

The Impact of Islamic Microfinance Institutions on Poverty Alleviation in Mogadishu-Somalia

Ismail Abdulnasir Garane, Abdoul Rahman Mhd Ramez Al Jounaidi

Department of Management, Al-Madina International University, Kualalumpur-Malaysia

Abstract-Islamic microfinance has stayed as a valuable way to deal with poverty alleviation, particularly in a developed nation. The services gave by the Islamic microfinance institutions could assist the poor with adjusting their costs, improve their dangers hunger, bit by bit develop capital, grow their businesses, and improve their nature of lives. All things considered, this study inspects the roles of Islamic microfinance in reducing poverty in Mogadishu, Somalia. Primary data was gathered using a simple random sampling technique; in view of this sampling method, questionnaires were self-managed to microfinance customers in rural area of Mogadishu, Somalia. Out of 300 polls conveyed, 288 properly finished were used for the analyses performed for this examination. Statistical Package for Social Sciences (SPSS) programming was used to analyse the data gathered to determine the relationships between funding satisfaction and poverty alleviation, standard of living of microfinance clients and poverty alleviation, and awareness of microfinance experience and poverty alleviation. The outcomes uncover that all independent variables employed in this study positively contributed to poverty decrease. As far as individual commitment, awareness of the microfinance experience was seen as the most significant factor that contributed to poverty mitigation, while funding satisfaction was minimal contribution to poverty alleviation in Mogadishu, Somalia. In light of these findings, implications of the study, recommendations, and proposals for future research were discussed.

Keywords: Islamic Microfinance; Poverty Alleviation; Institutions in Mogadishu, Somali.

I. INTRODUCTION

Allah (Subhanahu Wa Ta'ala) is the sole maker of this enormous universe and whatever it contains. He is the one who made man as a pioneer of His manifestations and elevated him to be His Khalifa on earth. He made each and every physical structure and various signs to give nourishment that human needs from the days of yore. It is from an Islamic perspective that everyone within the Islamic countries not only needs to rely on the development of the prosperity of the nation, but in addition to that, they devise important plans to satisfy their material desires through the meaningful use of the advantages and the scattering of products and adventures at reasonable prices and fully protect them from a wide range of fear other than Fear of Despair and Starvation (Personal et al., 2015).

Micro-finance offers access by means of projects explicitly designed to meet their specific wishes, especially those who have moved away from official management of finance, and improve their conditions (Akhter, Akhtar, Jaffri, 2009). Trust

and culture are a factor in the needs of the poor in Muslim countries for different social groups (Mirghani et al 2011).

It has more than 1.6 billion Muslims living in the world as one of the largest groups of cultures worldwide. In Pakistan, Bangladesh, India, and the Asian countries, for example (Personal et al., 2015), over 470 million Muslims live below poverty line worldwide (less than \$2 per day).

In Muslim countries the amount of poverty is massive. The 1/2 population of Indonesia (about 129 million) lives, for example, below the level of poverty of \$2. In South Asia, about 122 million Muslims live below the poor level, relative to the other 100 million Muslim people in India (Efendic & Karamustafic, 2017). The two major Muslim states—the People's Republic of Bangladesh and Pakistan—are less than poverty level.

Poverty shows that family units or people do not have enough or inappropriate assets to meet their current and work resources. They are determined forever with no compensation. Individuals who live with low compensation and who lack the guarantee of vital needs, such as sustenance, safe home, clothing, and various fundamentals, are classified as poor (Muriu,2011).

Then plans for microcredits began to emerge and there is a strong need now to look at poverty alleviation programs which are updated across the world to help make life more unquestionable (Mirghani et al., 2011). Microfinance programs have declined over the past two decades because of real concerns about governments and affiliations. Since 2006, the winner of Nobel prize, Mohrmed Younis and Grameen Bank, has been notable for microfinance, because of the financial connections between Grameen and needy individuals and the low payroll of Nobel Peace Prize in 2006 (Rahman & Dean in 2013).

