

## KEYNOTE ADDRESS

### ZAKAT: EXPERIENCING THE FAITH OR ACCOUNTING THE ECONOMICS?

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**Abstract:** This keynote speech offers a brief but critical review of the fundamentals of the Islamic practice of zakat, one of the five pillars in Islam. It underscores the essence of zakat as a manifestation of allegiance and subservience to the Creator by man - observing faith in the Divine decree of the ‘*abd-rabb (ubudiyyah-rububiyyah)*’ relationship. Yet, within contemporary discourses, it is not uncommon to observe narratives on zakat as bearing economic purpose, for instance, as poverty alleviation tool and for social justice or finance rather than an experience of faith. Therefore, this speech attempts to address two main specific questions in relation to zakat:

i) what is the faith issue at stake?; and

ii) why and how has the issue of faith been overtaken and prioritised by financial and economic rationale?

In addressing the two key points, we illustrate how zakat is misrepresented as Islamic social finance and its surrogate or derivative, denoting the encroachment of Western financial economy into Islamic faith in a manner, similar to the treatment of Islamic finance which has been made to fit into the conventional finance and banking constructs. Caution is raised of potential further reduction in the essence of zakat from an act of man-God communication to man-man transaction. It is imperative upon the administrator-agent of zakat, the *Amil* to play the role accordingly.

**Keywords:** Allegiance to God; Purification; Sadaqah; Zakat

#### Introduction

Zakat is one of the five pillars of Islam. The past several decades have seen the setting up of formal institutions that collect and disburse zakat to its respective beneficiaries, across countries with a Muslim population of 60 percent or higher. In terms of volume of transaction, although statistics on total global zakat collection hence disbursements are not available, Stirk (2015) estimates that for Indonesia, Malaysia, Qatar, Saudi Arabia and Yemen which together makes up to 17% of world Muslim population, about US\$ 5.7 billion is collected each year. With the administration of zakat being institutionalised and the transaction volume significant, it is only expected that the manner the zakat affairs are conducted by such institutions has drawn much attention whether in terms of public scrutiny or academic discourses.

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The common definition of zakat is that it is one of the five pillars of Islam where all Muslims who possess above a certain level of wealth are required to extricate an estimated 2.5 percent of disposable income and disburse to eight rightful beneficiary groups as stated in the Quran. This definition captures the transaction dimension of zakat. Nonetheless, limiting zakat to only a transactional underpinning reflects one's gross ignorance of its true essence - that of transcendental in origin and a phenomenon for experiencing one's faith in God. Yet, contemporary literature is replete with discourses that pursue zakat in its transactional context. For instance, today, zakat is viewed as a poverty alleviation tool by among others, Indra (2018), Arif (2017), Mjaka Mkuu and Yusof (2017) and Rafiq (2016); as alternative or to complement conventional social finance by Pickup, Beck and Buana (2018), Abdul Latif (2018) and Bayinah (2017) etcetera; or as cited in some sources, for social justice and socio-economic impact such as by Wan Hassan, Jamsari, Muslim, Alias, Mohamad and Ahmad (2018), Mokhtar and Md. Tah (2017) and Malik (2016).

In this speech, we question the ubiquitous and insidious shift in fundamental thoughts behind the transactional view of zakat. In particular, we attempt to examine two key areas relating to the concept of zakat, that is,

i) what is the faith issue at stake; and

ii) why and how has the issue of faith been overtaken and prioritised by financial and economic rationale. In the course of discussing the two key issues above, we illustrate how zakat is misrepresented as Islamic social finance and its surrogate or derivative, denoting the encroachment of Western financial economy into Islamic faith in a manner, similar to the treatment of Islamic finance which has been made to fit into the conventional finance and banking constructs.

