



## ANALYSIS OF THE ROLE OF ZAKAT (ALMS TAX) IN CUSHIONING THE EFFECT OF INFLATION ON HOUSEHOLDS IN MAIDUGURI, BORNO STATE

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### Abstract

*With the rising trajectory of inflation across the globe which Nigeria and Borno state is not an exception. This has attracted the attention of relevant stakeholders in order to find ways of how to bring it under control and cushion its effects especially on households. It is against this backdrop that this paper seeks to analyze the role of Zakat (alms tax) in cushioning the effect of inflation on households in Maiduguri, Borno state. To document this study, Content analysis research technique was employed based on secondary data obtained. Deductive analytical method was further employed to draw inferences. The study revealed that the effect of inflation on households includes reduction in consumption, value of money, savings, standard of living, employment, poverty among others and Zakat fits into the peculiarities of the identified effects. More so, Further findings revealed that the Borno Zakat potentials stood at a minimum of USD267K and a maximum of USD640K and out of the 88.9 percent poor household, each will be entitled to a minimum of USD3,312 and a maximum of USD7,934 in form of Zakat. The study concluded that the deployment of Zakat will go a long way in hedging against the effect of inflation in Maiduguri, Borno state. The study recommends that a Zakat Commission which is duly backed by legislations should be set-up. And the welfare of its staff and their condition of service should be given adequate priority. Also, the need for deployment of ICT in the Zakat collection processes to ensure easy-process and accountability. The study also recommends that adequate public awareness is necessary to ensure an inclusive process.*

### Keywords

Zakat  
Household  
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## 1. Introduction

Globally, all economies are faced with certain level of inflation which could be high or low but largely depends on the tolerance rate of the monetary authorities of these economies. It has become a macro economic indicator for ascertaining the healthiness of an economy.

However, of recent stakeholders have been attracted to this phenomenon owing to the fact of its upward trajectory in recent times to 9 percent. This is attributed to many factors majorly which include the spillover effect of the COVID-19 pandemic and the Russia- Ukraine war which

have resulted in supply deficit especially in energy and food across the globe (International Monetary Fund, 2022).

Owing, to interdependences of economies, developing countries particularly Nigeria were not left out from the spillover effect of the global inflation. Although, Nigeria could have its own peculiar issues which could spur the level of inflation. Among which include, increased exchange rate, level of insecurity such as Boko haram insurgency, farmers- herders crisis, Biafra struggle, kidnapping and banditry etc. Other factors include rising cost of energy products, low level of output, increased money supply, production cost among others (Anyanwu, 2010). However, inflation in Nigeria has been on the steady rise because the consumer price index (CPI) rose to 20.52 per cent year on year in 2022, compared to 17.01 per cent in the corresponding year of 2021 (National Bureau of Statistics, 2022). This inflationary figure was the highest the country has recorded in 17 years. Despite all recent measures put in place by the monetary authorities the situation remains unabated.

Borno State in Nigeria is not exempted from the inflationary web. This is a state located in the North East region of the country and has been bedeviled with insurgency for over a decade which has resulted to the loss of lives and properties estimated to be at USD5.2 billion (Borno State Government Report, 2013). Agriculture and trading were the major economic activities of the people of the state but with the emergence of insurgency, these activities were brought to a halt, and this affected food supplies in the state thus triggering inflation. This invariably will result to low purchasing power of money which further escalates the rate of hunger, worsening the poverty level as it stood at 70 per cent (Oxford Poverty and Human Development Initiative, 2016).

