

Issues and Challenges in Financing the Poor's. The Case of Islamic Microfinance institutions in Northwestern Pakistan

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Abstract

This paper aims to look at the current issues and challenges of Islamic microfinance institutions while financing the poor's in KPK region. The semi structured interviews conducted along with participant observation provide new issues and challenges including Lack of Clear Vision, Weak Governance Structure, Capacity Building, Market Knowledge of Products, Delinquency Problem, Lack of Social and Entrepreneurial Development, Accessibility to Remote Areas. The study also highlights the number of areas that still need greater attention from both NGO's and commercial banks to pull this sector out of problem.

1. Introduction

Recent history has witnessed evolution to alleviate poverty across the globe through microfinance which aims to fulfill the financing need of poor's. This sector is continuously gaining attention from several parties including researchers, practitioner's, government, and bankers (Dusuki, 2006). Islamic microfinance need to take strong initiative to meet the raising need of clients in the Muslim world to eradicate the poverty and help the poor's in fulfilling their financing needs (Dusuki, 2006).

To mobilize the funds amongst the poor's Islamic microfinance seems to be the best model in many Muslim countries including Pakistan, Malaysia, and Indonesia because at a same it provides social capital and also social intermediation along with Islamic values (Abdul Rehman & Dean, 2013). The social intermediation process refers to capacity building which is mixed with financial intermediation. The best example is to train the small entrepreneur or farmers when they are financed. The Islamic microfinance aims to provide financing access to the poorest of poor's in the society including informal sector of the economy, that is mostly funded by third sector of economy like essential Islamic tax (Zakah), Charity (Sadaqah and Infaq). To comply with the Islamic principle, Islamic microfinance provides funds to the deserving candidates without any interest rate. Along with the financial services Islamic microfinance also enhances social services in the form of Sadqah, Zakah and Infaq to purify their wealth and also obtain the blessing of Allah through fulfilling the needs of poor's (Hassan, 2014).

The practice of microfinance in Pakistan started in 1970 where government offers subsidized loans to formers onwards in 1982 the two NGO's AKRSP and OPP started its operations in Pakistan. In 1992 NRSP and in 1994 network leasing offered microfinance services. In 1995 The Bank of Khyber on the recommendation of provincial government offers microfinance services. In 2002 the first microfinance bank was introduced in Pakistan (Saleem

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Khan & Platteau, 2006). Over the past few years several institutions in Pakistan have launched Islamic microfinance products. There are two institutes namely Akhuwat operating on Qard Hassan bases and another is Wasil foundation which offer Shariah based products including Ijarah, Diminishing Musharakah, Mudarbah and istisna (Ali, 2013).

The current state of Islamic microfinance in Pakistan indicates the need to expand outreach to this niche market by the existing providers of Islamic microfinance. There is a need of geographic outreach across different location in the country and also need of range of products that can fulfill the demand of targeted customers. There exist huge gap among the demand and supply of Islamic micro finance which cannot be fill up only through donors and government funds (Brandsma & Hart, 2002). These funds can only help in offering subsidize and cover initial costs of newly established Islamic microfinance such as human development. The self-sustainability of these institutes is the only key to overcome the gap between supply and demand and Islamic microfinance.

The penetration rate of Islamic microfinance in Pakistan is lowest in the two provinces Balochistan and KPK which is 0.3% and 2.5% respectively. Despite, the potential market there are lesser amount of borrowers who avail the services of microfinance which is an appealing point to investigate the key issues and challenges faced by Islamic microfinance institutions. This paper will critically valuate the issues and challenges faced by KPK region Islamic microfinance institutions.

Significance of the study

The study will add to the improvements of different procedures and prudential regulations of Islamic microfinance. Further, state bank of Pakistan can incorporate these issues and challenges in their consolidative papers and provide solutions for these issues and challenges. This study will also recommend future research for the possible solutions of these issues.

Purpose of the study

The purpose of this study is to explore the existing issues and challenges faced by the Islamic microfinance institutions in KPK region and also to provide the insights of issues and challenges along with its different roots.

Objective of the study

- To highlight the key issues and challenges
- To facilitate the decision makers
- To facilitate donor's agencies
- To highlight need for a regulatory action

Research statement

To explore the key issues and challenges faced by Islamic microfinance institutions in financing the poor's

Scope of the study

The results of the study will be only applicable to the Islamic microfinance institutions in KPK who are facing different issues and challenges from the customers as well regulator.

The first chapter is about introduction of study while second chapter of paper start with the literal discussion regarding Islamic microfinance operations for alleviation and certain issues discussed by many authors worldwide that provide clear understanding to reader about the Islamic microfinance systems. The third chapter provides methodological detail of the study about different methods employed for exploring new insights to Issues and challenges faced by Islamic microfinance institutions. The fourth chapter provide map of issues and challenges and provide detail discussion regarding the phenomena under investigation. Finally, the last chapter provides concluding remarks to the overall study.

2. Literature review

This chapter review several concepts that lead to poverty alleviation through microfinance institutions and issues and challenges faced by these institutions while achieving the goal of Islamic Micro Finance. The first part of this chapter is focusing upon the definition and concept of microfinance and onward the different sources are discussed for poverty alleviation across the globe and national level and also different issues and challenges faced by these institutions in financing the poor's.

Microfinance concept and definition

Microfinance can be defined as the provision of financial services in the form of credit and savings to people with lower income (Ledgerwood, 1999). Other services can be capacity buildings, entrepreneurial trainings to bring financial literacy, and social intermediation. These institutes are not in the form of banks but are used as developmental tool which usually involve informal appraisal, small loans, collateral substitute, stream line disbursement of loan and monitoring, performance based access to repeated large and small loans, and secure savings. The start of Microfinance institutions (MFI's) is always as non for profit organization with a goal of social welfare organization to provide access of funds to poorest of poor's in the society (Maier, 2006). The establishment of such institutions is only possible through initial funding's from donors and subsidies from governments. The independence from donor's agencies is essential for sustainability and is only possible if own profit is generated by MFI's. The profit in conventional MFI's is generated through interest, while the point of concern here is the Islamic Micro Finance Institutions (IMFI's) who earn Halal profits through halal means. Such IMFI's have their own coherent nature of risk mitigation which is faced by conventional MFI's (Ahmed, 2011). Islamic microfinance uses different funds as their source of financing which include Sadqat, Infaq, and Zakah while conventional do not have approach to such funds. These charitable funds are distributed by microfinance firms in the form of Qard al hasna schemes which not only provide access to the poorest but also bring them in the net of sound and credit worthy client for the future and also eradicate the element of unequal distribution of wealth in the society (Smolo et al. 2011). The need to apply Islamic principles in Islamic financial contract does not limit Islamic MFI's financial products, because they have several methods to employee's funds in a best possible way that ensure risk mitigation along with higher returns (Obaidullah & Khan, 2008).

