Structural Repricing of Gold and Niṣāb Governance: Wealth Zakat Determination in Fiat-Money Economies, 2021–2025

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ABSTRACT

Gold has always been significant as a measure of wealth and monetary value in Islamic legal and economic thought. Today, in the era of fiat currency, the value of gold continues to shape the definition of wealth and financial obligations. The study in this article focuses on the structural repricing of gold from 2021 to 2025 to make observations about the determination of the wealth zakat niṣāb in the current fiat money system. It notes that the gold rush of this period should not be regarded as a regular cyclical movement. Rather, it is an economic repricing, as central banks diversified their holdings, geopolitical and inflationary risks took their toll, the interest-rate transition was nearing its end, there were de-dollarisation themes, and institutional gold buying as a store-of-value asset had surged. The results from the daily gold futures data for the period 2021-2025, obtained using a classical proxy of gold niṣāb with 85 grams, show that the gold price in monetary terms per unit of 85 grams of gold (gold niṣāb) increased from USD4,899.91 per niṣāb in 2021 to USD9,420.96 per niṣāb in 2025. The analysis indicated that the problem faced by zakat is not simply a technical issue but a conversion to the local currency. It is a question of Islamic legal governance: How to uphold the classical niṣāb, how to stabilise gold prices, how to ensure that society trusts the system, how to simplify administration, and how to implement distributive justice? The concept of Niṣāb Governance within the Structural Repricing Framework is an amalgamation of the principles of Zakah, Qawāʾid fiqhiyyah, maqāṣid al-sharīʾah and Islamic governance theory. The framework distinguishes between the fixed quantity, niṣāb (a juristic quantity), and its valuation fiat (an administrative quantity). It recommends the following prevention measures: transparency in methodology, periodicity of review, smoothing based on volatility, public disclosure, and Sharīʾah-governance oversight. The article contributes to the study of Islamic law by introducing the calculation of niṣāb in the context of ijtihad administration, rather than automated price calculation.

Keywords: gold repricing; wealth zakat; niṣāb; Islamic governance; qawāʿid fiqhiyyah; maqāṣid al-sharīʿah; zakat institutions; gold volatility

INTRODUCTION

Gold has been accorded a particular place in Islamic teachings and economic history. According to classical fiqh, it is a zakatable asset, a store of value, and one of the principal monetary metals used in the formulation of the niṣāb thresholds (al-Qaradawi, 1999). In modern economies, gold is no longer used as a day-to-day unit of measurement. Wealth is defined in the legal tender of fiat currency, regulated by banks, calculated according to accounting principles, and determined by market prices, which fluctuate at the moment. The main problem that arises in determining the wealth zakat niṣāb in the modern world is the separation between the juristic amount of gold and its monetary value (Baharudin, 2023). The situation deteriorated between 2021 and 2025, not just due to a relatively modest fluctuation, but also to gold fluctuating in a rather turbulent manner. In 2021, the annual average price of gold in the GC=F series was about USD1,792.99 per troy ounce, and it reached USD3,447.35 in 2025. During the same time, the gold niṣāb (85 grams) stood at about USD4,899.91, before reaching USD9,420.96. Annualised daily volatility also increased from 14.18% in 2021 to 20.49% in 2025 (Yahoo Finance, 2026).

These numbers indicate two pressures on the zakah authorities. The first is an increased monetary threshold, and the second is increased uncertainty about the calculation methods and the timing of distribution.

Economics is not the only concern. Also, it is jurisprudential and institutional. According to the classical definition of zakat, the niṣāb is determined by the quantity of gold. However, the modern management of zakat should be translated into local currency to guide the public, define the payment system (payroll deduction, business accounts), and enforce it. This translation is an administrative ijtihad (ijtihad idārī) and, as such, an act of administration. It is by no means unrestricted from the limitations of Sharīʾah, but it also does not mean that it can be translated only from the latest market price. The authority must be accountable for the choice of the benchmark, timing, averaging method, frequency of announcement, purity treatment and communication strategy. Each of these options affects who is eligible for zakat payments, when it is given, and the public's understanding of the fairness of the institution (Abdul Ghani et al., 2017; Ahmad et al., 2021; Kharisma & Jayanto, 2021).

For this reason, the article makes four arguments. First, because the gold move of 2021-25 is not a price cycle at all, but rather a change in the behaviour of the central banks, in investment demand, in inflation hedging and in geopolitical risk (World Gold Council, 2024a, 2024b, 2025a). Second, there has to be a difference between the invariable point of reference (the quantity of gold recognised in the fiqh) and the variable point of expression (the value of fiat public announcement). Thirdly, a niṣāb policy must have a clear governance mechanism, be supervised by a Sharīʾah, be based on evidence, and be sensitive to the muzakki's certainty and the mustahiq's (recipients) welfare. Fourth, how can a system of institutions respect doctrinal fidelity, the public trust and distributive justice?