In addition, various countries have recognized forced intervention frameworks that use microfinance as a tool to reduce the level of need and urgency .Countless screening tests have reported that microfinance is a useful technique for reducing desperation. Besides, he added to achieving some parts of the multi-year progress goals. Moreover, the microfinance program continued to emphasize with the overall financial boom in cash and non-budgetary results. In this regard, microfinance has become another option for granting credit and dealing with other monetary issues involving people in distress. Currently, Somalia needs more

Islamic microfinance departments, along with those provided by two organizations - KAH Microfinance Services and Salam Somali Bank.

However, this gap has been linked by money-related institutions that provide Islamic finance to clients. At present, there is a high interest in microfinance departments and the same number of Somalis are in need of little jobs and compensation. This would boost both the economy and a stable community in growing micro-finance in Somalia. This study looks at the effect on poverty reduction in Mogadishu, Somalia of the Islamic microfinance System. The analysis also analyzes the growth of Islamic microfinance in Somalia. The study examined the following research questions:

1. Are consumers in Mogadishu, Somalia are happy with microfinance?
2. Will microfinance help to reduce poverty in Mogadishu, Somalia?
3. Why did microfinance in Mogadishu, Somalia contribute to efficiency?

The study also developed the following null hypothesis:

1. H1: Funding satisfaction has major positive impacts on poverty alleviation in Mogadishu, Somalia.
2. H2: Islamic microfinance institutions have improved their customers' living quality positively and significantly in Mogadishu, Somalia.
3. H3: Awareness of the microfinance experience contributed positively to poverty alleviation in Mogadishu, Somalia.

II. LITERATURE REVIEW

2.1 Microfinance

Microfinance, according to Otero (1999) is providing financial services to the low-income poor and the self-employed poor. Services can be not only savings and credit, but also insurance and payment services. Shriener and Colombet (2001) define microfinance as an attempt to improve access to small deposits and microcredit for poor households neglected by banks. Therefore, microfinance is the provision of financial and other services such as savings, insurance, and loans to the poor.

Microfinance is a financial aid mechanism that aims to support those at the bottom of society financially by enabling them to improve their living standards, businesses, and general welfare. Microfinance supports small and medium-sized enterprises for growth by enabling them to obtain loans and savings that can be effective in improving entrepreneurial skills.

The overall goal of microfinance is to support those deprived of opportunities and misconduct to raise them through lending and the provision of various financial services. Microfinance can be effective when developing monitoring mechanisms to ensure that loans are used in appropriate and productive ways. This monitoring creates accountability and transparency

for both lenders and borrowers. If microfinance is used properly, it can help in helping those willing and able to produce.

2.2 The Islamic Microfinance Definition

The term al-Tamvil al-Asghar, or al-Tamwil al-mutanahi fi-sighar, or al-qurud al-sughra or al-qurud al-Mutanahiyah fi-al-sighar (micro-ending), is the word 'smaller-scale funding' in Arabic. In view of this, microfinance can be believed to boost finance and credit. Islamic microfinance may be characterized in all respects as a measure for providing smaller scales to large and partial microfinance organizations, or for the poor or low-wage companies that maintain a strategic distance from the monetary structure of their legitimate cause.

In comparison to conventional money, Islamic finance was viewed as an alternative. This allocates funds to the companies that are approved by Islamic Law using instruments of Islamic finance. Contrary to current financing, the concept of Islamic finance varies from the primary Islamic standard that restricts the suspense carefully. Islam considers cash as a commodity and thus cannot be used to receive any rewards or any extra charges imposed on this (Saeed et al., 2009). This means that capital alone should not be used to profit from any arbitrary amount as an excitement. It is not allowed in Islamic law if anyone accepts loans as cash and later costs or additional charges, it is called premium and is not in any way permitted. The exceptional dimension of the division of prosperity and misfortune. The system permits Islamic monetary organizations, which may contribute to financial development, to lend cash to long-haulation companies with more severe risk return profiles.

The most famous slogans in the world today are Islamic finance and microfinance, Islamic microfinance is referring to two rapidly growing enterprises: microfinance and the Islamic Fund. It is perceived to be a combination of Islamic rules, as a consequence of the microfinance cap to make money available by the poor (Mohamed & Ahmed, 2015) for the least afflicted of the board of directors. This is a small amount of monetary aid that depends on Islamic monetary law which preclude premiums, share benefits and misfortunes and keep the vulnerability and hypothesis at a strategic distance (Abiodun, 2009). (Gharar) As a therefore, Islamic microfinance can be defined as a model for the kind of money-related administrations of Sariah, like micro-credit, etc.