According to the World Food Program Report (2022), the cost of 70 per cent Survival Minimum Expenditure Basket (SMEB) for a

family of Five (5) in Maiduguri and Jere has increased by 3 per cent on Monthly basis (i.e. ₦28,087 - ₦28,838 for May'22 to Jun' 22 respectively). However, on YoY basis, the June 2022, the SMEB increased by 26 per cent (i.e., from ₦22,851 – ₦28, 838 in Jun'21 to Jun 22) while a significant increase of 48 per cent was recorded when compared 5 years ago (i.e., ₦19,455 – ₦28,838 from Jun' 18 to Jun'22) and on a 5-year average, SMEB was 35 per cent higher (₦21,342 – ₦28, 838). This reveals that the trajectory of inflation on SMEB has a spillover effect on the households either directly or indirectly.

However, efforts have been made by government of the Borno state through its various cash and non-cash schemes to cushion the impact of this inflation and as well as using monetary policy instruments by the Central Bank of Nigeria to curtail the situation but the government alone cannot achieve this goal owing to its limited resources, thus the need to introduce an alternative variant of fiscal policy which possesses a consumptive and productive components. This necessitates the adoption of Zakat (Alms tax). Zakat is considered as the third pillar of Islam which is seen as that proportion of wealth of the rich set aside for the poor or needy.

In addition, various studies have been carried out on the theme which includes the works of Darsono et al (2019), Noor (2017), Akram and Afzal (2014), Hisham (2021), Randi, et al (2021), Antonio et al (2021) among others. But a review of these previous studies indicates that they were focused on poverty, income inequality, national development, agriculture particularly to Middle east and Asian countries as little or none was focused on the nexus between Zakat and inflationary effect on Households in Nigeria particularly to Borno state. It is against this background that this study was carried out to assess the role of Zakat in cushioning the effect of inflation on Households in Maiduguri Borno State.

## 2. Literature Review

This subsection is decomposed into three (3) which include the conceptual review of relevant concepts relevant to the study, the theoretical framework which captures the key model (s) which the study is built upon and the empirical review where previous studies relevant to the study was reviewed accordingly.

### 2.1 Conceptual Review

#### *Zakat*

Al-Sayid (1985). Considered Zakat is the proportion of a man's wealth that is apportioned or designated for the poor. It is a mandatory act of worship especially for those wealthy Muslims that have the *nisab* (minimum holdings liable to Zakat). For example, in the case of cash, which is usually measured in Gold and Silver, one must have a minimum of 85 grams of pure Gold or 595 grams of pure silver. (AAOIFI, 2015), and which must have stayed up an Islamic year. Zakat is 2.5% or 1/40, though different rates is been applied in case of animals or agricultural produced. However, the beneficiaries of the Zakat were captured in Quran 9:60 as the likes of the poor, needy, administrators among others.

#### *Inflation*

Inflation has been defined differently by scholars based on their different perspective. Friedman sees inflation as a monetary phenomenon and can be produced by more rapid increase in the quantity of money than output. However, other scholars have a contrary view. Johnson defined inflation as a sustained rise in prices. Shapiro sees it as a persistent and appreciable rise in the general level of prices. Jhingan (2009) posited that Dernberg and McDougall defines it as the continuing rise in prices as measured by an index such as consumer price index or by the implicit price deflator for gross national product. However, for the purpose of this study inflation is defined as the persistent and consistent rise in the general level of prices of goods and services over a given period of time.

#### *Household*

According to the Census Bureau (2018) see household as "all the persons who occupy a single housing unit regardless of their relationship to one another". It also refers or consist to a "persons or group of persons living together usually under the same roof or in the same building/compound, who share the same source of food and recognize themselves as a social unit with a head of a household". Therefore, in Borno state there are about 90,848 households of a structure of 1-6 persons. (National Population Commission, 2010).

### 2.2 Theoretical Framework

#### *Theories of Inflation*

Economic literatures has identified the number of theories of inflation as thus; demand pull, cost push, structural, monetary and imported (Anyanwu, 2010). However, for the purpose of this study, emphasis is placed on demand pull, structural and monetary theory.

