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IIUM Institute of Islamic Banking and Finance (IiBF)



**THE PRACTICE OF GOOD GOVERNANCE IN  
ZAKAT MANAGEMENT: A HOLISTIC AND  
COMPREHENSIVE APPROACH TOWARDS  
ZAKAT COLLECTION AND DISTRIBUTION**

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01

PRINCIPLES OF  
GOOD GOVERNANCE

# PRINCIPLES OF GOOD GOVERNANCE



ACCOUNTABILITY



TRANSPARENCY



JUSTICE & FAIRNESS



RELIABILITY AND  
RESPONSIBILITY

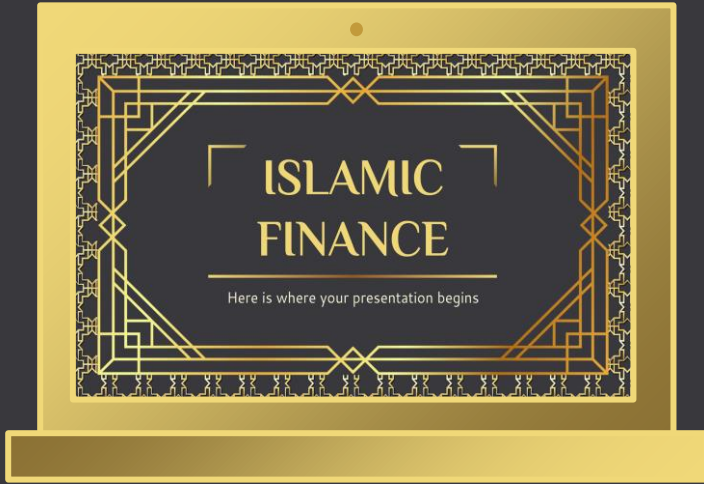
# ACCOUNTABILITY

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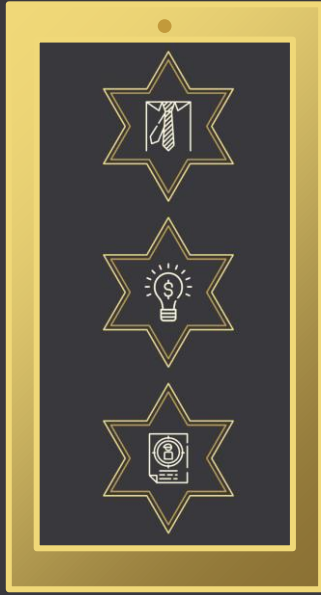
The new concept of accountability is to make people responsible for performance results and the achievement of objectives. This new concept is quite similar to Islamic concept of accountability. In Islam, every person is responsible for his activities, and it must adhere and follow the ethical framework. Islam does not excuse the person if he performs an unethical act for the benefit of his organization. Thus, the Islamic moral and ethical values are the foundation of accountability, because everyone has to be answerable to Allah s.w.t. for his actions

# TRANSPARENCY



The Islamic practice of transparency system is to uphold the value of trustworthiness and openness in every operation. The Prophet Muhammad s.a.w.s and four rightly guided caliphs conducted their government affairs in the most transparent manner. The mosque was the centre for decision making and funds distribution to the people. The lifestyles of the caliphs were very simple and visible. Thus, the all activities related to the government become transparent

# RELIABILITY AND RESPONSIBILITY



Reliability and predictability do not necessarily mean that regulations have to be specific and overly detailed. Excessive specification can lead to rigidity and risk of selective application of regulations. Interpretation and effective implementation of individual regulations require a degree of discretion and generality. This discretion can be counter balanced by the administrative procedure of legislation and external reviews of decisions. In order to function properly, reliability and predictability require certain degree of political stability.



# JUSTICE AND FAIRNESS

Justice and fairness are basic traits of the faith for every Muslim. It is a divine order to follow justice ('adl) in dealing with other humans. Justice should be established and maintained, because justice ensures a solid and constant basis for all transactions and deals between individuals and communities; a basis subject to no prejudice, preference or favoritism; a basis influenced by no family relationship, wealth or strength; a basis that ensures equal treatment for all and subjects all to the same standards and laws.