The economic welfare of society is always supported by religion and especially when it comes to financial services. The access to financing and credit in several societies is a critical issue in development in term of equity, social development, poverty and growth (Fernando, 2007). To develop the bridge among the financial institutions and religious institutions is must to bring human development (Mirghaniet al. 2011). The Islamic communities adopt financing mostly Islamic Law compliant or in other words Shariah compliant that's why conventional Microfinance institutions have low penetration in lower income Muslim communities (Wilson, 2007). Due to such religious belief Islamic Microfinance has shown a promising growth in market demand and greater participation in the International finance. Islamic microfinance being an important tool for poverty alleviation can be promoted through Islamic cooperatives and reappraising Islamic rural banks, and Islamic commercial banks to create units for Islamic microfinance (Seibel, 2008).

2.2 Moods available for microfinance

Financing the poor's can be done through different tools including different schemes like Qard al hasna schemes, Al Muzarah schemes for farmers, youth development programs, Micro credit by using Mudarabha, Micro leasing, Micro equity and so many others. The use of such tools in one way or in another way create issues and challenges for IFI's at different levels that may witness less or under performance of IMFI's. There are two broad categories of Islamic Microfinance models including 1) Charity based and 2) market based model.

2.3 Current State of Islamic Micro Finance in Pakistan

The State Bank of Pakistan has issued guidelines for setting up IMFI's, the possible moods of organizing Islamic Microfinance operations in the country is given below

- Establishing Full-fledged Islamic Microfinance Banks (IMFBs)
 - Nation wise.
 - Region wise.
 - Province wise.
- Islamic Microfinance Services by Full-fledged Islamic Banks
 - Mode 1- Counters of Islamic Microfinance at Existing Branches.
 - Mode II- & Mobile Banking & Islamic Microfinance Branches Standalone
 - Mode III- Establishing Independent IMFBs as Subsidiaries of Banks.
 - Mode IV- Islamic MFBs/MFIs Linkages Development.
- Islamic Microfinance Services by Conventional Banks
 - Mode 1- Islamic Microfinance Counters at Existing Branches.
 - Mode II- Standalone Islamic Microfinance Branches & Mobile Banking.
 - Mode III- Establishing Independent IMFBs as Subsidiaries of Banks.
 - Mode IV- Developing Linkages with Islamic MFBs/MFIs.
- Islamic Microfinance Services by Conventional Microfinance Banks (MFBs)

Recently there is no Islamic Microfinance bank in Pakistan but there are some organizations providing Islamic microfinance facilities including Esaar Foundation, Akhuwat,

Wasil Foundation, Kashf Foundation, Muslim Aid Pakistan, Naymet Trust, Islamic Relief Pakistan, Kawish Welfare Trust and Esaar Foundation.

The Qard-e-Hasan model of Akhuwat is the recent success story who have disbursed Rs 20 Billion loans by October 2015 with the recovery rate of 99%. Amongst the 1.1 Million beneficiaries 42% of the clients are females. Kashf Foundation with a sizable outreach have a loan portfolio of Rs 3.6 billion (\$34.6 million) and also murabaha portfolio of Rs 56 million (\$0.53 million) as at December 31, 2004 with a healthy return loan portfolio coming in service charges on micro-credit of Rs 1.38 billion (\$13.3 million) and profit from murabaha is Rs 6.7 million (\$65,000).

Wasil microfinance institution using Islamic modes of financing provides loans and generates profits on sale and lease of assets. In 2010, reported statistics suggest that, the gross loan portfolio stood at Rs 210 million (\$2.1 million) with a 91% recovery rate. They also provide a verity of business development through Micro Enterprises Support Services and Advocacy Cell. Naymet Trust use Murabaha and Qard-e-Hasan in providing loans with respective shares of 30% and 70% of each in the financing portfolio. At June 30, 2015 the total assets of the trust stood at Rs 11.3 million (\$108,650). Total recorded credit portfolio was Rs 9.9 million (\$96,000) with Qarde-Hasan portfolio of Rs 6.96 million (\$67,000) and Murabaha portfolio of Rs 2.95 million (\$28,365).

Islamic Relief operating from 1992 in all four provinces is an incorporated MFI in Pakistan. As at December 31, 2014, their microcredit portfolio was clocked at Rs 38 million (\$0.36 million). Over the 25 years' journey in Pakistan, it has helped 11 million families with various programs including disaster risk reduction, climate change adaptation, rehabilitation of internally displaced persons, water and sanitation, health programs, and food security.

Need for Islamic Microfinance in Pakistan

The Muslim world consists of half of the world poverty, while the Muslim population is 24% of the world population. The 1% of the total Islamic finance is constituted of Microfinance. The low reach of Microfinance is due to involuntary and voluntary financial exclusion. Voluntary exclusion is due to religious factors, while involuntary is due supply side or MFI's due to high transaction costs and lack of collateral. In Pakistan 58.7 million people who are living in multi-dimensional poverty with 18% of the urban household and 46% of the rural population falling below the poverty line (Naveed & Ali, 2012).

Amongst the 50 million poor people measured by head count ratio in Pakistan, only 3 million people are benefiting from microfinance. The below mentioned table shows statistics that describe province wise distribution of Microfinance in Pakistan. The penetration ratio in KPK and Baluchistan is the lowest one amongst all the provinces.

Key Indicators Province wise	Sindh	Punjab	KPK	Baluchistan
Offices Fixed	729	1832	95	17

Offices Mobile	4	7	4	-
Active Borrowers	754724	2677467	103738	5303
Potential Microfinance Market	6357795	15233924	4083817	1656762
Penetration Rate (%)	11.9%	17.6%	2.5%	0.3%

Micro finance as a tool to poverty alleviation

The fundamental aim of poverty alleviation can be achieved through microfinance institutions. The ultimate aim behind these institutions is to provide cheaper finance to poor's as compared to other informal and formal institutions for financing. Microfinance institution is an essential tool for achievement of Millennium Development Goals. The study of Shirazi and Khan highlight microfinance as a best strategy to provide positive welfare impact and also reduce poverty effectively. Further, microfinance aims to improve long term income. Most of the research conducted in this field highlighted that microenterprise is not providing effective solutions for poverty alleviation rather it is best for the people near to the poverty line.

The aim of poverty alleviation through microfinance can be achieve only if the poor are grant access to credit. The component of trust and commitment is essential to develop good relationship between customers and microfinance institutions (MFI). The eradication of poverty through microfinance can be achieved through reasonable level by developing a community based framework for MFIs. The issue of non-performing loans in MFIs is overcome through knowing the credibility of borrowers. Moreover, MFI should capture awareness of poor in order to reach them.

