

**ISLAMIC MICROFINANCE IN SOMALIA: CHALLENGES, OPPORTUNITIES,
AND PRACTICES**

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Abstract	<p><i>Somalia's pervasive financial exclusion (16% with formal accounts) caused by regulatory gaps, limited access, and low financial literacy compels investigation into Islamic microfinance as a potential solution. This research, employing an analytical descriptive approach to existing literature, aims to identify and analyze the challenges, opportunities, and practices of implementing Islamic microfinance in this politically unstable environment. While success stories like remittance companies converting to Islamic banks suggest promise for poverty reduction and income growth, the broader impact of Islamic microfinance necessitates a comprehensive approach. This study argues that a well-coordinated strategy with favourable legal frameworks, improved access to finance, and enhanced awareness among target communities is crucial. Furthermore, specialized financial products and educational programs are vital to empower Somalis and unlock the transformative potential of Islamic microfinance for poverty alleviation and economic development in Somalia.</i></p> <p>Keywords: <i>Islamic Microfinance, Financial Inclusion, Somalia, Regulatory Framework, Poverty Reduction.</i></p>
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INTRODUCTION

The Horn of Africa nation of Somalia has a protracted history of political unrest and conflict. Despite these difficulties, there is rising interest in using Islamic microfinance as a method of supplying neglected areas in Somalia with financial services. Microfinance encompasses a range of financial services designed to meet the needs of low-income individuals and small businesses excluded from traditional banking systems (Robinson, 2001). A specific sub-sector within microfinance is Islamic microfinance, which adheres to the principles of Islamic law (Shariah) and integrates concepts from Islamic economics (Iqbal & Mirakhor, 2011). Islamic microfinance products are structured to comply with Shariah, such as avoiding interest-based transactions (*riba*) and often incorporating profit-sharing or risk-sharing mechanisms.

Islamic finance, is a financial system that is founded on Islamic law (shariah) principles and is driven by Islamic economics. Microfinance refers to financial services designed for low-income individuals and small businesses who are excluded from

traditional banking systems (Robinson, 2001). Islamic microfinance in Somalia has the potential to be an effective instrument for supplying underserved and underbanked communities with financial services. When implementing Islamic microfinance in Somalia, there are a variety of obstacles and opportunities to take into account.

Somalia faces a significant challenge in financial inclusion, with estimates suggesting only around 16% of the population has access to formal banking services (Farah & Saleh, 2023). Islamic microfinance may be particularly suitable for Somalia for a number of reasons. First off, a large portion of Somalia's population is Muslim, and many of them are interested in financial solutions that adhere to Islamic standards. Second, Somalia's traditional financial institutions frequently have a small geographic footprint, particularly in rural areas, and may not be able to meet the needs of underserved people in terms of financial services. On the other hand, Islamic microfinance organizations have the potential to close this gap by offering these communities alternative financial services that are available and inexpensive.

Despite the potential advantages of Islamic microfinance, there are a number of obstacles and chances that must be taken into account while putting these financial services into practice in Somalia. Regulation, funding, and potential beneficiaries' awareness and comprehension of Islamic microfinance are a few examples of these problems and opportunities. This study's goal is to investigate these issues and opportunities in order to offer suggestions for how to deal with them and broaden the reach and influence of Islamic microfinance in Somalia. The overall goal of this study is to advance knowledge of the possibilities and constraints of Islamic microfinance in Somalia and to offer perspectives that can guide the creation and operation of these financial services in the nation.

According to Ozili (2021), Only 16% of adults in Somalia have an account at a formal financial institution, making it one of the countries with the lowest rates of financial inclusion in the world. The lack of a clear legislative framework that is supportive of financial inclusion, the restricted access to financial services, and the poor level of knowledge and comprehension of financial products among prospective beneficiaries are all contributing reasons to the low percentage of financial inclusion. Islamic microfinance offers the ability to offer financial services to Somalia's neglected communities, particularly in rural areas where traditional financial institutions frequently have a limited presence (Kammer et al., 2015). Islamic microfinance is a type of financing that is based on shariah principles, which prevent charging interest on loans and investing money in things that are *haram* (forbidden) according to Islamic law. As a result, for those who may be reluctant to use regular financial products owing to religious or ethical issues, Islamic microfinance can offer a workable substitute (Kammer et al., 2015).

