



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 الزكاة الإلكترونية

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Abstract

Zakāh is considered as one of the fundamental pillars of Islam and an important Islamic financial concept. Zakāh plays a significant and critical role in addressing poverty and inequality in Muslim communities. However, implementation of effective, and successful Zakāh management poses significant challenges in many countries, including Bangladesh. This study aims to identify the challenges associated with Zakāh management in Bangladesh and explore the implementation of the E-Zakāh application in terms of its proper collection and distribution. Through a deeper understanding of the literature review and analysis of available accessible data, the study identifies several significant deficiencies and major shortcomings in the Zakāh administration including lack of transparency and accountability, inadequate infrastructure, limited awareness and education, ineffective monitoring and evaluation systems, and inefficient collection and distribution mechanisms. This study uses an analytical and descriptive method to examine the challenges in Zakāh administration in Bangladesh. By adopting a qualitative research approach, this study aims to gain an in-depth understanding of these challenges and propose solutions. Furthermore, the article proposes a broad strategy for the effective implementation of E-Zakāh that includes the establishment of technological infrastructure, regulatory reform, capacity building, and public awareness campaigns. Finally, the present study contributes to the existing literature by clarifying the obstacles and opportunities of the Zakāh administration in Bangladesh and proposes a viable solution through the adoption of E-Zakāh. By utilising the endless possibilities of technological advances, the proposed strategy could improve the impact of Zakāh, stimulate socio-economic growth, and empower marginalised communities in Bangladesh.

Keywords: Challenges, E-Zakāh, Bangladesh, Zakāh, Management.

ملخص البحث

تعتبر الزكاة أحد أركان الإسلام الأساسية ونظاماً مالياً مهماً في التشريع الإسلامي. إن الزكاة تلعب دوراً مهماً في معالجة الفقر وعدم المساواة والتفاوت الطبقي في المجتمعات الإسلامية. ومع ذلك، فإن الإدارة الفعالة والناجحة للزكاة تشكل تحديات كبيرة في عدد من البلدان، بما في ذلك بنغلاديش. تهدف هذه الدراسة إلى التعرف على التحديات المرتبطة بإدارة الزكاة في بنغلاديش واستكشاف تطبيق الزكاة الإلكتروني من حيث جمعها وتوزيعها بشكل صحيح. ومن خلال مراجعة الأدبيات وتحليل البيانات المتاحة، تحدد الدراسة عدداً من أوجه القصور الرئيسية في إدارة الزكاة بما في ذلك الافتقار إلى الشفافية والمساءلة، وعدم كفاية البنية التحتية، ومحدودية الوعي والتعليم، وعدم المراقبة والتقييم غير الفعال في الجمع والتوزيع. تستخدم هذه الدراسة المنهج الوصفي التحليلي لتحقيق التحديات في إدارة الزكاة في بنغلاديش. ومن خلال الاعتماد على البحث النوعي، تهدف هذه الدراسة إلى الحصول على فهم عميق لهذه التحديات واقتراح الحلول المناسبة. علاوة على ذلك، من أجل التنفيذ الفعال للزكاة الإلكترونية، يقترح هذا المقال استراتيجية واسعة تشمل إنشاء بنية تحتية متطورة للزكاة، وإصلاح اللوائح، وتعزيز القدرات، وحملات التوعية العامة. وأخيراً، تساهم هذه المقالة إضافة إلى الدراسات الموجودة من خلال توضيح معوقات وفرص إدارة الزكاة في بنغلاديش وتقدم حلاً عملياً من خلال بناء منصة إلكترونية للزكاة. وعلى هذا، وبواسطة الاستفادة من الإمكانيات اللامحدودة للتقدم التكنولوجي، يمكن للاستراتيجية المقترحة أن تحسن من إدارة الزكاة، وتخفز النمو الاجتماعي والاقتصادي، وتمكن الفئات الضعيفة في المجتمع.

الكلمات المفتاحية: التحديات، الزكاة الإلكترونية، بنغلاديش، الزكاة، الإدارة.

