Microfinance and Islamic Finance have much in common. Islam emphasizes ethical, moral, social, and religious factors to promote equality and fairness for the good of society as a whole. Many elements of microfinance are consistent with the broader goals of Islamic finance. Both advocate entrepreneurship and risk sharing and believe that the poor should take part in such activities. Both focus on developmental and social goals. Both advocate financial inclusion, entrepreneurship and risk-sharing through partnership finance. Both involve participation by the poor. There should, therefore, hardly be much doubt about the possibility of a successful marriage between the two. This may involve experimenting with the best practices and models of conventional microfinance while modifying the products and services to make them Sharī‘ah-compliant. Issues pertaining to Islamic microfinance is the subject of this edited volume containing eighteen carefully selected research papers that were presented at the First International Conference on “Inclusive Islamic Financial Sector Development: Enhancing Islamic Financial Services for Micro and Medium Sized Enterprises” organized by Islamic Research and Training Institute of the Islamic Development Bank and the Centre for Islamic Banking, Finance and Management of Universiti Brunei Darussalam. The papers included in this volume seek to deal with major issues of theoretical and practical significance and provide useful insights from experiences of real-life experiments in Sharī‘ah -compliant MME finance.
The first two papers deal with the concept of social solidarity, responsibility and microfinance. The first paper in this volume examines the basic joint-liability-based microfinance model and finds support for it in the concept of Asabiyah or social solidarity. The second paper reviews the notion of corporate social responsibility and the place of microfinance as a tool of poverty alleviation. The next seven papers deal with Islamic contracts and products for microfinance. More specifically, they deal with various Sharī‘ah-nominate modes, such as, *murābaḥah, muḍārabah*, perpetual and diminishing *mushārakah, salam* and *qarḍ* and their application in microfinance. The next three papers deal with models of microfinance with case studies of village-bank model in Jabal Al Hoss, Syria, joint-liability-group model in Bangladesh and the cooperative model in Australia. Two interesting papers on integrating *zakāh* and *awqāf* with microfinance follow. The last four papers emphasize the role of education and training for microfinance; and examine the role of government in enhancing financial inclusion through microfinance.