



# Research based innovation for Islamic Microfinance Industry

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21 Nov 2022, 11<sup>th</sup> GIMF, Dubai



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Introduction

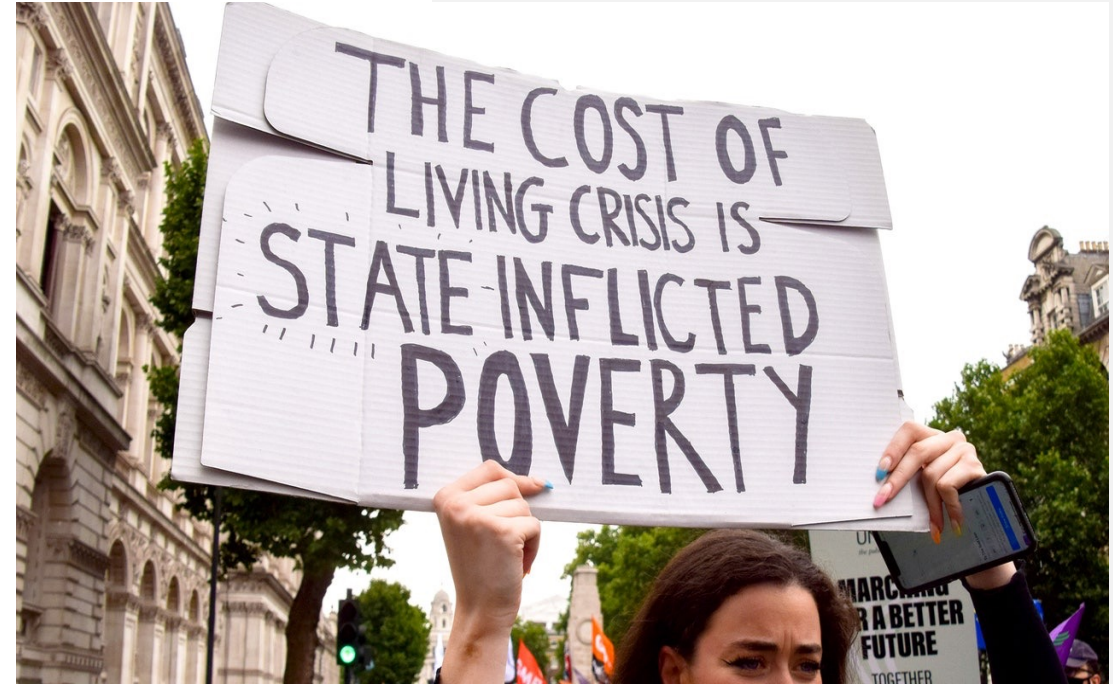
Innovative products for  
Islamic Microfinance

Conclusion

# Current Global Crisis



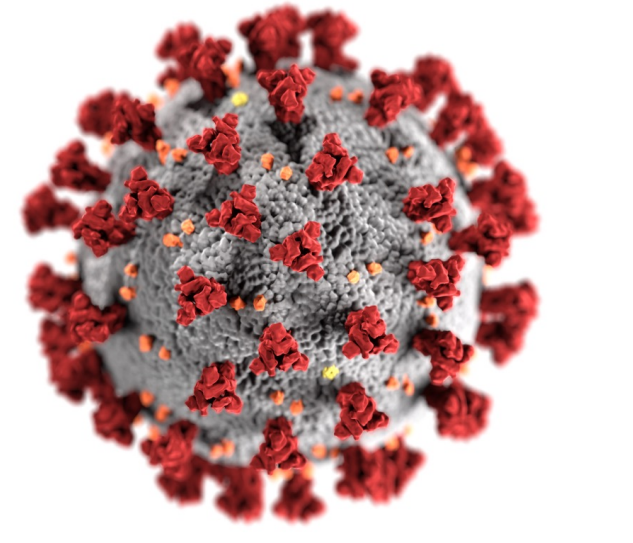
Climate Crisis &  
Environmental Degradation



Cost of Living Crisis:  
Price Inflation, Poverty



Economic Inequality:  
Richest 1% owns 46% of the  
world's wealth



Health: Pandemic

- Many empirical studies confirm the positive link between inequality and debt growth.
- The higher debt levels of poorer household can lead to the creation of debt bubbles, which increases the likelihood of financial instability.
- In addition, many studies confirm that an increase in inequality can lead to financial instability and crisis (IFSB, 2021).

