

## Towards Effective Islamic Financial System in Northwestern Nigeria: A Review of Emir Muhammad Dikko's *Baitul-Mal* in Katsina, Nigeria

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### KEYWORDS

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### ABSTRACT

*Baitul-Mal* was an Islamic financial institution established during the classical period of Islam to manage financial resources for welfare transformation, which was adopted by Sokoto Jihadists and subsequently Emir of Katsina Muhammadu Dikko (1906-1944 C. E) institutionalized (*Baitul-Mal*), where *Zakat*, *Jizyah*, *Kharaj*, and *Ghanimah*, among others, were collected and managed for the well-being of the people. The paper explores the history and impacts of this institution, which remain unknown to many, as little of its activities appeared in some historical literature before the interruption of the colonial masters, which finally crippled its efficiency. The work was done on a qualitative method through interview and assessment of the earliest records to establish its relevance within the Islamic principles of financial management. The study observes huge wealth with Muslims that needs to be protected and made accessible to the common people to ensure growth and development among Muslims. The paper recommends its revival as traditional officers (Sa'i, etc.) of the institution remain administrative titles in the emirate system, there should be laws from the Judiciary to govern their activities, etc. Additionally, the conventional present Islamic financial institutions shall emulate the trends of *Baitul-Mal* towards community development services to enhance the lives of the people.

### Introduction (Cambria, 9.5, bold, align left)

Northwestern Nigeria had been a region mostly dominated by Hausa-Fulani ethnic groups that had long been on the traditional administrative system (Sarauta), that is headed by the king (Sarki) and other traditional lieutenants, which was reformed by Sokoto caliphate Jihadists of 1804 CE. The struggle (Jihad) was organized by Sheikh Uthman bn Foduye to transform the entire system in the region, whose success brought an effective financial system management adopted from the golden Islamic state that initiated *Baitul-mal* as an institution to manage financial resources under Islamic religious guidance, which extended widely to various states, among which Emir Muhammad Dikko of Katsina emirate managed the resource of his state on its footprint to ensure its benefits to the people, as highlighted in the

context of the paper with the hope of reviving effective financial management in northwestern Nigeria. Before the reign of emir Dikko, there were different forms of financial collections ranging from *Zakat*, *ghanimah*, *Jizyah*, land tax (kudin Kasa) among others which were corruptly managed by the emirs. However, the idea of public treasury was brought up after the arrival of the colonial masters in Katsina, which approved 25% of the total revenue collections in the emirate as personnel allowances to the Emir while 40% was for the colonial masters. This 25% and 35% (60%) was kept in the public treasury based on the suggestion of the Emir for general welfare for both the staff in the emirate and community social developmental services. The *Baitul-mal* was managed by central and local administrators in the emirate. Its impact financially, recorded both educational, religious and social

development among people of Katsina generally though there were some challenges faced during the period as highlighted in the paper.

### Concept and development of *Baitul-Mal*

*Baitul-mal* is regarded by contemporary Islamic financial scholars as a ministry of finance in an organized Islamic community;<sup>1</sup> this historic institution was occupied by reliable managers entrusted with the responsibility of financial procurement through various channels analysed by *Shari'ah*<sup>2</sup> to gather certain amounts required for the well-being of the community in various dimensions.

The institution was founded from the guidance of Allah (SWT) in the Qur'an for the collection and distribution of some substantial funds known to be pillars of the entire funds meant to care for the welfare of the community, such as:

#### 1. *Zakat*,

خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِمْ بِهَا  
وَصَلِّ عَلَيْهِمْ ۗ إِنَّ صَلَاتَكَ سَكَنٌ لَهُمْ ۗ وَاللَّهُ  
سَمِيعٌ عَلِيمٌ  
التوبة: ١٠٣

Take *Sadaqah* (alms) from their wealth in order to purify them and sanctify them with it, and invoke Allah for them. Verily! Your invocations are a source of security for them, and Allah is All-Hearer, All-Knower.<sup>3</sup>

#### 2. *Booty*,

وَاعْلَمُوا أَنَّمَا غَنِمْتُمْ مِّنْ شَيْءٍ فَإِنَّ لِلَّهِ خُمُسَهُ  
وَلِلرَّسُولِ وَلِذِي الْقُرْبَىٰ وَالْيَتَامَىٰ وَالْمَسَاكِينِ وَابْنِ  
السَّبِيلِ إِن كُنْتُمْ آمَنْتُمْ بِاللَّهِ وَمَا أَنْزَلْنَا عَلَىٰ عَبْدِنَا  
يَوْمَ الْفُرْقَانِ يَوْمَ التَّقَىٰ الْجُمُعَانَ ۗ وَاللَّهُ عَلَىٰ  
كُلِّ شَيْءٍ قَدِيرٌ  
الأنفال: ٤١

And know that whatever of war-booty that you may gain, verily one-fifth (1/5th) of it is assigned to Allah and to the Messenger and to the near relatives [of the Messenger (Muhammad SAW)], (and) the orphans, Al-Masakin (the poor) and the wayfarer, if you have believed in Allah and in that which We sent down to Our slave (Muhammad SAW) on the Day of criterion (between right and wrong), the Day when the two forces met (the battle of Badr) - And Allah is Able to do all things.<sup>4</sup>

