

Modernizability and Formalizability of Rotating Savings and Credit Associations Through Islamic Banks

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Abstract—Many scholars classified and criticized Rotating Savings and Credit Associations (ROSCAS) as Traditional and Informal Financial Institution (IFI) respectively without providing sustainable solutions to them. Using Explanatory Approach, we reviewed Four-Ps (Prevailing Environment, ROSCAS' Principles, Problems and Permissibility in Islam) to discover another Three-Ps (Practicability of ROSCAS under Islamic Banks, Priorities that may hinder its Practice and Prosperities of the Modernized and Formalized ROSCAS) at mundane and spiritual levels. Conclusively, the Management of Financial Resources owned by some groups of Financially Poor People can be Millennium Compliant, subjected to *Shari'ah*, and coordinated by Islamic Banks to solve most if not all of the problems of ROSCAS across the Globe. Based on the Empirical Evidences and *Shari'ah* we suggest quick Modernization and Formalization of ROSCAS by opening windows of Savings and Credit Accounts (SACA) to attain the Millennium Development Goals and Eternal Bliss of the Conventional and Islamic Economists respectively.

Keywords—Formalizability, Islamic Banks, Modernizability, ROSCAS, and SACA.

I. INTRODUCTION

ROSCA is an association formed upon a core of participants who agree to make regular contributions to a fund, which is given, in whole or in part, to each contributor in rotation [1]. Major classification of ROSCAS among scholars is that of being Traditional Financial Institution and criticized for Informal Practice [2] and [3]. Yet they provide no lasting solution to the above limitation but made call for further studies on it. Interest-Free Banking was invented by Islamic Economists and Bankers who established Islamic Banks. Islamic Bank is a bank whose establishment is consistent with the Principles of *Shari'ah* and its practical application through the development of Islamic Economics [4] and [5].

Modernization is a model of progressive transition from

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'pre-modern' or 'Traditional society' to a 'modern society'[6]. Islam places emphasis on *Amalan Soolihan*, good deeds or goodness or doing something that is better than the previous ones. Modernization can be equated with doing better things. Quickness in doing good or better things is regarded as Modernization in this paper for Allah (S.W.T) says the front liners are the foremost ones in goodness and will be the foremost in Paradise, Al-Jannat (Q 56: 10) and they will be the nearest to Allah (S.W.T) (Q56: 11 - 13). If Islamic Banks are able to modernize and formalize ROSCAS by establishing Savings And Credit Accounts (SACA) before the Conventional Banks, it means, Islamic Banks are Modernized and reverse is the case if otherwise.

Thus, the paper takes "*Amalan Solihan*" to be "doing better things" or "Modernization" for Modernization is the next thing that is given recognition after *Iman* (Belief) in Islam. Modernization in Islam, therefore implies the act of doing something better with respect to social, political, economical and technological aspects of live in order to have global development. While interpreting a Qur'anic verse, (Q2: 112), [7] defines a *Muhsin* as "A good-doer who performs good deeds totally for Allah's sake only without any show-off or to gain praise or fame, and in accordance with Sunnah, ways of Allah's Messenger (S.A.W)). Also, Believers shall not conceal clear proofs, evidences and guidance (Q2: 42), else they will be cursed by the cursers (Q2: 159). Man should not claim purity (Q53: 32). That is to say, if Islamic Banks do not do something better than the Conventional Banks, they are not owned by Muslims, not Modernized and shall drop the word Islam attached to their name.

Formalization is a kind of grouping that is accepted by the people and government of the host community; and be *Shariah* Compliant, for Allah (S.W.T) says "Hold on to the Rope of Allah and do not be divided" (Q4: 33). Believers are to migrate and spend their wealth in the path of Islam before their health or life (Q8: 72). So, if Islamic Banks do not accommodate ROSCAS, it means they are not aiding togetherness but they are aiding separation which Islam frowns at. Formalizability of ROSCAS through Islamic Banks, therefore means, the ability of Islamic Banks to accommodate the ROSCAS. Islamic Banks are Formal Financial Institutions, therefore, all ROSCAS under them are considered Formalized ROSCAS.

