

FROM MICROCREDIT TO MICROFINANCE: A REVIEW OF THE LITERATURE

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RESUME

Ces dernières années, la recherche en microfinance se développe de plus en plus, mais dernièrement elle s'intéresse beaucoup plus à l'étude des TPE qui jouent un rôle majeur dans la croissance économique et sociale. Cet article propose une synthèse quantitative des recherches relatives à la microfinance publiée entre 1996 et 2020, telle qu'elle est représentée et publiée dans les bases de données SCOPUS et EBESCO.

La littérature disponible confirme que les microentreprises rencontrent des difficultés majeures en termes de financement, ce qui implique un engouement scientifique du comité des chercheurs. C'est un champ de recherche pluridisciplinaire. Et la fréquence de publication est forte en microfinance dans les revues anglo-saxonnes, et le Journal of Humanomics (International Journal of Systems and Ethics) occupe la première place. S'ajoute à cela que l'université islamique internationale de MALAISIE enregistre le plus grand nombre de plateformes dédiées à la levée de fonds et le plus grand volume de fonds collectés, et le continent asiatique enregistre quant à lui un volume important de fonds collectés mais un nombre de plateformes réduit par rapport à l'Europe.

Mots-clés : Microcrédit, Microfinance, Microfinance Islamique, Financement, Revue De Littérature, Pauvreté.

ABSTRACT

Microfinance research is growing all the time, but lately it has been focusing more on the study of VSEs, which play a major role in the economic and the social growth. This article proposes a quantitative synthesis research published between 1996 and 2020, such it is represented and published in the SCOPUS and EBESCO databases. The available literature confirms that is a multi-disciplinary field of research that has emerged from the intersection of several disciplines... The Journal of Humanomics is in first rank. In addition, the University of MALAYSIA has the largest number of platforms dedicated to fundraising and the highest volume of funds is raised while the Asian continent has a high volume of funds raised but a smaller number of platforms than Europe.

Keywords: Microcredit, Microfinance, Islamique microfinance, Financial, literature review, Poverty.

INTRODUCTION

To begin their entrepreneurial initiatives, the young entrepreneurs face many obstacles, including financing. To overcome this inherent problem, they rely on other options such as microcredit or microfinance to ensure their project flourishes. In fact, microcredit is addressed to the vulnerable people but not the poorest one; in its classic form it enables vulnerable people to prevent a certain number of risks by helping them to diversify their sources of income and accumulate capital, but it does not enable them to cushion the risks when they are arised" (Guérin 2002).

This exclusion of entrepreneurs from the traditional banking system has led to the emergence and creation of microfinance institutions, whose mission is to meet the financial needs of the most disadvantaged members of the traditional banking system, in order to remedy their lack of payment guarantees and low incomes. Our study will present a review of the academic articles on microfinance published in international journals. It aims to synthesize the debates that run through the field of academic microfinance research, and to understand the results obtained, as well as the lessons that can be learned.

The research process involves a meticulous selection in order to ensure reliable information. On the basis of this selection, we focus on two complementary studies carried out in different periods. The first study was carried out by Christine Noël and Ayi Ayayi as a part of a census of the number of articles published in Anglo-Saxon academic journals on the subject of microfinance which are accessible on the EBSCO online database during the period 1996-2006. The second study was carried out by M. Kabir Hassan, Muneer M. Alshater, Rashedul Hasan, and Abul Bashar Bhuiyan who conducted a bibliometric review of the microfinance literature available on the SCOPUS database to collect 122 articles on Islamic microfinance published between 2000 and 2020.

Against this context, the issue of financing is now at a stage of development where it is worth drawing lessons from recent years, while highlighting areas where significant progress remains to be made. This will give us a clear picture of the situation. This is the approach adopted by this article, which is devoted to three sections. The first section presents a literature review of microenterprises and the financing difficulties they encounter. The second aims to highlight the evolution of micro-credit to microfinance over the years. The third one looks at the development of microfinance around the world.

I. Micro Business and Financial Difficulties

Every entrepreneur deals with the issue of financing throughout his or her project. As a result, it remains an inescapable issue for the success of any entrepreneurial project, and the one that gives way to a panoply of financial constraints behind it: the financial constraints of businesses are not limited solely to the costs and conditions of access to finance, but also to their dependency on external sources of finance in the case of small structures (Ayayi et Noël 2007).

In 1911, Schumpeter argued that the entrepreneur's first concern was the need for credit. From his part, he supported the thesis that entrepreneurial activity is subordinate to finance, so that the entrepreneur is the only debtor in the national economy in essence "nobody but the entrepreneur needs credit, or the equivalent but less surprising proposition that credit serves industrial evolution" (Schumpeter 1935). In addition, the industrial world needs finance. The mobilization of funds and their allocation to "innovations" or "improvements" in the form of credit to the entrepreneur is an element of economic evolution in Schumpeter's sense.