#### *Demand Pull Theory*

John Keynes is one of its major advocates stresses the fact that inflation is as a result of the fact that when the aggregate demand for goods and services is greater than the aggregate supply and as such excess demand is created by default and by implication the existing supply is insufficient to meet up (Anyanwu, 2010). This theory seem relevance in this study because it reflect a prototype of the condition of the state because due to the activities of the insurgency, the population of the state is concentrated in urban centers and as result agricultural and other economics activities have record a decline, thus creating food-service supply gap which has spur the increase in the prices of goods and services.

#### *Structuralist Theory*

The structuralist theory which have the like of Myrdal and Straiten as its proponents. The theory argued that inflation in developing

countries is attributed to certain structural rigidities, market imperfection and social tension which exist in such economies. In others words, issues such as relative inelasticity of food supply, foreign exchange issues, protective measures, rise in demand for food, fall in export earnings, hoarding, political instability among others (Anyanwu, 2010). The theory is of significance because it presented a true reflection of the Nigerian Case which Borno state is not an except owing to the fact that these identified structural rigidities or issues are deep rooted in the case of Borno state.

#### *Monetary Theory*

The monetary theory also provide their view on inflation which was advance by Milton Friedman which the theory stressed that inflation is always and everywhere a monetary phenomenon. This by extension implies that inflation is caused when there exists too much money in circulation which does not commiserate with the supply for real output of goods and services (Anyanwu, 2010). Zooming into this theory, it provides a classic case of the inflation in Borno state because due to the insurgency and other issues, output is on the decline, thus creating a deficit to meet up with the money supply.

#### *2.3 Empirical Review*

Darsono et al (2019) examined the impact of Zakat on income inequality of Mustahiq in Yogyakarta and by so doing primary data was employed which was obtained from questionnaire issued to respondents. Lorenz curve, Gini ratio index and World Bank inequality criteria were adopted to analyze the inequality of income distribution and it revealed that going by the Lorenz curve, income inequality witnessed a decreased as a result of the Zakat distributed because the curve area prior and post Zakat is 0.184 and 0.15 respectively. While the Gini index reduced from 0.37 to 0.30 during and after Zakat and in addition, the world

income criteria of 40: 40: 20 of low, middle and high income category show that prior to Zakat, the centage of income was 16.83%, 39.24% and 43.91% but with the distribution of Zakat, low income recorded an increase to 21.04%, middle income 40.18% and high income recorded a reduction to 38.76%. The study concluded that Zakat has assist in bridging the income inequality gap.

Noor (2017) carried out a study on the role of Zakat in supporting the Sustainable Development Goals (SDGs) in which the study revealed that there is a thin line between Zakat and SDGs which is based on Islamic basis. Also, the study pointed out the fact that there exists a meeting point between them because the SDGs is aimed at alleviating poverty, hunger, inequality and among others which are also core aim of Zakat. However, the latter core is embedded in the objectives of Shariah which includes faith, life, progeny, intellect and wealth. For instance, using Zakat to achieve the faith objectives is in tandem with goals 1, 2, 3, 6 and 10 on poverty, water, hunger and inequality among others. Therefore, the study concluded that employing Zakat to achieve these foundational goals will be proportionate to achieving the objectives of SDGs.

In Malaysia, Alam et al (2021) carried out a study on the role of achieving Sustainable Development Status of Zakat Recipients of about 440 beneficiaries. By so doing primary data was employed through the use of questionnaires and was analyzed through structural equation modelling. Findings from the study shows that Zakat has assisted in improving the economic more than the social and environmental aspect of recipients. The study concluded that Zakat has impacted positively on the overall sustainable development status of its recipients.

Akram and Afzal (2014) studied the dynamic role of Zakat in alleviating Poverty with emphasis on Pakistan and by so doing secondary data was employed which was analyzed using

the ARDL model. Findings shows that there exist a short and long run impact between disbursement of Zakat and other variables that affect poverty which include GDP deflator, GDP at market prices, Net school enrolment ratio among others. The study concluded that Zakat has succeeded in reducing poverty thus making the relationship to be an inverse one.

