

Fintech Driven Tax Justice: Facilitating Redistribution with Zakat Led Socio-economic Improvement

Lyla Latif*

Abstract

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. 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. It has created gendered wealth and income asymmetries and deepened gender inequalities in accessing finance. This paper explores whether fintech can arguably be the next iteration of development models to bridge this inequality gap. It questions whether tax justice should continue to be construed from a public finance perspective where the taxes collected are not always used to provide commensurate public benefits to citizens. Or whether tax justice can be purposively construed to include religious tax practices inspired under an exogenous religiously inspired fiscal system, for example Islam. This paper attempts to explore how the concept of redistribution can be examined using the Islamic wealth tax. It shall explain how a faith-based organisation in Nairobi matches the Islamic wealth tax to meet development needs of women looking for financial access to improve their economic well-being. The nexus between tax and redistribution is advanced here by broadening the state-centric understanding of tax to drawing in the Islamic funds purposively paid out for socio-economic improvements.

Keywords: Access to finance, fintech, informal sector, Islamic wealth tax, Kenya, redistribution

INTRODUCTION

The taxation of financial technology (fintech) can improve *representation* and help make governments more responsive to the needs of its citizens. It can create a potential *revenue* stream for a crowd sourced pool of public finance for meeting health care expenditure and other public services. The progressive taxation of fintech when combined with appropriate public spending can help *redistribute* wealth and income and mitigate socio-economic inequalities. *Re-pricing*, which encourages or discourages the consumption of products, such as alcohol and tobacco, can be used to regulate harmful fintech supported activities such as online gaming and gambling which could be used as potential drivers of illicit finance. Having set out the 4 “Rs” of tax justice in the context of fintech, this paper examines the extent to which community-based organisations promote the use of the 4 “Rs” of tax justice. However, only the redistributive aspect of tax justice will be considered here to understand how fintech use by faith-based organisations (FBOs) has supported the socio-economic development of women.

*Author for Correspondence

Lyla Latif
E-mail: latif@uonbi.ac.ke

Tutorial Fellow at University of Nairobi, Kenya and
University of Warwick, U.K

Received Date: July 23, 2021
Accepted Date: October 22, 2021
Published Date: January 27, 2022

Citation: Lyla Latif. Fintech Driven Tax Justice: Facilitating Redistribution with Zakat Led Socio-economic Improvement. Journal of Taxation and Regulatory Framework. 2021; 4(2): 1–11p.

Discussions on redistribution have tended to focus more narrowly on the political assessment of the fiscal system governing a nation in light of how it affects distributions [1, 2]. 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 [3, 4]. The attitudes of these 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 financial autonomy limiting what financial access 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 [5].

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 fintech, then have the potential to redistribute crowd sourced accumulated wealth or income to mitigate gender inequality and help meet socio-economic needs of women? This paper conceptualises redistribution from a private finance perspective. Indeed, questions on redistribution have been and are largely addressed within the public finance literature [2, 6–9] but a departure from the political, legal and economic conditions that result in redistributive choices is necessary if the world is to meet its target of “*leaving no one behind*” (UN SDGs). Hence, the role of non-state actors also becomes crucial to address redistribution. A FBO analysis of financial access using fintech to support women meet their development needs 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 (Islamic wealth tax) can be assessed as contributing towards bridging gender inequality and to foster redistribution.

Fintech, 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 fintech, this paper discusses how Zakat Kenya supports feminist inspired redistribution to promote tax justice. Accordingly, the next sections are structured as follows.

Section 2 highlights the research questions and theoretical assumptions underpinning the paper. Section 3 discusses the qualitative and empirical based analysis of the role the FBO has played in using fintech to redistribute Muslim money toward women led income generating activities. Section 4 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 Section 3. 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 ON TAX AND REDISTRIBUTION IN AUTOPOIETIC 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 [10–12]. 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 [13]. It has created gendered wealth and income asymmetries and deepened gender inequalities in accessing finance.