LITERATURE REVIEW

CLASSICAL ZAKAT JURISPRUDENCE AND THE GOLD NIṢĀB

The classical definition of zakat states that niṣāb is the lowest denomination of wealth in which wealth is distinguished from ordinary wealth that must be paid for zakat. The consensus in the jurisprudential literature for gold is that the niṣāb is "20 dinars", and many institutions of zakat today view the niṣāb for gold at approximately 85 grams (Al-Qaradawi, 1999). The concept of niṣāb is not limited to money. It represents a normative assessment that only the surplus wealth is subject to zakat, not the subsistence wealth. Thus, niṣāb safeguards people on low incomes and ensures that anything above this minimum level in social circulation undergoes redistribution.

The classical sources on the subject of zakat, such as al-Umm by al-Shāfiʿī, al-Majmūʾ by al-Nawawī, al-Mughnī by Ibn Qudāmah, Bidāyat al-Mujtahid by Ibn Rushd, al-Muwaṭṭaʾ of Mālik and other books, address gold, silver, trade values and monetary possessions within a jurisprudential system of ownership, hawl, niṣāb, rate and intention (al-Zuhayli, 1985; al-Umm by al-Shāfiʿī, 2001; al-Majmūʾ by al-Nawawī, 1344; al-Mughnī by Ibn Qudāmah, 1968; Bidāyat al-Mujtahid by Ibn Rushd, 2004; al-Muwaṭṭaʾ of Mālik, 1985). It is not that these works did not experience the modern obfuscation of fiat currency values in the same manner, since gold and silver were both monetary substances and direct stores of monetary value. On the other hand, in contemporary zakat governance, the threshold must be determined in the currency whose purchasing power and exchange rate fluctuate with gold (Baharudin, 2023). However, modern currencies are susceptible to manipulation. It is important to avoid manipulating the zakat liability, as emphasised in the prophetic traditions. According to one relevant report:

وَلَا يُجْمَعُ بَيْنَ مُتَفَرِّقٍ وَلَا يُفَرَّقُ بَيْنَ مُجْتَمِعٍ خَشْيَةَ الصَّدَقَةِ

"Separate properties should not be combined, and combined properties should not be separated, out of fear of zakat (Al-Bukhārī (1422), ḥadīth no. 1450)."

Al-'Ayni explains that the quotation "properties should not be combined" is syntactically related to "the prescribed obligation". This is because two sheep owned by each partner are considered two zakat units, and these cannot be aggregated, resulting in a reduction of one sheep as the zakat due. Similarly, a joint property cannot be divided once it exceeds the niṣāb amount of the property subject to zakat; for example, if two partners have forty sheep, it is not possible to divide them so that zakat is not due on them. In this way, it is a legal trick intended to extinguish or reduce the obligation to pay zakat (Al-'Ayni, n.d.). The report is prescribed, directly addressing livestock zakat practices, but it takes a legal perspective. Artificial structuring of zakat should not be practised with respect to the rules of zakat. For the wealth niṣāb, the implication would mean that a zakat method should not be structured in such a way that it either evades zakah or it would cause the payers to be burdened more than the zakat niṣāb.

ZAKAT GOVERNANCE AND THE IMPORTANCE OF NIṢĀB

The administration of zakat nowadays is not just confined to calculating per person. In many Muslim-majority jurisdictions, zakat collection is institutionalised in state statutes through state agencies, statutory religious authorities, or national boards authorised to collect it. This institutionalisation makes it more efficient, but it is a governance burden. Authorities are required to publish rules, maintain databases, set rates, educate the public, tabulate public awareness, audit collections and distributions, and ensure compliance with Sharīʾah. The concept of governance in the context of zakat requires familiarity with the following elements: transparency, accountability, competence, trust, and legal clarity in order to become legitimate institutions (Ahmed, 2004; Bank Indonesia & BAZNAS, 2020; Kahf, 1999, 2000; Muneeza & Nadwi, 2019; Obaidullah, 2016; Wahab & Rahman, 2011; Yusoff, 2008).

According to the Zakat Core Principles, a product of collaboration among Bank Indonesia, BAZNAS, and international parties, niṣāb is the value threshold that triggers the obligation to pay zakat. Zakat governance is embedded in a legal framework, a supervisory system, an intermediary function, risk management, and sharia governance (Bank Indonesia & BAZNAS, 2020). This is a confirmation that the niṣāb calculation is not sideways. It is a component of zakat's institutional structure. If changes to the niṣāb threshold are large and triggered by gold repricing, governance failure can occur when the public is unaware of the reasons for the change, the pricing basis, or if the method is inconsistent.

