

The Relationship Between Islamic Microfinance and Women Entrepreneurship: A Case Study in Malaysia

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Abstract

This article aims to examine the intention to use Islamic microfinance by women entrepreneurs in Malaysia. Microfinance plays a significant role in developing the modern economy in the world by alleviating poverty, creating employment, and empowering women in society. The framework was built on Innovation and Diffusion Theory and Planned Behaviour Theory. The present study has adopted a quantitative research method, which focused on cross-sectional research design to address this problem. Primary data was collected and processed by using a 5-point Likert scale. For this research, a total of 178 questionnaires were distributed among women owners of micro-enterprises in Malaysia by using area collection sampling. To analyze the data, the SmartPLS 3 software package was used. This study developed seven hypotheses, all which have been supported both directly, indirectly, and mediated. This result will be beneficial in assisting policymakers, academics and future researchers who must consider the supported variables. Thus, the study contributes to developing a unique framework to assist women-owned micro-enterprise to success. It will be beneficial for practitioners to enhance women micro-enterprise success rate as well. Indeed, all of the grounded methods have implications both in theory and their main application for the business in SMEs.

Keyword: Islamic Microfinance, Microfinance, Women Entrepreneurs, Adoption of IMF, Malaysia

JEL Classification Code: A13, G21, P25, P44, P46

1. Introduction

Over the last decade, various Asian countries have taken measures to expand everyone's access to financial services, resulting in a rapid expansion of financial inclusion (Ratnawati, 2020). So, according to scholars, all of the small financial services help poor people to boost their income level by accepting microfinance. It includes savings, credit, insurance, and money transfer or remittance to the unbanked poor. Since microfinance is flagged nowadays as a potential development tool, this profile could reiterate the importance

of microfinance as a development tool (Mia, 2016). Islamic microfinance principles combined with the Shariah principles are created the Islamic microfinance model where the risk is shared by both the lender and borrowers and emphasize the welfare of the participants equally. Shariah-compliant finance termed as Islamic microfinance has similarities with traditional or conventional microfinance (Kassim et al., 2017). In Islamic microfinance and traditional microfinance, it is widely assumed that the poor people have the capacity to engage with the financial programs and regularly repay the loans to the institutions or organizations or the lenders. Islamic microfinance follows the Islamic Shariah principles, and conventional microfinance follows the traditional principle, but both financial systems stress financial inclusion. Islamic microfinance (IMF) may more precisely be described as a set of small loan savings and disbursements based on the Islamic banking concepts (Mahdzan et al., 2017). This Islamic financing helps the poor to own a company that decentralizes capital and power accumulation.

Measuring the effect of Islamic microfinance on household welfare, this Islamic financing study uses very specific measuring constructs, e.g., expense on several basic purposes (food, housing, treatment, and education),

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nutrition consumption, and assets. In the economic growth of a country, women's entrepreneurship plays a critical role. Apparently, in contrast to their male counterparts, in Malaysia women entrepreneurs have an insufficient participation in acquisition of Islamic micro-financing for the service of micro-enterprises (Bank Negara Malaysia, 2019). In Malaysia, micro-enterprises constitute 77% of all SMEs and 78.7% of business formations (Economic Census, 2019). The Economic Census (2019) also shows that about 65% of Malaysia's total employment is provided by micro-SMEs. The Census of Establishments and Enterprises in 2019 shows almost 19.7 percent of SMEs were women-owned firms. By formation scale, about 87.9% of women-owned SMEs were owner-operated micro-enterprises. Microfinance was first launched in Malaysia in 1987 to provide the weakest member of the business with access to financial services and to alleviate continuing wage disparities. This section offers a description of several MFIs in Malaysia – Amanah Ikhtiar Malaysia (AIM), Yayasan Usaha Maju (YUM) and Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN). All three microfinance institutions obtain financial assistance from the Government of Malaysia (GOM) and provide microcredit loans to women entrepreneurs based on Islamic shariah principle.

