



Islamic Financial Instruments: Weapon to Control Socio-Economic Crisis in Nigeria

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Abstract

The paper adopts secondary methods in generating the data. Islamic financial instruments are conducive to a dynamic economy in which the benefits of growth are shared by the community at large. It becomes the focus of this paper therefore, is to access the Islamic financial Instruments as a weapon to control socio-economic crisis in Nigeria. This paper therefore provides an insight on the meaning of Islamic financial Instruments, its categories; Charity based Financial Instruments, and Qard al-Hasan based Financial Instruments, rationales for prohibition of interest in Islam. The paper has established that if the obligation of Zakah and voluntary giving of waqf, sadaqah and Qard al-Hasan is carried out by the wealthy Muslims sincerely and consistently it will surely promote social welfare and foster love and cooperation and minimize economic crisis, social vices and poverty in the society. It therefore explores the recommendation and conclusion. However, the paper has measured numerous advantages of Islamic financial instruments.

Keywords: Islamic financial Instruments; Zakah, Waqf, Sadaqah and Qard al-Hasan.

1. Introduction

Praise is due to Allah, the Lord of the Universe, may peace and blessing of Allah be upon prophet Muhammad, Allah's Messenger and servant, who is the leader of all Messengers, his household, companions and those who follow his guidance till the day of judgment Amin.

Islam encourage Muslims to give out of their wealth in Allah's cause for their benefit in the hereafter, endowment, *Sadaqah and Qard al-Hasan* was also encouraged as a source of socio-economic financing in developing society by providing public goods as free to the society, in order to curb the poverty and other social vices and not to depend on *zakah* alone.

Zakah, waqf, Sadaqah and Qard al-Hasan have played a significant role in the socio-economic development of the Muslims throughout the history of Islam. Islam presents a unique system for promoting and establishing social welfare by way of obligatory transfer of payments from the rich to the poor through the institution of *zakah*, the eight prescribed categories of the expenditure of *zakah* are meant for establishing social welfare; the poor, the needy, those employed to administer the funds of *zakah*, those whose hearts are incline toward Islam, the slaves (to be freed from captivity), the debtor, in the cause of Allah and the travelers in need.

Islam established *waqf, Sadaqah and Qard al-Hasan* to enhance socioeconomic welfare in the society which is made by the rich for the benefit of the poor or the society in general. It serves to mitigate the ill effects of inequality in the distribution of wealth and income, and thus help in minimizing economic crisis.



2. Background of the Study

In order to ensure socioeconomic development that ensures intergenerational equity; Islam has put in place certain mechanisms such as *zakah*, *waqf* (Islamic endowment), *Sadaqah*, *Qard al-Hasan* and prohibition of *Riba* (Interest) which forms the unique feature of Islamic economic and social welfare. The reason for the prohibition of *Riba* is the resultant harmful effect it has on the economy, social life and the psychological wellbeing of the society. For a sustainable economic development to be achieved, all forms of unjust enrichment must be proscribed to allow for equal opportunities to all.¹

Economic crisis control and other social vices are one of the priorities of Nigerian government, it also provide necessary program in order to promote social wellbeing of its citizens, which include; the pursuit of women and youth Empowerment programs, agricultural related empowerment programs, access to Micro businesses, provision of vocational skills acquisition and entrepreneurship development, provision of social safety nets, establishment of an Economic Empowerment Trust Fund and development of trade-based cooperative groups.

Zakah has been inferred from the Qur'an and its explanation by the prophet Muhammad (SAW) that Allah (S.W.T) has ordained Muslims to pay *zakah* annually purposely to assist the poor.

وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ وَمَا تُقَدِّمُوا لِأَنفُسِكُمْ مِنْ خَيْرٍ تَجِدُوهُ عِنْدَ اللَّهِ إِنَّ اللَّهَ بِمَا تَعْمَلُونَ بَصِيرٌ

...give the zakah and whatever of good you send forth for yourselves before you, you shall find it with Allah...Q2:110

In another verse, Allah (S.W.T) says,

يَا أَيُّهَا الَّذِينَ آمَنُوا أَنْفِقُوا مِمَّا رَزَقْنَاكُمْ مِنْ قَبْلِ أَنْ يَأْتِيَ يَوْمٌ لَا بَيْعٌ فِيهِ وَلَا خُلَّةٌ وَلَا شَفَاعَةٌ وَالْكَافِرُونَ هُمُ الظَّالِمُونَ

O you who believe! Spend of that with which we have provided for you, before a Day comes when there will be no bargaining, nor friendship, nor intercession...Q2:254

Also, Allah (S.W.T) says

قُلْ إِنَّ رَبِّي يَبْسُطُ الرِّزْقَ لِمَنْ يَشَاءُ مِنْ عِبَادِهِ وَيَقْدِرُ لَهُ وَمَا أَنْفَقْتُمْ مِنْ شَيْءٍ فَهُوَ يُخْلِفُهُ وَهُوَ خَيْرُ الرَّازِقِينَ

...and whatsoever you spend of anything, He will replace it. For He is the Best of those who grant sustenance Q34:39

3. Statement of the Problem

Economic crisis control, social welfare and poverty reduction is one of the priorities of Nigerian government; however, the government has not paid much attention to the collection and disbursement of

¹ Muhammad, M., & Aminu, M., Fagge., (2012). The Economic System of Islam Islamic Economics a book of reading” Isted, Published by the Int. institute of Islamic thought Nig., Bayero University, Old campus Central Mosques Kano, Nigeria. Pp 16-30



zakah proceeds, nor does it strive toward the establishment and effective management of Awqaf, Sadaqah and Qard al-Hasan being a tool necessary for providing better social welfare and economic development of the Muslim Ummah. There is a wide spread of poverty in the country and the need for assisting the orphans, poor, and those in need. Many Youths were unemployed, frequent crime and other social vices due to the economic crisis that the Nigeria are currently facing. Some of these problems have been attributed to lack of commitment of government and wealthy individuals to assist in ameliorating the problem. Islam as a religion gives emphasis on distributive justice and provides the need for social support from the rich to the poor in the society.

Zakah is part of the pillars of Islam and *waqf* is a perpetual voluntary charity while *Sadaqah* and *Qard al-Hasan* was also encouraged. There is therefore, the need for people to be committed in dedicating their wealth in providing many *Awqaf* as well as giving out *Sadaqah*, *Qard al-Hasan* as well as their zakatable due in order to enhance social welfare, and to help in minimizing the economic problems that the society is presently facing. This problem and many others are what the paper is trying to find out their solution through Islamic Financial Instruments: weapon to control socio-economic crisis in Nigeria

4. Definition of Islamic Financial Instruments

Islamic financial instruments are seen as either Shari`ah compliant products or Shari`ah based transactions. Islamic financial instruments on the other hand, are instruments whose risk and profit are shared between the financier and business person. The return of financier is not fixed in advance. It depends on the final outcome of the business or projects. Therefore, in this regard, Islamic Financial Instruments are categorized in to three; Charity based Financial Instruments, *Qardal-Hasan* and Profit based Financial Instruments. Moreover, the concern of this paper is the earlier two.²

4.1 Islamic Financial Instruments in Controlling Socioeconomic Crisis

Socioeconomic crisis control program promoted by Islam witnessed a lot of development that shows that the mechanism of *zakah*, *waqf*, *Sadaqah*, and *Qard al-Hasan* was support the less privilege members of the society, poor and needy people, orphans and widows, wayfarers, students, etc. and improve their living standard, economic status, health and education, water supply, equitable redistribution of wealth, and also enhance their economic resources, economic opportunity, community participation empowerment, security social protection, social and other standards of their well-being, also influences over their environment, and deprivation from other things that make a difference between truly living and merely living as well as to make arrangements for provision of basic needs to the less fortunate members of the society based on the principles of Islamic law. *Zakah*, *waqf*, *Sadaqah*, and *Qard al-Hasan* also had played a kind of vital and significant roles through its wide contributions to the economic and social life of the Muslims.³

Islamic financial instruments can be used to achieve a sustainable economic development in consonance with Islamic culture and philosophy. Islam gives emphasis on human well-being from spiritual, physiological, intellectual and economic perspectives. Islam urged prosocial behavior to provide environmental ethics which can help in influencing our attitudes towards meeting sustainable economic development challenges.⁴

