

**“A STUDY OF ISLAMIC MICROFINANCE
MARKET PRODUCTS AND CUSTOMER
SATISFACTION IN PAKISTAN”
(STUDY OF ISLAMIC BANKS)**

By

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APPROVAL FOR EXAMINATION

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I hereby certify that the above candidate's thesis has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at 11% that is within the permissible limit set by the HEC for the MBA thesis. I have also found the thesis in a format recognized by the Department of Management Sciences.

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ABSTRACT

The research paper focuses on the potential of Islamic Microfinance in Pakistan. The market of Microfinance in the world is moving towards the Islamic Microfinance as it gives the true sense of eliminating the poverty from the society. The purpose of this research is to analyze what are the potential of Islamic microfinance products in Pakistan and what are the prospects of Islamic Microfinance in banking sector.

This has been observed that up till now no conventional or Islamic bank has done much in this field. Some of the Islamic banks are planning but still we don't see much contribution from their side. There is a great potential of Islamic Microfinance to be spread throughout the world, currently we observe major market and institutions in Punjab province. The microfinance institutions should cater other provinces as well.

There are several products which are Shariah complaint have the positional to be adopted as the microfinance products. Murabaha, Ijarah, Salam, Istisna, Mudaraba, Musharaka, Muzara, Musaqqa are the products which can be introduced as Islamic Microfinance Products. All of the respondents agreed that the Musharakah, Murabahah, Mudarabah, Ijara are appropriate for Micro financing. All these products need to be studied by the governing authorities.

Banks are showing hesitation in entering this field. They are concentrating more on corporate sector. Long documentation, lack of regulations, high risk, high cost of doing the business are the factors which restricts them to serve the have-nots. In the current situation of the economy it is even becoming difficult for middle class to strive in the society. Banks are struggling for their survival in this situation they cannot think of doing a business which is highly risky and is less regulated in the economy. Result of research will take time to introduce Islamic Microfinance services by the Islamic banks in Pakistan. None of the observed banks has plans to enter into this field of finance due to the reasons discussed in above paragraphs. The research was conducted through questionnaire from leading Islamic banks of Pakistan like Meezan bank, Dubai Islami Bank, Bank Albaraka and the regulator State Bank of Pakistan. All the responses were analyzed and based on those conclusion and recommendations have been made.

Key Words: Microfinance, Islamic Banking, Customer Satisfaction, Islamic banking product

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