Islamic microfinance in Somalia is being implemented and having an impact, however there are still some difficulties. The legal environment, funding accessibility, and the awareness and comprehension of Islamic microfinance among potential beneficiaries are a few of the variables that must be taken into account in order to expand the reach and impact of these financial services.

Overall, the introduction to a study on the challenges, opportunities, and practices of Islamic microfinance in Somalia could provide background information on the context of financial inclusion in the country and the potential role that Islamic microfinance could play in addressing this issue. It could also highlight the challenges and opportunities that need to be considered in order to increase the reach and impact of Islamic microfinance in Somalia

RESEARCH OBJECTIVE

The objective of this study is to identify and analyse the challenges, opportunities, and practices of implementing Islamic microfinance in Somalia, and to provide recommendations for addressing these issues in order to increase the reach and impact of these financial services among underserved communities in the country.

RESEARCH QUESTION

What are the challenges, opportunities, and practices of implementing Islamic microfinance in Somalia, and how can these be addressed to increase the reach and impact of these financial services among underserved communities in the country?

PROBLEM STATEMENT

Only 16% of adults in Somalia have an account at a formal financial institution, making it one of the countries with the lowest rates of financial inclusion in the world. The lack of a clear legislative framework that is supportive of financial inclusion, the restricted access to financial services, and the poor level of knowledge and comprehension of financial products among prospective beneficiaries are all contributing reasons to the low percentage of financial inclusion (World Bank, 2014).

In light of this, Somalia's underprivileged communities may benefit from Islamic microfinance, particularly in rural areas where traditional financial institutions frequently have limited reach. But in order to broaden the reach and influence of Islamic microfinance throughout the nation, a number of issues must be resolved. Among these difficulties include the absence of a well-defined and benevolent regulatory environment, the restricted availability of capital, and the low level of awareness and comprehension of these financial products among potential recipients (Mohamoud-Yonis & Abdiqadir, 2012).

These difficulties underline the necessity for a thorough and well-coordinated strategy to introduce Islamic microfinance in Somalia. It will be important to address the legal environment, access to funds, and awareness and comprehension of Islamic microfinance among prospective beneficiaries in order to overcome these difficulties and broaden the accessibility and impact of these financial services.

RESEARCH GAP

The effect of Islamic microfinance on reducing poverty in Somalia has not been adequately studied. Although there is evidence that Islamic microfinance has the capacity to spur economic growth and eradicate poverty, more thorough and in-depth research is required on this subject in the Somali setting. The results of this study may be used to pinpoint the particular elements that influence the success or failure of Islamic microfinance programs in Somalia and to design more potent plans for fostering economic growth and eradicating poverty.

More investigation is also required into Somalia's regulatory environment for Islamic financing. Although some initiatives have been made to create a regulatory framework for Islamic finance in the nation, further research is required to pinpoint the precise difficulties and chances that the development of Islamic finance regulation in Somalia would face. The findings of this study may contribute to the creation of more sensible and long-lasting regulatory frameworks for Islamic finance in the nation.

LITERATURE REVIEW

Islamic finance faces both potential and challenges in the context of development, according to a study by Sukanuma (2020). According to the report, Islamic finance can help address issues like poverty, inequality, and access to credit that affect developing nations like Somalia. To maximize the potential of Islamic finance for development, the study also identified a number of issues that need to be resolved. The need for regulatory frameworks that support Islamic finance, increased standardization and harmonization of Islamic finance legislation across various jurisdictions, and a higher demand for Islamic finance awareness and understanding among prospective beneficiaries are some of these problems.

In another study by Riwajanti (2015), the idea of Islamic microfinance was examined, along with some of the ways it varies from conventional microfinance. Islamic microfinance is based on the principles of Islamic law (shariah) and is driven by Islamic economics. It is created to adhere to these principles, including the prohibition of interest (*riba*) and the demand for risk sharing between the lender and the borrower. The study also

focused on how Islamic microfinance might advance financial inclusion and lower the likelihood of financial crises. The study noted that there were obstacles to the adoption of Islamic microfinance, such as the need for legal frameworks that supported Islamic financing and the need for potential beneficiaries to be more informed about and familiar with these financial products

Another study by Mohamoud-Yonis & Abdiqadir (2012) aims to examine how the Islamic Microfinance System and its products support efforts for sustainable development by providing financial services to the underprivileged and reducing poverty. Also to covered the potential of Islamic microfinance to offer underprivileged areas financial services. In particular in nations where traditional financial institutions have a limited presence, the study indicated that Islamic microfinance can be a useful instrument for addressing the financial requirements of low-income people and small companies. The study also showed that, particularly in rural areas where traditional financial institutions frequently have limited reach, Islamic microfinance has the ability to offer financial services to underserved groups in Somalia.

