Appraisal of Application of ICT in Zakat Management in Nigeria

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ABSTRACT

In a digital economy where the Information and Communication Technology (ICT) plays key role and is considered as a major component of an economy, a country that neglects this sector risk losing the opportunity that comes with it. In a globalised world, countries that adopt ICT in their economy open greater opportunities for their development. Thus, institutions and corporate organizations such as banks and other financial institutions have since embraced ICT which leads to their efficiency and effectiveness in their operations. Particularly, Muslim countries and institutions are lagging behind in technological innovation and adaptation. On the other hand, studies show that zakat has the potential of alleviating poverty of USD1.25 per day in Nigeria if properly applied. In view of this, the objective of this study is to appraise the zakat institutions in Nigeria with a view to determine their acceptance and application of ICT in their operations. However, the research uses the existing literature, published reports, contemporary journal articles and conference proceedings to support the arguments made. The findings reveal that, Nigerian zakat institutions utilize minimally the information and communication Technology that could have been widely applied to maximize collection and distribution of the zakat for socioeconomic development. The paper posits that for efficient and effective zakat practices in Nigeria, modern ICT are extremely needed to harness the institution and to enable it achieve its socioeconomic objectives.

Keywords: Zakt Management, ICT, Nigeria

1.0 BACKGROUND

Technological progress responds to unmet human needs in an efficient and effective manner (IDB, 2003). IT is the technology by which organizations and governments organize process, manage and utilise, and disseminate information and knowledge. These processes and knowledge are frequently embedded in the hardware and software of computer, data processing and data communication systems (IDB, 2003). It is widely acknowledged that the a country’s socio-economic development is positively linked with her ICT development and adoption. Though, earlier studies on IT investment and economic growth found insignificant relationship. For instance, US huge investment in IT led to decline in productivity in 1980s which brought about the concept of “productivity paradox.” However, this may happen when the investment is too small as percentage of the inputs to the economy to have a measurable effect.
ICT has been described as catalyst for economic development in developed and developing countries. In economics, ICT or technological advancement is described as a major shock that brings about economic growth and development. It also brought about changes in the way businesses are conducted among Small and Medium Enterprises (SMEs) as they play a major role in storing, retrieving, processing and disseminating information. In turn, this cut administrative cost, increases efficiency of resources, boost confidence among the stakeholders thereby increasing the proceeds.

Zakat collection is part of the organization and administration of Muslim society as in the application of other laws. Thus, the responsibility of implementing these functions devolves on those who come after the Prophet pbuh and who act on behalf of the Muslim ummah (Al `Alwani, 2017, p.50). Despite the manifold benefits of zakat, there is apprehension that its application in Muslim countries and communities faces some challenges, particularly of harnessing those benefits for the socio-economic development of the ummah. Application of ICT is found to be a major driver in today’s socio-economic changes (Dierckx and Stroeken, 1999). It augments labor and capital in raising productivity level. Thus businesses and government are taking advantage of it. Despite this, there is dearth of literature on the adoption of ICT in Zakat administration. Few studies on zakat in Asia and Middle East exist. Even on SMEs it is very limited. In the case of Nigeria virtually there is exist no previous studies in the area under study. Therefore, the objective of this paper is to appraise the application of ICT in contemporary zakat practices in Nigeria.

The paper spreads into 5 sections. Section two provides overview of zakat administration. Section three analyses the zakat potentials in some selected countries. Section four examines the challenges and proposes the use of ICT in the management of zakat in Nigeria and challenges. Section five concludes the paper.

