Maouloud et al. (2019). Explaining Issues Relating to Islamic Microfinance Sustainability: African Perspective. International Journal of Business Society, 3(12), 34-40

Journal Homepage: www.ijo-bs.com

International Journal of Business Society

Contents lists available at: https://www.ijo-bs.com/issue.html

EXPLAINING ISSUES RELATING TO ISLAMIC MICROFINANCE SUSTAINABILITY: AFRICAN PERSPECTIVE

Vatimetou Mokhtar Maouloud[1], Salina Kassim[2], Ejaz Aslam[3], Haneffa Muchlis Gazali[4], Anwar Hasan[5]

[1] *PhD Scholar, Institute of Islamic Banking and Finance, IIBF, International Islamic university of Malaysia, Email: fatismed95@yahoo.fr*
[2] *Associate professor, Institute of Islamic Banking and Finance, IIBF, International Islamic university of Malaysia, Email: ksalina@iium.edu.my*
[3] *PhD Scholar, Institute of Islamic Banking and Finance, IIBF, International Islamic university of Malaysia, Email: ejazaslam95@gmail.com*
[4] *Labuan Faculty of Finance, Universiti Malaysia Sabah Labuan International Campus. Email: haneffa@ums.edu.my*
[5] *Assistant professor, Institute of Islamic Banking and Finance, IIBF, International Islamic university of Malaysia, Email: anwar315a@yahoo.com*

Information of Article

Article history:
Received 10 Nov 2019
Revised 29 Nov 2019
Accepted 30 Dec 2019
Available online 31 Dec 2019

Keywords:
Islamic microfinance
Poverty alleviation
Sustainability
Africa

ABSTRACT

Islamic microfinance is an effective tool for poverty alleviation worldwide. Islamic microfinance is a beneficial mode[1]1 that enhances individual's wellbeing not only for Muslims but also for the non-Muslims well. Thus, the aim of this study is to highlight the main issues encountering the Islamic microfinance institutions related to their effectiveness and durability. This study theoratically evalue the past prominent literature on Islamic microfinance and find out its existing problems in microfinancing. Islamic microfinance institutions are facing several obstacles to sustain in front of the high competition with the conventional microfinance institutions. Among these hindrances: low market penetration, high cost of transactions, shariah regulations, fund mobilization, risks, performance and profitability all of which are considered among the major barriers of Islamic microfinance development. Thus, Islamic microfinance operators must pay more attention to the factors affecting the sustainability of their institutions to be a durable mechanism to alleviate poverty. This a conceptual paper which provides recommendations and solutions to reduce the effects of these problems so that Islamic microfinance can be more efficient and effective strategy to minimize poverty and inequality.

1. Introduction

Poverty is a real tenacious problem in many countries especially, African countries where around 413 million people are under poverty line (Müller-Jung, 2018). Even though some governments have adopted several strategies to alleviate poverty it is still persistent. Several studies have agreed on the crucial role played by microfinance in alleviating poverty in different contexts, mainly Bangladesh, Sub-Saharian African countries (Al-Shami, Majid, Rashid, and Hamid, 2013; El-Komi and Croson, 2013; Khaki and Sangmi, 2017; Lal, 2018; Murshid, 2018), enhancing financial inclusion (Alaro & Alalubosa, 2018; Hassan, 2015; Maouloud, M.V., Kassim, S., & Othman, 2019; Singh & Yadav, 2012), and empowering women (Hassan and Saleem, 2017; Murshid, 2018).

Notwithstanding, that Islamic microfinance has proved its role in enhancing the well-being of less-affluent, the conventional microfinance has been criticized as not an effective tool to alleviate poverty due to the high rate of interest that is charged to the poor (Bourhime and Tkiouat, 2018; Mahmood, Fatima, Khan, and Qamar, 2015). In addition to that, a lot of Muslim people around the world have the reason of religiosity as a barrier from benefiting from conventional microfinance (Hassan, 2015; Mansori, Kim, and Safari, 2015; Wilson, 2007). However, Islamic microfinance still has limited outreach to reach vulnerable population, particularly those who are living in rural areas. Also, Islamic microfinance is not strong enough to resist in front of challenges related to repayments. For instance, in Sub-Saharan African countries a quite large number of microfinance institutions have been failed and closed (Amendola, Boccia, Mele, and Sensini, 2016). Thus, the main aim of this paper is to explore the issues facing Islamic microfinance in preserving their durability. In addition, this paper provides some recommendations for regulators and Islamic financial operators to overcome these obstacles.