² Siddiqi, M., N. (2006). Islamic Banking and Finance in Theory and Practice: A Survey of State of the Art", Islamic Economic Studies, Vol. 13, Pp. 1-48. Retrieved from <http://www.siddiqi.isl/bnk.finance.eu>.14/11/2021

³ Ibid

⁴ Binta, J., Tijjani, & Dogarawa, B., Ahmad, (2012). Poverty Alleviation: The Islamic Perspective. Islamic Economics a book of reading (1sted.). Published by the Int. institute of Islamic thought Nig., Bayero University, Old campus Central Mosques P.O. Box 13733 Kano, Nigeria. Pp78-87



Islamic financial instruments can be contributed towards scaling up efforts in commercially non-viable, but socially vital projects and programs. There is much potential for Islamic financial instruments to promote sustainable economic development through such approaches as widening access to finance.⁵

The roles of Islamic financial instruments were like a network, which penetrated all sectors such as the agricultural, the industrial and the socioeconomic sector, and also contribute towards the economic growth in various ways such as:

- Poverty reduction
- Enhancing economic progress
- Reduction of government expenditure
- Restoring distribution of income
- Preventing deficit financing and decreasing rate of interest
- Social welfare.⁶
- Creates employment opportunities.
- Funding for small business
- Sustainable development projects
- Creates skills and entrepreneurship centers
- Improve agricultural farming.⁷

It preserved poor people from turning to begging on the streets and facing humility, while allowing the rich to give in secret without anyone knowing how much they were giving or enabling them to boast that they were being generous. The reason why the stones are generally located in a discreet corner of a mosque or courtyard is so that people would not be noticed when leaving, donating or taking what was offered.⁸

4.2 Charity Based Financial Instruments

To help the extremely poor masses to meet their basic necessities of life, *Waqf*, *Zakah* and *Sadaqah* are encouraged by Islamic economic system and at the same time are regarded as instruments of extending social safety nets.

4.2.1 Concept of Zakah

Literally, *zakah* means growth, increase and purity. This implies that *zakah* increases wealth in the society due to the fact that the idle money will be utilized if they are given as *zakah*, the poor who benefited from *zakah* is likely to invest the money into productive use, this will also make the economy to grow fast.⁹

Zakah is also defined as an obligatory duty on financially wealthy Muslims to donate or pay a specific percentage of his or her wealth to the poor in the society.¹⁰

Zakah means offering obligatory prescribed amount of charity deducted from the wealth upon which *zakah* is due.¹¹

⁵ Ibid

⁶ Ibid

⁷ Ibid

⁸ Ibid

⁹ Qardawi, (1999). *Fiqhaz-Zakah: A case study of the rules, regulations and philosophy of Zakah in the light of Quran and Sunnah* London: Dar al- Taqwah Ltd p95

¹⁰ Ibid

¹¹ Ibid



The technical meaning of *zakah* is defined in *fiqh* as due right on specific items of assets or properties, in specific percentages with consideration of the passage of year and satisfaction of the condition of *nisab*.¹² It is the act of giving out certain types of wealth to those that are entitled to it under certain conditions.¹³

Moreover, various scholars of Islamic jurisprudence maintain that *zakah* is compulsory on all adult (who reach maturity) sane Muslims, female or male, who own properties that full certain conditions.¹⁴

From this we can point out that *zakah* funds are governed by certain principles of Islamic law, and the funds are to be benefited by certain category of people as prescribed by Allah (S.W.T) were the poor and needy are the first persons to benefit from it.¹⁵

Moreover, *zakah* means a welfare tax payable by a Muslim having an estimated amount of wealth above a prescribed minimum.¹⁶

4.2.1.1 Role of Zakah in Socioeconomic Crisis Control

Economically, *zakah* is an instrument for social stability and empowerment; its various kinds provide an avenue for people to diversify their material pursuits. By so doing, it prevents the society from over reliance on just one means of living. Its distribution strategies go a long way to promote equitable circulation of resources.¹⁷