2.0 ZAKAT ADMINISTRATION IN THE HISTORY

Zakat has untapped potentials across the globe and can serve as a reliable source of poverty alleviation and income inequality. During the early period of Islam, transfer of wealth from the rich to the poor was legislated as general obligatory charity without limit and without conditions and without any fixed rate or time of its payment (Zulfiqar, 2011). (See Q:30: 38-39, Q: 27:1-3, Q: 31:3-5) However, after migration to Madina, the second year of hijra according to majority of scholars, zakat was enshrined in the Quran as obligatory payment from the rich who possesses the minimum amount to pay zakat (nisab). Allah says in the Quran “Take Sadaqat (alms from their wealth in order to purify them with it, and invoke Allah for them. Verily! Your invocations are a source of security for them, and Allah is All-Hearer All-Knower. (At-Taubah, 9:103).

In another verse that gives the details of asnaf Allah says “As-Sadaqat (here it means Zakat) are only for the Fuqara (needy), and Al-Masakin, (the poor) and those employed to collect (the funds); and to attract the hearts of those who have been inclined (towards Islam); and to free the captives; and for those in debt; and for Allah’s Cause and for the wayfarer; a duty imposed by Allah. And Allah is All-Knower, All-Wise. (9:60).

In the Hadith reported by Ibn Abbas when Allah’s messenger sent Muadhz to Yemen, the Prophet s.a.w tells him “invite the people to testify that none has the right to be worshipped
but Allah and I am Allah’s apostle. If they obey you to do so, and then teach them that Allah has enjoined on them five prayers in every day and night. If they obey you to do so, then teach them that Allah has made it obligatory for them to pay the alms (Zakah) from their property which is to be taken from the wealthy among them and given to the poor”

In terms of administering the zakat, the rich among the companions, both that stayed in Madina and people of village (Bawdin) paid their zakat with the assistance of zakat collectors. Bilal bin Abi Rabah, Zubair bin Awwam, Muaz bin Jabal, Abu Musa al-Ashari were among the trusted zakat workers specialising in collection, distribution and accounting and auditing of zakat among others (Waihari, 1991, Kahf, 1999, Saad, et al, 2016). The collection, distribution was recorded to be very effective and efficient as zakat was managed at the point of collection, unless if there is no eligible receiver in the location. The payers of zakat were assigned by the Prophet pbuh and they received their share accordingly. At one time when Muadh returns with the zakat he collected and some gifts given to him, the Prophet disapproved of such gifts and warned companions to shun from taking gifts on official duties. Other ethics of zakat administration is praying for the payer. Quran states that when you receive zakat you pray for the payer for Allah to bless his wealth and family while the Sunnah reiterates the need to shy away from taking the dearest part of payer’s wealth while collecting the zakat.

On one hand, the payment of zakat attracts a lot of benefits to the payer in particular and the society in general. These include wealth purifications, wealth circulation, increase in savings and investment, social security, as well as peace and stability among others. On the other hand, zakat defaulters are forewarned with stern punishment in the hereafter. Allah says in the Quran: “And those who hoard up gold and silver [Al-Kanz: the money, the Zakat (obligatory charity) of which has not been paid] and spend them not in the way of Allah, announce to them a painful torment. On the Day when that [Al-Kanza: money, gold and silver, the Zakat (obligatory charity of which has not been paid] will be heated in the fire of Hell and with it will be branded their foreheads, their flanks, and their backs, (and it will be said to them) ‘This is the treasure which you hoarded for yourselves. Now taste of what you used to hoard.” (Q: 9:35-36).

3.0 ZAKAT ADMINISTRATION IN NIGERIA

The practice of zakat in Nigeria is as old as the coming of Islam in the country. The country is part of the then Bilad al-Sudan which is the largest area in Sub-Saharan Africa where majority of Muslims resided. The Sokoto Caliphate (1884-1903) was recorded to have operationalised fully the administration of zakat before the colonial masters invaded the region. Subsequently and with the 1914 amalgamation of the South and Northern regions, the increasing power of colonial policies; things that have to do with religious practices had been largely reduced to personal matters; thus zakat administration by the state was either officially suspended or became ineffective when it comes to implementations. Tax administration took over the position of zakat and subjects were heavily taxed and labour was exploited unjustly.

