

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



معهد المصارف الإسلامية
Institute of Islamic Banking

IMPACT OF ISLAMIC MICROFINANCE ON POVERTY: A CASE STUDY OF PAKISTAN

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**A thesis submitted in partial fulfillment of the requirements for the
MS degree in Islamic Banking and Finance**



**University of Management and
Technology**



Institute of Islamic Banking

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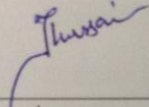
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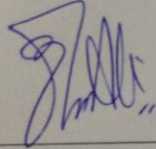
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The thesis entitled "*Impact of Islamic Microfinance on Poverty: A Case Study of Pakistan*" by *Rahil Arif Tarar* (ID # 13004130-004) has been examined by the undersigned panel of examiners and has been accepted in partial fulfillment for the degree of **MS Islamic Banking and Finance**.



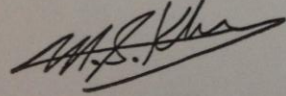
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DEDICATION

I dedicate this piece of writing to underprivileged people, who are looking for a solution of poverty through Islamic Microfinance.

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All praise and exaltation is for Allah S.W.T., the Creator and Sustainer of all Seen and Unseen worlds. First and foremost I present highest gratitude to Him for providing me the bounties and blessings to complete this work. I pray that this project may prove instrumental for the flourishing Islamic banking system. May blessings of Allah SWT be upon our beloved Prophet Muhammad (P.B.U.H) who is the sole source of guidance for us. Our love for him is ever-lasting and would remain forever.

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Rahil Arif Tarar

ABSTRACT

In 1970s microfinance was introduced for the first time and now Islamic microfinance has been proved as a successful tool for poverty alleviation. The purpose of this study is to evaluate the Impact of Islamic microfinance on poverty in Pakistan. This research project was designed to study Islamic microfinance institutions and the impact of the Islamic Microfinance Institutions on their clients in Pakistan. Questionnaire, Group Discussions and Interviews were conducted for data collection. Primary data was collected through structured questionnaire, interviews and group discussions from Islamic Microfinance beneficiaries and clients where as secondary data is collected through online journals, articles and findings of already conducted surveys. The sample selection technique was non probability and convenience based. The variables were Living Standard of Islamic Microfinance clients, Income Level, Health conditions, availability of Islamic Microfinance, Islamic Microfinance innovative products and level of knowledge. In this descriptive research study I found that Islamic microfinance had positive impact on its beneficiaries in the country. I, on the basis of this research study, have no doubt in saying that the Islamic Microfinance product line needs to be innovative to benefit more untapped and potential clients of Islamic Microfinance in financially excluded segments of this country for ultimate poverty alleviation and generation of economic activities. Finally, it is explicitly stated that this research work is as original as done by the candidate solely which was not utilized for any other academic title and would be a good contribution to research studies in Islamic Microfinance industry and may identify the future areas of research for Islamic microfinance researchers.

Key Words: Islamic Microfinance, Poverty Alleviation, Potential & Funding Sources.