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A *SHARĪ'AH* ASSESSMENT OF *AL-QARḌ AL-ḤASAN* (ETHICAL LOAN) AND ITS IMPACT IN AL-HAYAT RELIEF FOUNDATION, OGUN STATE, NIGERIA

Penyelidikan Shari'ah pada al-Qard al-Hasan (Pinjaman Etika) dan Kesannya dalam Al-Hayat Relief Foundation, Ogun State, Nigeria

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Abstract

Inaccessibility to ethical loans is considered one of the impediments to improving socio-economic conditions of Muslims in Nigeria. Consequently, Muslims are hindered economically to grow due to lack of adequate funds to invest. Thus, *Al-Hayat* Relief Foundation offered an alternative lending platform for Muslims**.** This paper, therefore, addressed the administration of interest-free loans in the Foundation in the light of the principles of the *Sharī'ah* (Islamic Law), while also critiquing the impact of such loans in order to analyse Islam's contributions to the socio-economic growth of the informal sector of Ogun State, Nigeria. Using content analysis, the paper collected data primarily from interviews. Findings revealed that the administration of ethical loans in the Foundation conformed, largely, to *Sharī'ah*. Observed impacts included promotion of financial inclusion, sustainable economic empowerment of Muslim households, creation of employment opportunities, deepening and strengthening of the informal sector through provision of funds and promotion of micro-entrepreneurship. The paper concluded that the Foundation has created an enabling platform for funds' provision using the principle of *ta'āwun* (cooperation). It, therefore, recommended that the organisation needs to strengthen its institutional measures in the administration of ethical loan in order to reduce high rate of defaults among its members.

Keywords: *Sharī'ah*-Assessment, *al-qarḍ al-ḥasan*, Al-Hayat Relief Foundation, Ogun State, Nigeria.

Abstrak

Ketidakupayaan untuk pinjaman etika adalah salah satu halangan bagi memperbaiki keadaan sosio-ekonomi umat Islam di Nigeria. Akibatnya, orang Muslim terhalang dari segi ekonomi untuk berkembang kerana kekurangan dana yang mencukupi untuk melabur. Akibatnya, Yayasan Al-Hayat Relief menawarkan platform pemberian alternatif untuk umat Islam. Oleh itu, makalah ini membincangkan pentadbiran pinjaman tanpa faedah dalam Yayasan berdasarkan prinsip-prinsip *Sharī'ah* (Hukum Islam), sementara juga mengkritik kesan pinjaman tersebut dengan tujuan untuk menjamin sumbangan Islam kepada sosio-ekonomi - pertumbuhan ekonomi sektor informal Negeri Ogun. Menggunakan analisis kandungan, kertas itu menggunakan kedua-dua sumber utama dan sekunder untuk mengumpul data. Bekas itu bergantung pada wawancara dan laporan tahunan Al-Hayat, sementara yang kedua meneroka artikel jurnal, laporan akhbar, tesis kedoktoran dan disertasi tuan. Penemuan mendedahkan bahawa pentadbiran pinjaman beretika dalam Yayasan mematuhi *Sharī'ah*. Impak yang diperhatikan termasuk promosi kemasukan kewangan, pemantapan ekonomi yang mampan untuk isi rumah Muslim, penciptaan peluang pekerjaan, pengukuhan dan pengukuhan sektor informal melalui penyediaan dana, promosi keusahawanan mikro, antara lain. Makalah menyimpulkan bahawa Yayasan mencipta platform yang membolehkan peruntukan dana menggunakan prinsip *ta'āwun* (kerjasama dan kolektiviti). Oleh itu, disyorkan bahawa organisasi perlu menguatkan langkah-langkah institusinya dalam pentadbiran pinjaman etika dengan tujuan untuk mengurangkan kadar mungkir yang tinggi di kalangan ahlinya.

Kata Kunci: *Sharī 'ah*-Assessment, *al-qarḍ al-ḥasan*, Yayasan Al-Hayat, Ogun, Nigeria.

INTRODUCTION

Relevant and contemporary research findings, such as Noibi (2011), Adepoju (2013), Oyesanya (2013) and Sapovadia (2015), and personal experiences have shown that one of the barriers to having sustainable socio-economic breakthroughs or improving socio-economic conditions of the Muslim populace in Nigeria is the inaccessibility to loans. While Muslims are constrained not to take unethical loans from conventional banks (microfinance, mortgage and commercial) and the other traditional money lenders owing to Islamic injunctions, they are, however, hindered economically to grow and develop as a result of lack of adequate funds to invest. This dilemma continued for years until Al-Hayat Relief Foundation, among other non-interest cooperative societies, offered an alternative lending platform. Ajani-Muritala's (2016) "*A Sharī'ah Assessment of Islamic Cooperative Societies in Selected States in Yorubaland, Nigeria. University of Ilorin, Ilorin, Nigeria*" has

documented the programmes of over seventy (70) of such interest-free cooperative platforms in the southwest Nigeria.