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Contents

1. Introduction	90
2. Literature Review	90
3. Zakāh Scenario in Bangladesh: Zakāh Institutions and Administration Process	92
4. Challenges in Developing Proper Zakāh Management in Bangladesh	94
4.1 Absence of Appropriate Authority to Collect and Distribute Zakāh	94
4.2 Inadequate Knowledge of Zakāh	95
4.3 Limited Categories of Zakāh Beneficiaries	95
4.4 Absence of Reformed Zakāh Legislation and Enforcement	96
4.5 Absence of Good Governance Practices in Zakāh Management	96
4.6 Absence of Centralised Zakāh Management	96
4.7 Insufficient Data for Prospective Payers and Limited Usage of Potential Zakāh Funds	97
4.8 Inability of the Government to Adapt its Policy Towards Zakāh	97
4.9 Lack of Modern Digital Technology Usage in the Zakāh Collection and Distribution Process	97
5. A Way Forward: Overcoming Challenges through E-Zakāh	99
5.1 Enhancing Awareness and Education	99
5.2 Infrastructure Development and Accessibility	99
5.3 Strengthening Security and Trust	99
5.4 Standardisation and Integration	99
5.5 Social and Cultural Acceptance	99
6. Conclusion	100
References	100

1. Introduction

Zakāh is one of the fundamental pillars of Islam. It is also a great concept of the financial security system of wealth transfer from the rich to the *aṣṇāf* (who deserve *Zakāh*). *Zakāh* plays a significant role in eliminating poverty among the unprivileged people and ensuring a sustainable way of life with safety and dignity. In many Muslim countries, the proper collection of *Zakāh* fund and fair distribution of wealth among the less fortunate helped gradually reduce inequality and injustice in society and made them self-reliant and productive to improve their economy (Ben Jedidia & Guerbouj, 2021).

Bangladesh is the second largest Muslim-majority country and proper *Zakāh* management is still far behind

(Obaidullah, 2015). Although the government of Bangladesh has taken several initiatives and strategies to combat poverty, *Zakāh* as a tool for poverty alleviation has yet to receive serious attention from economists, regulators, civil society, and policymakers in Bangladesh (*Bangladesh Economic Review : Poverty Alleviation*, 2022).

At present, the ongoing process of *Zakāh* management in Bangladesh exists informally (M. S. Islam, 2016). There is a very limited institutionalised platform for *Zakāh* payers and recipients where they can be guided by a structured process and appropriate strategy for *Zakāh* management. In these circumstances, the collection and distribution of *Zakāh* cannot reach its deserved goal.

Currently, *Zakāh* management and administration in Bangladesh are based on a state-run charity paradigm where *Zakāh* is not strongly enforced by law (*Zakat Fund Report*, 2015). Besides the government, several private agencies and organisations are involved in the management and implementation of *Zakāh*. Therefore, considering the above matters into account, this paper is divided into several sections: the first section begins with the introduction and the second section discusses the literature review, while the third section describes the *Zakāh* scenario in Bangladesh: *Zakāh* institutions and administration process. The fourth section highlights the challenges in developing proper *Zakāh* management in Bangladesh, and the fifth section discusses a way forward: overcoming challenges through e- *Zakāh*, and the last part is on the conclusion.

2. Literature Review

The administration of *Zakāh* in Bangladesh lacks a unified and efficient system, leading to significant challenges in the distribution of *Zakāh* funds to deserving individuals. Currently, *Zakāh* payers follow different approaches, with some contributing to the government agency known as the Islamic Foundation's *Zakāh* Board, while others direct their *Zakāh* to private *Zakāh* institutions or even individuals. This fragmented system hinders the effective use of *Zakāh* funds and fails to maximise their impact in addressing socio-economic inequalities.

