



Research Article

# EXAMINING THE CURRENT PRACTICE OF GOVERNANCE IN ZAKAT IN A MUSLIM MINORITY COUNTRY: THE CASE OF SRI LANKA

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ABSTRACT



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Zakat constitutes one of the pillars of Islam and religious practice in Islam aimed at supporting those in need. It also plays a major role in contributing to the socioeconomic development of society. To achieve efficient zakat management, institutions must focus on strong governance and proper management practices. This focus is essential due to the institution's responsibility to manage effectively and provide transparent information to the public. Therefore, to meet stakeholder needs, non-profit organizations must prioritize governance. In Sri Lanka, the absence of specific laws or regulations governing zakat practice such as the Marriage and Divorce (Muslim) Act, the Muslim Intestate Succession Ordinance, and the Muslim Mosques and Charitable Trusts or Wakfs Act has led to a need for examination of current governance practices related to zakat collection and distribution. This study explores these practices and highlights how applying governance principles can help achieve the objectives (Maqasid) of zakat management in Sri Lanka. The research employs a doctrinal analysis of primary and secondary data, including statutes, practices, journals, and reports. Additionally, the study analyzes current zakat management practices through interviews with five respondents, including zakat practitioners and Shari'ah scholars, using thematic analysis. The findings reveal several issues: the causes of inefficient governance in zakat management, theoretical and practical problems with existing practices in Sri Lanka, gaps in the zakat governance framework, and conceptual and management deficiencies within zakat institutions. The study recommends developing a new governance framework for zakat management. This should include modern rules and practices based on Islamic law, staff training in fundamental Islamic knowledge, improved internal and external audit processes, and increased awareness among managers, donors, beneficiaries, and members of society.

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## 1. INTRODUCTION

Zakat is a fundamental spiritual and social duty that is considered one of the Five Pillars of Islam (*arkan al-Islam*) (Al-Qaradawi, 2000). Its purpose is to promote economic justice and reduce poverty in the Muslim society. In many cases, formal legal frameworks govern the procedure, practice, administration, and overall operation to achieve the ultimate goal of protecting human rights and providing fair and transparent services. However, there are instances when official regulations and laws do not yet exist to handle emerging problems or specialized situations in minority countries like Sri Lanka. In situations like these, institutions, organizations, and people all need to rely on best practices, ethical standards, and governance frameworks to make wise judgments.

Similarly, to achieve the genuine goals of zakat, strong governance is required in situations where formal laws and regulations controlling zakat practice are absent. There is a greater risk of inefficiency, poor management, and even misuse of funds meant for the most vulnerable if there are no legal frameworks to regulate the collecting, distribution, and management of zakat. Therefore, governance acts as the crucial framework that ensures the accountability, integrity, and transparency of the zakat administration. It offers the required safeguards, directing the moral management of resources and guaranteeing that zakat reaches the people who require it most. Good governance in zakat practice aids in ensuring that the procedure is in line with its main goals, which are to promote social fairness, reduce poverty, and redistribute wealth throughout the community.

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In the same context, due to the lack of governance for zakat practice (Respondent -01, 2024), such as Act No. 13 of 1951 Marriage and Divorce (Muslim) Act, Act No. 10 of 1931 Muslim Intestate Succession Ordinance, and Act No. 51 of 1956 Muslim Mosques and Charitable Trusts or Wakfs Act in Sri Lanka. ("Working Paper", 2023) Therefore, this study discusses the existing practice of governance in zakat collection and distribution in Sri Lanka. Furthermore, the application of governance to attain Maqasid in Sri Lankan Zakat Management will be highlighted. It may examine the extent of the practice of governance and Maqasid of zakat collection and distribution in Sri Lanka.

## 2. GOVERNANCE IN ZAKAT MANAGEMENT

### 5.1 Concept of Governance

According to Bhasin, the word governance is derived from the Greek word *kubernao*, which means to direct or control (Bhasin, 2005). Different definitions exist for governance. For example, The World Bank defined governance as "consisting of the traditions and institutions by which authority in a country is exercised. This includes (1) the process by which governments are selected, monitored, and replaced; (2) the capacity of the government to effectively formulate and implement sound policies; and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them" (World Bank 2007). The Asian Development Bank defined governance as "how power is exercised in the management of a country's economic and social resources for development (Asian Development Bank (ADB), 1995). The United Nations Development Programme (UNDP) described it as "The exercise of economic, political, and administrative authority to manage a country's affairs at all levels" (Hussain et al., 2012).

The term "governance" is not new to the world of organizations. It refers to the process of making decisions and the method by which they are carried out. The rules controlling a corporation's organizational structure, as well as the delegation of authority and management of its operations, are at the heart of governance. The essential tenet of governance is that the institution bears the obligation of guaranteeing the implementation of sound governance practices. For an institution to practice good governance, it must be run with complete integrity, and its management answerable to the company's stakeholders to meet its goals.