GOLD MARKETS, RESERVE BEHAVIOUR AND STRUCTURAL REPRICING

Gold is often written up as a haven, inflation hedge, reserve asset and portfolio diversifier, and crisis-sensitive commodity (Baur & Lucey, 2010; Baur & McDermott, 2010; Beckmann et al., 2015; Bredin et al., 2015; Capie et al., 2005; Erb & Harvey, 2013; O'Connor et al., 2015). The literature from an Islamic economics perspective should align with the study of zakat and social finance, as the actual effects of fiscal religious instruments (zakat) in the social world may be influenced by asset repricing (Ahmed, 2004; Kahf, 1999; Obaidullah, 2016). These services have grown over the years 2021–2025. The World Gold Council published reports showing that central banks continued to buy gold, with demand from central banks remaining high, ongoing geopolitical risks, continued investment inflows, and gold's role in reserve management still evident (World Gold Council, 2023, 2024a, 2024b, 2025a, 2025b). The International Monetary Fund (IMF, 2024) distinguishes between monetary and other official reserve assets, and the London Bullion Market Association (LBMA, 2025) provides infrastructure for benchmark pricing. Structural repricing is not the same as short-term volatility. Volatility, the magnitude of price fluctuations over time; repricing, the re-evaluation of the equilibrium price of an asset by the market. In 2021-2025, the gold price moved outside its usual range in both directions, making it more valuable. It was not a 'one event' but a consequence of many events, such as risk pricing, currency credibility, reserve diversification, and the absence of trusted stores of value. It has profound implications for zakat because, in fiat currency, the niṣāb could be set above the income threshold, thereby increasing both wealth and zakat.

THE RESEARCH GAP

Several issues regarding the management of zakat, the status of gold as an asset on which zakat is paid and the use of gold and silver in determining the niṣāb were discussed. Much of the discussion, however, is doctrinal and/or operational. The advantages and disadvantages of the doctrinal literature are noted regarding gold niṣāb, but it does not fully examine modern price regimes. There is more focus in the operational literature on tools for calculation and efficiency at the institutional level rather than macro-financial repricing. Similarly, the gold market literature provides ample analysis of price-determining factors but seldom addresses Islamic legal implications. This article seeks to connect these fields by analysing the structural gold repricing as a challenge in wealth zakat niṣāb governance.

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METHODOLOGY

The method in this study is an integrative method that will be specifically analysed through empirical price analysis, Islamic legal analysis and governance analysis. The empirical component involves daily GC=F (2021-2025) data from Yahoo Finance. The average price and annual return are calculated using the data set, as well as volatility, the average niṣāb proxy, and the maximum niṣāb proxy. The conversion formula:

“85g gold niṣāb proxy = annual average USD/oz gold price × (85 ÷ 31.1034768)”

The legal aspect involves a qualitative fiqh analysis based on classical works such as hadiths, qawāʾid fiqhiyyah, maqāṣid al-sharīʾah (al-Shāṭibī, 1997; al-Suyūṭī, 1990; al-Zarqā, 1989; Ibn ʿĀshūr, 2006; Kamali, 2008). The governance element refers to the institutional decision-making process for determining the niṣāb, understood as transparent, accountable, risk-management-focused, Sharīʾah-supervised, and focused on public communication. The mixed approach is appropriate because the process of determining niṣāb is centred on text-centrism, market-centrism, calculation-centrism, and authority-centrism. In the legal implementation field, institutions are required to issue risk management, disclosure, and public accountability standards (Čihák & Hesse, 2010; BAZNAS, 2020; Bank Indonesia & BAZNAS, 2020).

The study does not propose the value of 85 g as the sole alternative to express the classical niṣāb, because institutions use other units of grams that are equivalent to the dinar and to the convention on the purity of gold. Rather, 85 grams is a widely used analytical proxy for the effect of repricing size. This article does not intend to render a verdict on the niṣāb’s actual value in grams at this stage, but rather to offer forward-thinking proposals for a governance model that remain possible in the current context of structural repricing, where the niṣāb is set and announced.

EMPIRICAL ANALYSIS: EVIDENCE OF STRUCTURAL REPRICING, 2021–2025

Empirical evidence from the historical data from Yahoo Finance of the price of the GC=F and sources from the bullion market and the reserve management suggest that there is a clear transition in the pricing of gold (LBMA, 2025; World Gold Council, 2024b; Yahoo Finance, 2025). In 2021 and 2022, the annual average prices remained close to USD 1,800 per troy ounce. In 2023, the average rose to USD1,942.77. In 2024, the average increased sharply to USD2,390.01. In 2025, it reached USD3,447.35. The pattern is not a simple linear drift. The sharp acceleration from 2024 to 2025 indicates a repricing episode in which the market reassessed gold’s role in a riskier macro-financial environment, including reserve diversification, central-bank demand and heightened concern over monetary and geopolitical uncertainty (International Monetary Fund, 2024; World Gold Council, 2025a, 2025b; World Bank, 2024).

Figure 1 shows the gold price structural repricing, 2021–2025 (Yahoo Finance, 2025).