The immediate proceeding section provides a discussion on the faith issue at stake regarding zakat, highlighting in particular, the essence of zakat as a lived experience of the 'abd-rabb relationship. This section brings to the fore the mystery of zakat – how the metaphysics behind the Divine decree is actualised in a physical deed and act of the zakat extractor (*muzakki*). It is then followed by a deliberation on how contemporary thoughts of zakat has shifted to that of economic and finance in nature. The key area of deliberation is on how the *homo economicus* narrative of human has been made the foundation of the thoughts that underpin zakat. The economic framework that permeates the mind of modern Muslims is traced to the acceptance of the stage for the *homo economicus* man as being a physical space limited to the here-and-now reality, following Cartesian-Newtonian thought tradition. Following on from this section, is a discussion of how zakat is misrepresented as Islamic social finance and its surrogate or derivative, denoting the encroachment of Western financial economy into Islamic faith. Referencing to the manner how Islamic finance has developed and made to fit into the conventional finance and banking frame of construct, question is raised if similar pathway awaits zakat in the future if fundamental thought is left unchecked. Herein lies the importance of the *Amil* as administrator-agent needing also to play the role in accordance to the 'abd-rabb relationship. Towards this end, the integrity of the *Amil* is an indispensable attribute – a subject area which we had touched in our 2009 Zakat Convention paper (Ahmad and Salleh, 2009).

### **The Faith Issue at Stake**

Based on the holy Quran, zakat can be discerned as having two dimensions. First, the reality of God-man relationship necessitates God-man, Creator-slave communication. Zakat, being one of the pillars of Islam, like salat, is man's communication with God. However, for zakat, the communication is in the form of deed and action of the extractor as one who demonstrates allegiance and subservience to God through one's willingness to extricate from one's wealth and detaching oneself from that extracted portion to be given away. For this part,

zakat acts as a purification or cleansing of the remaining pool of wealth of the extractor, extricating and detaching to give away what is deemed to “contaminate” and not belonging to the pool. As such, zakat is never about being an activity derived for social or economic nor for financial pursuit.

The fundamental aspect of giving away a portion of wealth in zakat is that the portion is not the property of the perceived owner but the rightful eight beneficiaries (*asnaf*). The extractor is simply detaching himself or herself from and giving away what was not his or her rightful property to begin with. At this juncture, we re-emphasise that one’s willingness to part with a certain amount of wealth is manifestation of one’s allegiance and subservience to the God-man relationship. The whole point of zakat is then, not about payment in an economic sense but about the extractor’s *deed and act of extrication itself*. This is the vertical aspect of zakat linking the extractor as ‘*abd* to his *Rabb*.

The second part of the zakat concerns the giving away of the extricated or detached portion to the rightful beneficiaries. It must be reminded that until the portion extricated reaches the hands of the rightful beneficiaries, the extractor is deemed to be holding the portion on trust – also another manifestation of the ‘*abd-rabb* relationship. The extractor, if having truthful attribute (*sidiq*) to such God-man relationship will next fulfil the trust on behalf of God by giving away the extricated portion in the act of *sadaqah* to the rightful beneficiaries (Quran 9:60). Again, we reiterate that the deed and act of zakat is all about accepting and effecting the reality of the ‘*abd-rabb* relationship, fulfilling one’s covenant in the God-man relationship promised by man before his descent to earth (Quran 7:172).

In such a case where the extricating of zakat is driven by the meaningful intention to demonstrate one’s allegiance and subservience to the Creator, the deed and act of zakat leads to purification, blessings, growth and development. Purification of the extractor’s wealth comes from the extrication of the portion not belonging to the extractor but instead to the rightful beneficiaries. Blessings come two-fold; apart from the blessings which God promises will descend upon the remaining portion of wealth of the extractor, as the extractor, one also gains the reward of *sadaqah*. Following on from this, growth comes to the extractor through the blessings of the cleansed remaining portion. The purification and cleansing of the wealth is reminded by God in Quran 9:103. Lastly, development is for the recipients of zakat. The extracted portion is the “seed” that develops the recipient where for the *asnaf* other than the *Amil* to eventually be a zakat extractor. For the *Amil*, the ability to administer the zakat in a manner prescribed to a trustee of God will also gain blessings for which overall societal development will be a consequence.