Governance is believed to be a crucial aspect of an organization (Hussain et al., 2012). A growing number of profit-making and non-profit organizations are becoming increasingly interested in "governance" as a means of ensuring their continued survival (Barros, 2007). Governance components may improve productivity and address agency issues. To increase efficiency, non-profit organizations must prioritize good governance. This is a result of the organization's public accountability for its effective management and transparent information. Therefore, to meet the needs of stakeholders, non-profit organizations must prioritize governance.

### 5.1 The Concept of Good Governance from the Perspective of Islam

Good governance involves effectively delivering and applying regulations and responsibilities. Islam is a comprehensive code of life that establishes guidelines for social, political, and economic institutions. The purpose of the Islamic good governance system is to remove corruption in society while also implementing social justice and people's well-being. The Qur'an promotes fairness and justice for everybody.

Allah's (SWT) says:

"O ye who believe! stand out firmly for Allah, as witnesses to fair dealing, and let not the hatred of others to you make you swerve to wrong and depart from justice. Be just: that is next to piety: and fear Allah. For Allah is well-acquainted with all that ye do". (Sūrah al-Mā'idah, 5:8).

The text above commands believers to behave responsibly in all of their transactions, including trade, business, and labor-intensive labor. Every action taken by believers must please others and be carried out impeccably. The term "Abu Sahrah" describes a hadith that endorsed the notion of flawless dealing.

The Prophet (Peace be upon him) said:

"Allah's (SWT) loves someone when he does his work perfectly".

The above hadith also highlights the fairness (*'adl*) and openness of every deed committed by a believer. They are urged to use propriety when speaking with others, making decisions, and conducting business (Zahrā n.d.). The Islamic good governance system incorporates secular good governance. The cornerstones of the contemporary good governance system are institutional framework, political will, and leadership. The concept of good governance, which guides the political will and welfare of the people in society, is given by the Qur'an for observation. The Qur'an lists the responsibilities of the angels, including their need to lead people to the correct path, observe regular prayers, and carry out welfare and charity work.

Allah's (SWT) says:

"(They are) those who, if We establish them in the land, establish regular prayer and give regular charity, enjoin the right and forbid wrong: with Allah rests the end (and decision) of (all) affairs". (Sūrah al-Hajj, 22:41).

The Qur'anic verse above highlights the duties of a government or authority figure in establishing good governance within a society by distancing itself from all forms of evil activity and encouraging moral behavior. It implies that those in positions of power should model good governance values such as accountability, transparency, justice, and fairness for others to follow. An authority must also deter and prohibit all forms of wrongdoing, including crime, corruption, and unfair practices (*amr bil m'arūf and nahī anil munkar*) is the Qur'anic sequence that includes all of these deeds (Rāzī 1981, Vo. 23, p. 42).

The Quran instructed believers to fear Allah (SWT). and to answer Him (SWT) in their commercial dealings, which is, in theory, a component of good governance.

Allah's (SWT) says:

"By men whom neither traffic nor merchandise can divert from the Remembrance of Allah, nor regular Prayer, nor from the practice of regular Charity: Their (only) fear is for the Day when hearts and eyes will be transformed (in a world wholly new)". (Sūrah al-Nūr, 24:37).

Islamic good governance includes having a fear of Allah Allah's (SWT) in all that one does based on the normative value of Ihsan; sincerity of heart and having the sense of the presence of Allah SWT in every deed that one does. The divine consciousness has the power to inspire individuals to carry out their responsibilities to others in an ethical manner and to answer the public. They will be guided to attend regular prayer, give zakat for the well-being of society, and follow the genuine guidance that shields them from all unjust acts if they have confidence in Allah (SWT).

On the other hand, good governance has a variety of unique qualities. Firstly, it adheres to the rule of law and is inclusive, equitable, responsive, responsible, transparent, consensus-

oriented, and effective. It is comforting to know that corruption is kept to a minimum because Islamic governance ensures that the weakest members of society are given a role in decision-making. Additionally, this type of administration adapts to the demands of society both now and in the future. Just legal systems that uphold human rights protection and are impartially enforced are necessary for good government. Apart from these, an essential component of this kind of sociological framework is administrative fairness, which implies that all bureaucrats are answerable to the public (Spearman, 2013).

Good governance involves exercising power and making good judgments in various sectors, including economics, social issues, and the environment. This is intrinsically related to the government's capacity for knowledge, mediation, resource allocation, implementation, and the maintenance of vital connections within a community.

### 3. EXISTING GOVERNANCE IN ZAKAT MANAGEMENT IN SRI LANKA

The governance of zakat management in Sri Lanka is decentralized and community-based, reflecting the country's diverse Muslim population and socioeconomic conditions. Unlike nations with centralized zakat management systems such as Malaysia, Brunei, or Saudi Arabia (Masyita 2018), Sri Lanka does not have a specific governmental authority to oversee zakat collection and distribution (Respondent – 02, 2024).