1.1. Islamic Microfinance

According to the Islamic financial system, Islamic microfinance supports interest-free loans to micro-enterprises among the poor people. As an instrument that acts as a preventive action as well as a solution to resolving economic problems such as poverty, Islam has laid down a precise procedure. Islamic financial system, which is called Islamic microfinance, encourages entrepreneurship to share risks and development for the vulnerable, which could be an important tool for alleviating poverty. The moral and ethical importance of borrowers and their religious fundamentalism also affect Islamic microfinance's repayment performance (Kollamparambil & Muchnick, 2015). Islamic microfinance also focuses on social wealth and the creation of human capital for proper growth, much like traditional microfinance.

In Islamic microfinance, however, the idea of social and human capital is very different because Shariah already focuses on the neighborhood's freedom, brotherhood, and information acquisition. The borrowers of Islamic microfinance are expected to have deep social empathy and network. Islamic microfinance aims to break the vicious cycle of poverty and get the poor out of poverty. Moreover, in this the study by Ashrafi (2017), it was found that traditional microfinance had failed to break the poverty cycle. In addition, traditional microfinance lets the poor people get into a bad spiral, in particular the very poor people. Providing provisions for the benefit of the

poor (from charitable funds), economically inactive poverty, and any cost (Qard hasan) for participatory commercial microfinance (mudaraba, musharaka, ijara, etc.) makes it possible for the Islamic microfinance to break the cycle of poverty. Several researchers have proposed an integrated poverty alleviation model for successful poverty alleviation (Shirazi, 2014; Obaidullah, 2008a; Hassan et al., 2013) in which charity and commercial funds are merged to serve both the economically active, idle poor and the destitute.

1.2. Distinguish Between Islamic Microfinance and Conventional Microfinance

According to Baber (2019), Islamic banking can be described as not only banking that does not charge interest (known as *riba*), but also how ethics and finance can be connected as a concept to serve and lead society for the greater good. Islamic microfinance follows Islamic Shariah principles as no interest is imposed; on the other hand conventional microfinance follows traditional financial system where the financial interest is imposed. So, there are some basic and important variations between Islamic and traditional microfinance (Abdelkader & Salem, 2013). The orientation of these products is based on business partnership and profit sharing (*mudhorobah*), which have an essential role in the realization of Sharia-compliant financial institutions (Muhammad, 2020).

2. Literature Review

Microfinance appears to be a significant progress in making a financial resource (micro-credit) available to those at the bottom of society, especially women, offering them an opportunity to better their living standards (Hameed et al., 2020). Ajzen (2005) suggested a well-known theory which is called the theory of planned behavior (TPB). This theory explains the reason why an Islamic person adopts the Islamic microfinance scheme. One of the key predictors of the actual behaviour of a person is intention, based on the theory's interpretation. Intention is characterized by TPB as a cognitive representation of the actions of a person. Personal values, among other intrinsic and extrinsic factors, religion, past experiences, the expectations and views of family and peers, social standing and economic circumstances, may influence the actions of an individual to behave in a certain way (Mansori et al., 2020). In general, a person may be encouraged to have a greater favorable or supportive intention to follow out the specific behavior by confirming or at least have a reasonable view of society toward a specific behavior. For example, Muslims' intended actions in the use of microfinance products is directly related to behavioral beliefs and their attitude toward the product (Ajzen, 2005). If a person perceives that the Islamic Shariah law is consistent

Table 1: Make the Differences Between Islamic Microfinance and Conventional Microfinance

Items	Islamic Microfinance	Conventional Microfinance
Liabilities (Fund's Source)	Islamic Charitable source, External Funds, Savings of Clients	External Funds, Savings of Clients
Asset (Financing Mode)	Islamic Financial Instrument	Interest-based finance mode
Financing the Poorest	Poorest can be included by integrating with microfinance	Poorest are left out
Transfer of Fund	Goods transfer	Give the cash
Deduction at Inception of Contract	No deduction at inception	Part of the funds deducted as inception
Group of Target	Family	Women
Objective of Targeting Women	Ease of availability	Women empowerment
Liability of the loan	Recipient and spouse	Recipient
Work Incentive of employees	Monetary and religious	Monetary
Dealing with default	Group/Centre/Spouse Guarantee, and Islamic ethic	Group/centre pressure and threat
Social Development Program	Religious (includes behaviour, ethics and social)	Secular (non-Islamic) behaviour ethical, and social development