From the preceding elucidation, it can be seen that zakat as one of the five pillars of Islam, is essentially about man’s servitude to God. It has no economic origin but instead only as a derived consequence. Therefore, for zakat to be labelled in modern day fabric of life as an economic endeavour to alleviate poverty, as a social justice or as alternative or complement to social finance is not appropriate. Doing so, only denigrates the holiness of the deed and act of the zakat extractor. Likewise, the metaphysical facet which accompanies the flow of the extracted portion to the recipient is debased into purely an economic transaction. Hence, when zakat is not practised in the spirit of what it is meant to, but instead seen only as an economic tool to provide relief to the poverty stricken and marginalised, whether intentionally or not, man has elevated the derived consequence as if it is the original commandment, thus usurping God-man relationship. This is the crux of the crisis among Muslims - of us being *ghaflah* (heedless) about the God-man relationship - a crisis of faith. Unless checked, zakat can eventually take on a secular dimension much as ethics and morality losing its vertical divine connection. After all, as an example, the trend to focus on innovating zakat transaction management system towards precision and rigour in data integrity is already in the offing (The Edge Markets, 2018) marking a new era of zakat joining the fintech community. The UNDP

too, has categorised zakat as a form of philanthropy rather than faith where zakat is said to align strongly with numerous UNDP identified Sustainable Development Goals (Rehman & Pickup (2018). On the tendency for zakat to be categorised as a secular charitable or philanthropic act, Schaublin (2009) pointed out that “the Quranic framing of charitable giving is somehow unfamiliar to ‘Western’ minds and the Quranic terms used to address the issue of almsgiving are not entirely congruent with Western ethical and legal concepts of ‘charity’” (page 21). What we wish to contend is that the “Western” mind has now engulfed Muslims too, so that faith as the *raison d'être* behind zakat has lost its primacy.

To comprehend better the conception of faith in this regard necessitates a re-visit to a time when the metaphysical was the prevalent setting of reality. Then, man prioritised the ‘*abd-rabb*’ or bondsmen-bondowner relationship because he recognised his divine origin. With such transcendental beginnings, man is said to be a mystery because he is not of this world but is in this world (Quran 95:4-5). He brings down with him the covenant of “*Alastu*” with the Divine, made in a dimension preceding life on earth (Quran 7:172) and for which the deed and act on earth will be accounted for in another future dimension. In order for this to take place, man has to be at core metaphysical first and only mounting the physical when he descends to earth. Likewise, zakat too, having both the dimensions of metaphysical and physical is a mystery, and its obligation is tied to the mystical bond between the ‘*abd*’ and his *Rabb*.

Therefore, to actualise zakat is to manifest the faith that affirms God as the sole owner of everything in the universe, and what men hold is a trust in their hand, over which God made them trustees to discharge as He had laid down. “Believe in Allah and His Messenger and spend of that which He made you trustees” (Quran 57:7). In this respect, zakat is an act of devotion, which, like salat, brings the believer nearer to his Lord so that avoidance of extracting zakat is manifesting *shirk*. Zakat is also an expression of gratitude to God, the Bestower Who said “If you give thanks, I will give you more” (Quran 14:7). Zakat is thus one part to the answer of what is man, his purpose in life and how to achieve it.

Hence, the origin of the practice of zakat is then primarily spiritual and only secondarily social humanitarian. The Amil as administrator-agent has a role to receive the zakat and distribute – a role which has no nexus to a financing function. After all, the seven other rightful beneficiaries are indeed rightful beneficiaries not seeking financing but claiming what is due to them. The stark contrast between how it is meant to be practised and current belief begs the question - how did it get to the point that zakat is now misrepresented not just as an Islamic economic tool but even as an instrument of finance and its derivatives? The most logical surmise to this question is that there has been a paradigm shift in thought which led to what the majority uphold today. To unfold the reason behind such shift, it is imperative the journey continues with questioning the mainstream worldview as it serves as the backdrop of one’s thoughts and beliefs.