Garane et al. (2020) investigate how borrowers view the efficiency of Islamic microfinance schemes. Reviewing the main obstacles facing the Islamic microfinance industry and looking at ways to overcome them discovered that Islamic microfinance is crucial for raising borrowers' living standards and economic well-being. This study is consistent with the study of Ahmed (2002) that Islamic microfinance has been successful in helping borrowers to improve their lives.

While microfinance has been lauded for its potential to empower entrepreneurs and alleviate poverty (Robinson, 2001), research suggests a more nuanced picture. Studies by Basu et al. (2004) indicate that entrepreneur uptake of microfinance services may be lower than anticipated. Additionally, Van Rooyen et al., (2012) echo Buckley (1997) findings that microfinance's impact on business growth and poverty reduction in sub-Saharan Africa can be mixed, with potential for negative outcomes in certain contexts.

Furthermore, Ahmed (2002) noted that a high dropout and non-graduation rate from poverty is associated with microfinance. This view is supported by other researchers such as Rahman and Dean (2013) as well as Smolo and Ismail (2011).

Overall, these studies highlight the potential of Islamic microfinance to provide financial services to underserved communities, as well as the challenges that need to be addressed in order to increase the reach and impact of these financial services. They also underscore the importance of a regulatory environment that is supportive of Islamic finance, as well as the need for greater awareness and understanding of these financial products among potential beneficiaries.

METHODOLOGY

This study used a qualitative research approach known as document analysis approach, which often associated with qualitative research (Bogdan & Biklen, 2004). Following the document analysis approach, this study seeks to understand Islamic microfinance in Somalia. Further, the context is important to the interpretation of data. This research undertakes a focused investigation of Islamic microfinance in Somalia, examining the challenges, opportunities, and prevailing practices within this domain.

Reviewing the pertinent literature is necessary, and this involves gathering data from numerous research on Islamic and general microfinance in Somalia. The information is subjected to in-depth, continuing study and could include a wide range of literatures and papers. The research combines the following two methods: data gathering and analysis (Glaser & Strauss, 1967). This method promotes the kind of adaptability that is crucial for a qualitative researcher to be able to switch up their line of inquiry and go in new ways as they gather more data and have a better grasp of which data are pertinent.

DISCUSSION & RESULTS

Islamic Microfinance In Somalia: Overview and History

Since the central government's dissolution in 1991, Somalia has experienced political unrest, armed warfare, and economic hardships, all of which have seriously hampered the growth of the official banking sector. As a result, the vast majority of people rely on unregulated financial services like Hawalas, money transfer businesses, and neighbourhood-based saving and lending organizations.

In the Horn of Africa, Somalia is a country with a large Muslim population. It has a population of about 10 million people and a USD502 GDP per person. Long-standing violence and instability in the nation have had a substantial negative influence on its potential to develop economically and become financially inclusive (Central Bank of Somalia, 2021).

Somalia's financial landscape is characterized by a dearth of formal institutions and low financial literacy, with the traditional system relying on informal family and community networks. This, alongside limited penetration of conventional banking due to a population largely adhering to Islamic principles, creates a context where interest-based mechanisms might be incompatible with religious beliefs (Iqbal & Mirakhor, 2011). Islamic microfinance, with its Shariah-compliant instruments, emerges as a potentially more suitable approach to promote financial inclusion while respecting these values.

The first Islamic bank was created in Somalia in 1995, and Islamic microfinance has a long history there (M. Warsame, 2016). Since then, Islamic microfinance organizations have grown in acceptance and contributed significantly to the reduction of poverty (Garane et al., 2020). These institutions provide a variety of Shariah-compliant services, including loans, savings accounts, and insurance products (M. Warsame, 2016). In Somalia, Islamic microfinance organizations have seen a rise in investment in recent years. Infrastructure projects have taken funding from the Islamic Development Bank (IDB) through its Somalia Infrastructure Fund (SIF) (Islamic Development Bank (IsDB), 2020). Despite the fact that other organizations have helped to establish Islamic financial systems (Musse et al., 2019).