Another role *zakah* plays in this regard is that the centralization of its collection will on one hand allow knowing the economic strength of the community and on the other hand it allows for proper distribution so that some will not be disadvantaged. Moreover, the state or the organization may identify people's area of need and empower them accordingly.¹⁸

It aims for the reduction of socio-economic differences by providing support and financial help to the have-nots to bring them closer to the haves. It is an effective means of redistribution of wealth on a yearly basis to keep the poor propertied and facilitate the attainment of full employment.¹⁹

The major social and economic objectives of *zakah* include purification of *zakah* payer, heart reconciliation between the payer and recipient, satisfaction of the basic economic needs of the poor, defense of the Muslim society and its ideology, solving dangerous problems such as poverty, unemployment, catastrophes, indebtedness and inequitable income distribution.

¹² Chapra, M., U. (1992). Islam and the Economic challenge. Herndon: The Islamic foundation and the International Institute of Islamic Thought Pp34-78

¹³ Sani, A. (2011). An appraisal of waqf activities of zakat and Endowment Board (2000-2008) In Zamfara state, Nigeria. Saarbrucken: Lambert Academic publishing GmbH & Co. KG. Pp3-12

¹⁴ Ahmed, H. (2004). Role of Zakah and Awqaf in poverty Alleviation Islamic research & training institute, Jeddah Saudi Arabia.Pp10-15

¹⁵ Al-Juzari, A. (1990). Islamic Jurisprudence According to the Four Sunni Schools, Bayrut: Dar al-Kutub al-Ilmiyyah, Lebanon) p389

¹⁶ Qardawi, (1999). Fiqhaz-Zakah: A case study of the rules, regulations and philosophy of Zakah in the light of Quran and Sunnah) London: Dar al- Taqwah Ltd p95

¹⁷ Siddiqi, M., N. (2006). Islamic Banking and Finance in Theory and Practice: A Survey of State of the Art", Islamic Economic Studies, Vol. 13, Pp. 1-48. Retrieved from <http://www.siddiqi.isl/bnk. finance. eu.14/11/2021>

¹⁸ Ibid

¹⁹ Binta, J., Tijjani, & Dogarawa, B., Ahmad, (2012). Poverty Alleviation: The Islamic Perspective. Islamic Economics a book of reading (1sted.). Published by the Int. institute of Islamic thought Nig., Bayero University, Old campus Central Mosques P.O. Box 13733 Kano, Nigeria.Pp78-87



It also distribution reduces the risk of debt failure as part of its proceeds is distributed to persons under debt; *zakah* collection and distribution increases employment through job creation for the management of *zakah* itself and transfer of some of segments of recipients into productive workers by means of distribution in the form of training, rehabilitation and capital goods. It is also argued that in a contemporary Muslim society, *zakah* may increase labor force participation as well as labor productivity without any negative effect on the incentive to work among the rich; induce an increase in investment; and enhance efficiency of investment. It is given primarily to improve the condition of living of the poor and needy regardless of their religion, hence non-Muslims can benefit from *zakah* funds.²⁰

If we look at the institution of *Zakah*, we find that the payer and the receiver of *Zakah* belong to two different income classes. The payer of *Zakah* is non-poor with surplus wealth above *Nisab*. On the other hand, the receiver of *Zakah* is usually a poor person with no surplus wealth above *Nisab*. Thus, the threshold wealth of *Nisab* makes a distinction between the payer and receiver and helps to achieve targeted income and wealth transfer to the people who are usually the poor people.²¹

Since this redistribution is based on wealth rather than income, it can achieve the redistribution objectives more effectively and consistently since wealth fluctuates much less than income over the business cycles.

