



Literature Study Of Islamic Microfinance Institutions : Future Research Topics And Directions

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ABSTRACT

This research is a literature study related to Islamic Microfinance Institutions. Quantitatively analyzing the literature in the form of research results from the last five years from 2016 to 2020 published in various publishers with the help of software to track as many as 150 articles based on ratings. This study uses a content analysis approach, to describe the research topic and the structure of the field, author, country, publisher journal and network mapping of research topics. The results of the study found that the country that publishes the most journals related to Islamic microfinance is Malaysia. There are several main topics in the research range, namely: Poverty alleviation, Waqf-based microfinance, Marketing & Fintech, Sustainability & Outreach, Maqashid Syariah and Risk Management & Governance. We also offer future research directions. First, related to efforts to identify innovative applications of Islamic microfinance schemes that shift their focus to sustainable development. Second, the issue of shariah compliance is less explored in shariah microfinance research. Third, the development of Information and Communication Technology develops a sharia microfinance model based on Sharia-based financial technology (fintech) to provide benefits for poor entrepreneurs with limited access to financial institutions. The results of this study can be used for future researchers and for policy makers to be used as material for discussion on the need for regulatory reform to increase the practical feasibility of Islamic microfinance as an institution for microeconomic transformation.

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1. Introduction

The success of the Islamic finance industry globally has resulted in a growing assumption that this industry contributes to poverty alleviation (Ahmad et al., 2020). Researchers such as (Ben Abdeldaker & Mansouri, 2019; Santoso et al., 2020), have identified shariah-compliant microfinance through Islamic financial institutions as a viable alternative to maximize social benefits. The lack of financial access to micro-enterprises causes the sector's lack of ability to contribute to economic development (Tamanni & Haji Besar, 2019).

In addition, Islamic microfinance has the potential to reduce poverty in developing countries. Another study also emphasizes its contribution to improving people's welfare and identifies several challenges that limit the contribution of Islamic microfinance institutions (LKMS) to economic development: lack of funds, higher transaction costs, and unfavorable regulations (Tisdell & Ahmad, 2018). (Atmadja et al., 2018) proposes an innovative Islamic microfinance model that involves the participation of Islamic banks to penetrate the global microfinance market.

There are studies related to Islamic microfinance covering various issues. Like research (M. K. Hassan et al., 2021) which provides a structured overview of the most important issues related to Islamic microfinance institutions, this study conducted a review of the literature from 2010-2020 to

classify studies into research groups, and identify needs. and on Islamic microfinance. In addition, (Saepul et al., 2021) also conducted research with the same research year span, but with different results. Another study (Gutiérrez-Nieto & Serrano-Cinca, 2019) reviewed 1874 papers published from 1997 to 2017 to conduct scientometric analyzes in the field of microfinance. The literature review was based on bibliometric data: co-occurrence keyword networks and citation networks were utilized for knowledge mapping. The results of data analysis show two main research topics: focusing on welfare and research focusing on microfinance entities themselves (institutionalists). Therefore, this study wants to classify research topics during the last 5 years to see the direction of future research with the latest data.

There are 3 main questions that will be answered in this research, namely: first, who is the most influential writer in Islamic microfinance? second, what issues are most explored in Islamic microfinance? third, how is the past literature on Islamic microfinance to show the direction of future research?. In addition, this study also makes some of the most contributing reviews such as: the most numerous authors, the geographical coverage of Islamic microfinance issues, and the most relevant journals. and identify research streams, the most cited articles. The final section of this study reviews the research gaps that provide direction for future research on Islamic microfinance.

2. Methods

This study uses identified literature as many as 150 selected articles discussing Islamic microfinance published between 2016 and 2021 with the help of Publish or Perish software. Furthermore, this study uses VOSviewer to analyze citation patterns, various other relationships, keyword occurrences, and research performance. This tool provides a list of the main influential literature in the field of Islamic financial institutions, and this study uses their writing to help focus selected articles.

