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# IMPROVING LIVELIHOOD AT HOUSEHOLD LEVEL WITH ZAKAT BASED CONSCIOUS FINANCING

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## ABSTRACT

This paper explores spending zakat to support the financial improvement of women from low- or no-income households. It assesses the feasibility of remitting zakat over the m-pesa platform. M-pesa is a Kenyan mobile banking app that allows subscribers to send and receive money through their mobile phones without the use of the internet. The theory underpinning the paper's analysis on the use of zakat to support the economic improvement of women is based on tax justice and social extraction. Taken together these theories suggest that redistribution can also be facilitated by non-state actors who apply their own norms in regulating how to spend their collective revenue towards improving lives. As such, the paper therefore, starts the discussion by highlighting the need for redistribution using taxes, extends the conception of conventional tax to include zakat and justifies this position by interrogating whether the Kenyan fiscal space and its constitution can recognise zakat as part of tax system that supports the state to promote social and economic wellbeing. Whether zakat contributes to the social and economic improvement of people is examined by inquiring into a specific case study of Mama Riziki. The paper employs the discursive approach and is based on a mixed methods approach. The findings reveal that zakat based conscious financing can improve livelihoods at a household level.

**Keywords:** economic improvement; Kenya, non-state Muslim actors; women, zakat

## INTRODUCTION

*Zakat* is the Islamic form of tax on wealth that is paid annually by a Muslim at the rate of 2.5% on cash savings that exceeds Kenya Shillings 260,000 (USD2600). There are four other categories on which *zakat* is also due; gold, land, livestock, and agriculture assessed at different rates. The term *zakat* signifies two specific categories. *Zakat al fitr*; which is paid during the month of *Ramadhan* as charity to the poor by each Muslim who fasted, and *zakat al maal*, the tax on wealth, which is the subject of the paper. Both categories of *zakat* are mandatory under the Islamic faith. *Zakat al fitr*, however, is normally given to the poor as food ration. *Zakat al maal* usually takes the form of money.

This paper considers the extent to which *zakat* supports the financial improvement of women from low- or no-income households. It assesses the feasibility of remitting *zakat* over the M-PESA mobile based platform. M-PESA is a Kenyan mobile banking app that allows subscribers to send and receive money through their mobile phones without the use of the internet. Mobile banking can help create a potential revenue stream for a crowd sourced pool of social finance to support health care expenditure and other public services. It can help redistribute wealth and income and mitigate socio-economic inequalities. However, discussions on redistribution have tended to focus more narrowly on the political assessment of the fiscal system that governs how a nation targets social spending to improve lives (Greer and Elliott 2019; Boix 2003). Such institutional determination of redistribution has resulted in national economic orders that generate inequalities preventing those at the lowest socio-economic position and women in holding the state, the market and the financial system accountable (Bowles 2012; Fraser and Honneth 2003).

The attitudes of these state actors towards redistribution determine their political, legal and economic approaches to accessing capital and labour, and setting out the structure of property rights that explains what kind of things can be owned and by whom, how they can be acquired, transferred or forfeited. These attitudes barricade against women's access to finance limiting what they get, when and how. The origin of this problem arises out of the asymmetrical traditional gender-role divisions where patriarchal norms are core to the social power hierarchy. Men dominate women in the decision-making process. Social practices such as marriage that result in gender division of labour, economic dependency on men and unpaid work, allow men to capture supremacy over women and reduce their mobility and economic opportunities (Lerner 1986).

It is such gender socialisation practices that are constructed at household levels and are resonated across institutions, that have restricted and excluded women from accessing finance. Does mobile banking, then have the potential to redistribute crowd sourced accumulated wealth or income to mitigate gender inequality by helping women meet their socio-economic needs? This paper conceptualises redistribution from a private finance perspective. Indeed, questions on redistribution have been and are largely addressed within the public finance literature (Mumford 2019; Latif 2016; Boix 2003; Lambert 2001; Nee 1989). A departure from the public finance perspective that result in redistributive choices is necessary if the world is to meet the UN SDGs target of *"leaving no one behind"*. Hence, the role of non-state Muslim actors also becomes crucial to address redistribution. In this regard, the paper analyses a Faith Based Organisation's (FBO) approach to providing funds through mobile banking to support women meet their development needs. This provides fresh insights on two important aspects. First, into the role of redistribution through private finance. Second, construing as part of private finance available religious funds to meet development needs. This is where the idea of *zakat* can be assessed as contributing towards bridging gender inequality and to foster redistribution.