In addition, McKinnon (1973) and Shaw (1973) have linked the increased investment and growth to financial development. In the same context, (Levine 2005) attests to the positive impact of finance on business growth.

In the light of the above, the efficiency of the business financial system reduces their financial constraints and improves their situation, and consequently promotes the development of the country's economy. However, these categories of businesses are the most deprived of the conventional banking system, and they face major obstacles that prevent entrepreneurs from seeing their projects through to the end. Access to finance is their main obstacle, due to their small structures, the administrative procedures that are deemed tedious, the lack of guarantees, high interest rates, and the fear of failure, not to mention the fact that entrepreneurs find themselves unable to unleash their creativity and entrepreneurial innovations that require financial funds.

The crisis has also led to a lack of confidence in traditional investments, particularly in the stock market, and small investors have deserted the markets (Dupont et Frugier 2015).

That's why entrepreneurs are looking for other ways to finance themselves, such as self-financing, family support, networking or crowdfunding (Mighiss et Moutahaddib 2021). As a result, financial constraints are further slowing business development and causing financial scandals across the country.

In the Moroccan context, despite their importance and weight in the economy, SME (Small and Medium-Sized Enterprises) still encounter many obstacles in accessing conventional bank financing, and this constitutes a real constraint on business development. They are the most confronted with this type of constraint, as 69% of them have suffered from difficulties in accessing financing (HCP 2019).

II. MICROFINANCE: AN EMERGING FIELD OF RESEARCH

1- From microcredit to microfinance

The poor are people with very low incomes. They have little capital and some have none at all. This social category no longer has access to banking services, due to the absence of guarantees, which are a prerequisite for financial institutions to grant loans.

In this context, micro-entrepreneurs have started to look for other financial alternatives to finance themselves, such as micro-credit and microfinance, so that they can open new businesses as a source of income and fight poverty. Micro-credit is a means of financing low-income groups to help them develop and integrate into society, as they are marginalized by conventional credit.

The idea of granting loans to people in need or in poverty has been around for a long time, both among Muslims and Jews, dating back 5,000 years. This idea has been developed over the years due to the willingness of certain people to help people in need, and the development of financial resources to meet consumption needs and finance income-generating activities.

In the early fifteenth century, the Catholic Church confirmed the creation of collateral loan shops, which then spread throughout Europe. In the early eighteenth century, Ireland saw the creation of the Irish Loan Fund system (Helms 2006). Central Europe also saw the arrival of municipal savings banks. These represented public financial intermediaries working for the well-being of local populations. They enabled the poor to save and accumulate financial assets. The oldest form of these local savings banks was founded in 1743 in Germany in the form of a death savings society.

Later, in the 1960s, a number of savings and credit cooperatives were set up in Cameroon and Burkina Faso, but it was in the 1970s that microfinance began to be institutionalized in Bangladesh with the Grameen Bank in 1983, which was awarded the Nobel Peace Prize in 2006, as well as its founder Muhammad Yunus as the inventor of modern microfinance.

In this context, Bangladesh was among the poorest countries in the world and was penetrated by a large number of NGOs, and BRAC (Bangladesh Rehabilitation Assistance Committee) in 1970 was the first organization funds various projects.



Following the Bangladesh experience, a number of initiatives have been set up in developing countries as well as in Western countries such as France (the ADIE Agency for Development and Economic Initiative), Italy (the Micro finanza network and the Micro.Bo organisation), and Finland through Finnvera.

In the United States of America, the first experiment appeared in 1789 with Benjamin Franklin (1706 - 1790), one of the founding fathers of the United States of America, who was ill and decided to donate part of his fortune to the cities of Boston and Philadelphia, exactly £1,000 (Schwartz, 2001). According to the author, this will anticipate the modern microcredit programs of the Grameen Banks. Franklin has wanted the money to be given in the form of small loans (not donations) to artisans to help them start their businesses, build hospitals, infrastructure, fortifications, schools and an aqueduct to bring drinking water to the city¹.

In 1849, a Prussian burgomaster (mayor) named Raiffeisen set up the first savings and loan cooperative in Germany. This initiative sought a means of freeing the rural population from the usurious conditions imposed by the lenders of the time.

This first cooperative would be followed by the creation of other cooperatives. They collect savings from members with surplus funds and make them available in the form of loans to other members who need them. The operation of these cooperatives is based on four principles (Draperi 2006): first, the principle of proximity; each village has its own cooperative. These small units are both members and administrators of a central bank. Second, the principle of the unlimited joint and several liabilities between all the members of the cooperative and the principle of non-distribution of profits, which are allocated to a reserve with no possibility of sharing, even in the event of liquidation of the company. And the last principle is that the cooperative operates in all branches of activity to meet the essential needs of its members.

The system first appeared in France in 1865 and then in Quebec in 1900. Many existing cooperatives in Africa, Latin America and Asia were inspired by this model.