Most of the academic research finds positive relation between poverty reduction and microfinance. One of the study conducted by Imai et al find a positive impact of microfinance accessibility to multi-dimensional welfare indicators that microfinance ultimately leads to poverty eradication. The results vary amongst rural and urban areas. In context of Bangladesh, both government and non-government organizations show different impact on poverty. The government organizations (GO) are more effective as compare to NGO in providing wealth access to several hands. In particular, the NGO's are concern with the repayment schedules, rate of return and delivery of loans to the poor while, GO are concern about the outcome of a program.

Other studies in Pakistan and Bangladesh finds a positive effect of MFI on poverty through collective efforts of donor agency, MFIs and government. A country with a higher microfinance loan portfolio per capita has evident lower poverty indices Imai et al. In practice, microfinance reduces the severity and depth of poverty along its indices. Thus, the findings of Imai et al. provide strong evidence for governments, especially in developed countries where funds are channelized through MFIs to distribute subsidized credit. Further, these funds add up in the improvements of children education and family income. In view of the better family income microfinance accessibility also increases family nutrition and health. The practice of MFIs in

Indonesia shows microfinance an effective toll to combat poverty (Masyita, & Ahmed, 2013). The existence of MFIs like Bank Rakyat and various NGOs in Indonesia resolved the massive unfulfilled demand for financial services in poor communities.

The number of studies finds out a positive relation between microfinance and poverty alleviation, but a research conducted in Sri Lanka witness a surprising contradictory results. The microfinance programs development must add to the physical infrastructure and social investment. To bring positive results from the microfinance programs the capital spending by international donors and government is necessary to overcome rural financial services affordability and accessibility. The existence of microfinance do not show a positive impact on poverty level since the existence of financial constraints resulting from poverty trap, higher indebtedness and the lower debt capacity (Gechlich-Shillabeer, 2008). The poor infrastructure and untrained staff of the MFIs contribute in the indebtedness of MFIs (Nkamnebe, 2010). These conditions are the challenges for the MFIs in reducing the occurrence of low-credit recovery.

There are several schemes available with Islamic microfinance institutions to alleviate poverty. A review conducted by Khaleeq-uz-zaman suggested alternative mechanism for Islamic MFIs to alleviate poverty. The golden values of Islam provide a trusted mechanism between MFIs and clients. One of the study in Bangladesh reviewed the micro credit schemes of Islamic banks and found these schemes favorable for improvement of poor's living standards and also socio economic developments. To enhance the accessibility to credit for the poor, there is dire need to comingle Islamic micro finance institutions and commercial banks. Though, in current practice it is difficult to create the link between these two institutions. To overcome this issue a study conducted by Dusuki proposed the use of special purpose vehicle to channelize Islamic banks funds to poor's. The involvement of SPV will overcome the failure of MFIs to protect Islamic banks.

Furthermore, musharakah and mudharabah which are the participatory schemes can satisfy the poor's need for risk sharing. The main objective of the Islamic MFIs is to eliminate the evil of poverty under the Islamic ethical principles including responsibility, free will, equilibrium and unity. The best example is found in India where the Muslim NGO launch poverty alleviation programs by linking Islamic MFIs with profit generating activities (Hassan, 2014).

Beside this Waqaf and Zakah is also important tool that covers chances of defaults by poor borrowers and coverage expenses that reduce poverty. Further, building capacity and qardul hasanah also add up in reducing the poverty level. Thus MFIs not only facilitates poor's by providing them credit but also provides some additional services that witness poverty alleviation.

Baitulmal and microfinance

The concept of Baitulmal (BMT) can be traced back to golden period of Islam where the needs of poor members of the society were fulfilled. With the emergence of modern economies and complex financial requirements, the operations of BMT also get complex. Several studies have focused on operational issues where the study of Cokro and Ismail (2009) analyze the efficiency of BMT in Central Java which is below average. Mostly BMTs face issues while managing their resources due to double jobs of the manager, double mission, increasing salary and allowance of

employee, zakah obligations and payment result in reduced profitability, tendency to serve many micro-enterprises resulting in increased operating costs and management weakness. Despite these problems, BMT is successful in creating job opportunities for the poor, giving easy procedure and requirement, providing long run Islamic micro-financing for many people, and benefiting the society through increasing saving and ability to fulfill borrowers need.

The data envelopment analysis employed by a research conducted in Malaysia for 12 BMTs suggest the two factors of inefficiency including human resources and financing. The results obtained suggest maximizing output and optimize input as adopted by efficient BMTs (Nasution, 2013).

The operational failure of many BMTs is mainly due to operational failure. Hamzah et al., analyze the case of Pekanbaru BMT and find that absence of specific regulations and unavailability human resources as a major problem contributing to operational failure. Such failures can be overcome through proper trainings and educations of human resources.

The diverse funding in BMT Amanah Ummah Indonesia due to inadequate screening process witnessed bad debt (Alaiddi & Anwar, 2012). Further, the unavailability of subsidy sources for cheap credit is another issue face by these BMTs. To cover the extending small financing cost, a smart subsidy application is need to implement.

The implementation of Islamic MFIs leads by sound selection procedure of micro enterprise with additional business control mechanism develop household income, and ensure good relationship and incentive system to improve the efficiency and effectiveness of BMT (Hadisumarto & Ismail, 2010). Thus, it can be argued that an integrated program should be design for the improvement of BMT effectiveness which will further ensure the sustainability.

Apart from efficiency and operational issues, some of the studies focused on the critical success factors of BMT. The success factors consist managerial team, familiarity among customers, network, information technology, risk management, capability of financial management, and customer's characteristic of BMT (Hosen & Syukriyah, 2012).

The financing issues of BMT can be resolve through increasing qardhul hasan financing (interest-free loan) using the infaq, sadaqah and zakah which reflect the social capital, building good terms with customers, good accounting management, reconditioning through development of human resource, restructuring and rescheduling (Dariah, 2012).

Issues in Islamic microfinance

The exclusion of Islamic MFI's from financial services is an appealing issues which raise its prices and cost, the financial literacy of these institutions products is lower, negative experiences and wrong perceptions are developed about Islamic MFI's (Segrado, 2005). Further, poor access to rural areas and the weak law and order situation of specific area where previously majority of the microfinance cases went into default case is also important geographical constraint (Akhtar, 2007). In addition, lack of suitable products, exclusion of any area or group of people due to regulation and banking practices and behavior sometimes exclude the poor's. There are number of challenges which can be summed up into the mentioned categories namely sustainability of

Islamic MFI's, Market penetration, effectiveness of Islamic MFI's in alleviating poverty and higher transaction cost.