This study is organized as follow: the second section defines the concept of Islamic microfinance. Section 3 discusses the trials facing Islamic microfinance such as low market penetration, high transaction cost, effectiveness, risks, fund mobilization, and regulation. Section 4 proposes solutions to lessen these lacunae. Finally, section 5 concludes the findings of the paper.

http://dx.doi.org/10.30566/ijo-bs/2019.124

2. Literature Review

Islamic microfinance is providing financial services such as micro-savings, micro-credit, remittances, and takaful to poor without charging any interest rate on the services (Bhuiyan, Siwar, Ismail, and Omar, 2017). They document that access to Islamic microfinance led to improve the living standards of poor and enhance their sustainable livelihood Indeed, Islamic microfinance institution is based on Maqassid Shariah which is insisting on the practice of moral and ethical aspects towards people, especially the vulnerable and the needy. Thus, it is going beyond just a profit-making institution but also a social and moral institution that can uplift and enhance the economic status of the vulnerable population (Mahmood et al., 2015).

In fact, the principles of microfinance have been settled by Muhamed Yunus, who come out with the idea of microfinance in 1976 and got the Nobel prize in 2006, which are mainly about helping poor in making an investment with micro-credits and loans that will be paid later through regulated installments (Rahman, 2010). In Islamic finance, the period of credit, the amount, and installments dates are all clarified and fixed in the contracts in order to avoid any kind of Gharar that might occur (Albalawi, 2019; Aslam, Ijaz, and Iqbal, 2016).

According to Obaidullah (2008) practices of Islamic microfinance can be in two types: profit-based modes and non-profit-based. The profit-based approach is presented by offering micro-savings, micro-credits (Murabaha,micro-leasing, Bai-salam, Bai-Istisna,), and micro-equity (Mudharaba and Musharaka). However, the non-profit based approach is providing compulsory charity (Zakat), Waqf, Sadaqa, and Qard-Hassan to needy people to empower them and increase their welfare.

3. Issues relating to IMFIs

Abdul Rahman and Dean (2013) stipulates the main challenges encountered by Islamic microfinance and proposed solutions to overcome those issues. the study has focused on four issues related to sustainability, which are low market penetration, lack of fund mobilization, high operations costs, and the effectiveness of microfinance institutions. Further, some studies stressed the lack of regulation in microfinance such as lack of sharia board, delay, and inflexibility in their operations (Quidt, Fetzer, and Ghatak, 2018; Marakkath and Attuel-Mendes, 2015; Siwale and Okoye, 2017). Obaidullah (2008) added the issue of " Women" approach which can adversely impact the sustainability of Islamic microfinance because the women might use their credits in daily consumption or give the loans to males, this is in line with the finding of Ahmed (2002) who stipulate that the return on investment on the loans given to women is lower than their counterpart male. Obaidullah (2008) also identified another social and moral issue done by IsMFIs which is the financing of only "active people", which means that they are capable physically and mentally to work. On the other hand, handicap people would be excluded from the system. They do not have the opportunity to get assistance from Islamic microfinance sector. On the other side some people who cannot work due to mental or physical disabilities are excluded from the help of Islamic microfinance sector. Therefore, this section will provide the explanation of these issues and the different opinions of researchers in order to have best practices to overcome them and uphold the sustainability of Islamic microfinance and be more competitive to resist in front of their conventional counterpart (Khan and Aslam, 2018).

3.1 Low Market Penetration

Market penetration is mainly about the outreach of IsMFIs and the ways to reach and ease financial access to the unbanked population who don't have access otherwise; hence, it is crucial to be addressed to maintain the sustainability of MFIs (Khaleequzzaman, 2007). Therefore, the main objective of Islamic microfinance institutions is to expand the economy opportunity to excluded population.

The low market penetrations are caused by the few numbers of IsMFs' branches which can be an impediment of access to many poor who have no transportations means (Abdul Rahman and Dean, 2013). The Islamic microfinance services don't reach appropriate to the poor in rural countries due to the long procedures and illiteracy of people which reduce their access to formal finance (Hassan, 2015). Illiteracy, lack of awareness, and infrastructure deficiencies are the reason for the low rate of financial inclusion in some countries (Ali, 2017).

In Africa, the outreach of the microfinance sector is very limited due to lack of data about the level of responsibility of people which make the trust limited between financial providers and population especially young generation. The financial exclusion is extremely high in African countries especially Sub-African countries more than other places in the world. Although the financial inclusion has improved in many regions, African people still having lack of access to finance particularly through microfinance institutions. The financial inclusion through microfinance is very low in African countries due to the African's perception on financial institutions. African households are the less likely to use financial services more than households from other countries (Beck and Cull, 2013).