Figure 1: Gold price structural repricing, 2021–2025

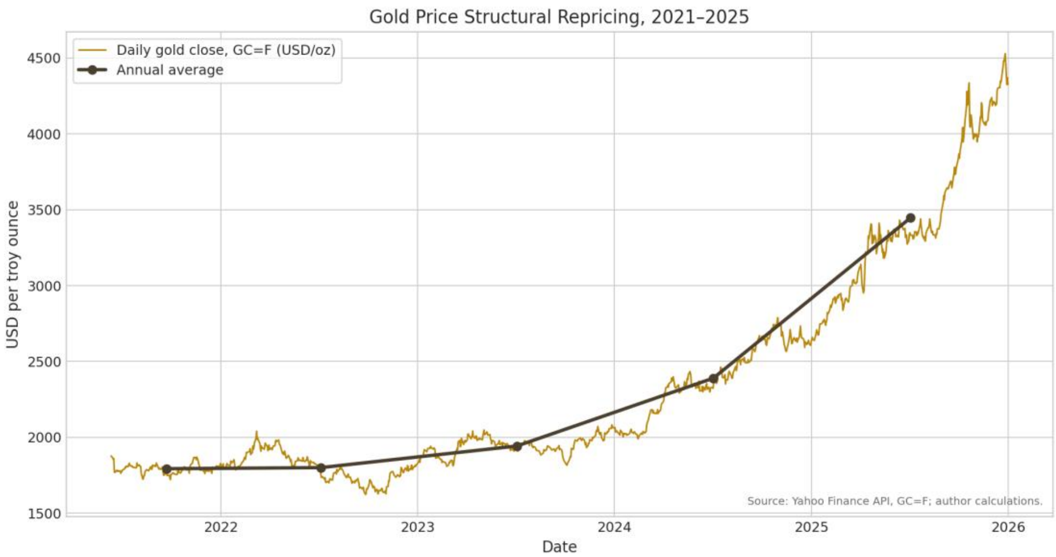

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Table 1 describes the gold price structural repricing between 2021 to 2021.

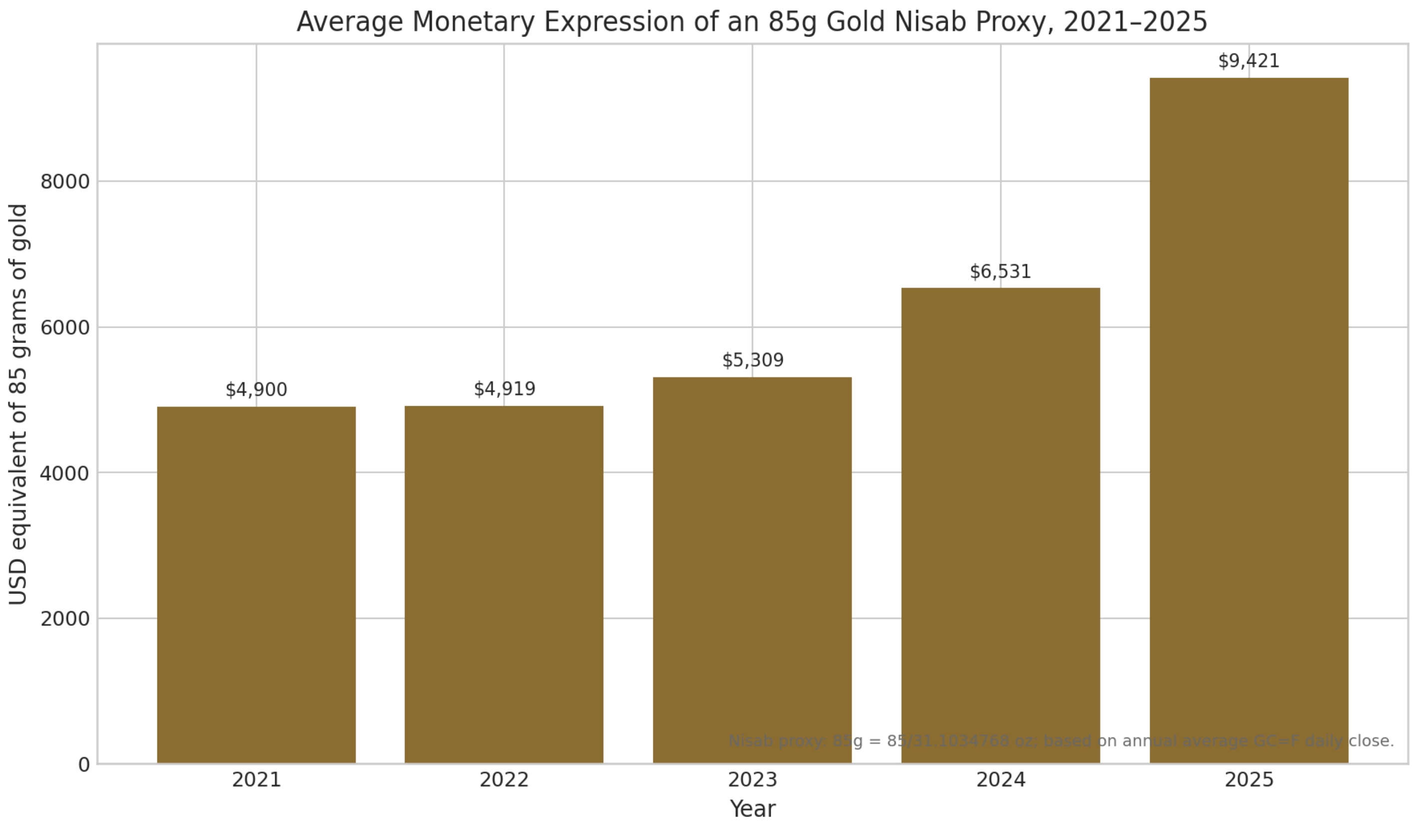
Table 1: Gold price structural repricing between 2021 and 2021