Acronyms used in the paper are 'FROSCA', 'MDGs',

'PA', 'Q', 'ROSCAS', 'SACA', 'S.A.W', and 'S.W.T' which means 'Formalized Rotating Savings and Credit Association', 'Millennium Development Goals', 'Personal Account', 'Qur'an', 'Rotating Savings and Credit Associations', 'Savings and Credit Accounts', '*Solallahu Alaehi Was-Salaam*' (Peace and Blessing of Allah be on him.) and '*Subuhanahu Wa Tahala*' (Glory and Esteem be to Him) respectively.

II. LITERATURE REVIEW

A. Prevailing Environment in Conventional Economics

Prevailing environment are widespread poverty, unemployment, calls for researches on informal sector of the economy, inadequate capital formation, existing semi-formalized ROSCAS in some nations, scholastic calls for elimination of interest rate regime; existing interest-free cooperative societies that have neither religious nor tribal delineations; and the desire for local contents among others.

ROSCAS do give social assistance to people afflicted with inevitable problems [1] and [7]; (2000)[8], and [9]. ROSCAS do give loans to small scale industries, [1] and [10]. The establishment of a small credit and savings schemes have played a lot of positive role on the development of people [11] and [12].

MDGs are eight in number. They are: eradication of extreme poverty and hunger; achieve universal primary education; promote gender equality and empowerment of women; reduce child mortality; combat HIV/AIDS malaria and many other diseases; ensure environmental sustainability; and promote global partnership for development [13]. Proponents of MDGs needs to incorporate ROSCAS else the 2015 target will not be met.

In India, Chit, Chitty or Chit Fund is an indigenous financial institution operated as a company or semi-formalized ROSCA [14]. Similarly, Time Multiple Counter Loans exists in Pakistan, and *Mujin* Co is in Japan. *Shari'ah* basis and the registered Cooperative Societies in all nations show that Islamic Banks can Modernize and Formalize ROSCAS. TMCL is a function of *Qard* Hasan and it is a substitute for Interest-Based Loans [15]. The discovery of One-By-One Financial Strategy (OBOFS)[16] points to the fact that Islamic Banks can permit ROSCAS to operate under them as this will permit Circular Flow of Wealth.

Currently, Islamic Banking Products are Mudaraba, Musharaka, Murabaha, Ijara, Salaam, etc. If Islamic Banks have been operating the above products successfully, they will be able to operate SACA more successfully. Islamic Banks are advised to adopt ROSCAS as a financial product [17].

B. Principles of Organizing ROSCAS

ROSCAS are comfortable avenues for savings and borrowings by low income earners [1] and [18]. People join ROSCAS to show magnanimity[19]; cannot save alone [20], do not have access to Capital Markets to obtain Loans [21], want interest-free loans[1]; and to borrow more money than

they saved with them[22]. Participation of poor people in ROSCAS makes them to have self-discipline[18]. They exist where other financial institutions are not found [25], do convene at a particular place to discuss pending issues [11] and their executives do have constant interaction with member [23].

C. Problems of ROSCAS

ROSCAS do rely on mutual trusts)[1] and [11], and do not discount loans, provide the service of transfer of money[25]; high possibility of frauds[1], and short term lending [24]. Takers of the first bundle gain while the receivers of the last bundle lose [1], [18], [25], and [11].