Likewise, Hisham (2021) examined the impact of Zakat on poverty and income inequality from 1990 – 2010 while using Bahrain as a case study. Emphasis was laid on Zakat on current income, investment and savings. Findings revealed Zakat collection has increased over time from BD95.3 Million to BD485.8 Million. However, the beneficiaries have also increased to 102,275 families from 17,070 families, thus, making them to have a marginal propensity to consume to be 0.75 which implies that Zakat funds are worth alleviating poverty consumption. On investment, various projects executed through Zakat funds which was about 263 created jobs, which invariably increases income and consumption, thus a plus to savings as well as investment. More findings reveal that GDP values were greater post Zakat when compared prior to Zakat and as such the study concluded that Zakat is capable of alleviating poverty and guarantee distribution of income and wealth among Muslim communities in Bahrain.

Similarly, a related study was carried out in Indonesia by Ihsana (2016) on the role of Zakat in National Economic Development which the study stress that the untapped Zakat potentials stood as 19.3 trillion Rupiah per annum and that if its adequately implemented by stakeholders where by Government will take the leading role backed up with the requisite the political determination, it will result to an increase standard of living of the people and as well as stimulates spending which will automatically have a multiplier effect on the economy of Indonesia, thus spurring National Development. Aliyu et al (2018) carried out a related study in

Sokoto where the role of Islamic Social Finance in empowering youth and women was examined. By so doing, qualitative method was employed and reports from Sokoto state Zakat and endowment commission was relied upon. However, FGD tool was employ on the beneficiaries (i.e, Youths and Women) which the findings revealed that Zakat and waqf has significantly empowered women and youths in Sokoto state mostly especially in the area of their businesses which has invariably boast their level of income as well as their products.

In addition, Randi, et al (2021) examined impact of Zakat as a financial inclusion tool for sustainable agriculture in Indonesia, while focusing on the agriculture programs funded by BARNAS and it reveals that the income, productivity of farmers has significantly improved which invariably have impact of their production cost, thus exporting poor farmers out of poverty. Erna and Neneng (2020) further stressed through Islamic Microfinancing which Zakat is considered amongst its source of funds would go a long way in alleviation poverty among Muslims communities when compared to the convention microfinancing because it will on the overall improve the livelihood and welfare of the beneficiaries.

Antonio et al (2021) examine the role of Zakat in tackling inflation and unemployment or in essence the Philip theory. The study stressed that Zakat can be consumptive or productive and by extension, the distribution of Zakat in consumptive nature will boast aggregate demand while on the contrary will boast aggregate supply. Therefore, by employing both nature of Zakat distribution it will bridge the gap in between aggregate demand and as well as supply. This can result to an increase in production which by implication will tackling unemployment while at the same time ensuring stability in prices of goods and services.

However, other studies on the theme include the works of Khan (2005), Isahaque and Zulkarnain (2014), Hassan (2013), Mustapha

(2020) Ahmad (2006) among others. But a review of all these studies shows that most of it are skewed towards poverty, income inequality, national development, agriculture, unemployment to mention but a few with focus on Middle East and Asian Countries. Although, country-specific little or none have tried to examined the role of Zakat on the effect of inflation on households specifically in Maiduguri Borno state. Thus, creating a gap in the literature which supports the need for this study,

### 3. Methodology

This study employed a content review analysis technique which is based on secondary data obtained from Journal publications, Economics

textbooks, Islamic finance text, annual reports from Islamic Research Training Institutes, databases of Central Bank of Nigeria (CBN), National Bureau of Statistics, International Monetary Funds, Islamic Development Banks, other relevant publications. In addition, the study employed a deductive technique to systematically evaluate the information or data obtained so as to ensure that comprehensive inferences can be drawn.

### 4. Results and Discussion

Under this subsection, the computation of the Borno State Zakat potentials was captured, the effect of inflation on households as well as areas where Zakat could intervene in order to cushion the effect of inflation on households.

