

Zakat institutionnelle : synthèse des modèles de fonds zakat dans des pays majoritairement Musulmans

Zakat: A synthesis of contemporary Zakat funds' models in selected Muslim-majority countries

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Abstract

Islamic Finance has very often been associated to Islamic Banking, however; Islamic banking constitutes only a portion of the overall Islamic Economics. As a matter of fact, Islamic Social Finance, which encourages the use of Islamic Social Financing tools such as Zakat, Waqf and Qard Hassan, is a growing part of Islamic Economics whose impact is undeniable; yet not very much discussed. Zakat most specifically, can be leveraged for the greater purpose of Islamic Economics; benefiting individuals in need, alleviating poverty, and encouraging economic empowerment if well structured. Unfortunately, structured Zakat systems are not prevalent in all countries. The purpose of this article is to distinguish established zakat systems in majority Muslim countries; to provide a benchmark of countries and learn from experiences of the neighbors. In order to do that, the article provides an overview of contemporary zakat fund models in predominantly Muslim countries. The paper defines the notion of Zakat according to the Islamic sources and the historical overview of Zakat application experiences. Moreover, it defines the contemporary models of zakat collection, detailing the management organization and parties engaged in the collection process. The distinction between compulsory models of collection and voluntary collection models is also clearly detailed. Finally, a synthesis of the prevalent models of Zakat funds in majoritarian Muslim- majority countries is realized, and a discussion on the implications of this on the development of Islamic Finance in countries is also made.

Keywords: Islamic Economics; Islamic Social Finance; Zakat; Economic Empowerment; Poverty alleviation;

Résumé

La notion de Finance Islamique est très souvent associée exclusivement à celle de la Banque Islamique. Cependant l'une est une des constituantes de l'autre. En effet, la Banque Islamique ne constitue qu'une branche de l'Économie Islamique de manière générale. La Finance Sociale Islamique par exemple, une autre constituante de l'Économie Islamique, se veut être une alternative au financement bancaire Islamique qui fait usage d'outils mentionnés dans le Coran à savoir la Zakat, le Waqf ainsi que le Qard Hassan. Ces outils peuvent être utilisés pour favoriser la capacitation économique des individus dans le besoin, ainsi que la réduction de leur pauvreté si des systèmes et structures adéquats sont mis en place. Dans le cas de la Zakat, nous remarquons qu'alors que des fonds zakat sont présents dans certains pays majoritairement musulmans; d'autres pays ne disposent d'aucune structure. L'objectif de cet article est ainsi de présenter dans un premier temps un benchmark de l'existant dans les pays majoritairement musulmans. L'article définit la notion de zakat au regard des sources islamiques et de l'aperçu historique des expériences d'application de la zakat. En outre, il définit les modèles contemporains de collecte de la zakat, en détaillant l'organisation de gestion et les parties engagées dans le processus de collecte. La distinction entre les modèles de collecte obligatoire et les modèles de collecte volontaire est également clairement détaillée. Enfin, une synthèse des modèles de fonds de la zakat prévalant dans les pays à majorité musulmane est réalisée ainsi qu'une discussion sur les implications de ces modèles sur le développement de la finance islamique dans les pays est également effectuée.

Mots-clés : Économie Islamique ; Finance Sociale Islamique ; Zakat ; Capacitation économique ; Réduction de la pauvreté