In the 19th century, in Indonesia in 1895, the Rakyat Bank of Indonesia (RBI) has appeared. It was set up to manage donations from mosques and give them as loans with repayment facilities. BRI has become the largest microfinance system in Indonesia, with almost 25 million customers throughout the country².

Between the 1950s and 1970s, the emergence of public development finance institutions or agricultural cooperatives, as part of sectorial development plans, whose main objective was to offer agricultural credit to small farmers so that they could raise their productivity, increase their income and introduce new farming practices. From 1970 onwards, microcredit has developed rapidly in several countries.

1.1 The 1970 : the birth of modern micro-credit

In the early 1970s, micro-credit in its modern form came into being with pioneering organizations such as ACCION International in Latin America, the Self Employed Women's Association Bank in India and the Grameen Bank in Bangladesh, which began granting micro-credit in particular to poor women entrepreneurs. These organizations have proved that poor people can repay their loans even at high interest rates (Helms 2006)(Boyé, Hajdenberg, et Poursat 2006).

1.2 1980: Emergence of viable microcredit institutions

In the 1980s, microcredit began to take off. Solidarity credit involves granting credit to a group of people. Each member of the group is jointly and severally liable for repayment by all other members. Interest rates are calculated in such a way as to ensure recovery of the institution's costs.

Organizations will achieve viability and extend their reach thanks to their income and the financial support of public or private backers. Micro-credit proves (Helms 2006)(Boyé, Hajdenberg, et Poursat 2006) that the

¹(http://fr.wikipedia.org/wiki/Benjamin_Franklin. Retrieved from 28.01.2022).

² Source : <http://www.ir-bri.com/> ; consulted on 06/03/2021

poor have a higher loan repayment rate than commercial bank clients, due to the original mechanisms developed by MFIs, mainly social pressure; again, the poor are willing to bear the high interest rates charged by MFIs to be able to cover their costs. For those clients, access to capital is more important than the cost of capital; moreover, an institution can be financially viable without subsidies even when granting small loans to a poor client.

1.3 1990: Microfinance replaces microcredit

From the 1990s onwards, the term microfinance has replaced microcredit to encompass not only microcredit, but also other financial activities such as microinsurance, money transfers and savings. Many MFIs have been set up, and have become a key element in policies to combat poverty. What's more, some of them were transformed into profit-making companies, giving them greater access to capital markets. As for 1992, which saw the start of the microfinance industry with the creation of Banco Solidario SA (Banco Sol) by the Bolivian NGO PRODEM, the profitability of several MFIs began to attract organizations specializing in MFI financing. Microfinance began to be integrated into various national anti-poverty programs Banco(Helms 2006)(Boyé, Hajdenberg, et Poursat 2006).

In 1996, an MFI in Bolivia went to bankrupt for the first time. Other MFIs in Asia and Africa suffered from the same fate.

1.4 As from 2000

This period is considered to be the euphoric years of microfinance, and its activity reveals several limitations. Firstly, microfinance as conceived cannot be the only solution to the problems of poverty. It also fails to reach its target group, notably the poorest people and the populations in rural and isolated areas. This suggests the need to innovate other services to satisfy this target. Secondly, the target client of MFIs contests the high cost of services (Helms 2006).

This decade was marked by the integration of microfinance into the financial system. Indeed, many commercial banks and formal financial institutions have expanded their customer based on including poorer segments, and some MFIs continue to increase their outreach. However, this trend remains uneven across regions and countries (Helms 2006).

2- The concept of microfinance

According to (Boyé, Hajdenberg, et Poursat 2006), microfinance is the set of services offered to individuals who do not have access to conventional financial institutions. By extension, the term "microfinance" refers to all the activities implemented to provide these services.

According to Ledgerwood, microfinance refers to the provision of financial services to low-income clients. Financial services can include deposit and credit operations, insurance and payment services (Ledgerwood 1999). In addition, many microfinance institutions (MFIs) provide their customers with social services such as management training, mentoring and more.

Referring to Widiarto et Emrouznejad, microfinance differs from other types of Islamic finance in several respects (Widiarto et Emrouznejad 2015). Firstly, it is concerned with community welfare, and the financial inclusion of the poor community, secondly it advocates the provision of collateral-free loans (qard-al-hassan) to micro-entrepreneurs who cannot access the financing offerings of participatory banks, as well as conventional banks; more than this, it can address the high transaction costs associated with the Islamic financial system.

The Consultative Group to Assist the Poorest (CGAP) considers microfinance as a wide range of adapted financial services that are targeted at the poor and provided, in all locations, by different types of



institutions (CGAP, 2006). These financial services are: credit, savings, money transfer, payment services and insurance. These services enable target populations to meet the financial needs of their business activities, acquire assets, build or improve their homes, increase their income and thus reduce their vulnerability.