Lack of Collateral

In majority cases, poor lack valuable assets collateral that deprive them from micro credit or any sort of loan from commercial banks. Sometimes, even if they possess collateral like furniture, livestock, and land is not admissible as collateral by commercial banks. Islamic MFI's provide asset back financing where sometimes the clients assets are used as collateral beside third party or personal guarantee. The chances of recovery with collateral increase upto 99%. The compliance rate of Islamic contract which is joint venture of profit sharing is higher than traditional contracts which are based on interest (Komi & Croson, 2013). In rural area there is less chance that poor will enter into corruption and also there is less chance of runaway because they live in a family system where they have relatives.

Higher operational cost

Mostly commercial banks are willing to provide line of credit to bigger client for longer period of time to reduce administrative and other legal cost of a transaction. In the microfinance the administrative cost of smaller loan is usually fixed and high. To overcome this issue Islamic banks can employ their existing staff and branches for this facility without new hiring's. The service charges may be offset or reduced to minimum level in case of Qard al Hasna if client himself come to branch on timely manners to pay the loan or installments.

Incompatible Monetary & Fiscal Policies

The tendency of Government of Pakistan to rely on indirect tax for larger fiscal deficit to fill exchequer discourage commercial banks to venture in microfinance. Government imposes higher domestic interest rate and crowd out private sectors borrowers. The monetization of public debt, Currency depreciation, high negative trade balance and indirect taxes fueled the inflation where domestic interest rate is kept high as a controlling tool for inflation. Hence, on the purchase of sovereign securities better yield are offered to commercial banks, and the high risk and high yield based MFI's remain much less of attention.

Market penetration

Islamic MFI's have poor penetration in the market. The unavailability of Islamic MFI's branches at different areas in Egypt is much time consuming for the MFI's to reach their client which are thousands in number (Brandsma & Hart, 2002). The lack of internal procedures regarding performance, the capacity of staff and manager, and protocol is other obstacle for Islamic MFI's (Ahmed, 2002). Mostly, the ease of women to loan cause domestic violence and create tension. The females are pressurized by the male to obtain loan while they are not given the right to use those funds and at the end of the day female is responsible for the repayment of loan.

Sustainability of Islamic MFI

Mostly Islamic MFI's are economically not viable due to higher administrative cost and fund mobilization cost. The voluntary contribution is not the key solution for sustainability of these MFI's at the initial stage to cover their expenses. At the initial stage the contribution made by any donor or paid up capital is not that much shock absorber for Islamic MFI's. There must be some funding's from outside also to fulfill their operational expenses. As the MFI's grow with the passage of time their installments and profit can be utilize for further funds mobilization. If MFI's only rely upon the generated capital for launching new schemes will be too long. The Islamic MFI's still do not tapped funds from religious institutes like Awqaf and Zakah. The products offered by Islamic MFI's are not that much diversified which sometimes create problems in their long term sustainability. Islamic MFI's are more interested to provide financing in murabah mood, while there are other moods based upon profit and loss sharing moods. There is a dire need of wider range of Shariah compliant products for broader range of customers.

High transaction costs

The higher uncertainty in profit and loss sharing moods used by Islamic MFI's enhance the cost, therefore leasing instruments and Islamic debt dominate (Chowdhury, 2006). The asymmetric information problem is same with Islamic MFI as in conventional that leads to higher transaction cost. This cost including cost of searching, monitoring, enforcement and other cost like information in rural areas. The large fix cost and higher overhead cost associated with small loans make it repellent for the Islamic MFI's because cost is always transfer to the clients (Karim et al., 2008). It is difficult for the Islamic MFI's to gather data in areas where there is lack of communications line, roads and power. The collection of such information is always costly which ultimate cost is transferred to clients at the end of the day. The monitoring cost is high in moral hazards cases, where the loan is not use by the person or for the reason taken. Mostly, the individual with unavailability of collateral is a major reason for moral hazard and also increase the mentoring cost (El-Komi & Croson, 2005).

Effectiveness in poverty alleviation

Mostly the microfinance loan is of short term like one year is less effective in alleviating the poverty. If the borrowers are more entrepreneurial in case of Islamic MFI's, it will overstate the effect of micro credit (Chowdhury, 2009). Further, the rate of return from male entrepreneur is higher than female because they involve themselves in productive activities as compared to females. The facility of microcredit is not suitable for the majority of poor's (The Economist, 2009). Poverty is sometimes not limited to financial factors but there are some social factors also which determine the poverty like client socio economic factors including caste, gender aspects that prevent from interaction, ethnicity, locations of borrowers, languages, client un familiarity with different documents and some accounting conventions leads to less effective operations. The existing working force is now a days a dominant challenge for Islamic MFI's expansion, and

consolidation. There is a dire need to develop trainings center and development of trainings material in native language.

The ultimate aim of poverty alleviation can be achieve through different methods as earlier discussed. Many effort has been done in past by different stakeholders to overcome this bad evil of society. In Pakistan, the market for Islamic microfinance is still not mature for Islamic microfinance and still need some improvements. The poverty Head count ratio in Pakistan is 38.8%, which indicates that there is a dire need of different schemes to be launch by Islamic microfinance institutions to overcome the poverty issue. There exist vast demand for Islamic microfinance as statistics are previously shared in this chapter but in the two provinces KPK and Baluchistan, especially in KPK huge amount of poor's are not given access to Islamic microfinance funds that indicates certain issues and challenges faced by these institutions in KPK market. This point motivate researcher to explore the key issues and challenges faced by these institutions in KPK region.

2.8 Theoretical framework

The theoretical frame work based on the literal discussion is given below



2.16 Figure 01

3. Methodology

The philosophical view of the current study will be sort out in this chapter. The case study methodology including sample technique, population, and the overall strategy of case study will be discussed along with research design/approach. As study conducted follow qualitative essence which consists of two methods for data collection. First one is semi structured interviews and second one is participant observation (Becker, 2000). Hence, the previous discussion in literature develops an argument for existing study in Pakistani microfinance institutions. This chapter provides methods for sorting out Issues and challenges faced by Pakistani microfinance institutes, while financing the poor's through different moods of financing.

Philosophical underpinnings

World views are a basic set of beliefs that direct human action (Guba, 1981). These views are named paradigm, epistemology, or ontologies (Lincoln & Guba, 2000). The world views are actually researcher point of views in their opinion regarding nature of research and world

(Creswell J. , 1998). Different factors including past research faculty beliefs, experiences, and advisors influence world students views (Creswell, 2009). There are different views /paradigm in world that enforce researchers to carry our quantitative, qualitative, and mixed methods for their research. Major philosophical world views consist of post positivism, realism, interpretivism, constructivism, and positivism.