As a result, Islam has created a new framework for change and Muslim microfinance, as well as the social goals of microfinance (Abiodun, 2009). Abiodun observed that, in contrast to traditional, usury-dependent microfinance, Islamic microfinance is an Islamic alternative. However, Islamic micro-financing aims to increase social benefits by offering more favorable budgetary administrations to the mainstream as a by-product of boosting benefits (Mirghani et al. 2011).

2.3 Islamic microfinance institutions

The initial focus of microfinance is typically on micro-credits and small loans, which are usually in the near run and used to fund small businesses working capital, which are generally run by people with low revenue and are used to provide access to financial services to the poor. The microfinance sector nonetheless has expanded from lending to transfers, microinsurance, microeconomy and other payments which make a significant difference in life for the poor (Quraisy, Hamzah, & Razak, 2017). It has been criticized by MFIs for repeatedly charging customers with a high interest rate referred to as the debt approach. MFIs can provide financing for small and medium-size businesses using interest based micro-lender or micro-credit.

At the same time, the use of interest-based contracts under Islamic Law (Shari'ah) by Islamic microfinance institutions is prohibited. The principles of Shari'ah, however, promote the adoption of profit-sharing arrangements, rentals, exchange, and recognition of public funds such as Cashwaqf, Sadaqa, Infaq, and Zakat. However, the IMF has its own inherent features to the financial risks of conventional microfinance (Abu-hadi, 2013).

Islamic micro-finance helps a great many people worldwide, especially Somalia, who escape poverty by lending small loans to financially challenged or unable to afford (Hurlburt 2012). In the 21st century, the poorer and poorer Muslim communities are more than three billion people worldwide. For two reasons. This is why. First, there are over 1.2 billion Muslim worlds that are going to exert pressure on resource resources and make poverty an inevitable issue. Third, there is a challenge to inequality in the Muslim world. The imbalance is linked to low productivity, which in the Muslim world makes poverty a serious problem. And Islamic microfinance institutions will play a key role in poverty reduction, both in Somalia and elsewhere.

2.4 Somalia Microfinance Activity

Topographically, Somalia has a population of some 12 million (AfDB, OECD&UNDP, 2017) in the Horn of Africa (East Africa). The Gulf of Aden to the north, Kenya to the east, Ethiopia to the west and the Djibouti Republic to the northwest define its boundaries. Its coastline is over 3,333 kilometers long with a surface area of 637,657 square km. Somalia, like the Red Sea and the Indian Ocean, also has two seas. Somalis have a shared ethnic, racial, language and religious background. Therefore, Islam is a nation's legitimate religion. Around 100% of Somalian residents are Muslims, with the Sunni part of Islam and the Shafi'i School of Islamic Law. Somali is Muslim. Somali is also a race, with a Somali language.

In 1960, Somalia was also published in Italy and England. Somalia was founded in 1960 by the British Somaliland and Italian Somaliland associations (Powell, Ford & Nowrasteh, 2008). It was founded in 1960. Somalia's inclusion in a

parliamentary system at the end of 1969, after a military rebellion, unexpected halt when General Mohammed Siyad Barre ousted Somalia's non-military government from 1969 to 1991 (USAID, 2017).

In 1991, Somalia's central administration collapsed and in 1991 an increasing war started. This has also contributed to a widespread conflict, resulting in tremendous fragility, a national collapse and limited access to all basic and social administrations for all purposes (African Development Banking Group, 2016). In reality, the conflict has wreaked the holes in social control and political organization. A time of delicacy and brutal fighting in Somalia has stalled. Since 2004 through 2012, Somalia has been presented by the TFG. The Wildlife Service of Kenya, 2015, faces serious difficulties in establishing a national standard.