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1 Ibid from Ibn Abbas
With the revival of Democracy from 1999, some twelve (12) Northern States implement in addition to their longstanding systems of shariah personal law. This brought about unprecedented development in the revival of zakat administration by the states as most of those states established committees, boards or agencies of zakat and endowment. This is coupled with the emergence of Islamic foundations that collect and distribute zakat in the country. Similarly, with the establishment of first full fledged Islamic bank in 2012, i.e Jaiz bank Nigeria Plc, a division called Zakat and Waqf was recently set up to mobilize and disburse the proceeds to the beneficiaries. This initiative helps to create awareness and brings new dimension to the practice of zakat and waqf in Nigeria.

In a nutshell, different practices, strategies, administrative systems are being applied by Muslims across the country in an effort to effectively ensure the implementation of zakat. Zakat laws that necessitate payment of zakat are being made in some states while others allow it to be practiced voluntarily. Several factors such as political will, historical realities, adherence to Islamic values, and intensity of da’awa as well as level of public awareness among others (Muhammad, Maidoki and Sani, 2017). According to Islamic social Finance Report (2015) and Muhammad, (2016) the figures for zakat collection over the last five years (2009 – 2015) as presented in table 1 show an increasing trend in most states where the system of zakat has been relatively older. The report portrays that the overall trend of zakat collection for the past seven years is positive. It is clear that, there is significant effort put in place to collect and distribute zakat in the country.

Table 1: Zakat Collection from 2009-2015 (figures in million N)

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZSF(Lagos)</td>
<td>21537.1</td>
<td>35098.1</td>
<td>31641.9</td>
<td>42755.4</td>
<td>122038.7</td>
<td>108,461,786</td>
<td>125,536,000</td>
</tr>
<tr>
<td>Bauchi</td>
<td>0</td>
<td>0</td>
<td>7709.9</td>
<td>21908.6</td>
<td>17088.6</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Zamfara</td>
<td>92,232.3</td>
<td>109,762.4</td>
<td>160,511.3</td>
<td>177,167.3</td>
<td>167,834.2</td>
<td>10176846</td>
<td>7922306</td>
</tr>
<tr>
<td>Kazaure</td>
<td>24656.1</td>
<td>26271</td>
<td>20703.6</td>
<td>21853.1</td>
<td>27532</td>
<td>N/A</td>
<td>17,636,940</td>
</tr>
<tr>
<td>Dutse</td>
<td>149,992.60</td>
<td>125,556.3</td>
<td>140,565</td>
<td>159,602.6</td>
<td>208,770.1</td>
<td>121,24914</td>
<td>122,24916</td>
</tr>
<tr>
<td>Hadejia</td>
<td>18,743.2</td>
<td>17,268.11</td>
<td>N/A</td>
<td>9,172,790</td>
<td>6,358,000</td>
<td>27,395,55</td>
<td>36,955,18</td>
</tr>
<tr>
<td>Kebbi</td>
<td>11000</td>
<td>912</td>
<td>1250</td>
<td>805</td>
<td>2305</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Kano</td>
<td>10034.6</td>
<td>12915.8</td>
<td>0</td>
<td>16135</td>
<td>5550</td>
<td>14430450</td>
<td>10570000</td>
</tr>
</tbody>
</table>
From the table 1, it can be discerned that the overall collection has been growing over the years. However, there are outstanding performance of some institutions such as Zamfara Zakat and endowment, Zakat and Sadaqat Foundation, Lagos, Kazaure Emirate Zakat Committee, Dutse Emirate Zakat Committee and Sokoto State Zakat and Endowment.

4.0 POTENTIALS OF APPLICATION OF ICT IN ZAKAT ADMINISTRATION

ICT is defined as any technology that facilitates communication and assist in capturing, processing and transmitting information electronically (Dierckx & Stroeken, 1999). There are traditional ICT facilities such as Radio, Television, print media etc and there are modern ICT facilities such as software, Internet, fax, emails, mobiles. Literature suggests that the main determinants of ICT adoption among organizations include technological innovations; organizational factors; environmental factors; performance, competition and external pressure among others.

