innovations*, (vol. 3, no. 1, April 2015): P 437–41.

⁴⁷ Muḥammad ibn Abī Bakr ibn 'Abd al-Qādir al-Rāzī, *Mukhtār Al-Ṣiḥāḥ* (Bayrūt: al-Maktabah al-'Aṣrīyah, 1999), P 218.

⁴⁸ Aḥmad ibn Muḥammad Al-Fayyūmī, *Al-Miṣbāḥ al-Munīr*, vol. 2 (Bayrūt: al-Maktabah al-'Ilmīyah, n.d.), P 430.

Zakāh is a worker⁴⁹. The jurists agreed that *‘āmil* is one of the *Zakāh* beneficiaries, but they had different thoughts regarding what it meant with these interpretations. The following are the viewpoints of the scholars representing each of the four schools of thought: *‘Āmil* has multiple definitions by the various schools of Fiqh. The definition of *‘āmil* according to the *Ḥanafī* and *Ḥanābilah* schools is the individual who, after being chosen as the head of the *Zakāh* collection, will be given a portion of the *Zakāh* money based on the kind of service he performs.

The *Mālikī* school defines *‘āmil* as a group that is qualified to receive *Zakāh* money once it has satisfied its commitment to collect, report, and distribute *Zakāh* funds. Though in this instance, an *‘āmil* from a low socioeconomic background will be given twice as much: first as the poor, then as *‘āmil*. In the *Shāfi‘ī* school, the term "*‘āmil*" refers to anyone who helped with the distribution and collection of *Zakāh*, including collectors, writers, gatekeepers, and distributors⁵⁰. Al-Ghazali further defines *‘āmil* as the group that collects *Zakāh*⁵¹.

A document published by a group of researchers opines that the many scholars' definitions of *‘āmil* indicate the importance of the function of those who carry out *Zakāh*. The definition includes people participating in the administration of *Zakāh*, those who collect, store, and keep records, and those who distribute the money raised for *Zakāh* to its beneficiaries⁵².

Reflective of its significance, *‘āmil* is appointed by the head of state or government to collect, hold, transport, and administer *Zakāh* from the possessor of wealth⁵³. *Ṣāliḥ Al-‘Uthaymīn* noted: "The collectors are the ones who take it from the people, and the keepers are the ones who maintain it and distribute and disseminate it to the persons"⁵⁴.

⁴⁹ Ibn al-Athīr al-Jazarī, *Al-Nihāyah Fī Gharīb al-Ḥadīth Wa-al-Athar*, vol. 3 (Bayrūt: Dār al-Kutub al-‘Ilmiyah, 1979), P 300.

⁵⁰ ‘Abd al-Raḥmān al-Jazīrī, *Al-Fiqh ‘alā al-Madhāhib al-Arba‘ah*, 2nd ed., vol. 1 (Bayrūt: Dār al-Kutub al-‘Ilmiyah, 2003), P 562-566.

⁵¹ Abū Ḥāmid al-Ghazzālī, *Iḥyā’ ‘ulūm Al-Dīn*, vol. 1 (Bayrūt: Dār al-Ma‘rifah, 2004), P 222.

⁵² Muḥammad Hasbi Zaenal et al., "Principles of Amil *Zakāh* and Best Practice Recommendations for *Zakāh* Institutions" (Badan Amil *Zakāh* Nasional (BAZNAS), 2016, P 5.

⁵³ Abū Bakr Jābir al-Jazā’irī, *Minḥāj Al-Muslim*, 1st ed. (Al-Madīnah: Maktabat al-‘Ulūm wa-al-Ḥikam, 1994), P 240.

⁵⁴ Muḥammad Ṣāliḥ al-‘Uthaymīn, *Al-Sharḥ al-Mumtī ‘alā Zād al-Mustaqni’*, 1st ed., vol. 6 (Dammām: Dār Ibn al-Jawzī, 2002), P 225.

2.4.2 Requirements of *Zakāh* Collectors

As mentioned earlier, the term "workers of *Zakāh*" refers to those who collect *Zakah* from the wealthy and bring it to the treasury, maintain it, safeguard it, calculate it once it becomes available, and ultimately disburse it to those in need. Owing to the Quranic text, the *‘āmil* of *Zakah* is among the eight groups eligible to receive a certain portion of the *Zakah*. Hence, *Zakāh* collectors must fulfil several obligations and possess several attributes to perform their duties properly. Muslim jurists outlined several conditions that the *Zakah* *‘āmil* must fulfil. These include being accountable, being a decent adult, being free (not a slave), possessing uprightness, being trustworthy, being religious, and adhering to the commands of Almighty Allah. Al Qarḍāwī asserts that being a Muslim is also a requirement for carrying out this important pillar of Islam when it comes to the qualifications of individuals who can be designated as *Zakāh* collectors and distributors⁵⁵.

Similarly, *‘āmil* must be knowledgeable of Islamic law, *Zakāh* rulings and regulations, and *Zakāh* management expertise to handle *Zakāh* effectively. Moreover, the *Qur’ān* mentions a need of being trustworthy with high morals and ethics that might serve as a deterrent against fraud and anomalies in *Zakāh* fund management⁵⁶.

It is prohibited for *Zakāh* collectors, also known as *Zakāh* agency employees, to take gifts from *muzakkies* (*Zakāh* payers). Furthermore, they are required to strictly deposit every *Zakatable* item or its equivalent into the *Zakāh* fund. The acceptance of gifts by collection authorities is regarded as bribery. This can affect how much *Zakāh* is to be paid by the payers, harming the legitimate recipients of the funds⁵⁷.

2.4.3 The Role of *Zakāh* Collectors and the Government in *Zakāh* Collection

Zakāh, which should have its own treasury and administrative body, must, in theory, be managed by the Islamic government. Since Allah prescribes its allocation in the *Qur’ān*, it must be managed independently. Considering that Islam is a religion comprising of a

⁵⁵ Al-Qarḍāwī, *Fiqh Al Zakah*, P 26.

⁵⁶ Zaenal et al., "Principles of *Amil Zakāh* and Best Practice Recommendations for *Zakāh* Institutions, P6.

⁵⁷ Al-Qarḍāwī, *Fiqh Al Zakah*, P 20.

moral and legal framework, the State oversees the mechanism for collecting and disbursing *Zakāh*. Al Qarḍāwī, in his *Fiqh Al-Zakāh*, cites Qur'anic verses as well as sayings from the Prophet (SAWS) and his companions to assert that *Zakāh* is a state-run organization for social welfare.

It is understood that not all wealthy people will be aware of their *Zakāh* obligations. Similarly, there will be people whose stinginess trumps their understanding of how much they must provide. Therefore, *Zakāh* collectors are essential for spreading awareness of it and obtaining it. After the destitute and the needy, the *Qur'ān* identifies those who are responsible for *Zakāh* collection and distribution as the third group to get *Zakāh* to stave off *Zakāh* workers from trying to levy additional charges for their own advantage. This alone is indisputable evidence that collecting and distributing *Zakāh* is not a personal endeavour but rather the responsibility of an institution run by skilled and salaried staff. It is the duty of the State and a component of the social order of the Muslim State to appoint *Zakāh* collectors and distributors. For the convenience of *Zakāh* payers to make payment plans, it is best if the authority designates a specific month once a year. Like taxation, *Zakāh* collection involves compiling data on *Zakāh* payers and their Zakatable commodities, collecting *Zakāh* money or its equivalent, and keeping payments in the appropriate manner.

2.4.4 *Zakāh* Collector's Responsibilities on the Growth of the *Zakāh* Fund

The responsibility of the *‘āmil* extends beyond merely overseeing the *Zakāh* monies to ensuring that they are managed properly through Good *‘Āmil* Governance (GAG). Through organizational structure and essential strategies in the decision-making process, GAG is a set of management practices aiming at transparency, accountability, independence, responsibility, and professionalism⁵⁸. *‘Āmil*, however, is not to perform his mission alone. Effective *Zakāh* management entails collective governance, and

⁵⁸ Irfan Syauqi Beik, Muhammad Hasbi Zaenal, and Muhammad Quraissy, “Technical Notes on Good *Āmil* Governance for Zakat Institution”, National Board of Zakat of the Republic of Indonesia (BAZNAS), October 29, 2016.

strong governance is a crucial condition for the *Zakāh* fund to achieve its objective⁵⁹. Increasing the *Zakāh* fund through good governance procedures for the benefit of the legitimate recipients of *Zakāh* rests with appointed '*āmil*s. The seriousness of the responsibility that an '*āmil* is required to carry out is demonstrated by the importance that jurists place on a person's understanding of *Zakāh* administration, its rules, and regulations as one of the initial criteria for selection as an '*āmil*.

An article by Adnan alleges that one of the crucial factors responsible for *Zakāh* underachieving its true potential of alleviating poverty is the incompetence or lack of professionalism among '*āmil Zakāh*. Moreover, appointing skilled and knowledgeable *amil* can maximize the effectiveness of *Zakāh* and ultimately abolish poverty in Muslim society. Before being appointed, '*āmil* must fulfil at least three fundamental requirements since they oversee the *Zakāh* fund's expansion. '*Āmil* must first have a thorough understanding of *Zakāh* legislation. The second is knowledge of the basic ideas and methods of management, especially *Zakāh* management because *muzakkies* entrust them with handling enormous sums of money. Thirdly, '*āmil* must be aware of fundamental concepts of accounting. Mastery of standard accounting procedures is a core skill for the appointed '*āmil*, as accurate record-keeping, tallying, and computation of the *Zakāh* amount for distribution to the rightful recipients as prescribed in the Qur'an depends on the proper execution of these procedures. '*Āmil* who lack these basic criteria weaken the original purpose of *Zakāh* in alleviating poverty; the goal of *Zakāh* can be efficiently achieved when '*āmil* can carry out their task competently⁶⁰.

To ensure *Zakāh* reaches its true potential, *Zakāh* institutions must implement GAG through regular assessment of its policies. As mentioned in the Technical Notes article, *Zakāh* institutions shall have three aspects⁶¹.

⁵⁹ Azman Ab Rahman, Ahmad Anis Muhd Fauzi, and Abdulsoma Thoarlim, "The Development of An Integrated Model For Amil Zakat In Malaysia," *International Journal of Islamic Business Ethics*, (vol. 1, no. 2, September 6, 2016): P 131, viewed on 25th November 2022 from <https://doi.org/10.30659/ijibe.1.2.131-142>.

⁶⁰ Muhammad Akhyar Adnan, "The Need of Establishment of Professional Amil *Zakāh* to Enhance the Future *Zakāh* Development," *International Journal of Zakāh*, (vol. 2, no. 1, May 19, 2017): P 71–79, viewed on 29th November 2022 from <https://doi.org/10.37706/ijaz.v2i1.16>.

⁶¹ Beik, et al., "Technical Notes on Good *Āmil* Governance for *Zakāh* Institution", P 8-13.

“(1) assessment and supervision procedure of the GAG implementation, (2) indicators and measurement tools to assess and supervise the GAG implementation, and (3) reward and corrective actions system in implementing GAG”.

In addition, the board and management committees of *Zakāh* institutions must undertake the following five tasks for GAG. Firstly, they must begin by authorising and actively monitoring the *Zakāh* supervision direction and strategy. Furthermore, they must promote and propagate Islamic standards of behaviour. Third, they must develop suitable criteria for choosing ‘*āmil* officers, including those with moral character, integrity, and mastery of the three fundamental fields (*Zakāh* collection, *Zakāh* disbursement, and financial management). Fourth, they must establish strict control measures and regulations regarding conflicts of interest. Finally, they shall guarantee that ‘*āmil* governance is functional throughout the full management of the *Zakāh* organisations. The explanation up to this point demonstrates that the level of professionalism displayed by ‘*āmil* is nearly entirely responsible for the success or failure of *Zakāh* management.

2.5 ZAKĀH DISTRIBUTION MANAGEMENT ISSUES

2.5.1 Eligible Group for Receiving *Zakāh* Fund

The people who are entitled to receive *Zakāh* are described in detail in the Holy *Qur’ān*.

Allah states in the *Surah al-Tawbah* verse sixty:

﴿إِنَّمَا الصَّدَقَاتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَامِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبُهُمْ وَفِي
الرِّقَابِ وَالْغَارِمِينَ وَفِي سَبِيلِ اللَّهِ وَابْنِ السَّبِيلِ ۖ فَرِيضَةً مِّنَ اللَّهِ ۗ وَاللَّهُ عَلِيمٌ
حَكِيمٌ﴾ [التوبة: ٦٠].

“*Zakāh* expenditures are only for the poor and for the needy and for those employed to collect [*Zakāh*] and for bringing hearts together [for Islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allah and for the [stranded] traveller - an obligation [imposed] by Allah. And Allah is Knowing and Wise”⁶².

⁶² Al-Qur’ān 9:60. For the translation purpose of the Qur’anic verses, this study pertains to all the translations of the verses from the Sahih International website of the *Qur’ān*.

The above verse clearly specifies the eight groups of individuals who are qualified to be nominated for *Zakāh* distribution. The understanding of these groups is derived from the well-known book "*Fiqh al-Zakāh*," written by Dr. Yousuf Al-Qardawi⁶³.

In the verse from the *Qur'ān*, it is mentioned that the People who fall into the first and second categories of *aṣṇāf*, poor (*Faqīr*) and needy (*Miskīn*), are typically grouped together. The four leading Islamic jurists cannot seem to determine whether the impoverished or the needy are in worse shape. When compared to *Mālikīs* and *Ḥanafīs*, *Shāfi'īs* and *Ḥanābilah* believe the former category to be the worse off.

Scholars are still divided over how to define these two concepts. Broadly speaking, *Shāfi'īs*, *Ḥanābilah*, and *Mālikīs* classified a poor person as one whose money and income fall far short of meeting his or her basic needs, while a needy person is one whose resources and earnings fall far short of fulfilling their vital needs.

The third category of workers are referred to as *Zakāh* managers. Since they receive cash payments or salaries in exchange for their work, they are entitled to a percentage of the *Zakāh* money to prevent any improper *Zakāh* administration.

Both non-Muslims and recent Muslim converts fall under the category of the fourth *aṣṇāf*, or people whose hearts are being reconciled. The non-Muslim population could be split into two more groups: (i) those who are on the verge of converting to Islam, and (ii) those who pose a threat to Muslims. In the hopes that doing so will entice these non-Muslim groups to convert to Islam and deter them from harming other Muslims, the *Zakāh* payments are distributed to these non-Muslim organisations. Those who have recently converted to Islam and need to deepen their Islamic beliefs are referred to as newly Muslim converts.

In the fifth *aṣṇāf*, the term "slave release" might mean either (i) using *Zakāh* payments to free a bonded slave or (ii) liberating an uncontracted slave. The former relates to facilitating a slave who has first reached an understanding with their master pursuant to which the slave will be granted freedom upon the master's payment of a specified sum. Thus, by contrast, it refers to purchasing a slave from their master using

⁶³ Al-Qaraḍāwī, *Fiqh Al Zakah*, P 5-80.

Zakāh monies and liberating them. The liberation of Muslim prisoners of war who have been captured by the enemy, however, may be the subject of this *aṣnāf* given that slavery is no longer practised in the modern day. It could mean freeing individuals from the degrading and oppressive nature of colonial rule.

It is also possible to assist those who are in debt (sixth *aṣnāf*) by utilising *Zakāh* donations to pay off their debts. As per *Mālikīs*, *Ḥanābilah*, and *Shāfi'īs*, this group can be separated into two more subcategories. They fall into two categories: those whose debts are due to personal issues, and those whose debts are due to their social and political obligations. *Zakāh* monies can only be given to the first group of people if (i) their income is insufficient to cover their basic requirements and debts, (ii) their debts are for legal obligations recognised by Islamic law, (iii) they must be paid off soon, and (iv) the debts are not liabilities with Allah, such as *Zakāh* debts, but rather liabilities to other people.

Regarding the second group (debts resulting from social or political obligation), *Zakāh* monies may be provided to them even though they are wealthy.

The recipients in this category (seventh *aṣnāf*) include those who are in the cause of Allah. The Prophet (SAWS) and his Companions used the phrase "*sabil Allah*" to refer to *jihād* in several reliable sayings. Al-Qarḍāwī, however, is certain that *jihad*, in this instance is not limited to military engagement. *Jihād* for Allah (SWT)'s sake encompasses both verbal and written advocacy of His cause in addition to physical combat. As much as it might be a military endeavour, *jihād* can also be a political, social, economic, or journalistic activism. It is reasonable to assume that the primary need for all forms of *jihād* is to do the deeds in a way that elevates Allah (SWT)'s word above all else.

The wayfarers make up the final group of *Zakāh* beneficiaries. Irrespective of their level of wealth, it refers to anyone who is travelling and has a source of income that is lost or exhausted during the trip. If their journey is for a reason that is compliant with Islamic law and not to commit sin, they are eligible for the *Zakāh* monies.

2.5.2 Scholars' Views on the Process of *Zakāh* Distribution: Organizing the Eight Types of *Zakāh* Recipients and Some Other Dimensions

There are various explanations and justifications for each of the *Zakāh* recipients' categories among the classical and contemporary scholars, including whether each group should receive equal *Zakāh* distribution or if priority should be given to certain groups.

According to *Shāfi'ī*, the collected *Zakāh* must be disbursed fairly among eight different types of people⁶⁴ while the *Ḥanafī*, *Mālikī*, and *Ḥanābilah* believe the *Zakāh* fund could be disbursed to a single group or multiple groups; there is no predetermined order or process as to which group should get *Zakāh* initially. The order or sequence should be determined by the receivers' requirements⁶⁵. Any category of beneficiaries in dire need of *Zakāh* would be prioritised for *Zakāh* distribution⁶⁶. Interestingly, there are two types in which the eight *aṣnāf* who are eligible for *Zakāh*, can be categorised⁶⁸.

Firstly: the group of poor and needy who receive *Zakāh* to fulfil their necessities, those seeking freedom are given *Zakāh* to release themselves, debtors are obligated to repay their debts, and wayfarers are at the time as their journey is disrupted. Secondly, the group of *Zakāh* *ʿāmil* who administer *Zakāh*, those who convert to Islam, and those who strive for the betterment of *ummah* in the path of Allah SWT.

In fact, this classification of eight recipients of *Zakāh* has several dimensions that are related to the aspect of distribution. Distribution based on necessity includes the group of the poor, the needy, debtors, travellers, and freedom seekers. Distribution based on nurturing and encouragement of religious virtues includes the converts and those on the path of Allah. Finally, distribution based on incentives and motivation

⁶⁴ Abū Zakarīyā Yaḥyā bin Sharaf al-Nawawī, *Al-Majmū' Sharḥ al-Muhadhdhab*, 1st ed., vol. 6 (Ṣan'ā': Maktabat al-Irshād, n.d.), P185-186.

⁶⁵ Muḥammad ibn 'Alī ibn Muḥammad al-Shawkānī, *Fatḥ Al-Qadīr: Al-Jāmi' Bayna Fannay al-Riwāyah Wa-al-Dirāyah Min 'ilm al-Tafsīr*, 1st ed., vol. 2 (Dimashq: Dār Ibn Kathīr, 1994), P 18.

⁶⁶ Muwaffaq al-Dīn 'Abd Allāh ibn Aḥmad ibn Qudāmāh, *Al-Mughnī*, 1st ed., vol. 2 (Al-Qāhirah: Maktabat al-Qāhirah, 1968), P 670-688.

⁶⁷ Shams al-Dīn Muḥammad 'Arafah al-Dasūqī, *Hāshiyat Al-Dasūqī 'alā al-Sharḥ al-Kabīr*, vol. 1, P 498.

⁶⁸ Wan MohdKhairulFirdaus Wan Khairuldin and Mahadi Mohammad, "The Philosophy and Elasticity of Zakah Distribution in Islam," *International Journal of Education and Research*, (vol. 1, no. 8, 2013): P 12.

includes the *‘āmil* or *Zakāh* worker⁶⁹. Additionally, Farishta G. de Zayas in her book "The Law and Institution of *Zakāh* " asserts that the eight classes of lawful beneficiaries must, for administrative purposes, be divided into two groups: (i) regular beneficiaries and (ii) casual beneficiaries. Regular beneficiaries could receive an annual *Zakāh* sum that will allow them to maintain a modest living standard. The *‘āmil Zakāh*, the caregivers, and the employees of travellers’ inns and rest houses are included in this group, along with the poor, the destitute, the needy, the disabled, helpless widows, orphaned children, and other Muslims whose lives are dedicated "to the cause of Allah." Muslims who require short-term support are among the casual beneficiaries. This group includes prisoners of war, reverts, travellers, and Muslims who need to be helped with their rehabilitation by the *Zakāh* agency⁷⁰.

According to Qarḍāwī, the most important recipients of *Zakāh* are the poor and needy due to the extreme need for food and shelter among this category. This is because the fundamental objective of *Zakāh* is to fulfil the requirements of those individuals⁷¹. Similarly, it is reasonable and justifiable that priority should be given in the disbursement of *Zakāh* to those who are destitute and in dire need since these individuals represent the most vulnerable members of society.

It can be said that the scholars' various viewpoints stem from their diverse understandings or interpretations of the texts within the context of their own period and region. The ideas and reasoning of the scholars are based on the necessity-based distribution mechanism as well as being intended to avoid discrimination among *Zakāh* recipients. Therefore, the opinions of *Mālikī*, *Ḥanafī*, and *Qarḍāwī* are considerably more appropriate and demonstrate the adaption of flexibility for *Zakāh* recipients based on their social necessities and demands.

⁶⁹ Hairunnizam Wahid, "Localization of Malaysian zakat Distribution: Perceptions of Amils and zakat Recipients" (Thesis Submitted in Fulfilment of The Requirements for The Degree of Doctor of Philosophy, Kuala Lumpur, University of Malaya, 2014), P 23.

⁷⁰ Farishta G de Zayas, "The Law and Institution of zakat," 1st ed. (Petaling Jaya, Malaysia: The other press Sdn Bhd, 607 mutiara majestic, 2008), P 306-309.

⁷¹ Al-Qarḍāwī, *Fiqh Al Zakah*, vol. 2, P 85.

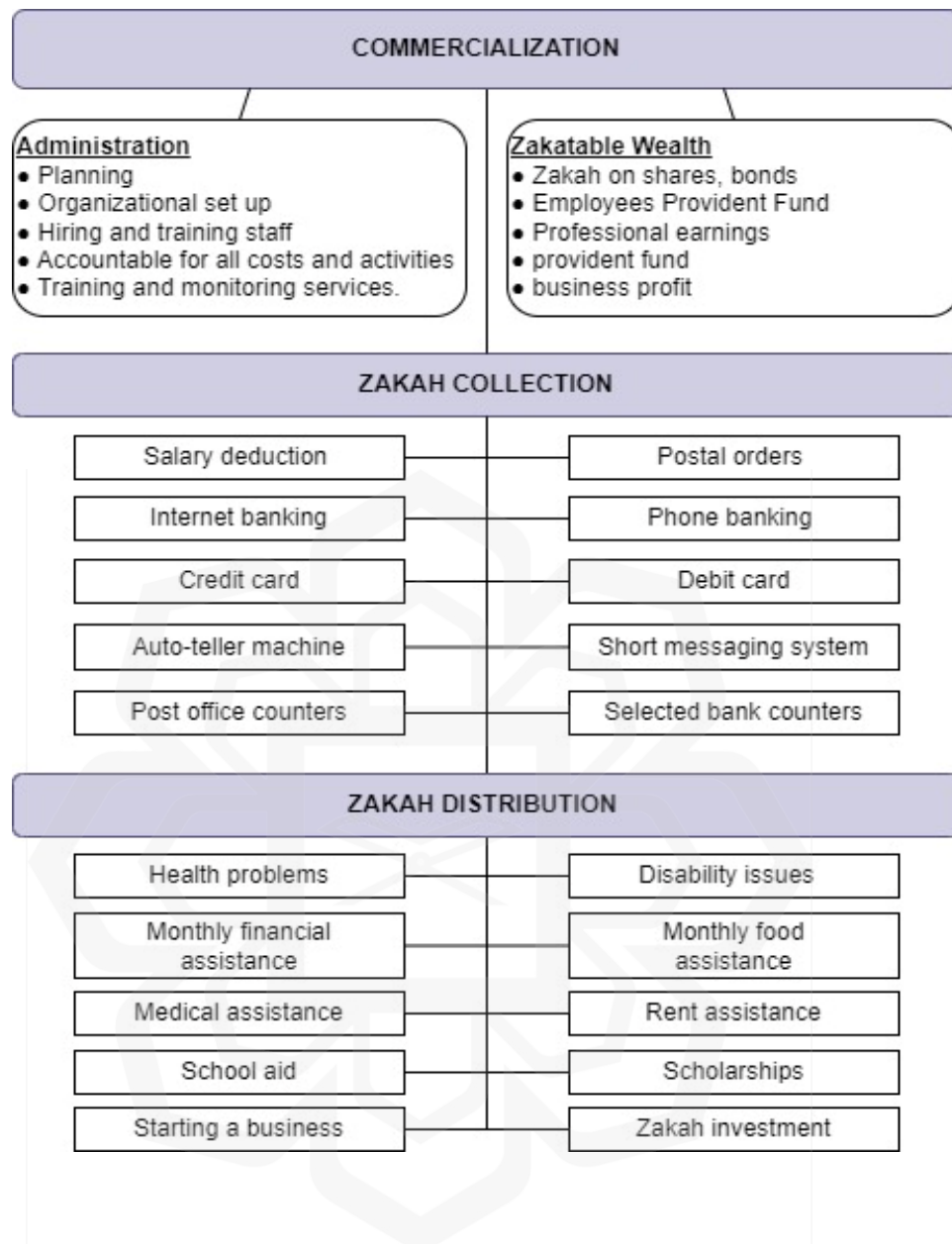
Regardless of how the eight recipients of *Zakāh* are categorised from a classical or modern perspective, the ultimate goal of *Zakāh* is to strengthen each group so that all recipients might become contributors.

Indeed, when it comes to *Zakāh* beneficiaries, the process of collection and distribution are not of utmost concern; instead, where the wealth is distributed once it has been collected is a significant and vital fact. The *‘āmil* or the *Zakāh* organisation is entrusted with the distribution of *Zakāh*, which is an important responsibility since it ensures that the benefits reach the *Zakāh* receivers in an effective and equitable manner. Consequently, it is essential to disburse *Zakāh* appropriately and prioritise its delivery to respondents in a responsible and productive way⁷².

It is significant to mention that, in terms of Zakatable assets for the purpose of distribution, the classical scholars categorised the amount of Zakatable assets obtained from agriculture, livestock, gold, silver, trade, and minerals which were identified as traditional *Zakāh* sources. On the other hand, contemporary scholars classified Zakatable products from several perspectives which include all modern economic sectors. This indicates that the *Zakāh* collection and disbursement issues were considered in the past from a religious perspective only, without focusing on the economic potential. However, in the modern period, especially in the Malaysian context, *Zakāh* management has undergone a remarkable transformation in terms of its economic aspects and the expansion of new strategies to strengthen the economic development process. Clearly, in the modern context, *Zakāh* has expanded and adapted various dimensions that did not exist before. The following is an overview of the innovative and evolving trends in the *Zakāh* sector:

⁷² Wahid, “Localization of Malaysian Zakat Distribution: Perceptions of Amils and Zakat Recipients”, P 23.

Table 2.2 Changes in *Zakāh* Management Practice in The Modern Context



Source: Compiled from the article titled “The Shifts in *Zakāh* Management Practices in Malaysia: What Has Actually Been Happening?”⁷³

⁷³ Suhaili Sarif, Nor Azzah Kamri, and Nor Aini Ali, “The Shifts in Zakah Management Practices in Malaysia: What Has Actually Been Happening?” *Shariah Journal*, (vol. 21, no. 1, 2013): P 1–20.

2.6 ZAKĀH INSTITUTION AND ADMINISTRATION ISSUES: SHARĪ'AH AND SOME OTHER CONTEMPORARY ASPECTS

2.6.1 Zakāh Institution in Islam

The expansion of realities with social and financial growth in human and Islamic history indicates that the safety of the social community is linked to the necessity of having institutions that govern all aspects, especially economic, and social life. In communities and societies in which the organisations were established and implemented, the outcome was effective, whereas where the framework was weakened or eliminated, the outcome was unsatisfactory. Hence, the duty of *Zakāh* is one of the requirements of the Islamic society's governing body.