#### 3. *Tribute*,

قَاتِلُوا الَّذِينَ لَا يُؤْمِنُونَ بِاللَّهِ وَلَا بِالْيَوْمِ الْآخِرِ وَلَا  
يُحَرِّمُونَ مَا حَرَّمَ اللَّهُ وَرَسُولُهُ وَلَا يَدِينُونَ دِينَ الْحَقِّ  
مِنَ الَّذِينَ أُوتُوا الْكِتَابَ حَتَّىٰ يُعْطُوا الْجِزْيَةَ عَن  
يَدٍ وَهُمْ صَاغِرُونَ  
التوبة: ٢٩

Fight against those who (1) believe not in Allah, (2) nor in the Last Day, (3) nor forbid that which has been forbidden by Allah and His Messenger (4) and those who acknowledge not the religion of truth (i.e., Islam) among the people of the Scripture (Jews and Christians) until they pay the *Jizyah* with willing submission and feel themselves subdued.<sup>5</sup>

#### 4. *Fai'*, etc.

وَمَا أَفَاءَ اللَّهُ عَلَىٰ رَسُولِهِ مِنْهُمْ فَمَا أَوْحَفْتُمْ عَلَيْهِ  
مِن خَيْلٍ وَلَا رِكَابٍ وَلَكِنَّ اللَّهَ يُسَلِّطُ رُسُلَهُ عَلَىٰ  
مَن يَشَاءُ ۗ وَاللَّهُ عَلَىٰ كُلِّ شَيْءٍ قَدِيرٌ.  
مَا أَفَاءَ اللَّهُ عَلَىٰ رَسُولِهِ مِنْ أَهْلِ الْقُرَىٰ فَلِلَّهِ  
وَلِلرَّسُولِ وَلِذِي الْقُرْبَىٰ وَالْيَتَامَىٰ وَالْمَسَاكِينِ وَابْنِ  
السَّبِيلِ كَيْ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ ۗ  
وَمَا آتَاكُمُ الرَّسُولُ فَخُذُوهُ وَمَا نَهَاكُمْ عَنْهُ  
فَانْتَهُوا ۗ وَاتَّقُوا اللَّهَ ۗ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ  
الحشر: ٦ - ٧

And what Allah gave as booty (*Fai'*) to His Messenger (Muhammad SAW) from them, for which you made no expedition with either cavalry or camelry. However, Allah gives power to His Messengers over whomsoever He wills. In addition, Allah is Able to do all things.

What Allah gave as booty (*Fai'*) to His Messenger (Muhammad SAW) from the people of the townships, - it is for Allah, His Messenger (Muhammad SAW), the kindred (of Messenger Muhammad SAW), the orphans, the poor (*Al-Masaakin*), and the wayfarer, in order that it may not become a fortune used by the rich among you. In addition, whatsoever the Messenger (Muhammad SAW) gives you, take it, and whatsoever he forbids you, abstain (from it), and fear Allah. Verily, Allah is Severe in punishment.<sup>6</sup>

<sup>1</sup> Treasury, *Sa'i*, accountancy etc.

<sup>2</sup> Zakat collection, tribute, Tax, Booty, fifths of ore etc.

<sup>3</sup> Qur'an 9:103

<sup>4</sup> Qur'an 8:41

<sup>5</sup> Qur'an 9:29

<sup>6</sup> Qur'an 59:6-7

Upon these Prophet, Muhammad (SAW) implemented some elements of the institution by collecting, reserving and distributing its proceeds to the rightful recipients. This institution was earlier stationed at the room of his wives and subsequently at the mosque.<sup>7</sup>

Uqbah reported having prayed Asr with the prophet (SAW), after which he quickly returned to the room of one of his wives to pick up reserved alms that he distributed to the people in the mosque <sup>8</sup>(Trans.)

Prophet (SAW) assigned managers for the collection and care of such wealth, such as Bilal bin Rabah (R. A) on the *zakat* of fruits, Abdurrahman ibn Awf (R. A) on the *zakat* of Animals, Mahmiyyah bn Juzr (R. A) on the fifths of the booty, etc.<sup>9</sup> Caliph Abubakar (RA) came up with great development through the establishment of a house at an area called 'Sunh'<sup>10</sup>, which historically became the first official house of the *Baitul Mal*<sup>11</sup> for deposition of goods and wealth before distribution to the entitled, even though (it) was later transferred to his house at his return to Medina for safety purposes. He further vowed to apply military power to ensure its sustainability against *zakat* defaulters who refused to surrender it after the demise of the Prophet (SAW).<sup>12</sup>

*Baitul-mal* attained its golden stage during the reign of caliph Umar bn. al-Khattab<sup>13</sup>, who modernized its activities from the advice of Walid bn Hisham<sup>14</sup> for the extension of its offices to various provinces and localities having different offices and managers rendering different services, such as Abdullahi bn Mas'ud (R. A), Uthman bn Hanif, Hunayy among others.<sup>15</sup> He also prepared a register called "*Diwanu al-ata*" containing the names of the entire Muslims

arranged in the superior order and according to their tribes and clans, which stated everybody's entitlement from the treasure of the *Baitul-mal*.<sup>16</sup> The system was upheld by subsequent rulers of the *Umayyad* and *Abbasid* dynasties at some certain level from whom the idea was extended to other Muslim states over time.<sup>17</sup>