The application of ICT in developing countries is found to be shallow and unsystematic. This is largely because of poor human capital index, a measure of readiness for citizens to use online services as a result of investment in education. However, it is gradually improving in some countries. Government, private sectors and Non-Governmental Organizations begin to tap from the vast potentials ICT carries in undertaking their responsibilities and accomplishing their goals. Corporate Bodies such as banks and other financial institutions use ICT most in their operations. In addition, the percentage of internet users in Nigeria is 28.4 percent of the population in 2011. This has sharply increased to more than 50 percent (91 mil.) in 2017 (NCC, 2017).

In Nigeria, the ICT penetration among government departments and agencies is mainly found in higher educational institutions, security agencies and land and urban planning ministries among others. Albeit, it serves as stimulant to the economy through agriculture, finance, trade and investment, intellectual property, its effects on the economic growth and development seem to be very weak and insignificant. Thought the government establishes ICT intervention agencies such as Nigerian Communications Commission that help to fight poverty, the accessibility, affordability and availability are crucial for the success of the effort (Danbatta, 2015). According to Danbatta (2015) in order to overcome the challenge of poverty in all its ramifications ICTs must be considered a key driver for social development and economic growth.
However, based on ICT Development Index (IDI) of United Nations and International Telecommunications Union (ITU) that uses access, use and skills, Nigeria was ranked 137th in 2016. ICT adoption in Nigeria by both public and private sector has been found comparatively very low. However, with 84.3 million internet users in 2018 and online penetration of 83 percent (Statistica, 2018) zakat stands a good chance to benefit from what is available. ICT contributes 8.5% of GDP or USD32b in 2015. Comparatively, in Ghana it was 24.7% of GDP-USD3.2b. It was 1.5% in the US (2015) and amount to USD 1t (2009).

With the increasing level of poverty coupled with the spread of ICT in Muslim Countries, including Nigeria, there is the need for wider applications of ICT to administer zakat. Expectedly, countries in south East Asia, such as Malaysia and Indonesia and some Muslim Minority Countries such as UK and South Africa have gone far in applying ICT in this direction. Their effort is yielding positive outcomes, thereby achieving the overall zakat objective in the society. Most of these zakat organizations have several features such as zakat hotlines, websites, blogs, emails for communications and dissemination of information as well applications for calculating zakat on various types of wealth. Table 2 below reveals potentials of zakat in poverty reduction in some countries.

### Table 2: GDP Resource Gap and Zakat Estimates in Selected Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Resource Gap as % of GDP at $ 1.25 per day</th>
<th>Resource Gap as % of GDP at $ 2.0 per day</th>
<th>Highest Zakat Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh (2009)</td>
<td>7.57</td>
<td>33.36</td>
<td>3.93</td>
</tr>
<tr>
<td>Malaysia (2009)</td>
<td>0.00</td>
<td>0.02</td>
<td>2.26</td>
</tr>
<tr>
<td>Indonesia (2011)</td>
<td>0.35</td>
<td>2.74</td>
<td>3.82</td>
</tr>
<tr>
<td>Nigeria (2013)</td>
<td>1.47</td>
<td>3.50</td>
<td>2.08</td>
</tr>
<tr>
<td>South Africa (2010)</td>
<td>0.001</td>
<td>0.01</td>
<td>0.07</td>
</tr>
<tr>
<td>Sudan (2010)</td>
<td>0.49</td>
<td>2.20</td>
<td>3.47</td>
</tr>
<tr>
<td>Bosnia and Herzegovina (2014)</td>
<td>0.00 ($1.9)</td>
<td>0.01 ($3.10)</td>
<td>2.20</td>
</tr>
<tr>
<td>Tajikistan (2014)</td>
<td>1.04 ($1.9)</td>
<td>7.30 ($3.10)</td>
<td>4.30</td>
</tr>
<tr>
<td>Russian Federation (2012)</td>
<td>0.00 ($1.9)</td>
<td>0.00 ($3.10)</td>
<td>0.51</td>
</tr>
</tbody>
</table>