Saiful Islam and Umme Salma (M. S. Islam & Salma, 2020) highlighted the absence of a well-organised *Zakāh* system in Bangladesh, with a significant lack of platforms for *Zakāh* collection and distribution and limited organisations dedicated to the proper management of *Zakāh* resources. This has resulted in sub-optimal contributions to the *Zakāh* fund, hindering its potential to uplift the needy. A comparative analysis of the *Zakāh* management practices between Bangladesh and the Centre for *Zakāh* Management (CZM) in Malaysia further highlights the need for a more structured approach in Bangladesh (M. S. Islam & Salma, 2020).

Bangladesh's government-run *Zakāh* administration and management system have shown shortcomings in effectively collecting *Zakāh* contributions from all payers and distributing them to those in need. Despite the government's commitment to poverty alleviation, the current system lacks efficiency and fails to ensure the proper utilisation of *Zakāh* funds. Scholars have suggested the adoption of modernised approaches, such as web-based information systems and streamlined e-*Zakāh* management to overcome these challenges and improve the impact of *Zakāh* distribution in Bangladesh.

Tragic incidents during *Zakāh* collection activities, including stampedes resulting in the loss of lives among *Zakāh* seekers, further highlight the urgent need for an improved management system (M. H. Rahman & Obaidullah, 2021). The current situation raises concerns about the safety and well-being of individuals during *Zakāh*-related events, necessitating a comprehensive re-evaluation of collection methods and distribution practices to prevent such unfortunate incidents.

Furthermore, the credibility of the government's efforts in pursuing the objectives of the *Zakāh* Fund has been questioned by Mohammad Zohurul Islam and Kabir Hassan (2022) in their recently published book, "*Zakat Administration: Principles and Contemporary Practices*". Intellectuals in civil society express scepticism regarding the government's ability to effectively address the issues surrounding *Zakāh* management. This lack of confidence in the government's capacity to handle *Zakāh* affairs,

combined with a general lack of awareness among the population about *Zakāh*'s religious significance, hinders the willingness of individuals to contribute to the *Zakāh* fund. Another study by M.K Islam, Mitu, Munshi, and Khanam (2023) discovered that a widespread trend of misconduct in the *Zakāh* administration has continued across Bangladesh over the years. The study revealed that despite the *Zakāh* payers' dislike of widely accepted miss practices, they continued to follow the same traditions every year. Frequently, *Zakāh* recipients are given low-quality clothing with a seasonal demand. It is also asserted that *Zakāh* payers are ignorant of *Zakāh* customs in accordance with Islamic *Shari'ah* and the legitimacy of such processes. As a result, the widespread *Zakāh* practices are unable to alleviate poverty in the country (Md. K. Islam et al., 2023).

The previous studies concentrated extensively on several aspects without emphasizing on the digitalisation process of online *Zakāh*. The current worldwide trend towards digitalization necessitates a comprehensive evaluation of the viability and appropriateness of digital solutions in the implementation of *Zakāh* in Bangladesh. Therefore, the researchers attempt to shed light from the e-*Zakāh* perspective on the implementation of digital *Zakāh* for optimizing *Zakāh* fund collection and distribution in this modern era.

Given the current state of *Zakāh* management in Bangladesh, it is evident that a transformative approach is needed to address the existing challenges and maximise the potential of *Zakāh* as a powerful tool for poverty reduction. This study aims to examine the current system's shortcomings and propose innovative solutions to improve *Zakāh* collection, distribution, and overall management in Bangladesh. By addressing these issues, the study seeks to contribute to the development of a more effective and inclusive *Zakāh* system that can significantly impact poverty alleviation efforts in the country.

3. Zakāh Scenario in Bangladesh: Zakāh Institutions and Administration Process

The administration of *Zakāh* in Bangladesh is divided between two entities: the government and private charitable organisations. The government represented by the Islamic Foundation of Bangladesh which is the sole regulatory authority responsible for *Zakāh* administration under the supervision of the Ministry of Religious Affairs. Private charitable organisations include a range of social organisations, some of which focus solely on *Zakāh*, while others engage in various other socioeconomic activities alongside *Zakāh*.