According to Brandsma and Burjorjee microfinance is the provision of a set of financial services, including credit, savings, money transfer and insurance, to poor people and the low-income population (Brandsma and Burjorjee 2004). These services are characterized by:

- ✓ Their focus on poor people with micro-projects: provision of services to low-income customers, women and men, who have no access to other financial institutions.
- ✓ Credit tailored to customers: simple, appropriate access to small, short-term, revolving credit. Repayment of loans is ensured through the use of alternative guarantees (joint guarantee group, compulsory savings), informal assessment of borrowers and projects, and simple assessment of cash flows and projects for large loans with long maturities.
- ✓ The provision of voluntary and secure savings services that facilitate the deposit and use of small sums, as well as easy access to funds.

Soko considers microfinance to be the full range of financial services provided within a formal or informal framework, and aimed at low-income populations who have no access to the conventional banking system but are engaged in an economic activity or have an economic project (Soko 2009).

This definition has two distinctive features. Firstly, it excludes the poorest people from the scope of microfinance. Only low-income populations with an income-generating economic activity, who are not necessarily very poor, are included. Secondly, the definition does not distinguish between providers of microfinance services. Thus, a microfinance provider may be an organization subject to the regulations of a sector organized by the state, i.e. the formal sector, or it may be a simple individual working in the unorganized informal sector.

In view of the above, the activity of microfinance institutions goes beyond micro-credit. The latter consists in providing poor customers who have no access to banking services with financial services, in particular small loans to develop income-generating activities. Microfinance, on the other hand, is a financial activity which, in addition to credit, includes a wide range of financial services such as savings, insurance, money transfer, housing credit, savings, funds transfer services and so on. It is frequently associated with small working capital loans, which are commonly invested in small businesses or income-generating activities.

This financial activity is characterized by certain features:

- Target: microfinance is aimed at customers who are mainly excluded from the conventional financial system because of their low income and lack of collateral.
- Products: microfinance has created products adapted to the needs of its clients, particularly in terms of the amounts granted, the guarantees provided, the means used, the frequency of operations, etc.
- Loans granted: microfinance institutions do not limit themselves exclusively to commercial activities, but also offer loans for children's education, consumption and other everyday needs.
- Ancillary services: in addition to financial services, microfinance offers support services such as training, literacy, etc., as well as participating in national and international programs to face poverty.

III. THE DEVELOPMENT OF MICROFINANCE WORLDWIDE

Scientific interest in the microfinance research theme can be measured by the number of articles published in academic journals. Below, we present the results of quantitative studies analyzing the literature

on microfinance published during the period 1996-2006 for which the words microfinance or microcredit appeared in the title or abstract.

1- Growth in the Number of Microfinance Publications

Fig N1: Quantitative evolution of EBSCO articles on microfinance between 1996 and 2006 (Ayayi et Noël 2007)

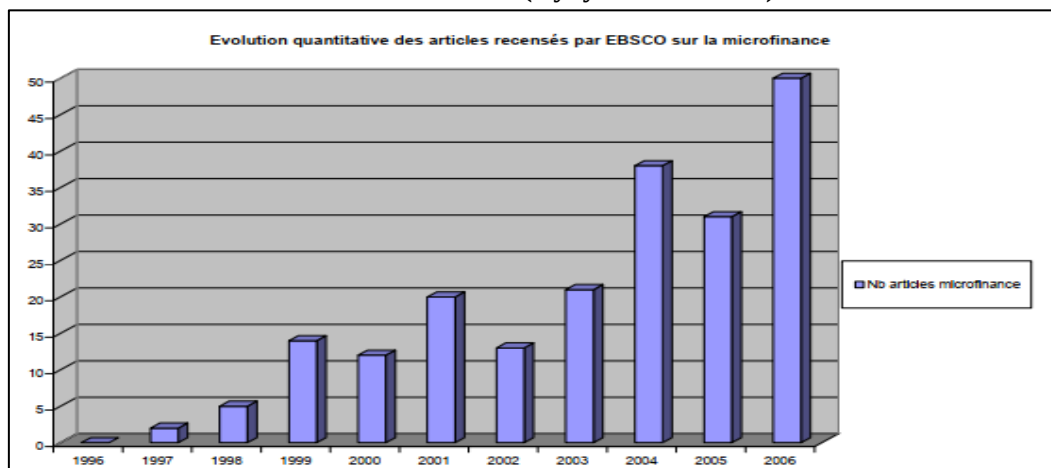
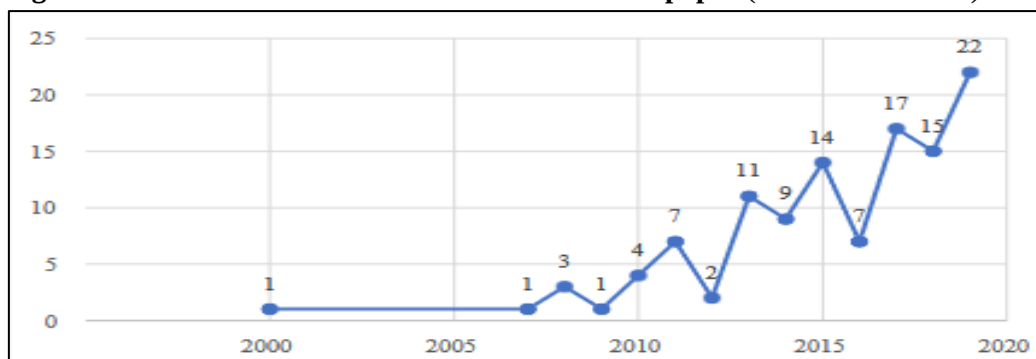