### Objectives of the *Baitul-Mal*

*Baitul-mal*, as an institution, is being established by the Islamic state to serve as a financial ministry responsible for the achievement of certain goals and objectives for the development of the state as follows:

1. **Revenue mobilization:** *Baitul-mal* is aimed at collecting revenue from the rightful source for the development of the state in a rightful manner, which ranged from the collection of *Zakat*, booty, tribute, tax, fifths of ore and the rest analysed by *Shari'ah* to be collected by the institution officials<sup>18</sup>.
2. **Resource allocation:** gathered resources of the institution are being managed and allotted to the deserved recipients for the benefit of all, such as poor people, needy, community developmental services, etc.

إِنَّمَا الصَّدَقَاتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَامِلِينَ  
عَلَيْهَا وَالْمَوْلَىةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْعَارِمِينَ  
وَفِي سَبِيلِ اللَّهِ وَابْنِ السَّبِيلِ ۗ قَرِيضَةً مِّنَ اللَّهِ  
ۗ وَاللَّهُ عَلِيمٌ حَكِيمٌ  
التوبة: ٦٠

As-Sadaqat (here it means Zakat) are only for the poor (Fuqara'), and Al-Masakin (the poor) and those employed to collect (the funds); and for to attract the hearts of those who have been inclined (towards Islam); and to free the captives; and for those in

<sup>7</sup> Such as wealth from Bahrain, that was reserved and distributed in the mosque.

<sup>8</sup> Cited in Atia A. (2005). Muassastu baitu al-mal fi al-nizami al-islami, Ilahiyat fakultesi dergisi. Cilt:3. Retrieved on 13/02/2020 from <http://ilahiyat.siirt.edu.tr/dosya/personel/20171410850515.pdf>. P. 67.

<sup>9</sup> Ibid, p. 68.

<sup>10</sup> A place at one-mile distance from the house of the Prophet (SAW) at Medina

<sup>11</sup> Atia A. (2005). Op. cit. P. 67.

<sup>12</sup> Al-Bajuri .M. K. (2012). The History of the Four Caliphs *1tmam a l-Wafa , fi Sirat al-Khulafa'*. Maulana Mohammad Mohammadi (Translator). Turath Publishing 79 Mitcham Road. London. P. 41.

<sup>13</sup> second caliph of the prophet (S.A.W) to have ruled on 634-644, CE.

<sup>14</sup> Bayu T. P. and Gunawan B. (2012). Governing baitul mal towards 2020; Issues and Challenges: Indonesia Experiences, *International Journal of Business and Management Tomorrow* Vol. 2 No. 10. Retrieved on 14/08/2019 from

[https://s3.amazonaws.com/academia.edu.documents/29819633/jurnal\\_bMT.pdf?response-content-disposition=attachment%3B%20filename%3DGovernin g\\_Baitul\\_Mal\\_Towards\\_2020\\_Issues.pdf&X-Amz-Algorithm=AWS4-HMAC-SHA256&X-Amz-P. 1](https://s3.amazonaws.com/academia.edu.documents/29819633/jurnal_bMT.pdf?response-content-disposition=attachment%3B%20filename%3DGovernin g_Baitul_Mal_Towards_2020_Issues.pdf&X-Amz-Algorithm=AWS4-HMAC-SHA256&X-Amz-P. 1)

<sup>15</sup> Atia A. (2005). op. cit. P. 67.

<sup>16</sup> Ibid

<sup>17</sup> Haliru, I. (2014). \The sources of revenue in an Islamic system of administration (a case study of Sokoto caliphate), bachelor of science project submitted to Usmanu Danfodiyo University, Sokoto. Retrieved on 17/10/2022 from <http://oer.udusok.edu.ng:8080/xmlui/bitstream/handle/123456789/509/IBRAHIM%20HALIRU.pdf?sequence=1&isAllowed=y>. P 30.

<sup>18</sup> Habibur Rahman Md. (2015). Bayt Al-Mal And Its Role In Economic Development: A Contemporary Study. *Turkish Journal of Islamic Economics*, Vol. 2, No. 2 Retrieved on 17/10/2022 from [https://www.researchgate.net/publication/280772692\\_BAYT\\_AL-MAL\\_AND\\_ITS\\_ROLE\\_IN\\_ECONOMIC\\_DEVELOPMENT\\_A\\_CONTEMPORARY\\_STUDY?enrichId=rgreq-bc8f47709f8d85797dc2e5672734b53b-XXX&enrichSource=Y292ZXIjQYWdlOzI4MDC3MjY5MjBtB UzoyNjAwNDMzNzUzNzg0MzIjAMTQzOTAxMDU4MDI3MQ%3D%3D&el=1\\_x\\_3&\\_esc=publicationCoverPdf. P 37](https://www.researchgate.net/publication/280772692_BAYT_AL-MAL_AND_ITS_ROLE_IN_ECONOMIC_DEVELOPMENT_A_CONTEMPORARY_STUDY?enrichId=rgreq-bc8f47709f8d85797dc2e5672734b53b-XXX&enrichSource=Y292ZXIjQYWdlOzI4MDC3MjY5MjBtB UzoyNjAwNDMzNzUzNzg0MzIjAMTQzOTAxMDU4MDI3MQ%3D%3D&el=1_x_3&_esc=publicationCoverPdf. P 37)

debt; and for Allah's Cause (i.e., for Mujahidun - those fighting in the holy wars), and for the wayfarer (a traveller who is cut off from everything); a duty imposed by Allah. In addition, Allah is All-Knower, All-Wise.<sup>19</sup>

Caliph Umar (RA) drafted a register of gifts and pensions for resource allocation to citizens.