It is well-known that each organisation has a unique set of features that set it apart from others. The *Zakāh* institution, like other institutions, possesses several qualities that distinguish it as an institution, or a body with a distinct policy and managerial and administrative ideology. The creation of the *Zakāh* institution is essential for carrying out diversified economic activities in an Islamic approach and promoting social awareness of *Zakāh* and its goals. In practice, the implementation of the eligible recipients of *Zakāh* focuses on giving it to those deemed eligible, especially the impoverished and other beneficiaries. Given the large number of *Zakāh* recipients across multiple categories, however, it is difficult to accomplish without significant efficiency, organization, and care for statistical correctness, auditing, and data accessibility. Ḥusayn Ḥasan al-Khaṭīb mentioned the necessity of enhancing the responsibility of *Zakāh* to the level of the ministry, which he termed as the "Ministry of *Zakāh*". An efficiently performing ministry with strong management can effectively implement the law of Allah (SWT) by assessing the contemporary needs related to *Zakāh*. Such a ministry would also house specialised and advanced research departments and develop pragmatic solutions that accurately address all matters pertaining to *Zakāh* distribution and administration.⁷⁴

⁷⁴ Ḥusayn Ḥasan al-Khaṭīb, *Muḥāsabah Az-Zakāh: fiqhan wa-taṭbīqan*, 1st ed. (‘Ammān: Dār Yāfā al-‘Ilmīyah lil-Nashr wa-al-Tawzī‘, 2009), P 27.

Admittedly, the establishment of the *Zakāh* institution is a demand of religious, social, and economic needs. The *Zakāh* institution integrates religion and worldly affairs, spiritual and moral values, economic and financial goals, material, and moral aspects, individual and collective. It has beneficial features that contribute to state-building and community development.

Moreover, Islam has integrated personal interests with the collective interest, as this combines the community's welfare and the individual's well-being together. It is evident that the legislation of *Zakāh* in Islam is viewed as a productive means of creating a cooperative and interconnected society in which there is no such issue as oppression by the rich, nor there is deprivation for the less fortunate people. For this reason, *Zakāh* is not a right granted only to individuals, nor is it an individual charity; rather, it is a social organisation, organised by an administrative structure based upon the responsibilities and commitment of specific payment to those who are obligated to pay it and distribute to those who are eligible to receive it.

In relation to the *Zakāh* administration and management procedures, from its beginning, the implementation and responsibility of *Zakāh* were handled by the state authority. Therefore, the state assigns people to estimate, count, collect, preserve, and distribute *Zakāh* to those who are eligible. Thus, the state is accountable and liable for every purpose pertaining to *Zakāh* in following the Prophet's and succeeding *Khalifah*'s example⁷⁵. Particularly, throughout the initial periods of Islam, the institution of *Zakāh* was administered by the Prophet-led Muslim state. He employed his close companions as administrators to accumulate and disburse *Zakāh* to diverse Arab tribes and regional authorities in the Peninsula. Additionally, before assigning the officials, the Prophet (SAWS) gave them instructions and guidelines regarding how to evaluate and receive *Zakāh* while maintaining appropriate conduct for *Zakāh* contributors. Authorities were directed to prioritise disbursement in the collection area. Generally, distributions were made in kind (food, clothing, etc.) to meet the fundamental human needs of the impoverished⁷⁶. Yūsuf al-Qarḍāwī mentioned that when the appointed officers completed their respective duties, they were instructed to report and evaluate their

⁷⁵ Nājī al-Shirbīnī 'Alī, *Kayfa Tuqaddir Wa-Tu'addī Zakāt Amwālik?* 1st ed. (Al-Qāhirah: Dar Ibn Al Haitham, 2005), P 26-27.

⁷⁶ Monzer Kahf, *Zakah Management in Some Muslim Societies*, Zakah (Jeddah: Islamic Development Bank Institute, 2000), P 16.

Zakāh work. The Prophet (SAWS) also advised *Zakāh* payers to denounce any injustices perpetrated by the authorities. In a similar manner, the *Zakāh* collection remained more systematic and successful throughout this whole-time frame, and the revenues obtained rose dramatically. As such, during the rule of Umar bin Abdul Aziz, there were no qualified poor individuals to receive *Zakāh* payments⁷⁷.

Most classical and contemporary experts agreed that the State should collect and distribute *Zakāh*. They argued that the ruler is responsible for the nation's strategy and interests. Moreover, they claimed that the responsibility to collect *Zakāh* and distribute it to those who deserve it is attributed to the ruler of Muslims, not the individual's protection, conscience, or personal recognition. Accordingly, Islam entrusted *Zakāh* collection and distribution to those who are eligible for it to the State, not to individuals' opinions or desires alone.

As Yūsuf al-Qarḍāwī mentioned, *Zakāh* represents the first social security program ever adopted in human civilisation. This system does not rely on personal voluntary donation but rather on a government with a designated institution that accumulates regular payments and gives systematic assistance to all people truly needy⁷⁸.

In summary, it could be observed that the classical and contemporary Islamic jurisprudence generally holds the view that *Zakāh* must be administered by an institution that is entrusted with its collection and distribution; the State is ultimately accountable for collecting and spending *Zakāh* according to its specific regulatory obligations.

2.6.2 Various Types of *Zakāh* Institutions and Administration in the Modern World

The payment of *Zakāh* to the institution has far-reaching advantages that benefit both the individual and the community as a whole, with the ultimate goal of the *Zakāh* being

⁷⁷ Habib Ahmed, *Role of Zakah and Awqaf in Poverty Alleviation*, 1st ed. (Jeddah: Islamic Development Bank, Islamic Research and Training Institute, 2004), P 31.

⁷⁸ Al-Qarḍāwī, *Fiqh Al-Zakah*, vol. 2, P 181.

the advancement of the nation and bringing prosperity in living standards. Indeed, the administration of *Zakāh* relies on completing its tasks based on the principle of cooperation with stakeholders, as well as the implementation of a management structure that clarifies the lines of reporting and accountability from top to bottom. Additionally, adherence to organisational conditions that promote focus as well as effectiveness is imperative for the institution overseeing *Zakāh* distribution.

With regards to the *Zakāh* institution, there are several classifications based on their connection with the state as follows.

Mainly: The Government-affiliated *Zakāh* institutions, including those found in Malaysia, Saudi Arabia, Iran, Pakistan, and Sudan, which are considered as part of the State's financial system.

Secondly: *Zakāh* institutions are supervised by the State (financial and administrative monitoring), as in Libya, Yemen, Egypt, Kuwait, Bangladesh, and Qatar.

Thirdly: Private *Zakāh* institutions, including *Zakāh* funds and committees established by organizations and companies, as well as *Zakāh* funds in Islamic banks and institutions, as in Indonesia.

Fourthly: *Zakāh* institutions connected with private charity societies, such as the Muhammadiyah Community and *Nahdlatul al-‘ulamā’* in Indonesia, whereby individuals create charitable organisations with a *Zakāh* fund⁷⁹. In *Zakāh* administration, the responsibilities of *Zakāh* institutions and the range of operations undertaken by these institutions are two significant dimensions and almost every *Zakāh* organisation must take them into account as part of its policy and strategy formulation.

In addition to the current feature of *Zakāh* management in collection and distribution, Monzer Kahf stated that the collection of *Zakāh* funds is managed in two ways: mandatory *Zakāh* collection by the government, as in Pakistan, Saudi Arabia,

⁷⁹ Qāri’ahtul Ḥasanah, “*Al-Dawabit al-Shar’iyah Li-Takhsil Amwal al-Zakah Fi al-Hay’ah al-Wataniyah Lil-Zakāh Fi Badanj: Dirasah Fiqhiyah Taqwimiyyah*” (Master Thesis (MAIRKFQ), Kuala Lumpur, International Islamic University Malaysia, 2018), P 22-23.

Yemen, and Malaysia, and voluntary *Zakāh* collection by the government, as seen in Kuwait, Bangladesh, and Indonesia⁸⁰.

Consequently, Kahf proposes a *Zakāh* distribution model in terms of the techniques of disbursement as follows⁸¹.

In this model, there are two main ways to distribute funds: (i) through the government public budget, and (ii) through a professional *Zakāh* organisation. While the second technique (disbursement through a *Zakāh* institution) is typically employed in nations like Malaysia, Sudan, and Pakistan where *Zakāh* collections are segregated from the public budget, the first method (disbursement through the government public budget) is focused on providing *Zakāh* to those in need and those who are impoverished. The distribution of *Zakāh* to the receivers is carried out in these nations through particular *Zakāh* agencies. As compensation for their services in administering *Zakāh* funds, the institutions are allocated a percentage of (often) 12.5% or 1/8 of total collections. Additionally, the distribution by *Zakāh* institutions is further categorised into four types (i) distribution through intermediary institutions (ii) distribution through governmental authorities, (iii) distribution through local committees, and (iv) direct distribution through *Zakāh* institutions themselves.

In Pakistan, distribution via intermediary institutions is the norm. Essentially, between 40 and 50 percent of *Zakāh* funds are distributed through intermediate organisations. In addition, the institutions are split into five categories according to whether they are governmental or non-governmental. They are (i) institutions of state education, (ii) institutions of training and vocational education, (iii) institutions of health, (iv) institutions of religious instruction, and (v) charitable organizations. Sudan frequently employs the second method, which is governmental agency disbursement.

Funds from *Zakāh* are typically distributed fairly across the eight *Aṣnāf* categories. The third method, distribution through local committees, is primarily used in Pakistan, where the *Zakāh* law designated these groups as crucial tools for disbursing

⁸⁰ Monzer Kahf, "Applied Institutional Models for Zakah Collection and Distribution in Islamic Countries and Communities" (Third Zakah Conference, Kuala Lumpur, Malaysia: Islamic Center, Malaysia, 1990), P29.

⁸¹ Ibid, P 45.

Zakāh. In addition to determining and collecting *Zakāh*, the committees are in charge of allocating *Zakāh* payments to the appropriate beneficiaries.

Lastly, *Zakāh* administration personnel are directly involved in the distribution through *Zakāh* institutions. This approach allows the staff to decide how to allocate *Zakāh* funds. Depending on the suggestion of a local or non-governmental *Zakāh* committee, the decision is made after the application has been submitted. By using its social workers, the administration evaluates each applicant's eligibility before making a judgment. Usually, the administration distributes the *Zakāh* funds directly to the recipients. They occasionally, however, distribute the money through neighbourhood groups. In Sudan and Malaysia, this approach is frequently used.

Undoubtedly, from the period of the Prophet (SAWS) to the present, *Zakāh* has received significant attention. Considering *Zakāh* is a religious duty as well as a pillar of Islam, its collection and distribution have always been the responsibility of the government.

The investigation of the current structure of *Zakāh* affairs reveals that multiple models and patterns are adapted to accomplish the *Zakāh* task issues. Some nations have accepted the policy and practice of obligating the collecting of *Zakāh* by law, while others have made the payment of *Zakāh* voluntary for the payer while still under its supervision. Whereas most nations entrusted this responsibility to the individual and collective efforts of *Zakāh* committees, several Arab and Islamic nations have structured the collection and distribution of *Zakāh* through the passing of laws and the development of standardised institutions, but the act of contributing to *Zakāh* payment is voluntary. This arrangement similarly applies to Bahrain, Malaysia, and Yemen, as well as to Jordan and Kuwait.

On the other hand, regarding the countries that do not have such an organisation, individuals have taken the initiative to establish groups and civil entities for this purpose in countries that lack such *Zakāh* institutions as is the case in Egypt, Nigeria, Lebanon, and Palestine. Additionally, Islamic organisations, communities and minorities have established special committees in their places of residency for this purpose. The *Zakāh* Fund of the Muslim Youth Movement in South Africa and the *Zakāh* Fund of the Muslim Student Union in the United States and Canada are examples of *Zakāh* funds.

The ongoing efforts continue to establish *Zakāh* funds in many different countries and to improve by expanding the existing ones⁸².

Similarly, pertaining to the completely voluntary and ungoverned *Zakāh* system prevalent in significant Muslim minority states, Awaliah Kasri stated that no law requires and mandates that Muslims need to contribute *Zakāh* in these states, including India, South Africa, Singapore, the United Kingdom, Thailand, Australia, and the United States of America. However, to administer *Zakāh* funds in countries with a minority Muslim population where the law cannot oblige Muslims to pay *Zakāh*, charitable organisations may be formed in accordance with legislation governing NPOs, foundations, and charities. This gives a framework for making sure that the charities comply with the law, improve trust and accountability, and promote their effectiveness. In some areas, these rules provide greater accountability and public outreach than *Zakāh* law. Additionally, *Zakāh* administration is frequently handled professionally because organisations must both adhere to the law and compete to collect the public's money⁸³.

As the agencies often have a management staff and a Board of Trustees who are required to report on their progress to particular government entities on a regular basis, planning ahead and having a set of clear disbursement procedures in place are typical practices for these *Zakāh* distributions⁸⁴.

Above all, the proper practice and implementation of *Zakāh* management by *Zakāh* institutions in this modern era has recorded considerable development in several Muslim-majority countries such as Malaysia, Indonesia, Saudi Arabia, Pakistan, and many others⁸⁵. Furthermore, in many aspects, *Zakāh* funds has successfully helped fulfil

⁸² Fu'ād 'Abd Allāh 'Umar, *Naḥwa taṭbīq mu 'āṣir li-farīdat al-zakāh*, vol. 1, Silsilat abḥāth ḥadīthah fī farīdat al-zakāh (Al-Kuwayt: Dhāt al-Salāsīl lil-Ṭibā'ah, 1984), P 43-44.

⁸³ Rahmatina Awaliah Kasri, "The Role of Zakah in Poverty Alleviation: Evidence from Indonesia" (A Doctoral Thesis Submitted in partial fulfilment of the requirements for the award of the Degree of Doctor of Philosophy at Durham University Business School Durham University, Durham, Durham University, 2014), P 61-62. viewed on 29th November 2022 from <http://etheses.dur.ac.uk/10922/>.

⁸⁴ Ibid, P 61-62.

⁸⁵ Adamu Ummulkhayr, Musa Yusuf Owoyemi, and Rafidah Binti Mohammed Cusairi, "Determinants of *Zakāh* Compliance Behaviour among Muslims Living Under Non-Islamic Governments," *International Journal of Zakat*, (vol. 2, no. 1, May 19, 2017): P 95–108, viewed on 29th November 2022 from <https://doi.org/10.37706/ijaz.v2i1.18>.

the basic needs of these nations⁸⁶ and transform less fortunate people into self-independence who no longer need aid from the organisations⁸⁷. Therefore, it is impossible to deny the achievements of *Zakāh* institutions in supervising the standard operating procedures of the *Zakāh* fund⁸⁸.

The preceding discussion demonstrates that the operation of the *Zakāh* institution is an important component of the Islamic economic system. The institution is accountable and authorised to ensure that *Zakāh* is collected and distributed appropriately and efficiently. Hence, the proper application of *Zakāh* demands continuous human efforts to ensure social security, economic stability, and prosperity.

2.6.3 Motives for the Formation of *Zakāh* Institutions in the Modern Context

It is significant to mention that during the time of the Prophet (SAWS), there was no specific organisation called as *Zakāh* institution. The source of expenditure of the Islamic state at that time was called *Bayt al-Māl* or named as a public treasure, and *Zakāh* is one of its parts. The work of *Zakāh* began to appear under the supervision of the Prophet, as he sent governors and collectors to collect *Zakāh* money, and through that, he sent Muadh, Zubair Al Awwam, Huzaifa, and other companions to execute the *Zakāh* implementation. The practice of collecting and distributing *Zakāh* since its inception has been one of the acts of sovereignty for the state and whoever takes charge of its affairs, as did the Prophet and the *Khalifahs* after him including the continuous downwards and upwards trajectory in *Zakāh* administration over the historical period. Later on, at the end of the late nineties, many *Zakāh* institutions in different Muslim countries emerged from religious, economic, social, and political perspectives and attempted to implement the effective role provided by *Zakāh* in alleviating poverty. The emergence of these institutions had several motives, which are summarized below.

⁸⁶ Mahoran Zakaria and Norhayati Samba Mohamad, "Effectiveness of Zakah in Fulfilling Daruriyat/Basic Needs and Elevating The Zakah Recipients Standard of Living to Hajiyat/Comfortable Life in The Perspective of Maqasid al-Syariah," *Jurnal Pengurusan*, (vol. 56, 2019): P 15, viewed on 12th February 2023 from <https://doi.org/10.17576/pengurusan-2019-56-13>.

⁸⁷ Kasri, "The Role of Zakat in Poverty Alleviation: Evidence from Indonesia", P 63.

⁸⁸ Ram Al Jaffri Saad, Norfaiezah Sawandi, and Rahayu Mohammad, "Zakat Surplus Funds Management," *International Journal of Economics and Financial Issues*, (vol. 6, no. Special Issue for "International Soft Science, Conference, 2016): P 7.

2.6.3.1 Religious Encouragement

Zakāh is one of the five pillars of Islam. It is a mandatory act similar to prayer. Nearly everywhere in the Holy *Qur'ān* where prayer is stated, *Zakāh* is addressed. As the third pillar of Islam, it is a belief before it can be an effective economic tool. Moreover, Muslim scholars viewed *Zakāh* as a divine obligation, emphasised the importance of this pillar, and clarified the State's responsibilities in collecting and distributing it.

2.6.3.2 Economic Motivation

The payment of *Zakāh* has positive benefits in all spheres, including the economy, particularly when the state supervises its collection and distribution. *Zakāh* is a compulsory payment to the needy that takes into consideration the collective welfare by distributing wealth to prevent inflation on the one hand and poverty and exploitation on the other.

The formation of the *Zakāh* responsibility is an economic necessity, as its purpose is to eradicate poverty and to provide theoretical and tangible solutions to do so. Therefore, economic equality, economic independence, and economic coordination can be attained through *Zakāh*.

2.6.3.3 Social Motivation

Zakāh is regarded as a socio-economic strengthening instrument. It primarily alleviates poverty, assists the afflicted, liberates the indebted, abolishes slavery, assists outsiders, removes discrimination among people, stands by the oppressed, encourages weak believers to become full believers, and most importantly, enhances the standard of living of the oppressed and disadvantaged people in the society. Consequently, *Zakāh* has significant personal and social advantages. The personal advantage of *Zakāh* is that the donor is cleansed of sin, protected from greediness, self-purified, and attains success in many blessings in the Hereafter. Socially, its benefits are poverty relief, service to self-humanity, and economic corruption-free society through the establishment of an Islamic financial system, which liberates society from major crimes such as theft,

robbery, and financial crimes, etc. Additionally, these criminal activities cannot be eradicated by law or by fear of penalties because hungry stomachs that are not given shelter or clothing will not rest until they are full. The effective remedy is to pay *Zakāh* to satisfy the basic needs of the poor, such as food, housing, and clothing⁸⁹.

2.6.3.4 Promoting a Non-Interest Financial System

Despite the existence of tremendous finances and wealth, most Arab and Islamic countries are currently economically underdeveloped. Although Islamic nations achieved political independence, they remained economically subordinate to industrialized nations since they were unable to alter their economic structures or enhance their economic standing. Rather, it continues to exist within the framework of the global capitalist system.

Islamic economics is not separate from the economic issues its adherents face, such as poverty and unemployment. It has a role in dissolving and eradicating interest through *Zakāh*, which is regarded as the most important annual renewable financial resource in the Islamic economy for financing the poor and needy as well as economic progress, and eventually, an interest-free financial system would be achieved.

2.6.4 The Legality of Paying *Zakāh* to the *Zakāh* Institution

It is permissible to pay *Zakāh* to governmental and non-governmental registered charitable organisations since they strive to collect and distribute *Zakāh* efficiently. *Zakāh* is more than a personal act of generosity or a privilege for the recipients. It is a social institution that operates in a systematic and organised way. Hence, as mentioned earlier, it is important to note that Islam authorises the collection and distribution of *Zakāh* to the state, not to people individually. In this regard, there are several reasons for the permissibility of paying *Zakāh* to the *Zakāh* institution, which are as follows⁹⁰.

⁸⁹ Aḥamd Ḥusayn ‘Alī Ḥusayn, *Muḥāsabaḥtu Al-Zakāh* (Iskandarīyah: al-Maktab al-Jāmi‘ī al-Ḥadīth, 2009), P 32-33.

⁹⁰ Shādī Anwar Karīm Shawkī, *Al-Raqābah ‘alā al-Māl al-‘āmm Fī al-Iqtisād al-Islāmī*, 1st ed. (‘Ammān: Dār al-Nafā’is lil-Nashr wa-al-Tawzī’, 2012), P 76-77.

- Limiting *Zakāh* matters to individuals creates a haphazard distribution, since wealthy individuals may concentrate on donating to one group while neglecting another.
- The impoverished obtain their rights from the government, not the wealthy, thereby protecting their dignity and social position.
- The disbursement of *Zakāh* is not confined to individuals only, but among the groups in which *Zakāh* is spent. The state officials, on the other hand, have a greater awareness of the needs and demands of each group, making it easier for them to disburse *Zakāh* equitably.

According to Husaynah's doctoral dissertation, paying *Zakāh* to the institution rather than individuals has various benefits. Due to the rise in population and their dispersion over a larger area, depending entirely on individuals for the distribution of *Zakāh* may result in a haphazard distribution. In addition, many individuals do not comprehend how to compute their *Zakāh*, and some mistake it for tax or voluntary charity. On the other hand, state authorities have a greater awareness of the recipients of *Zakāh* contributions and are aware of the needs of each group. Moreover, the use of *Zakāh* is an indispensable and permanent resource for Muslims and a vital economic instrument that must be administered by the state in conjunction with other financial instruments⁹¹.

In summary, it could be asserted that, while other forms of worship are performed individually, *Zakāh* is mainly designed to establish the prosperity and well-being of the community through collective effort. The controversy and the disagreement that emerged following the death of the Prophet (SAWS) was borne from the payment of *Zakāh*, and it started with the denial of its obligation. If *Zakāh* were paid on an individual basis, Abu Bakr (RA) would not have declared *Jihād* (war). At that time, no other Islamic rules were denied, and only they refused to pay *Zakāh* to the *Khalifah*.

⁹¹ Hūhū Husaynah, “Al-Dawr al-Tamwīlī Lil-Zakāh Fī Mujtama‘ i’n Mu‘āşir, Namūdḥaj Şundūq al-Zakāh Bi-al-Jazā’ir” (uṭrūḥah ghayr manshūrah muqaddamah li-nayl al-duktūrāh fī al-‘ulūm al-iqtisādīyah, Baskarah, al-Jazā’ir, Jāmi‘at Muḥammad Khuyḍar, 2009), P 125.

Therefore, individual *Zakāh* is not to be effectively witnessed, and the benefits of *Zakāh* could only be obtained through collective supervision with proper implementation.

2.6.5 The Contemporary Application of *Zakāh* Workers in *Zakāh* Institutions

The *Zakāh* workers are the third part of its eight recipients, following the poor and needy. This refers to individuals who engage in the *Zakāh* administration system including the *Zakāh* collection process and managing the distribution of *Zakāh* funds. Notably, since the modern era has witnessed numerous advancements pertaining to *Zakāh* matters, the management of *Zakāh* management institutions is developing in terms of its application and implementation.

The concept of *Zakāh* workers at the time of the Prophet (SAWS) and his successor was different from the current era. The Prophet and the *Khalifas* after him sent the *Zakāh* officers to different places to calculate on whom the *Zakāh* is due and collect it from them followed by a distribution process according to certain rulings set by the Prophet. Even though *Zakāh* management was practised in a very general range, it was efficient for the well-being of the community. Monzer Kahf also opined that the *Zakāh* administration processes in terms of its collection and distribution in that period were remarkably efficient due to the outstanding performance and support provided by the assigned *Zakāh* ‘*āmil*’⁹².

On the other hand, the contemporary concept of *Zakāh* workers is much wider than in the early period of Islam. For instance, the *Zakāh* institution is incorporated into many dimensions to accelerate its performance and quality services toward its clients. According to researcher Mas‘ūd Şabrī, the most critical functions performed by *Zakāh* employees are administration, the projects division, the financial department, the human resources department, the general services department, the information systems department, the studies and research department, the training department, the public relations department, strategic planning, and accomplishment advancement, etc. Sabri explains that the role of *Zakāh* workers has expanded significantly in the modern era.

⁹² Monzer Khaf, “The Performance of the Institution of Zakah in Theory and Practice,” (International Conference on Islamic Economics Towards The 21st Century, Kuala Lumpur, 1999), P1-40.

They not only collect and distribute *Zakāh*, but also work within a well-organised institution that performs various functions and has a diverse team. This institution is transparent and accountable to the public, who can access its organisational structure like any other. He concludes by stating that the distribution of *Zakāh* resources must be reviewed and updated for the collectors' and recipients' benefit, in compliance with two primary goals.

Firstly, ensuring the work of the institution is sustainable. The eight beneficiaries of *Zakāh* are separated into two groups: the first group consists of *Zakāh* collectors, while the second group, the recipients, is entitled to receive *Zakāh* rather than participate in its collection.

Secondly, in addition to tackling contemporary world challenges, *amil Zakāh* (*Zakāh* collectors) responsibilities include achieving the goals of *Zakāh*, alongside meeting necessities and needs, ensuring sufficiency, as well as promoting the well-being of the community. To ensure that these objectives are attained, the administration of *Zakāh* must be secure to meet these standards⁹³.

More importantly, the twenty-seventh session of the Symposium on Contemporary *Zakāh* Council Board organized in Bahrain included a text addressing the issues of *Zakāh* workers in its contemporary aspects. Regarding developments in the law, it was determined that the State entrusts *Zakāh* employees with charity organisations and authorises them to collect and distribute *Zakāh*. Its ruling includes charitable organisations and Islamic centers outside of Muslim countries that are authorised or assigned by the Muslim community. Furthermore, voluntary entities and volunteer individuals are not included in the entitlement as the *Zakāh* workers, even if they are authorised to collect and distribute *Zakāh*⁹⁴.

To that effect, in conclusion, it can be confirmed that *Zakāh* workers in the *Zakāh* institution have a variety of challenging tasks in this current era, all of which are related to organising and coordinating the matters of *Zakāh* by counting, tracking, collecting, distributing, and knowing the need and sufficiency of the amount of *Zakāh*

⁹³ Mas'ūd Šabrī, "Al-‘āmilūn al-Zakāh: Dilālāt al-Mu‘āšīrah," Islam online, n.d.

⁹⁴ Ahmed Bajj Anzi, "The Twenty-Seventh Symposium of Contemporary Issues of *Zakāh*" (Research on the topic of jurisprudential developments of zakah workers, Manama, Bahrain, 2020), P 295.

beneficiaries, as well as other matters that require a full body of professionals, experts, and employees who assist them.

2.7 CHAPTER SUMMARY

This chapter begins with the principal concept of *Zakāh* which includes an overview of *Zakāh* management and *Zakāh* definitions from a *Sharī'ah* perspective. The Arabic word *Zakāh* refers to cleansing or purifying anything filthy. In practical terminology, *Zakāh* is the action of donating a portion of one's wealth to specific categories of people under specific conditions. The term *Zakāh* is also outlined very briefly as *Ṣadāqah*. The major distinction between *Zakāh* and *Ṣadāqah* has been discussed in that *Zakāh* is an obligatory act with several terms and conditions, whereas *Ṣadāqah* is characterised as any voluntary choice of righteousness or gratitude.

In addition to describing the significant values and aims of *Zakāh* at the individual and societal level, the unit on the Objectives and Goals of *Zakāh* is divided into four different sections, namely the Spiritual perspective which cleanses the giver's soul, and it frees an individual from the selfishness and miserliness. The Religious perspective outlines that *Zakāh* is one of the compulsory religious obligatory acts and is ranked as the third pillar of Islam. The Economic perspective explains how *Zakāh* promotes socio-economic justice and development in society alongside enhancing the distribution of wealth to people experiencing poverty. Lastly, the social perspective, which describes *Zakāh* as a pathway through which resources are distributed among the needy in the community to ensure that every single individual has a minimum level of living standards.