Zakah has a wider base and it is applicable on both the incomes and the wealth. It also has an inbuilt mechanism to reach the right targets in terms of *Zakah* collection and disbursement. This ensures increasing the propensity to consume more emphatically and quickly. The institution of *Zakah* also could help in providing income support to the poor people who are food insecure due to lower and unsustainable incomes.²²

The sustainable development goal of quality education is vital for achieving permanent poverty exit, enhancement of skills and capacities, and to ensure upward social mobility. The financial institutions can come to the rescue once the people are able to hold enough assets and skills for enterprise. But, much before that, people require survival and human capital development in the early stage of life. There are *Masajid* based schools with effectively channel *Zakah* funds to ensure basic religious and secular education. Effective administration and management of the *Zakah* funds can help in scaling up the benefits in terms of strengthening institutions to create synergistic effects.²³

Zakah could also be used to provide funding for educational and health institutions, thereby contributing to human capital development which can provide decent work. On the other hand, the institution of *Zakah* would ensure circulation of wealth in the productive enterprise, thereby directing capital to go in the real sector of the economy rather than sitting idle in the hands of the wealthy individuals.²⁴

4.2.2 Concept of Waqf

The word *waqf* is derived from the Arabic root verb *waqafa*, which means ‘causing a thing to stop and standstill’. It also takes the meanings of ‘detention’, ‘holding’ or keeping. *Waqf* (pl. *Awqaf*) is also called *Habs*. So, broadly, *waqf* means holding and preservation of a certain philanthropy or charity with the

²⁰ *ibid*

²¹ Qardawi, Y. (1999). *Fiqh-az-zakah: A comparative study of zakah regulations and philosophy in the light of Qur'an and Sunnah*, (Vol. I): Saudi Arabia: Scientific Publishing Centre. Pp12-75

²² *Ibid*

²³ *Ibid*

²⁴ Sani, A. (2009). An appraisal of the impact of waqf to the development of Muslim ummah. *Danmarna International Journal of Islamic culture and heritage*, vol.1 No. 1 January 2009 Faculty of Humanities Umaru Musa Yar'Adua University, Katsina Nigeria Pp78-86



intention of prohibiting any use or disposition of the property outside the specific purposes to which the property is dedicated in such a way that it cannot be sold.²⁵

Technically, it may be defined as holding an asset and preventing its consumption for the purpose of repeatedly extracting its usufruct for the benefit of an objective representing righteousness and or philanthropy for as long as its principal is preserved either by its own nature as in land or from arrangements and conditions prescribed by the *waqf* founder.²⁶

4.2.2.1 Cash waqf (Al-waqf Al-naqdiy)

Many Muslims did not get chance to participate in *waqf* donation because there is a perception among Muslims that there may be *waqf* through only land not in cash. They believe land can fulfill the three conditions of *waqf* such as perpetuity, irrevocability and inalienability.²⁷

However, land may be subject to demolition, destruction due to the natural calamity and *waqf* will only last till its value exist. Through proper cash *waqf* management, it is easily possible to hold *waqf* value as well as value enhancement. As a result, those who do not have land can participate in endowment through Cash *waqf*. In addition, nowadays people have more choices for *waqf* by including cash into *waqf*.²⁸

4.2.2.2 Role of Waqf in Socioeconomic Crisis Control

Waqf is an important social institution in the Islamic framework. In the institution of *Waqf*, an owner donates and dedicates a movable or immovable asset for perpetual societal benefit. The beneficiaries enjoy its usufruct and/or income perpetually. *Waqf* can be established either by dedicating real estate, furniture or fixtures, other movable assets and liquid forms of money and wealth like cash and shares. Cash *Waqf* can pool liquid donations in order to build institutions, such as schools, hospitals, and orphanages.²⁹

Waqf provides flexibility in fund utilization as compared to *Zakah* since *Zakah* funds must be utilized for specific categories of recipients. The institution of *Waqf* can be used to provide a wide range of welfare services, such as educational institutions, health institutions, environmental preservation programs and financial institutions like *Waqf* based microfinance and socially driven banks. Along with income support and cash transfers, poor people also require skills and productivity enhancement in order to get out of poverty and achieve social mobility.³⁰

The institution of *Waqf* can improve the chances of socio-economic mobility by providing a rather permanent, effective and efficient funding source for the health and education infrastructure. The increased and improved provision of education and health infrastructure funded through *Waqf* can enhance the income-earning potential of beneficiaries. In this regard, growth-oriented micro-finance programmes also need to provide training, insurance, and skills enhancement facilities.³¹