It should be stated that lending is one of the highly recommended acts in Islam. There have been many emphatic exhortations that are related to it in the Holy Qur'an, the Prophet's Sunnah through the concept of *Al-Qarḍ al-Ḥasan*. These scriptural injunctions include: "If you loan to Allah, a beautiful loan, He will double it to your (credit), and He will grant you Forgiveness…" (Q64:16-17); "who will loan Allah a beautiful loan for Him to double it to him (credit)…" (Q2:254); "He who lends a Muslim (something) twice, (Ibn Mājah). The scheme is the gratuitous gesture extended by a lender to a borrower on the basis of benevolence (*iḥsān*). *Al-Qarḍ*, from a *Sharī'ah* point of view, therefore, is a non-commutative contract, as it involves a facility granted only for the sake of *tabarru'* (donation).

Al-Qarḍ al-Ḥasan is a gratuitous loan extended to needy people for a specified period of time. At the end of that period, the face value of the loan (*'asl al-Qarḍ*) is to be paid off. In other words, the *Sharī'ah* prohibits the stipulation of an excess for the lender, as it amounts to *ribā*, whether the excess is expressed in terms of quality or quantity, or whether it is a tangible item or a benefit. However, it is permitted that the repayment of *Qarḍ* (loan extinguishing) is made with an excess (tangible item, benefit, service, etc.), provided that such an excess is neither expressly stipulated nor implicitly pre-arranged (through collusion or *tawatu'*) in the contract of loan. The implication of the foregoing, in part, is that the Islamic law does not recognise any form of loan other than *al-Qarḍ al-Ḥasan*. *Al-Qarḍ al-Ḥasan* is the opposite of *al-Qard al-Ribawi* (interest-based loan).

Al-Hayat Relief Foundation, using the principles of trust, probability and economic justice, initiated a number of schemes and programmes, which are aimed at empowering Muslims economically. These schemes, in the contention of this paper, could be summed up into three; namely granting of interest-free loans, business activities and *Da'wah* (Islamic proselytisation). This paper is aimed at addressing one of these three pillars of the Foundation, the administration of interest-free loans. The impact of the disbursed loans over the period of six (6) years (2012/2013-2017/2018 financial years) shall also be critiqued with a view to presenting Islam's contributions to the social and economic growth of the informal sector of Ogun State, Nigeria.

LITERATURE REVIEW

Conceptualising al-Qarḍ al-Ḥasan (Ethical Loan) in Islam

The generally acceptable term used for loan in the Islamic commercial law is Qarḍ. Literally, it implies cutting off (Al-Abadi, 1993; Al-Jundiyy, 1996; cited in

Ardiniyyah, 2010, p.8). Other terms used for it in the classical literature of Islam include Salaf (Imprest), Salam (Legal Commitment) and Dayn (debt) (Ibn Manẓūr, n.d. cited in Ardiniyyah, 2010, p.9). It is believed to have been called Qarḍ because, through this contract, a certain part of the lender's property is cut off and given to a borrower. Qarḍ, with the qualifier, Ḥasan, refers to a gratuitous contract in which a lender gives a certain homogeneous (mithli) property to a borrower on the condition that the latter is responsible for the return of a similar property to the lender immediately upon demand (Sa'dī, 1988). The implication of this contractual arrangement is that it is to be unconditionally transferred from the owner of the loaned property to the borrower.

The predominant Schools of Islamic Juristic Thoughts, the Ḥanifiyyah, the Mālikiyyah, the Shāfi'iyyah and the Ḥambaliyyah have also offered various definitions of Al-Qarḍ al-Ḥasan with multi-dimensional approaches, but implying the same meaning. This position is corroborated by Sāmī and Māzin (2005) when they submit that:

in the light of the various definitions of Al-Qarḍ (al-Ḥasan) by Islamic jurists above, it is explicit that they are all similar in its meaning and content despite the differences in presentation. Central to all definitions is the fact that Al-Qarḍ al-Ḥasan is sake of tabarru' (donation) with a view to assisting fellow (Muslims)… (pp. 107-108).

The word Qarḍ appears in the Qur'an in many verses, including Q2:245, Q5:12, Q57:11, Q57:18, Q64:17, Q73:20. In every verse, it is used as part of the phrase al-Qarḍ al-Ḥasan, and always in reference to a loan to Allah rather than other human beings. One example is: "If you loan to Allah, a beautiful loan (tuqridu llaha qard hasan), He will double it to your (credit), and He will grant you Forgiveness…" (Q64:16-17). Others include: "who will loan Allah a beautiful loan for Him to double it to him (credit)…" (Q2:254), "… and loan Allah a beautiful loan. Verily, I will wipe out from you your evils and admit you to Gardens…" (Q5:12), "who is he that will loan to Allah a beautiful loan for Allah will increase it manifold…" (Q57:11) etc. These scriptural verses indicate that God presented that matter using conditional statements (if you do X, I will give you Y), all the verses employ the qualifier, Ḥasan (ethical), divine rewards await all those involved in the granting of these ethical loans, God equated al-Qarḍ al-Ḥasan with other fundamental pillars of Islam such as Salāh (prayer) and Zakāh (Islamic tax).