Year	Average Gold Price, USD/Oz	Annual Return	Annualised Daily Volatility	85g Niṣāb Proxy, Average USD	85g Niṣāb Proxy, Maximum USD
2021	1,792.99	-2.66%	14.18%	4,899.91	5,130.58
2022	1,800.07	1.13%	15.46%	4,919.25	5,575.21
2023	1,942.77	12.11%	13.23%	5,309.23	5,689.44
2024	2,390.01	27.36%	15.00%	6,531.44	7,620.45
2025	3,447.35	62.68%	20.49%	9,420.96	12,377.19

The table presents three insights for analysis. Firstly, the repricing is consistent: the average price nearly doubled in the 2021-2025 period. Secondly, it holds distributional significance: the proxy of an 85-gram niṣāb increased by over USD4,500 during the same timeframe. Thirdly, it is sensitive to governance: the maximum niṣāb proxy in 2025 was over USD12,377, and the annual niṣāb stood at USD9,420.96. Therefore, a daily peak, a daily spot price, or an annual average would produce quite different public thresholds for an institution.

Figure 2 shows the average monetary expression of an 85g gold niṣāb proxy, 2021–2025 (Yahoo Finance, 2025).

Figure 2: Average monetary expression of an 85g gold niṣāb proxy, 2021–2025



The increase in the fiat value of niṣāb can create a paradox. Rising gold prices protect payers from being inappropriately considered “zakatable,” as the monetary amount would increase. Nevertheless, if the wages and savings in the region are not increased proportionately, it can also result in a decrease in the number of people subject to zakat. Hence, the repricing of gold will indirectly affect the ability to collect, redistribute, and achieve social welfare outcomes through zakat collection. It spreads unevenly. Where currencies are declining in value as compared to the US dollar, the local currency niṣāb can go up even more rapidly than gold prices in USD. This impact might be lessened in countries with stronger currencies. So the gold repricing must be examined alongside the country’s exchange rate policy and income distribution.

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JURISPRUDENTIAL ANALYSIS: FIXED GOLD QUANTITY AND MUTABLE FIAT EXPRESSION

The foremost jurisprudential question in the administration of the zakat in the modern era is not the fixedness of the niṣāb of gold in the law. Rather, the real question is how to apply the Sharīʾah criteria in a monetary system that is not based on gold coins. Classical jurists established a quantitative measure called the niṣāb of gold, and some stated this to be twenty dīnāars of gold weight. Today, however, in Malaysia, no gold coin payers weigh the gold coins for liability calculation. Zakat institutions instead assess the gold niṣāb of fiat money as a value proxy for its current market value in terms of gold. This executive order is a necessary but not a sufficient condition for the legal referent. Fiat money is simply the institutional translation of the legal referent (the amount of gold) into the money of the current period. This distinction is of jurisprudential importance for it precludes two errors. The initial error is rigidity in the text, which occurs when an institution sets a ringgit amount as the Sharīʾah niṣāb. This is a problem because the units of fiat money are subject to inflation, depreciation, exchange rate fluctuations, and fluctuations in the gold market. The second mistake is administrative arbitrariness, in which the published niṣāb is not calculated through a clear valuation process, which creates doubts among payers and may erode public trust. A valid fiqh-oriented approach should hence maintain the Sharīʾah referent while allowing for administrative flexibility subject to the regulations (Kamali, 2008, pp. 267–271; Dusuki & Bouheraoua, 2011, pp. 31–35).

The more robust legal concept is that the published fiat niṣāb represents a form of taḥqīq al-manāṭ, that is, the implementation of a constant legal rule on an evolving factual context. The condition that when wealth reaches a certain amount, called the niṣāb, that amount becomes due for zakat has not changed. What is different is the factual finding that the current wealth values attained the gold standard. In this sense, administration is not legislative but evidentiary and regulatory. Zakat authorities do not establish a new niṣāb; they determine and announce the monetary equivalent of the niṣāb at the time, enabling people to pay it (Kamali, 2008; al-Zuhayli, 1985).