Introduction

Social Islamic Finance addresses several areas of the Islamic Fiqh, in that it is a finance that aims to alleviate poverty being based on a particular set of principles. One of the ways to alleviate poverty is through zakat collection and distribution. Zakat funds are created for the matter with models changing from a country to another. There are no doubts that the outputs in each system and model take their sources from the Quran, Sunna and also Ijmâa. Indeed, the obligations and specifications in terms of zakat are clearly stated in the Quran and recommendations were made by the Prophet (PBUH). Moreover, historical events and management such as the era of the Prophet and the Caliphs give a clear overview of what Zakat funds should be like. However, the Zakat collection are different from a Muslim country to another and this is what this paper aims to determine. Indeed, the question to be answered is: What are the existing Zakat collection models in Muslim countries? In order to answer this problematic, this first part of the paper will be allocated to a definition of the concept and its historical overviews. On a second part, an analysis of the management of zakat funds, and then an understanding of the compulsory and voluntary zakat collection models and the synthesis of all the prevalent zakat funds in Muslim majority countries will be realized. Lastly, we will discuss the relevance of Zakat funds in economic empowerment and poverty alleviation. This Article takes on Powell's () Zakat classification, and re-adapts the authors findings to the current context. The relevance of such a work is discussed as well; through the lenses of poverty alleviation strategies.

1. Zakat: definition and historical overview

1.1. Definition

The world zakat is derived from an Arabic word who means “that which purifies”. Zakat is one of the five pillars of Islam as indicated in the Quran, Sunna and Ijmaâ. For the Fouqahas, Zakat has several definitions even though the general sense of the word is similar for each one of the schools. For the Hanafites, it's a donation addressed to a poor Muslim who should neither be a Hashemite, nor one of his servitors. The donator shouldn't get profit from the donation, and it should be done for the sake of Allah. For the Malekites, Zakat is applied on a specific part of goods who attained the Nissab. According to one of the Malekites, Addardir, Zakat is the action of given a part of a specific goods who attained Nissab to someone who deserves it. In the case of the Chafiites, zakat refers to what is given from a good or a herd in particular. Finally for the Hanibalites consider that it designates a particular donation with specific characteristics. Ibn Qudama solarized it as being a right on goods (Feddad, 1997).

In order for the goods to be subjected to Zakat, the following conditions have to be fulfilled

1. The good should be the owned by someone in particular
2. The ownership should be absolute and total
3. It should grow
4. It should attain the Nissab
5. It should have accomplished the Hawl
6. It should be a surplus after the satisfaction of the needs
7. It should be a compensation after any indebtedness affecting the Nissab

According to the Holy Quran, and as stated in Surat At-Tawbah: 60, “Asnafs” or individuals who should receive Zakat are divided in eight group. These ones include :

- Al-Fuqara: the needy (or strained)
- Al Masakin: the poor
- Amil: individuals working in Zakat settings and who have the right to collect it
- Mualaf: Individuals who converted or reverted to Islam
- Al Riqab: Those considered as slaves
- Al-Gharimin: People who are in debt)
- Fi-sabilillah: For a cause that pleases Allah
- Ibn as-Sabil: For a traveler or wayfarer

Zakat is payable on several goods as stated by Islamic sources. It is applied on business revenues and assets, on gold and silver, and on savings; the basic rate being 2.5 % . To Muslims, Zakat is a mean of ‘purifications’ and not just a duty (Gambling & Karim, 1986). Zakat’s role in the economy is important, and mostly for the well-being of a society. Zakat also eliminates greediness and allows the reduction of poverty within the community.

Zakat is divided in two main categories: Zakat al-Fitr and Zakat of wealth. Zakat al-Fitr refers to the zakat paid by Muslims once a year in the last days of Ramadan, and specifically right before Eid celebration. On the other hand, Zakat al-Fitr refers to “zakat of the body”.

This includes the several categories:

- Zakat related to business
- Zakat related to savings
- Zakat related to incomes
- Zakat related to gold and silver possessions
- Zakat related to poultry possessions (for instance like cow, goat and so on)

- Zakat related to fruits and grain
- Zakat related to entrenchment
- Zakat related to investments

1.2. Historical overview

1.2.1. The Era of the Prophet Mohamed (PBUH)

The prophet Mohamed (PBUH) declared the obligation to pay zakat. Under Prophet Muhammad (PBUH) 's governance, zakat was collected and distributed by the amils appointed by the Prophet (PBUH). According to Cheikh Qaradawi (1999), the amil's role was to gather money from the potential zakat payers. Their duty was to properly assess the zakatable items, and collected the relevant amount due. They were given in exchange a portion of the zakat fund Youala (2015).

