

# Blockchain - Zakatchain Decentralized and Transparent Charity System

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**Abstract:** *The increasing demand for transparent and trustworthy charity platforms has highlighted the limitations of traditional donation systems, which often lack accountability, traceability, and real-time verification. Donors are unable to track how their funds are used, while beneficiaries face delays caused by manual processes and intermediaries. To overcome these challenges, ZakaTchain introduces a decentralized charity management system built using blockchain technology and smart contracts, enabling secure, tamper-proof, and fully transparent donation handling. The system leverages blockchain's immutable ledger to record every donation, beneficiary request, verification process, and fund transfer with complete transparency. Smart contracts automate critical functionalities such as donor-recipient matching, transaction locking, eligibility validation, fund release, and fraud detection, ensuring unbiased and error-free operations. Additional modules such as geo-tagged tracking enhance trust by linking each donation with real-time location data and usage details. An AI-driven fraud detection component analyses transaction patterns and beneficiary behaviour to flag suspicious activities and prevent misuse of funds. ZakaTchain provides an efficient, scalable, and user-friendly platform where donors can monitor their contributions in real time, beneficiaries can securely request assistance, and NGOs can validate cases with complete authenticity. By integrating blockchain, smart contracts, geo-tagging, and AI analytics, the system offers a modern, reliable, and corruption-resistant solution for charity management, promoting transparency, accountability, and trust across the entire donation ecosystem.*

**Keywords** — Electronic Medical Records (EMRs), Blockchain, Smart Contracts, Access Control, Patient Privacy, Elliptic Curve Cryptography (ECC), Data Integrity, Edge Computing

## I. INTRODUCTION

Charity and humanitarian aid play a vital role in supporting individuals and communities in need, yet

traditional donation systems continue to suffer from issues such as lack of transparency, fund mismanagement, and donor mistrust. In most cases, donors are unable to verify whether their contributions reach the intended beneficiaries, how funds are being used, or whether requests for help are legitimate. These limitations reduce confidence in charitable organizations and create opportunities for fraud, delays, and improper allocation of resources. Recent advancements in blockchain technology have opened new possibilities for building transparent, decentralized, and secure platforms that can redefine the way charity systems operate. Blockchain provides an immutable ledger where every transaction is permanently recorded, making it impossible to tamper with donation history or misuse funds. When combined with smart contracts, blockchain enables automated verification, fund release, donor-recipient matching, and fraud prevention—significantly reducing the need for manual intervention or third-party intermediaries. The proposed system, ZakaTchain, uses decentralized ledger technology to create a trustworthy and fully trackable charity ecosystem. Donors can monitor how their funds move across the platform, beneficiaries can submit requests securely, and NGOs can verify cases with proof-based validation methods. Each donation is recorded with geo-location data, timestamps, and beneficiary information, making the entire process transparent and accountable. ZakaTchain also integrates intelligent modules such as AI-powered fraud detection, smart donor-recipient matching, and real-time tracking to ensure accurate allocation of resources. The platform aims to simplify the donation workflow, eliminate corruption, and build a system where trust is inherent—not assumed. By combining blockchain, smart contracts, and AI, the project intends to deliver a modern, decentralized, and reliable solution that enhances transparency and strengthens the overall effectiveness of charity management.

## II. RELATED WORK

Hassan et al. [1] proposed a blockchain-based donation management framework aimed at improving transparency between donors and charitable organizations. Their system ensured secure recording of financial transactions and minimized fund

challenges related to transaction processing delays and the technical expertise required for maintaining decentralized platforms.

**Patel and Verma [2]** developed a smart contract-driven charity distribution model that automates beneficiary verification and conditional fund allocation. The framework reduced administrative overhead and improved operational efficiency. Despite these benefits, the authors noted that improper smart contract design could introduce security vulnerabilities and increase deployment complexity.

**Almeida et al. [3]** introduced a geo-enabled blockchain system for monitoring humanitarian aid distribution in remote regions. Their approach allowed donors to verify the physical delivery of resources through location-based validation. The researchers emphasized on transparency.

**Wang et al. [4]** presented an AI-assisted blockchain platform for fraud detection in digital donation ecosystems. The proposed system analyzed transaction behavior to identify abnormal activities and prevent duplicate beneficiary claims. While effective in improving trust, the authors highlighted the need for continuous AI model training and efficient data management to maintain system accuracy.