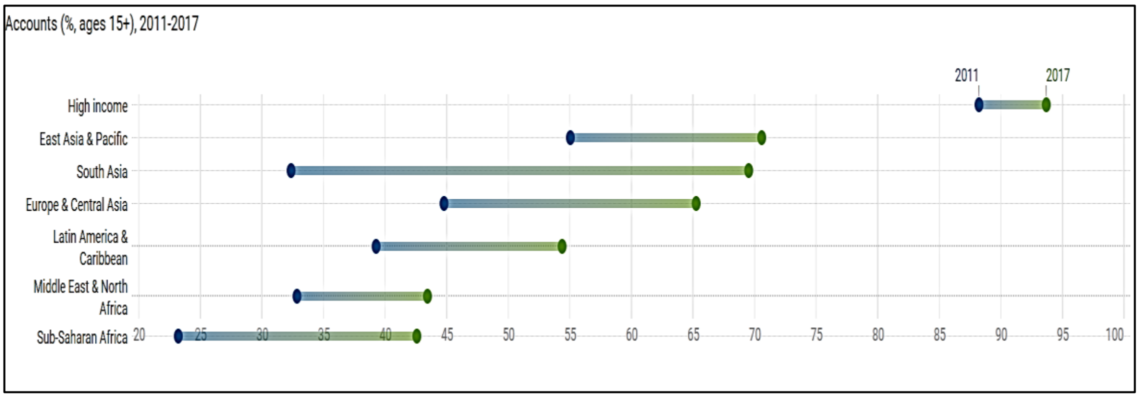

Figure1: percentage of people holding accounts in a formal financial institution
Source: Global Findex database (2018)

It is obviously that African are the least likely to have an account in a formal financial institution; thus, African countries are the less developed countries. Indeed, African countries have paucity of studies showing the importance of financial inclusion.

3.2 High Transaction Costs

Transaction costs are the amount spent to create any product or services for the customer. Theses operational costs are higher in Islamic financial institutions due to uncertainty in profit/loss sharing models, lack of basic financial infrastructure and their severe competition with conventional institutions (Acha and Acha, 2012). The fact the Islamic microfinance is targeting the poorer, makes the probability of non-repayment is higher which leads to high operational costs for the institution. The costs are higher in rural areas to due to the scarcity of water and electricity in those areas.

Similar to conventional MFIs, Islamic microfinance institutions suffer from high operating costs which can adversely affect their sustainability (Siwale and Okoye, 2017; Wulandari and Kassim, 2016). Monitoring and evaluating costs should be applied for the case of Islamic microfinance, in order to ensure that the loans are properly used in productive business (Abdul Rahman and Dean, 2013). African financial institutions are less efficient than other non-African financial institutions; thus, their costs are high and their products are more expensive (Beck and Cull, 2013). Asymmetric information problems are behind the high transaction costs due to difficulties of gathering enough information about the clients, particularly those living in rural areas (Das, 2019). There is another additional cost to IsMFIs which is the shariah transactions costs. This cost is applicable when the institution applies a committee to check the compliance of each product with shariah principles.

3.3 Effectiveness and performance

This section explains the main obstacles that threaten the effectiveness of IsMFIs as a tool to eradicate poverty and enhance the well-being of households and families. Lack of product diversification, training, and educational programs are the problems that can reduce the effectiveness of IsMFIs in alleviating poverty (Abdul Rahman and Dean, 2013). Indeed, the effectiveness of IsMFIs differs based on the frequency of getting credits as well as on the base of gender. Most men benefit from loans because they participate in productive activities. Unlike women, their loans are usually spent on family consumption or in some less productive activities or even given to their men.

The percentage of women borrowers is significant for loan recovery and the profitability of MFIs especially in OIC countries (Ashraf, Hassan, and Hippler III, 2014). The rate of loan repayment is higher form ale side than from the female side, due to the fact that most of the credits taken by women are given to men or to consumption (Abdul Rahman and Dean, 2013; Obaidullah, 2008). However, some studies found that the percentage of women borrowers has a positive impact on the net profit margin in OIC countries (Ashraf et al., 2014).

