
ISLAMIC MICROFINANCE AS A TOOL FOR WOMEN EMPOWERMENT AND SUSTAINABLE ECONOMIC DEVELOPMENT GOALS IN BANGLADESH

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ABSTRACT

Bangladesh is now playing a role model in conventional microfinancing programs in the whole world. Though the financial sectors of this country cover both conventional and Islamic modes. There exist some limitations of conventional microfinancing operating by NGOs. The Islamic microfinancing programs are not enhanced in comparing conventional microfinancing due to a lack of proper policy formulation. Most people are practicing Muslims and want to avoid interest. The Islamic financial institutions have emphasized women's empowerment through shariah-based microfinancing and achieving sustainable economic development. The main objective of this study is to investigate the effectiveness of Islamic microfinance for empowering women and achieving SDGs in Bangladesh. The methodology of this study is based on secondary data including existing relevant literature and annual reports of different financial institutions. The findings of this study show that Islamic microfinance institutions perform a significant

role in empowering women as well as attaining SDGs and have a broader scope to flourish more by applying their various investment modes. This study will help to promote shariah-based microfinancing in the future and transmit microfinance systems to other countries of the world. This paper also tries to recommend some strategies and policy options to promote shariah-based microfinancing to reduce the challenges to ensuring women's empowerment and attaining SDGs.

Keywords: Islamic Microfinance, Women empowerment, SDGs, Bangladesh.

INTRODUCTION

The blooming of microfinance as a formal and an informal source of finance to help the poor have gained considerable recognition worldwide. There exists a relationship between microfinance and poverty reduction, economic growth as well as gender inequality (Aninze et al., 2018). The development of microfinance in Bangladesh occurred more than the decades ago. Its origin can be traced back to 1976, when Muhammad Yunus set up the Grameen Bank, as an experiment, on the outskirts of Chittagong University campus in the village of Jobra, Bangladesh. Since then several microfinance institutions came up and have succeeded in reaching the poorest of the poor but most of microfinance institutions are now in mission drift for the fulfillment of their vision. These included the provision of collateral-free loans to poor people, especially in rural areas, at high interest rates that are repayable in frequent installments (Khan & Rahaman, 2007). Microfinance is one of the powerful tools for the poor to fight against poverty in Bangladesh. Since nearly last three decades the microfinancing institutions have been providing millions of microcredit loans to the poor and have reduced poverty but not such a rate as required (Baten, 2009). The experience of poverty programs of NGOs reveals that they have, in general, been successful in serving the moderate poor but failed in reaching the extreme poor mainly due to higher rate of interest and operational cost, lack of customized products and reluctance of religious people to participate in interest-based programs (Nabi et al., 2017). Islamic microfinance programs have been working as an instrument for empowering women and fighting against poverty. Women are specifically targeted by Islamic microfinance under the rural development scheme especially Islami Bank Bangladesh Limited (IBBL), which provides interest-free loans and many other benefits to the women groups involved (Hassan et al., 2017). Sustainable Development can be defined as the state of the world which can be attained by combining local and global effort to meet the needs of human beings with the activities that will ensure the safety of the society and environment of future generations (Kates et al., 2005). Islamic Microfinance Instruments has been working to achieve the Sustainable Development Goals (SDGs) and have a broader scope to attain SDGs through their various investment modes (Rashid et al., 2018).

In the most of the Muslim country poverty is considered as a main obstacle for economic development. The half of the total population in Bangladesh is women it is not possible to ensure economic development without the involvement of women in development works. Muslim women remain the least empowered part of society. So there is no option without empowering women for ensuring sustainable economic development of the country. The UN has announced 17 goals to be achieved in 2030 to ensure sustainable development. Every country in the world is now trying to achieve SDGs within specified time period and using different types of tools. Bangladesh is planning and using numerous tools for achieving these goals. It is well known to every one that the Islamic microfinance tools contributed a lot to attain MDGs successfully. The main aim of the Islamic microfinance is to ensure the equity and justice in wealth distribution and remove hunger, suppression of poverty, increasing employment opportunity which are consistent with the motto of SDGs. As a Muslim country, many Islamic financial institutions are working in Bangladesh and helping ensure sound economy. This study tries to investigate the effectiveness of Islamic microfinance for empowering women and achieving SDGs in Bangladesh.