D. Permissibility of ROSCAS in Islam

Where people are three and below or five and above Allah (S.W.T) is with them (Q58: 7). Thus, Islamic Banks shall not exempt themselves where Allah (S.W.T) is existing. Savings is encouraged in Islam for believers can store food for a year for their family (Khan, 1994: *Hadith* 1886). However, a prophetic tradition implies that man can expend his wealth in Allah's (S.W.T) way within three days except the ones with which debts will be paid (Khan, 1994: *Hadith* 1103). *Shari'ah* condons the adoption of customs and traditional practices that do not contradict Islam[26]. "ROSCAs system is based largely on the principles of cooperation, mutual assistance and interest free financial intermediation which are similar to Islamic Principles of Finance [11]. The places of ROSCAS' membership in the divine revelations are as follows:

Allah (S.W.T) created man in grades, and recommends that the 'haves' should assist the 'have-nots' (Q5: 14). Believers are encouraged to follow good people or helpers who do not ask for rewards, (Q36: 21) and avoid interest dealings (Q4: 161), etc. Preserve for future (Q28: 77); protect yourself and family (Q66: 6); but best accumulation is fear of Allah through piety (Q2: 197). No compulsion of membership for Prophet Muhammad (S.A.W) enjoins people not to overburden themselves (Khan, 1994: *Hadith* 26). Muslims must be modest, not to open ones hands too much and not to fold it too much in order to avoid being extravagant and spendthrift, respectively (Q7: 85), etc. Whosoever does good do it for his own soul, and vice versa (Q41: 46). Prophet Muhammad (S.A.W) forbids wastage of wealth and extravagance (Khan, 1994; *Hadith* 1106).

Objective (*An-Niyyat*) of doing things must be to develop other people (Q22: 40; 22; 78; and 30: 47) for the sake of Allah (S.W.T) (Q11: 7) and nobody is better than Him (Q5: 50). Associate with fellow believers for believers are like building (Khan, 1994: *Hadith* 2026). Run away from *Fitna*, troubles (Khan, 1994: *Hadith* 19). Wastages is forbidden (Khan, 1994: *Hadith* 1106).

When transferring wealth for future payment, document it and have witnesses (Q2: 282). Prayer of our Prophet (S.A.W), "Oh Allah, give me among the righteous" (Q37: 100).

Oneness of deed (Q18: 110). Allah (S.W.T) helps those who help His cause (Q22: 40). Allah (S.W.T) encourages tests and certification of deeds (Q84: 7-12). Oral agreement or pledges is allowed, if the transferees are on a trip and cannot get a scribe (Q2: 283).

Believers are to start executing any good projects from their closest neighbors (Q16: 90). Interest-Rate dealing is forbidden, (Q30: 39, 4: 161; 3: 130 - 132 and 2: 271 - 285). Do not eat Riba doubled and redoubled (Q3: 130). (Q4: 161). Believers are advised to follow people who do not ask for rewards because they are on the right path (Q36: 21). None-the-less, Islamic economics permits handsome payment of debts (Khan, 1994: *Hadith*, 1104). The rich to treat the poor, gently (Q5: 14). Allah (S.W.T) encourages equality, goodness and giving to the people near you (Q16: 90) and no imposition of hardship (Q2: 11; 2: 233; 5: 2; and 16: 90).

Fulfill pledges and return trusts (Khan, 1994: *Hadith* 32). Allah (S.W.T) invites you to the home of peace (Q10: 25) and social insurance (Khan, 1994: *Hadith* 1102) which says that Allah (S.W.T) would pay the debt of anybody that takes the wealth of other(s) with the aim of repaying back but spoil the wealth of the debtors who do not wish to service their debts. Thus, borrowing is permitted in Islam.

Human beings are not created as a nation, (Q42: 8); but in pairs, (Q78: 9); should hold on to the Rope of Allah (S.W.T), (Q4: 33); and men are brothers, (Q49: 10). Allah (S.W.T) directs Prophet Muhammad to hold regular meetings with his disciples, (Q4: 19; 42: 38). These show that ROSCAS activities are accepted in Islamic economics because Muslims must plan for good future for God is a Planner and God's Plan is strong (Q68: 49 and 3: 159). Give just and equal weights (Q17: 35), do not defraud others (Q2: 188; and 7: 85) and help each other (Q5: 2). Almighty Allah (S.W.T) promises multiple rewards for good deeds (Q4: 40; 28: 54; 10: 26; and 5: 9) and (Khan, 1994: *Hadith* 39).