The following are principles of fiqh that can serve as a framework for analysing governance in the context of niṣāb.

I. The principle تَصَرُّفُ الإِمَامِ عَلَى الرَّعِيَّةِ مانُوطٌ بالمَصْلَحَةِ (the ruler's action over the people is contingent upon public interest) has been given a particular emphasis here. It was this principle that classical jurists put forward to emphasise that, in Islam, public power is not arbitrary. However, it is legitimate only if exercised for a known public good and in accordance with the Sharīʾah. Both Al-Suyūṭī (1990) and Ibn Nujaym (1999) cite this maxim as one of the principles to be observed in the use of discretionary powers, particularly in the case of public officials or rulers dealing with collective matters (Ibn Nujaym, 1999). The maxim, in the context of niṣāb governance, implies that the authority responsible for collecting zakat may choose a means to convert gold into fiat money, provided the means is rational, consistent, and justifiable to the public.
   This has direct implications for zakat policy at present. The amount of niṣāb calculated on a gold price which is not revealed, or the gold price is known but is used only for a specific reason, or the amount of niṣāb is based on a price other than gold, will not be sufficient to satisfy maṣlaḥah. A transparent approach will be better for the public interest, including the gold weight used, the gold purity, the price source, the valuation date, and the frequency of revision. This approach can also enhance institutional accountability, since the payers have insight into why this threshold varies. In this sense, transparency is not a modern preference in the administration of government and public institutions, but rather a requirement inherent to zakat administration as a public law. 351–355; Dusuki & Bouheraoua, 2011, pp. 31–36; Baharudin, 2023).
II. Another principle that works well in conjunction with a practical valuation policy is: المَشَقَّةُ تَجْلِبُ التَّيْسِيرَ (hardship brings facilitation). In today's markets, gold prices are constantly changing. If the niṣāb were to be determined every minute or every hour, the payers would be put to unnecessary trouble in determining their liability. This volatility can also lead to differential treatment of payers whose wealth is determined over different periods. The law's intent regarding niṣāb is not to prevent excessive price volatility, but to determine whether someone has surplus wealth. Hence, it might be justified to have a

smoothing period, e.g. monthly, annual, or a fixed period of administration publications, to avoid hardship and not to affect the validity of the gold benchmark (al-Suyūṭī, 1990; Ibn Nujaym, 1999; al-Zuhayli, 1985).

III. The principle of الْيَقِينُ لَا يَزُولُ بِالشَّكِّ (certainty is not removed by doubt) further reinforces the position for predictable niṣāb governance. The gold niṣāb is a definite Sharīʾah measure, while the fluctuations in the market may be due to uncertainty, transience or speculation. A change in the level of certainty ought not to supplant a fixed legal threshold in a public zakat system. However, this does not mean that the zakat authorities can completely disregard market pricing. Instead, it implies that the selected price scheme should reduce any 'extra' uncertainty and result in a stable valuation. The more public and certain it is, the more it satisfies the requirements of the fiqh in terms of certainty in the legal obligation (al-Suyūṭī, 1990; Ibn Nujaym, 1999; Kamali, 2008).

IV. The principle, العَادَةُ مُحَكَّمَةٌ (custom is legally considered), also seems very timely; gold valuation is not carried out in an abstract vacuum. Today, there are several levels of purity, including .916, .999, and commercial standards. Institutions also use recognised Market Price, Bullion Rate and official or semi-official quotations. If Sharīʾah states no specific price source, accepted market convention, which does not negate the Sharīʾah rule, can assist in determining the practical approach to value, where appropriate. This is in harmony with the general juristic opinion that custom is a source for application in muʾāmalāt and administration (Ibn Nujaym, 1999; al-Zuhayli, 1985; Kamali, 2008).

V. The principle of لَا ضَرَرَ وَلَا ضِرَارَ (there should be neither harm nor reciprocal harm), which means that the niṣāb method must not cause any unjust harm. The downside of a valuation that is too high for an unfair reason is that the number of payers is reduced. Consequently, the number of eligible beneficiaries is reduced. If it is too low, the payers can be overwhelmed and are not necessarily burdened in accordance with the Sharīʾah standard. Thus, the harm principle applies in both directions to prevent excessive liability on the part of the payers and under-collection on the part of the institutions. A balanced method must therefore take into account both aspects of the relationship of the zakat, that is the obligation of the person who pays and the rights of the aṣnāf, (the class of people who receive the zakat), as had been mentioned in the hadiths, number 2340 in the book of Ibn Mājah (2009), in the book of Malik (1985), and in the book of al-Qaradawi (1999).