Nevertheless, there are still barriers. Local revenue increased by 26.5 percent to \$142.6 million in 2017 based on operating expenses, from \$112.7 million in 2016. Giver grants almost doubled each 2016 by \$55.3 million to \$103.6 million every 2017—an incredible 85% of duties, compared with only half by 2016. Notwithstanding better execution, the government continues to face major budgetary difficulties. Virtually all uses of capital are accounted for by regular use and represent 3% of overall use in 2016 and 2017 only. Low use restrictions lead to fixed money being distributed to ensure a fair spending schedule and no accumulation of back payments that have had an impact on the overall use of the financial cap in the long term. Today's consumption needs focus on security and governance, which accounts for about 90% of all monetary and social support spending.

2.5 The difference between Islamic and international microfinance

As Riwayatanti (2013) shows, there are some differences which recognize the standard Islamic micro-finance. Ahmed (2002) discusses the effectiveness and logic of Islamic microfinance programmes, which rely heavily on the accessibility and practical tasks of external sources. However, both normative and Islamic micro-finance organizations can have diverse outside capital, whereas Abdul Qadir and Salem (2013) think that a distinctive connection can be formed between zakat, savings and useful ties in the required finance programme. In fact, they show that support for the Islamic system depends on energy sharing, disaster benefit and adversity sharing. In view of arrangements for giving subject to optional actions, this exchange of money gives a duties system that saves resources.

In the standard system, money is given regularly, and a part of that money is abbreviated from the beginning. In the Islamic system, things are normally exchanged without originating from it, and families rely on direct access to the rear (Abd al-Kader and Salem, 2013). This is the intent of this exchange. There are clearly different features of Muslim microfinance institutions that lead to the risks associated to standard MFIs (Abdul Qadir and Salem 2013), which vary from customary Muslims microfinance (Riwagante, 2013).

2.6 Micro-finance and micro-loans

When literature, the words microcredit and microfinance are a significant amount of time used again. It is, however, important that the distinction between these terms is included to allow consumers to know these terms (Wrenn, 2007); if you take everything in mind, 'micro-credit represents little change. Microscopic funding is now micro-financing, as it requires the use of individuals in need, but micro-finance also involves organizations, such as initiative funds, equity, annual rewards and partial organizations, related to additional non-credit profits. Microfinance has funded a number of organizations over some time (credit, asset tenure, security, etc.). Therefore, the poor who do not move to formal monetary institutions need a number of money-related things.

2.7 Poverty

A few describe poverty as a need for basic needs such as nutrition, water, clothing and housing to survive. At the United Nations World Summit on Social Progress, the Copenhagen Declaration described poverty as a situation characterized by serious hardship for basic human needs, counting nutrition, safe drinking water, cleaning facilities, health, education, information and shelter. (Addae-Korankye, 2012). When individuals do not have the ability to eat, obtain protection, obtain any health care, or education at that point, they can be portrayed as poor, regardless of their wages or income.

Poverty can be either relative or absolute poverty. Relative deficiency is the estimation of the country's individual wage, and the foot is 10% of the population in need while the absolute deficiency is an estimate of the poverty line at a certain level of wage based on the sum of the vital products for the project's survival (ibid).

Amartya Sen accepts that want is the suffering of basic human freedom. Opportunity ownership, political freedom, freedom of expression, and so on. Amartia Sen says in his book *Improving resilience*.

Sometimes, the need for fundamental opportunities is directly related to financial deficiency, which harms individuals with the opportunity to achieve hunger, to achieve adequate livelihood, to obtain treatments for treatable diseases, the opportunity to dress satisfactorily or to protect satisfactorily, or to estimate clean water or sterile offices. In other cases, the lack of freedom is closely related to the need for open offices and social welfare, such as not attending epidemiological programs, structured courses of welfare work or educational offices, or compulsory education to support the neighborhood peace and order.

Poverty can be linked to the need for open capital, such as physical, monetary, and human capital (education and capacity building). If the family does not send their children to school due to lack of cash, the probability that this family will be in poverty is the height. The most defensive individuals who are poor are inefficient specialists as their physical

quality diminishes when they develop the ancients and their wages decrease with low efficiency. Poverty is what almost all policymakers and community leaders try to deal with, but without taking appropriate measures and progress-based interventions, the gains of poverty are achieved and its impact will be unimaginable. (Sen, 1976).