Fig N2: Annual distribution of Islamic microfinance paper (Hassan et al. 2021).



According to figure N°1, the first study revealed that the number of articles published in Anglo-Saxon academic journals has risen steadily over the past 10 years, from two articles published in 1996. The number was raised from 10 articles in 1996 to 50 in 2006, for a total of 206 articles over the decade. This implies an average production of around 20 articles per year (Ayayi et Noël 2007). Figure 2 shows the annual distribution of the 122 articles published in Islamic microfinance between 2000 and 2020 as part of the second study. Annual growth is 16%. Although publications began in the early 2000s, the number of articles published before 2010 is low; academic interest in Islamic microfinance only began to develop after 2013. By comparison, a Scopus search using keywords and titles for conventional microfinance yields over 2200 articles. (Hassan et al. 2021).

Referring to the two analyses, we note a scientific enthusiasm on the part of the committee of researchers for questions related to microfinance, given its predominant role in financing activities.

2- Main journals, authors, institutions and countries involved in microfinance

2.1 Main microfinance journals and frequency of publication

In the field of conventional Microfinance, Ayayi and Noël's studied revealed that between 1996 and 2006, only 9 articles were listed (Ayayi et Noël 2007). Also, the list of the French journals selected is very short: Revue d'économie financière, Revue française de gestion, Revue Banque et marchés, Revue Banque et droit, Revue Banque, Revue Banque et stratégie, Finance Contrôle Stratégie, Revue des sciences de gestion, Expansion Management review, Comptabilité Contrôle Audit, Revue de philosophie économique.

In the field of Islamic microfinance, the leading source of publications is the Journal of Islamic Accounting and Business Research with 14 articles, followed by the ISRA International Journal of Islamic Finance with 11 articles. The other most important publications are those of the International Journal of Islamic and Middle Eastern Finance and Management, with 9 articles.

Table N1 : research publications with the theme of IMFI (Rohman et al. 2021)

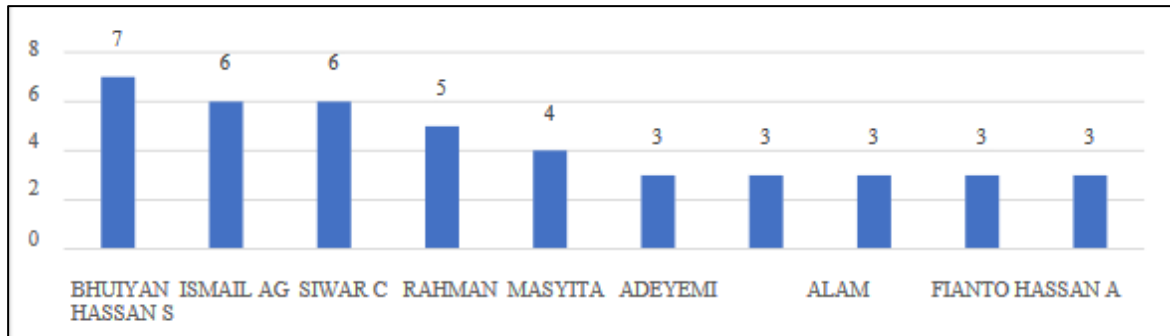
Publication	Total of publication
Journal Of Islamic Accounting And Business Research	14
ISRA International Journal Of Islamic Finance	11
International Journal Of Islamic And Middle Eastern Finance And Management	9
International Journal Of Social Economics	6
Journal Of Islamic Marketing	6
Other 19 Journals	25
Total	71

Table 2: Frequency of Islamic microfinance publications, by a journal.(Hassan et al. 2021)

No	Sources	Articles
1	Humanomics	14
2	International Journal Of Islamic And Middle Eastern Finance And Management	7
3	International Journal Of Social Economics	5
4	Journal Of Islamic Accounting And Business Research	5
5	Asian Social Science	4
6	International Journal Of Business And Society	4
7	Middle East Journal Of Scientific Research	4
8	Al-Shajarah	3
9	Humanities And Social Sciences Reviews	3
10	Journal Of Islamic Economics Banking And Finance	3

In view of the above, French academic literature includes an extremely low number of articles published in microfinance. Portent, the frequency of publication is high in microfinance in Anglo-Saxon journals(Hassan et al. 2021), and the Journal of Humanomics, later, called the International Journal of Systems and Ethics, which occupies first place, followed by the International Journal of Islamic and Middle Eastern Finance and Management and the International Journal of Social Economics.