Riba which means Usury or Interest is forbidden but doing good things and trading are permitted (Q2: 275-279; 30: 39; and 4: 161). Do not give man because you want more from him (Q11: 34 and 74: 6). As a consolation for loss of value of money, Prophet Muhammad (S.W.T) is said to have, voluntarily, repaid debt handsomely (Khan, 1994: *Hadith* 1104).

On consultation, Prophet Muhammad (S.A.W) was told by Allah (S.W.T) to discuss with his disciples (Q3: 159). Believers shall shun selfishness and give preference to emigrants (Q59: 9); men are hasty (Q17: 11); but must do good (Q18: 110); and give glad tidings to be patient and go for expedition in parties (Q4: 71). True believers are those who ask for permission (Q24: 62) and there is no compulsion in religion (Q22: 78).

Believers' mandate is to help believers (Q30: 47), shall not hold secret meetings for bad except good (Q58: 9); consult Prophet in private and give him charity (Q58: 12); exercise patience upon endurance (Q3: 200). Believer must be

spending on those who beg and those who do not beg (Q51: 19) and should not be miserly (Q 4: 37). Allah (S.W.T) does not want to place you in difficulty but ease (Q5: 6); and be rescued by Allah (S.W.T), (Q10: 103). Islam places much emphasis on straight path (Q1: 5-7 and 2: 2-5). That is the path of those that Allah (S.W.T) has mercy upon, and are the everlasting gainers (*Mufulihun*), (Q2: 5).

Prophet Muhammad (S.A.W) and other Muslims are enjoined not to despise the orphans and needies for the Mercy of Allah (S.W.T) to be theirs (Q 93: 9-11). This is an aid to Financial Inclusion which Islamic Banks must be after.

III. METHODOLOGY

The Paper is a Conceptual one in the field of Financial Inclusion and it relies heavily on secondary data that extol the knowledge of and act of good deed as in the Holy Qur'an (Q26: 83; 27: 40; and 27: 42) which are collated from the Holy Qur'an; Literature on ROSCAS; MDGs and other conventional views was obtained electronically from website. Literature on divine revelation of Allah (S.W.T) in the Holy Quran translated by Al-Hilali and Khan (2011)[6] and that of Prophet Muhammad (S.A.W), *Sunnah* in the Hadith was obtained from Khan (1994)[28].

Using the Explanatory Approach, this paper lays much emphasis on the Principal Words in the literature Review. These Principal Words, incidentally begins with letter 'P'. They are the Prevalent Environment, Principle, Problems and Permissibility of ROSCAS in Islam. Discovered from the above 'Ps' are Practicability, Priority, Prosperity of operating ROSCAS under Islamic Banks.

IV. FINDINGS AND DISCUSSION

Based on the issues reviewed above it is found that ROSCAS can be Modernized and Formalized under the roof of Islamic Banks but it will have some challenges through some priorities of some people and will also lead to some benefits called prosperities as explained below.

A. Practicability

Forces of Invisible Hands propounded by the Classical Economics cannot generate full employment and optimum output among others. Keynesian Revolution that gives credence to effectiveness and efficiency of Government Intervention is confirming the fact that Allah (S.W.T) does not change people's condition until they change their behavior (Q13: 10). The authors found it mandatory on them to look at the workability of the proposed modernization and formalization of ROSCAS under the Islamic Banks. This goes thus:

Islamic Banks are already registered with the Central Banks of their host nations, and are operating on Interest-Free Basis. Thus, subscription to SACA is equivalent to operating a Formalized ROSCA. Interest-Free Banking can generate over forty percent economic growth, annually [15].

Despite the fact that the findings of [19] is that self-employed people were patronizing ROSCAS more Islamically than the Civil-Servants, we think it will be easy to start formalization of ROSCAS with the Civil-Servant for they are already in the formal sector of the economy. Thus, beneficiaries of SACA shall be based on job formality, starting from the civil-servants and ending with the self-employed. Islamic Banks can allow artisans to contribute labor services. Similarly, Islamic Banks can give loans to artisans who will pay back in term of labor services. However, artisans must provide tangible assets as collaterals before granted loans.