The administration of *Zakāh* funds in Bangladesh currently lacks effective initiatives and appropriate accumulation and distribution strategies. The reformation of the *Zakāh* administration and management system in the country is unquestionably long overdue (Zohrul Islam & Hassan, 2022). For one of the most densely populated Muslim nations, the government has relatively few initiatives in managing *Zakāh* funds and there is scant action to accumulate and disperse *Zakāh* in an appropriate manner. Admittedly, the primary objective of *Zakāh* is always to empower the individuals who receive it to become self-sufficient so that they can transform from the consumer position to the donor of *Zakāh*. Unfortunately, in Bangladesh, the function of donating *Zakāh* within the framework of the existing system has minimal impact on the situation. Although a substantial quantity of *Zakāh* 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 the authorities, the wealthy tend to distribute their *Zakāh* individually among their poor relatives (N. Uddin et al., 2019, pp. 55–68). Rather than improving the condition of the impoverished people, this is propelling the poor class further to worse levels of poverty. The needy and the poor walk door-to-door to get *Zakāh* money or various goods distributed by wealthy people rendering the *Zakāh* beneficiary to beg like a beggar.

Individual and non-integrative *Zakāh* distribution of miscellaneous items by wealthy Bangladeshis among poor neighbours will not alleviate poverty as evident from the status quo. In the context of Bangladesh, collecting and distributing *Zakāh* ought to be conducted by responsible institutions run by trained and employed staff.

In addition, the presence of incompetent institutions and a lack of knowledgeable personnel hinder the effective distribution of *Zakāh*. Many *Zakāh* organisations in Bangladesh suffer from a shortage of skilled and informed administrators. With individuals lacking the technical expertise and knowledge of *Zakāh* administration, rules, and regulations, the collected funds cannot effectively reduce poverty levels. This is because only a knowledgeable '*āmil*' (worker) with an understanding of *Zakāh* administration, its rules, and regulations will have the ability to oversee the collected *Zakāh* amount. In order to properly manage and increase the *Zakāh* funds as needed, it is unnatural to expect that *Zakāh* collected by staff and organisations lacking these abilities can impact the scale of poverty in Bangladesh.

Most government and private *Zakāh* institutions in Bangladesh are ill-equipped to manage *Zakāh* funds, with a few notable exceptions. It is also unclear how much, if any, of the *Zakāh* given to the government each year actually ends up in the government's *Zakāh* budget. What the Ministry of Religious Affairs has done with this money, or how they intend to utilise the *Zakāh* fund for alleviating poverty in the country is unknown. Many of these inquiries are not answered as anticipated, and the outcomes often deviate from what was originally envisioned (Hassan et al., 2022).

It is evident 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 programme, 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 lack of well-established *Zakāh* organisations that are responsible and accountable in their operations, collecting *Zakāh* from the wealthy, and distributing it to the appropriate sectors in accordance with *Shari'ah*. Furthermore, many organisations today try to handle *Zakāh* anonymously, without adhering to the necessary *Shari'ah* requirements that must be followed by all *Zakāh* institutions.

The 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 notable exceptions, the online resources of the above-mentioned *Zakāh* organisations are neither comprehensive nor up-to-date. In addition, there are no controls in place to ensure that *Zakāh* is being used appropriately. Furthermore, there is no mechanism to ensure that *Zakāh* funds are properly allocated. As a result, the gap between the rich and the poor is intensifying. The development budget of Bangladesh is largely reliant on international aid which burdens the economy towards foreign debt. According to a report by The Business Standard, the *Zakāh* collected by Islamic Foundation Zakat Fund for the financial year 2019-20 was BDT 5.16 crore, while the CZM collected BDT 40.92 crore. Moreover, various other private organisations (as shown in Fig. 1) also managed to collect a staggering total of BDT 71.98 crore in Zakat funds (Uddin Noyon, 2021). If *Zakāh* funds could be properly collected and managed, the government will be able to utilise locally available funds to improve the lives of the poor, while reducing the reliance on foreign aid and drastically reducing the burden of debt payment. It is possible to collect a significant amount of *Zakāh* in the country and doing so is crucial, if Bangladesh is to improve the plight of the poor through *Zakāh* administration.