Additionally, this chapter includes an elaboration on the responsible authorities of the *Zakāh* collection which is categorised into four sub-topics: The Concept of *Zakāh* Collectors, Requirements of *Zakāh* Collectors, *Zakāh* Collection by *Zakāh* collectors and the government, and lastly *Zakāh* collector's responsibility in growing the *Zakāh* fund. Moreover, this chapter highlights the key role that *Zakāh* 'āmil has in the success of *Zakāh* as a tool of poverty alleviation, arguing that 'āmil be competent and professional in their duty.

Furthermore, this chapter includes an assessment of the eligible group for receiving *Zakāh* funds as stated in the *Qur'ān*, and the understanding of the verse is explained from the book of *fiqh al- Zakāh* by Dr Yūsuf al-Qarḍāwī.

The related next sub-section discusses the scholars' perspectives on the *Zakāh* distribution process in organising the eight types of *Zakāh* recipients. It notes that priority on the disbursement of *Zakāh* should be given to those who are poor and destitute and in dire need since these individuals represent the most vulnerable members of society. Additionally, this section also discusses the classical and contemporary scholars' opinions on the Zakatable assets for the purpose of distribution. Classical scholars categorised the amount of Zakatable assets obtained from agriculture, livestock, gold, silver, trade, and minerals which were identified as traditional *Zakāh* sources. On the other hand, contemporary scholars classified Zakatable products from a number of perspectives which include all modern economic sectors. This indicates that the *Zakāh* collection and disbursement issues were considered in the past from a religious perspective only, without focusing on the economic potential.

Finally, the chapter concludes with the issues related to the administration of *Zakāh* institutions. It emphasises that the *Zakāh* institution, like other institutions, possesses several qualities that distinguish it as an institution, or a body with a distinct policy and managerial and administrative ideology. The creation of the *Zakāh* institution is essential for conducting diversified economic activities in an Islamic approach and promoting social awareness of *Zakāh* and its goals. The institution is accountable and authorised to ensure that *Zakāh* is collected and distributed appropriately and efficiently. Hence, the proper application of *Zakāh* demands continuous human efforts to ensure social security, economic stability, and prosperity.

CHAPTER THREE

MANAGEMENT OF *ZAKĀH* COLLECTION AND DISBURSEMENT PROCEDURES: ISSUES AND CHALLENGES OF *ZAKĀH* ADMINISTRATION IN BANGLADESH

3.1 INTRODUCTION

The present *Zakāh* management in Bangladesh is based on a state-run charity paradigm in which *Zakāh* is not strongly enforced by law. Along with the government, several private agencies and organisations are involved in *Zakāh* administration and implementation. This section examines the available information related to the *Zakāh* administration procedures in Bangladesh. Therefore, the current chapter explains three significant dimensions including *Zakāh* administration through government entity and private charitable entities, and evaluation of *Zakāh* management by government and non-government organisations. Lastly, the challenges in developing proper *Zakāh* management in Bangladesh are elaborated in detail.

3.2 *ZAKĀH* SCENARIO IN BANGLADESH: *ZAKĀH* INSTITUTIONS AND ADMINISTRATION PROCESS

3.2.1 *Zakāh* Administration through Government Entity

The Islamic Foundation of Bangladesh (IFB) serves as the only government official regulatory authority for the management and administration of *Zakāh* in the country. The responsibility of IFB lies under the control and supervision of the Ministry of Religious Affairs.

3.2.1.1 Islamic Foundation Bangladesh

The Islamic Foundation of Bangladesh was founded through an ordinance on March 22, 1975, and later formalized by the 'Islamic Foundation Act' on March 28, 1975. The main motto was set up with the goal of spreading the teachings of Islam in Bangladesh. It strives to propagate Islamic values through various domains, encompassing mosques and Islamic institutions nationwide. Serving as a prominent governmental body, the Islamic Foundation Bangladesh currently holds a pivotal role in upholding religious activities. Notably, all government *Zakāh* activities are supervised under the purview of the Islamic Foundation.

In order to effectively manage the *Zakāh* fund, the Government of Bangladesh issued and adopted an Ordinance on *Zakāh* Fund in 1982. This Ordinance established a thirteen-member *Zakāh* Board. The Member-Secretary and Director General of the Islamic Foundation are tasked with executing the decisions of the Board. Under the *Zakāh* Fund Ordinance, since its creation, the District *Zakāh* Committee has been donating 50% of the funds raised from the wealthy in 64 districts to the poor and needy. In the process of collecting and dispersing *Zakāh*, the District *Zakāh* Committee is highly involved. Additionally, people who apply to the *Zakāh* Board office for financial help have their applications reviewed by the relevant district before the head office sends the funds to the district *Zakāh* Committee for distribution. With a certain sum from the *Zakāh* Fund, the Tongi *Zakāh* Board provides medical care to children at the Children's Hospital. The activities of 24 sewing training centres are implemented in different districts¹. Among the activities of the *Zakāh* Fund are:

1. *Zakāh* Board Children's Hospital
2. *Zakāh* allowance for poor women sewing trainees.
3. Sewing training program (at 24 centres)
4. Providing sewing machines to destitute and needy women who complete sewing training.

¹ Mohammad Harunur Rashid, “*Zakāh* Fund Porichiti O Nitimala (Introduction & Guideline to *Zakāh* Fund)” (*Zakāh* fund cell, Agargaon, Sher-eBangla Nagar, 2022), P 7.

5. Rehabilitation of the disabled
6. Employment program for underprivileged men
7. *Zakāh* Allowance
8. Providing scholarships
9. New converted -Muslim Empowerment Program
10. Financial assistance program for the treatment of poor and poor patients
11. Financial assistance to non-Muslims in three hill districts
12. Relief and Rehabilitation of Victims of Natural Disasters
13. Plantation/Nursery Support Program.

In addition to the main activities of the Islamic Foundation, its offices distribute fifty percent of the funds they collect through the sixty-four district offices. These funds are allocated to various categories of distribution, such as full housing for the disabled, offering employment programs for poor men, giving *Zakāh* allowance, granting scholarships, supporting new-Muslim self-reliance programs, and assisting in the treatment of needy patients. Moreover, *Zakāh* funds can be placed in any public and commercial bank branches under the name "Government *Zakāh* Fund." The Islamic Foundation Baitul Mukarram office in Agargaon and 64 district offices accept cash or cheques for *Zakāh* contributions².

3.2.2 *Zakāh* Administration through Private Charitable Entities

In addition to the government entities that are responsible for administering *Zakāh*, there is a wide range of private social organisations which are also involved in managing *Zakāh*-related tasks. While some of these institutions focus solely on *Zakāh*, others engage in various other socioeconomic activities alongside *Zakāh*. The following listed

² "Islamic Foundation Bangladesh," Zakat Fund Department, 2019, viewed on 24th October 2022 from <http://islamicfoundation.gov.bd/site>.

are some of the social organisations that are involved with *Zakāh* management in Bangladesh.

3.2.2.1 Center for Zakāh Management (CZM)

CZM is considered as one of the most reputable and well-organised *Zakāh* organisations in Bangladesh. In 2008, CZM formally began its nationwide operations. By organising and coordinating the payment, utilisation, mobilisation, and efficient distribution of *Zakāh*, the institution has devised a novel method to alleviate poverty more effectively. To benefit the poor and raise living standards across Bangladesh, it has also made significant strides toward institutionalising the *Zakāh* management system. Moreover, it offers *Zakāh* to the needy to enhance their standard of living through projects that generate more revenue³.

The Governing Board of CZM consists of several panels and committees including the Advisory Panel, Integrated *Sharī'ah* Supervisory Council, Independent Fund Disbursement Authorization Panel, and Management Committee. CZM regards the organisations with which it collaborates as indispensable to achieving its mission. While some organisations help CZM to carry out its initiatives, others provide financial contributions, such as *Zakāh*, for the organisation to manage and redistribute in fighting poverty. It primarily targets the business sector to collect *Zakāh*. Then it distributes the money to other aid initiatives such as education, scholarships, livelihood, micro-enterprise development, humanitarian assistance, religious programs, and training programs for skill development⁴.

3.2.2.2 As-Sunnah Foundation

As-Sunnah Foundation is an independent, non-political organisation founded by Sheikh Ahmadullah in 2017 and registered with the government in 2019. Currently, all

³ Noor Mohammad Osmani and Abdullah Al Masud, "Center for zakat management (CZM) and its role in poverty eradication in Bangladesh," *Universiti Sains Islam Malaysia*, 2021, 14, viewed on 24th October 2022 from <https://oarep.usim.edu.my/jspui/handle/123456789/11592>.

⁴ Golzare Nabi et al., "Estimation of zakat and Its Use as An Effective Tool for Socio-Economic Development in Bangladesh," *Thoughts on Economics*, (vol. 31, no. 01 & 02, 2021): P 25.

administration and oversight duties fall within the purview of the organisation's chairman.

The foundation has been working towards bettering society by planning countless events to foster a stable society for all. Without taking any political viewpoints or engaging in any political activity, the foundation seeks to ensure the peace and prosperity of the *Ummah* and the well-being of all Muslims. As-Sunnah foundation also encourages moderation and equilibrium by avoiding extremes on complex subjects. The organisation focuses its day-to-day activities on three distinct areas: teaching, charity work, and preaching *da'wah*.

The *Zakāh* donations are distributed and safeguarded in accordance with the rules governing charity work. The As-Sunnah Foundation utilises the *Zakāh* fund for certain sectors, including the care of orphans, the education of meritorious students at Islamic boarding schools and madrasas, and the improvement of training and development programs for talents. In addition, *Zakāh* monies are utilised to provide medical care for low-income individuals, assist and provide the homeless a sense of independence, and help the unemployed to find work to support themselves⁵.

The As-Sunnah Foundation also works to help those in need by providing them with resources to build sustainable, faith-based economies. In the meantime, the Foundation showed impressive initiative by overseeing the Self-Reliance projects of the *Zakāh* Fund. It implemented a number of strategies to reach this goal. The Self Reliance Project-2022 intends to benefit about 1,200 low-income people throughout 20 districts in Bangladesh by offering them access to a variety of income-generating resources to help them break free of poverty. As a part of this initiative, two months of theoretical and ethical training are given before the distribution of the material aid. Moreover, staff verifies data supplied by unpaid local representatives in 20 districts to determine who will receive *Zakāh*. The self-sufficiency project is funded by the *Zakāh* fund; additional

⁵ “As-Sunnah Foundation,” Activities and Sources of funds and income, accessed November 15, 2022, <https://assunnahfoundation.org/about/introduction>.

expenses are covered by the Self-Employment Fund and the General Revenue of the foundation⁶.

3.2.2.3 Dhaka Ahsania Mission (DAM)

Dhaka Ahsania Mission was founded as a non-profit agency dedicated to humanitarian work in Bangladesh. Since 1958, it has Supported the spiritual and social development of the community.

The foundation engages in multi-faceted developmental projects such as non-formal education, water, and hygiene, the Arsenic Countermeasures Scheme, HIV/AIDS awareness, measures to prevent child and women smuggling, medical services, the Ahsania Mission Cancer & Medical Center, professional skill training for working youth, rehabilitation of homeless children, assistance and rehabilitation following natural disasters, and other areas of development are all actively pursued by the foundation.

In addition to their other development efforts, the Dhaka Ahsania Mission (DAM) has set up a *Zakāh* Fund to help the poor community in Bangladesh. The official name for this account is the "Ahsania Mission Zakat Fund." Donations of *Zakāh*, whether made collectively or individually, are directed only to ameliorate the lives of the poor. A significant portion of the *Zakāh* money collected by the Ahsania Zakat Mission is used for various forms of community improvement. To this end, the organisation operates five charitable homoeopathic treatment centres, helps rehabilitate beggars, provides housing, food, education, and medical care to children from low-income families, and helps cover the costs of treatment and operation for those in need, such as cancer patients. In addition, the organisation assists low-income families with revenue projects and helps cover the wedding expenditures of disadvantaged young women.

⁶ "As-Sunnah Foundation," Self-Reliance Project-2022, accessed November 17, 2022, viewed on 24th November 2022 from <https://assunnahfoundation.org/about/introduction>.

It is worth noting that in the fiscal year 2020-2021, a net of Bangladeshi Taka (BDT).2,07,27,804 was collected to the *Zakāh* Fund, and by 30 April 2021, BDT.2,06,27,804 had been disbursed among the recipients of *Zakāh*⁷.

3.2.2.4 Bangladesh Thalassemia Foundation

The Bangladesh Thalassemia Foundation (BTF) is one of the government-registered charitable organisations that work to improve the lives of those affected by thalassemia. It began in 2002, when a group of thalassemia patients, family members, and activists founded a support group, which later grew to include patient management and thalassemia education and awareness projects. Since 2003, the foundation has been a partner of the Thalassemia International Federation (TIF).

The primary aim and objective of the foundation is to improve the quality of life of people with thalassemia sufferers by providing them with access to high-quality medical care and emotional support and to educate the public by raising awareness about thalassemia. The foundation maintains close links with the Bangladeshi medical community to ensure its sustained success. Due to the necessity of monthly blood donations and expensive medications for thalassemia patients' survival, most terminally ill patients are impoverished and unable to afford proper care. Thus, the collected *Zakāh* is utilised to pay for lifesaving treatments for thalassemia patients. A committee of patients, carers, physicians, nurses, and religious experts manages the fund on behalf of the foundation's *Zakāh* administration. In addition, the organisation is committed to the transparent operation of the *Zakāh* fund, guaranteeing that the *Zakāh* distribution mechanism is meticulously maintained and monitored by the *Zakāh* review panel and annually audited by credentialed auditors.

The *Zakāh* fund management of the Thalassemia Foundation has improved significantly over the past few years. Therefore, the number of patients in dire need has grown over the course of the previous several years. The *Zakāh* contributions are used exclusively for two primary reasons by the foundation, including the medical treatment

⁷ “Dhaka Ahsania Mission(DAM),” Ahsania Mission zakat fund: A reliable source of zakat donation in Bangladesh, 2014, viewed on 10th December 2022 from <https://www.ahsaniamission.org.bd/about-us/>.

of low-income Muslim patients and the payment of expenses linked with *Zakāh* fundraising.

3.2.2.5 JAAGO Foundation

The JAAGO Foundation is a non-governmental volunteer organisation movement formed and began its mission on April 14, 2007, by the youth group of Bangladesh for the purpose of education and youth development. It aims to aid the destitute people in Bangladesh to break the cycle of poverty via education and nation-building. The Foundation aspires to improve and contribute to the betterment of the nation by addressing the educational requirements of underprivileged children. It ensures quality education and skill development and supports income generation and entrepreneurship for families and youth in Bangladesh⁸.

In addition to its primary focus on education, the organisation is also involved in several other projects that are designed to improve the economic standing of underprivileged areas in Bangladesh as well as the empowerment of women. JAAGO also encourages the redistribution of resources that are necessary for the success of every citizen by maintaining a balance between education and skill upgrading for children and finding a way for the family to generate revenue.

Addressing the *Zakāh* fund, the organisation obtains *Zakāh* and invests it in education projects that aim to create long-lasting and transformative impacts on the students. Furthermore, the foundation is committed to spending *Zakāh* on three areas, including the renovation of schools to create a secure classroom atmosphere for children, school uniforms, and *Zakāh* donations for school materials that can improve a meaningful learning environment for underprivileged children.

⁸ “JAAGO Foundation,” Calculate Zakat, 2022, viewed on 10th December 2022 from <https://www.jaago.com.bd/Zakat/>.

3.2.2.6 Anjuman Mufidul Islam

Anjuman Mufidul Islam is a humanitarian and educational organisation founded in 1901 by several Muslim contributors in India. The organisation later moved to Dhaka, Bangladesh, and became an independent social organisation. The foundation is a voluntary, non-profit, as well as non-political social well-fair organisation that aims to improve the living standard of underprivileged community members. Currently, regarded as one of the largest social service organisations in Bangladesh. The mission of this independently run organisation is to formulate and carry out specific projects, activities, programs, and services with the goal of integrating people into society as patriotic, productive, and responsible citizens. The organisation is involved in several initiatives with the goal of promoting social welfare and development in the country.

In addition, it provides a variety of social services, such as burial services, a free ambulance service, a mobile medical service, an orphanage, relief services, pension allowances, widow allowances, rehabilitation for the underprivileged, building schools, free education, and student stipends, among many other forms of support. It has applied the *Zakāh* mobilisation technique to sustain, enhance, and extend the foundation's welfare and social service operations and projects. The dedicated *Zakāh* fund also utilises emergency crisis relief initiatives, such as supplying food, housing, and medical care to those who are devastated by natural calamities or other emergencies. *Zakāh* and *Ṣadāqah* are the foundation's primary sources of revenue⁹.

3.3 Evaluation of *Zakāh* Management by Government and Non-Government Organizations

The *Zakāh* management and administration process in Bangladesh involves the government and non-government organisations. For one of the most densely populated Muslim nations, the government has relatively few initiatives in managing *Zakāh* funds. There is scant action to accumulate and disperse *Zakāh* appropriately. Unquestionably,

⁹ “Zakat Calculator Anjuman Mufidul Islam,” accessed November 23, 2022, viewed on 15th December 2022 from https://anjumanmibd.org/Zakāh_calcu.

the introduction of the *Zakāh* administration and management system in Bangladesh is long overdue¹⁰.

Admittedly, the primary objective of *Zakāh* is always to empower the individual who receives it to become self-sufficient so that they can transform from the consumer position to the donor of *Zakāh*. Unfortunately, in Bangladesh, donating *Zakāh* within the framework of the existing system has minimal impact on the situation. Though a substantial quantity of money is collected in Bangladesh, a greater opportunity to collect more each year is not utilised. The harsh reality, however, is that the existing techniques adapted for the distribution of *Zakāh* amount to little more than voluntary charity. Instead of paying the due *Zakāh* to authorities, the well-off distribute their *Zakāh* among their poor relatives individually¹¹. Rather than improving the condition of the impoverished people, this is propelling the poor class further to worse levels of poverty. The needy and poor walk door-to-door to obtain *Zakāh* money or miscellaneous goods distributed by wealthy people rendering the *Zakāh* beneficiary to panhandle like a beggar.

Islam is concerned with human society and treating its problems and complications. This is because it is a unique religion that honors people without societal classifications. Given that Islam as a religion was sent to preserve the well-being of society, the marginalised groups within it, such as the poor, and the needy are bestowed with certain rights. To that effect, Islam is keen to ensure that these groups are reassured that their livelihood is guaranteed. Hence, *Sharī'ah* has enshrined that a majority of *Zakāh* proceeds be used for the well-being of society. By addressing the problems of poverty in society, *Zakāh* works to transform the most significant possible number of poor and needy people into wealthy owners by removing them from the circle of impoverished to the process of permanent sufficiency. Based on the principle that wealth in Islam must not be reserved in the hands of the rich, which the *Qur'ān* explicitly states

¹⁰ Muhammad Zohrul Islam FCA and M Kabir Hassan PhD, *Zakat Administration: Principles and Contemporary Practices* (Dhaka, Bangladesh: Bangladesh Institute of Islamic Thought (BIIT), 2022).

¹¹ Nezum Uddin, Mohammed Jashim Uddin, and Cholem Ullah, "Role of Zakat as a Tool of Poverty Alleviation and Sustainable Development: The Case of Bangladesh," *Bangladesh Journal of Islamic Thought*, (vol. 15, no. 24, 2019): P 55–68.

﴿كَيْ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ﴾ [الحشر: ٧].

so that it will not be a perpetual distribution among the rich from among you¹²

Zakāh is an economic and doctrinal legislation that comes after the order of faith and prayer. However, *Zakāh* is not limited to the relationship between the servant and his Lord, but rather its impact extends to the Muslim community. Therefore, in Islam, *Zakāh* works as the bridge between the rich and poor.

Prophet (SAWS) says,

«إِنَّ فِي الْمَالِ لَحَقًّا سِوَى الزَّكَاةِ " ثُمَّ تَلَا هَذِهِ الْآيَةَ الَّتِي فِي الْبَقَرَةِ (لَيْسَ الْبِرُّ أَنْ تُوَلُّوا وُجُوهَكُمْ). الْآيَةُ »

"Indeed there is a duty on the wealthy aside from *Zakāh*." Then he recited this *Ayah* which is in Al-Baqarah: 'It is not Al-Birr (piety, righteousness) that you turn your faces."

يَقُولُ لَيْسَ فِي الْمَالِ حَقٌّ سِوَى الزَّكَاةِ"¹³.

“There is nothing due on wealth other than *Zakāh*”.

Thus, the *Qur’ān* and the Hadith demand the right of *Zakāh* to the poor, so by paying the *Zakāh* in a planned way, the society would be freed from poverty and the flow of wealth would be created. Individual and non-integrative *Zakāh* distribution of miscellaneous items by wealthy individuals among poor neighbours in Bangladesh will not alleviate poverty as evident from the status quo. Notably, collecting and distributing *Zakāh* ought to be conducted by responsible institutions run by skilled and salaried staff. Moreover, incompetent staff or the absence of knowledgeable personnel in these organisations geared towards collecting *Zakāh* is another probable reason as to why the *Zakāh* being collected has not been able to reduce poverty levels, let alone eliminate it. The knowledgeable ‘*āmil* with an understanding of *Zakāh* administration, its rules, and regulations will possess the ability to oversee the collected *Zakāh* amount, to manage and increase the *Zakāh* money appropriately as needed. Therefore, only such ‘*āmil* can

¹² Qur’an 59: 7.

¹³ Muhammad Bin Yazeed Ibn Majah Al-Qazwinî, Sunan Ibn Mâjah, ed. Muḥammad Fu’ād ‘Abd al-Bāqī, (Cairo: Dār Iḥyā’ al-Kutub al-‘Arabīyah, n.d), Book: Kitāb al-Zakāh, vol. 1, 570, hadith number 1789, the grade of this hadith is dayif by Albani.

effectively reduce the scale of poverty in Bangladesh. *Zakāh* collected by staff and organisations lacking these abilities cannot be expected to have the same impact.

The government and most private *Zakāh* institutions in Bangladesh are ill-equipped to manage *Zakāh* funds, with a few notable exceptions such as CZM and As-Sunnah Foundation. It is also unclear how much, if any, of the *Zakāh* given to the government each year is included in its *Zakāh* budget. It is unclear what the Ministry of Religion does with this money, or how they intend to utilise the *Zakāh* fund for poverty reduction in the country. As expected, many of these inquiries remain unanswered, and the outcomes often deviate from originally envisioned plans¹⁴.

Evidently, it is seen that the current *Zakāh* institutions are woefully inadequate when it comes to the effective and equitable distribution of *Zakāh*. This is because each institution has its own plans that only address short-term needs, there is no observable and witnessed overall program, and these *Zakāh* organisations only engage in a limited number of activities. Donors of *Zakāh*, on the other hand, have no guarantee that their money is going to the right places. There is a dearth of well-established *Zakāh* organisations that are responsible and accountable in their operations, collect *Zakāh* from the wealthy, and distribute it to the appropriate sectors in accordance with *Sharī'ah*. Furthermore, many organisations today try to handle *Zakāh* anonymously, without adhering to the necessary *Sharī'ah* requirements that must be followed by all *Zakāh* institutions.

A lack of a central repository and index of *Zakāh* payers and receivers is a problem prevalent in most *Zakāh* organisations in Bangladesh. With a few noteworthy exceptions, the above-mentioned *Zakāh* organisations' online resources are neither comprehensive nor up-to-date. Additionally, there are no controls in place to make sure that *Zakāh* is utilised appropriately. Furthermore, there is no mechanism to ensure that *Zakāh* money is being allocated properly.

As a result, the disparity between the rich and the poor is intensifying. The development budget of Bangladesh is largely reliant on international aid which burdens

¹⁴ M Kabir Hassan, M Zakir Hossain Khan, and Md Karimul Islam, “The Potential of Zakat to Transform the Bangladesh Economy,” *The Business Standard*, 2022, sec. *Zakāh*. viewed on 20th December 2022 from <https://www.tbsnews.net/thoughts/potential-Zakāh-transform-bangladesh-economy-488042>.

the economy with foreign debt. If *Zakāh* funds could be properly collected and managed, it would reduce the reliance on foreign aid and drastically reduce the burden of debt payment, notwithstanding improving the lives of the poor by allowing the government to utilise locally available funds. It is possible to raise a sizable amount of *Zakāh* in the country, and doing so is crucial if Bangladesh is to improve the plight of the poor through the *Zakāh* administration.

Particularly, the benefits of *Zakāh* as a strategy for ensuring social security and social economic protection are yet to be achieved in Bangladesh. The government's handling of the *Zakāh* is inadequate and unsatisfactory. This is a major reason for the country's persistent failure in *Zakāh* collection and distribution and its lack of systematisation and inefficiency. These factors have become hindrances to the development of the *Zakāh* Fund even though the government's revenue has grown, and digital currency transactions have become more frequent.

Whereas if the government had taken the effort to institutionalise obligatory collection of *Zakāh* and systematic distribution, it would have resulted in a considerable decrease in the number of people living in poverty throughout the country as well as significantly alleviate the poverty in the country. In addition to competent and knowledgeable personnel in *Zakāh* administration, it is imperative and of utmost importance for the state to set up and establish a sustained method for the implementation of *Zakāh* that is responsible for the collection and distribution of *Zakāh*. The following table presents a criteria-based evaluation of the government and non-government *Zakāh* organisations in Bangladesh.

Table 3.1 *Zakāh* Management Evaluation

Criteria	Government management <i>Zakāh</i>	Non-government <i>Zakāh</i> organisation
Transparency	Moderate	high
Accountability and efficiency	Moderate	High
Coverage area	limited	Extensive
Impact	Limited	High
Law and regulations	No implementation	Moderate
Collaborations	Inadequate	Limited
Technological integration	Developing stage	Partially advanced
Sustainability	Planning stage	Partially Established
Continuity of progress	Not satisfactory	Moderate

3.4 CHALLENGES IN DEVELOPING PROPER *ZAKĀH* MANAGEMENT IN BANGLADESH

The existing *Zakāh* administration system in Bangladesh is hampered by numerous issues that are impractical and unworkable. Consequently, *Zakāh* is unavailable and inaccessible to its beneficiaries. The following is an overview of the challenges and obstacles for professional and successful *Zakāh* management in Bangladesh.

3.4.1 Absence of Appropriate Authority to Collect and Distribute *Zakāh*

Despite the fact that Bangladesh is one of the most populated Muslim nations, there are very few government-managed *Zakāh* initiatives to collect and disburse *Zakāh* funds. Therefore, most Muslims in the country pay *Zakāh* voluntarily. *Zakāh* is frequently paid separately to religious Madrasas or disadvantaged individuals classified as *fakir-Miskin*. Similarly, the distribution of traditional clothing (*saree-lungi*) or even a small sum of money at the individual level does not reduce poverty in society. In the absence of appropriate authority to collect and distribute *Zakāh*, there have been multiple

occurrences of chaos, injury, and death of *Zakāh* beneficiaries during the voluntary and informal distribution of *Zakāh*¹⁵.

3.4.1.1 Deficiency of Well-Structured Zakāh Institutions

There is an absence of well-managed *Zakāh* institutions for the collection and distribution of *Zakāh* funds in Bangladesh. Despite enormous potential, the National *Zakāh* Fund managed by the government has performed poorly in its collection and implementation of *Zakāh* funds¹⁶. Though some non-governmental organisations have achieved success in the distribution and collection of *Zakāh*, their coverage area is minimal and the *Zakāh* funds collected are insufficient and below their potential and capability.

3.4.1.2 Defective Zakāh Distribution Method

The *Zakāh* collection by the government and private organisations is carried out imprecisely, and there are serious problems and issues in the distribution process of *Zakāh* funds to the receivers. In terms of the *Zakāh* amount that is distributed among recipients, there is no fixed or maximum portion. Most people do give recipients a lump-sum payment regardless of their requirements and demands. In most situations, *Zakāh* is commonly manifested informally through the distribution of traditional clothes by a handful of wealthy individuals. There is a lack of concerted and collective effort. Similarly, the method of distribution to recipients is determined arbitrarily or unfairly by the *Zakāh* contributors, especially limited to families or close relatives, and occasionally, the needy are encouraged to collect their *Zakāh* on a given date and location¹⁷. To that effect, several incidents have been reported in many news stories

¹⁵ Mamun Rashid, "The Economics of Zakat," Dhaka Tribune, 2014, viewed on 21st December 2022 from <https://www.dhakatribune.com/opinion/op-ed/32413/the-economics-of-zakat>.