The non-repayment of credits is due to some factor cultural norms and social environment and should be taken into consideration from IsMFIs before giving loans (Bourhime and Tkiouat, 2018). Wulandari and Kassim (2016) showed that the effectiveness of microenterprises in alleviating poverty is weak unless the customer is under the poverty line. Dusuki (2008) Islamic microfinance institutions have a huge gap between demand and supply services which can lead to a lack of effectiveness. Some argue that the main objective of Islamic microfinance is social obligation not a business profit and thus may lead the decline of financial performance in MFIs (Hassan, 2015).

3.4 Risks of IsMFIs

The information asymmetric and moral hazards between lenders (the institutions) and borrowers (clients) are major risks in the market of IMFIs (Maouloud, Zouari, & Othman, 2017). The former arises when the lenders are not able to select poor who are worthy enough for the credit, while the latter comes when the lender undertake risk by given loans to borrowers (Hassan, 2014). Lack of collateral taken by IsMFIs can lead to a low rate of repayment. Abdul Rahman and Dean (2013) and Wahyudi (2014) showed that the lack of collateral among IsMFIs' customer is a source of moral hazard and information asymmetric risks. Also, the study added that the lack of cooperation between Islamic banks and IsMFIs constitutes a real risk that threatens their sustainability. There are several risks that threaten the sustainability of microfinance institutions such as: liquidity risk, operational risk, market risk, and shariah risk. The liquidity risk is caused by the inability of paying the obligations due to lack of source. It can be caused by both the clients and the institutions. When the customers fail to fulfill the promises towards the institution in terms of non-repayment, consequently the institution may face a risk of liquidity. On the other hand, the operational risk is caused by lack of professionalism or lack of a proper control and management of the transactions and operations inside the institutions (Aslam, Haron, and Tahir, 2019; Aslam, Kalim, and Fizza, 2019). The market risk is an external risk which can be caused by the fluctuations of the currency and product prices. The shariah risk is considered as a specific risk to Islamic institutions which can appear in the lack of conformity between products and shariah principles. This risk is difficult to mitigate due to the high cost of implementing shariah board inside every single institution.

3.5 Fund Mobilization
Among the encounters faced by the Islamic microfinance is lack of fund mobilization (Alaro and Alalubosa, 2018). Indeed, this fact may lead that IMFIs fail in their business. Most of the IsMFIs are getting funds from external organizations or banks. However, an external funds cannot guarantee the sustainability of an institution due to its uncertainty of the amount and the time of delivering (Khawar and Ali, 2018). Further, usually most funds are given at the start of opening the institution, which is the most difficult stage. Lack of fixed resource of funding can be a serious obstacle for an IsMFIs to sustain and expand its outreach. Apart from lack of fund, there is another challenge which is lack of product diversification. Limited products can make customers unsatisfied with the services offered and lead to massive withdrawal or even accounts closed. In fact, some customers are more comfortable with the informal sector which answers their demand in terms of credits. Hence, IMFIs are exposed to lack of savings which can be transformed to credits. Therefore, IsMFIs need to get funds from governments, banks, and NGOs to support their activities. Nevertheless, over-dependence on the aids from Islamic banks and governments present a determined problem which can lead to lack of financial discipline from both parties borrowers and lenders (Wajdi Dusuki, 2008).

3.6 Shariah and Regulation
Lack of regulation had led to the inefficiency of microfinance in alleviating poverty and has undesirably impacted its social goals (Siwale and Okoye, 2017). In Sub-Saharan African Countries, it has been found that regulation impacts the sustainability and outreach breadth of microfinance (Nyanzu, Peprah, and Ayayi, 2018). Mansori and al., (2015) and Abdul Rahman and Dean (2013) stated that I slamic microfinance institutions have a challenge in implementing shariah board due to its high cost.

The lack of standard norms from scholars towards the writing up of contacts and some other issues, such as the delays in repayment, becomes a real challenge of Islamic microfinance to develop. A study conducted by Marakkath and Attuel-Mendes (2015) found some legal issues which negatively affect the sustainability of microfinance such as choice of legal status, operations model, and issues related to marketing. Kassim, Hassan, and Nadhirah (2018) argued that Islamic microfinance is facing difficulties in making good governance due to the absence of sharia boards in many Islamic microfinance institutions.

4. Proposed Solutions
The potential of Islamic microfinance to alleviate poverty is high. In order to do so, Islamic microfinance operators should consider the following proposed solutions to lower the risks and enhance the effectiveness of IsMFIs.

In order that Islamic microfinance reaches poor, additional studies and marketing strategies should be implemented to aware people about its importance and its potential role to uplift the economic situation of people (Wulandari and Kassim, 2016). Wahyudi (2014) propose for both IsMFIs and Islamic banks to have a commitment, interdependence, and trust to offer high and adequacy services for clients and to reach a large number of poor. In fact, Islamic banks can corporate with IsMFIs to be more efficient as well as improving financial inclusion through both types of financial institutions.