	Description	USD (Min)	USD (Max)
Table 1: Computation Zakat Potentials in Borno State	Zakat Potentials in Nigeria based on IRTI Report [2015](a)	8,775,000,000.50	21,160,000,000.99
	Est. Population of Nigeria as at 2015[World Bank]- (b)	183,995,785	183,995,785
	Zakat per head (c)=(a/b)	48	115
	Est. Borno State Population	5,572,118	5,572,118
	<b>Zakat Potentials in Borno St.</b>	<b>267,461,664</b>	<b>640,793,570</b>
Authors Computation (2023)	Equivalent to Naira (USD=197.87 as at 2015)	<b>52,922,639,455.68</b>	<b>126,793,823,695.90</b>

Table 1 shows that the minimum and maximum Zakat potentials of Borno state stood at USD267K and USD640K which is equivalent to about NGN52 billion and NGN126 billion respectively. These is less than 43% and greater than 100% the state cumulative Internally Generated Revenue (IGR) spanning through a period of 14 years (i.e., 2008 to 2022) which is about N92 billion (National Bureau of Statistics, 2022). Juxtaposing, the potentials of Zakat vis-à-vis

with the household of 1-6 persons of the state which stood at about 90,848, according to National Population Commission (2010) and according to the Global Data Lab report (2023), the percentage of poor households in Borno state is about 88.9% which implies that about 80,764 households will benefit from the Zakat distributions. Consequently, each household will be entitled to a minimum of USD3,312 and a maximum of USD7,934 in form of Zakat. This further

shows that the instrument could be a cash cow if adequately explored by relevant stakeholders in order to address the socio-economic as well as developmental issues of the state. However, having estimated the potentials of Borno state Zakat, it is imperative to buttress that fact of how Zakat can be employed in addressing the inflationary impact of inflation on the households.

#### *4.2 Effect of Inflation on Households in Borno state and the Role of Zakat*

There exist a large number of empirical studies locally, nationally and internationally that have established the role of Zakat in addressing key issues of an economy. Among such works include the like of Aliyu et al (2018), Khan (2005), Hassan (2013), Mustapha (2020) Ahmad (2006) among others. Therefore, the application of it in cushioning the effect of inflation on household is not an exception. By so doing, the study has identified the possible effect of inflation and explains how Zakat can be deployed in mitigating these effects.

#### *Decline in Household Consumption*

One unique fact associated with inflation is the rising level of prices and this has a consequential impact on the households because their consumption expenditure whether be it on necessities or luxuries will suddenly decline. In fact, more of their expenditure is skewed more on fulfilling the basic necessities for survival. However, this more pronounced on low-income household category and the fixed income earners of the state (Jhingan, 2009; Ishola, 2010). In other words, it implies that with the continuous increase in prices of goods and services, their level of income remains unchanged to meet up the rising cost. By so doing, their level of consumption will decline. However,

Zakat can be deployed to salvage this condition because, the proportion funds mobilized from Zakat can be used to empower or support households on non-cash basis to either to set up new business or to support existing business so that they create more output, earn extra income in order to bridge income gap created by inflation. This will invariably spur household consumption (Antonio et al, 2021). However, this is further buttressed by the works of Aliyu et al (2018), carried out in Sokoto which revealed that Zakat has significantly empowered women and youths in the state.

In addition, basic food items can be bought from the Zakat funds and distributed to households in the state in form of palliatives as this could cushion the effect inflation on consumption (Ibrahim and Babagana, 2020). And in a similar vein, in areas that have relative peace in the state, Zakat funds can be deployed for the purchase of agricultural inputs as this will increase output, thus bridging the food supply deficit, which will invariably results to a reduction in the prices of goods and services. This corroborates with the works of Randi, Priyesta and Deden (2021) which stressed that deployment of Zakat will spur agricultural productivity especially if the intervention is in the area of capital support, production input and among others.