¹⁶ Abbas Uddin Noyon, "Zakat Economy: Little Use of a Huge Potential," The Business Standard, April 22, 2021, viewed on 21st December 2022 from <https://www.tbsnews.net/feature/zakat-economy-little-use-huge-potential-235756>.

¹⁷ Obaidullah, "Zakah Management in Rural Areas of Bangladesh: The Maqasid Al-Shari'ah (Objectives of Islamic Law) Perspective," 10.

wherein *Zakāh* recipients were required to gather in large crowds, which frequently resulted in stampedes and sometimes caused death¹⁸¹⁹.

3.4.1.3 Haphazard and Disorganised Zakāh Distribution

There is relatively limited contact between the parties controlling *Zakāh* funds in Bangladesh. Due to a lack of competence and the absence of established networks or mechanisms for cooperation in *Zakāh*, the execution of *Zakāh* by government bodies, private volunteer organizations, and individuals is not as efficient or progressive as it should be. In certain places and situations, individuals receive *Zakāh* from several sources numerous times, whereas those who live in remote regions remain frequently deprived of *Zakāh*²⁰.

3.4.1.4 Ineffective Zakāh Commission and Absence of the Sharī'ah Advisory Council

The Government *Zakāh* Agency is functionally deficient. Regarding the current *Zakāh* management, there is indeed a severe lack of clear instructions and adequate guidelines for standard procedures in managing *Zakāh*. Similarly, the majority of *Zakāh* institutions lack a *Sharī'ah* Advisory Committee. As almsgiving is a compulsory obligation for wealthy Muslims, its management requires Islamic *Sharī'ah* guidance to ensure that *Zakāh* funds are disbursed in accordance with Islamic *Sharī'ah* rules and principles. Failing *Sharī'ah* compliance, the *Zakāh* management system is rapidly losing public confidence and trust²¹.

¹⁸ Banglanews24, “10 killed in Satkaniya while collecting *Zakāh*,” *banglanews24.com*, 2018, viewed on 22nd December 2022 from <https://www.banglanews24.com/national/news/bd/653272.details>.

¹⁹ Taj Hashmi, “‘Zakat -Deaths’ in Bangladesh: An Old Story of Piety and Power,” *The Daily Star*, 2015, viewed on 22nd December 2022 from <https://www.thedailystar.net/op-ed/%E2%80%9CZakāh -deaths%E2%80%9D-bangladesh-old-story-piety-and-power-113527>.

²⁰ Fatema Johoora, “The Zakat as a Means of Wealth Redistribution: What Role for the State?,” *ICTD* (blog), May 2021, viewed on 22nd December 2022 from <https://www.ictd.ac/blog/Zakāh -wealth-redistribution-role-state/>.

²¹ Ibid.

3.4.1.5 Lack of Accountability and Trustworthiness

There is an absence of transparency in the government *Zakāh* Board, which is accountable for the administration of *Zakāh* throughout the entire country. A dedicated database for *Zakāh* collection and utilisation is non-existent. The Board does not track the sources and recipients of the resources. As a consequence, *Zakāh* contributors express low faith in the capacity of the government to disburse it to eligible beneficiaries. Furthermore, a substantial number of wealthy individuals in Bangladesh prefer to donate their *Zakāh* contributions personally to the recipients, to maintain a positive public image in the community.

3.4.2 Inadequate Knowledge of *Zakāh*

In Islam, the mandatory payment of *Zakāh* is regarded as a vital tool for the development of an Islamic society; unfortunately, the majority of people do not have a comprehensive understanding of the *Zakāh* concept. The wealthy people are interested in praying and fasting, and they are interested in going multiple times to perform *Hajj* and *Umrah*. However, they are not motivated to pay *Zakāh*. The lack of a distinct and clear concept of *Zakāh* is the primary reason for carelessness and demotivation towards paying *Zakāh*. Most Bangladeshi people have a general understanding of prayer and fasting, but they have a quite minimal understanding of *Zakāh*.

3.4.3 Insufficient Public Awareness and Acceptance

Public awareness towards promoting *Zakāh* payment among the *Zakāh* payers is minimal. There is a negligible tendency among people in cities and rural areas to provide their *Zakāh*. It is astonishing to mention that Islamic scholars regularly deliver lectures on various aspects of Islam all around the nation, but *Zakāh* does not receive the importance it is due even in Islamic lectures and discussions during Friday Khutba or *mahfil* gatherings. Hence, among the people, paying *Zakāh* is not regarded as important as other pillars of Islam. Similarly, the majority of Muslim clerics at mosques in remote areas, particularly villages, are undereducated. Oftentimes, they are scarcely

aware of the *Zakāh*-related fiqh-based rulings²². Additionally, the coverage and discussion of *Zakāh* and its significance in modern electronic and print media presence are limited. Due to insufficient knowledge of *Zakāh* as well as a lack of public awareness campaigns overall, the majority-Muslim general population lacks education and knowledge on basic aspects of *Zakāh*, its importance in Islam, and its significance as a poverty alleviation tool.²³

3.4.4 Narrow-Attitude

There is a prevalent un-Islamic attitude among both *Zakāh* providers and recipients. The payers of *Zakāh* believe they are doing the recipient a favour, and they make the beneficiary feel like they are privileged to receive it as opposed to it being their Islamic right. According to Islamic doctrine, *Zakāh* is a required act of worship, not a voluntary act. The impoverished have an inherent right to share in the wealth of those who are rich. The poor and helpless are entitled to the wealth of the wealthy. Therefore, *Zakāh* is not a favour to the needy; it is a grant of rights. In addition, the attitude of certain wealthy individuals to escape *Zakāh* is also clearly evident. They avoid paying their *Zakāh* by incorporating different deceptions and tactics.

3.4.5 Limited Categories of *Zakāh* Beneficiaries

In Bangladesh, the *Zakāh* system in public-private or private ownership does not prioritise all the categories that are mentioned in the *Qur'ān*. Some *Zakāh* beneficiaries are wholly ignored. The majority of *Zakāh* is paid in Madrasas, and orphanages, under the group of *Fakir*, *Miskin*, and *Fi-Sabilillah*. In some respects, there are a great number of beneficiary groups who legitimately deserve to receive *Zakāh*; nevertheless, *Zakāh* funds do not reach their way to them. For instance, debtor assistance is one of the *Zakāh*

²² Obaidullah, “Zakah Management in Rural Areas of Bangladesh: The Maqasid Al-Shari’Ah (Objectives of Islamic Law) Perspective,” P 10.

²³ Nabi et al., “Estimation of *Zakāh* and Its Use as An Effective Tool for Socio-Economic Development in Bangladesh,” P 52.

beneficiaries that is neglected. In addition, there are no exact figures regarding the number of *Zakāh* sectors in Bangladesh.

3.4.6 Absence of Reformed *Zakāh* Legislation and Enforcement

The lack of comprehensive *Zakāh* legislation has impeded the use of *Zakāh* as an effective instrument for social advancement, particularly in poverty reduction.

In Bangladesh, the thirteen-member government *Zakāh* Board was established under the Islamic Foundation by an ordinance dated 5 June 1982. Currently, that board supervises the operations of the Islamic Foundation. Unfortunately, in fifty years of independence, the Zakah Board has failed in its aim of substantially reducing poverty through *Zakāh*. The Religious Affairs Ministry reported in an official statement that the "*Zakāh* Fund Management Bill-2022" is scheduled to be presented at the National Parliament, maintaining the availability of collecting and distributing *Zakāh* utilizing information and communication technologies. The proposed '*Zakāh* Fund Management Act, 2022' will amend the *Zakāh* Fund Law, 1982, which was passed on the decisions of the High Court at that time. Additionally, it is also noted that in accordance with the new legislation, the Islamic Foundation will then be entrusted with the responsibility of re-establishing a *Zakāh* board, and within that board, a commission will be responsible for overseeing the collection and distribution process of *Zakāh*. After the law is passed and put into effect, anyone, domestically or internationally, will be capable of paying *Zakāh* at any government-designated bank²⁴.

On October 19, 2021, the Cabinet approved the proposal of the "*Zakāh* Fund Management Act"²⁵. Finally, on January 25th 2023, the *Zakāh* management bill-2023 was passed in the parliament, aiming to improve *Zakāh* collection and distribution in compliance with *Sharī'ah* regulations²⁶. In this regard, when viewed more closely, one

²⁴ "Zakat Fund Law in the Offing," *Bangladesh Post*, November 5, 2022, viewed on 24th December 2022 from <https://bangladeshpost.net/posts/Zakat-fund-law-in-the-offing-98464>.

²⁵ Daily Sun, "Zakat Fund Management Bill 2022 Places in JS," *Daily Sun*, November 6, 2022, sec. National, viewed on 24th December 2022 from <https://www.daily-sun.com/post/654495/Zakāh-Fund-Management-Bill-2022-places-in-JS>.

²⁶ Star Digital Report, "New Bill Passed to Streamline Zakat Management," *The Daily Star*, January 25, 2023, viewed on 15th May 2023 from <https://www.thedailystar.net/news/bangladesh/news/new-bill-passed-streamline-zakat-management-3230361>.

may also notice the drawn-out process and lengthy procedure of implementing the new laws can be observed. Therefore, there is an issue regarding whether the legislation will be enforced adequately and successfully so that *Zakāh* can be performed effectively. Questions pertaining to the duration of time needed for proper *Zakāh* collection and disbursement to eradicate poverty persist in the absence of a clear framework and mechanism of implementation. Moreover, there is a lack of competent personnel required to perform this legislation. Once the law is passed, questions also remain about the feasibility of this legislation, whether it can eliminate poverty and improve the living standard of underprivileged people.

3.4.7 Absence of Good Governance Practices in *Zakāh* Management

The absence of effective governance is one of the greatest obstacles to attaining proper *Zakāh* administration in Bangladesh. There is a huge gap for strong corporate governance in the *Zakāh* sector. Mismanagement of *Zakāh* resources is prevalently witnessed. As a direct impact of incompetence in *Zakāh* management, an ever-increasing number of the poor and needy are currently experiencing financial imbalance and uncertainty.

To strengthen the *Zakāh* administration, there is no alternative to adopting good governance. However, the *Zakāh* administration is corrupt and undisciplined as there is a very limited attempt to restructure this sector. Ultimately, in view of the inadequacy of the *Zakāh* management system, it is crucial to anticipate the effectiveness of *Zakāh* resources in eliminating poverty and helping the people. It is required to increase accountability, transparency, efficiency, and responsibility in *Zakāh* management to overcome inconsistency and incompetence in *Zakāh* administration. This will enable proper *Zakāh* management performance to be ensured.

3.4.8 Absence of Centralized *Zakāh* Management

In Bangladesh, the absence of a fully institutionalised and centralised *Zakāh* administration impedes the achievement of *Zakāh* intended goals. To this effect, the

importance of *Zakāh* in developing an independent economy through eliminating poverty is not properly acknowledged and reflected in the country. The collection and distribution of *Zakāh* funds are affected by the existing decentralised *Zakāh* operational mechanism. In the absence of such a centralised *Zakāh* management system, the *Zakāh* payers are placed in a difficult position by both the private *Zakāh* organisations and madrasas in the sense that both these entities compete to be given the *Zakāh*. Additionally, this results in unfair competition between *Zakāh* collection centres²⁷. To that effect, the funds collected are spent without any oversight by the required authority. It is observed and revealed that some organizations usually have an excess of *Zakāh* funds while others experience shortages. Moreover, all the rightful categories of *Zakāh* beneficiaries are not able to receive their share of *Zakāh* because of the absence of combined efforts of *Zakāh* collections and distribution between the organisations. For the proper impact of *Zakāh* to be witnessed in society, a centralised authority that collaborates between the national *Zakāh* board and policymakers must be established to guarantee the improvement of the disadvantaged and underprivileged groups²⁸.

3.4.9 Insufficient Data for Prospective Payers and Limited Usage of Potential *Zakāh* Funds

In Bangladesh, there is a significant disparity between the official data on prospective *Zakāh* payers which contributes to the minimal utilisation of *Zakāh* potential. Due to a lack of competent *Zakāh* 'āmil, it is difficult to determine not only the prospective *Zakāh* payers in Bangladesh, but also wealthy *Zakāh* donors and their actual yearly *Zakāh* donation records. Surprisingly, *Zakāh* institutional practice is quite scant. One of the reports mentioned that according to the estimates of the *Zakāh* board, 14 out of a total 42 commercial banks collected a total of 60 million BDT in 2012-2013; however, the *Zakāh* board disbursed approximately 2 million BDT. The remaining 28 commercial banks out of 42 made no effort to collect *Zakāh*, nor transfer it to the *Zakāh* board

²⁷ Hidayati Ataina and Achmad Tohirin, "Management of Zakāh: Centralised Vs Decentralised Approach" (Seventh International Conference – The Tawhidi Epistemology: Zakat and Waqf Economy, Bangi, 2010), P 371.

²⁸ Ibid, P 372.

despite possessing separate bank accounts and receiving a collection of over 10 million BDT overall; nevertheless, they had no accountability summary of the funds²⁹.

Additionally, nine areas, including bank deposits, shares and securities, provident funds, livestock, fishery, agro-crops and forestry, industrial production, trade services, and mining, were addressed in the overall estimated sources of *Zakāh* and with these huge potentials of *Zakāh*, the *Zakāh* fund can be a benefit for impoverished communities if the development of *Zakāh* is aligned with economic progress³⁰. Despite rising affluence and widespread digital cash transactions using financial services provided by banks and mobile service platforms, government *Zakāh* revenues have not adequately contributed to improved socio-economic status redistribution. As a result, the collected *Zakāh* fund is quite meagre, as opposed to being larger. Some other official report indicates that only Tk 35,3 million has been contributed to the *Zakāh* fund for the fiscal year 2020-21, which is significantly less than predicted³¹.

3.4.10 Inability of the Government to Adapt its Policy Towards *Zakāh*

In 2015, Bangladesh achieved a lower-middle income position. As stated by the World Bank, it would reach its goal of an upper-middle-income country by 2031³². Hence, the government is consistently working on poverty alleviation strategies, including strengthening social protection systems for individuals who are at risk of poverty, government subsidies, empowering micro-savings, efficient disaster prevention programs, and promoting sustainability against the impacts of climate change. Similarly, respective governments, non-government organisations, and authorities are implementing numerous activities that involve the emergence of microfinance services

²⁹ Ahm Ershad Uddin, "Through Islamic Banks' Zakat House (IBZH) : Investment of Zakat Funds in Microfinance to Remove Poverty in Bangladesh : A New Model," *International Journal of Islamic Economics and Finance Studies*, (vol. 2, no. 1, March 2016): P 1–25, viewed on 25th December 2022 from <https://doi.org/10.12816/0036592>.

³⁰ M Kabir Hassan, M Zakir Hossain Khan, and Md Karimul Islam, "The Potential of Zakat to Transform the Bangladesh Economy," *The Business Standard*, 2022, sec. *Zakāh*.

³¹ Sajibur Rahman, "Zakat Fund Couldn't Mobilise Even 1.0pc of Potential Charity Amount," *The Financial Express*, September 11, 2021, sec. National, viewed on 25th December 2022 from <https://beta.thefinancialexpress.com.bd>.

³² "The World Bank In Bangladesh," World Bank, October 6, 2022, viewed on 25th December 2022 from <https://www.worldbank.org/en/country/bangladesh/overview>.

in order to accelerate the government's efforts³³. Unfortunately, the proposal of using *Zakāh* to address poverty was never seriously considered by the government as a key priority for the overall strategy and economic growth of the country. Consequently, the *Zakāh* program as a tool for poverty eradication continues to be ignored and does not receive any recognition officially in Bangladesh despite being a significant and effective indicator of economic growth and development³⁴.

3.4.11 Lack of Modern Digital Technology Usage in the *Zakāh* Collection and Distribution Process

Presently, most of the activities that take place in modern societies are dependent heavily on technology to become more assisted and productive. In Bangladesh, the absence of technological developments in utilising of digital technology for the *Zakāh* collection and distribution process is ignored and contributes to a failure in the operation, collection, and redistribution of *Zakāh* funds. In addition, digital payment methods such as mobile applications, e-payment platforms, ATMs, online banking, and blockchain are not widely employed for *Zakāh* collection and distribution in the country. Moreover, the majority of *Zakāh* payers prefer to donate *Zakāh* in the traditional manner or directly to the recipients. Besides, the *Zakāh* management authorities have made relatively limited progress in their digitalisation marketing plan for attracting potential *Zakāh* contributors through digital platforms. In Indonesia, implementing digital technology platforms for managing *Zakāh* collection and distribution showed considerable results, as *Zakāh* collection increased by 35% at BAZNAZ, and *Zakāh* revenue doubled on the GoPay and LinkAja platforms³⁵. Recently, in Bangladesh, several mobile application providers, such as Nagad Islamic, bkaash, rocket, etc., launched *Zakāh* calculators that allow customers to pay their *Zakāh*

³³ “Bangladesh Economic Review -2022,” Economic Reports (Dhaka, Bangladesh: Finance Division, Ministry of Finance Government of the People’s Republic of Bangladesh, June 2022), viewed on 25th December 2022 from <http://www.mof.gov.bd/>.

³⁴ Rashed Jahangir and Mehmet Bulut, “Estimation of Zakat Proceeds In Bangladesh: A Two-Approach Attempt,” *Journal of Islamic Monetary Economics and Finance*, (vol. 8, no. 1, 2022): P 133–48, viewed on 26th December 2022 from <https://doi.org/10.21098/jimf.v8i1.1455>.

³⁵ Sri Yuyu Ninglasari and Mumuh Muhammad, “Zakat Digitalization: Effectiveness of Zakat,” *Journal of Islamic Economic Laws*, (vol. 4, no. 1, 2021): P 26–44.

contributions directly to more than twenty Islamic and voluntary *Zakāh* organisations³⁶. However, the biggest concern in these organisations is the lack of public trust and donor confidence in how their *Zakāh* donations are distributed. Subsequently, the unavailability of a digital database, the non-disclosure of collected amounts, and the insufficient distribution of information online on the majority of *Zakāh*-managing organisations' websites hamper overall efforts to collect *Zakāh* from payers. The following table indicates the challenges associated with *Zakāh* management in Bangladesh.



³⁶ “Pay Zakat to the Underprivileged through BKash,” Corporates, April 25, 2022, viewed on 25th December 2022 from <https://www.tbsnews.net/economy/corporates/pay-Zakāh-underprivileged-through-bkash-409282>.

“Nagad Islamic Introduces *Zakāh* Calculator,” *New Age*, April 10, 2022, sec. Business, viewed on 25th December 2022 from <https://www.newagebd.net/article/167769/nagad-islamic-introduces-Zakāh-calculator>.

Table 3.2: Challenges and Effect on *Zakāh* Management in Bangladesh³⁷

Challenges	Concerned body	Area of effect
❖ Absence of appropriate authority to collect and distribute <i>Zakāh</i>	Government <i>Zakāh</i> authority (Islamic Foundation)	❖ Deficiency of Well-structured <i>Zakāh</i> Institutions. ❖ Defective <i>Zakāh</i> distribution method ❖ Haphazard and disorganised <i>Zakāh</i> distribution ❖ Ineffective <i>Zakāh</i> Commission and Absence of the <i>Shari'ah</i> Advisory Council ❖ Lack of Accountability and Trustworthiness
❖ Lack of digital technology in <i>Zakāh</i> distribution process	Workforce Training and Management organization	❖ Insufficient data for prospective <i>Zakāh</i> payers and limited usage of potential funds
❖ Inadequate knowledge of <i>Zakāh</i>	Ministry of Information	❖ Insufficient public awareness and Acceptance ❖ Narrow-attitude
❖ Absence of Centralised <i>Zakāh</i> Management	Parliament committee/ bodies policy and organizations	❖ Limited Categories of <i>Zakāh</i> Beneficiaries ❖ Absence of Reformed <i>Zakāh</i> Legislation and Enforcement ❖ Inability of the government to adapt its policy towards <i>Zakāh</i> ❖ Limited Categories of <i>Zakāh</i> Beneficiaries

³⁷ Abu Hamid Aziz and Muhammad Amanullah, “Issues and Concerns of *Zakāh* Management in Bangladesh: A Way Forward from an E-*Zakāh* Perspective: قضايا وتحديات إدارة الزكاة في بنغلاديش: نحو آفاق جديدة في تطبيقات”, *International Journal of Fiqh and Usul Al-Fiqh Studies*, (vol. 7, no. 2, July 31, 2023): P 89–101, viewed on 20th January 2024 from <https://doi.org/10.31436/ijfus.v7i2.306>.

3.5 CHAPTER SUMMARY

This chapter highlights how *Zakāh* management and administration in Bangladesh operate under a state-run charity paradigm, where *Zakāh* is not strictly enforced by law. The *Zakāh* Board was established by the government in 1982 to manage the *Zakāh* fund, and the Islamic Foundation of Bangladesh regulates and manages *Zakāh* under the supervision of the Ministry of Religious Affairs. Several private organizations and agencies also contribute to *Zakāh* administration and implementation in Bangladesh. Additionally, this chapter elaborates on how the bulk of government and private *Zakāh* institutions in Bangladesh are ill-equipped to manage *Zakāh* funds, with a few notable exceptions. Evidently, it is clear that the current *Zakāh* institutions are woefully inadequate regarding the effective and equitable distribution of *Zakāh*. This is because each institution has its own plans that only address short-term needs, there is no observable and evident overall program, and these *Zakāh* organisations only engage in a limited number of activities. Donors of *Zakāh*, on the other hand, have no guarantee that their money is going to the right places. There is a dearth of well-established *Zakāh* organisations that are responsible and accountable in their operations which can collect *Zakāh* from the wealthy and distribute it to the appropriate sectors in accordance with *Sharī'ah*.

The section titled Challenges in Developing Proper *Zakāh* Management in Bangladesh lists many challenges that prevail in *Zakāh* management. It begins by describing the deficiency of well-structured *Zakāh* institutions. In addition, it explains how the National *Zakāh* fund managed by the government has failed to collect and implement *Zakāh* funds effectively. Some non-governmental organisations have succeeded in collecting and distributing *Zakāh*, but their coverage area is minimal, and the collected funds are insufficient. Alongside a lack of concerted and collective effort, the distribution method of *Zakāh* funds is defective. Similarly, this section also explains how the absence of a centralised *Zakāh* management system creates difficulties for *Zakāh* payers and leads to unfair competition between *Zakāh* collection centers. Furthermore, there is insufficient data on prospective *Zakāh* payers, and potential *Zakāh* funds are not being fully utilised due to limited institutional practice and accountability. Moreover, the absence of accountability and trustworthiness further compounds the problem, as there is an absence of transparency in the government *Zakāh* Board.

To address these issues, it is crucial to adopt good governance, increase accountability and transparency, and establish a centralised authority that collaborates between the national *Zakāh* board and policymakers. This discussion argues that *Zakāh*, an Islamic charitable practice, can be aligned with economic progress but the government of Bangladesh has not been able to utilise it for poverty alleviation and socio-economic status redistribution effectively. Overall, this chapter asserts that despite the country's aim to become an upper-middle-income country by 2031, the government has not prioritised *Zakāh* as a key strategy for economic growth and development.

Lastly, the chapter concludes that the lack of modern digital technology usage in the *Zakāh* collection and distribution process also hinders its effectiveness. While some mobile applications have been launched to facilitate *Zakāh* contributions, the absence of a digital database, non-disclosure of collected amounts, and insufficient distribution of information online limits public trust and donor confidence in the *Zakāh* -managing organisations.

CHAPTER FOUR

***E-ZAKĀH* MANAGEMENT FOR THE COLLECTION AND DISTRIBUTION OF *ZAKĀH* FUND: EXPERIENCES OF LEMBAGA ZAKAT SELANGOR (LZS)**

4.1 INTRODUCTION

The contemporary *Zakāh* administration system is developing rapidly. There are constant advancements and ongoing efforts and initiatives to modernise the appropriate application of *Zakāh* globally. This is demonstrated by the establishment of e-payment practices in several Muslim nations and the formation of numerous *Zakāh* organisations that conduct professional and specialised *Zakāh* administration. This chapter will elaborate on the overall concept of e-payment and *e-Zakāh* system integration in *Zakāh* management. The discussion will focus on several aspects related to *e-Zakāh* application development.

It begins with an overview of e-payment and *e-Zakāh* technology, the concept of e-payment, and the Development of *e-Zakāh* for the usage of *Zakāh* management. Then the chapter delves into the section on the *e-Zakāh* as an alternative platform to manage *Zakāh* funds and elaborates on the *e-Zakāh* Implementation and Management in Malaysia. This is followed by the section on the Readiness to develop *e-Zakāh* implementation experiences of LZS, alongside the Overview on *e-Zakāh* service applications undertaken by LZS. Finally, the Components of *e-Zakāh* payment and the Chapter Summary are presented.

4.2 OVERVIEW OF E-PAYMENT AND *E-ZAKĀH* TECHNOLOGY

The rapid growth of digital technology in modern societies has changed people's behaviour and activities in all aspects of life. The usage of technology became a common phenomenon in enhancing all social and economic needs. Technological

innovation and advancement have created significant opportunities to facilitate all the services constructively. According to EPRS, the industrial revolution happened four times. In 1784, the first industrial revolution started in England. At the beginning of the 19th century, the second Industrial Revolution occurred. The third industrial revolution occurred in 1970 and lasted until the emergence of the fourth industrial revolution, popularly known as the 4.0 industrial innovation era¹.

The function of the internet is extremely predominant in a wide range of human daily life actions and plays a significant part in this digital world currently known as 4.0. The term 4.0 is the comprehensive revolution of all aspects of industrial operation brought by the combination and integration of traditional industry with digital technologies and the internet which leads to a competitive sector. The presence of technology and the internet enables easy access to all information and business developments. Previously, in the early days of the internet, it was usually used as a communication tool by electronic messages widely known as e-mail. After the 1990s, the Internet application expanded to every corporate and non-corporate sector. The innovation of the internet and digital communication ultimately makes a significant contribution toward delivering convenience and accessibility to society. At present, the internet plays a role both on a regional level, for example in the purchasing and selling transactions that take place in the community, as well as a worldwide platform, at the industrial and business levels. The utilisation of internet-based technologies has increasingly beneficial impacts, which are expanding substantially at a rapid pace².

Additionally, the growth of ICT has revolutionised traditional payment systems tremendously in the financial sector. Globally, the financial services sector has transformed considerably due to recent technological advancements. The cashless payment system is one of the most advanced methods for performing financial transactions. It is considered a breakthrough and a revolutionary step forward in contrast to the traditional payment methods of cash and cheques. This non-cash payment trend is widely known as electronic payment (e-payment). The origins of the e-payment

¹ Ron Davies, "Industry 4.0 Digitalisation for Productivity and Growth," *European Parliamentary Research Service*, Members' Research Service, September 2015, P 2–10.

² Angga Syahputra and Mukhtasar, "Digitizing Zakat Collection through the E-Payment System," *Al-Amwal : Jurnal Ekonomi Dan Perbankan Syariah*, (vol. 13, no. 1, 2021): P 14, viewed on 21st February 2023 from <https://doi.org/10.24235/amwal.v13i1.7962>.

system could be traced back to 1918, when the federal bank and telegraph collaborated to shift currency for the first time in the United States. However, it could only be implemented after 1972 when the Automated Clearing House (ACH) transaction system could be developed.

In recent years, a considerable number of e-payments services have emerged within the paradigm of global payment networks. These include credit cards, e-cash, electronic cheques, and other forms of electronic payment such as e-money transfers³. Generally, there are four main types of electronic payment transfer systems including debit and credit card transactions, digital cash, electronic transfers, and micropayments⁴. Furthermore, after the emergence of the e-payment system, the worldwide payment system connected with the development of cashless transactions between individual users, corporations, and government authorities⁵.

As a reflection of the above, the global payment system is rapidly converting from traditional forms of currency, such as coins as well as paper-based cash, to digital forms, which offer a more comfortable technique of performing financial business with user-friendly, efficient, and protected than conventional methods⁶. According to the World Payment Report compiled by the Capgemini Research Institute, the yearly development of non-cash operations or digital payment infrastructure upgrades and stability has accelerated and triggered the acceptance of innovative formats, such as QR codes, digital wallets, and account-to-account billing transfers. Additionally, the alternative payment products also prompted a demand for simplified and efficient

³ Ken Peffers and Will Ma, "An Agenda for Research About the Value of Payment Systems for Transactions in Electronic Commerce," *Journal of Information Technology Theory and Application (JITTA)*, (vol. 4, no. 4, January 1, 2003), viewed on 15th March 2023 from <https://aisel.aisnet.org/jitta/vol4/iss4/4>.