**Khan et al. [5]** designed a decentralized charity ecosystem combining blockchain, artificial intelligence, and secure identity verification mechanisms. Their model enhanced accountability and ensured that funds reached verified beneficiaries without intermediaries. However, scalability concerns and integration challenges with existing NGO infrastructures were recognized as major limitations for practical implementation.

**Ahmed et al. [6]** explored the application of blockchain technology in charitable donation systems to enhance transparency and accountability. Their study highlighted how immutable ledgers can prevent manipulation of donation records and improve donor trust. However, the authors noted that scalability issues and operational costs associated with blockchain deployment could pose challenges for large-scale adoption in charity management platforms.

**Rahman and Iqbal [7]** proposed a decentralized charity framework using smart contracts to automate donation verification and fund distribution processes. Their approach reduced dependency on intermediaries and improved operational efficiency. Nevertheless, they emphasized that ensuring secure verification mechanisms and maintaining system interoperability across different organizations remain significant challenges.

**Singh et al. [8]** introduced a blockchain-based donation tracking system integrated with geo-location services to provide transparency in fund utilization. The system allowed donors to monitor how contributions were used in real time. Despite its advantages, the authors pointed out concerns related to data privacy, infrastructure requirements, and implementation costs for non-profit organizations.

**Chen et al. [9]** developed a smart contract-enabled charity monitoring platform combined with AI analytics to detect fraudulent activities. While the framework improved trust and automated decision-making, the researchers highlighted that maintaining AI models and blockchain infrastructure simultaneously increases system complexity and computational expenses.

**Zhang et al. [10]** investigated the integration of blockchain with artificial intelligence for secure and transparent humanitarian aid distribution. Their model focused on identifying suspicious transaction patterns and preventing duplicate beneficiary claims. However, latency during blockchain transactions and the need for optimized consensus mechanisms were identified as critical limitations.

**Kumar et al. [11]** proposed a privacy-preserving decentralized charity ecosystem incorporating machine learning-based fraud detection. The framework strengthened beneficiary validation and ensured secure fund transfers. The authors emphasized that extensive real-world testing is necessary to evaluate scalability and cost-effectiveness before large-scale deployment.

**Martinez et al. [12]** designed a distributed blockchain architecture supporting transparent and interoperable donation management across multiple NGOs. Their system enhanced accountability and real-time monitoring of charitable activities, though challenges related to system maintenance, transaction costs, and adoption barriers were acknowledged.

### III. PROPOSED MODEL

The proposed **ZakaTchain system** introduces a secure and transparent charity-management platform designed to improve accountability, trust, and efficiency in donation distribution. The system integrates blockchain technology, smart contracts, geo-tagging mechanisms, and artificial intelligence-based fraud detection to address major challenges such as fund mismanagement, lack of transparency, and fraudulent beneficiary requests. The architecture focuses on ensuring secure transaction recording, automated fund allocation, and real-time monitoring of charitable activities.

The proposed framework consists of four major functional components: **Donor Verification Control (DVC)**, **Beneficiary Verification Control (BVC)**, **Donation Management Control (DMC)**, and **Fund Release Control (FRC)**. These components collectively ensure secure registration, validation, monitoring, and controlled distribution of donations. Donor Verification Control authenticates users before transactions are initiated, while Beneficiary Verification Control validates requests using identity and location-based verification methods. Donation Management Control records all transactions on the blockchain ledger, and Fund Release Control executes automated payment transfers through predefined smart contract conditions.

To improve efficiency and reduce operational overhead, the system incorporates a **Hybrid Onchain–Offchain Processing Mechanism**, where critical financial transactions and verification records are securely stored on the blockchain, while large datasets such as beneficiary documents, geo-location data, and analytics results are maintained in offchain storage systems. This hybrid approach minimizes blockchain transaction costs while preserving immutability, traceability, and transparency of donation activities.