1.2.2. Abu Bakar As-Siddiq era

Abu Bakar As-Siddiq, the first caliph retained most of the amil appointed by the Prophet (PBUH). Zakat collection was very important for the first caliph, as one of his sayings recorded in the book of Hadiths Sahih Bukhar, who stated that he will fight whomever withholds Zakat. Youala (2015)

1.2.3. Omar Ibn Al-Khattab era

Under the ruling of Omar Ibn Al-Khattab, the second caliph, a new method of zakat collection was introduced. The caliph introduced several innovations to zakat introduction. The first is al'ashir. Omar Ibn Al-Khattab placed several check points on major highways, focusing on those coming from abroad. In each check point a tax collector was appointed and was in charge of the collection of Zakat from Muslim traders and import taxes from non-Muslim traders (Qaradawi, 1999). Another innovation from Omar was Baital-mal in charge of the management of zakat and waqf funds. On top of that, the caliph extended the list of zakatable items after ijihad. New items introduced consisted of horses as well as lentils and chickpeas. According to many scholars, during Omar's ruling, it was difficult to distribute the zakat money, due to the lack of poor people (Youala, 2015).

2. Zakat funds Management and Models synthesis

2.1. Zakat Management

Historically speaking, the management of zakat involved its collection and redistribution. Back in the days, zakat collection was used to erase poverty and as an important money entry to the government. Nowadays, it is considered as an extra help to welfare institutions. Indeed,

zakat is collected differently among Muslim countries, and sometimes even it is not. Zakat is before everything an act of worship and its remittance depends on the good will of Muslims in some countries. In others, it either depends on the endeavors of particular organisms and finally in others, it is considered as one of the roles of the government. Some experiences show that potentially, many more individuals would give zakat if the subject received more serious attention and if significant results were obtained (Guermat et al., 2003).

Opinions diverge on whether zakat collection should be done on a compulsory basis or on a voluntary basis. Some countries don't even discuss the topic as "Of the forty predominantly Muslim countries, twenty-four do not institutionalize zakat" (Powel, 2010).

Some scholars believe governments should be accountable of the collection and distribution process of zakat because it will keep the dignity of needy and the poor.

Contemporary zakat funds and foundations more globally play the role of collecting and distributing zakat to the ones in need, but not only. Following a list of the several roles a zakat fund has to assume:

2.2.The contemporary models

The two prevalent models of Zakat collection in Muslim majority countries are the compulsory model of zakat collection and the voluntary model of zakat collection.

2.2.1. Compulsory model of Zakat Collection

A number of Muslim-majority countries enforce the zakat collection process, and operate under a compulsory model of collection. These countries are Saudi Arabia, Pakistan, Libya, Sudan, Malaysia and Yemen. Each country is characterized by its own set of standards, and depend largely on Fiqh sources (Powel, 2010).

2.2.1.1. Saudi Arabia

Saudi Arabia is considered to have the oldest collection system of zakat (Powel, 2010). Saudi Arabia is the only country who governs zakat as well as tax, under the same body which is the General Authority of Zakat and Tax (Muhammed, 2019). According to the Saudi Basic Law, it is a constitutional requirement. All Saudi and Gulf Cooperation Council Nation citizens and companies who conduct business are required to pay a 2.5% rate for their Zakat payment. The model of zakat collection is possible because zakat payers have the obligation to file a declaration in which their zakatable goods, profits cash and properties are asked to be listed. The file is examined by a financial officer who informs the zakat payer on the total amount due Zakat is collected mainly on cash, investments and real estate, even though it is also done for crops and livestock (smaller extent) (Powel, 2010). Once their zakat payments completed,

payers are provided with a Zakat Certificate that they must keep for audit purposes. Although zakat payment is compulsory, no law exists with regards to zakat and to penalties for non-zakat payers. It remains that those who cannot provide the zakat certificates are not entitled to apply to governmental processes (Muhammed, 2019).