⁴ Hsiao-Cheng Yu, Kuo-Hua Hsi, and Pei-Jen Kuo, "Electronic Payment Systems: An Analysis and Comparison of Types," *Technology in Society*, (vol. 24, no. 3, August 2002): P 331–47, viewed on 15th March 2023 from [https://doi.org/10.1016/S0160-791X\(02\)00012-X](https://doi.org/10.1016/S0160-791X(02)00012-X).

⁵ Odi Nwankwo and Onyekachi Richard Eze, "Electronic Payment in Cashless Economy of Nigeria: Problems and Prospect," *Journal of Management Research*, (vol. 5, no. 1, December 19, 2012): P 138–51, viewed on 15th March 2023 from <https://doi.org/10.5296/jmr.v5i1.2650>.

⁶ Anshu Premchand and Anurag Choudhry, "Future of Payments – EPayments," *International Journal of Emerging Technology and Advanced Engineering*, (vol. 5, 2015): P 110–15.

customer interactions with an ideal combination of new and conventional payment methods, as well as targeted personalised services with economic benefits⁷.

4.2.1 The Concept of E-payment

Due to the presence of advanced technology over the past decades, the digital payment system has received considerable interest from researchers and ICT system developer professionals. There are extensive and in-depth studies that present multiple interpretations of the e-payment system. The majority of opinions on e-payment systems are mostly based on perspectives from the fields of accounting industries, business sector, and financial institutions. The following are some of the definitions of an e-payment system:

A specific platform that enables online payment, commonly meaningful and effective, payment of items and services handled both online and offline, in replacement of traditional modes of payment such as cash⁸.

E-payment refers to “any digital financial payment transaction involving currency transfer between two or more parties”⁹.

E-payment is an online payment process without involving currency notes for purchases or transactions¹⁰.

⁷ Alex Rolfe, “World Payment Report 2022,” Issuing & Acquiring, World Payment Report: Payments Industry Intelligence (North America: Capgemini Research Institute, November 9, 2022).

⁸ Daielly Melina Nassif Mantovani and Durval Lucas Jr, “User-Technology Interaction: Unpredicted Uses of Brazilian Micropayment Platform PIX for Flirting,” chapter, Handbook of Research on Social Impacts of E-Payment and Blockchain Technology (IGI Global, 2022), viewed on 16th March 2023 from <https://doi.org/10.4018/978-1-7998-9035-5.ch002>.

⁹ George S. Oreku and Fredrick Japhet Mtenzi, “A Review of E-Government Initiatives in Tanzania: Challenges and Opportunities,” chapter, Handbook of Research on E-Government in Emerging Economies: Adoption, E-Participation, and Legal Frameworks (IGI Global, 2012), viewed on 16th March 2023 from <https://doi.org/10.4018/978-1-4666-0324-0.ch003>.

¹⁰ Jayapandian N, “Business Transaction Privacy and Security Issues in Near Field Communication,” Chapter, Network Security and Its Impact on Business Strategy (IGI Global, 2019), viewed on 16th March 2023 from <https://doi.org/10.4018/978-1-5225-8455-1.ch005>.

E-payment refers to the procedure of making a transaction through the use of online electronic transfer of credit card information, direct credit, as well as other electronic means in alternative to cash and cheques¹¹.

E-payment can be characterised as any transaction involving the transfer of funds that is carried out using a digital communications network¹².

E-payment is a form of interconnectivity between businesses and individuals, facilitated by banks and online electronic transaction processing platform, that facilitates digital money transfers¹³.

E-payment is considered as any exchange of a digital currency of payment from a payer to a receiver over an online transaction channel that enable users to remotely connect and control their bank accounts and transactions via an electronic system¹⁴. In summary, according to the given definitions, e-payment can be defined as a platform of electronic transaction process between two or more parties in the form of an online electronic channel without being incorporated by cash payment and cheque.

4.2.2 Development of E-Zakāh for Utilising Zakāh Funds

The trend towards the usage of digitalisation and technological innovation in this era transformed many areas including financial industries. *Zakāh* institution as an Islamic social financial sector adopted technological inclusion for effective and productive services in managing the *Zakāh* fund. The mechanism and process of *Zakāh* management is currently shifting according to the direction of the times through the use of digital technology¹⁵. The technological development is essential to expect the highest

¹¹ Kabir, et al., "Adoption of E-Payment Systems: A Review of Literature," 113.

¹² Tae-Hwan Shon and Paula M.C. Swatman, "Identifying Effectiveness Criteria for Internet Payment Systems," *Internet Research*, (vol. 8, no. 3, January 1, 1998): P 202–18, viewed on 20th March 2023 from <https://doi.org/10.1108/10662249810217759>.

¹³ Austin Briggs and Laurence Brooks, "Electronic Payment Systems Development in a Developing Country: The Role of Institutional Arrangements," *The Electronic Journal of Information Systems in Developing Countries*, (vol. 49, no. 1, 2011): P 1–16, viewed on 20th March 2023 from <https://doi.org/10.1002/j.1681-4835.2011.tb00347.x>.

¹⁴ Wendy Ming-Yen Teoh et al., "Factors Affecting Consumers' Perception of Electronic Payment: An Empirical Analysis," *Emerald Group Publishing Limited, Internet Research*, (vol. 23, no. 4, January 1, 2013): P 465–85, viewed on 20th March 2023 from <https://doi.org/10.1108/IntR-09-2012-0199>.

¹⁵ Syahputra and Mukhtasar, "Digitizing Zakat Collection through the E-Payment System," 16.

result which makes *Zakāh* collection and management more efficient, transparent, and widespread, reduces costs in transactions, reachable as well as protected with security assurance of *Zakāh* fund¹⁶.

With the advancement of the internet, the electronic payment system enables faster payments, better tracking, transparent transactions, reduces time usage and cost as well as increases trust between sellers and buyers. In this current digital era, in the last few years, the *Zakāh* organisation has deployed several improvements and changes in the collection and distribution process of *Zakāh* funds. Due to rapid technological progress, the institution adopted different payment applications which include online Internet banking, credit and debit cards, ATM, mobile payment, and others. In several Muslim countries, the *Zakāh* institution adopted the pattern of a digital electronic payment system to achieve the productive goal of *Zakāh*.

A successful electronic *Zakāh* widely known as *e-Zakāh*, and the initiative of this technology is more than mere technological innovation. This involves establishing, rethinking, and redesigning how a *Zakāh* system fully operates with the following *Sharī'ah*-compliant services. Undoubtedly, the *e-Zakāh* concept is considered an important breakthrough in technology to improve the efficiency and productivity of *Zakāh* fund collection and distribution¹⁷. The process of digitising *Zakāh* management develops to expand the coverage in *Zakāh* collection and distribute the fund to the recipient effectively. Furthermore, this digitalisation approach supports transparency and accountability to the public. Additionally, a digitally managed process is currently considered as the best way to attract *Zakāh* payers by notifying and uploading all the activities and updates of the *Zakāh* institution. Using an online service platform for the transaction, *Zakāh* payers would be capable of determining their *Zakāh* sum, making the payment, and tracing their payment at the touch of a button¹⁸. Notably, the usage of technology for the management of *Zakāh* funds is on the trend, and it has the potential to promote best practices as well as the effective and productive implementation of

¹⁶ Ibid, P17.

¹⁷ Mulyadi et al., "E-Zakat: Redesign the Collection and Distribution of Zakat," P 433.

¹⁸ Ahmad et al, "The Application of Unified Theory of Acceptance and Use of Technology (UTAUT) for Predicting the Usage of E-Zakāh Online System," P 63–67.

Islamic social finance¹⁹. The adoption of *e-Zakāh* technology provides the user's satisfaction in tracking and monitoring the *Zakāh* management process in collection and disbursement. Admittedly, the *e-Zakāh* online system application increases the efficiency of *Zakāh* fund collection and distribution. Moreover, the online *e-Zakāh* is also designed to attract more potential *Zakāh* payers, as well as to increase more transparency, efficiency, and accountability of *Zakāh* institution²⁰.

Zakāh organisations in Muslim countries such as Malaysia, Saudi Arabia, Indonesia, UAE, Kuwait, and non-Muslim countries like UK, Australia, and Singapore have incorporated the *e-Zakāh* system to provide a broad spectrum of services including the *Zakāh* calculator, *Zakāh* reminder, e-payment options, and *Zakāh* related information and statistics report for online users. For instance, the *e-Zakāh* online platform has been employed and expanded at BAZNAS in Indonesia, the national *Zakāh* Foundation in Australia, the Islamic religious council in Malaysia and Singapore, Muslim Hands UK, ZAKATY e-portal smartphone application in Saudi Arabia²¹. Overall, these practices are the best shreds of evidence to prove the way *Zakāh* institutions respond to the rapid transformation and development of *e-Zakāh* technology^{22,23}.

4.2.3 E-Zakāh Application: An Alternative Platform to Manage Zakāh Funds

Before the emergence and expansion of diverse technologies, *Zakāh* was performed in a very traditional manner and normal style. The *Zakāh* operations are entirely dependent on the *Qur'ān* and *Sunnah* and comply precisely with the *Zakāh* principles provided by Islamic jurisprudence. Previously, the practice of *Zakāh* was only classified as a religiously mandated responsibility, irrespective of social development or necessity. At

¹⁹ Marhanum Che Mohd Salleh and Mohammad Abdul Matin Chowdhury, "Technological Transformation in Malaysian Zakat Institutions: A Qualitative Analysis," *International Journal of Zakat*, (vol. 5, no. 3, 2020): P 44–56.

²⁰ Mulyadi et al., "E-Zakat: Redesign the Collection and Distribution of Zakat," P 433.

²¹ Saeed Awadh Bin-Nashwan, "Toward Diffusion of E-Zakat Initiatives amid the COVID-19 Crisis and Beyond," *Emerald Publishing Limited, Foresight*, (vol. 24, no. 2, March 31, 2022): P 141–58, viewed on 20th March 2023 from <https://doi.org/10.1108/FS-08-2020-0082>.

²² Fahmi Ali Hudaefi et al., "How Does Zakat Institution Respond to Fintech? Evidence From Baznas, Indonesia," *International Journal of Zakat and Islamic Philanthropy*, (vol. 2, no. 1, 2020): P 32–40.

²³ Nashwan, "Toward Diffusion of Zakat Initiatives amid the COVID-19 Crisis and Beyond," P 141–58.

around that time, the prime focus of the *Zakāh* administration was to collect and distribute *Zakāh* funds to recipients identified in the Qur'an. Similarly, the scope of the *Zakāh* administration was extremely limited and controlled, and its application for other goals was not recognised.

However, in the late 90s and the beginning of the 2000s era, the rapid developments of various online applications information communication technology, and social media platforms changed a greater perspective of human life. These technological developments, directly and indirectly, contribute to the adaptation of the digitisation process in the *Zakāh* institution and its administration. Additionally, the digitalisation segment is considered an alternative that has the potential to increase the public trust and confidence, credibility, and transparency of the *Zakāh* institution²⁴. The latest financial technology is flourishing and is regarded as a significant factor in the achievement and productivity of current global events. To address the demands and expectations of customers, numerous start-up businesses have been founded and developed to provide online financial applications such as e-payments, e-wallets, mobile banking, and blockchain, respectively. In the context of digital Malaysia, the country has maintained procedures in taking several initiatives to ensure that information and communication technologies (ICTs) play a vital role in society. Similarly, the creation of digital administration is one of the state's infrastructural developments designed to alter and enhance the delivery of services to the citizens.

Following the growth of digital technology, significant steps towards the modernisation of the *Zakāh* process are being performed and visibly apparent in *Zakāh* payment. According to Kaslam, the *e-Zakāh* is one of the electronic systems innovated by Malaysian *Zakāh* institutions to provide better services in *Zakāh* administration. He explained that the *e-Zakāh* system creates a new sphere of *Zakāh* management and promotes a more efficient and cost-effective opportunity for *Zakāh* institutions, facilitates more convenient services, allows greater public access to *Zakāh* information, and makes *Zakāh* institutions more accountable to citizens. Admittedly, the gateway of *e-Zakāh* was originally designed and structured to overcome certain complications

²⁴ Khairul Azhar Meerangani et al., "Digitalisation of zakat Management System in Malaysia: Potential and Challenges," *International Journal of Academic Research in Economics and Management Sciences*, (vol. 11, no. 2, June 18, 2022): P 323-337, viewed on 23rd March 2023 from <https://doi.org/10.6007/IJAREMS/v11-i2/13984>.

associated with the *Zakāh* payment process and simplify it for *Zakāh* payers to fulfil their religious responsibility without facing any difficulties. This payment mechanism is simplified and implemented to encourage more *Zakāh* payers to donate to the *Zakāh* fund; hence, the quantity of collected *Zakāh* funds can be raised, and this would be incredibly beneficial and productive for poverty reduction initiatives.

Particularly, *e-Zakāh* is indeed regarded as an ideal alternative method, usually for *Zakāh* payers who choose to pay with non-cash methods such as credit cards or debit cards. Certainly, the most significant component of online *Zakāh* or *e-Zakāh* is that it has increased citizen engagement in *Zakāh*, increased organisational accountability, and integrity, and expanded the worldwide networking of *Zakāh* organisations across the region and nations around the globe.

4.3 THE *E-ZAKĀH* IMPLEMENTATION AND MANAGEMENT IN MALAYSIA

4.3.1 Pre-modern Time

In Malaysia, it is noticeable that *Zakāh* institutions have integrated technology for effective *Zakāh* administration. Regarding the collection and distribution of *Zakāh*, the application of technology encompasses all forms of electronic payment using websites, online banking, and other internet payment gateways. In fact, the expansion of the electronic payment system in Malaysia has gone through numerous stages and phases. Beginning in the 1970s with the progress and acceptance of credit cards, it continued into the early 2000s. Eventually, in the 1990s, following the emergence and development of the Internet, the first online payment systems were introduced and initiated. Subsequently, beginning in the mid-2000s, several mobile-based payment systems were also created and implemented²⁵. With the advancement of the e-payment

²⁵ Adnan Mohammad, "The Development of E-Payments and Challenges in Malaysia," *The Development of E-Payments and Challenges for Central Banks in The SEACEN Countries*, 2008, viewed on 23rd March 2023 from https://www.researchgate.net/profile/Vincent-Lim-7/publication/227577043_The_Development_of_E-payments_and_Challenges_for_Central_Banks_in_The_SEACEN_Countries/links/57454fc408aea45ee8538883/The-Development-of-E-payments-and-Challenges-for-Central-Banks-in-The-SEACEN-Countries.pdf#page=134.

mode, this digital movement has motivated and driven the *Zakāh* organisation in Malaysia to build an online *Zakāh* system, more commonly known as an *e-Zakāh* system.

4.3.2 The Emergence of Modern *E-Zakāh* Implementation in Malaysia

In 2002, Pusat *Zakāh* Selangor was originally introduced, and launched *e-Zakāh* for *Zakāh* management; nevertheless, the system did not receive widespread recognition and was not extensively used due to some issues with the payment procedure. Even though LZS initiated the digitisation process in early 2002 as a part of its plan to enhance the governance strategy and productivity of the *Zakāh* organisation, it updated its *e-Zakāh* website and officially implemented an online platform for *Zakāh* transactions in 2006²⁶. This was a significant step towards facilitating the collection and distribution of *Zakāh* in a more efficient and transparent manner. The web-based online media were created to provide the public access to general information and services, including the *e-Zakāh* online payment system²⁷. From that period forward until 2010, when the internet became widespread, LZS introduced numerous technological systems into the organisation. Beginning in 2011, LZS underwent a digital conversion of its *Zakāh* management products and services. In addition to the conventional financial system, a new system of online platforms was adopted²⁸.

To promote the importance of *e-Zakāh*, a Malaysian researcher, Kaslam, raised concerns about the *e-Zakāh* application system. According to Kaslam, the establishment of *e-Zakāh* in the community will improve the *Zakāh* management approach by providing a higher quality standard of service and improving *Zakāh* management strategy, including²⁹:

²⁶ Ahmad et al., "The Application of Unified Theory of Acceptance and Use of Technology (UTAUT) for Predicting the Usage of E-Zakat Online System," P 63–67.

²⁷ Shawal Kaslam, "Governing Zakat as a Social Institution: The Malaysian Perspective," *Social and Management Research Journal*, (vol. 9, no. 1, 2009): P 15–32.

²⁸ Abdul Halim Abdul Rahim, "Digital Journey of Lembaga *Zakāh* Selangor," *Akademi Pengajian Islam Kontemporari Universiti Teknologi Mara*, Isu-Isu *Zakāh*, 2018, P 10–13.

²⁹ Shawal Kaslam, "The Advancement of E-Zakat for Delivering Better Quality Service and Enhancing Governance Sphere of Zakat Institution in Malaysia", 30, 2009.

- To enhance service quality for *Zakāh*
- To reduce the multiple layers of *Zakāh* operations and management
- To be associated with the community, corporations, as well as other government agencies to access *Zakāh* organisation information and services.
- To promote the accomplishment of the other objectives of the Management Agenda for the *Zakāh* Institution and to standardise *Zakāh* operations to ensure immediate assistance to citizen demands.

Evidently, the majority of *Zakāh* institutions in Malaysia have indeed implemented and developed website-based internet applications and especially *e-Zakāh* portals as a means of providing more efficient services to the public by managing the *Zakāh* fund appropriately in terms of collection and distribution. Modernising *Zakāh* institutions with the *e-Zakāh* technological advancement approach substantially influenced *Zakāh* management overall. Moreover, the most significant advantage of electronic *Zakāh*, also known as online *Zakāh* or *e-Zakāh* is increasing public active participation and engagement in *Zakāh*. Electronic *Zakāh* has also improved the management strategy by enhancing organisational honesty, integrity, and responsibility, along with broadening the global networking of *Zakāh* organisations across the region and the globe. The *e-Zakāh* marketing approach is capable of increasing the number of Muslims who donate *Zakāh* on a continuous basis, and the digital transformation of *Zakāh* collection enhances the performance and productivity over the years³⁰. The implementation of *e-Zakāh* also has a strong impact on the functioning of the *Zakāh* institution as well as the delivery of its services to the wider population. On the other hand, it has been noticed that only a few *Zakāh* institutions, notably Lembaga *Zakāh* Selangor and PPZ, have begun and activated *e-Zakāh* online *Zakāh* payment services effectively. In addition, LZS has several *e-Zakāh* online payment systems and is considered to have the most comprehensive and extensive online functioning system

³⁰ Dian Masyita, "Lessons Learned of Zakat Management from Different Era and Countries," *Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah*, (vol. 10, no. 2, May 10, 2018): P 441–56, viewed on 3rd April 2023 from <https://doi.org/10.15408/aiq.v10i2.7237>.

for *Zakāh* payment, collecting, and distribution procedures of any other state's *Zakāh* agency³¹.

4.4 READINESS OF DEVELOPING *E-ZAKĀH*: IMPLEMENTATION EXPERIENCES OF LZS

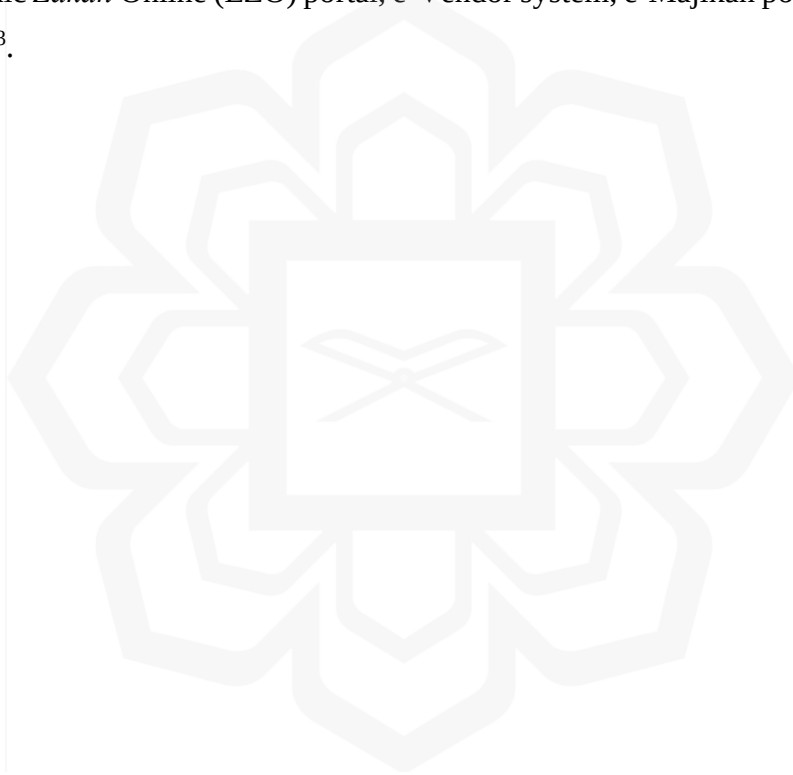
Converting to an (e-payment) *e-Zakāh* payment system in *Zakāh* management in this current era is feasible to execute in the operational process. The potential of fintech (specifically the e-payment method) has a great positive impact on Islamic financial instruments such as *Zakāh* which can ultimately broaden its opportunities and services to customers. The inclusion of various technologies in simplifying transactional activities, and having a dynamic, web-based, innovative database and user-friendly system for handling *Zakāh* funds will be of considerable practical assistance to users and authorities. Thereupon, the practice of transforming *Zakāh* management into an online platform in Malaysian *Zakāh* organisations is actively aligned with modern technological advancements. Over the years, Malaysian *Zakāh* organisations have deployed multiple technological methods to facilitate effective *Zakāh* collection and distribution. According to Abdul Halim, Lembaga *Zakāh* Selangor has become one of the leading Malaysian *Zakāh* institutions for continued growth for *Zakāh* collection and disbursement in the Selangor state. The major task of LZS is to handle a large amount of *Zakāh* donations from its *Zakāh* contributors and deliver them to its deserving beneficiaries. The current digital strategies of LZS not only benefit *Zakāh* execution authorities but also more importantly result in terms of overall improvements in workflow and enhanced productivity³². In the process of seamless task fulfilment in *Zakāh* collection and disbursement of LZS, online registration, application, and various online payment gateways in the *Zakāh* website are implemented to enable the users to connect with LZS through the internet. The official website of LZS updates overall detailed information related to *Zakāh* activities undertaken by the organisation. Several

³¹ Salleh and Chowdhury, "Technology Adoption among *Zakāh* Institutions in Malaysia: An Observation," P 1–14.

³² Rahim, "Digital Journey of Lembaga Zakat Selangor," P 10–13.

features of *Zakāh* payment procedures are displayed on the website including the *Zakāh* calculator, *Zakāh* payment gateway, and *Zakāh* payment record and report review.

Moreover, LZS upgraded the website to be more customer-friendly with the provision of an easy navigating system for all levels of society. Besides the general process of *Zakāh* payments, the website also provides additional services in paying *Zakāh* through the e-service application. The official website displayed six e-service *Zakāh* payment processes to collect *Zakāh* funds. The diversified method for *Zakāh* payment was included to save time and simplify the payment system for all *Zakāh* payers. Among the e-service applications introduced are *e-Zakāh* pay, e-SPG portal, Electronic *Zakāh* Online (EZO) portal, e-Vendor system, e-Majikan portal, and e-Agent system³³.



³³ “Lembaga *Zakāh* Selangor E-Servis,” Lembaga zakat Selangor, 2023, <https://www.Zakāhselangor.com.my/>.

Table 4.1 *E- Zakāh* applications by LZS

PLATFORM		FEATURES
1	E Zakat Pay (FPX)	• There is no registration needed. • No additional fees apply. • No application installation for <i>Zakāh</i> payment. • Payment will be made in "real-time online".
2	E Zakat Online (EZO)	• Check Zakat Payment Record • Review <i>Zakāh</i> Application Status • Payment channel. • Update the latest personal information (address, phone number, email address, and more).
3	E Skim Potongan Gaji (E-SPG)	• Online facilities for employees to make salary deduction contributions for zakat online.
4	E Vendor	• Online facilities are provided to vendors to accept Purchase Orders and make payment claims.
5	E-Majikan (E-Employer)	• Online facility for employers to manage salary deductions to pay zakat.
6	Portal Ejen	• Medium provided by LZS for Ejen Perunding (Zakat Consultant appointed by LZS) to perform zakat collection services

Source: Endorsed by LZS Digital and Transformation Office

4.4.1 Overview of *E-Zakāh* Service Applications Undertaken by LZS

Using e-Zakāt pay, *Zakāh* payers can pay immediately via the portal, as well as review the previous *Zakāh* payments and connect directly to *Zakāh*-related information. This application offers five sections, including a menu page with news from the Lembaga Zakat Selangor, *Zakāh* statistics, *Zakāh* payment gateway information, and a form for customers to make online *Zakāh* payments. Furthermore, it includes a calculator for calculating *Zakāh* income, commercial business, and gold revenue, as well as any associated income. This program also has an *e-Zakāh* menu that permits users to log in

to their accounts by entering their usernames and passwords. In addition, the branch menu, which lists every office location in Selangor, facilitates the user's ability to locate the nearest *Zakāh* branch, access driving directions using Google Maps, and obtain detailed information, including the institution's contact number and fax number³⁴. Through the e-SPG portal, *Zakāh* contributors can register to make *Zakāh* payment by salary deduction. Specific registration forms are displayed in the portal with applicant and employer guidelines. With the EZO portal, *Zakāh* payers can check the *Zakāh* Payment Records, application status and other matters related to *Zakāh*. The e-vendor refers to an employer portal to make the payment process easier for employers. The system offers online payment instead of using cheques. e-Majikan is also an online system developed to provide additional facilities to employers who participate in the salary deduction scheme at LZS. Among the facilities are making self-payment assessments, viewing, and checking *Zakāh* payment records, the latest information from LZS, and checking and updating information of employers and employees who contribute, review, and apply for annual statements. In addition, with the payment system offered by the Selangor *Zakāh* Board, the Selangor *Zakāh* Board has also authorized (e-Agent) agents to collect *Zakāh* in favour of LZS. They include entities such as accountants and auditors, tax consultants, businesses, educational institutions, and others (as shown in Table 4.1).

Moving forward with the expansion of technology, Lembaga Zakat Selangor is leading its way to provide the latest online medium technique in *Zakāh* management. Moreover, LZS demonstrates the potential of social media through the deployment of user-friendly applications, websites, and other digital platforms. Following such developments, the *Zakāh* procedure is simplified and accelerated for both receivers and donors³⁵. In effect, all initiatives of LZS are focused on enhancing payment facilities, accessibility to social media usage, reviewing financial information, and updating recipient reports.

³⁴ Azizah Che Omar et al., "Development and Expert Review of IZakāh Kedah Mobile Application," *International Journal of Interactive Mobile Technologies (IJIM)*, (vol. 15, no. 20, October 25, 2021): P 34, <https://doi.org/10.3991/ijim.v15i20.23715>.

³⁵ Zharif Zulkiffeli, "LZS Explores ICT to Ease Zakat Facilities," *Selangor Journal* (blog), December 30, 2016, viewed on 5th April 2023 from <https://selangorjournal.my/2016/12/lzs-explores-ict-to-ease-Zakāh-facilities/>.

Following the example of LZS in managing online *Zakāh* efforts, *e-Zakāh* can be subdivided into multiple dimensions, such as web-based *Zakāh* payers payment platform (*Zakāh* payers amount collection record), web-based *Zakāh* recipient application (recipients *Zakāh* disbursement record), web-based *Zakāh* information (*Zakāh* collection, distribution, and other records), centralised advisory professional board (*Zakāh* activities monitoring committee). These digital features will be elaborated in the next section.

4.4.1.1 Components of E-Zakāh Payment: Process flow

The first component, namely, the web-based *Zakāh* payment platform refers to storing the *Zakāh* payment amount records from *Zakāh* payers. It enables *Zakāh* contributors to calculate the *Zakāh* amount and donate online. This system also manages a *Zakāh* payer's payout collection document, containing the information of each contributor's donations, and guarantees the collection process is transparent and accountable.