Figure N°3: Most frequently authors in Islamic microfinance.

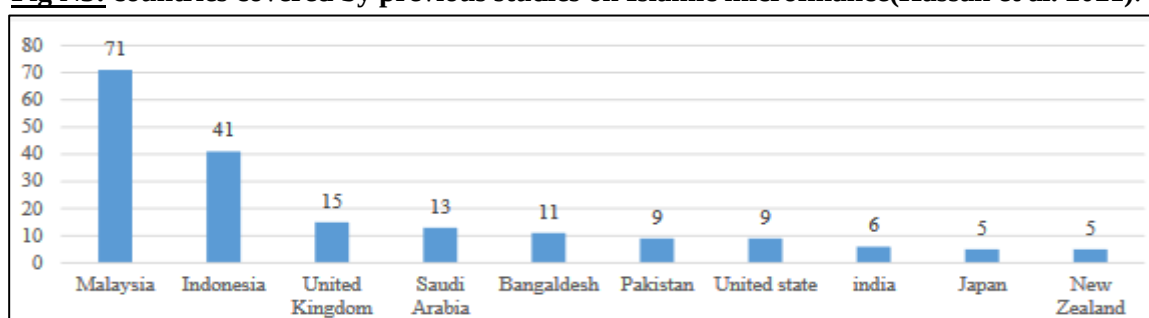


This figure shows the authors who have most frequently published on this subject: A. B. Bhuiyan has seven articles, followed by A. G. Ismail and C. Siwar with SIX articles each. Each of these authors lives in Malaysia. R. A. Rahman and D. Masyita have five and four articles respectively (Hassan et al. 2021).

Table N3: Authors' affiliations, ranked from the most to the least frequent(Hassan et al. 2021).

Affiliations	Articles
International Islamic University Malaysia	11
Universiti Teknologi Mara	9
University of Malaya	7
Universitas Airlangga	6
Universiti Teknologi Mara (Uitm)	6
National University of Malaysia (Ukm)	5
Universiti Kebangsaan Malaysia	5
Universiti Utara Malaysia	5
University of Management and Technology	5
International Islamic University	4

Fig N3: countries covered by previous studies on Islamic microfinance(Hassan et al. 2021).



Indeed, MALAYSIA's International Islamic University has the largest number of platforms dedicated to fundraising, and the highest volume of funds raised. The Asian continent, meanwhile, records a high volume of funds raised, but a smaller number of platforms than Europe.

Countries with poorer populations, such as Indonesia, India and Pakistan, appear frequently; perhaps, because of their need for microfinance. Malaysia has a strong presence, as it is a center of Islamic finance education. Saudi Arabia, a major Muslim country, and the USA, Japan and New Zealand, countries that support scientific research, also have authors publishing articles on Islamic microfinance(Hassan et al. 2021).

3- Microfinance: an emerging, multidisciplinary field of research

A survey of all the topics dealt with at the international level in the field of microfinance research has shown that published articles are structured around for interrelated research themes (Ayayi et Noël 2007): the operation of microfinance institutions, the role and impact of microfinance organizations in the fight against poverty, the targeting of microfinance institution clients, and best practices:

Table N°3: Presentation of the main research topics in microfinance (Ayayi et Noël 2007)

Topic of research	Dominant issues	Disciplinary anchoring Emerging debate	Selection of published articles
Theme 1: The organization of microfinance institutions and their operation	How should MFIs be structured and organized? - What contractual relationships should unite donors, managers and beneficiaries of microfinance products? - Should MFIs be self-sufficient, and how can this be achieved? - What regulatory framework (legal, accounting, financial) put in place to foster the development of MFIs? MFIs? - How can MFI risk be reduced?	Contract Theory Financial economics Opposition of the welfarist and institutionalism positions institutionalist position	Stiglitz (1990) Rhyne (1998) Morduch (2000) Gomez et Santor (2001) Guérin (2002) Lapenu et Zeller (2002) Gutiérrez-Nieto, Serrano-Cinca, Mar-Molinero (2005) Labie (1999 ; 2004) Mosley et Hulme (1996)
Theme 2: The role and impact of microfinance organizations in the fight against poverty	- Can microfinance effectively combat poverty and contribute to development? - What is the macroeconomic impact of microfinance? - How can this impact be measured?	Development development Macroeconomics Microfinance as poverty reduction policy	Von Pischke (1992) Pitt et Khandker (1998) Wyck (1999) Chowdhury, Ghosh et Wright (2005) Tinker (2000) Mosley (2001) Sanders (2002) Servet (2006) Churchill (2004)

Theme 3 : Targeting customers institutions microfinance institutions	- What is the role of women in the microfinance? what are they the main targets of MFIs? - Are microfinance targets the poorest of the poor?	Sociology Economics Women's issues empowerment	Hashemi et al. (1996) Khandker et al. (1998) Amin et al. (1998) ; Mayoux (2002) Navajas et al. (2000)
Thème 4 : Les best practices	- What are the successes and failures of microfinance? What lessons can we learn from them? - What interest rates should be charged? - How to select and support customers? - What management practices should be put in place?	Finance Entrepreneurial Entrepreneurial finance	Norell (2001) Milgram (2001) Park et Ren (2001) Mosley et Hulme (1996)

Table N°4: Presentation of the main research topics in islamique microfinance.

