

SURVEY REPORT

PROVISION OF GUZARA ALLOWANCE TO MUSTAHQEEN THROUGH BRANCHLESS BANKING (TELENOR EASY PAISA)

COMPILED BY

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SUBJECT: SURVEY REPORT REGARDING PROVISION OF GUZARA ALLOWANCE TO MUSTAHQEEN THROUGH BRANCHLESS BANKING (TELENOR EASY PAISA)

1. Study Background:

Zakat & Ushr department provides financial assistance to the needy and poor particularly orphans, widows, handicapped and disabled persons who are eligible to receive Zakat under Sharia under different heads. Guzara Allowance is one of these heads. As of October, 2014, Guzara Allowance is being paid through branchless banking system of Telenor (Easypaisa) @ Rs. 1000/- per beneficiary per month. Prior to October, 2014, it was used to be paid to the Mustahqeen-e-Zakat @ Rs. 500/- per month per beneficiary through crossed cheques via Local Zakat Committees. The procedure for provision of Guzara Allowance was quite lengthy and cumbersome. After receipt of Zakat funds from Provincial Zakat Council (PZC), District Zakat Committees (DZCs) used to prepare cheques for release of Guzara Allowance to the LZCs and one cheque for each LZC had to be prepared. In this way, almost 24000 cheques were prepared by the DZCs in the province for release of Guzara Allowance to local zakat committees. Each cheque was sent to the concerned Local Zakat Committee for endorsement of its bank account, then to the concerned bank branch for verification of the account, then to its main branch for confirmation, then to District Accounts Office for passing, then again to the relevant bank branch for collection and finally to the concerned State Bank or National Bank of Pakistan for credit of amount into the account of the LZC. After the receipt of funds in the account of LZC, each Chairman LZC called meeting of LZC for approval/selection of Mustahqeen after which he issued crossed cheques to each beneficiary @ Rs. 500/- per month. Every mustahiq had to open his/her account in a scheduled bank to get the crossed cheque credited in his/her personal account to receive the amount of Guzara Allowance. This process normally used to take around two months from the date DZC issued cheque to the date mustahiq received his/her amount of Guzara Allowance from the bank.

Apart from the delay factor, there were numerous complaints from the mustahqeen regarding humiliation at the banks and non cooperation in opening of their accounts. This was relatively costly for mustahqeen in terms of money and time they had to spend in paying a number of visits to banks.

Provincial Zakat Council in its meeting held on 05.06.2014 deliberated over the situation and decided for some easier disbursement method through branchless banking with the view to mitigate the sufferings of mustahqeen. The department initiated competitive bidding process under the PPRA Rules, 2014 to hire the services of branchless banking institution/s for award of contract on open merit. After due procedure, the contract for payment of Guzara Allowance to mustahqeen was awarded to Telenor Easy Paisa which was the lowest bidder. Meanwhile, the Council also approved enhancement in the rate of Guzara Allowance from Rs. 500/- to 1000/-.

Initially, payment of Guzara Allowance to Mustahqeen through branchless banking was started in district Lahore, Sheikhpura and Hafizabad as a pilot project in October, 2014. It was also decided that the payment of mustahqeen may also be made on quarterly basis instead of biannual basis.

2. Decision to conduct Survey/Study:

Department decided to conduct a survey of the Pilot Project. Vide notification No. 3930/Zalat/2014/AO(Admn) dated 24.11.2014, following committee was constituted:

- i. Muhammad Afzal,
Deputy Administrator Zakat (HQ).
- ii. Muhammad Sajjad Babar,
Deputy Administrator Zakat (Field).
- iii. Mr. Ehtesham ul Haq,
Publication Officer.

Objectives of the survey were to assess transparency and convenience under the new initiative and resultant satisfaction level of mustahqeen.

3. Data Collection and Analysis:

Research team accordingly conducted survey. A number of field visits of the three districts were carried out. Relevant record regarding disbursement of funds in three districts through Telenor (Easy Paisa) was examined. Proper questionnaires were designed for beneficiaries, Chairmen LZCs, Field Zakat Clerks and Retailers of Telenor Easy Paisa. As many as 113 mustahqeen, 33 Chairmen LZCs, 21 Field Zakat Clerks and 15 retailers of Telenor Easy Paisa were interviewed on the spot. Their feed back was recorded on the questionnaires. Besides, semi structured interviews of Mr. Ali Haider, Department's Focal person for Telenor (Easy Paisa), Deputy Administrators Zakat (M&E) Gujranwala and Lahore and District Zakat Officers Lahore, Hafizabad & Sheikhpura were also conducted.

Analysis of the data shows that out of 113 total interviewed mustahqeen, as many as 111 confirmed that they received Rs. 2965/- each. Similarly, 111 mustahqeen stated that they did not face any major difficulty in getting their amount through the easy paisa initiative. Overall, 110 mustahqeen expressed their satisfaction on the current mode of payment. Nearly all of them felt so because they believed that this system was relatively more convenient for them.