As study carry out is a qualitative in nature and need to follow different opinions, norms, and behavior of respondents that's why study will incorporate different subjects views regarding certain phenomena (Auerbach & Silverstein, 2003). It is obvious that qualitative study will not propose uniform meaning of a concept (Gummesson, 2005). However, such study is based upon magic words and images not like quantitative that are composed of numbers and figures (Baxter & jack, 2003).

Research paradigm

A researcher needs to be careful while choosing a paradigm according to objectives and research questions which leads to suitable methodology (Kapoulas & Mitic, 2012). This study adopted critical realism approach where the respondent views are interpreted without any biasness. The qualitative methodologies are seen appropriate within framework of critical realism to research the underlying mechanism that drives event and actions (Healy & Perry, 2000). The semi structured interviews provide ground for the case study because case study method use is supported by paradigm (Bisman, 2000). Critical realism emphasizes on the ideal possibility of casual explanation (Creswell, 2003). Critical realism had maintained strong emphasis on Ontology (Cousins, 2002).

The existence of world is independent regardless what people think about it according to critical realist. This view of the critical realist leads us accept unreliability of our knowledge (Denzin & Lncoln, 1994). The transitive and intransitive sources of knowledge can be methods and techniques of the study, models, paradigms, theories, and established facts that are used by researchers. Critical realism differentiates between empirical, actual, and real dimensions of knowledge (Bhaskar et al., 1998).

Multiple realities are interpreted in critical realism. The focus of study is to explore the key issues and challenges faced by micro finance institution in Pakistan while financing the poor's.

Research approach

The study is qualitative in nature and follows inductive essence Spencer et al., (1994) and Dey 1993. The purpose of qualitative research is exploratory in nature. Such studies are appropriate when theory is formulated through observations at the end of research (Goddard & Melville, 2004). It consists of different pattern that leads observations to theory development. The initial of inductive approach is detail observation of world that moves more towards abstract generalization and ideas (Neuman, 2003). This approach starts with a topic, where researcher develops empirical generalization to find out preliminary relations between several factors.

The approach use in the study helps to precise data into brief summary that developed links between findings of the research. Further, unstructured experiences evident from raw data help in developing a framework. Mostly, findings avail through inductive approach are considered more valid and reliable findings (David, 2001).

Research strategy

Case study: The strategy used in the study provided answers of “what” and “How” which fits in the case study (Shavelson & Lisa, 2002). Case study is a technique, procedure, or mean for collecting or gathering data (Gomm et al., 2002). There are different techniques for case studies data collection including document analysis, interviews and participant observation (Khan, 2007). Case study is used as a tool that direct researcher from research problem statement to conclusion (Yin, 2003).

The collection of data in a natural setting is strong reason to choose case study rather relying on derived data (Bromley, 1986). The investigation of important topic which can not be covered by other methods needs case study approach (Mitchell & Clyde, 2000). The case study method is appropriate where researcher wants in-depth analysis to focus on a single point in specific area (Gomm et al., 2002). The advancement of concept in complex settings cannot be reduce to single cause and effect relation which shows the importance of case studies Anderson, et.al., (2005).

Looking at the previous researches done by many authors who used case study approach in their studies, few of them will be discussed here

Why case study: **There are some assumptions which answers is given by Yin in 2003 are listed below**

1. Exploratory research questions
2. Non-manipulative behavior of the respondents
3. Studying contextual conditions besides phenomenon under investigation
4. To clarify blurred line between context and phenomenon of the study

There exist diverse views of the researchers regarding selection of case study for a qualitative research. The previous views of qualitative researchers suggest using case study technique for existing study. The selection of such strategies for research is mostly based upon the type of questions asked. Case study method is appropriate when researcher ask questions of (“What”) descriptive in nature (“How”, “Who”) exploratory in nature (Yin R. , 2003). Therefore, for existing study which asks exploratory questions, where researcher asks questions that how different factors are issue and challenges in financing the poor’s through micro finance, or what those factors in Pakistani market are recommend the case study an appropriate option.

According to Yin (2003) when researcher is interested to manipulate the non-manipulative behavior case study is the right option. This adds in finding several views regarding a single phenomenon. This study aims to explore several diverse views regarding Issues and challenges faced by microfinance institutions in Pakistan while financing the poor’s through different moods of financing. The study employ semi structured interview where interviewer is given room to ask several questions out of the “interview guide” to obtain new insights. One of the

most appealing reasons to opt for semi structured interview was unavailability of more than one appointment from each respondent.

The case study is also suitable when the researcher wants to study certain phenomena along with contextual scenario. Case study also adds in finding the significance of the study during the research carried out. Here in this study, the phenomenon and context has been clearly mentioned in this chapter. The phenomena regarding microfinance and its several models around the globe and its issues and challenges are discussed by literature in detail while, contextual will be discussed in analysis chapter later.

Mostly there is confusion between phenomena and context where reader makes no significant distinguish between these two Yin (2003). Therefore, the researcher following case study methodology clearly highlights context and phenomena to their readers. The analysis chapter will provide clear distinction amongst context and phenomena when the new issues and challenges will be discussed in context of Pakistan while financing the poor's.

Research choice

The case

Organizations taken for the study are Microfinance institutes form KPK including non-banking institutes, NGO, s and banks offering microfinance schemes through different moods.

Case study design

This study focus on a single case of Microfinance Institutes Issues and challenges in financing the poor's. The aim behind keeping it single is to put a careful attention to case (Yin, 2003). The single case significantly contributes to theory building and knowledge. Such study can even help to refocus future inquiries in an overall field (Yin R. K., 2009). Whenever there is a single case or unique case single case is favorable (Stake, 1995).

Unit of analysis: The unit of analysis (case) for the study is Islamic Microfinance institutions in KPK region amongst. The study aim to explore new issues and challenges faced by Islamic microfinance institutions while financing the poor's through different moods of finance. As study conducted is an exploratory in nature, and try to explore situation in which intervention being evaluated has no single or clear set of outcomes (Yin, 2003).

Unit of observation: Unit of observation and unit of analysis can be same in several cases.

However, qualitative research is an exploratory study where the unit of analysis is case (phenomena under Investigation) while unit of observation is subject or entity from which data has been collected (Keohane, Verba, & King, 2004). So, in this case unit of observation are the employees of the Islamic microfinance institutes.

Interviews questions in relevance to the research questions

The data collection process consists of semi structured interviews. The proper formal phase for interviews was start by representing the respondent about the topic, objectives and purpose of the research study. Below are the research questions asked from the respondents regarding the Issues and Challenges faced by Islamic microfinance institutions, while financing the poor's.