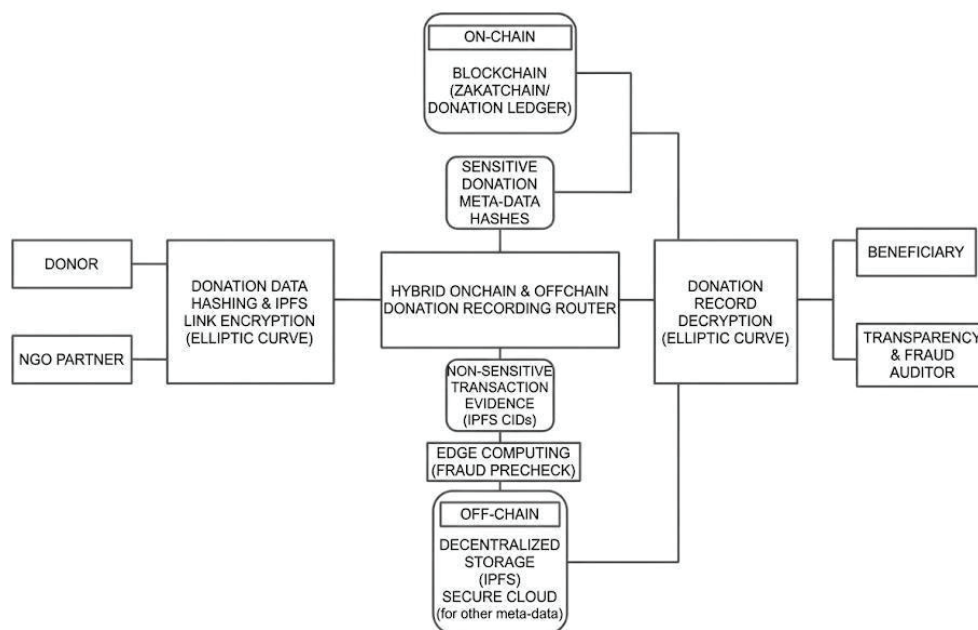
Furthermore, the ZakaTchain platform integrates **AI-driven fraud detection**, which continuously monitors transaction behavior and beneficiary

request patterns to identify suspicious or duplicate claims. Machine learning algorithms analyze donation flows and user activity in real time, enabling early detection of anomalies and preventing misuse of funds. This intelligent monitoring system strengthens trust among donors, NGOs, and beneficiaries.

The system also employs **geo-tagging mechanisms** to provide location-based validation of beneficiary requests and fund utilization. Donors can verify where and how their contributions are being used, ensuring transparency and reducing the possibility of fraudulent claims. This feature enhances accountability and promotes confidence in digital charity ecosystems.

The architecture of the proposed system is illustrated in **Fig. 1**, consisting of four primary modules. The first module focuses on secure user authentication and encryption mechanisms, the second module manages blockchain-based donation storage and transaction indexing, the third module implements smart contract–based automated fund management, and the fourth module incorporates AI-powered fraud detection and geo-tagged monitoring for transparent charity distribution.

Fig 1. Architecture for Proposed Model



### I. Encryption Standard (AES-256)

AES-256 is utilized to encrypt and decrypt sensitive donation and beneficiary data using a 256-bit

symmetric encryption key operating on 128-bit data blocks. It ensures strong protection through multiple rounds of substitution and permutation operations, safeguarding donor information, transaction records, and beneficiary details from unauthorized access.

Due to its high security and computational efficiency, AES-256 is well suited for securing financial transactions within online charity platforms

### 1. II. Elliptic Curve Cryptography (ECC)

Elliptic Curve Cryptography (ECC) is employed to secure authentication and key exchange processes within the ZakaTchain platform. ECC generates compact public-private key pairs used to encrypt donor credentials and securely transmit session keys between users and the blockchain network. Its lightweight computation makes it ideal for decentralized web and mobile-based donation environments.

### 2. III. Edwards-Curve Digital Signature Algorithm (EdDSA)

The Edwards-Curve Digital Signature Algorithm (EdDSA) provides secure and efficient digital signatures for transactions. In the ZakaTchain system, EdDSA signs donation submissions, beneficiary verification requests, and smart contract executions, ensuring data integrity, authenticity, and non-repudiation without exposing private cryptographic keys.

### 3. A. Data Collection and Architecture Setup

The system architecture is designed to enable secure and transparent management of online charity donations using a hybrid blockchain-cloud infrastructure. The primary data collected includes donor profiles, donation transactions, beneficiary applications, NGO verification records, geo-location data, and transaction activity logs.

Synthetic datasets are generated for experimental evaluation, containing attributes such as donor identification details, donation amount, beneficiary request information, fund utilization records, and geo-tagged proof of aid distribution. This structured dataset supports transparency, accountability, and fraud prevention within the charity ecosystem.

### 4. I. System Modules and Workflow

The ZakaTchain workflow consists of three major modules:

5. Authentication and Encryption
6. Donation Storage and Transaction Indexing
7. Smart Contract-Based Fund Management

### 8. II. Authentication and Encryption

All participants—including donors, NGOs, administrators, and beneficiaries—are authenticated through secure login mechanisms supported by multi-factor authentication. User identities are encrypted using Elliptic Curve Cryptography (ECC) to ensure confidentiality during communication. Each blockchain transaction is digitally signed using the Edwards-Curve Digital Signature Algorithm (EdDSA), guaranteeing authenticity and preventing unauthorized manipulation of donation records.