Several payment platforms are available for receiving *Zakāh* payments including the online *Zakāh* website, internet banking, mobile banking, smart process applications, and others. For instance, in web-based online *Zakāh* payment, *Zakāh* institutions have used financial payment systems that process the payment to the banks as witnessed in the usage of FPX in Malaysian *Zakāh* institutions. FPX is an online billing transaction platform that links banks for internet-based money transfers³⁶. This enables customers to make electronic payments via registered banks using a standardised shared platform. For Internet Banking, users could submit *Zakāh* payments using their Online Banking accounts if they fulfil the security procedures, which include Secure TAC Automated logout and Biometric authentication system. On the other side, mobile banking apps and smart process applications relate to versatile features that are available to be downloaded free of charge through internet platforms such as the Google Play Store and the Apple App Store.

³⁶ "Types of Payment Systems - Bank Negara Malaysia," accessed January 19, 2023, viewed on 6th April 2023 from <https://www.bnm.gov.my/types-of-payment-systems>.

For the second criterion, the web-based *Zakāh* recipient application pertains to the disbursement records for *Zakāh* recipients. With this system, the *Zakāh* applicants can apply for *Zakāh* funds via the *Zakāh* website and verify the status of their application using a digital platform. The website is specialised with access to unique facilities for the *Zakāh* application and online status updates regarding acceptance or rejection.

The third criterion is the web-based *Zakāh* information related to *Zakāh* collection, distribution, and other reports. This section focuses on the publishing of *Zakāh*-related information and public data sharing. The website displays all the operational activities of *Zakāh*, including *Zakāh* collection and distribution figures, registration, and application methods. In addition to being proactive and accepting suggestions from the public, the system is also unique and innovative with specific features. All *Zakāh* information is constantly accessible, updated, and easily obtainable. This channel would be a valuable resource for anyone interested in learning further about *Zakāh* and its significance in Islam.

The fourth aspect of *e-Zakāh* relates to a centralised advisory professional board that monitors *Zakāh* activities through a committee. The *Zakāh* authorities are composed of accounting and management professionals, *Sharī'ah* consultants, and web designers. The centralised authority continually assesses and evaluates *Zakāh* applicants' applications for final selection or revocation. Additionally, any *Sharī'ah*-related issues or complexities are addressed by a panel of professional Islamic scholars. Subsequently, this advisory board supervises *Zakāh* operations and ensures that they abide by Islamic principles and regulations. The presence of this advisory board ascertains that *Zakāh* is equitably distributed and safeguard the dignity between the payers and the beneficiaries. Consequently, the smooth operation of the *Zakāh* website is maintained by software developers who are authorised for the *Zakāh* webpage operation and performance. In essence, using this alternative *e-Zakāh* mechanism and strategy for administering *Zakāh* would offer a sophisticated execution with numerous advantages for its individual and corporate-level users. Since the system is regulated and supervised by a database, the advantages of *e-Zakāh* include the fast and effective collection and redistribution of *Zakāh* payments to the recipients. Thereby, it will

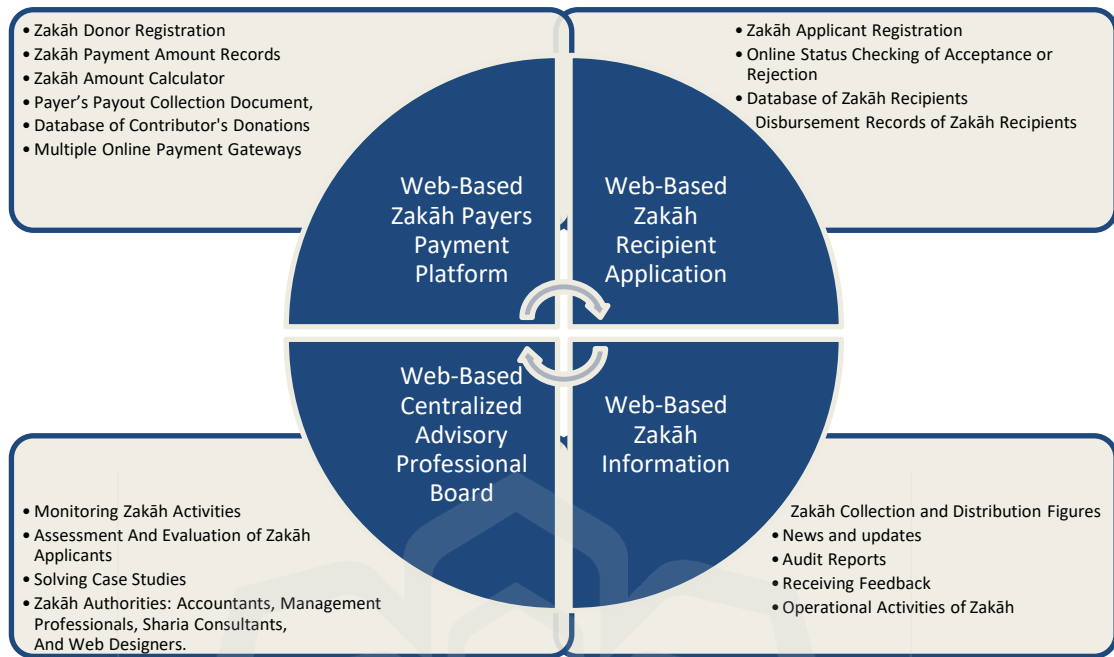
enhance the transfer of *Zakāh* to its rightful beneficiary category and broaden its reach to a bigger perspective.

In the continuation of digital technological transformation, it is vital to utilise advanced digital technology to the greatest extent possible to make significant progress by interconnecting humans and machines as well as the real world to the digital world³⁷. The extensive accessibility of digital platforms has created an unprecedented capability for spreading knowledge and data throughout the community. It is envisaged that the implementation of technology will boost the effectiveness of *Zakāh* organisations since it helps them enhance productivity and facilitates the ability of *Zakāh* donors to fulfil their responsibilities and commitments. Hence, assessments that are determined by internet connectivity, website convenience, computing device, and the accessibility of the online payment of *Zakāh*, specifically the *e-Zakāh* system, is projected to enhance the performance of *Zakāh* agencies. The overall scenario is a wake-up call for *Zakāh* institutions to embrace the potential of digital technology to enhance service quality speedily and comfortably. Using digital and electronic methods for *Zakāh* management, individuals are no longer constrained by distance and time. The transaction can be conducted online with everyone, anyplace, at any moment³⁸. Therefore, with the application of an *e-Zakāh* online operating system through a computerized format, the *Zakāh* management is expected to broaden its facilities and activities to the community, which together, in response, provide a productive *Zakāh* management technique and strategy in this industrial digital era. This discussion is further elaborated in the following chapter.

³⁷ Zulfikar Hasan and Kamiluddin, "Digital zakat Fundraising in Times of Covid-19 Pandemic: Evidence from BAZNAS, Indonesia," *Journal of Islamic Economic and Business Research*, (vol. 1, no. 2, December 30, 2021): P 202–15, viewed on 9th April 2023 from <https://doi.org/10.18196/jiebr.v1i2.1>.

³⁸ Ibid, P 202–15.

Table 4.2 Proposed *E-Zakāh* Management Process Flow



4.5 CHAPTER SUMMARY

The use of digital technology has significantly transformed many industries, including the financial sector. Within the Islamic social financial sectors, the *Zakāh* institution has adopted technological advancements to improve the effectiveness and productivity of managing the *Zakāh* fund. The adoption of electronic payment systems has led to faster and more transparent transactions, reduced costs, and increased trust. Furthermore, the digitisation of *Zakāh* management has expanded its coverage, and increased transparency, and accountability. By aligning modern techniques with existing laws and social contexts, digitisation has made a notable improvement to the effectiveness of *Zakāh* institutions. The emergence of *e-Zakāh* has provided an alternative platform to manage *Zakāh* funds, allowing for a more efficient and transparent distribution of *Zakāh* to those in need. This incorporation of diverse technologies has modernised the practice of *Zakāh*, ensuring the smooth procedure of *Zakāh* in terms of collection and distribution, applying *Zakāh* practice according to Islamic law, and fulfilling religious and social commitments.

The chapter highlights how globally, *Zakāh* organisations across Muslim and non-Muslim countries have embraced technological advancements and adopted the *e-*

Zakāh systems. Offering a variety of services ranging from the *Zakāh* calculator, e-payment options, and *Zakāh*-related statistics, these systems exemplify the proactive response of *Zakāh* institutions to the evolving advancement of *e-Zakāh* technology. Through its focus on enhancing *Zakāh* collection and distribution, utilising digital strategies to streamline processes and serve a diverse range of users, Lembaga Zakat Selangor (LZS) has emerged as a leading Malaysian *Zakāh* institution. By implementing various online platforms and payment gateways on its website, enhancing accessibility and connectivity for users seeking *Zakāh* services, LZS provides an exemplary commitment to efficient *Zakāh* management. Besides benefiting *Zakāh* authorities, the strategies also improve workflow and productivity in *Zakāh* processes. *Zakāh* institutions such as LZS have introduced a variety of payment platforms and computerized systems for efficient *Zakāh* fund management. Additionally, the prevalence of website-based applications highlights the technological role in advancing *Zakāh* management and organizational integrity in Malaysian *Zakāh* institutions.

Continuing the discussion on *e-Zakāh* technology, this chapter elaborates how the LZS model can be implemented in the context of *Zakāh* management in Bangladesh. By following the model of LZS online *Zakāh* management model, the implementation of *e-Zakāh* in Bangladesh can comprise web-based platforms for *Zakāh* payers' collection and recipients' disbursements, *Zakāh* information, and a centralised *Zakāh* advisory board. Incorporating an *e-Zakāh* online operating system in a computerised format is bound to broaden *Zakāh* management scope and outreach, paving the way for an effective strategy for managing *Zakāh* in the digital age and benefiting the community at large.

CHAPTER FIVE

A STRATEGY TO DEVELOP *E-ZAKĀH* MANAGEMENT SYSTEM IN BANGLADESH

5.1 INTRODUCTION

In the last few years, modern innovations have become significantly valuable for ensuring the efficient operation of societal and economic structures. As Bangladesh faces the complexity of its financial landscape and improper *Zakāh* management, adopting digital tools has become essential to accomplishing its goals and enabling equal distribution of *Zakāh* funds. Therefore, to provide a deep understanding of the current aspects of *Zakāh* management, this chapter includes several interviews conducted with *Zakāh* officials in Bangladesh and Malaysia, from which important themes were derived and analysed to provide evidence-based assessment. Consequently, the issues and prospects of *e-Zakāh* are also explained for taking preventative measures and enhancements of the system. Finally, this chapter addresses the strategies to develop the *e-Zakāh* management system in Bangladesh and proposes clear guidelines to implement the *e-Zakāh* application.

5.2 ANALYSIS OF INTERVIEWS: INTERVIEWEES' PROFILE AND FINDING INSIGHTS

It was earlier mentioned in the methodology section that four experienced *Zakāh* experts were interviewed to examine their opinions regarding the *Zakāh* management process in both countries¹. The interview employs a semi-structured method to obtain the prime respondent's data for the research, allowing new questions to arise during the interview

¹ M. Weis Khan Nur Sohel, Assistant General Manager (Resource Mobilization), Center for Zakat Management (CZM), Dhaka, Bangladesh; Sabbir Ahmed, General Secretary, As-Sunnah Foundation, Dhaka, Bangladesh; Dr. Muhammad Harunur Rashid, Director General, Bangladesh Zakat Board, Islamic Foundation, Ministry of Religious Affairs, Dhaka, Bangladesh; Zhafirul Tahrizie bin Hj Mansor, Pejabat Divisyen Kutipan, Divisyen Kutipan, Lembaga Zakat Selangor (MAIS). Shah Alam, Malaysia.

session with interviewees. The interviews were conducted from 13th May 2023 until 3rd July 2023. The research findings are presented according to the interviews with three *Zakāh* experts from Bangladesh. The opinions and beliefs of experts at the As-Sunnah Foundation (Official 1) are followed by experts from CZM (Official 2) and finally the officials from the Islamic Foundation Bangladesh (Official 3). The fourth official from LZS (Official 4) offered a written response to the interview questions. LZS responses were also allocated in several segments of the paper.

The researcher was pleased with the cooperation and help received from all *Zakāh* officials in providing information for the study. Despite most *Zakāh* officials being engaged in organisational tasks, their cooperation and commitment were commendable in assisting the researcher with data collection. The researcher attempted to interview *Sharī'ah* experts, but due to their busy schedules and other commitments, the researcher relied on classical and modern Islamic Arabic, English books and articles for *fiqhi* issues.

The selection of *Zakāh* experts focused to gain a comprehensive understanding of *Zakāh* management perspectives. They included individuals such as the general secretary of the As-Sunnah foundation, a resource mobility expert from CZM, the Collection Division Office from LZS and the head of the Bangladesh government Zakat board. Moreover, these officials helped to identify current issues in *Zakāh* management practices as they have active involvement with *Zakāh* activities with their respective Committees.

All respondents provided valuable insights and allocated approximately two hours for the interview sessions. Except for the LZS, all interviews were recorded with *Zakāh* officers during office hours.

For this qualitative research, a content analysis methodology was employed. The interview data was examined and categorised through hand coding. After the audio-recording of the interviews, they were transcribed verbatim. The resulting transcripts were then carefully reviewed through an iterative process to identify major emergent themes and coding categories. These coded data formed the basis for the subsequent analytic interpretation.

The interview session on *Zakāh* management in Bangladesh highlighted several critical aspects including the current existing *Zakāh* system, misconceptions about *Zakāh* payment, motivating citizens, collection and distribution challenges, the impact of institutionalised *Zakāh* Fund management, Central Authority for *Zakāh* Management, adaptation of *e-Zakāh* system and the prospect of utilising modern technology.

5.2.1 Identified Themes and Issues from the Interview and Other Sources

5.2.1.1 Background of Existing Zakāh Management System

The three *Zakāh* experts discussed the three-way *Zakāh* system that involves government-owned, NGOs, and individual initiatives. According to Official 1, *“in Bangladesh, the Zakāh management is followed by a three-way Zakāh system, government, non-government and individual”* Official 2, stated that *“people are more comfortable donating themselves, even if there is government and non-government organisation. Official 3 remarked that “people are free to donate their Zakāh payment in any organisation in government or nongovernment organisation, but I believe individual Zakāh donation is not productive and impactful”*.

The findings indicate the existence of both government-owned and private *Zakāh* management systems in Bangladesh. This highlights an unorganised approach to addressing the collection and distribution of *Zakāh* funds. This approach has its benefits and limitations. Though it potentially enables a broader segment of the population of contributors and recipients, it can also lead to inefficiencies, and disorganisation through lack of coordination and wastefulness of efforts. According to Obaidullah, the present method of disorganised *Zakāh* management in the country is failing to accomplish its ultimate objectives². This system in the context of Bangladesh, requires greater cooperation between the public and private sectors to boost *Zakāh* management. The lack of financial cooperation among these *Zakāh* organisations is a critically significant finding. It would be reasonable to ask whether this lack of partnership among

² Obaidullah, “Zakah Management in Rural Areas of Bangladesh: The Maqasid Al-Shari’Ah (Objectives of Islamic Law) Perspective,” P 10.

the *Zakāh* management system inhibits the efficient use of *Zakāh* funds. Cooperation among all concerned organisations could arguably lead to better sharing of resources, coordination of efforts, and greater impact on poverty alleviation.

5.2.1.2 Common Misconceptions About *Zakāh*

The three experts highlight the misconceptions regarding *Zakāh* among the general population in Bangladesh. The common misconceptions include people believing that they fulfil *Zakāh* by donating clothes or small amounts of money, and some individuals considering commercial loans exempt from *Zakāh*. The findings indicate a failure in religious education and outreach efforts. An official from the As-Sunnah Foundation explained that *“some Zakāh payers mistakenly believe that Zakāh can be paid by donating clothes, lungis, or small amounts of money to the poor, which causes limited fulfilment with the Zakāh responsibility and obligations. Moreover, there is a lack of awareness among people about the rulings of Zakāh”*.

Official 2 (CZM) elaborated that *“despite widespread acceptance of Zakāh as a mandatory act of worship in Islam, there is a lack of appropriate practice and understanding among many individuals, and the consequences of neglecting to pay Zakāh in Islam are not widely well-known”*. Overall, he emphasized that *“the understanding of the concept of Zakāh as a development mechanism and effective tool for reducing poverty is inadequate. Therefore, people are doubtful of when to pay and how much to pay due to the failure of Zakāh organisation awareness programs”*. Official 3 remarked, *“It is obvious that the majority of the population lacks comprehensive knowledge and awareness of the Zakāh rulings in Shariah. Several individuals are doubtful of when they must pay Zakāh, and they face trouble in calculating the correct amount. So, Zakāh is frequently given in various ways, such as small sums of money or products such as clothes or lungis. That is why, it is noticed that the number of people who sincerely contribute Zakāh is limited.”*

The lack of religious knowledge about the rulings of *Zakāh* is a critical concern as *Zakāh* is a fundamental religious obligation in Islam. Addressing this issue is vital to ensure that individuals fulfil their religious duties and contribute to poverty alleviation

effectively. Owing to limited religious knowledge of *Zakāh* and its rulings, the aims of *Zakāh* as a wealth distribution mechanism are not being fulfilled. The majority of people are unaware that *Zakāh* is intended as a religious obligation for societal benefits. This occurrence in a Muslim-majority country is a testament to the shortcomings of the religious leadership within the country. This finding is supported by Ali and Hatta who argued that ineffective and mismanagement of *Zakāh* funds in the country is recognised by the general population as a normal practice of *Zakāh*. The deficiency in understanding the Islamic concept of *Zakāh* is longstanding and its implementation as a tool for eradicating poverty is absent in the country³.

5.2.1.3 Motivating Citizens to Pay *Zakāh*

A crucial aspect that was addressed by all the interviewees was motivating citizens to pay *Zakāh*. To motivate citizens to pay *Zakāh*, various organisations conduct educational activities, awareness campaigns, *Zakāh* fairs, and some events during Ramadan. Official 1 (As-Sunnah) remarked, *"In Islam, Zakāh is one of the mandatory pillars, but it is regarded as a later pillar. Thus, when educating people about Islamic principles, it is essential to emphasise the basic components first. By beginning with the fundamentals of Islamic rulings, one can gain an accurate understanding of the religion's major principles. This strategy establishes a strong basis from which individuals can gradually acquire knowledge of the complex issues of Zakāh and its correct practice. Once they have acquired a thorough understanding of the fundamental teachings of Islam, they will readily accept the significance of Zakāh"*. The official provided a generic response as to what should be done, and the organisation has been doing so far to motivate citizens to pay *Zakāh*. While all the *Zakāh* experts aim to improve public awareness of *Zakāh* as a fundamental pillar of Islam, there is a comprehensive deficiency in the practicality of how that will be achieved. Despite being a predominantly Muslim country, the participation of *Zakāh* payers is very limited and the practice of giving *Zakāh* willingly is not yet observed. According to official 1 (As-Sunnah Foundation), *"only 20 to 30 percent of the people in the country contribute*

³ Isahaque Ali and Zulkarnain A. Hatta, "Zakat as a Poverty Reduction Mechanism Among the Muslim Community: Case Study of Bangladesh, Malaysia, and Indonesia," *Asian Social Work and Policy Review* 8, no. 1 (2014): P 59–70, viewed on 24th May 2024 from <https://doi.org/10.1111/aswp.12025>.

Zakāh, while 20 to 25 percent are recipients”. The Islamic foundation does not provide any particular views on the figure of *Zakāh* donors, but it highlights the lack of a comprehensive understanding of *Zakāh* and its role in alleviating poverty among the general public. Furthermore, official 2 (CZM) stated that *“only 20% of individuals are eligible for receiving Zakāh.”*

Among the different private organisations, there are different viewpoints on how to motivate people to pay *Zakāh*. Official 1 (As Sunnah) believes this can be done by encouraging people to obey religious beliefs. Once people have a full understanding of religious rulings, they will be motivated to pay *Zakāh* as it is a fundamental pillar of Islam. Therefore, raising awareness can motivate people to become *Zakāh* payers. All the interviewees discussed the need for comprehensive education and outreach activities to improve public awareness of *Zakāh* as a fundamental aspect of Islamic practices. Official 2 (CZM), stated” *We utilise pragmatic methods to raise awareness by conducting seminars, symposiums, and social media campaigns, as well as by organising Zakāh events to provide precise figures in calculating Zakāh and promote the proper application of Zakāh funds for social development”*.

Official 3 (Islamic Foundation) explained: “The *Zakāh* year begins each Ramadan month as *Zakāh* is mostly given during Ramadan in Bangladesh. So, every Ramadan, the foundation utilises all digital channels in social media, sending reminder messages from the Ministry of Religion to affluent members of the community, holding seminars, and conferences on *Zakāh* to encourage individuals to carry out their *Zakāh* obligations.”

The discussion on motivating *Zakāh* payers demonstrates the need for comprehensive education, effective laws and regulations and outreach activities to improve public awareness. Efforts from the three organisations, such as As-sunnah, CZM, and the Islamic Foundation, play an essential role in promoting awareness and successful implementation of *Zakāh* for social progress and alleviating poverty.

In fact, the three *Zakāh* organisations expect the development of comprehensive *Zakāh* laws, and incorporation of *Zakāh* into government strategies, to contribute towards increased transparency and accountability in *Zakāh* management. CZM aims “for a comprehensive *Zakāh* law in Bangladesh that incorporates all aspects of *Zakāh*

and emphasises the inclusion of *Zakāh* education in the country's educational system". The CZM also called for "the need for resolution and adjustment between *Zakāh* and Tax Laws, as well as the incorporation of *Zakāh* into government strategies". An article titled "*Perceptions about the Common Malpractice of Zakat Paying in Bangladesh during Covid-19 Pandemic: evidence from the supply side*" asserted that the government must focus on reducing inequality to capitalise on the current economic expansion. With this approach, malpractice-free *Zakāh* initiatives by the government will fulfil the purpose of the *Zakāh* goal and stimulate the economic growth of the people⁴.

The Sunnah Foundation also encouraged the formulation of an effective *Zakāh* law "in order to increase the collection and appropriate distribution of *Zakāh* funds". Similarly, the Islamic foundation asserted that encouraging "individuals to donate their *Zakāh* donations to the government *Zakāh* fund", ensures that "the funds are distributed in accordance with Shariah to the appropriate *Zakāh* beneficiaries".

5.2.1.4 Strategies in *Zakāh* Administrative Body

Although all the *Zakāh* institutions are trying to manage *Zakāh*, one critical aspect of *Zakāh* collection and distribution is the absence of any database that records the *Zakāh* payers and receivers. The interviews with the experts clarified the causes that contributed to the same person receiving *Zakāh* repeatedly. This indicates an absence of proper follow-up and database maintenance. The problems arising out of insufficient fund management mechanisms and lack of proper capacity development are multifold. Untrained *Zakāh* workers do not recognise the need for a database. But in the absence of a database, it is not possible to keep track of who requires *Zakāh*. This contributes to the *asnaf* attitude of not being self-reliant after receiving *Zakāh*. They continue to apply for *Zakāh* each year, misusing the goal of *Zakāh*. These issues need to be followed up by the *Zakāh* workers (*amil*) for fair distribution on a priority basis.

⁴ Md. Karimul Islam et al., "Perceptions about the Common Malpractice of Zakat Paying in Bangladesh during Covid-19 Pandemic: Evidence from the Supply Side," *Journal of Islamic Accounting and Business Research* 14, no. 3 (March 15, 2023): P 361–78, viewed on 24th May 2024 from <https://doi.org/10.1108/JIABR-09-2021-0253>.

To that effect, lack of competent *amil* is one of the most fundamental challenges that has become evident. Official 2 (CZM) expressed *"We struggle to find competent employees with a proper understanding of Zakāh and to motivate individuals to pay Zakāh"*. The issue of incompetent staff in *Zakāh* management in Bangladesh is always a matter of concern that is highlighted in several articles and reports. For instance, a report from the Business Post mentioned that although the *Zakāh* fund collection in Bangladesh has increased significantly, the process of managing these funds remains problematic. The report demonstrates that a shortage of skilled staff and an inefficient *Zakāh* management system are significant barriers and obstacles to successful *Zakāh* distribution, impacting the overall initiatives of poverty alleviation efforts⁵.

Other challenges include selecting appropriate recipients and collecting sufficient funds to have a meaningful impact. Official 1 (As Sunnah) acknowledged that *"selecting the appropriate recipients of Zakāh is a significant challenge and we concentrate and prioritise sustainable initiatives rather than working over with all sectors as our activities are not yet on such a large scale."*

Similarly, Official 3 (Islamic Foundation) agreed that the biggest challenge is collecting enough *Zakāh* funds to have a productive impact on society. Official 3 explained: *"In society, the number of wealthy people we have, the amount of Zakāh possible is not reached, hence, meaningful impact on society is still not achieved"*. This finding aligns with a news report which indicated that, despite the existence of a considerable number of affluent individuals in Bangladesh, the societal impact and benefits of *Zakāh* are not being fully achieved. It is noted that while the wealthy people in Bangladesh have the capacity to donate significantly through the *Zakāh* fund, the actual *Zakāh* contributions are far less than what could be possible. For example, during the fiscal year 2022-2023, just 11 crore taka was deposited into the *Zakāh* Fund, although the potential annual contribution from wealthy individuals could be as much as 27 thousand crore taka⁶.

⁵ The Business Post, "Zakat Collection Rises, but Management Still in Disarray," *The Business Post*, December 3, 2023, viewed on 25th May 2024 from <https://businesspostbd.com/back/2023-03-12/zakat-collection-rises-but-management-still-in-disarray-2023-03-12>.

⁶ AA News Staff Correspondent, "Zakat Collection Remains Low Despite Rise in Number of Affluent People, The Asian Age Online, Bangladesh," *The Asian Age*, April 7, 2024, viewed on 25th May 2024 from <http://dailyasianage.com/news/322086/?regenerate>.

5.2.1.5 Collection and Distribution of Zakāh

For *Zakāh* management, various methods are utilised to collect *Zakāh*, including online and offline channels, and distributed towards religious education, livelihood programs, health, and education scholarships. Official 1 (As-Sunnah Foundation) expressed that *"we avoid personalised targeting and promote all of our initiatives through public platforms including social media."*

Official 2 (CZM) mentioned that *"we focus on raising awareness of the religious obligation to pay Zakāh in accordance with Islamic ruling and provide an institutionalised Zakāh platform for the collection, distribution, and productive utilization of the funds. We accept Zakāh donations from business corporations and individuals by using offline and online channels, utilising the existing diversified internet payment gateways in the country"*.

The Islamic foundation emphasised the need for proactive involvement and participation of district *Zakāh* committees in the management of *Zakāh* funds by collecting donations from each district of Bangladesh through regional panels. Official 3 (Islamic Foundation) stated: *"Our strategy for collecting Zakāh involves setting up district Zakāh committees in each of the 64 districts governed by our Zakāh board. We collect Zakāh donations from all over the country through these districts and upazila (sub-district) Zakāh committees."*

All 3 *Zakāh* organisations reported an upward trend in *Zakāh* funds collection. Hence, with a proper understanding of *Zakāh* rulings, the amount can exponentially grow higher. The As-Sunnah Foundation reported an overall progressive increase in *Zakāh* funds over the past few years. Official 1 (As-Sunnah) stated: *"Our amounts reached 20 lakhs in the first year, 2 to 2.5 crores in the second year, 8 crores in the third period, as well as an estimated 10 to 12 crores in the current fiscal year (2023)."* On the other hand, the annual audit reports of both CZM and the Islamic Foundation provide substantial amounts collected over the past several years.

Official 3 (IFB) provided an offline pdf report of their annual *Zakāh* collections which shows approximately BDT 10 crore.

As far as distribution is concerned, official 1 (As-Sunnah Foundation) stated that *“the Zakāh funds are used for religious education. We appoint imams from various regions to select individuals who lack sufficient knowledge of Islamic principles and provide them with educational course opportunities. After completing the courses, these individuals are evaluated based on their financial and household circumstances, and necessary items are purchased for them within a specific strict budget. We believe that giving Zakāh in cash does not alter the status of an impoverished person. Additionally, we also conduct a self-reliant training program from the Zakāh fund.”*

Official 2 (CZM) mentioned *“We have our choice to spend the collected Zakāh money in different sectors and we distribute the Zakāh funds to eight distinct initiatives, such as livelihood programs for the most impoverished and also in the mudarib program”*. According to the Islamic foundation, *“70% of the Zakāh funds are distributed to the specific location from which they were collected, while the remaining 30% are distributed centrally”*. Additionally, all three organisations acknowledged that collected Zakāh funds are also spent on education scholarships for destitute students. Orphans enrolled in madrasas are given monthly stipends after evaluating their application forms.