Therefore, Sri Lanka continues to rely on individual and community-based methods and regulations for zakat collection and distribution. This decentralized strategy has multiple consequences that obstruct zakat's fundamental objectives of poverty reduction and fairness in society. Because zakat has been performed from an individualist perspective, which is defined by the concept that it is about each Muslim's private and intimate relationship with Allah (SWT). The means of collecting and distributing zakat. It then shifted from individual citizens to mosques throughout Muslim communities in Sri Lanka as mosques became more involved in the provision of community support services. In recent years, there has been a surge in public awareness of the zakat responsibility, as well as its broader purposes and opportunities. This has made it easier for zakat institutions to emerge, which adopt a deliberate and coordinated approach to completing their zakat obligations (Rifai, 2021).

As mentioned above, its present traditional practice promotes flexibility and adaptability to the zakat payers and receivers to fulfill the demands, but it also raises concerns about uniformity, transparency, justice, fairness, and accountability (Rifai, 2021). A respondent mentioned a scenario that took place at one of the zakat institutions: "A specific zakat institution collected zakat funds by stating that it will distribute to zakat eligible persons and spent those funds to build its institutions without distributing to zakat receivers (Respondent -03, 2024). Due to a lack of governance and centralized processes So these types of practices demonstrate that there is no accountability or transparency in some institutions. Also, many institutions require audits and monitoring. The lack of governance could encourage a negative mindset among zakat contributors and other individuals.

As a result, in the context of Sri Lanka zakat governance must be implemented to fill loopholes and realize the actual objective of Zakat. A strong governance framework and the need to improve understanding of the importance of governance is essential for the institutionalized zakat system in order to guarantee institutional features such as accountability, transparency, audits, Shariah compliance, and so on. Unfortunately, existing regional zakat institutions struggle to

provide proper governance, such as transparency (Jalaldeen, 2015). This governance issue must be addressed effectively to ensure that the action achieves its aims of alleviating poverty and promoting social justice in order to realize the true goal of zakat.

### 4. ASSESSING THE ACHIEVEMENT OF MAQASID AL-ZAKAT IN ITS MANAGEMENT IN SRI LANKA

Islam emphasizes that every action of a Muslim should be intentional and goal-oriented (Rahman 1980). The objectives of these actions differ depending on the nature of the contract such as Prayer (Salah) establishing a relationship with Allah as stated the Qur'an:

"Indeed, I am Allah. There is no deity except Me, so worship Me and establish prayer for My remembrance". (Sūrah al-Taha, 20:14).

And also strengthening spiritual discipline and taqwa as Allah says in the Qur'an: "Recite, [O Muhammad], what has been revealed to you of the Book and establish prayer. Indeed, prayer prohibits immorality and wrongdoing, and the remembrance of Allah is greater. And Allah knows that which you do." (Sūrah al-Ankabut, 29:45). And fasting during the month of Ramadhan "Attaining Taqwa (God-consciousness)" as stated, "O believers! Fasting is prescribed for you as it was for those before you so perhaps you will become mindful of Allah".

Likewise, zakat is also one of the pillars of Islam. It is the obligatory practice of donating a portion of one's wealth to people in need as described in the Al-Quran.<sup>1</sup> The basic objective of zakat is to alleviate poverty and minimize economic disparities in society (Al-Qaradawi, 2000). It is also intended to fulfill numerous socioeconomic goals, including poverty alleviation, income redistribution, social justice, inter and intra-community relationships, and the development of communities (Rahmani, n.d.).

This study addresses how far zakat's actual aims have been met within Sri Lanka's existing zakat management system, with a focus on poverty alleviation, economic empowerment, social justice, and community infrastructure development.

#### 5.1 Poverty Alleviation

One of zakat's main objectives is to alleviate poverty by redistributing wealth from the rich to the poor. The zakat system presents a permanent economic mechanism that transfers income from the rich to the poor continuously. This means that regardless of the number of impoverished individuals in a community or the reasons behind their poverty, there is always a flow of funds to support their welfare (Al-Qaradawi, 2000).

Poverty has become a global problem that affects the economy, society, and politics, especially in developing and third-world countries like many Muslim nations. Through a variety of initiatives, services, programs, and policy advancements, parties from numerous organizations, including the World Bank and the United Nations, are putting a lot of effort into eradicating poverty. Similarly, Sri Lanka is also not exempt from similar hardship (Jalaldeen, 2015). Therefore, since the independence of Sri Lanka the government also initiated two major projects to eradicate poverty as "Janasavia" (Stokke, 1995) and "Samurdhi (Damayanthi, 2014)". Other than the government poverty alleviation mission in Sri Lanka, there are

<sup>1</sup> "Alms are for the poor and the needy and those employed to administer the funds; for whose hearts have been reconciled; for those in bondage and in debt; in the course of Allah; and for the wayfarer: thus, is it ordained by Allah and Allah in full of knowledge and wisdom" (Sūrat al-Tawbah: 60).

several non-government poverty alleviation efforts being carried out in rural areas of the country (Vinaygathan, 2014).