2.7.1 Measuring poverty

In Sen's (1976) study of indigence, two particular problems have to be discussed. The main concern is that the population of the poor is distinctive, while the next issue is to make a study on what is needed by using open information about the poor. In reference to the consideration of the poor amongst all residents, it also includes the decision to calculate the need for the use of the real origin of any capital, similar to the decision of wantline. (Sen of the 1976 vote) The financial calculation uses the wage scale and the use of individuals to quantify the cost, while the non-financial measures, such as luxury, training, resources, etc., are included in the personal measure.

Additionally, employment is the primary indicator for assessing the effect of prosperity on salary when using the financial methodology to measure indigence. As the World Bank argues, employment is an appropriate proportion of the wage. At the same time, employment speaks better about the ability of a family to meet basic needs throughout their daily life. Moving further to guaranteeing a want line, the arrangement for that, according to the World Bank, talks about the focus between the poor and the non-poor, which can be linked to money, for example, a certain degree of deterioration, or non-financial, for example, a certain degree of Efficiency. In this vein, the choice of the indigence line mostly depends on whether the need is higher or relative; at the present time, the estimate indicates the examination of various indigence indices for prosperity and the indigence line.

2.7.2 Poverty in Somalia

Currently approximately 4.7 million people need to support the occupation in Somalia. One million people face serious food safety threats and do not meet basic nutritional needs (Pathways, 2012). Somalia's 2016 Humanitarian Response Plan calls for raising 885 million dollars to address these problems. But only 12 percent (+102.9 million dollars) was raised by May 2016. UNDP tests that 82% of the population lives in multidimensional poverty; that is, it reports several difficulties (Is, Tax & An, 2012). This was lower (61 percent), but higher (95 percent) in metropolitan areas. 69 percent of the population has been estimated to have \$1.90 a day under the global guard (Mokhtarian & Lindgren, 2017).

2.8 Financial sector

The money-related zone in Somalia initially includes the central bank, barely any business banks, and hardly any commercial enterprises. Six commercial banks and 14 commercial organizations or settlements were briefly authorized by CBS, and there are 13 additional requests for

cash withdrawal licenses. Official commercial banking services do topographical work in Mogadishu, with each organization having branches across the country. Cash-regulating organizations, despite everything, control the formal and informal monetary sector, which encourages the exchange of settlements from Somali exiles, donors, and remote projects; these are done in a casual and incidental situation. Whereas commercial banks usually work in cash movements and exchanging funds.

In Somalia, which remains a major source of foreign trade in the world, monetary movement agencies manage the \$1.5 billion in annually negotiated settlements. The illegal tax evasion law and the funding of craving-based repression were passed to sustain settlement development from abroad and relieve the concern of the international expenditure institutions. (AML / CFT) In mid-2016 by the Developing. CBS performs legal actions to monitor and prosecute Somalia's cash-transfer organizations. Various applicable rules, including licenses and customer hiring guidelines, are now available. The Federal Government is developing a conceptual plan to develop mechanisms for anti-money laundering and to enable better financial and marketing supervision. The program focuses on CBS, global budget organizations, local monetary institutions and cash mobilization organizations.

2.9 Theoretical Review

Micro financing is not the key component that employs 'best in class' or the ideas of 'best practices' In banking companies that generate or are dependent on non-revenue firms, tests are used to assess the closeness of a specific business to competitive wildlife (Berger & Humphrey, 1997)

Specialized activity refers to the organization's ability to achieve the greatest degree of creation from a specific request for data sources, or to transfer a certain degree of creation using the lowest levels of data that can be believed (Coelli & Battese 1996). Likewise, specialized productivity neglected the information and resulted in costs and attributes. In addition, it deteriorates TE in addition to unmodified specialized productivity.(PTE) And 'estimated efficiency.

Efficiency (value) assigned (AE) The ability of an organization to take advantage of contributions at ideal rates, given its costs and its creation systems (Coelli & Battese 1996). When thinking about this thought, mix TE And AE in general the efficiency (OE). Moreover, the effectiveness of the information and revenue inputs are considered. For the time being, task effectiveness thinks about information and merges revenue with the ideal mixture that limits the use or building benefit of some other social goal. Custom productivity can be linked to specialized efficiency to measure overall effectiveness.