OBJECTIVES OF THE STUDY

The main aims of the study is to investigate the effectiveness of Islamic microfinance for empowering women and achieving SDGs in Bangladesh.

Other broad objectives included in the study are:

- To elucidate on the concepts and models of Islamic microfinance
- To identify the Islamic microfinance instruments through which Islamic financial institutions are empowering women and contributing to achieving SDGs
- To examine challenges faced by Islamic microfinance in Bangladesh
- To put forward policy options to build a strong Islamic micro finance market in Bangladesh and transmit shariah based microfinance systems to other countries of the world.

LITERATURE REVIEW

Khan and Noreen (2012) states that women empowerment is economically significant issues in any developing countries. Microfinance strengths women decision making by participation in economic activities. The study investigated the socio-economic development of women through micro credit. The study results that microfinance has positive effect on women empowerment but not up to the expected level. Rashid et al. (2018) conducted study on exploring the Islamic Microfinance Instruments in achieving the Sustainable Development Goals (SDGs) in Bangladesh. Financial institutions are playing vital role to the attainment of SDGs through the orientation of variety of microfinance products. The study results that Islamic microfinance has strong impact on ensuring economic development, achieving social and environmental sustainability. The study concludes that Islamic microfinance institutions are wholeheartedly trying to improving the socioeconomic condition of the rural which are related to SDGs. Lamichhane (2020) mentioned in a study that microfinance services are considered as the prime access or entry point towards the empowerment of women. The study finds a positive relationship between microfinance and women empowerment. Microfinance has a profound impact on women's self-worthiness, decision making power, economic status, community activities and self-help group programs. Ananda (2011) argued that microfinance in the developing world is emerging as an effective instrument for alleviating poverty, empowering women and sustainable development. He also states that the economic benefits derived from microfinance is sustainable. Loro (2013) highlights in her paper that microcredit loans significantly enhanced rural poor women's self-esteem and self-worth which empowering them. This not only impact on gaining women higher status in society but also developing Bangladeshi economy by the inclusion of more people and business into the economy. According to Mohamed and Fauziyyah (2020), Islamic microfinance is an effective tool of poverty alleviation and improvement of social well-being as well as the economic development of poor, especially in the Muslim society. The study reveals that Islamic microfinance would be the impactful measures for a developing country through innovative products in achieving sustainable economic development goals.

According to Aninze et al. (2018), micro finance provisions helps women participants to eliminate their social and cultural barriers in developing countries. Akhter (2018) points out that in the case of microfinance, institutions mostly targets the poor women participants. He also mentioned that provision of financial resources and its effective utilization along with group-based works can strengthen women's economic status and roles in developing countries. Akhter and Cheng (2020) analyzed the use of microcredit as a tool to bridge the gap between the accessibility of microfinance among poor rural women and sustainable socio-economic development, providing innovation to the concept of sustainability of empowerment. The empirical analysis finds that there is a significant impact of microfinance on increasing women participation in the overall decision-making process, in legal awareness, independent movements, and mobility, as well as enhancing living standards to encourage sustainable women empowerment. Rahayu (2020) opines in similar way and concluded the paper with stating the financial self-sustainable paradigm triggers the practice of Islamic microfinance in a country.

Nisser and Ayedh (2017) examined the significance of microfinance role to the empowerment of women and their socio-economic development. The paper shows that there is a strong relationship between microfinance and women empowerment. Microfinance institutions should introduce diversified products to the inclusion of women in microfinance program which is very important for extending women empowerment and sustainable development of a country. Debnath et al. (2019) examined the

determinants of microfinance accessibility by rural women households and its effect on women empowerment in Bangladesh. The study reveals that the users of microcredit have a greater control over savings, household decision making and legal awareness.