Despite implementing several initiatives by various organizations, including zakat, among the Muslim community, Sri Lanka's poverty alleviation remains below the average. According to international poverty measurements, 6.7 percent of Sri Lankans live below the US\$1 poverty threshold, while 45.4 percent live below the US\$2 line per day (Alaima, 2007). Poverty in the Muslim community is three times higher. More than 25% of Sri Lankan Muslims suffer from abject poverty (Jiffry, 2024). This amounts to around 500 thousand Muslim persons out of a Muslim population of two million living in poverty in Sri Lanka. According to certain estimates, one-quarter of Muslims are poor or hungry (Ahmed, 2016). As a result, Muslims have faced severe problems such as illiteracy, unemployment, and issues of education (Rifai, 2021) and health.

As a result, it is clear that the lack of a suitable governance framework has prevented the current zakat practice from having a meaningful impact on economic stabilization by increasing poverty among Sri Lanka's Muslim minority. The study does not state that alone zakat can alleviate poverty in the Muslim community, but rather that it is a solid foundation for overcoming poverty. If Muslims can exercise zakat with good administration in a centralized setting, Sri Lankan Muslims' lives can have a tremendous impact on poverty eradication through their zakat commitment.

### 5.1 Economic Empowerment

Zakat contributes to long-term economic empowerment in addition to its immediate impact on poverty alleviation; in other words, one of zakat's main objectives is to help individuals and families achieve financial sufficiency (Kholiq, 2014). Also, it might be an effective strategy to encourage economic growth in many Muslim countries. see Malaysia as a model, both in terms of human development and economic progress, which encompasses things like healthcare, education, career programs, income indices, and life expectancy, among other things, and which provide people with the tools and resources of financial independence. By supporting the expansion of human capital and enabling individuals to meaningfully contribute to society, zakat fosters economic development and progress (Laallam et al., 2021).

In the case of Sri Lanka, certain zakat institutions such as the Ceylon Baitul Mal Fund (CBF) (Ceylon Baithulmal Fund n.d.), also assist small company growth, vocational training programs, and microfinance efforts. CBF fund has helped the needy, the homeless, and the disadvantaged. It has benefited the elderly, the destitute, widows, orphans, and disabled people. Furthermore, it has provided scholarships to low-income undergraduates and students to enable them to pursue higher education. Additionally, the CBF provides assistance with debt repayment, house repairs, self-employment, starting a business, and marriage and Iddah allowances. Following natural calamities, which have the potential to ruin the lives of several families, the Fund offers emergency relief. More importantly, though, the Fund provides the unfortunate victims with the means to start anew, provide for their families, and generate a consistent income in order to address their long-term requirements (Rahman, 2022).

Other than these well-known zakat organizations, other zakat institutions that have played a crucial role in this regard have not been fully documented. Although some of these initiatives have been successful, their influence is frequently constrained by the recipients' lack of access to markets, follow-up help, and financial literacy. Studies indicate that although

zakat can offer chances for economic improvement and temporary alleviation, its effectiveness in attaining lasting economic empowerment is diminished in the absence of sound governance, long-term strategic planning, and ongoing assistance.

### 5.1 Social Justice

Zakat eradicates social tension and creates social fairness. Zakat also has the potential to foster social fairness, strengthens the fabric of society, and creates political stability (Patmawati 2006). In a related perspective, Suhaili Sarif and Nur Azzah asserted that zakat guarantees the social fairness intended for each Muslim society (Sarif, 2009). In relation to this assertion, Allah SWT states in the Qur'an:

"The Believers, men and women, are protectors one of another: they enjoin what is just, and forbid what is evil: they observe regular prayers, pay Zakat, and obey Allah and His Messenger. On them will Allah pour His mercy: for Allah is Exalted in power, Wise". (Sūrat: Al-Taubah 9:71).

The zakat system facilitates the sharing and redistribution of wealth among members of a society. This promotes social fairness and the eradication of inequalities. From an economic standpoint, the primary relevance of zakat is effectively passing zakat payments to the less rich in order to prevent further accumulation of wealth in a few hands. The system causes wealth to circulate through the nooks and crannies of the social order (Islam, 1999).