The other problem is the connection between niṣāb and ḥawl, which refers to the passage of one year over that wealth that is subject to zakat. Of course, there is a prophetic tradition that is usually quoted: "There shall not be levied on wealth any zakat, until it reaches one year." While there are contentious views on the force and boundaries of each narration on ḥawl, the essential issue is accepted in the majority of the types of monetary and trade wealth in zakat law. In niṣāb governance, the importance of ḥawl is that the obligation to pay zakat is not normally considered a purely "here-and-now" event. This is linked to the acquisition of qualifying wealth over time. However, in all cases, the niṣāb need not be calculated on an average throughout the year, as some opinions hold that it need not be averaged; it is enough that it is present at the start and end of the year. However, the law of zakat is sensitive not only to the possession of the moment but also to the continuity of time (ṣaḥwī khayal), which is the principle of ḥawl (al-Zuhayli, 1985; Ibn Qudāmah, 1968).

This is to substantiate the claim that time-period-based valuation of niṣāb is also a legitimate method in today's era and is not restricted to a point valuation of the gold price. An administrative valuation with sufficient strength to capture the true economic capacity, and not just short-term intraday volatility, should be adopted if the obligation itself is time-based. That, however, is a cautious conclusion. According to the Sharīʿah, the authorities cannot replace the gold niṣāb with an arbitrary social policy amount. What it allows is for a fiat amount to be disciplined administratively through the quantity of gold. Hence, a published niṣāb that is clearly associated with the recognised weight of gold and a reliable basis for determining the actual market price through a published formula for the cost and weight of gold could be considered legitimate and valid, such as a monthly, quarterly, or annual niṣāb. (Baharudin, 2023; Kamali, 2008; al-Qaradawi, 1999).

The idea is that the fiat expression is not immutable, but the referent, the Sharīʾah, is. The norming element is still the quantity of gold. The currency value is an administrative expression which changes. This is an effort to keep the traditional legal wording in the zakaat text consistent with the principles and, at the same time, acknowledge the institutional reality of the modern administration of zakat. It also provides a good reason for assessing the current practice: a valid policy of niṣāb should determine a benchmark gold price, its origin, the revision period, the underlying rationale for smoothing, and be applied regularly. Essentially, without these elements, the published niṣāb might become a figure subject to discretion rather than a clear interpretation of a well-defined rule outlined in the Sharīʾah.

TOWARD A NIṢĀB GOVERNANCE UNDER STRUCTURAL REPRICING FRAMEWORK

The proposed framework comprises four layers and also draws conceptually on zakat governance logic, Sharīʾah, and Islamic social finance accountability (Bank Indonesia & BAZNAS, 2020; Organisation of Islamic Cooperation, 2023; AAOIFI, 2017). The first is the "market-price" layer, which refers to trustworthy sources of market prices, such as London Bullion Market Association (LBMA) benchmark prices, recognised bullion-market prices, or institutional gold-price references. The second is the juristic threshold, which has provided the legal basis for the gold niṣāb and the gram equivalent adopted by the authority. The third is the level of administrative governance: does the institution operate on spot price or moving-average price, with monthly announcements, annual thresholds, or corridor rules? The fourth layer monitored the effect of the chosen method on the number of people who pay zakat, the level of collection, and the well-being of beneficiaries, known as the distributive-impact layer. Table 2 presents the governance framework for determining zakat niṣāb based on gold prices.

Table 2: A Governance Framework for Determining Zakat Niṣāb Based on Gold Prices

Layer	Key Question	Required Evidence	Governance Output
Market-price layer	Which gold price should be used?	Benchmark price, purity, exchange rate, date and time	Price-source policy
Juristic-threshold layer	What is the adopted niṣāb quantity?	Fiqh authority, fatwa, Sharīʾah board decision	Sharīʾah resolution
Administrative-governance layer	How often should niṣāb be updated?	Volatility, institutional capacity, public communication	Niṣāb methodology manual
Distributive-impact layer	Who is affected by the threshold?	Collect data, payer profile, income and savings trends	Periodic policy review

The framework regards the determination of niṣāb as an institutional step and requires it to be documented. There are at least four questions that a zakat authority should be able to answer publicly: Which gold price should be used? What is the adopted niṣāb quantity? How often should niṣāb be updated? Who is affected by the threshold? This approach is not opposed to fiqh. It represents one of the fiqh applications within modern institutions. The classical niṣāb remains the normative benchmark, while governance acts as the operational link between the traditional niṣāb and contemporary financial realities.

The major analytical assumption is that the structural repricing embeds the meaning of this "simple" niṣāb conversion. In a stable gold government, a single spot price may suffice, as today's price fluctuations are not significant. However, it is important to remember that in a structural repricing government, when and how repricing occurs is important. 2025 data shows the proxy price averages USD9,420.96, with the highest proxy price at USD12,377.19. This gap is substantial enough to make a difference in the liability results for many people and small businesses. The article could be descriptive, describing the increase in the price of money or gold, which consequently increases the size of the niṣāb. In particular, this article proposes a threshold for governance risk of repricing. Threshold governance risk refers to the possibility that the use of Sharīʾah thresholds leads to excessive and turbulent fluctuations in the link between real currency, which, in turn, impacts legal security, public confidence, and distributive consequences. In fact, in such a situation, it is not a problem whether to follow the gold niṣāb or not. The issue is how to do it responsibly, however. Three different challenges are possible. The first is mechanical literalism: Outputting daily spot prices, as a single authority does, without any consideration of public confusion or institutional consequences. The second challenge is administrative rigidity, in which authorities set annual limits even as market conditions change.