Source: Ahmed (2002) and Abdul Rahman (2007).

with a banking system, then he may receive a higher level of profit and purpose (motivations) to apply for an Islamic microfinance services and products. Several experiments have shown that microfinance can attain its socially and economically reduced poverty level (Rokhim et al., 2016). According to Schmidt (2015), it is an important instrument for poverty alleviation. Furthermore, microfinance is being developed to provide micro-enterprises and small-scale enterprises with no connection to associated banking resources because of high operation costs (Manciah, 2012) and is commonly used to support micro and small-scale entrepreneurs as well as enterprises, typically having difficulty achieving cost related finance and insurance services and economic resource restrictions (Ameer, 2013).

Islamic microfinance is defined by Hartarska et al. (2013) as a financial facility offered for low-income people and for those who are the entrepreneur to start a small- and medium-sized enterprise. Islamic microfinance experience in Malaysia has shown that it has an optimistic influence on income-generation operations, women empowerment, better education system, financial access resources, alleviation of poverty, and enhanced health facilities. The key findings of Badri's (2013) study show that women's involvement in microcredit schemes help to foster empowerment for women, particularly the socio-cultural, and economic component of empowerment. The findings have shown that the initiative has helped to provide education, wellness, water, fuel, and craft services respectively. According to Siddig (2013) as he reported that microfinance providers (MFPs) have made a

substantial contribution to offering financial services for the vulnerable and their businesses.

The findings of the analysis by Elmola and Belal (2013) indicate that microcredit does have a positive effect on reducing poverty by 16 percent. In comparison, delivering financial resources to the vulnerable in the conventional micro-financing environment can be costly, impredicative, unproductive, and unattractive for multi-functional products which is the biggest issue with poor people's admission to finance is that they are too difficult to serve (Pareek & Raman, 2016). The gap between financial institutions is often related to high business costs (Hassan & Bauer, 2013). In addition, Ammar and Ahmed (2016) emphasized that geographic isolation is a major factor in stopping disadvantaged people from accessing conventional banking facilities. The study emphasize that banks can actively approach the vulnerable only as they see opportunities to profitably service these customers (Agwu & Carter, 2014). The microfinance policy in Malaysia initiatives have made modest and successful progress against the planned targets. Also, Malaysia's microfinance has proved to be an impressive method for introducing commercial activities to counter poverty.

Today, microfinance organizations face two big obstacles: organizational inefficiency and high operating costs, which both contribute to holding interest rates high, according to Yousif et al. (2013). IDT is described as "innovations offering benefits, perceived compatibility with existing practices and beliefs and low complexity, possible trialability and observability will have a more generalized and rapid rate

of spreading.” An optimistic behavioral goal therefore to accept the implementation of Islamic microfinance. Planned behaviour theory (PBT) is based on the Theory of Reasoned Action (TRA), which considers the effect of determination to achieve in forecasting that the organization is able to adopt the corporate sustainability approach (Ajzen, 1991). Attitude is defined as the mental and neural state of the company’s owners who influence the execution of circular economy in the products and processes of companies (Kumar et al., 2012). Thus, the study framework has been developed from IDT and TPB, showed in the research methodology section.

3. Research Methodology

3.1. Theoretical Framework and Hypotheses Development

A theoretical context is a computational model about how a researcher’s theory state or constructs a rational sense of the relationships between different variables that are essential to the issue (Sekaran & Bougie, 2016). Testable theories are typically formed after the development of the theoretical structure to examine if the proposed hypothesis is justifiable on the foundation of the research findings. Consequently, the present research is focused on a large body of literature on behavior in innovation acceptance, marketing services and buyer behavior. Since this research mainly aims at participation in Islamic microfinance by women entrepreneurs and its effects on society in Malaysia, it is adapted to improve its structure with the Invention Diffusion Theory (IDT) and Planned Behaviour Theory (TPB), which has now been commonly used in numerous innovation-acceptance studies. Finally, the study framework has been developed that combined Invention Diffusion Theory (IDT) and Planned Behaviour Theory (TPB) (See Figure 1).