Mobile banking, arguably the next iteration of development models, which is focused around creating a societal impact through a timely matched demand for income and its supply by Muslim *zakat* payers has shown its potential to revolutionise redistribution as an overlap between public and private finance practices. By focusing on a case study of 'Zakat Kenya' a Nairobi based FBO that crowd sources Muslim funds for economic improvement of women, relying partly on mobile banking, this paper discusses how Zakat Kenya supports feminist inspired redistribution to promote tax justice. Accordingly, the next sections are structured as follows.

The paper highlights the research questions and theoretical assumptions. The theory underpinning the paper's analysis on the use of *zakat* to support the economic improvement of women is based on tax justice and social extraction. Taken together these theories suggest that redistribution can also be facilitated by non-state actors who apply their own norms in regulating how to spend their collective revenue towards improving lives. As such, the paper therefore, starts the discussion by highlighting the need for redistribution using taxes, extends the conception of conventional tax to include *zakat* and justifies this position by interrogating whether the Kenyan fiscal space and its constitution can recognise *zakat* as part of tax system that supports the state to promote social and economic wellbeing. The next section discusses the qualitative and empirical based analysis of the role the FBO has played in using mobile banking to redistribute *zakat* toward women led income generating activities. Whether *zakat* contributes to the social and economic improvement of people is examined by inquiring into a specific case study of Mama Riziki. The paper employs the discursive approach and is based on a mixed methods approach.

Thereafter the paper concludes the discussion commenting on how two independent fiscal regimes can coordinate their norms to achieve redistributive justice. The interviews with Zakat Kenya officers provided sufficient data that forms the basis of this paper. The permission to carry out interviews in Nairobi was granted by the National Commission for Science, Technology and Innovation in Kenya under licence number NACOSTI/P/21/9445.

## FRAMING THE ARGUMENT: TAX AND REDISTRIBUTION IN FISCAL SYSTEMS

Unpaid care work and working in the informal sector have restricted women's access to finance. These money restrictions are partly because of cultural barriers framing gender roles, and institutions structured towards a service economy that is under representative of women (Abraham 2019; Enloe 2017; Witz 1992). Also, the market's emphasis on minimum state intervention and freedom of trade and capital has steered redistribution away from addressing gender related socio-economic inequalities. Redistribution has instead been fostered to stimulate the growth of private markets, and to provide to entrepreneurs a path for socio-economic mobility (Besley and Coate 1991). It has created gendered wealth and income asymmetries and deepened gender inequalities in accessing finance.

Thus, whether mobile banking, which is arguably the next iteration of development models, can bridge this inequality gap remains to be seen. Whether tax justice should continue to be construed from a public finance perspective where taxes collected are not always used to provide commensurate public benefits to citizens also remains to be explored. Relatedly, other legal issues also are brought to the fore, such as whether tax justice can be purposively construed to include religious tax practices that are inspired under an exogenous religiously inspired fiscal system, for example Islam. And whether Muslim non-state actors who are subservient to the exogenous Islamic fiscal system can facilitate redistribution using the available religious funds transmitted through mobile banking. Redistributive taking under the Islamic fiscal system operational as part of the collective consciousness of the Muslim community should be analysed as part of the conceptual framework that explains what tax justice means.