## PRINCIPLES OF ISLAMIC FINANCE



# 02

## GOOD GOVERNANCE AND ITS ADMINISTRATION IN ISLAM

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## FIGOOD GOVERNANCE AND ITS ADMINISTRATION IN ISLAM

The administrators should be cautious of corruption, prejudice and unlawful practice of power against citizens and take charge of any imperfection among their subordinates and staff. They should not put aside for themselves or their relatives any mutual property in which others have a share. They should constantly space for justice; social equity and honesty must prevail in society and conduct themselves as servants of the people and trustees of state and of those below them in command as well as the public in general. They should love their fellow citizens as they love themselves and their families and not behave like ill-mannered rulers. In short, the post of a Muslim administrator is to be observed as a service to the community, rather than exercised as an opportunity to garner personal riches



03

GOOD GOVERNANCE IN  
ZAKAT MANAGEMENT

# GOOD GOVERNANCE IN ZAKAT MANAGEMENT



Good governance is a pre-requisite for a well-organized society. Good governance dictates a set of policies to promote broad based economic growth, a dynamic private sector and social policies that will be directed towards poverty reduction. Seen from the Islamic point of view, careful management of zakat is vital in order to maximize economic and social advancement. Islam concerns itself with alleviating poverty and providing a decent life to its entire people through a prolonged welfare scheme that is essential for all Muslims. Consequently, Islam needs rulers to prevent a drop in the standard of living of their subjects, and hence they have to concern themselves with stabilizing their economy and assuring sustained economic growth



04

NEW MODEL FOR ZAKAT  
COLLECTION & DISTRIBUTION

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# NEW MODEL FOR ZAKAT COLLECTION & DISTRIBUTION

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**Strengthening Zakat Management System**



**Attaining Justice in Economic Activities**



**Implementing the Maqasid al-Shari'ah Principles**

# STRENGTHENING ZAKAT MANAGEMENT SYSTEM



Weak zakat management system is the biggest problem in many Muslim countries. The operations of the institutions are grossly underdeveloped, inefficient and weak. Therefore, it is impossible to solve the crucial issues related to poverty. It does not occur because of lack of food sources, but because they are not evenly distributed. The consequence of this uneven distribution has a great impact on many people who do not have access to the food. However, with good management of zakat, the distribution of income would be evenly distributed, and each person will have access to better income distribution. In order to mitigate the menace of poverty, there is a need to develop standards and guidelines on best practices for zakat management.





## ATTAINING JUSTICE IN ECONOMIC ACTIVITIES

The Islamic economic system is based on the notion of justice. It is through justice that the existence of the rules governing the economic behaviour of the individual and economic institutions in Islam can be understood. The notion of economic justice and its concept of distributive justice are particularly important as an identifying characteristic of the Islamic economic system. The rules governing permissible and forbidden economic behaviour on the part of consumers, producers and government, as well as questions of property rights, and of the production and distribution of wealth, are all based on the Islamic view of justice

## IMPLEMENTING THE MAQASID AL-SHARI'AH PRINCIPLES



One basic element in the value system of Islam is the principle of equality or equity. This value of equality is not to be taken as a negative feature, nor should it be mistaken for or confused with being stereotyped. In the view of Allah s.w.t., all people are equal, and this equality affects the consistency of people's religious ethical obligations. Nevertheless, despite their similarities, human beings are not necessarily identical. There are differences of abilities, potentials, ambitions, wealth and others. The foundations of this Islamic value of equality are deeply rooted in the structure of Islam. Moreover, when this Divine ordinance is fully put into practice, there will be no room for oppression or suppression. Concepts such as 'the right people', words such as 'privileged' and 'condemned' races, expressions such as 'social caste's and 'citizen's will all become meaningless and obsolete.



THANK YOU