3.2. Definition Variables and Hypothesis Development

3.2.1. Knowledge About Microfinance

Knowledge is the result of deriving realities in light of a man’s own skill and influenced by its proprietor’s conduct (Brimah et al., 2020). Sveiby (2001) carried out the description further by describing it as an activity and “process of knowing.” It is data prepared in the brains of people (Alavi & Leidner, 2001). Knowledge is described as understanding what one recognizes through understanding, reasoning, observation or acquaintance, or through multiple other forms of learning (McInerney, 2002). Knowledge is a familiarity, perception, or understanding of someone or something, such as details, information, explanations, or skills, gained through experience or education through perceiving, discovering, or learning. Consequently, the current study examines the understanding of women entrepreneurs’ IMF schemes as a motivating factor, whereas the lack of knowledge about IMF schemes is viewed as an obstacle. Therefore, in this paper, the experience of microfinance is examined as a motivating factor for participation in the IMF and restricted accessibility to credit facilities is considered an obstacle. The following hypotheses are then explored:

Ha1: There is a significant relationship between knowledge and social system norms.

Ha2: There is a significant relationship between knowledge and intention to use Islamic microfinance.

3.2.2. Subjective Norms

Subjective norms is one’s beliefs or conclusions about the intentions of others that one will or will not follow those

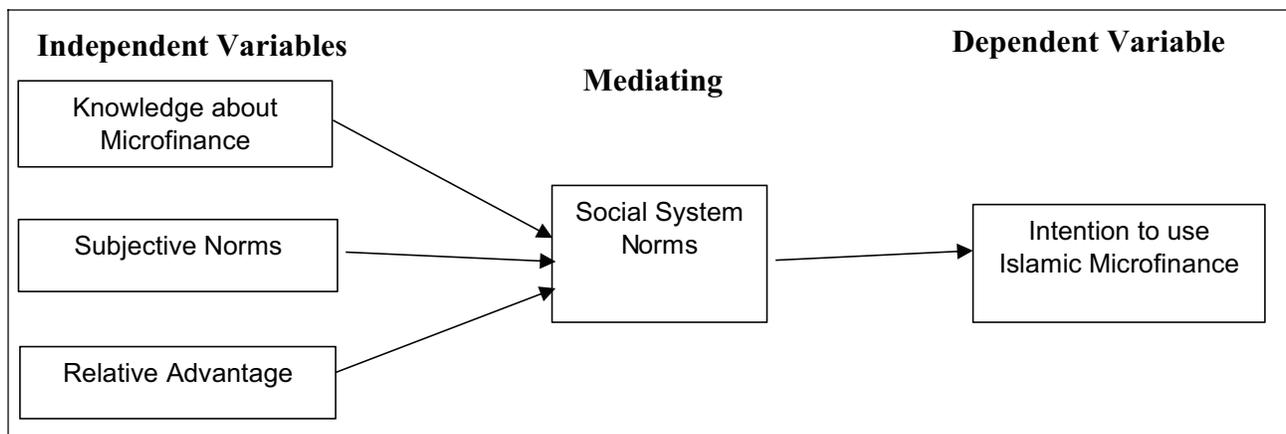


Figure 1: Study Framework

behaviors (Huda et al., 2012). Since this interpretation is rather subjective in nature, subjective norms are stated to as this dimension. Comparable, attitudes towards behavior and subjective norms is also affected by beliefs (Huda et al., 2012). Attitudes toward behavior is a purpose of confidence in the behavior (behavioral belief) that will be carried out, whereas subjective norms is a function of one's values in one's life that are shaped by others (Fishbein & Ajzen, 1975; Hanno & Violette, 1996; Eagly & Chaiken, 1993; and Huda et al., 2012). Therefore, the following hypotheses are formulated:

Hb1: There is a significant relationship between subjective norms and social system norms.