2.2.1.2. Pakistan

Pakistan initiated the Zakat and Ushr Ordinance in 1980. Zakat was initially installed to allow poverty alleviation. Before the passage to the Ordinance, only 5% of Pakistanis actually practiced zakat.

In Pakistan zakat is enforced throughout banks and other depository institutions for the transfer of the contributions. The first form of zakat is the 2.5% rate applied over the nissab. The Pakistani collection model allows the lowering of collection costs since the system works through financial institutions directly. However, massive withdrawals have been observed immediately before the announced date of zakat calculation and its transfer.

The second form of zakat is ushr, or a 5% zakat on agricultural goods. Zakat is usually managed at either at the federal, provincial or local level. 21 3 First Schedule Zakat is received at the federal level. Afterwards, it is distributed to provincial committees. The money is either used for provincial level projects (a small part) or by local committees who distribute the two types of zakat. It is to be noted that Local zakat committee costs should not exceed 10% of collected zakat (Azam, Iqbal & Tayyab, 2014).

2.2.1.3. Libya

In Libya, the Act in regards of Zakat was issued in 1971. Zakat in the country, on the opposite of other countries, is collected on livestock and crops, and not on monetary assets. The collection model in Libya differs from the distribution one. A General Directorate for Zakat collects contributions, however; these contributions are distributed by the Social Welfare Department of Libya. The repartition is as following: 50% of the fund are dedicated to supporting the poor and needy, 30% are allocated to an NGO, the Organization of the Islamic call. Finally, less than 10% can support the costs of the Directorate (Powel, 2010).

2.2.1.4. Sudan

The very first Zakat fund was initiated in 1980 (Abrighach: 2015). Zakat authority is installed in the constitution of 1998 and the 2005 Transitional Constitution.

In Sudan, the larger portion of Zakat collection comes from trade and agricultural products (respectively 36% and 42%). Zakat is also collected on invested cash income and wealth.

Zakat is distributed to the eight categories mentioned in the Quran. The largest attribution is generally allocated to the poor and needy (Powel, 2010).

2.2.1.5. Malaysia

Malaysia has a unique and well-established zakat collection system. Zakat collection is first enforced within the federal system at the state level by State Islamic Affairs Councils, and second, existing regional systems have a word to say regarding the topic. Currently, zakat management authority is under the government of each state. Other states have privatized the ecosystem, as it is the case in Selangor, Wilayah Persekutuan Kuala Lumpur, Pahang, Pulau Pinang, Melaka and Negeri Sembilan (Lubis et al, 2011).

Malaysia's Zakat system encompasses traditional Zakat collection. As a matter of fact, zakat institutions such as TERAS in Selangor work in the economic and social development of 'Asnaf' through entrepreneurship. The objective of the institution is to transform these 'Asnaf' into zakat givers. The 'Asnaf' selected for the transformational program are the 'Faqirs' and 'Masakines'. The institution is in charge of helping these 'Asnaf' to create and grow their businesses in (Food& Beverages, Services, Retail, Fisheries, Agriculture and Farming).

The Zakat fund has a database of Asnaf whose names and details are known. Individuals interested in getting funding for business need to apply to the entrepreneurship scheme at the Zakat fund level. The selection process at the zakat level is very specific. Interested individuals have to attend a first training where they are assessed:

- their interests
- their ability to pursue the project thanks to a psycho-metric test (developed by independent consultants paid by the zakat fund) to select which asnaf can be transferred to TERAS for the transformational program

When the asnaf complete the training (early capital cost training), they are granted 5000RM for their businesses. Once the asnaf are transferred to TERAS, a second batch of study is realized where officers undertake a scoring. Trainings are also provided, depending on the industry expertise. The trainings are either technical (better cooking skills) or managerial (finance etc) or even motivational (field study in Malaysia, interview of TERAS team in Selangor, Research Fellowship at ISRA Kuala Lumpur 2019) (Powel, 2010).