IsMF needs to give Qard Hassan, Sadaqa, and Zakat to less fortunate and feeble people who are unskilled (Aliyu, Yusof, and Naiimi, 2017; Obaidullah, 2015). It is necessary that Islamic microfinance adopts new techniques such as mobile banking, which can reach rural poors and make them involved in the development of their countries (Siwale and Okoye, 2017; Umar Faruq Ahmad and Rafique Ahmad, 2009). There are mix findings in the concentration of IsMFIs on “women-approach” only.

Instead of asking poor for collateral, the peer pressure, self-selected group, and social relationship to reduce the risk of information asymmetry and to ensure the repayment is vehemently recommended (Hassan, 2014) also using Mudharaba and Musharaka reduce the moral hazards (El-Komi and Croson, 2013). The internal control and monitoring mitigate the agency problems in the IsMFIs and improve their outreach (Tchakoute-Tchuigoua and Soumaré, 2019). Moral transaction mode has to be established to decrease the risks between the lender and borrower (Aliyu et al., 2017).

For reducing the high transactions costs, IsMFIs should seek internal and external financing modes. External financing is the help given by subsidies such as banks and government which is crucial for the sustainability of IsMFIs (Wulandari and Kassim, 2016), and zakat and waqf institutions. Also, governmental and Non-governmental organizations have a highly beneficial role in funding microfinance institutions (Ghalib, 2019). The internal fund can be raised by the use of PLS contract which is Mudharaba and Musharaka (Wahyudi, 2014). Waqf-based model can mitigates risks and increases mobilization fund to Islamic microfinance institutions cn dominate their counterparts conventional (Abdul Rahman and Dean, 2013). In Sub- Saharan African countries, MFIs should use the new technology to boost their efficiency and

performance (Chikalipah, 2018). Howver, the use of technology might not be an effective tool due the customer culture, whixh can empede them from the usage of the internet (Atallah, Saeed, & Noman, 2018).
The IsMF is effective in alleviating poverty when it integrates training and education programs to make clients more effective in using their loans (Abdul Rahman and Dean, 2013). Also, IsMFIs can be effective in term of teaching moral and ethical behavior of their customers. To maintain good performance, Islamic banks should participate in the Islamic microfinance (Aliyu et al., 2017; Obaidullah and Khan, 2008; Wahyudi, 2014). Because Islamic banks can help IsMFIs in their institutional viability, competitiveness, and sustainability, their integration in Islamic microfinance is indispensable.
For gaining more fund mobilization, crowdfunding and group lender is an effective tool to help the IsMFIs in overcoming the issue of lack of fund (Marakkath and Attuel-Mendes, 2015). Abdul-Majeed Alaro and Alalubosa (2018) proposed that zakat and waqf should be integrated into IsMF. So that the rich people might give the responsibility to the institutions to distribute the revenues of zakat and waqf to needy people. In addition, the study proposed the use of Mudharaba and Musharaka as PLS contracts to ensure the equitable distribution of wealth. Generating more micro-savings is an approach to fund the MFI when it is adopted with cautious (Chikalipah, 2018).
For Shariah compliance issues, it was proposed that IsMFIs should harmonize their principles and have sharia boards members to verify that all products follow Islam and under Maqassid Shariah. The regulators have to establish proper measures which can improve the effectiveness, and reduce the risks faced by microfinance institutions (Aliyu et al., 2017; van Rooyen, Stewart, and Wet, 2012). Islamic microfinance institutions need prudential regulation, adequate auditing system, permanent monitoring to evaluate the products and sustain their profitability (Bradshaw, 2007; Seibel, 2008; Siwale and Okoye, 2017). Well-established regulation has a positive impact on MFIs sustainability and outreach (Kassim et al., 2018; Nyanzu et al., 2018), in particular for OIC members (Ashraf et al., 2014).
Amin (2010) in his book of Islamic microfinance development: challenges and initiatives have suggested that the development of IsMF can be feasible by the focus on the micro, meso, and macro-level. Firstly, IsMF operators and government bodies need to develop Qard-Hassan funds, micro-takaful, and to design a credit guarantee. Secondly, the meso level must be enhanced by the implementation of Islamic inclusive financial system, conducting training and education programs, creating zakat and waqf funds, and making a rating mechanism for IsMFIs. Finally, the macro level can be improved by establishing adequate governance and regulatory framework which can enable a good relationship between financial products providers and other stakeholders (Al-Qaisi, 2018).