1. How are the subsidy practices in Islamic Microfinance especially in providing funding for the poor?
2. Who are the donors providing subsidy in Islamic Microfinance institutions?
3. What is the role of donor in Islamic Microfinance?
4. Does collateral play a role in Islamic Microfinance funding to the poor? Please explain?
5. How is the concept of joint-liability work in Islamic Microfinance?
6. How does credit-plus financing scheme work in Islamic Microfinance?
7. What are the components of credit-plus financing offered by Islamic Microfinance institutions?
8. What are the solutions when the case of default occurred in Islamic Microfinance?

Data collection technique/tool

Data Collection Method

Two methods were used for data collection.

- Semi structured interview
- Participant observations

(a) Semi structured interviews

A managed verbal exchange is called “interview” (Ritchie & Lewis, 2003), while the interviewer skills reflect the effectiveness of interview (Clough & Peter, 2002). These skills include listening attentively (Clough & Nut-brown 2007); the ability of interpersonal skills (Opie, 2004), encourage the interviewee to talk freely, “Make it easy for interviewees to respond and to clearly structure questions (Cohen et al., 2007).

Face to face interview is essential to gain full in depth insight of the underlying phenomena (Gillham 2000). The understanding of context significance is also necessary. It is probable to identify collective qualities of research data in a critical realist approach while maintain belief in its validity in reveling knowledge beyond the social world in which interview has been conducted (Benfield, 2004). Therefore Semi-structured interview is consistent with model including emancipator and participatory (Nigel Newton, 2010).

Following are the reason for choosing semi structured interviews

- Generate rich data
- Language as an essential component for obtaining insight in values and perception of the respondents
- To understand other aspects of under consideration phenomena, relational and contextual aspects were seen as significant
- Different ways can be used for data analysis.

(b) Participant observation

Participant observation used by traditional ethnographic researcher as a qualitative tool for learning perspective held by population of the study. Multiple perspectives are presumed by qualitative researcher in a given. The current researcher of the study wants to gain different insights and as well interplay between those diverse perspectives. Such interplay can be avail through participation or participant observation or both at the same time. It is necessary to carry out participant's observation in a community who has relevant information in the field in which study is conducted. The observations along with informal interaction with the respondents are recorded in an objective notes and field notes. Participant observation act as a testing tool for participant subjective report derived from their opinions. It also helps in understanding physical, economic, social cultural, context of the participant with their norms, ideas, and events. Further, it helps in understanding contextual theme that is possible with personal experiences. It also helps in highlighting important factors that are not highlighted by previous literature. The most advantageous benefit of the participant observation is to avail honest and valid answers from the participants.

The participants were approach in their own environment where different Issues and Challenges were discussed in detail faced by Islamic Microfinance in financing the poor's. These Issues and Challenges are most appealing which will be onward discussed in the analysis chapter. Respondent of interview were expert of Islamic Microfinance and are actively engaged in operational and as well management level activities on routine bases. Different voice tones and expressions were noted while interviewing respondents. Some Issues and challenges were focal point of discussion from all respondents. Further, newly identified themes will explore new Issues and Challenges faced by Islamic Microfinance with the recent development in Pakistan and especially in KPK.

3.13 Sampling technique

The judgmental or purposive sampling technique is use for interviewing the respondents. A list of valid reliable body of knowledge from Islamic Microfinance in KPK region was made and then interviews were schedule with them.

3.14 Sample

A sample of 5 respondents was selected for data collection. These members include Shariah advisor, Staff, Islamic microfinance expert, Microfinance head, and CEO.

4. Analysis

Introduction

This chapter provides detail analysis of the research questions ask in methodology chapter. The transcribed data through themes is use to draw results likely identified by Yin R.K (2009). This chapter also described the current Issues and Challenges face by Islamic MFI's in financing the poor's in practitioner's views. Further, Study aim to identify new grounds for phenomena under investigation which will be onward discussed in this chapter.

Data collection from five Islamic MFI's was subject to coding (Miles & Huberman, 1994). Coding simply refers to the labels assign to particular chunks of descriptive (Miles & Huberman,

1994). This study organizes data from interviews transcription which onwards leads to themes to make sense to data. To avoid complexity in the obtained data it is must to categorize data (Dey, 2003). The categorized constructs are mentioned below in a table where coding of similar phenomena is done manually.

Primary themes

The primary themes identified from interviews are listed below.

Construct Description	Construct Code
Lack of Clear Vision	LCV
Weak Governance Structure	WGS
Capacity Building	CB
Market Knowledge of Products	MKP
Delinquency Problem	DP
Funding's Problems	FP
Small Loan High Administration Cost	SHAC
Subsidy	S
Screening Process	SP
Lack of Social and Entrepreneurial Development	LSED
Remote Areas	RA
Lack of Collateral	LC
Higher Operational Cost	HOC
Incompatible Monetary and Fiscal policy	IMFP
Sustainability of Islamic Microfinance	SIM
Higher Transactional Cost	HTC
Market Penetration	MP
Employees Training	ET
Limited Number of Products	LNP

The above mentioned themes explore different factors that are Issues and Challenges faced by Islamic MFI's. Amongst these factors few are previously discussed by literature which includes Lack of collateral, Higher transactional cost, Incompetent monetary and fiscal policy, sustainability issues and market penetration. While, the identification process provide new themes which consist Lack of Clear Vision, Weak Governance Structure, Management and Personnel, Market Knowledge and Adequate Products, Delinquency Problem, Small Loan High Administration Cost, Subsidy and Sustainability, Screening Process, Lack of Social and Entrepreneurial Development and Accessibility to Remote Areas. In the themes identified, some are following similar pattern which will be merged to single codes in data splicing process given below.

Splicing of data

The similar themes identified from the chunks of codes generated from raw data is listed below

Construct description	Construct codes	Reconcile code
Capacity Building	CB	MP
Employees Training	ET	Management and Personnel

Both the capacity building and employs trainings refers to the development of both management and operational level employee's that's why the mentioned codes are merged to a single code MP describing Management Personnel.

Construct description	Construct codes	Reconcile code
Market Knowledge of Products	MKP	MKAP
Limited Number of Products	LNP	Market Knowledge and Adequate Products

The constructs Market knowledge of products and limited numbers of products both reflect there is unavailability of various products and even employees and clients both are unaware related to these products that's why these similar themes are merged to single one MKAP that indicates Market Knowledge and Adequate Products.

Construct description	Construct codes	Reconcile code
Subsidy	S	SS
Sustainability of Islamic Microfinance	SIM	Subsidy and Sustainability

As the subsidy is used for the sustainability of Islamic MFI's which reflect the same meaning are merged to subsidy and sustainability SS.

Construct description	Construct codes	Reconcile code
Remote Areas	RA	ARA
Market Penetration	MP	Accessibility to Remote Areas

As the market penetration of Islamic MFI's is lesser in remote area that's why these constructs are merged to Accessibility to Remote Areas ARA.