In addition, Qarḍ also appears in numerous hadiths (narrations) of the Prophet (SAAS). In contrast to the use in the Qur'an, it appears that none of these hadiths in

the collections of Bukhārī, Muslim, Abū Dāwūd, Nasā'i, Ibn Mājah, Tirmidhī, Muwaṭṭa, Musnad Ahmad, etc. contains the phrase, al-Qarḍ al-Ḥasan. While all these traditions use Qarḍ without any qualifier, the term, Qarḍ, does not appear at all in the other traditions. These include:

He who removes a material calamity from a fellow Muslim, Allah will remove a calamity from him of the Day of Judgement. He who relieves a Muslim of a worldly burden, Allah will relieve him of a burden on the Day of Judgement. He who assists a Muslim, Allah will assist him in this world and the Hereafter. Allah will come to the aid of a servant so long such a servant comes to the aid of fellow brother. (An-Nawawī, 1995, pp. 23-24).

Another narration states that:

On the day I embarked on the Night Journey (to the Heaven), I saw on the door of Paradise: Charity (will) earn you ten rewards, (while) (ethical) loan (will) earn you eighteen rewards. I inquired from Angel Gabriel (AS) why the reward of loan is greater than that of charity. He (Angel Gabriel) said: "It is because the seeker (beggar) begs (of something) when he has little (at hand), whereas the borrower does not request for loan except that he is in a dire situation" (Ibn. Majah, n.d., p.812).

It is very clear from these apostolic traditions that Islam emphasises the importance of lending because of material and spiritual benefits that characterise the scheme. These benefits include the fact that Al-Qarḍ al-Ḥasan helps in the attainment of the main principle of brotherhood in Islam. Also, assisting the poor establishes a strengthened relationship between the poor and the rich, the just and equitable distribution of national income between all citizens is promoted, removing the artificial caste differences and unemployment is realised, and being an act with great reward on the resurrection day.

There is no gainsaying that, among other prohibitions in economic and financial activities, Islam has prohibited usury (ribā) and allowed loan (Qarḍ). Qarḍ refers to an interest-free loan intended to help a person who is in need of cash. In lending (Qarḍ), the ownership of the borrowed money is transferred to the borrower. The borrower does not have to return the same money/notes; it can be any other notes of the same quantity.

Pillars of and Conditions for Granting Al-Qarḍ Al-Ḥasan in Islam

A critique of the classical and contemporary Islamic fiqh (Islamic jurisprudence) indicates that there are three pillars of Al-Qarḍ al-Ḥasan in Islam, namely the Ṣīghah

(Formal Expression), al-'Āqidāni (Lender and Borrower) and al-Maḥll (Object of Lending) (Sāmī & Māzin, 2005).

The Ṣīghah is viewed as the formal way of presenting the contract. Islamic scholars are unanimous in their opinion that the lender should use the formal expression "aqraḍtuka" (i.e. I am lending you…), while the borrower should respond, saying "iqtaraḍtu" (i.e. I am borrowing…). Sābiq (1971, p.146), Al-Anṣānrī (1313AH, p.141 cited in Sāmī & Māzin, 2005) and An-Nawawī (1995, p. 225) attest to the fact that offer and acceptance are recommended for the validation of the contract of ethical loan. Although some classical Islamic jurists have argued that offer is only required by the Islamic law and not acceptance, but a vast majority of scholars contend that the two, offer and acceptance, are imperative.

Al-'Āqidāni (Lender and Borrower) constitute the second pillar of Al-Qarḍ al-Ḥasan in Islam. The lender and the borrower are expected to, among other basic requirements of being Muslims, mature, religiously obliged, legally capable, free, etc., to consider to take Al-Qarḍ al-Ḥasan as a generous donation and be willing to refund upon demand. The last pillar is the object of contract, al-Maḥll. This implies that the object must be a tangible object and definite.

In addition, reviewing the available and reachable literature, this paper identifies the following fundamental conditions for granting a loan (Qarḍ) in Islam include:

Non-Presence of Ribā

There should not be any element of ribā in the contractual arrangement. Ribā, it must be noted, is prohibited in all forms and intentions. Literally, the word, ribā means "excess", "increase", "augmentation", "expansion" or "growth" (Zowk, 2011). Although, there are many definitions of by many scholars of what constitutes ribā, all of them relate to the concept of increase or surplus. The excess originates either in one thing itself or an increase in an exchange or sale of money as in the sale one dollar for two dollars. The excess also applies in commodities as in cases of barter where the same item is exchanged for another of the same genre but in different quantities. Maudūdī (n.d.) cited in Zowk (2011) conceives ribā as a predetermined excess or surplus over and above the loan received by the creditor conditionally in relation to a specific period.