Usman and Tasmin (2016a) investigated the conceptual framework on the relevance of Islamic microfinance in achieving the sustainable development goals (SDGs) of a country. The paper finds that Islamic microfinance contributes significantly to the development of human capabilities towards knowledge and skills, empowerment, self-reliance and social status of rural women. Islamic microfinance led to the empowerment of women that assure their economic life effectively. Islam (2020) investigated the role of Islamic microfinance to the women empowerment in rural Bangladesh. Islamic microfinance services (IMFS) led to rural family's occupational transformation from agriculture to retail business. The study focused on three dimensions of empowerment viz. economic empowerment, sociocultural empowerment and familial empowerment. IMFS impacts on all three dimensions out of which economic and socioeconomic empowerment positively contributed toward overall women's empowerment whereas familial empowerment negatively on overall empowerment.

Uddin and Barai (2016) in her research paper studied the role of Islamic microcredit to the enhancement of borrowers' income in Bangladesh under the rural development scheme of Islamic Banks. The paper explored that Islamic microfinance instrument helps poor people releasing poverty through rising of income. Uddin et al. (2020) analyzed the Islamic microfinance instruments in attaining sustainable development goals (SDGs) in Bangladesh. Islamic microfinance brought the socio-economic changes of rural women by alleviating poverty, ending hunger for food, ensuring good health, clean drinking water, sanitation & gender equality and empowering women that all lead to the attainment of SDGs.

METHODOLOGY OF THE STUDY

The required information and data has been collected from secondary sources to derive the objectives of the study. The secondary source contains scholarly articles, reports of regulatory authority, research organizations, donor, Government agencies on Islamic microfinance and Islamic banks in Bangladesh. Descriptive analytical method has been used in the paper. This study covers different Islamic Microfinancing Institutions of Bangladesh.

CONCEPTS AND MODELS OF ISLAMIC MICROFINANCE

Islamic Microfinance

There exists multidimensional poverty in a country and it requires different strategies to tackle it. The central focus of this strategy was to enable the poor people to generate income, build assets or attain an educational level necessary to get out of poverty. But it is very difficult to provide loan to the poor men because they are incapable of own collateral security, and possessing a lower human capacity (GIFR, 2012). Islamic microfinance refers to financial services delivered among low income or destitute people based on Islamic Shariah. The conventional microfinance is operated based on interest which is prohibited in Islam. Islamic microfinance is offered as an alternative among religious poor people for poverty alleviation by employing both charity and profit based unique models. Islamic microfinance operates its programs following the principles of Islamic Shariah which includes prohibition of interest, risk sharing, and avoidance of gharar or ambiguity and ensuring falah (welfare) for all member of the society (Nabi et al., 2017). Islamic micro-finance has evolved to provide financial mediation for producing factors of production, goods and services through profit and loss, leasing and sale with emphasis on ethical and moral values in business. There is evidence to suggest that Islamic micro-finance has a comprehensive approach towards human empowerment, leading to human development in Muslim societies (Usman & Tasmin, 2016b). GIFR (2012) has reported that Islamic micro-finance products can be divided into three classes such as micro-credit, micro-equity and charity. The micro-credit entails the usage of business asset based on loan or lease that eases the lack of capital in the face of a business opportunity. Micro-equity establishes a business relationship between provider of capital and the entrepreneur who manages the

business. Under micro-equity, factors of production are brought together while profit or loss is shared in line with agreed upon formulae. The charity type of Islamic micro-finance serves as a source of additional empowerment in the form of safety nets and for sustainability motives.

Islamic Microfinance Structures

Microcredit	Micro equity	Charity
<ul style="list-style-type: none"> • Intrest free loan • Murabaha • Lease • Salam 	<ul style="list-style-type: none"> • Murabaha • Musharaka 	<ul style="list-style-type: none"> • Zakat • Sadaka • Waqf

Figure1. Islamic Microfinance Structures; Source: GIFR (2012)

Islamic Microfinance Model

Islamic microfinance has inclusive models to incorporate moderate poor and extreme poor. Islamic microfinance models can be divided into charity and profit based model as shown in Figure 2. Charity based model based on zakat, sadaqa, waqaf and qard hasana serves for extreme poor and marginal poor just above poverty line. Profit based model based on qard hasana and commercial funds serves for low income poor.