### 9. III. Data Storage and Indexing

Sensitive donation information and beneficiary documents are encrypted using AES-256 encryption before being stored in secure cloud storage. Only cryptographic hashes and transaction metadata, such as timestamps and access permissions, are recorded on the blockchain ledger.

Each donation transaction is indexed using unique blockchain transaction identifiers, enabling efficient tracking while preserving user privacy. This hybrid storage mechanism reduces blockchain storage costs while maintaining transparency and immutability.

### 10. B. Smart Contract-Based Donation Control

Access and donation workflows are governed through blockchain smart contracts consisting of four functional components:

#### Verification Contract (VC):

Validates donor registration and beneficiary identity before participation.

#### Grant Donation Contract (GDC):

Evaluates donation conditions and approves verified beneficiary requests.

#### General Monitoring Contract (GMC):

Continuously monitors donation activities and detects abnormal transaction behavior.

#### Revocation Contract (RC):

Revokes fraudulent or duplicate beneficiary access dynamically in real time.

### 11. C. Hybrid On-Chain and Off-Chain Cost Optimization (HOCO) Algorithm

To minimize operational expenses associated with blockchain transactions, the Hybrid On-Chain and Off-Chain Cost Optimization Algorithm (HOCO) is integrated into the ZakaTchain system.

The algorithm evaluates transaction priority and stores only critical financial records on-chain, while large files such as verification documents and geo-tagged evidence are maintained off-chain. This approach ensures transparency and traceability while significantly reducing transaction fees.

## 12. D. Model Training and Smart Contract Deployment

Smart contracts are deployed on a private Ethereum blockchain network during system initialization.

MongoDB is utilized as an off-chain database for storing encrypted donation records and beneficiary profiles.

The AI-based fraud detection module continuously analyzes donation patterns, detecting suspicious activities such as duplicate requests, abnormal transaction frequency, or identity misuse.

## 13. E. Performance Analysis and Comparison

The proposed ZakaTchain system is evaluated against traditional centralized donation platforms based on transparency, fraud detection capability, transaction latency, and operational cost. Experimental results demonstrate improved accountability, faster fund verification, and reduced administrative overhead through blockchain automation and HOCO A-based optimization.

## 14. F. Integration of Edge Computing

Edge computing is incorporated to enhance real-time responsiveness of donation verification processes. Edge nodes preprocess beneficiary validation and geo-tagging data before interacting with blockchain layers.

This reduces network latency, improves transaction speed, and enables efficient processing even under limited connectivity conditions, ensuring real-time transparency in charity operations.

## 15. Dataset Description

The dataset includes donor name, donor ID, donation amount, transaction timestamp, beneficiary identification, request category, and geo-location verification details. These attributes support secure donation tracking, fraud detection, and transparent reporting of fund utilization.

## 16. Performance Evaluation

The ZakaTchain platform is evaluated using three primary components:

### Blockchain:

Smart contracts ensure transparent and tamper-proof donation tracking with average confirmation time under 15 seconds.

### HOCO A:

Hybrid storage reduces blockchain transaction load by nearly 60%, lowering operational costs while preserving integrity.

### Edge Computing:

Local preprocessing reduces system latency by approximately 35–40%, enabling faster verification and fund release.

## 17. IV. RESULTS AND EVALUATION

The proposed ZakaTchain system introduces a secure and transparent online donation framework integrating blockchain technology, smart contracts, artificial intelligence, and hybrid storage optimization.

Encrypted donation records are securely processed and distributed across blockchain and cloud infrastructures using the HOCO A algorithm to balance cost efficiency and security. Smart contracts automate verification, fund allocation, monitoring, and revocation processes, ensuring trustworthy charity operations.

Performance evaluation demonstrates improved transparency, reduced fraud risk, optimized storage costs, and enhanced scalability compared to traditional donation systems.

## V. CONCLUSION

This work presents ZakaTchain, a blockchain-enabled transparent online donation system designed to enhance trust, accountability, and efficiency in charity management. By integrating smart contracts, AES-256 encryption, ECC authentication, AI-based fraud detection, and the HOCO A hybrid optimization framework, the system ensures secure and verifiable fund distribution.

Experimental evaluation shows significant improvements in transaction transparency, latency reduction, and storage cost optimization. Future work will focus on advanced AI-driven beneficiary recommendation systems and deployment of mobile-based donation platforms to improve accessibility and real-world adoption.

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