The above definition is further corroborated by Noibi (2012) who posit that the concept of ribā is an increase or excess which in exchange or sale of commodity, accrues to the owner (lender), without giving in return any equivalent counter or recompense to the other party. The definitions above are based on the types of ribā

in literature, ribā an-Nasi'ah (credit-based interest) and ribā al-Fadl (surplus-based interest). The former, according Abdul Rahman (2007), is any delay in settlement of a due debt, regardless whether the debt of goods sold or loan. The latter is seen as the sale of similar items with a disparity in amount in the six canonically-prohibited categories of goods, gold, silver, barley, salt and dry dates. This shows that an excess over and above the quantity of the commodity advanced by the lender to the borrower. Ribā also exists if there is either inequality or delay in delivery of goods offered.

The primary sources of Islam are categorical on the outright prohibition of ribā. A critical survey of literature, therefore, reveals that this prohibition in the Qur'ān can be classified into four stages. The first stage is on the moral denunciation of ribā in surah ar-Rūm chapter 30 verse 39 thus:

That which ye lay out for increase through property of (other) people, will have no increase with Allah, but that which ye lay out for charity, seeking the countenance of Allah (will increase). It is these who will get a recompense multiplied.

The second stage is characterised by comparing ribā with the Jews in sūrah an-Nisā' chapter 4 verse 61. It reads thus: "When it is said to them: "come to what Allah hath revealed and to the messenger", thou seest the hypocrites avert their faces from thee in disgust." The third stage is on the legal prohibition in sūrah al Imrān, chapter 3 verses 130-132. The Qur'ān states: "O ye who believe! Devour not usury doubled and multiplied; but fear Allah that ye may (really) prosper. Fear the fire, which is prepared for those who reject faith. And obey Allah and the Messenger that ye may obtain mercy".

The final stage is on trading as the alternative to ribā as contained in sūrah al-Baqarah, chapter 2 verses 275-281. It reads thus:

Those who devour usury will not stand except as stands of whom the evil one by his touch hath driven to madness. That is because they say: "trade is like usury", but Allah hath permitted trade and forbidden usury. Those who after receiving direction from their lord desist shall be pardoned for the past; their case is for Allah (to judge); but those who repeat (the offence) are companions of the fire, they will abide therein (forever). Allah will deprive usury of all blessing but will give increase for deeds of charity; for He loveth not creatures ungrateful and wicked. Those who believe and do good deeds of righteousness and establish regular prayers and regular charity will have their reward with their Lord. On them shall be no fear nor shall they grieve. O ye who believe! Fear Allah and give up what remains of your demand for usury if ye are indeed believers. If ye do it not, take notice of war from Allah and

His Messenger; but if ye turn back ye shall have your capital sums; deal not unjustly and ye shall not be dealt with unjustly. If the debtor is in a difficulty, grant him time till it is easy for him to repay but if ye remit it by a way of charity that is best for you if ye only knew. And fear the Day when ye shall be brought back to Allah. Then shall every soul be paid what it earned and none shall be dealt with unjustly.

The foregoing Qur'ānic verses are further corroborated by many apostolic traditions. These include:

Jābir bn 'Abdullah (May Allah be pleased with him) narrated: the Messenger of Allah (SAAS) cursed the recipient of usury and its giver, and one who records it and the two witnesses; saying they are all equal (in sin and penalty) (al.Mundiri, n.d, p.485).

Jābir bn 'Abdullah, giving a report on the Prophet's (SAAS) farewell pilgrimage said: The Prophet (SAAS) addressed the people and said: "All of the ribā of Jahiliyya is annulled. The first ribā that I annul is our ribā, that accruing to Abbas bn 'Abd Muttalib (the Prophet's uncle); it is being cancelled completely (cited in Zowk, 2011, p.8).

The implication of these scriptural allusions, superficially, is that the strong condemnation of usury-based transactions is intended to uphold equity and the protection of the poor segments of the society. In other words, ribā supports the possibility of wealth accumulation in the hands of a few, and thereby showing the decrease in man's concerns for fellow men. Hence, Oyesanya (2013) maintains that the strict prohibition is a result of Islam's concern for the moral, social and economic welfare of humanity. Islamic scholars have further given four sound arguments, backing the wisdom of the prohibition and recent studies and global debt profile, especially the Europe, have confirmed these views:

a. The taking of usury implies appropriating another person's property without giving him anything in exchange, because one who lends out a naira for two naira gets the extra naira for nothing. And according to a hadīth of the Prophet (SAAS), "a man's property is as sacred as his blood and taking it from him unjustly is harām (unlawful)".
b. Dependence on usury prevents some people with capital from working to earn money, since he can earn extra wealth through interest. The value of work ethics will consequently be reduced in his estimation, and he may not bother to take the trouble running a business or risking his money in trade and industry. This may lead to depriving people of benefits, since further

and full employment is only possible where there is industrial and commercial activity. Consequently, there is reduction growth and development rates in the society.

c. Permitting interest discourages people from doing good to one another as required in Islam. Therefore, the spirit of brotherhood and sense of goodwill and friendliness are removed.
d. The lender (with interest) is very likely to be wealthy and the borrower, poor. The rich will exploit the poor, which is against the spirit of mercy and charity. This, consequently, gives rise to conflict, socio-economic institution is torn apart, revolutions are born and social order and justice is threatened.