Models of Islamic Microfinance

Charity based Model	Profit based Model
<ul style="list-style-type: none"> • Microfinance based on zakat, sadaqa and waqaf for extreme poor • Microfinance based on Zakat, waqf and qard hasana for poor above poverty line 	<ul style="list-style-type: none"> • Microfinance based onqard hasana for low income poor • Microfinance based oncommercial fund for low income poor

Figure 2. Models of Islamic Microfinance; Source:Obaidullah, (2008) and Iqbal, (2015)

ISLAMIC MICROFINANCE TOOLS THROUGH WHICH ISLAMIC FINANCIAL INSTITUTIONS ARE EMPOWERING WOMEN AND CONTRIBUTING TO ACHIEVING SDGS

Charity based mode of Islamic Microfinance

Zakat: It is the third of the five basic pillars of Islamic faith. Zakat is a compulsory levy imposed on the Muslims so as to transfer a portion of wealth from the rich members of the Muslim society to distribute the same among the poor. It is th right of the poor on the assets of rich muslim brothers. Thus, zakat works as a tool for the distribution of wealth and a sustainable source of funding of charity based microfinance to empower poor women and promote SDGs.

Sadaqa: It means voluntarily donations made by Muslims to remove hardship of the poor people. Prophet Muhammad (SM) urge Muslims to give charity to the needy peoples in the society. Funds collected as sadaqa may be a viable source of funding of charity based microfinance.

Waqf: The word waqf in Islamic legal terminology is defined as protecting an asset in order to refrain the

usage, and will be utilized and benefited for the purpose of charity. There are different types of Waqf in muslim societies which may be a viable source of funding of charity based microfinance.

Qard hasana: Qard means loan without interest and Hasana means beautiful. Qard-e-Hasana implies beautiful loan on good faith or beneficial loan. Here the loan holder only pays principal in reasonable time and need not top pay anything extra compensation for the fund. This facilities may be most viable way to for empowering women and attaining SDGs.

Wadia: These deposits or savings accounts may be used to encourage the microfinance client to save even smaller amounts as they are allowed to withdraw whenever they want, and there is no risk of loss. This small fund may be utilized for empowering women and attaining SDGs.

Mudaraba: The microfinance clients can open mudaraba savings account with MFI to save surplus funds. Under this mode, the client is exposed to investment risks and shares the profit with the institution on a pre-determined ratio. This mode helps both parties in sustainable economic benefits.

Profit based mode Islamic Microfinance

Mudarabah (silent partnership): This is a collaboration deal business enterprise between two parties. One party provide capital and called Rabb al-mal (the owner of capital). Another party, manages the organization using his expertise in using capital is called Mudarib. Every party shared benefit predetermined agreed ratio. Actually most of the commercial Islamic institutions use this for for empowering women and attaining different SDGs targets.

Musharakah (partnership): It is a mutual relationship involving two or more parties; both stakeholders give funding in the project. In this agreement if any profit arises then distributed an agreed ratio and if any loss occurs then distributed on the basis of proportion of capital. The investment in this may play significant role in creating employment opportunity basically women empowerment as well as fulfill the SDGs targets.

Murabaha: Contractual buying and selling at a mark-up profit is called Murabaha. In this case, the client requests the MFI to purchase certain goods and MFI purchases as per requirement of the client. The client receives the goods on payment of the price which includes mark-up profit as per contract. Medium and large enterprises get advantages from this IMF mode.

Muajjal : “Bai-Muajjal” means sale for which payment is made at a future fixed date or within a fixed period. Actually, it is a sale on credit. It is a contract between a buyer and a seller under which the seller sells certain specific goods (permissible under Shariah and Law of the Country) to the buyer at an agreed fixed price payable at a certain fixed future date in lump sum or within a fixed period by fixed installments. This mode of financing helps the small and poor businessmen in performing sound business environment.

Salam: Salam means advance purchase. It is a mode of business mainly used in agriculture under which the buyer pays the price of the goods in advance on the condition that the goods would be supplied or delivered at a particular future time. The seller supplies the goods within the fixed time. Though this mode is most expected for empowerment of women but the application is not a satisfactory level.

Istisna: Istisna is a contract executed between a buyer and a seller under which the seller pledges to manufacture and supply certain goods according to specification of the buyer.