Dominant issues		Published articles
The financial inclusion	Islamic microfinance institutions (IMFIs) are supposed to be a solution for financial inclusion.	Ali, A.E.E.S., 2017 Abdul Majeed et Alalubosa (2019)
	MFI products can be a financing solution, and its services can encourage financial inclusion and other factors such as regulation and public awareness of the importance of Shariah-based financial services.	Obaidullah (2015) Shinkafi et al. (2019)
	The design of Islamic Cooperative Mortgage (ICOM), a home ownership solution for low-income groups.	Nasir et Abdullah (2019)
	The Islamic Value Cooperative Model (IVCM) as a solution to financing problems.	Selim et Farooq (2020)
	The role of Baitul Mal wat Tamwil (BMT) in Indonesia in achieving financial inclusion. BMTs in Indonesia provide group financing, and in the event of a poor customer experiencing payment difficulties, the zakat, infaq and	Wulandari et Kassim (2016)

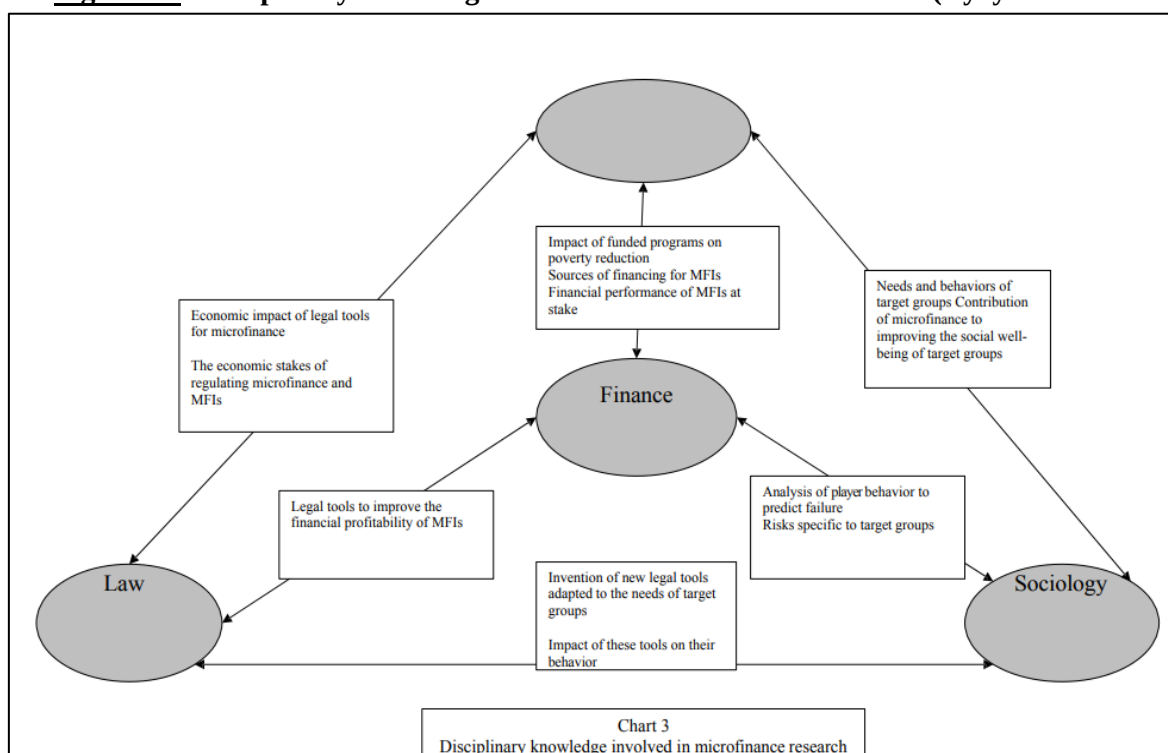


	sadaqah funds managed by the Baitul Mal division will be used as a source to cover the event of default. In addition, as part of risk management, BMT also offers financing capacity building to customers who benefit from it.	
	Profit-sharing financing is more effective at reducing poverty than interest-based credit services.	Shaikh (2017)
	IMFI practitioners should extend their services to different market segments.	Islam et al. (2020)
Islamic social business	Islamic Social Business (ISB) supported by zakat, Infaq, Sadaqah and Qardhu Lhasan can be a solution for long-term community development.	Aydin (2015)
	Usury-free business practices and profit-sharing supported by zakat, infaq, sadaqah and waqf funds found in Islamic financial institutions can encourage a sustainable program of poverty reduction.	Aziz et Mohamad (2016)
	The "Salam Contract" supported by zakat funds will be able to sustain food security. In addition, it ensures that the needs of poor farmers are met with interest-free financing, fair and transparent selling prices for agricultural products, access to marketing channels, and reduced income uncertainty..	Hossain et al. (2019)
	They have devised a micro Takaful concept supported by Zakat funds, enabling the poor to share among themselves in terms of guarantees and socio-economic well-being.	Mikail et al. (2017)
	They prove that zakat, infaq, sadaqah and qardhu lhasan will create financial inclusion in the Nigerian Muslim community.	Zauro et al. (2020)
	They argue that the role of MFIs in the social aspect needs to be supported by all stakeholders, including Islamic banks. In this case, Islamic banks must invest in MFIs to support this role.	Abdul-Baki et Uthman (2017)
Stakeholder perceptions of IMFI's poverty reduction program	SMEs expect the existence of IMFIs, particularly with the implementation of the profit-sharing contract, because, in their view, Islamic banks are not currently providing optimal support for small entrepreneurs. In line with SME opinion, Islamic banking practitioners agree that IMFIs do need help to overcome poverty.	Abbas et Shirazi (2015)
	They examined the effect of financing programs on rural household income and assessed the suitability of financing practices with the Fatwas of the National Sharia Council of the Indonesian Ulama Council (DSN-MUI). Their study shows that both debt and equity	Fianto et al. (2018)

	financing have a positive and significant effect on rural household income, yet equity financing outperforms debt financing.	
Rotation of Savings and Credit Associations (RoSCA)	He examines RoSCA, a traditional form of group financing practiced on every continent of the world. In his view, this financing is uninteresting, and the process is relatively straightforward. He studied the optimal group size for RoSCA's to have a positive effect on member well-being. In this study, Sadr argues that the RoSCA concept is in line with the qardhulhasan concept.	Sadr (2017)