Complete Legal Capacity of Lender and Borrower

Legal capacity is conceptualised in the Islamic jurisprudence as a presumed description of a person as mature enough to carry out legislative injunctions (Al-Zarqa & Ahmad, 1959). This definition has been reinforced by Al-Sabouni and Al-Rahman (1978), who maintain that the concept denotes the eligibility of a person to establish rights for and obligation upon himself. In the light of this conceptualisation, three conditions have been set for meeting complete legal capacity in Islam; namely, ability to acquire rights, ability to bear obligations and ability to conduct legally effective actions and transactions (al-Mahdi, 1996). This paper, therefore, operates within the framework of the third condition.

Islam considers that complete legal capacity is a requirement in any contractual arrangement because non-attainment of legally acceptable age would invalidate such a contract. Islamic scholars adopted the theory of al-Qiyās (analogical deduction) in the Islamic law to come to the conclusion that if legal competence (taklīf) is required of all acts of worships in Islam, it then means that legal capacity is imperative for validating a contract. Therefore, both the lender and the borrower must have a complete legal capacity to enter into a Qarḍ contract. From the perspective of maqāṣid ash-Sharī'ah (Objectives of Islamic Law), this to ensure the removal of the possibility of unfairness, injustice and imposition in the contract.

Unconditional Transfer of Loaned Property

The loaned money should be transferred to the borrower and should come to the borrower's possession. This is because there is no loan contract if the borrower does not take possession of the property in Islam.

Unconditional Ownership Right of Borrower

The borrower should acquire an absolute and unconditional ownership right to use the borrowed money.

Repayment of Loan

It should be stated from the beginning that the duration of the loan contract must be part of what should contain in the document and be agreed to by the two contracting parties. Therefore, when the lender and the borrower have specified a duration, it is not permissible for the lender to seek his property before the arrival of the time. Upon expiration of the duration and demand by lender, however, it is obligatory on the borrower to promptly pay his debt immediately or in the light of the repayment arrangement. The borrowed and repaid money must be equal and belong to the same currency.

Witnessing and Proper Documentation

The significance of documentation in the contractual arrangement, especially ethical loans, is emphasised in the Qur'an Chapter 2, verse 282 thus:

O you who believe! When you contract a debt for a fixed period, write it down. Let a scribe write it down in justice between you. Let not the scribe refuse to write, as God has taught him, so let him write. Let him (the debtor) who incurs the liability dictate, and he must have piety of God, his Lord, and diminish not anything of what he owes. But if the debtor is of poor understanding, or weak, or is unable to dictate for himself, then let his guardian dictate in justice. And get two witnesses out of your own men. And if there are not two men (available), then a man and two women, such as you agree for witnesses, so that if one of them (two women) errs, the other can remind her. And the witnesses should not refuse when they are called (for evidence). You should not become weary to write it (your contract), whether it be small or big, for its fixed term, that is more just with God; more solid as evidence, and more convenient to prevent doubts among yourselves, save when it is a present trade which you carry out on the spot among yourselves, then there is no sin on you if you do not write it down. But take witnesses whenever you make a commercial contract. Let neither scribe nor witness suffer any harm, but if you do (such harm), it would be wickedness in you. So, have piety of God; and God teaches you. And God is the All-Knower of everything

To further demonstrate the inevitability of documentation, the Qur'an states further that:

And if you are on a journey and cannot find a scribe, then let there be a pledge taken (mortgaging), then if one of you entrusts the other, let the one who is entrusted discharge his trust, and let him have piety of God, his Lord. And conceal not the evidence, for he who hides it, surely, his heart is sinful. And God is All-Knower of what you do (Q2:283).

Therefore, the lender and the borrower must ensure that such a loan has witnesses and proper documentation. This is to circumvent contractual disputes, reduce or remove exploitative tendencies, injustice, unfairness and excessive uncertainty that are naturally associated with ethical loans.

Collateral

Collateral may be allowed as agreed to by both the lender and the borrower. This is indicated in the Qur'an, Chapter 2, verse 283 earlier referenced to. The Sharī'ah allows the creditors/lenders to ask for collateral to ensure recovery of the amount in the case the borrower's failure to fulfil his obligation for repayment of the loan.