2.2.1.6. Yemen

Similarly to countries listed above, Yemen possesses its own zakat authority, as clearly stated in the country's constitution. It is to be noted that Zakat was actually compulsory even before

the Constitution. In Yemen the Administration of Duties is in charge of assessing and collecting Zakat. The Administration also coordinates the process at the national, governorate and local levels (Powel, 2010).

2.2.2. Voluntary model of Zakat collection

In the case of voluntary zakat collection models, alms are given on a decentralized basis. Countries applying this zakat collection model are: Algeria, Egypt, Jordan, Kuwait, Iran, Bangladesh, Bahrain, Lebanon, Qatar, the UAE, Indonesia, and Oman (Powel, 2010).

2.2.2.1. Algeria

In Algeria, there are several methods of zakat collection. The first one is by postal order which is pouring money to the account, via post offices an amount. The second method is the check which is filing the check to the post office (Powel, 2010). The last method is to poor money in mosques' boxes. In terms of distribution, Zakat funds are distributed based on the deliberations of the Commission on Zakat. The funds should benefit of the following categories:

- (i) Poor families
- (ii) Financing investment projects for the benefit of unemployed youth

(Ben Amara and Atia, 2016 ; Bouchiri, Ghrissi and Rahman 2016i; Powel 2010)

2.2.2.2. Egypt

Egypt has not institutionalized zakat as a mandatory tax, however; Nasser Social Bank of Egypt has a large Department dedicated to Zakat aiming to expand the social solidarity base. In Egypt, zakat is not collected by public institutions (the state or central agencies for example). Individuals are free to decide if and to whom to designate their zakat. Many individual give Zakat secretly and to extended relatives or neighbors. Zakat in Egypt is applied on money, on trade, on merchandise etc. Muslims are responsible for paying zakat al-mal (2.5% of the net worth). The number of zakat committees around the country exceeds 5000 and a large number of the over 25,000 associations in Egypt also collect and distribute zakat (Atia, 2011) (Powel, 2010).

2.2.2.3. Jordan

The 1978 Zakat Act in Jordan was passed, establishing the country's Zakat Fund under the Ministry of Awqaf. The prevalent system in Jordan encourages the contributions to the Zakat Fund. Their contributions are deductible from income for tax purposes. It remains that no more than 10% of zakat funds can be used for administrative purposes (Powel, 2010).

2.2.2.4. Kuwait

Zakat administration in Kuwait is in the hands of the Kuwaiti Zakat House (KWH) (Ministry of Finance). Kuwait established the Zakat House in 1982. The Zakat Administration is affiliated to the Ministry of Awqaf. The fund is based on the voluntary zakat contributions alongside with an annual government grant. Similarly, to Jordan, the Kuwaiti zakat administration is affiliated to the Ministry of Awqaf. Kuwait has recently moved to a mandatory system of Zakat. This system is specifically targeted to local public and shareholding companies. These companies pay zakat at the rate of one percent of net profit (Powel, 2010). In Kuwait, zakat is a component of the tax system, established since 2007. Entities concerned are public and closed listed share holding companies (Muhammad, 2019).

2.2.2.5. Iran

In Iran, Zakat is only collected on certain goods. A 20% income donation is distributed by the Imam. Alms are generally received by "bonyads," religious or charitable foundations. The largest bonyad, called Bonyad-e Mostazafin, supports the cause of family members of martyrs. In Iran, Bonyads are supposedly controlling about 40% of the non-oil wealth of the country (Powel, 2010).

2.2.2.6. Bangladesh

The country's first zakat fund was founded after the 1982 Ordinance. In Bangladesh, zakat contributions are deductible from income tax. A zakat fund has its board represented by Islamic law scholars appointed by the government, the Secretary of the Religious Affairs Division, and the Director-General of the Islamic Foundation. The alms gathered by the Zakat Fund are used in several medical care cases for children, education scholarship for the ones in need or is used for the distribution of sewing machines for example to alleviate poverty (Powel, 2010).