3. **Community development:** The institution carries out certain developmental services in the state, such as road and bridge construction, as indicated by the activities of the Umar from the resources of *Baitul Mal* for the dugout of the water canal network to enhance the agricultural activities of the believers.<sup>20</sup>
4. **Allowances and wages disbursement;** no official duty is being carried out in the state except under the expenses of the institution, such as workers of the *Baitul-mal*, governors of the extended provinces, judges, etc.<sup>21</sup>
5. **Social welfare:** resources of the institution are deemed at care of the destitute, ransom of the detained believers and settlement of the debt of the indebted Muslims, as stated by caliph Umar (R. A) in the statement of his last will: "Let you know that ransom of the detained Muslim shall be from the *Baitul-ma*"<sup>22</sup>

Looking at the above objectives of *Baitul-mal*, it is enough to justify that there is a need to represent its effective work for the socioeconomic development of the *Ummah* during the golden Islamic period and later generations.

### The Relevance of *Baitul-Mal* in The Early Islamic Period

*Baitul-mal* was of great relevance to the early Islamic period for its role in the sustainable services of the states.

1. **Economic development:** The Islamic state achieved economic strength from the services of the *Baitul-Mal* to procure the financial resources needed for the provision of allowances to the defense personnel, administrative officials and others entitled<sup>23</sup> to enjoy the services of the state who further utilized it to sustain life and boost economic standards within and outside the respected state.

<sup>19</sup> As listed in the Qur'an 9:60.

<sup>20</sup> Habibur Rahman Md. (2015). Op Cit. p 34

<sup>21</sup> Suyuti, J. (1995). The History of the Khalifahs who took the right way (Translated by Abdassamad Clarke, 3rd revised edition a translation of the chapters on *al-Khulafa' ar-Rashidun* from *Tarikh al-Khulafa'* Of Ta-Ha Publishers Ltd. London. P 135.

<sup>22</sup> Atia A. (2005). Op. cit. P 73

<sup>23</sup> Ibid

2. **Resources management:** *Baitul-Mal* remained the only financial institution responsible for going around for the collection of *Zakat*, *Jizya*, fifth of the booty and other financial sources of the State and reserved it for better placement for the development of the State in various dimensions.<sup>24</sup>
3. **Military strength:** *Baitul-mal* supported the earliest Islamic states in the provision of weapons and other military utilities to depend the state against any raid and advance further in the course of spreading Islam and state expansion.<sup>25</sup>
4. **Poverty alleviation:** pensions, allowances and other financial support of the *Baitul Mal* assisted many in dodging poverty, as some utilized it to establish businesses and sustain their livelihood.<sup>26</sup>
5. **Social welfare:** *Baitul-mal* carried out so many developmental services to ensure the benefit of all citizens through the building of water canal (for irrigation) bridges, Worshiping centers and provision of food to the destitute to support their life at some instances.<sup>27</sup> etc.

### Islamic Financial System in The Sokoto Caliphate

Sokoto caliphate was an area situated in the West African region established through the Jihad of Sheikh Uthman bn Foduye<sup>28</sup> in a region dominated by the Hausa Fulani tribes. The caliphate ruled for about hundred years under the succession of thirteen (13) rulers<sup>29</sup> (Sultans) right from 1804 CE to 1903 CE<sup>30</sup> when the region fell under the control of British and France colonial masters. Its boundary covered an area of 250,000 square miles<sup>31</sup> extended to some areas of Niger republic, Mali, Ghana, Benin

<sup>24</sup> Ibid P. 68-71

<sup>25</sup> Ibid, P. 7.

<sup>26</sup> Ibid, P. 76.

<sup>27</sup> Ibid, P. 74.

<sup>28</sup> 1804 CE.

<sup>29</sup> Arshad, M. and Godwin, O. O. (2014). The establishment of the Nigerian Sokoto Caliphate: An inquest into the Background History of the 1804 Jihad in Hausa Land, 210 years After, *Researchgate*, Retrieved on 14/08/2019 from [http://www.researchgate.net/profile/Dr\\_Munir/publication/282730945\\_The\\_Establishment\\_of\\_the\\_Nigerian\\_Sokoto\\_Caliphate\\_An\\_inquest\\_into\\_the\\_Background\\_History\\_of\\_the\\_1804\\_Jihad\\_in\\_Hausa\\_Land\\_210\\_years\\_After/links/561a31e508ae6d1730896055/The-Establishment-of-the-Nigerian-Sokoto-Caliphate-An-inquest-into-the-Background-History-of-the-1804-Jihad-in-Hausa-Land-210-years-After.pdf](http://www.researchgate.net/profile/Dr_Munir/publication/282730945_The_Establishment_of_the_Nigerian_Sokoto_Caliphate_An_inquest_into_the_Background_History_of_the_1804_Jihad_in_Hausa_Land_210_years_After/links/561a31e508ae6d1730896055/The-Establishment-of-the-Nigerian-Sokoto-Caliphate-An-inquest-into-the-Background-History-of-the-1804-Jihad-in-Hausa-Land-210-years-After.pdf). p 67

<sup>30</sup> Ruled by 13 Sultans.