Ijarah (leasing): This is lease contract occurred by the mutual consent between the two or more parties. Whereby an Islamic bank buys and rents a customer for a rental payment a real estates such as machinery, truck, residence, furniture, construction, and other equipment.

Ijarah waIqtina (lease to purchase): This arrangement is like Ijara. The distinction between the two is that the consumer is obligated to buy the property at the close of the leasing term in the event of Ijara waIqtina. The entire ownership is returned to the user at the completion of the contract, and the maintenance costs payable to date are included.

Qard al-hasan: It is a loan free of charge, either for social services or for short-term financial needs. Within this case, the creditor shall only recover without any increase in the balance of the loan. Though it is not considered as a investment scheme but this financing helps to the people who are poor.

Takaful: Takaful, a risk management tool is one of the most important products for clients of MFI institutions who are generally unable to plan or save for unexpected or uncertain events in the future. Takaful, ideally, is a non-profit mode where all the participants provide joint guarantees. Takaful fund contributing in difficult times like death, sickness, crop or business loss, etc

EFFECTIVENESS OF ISLAMIC MICROFINANCE AS A TOOL WOMEN EMPOWERMENT AND SUSTAINABLE ECONOMIC DEVELOPMENT

Women Empowerment in Islam

Empowerment is commonly defined as an increase in citizens' capacity to make policy decisions in an environment in which they have historically been deprived of such potential (Hassan & Saleem, 2017; Nurasyiah et al., 2018). The word 'empowering women' is perhaps the most contentious topic in the field of development. Empowerment of women is recognized as key in developed countries to sustained economic development and poverty reduction (ULFI, 2018).

There is always raises a voice on gender inequality in developed and developing countries. It is assumed that the gender inequality is more acute in Muslim societies. The Muslim women are deprived in working at home or outside, education, and attaining assets from family. But real situation is different Islam gives equal opportunity women sometimes gives more than men. Our Prophet Muhammad (PBAH) urge that women are not to perform only home-based activities, they may busy and stood with their men in Jihad, and they treat the injured. At the time of Muhammad (PBAH), the first wife of Muhammad (PBAH), Hazrat Khadija, was an esteemed businesswoman. Those rights and responsibilities that the Muslim woman had that time most women do not enjoy now. Therefore, it is clear that true Islamic principles always support women in helping their families and supporting welfare. In this relation, the Holy Quran devotes women as a whole surah to Islam, granted a very special role. It also says that Muslim women are responsible for the same moral values as men. In particular, Islam respects the images of strong women such as Khadijah, Bibi Maryam, and Aisha. It is observed that women are maintaining important roles in Islamic countries, where the campaigns for women's rights are seen as one of the most important social movements in favor of justice and rights.

The Impact of Islamic Microfinance on Women's Empowerment

It is found that women microcredit has a major influence in empowering women. By providing working facilities, women might have the chance to start their small enterprises close to or outside their homes within the microfinance system, thereby not having to leave their children alone at home. Islamic microfinance has an important influence on economic inclusion, access to schooling, access to health care, women's rights and empowerment (ULFI, 2018). According to Nurasyiah et al. (2018) Islamic microfinance has no significant impact on women's economic empowerment. Islamic microfinance schemes are also very much directed towards assisting corporate resources and women's moral growth.

Females from poor backgrounds, especially those who became a study respondent, have a deficiency, expressed in the degree of trust and still faintness of mental and bravery. It takes some time to build this character, though members (women) are not too long to join in the Islamic microfinance program.

Despite, as Islam is the second largest religious in the world and unfortunately the researches estimated that more than 650 million Muslims living under poverty line. Therefore, for the governments and as well as for the community's leaders it should be in their first duties to fight with this important issue and build and develop stable Islamic microfinance organizations to help poor and involved every economic unit in economic development (Safiullah,2021).

In Bangladesh the Islamic microfinance institutions works moderately in empowering women. As a Muslim country people are want to avoid interest and want to get profit sharing mode of financing. The Islami Bank Bangladesh Limited is pioneer in Islamic microfinance in this country and performing the activities through Rural Development Service Scheme (RDS) and Urban Development Service Scheme (UPDS). This institution shows a positive result on empowering women in this country. Some other MFA are also performing a significant role in empowering women.