Reducing recurring data sources can bring together specialized productivity and a decision to mix the cost reduction of information sources, given the total expense of

data fountains, and drive efficient distribution. Banks that achieve two types of efficiency have an upward side of restricting private tenure assets by competing more seriously with an open competitor that squanders costs. (Abdo, 2018).

III. METHODOLOGY

3.1 Research Design

The nature of research may be characterized as compulsory information collection, collection and reviewing processes, tools and procedures. This study assesses the role of Islamic microfinance in alleviating poverty in Mogadishu, Somalia. The key purpose of the study to determine the impact of microfinance programs on customers through measurement variables was the design of the studies adopted to achieve a credible analysis. The researcher therefore relied on the development of quantitative research.

In addition, the browser's search architecture is acceptable and has been implemented in other application types by way of testing. As proposed by Hair et al. (2014), the regression and regression analysis method are used to separate the existence and degree of the causal effect of one or many different variables over the given period into the dependent variable. Cross-sectional architecture saves time and offers quantitative research print data on time. Another cost-effective primary benefit is the revised research format, because only once it needs to be compiled. In this study, this kind of strategy was encouraged.

The survey tool was used to access the necessary data for the study using the approved research method. Consequently, Hair et al. (2014) suggests that, using the questionnaire as found in this report, the survey approach can be used to collect data from some respondents. In this study, the researcher produced a literature-based questionnaire which was used to gather information in Mogadishu, Somalia. In addition, the collected data have been used to investigate the effects of the micro-finance use for poverty alleviation in the country to provide definition and inferential statistics.

3.2 Population and Sampling

The population of this study are the potential beneficiaries and those currently receiving Islamic microfinance services who have or expect to have SMEs in Mogadishu. The study randomly selects recipients who live in the seventeen districts of Mogadishu. The purpose of choosing Mogadishu to be the field of study under study is that most Islamic microfinance institutions are limited in Mogadishu, to describe briefly, Mogadishu is the capital of Somalia that chooses to study (1) because the other region is a rural area where there is no microfinance facility is provided in this particular field. Therefore, (2) respondents who use microfinance are mostly from this region. In addition, the main population of this study are families who are clients of urban microfinance in Mogadishu, Somalia. In other words, respondents must have certain criteria, such as Mogadishu residents and low-income

people, and they must have experience in microfinance services.

This study examines the impact of Islamic microfinance programs on poverty reduction in Mogadishu, Somalia. Most research is used in this field Krejcie And Morgan (1970). However, this required an unknown population anyway. Their study suggested use (G * Power). Which gives us the minimum required sample size based on the number of predictors, and therefore, for this study the sample will be 74. On the other hand, some researchers have emphasized the sample size in SEM It should be greater than 200 (Little and Rubin, 1987).

IV. RESULTS AND DISCUSSION

4.1 Data Preparation and Examination

Before starting data analysis, it is important to take information by checking and checking data for errors (Teo And Tsai And Yang, 2013). The reason for sorting and sorting the data was to ensure that the data used was effectively entered to ensure accurate results. Dealing with lost data issues, anomalies, and abnormalities is essential for professionals to ensure that their potential problems are erased at the beginning of the data analysis (Schumacker & Lomax, 2004). Then, before continuing to analyze the data and confirm the results, discussing the treatment of the missing data. At first, the aggregate number of respondents to the investigation was 44 from non-governmental organizations in Somalia, as previously stated. The information analysis was conducted on clean and organized datasets in both SPSS and AMOS.

4.2 Demographics of the Participants

As mentioned, this section displays the demographic profile of the respondents who completed the study. The study identified respondents based on gender, and (1) (2) Marital status, (3) age, and (4) Education, (5) the profession, and (6) The nature of the business, and (7) years of experience. As mentioned, the demographic profiles of respondents, with respect to their frequencies and percentage, are presented in Table 1.