<sup>31</sup> Ifeoluwa, F. (nd.). The Administration of the Sokoto Caliphate: A model of Separation of Powers, Academia, Retrieved on 05/09/2020 from [https://www.academia.edu/8612931/The\\_Administration\\_of\\_the\\_Sokoto\\_Caliphate\\_A\\_model\\_of\\_Seperation\\_of\\_Powers](https://www.academia.edu/8612931/The_Administration_of_the_Sokoto_Caliphate_A_model_of_Seperation_of_Powers). P.2.

republic, Sudan and others within the West African region, comprising approximately thirty emirates<sup>32</sup>, as stated: "By the middle of the nineteenth (19<sup>th</sup>) century, there were thirty (30) emirates, and the capital district was Sokoto".<sup>33</sup>

The administrative trend of the caliphate was traced from the guidance of Islam, as sultans are being appointed to rule the state under the directives of Islam to ensure justice and care for the well-being of their subjects through various economic policies that led to the emulation of the earliest public treasury of Arabia.

Sokoto caliphate adopted the trend of *Baitul-mal* from the reign of the four (4) rightly guided caliphs of Islam for the procurement of resources to finance the administration and ensure public welfare of its citizens through the establishment of its offices in the coalition of the various emirates under its control to serve the nearest subjects of the emirates.<sup>34</sup>

In essence, each and every office of the *Baitul-mal* has to source funds for its emirate on the designated sources viz: Fifth of booty, Zakat, Land tax, Tithe (*Ushur*), lost but found properties of the nontraceable owners, Customs duties, Levy (on some occasional bases), etc., as stated: *These are the fifth, the tithe, poll tax, land tax, booty and surplus, the property whose owner is missing, and the property which is owner less. All these were regarded as forming the public treasury.*<sup>35</sup>

The gathered resources are being utilized to settle the expenses of the emirate on the salary of the soldiers, allowances of the judges, *Imams* and *Muezzins* and other public officials, building of mosques and bridges, fortification of the cities against raiders,<sup>36</sup> etc.

The way of just *Imams* concerning booty and the one-fifth is that a beginning should be made by sealing off the dangerous places and the frontiers and by making ready of weapons of war and the pay of the soldiers. If anything is left over, it should go to

the judges and the provincial governors and the building of mosques and bridges. Then, it should be divided among the poor, and if there is any leftover, then the Imam should choose between dividing it among the rich and keeping it against disasters<sup>37</sup>

Each and every state relied on its fund to cater for its expenses, as no directive was given to mandate Emirates for the disbursement of any percentage to the caliphate apart from the tribute.<sup>38</sup> This helped some Emirates build a solid foundation of their economic strength that lasted even after the downfall of the caliphate, such as Katsina, among others.

### The reign of Emir Muhammad Dikko

Muhammadu Dikko, the third child of Durbi Muhammadu Gidado and Ta-malamai, was born in 1865 C. E<sup>39</sup> at Kofar Sauri quarters of Katsina town<sup>40</sup> but was brought up in the house of his uncle Durbi Sada, who cared for his education and moral upbringing, which he acquired thorough knowledge of the Qur'an and other Islamic sciences.<sup>41</sup> This aid him in setting a remarkable spot on Islamic finance within northern Nigeria.

He married the daughter of Emir Abubakar<sup>42</sup> at the age of seventeen<sup>43</sup> and was given several concubines<sup>44</sup> through whom he bears several children, such as Muhammadu Gidado, Usman and the rest. Muhammdu Dikko was involved in the administrative circle as he held various offices before his emir ship as pointed out: *Before becoming the Emir, he was turbaned as Karshi, Kankia and Durbi when his Uncle Durbi Muhammadu sada died.*<sup>45</sup>

This made him most influential of the Gidado's children; unfortunately, he met up with so much envy and rivalry that mounted up serious instigation to emir Abubakar, who finally forced Dikko to migrate to *Daga*, where he met up his able vizier (Waziri Haruna) and had not returned until the arrival of colonial masters,<sup>46</sup> when he was summoned to reunite with the emirate for defense to the territory. However, Dikko suggested a peaceful

<sup>32</sup> Such as Kebbi, Kano, Katsina, Zazzau (Zaria), Bauchi, Ilorin, Nupe and Muri etc.

<sup>33</sup> Helen C. M. ed. (1991). Nigeria: A Country Study. Washington: GPO for the Library of Congress. Retrieved on 05/09/2020 from <http://countrystudies.us/nigeria/9.htm>

<sup>34</sup> Kabiru S. C. (1992). *The State and Economy in the Sokoto Caliphate: policies and Practices in the Metropolitan districts; C. 1804-1903 A.D.* PhD Thesis Ahmadu Bello University, Zaria, Retrieved on 05/09/2020 from [https://www.si.edu/object/siris\\_sil\\_1008059](https://www.si.edu/object/siris_sil_1008059). P 121.