Hb2: There is a significant relationship between subjective norms and intention to use Islamic microfinance.

3.2.3. Relative Advantage

The relative advantage is designated as the extent to which an idea is considered to be superior to the concept it replaces (Rogers, 2003; Tornatzky & Klein, 1982). The key effect of relative advantage on the intention of consumers to use Islamic banking and Islamic finance have been shown by researchers (Thambiah et al., 2011; Echchabi & Aziz, 2012; Amin, 2013; Echchabi et al. 2015). It is expected in this study that the greater the perceived relative advantage, the greater the intention of potential users to adopt Islamic microfinance products. Accordingly, the following hypotheses are tested:

Hc1: There is a significant relationship between relative advantage and social system norms.

Hd2: There is a significant relationship between relative advantage and intention to use Islamic microfinance.

3.2.4. Social System Norms

A different way to inspire behavior is trust on providing social norms. The occurrence of behavior in a relevant group, such as the number of people who have already written reviews, is referred to as social norms (Burtch et al., 2018). A descriptive social norm is the name for this form of social norms (Cialdini et al., 1991). It has been shown to be beneficial in a variety of situations, including motivating voter participation (Gerber & Rogers, 2009), encouraging the reuse of financial products (Goldstein et al., 2008), reducing energy use (Allcott, 2011; Nolan et al., 2008; Schultz et al., 2007), reducing water usage (Ferraro & Price 2013), increasing the consumption of nutritious foods (Ferraro & Price 2013), and (Robinson et al., 2014). Accordingly, the following hypothesis have been proposed:

He1: There is a significant relationship between social system norms and intention to use Islamic microfinance.

3.2.5. Intention to use Islamic Microfinance

Microfinance research in Malaysia has mainly focused on addressing issues such as the effects that microfinance can have on the studied population, loan repayment patterns, savings habits, and factors that may limit the growth of microfinance institutions. Most of the previous studies have confirmed microfinance's ability to enhance their facilities (Girabi & Mwakaje, 2013). However, because of numerous factors that comprise high-interest rates and lack of understanding of microfinance benefits deterred some of the Malaysian rural households' intention to use microfinance products and services. Ahlén (2012); Dahir (2015); Morduch and Haley (2002) support the positive impact of microfinance on improving household's ability to meet consumption needs, enhance investments, improve living standards and reduction of poverty. The thoughtful of the behavioral factors that inspiration households' intention to use microfinance services provides useful input for policy makers and practitioners to promote the use of microfinance to increase their facilities.

3.2.6. Methodology and Estimation

The analysis employed the methods of survey research. According to industry, the women entrepreneurs are stratified, after which the sample is selected using simple random sampling (SRS). The final stage of the instrument consisted of a final list of motivations and challenges for women entrepreneurs running micro-enterprises to engage in Islamic microfinance. To quantify all variables, several items were used and a matching anchors on a 5-point Likert scale ranging from 1-“Strongly Disagree” to 5-“Strongly Agree” was used for each item. The participants were asked to mark any of the five choices given for each item mentioned. 255 questionnaires were distributed among women entrepreneurs in micro-enterprises located in Malaysia's urban and rural regions, and 192 were returned. Only 178 were considered suitable for data analysis.

Data was analyzed using descriptive statistics such as frequencies and percentages. The data analysis was performed with the support of SPSS-23 and SmartPLS-3.0.

The data's internal reliability was first checked by analyzing it with SPSS. Table 1 shows the a Cronbach's Alpha coefficients for the consumer variables of microfinance. Cronbach's Alpha is greater than 0.7 for all microfinance customer variables, Thus, data reliability is asserted.