The Salary Earners will sign Standing Order Agreement (SOA) with the Islamic Bank. The SOA will cover the period which the ROSCA will last. SACA shall be operated like a Standing Order. The major difference between SACA and SOA will now be that the depositor will soon be paid what he deposited under SACA while the depositor do not have access again to his deposits under SOA There shall be no transfer of Salary Account and/or Closure of Account within the Tenure of any ROSCAS. Islamic Banks can allow artisans to contribute labor services. Similarly, Islamic Banks can give loans to artisans who will pay back in term of labor services. However, artisans must provide tangible assets as collaterals before granted loans.

Islam forbids interest payment (Q2: 275-278) but repayment of debts may be above the principal as done, voluntarily, by the Prophet (S.A.W) (Khan, 1994: Hadith 1104). If conventional banks can make gains from C.O.T., Islamic Banks can do better. Thus, SACA holders can donate to them after completion of their debt repayment. ROSCAS members are enjoined to be ready to pay their Coordinators which may be Islamic Banks some service charges for believers are advised, if they can, to put forward some things whenever they want to employ the service of Prophet (S.A.W) (Q58: 12-13).

For a Six-Member ROSCA who wants their ROSCA to be formalized, each member must have had a Personal Account (PA) which could either be a savings or a current account opened with the Bank; and they will authorize the bank to open a Saving And Credit Account (SACA) for them. We are using United States Dollar (USD) to represent the currency of the Bank for it, USD, is the Hard Currency with which we paid for this conference; it, USD, is called a Vehicle Currency by [29]; and discovered to be the Best Currency to keep the Nigerian Assets between 1998 and 2014 by [30]. Thus, the sign-on fee for opening of SACA can be a non-refundable fee of one thousand USD (\$1000) per PA and six hundred USD (\$600) per SACA. Thus, each and every member of FROSCA will pay an up-front of one thousand six hundred USD (\$1100) to the bank at the commencement of FROSCA. There and then, they sign a Standing Order form with which they will authorize the bank to be deducting an agreed amount (say \$10,000), from their Personal Account, to the SACA,

every month, till the tenure of the Formalized Rotating Savings and Credit Association (FROSCA) expires. The bank will be paying the agreed amount, Bundle (\$60,000), from SACA, to the personal savings or credit account of members who deserves the appropriate bundle. Thus, the Bank is the Coordinator. The Bank can be the sixth member of each and every five-member FROSCA. This does not stop the Bank from allowing two people or more to start another FROSCA, coordinate them and be the third member. However, It is advised that the number of people in a FROSCA, including the coordinator shall not less than two and not be more than six.

Given that Mr. A, B, C, D, E and F want to establish an FROSCA; the schedule of their transactions may look like the following Table I.

SACA now. For the purpose of incorporating ROSCAS transactions under the Monetary Policy of Sovereign Nations, Central Banks can be members of ROSCAS and take the Bundle or Pot or Box which suits their desired economic objective. That is to say, they take the first box if they want to reduce money supply and suppress inflation. Alternatively, they may take the last box if they want to increase money supply and curtail deflation. If this is done, it means ROSCAS are not undermining the Monetary Policies of government as critics say.

In case of defaults, Islamic Banks can apply *Qisas*, Law of Equity in Punishment (Q2: 178) on defaulters by withholding the salary of defaulting civil-servant and/or selling the collateral of recalcitrant artisan. Hurry into seeking forgiveness (Q3: 143). To start with, interested SACA holders will compensate the coordinators of SACA, as in Qur'an (Q58: 12).