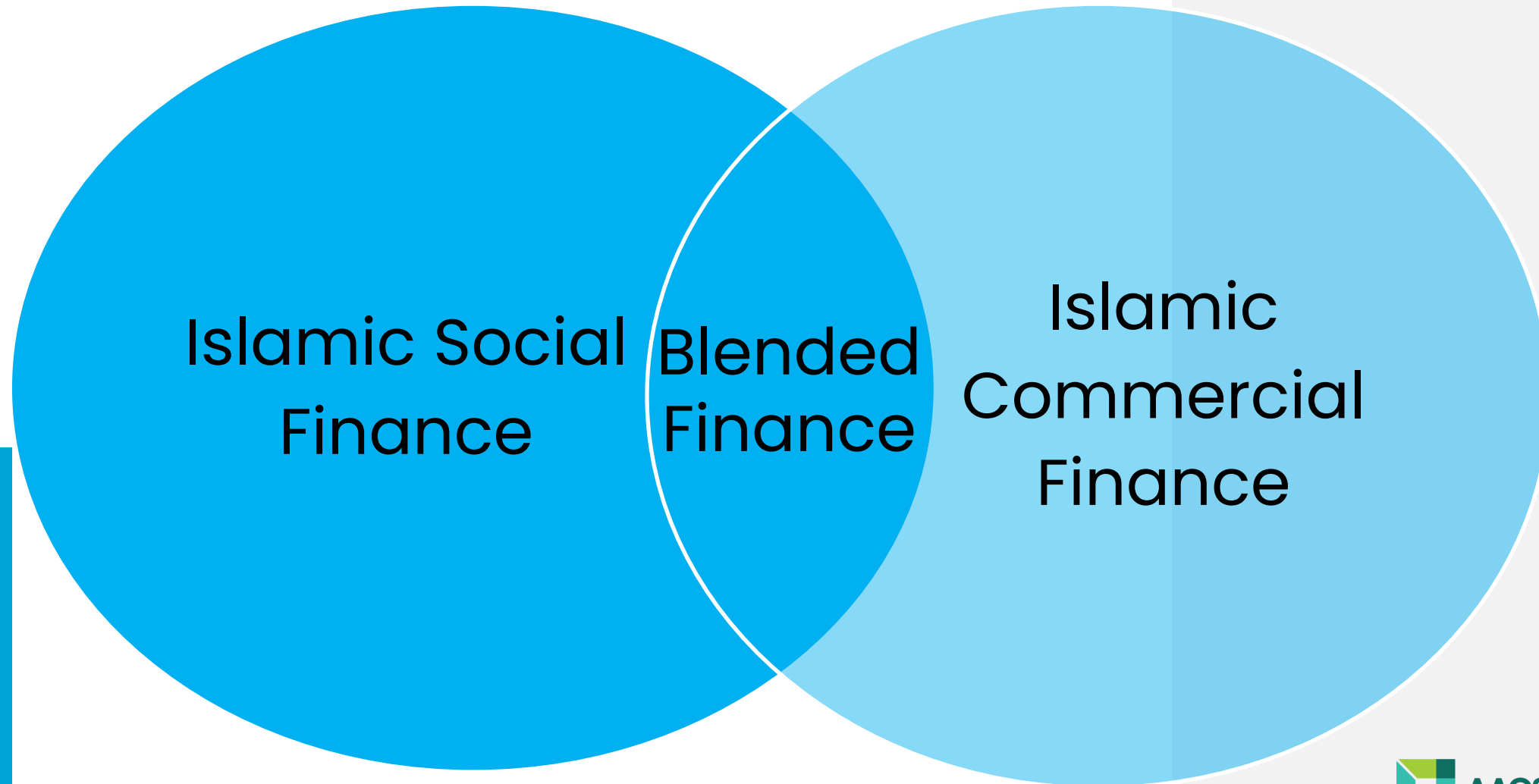
# Modes of Finance used in Islamic Microfinance

- Qardhul Hasan – eg Akhuwat
- Murabaha
- Mudharabah
- Musharakah

# Islamic Finance Instruments for Resilience, Sustainability & Inclusiveness

1. Mobilise funding and liquidity support to stimulate the vital Micro and SMEs
  - Use of blended finance for Micro and SMEs funding
    - Use of Zakat funds for seed capital & machineries
    - Financing for Micro and SMEs – Waqf funds, Qardhul Hassan funds & commercial Islamic finance funds
    - Capacity building from public sector funds & zakat funds

# Islamic Blended Finance



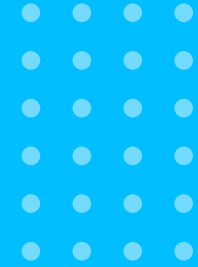


2. Promote risk-sharing contracts by Islamic financial institutions and ECF platforms
3. Provide tax incentives for Islamic commercial finance funding to support micro enterprises operating in the Halal industry and sustainability sectors

## Conclusion

- Islamic Financial Services Industry including Islamic micro finance can potentially alleviate issues related to global resilience, sustainability and inclusiveness.
- Many successful case examples are already implemented in several Muslim or OIC countries. These can be emulated by others.
- Mainstreaming Islamic Social Finance with Islamic Finance can bring stronger impact to Islamic Finance policy making.

# Thank You Terima Kasih



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