2.2.2.7. Bahrain

Bahrain's law (1979) is similar to Jordan's. The tendency to give alms to the fund were so low that the government installed a mandatory 1% "social insurance tax" on income to help the fund unemployment benefits. However, this tax has not been identified as a form of zakat (Powel, 2010). The entity in charge of the management of zakat is the Ministry of Justice and Islamic Affairs (MIJA) but not only. The entity is in charge of 'sadaqah' and other donations as well. MIJA imposes zakat contributions on gold only. Funds distribution (includes both Zakat and Sadaqah) is generally done through coupons and other targeted programs (Muhammad, 2019).

2.2.2.8. Qatar

The collection and distribution of zakat in Qatar is handled by the Ministry of Awqaf and Islamic Affairs. Collection in Qatar is voluntary, however; all listed public companies are required to pay the 2.5% nissab based on their annual profits. The funds are used to support different activities in the country such as sports, culture and charity (Muhammad, 2019).

2.2.2.9. United Arab Emirates

UAE's Zakat Fund is similar to those found in Jordan, Kuwait, Bangladesh, Qatar and Bahrain. Similarly, as well, the fund is governed by the Ministry of Islamic Affairs and Endowments (Muhammad, 2019). The fund has a board of directors whose biggest players are the Minister of Justice, Islamic Affairs and Endowments. The board has the power to (i) set general fund policy, (ii) approve distribution amounts, and (iii) to urge Muslims to pay zakat. The amounts generated by the fund's activities serve to feed the fund. The distribution of alms is strictly limited to the eight categories/ Asnaf mentioned in the Quran (Powel, 2010).

2.2.2.10. Lebanon

Lebanon's zakat fund receives and distributes zakat donations, as the fund in Jordan (Powel, 2010).

2.2.2.11. Indonesia

Indonesia is considered to be the country with the highest rate of zakat giving with a 94% rate. Governmental organizations are in charge of collecting and distributing zakat in Indonesia. These organizations also regulate all private zakat collection and distribution. What is called Regional "BAZ", are semi-autonomous zakat agencies who are in charge of the collection and distribution of zakat contributions. It is to be noted though that several charities are competing with the funds. In terms of tax, the contributions are deductible up to 2.5% of the net income. Zakat in Indonesia has dynamically been developed along with time. Indeed, regulations on the management of zakat are important in the Indonesian laws, the country has seen an increase of its Zakat funds and finally, there is also room for growth in the future (Powel, 2010).

2.2.2.12. Oman

In Oman, direct taxation is limited. Zakat payments, although not mandatory, are administered by the Ministry of Religious Affairs and Endowments, and by the Zakat department more specifically (Muhammad, 2019). The Department introduced in 2017 an e-zakat app, that users can use to calculate their payable amounts. It also possess an online

application dedicated to the 'Asnaf's'. The funds are distributed to specified "eligible recipients" (Muhammad, 2019). The fund is also responsible for paying for printing copies of the Quran and distributing religious works to religious institutions (mosques, students, and other individuals). Zakat alms are distributed to "eligible recipients". The funds also pay for printing copies of the Quran and distributing religious works to mosques, students, and other individuals (Powel, 2010).

3. Zakat for economic empowerment and poverty alleviation

Islamic Economics aims at institutionalizing Islamic principles using the different instruments provided in the Sunna and Quran as well as through Islamic Banking. As our discussion focuses on Islamic Social Finance, we will highlight the importance of leveraging these tools, and Zakat more specifically to reduce poverty through redistribution. According to scholars, Zakat has a positive impact on the society, and numerous articles, papers and research studies were completed to prove this. According to authors such as Hossain (2012), zakat has several objectives that impact positively the socio-economic ecosystem of the ones in need. As a matter of fact, Zakat serves the welfare of the unprivileged people removing the economic hardship for the poor and needy. It satisfies the recipient's needs and alleviates his financial as well as mental sufferings.