Elements	Classifications	#	percentage
Gender	Female	49	17.0
	Male	239	83.0
Marital status	Single	243	84.4
	Married	31	10.8
	Divorced	12	4.2
	Widows	2	7
Age	Less than 20	8	2.8
	20 – 30	226	78.5
	30-40	33	11.5
	40-50	11	3.8
	Over 50 years	10	3.5

Educational level	High school	48	16.7
	Diploma	111	38.5
	Bachelor	111	38.5
	Ph.D.	18	6.3
Customer occupation	Academic	41	14.2
	Management	30	10.4
	Employee	9	3.1
	Students	208	72.2
Business Type	Electronics store	43	14.9
	fruits shop	12	4.2
	Tea shop	12	4.2
	Sewing	7	2.4
	Others	214	74.3
Experience	Less than 1	156	54.2
	1-5 years	93	32.3
	6-10 years	23	8.0
	11 - 20 years	8	2.8
	Over 20 years	8	2.8

The primary data for this research was collected using a tool in the survey type. 300 surveys are controlled similarly to microfinance clients. However, only 288 surveys were obtained and analyzed as shown in Table 1 above. The results show that only 17.0% of the respondents are female while 83.0% of the respondents are male. As shown in the above table, 10.8% of the respondents are married. The only respondents had a high incidence of 84.4%. The majority of respondents are between 20 and 30 years old, at 78.5%. and in the 31 to 40 age group with 11.5%. Moving to the level of education among respondents, this result is now that 38.5% of the respondents hold diplomas. Bachelor's degree holders are 38.5% of the absolute number of respondents. In terms of customer occupation of the respondents, the result gives that 14.2 % of the academic, the vast majority of the respondent and student 72.2%. Besides, the results showed that 14.9% of the respondents are electronic stores, 4.2% are fruit and vegetable traders. Looking at the experience, the result shows that 54.2% of respondents have less than a year experience in managing small projects, 32.3% have experience 1 to 5 years.

4.3 Reliability

The test that determines the chance to estimate an arbitrary error is the reliability test. It measures the consistency and frequency of the result. Internal consistency is where all components that measure a variable in the equivalent hidden source are estimated. It can be well estimated using Alpha Cronbach's coefficients SPSS. The unshakeable quality factor ranges from zero to one, and the higher the value, the more reliable the data (Pallant, 2007). The importance of the reliability test is that it shows the degree of confidence in data

collection and reveals how the world relies on the results created based on the information used.

As he pointed out Marnat (2003) To obtain reliable information, it must be standard Cronbach alpha Above 0.7. The study includes four variables with more than one thing for a consistent quality test, and the reliability test results are shown in Table 2 below. The factors used in exploring the impact of Islamic microfinance on poverty alleviation are: satisfaction of financing, standard of living, awareness of Islamic microfinance, and poverty alleviation. As shown in the table below, all values of the Alpha Cronbach coefficient exceeded 0.7. After that, he tends to think that the information is solid.

No	Factors	No. of Questions	Reliability	comment
1	The standard of living	4	0.876	Reliable
2	Satisfaction with financing	5	0.841	Reliable
3	Awareness	4	0.734	Reliable
4	Poverty alleviation	5	0.787	Reliable

The reliability test for all measurements was found to be tasteful, as most analysts have agreed that, in order for any instrument to be robust, it must meet the basic purpose of 0.70 or more (Hair et al., 1998; Pallant, 2010).

V. DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Discussions of Findings

This study to the influence of Islamic microfinance on poverty reduction in Mogadishu, Somalia. Data was collected using an online survey. Using and data collected, all research was the goals of achieving it. He cultivated this by looking at and analyzing and choosing the subsequent data to do the handling data. Using the statistical package for social sciences (SPSS) As a realistic analysis of data, it has been investigated in the data through some tests, for example, repetition and examination outstanding, sample one of the test-t, Connectivity, unidirectional ANOVA, And the regression model. The sub-sections accompanying the discussion and results for each exploration target in detail.

