

**“Integrating Zakat, Donation, Islamic Microfinance and Takaful  
as a tool to poverty alleviation”**



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## ABSTRACT

The paper aims to explore and explain the two principle (Zakat and Donation) components of Islam to eradicate poverty. A model has been suggested in the paper that incorporates Zakat, Donation as a source of fund for Islamic Microfinancing and securing it with Takaful. It further has given a detailed description about these products separately covering their processes, their relation with poverty. Poverty needs to be eradicated because it is believed that it is the mother of all crimes, therefore, the use of Islamic Financial instruments can be beneficial for the Muslims in the country falling below the poverty line. The literature over the respected topic has provided us with thorough explanations regarding the use of these tools to eradicate poverty from the society, but has not comprehensively explained there importance as a collective tool. Qualitative research has been carried out that used secondary data while using inductive approach for content analysis. A thorough explanation has been made, including the organizational framework, the operational procedure (Microfinancing), the sources of funds (Zakat and Donation), investment modes and the risk management framework (Takaful) as a collective tool towards poverty alleviation. Along with this, recommendations have been put forward.

**Keywords:** Poverty Alleviation, Zakat, Donation, Islamic Microfinance, Riba (Interest), Mudarabah, Takaful.

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