4. Results and Discussion

4.1. Demographic Profile of Respondents

There are no male respondents because this research is based on the female entrepreneurs only. Table 2 shows that the largest group (75.3%) is aged between 36–45 years old,

Table 1: Reliability Analysis

Variables	Cronbach's Alpha	Items of Variables
Intention to use Islamic Microfinance	0.855	6
Knowledge	0.843	6
Relative Advantage	0.854	6
Social System Norms	0.822	6
Subjective Norms	0.992	6

followed by respondents aged 26–35 (14.6%). The majority (126) of respondents are married (72.5%), while 11.8% are single. The majority of respondents (56.75%) have a Certificate/Diploma, followed by 25.85% who have a SPM/STPM and 9.55% who have a Bachelor Degree. The majority of respondents are Malay Muslims (92.10%), followed by Indian. The majority of respondents (65.75%) have an income ranging from RM2,001 to RM4,000, followed by 24.72% who earn below RM2000. The study is based on five states in Malaysia, the majority of respondents are from Selangor (80.35%), followed by Kuala Lumpur (9%).

4.2. Measurement Model Assessment: Appendix A1

Five variables (contracts) are subjected to measurement model assessment, and their indicators show their weighting in the latent construct. For this purpose, composite reliability, factor loading, average variance extracted (AVE) and discriminant validity were examined. SmartPLS-3.0 was used for this purpose. It is helpful to detect weakness in an instrument (Cooper & Schindler, 2001). Appendix A1 shows the factor loading of each item in the instrument.

4.2.1. Indicator Reliability

According to the guideline of validity, indicator reliability reaches a satisfactory level if each item's loading is at least 0.7, and is significant at least at the level of 0.05. According to Ramayah et al. (2018), an item that shows loading less than 0.7 is acceptable if the overall AVE is at least 0.5. As Table 3 shows, in this research, all constructs have exceeded this threshold. Table 3 also shows that the factor loading for each item is more than 0.7, composite reliability is more than 0.7 and average variance extracted is also more than 0.7. Hence, all the values are over the acceptable range.

4.2.2. Discriminant Validity

The discriminant validity of the construction is determined by Fornell and Larcker (1981) criteria,

Table 2: Demographic Profile of Respondents

Variables	Particulars	Frequency	Percentage
Age	Below 25	14	7.85
	26–35	26	14.6
	36–45	134	75.3
	46–55	3	1.7
	Above 56	1	0.55
	Total	178	100
Marital Status	Single	21	11.8
	Married	126	72.5
	Divorced	15	8.4
	Widowed	13	7.3
	Total	178	100
Level of Education	Secondary	8	4.5
	SPM/STPM	46	25.85
	Certificate/Diploma	101	56.75
	Bachelor Degree	17	9.55
	Master Degree	6	3.35
	Doctorate/PhD	0	0
	Total	178	100
Race	Malay	164	92.10
	Chinese	5	2.85
	Indian	9	5.05
	Total	178	100
Income Level	Below RM 2000	44	24.72
	RM2,001–RM4,000	117	65.75
	RM4,001–RM6,000	16	9
	RM6,001–RM8,000	1	0.55
	Total	178	100
Locations	Selangor	143	80.35
	Kuala Lumpur	16	9.00
	Negeri Sembilan	5	2.80
	Melaka	6	3.35
	Johore	8	4.50
	Total	178	100

which show that it shares more variance with its given indicators than any other construct. AVE is the average variance expressed by a construct in its indicator variables as compared to the total variance of its indicators. The correlation matrix of the build is shown in Table 4, with the main diagonals equal to the square root of the extracted average variance (AVE).

Table 3: Internal Consistency, Convergent Validity and Average Variance Extracted (AVE)

Items	Items	Loading	T-value	CA	CR	AVE
Knowledge	KN_1	0.805	22.928	0.843	0.906	0.764
	KN_3	0.857	36.909			
	KN_4	0.954	133.699			
Subjective Norms	SN_1	0.996	2025.17	0.992	0.948	0.992
	SN_4	0.996	2031.47			
Relative Advantages	RA_1	0.810	26.167	0.854	0.902	0.698
	RA_3	0.777	19.489			
	RA_5	0.828	35.676			
	RA_6	0.920	67.728			
Social System Norms	SSN_1	0.834	35.125	0.822	0.882	0.652
	SSN_2	0.768	19.309			
	SSN_4	0.757	17.820			
	SSN_6	0.866	31.714			
Intention to use Islamic Microfinance	IIM_1	0.730	13.906	0.855	0.956	0.634
	IIM_3	0.821	29.810			
	IIM_4	0.770	19.911			
	IIM_5	0.806	17.238			
	IIM_6	0.848	46.253			

