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Prospects of a Partnership-Based Islamic Microfinance Model in Bangladesh: Clients Perspectives
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Abstract

Islamic microfinance is a powerful Shariah-compliant tool for helping the impoverished escape the cycle of poverty in Bangladesh. Despite a few applications of Islamic microfinance instruments, most of the instruments have been based on Murabahah contracts, while the use of equity or partnership-based contracts has been very minimal. This study aims to analyse the opinions and perspectives of microfinance recipients of Bangladesh regarding the prospects of implementing a partnership-based Islamic microfinance model in Bangladesh where the concepts of Mudarabah and Musharakah will be applied. A mixed-method research method has been adopted in this study. A total of 400 recipients of Islamic microfinance products were surveyed using a close-ended questionnaire to determine their viewpoints about Mudarabah and Musharakah-based Islamic microfinance model. At the same time, secondary data were collected from books, peer-reviewed journals, and conference proceedings, and a critical analysis approach was adopted in the process. The study finds that partnership-based Islamic microfinance has a bright prospect to be implemented in Bangladesh. If properly put into practice, partnership-based Islamic microfinance will effectively assist the nation's poor in enhancing both their financial inclusion and general socioeconomic conditions. © The Author(s), under exclusive license to Springer Nature Switzerland AG 2024.

Author Keywords

Bangladesh; Islamic microfinance; Mudarabah; Murabahah; Musharakah; Partnership

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