Thus, can fintech, arguably the next iteration of development models, bridge this inequality gap? Should tax justice continue to be construed from a public finance perspective where taxes collected are not always used to provide commensurate public benefits to citizens? Or can tax justice be purposively construed to include religious tax practices inspired under an exogenous religiously inspired fiscal system, for example Islam? Relatedly, can Muslim non-state actors also subservient to the exogenous Islamic fiscal system facilitate redistribution using the available religious funds transmitted through fintech? 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 a faith-based organisation in Nairobi matches the tax to meet development needs of women looking for financial access to improve their economic well-being. The nexus between tax 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 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 [14]. Under Islamic law, the Quran imposes the mandatory payment of zakat [15]. The payment of tax is secured by a functioning government operating within a legal system or by way of social extraction. The payment of the Islamic wealth tax 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 a constitutional legal system that does not recognise religious law as part of the norms establishing its tax system?

Societal Responsibility toward Redistribution

Every post-colonial state approaches its fiscal history in the context of the tax rules set out by the imperial power [16]. 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. State formation following decolonisation adopted the imperial tax rules that were not reflective of indigenous practices in mobilising sources of revenues [17]. The presence of Muslims in Kenya since the 7th century [18–21] 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 an autopoietic 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 [22–24].

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 strips 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 [25, 26].

While state taxes foster development at the national level, zakat fosters such development at individual or household level [26]. As such state taxes and zakat do have a potential to promote redistribution and secure tax justice.

Redistribution – the transfer of financial resources from private to public use, does not always lead to tax justice. Gender discrimination sometimes limits state’s redistributive capacity. 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. At 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 fintech can play in redistribution should be examined in the context of zakat. Fintech, unless it is taxed by the state and the revenue matched to financing specific development goals does not espouse tax justice. But when fintech 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 [27–33]. 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 [27]. 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 [34] relying on Ostrom [35] 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 [27] 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 [36] or because they feel close to the community [37] 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 calls a “communitarian ideology”—which facilitates the development and maintenance of social institutions [38]. 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 [39], Fafchamps [40], Lieberman [41], and Platteau [42] 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 [34]. 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 an autopoietic system recognised under the Kenyan constitution [43], 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. Such fiscal pluralism permits broadening our understanding of redistribution to develop out of the two socio-legal systems.

Zakat 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 the “Rs” of tax justice in the context of zakat, the next section examines the role that a FBO has played in using fintech to redistribute Muslim money toward women led income generating activities.

FINTECH LED TAX JUSTICE: FROM FINANCIAL PATRIARCHY TO FINANCIAL FEMINISM WITH ZAKAT

The argument of autopoietic 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 fintech 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 fintech. 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 form 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 fintech 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 fintech 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” [44]. 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” [5]. 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. Fintech’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.

Fintech and Redistribution

Fintech represents the combination of the words 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. Fintech has been given various definitions. McAuley broadly defines fintech as ‘an economic industry composed of companies that use technology to make financial systems more efficient’ [45]. The Financial Stability Board also broadly portrays fintech as a ‘technologically enabled financial innovation that could result in new business models, applications, processes or products with an associated material effect on financial markets and institutions and the provision of financial services’ [46]. Lee and Teo provide a somewhat narrow definition referring to fintech as ‘innovative financial services or products delivered via new technology’ [47]. Taking a similar approach, Philippon explains that ‘fintech covers digital innovations and technology enabled business model innovations in the financial sector’ [48].

These definitions taken together present fintech as a form of integration of technology into the area of local and transnational financial services. Taken in the Kenyan context, fintech describes tech-enabled products and services that improve or disrupt traditional banking and financial services. Kenya’s mpesa 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 mpesa 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.

Mpesa, 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 [49, 50]. Mpesa, thus, provided women with greater control and decision making over their funds.

Zakat Kenya and Redistribution towards Women Economic Empowerment

Women in Kenya face 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 mpesa 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) and Kshs 5000 (USD 50) in zakat (Calculated at the rate of 1USD = 100Kshs). 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 mpesa account. The total amount required to support Mama Riziki start up her food business was calculated at Kshs 51280 (USD513).

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 mpesa. 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 mpesa 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 a fintech platform are taxed. For example, making payments over the mobile phone using Safaricom's mpesa platform attracts transaction fees. Smart phones have supported socio-economic development by permitting women, for example, to receive crowdsourced 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 mpesa 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 mpesa 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. Fintech, 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 an autopoietic 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. This paper has explained how two independent fiscal regimes; state tax laws and Islamic law on zakat, can engage their norms to achieve redistributive justice through financial inclusion. Zakat Kenya and its mpesa 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.