Table 4: Discriminant Validity

	IIM	KN	RA	SSN	SN
IIM	0.796				
KN	0.608	0.874			
RA	0.710	0.646	0.835		
SSN	0.728	0.652	0.619	0.807	
SN	0.810	0.521	0.580	0.576	0.996

4.3. Structural Model Assessment: Appendix A2

Structural model was used for hypothesis testing (Hameed & Naveed, 2019; Hameed, Basheer, Iqbal, Anwar, & Ahmad, 2018). Appendix A2 shows structural model assessment for all of the variables and their items.

4.3.1. Hypothesis Testing

Table 5 shows that all relationships are significant as p -value is less than 0.05, except knowledge (KN) where the p -value is more than 0.05. Moreover, for all relationship's beta value is positive except KN and IIM, which means that all the independent variables, except KN have significant

relationship with dependent variable. The finding exhibits that the p -value is more 0.05 for knowledge. So, the hypothesis is not supported as there is no significant relationship between knowledge and intention to use of Islamic microfinance. On the other hand, all hypotheses' p -values are less than 0.05, so the others six hypotheses are supported and have a significant relationship.

4.3.2. Assessment of Variance Explained in the Endogenous Latent Variable

Assessment of Variance Explained in the endogenous latent variable R -squared value of 0.60 is substantial and 0.19 is weak and 0.33 is moderate (Chin, 1998). Table 6 shows the R -Square value of the current study. It indicates that a set of variables are explained 0.789 and 0.530 of variance in micro-enterprise success. According to Chin (1998), this value is strong.

4.3.3. Mediating Effects

Table 6 shows that all relationships are significant, as the p -value is less than 0.05. Moreover, for all relationship's beta value is positive, which means that all the independent and mediating variables have significant relationship with dependent variable.

Table 5: Hypotheses Testing

Hypothesis	Beta	St. Error	T Value	P Values	Decision
KN → IIM	-0.002	0.057	0.040	0.968	Not Supported
KN → SN	0.372	0.082	4.558	0.000	Supported
RA → IIM	0.233	0.057	4.062	0.000	Supported
RA → SSN	0.236	0.086	2.752	0.006	Supported
SSN → IIM	0.281	0.050	5.639	0.000	Supported
SN → IIM	0.524	0.047	11.094	0.000	Supported
SN → SSN	0.245	0.072	3.388	0.001	Supported

* $p < 0.0$.**Table 6:** Mediating Effects

Path	Beta	St. Error	T Value	P Values	Decision
SN → SSN → IIM	0.068	0.025	2.774	0.006	Supported
RA → SSN → IIM	0.066	0.028	2.386	0.017	Supported
KN → SSN → IIM	0.104	0.027	3.883	0.000	Supported

4.4. Discussion

These research findings are important for policymakers to enhance the women entrepreneurs and the use Islamic microfinance. The study findings are the result of an extensively observation of the guiding forces in favor for women entrepreneurs by using microfinance to support their SMEs. The results of the hypothesis testing proved that there is a significant relationship between all the factors and intention to use Islamic microfinance among women entrepreneurs. Malaysian village women entrepreneurs are generally in agreement on the fundamental understanding of Islamic microfinance. Also, this study tries to explore the relationship between knowledge, subjective norms, relative advantage and intention to use Islamic microfinance. So, this study displays that the three independents variables, namely, knowledge, subjective norms, and relatives advantage, play a significant role in affecting the women entrepreneur's intention to adopt Islamic microfinance products and services. It observes from the mediating variable that social system norms mediate the relationship among knowledge, subjective norms, relative advantage, and intention to use Islamic microfinance. The findings of the study demonstrate that social system norms have a full mediating effect between subjective norms, knowledge, relative advantage and intention to use Islamic microfinance. Specifically, it aims to expose the social media network awareness of microfinance through which women entrepreneurs contribute to their recognition and

their willingness to use microfinance to help their SMEs expand further. In general, the study results are validated by testing the reliability of its measurements and its feasibility through analysis. The actual study may discard some of the items while refining some to progress the reliability of the final discussion.

