



# PIONEERING PROJECT BY COMBO INNOVATION

## *UK MOSQUE CRYPTO ZAKAT CAMPAIGN, 2018*

### BACKGROUND

Every year, all but the poorest Muslims are obliged to give away 2.5% of their wealth to charity during Ramadan. This is known as Zakat and it is one of the five pillars of Islam.

In addition to this compulsory annual donation, Muslims may also make voluntary donations of any amount at any time of the year, which are called Sadaqah.

In 2017, our research showed that no Islamic charities in Britain were accepting donations in crypto-currencies.

Given the surge in global crypto popularity, with some 20 million people owning crypto wallets, it was inevitable Muslim users would be among these too.

Bitcoin is the world's most popular crypto-currency, accounting for about 40% of the market and a global value of over £1 billion.

We estimated that if Muslims, who make up a quarter of the world's population, hold just 1% of all Bitcoins then £26 million in Zakat contributions is due, which could make a significant difference to good causes around the world.

We approached British Islamic charities sharing our findings and suggested they start accepting crypto-currency donations and offered them our consulting services to initiate and provide support with this at no cost to them.

After consulting with its board and religious advisors, the UK Turkish Islamic Trust, a registered charity in East London which administers Masjid Ramadan, agreed to take part in Combo Innovation's pioneering project.

We scheduled this to run during Ramadan, from 17 May to 14 June 2018.

## AIMS

The project's aims were four-fold, to:

- Create a new revenue stream for the charity.
- Meet the £10,000 target in crypto-currency donations during Ramadan;
- Raise awareness about the untapped potential of Zakat and Sadaqah in crypto-currencies; and
- Inform the debate about whether crypto-currencies are 'halal' or 'haram'.

## METHOD

Combo Innovation advised and assisted the mosque on how to receive, store and sell crypto-currency safely. There are over 1,800 different crypto-currencies in use world-wide, and we suggested the mosque accept the two most popular ones, Bitcoin and Ethereum, which between them account for over fifty percent of all crypto-currency transactions.

We trained the mosque's accounts staff on how to use the gadgets to securely access their crypto wallets and make transactions. We were on call to give support and guidance until staff members felt comfortable in making these transactions.

Before Ramadan started, we attended a briefing with the imams, advisors, teachers, and the administrative staff and volunteers at the mosque to inform them about the campaign.

It gave them an opportunity to ask questions about the Zakat project and to understand the scriptural reasoning behind the religious advisors' decision allowing crypto-currency donations.

To raise local awareness, we hung large banners outside Masjid Ramadan promoting that it accepted Zakat and Sadaqah in Bitcoin and Ethereum.

Regular worshippers at the mosque were also given details about the innovative campaign during the first Friday sermon of Ramadan.

We launched the Zakat crypto-currency campaign at the start of Ramadan. Erkin Guney, chair of the UK Turkish Islamic Trust, Zayd al Khair, one of mosque's religious advisors, and Gurmit Singh, CEO of Combo Innovation, held a press briefing.

We explained why the mosque had agreed to participate in this ground-breaking project and its expected benefits, while also answering questions from journalists on a variety of issues, not least on why Masjid Ramadan's religious advisors had decided Islamic doctrine permitted the use of crypto-currency when other scholars had spoken against this.

The initial media coverage about the project prompted global interest, driving a seemingly endless stream of photographers, journalists and TV crews visiting the mosque to cover the story.

It generated a palpable sense of pride and excitement among the mosque's staff and congregation that this diverse community in East London was part of an historic mission.

**OUTCOME:** The project was a resounding success, meeting all of its aims.

£14,000 of the £17,500 Zakat donations Masjid Ramadan received during the holy month of Ramadan came from Bitcoin and Ethereum donations. The mosque not only exceeded its Zakat target, it raised four times more in crypto-currency than in cash!

A total of 24 crypto-currency donations were received. Seventeen of these were in Bitcoin (14 for Zakat, 3 for Sadaqah), and seven Ethereum (4 for Zakat, 3 for Sadaqah). The largest one-off crypto-currency donation Masjid Ramadan received was 14.99 Ethereum for Sadaqah, worth more than £5,200.

The extensive global media coverage about our 'Zakat campaign' led to enquiries from as far afield as Indonesia, from an Ethereum miner.

We believe subsequent regular Ethereum donations are a result of this enquiry.

Masjid Ramadan's team liquidated their crypto-currency promptly, as they had committed to do to remain with Islamic finance rules. The staff became increasingly confident about managing their own crypto wallet without any need for external support.

Since Ramadan, which ended on 14 June 2018, Masjid Ramadan has continued to receive crypto-currency Sadaqah.

The Zakat campaign generated over 1,000 pieces of media coverage worldwide. It attracted interest from leading global news agencies such as Reuters and Associated Press, as well national and international media outlets including Al Jazeera, Alhurra TV, BBC Indonesia, the Telegraph, i News, CCN.com, Crypto Briefing, and Islamic media outlets such as Amaliah.com and 5 Pillars.

The mass media coverage also triggered a wealth of debate among Muslims on whether crypto-currency usage is permissible in Islam. We could see this on social media pages where the various news stories were posted.

Mr Guney, the mosque chairman, expressed his delight at the outcome of this year's Ramadan Zakat campaign. In a press statement he said: *"We are truly grateful to everyone who donated, whether through crypto-currency or by conventional means. Many people at the mosque were initially sceptical about us accepting this new money, but the fact we received four times more in crypto-currency donations shows*

*how important it is to be open to these new digital currencies. These donations will make a huge difference to our mosque and charitable works.”*

The donations are earmarked for three principal areas: carrying out essential repairs at the mosque, assisting poor Muslim families with funeral costs, and feeding and offering shelter to those in need in the local area.