



MODERNISATION STRATEGIES ON COLLECTION AND DISTRIBUTION OF ZAKAT

Challenges

- 1. Low level of public confidence
- 2. the need to introduce more effective channel of payment
- 3. Lack of aggressive efforts in all areas of improvement.
- 4. low level of understanding and awareness

Strategies

- 1. zakat authorities must undertake administrative changes including organizational change and restructuring for better and effective administration.
- Streamlining functional activities work processes and procedures
- Modern management

2. Technology

- Fast development of technology changes that are taking place.
- Must upgrade efficiency by utilising modern technology or computer related devices.

3. Strong legal framework

- The need to integrate both man made law and shariah.
- This includes coverage of zakat, procedures, substantive laws, penalties and etc.
- Must improve the enforcement mechanism.

4. MS ISO certification

- In the context of Malaysia, it is important to have ms iso certification in order to gain the public confidence on the zakat administration.
- This MS ISO will guarantee the standard of services because there will auditing by the authorities as well as internal auditors.

5. Education System

- Formal- schools and universities
- Informal education- mass media.
- These roles should be played not only by Islamic religious dept but by ministry of education and information and etc.

6. Reorganization of zakat administration

- Better if it is a corporate entity.
- National entity to supervise and monitor the performance.
- Combination with syariah background personnel and economic and management related skills personnel.

7. Continuous Research and Development

- There must be continuous R&D to develop the economic of the ummah:-
 - Improving the method of collection.
 - Develop fiqh on zakat
 - Distribution of zakat fund effectively.
 - Study on efficient zakat law.

Collection

- To have some form of structure of collecting zakat in place as part of the legislative and religious framework of zakat administration.
- Tax incentives.
- Greater emphasize to zakat on property.
- Broadening the economic and revenue base of zakat.

Distribution

- To establish an entity which is solely responsible for the collection and distribution of zakat or separate function of collection or distribution.
- To vary the utilization of zakat more effectively.
- Sharing of experiences amongst the zakat institution world wide

I-Zakat System

- 1. Database of asnaf.
- Provides information of all muslims
- Information- eligible or not eligible recipients.
- 2. Database on death or birth information.
- Automatic update the information

I- Zakat System

- 3. Speedy process-
- Based on the database-more effective distribution.
- Disbursement can be done through internet by depositing into the recipients account.
- 4. Voucher system.
- This voucher will be posted to asnaf directly even without application.

I- Zakat System

- 5. Database of shops and retail sellers.
- Identifying retail sellers where the recipients can redeem their vouchers.
- 6. Cooperation with other bodies including related ministries.
- Information on asnaf could be shared by these bodies.
- These bodies will provide various aid such as education, medical and etc.

I- Zakat System

- 7. Direct Debit.
- Provide services to automatically debit the account to pay zakat.
- The payers do not have to do anything, the calculation will be done by the system and reminder will be given.

I- Zakat System

- 8. Zakat Auto Inclusion System.
- Tax exemption is calculated automatically when the payers pay zakat.
- The payers do not have to prove to the inland revenue that they have paid zakat.

I-Zakat System

- 9. Daily, Monthly and annual reports.
- This reports can be accessed by public at any time.
- 10. Audit, finance and reporting systems.
- Can be done by accessing the system.

I- Zakat System

- 11. Computerized zakat assesment.
- To assist the payers calculate zakat.
- E-calculators.
- 12. Internet and Phone Banking.
- Zakat could be paid through internet or phone.
- SMS to pay zakat.

I- Zakat System

- 13. Special counters or outlets at shopping complex and other places.
- Many channels to pay.
- Payment could be made at the outlets.
- 14. Newsletter of zakat.
- Payers may subscribe newsletter of zakat.
- Online information will be sent to the payers email, weekly, monthly and etc.
- There will be reminder to pay zakat.

I- Zakat System

- 15. Strategic Partner with banks, LUTH, KWSP and ect.
- Online system with all of these bodies- assessment, payment.
- Eg banks branches could be used as an agent to educate the public on zakat.
- To share certain information.