Among the consequences of regression analysis, very well it may be explained that all the independent variables in the study, which finance satisfaction, standard of living, and awareness of microfinance, have influenced the facts and completely the dependent variable. Poverty alleviation, with the exception of financing the relief that cannot be observed with poverty alleviation. In addition, all independent variables have a moderate to strong positive relationship with poverty alleviation, regardless of funding satisfaction with the weak relationship strength. In general, this study achieved the objectives of the research and addressed the research questions referred to in the first chapter.

5.2 Conclusion

The results of the study showed that the Islamic microfinance function has a strong influence on lifestyle and improving the microfinance experience. However, the Islamic microfinance function does not show any significant impact on financing satisfaction. For the second and third theory, the results show that the links between Islamic microfinance and the way of life, and improving the microfinance experience are basically and essentially linked. These discoveries are consistent with those of former specialists. These study's discoveries have shown a positive function of microfinance on wages, training and business.

Therefore, it tends to assume that this study tends to the function of Islamic microfinance in poverty alleviation and finds that all hypotheses are supported. Moreover, all the free factors had added conclusively to the alleviation of destitution, except for financial satisfaction. The promotion of the microfinance expertise factor is the most important factor that added to poverty alleviation in Mogadishu, Somalia.

5.3 Limitations and Recommendations

Based on a review of the literature, research findings, and the account that members have registered in the program, the council's proposals, approach creators, and Islamic microfinance institutions should follow.

1. Most members of the program work in different organizations, for example, confectionery kitchens, auto parts, clothing, cosmetics, natural products feeding, foods grown from ground stores, etc. There should be a committed office to assist and guide program members in selecting appropriate and reasonable business. This office can also help you learn about the basic necessities to start development and how to deal with work.
2. Islamic microfinance institutions should have an office to provide increasingly mechanical readiness, council, projects, advertising, and representation of existing and potential clients for productive, independent projects. The preparation of this construction limit can be completed with the participation of higher institutions to work for the financial advancement of the oppressed area by the general public.
3. Islamic microfinance institutions can use zakat and charity as attractive sources for the fund, although the exact amount that the Somali government can provide to help such a program is out of gross national income (GNI) Not possible. Through these assets, Islamic microfinance institutions can likewise target microcosm to make them financially dynamic. For example, MFIs are supported to focus on the poor, while tolerating extreme poverty in the general public.
4. Although most MFIs have a sound credit or financing framework in place, they have neglected to

provide oversight assistance to clients. In this way, MFIs need to have a unit to examine and evaluate the unit responsible for the progress that clients have made in their business activities.

5. MFIs should usually arrange effort programs in partnership with rigorous associations to enhance and increase certainty. MFIs must also improve the rigorous, social and ethical situations of existing and potential clients.
6. The Islamic Microfinance Organization must be creative in building its items / departments to meet the special needs of program members.
7. The central bank should set guidelines to create elements of Islamic microfinance to ensure consistency with Islamic law. The National Bank should also support Islamic microfinance institutions in a serious financial position.

5.4 Suggestions for Future Studies

Future research can aim to determine the degree to which subsequent effects of momentum study can be found on the neighborhood and indigenous areas. In light of the requirements that were tested during the examination, there are various proposals that may be of value in improving the nature of future investigations. In light of this, the exploration made the attached recommendations:

1. Future research may take a look at an increasingly diverse and larger size that would include regular and Islamic microfinance organizations. This will help in considering the impact of customary and Islamic microfinance organizations to reduce the need and increase members' financial situations.
2. It may also be useful to consider different types of Islamic microfinance organizations operating in Somalia to record the more comprehensive impact of Islamic microfinance institutions on members and financial government assistance.
3. It would also be nice to develop this exploration to incorporate social conditions. Results may be varied due to the variation in the macroeconomic situation and the enterprising spirit in the potential market.
4. Future research is encouraged to use control groups to lead the screening between beneficiaries and non-beneficiaries of departments from Islamic MFIs.
5. Because of limited time and cost, the exploration adopted a cross-sectional plan to measure the impact of Islamic microfinance on poverty reduction in Mogadishu, Somalia. However, the longitudinal plan can be used to obtain increasingly extensive information and identify the most leading points and impacts.
6. It is suggested that some of the different parts of Islamic microfinance be excluded from the current

investigation, for example, vigilance and serviceability of microfinance and the size of the test.

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