<sup>35</sup> Ibid

<sup>36</sup> Bugaje, U. M. *The administration of Zakat in Colonial and Post Colonial Nigeria.* <http://madanitimbukti.wordpress.com/2010/12/19/the-administration-of-zakat-in-colonial-and-post-colonial-nigeria/>. retrieved on 23<sup>rd</sup> January, 2014.

<sup>37</sup> Ibid, p.124.

<sup>38</sup> Ifeoluwa F. (nd). Op. Cit. P.4.

<sup>39</sup> Yari, L. (2007). *Muhamman Dikko (Emir of Katsina) and his Times*, Summit Books Kofar Kaura Layout, Katsina, Nigeria.p.37.

<sup>40</sup> Lugga, S. A. (2006). *Dikko Dynasty*, Lugga press katsina state of Nigeria P. 84.

<sup>41</sup> Yari, L. (2007). Op Cit. P.44.

<sup>42</sup> Ibid, p. 49.

<sup>43</sup> Ibid, p. 90.

<sup>44</sup> Ibid, p. 44.

<sup>45</sup> Garba M. B (2012). *Katsina State: Pictorial and Historical Sketches the first twenty-five years (1987-2012)* npp. P. 37.

<sup>46</sup> Garba M. B (2012). *Katsina State: Pictorial and Historical Sketches the first twenty-five years (1987-2012)* npp. P. 37.

treaty with the colonial masters on 28 March 1903<sup>47</sup>, as Katsina cannot face Europeans who already defeated the most powerful emirate of Sokoto and Kano. The idea was welcomed by Emir Abubakar, who later appointed Dikko to act on his behalf in any appears of the emirate to the Europeans; hence, Dikko created a cordial relationship with the Europeans who appointed him as acting emir<sup>48</sup> after the deposition of the succession of Abubakar (in December 1904<sup>49</sup>) and Yero (in November 1906<sup>50</sup>) and was formally installed as the emir of Katsina, as quoted by Lugga:

The acting emir of Katsina Muhammadu Dikko performed very well in the interim period, and Sir W. Wallace, the acting British High Commissioner, arrived in Katsina and formally installed him as the Emir of Katsina on 25 January 1907.<sup>51</sup>

Thence Dikko became an Emir with full authority to manage the emirate on his decisions and policies that made Katsina excel.

### The Institution of *Baitul-Mal* in Katsina

The earliest emirs of Katsina developed various sources of revenue generation<sup>52</sup> to procure incomes required for the administrative services of the emirate, which Yusuf B. U. traced in his book 'The Transformation of Katsina'; "these are occasional booty from the expeditions, Zakat,<sup>53</sup> Jizya,<sup>54</sup> custom dues and various kind of taxes on the citizens such as land tax (*Kudin kasa*),<sup>55</sup> cattle tax (*Jangli*),<sup>56</sup> occupational taxes (*Kudin Sana'a*)<sup>57</sup> Judgement fees (*from the court*)", etc., which are mostly utilized by emirs inappropriately.<sup>58</sup> However, the arrival of colonial masters made them receive 25%<sup>59</sup> as their personal allowances, upon which Emir Dikko suggested keeping such a percentage to the emirate for social developmental services<sup>60</sup> and allotted the salaries of the emirate officials. This called upon proper management, which gave rise to the institutionalization of a public treasury (*Baitul-Mal*) in 1908 CE, which reflected its nature and the application of better principles. This made Lugga (2006) call it the first of its kind in Northern Nigeria: *That gave rise to the establishment of the first*

*treasury in northern Nigeria near the Emir's palace in Katsina in 1908.*<sup>61</sup>

The institution was established on Islamic Religious directives based on the guidance of the Prophet (S.A. W), as highlighted by Labo on the Knowledge of the then advisers:

The scholars among Emir Dikko's advisers knew that the Institution began during the time of Messenger of Allah, peace be upon him. From the booty collected from Bani Nadir, the Messenger of Allah, peace be upon him, took the yearly expenses for himself and his family and left the rest of it in *Baitul-Mal*.<sup>62</sup>

It was upheld by Caliph Abubakar (RA) and was highly transformed by Caliph Umar bn al-Khattab (R.A) with better strategies of resource acquisition and proper placement among the citizens.

### Organization(s) of the *Baitul-Mal*

Emir Muhammad Dikko organized his Public treasury (*Baitul-Mal*) to emulate that of the classical period established on the principles of Islamic financial management through the appointment of officers from the central and local administrative circles, who are entrusted with the responsibility of collecting and managing the gathered resources. The central committee is made up of the following:

1. Secretary in person of *Waziri* Haruna who issues receipt to the depositor and keeps its duplicate for future reference.<sup>63</sup>
  2. Chief Treasurer in person of Malam Umaru *Matawalle* (Grandfather of the late President of Nigeria, Alh. Umaru Musa Yar-Adua)<sup>64</sup> who was in charge of the institution.<sup>65</sup>
  3. Malam Bawa Makama, an assistant to the in-charge of the *Baitul-Mal*.<sup>66</sup>
  4. Four (4) staff of the institution viz: Malam Shehu *Kamfass*, Malam Ja'afar *Zakariya'u* and Malam *Tukur of Kofar Sauri*.<sup>67</sup>
  5. Twelve (12) guards<sup>68</sup>
  6. Fifteen (15) messengers.<sup>69</sup>
- Further offices were created at every district to ensure collection and handing over the returns to the *Baitul-Mal*; these are:
7. *Saa'i* whose duty is to go around for the collection of *Zakat* from those entitled to give out<sup>70</sup>

<sup>47</sup> Ibid, p. 105.