5. Conclusion

Islamic microfinance has a clear prospect to alleviate poverty, not only for Muslim people but also for the non-Muslim population. Similarly, to conventional microfinance, the IsMFIs have some trials to maintain their sustainability. However, to maintain sustainability, IsMFIs should be in collaboration with Islamic banks to reduce the transaction costs and reach a maximum number of poor. This study discusses the common challenges facing by IsMFIs in terms of their sustainability which was summarized from previous researchers in the field of microfinance. The main aim of this paper is to clarify the obstacles that IsMFIs encounter and propose solutions to tackle them. This paper is a value-added and enriches the literature in Islamic microfinance. therefore, this research has a great implication on the sustainability of Islamic microfinance institutions by providing the most relevant answers to preserve and keep this sustainability.
Zakat and Waqf institutions, crowdfunding, and government subsidies should be used from the side of Islamic microfinance to reach their social and economic goals. Marketing and awareness are necessary for Islamic microfinance to expand their outreach and include poorer in the formal Islamic financial system. Finally, the implementation of the Shariah board is inevitable for IsMFIs. The proposed solutions should be taken into consideration by governments, Islamic banks, and Islamic microfinance operators, organizations, and donors to alleviate poverty and uplift the standards of living of the poor. In fact, this paper is a conceptual study in which no methodology was discussed. Hence, its findings are not yet proved by empirical tests to allow their replications to some contexts. Moreover, the future studies can test and prove the solution for each problem related to sustainability of Microfinance by using statistical tool.

References

Abdul Rahman, R., & Dean, F. (2013). Challenges and solutions in Islamic microfinance. *Humanomics*, *29*(4), 293–306.

Acha Ikechukwu, A., & Acha, I. (2012). Microfinance banking in Nigeria: Problems and prospects. *International Journal of Finance and Accounting*, *1*(5), 106–111. https://doi.org/10.5923/j.ijfa.20120105.04

Ahmed, H. (2002). Financing microenterprises: An analytical study of Islamic microfinance institutions. *Islamic Economic Studies*, *9*(2), 27–62. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3164247&download=yes

Aslam, E., Haron, R., & Tahir, M. N. (2019). How director remuneration impacts firm performance: An empirical analysis of executive director remuneration in Pakistan. *Borsa Istanbul Review*, *19*(2), 186–196.

Aslam, E., Ijaz, F., & Iqbal, A. (2016). Does Working Capital and Financial Structure Impact Profitability of Islamic and Conventional Banks Differently? *Islamic Banking and Finance Review*, *3*(1), 50–67. https://doi.org/10.32350/ibfr.2016.03.05

Aslam, E., Kalim, R., & Fizza, S. (2019). Do Cash Holding and Corporate Governance Structure Matter for the Performance of Firms? Evidence from KMI 30-and KSE 100-Indexed Firms in Pakistan. *Global Business Review*, *20*(2), 313–330.

Alaro, A. A.-M., & Alalubosa, A. H. (2018). Potential of Sharī'ah compliant microfinance in alleviating poverty in Nigeria: A lesson from Bangladesh. *International Journal of Islamic and Middle Eastern Finance and Management*.

Al-Shami, S. S. A., Majid, I. B. A., Rashid, N. A., & Hamid, M. S. R. B. A. (2013). Conceptual framework: The role of microfinance on the wellbeing of poor people cases studies from Malaysia and Yemen. *Asian Social Science*, *10*(1), 230.

Albalawi, K. M. (2019). The Evaluation of Saudi Insurance Industry and Potential for Takaful Insurance. International Journal of Business Society, 3 (11), 22-37

Al-Qaisi , K.M. (2018), "Factors Affecting Operation Risk Management in Islamic Banks" *International Journal of Business Society,* Vol 2 No.2, pp. 25-37.

Ali, A. elrhman E. S. (2017). The challenges facing poverty alleviation and financial inclusion in North-East Kenya Province (NEKP). *International Journal of Social Economics*, *44*(12), 2208–2223. https://doi.org/10.1108/IJSE-05-2016-0133

Aliyu, S., Yusof, R. M., & Naiimi, N. (2017). The role of moral transaction mode for sustainability of banking business: A proposed conceptual model for Islamic microfinance banks in Nigeria. *International Journal of Social Economics*, *44*(12), 2238–2256. https://doi.org/10.1108/IJSE-07-2016-0205

Amendola, A., Boccia, M., Mele, G., & Sensini, L. (2016). *Financial Access and Household Welfare Evidence from Mauritania*. The World Bank.

