

A photograph showing four women sitting on the ground in a rural setting, surrounded by financial documents, a calculator, and a notebook. They appear to be engaged in a financial literacy or microfinance session. The women are wearing colorful headscarves and traditional clothing. The background shows a simple structure made of sticks and a tree.

Financial inclusion: progress, challenges and view of the future Islamic Microfinance

Dr Mohammed Kroessin
Head, Islamic Microfinance
Islamic Relief Worldwide, UK

Topics



- IR's microfinance experience
- Reviewing our challenges & progress
- Future

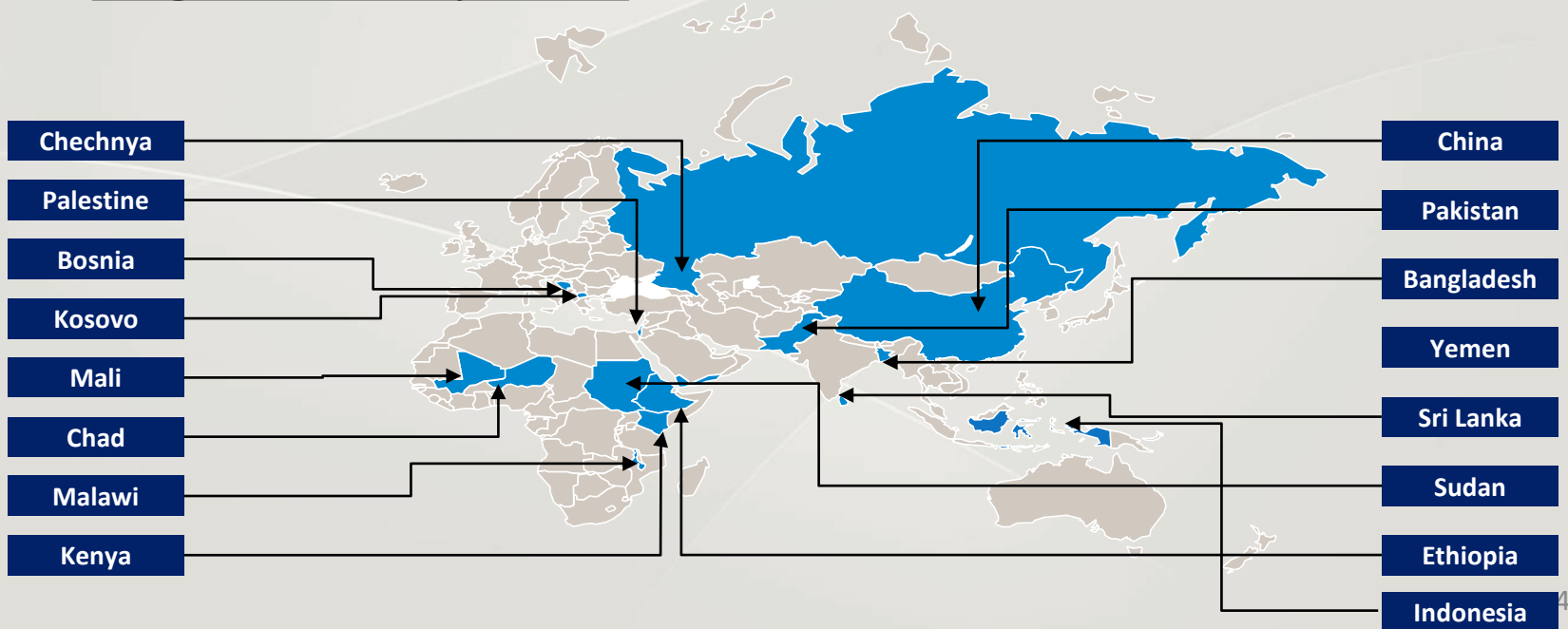


ISLAMIC RELIEF'S I-MF EXPERIENCE

Our microfinance experience



- Start year: 1994 (Bangladesh & Albania)
- Total clients: +150,000 (since inception)
- Total loan amount disbursed \$ 75million
- Avg .recovery rate: >97%