#### *Reduction in the Purchasing Power of Household Income*

According to the Oxford Dictionary of Economics, purchasing power refers to “the amount of real goods and services each unit of money will buy”. It is a reciprocal of price index. However, with the continuous increase in prices of goods and services in the state, it has resulted to the decline in the value of money or the purchasing power of money or income among households (Ishola, 2010). This is further attributed to

the fact that there exists more money in circulation chasing fewer goods in the state which is caused by the activities of the insurgency.

However, Zakat can be employed to cushion this effect of inflation on the households because, since the output does not commiserate with the money supply of the state, Zakat funds can be deployed as a quick win in supporting agriculture (Randi, Priyesta and Deden, 2021) especially in the area of agricultural inputs such as seeds, fertilizer, insecticides and pesticides among others especially to farmers in areas of the state that have relative peace. More so, large quantity of food items can be purchased and distributed to households (Ibrahim and Babagana, 2020) and this will go a long way to enable the households in the state to channel the money meant to purchase such items to other areas pending when the inflationary trend is put under control. Consequently, with judicious distribution of this staple food items it will not only cushion the effect of inflation on the household but will invariably tackle the inflation itself on the interim because the supply of such items will increase and as a result the demand of it will be low in the market which will invariably result to a reduction in the prices of such items in the market.

#### *Reduction in Household Savings*

Savings refers to the excess of income over consumption (Oxford Dictionary of Economics, 2002; 414). In other words, it is the part of income that is not spent. With the rising inflation in Borno state, which has resulted to the loss of value of money, savings are discouraged rather households would prefer to keep their money in real asset (Ishola, 2010). In a similar vein, due to the increase in prices of goods and services without a corresponding increase in income

couple with the fact that the state is a salary-based state, the proportion of income usually set aside as savings by this category of households will certainly decline overtime.

However, the application of Zakat could be of great importance in reversing these trends of reduction in saving among households because the Zakat funds can be channeled as a form of micro lending to households in order to support households existing small businesses or setup new ones (Aliyu et al, 2018; Erna and Neneng, 2020). However, the cash disbursement is discouraged so as not to compound the existing money supply issues but rather it is to be carried out in real asset. By so doing, the income of these households will be increased overtime and by implication they will be able to save part of their income amidst inflationary or post inflationary period.

#### *Reduction in Households Standard of Living*

By standard of living, it refers to the level of welfare available to members of households which is dependent on the quality and quantity of available goods and services (Dajana and Tomislav, 2010). Standard of living can be viewed in terms of utility of life, economic provision and type of freedom (Pigou, 1952; Deutsch and Siber, 1987; Sen, 1984). Consequently, with the inflationary trend has resulted to a decline in the standard of living among the households in the State especially among low income earners, salary and wage earners among others. This is due to the fact that as a result of the rise in general level of prices of goods and service, the household income could no longer meet up the regular expenses and as such led to a reduction in their standard of living.

Amidst, these declining living standard conditions of Households, the Zakat tool can be employed to salvage this situation. This

can be done through palliatives distribution in form of food items, business empowerment items as this could go a long way to buffers the household food stock and also complement the existing household income which will invariably boost their standard of living. This outcome is buttressed in the works of Noor (2019), Alam et al (2021) and Ihsana (2020) which stressed that Zakat is a veritable solution towards increasing the standard of living and spending of the people.

#### *Discourages Household Borrowing*

Borrowing is an integral part of an economic activities which all economic agents are involved in order to augment either short medium- or long-term needs. During inflationary period, the cost of lending is usually high (Ishola, 2010) in the state among deposit money banks and non-bank financial institutions especially interest rate whereas profit rate is usually low so as to discourage investment. This is done usually to contract the money supply in a bid to control inflation but such policy decision is detriment to households' attitude to borrowing which invariably has adverse effect on households meeting their various obligations.