The third issue, “opaque discretion,” concerns thresholds that are tweaked without a clear approach; all three reduce trust.

The necessary flexibility to build a sound strategy is coupled with the firm anchoring of Sharīʾah and its clear articulation in a managerial framework. This indeed is a question of maqāṣid as well. The Objective of Zakah is to safeguard the religion, wealth, dignity and social solidarity. If an unstable method is used to determine niṣāb, the payers may begin to doubt or distrust the entire process. Some may not be eligible for zakat if it is deemed excessive, as the difference in gold prices will not be taken into account in the determination. If the limit is set too low based on the old price, the burden of dealing with rates in this range would fall on the shareholders in short order. Hence, within a maqāṣid-based approach, the need to protect the payer needs to be balanced with the interests of the beneficiaries.

POLICY RECOMMENDATIONS

Several policy recommendations have been offered in this section to improve the governance of niṣāb determination in the administration of zakat. Not only is the niṣāb not a purely technical figure; it also serves as a reference point for society regarding the nature of religious obligations, and for this reason, its calculation must be transparent, stable, and sensitive to market forces. The following recommendations are intended to contribute to methodological clarity in Sharīʾah governance, reduce ongoing confusion among the public, and enable tracking the impact of decisions on changes to the gold-based niṣāb across administration and social life.

I. The initial step is to have a formal policy for a methodology for a niṣāb. The formal document of the methodology of niṣāb should be published in the institutions of Zakāt, and the procedure of the official niṣāb should be explained. The adopted gold weight, gold purity standard, benchmark gold price, source of exchange rate, review frequency, and the adopted method of gold valuation should be clearly stated in this document. Since the public's acceptance of the niṣāb is based not only on the amount but also on trust in the methodology used to determine it, the methodology must be transparent. Zakat institutions can improve accountability in determining the niṣāb by publishing their methodologies, thereby reducing confusion and building public trust in the process.

II. The second option is to change the niṣāb valuation from an interest-sensitive method to a method that takes volatility into account. One key recommendation for Zakat authorities is not to rely solely on spot gold prices, as they fluctuate daily and rise sharply during structural repricing. Rather, institutions should take a volatility-aware tack, such as using the monthly or quarterly rolling average. Such a technique would yield a more stable and legitimate value for niṣāb while remaining grounded in actual market conditions. Also, a corridor mechanism should be put in place that sets a limit on gold prices at a specified percentage above or below the current price. This policy would help to create a balance between the accuracy of the markets and the stability and public confidence of the administration.

III. The third is to implement regular Sharīʾah governance and impact review processes. The niṣāb policy should be regularly assessed by both the Sharīʾah governance bodies and the zakat administrators. The review would not be just a technical examination of the correctness of the amount of the niṣāb; rather, it would be an examination of the economic and social impact of the amount of the niṣāb. Zakat institutions should consider how raising the gold-based niṣāb may decrease the number of zakat payers, the total amount of zakat collected, the profile of those paying zakat, and/or the capacity to cover the needs of beneficiaries. In this study, it does not change the Sharīʿah basis of niṣāb, but it helps institutions understand the implications of their administration. This can make the Sharīʾah supervision more proactive, evidence-based and in accordance with the objectives of zakat.

CONCLUSION

In modern systems of fiat money, one of the fundamental problems in assessing the wealth zakat niṣāb is the revaluation of gold from 2021 to 2025. There is more than just near-term volatility: the whole valuation of gold changes in the macro-financial environment. Empirical evidence shows that the monetary value of a proxy of 85 grams of gold rose considerably, and the annualised volatility during this period also increased. This is an important progression regarding who qualifies as a zakat recipient, how institutions communicate with one another, administrative security, and public confidence in zakat governance.

In this article, the niṣāb determination is argued to be an administrative ijtihad. The quantity of gold is the fixed, juristic valuation. However, its representation on paper money is an institutional valuation that should be based on an adequate method, reliable proof, and good management. A good policy for niṣāb should be predictable, transparent, supervised by Sharīʾah, adjustable in accordance with market volatility, and sensitive to the distributive impacts. The niṣāb governance in the proposed Structural Repricing Framework aligns market data, fiqh principles, institutional accountability, and social welfare. Zakat institutions should move away from a reactive approach to niṣāb changes towards a governance model that is legally sound, methodologically open, and socially responsible, especially in a world where more and more people are seeking gold as a strategic reserve or store of value.

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