This paper attempts to explore how the concept of redistribution can be examined using *zakat*. It shall explain how Zakat Kenya in Nairobi matches *zakat* to meet development needs of women looking for financial access to improve their economic well-being. The nexus between *zakat* and redistribution is advanced here by broadening the conventional understanding of tax to drawing in the Islamic funds purposively paid out for socio-economic improvements. The use of the word tax is usually understood by its coercive nature. Tax is an obligation based on the law. In Kenya, it is imposed under various statutes, the main law being the Income Tax Act. Under Islamic law, the *Quran* imposes the mandatory payment of *zakat* (Quran: Surah al Tawbah, verse 60). The payment of tax is secured by a functioning government operating within a legal system or by way of social extraction. The payment of *zakat* is made by taking God as a witness even in the absence of the revenue collecting authority. So, how does *zakat* relate to redistribution within the Kenyan constitutional legal system that does not recognise religious law as part of the norms establishing its tax system. This argument is established next.

## Societal Responsibility Toward Redistribution

Every post-colonial state approaches its fiscal history in the context of the tax rules that were set out by the imperial power (Latif 2022). This approach has not been challenged only because those tax rules gained international recognition as state practice in generating legal revenue through taxing income and profits. As a result, state formation following decolonisation adopted the imperial tax rules that were not reflective of indigenous practices in mobilising sources of revenues (Latif 2020). The presence of Muslims in Kenya since the 7th century (Schoff 1912; Huntingford 1980) means that their contribution towards household economic improvement through *zakat* should be considered as part of the cognate forms of redistribution and as part of a fiscal system historically present as part of Kenya's indigenous social system. However, such analyses are rare. Only because tax is construed as bureaucratic and as a right of the state preserved under the social contract (Sheild Johannson 2020; Meagher 2018; Roitman 2007).

The social contract, western in its conceptualisation, omits religious funds to form part of the taxing state. Kenya had the opportunity to pick up on the practice of *zakat* as a source of domestic revenue but because of the law and religion divide, this consideration was never explored since independence. *Zakat*, therefore, remains excluded as part of public finance. Such exclusion also stripped its construction as a tax. Instead, analogies to the Christian tithe are made in reference to *zakat*, thereby removing it from forming part of the tax system of a constitutional state such as Kenya.

While the fiscal potential of the state is limited by the private economy's taxable capacity, which in turn determines state policy on redistribution, under the Islamic fiscal system, redistribution responsibility lies within the social structure. The nexus between redistribution and social structure is the preserve of *zakat*. *Zakat*, in Kenya, is a social fact and as such plays a part in redistribution at household levels. Just like the role of tax in development, *zakat* also fosters development (Powell 2010; Kahf 1995). While state taxes foster development at the national level, *zakat* fosters such development at individual or household level (Kahf 1995). As such state taxes and *zakat* do have a potential to promote redistribution and secure tax justice.

Redistribution, which signifies the transfer of financial resources from private to public use, does not always lead to tax justice and gender discrimination sometimes limits state's redistributive capacity. A *zakat*-based redistribution is the transfer of financial resources from private-to-private use and has the potential to achieve tax justice at the individual level. While at the state level, the government assumes that every citizen will be able to access public goods and services, the philosophy of *zakat* assumes that not every person will be able to access socio-economic goods and must therefore be supported individually. Being a tax imposed and governed under Islamic law, its distributive justice is selective and rigidly assigned to specific categories of people. The poor being key among them. Tax justice to be seen as equity based must also be rigidly assigned to support the development needs of the most vulnerable and those left behind.

Relatedly, the role that mobile banking can play in redistribution should be examined in the context of *zakat*. Mobile banking unless it is taxed by the state and the revenue matched to financing specific development goals does not espouse tax justice. But when mobile banking is used by FBOs to provide access to finance to the unbanked and financially excluded persons from the financial system, its role in supporting redistribution becomes clear. FBOs govern social relations within a community and have the potential to generate revenue to provide development needs. Their role in social extraction and contribution to development, either independently or in coproduction with the state, is increasingly being recognised by scholars (Lust and Rakner 2018; Beard 2007; De Weerdt and Dercon 2006; Besley 1995; Fafchamps 199; Udry 1990; Platteau and Abraham 1987). In the context of redistribution, faith-based contributions as part of social extraction for community development is critical to local development.