However, the employment of Zakat can be an avenue in tackling this effect because Zakat funds can be disbursed as microcredits through the various Islamic contracts such as Musharakah (partnership), Mudarabah (trust partnership), Ijarah (lease), among others with little or at no cost to households (Aliyu et al, 2018; Erna and Neneng, 2020). This will significantly motivate the households and will go a long way in bridging income gap created by the inflation and inversely, assisting the households in meeting their obligations.

#### *Increase Household Poverty*

Poverty has become an issue of concern within the state as the poverty rate of the state is about 70% according to Oxford Poverty and Human Development Initiative (2016). However, the inflationary condition of the state has further deepen the poverty rate of the state. This is because with the rising cost of goods and services, the value of money has dropped, consumption has decline as well as standard of living which invariably has exported more households below the poverty line.

Consequently, the deployment of Zakat could go a long way in addressing or cushioning this effect arising from inflation. This is because Zakat funds can be expended in the distribution of more of non-cash items against cash which will be in form of empowerments. This will go a long way to create additional stream of income to the beneficiaries and as time elapses, they will be exported from poverty and become payer of Zakat. This is supported in the works of Khan (2005), Isahaque and Zulkarnain (2014), Khalifa. (2014), Akram & Afzal (2014), Aliyu et al (2018) and Noor (2019).

#### *Create Employment for Household Members*

Despite have a lot of negative impact on the household, there exist some positive impacts among which include the creation of employments of household members. This is against the backdrop that with the rise in prices, producers of all category take advantage of such scenario in order to reap profits and as such they intend to increase output so as to boost revenue. By so doing, more hands will be required in the production process and by implication more jobs will be created. Consequently, the employment of Zakat is not out of place in this context, because the mobilized funds can be disbursed in form of business empowerment schemes to small household

producers in order to support their existing businesses or set up new ones for the production of quality products. This will go a long way in paving way and sustaining the employment creation in the future.

#### *Social Effect*

The inflation condition of the state has succeeded in widening the gap between the rich and poor households in the state. This condition is unhealthy for the continue survival of the state as it could create jealousy and tension which could spur class conflict in the future. However, Zakat is very important in this respect because it will assist in the redistribution of this income or wealth from the rich household to the poor households (Al-Sayid, 1985). By so doing, it will bridge the income/wealth gap, giving the poor households sense of belonging and thus creates a harmonious relationship between both categories of households. This has been demonstrated in the works of Hisham (2014) and Noor (2019), Darsono et al (2019).

#### **5. Conclusion and Recommendations**

Zakat being the third pillar of Islam has proven itself in various capacities (as shown in the literature) especially in addressing socio-economic issues in different countries. Therefore, its application within the context of Maiduguri, the current study concluded that it will go a long way in cushioning the effect of inflation on Households within the state. Consequently, the following recommendations were offered for possible implementations which include: -

- i. There is need to set up a commission for Zakat duly backed by legislation which will be in charge of the entire process of collecting Zakat in the state including the control of Non-Governmental Zakat Institutions operating in the state.
- ii. Efforts should be intensified on public awareness through advert on local media such as TV, radio; daily adverts among others to ensure inclusiveness in the process.
- iii. Leaders of Communities, religious houses, trade associations among others need to be champions in course of ensuring the need for the payment of Zakat by their members.
- iv. Deployment of Information and Communication Technology should be given priority as this will make Zakat collection much easier.
- v. Individuals with high level of integrity, experience and knowledge should be appointed to serve on the board of the commission as this will give payers more confidence that their Zakat will be utilized accordingly.
- vi. The welfare of the staff in the commission should be given priority so as to avoid possible diversion of funds and palliatives.
- vii. A computer based social register need to be developed for households in the state alongside with their vital and biometric details so as to ease distribution of Zakat.
- viii. Quantitative approach is required in the future as well as engaging households that have actually benefited from Zakat in order to ascertain the impact of its distribution in the face of inflation.

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