4.2.2.3 Role of Sadaqah in Socioeconomic Crisis Control

Assisting somebody to establish himself in trade, giving someone a good education; assisting and helping someone to improve in their living standard by financial assistance or giving fiscal and monetary

²⁵ Ibid

²⁶ Ibid

²⁷ Muhammad R., A. (2013), CASH WAQF MODELS FOR FINANCING IN EDUCATION retrieved from <https://www.researchgate.net/publication/257811881.P>

²⁸ Ibid

²⁹ Siddiqi, M. N. (2006), "Islamic Banking and Finance in Theory and Practice: A Survey of State of the Art", Islamic Economic Studies, Vol. 13, pp. 1-48. Retrieved from <http://www.siddiqi.isl/bnk.finance.eu.14/11/2021>.

³⁰ Ibid

³¹ Ibid



help to clinics and hospitals all such charitable works, come under *sadaqah*, that is why so many centers of social welfare have continued to function in the Muslim community. According to the teachings of Islam, the giving of charity helps a number of functions.³²

Sadaqah is a voluntary act of charity towards others, whether through monetary generosity or any other acts of kindness. Actions among other like good deeds, helping others, removing harm from people's path, a simple smile are all considered a form of *Sadaqah* when they are done purely for the sake of pleasing Allah (S.W. T). *Sadaqa* also describes a voluntary charitable act towards others, whether through generosity, love, compassion or faith. These acts are not necessarily physical or monetary. Simple good deeds such as a smile, or a helping hand, are seen as acts of *Sadaqah*.³³

- Act of *sadaqah* is expiation for sins. The believers are asked to give *sadaqah* immediately following any transgression.
- Voluntary alms giving can also compensate for any shortcoming in the past payment of *zakah*.
- *Sadaqah* also gives protection against all kinds of evil.
- *Sadaqah* wards off affliction in this world, and punishment on Judgment Day.^{34,32}

Any charity which continues to have positive effects on a community in the long-term can be considered as *Sadaqha*. Some of the examples include:

- Building homes, schools and hospitals
- Installing durable water systems
- Cultivating crops which provides food for years to come
- Helping a family start a business which continues generating profit for future generations.³⁵

Sadaqah is one of important concept in Islam that contribute benefits in the community. It is an act of worship (ibadah) that mentioned in both Al-Quran and al-Sunnah that encouraged to be fulfilled for every Muslim which involved giving something in one possession to others only for the sake of Allah (SWT).³⁶

4.2.3 Concept of *Qard Al-Hasan* Based Financial Instruments

Qard-al-hassanis a loan mentioned in the Qur'an as "beautiful" (*hassan*), probably because in all the verses in which this loan is mentioned, it is stipulated that it is made directly to Allah (S.W.T) and not to the recipient as in the following verse:

Who is he that will lend to Allah a goodly loan so that He may multiply it to him many times And it is Allah that decreases or increases (your provisions), and unto Him you shall return. (Q2:

In this verse Allah (S.W.T) encourages His servants to spend in His cause.

It is a voluntary loan, without any expectation by the creditor of any return on the principal. In addition, while the debtor is obligated to return the principal, the creditor, of his own free will, does not

³² Abdul. M. Waka, & Habib A., (n.d), *sadaqahJariya* in Islam retrieved from https://www.academia.edu/15446566/SADAQAH_JARIYAH_IN_ISLAM

³³ Ibid

³⁴ Ibid

³⁵ Ibid

³⁶ Ibid



press the debtor for an exact timing of its return. Allah (S.W.T) promises multiple returns to the “beautiful loan.”³⁷

4.2.3.1 *Role of Qard al-Hasan in socioeconomic crisis control*

This is an interest free loan, which is considered as the purest form of Islamic financing to help the poor masses. The aim is for the borrower to only pay back the principal amount.

Qard-al-hassanis also a viable option to reduce financial exclusion by extending financing to poor especially those who do not have access to any commercial microfinance lending either due to lack of collateral or lack of affordability owing to high cost of funding or no credit history for their livelihood in sectors like education, health and agriculture.³⁸

Islam recognizes and permits a loan from one party to another with a promise to pay back the principal but without any interest or return or rent. This is a typical no-cost loan for consumer and commercial purposes.³⁹

Moreover, the other kind of loan known as *Qard-al-hassan* (benevolent loan), identified as a loan for community members who are under financial distress and therefore, has special purpose in the Islamic economic system.