In addition, zakat seeks to achieve social justice by transferring wealth within a society and resolving social imbalances. In Sri Lanka, where Muslims are a minority, zakat is critical in closing the economic gap between the rich and the poor. However, The Ceylon Baithulmal Fund and other zakat organizations aim to ensure that zakat benefits the most vulnerable people, including as widows, orphans, and the elderly (Respondent -01, 2024).

However, there are a number of obstacles that stand in the way of achieving social justice through zakat, such as geographical differences, socio-political dynamics, and the informal nature of some zakat collections, because it accelerates the distribution of money and wealth in Muslim society, as stated in Al Quran "Wealth does not continue to circulate merely among the rich". (Sura al-Hashr:7). Those who got zakat may become zakat payers in the future if they use the zakat wisely. Existing zakat institutions could serve to promote social justice and economic redistribution by implementing better governance and enhancing current processes for payouts. The lack of openness and accountability in zakat management also creates significant barriers to attaining zakat's full potential for advancing social justice.

### 5.1 Community Infrastructure Development

Community development is also an essential aspect of zakat, as the fund is utilized to establish communal infrastructure such as schools, hospitals, and water supply systems. These programs are critical for raising the standard of living in impoverished areas and delivering important services to individuals who cannot pay for them. Investment in infrastructure through zakat funding benefits the community as a whole, making it more sustainable and resilient (Syafiqah et al., 2024).

In Sri Lanka, certain renowned businesses and international zakat institutions, such as the Qatar Charity Zakat Fund, have also contributed to the construction of mosques, madrasas (Islamic Colleges) schools, health clinics, and other community amenities. These efforts contribute to improving the

socioeconomic position of the Muslim community and fostering a sense of community unity (Respondent -05, 2024).

However, the decentralized form of zakat's management limits its impact on long-term communal development. The potential impact of zakat programs is diminished by the lack of a well-coordinated strategy for distribution and by the initiative's disconnection from more general community development objectives. To fully realize the promise of zakat in this area, a more integrated approach to zakat management is required, comprising improved coordination across organizations and alignment with community development objectives.

### 5.1 Challenges in Achieving Zakat Objectives in Sri Lanka

Despite the potential benefits of zakat to the socioeconomic conditions of Muslims in Sri Lanka, various obstacles prevent the full realization of its objectives:

**Fragmented Zakat Management:** The decentralized and informal structure of zakat collection and distribution results in inefficiencies and disparities in how money is allocated. Without a uniform national framework, it is difficult to ensure that zakat is administered in the most effective and equitable manner.

**Lack of transparency and accountability:** There is a need for greater transparency in the management of zakat funds. The absence of standardized reporting and monitoring mechanisms makes it difficult to track the impact of zakat and hold organizations accountable.

**Insufficient Strategic Planning:** Many zakat distribution attempts are *ad hoc*, which means that monies are frequently used for immediate relief rather than long-term development. Zakat's full objectives require a change towards more strategic, long-term measures.

In short, we can say that the existing zakat management system in Sri Lanka has had different degrees of effectiveness in meeting the goals of zakat. While there have been considerable efforts to employ zakat to alleviate poverty and promote economic empowerment, social justice, and community development, significant problems remain. To completely realize zakat's objectives, management must be more integrated, transparent, and strategic by implementing proper governance. By resolving these difficulties, the Muslim community in Sri Lanka can ensure that Zakat remains a potent weapon for social and economic upliftment in accordance with Islamic values.

## 5. ANALYSIS OF THE INTERVIEWS OF ZAKAT MANAGEMENT AND FINDINGS

This section seeks to analyze information gathered from interviews on the topic of zakat governance in Sri Lanka. This comprises governance, with the goal of exploring and realizing its implementation and issues, as well as making recommendations where necessary.

This analysis responds to the research objectives on zakat governance, with a focus on Sri Lankan government and zakat practice. Thus, the research aims to assess the current zakat governance practices in Sri Lanka. In addition, it suggests developing a new guideline and framework that is more adaptable to the local context and modern practices. Furthermore, this section offers some thoughts and recommendations on the existing system based on Sri Lankan norms, as well as an evaluation of contemporary zakat Management techniques. In other words, the study focuses on realizing the concept of the existing practice of zakat

management governance in Sri Lanka, as well as the conflict of practice among individual zakat payers, zakat institutions, and zakat recipients, particularly on the issue of whether it should be administered individually or collectively. Similarly, this article also attempts to look into the level of awareness of contemporary zakat practice while focusing on the barriers to implementing governance and policy, particularly in the context of Sri Lanka as a minority Muslim country.

This part indicates the research methodology, analysis, and comparisons based on the interview questions and respondents' suggestions related to the information gathered. A qualitative analysis using face-to-face semi-structured interviews with five respondents. The respondents were selected based on their level of professional experience. The respondents include experts in Sharia law and Islamic finance with extensive experience dealing with zakat, as well as members and managers of zakat organizations and charitable trusts.