Discussing Zakat institutionalization is important indeed, however, the main objective of this opening is to assess the potential that Zakat institutionalization and the development of Zakat funds could have on poverty reduction. As a matter of fact, several authors researched and studied the impacts of Zakat on poverty alleviation. Many if not all of the countries where the studies were completed benefited from institutional Zakat organisms; hence the results of the studies could shed the light on the potential impacts other countries could have. Numerous studies were conducted in countries such as Malaysia, Indonesia and Pakistan; and a large majority showcased positive impacts; specifically, when it comes to extreme poverty reduction. Hence, Siddiqi (1988) and Kahf (1989) estimated Zakat's potential to alleviate poverty in 8 Muslim countries; and found out the impacts were positive. According to Faiz (1991), poverty in Pakistan was reduced by 2.16% due to Zakat and Ushr. In his study Shirazi (2006), proved that Zakat redistribution in Pakistan has considerable impacts on household incomes increase in lower groups. Ibrahim (2006) investigated the impact of Zakat in poverty alleviation in Selangor (Malaysia). He found that contributions of Zakat reduced extreme poverty. Ali & Hatta (2014) assessed the role of Zakat on poverty eradication in Malaysia, Bangladesh and Indonesia concluding that its role was crucial in poverty reduction and socio-

economic development and empowerment. Johari and Aziz (2015) on their ends examined the effectiveness of Zakat in poverty reduction in Kelantan, Malaysia. They found that despite the operational issues around the Zakat institution; Zakat was able to reduce poverty incidences, and extreme poverty most specifically. Finally, Ahmed and Salleh (2016) confirmed the above in their study. These authors; amongst others proved; the potential impacts of Zakat institutionalisation on poverty reduction in Muslim countries.; and with that the relevance of the topic discussed in this paper.

It is interesting the discuss the development of zakat funds in Morocco, where Islamic Finance has been implemented only in the recent years. The Kingdom does not have a proper zakat fund although efforts have been deployed in the past for the matter. Nevertheless, this discussion is important in the light of our introduction who questioned the importance of the leverage of Islamic Social Finance in parallel with other traditional Islamic Finance tools and Islamic Banking and Capital Markets tools more precisely. The problematic is discussed by many scholars and the questions should be extended to the Moroccan context. As a matter of fact, ‘Islamic Social Finance’ is implemented in the informal sphere and does not have a proper institutional structure. In the opposite, Islamic banking started with the windows who opened starting the 2016/2017. In the ‘Islamic’ Capital Market on the other hand, Islamic funds were implemented. The first placement was introduced in 1996 by Attijari Wafa Bank, under the name of “Al Moucharaka” and holds 3 funds in total. In 2009, another fund managed by Upline Capital Management was put in place, under the name of “Al Badil Chaabi Asshoum” (Doukkali & Hefnaoui, 2020).

Conclusion

This article gives a synthesis of the contemporary models of Zakat funds in Muslim majority countries, after an analysis of the Zakat notions according to the Fiqh, and after an overview of the zakat collection models in the era of the Prophet and the Caliphs Abu Bakr Assidiq and Omar Ibn Al khattab. The illustration of the now prevalent models is interesting in that it provides a work base for those interested in learning more about the different operational models of Zakat funds, or those aspiring to initiate zakat funds, and looking for general insights. The synthesis work of this paper sketches the different zakat collection models prevalent in several Muslim countries. It also gives an overview of their management models. The work allows to raise several of the shortcomings that could be discussed further in the literature. More specifically, it highlights the discussion in the impacts of Zakat institutional

models on poverty alleviation. Indeed, further research could be done regarding the fact that zakat collection could be more efficient if more attention is paid to it. It highlights the importance of the development of an Islamic Social Finance ecosystem that works for the socio-economic empowerment of the poor. Now, that being said, questions arise with regards to Zakat institutionalisation: are all countries ready to implement Zakat funds? What are their different levels of readiness? Can they all generate the same impacts on socio-economic empowerment?

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