Sustainable economic development

The tasks for economic and social development must be set taking into account its sustainability and correspondence to environmental imperative in all countries and applied on both macro- and micro-levels (Avtorhanov et al., 2018). Sustainable development is the organizing principle for meeting human development goals while simultaneously sustaining the ability of natural systems to provide the natural resources and ecosystem services on which the economy and society depend(Wikipedia). Sustainable development can be defined as development that meets the present needs as well as ensuring future needs without considering the ability of the future generation.

The Contributions of Islamic Microfinance in Achieving SDGs

The major portion of investable fund invested on the basis on weight of the products. The study observes in an Islamic finance sector-wise investment are highest in Micro, Small and Medium Enterprises. As most of the people in this country living below in poverty line so these investment covers a large portion of the total population. *The contribution of Islamic microfinance in achieving SDGs are summarized as under:*

Poverty Reduction and End Hunger (SDG 1 and SDG 2)

Bangladesh is making progress in reducing poverty rate and has a chance of overcoming the extreme poverty by 2030 (World Bank, 2016). The Islamic microfinance funds are spent on different types of education, training and health care programs in Bangladesh. Basically, Islamic banks serve the deprived and retarded segments of people who live below extreme poverty through their micro-financing (Mamun et al., 2017). The Islamic financial institutions accumulated the fund of Zakat, Waqf and Sadaqah and distributed to the real poor in the country that plays a significant role eradication of poverty and hunger.

Good health and Quality education (SDG 3 and SDG 4)

Islamic microfinance provides education and Medicare facilities to the down-trodden people. Besides many charitable hospitals such as Ahsania Charitable cancer hospital, Islami Bank Foundation are also giving medical treatment with low costs to the poorer section of the society all over the country. The vulnerability of the poor is reduced and their socioeconomic status improved with the better health condition and the education level of their children (Bhuiyan et al., 2011). The Islamic Foundation works with twenty nine missions including treating patients, providing literacy training to illiterate people and supplying person with interest-free microcredit loans is working overall districts in Bangladesh.

Clean Water, Sanitation Energy, Consumption and Production (SDG 6, SDG 7 and SDG 12)

Islamic microcredit helps to improve the livelihood of both rural and urban poor especially the health,

sanitation, education status by providing investment facilities. It also extends the investment facilities providing hand tube-wells keeping in view the needs of safe drinking water and rural housing facilities of the rural dwellers. Bangladesh is an agricultural country so Islamic microfinance investment can help the farmers empowerment.

Gender Equality and Empowering Women and Girls (SDG 5)

Islam gives the equal rights in the women and Islamic financial institution works for the empowering women by providing various shariah based microcredit investment.

Sustainable Economic Growth and Employment Opportunity (SDG 8)

The IMF has shown the power and success in achieving the accelerated economic growth of their microcredit with reaching the rural poor people. Besides, it enhances employment opportunity (Mahmood & Mohd Rosli, 2013; Shirazi, 2012). The Islamic microfinance institutions deployed their fund in development that helps to achieve the goal of SDG-8.

Infrastructure and Human Safety (SDG 9 And 11)

Islamic Microfinance empowerment has been regarded as an important tool for improving the household's quality of life regarding better and bigger houses and healthy conditions (Bin Mohamad, 2013; Usman & Tasmin, 2016a).

Peace, Justice and Global Partnership for Sustainable Development (SDG 12)

Zakat and waqf regulated by separate ordinances are not capable of solving social problem. IMFs such as the "Urban Poor Development Scheme (UPDS)" of IBBL established to develop welfare oriented banking system and to ensure equity and justice in the field of all economic activities is also trying to reduce the level of crime & violence through the development of ethical and religious values through its microfinance (Dhaoui, 2015). Islamic microfinance increase human morale to maintain peace, justice in society as well as creating international brotherhood.

Combating Climate Change, Ocean Resources, Managing Land and Forest (SDG 13, SDG14 and SDG 15)

With increasing the global awareness, the microfinance institutions are considering the environmental, social and governance (ESG) issues during their decision-making process (Caplan, 2013). The microfinance institutions deployed their fund in environment friendly project like agriculture, forestation and bio diversified sectors.