Acknowledgements

This paper was written for presentation at the Human Rights and the 4 R's of Tax Justice Conference organised by the Tax Justice Network in July 2021. I am grateful to Liz Nelson and Bilquis Shirakat for their valuable feedback.

Conflicts of Interest

The author certifies that she has no affiliations with or involvement in any organisation or entity with any financial interest or non-financial interest in the subject matter or materials discussed in this manuscript.

REFERENCES

1. Greer, SL and Elliott, H. 2019. Federalism and Social Policy: Patterns of Redistribution in 11 Democracies. University of Michigan Press.
2. Boix, C. 2003. Democracy and Redistribution. Cambridge University Press.
3. Bowles, S. 2012. The New Economics of Inequality and Redistribution. Cambridge University Press.
4. Fraser, N and Honneth, A. 2003. Redistribution or Recognition? A Political-Philosophical Exchange. VERSO.
5. Lerner, G. 1986. The Creation of Patriarchy. Oxford University Press.
6. Mumford, A. 2019. What is Fiscal Sociology? In: Fiscal Sociology at the Centenary. Palgrave Socio-Legal Studies. Palgrave Macmillan.
7. Latif, LA. 2016. Centralised Revenue Redistribution as a Potential Cause of Internal Conflict in Kenya. Modern Africa: Politics, History and Society, [S.I], v. 4, n. 1, p.91-105.
8. Lambert, P 2001. The Distribution and Redistribution of Income. Manchester University Press.
9. Nee, Victor. 1989. A Theory of Market Transition: From Redistribution to Markets in State Socialism American Sociological Review, Vol. 54, No. 5, pp. 663-681.
10. Abraham, K. 2019. Persisting Patriarchy. Intersectionalities, Negotiations, Subversions. Palgrave Macmillan.
11. Enloe, C. 2017. The Big Push. Exposing and Challenging the Persistence of Patriarchy. University of California Press.
12. Witz, A. 1992. Professions and Patriarchy. Routledge.
13. Besley, T and Coate, S. 1991. Public Provision of Private Goods and the Redistribution of Income. The American Economic Review, vol 81, n 4, 979-984.
14. Republic of Kenya. The Income Tax Act, Chapter 470 of the Laws of Kenya. Nairobi: National Council for Law Reporting.
15. Quran: Surah al Tawbah, verse 60.
16. Latif, L. The Lure of the Welfare State Following Decolonisation in Kenya, in Imperial Inequalities, edited by Gurinder Bhambra and Julia McClure (forthcoming).
17. Latif, L. 2020. The Evolving Thunder: The Challenges around Imposing the Digital Tax in Developing African Countries. International Journal of Digital Technology and Economy, vol 4, no. 1. DOI: 10.31785/ijde.4.1.4.
18. Schoff, Wilfred Harvey, ed. (1912), The Periplus of the Erythraean Sea: Travel and Trade in the Indian Ocean by a Merchant of the First Century, New York: Longmans, Green, & Co Hill.
19. John E. (2009), Through the Jade Gate to Rome: A Study of the Silk Routes during the Later Han Dynasty 1st to 2nd Centuries CE, Book Surge Publishing.