Although it is observed that some Zakāh organisations operate electronic platforms for Zakāh collection, there is no significant response in Zakāh distribution. Apart from that, only the Centre for Zakat Management performs online student scholarship distribution. Ideally, the practice of Zakāh distribution online must be carried out overall to ensure that Zakāh payments are utilised in locations of the most intense demand, with a sustained effect on alleviating poverty and enhancing communities. Mohammad Iqman Hosain in his article titled *“Scenario of Zakah Management in Bangladesh: A Critical Analysis”*, argued that the management of Zakāh in Bangladesh is below the expected standard. While a few Zakāh institutions operate in urban areas, their presence and activities in rural regions are minimal. The system for distributing Zakāh is as inadequate as its collection. Several factors contribute to this mismanagement. A primary issue is the incorrect calculation of Zakāh by both payers and recipients. There is a lack of clear understanding about Zakāh management among the general population. Many individuals are unaware of how to

properly calculate and distribute *Zakāh*. Overall, the entire process of managing and distributing *Zakāh* is significantly in poor condition⁷.

5.2.1.6 Institutionalised *Zakāh* Fund Management

The main focus of *Zakāh* is to make receivers into payers as self-dependence is an utmost target of *Zakāh*. The impact of *Zakāh* is viewed as essential for social advancement, poverty alleviation, and supporting economic growth. In terms of proper *Zakāh* administration, the Sunnah Foundation found that *"people are uncomfortable in paying Zakāh to the government Zakāh board due to the absence of proper reporting, documentation, and transparency. We believe that institutionalised donation increases donor satisfaction by assuring transparency and accountability through accurate and reliable reporting. Conversely, when a significant portion of Zakāh funds is used for employees' salaries and allowances, smaller organisations may encounter problems. The Sunnah Foundation, however, transfers 100 percent of the Zakāh funds to the proper recipients and covers all expenditures from the office"*.

The Islamic Foundation remarked, *"We discourage informal Zakāh donating (such as sari lungi) and encourage people to donate to the government Zakāh board."*

CZM stated, *"There are many problems with the personal distribution of Zakāh, as they cannot select the right beneficiary based on priority or needs. As a result, many self-sufficient individuals receive Zakāh, while the poor are deprived of Zakāh."* In addition, the CZM explained that *"the significance of giving Zakāh institutionally is to ensure the proper calculation, selection of beneficiaries and appropriate supervision and tracking through a comprehensive database structure, which is difficult when done individually"*. Similarly, in another interview session conducted by a group of researchers with CZM on the malpractice of *Zakāh* management in Bangladesh, CZM mentioned that non-Muslims are not permitted to collect or distribute *Zakāh* according to Islamic law; However, this regrettable practice is common in the country. The government is not concerned to undertake the responsibility of collecting and

⁷ Mohammad Loqman Hosain, "Scenario of Zakah Management in Bangladesh: A Critical Analysis," *Sprīn Journal of Arts, Humanities and Social Sciences* 3, no. 1 (January 7, 2024), viewed on 25th May 2024 from <https://doi.org/10.55559/sjahss.v3i1.214>.

distributing *Zakāh*. Consequently, there is an increase in improper practices of *Zakāh* fund distribution. For instance, 90% of those individuals who pay *Zakāh*, distribute it without any proper calculation⁸.

In response to the impacts of *Zakāh* in society, all interviewees acknowledged that *Zakāh* is an essential social and economic instrument. It has been observed that the absence of proper institutionalised *Zakāh* management has contributed to multifaceted negative impacts including inadequate *Zakāh* collection and inefficiency in distribution, lack of accountability and public trust, missed opportunities through lack of central *Zakāh* Authority, and hindrance of the national development goals related to poverty alleviation and social development. A direct contribution of institutionalised *Zakāh* management would be the efficient *Zakāh* fund management which would lead to social advancement by eradicating discrimination against the impoverished and supporting economic growth through educational opportunities, healthcare, and entrepreneurial activities. By implementing *Zakāh* in society, individuals can live without interest, and families and the State can be safeguarded from negative consequences of *riba* (interest).

5.2.1.7 Adaptation of E-*Zakāh* Management

The enactment of modern technology in the *Zakāh* administration has been acknowledged as a significant development by different *Zakāh* organisations. The interview highlights the positive views on using modern technology, such as e-*Zakāh*, to streamline the process and enhance the impact. The Sunnah Foundation considered the innovation of e-payment systems in *Zakāh* management as a revolutionary development that has transformed traditional methods into a more sophisticated and productive electronic system. The foundation's General Secretary also stated, "*We consider ourselves an e-Zakāh-based organisation, as 99.5 percent of our donations, with a total of 45 crores in 2022, have been received online.*" Similarly, CZM recognised that "*online Zakāh contributes a crucial role in today's technological world, as it simplifies the performance of tasks which were previously challenging and complicated. By employing technological tools, the procedure of donating as well as*

⁸ Islam et al., "Perceptions about the Common Malpractice of Zakat Paying in Bangladesh during Covid-19 Pandemic: Evidence from the Supply Side", P 361–78.

distributing Zakāh becomes more effective and accessible, thereby making it quicker and easier for all parties, including individuals and organisations”.

Given the commitment of the government to digital administration and the engagement of the ICT division with an online *Zakāh* program, the Islamic Foundation views online *Zakāh* as a positive initiative. Official 3 (Islamic Foundation) explained: *“While we presently perform the Zakāh operation manually, nevertheless we believe that upgrading to an online system will be convenient for both donors and recipients”.*

Additionally, the potential risks also exist in this digitalised system, such as digital fraud or exclusion of vulnerable populations, and how these risks will be mitigated. Transitioning to *e-Zakāh* management will face challenges including a lack of familiarity with electronic systems, financial constraints, digital literacy and trust issues limited internet access, and the need for digital competence among employees. The Sunnah Foundation noted that *“despite the benefits, the majority of Zakāh recipients in Bangladesh are probably not familiar with the electronic system, which could exclude certain communities from its advantages.* In addition, official 1 (As Sunnah) also points out *“the gateway payment fee as a matter of concern”.*

Official 2 (CZM), on the other hand, emphasised *“the present constraints caused by the lack of financial accounts, limited access to the internet, and inexperience with the usage of credit or debit cards for a number of individuals”.* He also identified *“Trust as a significant barrier to the successful adoption of digital Zakāh”.* In addition, official 2 (CZM) emphasised *“the need for individuals working in the digital Zakāh program to have knowledge of digital technologies, skills, and the ability to undertake case-by-case individual basis investigations”.* Similarly, the Islamic Foundation acknowledged *“the shortcomings of employees with adequate digital competence and skills yet adheres that training could improve this sector”.*

Official 4 (LZS) mentioned that adopting e-platforms for the *Zakāh* administration presents numerous advantages, but it also causes several obstacles. According to official 4, *“In isolated and disadvantaged areas, the technological gap can limit accessibility and connectivity, where not everyone has equal access to the technology.* He believes that *“this ultimately hinders the acceptance and productivity*

of these platforms. Moreover, organisations with limited budgets and resources may find it difficult to develop and maintain an adequate technological infrastructure”.

Therefore, comprehensive strategies must be in place to ensure equitable access to digital systems, especially for marginalised communities.

Despite obstacles, organisations are optimistic about the potential prospects of *e-Zakāh* to improve collection and distribution and alleviate poverty effectively. They believe it is a new initiative in the context of Bangladesh and has a chance of improving *Zakāh* management and distribution. The Sunnah Foundation highlighted *“the considerable potential of Zakāh-based transactions if digital tools are implemented”*. CZM expects that *“the successful implementation of the digital system will increase the collection and distribution of Zakāh, which will eventually have a beneficial influence on society”*. Likewise, official 3 (Islamic Foundation) agreed with the government's objective of digitising various sectors and considers that *“online Zakāh would reach a broader population, thereby strengthening its function as a tool for alleviating poverty”*.

On the other hand, Official 4 (LZS) stated that the implementation of e-platforms for *Zakāh* administration provides contributors and *Zakāh* institutions with numerous advantages. These technological solutions promote greater participation and diversity by providing convenient online platforms for calculating *Zakāh* responsibilities, making donations, and monitoring payments. He asserted that *“Proper time management, productivity, and efficiency enhance all features that simplify administrative duties, accelerate operations, and reduce paperwork. Contributors are able to monitor the utilization of their funds in real-time, which promotes confidence and donor engagement. E-platforms guarantee data accuracy and credibility, allowing for the secure protection of confidential information. In addition, flexibility, financial effectiveness, and statistical capabilities enable Zakāh institutions to manage a larger donor base, conduct cost-effective and affordable transactions, and utilize valuable insights for strategic decision-planning. Broadly speaking, the adaptability and versatility of e-platforms provide them essential instruments for modernising and optimising Zakāh management practices”*.

In response to the adaptation of *e-Zakāh*, a group of researchers in their article titled “*E-Zakat: Redesign the Collection and Distribution of Zakat*”, demonstrate that the online *e-Zakāh* application system represents a major technological advancement that can significantly enhance the effectiveness of *Zakāh* fund collection and distribution. The system is designed and developed to attract more individuals to fulfil their *Zakāh* obligations by offering a more transparent, efficient, and reliable process. The simplified payment mechanism is expected to motivate affluent individuals to contribute their *Zakāh* more willingly. As a result, the amount of *Zakāh* collected could increase, which will greatly benefit poverty alleviation efforts. Additionally, this system provides practical advantages for *Zakāh* payers, simplifying the process of making their *Zakāh* donations⁹.

5.2.1.8 Digital Centralised Authority for Zakāh Management

It is evident that transforming traditional *Zakāh* procedures into digital Central Authority systems poses numerous obstacles. The *Zakāh* experts believe there is a need for centralised *Zakāh* authority to ensure smooth collection and distribution, but some remain doubtful about the transparency of the procedures while few others support the idea of *Shariah* compliance and preventing interest-related concerns. Official 1 (The Sunnah Foundation) is “*concerned about the transparency and governance of the government Zakāh system. We feel doubtful about a central structural body of Zakāh administration and the centralised supervision as the government Zakāh system in Bangladesh is extremely uncontrolled*”. In addition, official 1 urged “*strict guidelines to prevent misuse of power*”.

To ensure effectiveness, official 2 (CZM) advised “*setting up a committee to monitor the program through the central committee*. Official 2 also highlighted “*that even though there is an act regulating electronic payments, the central authority of the Zakāh board must develop its own policies and strategies*”.

The Islamic Foundation endorsed the concept of a government-centralised administrative body for ensuring *Shari’ah* compliance and preventing the emergence of

⁹ Mulyadi et al., “E-Zakat: Redesign the Collection and Distribution of Zakat,” P 433-52.

interest-related concerns within the *Zakāh* system. Similarly, the concept of creating central *e-Zakāh* authority is supported by another interview conducted with *e-Zakāh* experts and Islamic scholars. The scholars and experts believe that a central *Zakāh* management policy should be developed by an authorised body of the government. They argue that the common practice of distributing low-quality traditional clothes in the country should be discontinued. Instead, the selection of recipients should be based on fair judgment and need, ensuring that *Zakāh* distribution aligns with *Shari'ah* principles. Additionally, Priority should be given to those who are genuinely needy and impoverished individuals.

It is indisputable that the lack of communication and collaboration among the *Zakāh* organisations has contributed to inconsistent practices which ultimately result in inappropriate support for beneficiaries and the hesitation of the *Zakāh* donors to pay. All three interviewees from Bangladesh stated that there is currently no financial arrangement and collaboration among them. However, they anticipate that cooperative efforts and initiatives among *Zakāh* organisations could be beneficial for national development and productivity in terms of utilising the *Zakāh* fund.

Official 4 on being asked about the readiness for successful *Zakāh* management in the country, the official asserted that firstly, *“a comprehensive strategy involving collaboration with stakeholders, technological infrastructure, enforcement of regulations, capacity development, and public awareness campaigns should be formulated. It is essential to incorporate a wide range of stakeholders, such as government agencies, Zakāh institutions, technology providers, financial institutions, researchers, and recipients, in order to ensure an integrated strategy that considers into account multiple perspectives.”*

The official 4 also believes that *“a comprehensive regulatory framework covering legal, financial, and Shariah aspects should be established to ensure compliance and promote transparency and accountability. It is essential to invest in secure technology infrastructure, accessible user-friendly platforms, and cloud-based development solutions.”*

Accordingly, he emphasised the significance of informing the population about the latest developments related to *Zakāh* implementation by explaining that *“Public*

awareness campaigns should inform the public about e-Zakāh and resolve any cultural or religious concerns that might arise. The strategy should include gradual implementation, tracking, monitoring, and evaluation, as well as collaboration and knowledge sharing with other foreign nations and institutions.

Lastly, he believes that “a culture of continuous improvement should be encouraged to remain aware of technological advancements and transforming Zakāh management trends and enhancing e-Zakāh platforms based on user feedback and diverse demands.”

To sum up, the findings of this interview revealed that numerous obstacles are preventing the development of proper *Zakāh* management in Bangladesh. The present discussion identified several critical challenges that persist in the country which include an unorganised approach in addressing the collection and distribution of *Zakāh* funds, a limited understanding of the concept of *Zakāh*, a lack of motivation among wealthy citizens to pay *Zakāh*, and widespread religious ignorance. Additionally, deficiencies in administrative bodies, specifically in collection and distribution include incompetent employees and lack of training, shortage of capacity development, absence of a digital database, and priority-based selection of recipients. Furthermore, the lack of institutionalised *Zakāh* Fund management and the absence of a digital Centralised Authority for *Zakāh* Management have also been regarded as notable shortcomings. With regard to transitioning to *e-Zakāh* Management, a lack of familiarity with electronic systems, financial constraints, digital literacy, trust issues, limited internet access, and the need for digital competence among employees are viewed as significant barriers to implementing the *e-Zakāh* system.

5.2.2 Issues of Implementing E-Zakāh System

The *e-Zakāh* as an electronic method for *Zakāh* management has gained popularity in recent years. It has been adopted in multiple countries, notably Malaysia as well as Indonesia. In the context of Bangladesh, *e-Zakāh* is a relatively new concept, as the country largely depends on traditional processes of *Zakāh* collection and distribution. Prior to the establishment of a web-based *Zakāh* system in Bangladesh, a number of

factors must be examined. The infrastructure needed for sustaining and supporting the *e-Zakāh* system comprises one of the critical focuses. The system must include stable and efficient operation, as well as tangible components, and software platforms that can oversee the collecting and distribution of *Zakāh* contributions.

With regards to the feasibility of the *e-Zakāh* system within the existing *Zakāh* structure in the country, the current *Zakāh* system is unorganised. With numerous entities and individuals collecting and distributing *Zakāh* donations, the *e-Zakāh* system should have a clear regulatory paradigm to control the entire system. The *e-Zakāh* system must be developed and incorporated into the new infrastructure that is designed to assure that *Zakāh* proceeds are collected and disbursed accurately and efficiently.

Admittedly, the usage of an *e-Zakāh* system is recommended to be implemented in order to improve and enhance the collection and distribution of *Zakāh* in Bangladesh. Although several advantages and economic benefits are associated with this system, many obstacles and limitations must be acknowledged, particularly concerning technological and strategic planning aspects which have been elaborated below:

Firstly, regarding the issues related to the implementation of the *e-Zakāh* system in the country, there is a technological barrier, indicating that not every individual is equipped and familiar with access to electronic devices or knowledgeable about digital technologies. In Bangladesh, a substantial percentage of people living in rural areas have insufficient ability to utilise digital technologies. Moreover, the technical infrastructure of the country is not adequately developed to enable the adoption of an *e-Zakāh* system, bringing system disruption that could hamper its performance and usefulness. Additionally, ensuring the accuracy of the *Zakāh* calculations is crucial, as any errors in the system design or programming could affect the accuracy of the *Zakāh* calculation and make it challenging for individuals to determine their obligations correctly. Therefore, owing to technical hurdles, the establishment of an *e-Zakāh* platform would lead to a significant technological gap between those individuals who are able to pay and those who are unable to do so.

Correspondingly, the verification of the payer's identification is an important aspect of adopting an *e-Zakāh* system, which offers a durable and protective structure that can check the payer's identity and assure that the transaction is delivered to the

correct recipient. The country lacks digital identifying mechanisms, making it difficult to authenticate and validate the payer and recipient's identities. Without sufficient confirmation, the standard of trust in the system could be hindered, resulting in a loss of confidence between the provider and the *e-Zakāh* procedures. As a consequence of the inadequate implementation of the system, those living below the poverty line and economically disadvantaged could be more marginalised due to a lack of access to financial services.

Subsequently, using digital financial services often becomes a matter of concern for safety and confidentiality. In utilising digital technology, the issue of privacy and security must be developed in a manner that secures the payer's and recipient's identity and avoids unapproved access or misuse of the relevant data. Likewise, lack of awareness and education about the system's benefits and how it works is one of the potential issues that may hinder its effectiveness. This could lead to lower accessibility rates among *Zakāh* payers which may limit the system's impact.

Given that qualified employees are an essential feature of a functioning and stable organisation, the absence of a skilled workforce and proper training workshops for the employees is a major obstacle to implementing the *e-Zakāh* system. A variety of expertise is needed for the expansion of *Zakāh* development and the smooth operation of the *Zakāh* administration. To ensure the *e-Zakāh* system functions properly as it is intended to, the system administrator staff must be qualified. Moreover, the success and goal of the *e-Zakāh* system is reliant on capable employees who can undertake public relations and marketing campaigns, build a team network of advisers, auditors, *Sharī'ah* experts, system developers, and technological experts.

In addition, a key issue facing the implementation of *e-Zakāh* is that many individuals remain sceptical regarding the electronic platform for collecting *Zakāh* payments. This is due to concerns about online security and the reliability of the system which could discourage the utilisation of the *e-Zakāh* system.

The lack of standardisation and regulation is another critical issue that can impede the effectiveness of the *e-Zakāh* system. Though several organisations have developed their electronic platforms, a clear regulatory framework governing the use of electronic platforms is evidently absent. The effective functioning of the *e-Zakāh*

application is conditional on timely system maintenance. To that effect, identifying and dealing with weaknesses or glitches in the system through methodical checks will result in greater efficiency and functionality.

Considering that top management government support and promotional methods are crucial aspects in the process of operating *Zakāh* management smoothly, Bangladesh faces insufficient financial and moral top-level backing. The lack of adequate attention given to promoting the *e-Zakāh* system as well as the methods undertaken to promote it together with the challenging nature of collaborative support poses a significant hindrance in *Zakāh* management. At present, the *Zakāh* promotion campaigns are not only few and infrequent but very inadequate in the sense that there is an absence of clear guidelines or measures followed while conducting the campaigns. The campaigns undertaken thus far fail to include the *e-Zakāh* system's website address. They are not visible on the organisation's website or its archives. Owing to the exclusion of the website address, the hardcopy promotions lack credibility and acceptability among the public. These inconsistencies contribute to public scepticism about the activities, campaigns, and new services, eventually hampering confidence in the system. In these circumstances wherein the obligation of delivering information about campaigns or creating awareness of the latest services is neglected by the *Zakāh* organisation, *Zakāh* payment through the *e-Zakāh* portal would face major hurdles.

Accordingly, implementing an *e-Zakāh* system comes with several challenges. These challenges include ensuring effective governance and regulation of the system. In addition, the success of the *e-Zakāh* system could be hindered by inadequate governance, accountability, and transparency in the organisation responsible for its upkeep and infrastructure.

5.2.3 The Prospects of the Effective *E-Zakāh* System

In support of the modern development of the *Zakāh* administration, the collection and distribution of *Zakāh* have been revolutionised by the development of digital technology in several Muslim countries as mentioned throughout this study. The collection and distribution of *Zakāh* by *e-Zakāh* incorporates a range of digital channels,

including websites, mobile applications, and electronic payment methods. Donors can pay their *Zakāh* through these operating systems, which offer safer, transparent, and easy transactions.

The effective *e-Zakāh* system would give rise to improved transparency, accountability, and efficient distribution of *Zakāh* management. Through a digital record of *Zakāh* payments and disbursements, the *e-Zakāh* system will help to ensure greater transparency and accountability in the management of *Zakāh* funds. The *e-Zakāh* database system will enable *muzakkies* to follow up on their donations and see how their contributions are being used to help the beneficiaries. This will contribute to transparency between them and the *Zakāh* organisation¹⁰. By providing a digital record of *Zakāh* transactions, it will be easier to identify any discrepancies or errors in the distribution of *Zakāh* and take appropriate corrective measures. Moreover, it will help streamline the distribution of *Zakāh* funds, making it more efficient and reducing the likelihood of fraud or misuse. The *e-Zakāh* system will make it easier not only for the *muzakkies* to give *Zakāh* from anywhere in the world but also for the beneficiaries to access *Zakāh* funds online. Furthermore, the efficient *e-Zakāh* system will reduce the administrative costs, duration of time, and effort required in the process of collection to distribution by automating the process of *Zakāh* collection and distribution. With greater transparency and accountability, *muzakkies*' increased trust in the system will encourage them to contribute to *Zakāh* funds. This will increase the amount of *Zakāh* funds for the beneficiaries.

Similarly, the effective *e-Zakāh* system would fulfil the primary goal of *Zakāh* by enhancing social cohesion and improving welfare-and economic development. As one of the five pillars of Islam and a form of worship that brings the wealthy and poor together, a successful *e-Zakāh* system will enhance social cohesion by encouraging greater participation in the charitable act of giving. The transparency from the digital record of *Zakāh* collection and distribution will contribute to effective and efficient *Zakāh* management which in turn will improve the living conditions of the poor and

¹⁰ Dziauddin Sharif et al., "Perceptions on E-Zakat Advancement Distribution Concept Among UiTM Melaka Staff: A Qualitative Study," *International Journal of Academic Research in Economics and Management Sciences*, (vol. 11, no. 3, September 17, 2022): P 698-709, viewed on 23rd April 2023 from <https://doi.org/10.6007/IJAREMS/v11-i3/15253>.

needy and alleviate poverty¹¹. Consequently, this would lead to greater financial inclusion as improved living standards will facilitate the participation of marginalised and underprivileged communities in the formal financial system. In fact, *e-Zakāh* will reduce the need for expensive physical *Zakāh* collection centres. This will facilitate the collection and distribution of *Zakāh* for persons in rural places who might have no access to physical *Zakāh* facilities. As *e-Zakāh* will result in financial inclusion, it will help create a more equitable society and promote economic development. Hence, effective *e-Zakāh* will contribute to wealth redistribution that will help address social inequality and stimulate economic growth.

5.3 A PROPOSED APPROACH ON IMPLEMENTING THE *E-ZAKĀH* SYSTEM IN BANGLADESH

The digital revolution of the twenty-first century has substantially affected the way of life in society. The reliance on modern technology is steadily increasing constantly, and this trend is predicted to grow upwards. Since the application of digital technology is expanding rapidly across all industries, *Zakāh* as an Islamic financial system is not lagging behind. The collection and distribution of *Zakāh* administration has been digitalised to enhance its performance at a better level for its users. Additionally, diverse digital platforms are being employed in *Zakāh* management to compete with the modern technological era and its commercial sector. The online transaction landscape of *Zakāh* has adopted various platforms including digital e-wallet, e-payment, *e-Zakāh* portal, mobile applications, credit and debit cards, and other virtual means. Individual payers of *Zakāh* do not need to attend physically to the *Zakāh* counter for the *Zakāh* payment process; instead, *Zakāh* transaction activities can be performed by using virtual platforms anywhere at any time.

Concerning digital technology in *Zakāh* management, the use of *e-Zakāh* technology provides consistent, comprehensive, and transparent methods for *Zakāh* activities, thereby contributing towards the strengthening of the Islamic economy and

¹¹ Muhammad Ikhlas Rosele et al., “The Digitalized Zakat Management System in Malaysia and the Way Forward,” *Al-Ihkam: Jurnal Hukum & Pranata Sosial*, (vol. 17, no. 1, July 12, 2022): P 242–72, viewed on 23rd June 2023 from <https://doi.org/10.19105/al-lhkam.v17i1.5365>.

eradication of poverty by ensuring social justice and human dignity. To strengthen the extensive *Zakāh* fund collection and distribution management in Bangladesh, the new concept of digital *e-Zakāh* application would have a new dimension in enhancing the *Zakāh* fund productivity to its recipient. According to Fahmi Hudaefi, the digitalisation of *Zakāh* through financial technology is expanding rapidly and has a greater potential influence¹². Furthermore, the digitisation policy in *Zakāh* is implemented to enhance coverage and accessibility, *Zakāh* collection operations, and the distribution of *Zakāh* funds to respective recipients, as well as to enhance accountability and transparency to the public¹³.

Admittedly, the management of *Zakāh* must be well-planned, productive, dynamic, *Sharī'ah*-compliant, and innovative to achieve the *Zakāh* goals comprehensively. The idea of an online *e-Zakāh* system for the collection and distribution of *Zakāh* funds is a necessity to ensure the efficient management of *Zakāh* funds, where *Zakāh* organisations obtain the confidence and trust of *Zakāh* fund contributors and where *Zakāh* fund recipients can make productive use of *Zakāh* funds.

Several studies that have been undertaken on the *e-Zakāh* concept are presented to highlight the best practices to be emulated in Bangladesh. In the Malaysian context, a study by Sharif et.al titled, “*Perceptions on E-Zakāh Advancement Distribution Concept Among UiTM Melaka Staff: A Qualitative Study*”, mentioned that the installation of an online *Zakāh* mechanism provides a new feature in enhancing the performance of *Zakāh* administration for its users. In addition, it is regarded as an uncomplicated, simplistic, and more transparent method. They also highlight that the deployment of *e-Zakāh* is intended to improve *Zakāh* payers' confidence in the management of *Zakāh* revenues in Malaysia. The results of the survey indicate that there is an acceptance among the majority of respondents' perceptions of using online as the system offers flexibility in payment procedures and enhances the accountability and credibility of the *Zakāh* administration¹⁴.

¹² Fahmi Ali Hudaefi, “How Does Islamic Fintech Promote the SDGs? Qualitative Evidence from Indonesia,” *Qualitative Research in Financial Markets*, (vol. 12, no. 4, January 1, 2020): P 353–66, viewed on 23rd June 2023 from <https://doi.org/10.1108/QRFM-05-2019-0058>.

¹³ Syahputra and Mukhtasar, “Digitizing *Zakat* Collection through the E-Payment System,”¹⁴.

¹⁴ Sharif et al., “Perceptions on E-Zakat Advancement Distribution Concept Among UiTM Melaka Staff: A Qualitative Study,” P 698-709.

Generally, sophisticated *e-Zakāh* technology or online *Zakāh* is employed for *Zakāh* payers to access various online applications created by several technology companies wherein *Zakāh* payers can transfer their payments to *Zakāh* organisations using multiple electronic platforms. The elements of digital finance are productive, accessible, convenient, and cost-effective, making it simple to accommodate the supervision of any sector. Indeed, *Zakāh* institutions are joining this innovation, as it offers a substantial potential for enhancing *Zakāh* management dynamically. Therefore, the use of digital financial transactions for *Zakāh* is a response to the technological advances of modern society¹⁵.

An article authored by a group of researchers titled, “*E-Zakat: Breakthroughs and Innovations in Information Technology in Increasing Zakat Receipts in Indonesia*”, mentioned that as time progresses, the digital service program in *Zakāh* management becomes more and more sophisticated. The adaptation of technology in the *Zakāh* management institution facilitates multiple digital services that enable the payers and receivers in a convenient platform. Digital payment transfers from the bank account, website, and scanning QR codes are entrusted to the function of the *Zakāh* digitalisation strategy. The authors demonstrate that implementing digital mechanisms in *Zakāh* administration is efficient, and very influential, especially in increasing *Zakāh* funds. The article further stated that the digitisation policy has several advantages including the faster collection of funds, less time-consuming with greater transparency and accountability as well as reducing the amount of administration, consumption, and other marginal costs¹⁶.