I-MF features



- **Delivery mechanism**

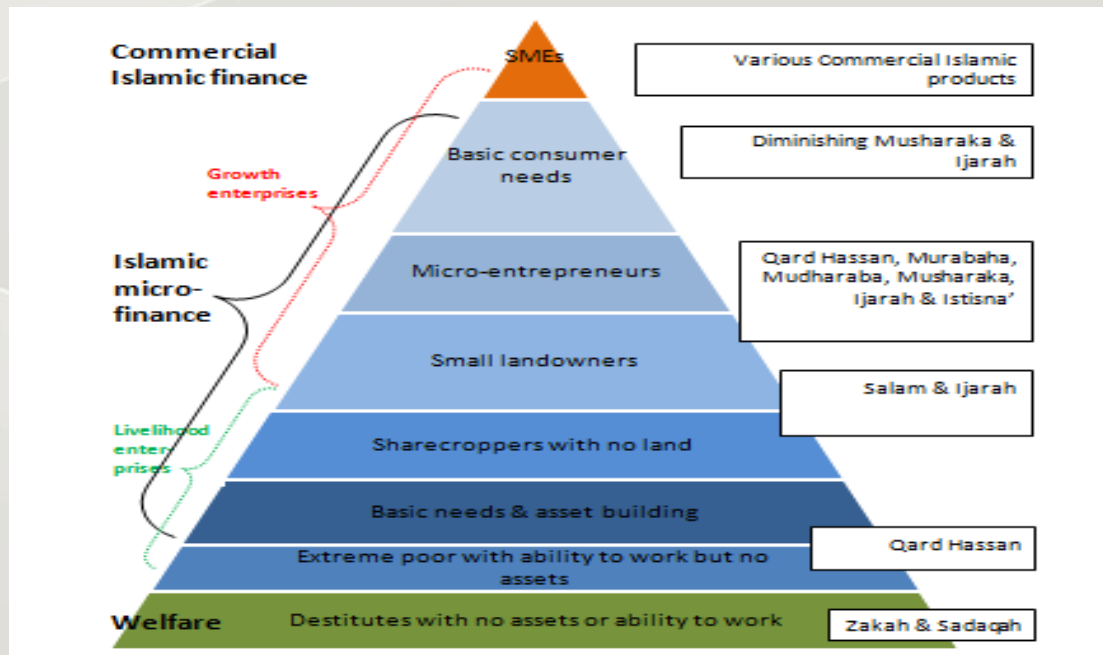
- Direct through IR field offices
- Community-based SHG/village banks
- Collaboration w. commercial banks: Kenya (FCB) , Sudan (SSDB) & Pakistan (Meezan)
- Subsidiaries registered as MFI: Kosovo, Bosnia, Russia. Palestine, Bangladesh & Pakistan currently transforming

- **Client relationship**

- Group lending
- Individual

- **Products used**

- Qard Hassan
- Murabaha
- Mudaraba
- Salam
- Muzara'ah
- Takaful



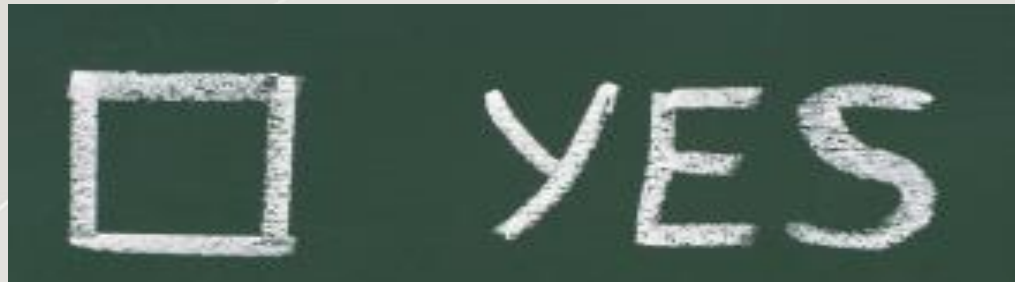


REVIEWING OUR PROGRESS

5 Takeaways from CGAP research (2015)

1. Some Islamic **products** are tough to scale
2. Comparing Islamic products to conventional microfinance **standards** doesn't always work
3. **Sustainability** is possible, but it will take significant **investment**
4. We need more time to **research** how these products are working - and who is using them
5. **Growth** of Islamic financial service providers (from 250 - 1000)

Progress? Your View!



Progress?