5. Conclusion

This research looks at the ideas of microfinance, arguing that microfinance schemes' core goals to reduce hunger and motivate the vulnerable are in accordance throughout the Islamic socioeconomic values of justice. In Islam, traditional micro-financing schemes and interest-based (riba) activities are nevertheless banned and therefore cannot be utilized by and for Muslim people. Thus, different Islamic finance schemes based upon the principles have the most important characteristics which can help the poor and micro-entrepreneurs grow more ethically socially and economically. Banking system hasn't really answered the funding needs of the most vulnerable and entrepreneurs and is arguing that Islamic microfinance is a key aspect of Islamic financial institutions. It also claims that there is a link between Islamic financial institutions and microfinance, since certain facets of microfinance can be viewed as compatible with Islamic financing 's wider objectives. Lastly, the study suggests that the Islamic mode of finance used by many Islamic insurance firms has the ability to include Islamic microfinance resources as an

alternate framework for Islamic banking. Furthermore, there is a need for more studies to research the Islamic mode of finance and other alternative frameworks and governance models so that Islamic banks can proficiently provide Islamic microfinance resources and alleviate their associated risks.

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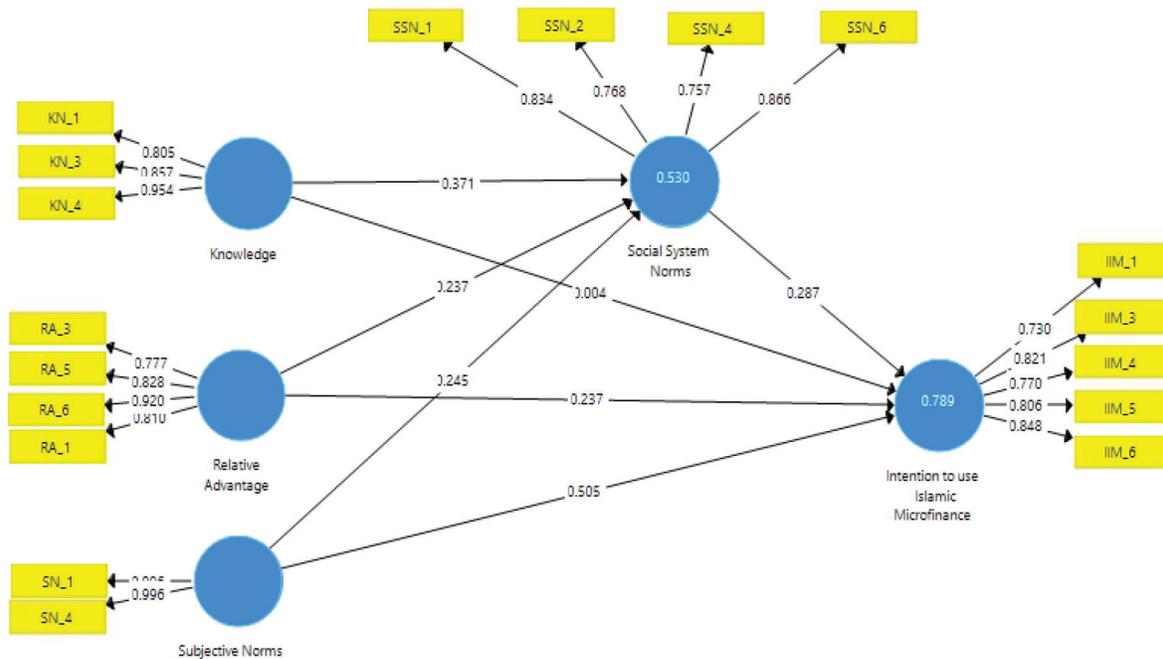
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Appendix

Appendix A1



Appendix A2