Construct description	Construct codes	Reconcile code
Higher Operational Cost	HOC	SHAC
Higher Transactional Cost	HTC	Small Loan High Administration Cost

The transactional and operational cost of Islamic MFI's increases due to small chunks of loan that increase administrative cost of small loans SHAC.

Data display

Final list of secondary themes after data reduction and grouping is given below. Grouping of similar themes has been conducted with regard to research questions previously mentioned methodology chapter.

Construct Description	Construct Code
Lack of Clear Vision	LCV
Weak Governance Structure	WGS
Management and Personnel	MP
Market Knowledge and Adequate Products	MKAP
Delinquency Problem	DP
Funding's Problems	FP
Small Loan High Administration Cost	SHAC
Subsidy and Sustainability	SS
Screening Process	SP
Lack of Social and Entrepreneurial Development	LSED
Accessibility to Remote Areas	ARA
Lack of Collateral	LC
Incompatible Monetary and Fiscal policy	IMFP

The final data display provides constructs for discussion which will be onward discuss in this chapter excluding lack of collateral and Incompatible Monetary and Fiscal policy which is previously discussed by literature.

Discussion

Lack of clear vision for the future direction of Islamic MFI's

The institutions who are offering microfinance services especially Islamic MFI's struggle is still questionable that what actually is Islamic microfinance is about and what is the main motive behind. The practitioners are still debating that financial services provision to poor's is a social enterprise, charity or financial business. Despite, the challenges taken by the mission statement of Islamic MFI's which claim poverty alleviation and poor's empowerment and promotion of income generation activities but the overall shape of these institutions in long term fails to achieve this motive claimed by mission statement both in conversation and also in documents.

Weak governance structure and transparency

The MFI's which are of NGO type where there is no clear owner and no direct or strict control suffer from lower performance because of less governed external funds. Mostly in Pakistan these types of institutes are NGO's which are less governed and their operations are not much transparent. This feature always deter the out sider investor to invest in microfinance. The unavailability of unified governance reduce the investors and as well general public interest because microfinance institutes are in three forms including NGO's which are registered as

companies and governed by SECP, second form is registered under societies Act, and the third one resisted with ministry of industries. The governance structure need to be flexible that incorporate the interest of both clients and microfinance institutes.

Management and personnel

The growth of the Islamic microfinance institutions are often affected by less expert managers who sometimes combined the developmental issues with commercial and professional issues and even approach microfinance commercially which sometimes scarify the Shariah motive of Islamic microfinance. The critical issue of personnel and management is raise by those institutions that are in need of initiative for the human development. Management information system is required to have a clear control on the internal process and management.

Market knowledge and adequate products

To cater the unique cultural realities of Microfinance institutions in Pakistan, the methodology and lending frame work of group lending which is practiced by almost all the microfinance institutions needs proper rectification. Further, these institutes need to move towards remittances that provide developmental promise on a credit provision, insurance, and micro savings. The microfinance institutions are mostly not allowed by law to accept deposits, which decrease their interest in micro savings. To overcome this issue these microfinance are in need to broaden their existing products to compete in the market with the regulated financial institutions. There is a need of actual research in this field because MFI's are trying to force their client for following financial service delivery mechanism which best suite them, while at the same time they are ignoring the need of market. Limited numbers of MFI's have tried to access the financial aspiration of their clients that they are in need of.

Delinquency Problems

The higher delinquency ratio over the past few years portray a situation that is in contradiction with reputation of MFI's. Lending to poor's on shows very low arrears worldwide and also in Pakistan. This situation limit the sustainability and growth of MFI's and number of staff were fired and less focus was made upon long term strategies and institutional development.

Funding's problems

The sustainability and scales were inhibited by constraint funding's where most of the NGO's and microfinance institutions looking up to donors "Pakistan Poverty Alleviation Funds". The rules and compliance procedures were strict for funding's where only performer were allowed to funds and weak performer face shrinkage of funds which may put a question mark on their sustainability. Formal institutions like leasing companies and commercial banks are another source for funding, but the lengthy and higher documented procedures for accessing funds limit the MFI's towards this source of funds. The two factors including stringent security requirement and high cost are the main issues for Islamic MFI's to access commercial sources of funds. The funds rose from NGO's or Pakistan Poverty Alleviation funds were easy to access because no collateral was required. To aim the sustainability of Islamic microfinance institutions without prudent regulatory framework and macroeconomic environment is impossible.

These institutions are required to be self-governed, even it will not guarantee proper functioning but if there is an independent body which supervise them and collect information on daily bases then it can perform well. The major issue in Islamic microfinance is the development of entrepreneurial spirit and they always rely upon donor's funds. This concept has limited the growth of these institutions.

4.6.7 Small loans higher administrative cost

Financing the poor's for their short term need of financing create problems because the administrative and other cost remains fix which increase the cost of financing. The ultimate effect of this cost in one way or another way is transferred to client. It is obvious that financing one client with major funds is better than financing too many clients in need of smaller chunks of funds. In some cases it might be not true because the well-established microfinance institutions who are operating at economies of scale may incur less cost in providing small loans as compare to small Islamic MFI's. Further, the monitoring cost is also high for these small loans to remove the moral hazards problems. If the Islamic MFI's charge high margin from the client they will face tough competition from their competitor and also will face reputational problem. To overcome this problem government need to provide certain subsidies to Islamic microfinance institutions and issue guidelines to compensate the higher transactional cost from those subsidies.

4.6.8 Subsidy and sustainability of Islamic MFI's

Subsidy from donor's agency and government at a same time is blessing and also curse. It is helpful to reduce the financing rates and margins of Islamic microfinance. The donor's funds provide more benefit in group lending due to the underlying collateral as compare to individual lending. The public subsidies sometimes create problems because the administration of public subsidy is hard then private one. Further, the private subsidy adds more in the efficiency of microfinance. The bad impact of subsidy is that it enforces managers to operate more efficient which results in higher cost and ultimately margin will increase. The unsubsidized microfinance institutions are unable to target more poor's. Sometimes the cost of availing subsidy is more than the margin charge which reduce the efficiency of Islamic MFI's. The most appealing issue with unsubsidized microfinance is their sustainability. Subsidy is mostly given on the bases of the performance where the weak performer fall behind and face sustainability issue. It is must to provide sustainable subsidy to strengthen the sustainability of Islamic microfinance in Pakistan.