CHALLENGES AND POTENTIALS OF ISLAMIC MICROFINANCE IN BANGLADESH

Challenges of Islamic microfinance in Bangladesh

Islamic Microfinance in Bangladesh did not grow like conventional microfinance due to lack of visionary leadership, negative attitudes public, lack of motivation from top management, lack of directions and guidelines from regulatory authorities, lack of proper application of investment mechanism, inadequate funds, lack of proper use of zakat and Waqf funds, want of dedicated trained professionals and compromising in shariah rulings. The key challenges that Islamic microfinance industry faces include:

(i) Absence of proper Guidelines for Islamic Microfinance from Microcredit Regulatory Authority; (ii) absence of sufficient Islamic microfinance institutions; (iii) Paucity of well-trained expert human resources; (iv) lack of motivation from management; (v) absence of self-oriented supportive guidelines from Central bank of Bangladesh; (vi) absences proper application of investment mechanism and, (vii) Compromising in shariah rulings.

Potentials of Islamic microfinance in Bangladesh

Though Islamic Microfinance bears small portion of total microfinance. There are huge opportunity to flourish Islamic microfinance in Bangladesh. The following factors may be explained for bright prospects and significance of Islamic Microfinance in Bangladesh.

- Majority of the people in this country belongs to muslim religion. So bring the muslim religious people under the umbrella of Islamic microfinance scheme.
- The Success of Islamic banking in Bangladesh is reputed all over the world. So IMF can take this chance to be role model microfinancing.
- There are huge liquidity in Islamic financial institutions in Bangladesh. These excess liquidity may be used for Islamic microfinancing.
- The Islamic Microfinance Programs of IBBL(RDS & UPDS) are already proved the success in this arena. So IMF get advantages from this milestone.
- Bangladesh has a great experience of conventional microfinance. So this may be crucial in expanding Islamic microfinance.
- The proper management of Zakat and Waqf fund may enhance the Islamic microfinance
- Attracting foreign funds may enhance the operations of Islamic Microfinance in Bangladesh
- Performing work in good faith, the ruling of Islam may improve relationship between Muslim and non-Muslim. This may improve the IMF operations.

POLICY APPLIANCE AND CONCLUSION

It is imperative to adopt following policy options to promote Islamic microfinance industry in Bangladesh: (i) Issue of guidelines on Islamic Microfinance Institutions by Micro credit Regulatory authority (MRA) covering all operating aspects including capital adequacy, risk management, auditing and monitoring, and global financial reporting standards. (ii) Allowing a good number of Islamic Microfinance Institutions (IMFIs) by MRA. (iii) Adopt programs to develop devoted and skilled human resources and promote more efforts to train Islamic MFI manager and staffs. (iv) Improve the motivation and morale of the management for enhancing IMF. (v) Implementation of self-oriented supportive guidelines from Central bank of Bangladesh. (vi) Application shariah based diversified investment instruments of flourishing Islamic microcredit. (vii) Application of modern technology to reduce operational cost and expand network in remote areas towards promoting IMF. (viii) Undertaking proper steps for credit, liquidity and market risk management for ensuring sustainability of Islamic Microfinance (ix) Arranging dialogue with conventional microfinance institutions to introduce Islamic microfinance for promoting IMF among hardcore poor people. (x) Must follow the shariah rulings in microfinancing because shariah is called the main arms for islamic financial institutions.

There are some limitations of conventional microfinancing but conventional microfinancing more or less successful in women empowerment. The participation in the microfinance programmes helps to empowering women and contribute socio economic development. At the same time Islamic microfinance program act as a viable tool in promoting women empowerment and combating poverty through its inclusive and innovative models based on zakat, sadaka, waqf and commercial funds to cater the demand of all categories of poor. Islamic Microfinance is working to achieve the targets of Sustainable Development Goals. The study finds that the Islamic microfinance touches all 17 goals of SDGs in the economy of Bangladesh. Finally Islamic Microfinance Institutions are wholeheartedly working to improve the socioeconomic condition of the especially women empowerment and attaining people the goals of sustainable development.

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CONFLICT OF INTEREST STATEMENT

The authors declares that they have no competing interests.

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All authors contributed equally to the conception and design of the study.

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