	They argue that RoSCA can provide a micro-financing alternative for Egypt's Muslim communities who believe in the ban on bank interest.	El-Gamal et al. (2014)

In the light of the above, microfinance research is at the interface between economics, sociology, finance and law. This shows that microfinance is a multi-disciplinary field in which financial issues are at the center of researchers' interest, and in intersections with other disciplinary knowledge.

Figure N4: Disciplinary knowledge involved in microfinance research (Ayayi et Noël 2007)



On the basis of the foregoing, the field of microfinance research is a multi-disciplinary one, which has emerged from the intersection of several disciplines such as economics, sociology, finance and law.

Academic research in microfinance therefore draws on the contributions of several disciplines, each of which contributes its own methods and objects of study to breaking new ground in that field. But while each disciplinary approach provides partial answers to the question of the key success factors of microfinance, an

Fig N5: Co-occurrence of keywords.



Based on its findings, microfinance has been undergoing a development boom in recent years throughout the world. Researchers are increasingly interested in this field of research for stakeholders, politicians, public affairs officials, investors and entrepreneurs. Microfinance goes beyond microcredit, which focuses on the vulnerable, to address the needs of poorer entrepreneurs who have fallen through the cracks of the traditional



banking system, helping them to diversify their sources of income and accumulate capital. In fact, it appears to be a solution for the country's economic and social development, holding the hand of those ambitious people eager to make a career move but lacking the means to do so. As a result, entrepreneurs find in microfinance a new opportunity to invest, given its conformity to their needs and financial situation. While some are looking to participatory microfinance because it complies with Sharia law, which prohibits the use of interest in financial transactions.

The field of microfinance research is multi-disciplinary, and the issue of microfinance development requires ongoing dialogue between several disciplines (law, economics, finance and sociology), and calls on researchers to outline its research future in order to identify innovative applications of Islamic microfinance systems that focus on sustainable development and the resolution of social challenges. Moreover, the issue of Sharia compliance is less studied in Islamic microfinance than in Islamic banking. While a growing number of studies examine the potential role of Islamic banks in providing Sharia-compliant microfinance to rural entrepreneurs, we emphasize the need to critically evaluate these models. As the industry drives a paradigm shift in all business models, and the development of ICT could enhance the penetration of Islamic microfinance. Future studies could develop Shariah-compliant Islamic microfinance models based on financial technology (fintech), for the benefit of poor entrepreneurs with limited access to financing through traditional financial channels. Policymakers could also benefit from our discussion of the need for regulatory reform to improve the practical viability of Islamic microfinance as a tool for economic transformation. Finally, the impact of microfinance on poverty reduction requires policy implications, particularly in terms of development aid.

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