### **The Crisis of Modern Thought**

The modern systems that we know of today; from education, economics, organisational management, finance, etc; are dominantly based on Cartesian - Newtonian framework of science regarding nature, the backbone of European classical Western school of thought, developed in the 17<sup>th</sup> to mid-19<sup>th</sup> century. Through the lens of this claimed “Enlightened” science, the physical universe is mechanistic and deterministic - nothing but a machine. The natural sciences, as well as the humanities and social sciences, all accepted this mechanistic view of classical physics as representing reality and modelled their own theories accordingly (Capra, 1982) so that eventually humans too, are viewed solely as material beings. Enter the industrial era and Adam Smith propagated the economic man or *homo economicus* in his book *The Wealth of Nations*. As the very concept of economic man has its roots in Cartesian-

Newtonian science, humans are then perceived as nothing more than rationally calculating, profit maximizing machines devoted to the accumulation of capital (Kirkpatrick, 2017).

But the development in contemporary post-modern science of quantum physics has brought back the reality of metaphysics. The observation of nature made by man in his scientific endeavour is found to be an emergent property of his consciousness. According to Lothar Schafer, a quantum scientist, the quantum phenomena make it possible to conclude that the basis of the material world is nonmaterial (Schafer, 2006). He further explained that the non-empirical part to the physical reality represents a predetermined and hidden order that exists before it is empirical, and the visible world is an emanation out of it (Schafer, 2008). Unfortunately, as highlighted by Kirkpatrick (2017), the humanities, social sciences and the like, still hold on to the Newtonian concept even though physicists have gone far beyond them.

The perception of man as *homo economicus* has managed to be entrenched into everyday living. The shift towards the contemporary understanding of zakat happened because this world view was never questioned but allowed to be the backdrop of the stage where man lives today. As a profit maximising machine, the economic man is detached from the immaterial (soul), the very essence that sets him apart from all other creations in the cosmos and accorded him the sacred God-man relationship. The economic man, being purely physical and material is distracted by the outer sensory. The inner insight, a consequence of using the non-material faculty of contemplation remains missing. This unenlightened economic man has no non-material room for faith. Thus, the milieu of our lives is no longer about our divine origin but instead now viewed in financial terms. In the context of zakat, the tendency is also to view it in economic terms, evidenced by the fact that Muslims today garb the divine obligation of zakat in Western jargon, as not only a poverty alleviation tool but extended to even becoming an alternative or complementary financing instrument. Indeed, how can we argue that now zakat and the pillars of Islam are not subjected to the economic man template?

### **The Road Ahead**

Moving on for zakat, the question that begets answering is whether man should wish to continue to traverse along the economic path *sans* Divine reality. Zakat *is* about the extractor manifesting the *ubudiyyah-rubbubiyah* relationship, evidencing his *iman*, *taqwa* and *'adl* to his Creator. But having underscored so does not mean that we as authors of this keynote speech paper are propagating a total dismissal to the economic aspect that accompanies the actualisation of zakat. All we are compelling is for everyone to appreciate the hierarchy of the two dimensions of zakat by questioning some basic foundational assumptions. Do we adopt the order in life which pursues sustenance for worldly comfort *at any expense* so that accounting the measure of success is about volume of material belongings amassed in this here-and-now world only? Lest we forget, the Quran has laid out mankind's purpose for existence as to serve God (Quran 51:56) and among the formula for success as prescribed in Quran 2:2-5 is the need to believe in the metaphysical reality (*ghaib*) (Quran 2:3). Quantum physics also advocates the reality of metaphysics in addition to the physical dimension, thereby offering a door of contemporary thinking to shift away from the Cartesian-Newtonian tradition. We now pose a question if in the context of zakat, Muslims would continue to relegate our *ubudiyyah-rubbubiyah* relationship as a consequence of bonding ourselves to the *homo economicus* ideology. Now that it is clear that this economic man is purely physical whose spiritual dimension was removed very much earlier following a deterministic Cartesian-Newtonian thinking tradition, are we ready to "ditch" this narrative of man to one that is at-once both spiritual and material? More importantly we ask, do we wish to make Allah only as an appendage in our life so that zakat is no longer about experiencing the faith but instead about accounting the economics only? Or do we elevate the *'abd-rabb* relationship to centrality?

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