**Social Extraction and Redistribution**

Social extraction is influenced by social institutions, which include the rules that govern extraction (Lust and Rakner 2018). With FBOs some of these rules include the obligation to pay *zakat* and the conditions around its use, which under Islamic law require *zakat* to be paid only to specific beneficiaries (the poor, needy, debtors etc). Bhattamishra and Barrett (2008) relying on Ostrom (1990) convincingly argue that community (religious) norms, or local social institutions have the potential to support political institutions to meet development needs. They can do this by determining how communities can support individual economic needs by soliciting community resources and redistributing them towards areas and people who need it the most. This theory of social extraction supporting redistribution has also been confirmed by Lust and Rakner (2018) as part of the development literature that highlights altruism and reciprocity.

Studies on altruism often assume that only bilateral relations between individuals drive behaviour; for instance, that contributions to the elderly are an exchange only between the individual donor and the elderly recipient. However, if the community has a rule that the better endowed should aid the elderly (particularly when related to them) and punishes those who break that rule, then the threat of third-party punishment rather than altruism may explain the contributions. In this paper, I do not reject the notion that some individuals may contribute simply because they believe it is the right thing to do (Barkan et al 1991) or because they feel close to the community (Fong and Luttmer 2007), but I expect that apparently altruistic actions are conditioned on broader social and religious rules.

In this respect, with FBOs there is a defined sense of community bound by religious norms, in which individuals view obligations and welfare in religious terms—akin to what Coleman (1990) calls a "communitarian ideology"—which facilitates the development and maintenance of social institutions. When this is present, individuals are more likely to view the demands on them as legitimate and to engage in third-party enforcement, hence the nexus between FBOs and redistribution. There is evidence, drawn from literature on both taxation and social extraction, that individuals hold such views. Bodea and LeBas (2016), Fafchamps (2003), Lieberman (2003), and Platteau (2000) note that people are willing to pay taxes that they see as benefiting the group they belong to, even if they themselves do not benefit.

State taxation also focuses on geographically defined communities (at the national, regional, or local level). As such, communities can also organise along the lines of religion to mobilise their available funds for development (Bhattamishra and Barrett 2008). FBOs are institutions outside of the state that actors utilize to solicit resources. They are linked to communities, often defined by ethnicity, religion, occupation, or location, that may be overlapping. Relatedly social extraction by Zakat Kenya is linked to a clearly defined community – poor women, usually from low- or no-income households.

The development of the post-colonial state into a modern tax state has suffused tax with development. This nexus has been strengthened through the logic of redistribution. It conceptualises the state as using taxes to intervene into the economic order by ensuring equitable provision and access to public goods and services. Arguably, it seeks to ensure a justice-based integration of people within the economic, social, political, legal and administrative structures of the state. Similar are the normative underpinnings of *zakat* under Islamic law. Islam as a legal system itself lends normative quality to the conceptualisation of *zakat* as tax. As a fiscal system recognised under Article 2(4) of the Kenyan constitution the analogy of *zakat* to taxation confirms the existence of a hybrid fiscal system; one operational at state level, and the other, as a social fact. Article 2(4) recognise norms constructed outside the constitution as long as the norms conform to the constitution. Articles 169 and 170 which establishes the *kadhis* courts (Islamic courts) recognises Islamic sources of law. Such fiscal pluralism permits broadening our understanding of redistribution to develop out of the two socio-legal systems.

*Zakat,* therefore, can improve representation and help make Muslim payers more responsive to the needs of their fellow citizens. It can create a potential revenue stream for a crowd sourced pool of privately sourced finance to meet, for example, health care expenditure and other public services at community level. The use of *zakat* when combined with appropriate public spending can help redistribute wealth and income and mitigate socio-economic inequalities. Having set out these theoretical underpinnings related to tax justice in the context of *zakat*, the next section examines the role that a FBO has played in using mobile banking to redistribute *zakat* toward women led income generating activities.

## M-PESA LED TAX JUSTICE: FROM FINANCIAL PATRIARCHY TO FINANCIAL FEMINISM WITH *ZAKAT*

The argument of fiscal systems approach to redistribution and conceptualising *zakat* as a tax practice by the Kenyan Muslims provides fresh insights into the idea of tax justice. The idea of tax justice negates gender discrimination. Hence, this section examines whether Zakat Kenya, a Nairobi based FBO has had any impact in fostering redistribution using mobile banking to provide *zakat* to financially excluded poor women supporting their income generating activities.