20. Huntingford, G.W.B., ed. (1980). *The Periplus of the Erythraean Sea*, by an unknown author: With some Extracts from Agatharkhides 'On the Erythraean Sea'. London: Hakluyt Society.
21. Vincent, William. *The Periplus of the Erythraean Sea, Containing an Account of the Navigation of the Ancients, from the Sea of Suez to the Coast of Zanguebar*, Vols. I & II, London: A. Strahan Printers Street, 1800, p.139-222 and Appendix No. IV.
22. Shield Johansson, M. 2020. Taxes for Independence, *Social Analysis* 64(2), 18-37.
23. Meagher, Kate. 2018. Taxing Times: Taxation, Divided Societies and the Informal Economy in Northern Nigeria. *Journal of Development Studies* 54 (1): 1–17.
24. Roitman, Janet. 2007. The Right to Tax: Economic Citizenship in the Chad Basin. *Citizenship Studies* 11 (2): 187–209.
25. Powell, R. 2010. Zakat: Drawing Insights for Legal Theory and Economic Policy from Islamic Jurisprudence. 7 *PITT. Tax Rev* 43.
26. Kahf, M. 1995. Applied Institutional Models for Zakat Collection and Distribution in Islamic Countries and Communities, in *Institutional Frameworks of Zakah: Dimensions and Implications* (Ahmed Abdel Fattah ek Ashker and Muhammed Sirajul Haq eds).
27. Lust, E and Rakner, L. 2018. The Other Side of Taxation: Extraction and Social Institutions in the Developing World. *Annu. Rev. Political Sci.* 21:277-94.
28. Beard VA. 2007. Household contributions to community development in Indonesia. *World Dev.* 35(4): 607–25.
29. De Weerd J, Dercon S. 2006. Risk-sharing networks and insurance against illness. *J. Dev. Econ.* 81(2): 337–56.
30. Besley T. 1995. Nonmarket institutions for credit and risk sharing in low-income countries. *J. Econ. Perspect.* 9(3): 115–27.
31. Fafchamps M. 1992. Economy, solidarity networks in preindustrial societies: rational peasants with a moral economy. *Econ. Dev. Cult. Change* 41(1): 147–77.
32. Udry C. 1990. Credit markets in northern Nigeria: credit as insurance in a rural economy. *World Bank Econ. Rev.* 4(3): 251–69.
33. Platteau J-P, Abraham A. 1987. An inquiry into quasi-credit contracts: the role of reciprocal credit and interlinked deals in small-scale fishing communities. *J. Dev. Stud.* 23(4): 461–90.
34. Bhattamishra R, Barrett CB. 2008. Community-based risk management arrangements: an overview and implications for social fund programs. *Soc. Prot. Disc. Pap.* 0830, World Bank, Washington, DC.
35. Ostrom E. 1990. *Governing the Commons. The Evolution of Institutions for Collective Action*. Cambridge, UK: Cambridge Univ. Press.
36. Barkan JD, McNulty ML, Ayeni MAO. 1991. 'Hometown' voluntary associations, local development and the emergence of civil society in western Nigeria. *J. Mod. Afr. Stud.* 29(3): 457–80.
37. Fong CM, Luttmer EFP. 2007. What determines giving to Hurricane Katrina victims? Experimental evidence on income, race, and fairness. *Work. Pap. Ser. No.* 13219, 2008: 64–87, Natl. Bur. Econ. Res., Cambridge, MA.
38. Coleman J. 1990. *Foundations of Social Theory*. Cambridge, UK: Belknap Press.
39. Bodea C, LeBas A. 2016. The origins of voluntary compliance: attitudes toward taxation in urban Nigeria. *Br. J. Political Sci.* 46(1): 215–38.
40. Fafchamps M. 2003. *Rural Poverty, Risk and Development*. Cheltenham, UK: Edward Elgar.
41. Lieberman E. 2003. *Race and Regionalism in the Politics of Taxation in Brazil and South Africa*. New York: Cambridge Univ. Press.
42. Platteau J-P. 2000. *Institutions, Social Norms and Economic Development*. Amsterdam: Hardwood Acad.
43. Article 2(4)– which recognise norms constructed outside the constitution as long as the norms conform to the constitution, Articles 169 and 170 which establishes kadhis courts (Islamic courts) and recognises Islamic sources of law.
44. Shepherd LJ. 2019. *Handbook on Gender and Violence*. Edward Elgar Publishing.

45. McAuley, D. 2015. What is FinTech? Wharton FinTech.
46. Financial Stability Board. 2017. "Financial Stability Implications from FinTech: Supervisory and Regulatory issues that Merit Authorities' Attention."
47. Lee D, Chuen K & Teo, E. 2015. Emergence of FinTech and the LASIC Principles, 3 J. Fin. Perspectives: FINTECH 2, 4.
48. Philippon, T. 2016. The FinTech Opportunity 2.
49. Shohel TA, Niner S, Gunawardana S (2021) How the persistence of patriarchy undermines the financial empowerment of women microfinance borrowers? Evidence from a southern sub-district of Bangladesh. PLoS ONE 16(4).
50. Goetz A. and SenGupta R. 1996. Who Takes the Credit? Gender, Power, and Control Over Loan Use in Loan Programmes in Rural Bangladesh. World Development, Elsevier, vol. 24(1), 45-63.