Similarly, 33 Chairmen LZCs were interviewed. 30 out of them expressed their over all satisfaction on the new mode of payment and the same number considered it relatively more transparent than the previous branch based disbursement method. 32 of them stated that the new methodology is more convenient in terms of work load on LZCs.

Out of the total 21 Field Zakat Clerks interviewed, 19 officials said that they believe the branchless banking mode of payment was better in terms of convenience and transparency than the previous system of disbursement through crossed cheques.

Two Deputy Administrators Zakat, three District Zakat Officers and one focal person were interviewed. While all of them believed that the

new payment methodology is relatively more convenient and transparent, they highlighted certain issues. These include delayed or incomplete messages and difficulty and cost for connecting to Telenor helpline.

4. Findings:

Perusal of record about disbursement and analysis of the feedback of interviews shows that the department adopted the branchless mode of payment in October, 2014 initially in district Lahore, Hafizabad and Sheikhpura as a pilot project. District Zakat Committees (DZCs) issued cheques for disbursement in the 2nd week of October, 2014. After credit of amount into Tameer Bank, actual disbursement started by the 3rd week of October. The Committee found that disbursement in all the three districts reached above 80% by the end of 1st week of November, 2014. The survey team was assigned the task to conduct study about the level of convenience, transparency of the project and the overall satisfaction of the mustahqeen. The study has found that overall 97% mustahqeen expressed their satisfaction on the current disbursement methodology via Telenor Easy Paisa. As many as, 98% confirmed that they received their due share without any pilferage as such endorsing transparency in the current methodology and 98% of them stated that the new system was convenient for them as they did not face any difficulty in getting their Zakat from Easy Paisa outlets.

The Committee observed that a marginal 3% mustahqeen believed that the current system was not better than the previous one. Interestingly, all these three cases were noticed in the urban area of Lahore district whereby the mustahqeen stated that their accounts in bank branches were already opened and the current methodology has worked no wonder because they were getting their Zakat from bank branches as easily as now through Easy Paisa shops. Two mustahqeen out of the total 113 complained that they received less amounts than their due share in district Hafizabad. The Committee learnt that in one case, Telenor outlet handed over the amount to the son of mustahiq who stated that he spent some money on his father's

medicines. While in the other case, mustahiq complained that the outlet paid her Rs. 45/- less than her due share. Similarly, two persons (2% of the total) complained that they find the existing system difficult. One of them stated that he is illiterate and cannot read the message on mobile while the other said that he was poor person and had to purchase a mobile hand set for getting amount from Telenor (Easy Paisa).

While the current study has shown that the new initiative under Telenor (Easy Paisa) is relatively more convenient as well as transparent and the majority of mustahqeen have been found satisfied, however, the survey team observed certain shortcomings which it believes need to be addressed with the view to make the initiative more secure and fool proof. For example, the survey team observed in district Sheikhpura that Telenor does not have its outlets in some of localities in Tehsil Safdar Abad and Muridkey. Similarly, in district Hafizabad, as many as 10 mustahqeen revealed that their relatives received Zakat fund from the Telenor outlets by showing their original CNIC and pass code. Telenor outlets when interviewed also admitted that they did pay Zakat funds to persons other than the actual mustahqeen when they showed the original CNICs and pin codes. In one case, the mustahiq complained that only Rs. 1500/- reached him. However, in rest of the cases mustahqeen confirmed that they received total due amounts but after sometime and via some body else. The survey team believes that payment to some body other than the actual mustahiq can lead to pilferage of Zakat money. It has also been observed that payments under the pilot project started on 16.10.2014 and remained under process for at least one month. It reached 80% on 07.11.2014 after lapse of some twenty days. Delay was occasioned, inter alia, by delayed or incomplete messages. This issue echoed throughout the semi structured interviews with Deputy Administrators Zakat (M&E) and District Zakat Officers. Problems about the helpline also remained a recurrent feature during the course of study. It was learnt that connecting the existing helpline i.e. 3737 and UAN No. 111-345-100 is costly as well as

difficult. Generally, one call costs Rs. 30/- to 50/-. Besides the helpline remains often busy and the caller has to wait for 5 to 10 minutes and in some cases even for longer. The DZOs and mustahqeen demanded a separate toll free helpline meant solely for mustahqeen-e-Zakat.

5. Conclusions:

As the above chapter has shown, the new system of payment through Telenor (Easy Paisa) has been found better in terms of both convenience and transparency. 98% of mustahqeen expressed their satisfaction over it. However, there is still room for further improvement. Telenor authorities should ensure disbursement within seven days from the credit of Zakat funds into their account as envisaged under the contract agreement. A separate toll free helpline may be arranged by the Telenor only and solely for the mustahqeen-e-Zakat. It may also be ensured that Telenor outlets handover Zakat funds only to the actual mustahiq-e-Zakat on production of pass code and original CNIC. The Telenor authorities should also ensure that they have their outlets in the jurisdiction of each Local Zakat Committee so that mustahqeen can get Zakat near their door steps.