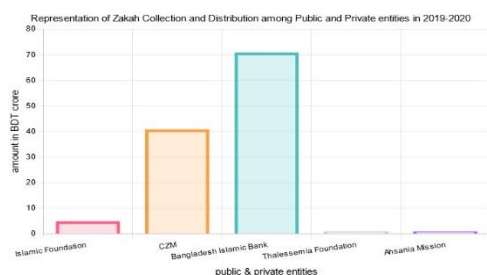


Figure 1: *Zakāh* funds collected by various private and public organisations in Bangladesh (graph created by the authors).

Another recent news article published in the Business Post describes the extent of growth in potential *Zakāh* collection (The Business Post, 2023). Citing Professor Hassan, the article enumerates the potential *Zakāh* collection for 2022 to be BDT 840 billion which is a huge increase from BDT 260 billion which was the potential of *Zakāh* collection in 2008 (as shown in Fig. 2).

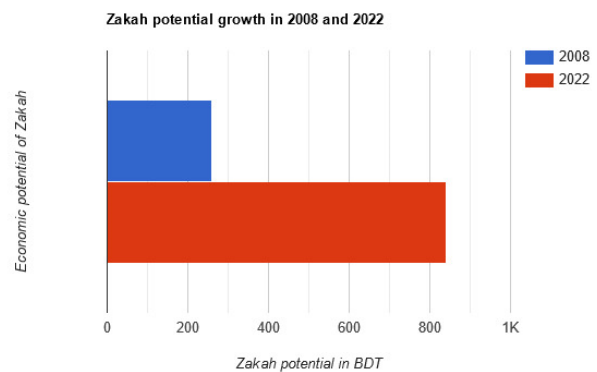


Figure 2: *Zakāh* potential growth in 2008 and 2022 (graph created by the authors)

Particularly, the benefits of *Zakāh* as a strategy for ensuring social security and social economic protection are yet to be achieved in Bangladesh. Inadequate and unsatisfactory as it may be, the government's handling of *Zakāh* is a major reason for the country's continued failure in *Zakāh* collection and distribution and its continued lack of systematisation and efficiency. Even while the government's revenue has been growing and digital currency transactions have increased, these factors have not yet facilitated the development of the *Zakāh* Fund.

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*.

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, the Zakāh is not adequately available and accessible to its beneficiaries. The following is an overview of the challenges and obstacles for professional and successful Zakāh management in Bangladesh.

4.1 Absence of Appropriate Authority to Collect and Distribute Zakāh

Even though 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 pay Zakāh voluntarily and individually. 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.

4.1.1 Deficiency of Well-Structured Zakāh Institutions

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

4.1.2 Defective Zakāh Distribution Method

Although the inadequate Zakāh collection by the government and private organisations is carried out, 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 location (Obaidullah, 2015). To that effect, a number of incidents have been reported in many news stories wherein Zakāh recipients were required to gather in large crowds (Hashmi, 2015). This has frequently resulted in stampedes and sometimes caused death (Banglanews24, 2018).

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 organisations, 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 lived in remote regions are frequently exempted from Zakāh (Johoor, 2021).

4.1.4 Ineffective Zakāh Commission and Absence of the Shariah 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 *Shari'ah* Advisory Committee. As almsgiving is a compulsory obligation for

wealthy Muslims, its management requires Islamic *Shari'ah* guidance to ensure that *Zakāh* funds are disbursed in accordance with Islamic *Shari'ah* rules and principles. Failing *Shari'ah* compliance, the *Zakāh* management system is rapidly losing public confidence and trust.

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. In terms of the collection and utilisation of *Zakāh* resources, a dedicated database for tracking how and from whom the resources are collected and where and to whom it is disbursed is non-existent. Consequently, *Zakāh* contributors express low faith in the government's capacity 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, in order to maintain a positive public image in the community.