In general, Islamic microfinance has helped to reduce poverty in Somalia. It has made it possible for individuals to acquire financial services that adhere to their religious views and has assisted in lowering financial exclusion (M. Warsame, 2016).

Islamic microfinance has become a viable alternative for the poor and disadvantaged in Somalia in the absence of established financial institutions. In this nation, Islamic microfinance has a lengthy history. However, the industry has encountered a number of difficulties, such as legal restrictions, practical difficulties, and social and cultural issues. The usage of Islamic microfinance has recently increased in Somalia, with the Somali people embracing morally-based funding as a result of their beliefs (Abdi, 2014). However, in order for Islamic microfinance to help Somalia's struggling economy, there are still challenges and opportunities that must be resolved.

The International Monetary Fund (IMF) has provided technical assistance to Somalia in order to develop bank supervision regulations. (Suganuma, 2020). While the Islamic Development Bank (ISDB) has established global benchmarks of fundamental principles that could reduce finance costs and improve partner coordination. (Islamic Development Bank (IsDB), 2020). Additionally, analysis of Somalia's Islamic microfinance compliance with pertinent laws and regulations, as well as the country's existing regulatory and supervisory environment, has been done (H. J. Warsame & Suleiman, 2022). Overall, it is evident that Islamic banking has the ability to resuscitate Somalia's economy, but greater regulation and oversight must be developed.

The Central Bank of Somalia (2021) reports that there are currently six Islamic Microfinance institutions (IMFIs) with operating licenses in the nation, with a total of 27 branches and more than 60,000 clients. With an average loan size of roughly USD350, these IMFIs have given more than USD20 million in credit to their consumers. These IMFIs primarily support trade, agriculture, and small-scale industry.

Islamic Microfinance Challenges

Islamic microfinance's challenges and solutions were discussed by Rahman and Dean (2013). The viability of Islamic microfinance institutions IMFIs' current methods is subject to a number of problems. The impoverished receive zakah, which is utilized for asset creation and consumption. IMFI programs are distinguished by little, typically straightforward short-term loans with prompt and precise investment appraisals. Subsidies discourage the incentive to repay loans by signaling to borrowers that the government or donor funds are a sort of charity. They argue that the conventional approach, which unequally distributes risk and reward in favor of the wealthy against the poor, should be replaced by a microfinance model that focuses on equity financing, which encourages profit and loss sharing.

Islamic microfinance has been noted as a possible strategy for Somalia's poverty alleviation. Islamic microfinance providers nevertheless confront a number of difficulties, including market penetration, Islamic finance's economic viability, high transaction costs, and a lack of awareness of Islamic financing (Garane et al., 2020).

One of the main challenges of implementing Islamic microfinance in Somalia is the lack of a clear and supportive regulatory framework. IMFIs in Somalia may encounter difficulty functioning and expanding their operations in the absence of a central government with the authority to enact regulations and monitor the financial industry. Islamic microfinance adoption may be hampered by people's reluctance to use financial products that are not governed or watched over by a legitimate body. Furthermore, Somalia's absence of a functioning central bank and a Shariah advisory board makes it impossible for Islamic banking to establish itself there (Abdi, 2014).

Another challenge of implementing Islamic microfinance in Somalia is the limited access to funding. The modest size and restricted access to funding of many Islamic microfinance organizations in Somalia may hinder their capacity to offer financial services to underserved people. In rural locations where access to traditional sources of financing like banks and other financial institutions may be limited, this can be especially troublesome (Abdi, 2014).

A third challenge of implementing Islamic microfinance in Somalia is the limited awareness and understanding of these financial services among potential beneficiaries. It's possible that many Somalians, particularly those who live in rural regions, are unaware of what Islamic microfinance is and how it differs from conventional financial products. Because people may be reluctant to employ financial items that are unknown to them or that they may see as risky, this lack of understanding could act as a barrier to the adoption of Islamic microfinance (Garane et al., 2020).

Despite these challenges, Somalians embrace ethically-based financing because of their religion, which may present a chance for Islamic banking to develop in the nation. Studies like Garane et al. (2020) examining the impact of Islamic microfinance in specific Somali contexts (e.g., Mogadishu) provide valuable insights into its potential for poverty reduction. By replicating successful models and addressing existing challenges, Islamic microfinance can be a powerful tool for broader poverty alleviation efforts across Somalia.