1. Products

- Qard Hassan & scalability

MAYBE

2. Standards

- AAOFI standards for banking but not I-MF
- MF standards (SMART / Universal) not fully applicable to I-MF

NO

3. Sustainability & investment

NO

4. Research

NO

5. Growth

MAYBE



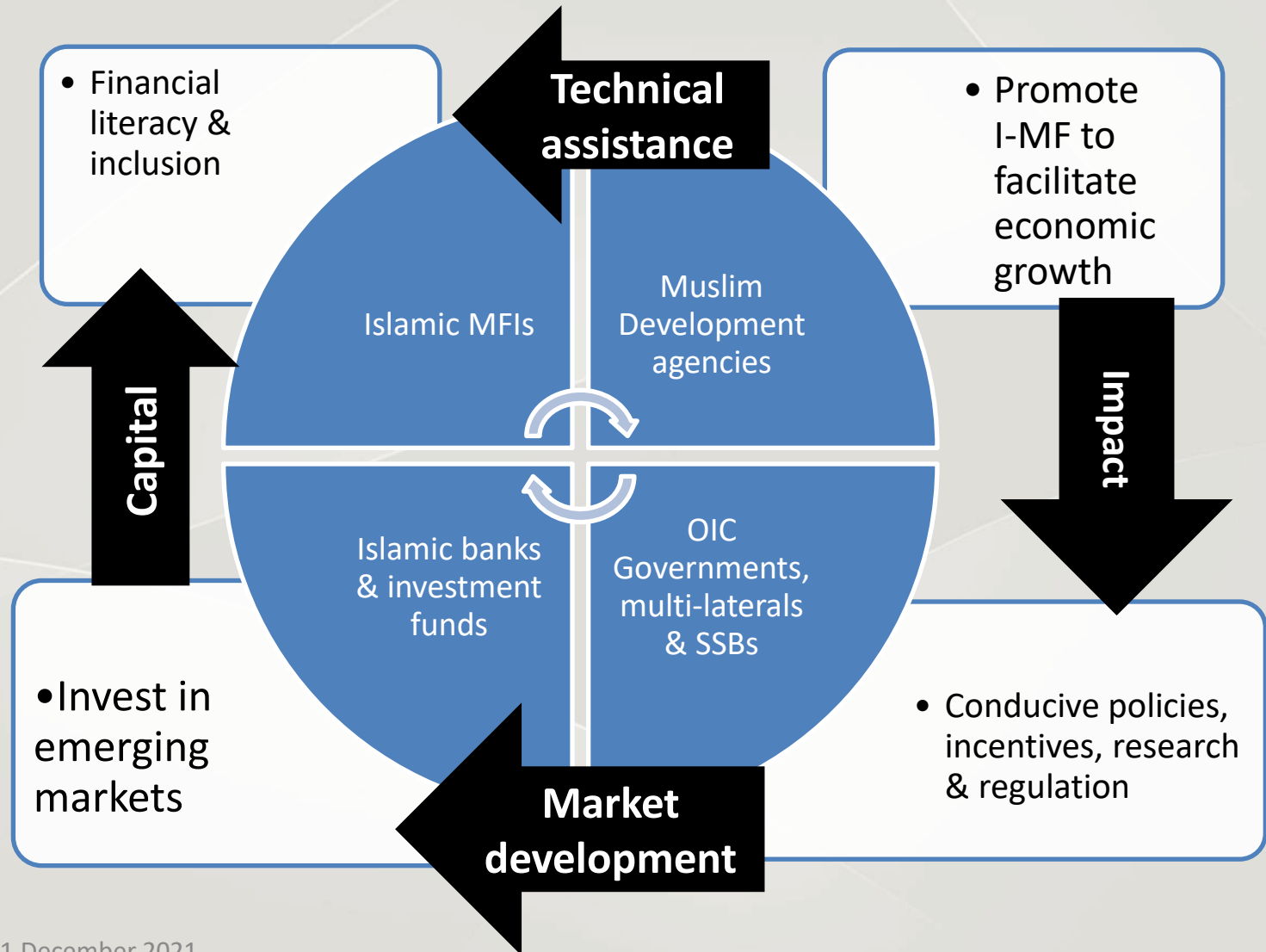
FUTURE

Future?



- **Money, money, money**
 - Private sector investment: Sharia-compliant MIV?
 - Bilaterals & multilaterals: grants & TA
- **Market development**
 - I-MF standards
 - Ratings
 - Knowledge & skills
 - Regulation
 - Technology: MIS, crowdfunding, digital payments

A platform for action



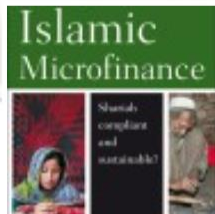
To build global I-MF industry together



Email me:

Dr Mohammed Kroessin, Islamic Relief Worldwide

Mohammed.Kroessin@irworldwide.org



Global Islamic microfinance working group