A study by Ivan Rahmat Santoso titled, “*Strategy for Optimizing zakat Digitalization in Alleviation Poverty in the Era of Industrial Revolution 4.0*”, explained that to establish an overall structural platform following the *Zakāh* digitalisation process, several initiatives must be applied. The author mentioned several guidelines in supporting the BAZNAS *Zakāh* digitalisation process, including public awareness

¹⁵ Umi Cholifah, “Islam in Digital Age: The Application of Maqāsid As-Syari’ah on Digital zakat,” *Fikri : Jurnal Kajian Agama, Sosial Dan Budaya*, (vol. 4, no. 1, June 30, 2019): P 101–12, viewed on 23rd July 2023 from <https://doi.org/10.25217/jf.v4i1.445>.

¹⁶ Dini Vientiany, Faisar Ananda Arfa, and Dede Ruslan, “E-zakat: Breakthroughs and Innovations in Information Technology in Increasing Zakat Receipts in Indonesia,” *International Journal Of Artificial Intelligence Research*, (vol. 6, no. 1, 2022), viewed on 23rd July 2023 from <https://doi.org/10.29099/ijair.v6i1.366>.

programs regarding the ideology and principle of *Zakāh*. Secondly, focusing on enhancing government legislation and policies. Thirdly, implementing proper *Zakāh* management to enhance the capacity of the *Zakāh* collection and distribution. Fourthly, the collaborative effort between *Zakāh* organisations locally and globally¹⁷.

With regard to the studies above, it is resolved that a similar strategic plan could be implemented in the context of Bangladesh, particularly in introducing and developing an *e-Zakāh* management system. Consequently, to address the problematic *Zakāh* management and upgrade to a better *Zakāh* administration in Bangladesh, several measures can be taken. The first stage is to educate in detail on the concept of *Zakāh* and spread public awareness as a religious obligation. Similarly, awareness campaign initiatives should be undertaken to empower the community on the comprehensive idea and principles of *Zakāh*. This can be performed via a wide range of communication platforms, including television, radio, and social networking sites. Such programs can develop in the community a sense of obligation to participate in *Zakāh* and ensure its effective application.

In the second stage, the government must prioritise enhancing *Zakāh* administration through new legislation and policies. The regulations governing the collecting and distribution of *Zakāh* must be revised and modified to accommodate the evolving demands of society. The government can motivate individuals and businesses to donate their *Zakāh* funds through online *e-Zakāh* applications. In the third stage, to increase the capacity for *Zakāh* collection and distribution, the establishment of adequate *Zakāh* management systems are essential. This can be accomplished by implementing a centrally controlled *e-Zakāh* administration system. *E-Zakāh* can facilitate the fulfilment of *Zakāh* responsibilities by offering online payment opportunities and simplifying the transfer of payments to the deserving. In addition, it can strengthen the transparency and reliability of the *Zakāh* process by improving its monitoring and reporting techniques. Furthermore, the system must be sufficiently upgraded to enable effective and efficient administration.

¹⁷ Ivan Rahmat Santoso, "Strategy for Optimizing zakat Digitalization in Alleviation Poverty in the Era of Industrial Revolution 4.0," *Ikonomika: Journal Islamic Economics and Business*, (vol. 4, no. 1, 2019): P 35–52.

In the fourth stage, collaboration, and coordinative endeavours among local and international *Zakāh* organisations can play a vital role in enhancing digitalised *Zakāh* administration in the sense that local *Zakāh* organisations can gain advantages from the knowledge and experience of their international counterparts, especially in the digitalisation of *Zakāh*. This could also contribute to the development of an international platform for *Zakāh* collecting and distribution, that can assist the underprivileged in Bangladesh and other nations around the globe. Lastly, systems developers will design *e-Zakāh* applications with several functioning components and interfaces. This process is based on external and internal configuration. The external aspects refer to the main elements of the application including registration, login, checking information, updating, etc. At the same time, the internal system contains *e-Zakāh* system user layouts, payment gateways, and a comprehensive digital database of *Zakāh* contributors and recipients. The performance of the system is expected to simplify the *Zakāh* management and enable authorities to utilise *Zakāh* fund collection and distribution effectively and professionally.

In conclusion, it can be affirmed that online platforms will allow *Zakāh* institutions to reach a larger audience, thereby boosting the number of donors and the quantity of collected *Zakāh* funds. With *e-Zakāh* technological capabilities, *Zakāh* organisations can pledge contributors that the *Zakāh* is distributed fairly and transparently to the appropriate recipients.

5.3.1 Formation of an *e-Zakāh* Application System

For designing the *e-Zakāh* application, several user requirements and functional processes must be adopted. The following key points should be incorporated into the system.

- **Main layout:** users of this website need to enter the URL address to access into *e-Zakāh* application.
- **Registration layout:** In the registration layout, the *Zakāh* staff or payers need to input personal information such as name, passport number, bank

account number, bank choice, job information, area and address, user-id, email, password, etc.

- **Login layout:** Users must provide their valid user ID and password to access the system. After verifying the ID and password, the features of the application will be displayed to its user.
- **Main menu interface:** This interface consists of four aspects. For *Zakāh* payers, a web-based *Zakāh* payers payment platform, and for *Zakāh* receivers, a web-based *Zakāh* recipient application is offered. Apart from that, the *Zakāh* authority and staff will access the web-based *Zakāh* information for updated news and records and monitor all activities by the centralised advisory professional board.
- ***Zakāh* calculator and Nisab update:** This system is designed to calculate the payer *Zakāh* amount and the *Zakāh* nisab information. The *Zakāh* donor can calculate the payable amount by using the system. They can submit their inquiries to calculate the *Zakāh* amount. The *Zakāh* staff can update the nisab information at the latest gold price in the system.
- ***Zakāh* payment and record check:** With this system, the *Zakāh* donors can pay their *Zakāh* amount and check the payment record.
- ***Zakāh* application and record check:** The *Zakāh* applicant can apply for *Zakāh* donation with this system. The applicant can check their application approval or rejection by entering a valid user ID and password.
- **Personal information check and updates:** The users can check their detailed personal information and can change their information by updating data such as name, passport, bank account details, selective bank choice, job position, payer or receiver status, user ID, email password, etc.
- **Print layout:** This interface allows *Zakāh* payers and staff to print payment slips or any important document from the system.

5.3.2 Navigation System Design

This *e-Zakāh* application is developed by using WordPress system software, with the coding implemented in HTML, CSS, and JavaScript Programming languages. This preliminary Navigation phase involves developing together the web server using an original code for the interface and modifying the activities gradually to make the system effectual and accessible for users.



Figure 5.1: Home page of the *e-Zakāh* system

[Home](#)
[Zakah Calculator](#)
[Pay Zakah](#)
[Apply for Zakah](#)
[Registration](#)
[Login](#)
[Contact](#)
[About](#)

This calculator is designed to assist individuals in computing their Zakat obligations based on their wealth, encompassing assets such as money, gold, silver, and bank balances.

Current Nisab in Bangladesh: approximately 43,224.50.TK (Update: Dec 2023)

Money(At home):

0

Bank Balance:

0

Gold(More then 7.5 Bhorl):

0

Silver(More then 52.5 Bhorl):

0

Real Estate Assets:

0

ENTER

Figure 5.2: Zakāh calculator

[Home](#)
[Zakah Calculator](#)
[Pay Zakah](#)
[Apply for Zakah](#)
[Registration](#)
[Login](#)
[Contact](#)
[About](#)

ZAKAH PAYERS FORM

Your Name *

Amount

Method

bKash

Date

Choice field

☐ Any field
 ☐ Medical
 ☐ Poor people
 ☐ Needy people
 ☐ Zakah administrators
 ☐ New Muslims
 ☐ Debt-ridden
 ☐ Orphan

SEND

Figure 5.3: Zakāh payers donation form

Home Zakah Calculator Pay Zakah Apply for Zakah Registration **Login** Contact About

Member Login Staff Login

Username or E-mail

Password

☐ Keep me signed in

Login

Figure 5.4: Zakāh staff and Member login interface

Home Zakah Calculator Pay Zakah Apply for Zakah **Registration** Login Contact About

Full Name

E-mail Address

Gender
☐ Male
☐ Female

NID

Address

Bank choice

Bank account number

Job info

Username

Password

Confirm Password

Register

Figure 5.5: e-Zakāh system registration interface

[Home](#)
[Zakah Calculator](#)
[Pay Zakah](#)
[Apply for Zakah](#)
[Registration](#)
[Login](#)
[Contact](#)
[About](#)

ZAKAH APPLICATION FORM

Name *

Gender *

Phone Number *

Email *

Full Address

Family Member

Earnable Family member

Describe your situation (Optional)

Essential documents

Choose File No file chosen

Choose File No file chosen

Choose File No file chosen

APPLY

Figure 5.6: Zakāh receiver's fund application form

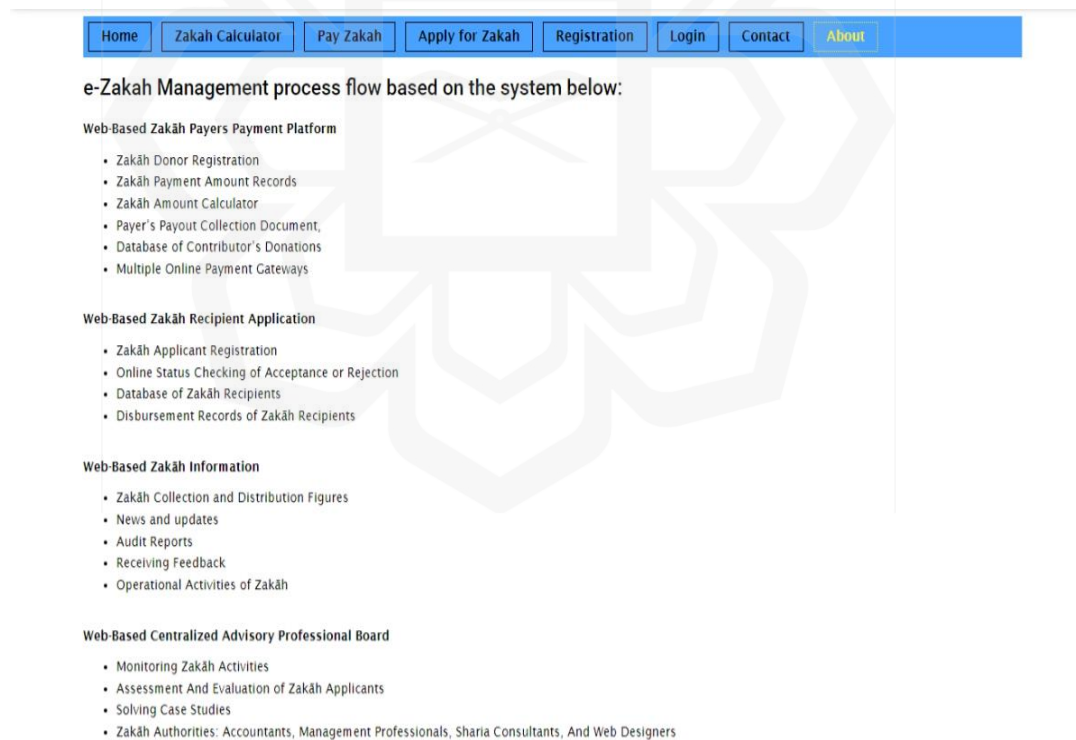


Figure 5.7: e-Zakāh system workflow

Figure 5.8: User profile update interface

5.3.3 Implementation Planning of the System

A significant step that precedes the establishment of the *e-Zakāh* application and navigation design is the implementation planning phase. The design phase which serves as the framework for software developers by providing them with the necessary outline is followed by the implementation phase wherein the conceptual design is actualised into a wholly functioning system by system developers. Careful planning by developers is of utmost necessity as this is the stage where the web server environment is configured to facilitate the specific needs of the *e-Zakāh* application. This includes ensuring the selected software stack is conducive to its purpose, optimising server settings, and allocating resources efficiently.

To ensure the system is integrated and cohesive and conforms to the conceptual plans, various software components pivotal to the functionality of the *e-Zakāh* system such as database management systems, security modules, application frameworks, and relevant software must also be taken into consideration by the developers. Leading to the formal presentation of the system to user operations, the implementation phase is the process that garners confidence and guarantees the alignment of system

requirements. After ensuring the software and configurations chosen to match the criteria and expectations, the system developer executes an operational satisfactoriness test to determine whether the system adheres to operational requirements. For the successful implementation and operational capability of the *e-Zakāh* application, careful planning, and execution from the design phase to the actualisation phase is of utmost significance.

5.4 CHAPTER SUMMARY

This chapter describes the analysis of the interview data that reveals a range of hurdles that obstruct the administration of *Zakāh* management in Bangladesh. The findings include significant challenges ranging from a non-systematic approach to the collection and distribution of *Zakāh* funds, a severe knowledge gap in the concept of *Zakāh*, a lack of motivation among the wealthy towards fulfilling *Zakāh* obligation, and a comprehensive state of ignorance regarding the obligation of *Zakāh*. Similarly, findings also identified that administrative challenges include incompetent amil, inadequate training, absence of a digital database, and a subjective approach to *asnaf* selection. The absence of institutionalised *Zakāh* fund management and centralized *Zakāh* management are observed as significant shortcomings that hinder efficient *Zakāh* management. In that context, transitioning to *e-Zakāh* will present challenges such as a lack of familiarity with digital systems and digital illiteracy.

Furthermore, the chapter explains the shift of the Islamic economy and its financial system towards the rapid reliance on state-of-the-art technology. The adoption of new technologies and the transition to digital platforms from conventional ones by the financial sector has significantly improved the service quality. To that effect, the administration of *Zakāh*, a core concept of the Islamic financial system, has also joined the bandwagon of digital platforms. The online transaction landscape consisting of digital e-wallets, e-payment, *e-Zakāh* portals, and similar virtual mediums has contributed to the digitalisation of *Zakāh* collection and distribution.

Then, the chapter elaborates on the necessity of an online *e-Zakāh* system in ensuring efficient *Zakāh* fund management which contributes to facilitating the trust of

muzakkies and the effective use of the funds by *asnaf* (recipients). Apart from presenting the numerous benefits of *e-Zakāh*, the chapter also acknowledges the technological obstacles and challenges related to infrastructure, notwithstanding the digital divide prevalent in Bangladesh. However, citing the capacity of *e-Zakāh* to promote transparency, efficiency, and accountability in the *Zakāh* collection and distribution process, the chapter underscores the potential of the digital system to cultivate trust among *muzakkies* that will consequently lead to an increase in resources available to the recipients.

By presenting several examples of different countries implementing *e-Zakāh* such as Malaysia and Indonesia, this chapter discusses that the same approaches can be implemented in Bangladesh. The chapter further highlights the imperative to introduce an *e-Zakāh* management system in Bangladesh through the inclusion of a strategic plan. Starting with educational initiatives geared to promote public awareness, the plan includes legislative reinforcements to regulate *Zakāh* administration, followed by the establishment of a centrally managed *e-Zakāh* administration system. Finally, the chapter concludes by designing the *e-Zakāh* application system with several key features with implementation guidelines of the system.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1 CONCLUSION

It is generally considered that *Zakāh* is one of the most essential Islamic social financial tools for reducing poverty in the society. However, Bangladesh has one of the largest Muslim populations, and *Zakāh* management and administration should be well-structured. Regrettably, the management of *Zakāh* in the country does not observe the proper implementation of this obligatory practice. As a result of improper *Zakāh* structure, the poverty reduction strategies in the country are not yet reflected. To address the challenge of establishing a systemic *Zakāh* structure in the country, this study attempted to explore the main associated factors hindering effective *Zakāh* development in Bangladesh. It offered several initiatives for the improvement of *Zakāh* management. Towards the end of this analysis, this study presents several important recommendations for further studies to be conducted by researchers, social reformers, civil societies, and government. The essential key findings and results of this study are presented according to the research objectives in the following paragraphs:

6.1.1 Findings of the Research Objective One

The *Zakāh* distribution process involves organising the *Zakāh* recipients into eight categories. Priority on the disbursement of *Zakāh* should be given to those who are poor, destitute and in dire need since these individuals represent the most vulnerable members of society. The study elaborates on classical and contemporary scholars' opinions on the Zakatable assets for the purpose of distribution. Classical scholars categorised the amount of Zakatable assets obtained from agriculture, livestock, gold, silver, trade, and minerals, which were identified as traditional *Zakāh* sources. On the other hand, contemporary scholars have classified Zakatable products from several perspectives, which include all modern economic sectors. This indicates that the *Zakāh* collection and

disbursement issues were considered in the past from a religious perspective only, without focusing on the economic potential.

The *Zakāh* institution, like other institutions, possesses several qualities that distinguish it as an institution or a body with a distinct policy and managerial and administrative ideology. Creating the *Zakāh* institution is essential for conducting diversified economic activities in an Islamic approach and promoting social awareness of *Zakāh* and its goals. The institution is accountable and authorised to ensure that *Zakāh* is collected and distributed appropriately and efficiently. Hence, applying *Zakāh* requires continuous human efforts to ensure social security, economic stability, and prosperity.

6.1.2 Findings of the Research Objective Two

The *Zakāh* management in Bangladesh operates under a state-run charity paradigm, where *Zakāh* is not strictly enforced by law. Besides a few notable exceptions, such as CZM and As-Sunnah Foundation, Bangladesh's government and several private *Zakāh* institutions are ill-equipped to manage *Zakāh* funds. Concerning effective and equitable distribution, the existing *Zakāh* institutions are noticeably inadequate owing to their lack of comprehensive planning and short-sightedness.

Alongside most *Zakāh* organisation online resources being neither comprehensive nor up to date, the absence of a central repository of *Zakāh* payers and receivers remains a prevailing obstacle in many *Zakāh* organisations. The study confirms that the current *Zakāh* institutions in Bangladesh are woefully inadequate regarding the effective and equitable distribution of *Zakāh*. This is because each institution has its own plans that only address short-term needs, there is no observable and evident overall program, and these *Zakāh* organisations only engage in a limited number of activities. Donors of *Zakāh*, on the other hand, have no guarantee that their money is going to the right places. There is a dearth of well-established *Zakāh* organisations that are responsible and accountable in their operations which can collect *Zakāh* from the wealthy and distribute it to the appropriate sectors in accordance with *Sharī'ah*.

Furthermore, the National Zakat Board of Bangladesh is unsystematic and lacks governance. A major reason for the country's continued failure in *Zakāh* collection and distribution and its continued lack of systematization and inefficiency is the mismanagement of *Zakāh*. Even though *Zakāh* can be aligned with economic progress, the government has been less concerned in this regard. It has not been able to utilise it in an effective manner to alleviate poverty and redistribute socio-economic status. Therefore, the analysis of the interview has identified several significant challenges in Bangladesh, ranging from a haphazard approach to the collection and distribution of *Zakāh* funds. This also includes a severe knowledge gap about the *Zakāh* concept, a lack of motivation among the wealthy towards fulfilling *Zakāh* obligation, and a comprehensive state of ignorance regarding the obligation of *Zakāh*.

6.1.3 Findings of the Research Objective Three

The evidence presented in the study has shown that the use of digital technology has significantly transformed many industries, including the financial sector. As exemplified in this study, Malaysia has introduced various Internet payment platforms, including *Zakāh* payment systems, operational websites, and computerised *Zakāh* systems. Malaysian institutions have effectively activated *e-Zakāh* payment services, with Lembaga Zakat Selangor being considered the most comprehensive and extensive in online functioning.

Subsequently, the *Zakāh* management in Malaysia has introduced a new era of *Zakāh* administration designed to improve the institutional image by implementing corporate strategy, advanced technologies, and skilled professionals. This approach has resulted in the transformation of *Zakāh* from an individual *ibadah* to a social organisation that plays an essential role in the social and economic prosperity of the Muslim *Ummah*.

6.1.4 Findings of the Research Objective Four

The study has determined that the lack of modern digital technology usage in the *Zakāh* collection and distribution process also hinders its effectiveness. Though some mobile applications have been launched to facilitate *Zakāh* contributions, the lack of a digital database, the non-disclosure of collected amounts, and insufficient distribution of information online hinder public trust and donor confidence in the *Zakāh*-managing organisations.

The findings also ascertained that administrative challenges apply to more than incompetent *amil*, inadequate training, absence of a digital database, and a subjective approach to *asnaf* selection. It also includes a lack of familiarity with digital systems and digital illiteracy. The absence of institutionalised *Zakāh* fund management and centralised *Zakāh* management are significant shortcomings that hinder efficient *Zakāh* management in the country.

By following the model of LZS online *Zakāh* management model, the implementation of *e-Zakāh* in Bangladesh can comprise web-based platforms for *Zakāh* collection and disbursements, *Zakāh* information, and a centralised *Zakāh* advisory board. Incorporating an *e-Zakāh* online operating system in a computerised format is bound to broaden *Zakāh* management scope and outreach, paving the way for an effective strategy for managing *Zakāh* in the digital age and benefiting the community.

6.2 RECOMMENDATIONS

This research focused on determining the essential factors that have resulted in a non-systematic approach to the collection and distribution of *Zakāh* funds and hindered the proper *Zakāh* management in Bangladesh. From the earlier discussion, it is noticeable that there is not a single factor that influences the unorganised and haphazard situation, but rather several aspects that play a crucial role. While the *Zakāh* mechanism holds enormous potential in a Muslim-majority nation, this study presents several recommendations and guidelines for the planning and readiness of Bangladesh to establish and develop a successful *Zakāh* operation. Therefore, government officials and policymakers should take into account the following initiatives to address the

aforementioned complicated issues and factors contributing to informal *Zakāh* fund management.

6.2.1 Developing a Legal Framework and Regulatory Compliance

A comprehensive *Zakāh*-related law with clear guidelines must be formulated to ensure effective *Zakāh* management in the country. This will ensure that the process of *Zakāh* collection and distribution is governed by proper supervision and implementation.

6.2.2 Establishing a Digital Central Authority

A fully digital *Zakāh* authority should be installed for handling *Zakah* management in collection and distribution. This body should consist of competent *amil* and be accountable for recording and monitoring all *Zakāh* activities and transactions.

6.2.3 Qualified Management Body

The involvement of well-experienced and expert *Zakāh* staff should be assigned to the management body to provide instruction and support for ensuring a long effective impact of *Zakah* funds. In particular, the government board needs to improve its *Zakāh* operational activities all over the country by recruiting well-educated and experienced professional staff. This will enhance the *Zakāh* fund properly.

6.2.4 Continued Professional Development

The government and non-government *Zakāh* organisations must conduct weekly, monthly, and yearly workshops and self-development skills training programs to train their employees and support them with standard opportunities. This will ultimately enhance their technical, theoretical, and practical knowledge. Overall, the training program must also cover *Zakāh* payers and recipients to ensure they are capable of understanding and utilising the *Zakāh* platform effectively.

6.2.5 Involvement of Renowned Religious Scholars

The *Zakāh* organisations must include a dedicated *Sharī'ah* advisory body in the management to provide *Zakāh* -related Islamic rulings and overall guidance and support to ensure that the system follows Islamic rules and regulations for collecting and distributing *Zakāh*. Moreover, once any complex issue is raised related to *Sharī'ah*, the advisory body will present the possible solution and adjustment to ensure proper acceptance of the issue.

6.2.6 Educational Initiatives in the National Curriculum

Zakah-related courses must be included in the national education curriculum to assist individuals in comprehending the significance of *Zakāh*, its economic calculation, and its effect on society. Additionally, launching educational programs to increase *Zakāh* awareness and understanding will ultimately encourage Islamic economic literacy.

6.2.7 Integration of Technology

The inclusion of technology is essential as the current world has adopted a wide range of digital platforms. Digital e-wallets, e-payments, e-websites, mobile banking applications, online banking, credit and debit cards, and other modern techniques are installed to streamline people's daily activities. Therefore, the implementation of technology by *Zakāh* institutions must incorporate several features which include a user-friendly *Zakāh* website, a tracking system of the payer's contributions, a comprehensive *Zakāh* calculator, a financial audit report, and real-time updates of all *Zakāh* progress. Feedback from users must be acknowledged for the continuous development of the system.

6.2.8 International and Local Collaboration

Since there is very limited *Zakāh* organisation in the country and a lack of communication among each organisation, the organisations must strengthen their

administrative policy, relationships buildup between officials and employees, and coordinate efforts among other organisations, etc. Alternatively, the government *Zakāh* board and private *Zakāh* organisations should follow other countries' successful *Zakāh* examples to emulate best practices particularly Malaysia which is recognised as one of the leading *Zakāh* hubs worldwide.

6.2.9 Monitoring and Financial Evaluation

All *Zakāh* organisations should appoint an authorised financial auditor to monitor the performance of *Zakāh* activities and evaluate all transaction records to ensure trust, accountability, and transparency.

6.2.10 Research and Innovation

More research should be conducted on *Zakāh*-related topics, especially on digital *Zakāh* management to optimise the *Zakāh* fund effectively. The government should take proper steps to establish the Islamic financial management system such as creating an institution on Islamic finance, a *Zakāh* research institution, conducting seminars on the integration of Islamisation of knowledge with other economic sectors, alongside increasing research innovations in *Zakāh* applications and promoting *e-Zakāh* implementation, etc.

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QUESTIONNAIRE: BANGLADESH

***Zakāh* scenario in Bangladesh:**

1. What is the existing *Zakāh* management system in Bangladesh? How do you consider the percentage of individuals obligated to pay *Zakāh* and those eligible to receive *Zakāh* funds?
2. What are the common misconceptions regarding *Zakāh* in Bangladesh? Are they all fully aware of *Zakāh* as a religious obligatory duty?
3. Could you describe how you motivate citizens to pay *Zakāh*?

Collection and distribution method:

1. How do you collect *Zakāh* from wealthy individuals in Bangladesh? May I know approximately how much *Zakāh* money you collect annually?
2. How is it distributed? Do you only distribute to the needy or to other groups (*asnaf*)? Or do you personally distribute *Zakāh* to individuals, or do you use any intermediary? Do you have a program to assist those in need in starting a business with *Zakāh* funds? Does the distribution of *Zakāh* involve any organizations or educational institutions, such as madrasahs or schools?
3. Does *Zakāh* management involve collaboration with other government and private organizations?

Challenges in *Zakāh* management:

1. What are the challenges and obstacles faced in Bangladesh to proper usage of the *Zakāh* fund?

2. In the past, the government collected and distributed Zakat; what are your thoughts on individual *Zakāh* distribution today?
4. How do you determine to pay *Zakāh* money for each recipient or do you provide for everyone equally?
5. Could you share what is the impact of distributive *Zakāh* funds on society?
6. Based on your observations, what do you expect from Zakat management in Bangladesh in the future and what are your recommendations for improving *Zakāh* management in Bangladesh?

Adaptation of E- *Zakāh* management:

1. What is your opinion about using modern technology in *Zakāh* management like electronic payment which is called *e-Zakāh*? Is there any *e-Zakāh* system in Bangladesh or in your *Zakāh* institution? Or what are your suggestions for having digital *Zakāh* management in Bangladesh?
2. What is your opinion on creating a central authority to mobilize *Zakāh* funds? If there is any central body of *Zakāh*, what kind of challenges will there be If the traditional method is converted to an *e-Zakāh* system?
3. What are the challenges to transferring the present system of *Zakāh* management to *e-Zakāh* management in Bangladesh?
4. Do you agree with the adaptation of *e-Zakāh* to administer proper *Zakāh* collection and distribution?
5. What are the prospects of using *e-Zakāh* in Bangladesh in your opinion? What is your opinion about using modern technology in *Zakāh* management like electronic payment which is called *e-Zakāh*?

QUESTIONNAIRE: MALAYSIA

Concept of *e-Zakāh*:

1. How do you define *e-Zakāh* management?
2. Could you share about the Development of *e-Zakāh* management overall?

Usage of *e-Zakāh*:

1. How did the process of implementing *e-Zakāh* start in Malaysian *Zakāh* management?
3. What are the advantages of using *e-Zakāh*?
4. What are the challenges of using *e-Zakāh* for *Zakāh* management?
5. How does LZS manage *e-Zakāh* for collection and distribution purposes?
6. What is your recommendation if a country intends to adopt and implement *e-Zakāh* for effective *Zakāh* administration?
7. What is the *Zakāh* fund distribution process in using e-services?