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. But unfortunately, most people do not have a comprehensive understanding of the *Zakāh* concept. Although wealthy people are interested in praying and fasting, and they are interested in going multiple times to perform *Hajj* and *'Umrah*, unfortunately, they are not motivated to pay *Zakāh*. The primary reason for carelessness is the lack of a distinct and clear concept of it. Most Bangladeshi people have a general understanding of prayer and fasting, but they have quite a minimal understanding of *Zakāh*.

4.2.1 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 deliver lectures regularly on various

aspects of Islam all around the nation, but *Zakāh* does not receive its due importance even in Islamic lectures and discussions during Friday *khuṭbah* or *mahfil* gatherings. Hence, among the people, paying *Zakāh* is not regarded as important as other pillars of Islam. Similarly, most Muslim clerics at mosques in remote areas, particularly villages, are undereducated. Often, they are hardly aware of the *Zakāh* related *fiqh*-based rulings (Obaidullah, 2015). Additionally, the coverage and discussion of *Zakāh* and its significance in modern electronic and print media are limited. Due to insufficient knowledge of *Zakāh* as well as a lack of public awareness campaigns overall, the majority of Muslim general population lacks education and knowledge on basic aspects of *Zakāh*, its importance in Islam, and its significance as a poverty alleviation tool (Nabi et al., 2021).

4.2.2 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; rather, it is a grant of rights. In addition, the attitude of certain wealthy individuals to escape *Zakāh* is also clear. They avoid paying their *Zakāh* by incorporating different deceptions and tactics.

4.3 Limited Categories of *Zakāh* Beneficiaries

In Bangladesh, the *Zakāh* system in public or private ownership does not prioritise all the areas that are mentioned in the Holy Qur'an. Some *Zakāh* beneficiaries are wholly ignored. The majority of *Zakāh* is paid in Madrasas, and orphanages, under the group of *faqir*, *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* beneficiaries that is neglected. In addition, there are no exact figures regarding the number of *Zakāh* sectors in Bangladesh.

4.4 Absence of Reformed *Zakāh* Legislation and Enforcement

The absence of comprehensive *Zakāh* legislation has hindered its effectiveness as a tool for social advancement, particularly in poverty reduction. The government established a *Zakāh* Board in 1982, but it has not achieved significant progress in its forty years of existence. However, there are recent developments in the form of the "*Zakāh* Fund Management Bill-2022" that is scheduled to be presented in the National Parliament. This proposed bill aims to amend the existing *Zakāh* Fund Law of 1982 and empower the Islamic Foundation to establish a *Zakāh* board and commission responsible for overseeing the collection and distribution of *Zakāh*. Once the law is enacted, individuals will be able to pay *Zakāh* at designated banks. The Cabinet approved the proposal for the "*Zakāh* Fund Management Act" in October 2021, (sun, 2022). It was passed in the parliament in January 2023 with the goal of improving *Zakāh* collection and distribution in accordance with *Shari'ah* regulations (Report, 2023). However, concerns remain about the implementation process and whether the legislation will be enforced effectively. Without a clear framework, mechanism, and competent *Zakāh* 'āmil to support this legislation, the duration required for proper *Zakāh* collection and disbursement to eradicate poverty remains uncertain. The pressing question that needs to be addressed is whether the legislation will be effective in eliminating poverty and improving people's lives in the country.

4.5 Absence of Good Governance Practices in *Zakāh* Management

The absence of effective governance is one of the biggest obstacles to achieving good *Zakāh* management in Bangladesh. There is a huge gap for strong corporate

governance in the *Zakāh* sector. Mismanagement of *Zakāh* resources is widespread. As a direct impact of incompetence in *Zakāh* management, an increasing number of the poor and needy are currently experiencing financial imbalance and insecurity.

There is no alternative to adopting good governance to strengthen the *Zakāh* administration. 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.

4.6 Absence of Centralised *Zakāh* Management

In Bangladesh, the absence of a fully institutionalised and centralised *Zakāh* administration impedes the achievement of the intended goals of *Zakāh*. As a result, 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 centres (Ataina & Tohirin, 2010). To that effect, the funds collected are spent without any oversight by the required authority. It is observed and revealed that some organisations 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* collection 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 groups (Ataina & Tohirin, 2010, p. 372).