Analysis of literature studies has become increasingly popular among academics. Where this method is one way to categorize past research as a descriptive, integrative, systematic review, and meta-analysis in the process of reviewing topics in the future. This research begins with collecting and identifying selected articles and formulating research questions. The second stage discusses the methods used for this research. The third stage then reports the findings from the analysis of the literature and the content of the selected literature on Islamic microfinance. The fourth section was identified through a review of content, author, country and publisher journal. Finally, the fifth section concludes the study by identifying directions for future research on Islamic microfinance.

The data selection strategy is carried out by identifying relevant articles from the PoP database, by conducting keyword analysis. The analytical tool used in the form of software to answer research questions with VOSviewer, and Excel. VOSviewer allows users to create and visualize bibliometric networks, maps called relationships between authors, sources, countries, and keywords, and to analyze co-authoring, co-occurrence, and co-citing. It also allows users to perform bibliographic analysis, which helps build representative clusters for the literature. Finally, we use Excel worksheets to organize numbers and data with formulas and functions and generate graphs. In addition, the results of the analysis can be used as a mapping for future research.

3. Result And Discussion

The literature study conducted provides an overview of the research data. Of the 150 articles from 70 publishing journals, only 20 articles were written singly, which means the level of collaborative writing is quite high in the field of Islamic financial institutions. On the other hand, these data indicate that the journal writers' specialization in this field is low. Another study of the literature shows an annual distribution of 250 articles published between 2016 and 2021. Annual growth is 16%. Although publication began in early 2016, the numbers before 2015 were low; Academic interest in Islamic microfinance began to develop only after 2016. Therefore, this study uses data starting from that year, which is different from previous studies which used data from early 2010.

TABLE 1.
PUBLICATION GROWTH BY YEAR

Year of Publication	Total Percentage
2015	6%
2016	14%
2017	16%
2018	16%
2019	25%
2020	23%

Author And Country

By using the keyword "Islamic Microfinance" in the search title using the help of Publish or Perish software by selecting Google Scholar indexed data in the research year range of 2016 to 2021 with a search limit of 150 articles. The search results show the number of papers with at least one of these keywords in their title, abstract or keywords. There is an article with the title "The double bottom line of microfinance: A global comparison between conventional and Islamic microfinance" with authors Syedah Ahmada Robert, Lensinkab Annika Muellera as the authors with the first rank in the search. His research results show that the Islamic microfinance market is more important than previously known, has grown in recent years, and is likely to continue to grow in every region of the world.

Countries with poorer populations, such as Indonesia, India, and Pakistan, often emerge perhaps because of their need for microfinance. Malaysia has the most amount of research as it is an educational center for Islamic finance. Saudi Arabia, which is a major Muslim country, the United States, Japan, New Zealand and countries that support scientific research, also have authors who publish articles on Islamic microfinance, but in relatively few numbers. The following table shows the countries covered in the study of Islamic microfinance in this study.

TABLE 2.
CLASIFIKASI BY COUNTRY

Peringkat	Negara	Jumlah Artikel
1	Malaysia	24
2	Indonesia	18
3	Nigeria	9
4	Bangladesh	8
5	India	6
6	Pakistan	6
7	22 Negara lainnya	79

Malaysia is the country with the highest number of researches, amounting to 24 articles. Followed by Indonesia with 18 articles, Nigeria with 9 articles, Bangladesh with 8 articles, and India and Pakistan with 6 articles each. There are 22 other countries that contribute to research related to Islamic microfinance institutions.

Main Topic

This study also conducted an analysis based on the main topic of the research article. Classification by topic can be seen in the table below. The results of the analysis, it can be seen that from the research data analyzed, the main topic that is most widely studied is Poverty Alleviation as much as 36% of the total articles. The next topic is the topic of waqf-based microfinance as much as

18%. Third place with the topic of Marketing & Fintech at 15%, then followed by the topic of Sustainability & Outreach with 12%. Meanwhile, articles on the topic of Maqashid Syariah ranked fifth with 10%. Finally, there were 9% articles with the theme of Risk Management & Governance as much as 9%.