Islamic Microfinance Opportunities

Despite of these challenges, Islamic microfinance in Somalia can be expanded upon and have a greater impact by taking advantage of a variety of possibilities and best practices. Many respondents in a poll stated that Islamic microfinance indirectly boosts job prospects in Somalia and that Islamic microfinance organizations provide simple and convenient methods for acquiring credit (Garane et al., 2020). For instance, Islamic microfinance institutions IMFIs in Somalia could collaborate with authorities and other interested parties to create a regulatory environment that is favorable of Islamic financing. This could entail the creation of precise policies and procedures for the management of Islamic microfinance organizations, as well as the formation of oversight and dispute resolution processes. Through a unified, action-oriented platform, the Islamic Development Bank is attempting to

open up untapped investment and business prospects (Islamic Development Bank (IsDB), 2020).

Another opportunity for increasing the reach and impact of Islamic microfinance in Somalia is to leverage the growing interest in Islamic finance among the Muslim population in the country. Islamic microfinance organizations may concentrate on creating financial solutions that adhere to shariah law and are tailored to the requirements and tastes of their target market. This could involve creating savings and investment products that adhere to shariah law as well as offering financial literacy and education programs to raise potential beneficiaries' awareness of and understanding of Islamic finance. In addition, while Islamic microfinance can be effective in reducing poverty, there are still some problems with access to finance and a lack of awareness about Islamic banking products among potential customers, according to a study by the International Journal of Management and Applied Research (Garane et al., 2020).

Overall, these results indicate that there are a variety of opportunities and constraints to take into account while implementing Islamic microfinance in Somalia. It will be important to address the legal environment, access to funds, and awareness and comprehension of Islamic microfinance among prospective beneficiaries in order to expand the accessibility and impact of these financial services. It may be possible to expand access to financial services for marginalized groups in Somalia by addressing these issues and taking use of the opportunities presented by Islamic microfinance.

Islamic Microfinance In Somalia Principle and Practices.

Islamic microfinance offers a unique approach to financial inclusion in Somalia, drawing upon the core principles of Islamic finance derived from Shariah law. This system aims to create a more just and equitable society by providing financial services that align with Islamic beliefs.

A key principle of Islamic microfinance is the prohibition of interest (*riba*), viewed as exploitative. Instead, Islamic microfinance utilizes profit-and-loss sharing (PLS) mechanisms (Xalane & Mohd Salleh, 2019). Under PLS arrangements, both the lender and borrower share the risks and rewards associated with a financial transaction. This fosters a partnership model where success benefits both parties.

Islamic microfinance employs a variety of Shariah-compliant instruments to facilitate financial inclusion. Some common instruments include:

1. *Qard Hassan*: This refers to a benevolent loan, where the lender provides financing without expecting any return. *Qard Hassan* loans are often used for social welfare purposes or to support vulnerable populations.
2. *Musharakah*: This represents a partnership agreement where both the lender and borrower contribute capital to a joint venture. Profits are then shared according to a predetermined ratio, while losses are shared in proportion to capital contributions (Garane et al., 2020).
3. *Mudarabah*: In this instrument, the lender (*Rabb al-Mal*) provides capital, while the borrower (*Mudarib*) contributes expertise and manages the business venture. Profits are shared according to a pre-agreed ratio, with the *Mudarib* receiving a fixed fee or a share of the profits for their management role. Losses are borne solely by the *Rabb al-Mal*, unless the *Mudarib* is proven negligent.

Beyond financial services, Islamic microfinance emphasizes ethical and socially responsible investment (Xalane & Mohd Salleh, 2019). By prioritizing funding successful and productive businesses, Islamic microfinance aims to contribute to broader social welfare and economic development in Somalia.

Successfull Cases of Islamic Microfinance In Somalia

Islamic microfinance has had success stories in Somalia, with several remittance companies transforming into Islamic banks. These banks have been able to provide Shariah-compliant

products and services to the public. The transformation from remittance companies into Islamic banks was not easy due to the lack of Islamic banking expertise in Somalia. However, five banks (Dahabshiil Bank International [DBI], Amal Bank, Kaah International Microfinance Services [KIMS], Salaam Somali Bank and Tawakal) have now successfully transitioned and are providing Shariah-compliant products and services (Farah & Levasseur, 2022).