This section analyses the empirical evidence gathered from interviews with Zakat Kenya officers and reviewing the official documents shared by them. Structured interview questionnaires were designed to ask the following questions. First, what sources of revenue did the FBO have access to, from whom and if there were any conditions governing the distribution of the received funds. Second, to what extent did the FBO rely on mobile banking. Third, the role that the FBO played in meeting the development needs of women. Fourth, the methods used to collect and distribute the received funds. Fifth, to what extent does the FBO consider the role it plays in fostering redistribution. The discursive approach was utilised to understand and analyse the answers to these questions.

## *Zakat* As Part of Tax Justice

*Zakat* has a socio-legal side to it. So often, locked out state tax measures, is not present in the literature on fiscal sociology, in spite of its important contribution with regards to the rights and obligations of *zakat* payers to promote social welfare. This is only because *zakat* does not from part of a non-Islamic state's taxation laws. However, the theory of social extraction and its potential towards supporting redistribution advances the reconstruction of tax justice to also be understood through the lens of Islamic fiscal law. Tax justice seen as a function of social control enables readjustment of economic power between social groups and combatting social abuses. Technology has shown its potential to aid in this. These aspects are discussed next in the context of the role of FBO in using mobile banking to promote redistribution towards poor women in Nairobi, thereby strengthening tax justice.

In the traditional Kenyan society where, patriarchal norms are core to the social power hierarchy, men dominate women in the decision-making process. Social practices such as marriage that result in gender division of labour, economic dependency on men and unpaid work allow men to capture supremacy over women and reduce their mobility and economic opportunities. Such gender socialisation practices that are constructed at household levels have restricted and excluded women from accessing finance. Whether mobile banking provides an opportunity for a paradigm shift in gender relations and contributes to breaking apart the gender barriers to finance is the focus here.

Patriarchy has been described by Shepherd as "a system of power in which male privilege and superiority over women are manifested, institutionalised, and self-reproducing across a society as a whole" (Shepherd 2019). Patriarchy has also been described as "a historical creation which places the family as a core unit and basic foundation of social organisation by assembling gender roles for different sexes at households" (Lerner 1986). Financial decision making at households' levels is usually guided through the patriarchal gender relations. This leads to economic discrimination and exploitation of women and is a major impediment to their empowerment. The mobile banking's emancipatory financial approach is resulting in the transformation of the social norm in traditional societies that vests financial decision making as part of the family governance structure from the patriarchal system to a feminist one.

**Mobile Banking and Redistribution**

Mobile banking represents the combination of finance and technology. It is the resulting combination between the financial and technology sectors and relates to the whole plethora of technology that is used in finance to facilitate trade, business or interaction and services provided to the consumer. Mobile banking can be seen as an economic industry composed of companies that use technology to make financial systems more efficient (McAuley 2015). It presents a form of integration of technology into the area of local and transnational financial services.

Kenya's M-PESA platform developed through a public-private partnership between DFID and Vodafone, and its partner in Kenya: Safaricom, is a bank tech innovation that allows mobile users with a Safaricom simcard to access the platform on their phones to store, send, receive, and borrow money. The development of the mobile phone from simple text messaging to the provision of mobile money accounts has brought in greater access to finance which previously was restricted by the financial industry to the formally banked population with the ability to offer security.

M-PESA, arguably, then provided the first shift against the gendered implications of the financial structure. Women with a mobile phone could access finance directly and secretly. Their husbands or male member of their household being unaware of the received funds would not be able to control it. Previous studies examining the role of microfinance institutions in supporting women led projects revealed that women sometimes have little or no control over their loans, with the husband or male family member making all decisions (Shohel et al 2021). M-PESA, thus, provided women with greater control and decision making over their funds.