AL-HAYAT RELIEF FOUNDATION: ORIGIN, GROWTH AND PROGRAMMES

Al-Hayat Relief Foundation, whose national secretariat is situated at No. 22, Old Ondo/Benin Road, Obalende, Ijebu-Ode, Ogun State, is designed to be a relief organisation to the Muslim Ummah in Nigeria (Adepoju, 2013). The establishment of the foundation, an incorporated organisation with registration number CAC/IT/18559, dates back to Saturday 15th of March, 1997 in Ijebu-Ode, Ogun State. It evolved consequent upon da'wah activities of Alhaji (now Dr.) Asif Olatunbosun Azeez and his research on the factors responsible for the Muslims turning their deaf ears to the prohibition of ribā (Oyesanya, 2013). The inaugural meeting of the foundation was held with six members, Mr. (now Dr.) T.A. Salako, Mr. R.I. (now late) Adepoju, Mr. (now Dr.) A.O. Azeez, Mr. Alimi Habeebullah, Mrs. Basirat Abiola Salako and Mrs. Mushrafat Omowunmi Azeez at No 3 Agbojo Street, off Oludiya, Ondo road, Ijebu-Ode. It was in that meeting that the name "Al-Hayat Relief Group" with the motto "As-Sidq Amanat" (Truth is Trust) was unanimously agreed upon and adopted. The name was later changed to Al-Hayat Relief Foundation during the process of registering the organisation with the Corporate Affairs Commission, Abuja. The main objectives of the foundation as enunciated by Salako (2009) are: championing the course of Islamic economic system; giving out financial relief to registered members on interest-free basis; carrying out welfare services on members; carrying out different schemes beneficial to members; observing the pillars of Islam; and propagating the religion of Islam through da'wah and financial assistance to the needy.

With the high increase in membership, the foundation saw the need to establish branches; and the first branch at Idomowo was inaugurated in 2003. The number of branches of the foundation, as at the time of this research, is eighty-two (82) with membership strength of more than sixteen thousand cutting across Ogun, Lagos, Osun, Oyo, Ondo and Kwara states of the federation.

PROGRAMMES OF AL-HAYAT RELIEF FOUNDATION

Interest-Free Loan Scheme

This scheme entails giving out loans to registered members on interest-free basis for productive uses. The credit facility ranges between fifty thousand naira (50,000) and one million naira (1,000,000). However, some criteria are attached to this scheme. Oyesanya (2013) maintains that (i) registered members must be regular and punctual at monthly meetings; (ii) have minimum membership stay of six months and (iii) have a share unit of two thousand five hundred. Repayment of loan(s) usually covers a period of twenty (20) and thirty (30) months. However, it is noteworthy that members are given double of what they have in their savings account.

Self-Development Scheme

This scheme is designed primarily to help the poorest of the poor kick-start a petty business/trade. The programme has two basic imperatives- helping members take care of some urgent needs and assisting the poorest of the poor members take off with small business. However, some conditions, which reflect under the normal interest-free loan scheme, are also attached to this scheme. Oyesanya (2013) maintains that (i) registered members must be regular and punctual at monthly meetings; (ii) have minimum membership stay of six months and (iii) have a share unit of two thousand five hundred. It is imperative to note that, according to Adepoju (2013), this scheme was meant to be collateral-free credit facility, but expediency and exigency made the foundation to attach these conditions. Repayment of loan is usually ten (10) months.

(Takāful) Insurance Scheme

The foundation operates a five-year compulsory Group Life Insurance Policy. The scheme is centrally administered by the National Takāful Committee of the National Executive Council of the foundation. It covers death. Every member pays premium of one thousand naira annually and twenty thousand naira (₦20,000) is earmarked for indemnity for the first year, thirty thousand naira (₦30,000) the second year, forty thousand naira (₦40,000) the third year, fifty thousand naira (₦ (50,000) the fourth year and sixty thousand naira (₦60,000) the fifth year (Adepoju, 2013). He notes further that the scheme will be terminated after the fifth year before the commencement of another one. It is important to state that the premiums generated from this scheme are invested in Halāl-based investments to guarantee the payment of indemnity(ies) to deserving members.

Children School Fee Scheme

The foundation operates this scheme among its members. The members are encouraged to save monthly (as target savings) any convenient amount towards the first term resumption of their ward(s) or child (ren) (Azeez & Salako, 2007).

Ileya Scheme

The organisation operates an Ileya target savings scheme to enable members prepare for 'id al-Adha expenses without much stress. This programme, however, has two components. The first is that members save and have access to their savings and additional loan grant during Ileya period. The second component entails the foundation buying rams, sheep or cows (which are objects of celebration during Ileya) for members after which they will re-pay once the festivities of Ileya are over. In addition, the scheme provides other items such as groundnut oil, rice, chickens, and other consumables solely for Ileya festival. The two components, it must be noted, do not attract interest.

Zakāt and Sadaqah Scheme

The foundation also operates zakāt and sadaqah scheme which is coordinated by the National Executive Council through its National Executive Committee on Zakāt and Sadaqah. This scheme, which was introduced during the 2007/2008 financial year, has as its fundamental objective establishment of a virile and sustainable institution of zakāt and sadaqah which would be a model for the world (Zakat and Sadaqah Committee, 2008). The scheme, however, has two components; collection and distribution of zakāt and sadaqah to deserving Muslims (members and non-members) and annual iftār for the rural dwellers. It is noteworthy that the accruals of this scheme are shared between the National Executive Council and Branch Executive Committees at ratio 40:60.