Islamic microfinance has had success stories in Somalia, with organizations such as KIMS Microfinance and SomBank leading the way. Kaah International Microfinance Services (KIMS), established in 2013, has emerged as a prominent provider of Shariah-compliant microfinance services in Somalia. They offer a range of financial products tailored to low-income individuals and small businesses, adhering to Islamic principles (Xalane & Mohd Salleh, 2019). KIMS not only focuses on financial inclusion but also emphasizes social impact through initiatives such as business skills training and support for specific sectors like fisheries. Their ambition to expand their Islamic financing approach across the Horn of Africa signifies the potential of this model for regional development.

Another example of a successful Islamic microfinance story is SomBank. Through a partnership with Temenos, a leading banking software provider, SomBank has successfully leveraged technology to enhance financial inclusion in Somalia. This collaboration focused on developing user-friendly digital platforms for Islamic banking services, expanding access to Shariah-compliant financial tools for the Somali population. The success of this partnership demonstrates the potential of technology to overcome traditional barriers and promote Islamic microfinance in Somalia.

Impact of Islamic Microfinance In Somalia

1. Positive Effects and Evidence

Studies by Xalane and Mohd Salleh (2019) and Garane et al., (2020) offer encouraging findings. They suggest that Islamic microfinance can lead to increased monthly income and play a role in poverty reduction, particularly in Mogadishu. Borrowers reported improved access to basic necessities like healthcare and education (Garane et al., 2020). Similarly, a case study by Mohamoud-Yonis & Abdiqadir (2012) in Somaliland found positive effects on poverty levels.

Furthermore, Islamic microfinance promotes financial inclusion by providing Shariah-compliant financial instruments that align with the Islamic principles of the Somali population (Mohamed & Mukhongo, 2016). This fills a gap left by conventional banking systems and fosters greater financial participation. Research by M. H. Warsame et al., (2021) and Scholarworks & Farah (2021) supports this notion, highlighting the potential of Islamic microfinance to revive Somalia's economy by expanding access to financial services.

2. Considerations and Limitations

While these studies offer promising evidence, limitations warrant further investigation. The research often focuses on specific regions like Mogadishu or Somaliland, limiting generalizability to the broader Somali context. Additionally, the use of diverse methodologies and sample sizes across studies makes comparisons and definitive conclusions about the overall effectiveness of Islamic microfinance in poverty reduction challenging.

Safiyo & Azrak (2022) introduce a crucial new consideration: the impact of COVID-19. Their findings suggest that both conventional and Islamic microfinance institutions (IMFIs) were negatively affected by the pandemic, with borrowers facing difficulties due to reduced income and increased costs. This necessitates further research to understand the long-term effects of COVID-19 on Islamic microfinance's sustainability and resilience.

CONCLUSION

In Somalia, marginalized groups may be able to access financial services through Islamic microfinance, particularly in rural areas where traditional financial institutions frequently have limited reach. To expand the availability and significance of these financial services, however, a number of issues must be resolved. These difficulties include the absence of a precise and helpful legal framework, the restricted availability of money, and the low level of awareness and comprehension of Islamic microfinance among potential users.

RECOMMENDATION

1. Adopting a thorough and coordinated strategy that covers both the economic and social dimensions of financial inclusion will be required to solve these issues and broaden the accessibility and impact of Islamic microfinance in Somalia.
2. Working with regulators and other stakeholders to create a supportive regulatory framework for Islamic finance, including precise guidelines and rules for the operation of Islamic microfinance institutions IMFIs and mechanisms for dispute resolution and oversight, are some recommendations that could be made in this regard.
3. utilizing the Muslim population of Somalia's growing interest in Islamic finance to create shariah-compliant financial solutions that are tailored to the demands and tastes of the target market.
4. To promote knowledge and comprehension of Islamic microfinance among potential beneficiaries, particularly in rural areas where access to information may be limited, financial education and literacy initiatives are encouraged.
5. using customized marketing techniques that take into account the particular requirements and tastes of various demographic groups, such as women or young people.
6. working with community organizations and local authorities to dispel any misconceptions or worries about the usage of Islamic microfinance and to inform potential beneficiaries about the advantages of this type of lending.

Overall, these recommendations highlight the importance of a comprehensive and well-coordinated strategy for expanding the reach and influence of Islamic microfinance in Somalia. Increased access to financial services for underprivileged groups in Somalia and economic growth and development may be feasible by addressing the regulatory framework, funding availability, and awareness and comprehension of these financial products.

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