Amin, M. F. Bin. (2010). Islamic Micro Finance Development: Challenges and Initiatives. *International Journal of Economics, Management and Accounting*, *18*(1).

Ashraf, A., Hassan, M. K., & Hippler III, J. W. (2014). Performance of microfinance institutions in Muslim countries. *Humanomics*, *30*(2), 162–182. https://doi.org/10.1108/H-11-2013-0073

Beck, T., & Cull, R. (2013). *Banking in Africa*. The World Bank.

Bhuiyan, A. B., Siwar, C., Ismail, A. G., & Omar, N. (2017). The experiences of the Grameen and Islami Bank microfinance on the poverty alleviation in Bangladesh. *Journal of Islamic Economics, Banking and Finance*, *13*(3), 64–81.

Bourhime, S., & Tkiouat, M. (2018). Rethinking Microfinance in a Dual Financial System: An Agent-based Simulation. *Scientific Annals of Economics and Business*, *65*(1), 13–29. https://doi.org/10.2478/saeb-2018-0002

Bradshaw, T. K. (2007). Theories of Poverty and Anti-Poverty Programs in Community Development. *Journal of the Community Development Society*, *38*(1), 7–25. https://doi.org/10.5539/ass.v11n9p273

Chikalipah, S. (2018). Do microsavings stimulate financial performance of microfinance institutions in Sub-Saharan Africa? *Journal of Economic Studies*, *45*(5), 1072–1087. https://doi.org/10.1108/JES-05-2017-0131

Das, C. (2019), "Significant Issues of Financial Literacy and Application in Stock Market: A Descriptive Study on Bangladesh Capital Market**"** *International Journal of Business Society,* Vol.3 No.1, pp. 38-44.

de Quidt, J., Fetzer, T., & Ghatak, M. (2018). Market Structure and Borrower Welfare in Microfinance. *Economic Journal*, *128*(610), 1019–1046. https://doi.org/10.1111/ecoj.12591

El-Komi, M., & Croson, R. (2013). Experiments in Islamic microfinance. *Journal of Economic Behavior and Organization*, *95*, 252–269. https://doi.org/10.1016/j.jebo.2012.08.009

Ghalib, M.M. (2019), "Impact of Intellectual Capital on Performance of the Information Technology Sector in Malaysia" *International Journal of Business Society,* Vol 2 No.2, pp. 58-69.

Hassan, A. (2014). The challenge in poverty alleviation: Role of Islamic microfinance and social capital. *Humanomics*, *30*(1), 76–90. https://doi.org/10.1108/H-10-2013-0068

Hassan, A. (2015). Financial inclusion of the poor: from microcredit to Islamic microfinancial services. *Humanomics*, *31*(3), 354–371. https://doi.org/10.1108/H-07-2014-0051

Hassan, A., & Saleem, S. (2017). An Islamic microfinance business model in Bangladesh: Its role in alleviation of poverty and socio-economic well-being of women. *Humanomics*, *33*(1), 15–37. https://doi.org/10.1108/H-08-2016-0066

Islamic Republic of Mauritania: Poverty Reduction Strategy Paper— Joint Staff Advisory Note The. (n.d.). https://doi.org/10.5539/ass.v10n1p230

Kassim, S., Hassan, R., & Nadhirah, S. (2018). Good Governance and Sustainability in Islamic Microfinance Institutions. *Journal of Islamic Finance*, *7*(2), 21–28.

Khaki, A. R., & Sangmi, M.-D. U. D. (2017). Does access to finance alleviate poverty? A case study of SGSY beneficiaries in Kashmir Valley. *International Journal of Social Economics*, *44*(8), 1032–1045. https://doi.org/10.1108/IJSE-10-2015-0277

Khaleequzzaman, M. (2007). Islamic Microfinance: Outreach and Sustainability. In *A paper presented at IIUM International Conference on Islamic Banking and Finance* (pp. 23–25).

Khan, S. A., & Aslam, E. (2018). Partnership Based Microfinance in Islamic Banks: Need, Application and Commandments in Modern Age. *Journal of Islamic Thought and Civilization*, *8*(1), 192–208.

Khawar T, Ali. AB. (2018), "Identifying Customer Satisfaction of Islamic Transaction Banking Industry in Oman" *International Journal of Business Society,* Vol 2 No.2, pp. 33-38.