Business / Investment Scheme

Al-Hayat Relief Foundation thrives on business/investment right from its inception. The business policy of the foundation is based on the Islamic basic channels of Mushārakah (Equity Partnership), Mudārabah (Capital Trust), Murābahah (Cost-plus Sale), etc. Mushārakah is an active partnership where partners are financiers of the business and therefore share from profits of loss results of the transactions. Mudārabah is also a partnership type where a partner/some partners is/are the financier(s) and the other partner(s) entrepreneur(s). Murābahah is a less risky partnership model where purchases are made by one partner to the other, with the understanding that the other partner pays later, the cost of the item and a fixed but negotiable profit. The foundation, it must be noted, has hugely invested in this latter business model. The accruals from these businesses are shared between parties (members and the foundation) on proportionally agreed ratios (Oyesanya, 2013).

However, the society had consolidated its investment potentials by registering its business units-Al-Hayat Golden Heritage Ventures and Al-Hayat Golden Heritage Limited under the Companies and Allied Matters Act, Laws of the Federation of Nigeria, 2004. Therefore, sachet water factory, Al-Hayat rental services, Al-Hayat Golden Estate and Al-Hayat Microfinance Bank Limited are subsidiaries of the business unit of the foundation.

METHODS & MATERIALS / INSTRUMENTS

This study adopted content analysis, while data were collected from both the primary and secondary sources. The primary source consisted of original annual and technical reports at the office of the National Secretary and President of the Foundation under investigation. More importantly, interviews were conducted for a cross section of the organisation, including members of the Board of Trustees, National Executive Council, Branch Executive Committee and National Audit Committee. The secondary source includes journal articles, newspaper reports, doctorate theses and master's dissertations.

RESULTS & DISCUSSION

Administration of Al-Qarḍ Al-Ḥasan in Al-Hayat Relief Foundation

The Foundation has two sets of loans, namely normal loan and self-development loan. While the Interest-Free Loan entails giving out loans (ranging between twenty-five thousand naira (₦25,000) and one million naira (₦1,000,000)) to registered members on an interest-free basis for productive uses, the Self-Development Loan (ranging between ten thousand naira (₦10,000) and twenty thousand naira (₦20,000)) is designed basically to help the poor members kick-start a petty business/trade. These sets of loans are with clear conditions, which shall be explained shortly.

It should be noted that the administration of loans has five inter-related stages in Al-Hayat because of the scheme's centrality to the programmes of the Foundation. These stages are:

1. Pre-Application Stage
2. Application Stage
3. Screening Stage
4. Repayment Stage
5. Cancellation of Bond Stage

Pre-Application Stage
This is the stage where members begin to do a self-assessment in order to establish whether they are qualified or not. Members look out for the following:

1. Spending, at least, six months in the Foundation as registered members;
2. Having a proof of identification, especially the Identity Card or its equivalent;
3. Checking financial records if they have a double of what is to be applied for is in the savings account;
4. Ensuring that shares are in multiples of ₦2,500; and
5. Establishing that both the applicants and guarantors have paid all annual statutory fees for the financial year an application for loan is being sought.

Application Stage
This is the stage where an application form for either normal loan or self-development loan is obtained and filled. The application form usually contains two sets of sheets; one for the actual application form to obtain a loan and the other cancellation of loan bond form. Once it is obtained, applicants are to fill it accurately and legibly. Some important points to note at this stage include:

1. All parts of the form must be filled by applicants;
2. Both the application form and bond are to be signed by the applicants and guarantors, as well as a witness;
3. The use of correcting fluids is to be avoided as much as possible;
4. There must be total disclosure of all information in the application form by applicants; and
5. The application forms are to be submitted to the Branch Secretariat (depending on the arrangement at branches) for further administrative processes.

Screening Stage
This is the stage where applicants are to be subjected to an interview with a view to finding out what to do with the loan being applied for and how repayment will be made promptly without delay. Further confirmation of what is disclosed in an application could be made at this stage. More importantly, the Committee saddled with this responsibility could ensure that the following have been done:

1. The history of loan taking and repayment of applicants in order to recommend them for approval of new loan(s);

2. The confirmation of all signatures of applicants and guarantors must be made in order to forestall impersonation and other fraudulent tendencies from members; and
3. Payment of all administrative charges and fees must be verified.

Repayment Stage

This is the stage, where repayment of loans is monitored by branches. It should be noted that loan repayment is monthly and in equal installments in Al-Hayat Relief Foundation. It has a span of twenty (20) months (for any loan that is less than ₦200,000 excluding self-development loan) and thirty (30) months (for any loan that is above ₦200,000). Self-development loan, on the other hand, has a span of ten (10) months only. The following points need be emphasised:

1. Irregularity in the repayment is highly disallowed;
2. Failure to repay one's loan within two consecutive months attracts a strong warning by writing or verbally;
3. Failure to make repayment of three (3) months will attract recovering such loans from the guarantors; and
4. More significantly, members who allow the Foundation to forcefully recover loans from them, or legal actions are taken against them for the purpose of recovery of loans will cease to be members.