**Zakat Kenya and Redistribution Towards Women Economic Empowerment**

Historically, women have faced multiple challenges, among them poverty, unemployment, limited access to land, legal and social discrimination in many forms, sexual abuse and other forms of violence. All these interlocking problems alongside patriarchy have contributed to their financial disempowerment and excluded them from development projects. The idea behind forming Zakat Kenya in Nairobi was to help empower the poor by channelling funds to support their low-income generation, to purchase food and medical supplies for poor households and to support payment of their children's school related expenses. Zakat Kenya also specifically supports women and designs small informal projects for them after assessing their skills. In so doing, the FBO seeks to support their basic needs approach to development by coming up with income-generation strategies and skill development for women drawn upon the use of *zakat*.

Zakat Kenya is a registered FBO under Kenyan law. Its office is situated on the first floor in Masjid Rahma in the Hurlingham area, in Nairobi County. Its primary objective is to use *zakat* towards socio-economic improvement. It is run by a group of youth, mainly men who are working professionals but have dedicated time to match the supply of *zakat* with the demand for funds from poor households. While the FBO accepts *zakat* in cash, majority of the *zakat* payers remit the funds via the M-PESA platform. Zakat Kenya is not limited to only accepting *zakat*, but also receives *sadaqa* (financial charity), which is usually donated frequently. In comparison, *zakat* is paid annually, and is usually substantial in amount. For example, the minimum individual amount paid in *sadaqa* is Kenya Shillings 20 (USD 0.20 calculated at the rate of 1USD = 100Kshs) and Kshs 5000 (USD 50) in *zakat*. The maximum individual amount paid in *sadaqa* is Kshs 1000 (USD10) and Kshs 250,000 (USD2500) in *zakat*. Having perused the accounting books of Zakat Kenya, the total *zakat* received in 2019 amounted to Kshs 1,908,500 (USD19085) collectively contributed by 280 Muslims.

**Achieving Distributive Justice Through Zakat**

*Zakat* is based on the principle of distributive justice. It conceives of social interaction as the basis for apportioning resources vertically among its members. Its aim is to distribute wealth across members of society in so far as it increases their welfare. Guided along this thinking, Zakat Kenya provides to poor households by supporting the household head to start a small sized, informal business enterprise. Women from poor, low- or no-income households are also separately supported. Zakat Kenya has helped several women led households start a specific catering business, such as selling *'mahambri na baazi'* (type of doughnut with pea beans) for breakfast, *'maharagwe na chapati'* (kidney beans and a type of local tortilla wrap) for lunch, and setting up small roadside kiosks to sell vegetables, milk, oil, and bread. The organisation has helped women secure business leases and pay rent on their behalf in advance for two or three months to support these women to start their businesses. The FBO seeks out *zakat* which is remitted to the organisation via its mpesa platform and directly sent out to the women whose project is being supported. The example of Mama Riziki is used to explain the process.

**Case Study: Mama Riziki**

Mama Riziki is a 36-year-old mother with 4 children. She lives in Kibera, the largest slum area in Nairobi County. Her husband is a *jiko* maker (charcoal stove) and sets out for work daily looking for customers. He sits by the roadside under a sign advertising his services at the entrance to the Kariokor market in Nairobi. Work is not guaranteed. Mama Riziki works as a house maid earning a daily wage of Kshs 200 (USD 2). She supports her husband to meet their basic needs. Mama Riziki approached Zakat Kenya for financial help. The organisation instead interviewed Mama Riziki to get an idea on how to help her secure a sustainable stream of income. After the interview, a decision was made to support Mama Riziki start a food business from home and deliver to Kirinyaga road near the bus station in Nairobi. The site was seen as an attractive location to target travellers. Mama Riziki would be selling *'maharagwe na chapati'* during lunch hours at a cost of Ksh 25 for the chapati and Kshs 60 for the maharagwe.