For Allah (S.W.T) will not impose burden on any soul (Q2: 285) all scientific innovation and inventions or Modernization in term of Mobile Banking, ATM Cards, Credit Cards, Internet Banking, and Personal Banking can be applied on the holders of SACA without any hitches

B. Priorities

Priority is defined as other interests which people may pursue. This means that priorities are the likely problems that may erupt before and after the operationalization of SACA. Monetary Policy of nations, Non-Muslim may oppose SACA. There can be Wealth of Defaulters, though they will not benefit (Q58: 14-17 and 58: 20-21).Some of Islamic Banks cannot do it now but must have future plan to do it as recommended by Allah (S.W.T) in the Holy Qur'an (Q59: 18-19).

Fear that depositors especially, current and current account holders may demand for their money anytime. This led to the creation of Cash Reserve Ratio in Conventional Economics. The issue of Cash Reserve Ratio shall not be extended to SACA.

TABLE I
SPECIMEN OF AN FROSCA'S SCHEDULE OF OPERATION

Month	Mr. A (\$)	Mr. B (\$)	Mr. C (\$)	Mr. D (\$)	Mr. E (\$)	Mr. F (\$)	Total Contribution (\$)	Bundle Taker	Amount Taken (\$)
Jan.	11,100	11,100	11,100	11,100	11,100	11,100	66,600	Mr. A	60,000
Feb.	10,000	10,000	10,000	10,000	10,000	10,000	60,000	Mr. B	60,000
Mar.	10,000	10,000	10,000	10,000	10,000	10,000	60,000	Mr. C	60,000
Apr.	10,000	10,000	10,000	10,000	10,000	10,000	60,000	Mr. D	60,000
May.	10,000	10,000	10,000	10,000	10,000	10,000	60,000	Mr. E	60,000
Jun.	10,000	10,000	10,000	10,000	10,000	10,000	60,000	Mr. F	60,000
Jul.	10,000	10,000	10,000	10,000	10,000	10,000	60,000	Mr. F	60,000
Aug.	10,000	10,000	10,000	10,000	10,000	10,000	60,000	Mr. E	60,000
Sep.	10,000	10,000	10,000	10,000	10,000	10,000	60,000	Mr. D	60,000
Oct.	10,000	10,000	10,000	10,000	10,000	10,000	60,000	Mr. C	60,000
Nov.	10,000	10,000	10,000	10,000	10,000	10,000	60,000	Mr. B	60,000
Dec.	10,000	10,000	10,000	10,000	10,000	10,000	60,000	Mr. A	60,000

Source: Author's Hypothetical Table, 2014. Islamic Banks shall start the operation of the

Inability of depositors to meet Banks requirements like Confirmation of Appointments as Collaterals while their employers as guarantors. Self employed need Certificate of Occupancy (C of O), evidence of registration with Corporate Affairs Commission (C.A.C) and Share certificates as Collaterals while their employers and Civil Servants that have Islamic bank accounts can serve as their sureties.

Minimum deposit of a customer can be fixed at ten percent of national minimum wage while the maximum deposit shall be twenty percent of depositors monthly income. Customers are advised to apply for loans, at least, a week before they will execute their projects. This will allow the bank to make all necessary preparation for the disbursement of the loans. The Islamic Banks shall make sure that no customers wait above three days, after fulfilling the guarantors and collateral conditions before getting their loans.

There shall be a Customer's Business Details Forms (CBDF) given to customers to detect *Haram*, illegal businesses. This will allow customers to display the goods and services they have for sale and purchase so that other customers may go and buy and/or sell their desired goods to them at peanuts paid to the sellers through Islamic Banks. The business of Islamic Banks is to display the list of goods and services available for sale on their website while the prospective buyers and sellers will interact among themselves to strike their deals. Islamic Banks shall not advertise the products. The timing and the payment for the display of CBDF commodities shall be discussed and agreed upon by the Asset Owners and the Islamic Banks. How fast will the Central Banks approve the operation of ROSCAS under Islamic Banks?

C. Prosperities

Prosperities are regarded as what the future has for the entire world as benefits from good deeds.

SACA will hasten the attainment of the MDGs especially the eight MDG for Global Partnership for Development will be enhanced. It will promote employment creation for artisans can contribute their services to the SACA and work for civil-servants before they are paid. From there will be increase in output, consumption, savings, trading, profit making, investment and greater employment in circular manner, as desired by all economists. It will lead to the formation of labor banks.