Individual interviews were conducted by the researcher from January to March of 2024. There are seven questions in the semi-structured interview about the current zakat Act procedures. As a result, theme content analysis was used to gather and examine the data. The author was able to assess how local zakat funds are managed in accordance with the spirit of the law based on the findings. The author further supports this in order to outline the next steps for a more successful framework that will aid in the adoption of the zakat practice in Sri Lanka.

In order to identify any gaps in the theory and opinions on the governance of zakat funds, semi-structured interview questions were first given to a sample of existing zakat institution members who were chosen from among scholars and zakat institutions. The data was analyzed using thematic content analysis, which allowed the individual statements to be grouped into themes.

Following thorough review and repeated listening to the gathered material, a list of general themes was created. Each question's topic was given a short name that summarized the concept, as seen in Table 1. To add even more validity and reliability to the research findings, the results for every question are grouped according to themes, and quotes from the interviews are provided as illustrations. To make each subject easily identifiable, they are given brief titles. A thematic content analysis approach was employed to distinguish these themes, and the percentage is also used in the study that follows.

### 5.1 Analysis of the Interviews

This analysis is focused into the present practice of zakat management, as discussed in the sections below.

These themes pertaining to the governance of zakat were distinguished using a thematic content analysis technique. After transcription and thorough familiarization with the data reading over the transcripts and carefully observing emergent ideas and patterns the researcher developed these themes. He then built basic codes to represent them. After deciding on the codes, the researcher went back over the data to find any particularly intriguing passages and match the relevant codes to the themes. With this method, the researcher was able to identify the right theme and comprehend each code at a deeper level. This theme ought to be more than just a summary of the subject; it ought to be deep, intricate, and make a significant statement about the question. Subsequently, the themes were summarized and depicted in the chart below, which required evaluation and analysis:

Questions	Themes
Views and perceptions about current zakat practice (collection and distribution)	Personal channels (local and overseas), Recognized, need centralized
Governance or Guideline	Not available, own practices, need regulations
Supervision (collection and distribution)	Not common supervision, only individual Internal and annual audits by recognized audit firms
Satisfactory on existing practice of zakat	Satisfied, not satisfied, neutral
Achievement of objective zakat	Satisfied, not satisfied, neutral
Suggestion for effective practice	Regulation, centralization, Shariah audit, awareness, tax exemption

Table No: 1 The Analysis of the interview themes on governance of zakat properties.

### 5.1.1 Perception of Current Zakat Practice (Collection & Distribution)

The first question focused on the respondent's opinions or perception of the current zakat practice (collecting and distribution) and their familiarity with the governance of the practice as being currently used in Sri Lanka. The acknowledgement of the technique and its application by following specific guidelines and criteria was a recurrent theme found in the respondents' responses. All respondents agreed that Sri Lanka's zakat distribution and collecting processes lack of standard operating procedure (SOP) or set of guidelines. Every organization does, however, have its own procedures for handling it.

Respondents 1 and 2 mentioned that there are three aspects of the collection zakat fund, one from all board members of its own institution, second, local donors through personal contacts, thirdly, Sri Lankan living overseas. In order to raise funds, they follow up with donors using a variety of methods, sending reminders along with their annual reports, ongoing initiatives, and letters of gratitude because, in particular, donors pay the zakat during the fasting month of Ramadhan. Donor income must adhere to Shariah regulations; it will be examined under the oversight of all Ceylon Jamiyyathul Ulama.

When it comes to distribution, they have three categories. The first is general, which includes poverty alleviation and needy people who require immediate funds to survive or overcome poverty, matrimonial assistance, and benevolent loans (Qard Hassan). The second is education, in which they provide scholarships for university and secondary school students, with a focus on local students. Third, entrepreneurship, which involves the provision of sewing machines, village and urban programs, as well as small-medium entrepreneurship (SME) and self-employment assistance.

Beneficiaries must submit an application that is certified by the local mosque and government entity. After the committee evaluates the application and conducts a case-by-case examination, the beneficiaries will be tracked at random. Beneficiaries from all around Sri Lanka who believe they are eligible for the zakat fund can apply to this institution, which is not limited to a particular region but is available to all eligible zakat beneficiaries.

Respondents 3 and 4 made it clear that donors who live within their jurisdiction will be the ones collecting zakat funds. As a result, they only have access to their own local donors and personal connections. In order to gather this fund, they will examine the list of contributors from the previous year and write a letter via their district Jamiyyathul Ulama organization highlighting the benefits and significance of zakat as well as the correct procedures for calculating it and the results from the previous year. Additionally, the zakat collection group will make an effort to pay them a visit.

When it comes to distribution, the same categories as stated by Respondents 1 and 2 are also used for allocation; however, priority will be given to widows, orphans, marital programs counseling, construction houses, toilets, and for group male circumcision. People from other sections of the district will not be considered, though, as this procedure is limited to district beneficiaries. Apart from that, the other benefactor's criteria will be the same as those listed in responses 1 and 2.