<sup>48</sup> Ibid p 128

<sup>49</sup> Ibid p 115

<sup>50</sup> Ibid p 116

<sup>51</sup> Ibid p 129

<sup>52</sup> Yusuf, B. U. (1981). The transformation of Katsina 1400-1887, Ahmdu Bello University press. P. 187.

<sup>53</sup> Alms given by wealthy individuals.

<sup>54</sup> Dues collected for the protection of non-Muslim communities.

<sup>55</sup> Yusuf, B. U. (1981). Op Cit. P. 188.

<sup>56</sup> Ibid.

<sup>57</sup> Ibid.

<sup>58</sup> Yari, L. (2007). Op Cit. P. 166.

<sup>59</sup> Lugga, S. A. (2006). Op Cit. P. 159.

<sup>60</sup> Ibid

<sup>61</sup> Ibid

<sup>62</sup> Ibid

<sup>63</sup> Yari, L. (2007). Op Cit. P. 170.

<sup>64</sup> Hassan, K. U. (aged 47). Press secretary of Katsina Emirate Council (Sarkin Dawakin tsakar Gida), interviewed at his office attached to Babbar Majalisa, 26/9/2018, 2:05

<sup>65</sup> Yari, L. (2007). Op Cit. P. 166.

<sup>66</sup> Ibid

<sup>67</sup> Ibid

<sup>68</sup> Ibid

<sup>69</sup> Ibid

<sup>70</sup> Hassan Kabir Usman (aged 47). Op Cit.



8. Secretary (*Bukadi*), who keeps the registered name of every person within the district updatable on a daily basis to record the newborn and strike out those who have died for accurate censuses to ensure proper collection of taxes.

### Impacts of *Baitul-Mal*

*Baitul-Mal* of Emir Muhammadu Dikko brought significant development to Katsina in various dimensions:

1. Deposit and investment: With the support of *Baitul-Mal*, Katsina was able to start formal relations with foreign companies and conventional banks through deposit in the banks and investment in foreign companies for profit maximization. As of 1924 CE, Katsina had invested £129,316 (₦56,348,153.84)<sup>71</sup> in Bank British West Africa Ltd, Barclays Overseas, Crown Agents, etc.<sup>72</sup>
2. Attraction of the financial institutions and companies to extend branches to Katsina; success of the *Baitul-Mal* in the investment and deposit attracted various companies to extend branches to Katsina, such as Feans, Jörn Walkaden, C. F. A. O, Lagos stores, U. A. C, Miller Brothers, etc.<sup>73</sup>
3. Proper financial management; the institution checks out the habit of squandering, embezzlement of the subsequent emirs on the emirate wealth,<sup>74</sup> with much care to utilize it on the aspect of developmental services to the community.
4. Employment opportunities: those to have been employed as staff to work in the institution and other administrative sectors are receiving salary from the *Baitul-Mal* on a monthly basis<sup>75</sup> to render their services convenient.
5. Training and consultancy services; Katsina *Baitul-Mal* served as a training college on Islamic financial management, as different people were sent from different emirates to acquire knowledge and get trained in the field so that it could be established in their respective areas, as stated by Lugga: *That treasury became a model and a training ground for other Emirates. Staff were sent from Sokoto, Borno, Kano, Ilorin, Zaria, Adamawa and other Emirates to train at the Katsina Treasury.*<sup>76</sup>
6. *Baitul-Mal* limits the power and control of the colonial masters on the financial resources and revenue of the emirate, as only 40% is being given to the colonial government while the remaining is going to the *Baitul-Mal*.<sup>77</sup>

<sup>71</sup> Converted in 2021.

<sup>72</sup> Yari, L. (2007). Op Cit. P. 174.

<sup>73</sup> Abdu, B. R. (2001) *Katsina State Historical Guide IV Agricultural and Commercial development*, (ed). Katsina State History and Culture Bureau. P. 37.

<sup>74</sup> Yari, L. (2007). Op Cit. P. 166.

<sup>75</sup> Ibid pp 166-169

<sup>76</sup> Lugga, S. A. (2006). Op Cit. P. 159.

<sup>77</sup> Yari, L. (2007). Op Cit. P. 171.

7. Community developmental services: The emirate council relied on the *Baitul-Mal* to source for money required for the developmental services to its citizens. Among the projects executed by the council were building of the central mosque opposite to the emir's palace<sup>78</sup>, hospitals, schools, etc.
8. Security and defense to the community; security forces<sup>79</sup> of the community had been advanced and supported from the fund of the *Baitul-mal* to defend the territory from the invasion of other emirates and crime control within the community.