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

There is a significant disparity between the official data on prospective *Zakāh* payers and the minimal utilisation of *Zakāh* potential. Regarding the prospective *Zakāh* payers in Bangladesh, due to a lack of competent *Zakāh* 'āmil, it is difficult to determine wealthy *Zakāh* donors and their actual yearly *Zakāh* donation records. Even *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 *Zakāh* of 60 million BDT in 2012-2013, however, the *Zakāh* board disbursed approximately 2 million BDT. The remaining 28 commercial banks from out of 42 made no effort to collect *Zakāh*, nor transfer it to the *Zakāh* board despite possessing separate bank accounts and receiving a collection of over 10 million BDT overall; nevertheless, they had no accountability summary of the funds (A. E. Uddin, 2016). 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 progress (Hassan et al., 2022). Despite rising affluence and widespread digital cash transactions through the use of financial services provided by banks and mobile service platforms, government *Zakāh* revenues have not adequately contributed to improve 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 less than predicted (S. Rahman, 2021).

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

In 2015, Bangladesh achieved a lower-middle income position. To reach its goal of becoming an upper-middle-income country by 2031 as stated by the world bank (*The World Bank In Bangladesh*, 2022), 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 in order to accelerate the government's efforts (*Bangladesh Economic Review 2022: Poverty Alleviation*). 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 development (Jahangir & Bulut, 2022).

4.9 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 the utilisation 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 platforms (Ninglasari & Muhammad, 2021). Recently, in Bangladesh, a number of mobile application providers, such as Nagad Islamic, bKash, rocket, etc., launched *Zakāh* calculators that allow customers to pay their *Zakāh* contributions directly to more than twenty Islamic and voluntary *Zakāh* organisations (“Nagad Islamic Introduces Zakat Calculator,” 2022; “Pay Zakat to the Underprivileged through BKash,” 2022). 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 most *Zakāh*-managing organisations' websites hamper overall efforts to collect *Zakāh* from payers.

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 Shariah 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/ policy bodies 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

Figure 3: Challenges and Effect on *Zakāh* Management in Bangladesh

5. A Way Forward: Overcoming Challenges through E-Zakāh

Zakāh management in Bangladesh encounters numerous challenges in fulfilling the responsibility of *Zakāh* fund collection and distribution procedures. The infrastructure of *Zakāh* management in Bangladesh remains unsatisfactory despite the huge potential of *Zakāh*. Consequently, in order to tackle the aforementioned challenges regarding *Zakāh* collection and distribution, the implementation of E-*Zakāh* is proposed as the way forward in overcoming the existing obstacles and barriers. Therefore, this study emphasises some following factors that *Zakāh* management should consider to optimise and develop a well-structured *Zakāh* governance to meet the demands and standards of this modern era by using digital technologies. The following methods propose how E-*Zakāh* can overcome the challenges in *Zakāh* management and administration in Bangladesh.

5.1 Enhancing Awareness and Education

One of the ways the challenges can be tackled is the awareness of E-*Zakāh* as a concept to alleviate poverty as well as fulfil a core religious obligation. Comprehensive public awareness campaigns should be launched to educate the population about E-*Zakāh* platforms and their benefits. These campaigns can include activities, media outreach, workshops, seminars, and collaborations with religious leaders and scholars to disseminate accurate information regarding E-*Zakāh* as a concept and its importance. Emphasizing the convenience, transparency, and effectiveness of E-*Zakāh* platforms can help overcome the lack of awareness and increase public acceptance.

5.2 Infrastructure Development and Accessibility

The challenge of incompetent 'āmil should be addressed by investing in personnel training which will lead to enhanced performance and efficiency within the *Zakāh* organisations. Significant investments are also required to improve digital infrastructure and enhance connectivity, particularly in rural and remote areas. Government

bodies, development agencies, and technology providers should collaborate to expand access to smartphones, internet connectivity, and technology literacy programs. User-friendly interfaces, technical support, and offline modes of E-*Zakāh* platforms can ensure accessibility for individuals with varying levels of technological proficiency.