Respondent 5 asserted that zakat contributions will be provided by international charitable organizations to local and international donors with whom they have a personal relationship. Consequently, they have two sources. Regarding the distribution, the same categories as stated by Respondents 1,2,3, and 4 are applied; however, some allocations are made to Islamic colleges (Islamic Madrasa), and only those in their region benefit from this zakat. Exception cases will be examined outside of the region with the permission of all members. The application process for benefits is the same as others.

### 5.1.2 Establishment of Governance or Guidelines in Zakat Management

All respondents offered the same answer because there is no common regulation or law to follow for this practice as Sri Lankan Muslims have for other personal matters such as Act No. 13 of 1951 Marriage and Divorce (Muslim) Act, Act No. 10 of 1931 Muslim Intestate Succession Ordinance, and Act No. 51 of 1956 Muslim Mosques and Charitable Trusts or Wakfs Act ("Working Paper", 2023). For the time being, everyone followed their principles to manage the practice, which is not approachable or questionable by others. So, they all agreed to establish a shared governance or structure that is transparent and responsible.

### 5.1.3 The Supervision Body for The Current Zakat System

Respondents 1 and 2 stated that no third parties control their operations, but in order to present at yearly meetings, they perform internal and external audits by independent audit firms to ensure that the procedures run smoothly and that the donors are satisfied.

Respondents 3, 4, and 5 cited that there would be no external supervision and no auditing by an independent organization. It is entirely under its management.

### 5.1.4 Satisfaction and Achievement of Objectives of Zakat by Present Practice

Respondents 1 and 2 cited that they are unaware of the situation at the country level; nonetheless, they believe they are not below average. They confront a fund issue because the funds donated by donors are insufficient to meet all applications, therefore they have no control over it. As a result, they are satisfied with their achievements.

Respondent 3 claims he is dissatisfied with the current practice of distribution of zakat because the institution does not have pre-plans to achieve benefits from funds until the distribution of funds. For example, when funds are received by

donors, they are kept in an account for a long time without being used until they are distributed, which can take more than 6 or 7 months to finalize and distribute. According to him, this organization does not have pre-plans to use these funds and alleviate the financial difficulty faced by the members of the society. Furthermore, he noted that one of the key objectives of zakat is that the zakat receiver this time should become a zakat payer the next time, so when he sees present practice without effective management in place, it is like *sadaqah* donation, which the same recipient keeps receiving every year.

Respondent 4 shared the same concern as Respondent 3 that one of the key objectives of zakat is for the zakat receiver to become a zakat payer the next time, so when he sees current practice without effective management in place, he compares it to *sadqaah* donations, which the same recipient continues to receive year after year. He also added that the absence of centralized system and transparency become an obstacle to achieving the genuine goal of zakat like other countries. Respondent 5 stated that he and his board members have witnessed some people come out of poverty as a result of their assistance, thus he believes that the operation was successful in accomplishing the genuine goal of zakat, therefore he is content with his operation but not with others.

### 5.1.5 Effective Contribution to Successful Zakat Practice

All respondents agreed that having a thorough structure and governance will help Sri Lanka's zakat governance to succeed. They believe that the current approach failed to achieve the desired purpose of zakat among the Sri Lankan people. A centralized system may provide a solid foundation that can benefit the entire community. Respondents 1, 3, and 4 suggested that the existing zakat management practice can be altered from time to time in order to align it with the centralized process and to follow the best zakat practices as established by other countries. Respondents 2 and 5 argued that Sri Lankan Law and some radical political parties' ideologies are unsuitable for Muslim philanthropic purposes and Islamic endowments.

Respondent 3 and 4 stated that rich people should be educated about the importance and calculation process of zakat through various awareness programs conducted by mosques or other Islamic organizations. Because many wealthy people are unaware of the importance of zakat but are aware of other religious obligations such as prayer (*salah*) and fasting.

Respondent 3 added an important point to his comment: zakat payers should be given the option to exempt their taxes, as other countries do, such as Malaysia (Hamat et al., 2017). As a result, zakat payers will be more committed to the practice and will not have their accounts deducted twice.

Respondent 2 agreed that the centralization system would be appropriate for promoting effective zakat management practice in Sri Lanka. But the question is: is it possible to convince all zakat institutions to collaborate under one umbrella? Because everyone strives to gain credit for his name, become known in the community, and boast about their accomplishments. Unity is a vital instrument for achieving centralized processes, but he does not perceive the sense of unity is present the Muslim community in Sri Lanka.