5. Findings

The paper has established that if the obligation of *Zakah* and voluntary giving of *waqf*, *sadaqah* and *Qard al-Hasanis* carried out by the wealthy Muslims sincerely and consistently it will surely promote socioeconomic welfare and foster love and cooperation and minimize social vices and poverty in the society.

It becomes certain that the high rate of poverty, ignorance, unemployment, hunger and other social vices in Nigeria remains resistant to all successive conventional measures of its alleviation. It is discovered that the potentials of *Zakah*, *waqf*, *sadaqah* and *Qard al-Hasan* are not adequately harnessed for promoting better social welfare and minimizing the economic crisis in the society. Thus, there is a need for re-focusing the activities of *Zakah*, *waqf*, *sadaqah* and *Qard al-Hasan* institution towards achieving the ultimate goal.

6. Recommendation

It is therefore recommended that the numerous advantages were increase to Islamic financial instruments which constitute an integral part of the financial development of Islamic economics. Thus, there is therefore the need for the Muslim communities to be committed and adopts these Islamic financial instruments panacea to our current economic situations.

Moreover, this study presents the following recommendations to government, wealthy individuals and all stakeholders in the struggle towards promoting Islamic financial instruments as weapon to control economic crisis in Nigeria;

³⁷ https://www.google.com/url?esrc=s&q=&rct=j&sa=U&url=https://media.neliti.com/media/FFECTIVENESS OF QARD AL-HASAN FINANCING. HASAN FINANCING. AS A POVERTY ALLEVIATION publications /26371-EN-effectiveness-of-qard-al-hasan-financing-as-a-poverty-alleviation-model. pdf&ved=2ahUKEwiIhdPX4Z70AhVH1BoKHcaFA-IQFnoECAMQA g&usg=AOvVaw1 RofPuj _BKQV JhYRw UGK2W

³⁸ Ibid

³⁹ Ibid



- a. There is the need for public awareness about the significance of *Zakah*, *waqf*, *sadaqah* and *Qard al-Hasanin* social media, radio, television, *Juma`ah* sermons and in public preaching in villages, cities and urban areas, because most of the nomadic people and village farmers do not have adequate knowledge on the obligation of *Zakah* as well as the importance of *waqf*. So that wealthy persons and individual donors may know the benefits and significance of these institutions to the society
- b. It is imperative to adopt *Zakah*, *waqf*, *sadaqah* and *Qard al-Hasanin* minimizing economic crisis which had been tested and proven very effective in poverty alleviation throughout the history of Islam. Efforts should be made by the government to create independent ministry for *Zakah*, *waqf*, *sadaqah* and *Qard al-Hasan* to function effectively.
- c. Government should provide manpower and infrastructures in administering *Zakah*, *Waqf*, *Sadaqah* and *Qard al-Hasan* funds. This is because they are the best way of promoting social welfare and minimizing economic crisis and fostering rapid economic growth and sustainability.
- d. There should be increase in participation by wealthy Muslims to give out their *Zakatable* due as well as devoting some of their properties for the purpose of *waqf*, *sadaqah* and *Qard al-Hasan*
- e. Muslim scholars should provide constant lessons and guide line for proper understanding about *Zakah*, *waqf*, *sadaqah* and *Qard al-Hasan*
- f. Individual philanthropist can join hands together to establish *Zakah*, *waqf*, *sadaqah* and *Qard al-Hasan* foundation in their domain purposely to cater for the needs of poor people and the less privileged, this will also help in minimizing economic crisis.

7. Conclusion

This Islamic foster the spirit of unity, cooperation and brotherhood among the Muslims. In fact, it is the cornerstone of Islamic banking and finance for the fact that it has its root in the Islamic tradition which promotes equity, fairness and justice. Islamic financial instruments are therefore allowed providers of capital to help in minimizing the extreme economic crisis, poverty, unemployment and social vices that the Nigeria is currently facing.

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