TABLE 3.
MAIN TOPIC

Topics	Percentase (%)
Pengentasan kemiskinan	36%
Keuangan mikro berbasis wakaf	18%
Pemasaran & Fintech	15%
Keberlanjutan & Jangkauan	12%
Maqashid Syariah	10%
Manajemen & Tata Kelola Risiko	9%
Total	100%

The results of the study (Kassim, 2016) identify LKMS as an ethical alternative for poverty alleviation with the potential to reduce the risk of micro-entrepreneurs. LKMS has had a significant positive impact on household income, savings and expenditures; has improved the standard of living and the formation of human resources (M. S. Islam, 2020). In addition, LKMS have been effective in alleviating poverty in Indonesia by enabling the poor to have access to credit in providing financing to the poor. In addition, research conducted (R. Islam et al., 2020) concluded that the application of Islamic microfinance can increase patient income while reducing lost productivity. Islamic microfinance is spreading in developing countries, the activities of these institutions contribute to the welfare of recipients in the long term (A. Hassan & Saleem, 2017).

The study (Bhuiyan et al., 2017) used descriptive statistical and econometric techniques to assess the contribution of the MFI to the borrowers' sustainable livelihoods. The results of his research show that LKMS influences the sustainable livelihood position of poor borrowers. Empirical data and analysis show that Islamic microfinance contributes to serving many key aspects of maqasid al-shari'ah, including: (1) poverty alleviation (2) economic improvement (3) improvement of social conditions of society (4) distribution and circulation of wealth, and (5) increasing the intellectual level of the community (Alkhan & Hassan, 2021).

Islamic microfinance institutions face several obstacles including: low market penetration, high transaction costs, sharia regulations, fund mobilization, risk, performance and profitability. Thus, Islamic microfinance should pay more attention to the factors that affect the sustainability of their business as institutions become a durable mechanism for alleviating poverty (Vatimetou Mokhtar Maouloud, Salina Kassim, Ejaz Aslam, Haneffa Muchlis Gazali, 2019). Therefore, an alternative model of Islamic microfinance for poverty alleviation is needed. The alternative is to follow the principles of zakat (charity donations) and qard hasan or interest-free loans. (Hadiyan et al., 2016) Ar-rahnu-based microcredit facilities have become increasingly important over the last few years due to the increasing awareness of Islamic finance in Malaysia and becoming increasingly popular financing options, particularly among women micro-entrepreneurs. The authors propose a charity-based Islamic microfinance model for poverty alleviation, such as waqf funds to ensure the redistribution of wealth from the rich to the poor (Rose Abdullah, 2017, Wulandari & Kassim, 2016).

Another study conducted (Wardiyono, 2016) highlights the role of the sharia supervisory board which shows that the implementation of authority and consultation with the sharia supervisory board is still low. (Zainal et al., 2020) in their research results also provide findings that there is a significant impact of regulation and supervision on the social and financial efficiency of LKMS

Studies (Maulana et al., 2018) show that Islamic microfinance is able to maintain competitive Islamic financial products and services, provide efficiency in service delivery and staff competence, which is believed to be a plausible reason behind customer loyalty towards microfinance. Islam.

The results showed that LKMS with one of their goals of financial inclusion was through empowering women. (Fianto, 2020) provides evidence on how demographic factors affect access to finance through LKMS, but other factors can also affect women's ability to obtain loans from LKMS and efficiently use these loans in their business. However, researchers have not adequately documented these factors for Muslim-majority developing countries. Future research on the financial decision making of micro-entrepreneurs could improve our understanding of the sustainability of Islamic microfinance. Limited evidence is available on the extent to which the standard of living of women entrepreneurs has been improved through Islamic microfinance schemes.

The results of research (Rokhman & Abduh, 2020) related to governance show that there is a significant influence between borrowing costs, loan risk and loan repayments on customer satisfaction and from customer satisfaction on loyalty. The issue of Sharia and family welfare is not statistically significant for predicting satisfaction, which has implications for the great homework of Islamic finance academics and practitioners in Indonesia to educate the public about Islamic finance and to demonstrate the real positive impact of the Islamic finance model on poverty. The findings (Tamanni & Haji Besar, 2019) show that Islamic microfinance has not changed, although financial performance measures have increased. However, the size and age of the institution may influence future results. another finding is that smaller Islamic microfinance institutions maintain a genuine goal of serving the poor, as the larger they are the more inclined towards sustainability goals.