The study also found that respondents have a thorough awareness of the significance of zakat practice and its limitations. The review revealed that the current zakat administration is not properly enforced and is insufficiently broad to serve the true purpose of zakat. Furthermore, current processes require revision and are not in step with modern standards in other nations. The majority of respondents are completely aware of the primary concerns and obstacles

associated with handling zakat monies and charitable organizations.

The respondents' suggestions are appropriate and consistent with the customs in the modern Muslim countries. They understand the Islamic concept of zakat, donating one's money to the public. They are also aware of news and concepts relating to zakat, particularly the present Sharia-based zakat management system.

As a result, we need to develop sound good governance and a centralized zakat administration system that is emphasizing on transparent and responsible. Similarly, we need strong members who are working on it and managing it effectively. The Zakat Board should designate individuals with good character, Sharia knowledge, and a strong desire to serve the community responsibly.

After examining the responses, it is clear that there are various concerns and obstacles in current zakat management practice, particularly in practical terms. As a result, implementing such a governance system in Sri Lanka will help to realize the true goal of zakat while also benefiting the intended recipients and the Muslim community as a whole.

## 5.2 Key Findings

There are several key findings that we can highlight here and they are as the following:

1. This study points out that Sri Lankan Muslims' long-standing strong individual zakat culture has failed to meet the intended zakat objectives, and that this dominating practice of a mixed approach such as individually paying zakat and paying some of their zakat to institutions.
2. This study identified that the present distribution method is not sufficient to include the all eight zakat eligibility categories which is mentioned in the Holly Quran.
3. This study also revealed that Sri Lankan Muslims implemented institutionalized zakat management in certain regions of the country decades ago, even though they were unable to build common governance through government backing, as Muslims practice other personal laws (Muslim, Marriage and Divorce Act, Waqf Act and etc.).
4. Zakat is being performed only as a basic Islamic ritual and that its socio-financial requirements have not been well investigated, especially in the context of Sri Lanka's Muslim minority.
5. The actual objective of zakat has not been effectively achieved, particularly in the context of poverty alleviation and social justice, due to a lack of proper governance and a centralized structure; instead, it is performed solely as an essential rite of Islam.
6. Due to the lack of effective governance and a centralized system, there is no accountability, fairness, and accountability in ongoing zakat management practice, therefore repeating zakat to the same person every year may result in a gain for the actual zakat eligible individual from the zakat funds.
7. The necessity for a system to measure and evaluate collective zakat management performance in Sri Lanka's diverse culture. The extra responsibility would help to guarantee that zakat activities are carried out efficiently.
8. To achieve the actual objective of zakat, Sri Lankan zakat management practices ought to consider whatever is appropriate to the Sri Lankan context from the experiences of modern centralized zakat management in Muslim majority and minority countries.

9. This study demonstrates that a thorough understanding of the relevance of the zakat requirement on Islam must be developed beginning with school-level education and continuing with frequent awareness programs and doubt-clearing sessions led by academics and experts. Educators should foster intellectual discourse among experts on Islamic economics in general, and zakat in particular, in the context of contemporary Sri Lanka.

## 6. CONCLUSION

In this study, the authors thoroughly examine the current practice of zakat management in Sri Lanka, with a focus on governance and the extent to which Maqasid al-Zakat, or Zakat's higher objectives, are met. It also provides an overview of current zakat management governance, particularly in terms of collection and distribution in Sri Lanka. It emphasizes that current practice is carried out by individuals and zakat entities that lack shared governance and a centralized framework.

In general, only selected zakat institutions appear to have mechanisms that have the capacity and efficiency in handling zakat funds. However, still the structures lack transparency and accountability. Clearly, the emphasis on a strong governance structure that guarantees responsibility, openness, and fair allocation of Zakat funds is extremely important for the socio-economic sustainability of Muslim community in Sri Lanka. It is also important for Muslim community in Sri Lanka to strive for the implementation of good governance models like those in other zakat-centralized nations, combine contemporary best practices in zakat management with adherence to Islamic values. A structure like this would boost community trust and guarantee that Zakat's funds are used wisely to support the most in need.

Finally, the interview indicates that, while zakat is collected and distributed, its greater goals of poverty reduction, decreasing inequality, and promoting social welfare are not fully realized. This is largely due to inherent flaws in governance and various problems, such as a lack of regulatory monitoring, a centralized system, a strategic approach, training and awareness, greater coordination among multiple zakat authorities, and insufficient data management. These findings highlight the significance of implementing comprehensive governance changes to solve these issues and increase the effectiveness of zakat management in Sri Lanka. While the zakat system in Sri Lanka is important for the Muslim community's socioeconomic progress, governance needs to be improved significantly. By implementing a centralized, well-regulated method to zakat collection and distribution, as well as focusing on achieving the Maqasid al-Zakat, Muslim community in Sri Lanka can increase the role of zakat in poverty alleviation and community development, and fulfilling its actual real goal for the community and humanity at large.

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