Cancellation of Loan Bond

This is the final stage of loan administration in Al-Hayat. At this stage, application forms (loan bonds) of members who have successfully completed the repayment of their loans are cancelled.

A critique of the administration of loans in the Foundation reveals that the basic conditions encapsulated in the Sharī'ah and in the light of the analyses in this paper have been complied with. Although, Al-Hayat Relief Foundation does not seem to have adopted the use of collateral as a condition for granting ethical loans to its members, it has, however, substituted collateral for guarantorship through the application of al-Qiyās (analogical deduction). It is important to state that some administrative charges such as the payment of loan application fee, of statutory fees (such as development levy, insurance fee, etc.) and other ancillary fees (such bank charges) have been seen by some Muslims as an implied method of circumventing the Sharī'ah. It is the contention of this paper that there is no Sharī'ah Advisory Board or Fatwa Council that has made the payment or collection of these fees ḥaram (unlawful). Therefore, the fees do not contradict the spirit and the letter of the Sharī'ah.

IMPACT OF AL-QARḌ AL-ḤASAN IN AL-HAYAT RELIEF FOUNDATION

The first identifiable impact of Al-Qarḍ al-Ḥasan in Al-Hayat is financial inclusion. Financial inclusion has assumed an increasing recognition across the globe among policy makers. Nigeria's 46.7% population is still excluded from formal financial services (Sapovadia, 2015). Expanding the range and reach of financial products, Al-Hayat has improved financial access and fostered the inclusion of those deprived of financial services through the provision of ethical loans to Muslim populace. With a population base of over sixteen thousand members, the Foundation has attracted one billion, one hundred and sixty-one million, nine hundred and eighty-five thousand, four hundred and ninety-one naira, fifty kobo (₦1,161,985,491.50) as savings from members, who hitherto had been excluded from the formal financial services' base of the country as of 2017/2018 financial year (National Audit Committee, 2018). It is the contention of this paper that the amount may be higher than some microfinance banks in Nigeria if a critical analysis of depositors' base of these banks within the year under review is understudied.

The disbursed loans have contributed to the economic empowerment of members' households in the study area. Table 1 below presents sets of loans that were disbursed by the Foundation between 2012 and 2018 financial years.

Table 1: Annual Loan Disbursement in Al-Hayat Relief Foundation

S/N	Variables Financial Year	Normal Loan ₦	Self-Development Loan ₦	Sub-Total ₦
1	2017/2018	869,392,750.00	12,551,000.00	881,943,750.00
2	2016/2017	808,544,460.00	15,982,000.00	824,558,235.00
3	2015/2016	647,817,185.00	15,910,110.00	663,727,295.00
4	2014/2015	576,327,445.00	14,921,900.00	591,249,345.00
5	2013/2014	500,904,050.00	16,195,400.00	517,259,450.00
6	2012/2013	338,266,470.00	12,369,251.00	350,635,721.00

Computed by the Writers from the Consolidated Accounts of the Foundation 2012-2018

The table shows a very significant increase in the normal loan, while a little decline in the self-development loan is observed. The decline might be attributed to the strategic objective of the National Executive Council (NEC) of the Foundation to gradually phase out the self-development scheme. The categories of beneficiaries of these sets of loans included artisans, micro-entrepreneurs, civil and public servants,

traders, etc. Members have used these loan facilities to float small scale enterprises such as fishery, snailry, *okada* business, phone call business, sachet water factory, plank businesses, rental services, pharmacy, sale of food items, landed property, etc. while others use them to improve their trading activities. These arrays of business enterprises have economically empowered the member-beneficiaries. Consequently, there have been improved socio-economic conditions of Muslim households in the study area as a result of these efforts, while also deepening and strengthening of the informal sector through provision of funds.

Another area of contribution of the Foundation is the creation of employment opportunities for Muslims in the study area. Al-Hayat Relief Foundation has employed secondary school leavers and graduates of tertiary institutions as clerks, thereby reducing the rate of poverty. Available records at the National Secretariat indicated that, as of 2016/2017 financial year, the Foundation spent the sum of two million, nine hundred and twenty-two thousand, five hundred naira (₦2,922,500.00) on payment of salaries and allowances to its workers. This was in addition to the sum of one hundred and thirty thousand, eight hundred naira (₦130,800.00) as interest-free loan granted to some of them.

Promotion of micro-entrepreneurship is another impact of the Foundation in Ogun State. This has been made easy by the ethical loan scheme of the foundation.

CONCLUSION

Improving the socio-economic conditions of Muslims requires that, among other things, there should be availability of sufficient, but relative funds. These funds must 'pass' the **ethical test** of Islam. Al-Hayat Relief Foundation has continued to play this tremendous role of creating an enabling platform for fund provision using the principle of ***ta'āwun*** (cooperation and collectivity). The Foundation, however, needs to strengthen its institutional measures at all the stages in the administration of loan with a view to reducing the propensity for and high rate of defaults among its members.

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