The Organizers of formal ROSCAS through Islamic Banks will get reward that will last forever, going by a Qur'anic verse (Q2: 82). Whatever good deed you sent forth you shall get them back from Allah (S.W.T) (Q2: 110); smooth his path of ease (Q92: 6-7); and the *Muhsin* will not have fear and sorrow (Q2: 112). His Followers will be successful (Q2: 123) and He is sufficient for them (Q65: 2-3). Reward for good deed is doubled (Q 4: 40); ten folds (Q6: 160), best reward, Paradise, Al-Jannat (Q53: 31). Return of all is to Allah (S.W.T)(Q88: 25). Proximity to Him is hastened by the performance of *Nawafil* (Non-Obligatory worship), Al-Hilali and Khan (2011) while interpreting Qur'an (Q2: 186). Thus, rich believers may deposit a portion of their surplus income into SACA, for the sake of Allah (S.W.T), without borrowing from it for a considerable period, so that Allah (S.W.T) will reward them, abundantly.

Allah (S.W.T) loves good doers (Q5: 13S). Islam forbids begging and enjoins that there shall be among you people who are encouraging what is good and forbidding what is bad (Q3: 104) and reward for good deed is in multiple of ten

(Khan, 1997: Hadith 919: 437). Reward of deeds is a function of intentions. Intention of deeds could be for Allah's sake, materialistic or womanistic (Khan, 1994: Hadith 50). Thus, the best objective is to do things for Allah's sake. Oh! you who believe, if you fear Allah (S.W.T), He would give you *Furqan* (distinction between right and wrong and makes you go out of difficulty) and forgive your sins (Q8: 29). Reward of good deeds can also be multiplied ten folds and by up to seven hundred times but that of evil deed is equal to the offence committed (Khan, 1994: Hadith 39). "Is reward for good deeds not better rewards?" (Q55: 60). Ten reward for one good deed (Q6: 160). Greater reward for good deeds in term of garden beneath which river flows for (Q20: 75–76). Good deed sent forth you shall be repaid by Allah (S.W.T) (Q2: 110); and the Muhsin will not have fear and sorrow (Q2: 112). What is with Allah (S.W.T) is better than games and trade and Allah (S.W.T) is the Best Provider (Q62: 11). These are the eternal bliss.

V. CONCLUSION AND RECOMMENDATION

Conclusively, all available evidences, explained above, are pointing to the fact that Islamic Banks can, comfortably, aid Financial Inclusion by introducing SACA before the Conventional Banks. This is because Islamic Banks do not charge interest on loans while Conventional Banks do. Muslims all over the world need to abide by Islamic principle of doing good deeds and enjoin others to goodness as in Qur'an (Q3: 104). Formalization and Modernization of ROSCAS will result into increase in bank customers' savings, capital formation, investment, Employment, Output, Consumption, trade, income and savings, again, in a cyclical manner. It will also lead to cordial relations between lenders and borrowers; and creation of ROSCAS Bank in the nearest future.

In line with Qur'an (Q2: 248–249), we suggest that all ROSCAS members should open SACA with banks that have its facilities, the Box of the Formalized and Modernized ROSCAS be named *Sakinah* (Peace and Reassurance). Conventional Banks that have branches in Muslim Dominated Areas shall open SACA banking windows to the best of their ability pending the time they will be able to eliminate interest-based banking completely.

Formalized and Modernized ROSCA shall have a minimum of two and maximum of six members, going by (Q58: 7). Thus, Live-Span of each and every Formalized ROSCAS shall not be more than one year, divided into twelve months within which each and every members will have access to two bundles. Sources of fund to the formalized ROSCAS are SACA registration fees, monthly contribution and donations from the SACA holders, Bank, philanthropic organizations, research institutes, religious bodies and government.

May Allah (S.W.T) accept our good deeds, forgive us for our mistake and bless us all.

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