The costs for procuring her an annual licence from the city council to sell food, the purchase of food items, cooking utensils, a gas cooker, a fridge, cutlery, takeaway food containers, 2 large hotpots to carry the food items in, and transport costs from Kibera to Kirinyaga road was covered by Zakat Kenya. Mama Riziki was trained on how to plan a budget and manage her accounts. An officer from Zakat Kenya would help her set up the food business and guide her until she was confident to run the business on her own and properly manage the funds. Mama Riziki would be supported for two months, and all the income made during the two months would be properly apportioned between meeting her daily needs and saving towards her business expenses. Mama Riziki was required to deposit all income received daily, after deducting her basic needs, to her M-PESA account. The total amount required to support Mama Riziki start up her food business was calculated at Kshs 51280 (USD513). The table below summarises these expenses.

| Item | Cost in Kenya Shillings |
| --- | --- |
| **House rent for 2 months** | 7,000 |
| **New gas cooker** | 8,000 |
| **A small fridge** | 7,000 |
| **Cooking utensils** | 12,000 |
| **Takeaway food containers** | 2,000 |
| **Hotpots** | 3,500 |
| **20kg flour** | 2,400 |
| **20kg kidney beans** | 3,500 |
| **10kg oil** | 2,500 |
| **6kg salt** | 180 |
| **Return transport costs for 2 months** | 3,200 |
| **Total** | **51,280** |

Mama Riziki's profile was shared by Zakat Kenya on its Facebook Page and website and zakat payers were asked to contribute towards her economic improvement. 4 zakat payers contributed towards the targeted amount. The money was sent through M-PESA.

Thereafter, Mama Riziki would need to raise Kshs 3500 (USD35) per month for her house rent, Kshs 1600 (USD16) for transport, Kshs 1000 (USD10) for takeaway containers and Kshs 4000 (USD40) for food items; a total of Kshs 10,100 (USD101). Mama Riziki would earn between Kshs 850 (USD8.5) to Kshs 1530 (USD15.3) per day. In her first month she earned Kshs 17,925 (USD179) compared to Kshs 6000 (USD60) that she would earn as a house maid.

Saving money on her M-PESA account and transacting over her phone gave Mama Riziki full control over how she wanted to spend her money without seeking approval from her husband or giving him access to her savings. Her *zakat* financed food business resulted in reducing her household poverty, raising her income, enabling her to save funds for future investments and because she contributed significantly to the household expenses, it gave her power to make her own decisions.

Currently, in Kenya, transactions conducted over the mobile banking platform are taxed. For example, making payments M-PESA attracts transaction fees. Smart phones have supported socio-economic development by permitting women, for example, to receive crowd sourced charity and simultaneously make payments using only their phones towards purchasing flour, rice, eggs, meat, milk, beans and make meals from these items for sale. The regulation of M-PESA and imposing transactions costs for making or sending payments facilitate government to achieve its socio-economic obligation, but this obligation is not because of government's redistributive effect but that of the private sector -as observed through the case study of Mama Riziki. In earning her income, Mama Riziki contributes to the development of the Kenyan economy. The transaction costs she pays to transact using her M-PESA account forms part of the pool of sources of revenue available to the government. This in turn empowers her to seek accountability from the state and hold the government responsible for the provision of social services. Mobile banking, being a convenient model for social extraction, connecting wealthy citizens with the poor to help them seek out income streams provides some insight into the nexus between tax and redistribution as understood in the Islamic sense.

## CONCLUSION

The wealth of an economy and its distributive structures can be influenced by many factors relevant to economic growth. This can include *zakat*. The conservative approach which takes only state law to represent the epitome of tax law perpetuates the legal centralist beliefs about the pre-eminence of state law which fiscal pluralism is supposed to undermine. *Zakat*, governed by Islamic fiscal law is part of a fiscal system recognised under the constitution of Kenya in so far as it conforms to the constitution. An expansive definition of tax permits including as part of redistribution other forms of normative order, like religious law. The Kenyan society is filled up with a multiplicity of normative orders that justify social extraction, which should be explored as part of achieving tax justice through redistribution. The findings here have revealed that *zakat* based conscious financing can improve livelihoods at a household level. The paper has shown that *zakat* can achieve redistributive justice through financial inclusion. Zakat Kenya and the M-PESA platform have supported sustainable and inclusive economic growth, employment generation, poverty reduction and access to income for women. The case of Mama Riziki is one such example, there are many more.

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