5.3 Strengthening Security and Trust

A prevalent complaint among the *muzakkies* has been the lack of transparency and accountability in the management of *Zakāh* funds. Implementation of the E-*Zakāh* system will enable *muzakkies* to track their donations and see how their contributions are being used to help the beneficiaries. To ensure their trust and confidence in the system, robust cybersecurity measures should be implemented to protect E-*Zakāh* transactions and user data. Encryption techniques, secure payment gateways, and adherence to international data protection standards can instil confidence in users. Collaboration with financial institutions and technology providers can help establish secure frameworks and ensure compliance with industry best practices.

5.4 Standardisation and Integration

A significant hindrance to the success of *Zakāh* management has been the absence of combined efforts among the various *Zakāh* organisations, *Zakāh* board and policymakers. Interoperability and seamless operation can be achieved by establishing standards and guidelines for E-*Zakāh* platforms which is crucial for systematic success. Collaboration between platform developers, *Zakāh* institutions, *Zakāh* board and policymakers can facilitate the development of standardised E-*Zakāh* protocols. Sharing knowledge, experiences, and best practices among stakeholders will contribute to the growth of a cohesive E-*Zakāh* ecosystem.

5.5 Social and Cultural Acceptance

The concept of paying *Zakāh* as a right of the less fortunate is not widely accepted by many Bangladeshis. Contrary to

Islamic ethics, they believe that by giving *Zakāh*, they are doing a favour to the poor. Engagement with local communities, religious institutions, and influential leaders is essential to address social and cultural barriers to the acceptance of E-*Zakāh*. Platforms for dialogue, educational campaigns, and highlighting success stories can help dispel misconceptions and promote acceptance. Working with religious leaders and scholars can play an important role in promoting the use of E-*Zakāh* platforms within the context of Islamic teachings.

6. Conclusion

In a nutshell, this article has highlighted the difficulties and barriers associated with *Zakāh* administration in Bangladesh and suggested a way forward by adopting an E-*Zakāh* perspective. The study shows that inadequate transparency, infrastructural limitations, lack of understanding, inefficient collection processes, and ineffective monitoring systems pose significant challenges to the optimal use of *Zakāh* funds in the country.

The introduction of E- *Zakāh* is an attractive approach to address these issues. Using technology and online platforms, E-*Zakāh* can improve the transparency of *Zakāh* management, accountability, and availability. Real-time tracking of funds, simplified procedures, and targeted distribution process could ensure that *Zakāh* resources efficiently reach the most deserving people in the community.

A comprehensive plan including technological advancement, regulatory reforms, capacity building, and awareness campaigns would be beneficial for the effective implementation of E- *Zakāh*. Coordination between government agencies, Islamic scholars, *Zakāh* institutions, and relevant entities is essential for establishing effective governance systems and standard operating procedures for *Zakāh* administration in Bangladesh.

This paper contributes to the scholarly discussion by highlighting the difficulties and barriers of *Zakāh* management in Bangladesh and offers a viable solution in the form of E- *Zakāh*. By embracing technology and

realising its full potential, Bangladesh can overcome current shortcomings and ensure that *Zakāh* becomes an effective tool for poverty alleviation and empowerment of marginalised communities

However, it is important to recognise that the effective implementation of E-*Zakāh* requires careful planning and constant evaluation and supervision. The proposed approach must consider the social, economic, and religious sensitivities in the community context. In addition, further research and empirical studies are needed to assess the benefits and long-term effects of E-*Zakāh* application in Bangladesh.

Ultimately, by adopting E-*Zakāh* and addressing the challenges in *Zakāh* management, Bangladesh has the potential to further develop its initiatives to alleviate poverty, stimulate socio-economic development, and ensure an equitable distribution of resources in line with Islamic principles.

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