Recent findings show the potentials of zakat in overcoming the poverty challenges in Asia, Africa and Russian Federation. For instance, in Bangladesh, the resource gap needed to alleviate poverty of USD1.25 per day is 7.57 percent of GDP. However, the highest zakat potential in the country is 3.93 percent of GDP which implies that, at the moment, zakat alone may not be able to end poverty of 1.25 per day in the country. The corresponding figures in Malaysia show that resource gap is not an issue anymore. Yet, the potential of zakat in the country reaches 2.26 percent of GDP during the study period. The resource gap
in Nigeria based on USD1.25 per day is 1.47 percent while the highest zakat potential is 2.08 percent of GDP. This shows that Nigeria could alleviate the poverty level of 1.25 per day (2.08 is greater than 1.47). In South Africa, Sudan, Bosnia and Herzegovina, Tajikistan and the Russian Federation zakat has the potential to alleviate poverty as shown in table 2 above. This findings support the argument of Dar (2008) who opined that zakat of the high net worth individuals in the Middle East and North Africa is sufficient to tackle homelessness and other related matter in the region.

In Nigeria however, among the above listed zakat institutions and with the exception of Zakat and Sadaqat Foundation based in Lagos (and recently Jaiz Zakat and Waqf), the research has not found any zakat agency which has active and functioning website. Though, active face books are available for few agencies such as Sokoto State Zakat and Endowment Commissions there exists the need for maximum utilization of what ICT provides for the society especially institutions that require credibility and trust by the public.

Recently, Jaiz Zakat and Waqf Unit, an initiative of Jaiz Charity and Development Foundation of Jaiz Bank, PLC emerges. Interestingly, it has all the necessary ICT features such as Jaiz Mobile Zakat Application, websites, blogs etc. The Unit that started operation in June 2016 has already collected over N92 million and distributed N80.164 million between 2016 and 2017. The distribution benefitted 2366 needy with 63 percent disbursement for economic empowerment (Shuaibu, 2018). Thus, the achievement in very short period of time is largely attributed to organizational strength and the use of modern ICT facilities in zakat mobilization and distribution. There is no doubt, eligible Muslims zakat payers in the various part of the country could easily be reached out through the use of modern ICTs just like in other countries such as Malaysia, South Africa and the UK.

5.0 CONCLUSION AND RECOMMENDATIONS

The study examines application of ICT in Zakat administration in Nigeria. It was found that ICT is minimally applied in the zakat administration in the country. Out of the 13 active zakat agencies, we found only four that actively uses, access and set the ICT infrastructure in zakat administration. Others use limited ICT facilities and applied it unsystematically, State based agencies largely suffer from political leadership in getting the necessary support. Emirate Council Zakat Committees prove to be working mostly in suburban environment. Nevertheless the use of ICT cannot be overemphasise in realising the stated potentials of Zakat in the country. It is argued that while Zakat has potential of reducing poverty in Nigeria, this potential cannot be fully realized without application of ICT. Having examining the ICT at National level we suggest some ways forward to systematically improve the National IT landscape, thus, benefitting all institutions vi-a-vis policy and regulations; enhancing human resource development; providing ICT Infrastructure; contextualize ICT to suit the community and advocating for innovation cluster among others. Similarly, ICT can boost zakat collection; create awareness; increase number of zakat payers; enhanced professional management practice based on current technology; maximise customer satisfaction through services rendered and create a working environment based on Islamic values.
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Nigeria ranked 137th in ICT Development Index https://guardian.ng/technology/nigeria-ranks-137th-in-ict-development-index/