### Challenges faced by the *Baitul-Mal*

*Baitul-Mal* had met many challenges that limited its speedy race towards the transformation of Katsina in various aspects:

1. Colonial power to control the activities of the institution limits its sovereignty to manage the financial resources of the emirate. This deviated the institution from its original concept as pointed out:  
Later in the year, Palmer wrote a letter on 24 July, 1909 CE, giving a guideline on how to operate it, thereby bringing in a British system of financial management and moving the *Baitul-Mal* away from its original concept<sup>80</sup>  
This paves the way for further attempts of Lugard in 1912 to control the *Baitul-Mal* through auditing and transfer of its surplus to the colonial government, even though it was not successful due to the cautious warning against the attempt from different angles.<sup>81</sup>
2. The transfer of power to collect revenue from the traditional authorities to the government authoritative agencies (at the federal, state and local levels) left the emirate council empty handed of what to finance the *Bitul-Mal*; consequently, it was closed.<sup>82</sup>
3. Total reliance of the *Baitul-Mal* on the revenue<sup>83</sup> of the emirate; the emirate had not diversified means for the additional income to the *Baitul-Mal* apart from the revenue, which only a certain share is left for it (*Baitul-Mal*) after giving out the colonial share and salary of the administrative officials
4. Noninvolvement of private individuals; total reliance of the *Baitul-Mal* on the emirate left no chance for the investment of private individuals for profit earning; hence, *Baitul-Mal* was observed to have stood on a single foot, and any slight weakness from the side may lead to its total collapse.

<sup>78</sup> Hassan K. U. (aged 47). Op Cit.

<sup>79</sup> Yari, L. (2007). Op Cit. P.168.

<sup>80</sup> Ibid, p. 169.

<sup>81</sup> Ibid, p. 171.

<sup>82</sup> Hassan, K. U. (aged 47). Op Cit.

<sup>83</sup> Ibid.

5. The transfer of power from the traditional rulers to the modern trend of administration<sup>84</sup> made any institution under the control of the emirate in a silent zone, as nothing left to *Baitul-Mal* than to remain nominal and all its officers remain traditional titles.

### Relevance of *Baitul-Mal* to the contemporary setup

*Baitul-Mal* is of great relevance to the contemporary setup for the services it renders to society in various dimensions as follows:

1. *Zakat* collection from the wealthy people to minimize wealth concentration at the hand of a few individuals for the support of the destitute and poor people who are the majority.
2. Construction and rehabilitation of the public utilities from the section of the emirate to support its subjects had now turned as history since no *Baitul-Mal* to provide funds for those works.
3. The absence of the *Baitul-Mal* left traditional authority in misery status, as such was made dependent on the state and federal government for financial support to sustain itself.
4. If not of its absence current insecurity issues would have been history as the security forces of the traditional authority are the nearest to the people and most deserved to take quick action immediately

### Conclusion

Financial resources are necessary pillars that no administration could stand without its support, which is why the earliest Islamic State established a financial institution entrusted with the responsibility of financial management to support the activities of the State toward execution of its mandate to its subjects. The institution was advanced at the era of the four rightly guided caliphs that all the subsequent states and empires emulated the trend to ensure the development of their domain, such as Sokoto caliphate from which Katsina emirate emanated to establish and managed its resources on clear principles of *Baitul-mal* that lasted longer even after the declination of the caliphate, when a huge amount of resources were gathered for developmental services to the Emirate and participation in the economic endeavor brought by the colonial period, such as investment in the conventional banks and other companies within and

<sup>84</sup> Daniel, A. T. and Osa, O. (2013). Traditional Rulers and Local Government in Nigeria: a Pathway to Resolving the Challenge, *Commowalth Journalof local governance*, Issue 13/14. Retrieved on 14/08/2019 from [https://www.researchgate.net/publication/276395566\\_Traditional\\_rulers\\_and\\_local\\_government\\_in\\_Nigeria\\_a\\_pathway\\_to\\_resolving\\_the\\_challenge/fulltext/564249a508aec448fa623e04/276395566\\_Traditional\\_rulers\\_and\\_local\\_government\\_in\\_Nigeria\\_a\\_pathway\\_to\\_resolving\\_the\\_challenge.pdf?origin=publication\\_detail](https://www.researchgate.net/publication/276395566_Traditional_rulers_and_local_government_in_Nigeria_a_pathway_to_resolving_the_challenge/fulltext/564249a508aec448fa623e04/276395566_Traditional_rulers_and_local_government_in_Nigeria_a_pathway_to_resolving_the_challenge.pdf?origin=publication_detail). P. 134.

outside Katsina for the economic development that held Katsina at the highest level above many of the old Sokoto caliphate Emirates.

### Recommendations

For the successful revival of the Islamic financial system in northern Nigeria, the study recommends the following:

1. Reactivation of functional *Baitul-Mal* in the traditional administrative system to source funds for the sustainable welfare and development of the community and its revival will make traditional administration alive and effective.
2. Asset declaration for the *Baitul-Mal* to go around for collecting and purifying peoples' wealth to support the destitute from the poverty conditions they encountered.
3. The existing Islamic financial institutions emulate the traditional *Baitul-Mal* to support their host communities for its development.

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