Quote analysis

Citation is a form of bibliographic reference analysis. This analysis captures the connection between the two documents. So that the quality of quotations can be used as one that describes the quality of research. Citation analysis includes negative citations (incorrect result citations), self-citations, and outdated research. Despite the criticism and controversy surrounding it, citation analysis is still a good indicator of influence. It helps us learn more about a field or topic by identifying pure works. This study ranks journals based on total citations. The H-Index, G-Index, and M-Index provide author impact scores. The H-index is an author-level matrix available on Google Scholar Citation that focuses on total citations in previous papers. The G-Index looks at the publication record as a whole. Finally, the M-index takes the value of the H index and the year of publication.

This study measures citations among authors who publish quality journals and thus demonstrates the impact of top authors. This study finds the most cited articles in the Islamic microfinance literature. The most cited article focuses on the role of banks in ensuring the financial inclusion of the poor through innovative microfinance approaches. The article was written "Fianto, Bayu Arie; Gan, Christopher; Hu, Baiding; Roudaki, Jamal (2017). Equity financing and debt-based financing: Evidence from Islamic microfinance institutions in Indonesia. Pacific- Basin Finance Journal, (), S0927538X17304602 doi:10.1016/j.pacfin.2017.09.010" is the article with the most citations, namely 76 citations. This article investigates the impact of Islamic microfinance on the welfare of rural households and also evaluates sharia compliance based on the Indonesian National Sharia Council. The results of the study show that financing shows a positive and significant impact on rural household income, but equity financing performs better than debt-based financing. In addition, the evaluation of sharia compliance shows that customers receive financing in accordance with the provisions of the Indonesian national sharia board.

Network and content analysis using mapping tools

This section analyzes co-authoring, bibliographic aggregation, co-citing, keywords, thematic evolution, and hierarchical clustering to identify future research directions. This study uses VOSviewer to perform bibliographic analysis to find core items in the research dataset.

The results of the mapping show that there is a relationship between one topic and another, which is indicated by the network in the image below. The red network shows the direct relevance of the topic of Islamic microfinance institutions. Other topics that can be used for future research can be seen from the far reach of the network in the picture. Like the topic of integrated Islamic microfinance, Islamic microfinance model, micro entrepreneurship is still far from the core network. This shows that topics related to these topics are still rarely done and can be a direction for future research. The following is a picture of the results of network mapping based on the research theme.

poor communities. Future research related to technology and information is still a necessity in the development of Islamic microfinance institutions.

4. Conclusion

Sharia Microfinance Institutions are institutions that are unique and are believed to be able to promote prosperity (Permata Wulandari, Salina Kassim, 2016). Islamic microfinance is no longer a theoretical concept that is only discussed by academics. The results of the research above identify Islamic microfinance institutions as innovative local institutions for economic change for the poor towards prosperous conditions. This study identified a number of articles on Islamic microfinance and grouped them by field of study and critically examined each group to find gaps and suggest future research directions regarding Islamic microfinance institutions.

Content, topic and author analysis and network mapping based on themes were carried out in this study. After conducting a literature study on all articles, it can be grouped into several main topics in previous research, namely: Poverty alleviation, Waqf-based microfinance, Marketing & Fintech, Sustainability & Outreach, Maqashid Syariah and Risk Management & Governance.

In addition, this study provides recommendations for further research with the following topic directions: First, future researchers should try to identify innovative applications of Islamic microfinance schemes to promote welfare and shift focus to sustainable development. Second, the issue of sharia compliance and sharia supervisors is less explored in sharia microfinance research. Lastly, a paradigm shift across all business models. The development of ICT can increase the penetration of Islamic microfinance. Future studies could develop a Shariah-based financial technology (fintech) based Islamic microfinance model to benefit poor entrepreneurs with limited access to financial institutions. The results of this study can be used for future researchers and for policy makers to be used as material for discussion on the need for regulatory reform to increase the practical feasibility of Islamic microfinance as an institution for microeconomic transformation.

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