Mahmood, H. Z., Fatima, M., Khan, M., & Qamar, M. A. (2015). Islamic Microfinance and Poverty Alleviation : An Empirical Ascertainment from Pakistan. *Journal of Islamic Economics, Banking and Finance*, *11*(2), 85–105.

Marakkath, N., & Attuel-Mendes, L. (2015). Can microfinance crowdfunding reduce financial exclusion? Regulatory issues. *Marketing Intelligence and Planning*, *33*(5), 624–636. https://doi.org/10.1108/IJBM-06-2014-0080

Müller-Jung, F. (2018). World Bank report: Poverty rates remain high in Africa | Africa | DW | 17.10.2018. Retrieved February 6, 2019, from https://www.dw.com/en/world-bank-report-poverty-rates-remain-high-in-africa/a-45926382

Murshid, N. S. (2018). Microfinance Participation and Women's Decision-Making Power in the Household in Bangladesh. *Journal of Social Service Research*, 1–11.

Nyanzu, F., Peprah, J. A., & Ayayi, A. G. (2018). Regulation, Outreach, and Sustainability of Microfinance Institutions in Sub-Saharan Africa: A Multilevel Analysis. *Journal of Small Business Management*, *00*, 1–18. https://doi.org/10.1111/jsbm.12467

Obaidullah, M. (2008). Introduction to Islamic microfinance. *Mohammed Obaidullah, INTRODUCTION TO ISLAMIC MICROFINANCE, IBF Net Limited*, (August 2008).

Obaidullah, M. (2015). Enhancing food security with Islamic microfinance: Insights from some recent experiments. *Agricultural Finance Review*, *75*(2), 142–168. https://doi.org/10.1108/AFR-11-2014-0033

Obaidullah, M., & Khan, T. (2008). Islamic microfinance development: Challenges and initiatives.

Obayelu, O. A., & Awoyemi, T. T. (2010). Spatial dimension of poverty in rural Nigeria. *Journal of Development and Agricultural Economics*, *2*(6), 231–244.

Rahman, A. R. A. (2010). Islamic microfinance : an ethical alternative to poverty alleviation. *Humanomics*, *26*(4), 284–295. https://doi.org/10.1108/08288661011090884

Seibel, H. D. (2008). Islamic microfinance in Indonesia: The challenge of institutional diversity, regulation, and supervision. *Sojourn: Journal of Social Issues in Southeast Asia*, *23*(1), 86–103.

Singh, J., & Yadav, P. (2012). Micro Finance As A Tool For Financial Inclusion & Reduction Of Poverty. *Journal of Business Management & Social Sciences Research (JBM&SSR)*, *1*(1), 1–12.

Siwale, J., & Okoye, N. (2017). Microfinance Regulation and Social Sustainability of Microfinance Institutions: the Case of Nigeria and Zambia. *Annals of Public and Cooperative Economics*, *88*(4), 611–632. https://doi.org/10.1111/apce.12165

Tchakoute-Tchuigoua, H., & Soumaré, I. (2019). The effect of loan approval decentralization on microfinance institutions' outreach and loan portfolio quality. *Journal of Business Research*, *94*(May 2017), 1–17. https://doi.org/10.1016/j.jbusres.2018.09.021

Umar Faruq Ahmad, A., & Rafique Ahmad, A. B. (2009). Islamic microfinance: the evidence from Australia. *Humanomics*, *25*(3), 217–235.

van Rooyen, C., Stewart, R., & de Wet, T. (2012). The Impact of Microfinance in Sub-Saharan Africa: A Systematic Review of the Evidence. *World Development*, *40*(11), 2249–2262. https://doi.org/10.1016/J.WORLDDEV.2012.03.012

Wahyudi, I. (2014). Commitment and trust in achieving financial goals of strategic alliance: Case in Islamic microfinance. *International Journal of Islamic and Middle Eastern Finance and Management*, *7*(4), 421–442.

Wajdi Dusuki, A. (2008). Banking for the poor: The role of Islamic banking in microfinance initiatives. *Humanomics*, *24*(1), 49–66. https://doi.org/10.1108/08288660810851469

Wilson, R. (2007). Making development assistance sustainable through Islamic microfinance. *IIUM Journal of Economics and Management*, *15*(2), 197–217. https://doi.org/10.4324/9780203808832

Wulandari, P., & Kassim, S. (2016). Issues and challenges in financing the poor: case of Baitul Maal Wa Tamwil in Indonesia. *International Journal of Bank Marketing*, *34*(2), 216–234. https://doi.org/10.1108/IJBM-01-2015-0007