4.6.9 Screening process

The screening process of Islamic MFI's sometimes create issues or restrict MFI' to facilitate poor clients. The unavailability of collateral in most of the cases deprives clients from funds. If the collateral is available then clients are classified on the bases of different criteria's like track record, previous records of financial transactions etc. Mostly clients with better track records or payment history are given easy access to funds. In case of group lending sometimes the weak points of one member in a group is ignoring that give birth to dispute. The biasedness of screening officer or lesser knowledge of screening officer give birth to moral hazards problems. In case of group lending in the rural area it's hard to find the guarantor and in some cases social ties among the members are low which again force the Islamic MFI's to reject their request for

financing. In a society like KPK nobody bear the peer pressure in group where majority of the time cases goes to dispute that's why in group lending selection of the peer and verification of the members that they belong to same area or family is a challenging task.

4.6.10 Lack of social and entrepreneurial development

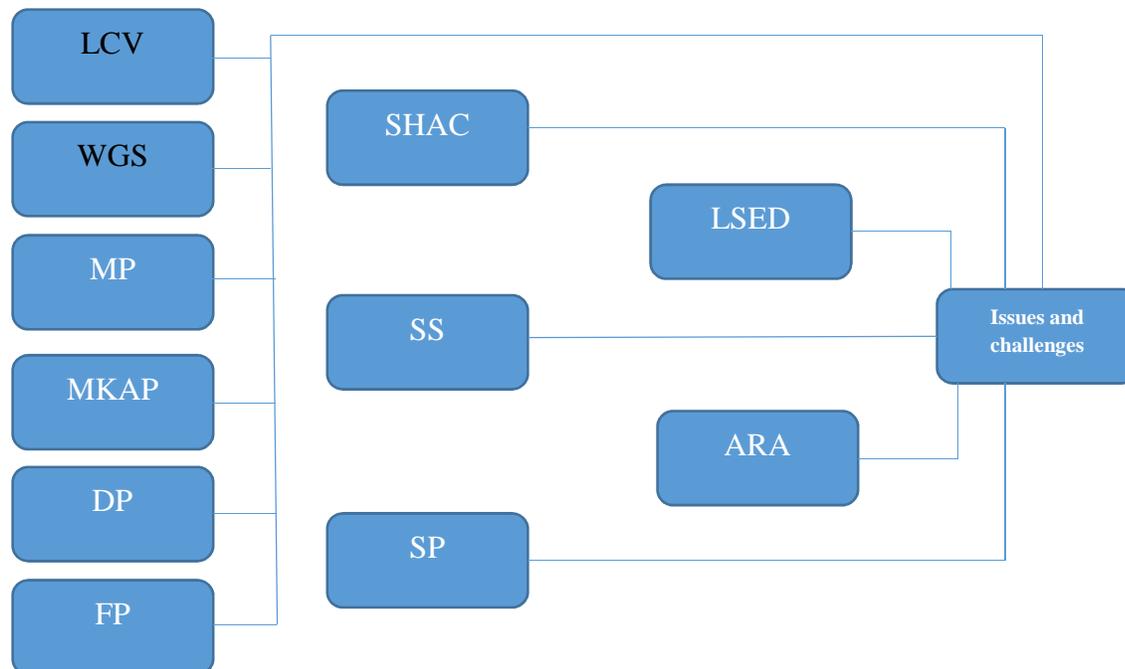
The major dilemma in our society is lack of trust amongst the members of our society. The current situation imposes different evils that are running society day by day. In Islamic microfinance context the clients who avail loan are not socially developed. They are teach regarding the best use of those funds in right manner to avail the will of Allah subhanutala and also save the interest of Islamic MFI's. The best example of this is in Indonesia where in the cooperative society system the members set together on daily bases and discuss some hadith and saying of Allah and Muhammad (SAW) related to the fair, just, and honest dealings amongst the members of society. If the clients are developed spiritually the chances of defaults and moral hazard problems would automatically reduce. Further, the Islamic MFI's are not developing the entrepreneurial spirit amongst the client which is the major reason for default in many cases. They are required to develop a culture of trainings and different workshops with the help of Small and Medium Enterprise Development Authorities.

4.6.11 Accessibility to remote areas

The dominant sector of poverty lives in remote areas where the sources of earnings is mainly based upon agricultural and hand crafts activities where man and women work at their door step and make different things at home the best example can be find in Chitral, Gilgat, Skardu, Swat, and other regions like tribal areas. In way or another way these small entrepreneurs and farmers are in need of funds for their working capital or for the expansion and advancement of existing setup. Despite, the potential market many microfinance institutes have not reached these areas due to certain issues which includes security, transportation, mobile network coverage, the poor conditions of living standards etc. The accessibility to remote area is somehow done through community base MFI's. The delivery cost to such areas is restricting commercial microfinance institutions, while such barrier is found lesser in community based microfinance. The product and service methodologies are another barrier for commercial microfinance institutions in remote areas. The community based MFI's face problem of capacity building to expand their operations to more remote areas. There is a possible solution of joint partnership to overcome the problems of both commercial and community based MFI's to operate in remote areas and expand their network for poverty alleviation.

4.7 Revised theoretical frame work

The detail analysis of the phenomena under investigation proposed new theoretical frame work which constitute some new insights to the reader regarding different issues and challenges faced by Islamic MFI's in KPK region. For drawing a suitable design of frame work codes were used to make it attractive to the reader.



4.8 Figure 02

This newly developed theoretical frame work provides thematic map for the Islamic Microfinance Institutions Issues and challenges that emerges through different sources and reasons. The insights highlighted are appealing in nature which needs to be overcome for the better future prospects of Islamic microfinance in Pakistan.

5. Conclusion

Over the past history microfinance has proved as an effective tool for development and poverty alleviation. The paradigm shift of microfinance since 1990 has witnessed serving of thousands of the poor's, women's, micro entrepreneurs and farmers in society. With the emerging developments in this filed microfinance would prove a profitable institute with the aim of financing the poor's. The existing issues and challenges of Islamic microfinance including lack of clear vision, unavailability of subsidies, poor or lesser access to remote areas, lack of social and entrepreneurial developments, unavailability of uniform governance, and higher administrative cost associated with smaller loan can put up barriers in the future growth of Islamic microfinance institutions. The issues addressed in this study need regulatory and as well donor's agencies attention to tackle these issues and enhances the outreach and efficiency of microfinance to overcome the bad evil of poverty from the society and create employment in the form of entrepreneurs support.

5.1 Future recommendations

- Regulatory attention is required for the product development
- Need of unified governance for all types of Islamic MFI's
- Proper training of both clients and employees is required
- Need of proper collaboration amongst all the Islamic MFI's
- There is dire need of both provincial and federal government support

- The technological system of Islamic MFI's need to be interlink with different system through which they can obtain the background of clients which may add to the cost reduction

5.2 Limitation of the study

- Limited resource
- Unavailability of extra time to conduct extensive research
- Unavailability of appointments for more interviews

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