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MICRO FINANCE AWARENESS AND ITS IMPACT IN SAUDI ARABIA

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ABSTRACT

The study aimed to analyse micro financing impact in Saudi Arabia. In this study, the questionnaires were distributed to 100 respondents in awareness of micro financing among the individuals. Moreover, the data was gathered from secondary sources from different published articles, books, newspapers and e-books. Based on the result, the respondents were unaware of micro financing concept. Moreover, the micro financing was correlated with Islamic Shariah law and helped unfortunate individual and entrepreneurs. In additions, most respondents did not provide an appropriate response and remain neutral which indicated respondents were unaware micro financing and its concept. Many financial programs had been proposed and proved to be success while some programs were failed. Moreover, firm maintenance and stable in individual society empowerment was important. The micro financing concept encouraged individual and work for society improvement.

INTRODUCTION

Microfinance is a business along with the noble cause regarding the path of financial inclusion by helping and supporting individuals and building communities. Micro financing is been seen as powerful weapon for sustainable social economic development [1]. On the other hand, Sharia law in the context of finance is very clear for loans interests. In Islam has not yielded to pressure from the marketplace and has established its stance that charging interest on loans that are extorting and violating Islamic laws. However, the Qur'an declares the practice of commerce as a respectable profession [2]. The partnership trading importance has motivated financial mediator to find creative ways to help Muslims regarding loans without the violation of Islamic law.

Its initiatives work and result in the poverty elimination, more job opportunities, improvement and growth in the economy, and women empowerment. Moreover, every individual is an entrepreneur at the core which equipped with ideas and vision that enable them towards new heights. In addition, every individual has potential, and he is creative that he can accomplish desired goals [3].

Furthermore, the potential and creativity acquiring the desired result are often hindered due to less financial resources. It is evident that financial resources are as necessary as there is a dire need of creativity and potential due to minimum and less financial resources many talented individuals do not get opportunities [4]. Thus, it's become unable to achieve their dreams and not only this, this world left unaware of the talented and creative individual.

Several exhibitions and conferences regarding micro financing are being held which aims to change unfortunate circumstances of talented individuals. Moreover, micro financing can be considered as tailored and customized which is made according to the criteria and culture of any society including potential reaching towards low-income families or individuals and the underprivileged and women in communities [1].

In addition, it works with the help of door-to-door services towards the groups or persons who need financial support. Yousuf et al. (2012) suggested some constitutional boundaries that impede financial resources need to break from reaching towards the needy individuals of the society [5]. Besides, its focused on creating self-employment and entrepreneurship which undoubtedly contributes towards equality of finance within communities which is also the foremost principle of a secure and balanced society.

Saudi Arabia is considered as wealthy country worldwide but it has higher and undeclared issues regarding poverty. According to Adewale et al. (2014) observed that almost 10 million Saudis are living under the poverty line [6]. Moreover, the small and medium level enterprises have potential regarding growth in Saudi Arabia. Currently, this department contributes to less than 40% of the GDP.

Moreover, their performance can be enhanced by the offered microfinance products. In addition, Grameen Bank case which is a great success in Bangladesh has brought attention regarding the idea of microfinance worldwide in order to empower women and alleviating poverty. This approach brings offer for the outside banking factors to gain benefit from the banking services and products.

Furthermore, Twairesh (2014) mentioned that Microfinancing is a program that extends loans which are smaller to penniless individuals regarding self-employment work that produce income, and this income enables them to take care of their families [7]. In addition, the World Bank is actively and highly encouraging the micro financing products in a manner to erase poverty and improve the standard of living in developing countries.

On the other hand, Grameen Bank is situated in a Muslim country, this Nobel Prize winning bank provides products that are based on interest, which is prohibited in Islam. It may be stated that Islamic Microfinance is a good option regarding the elimination of poverty in Muslim countries. Such considerations and present scenarios of poverty in Saudi Arabia and microfinance suggest that it needed to explore the perception of the Saudi SMEs on how the economic concept of microfinance regarding the entrepreneurial development and growth can be improved in Saudi Arabia [8].

METHODOLOGY

In this study, quantitative research method was used to generalize specific sample result to an entire interest population and assess various views. The quantitative research depended on responses to compose questions for the participants which allowed limitless reaction and response from the participants.

The primary research method was conducted by distribution of questionnaires, interviews, ethnographic research and longitudinal studies, observation and life histories. The primary research method under qualitative and quantitative data. Meanwhile, secondary research was collected through existing sources such as journal, books, articles and internet database.

In this study, the questionnaires were distributed to 100 respondents in awareness of micro financing among the individuals. Moreover, the data was gathered from secondary sources from different published articles, books, newspapers and e-books.

RESULT AND DISCUSSION

Result

Figure 1 showed 50% respondents strongly agreed and 30% respondents were agreed that micro financing was kind of noble cause. Meanwhile, only 20% respondents were neutral on this question. The respondents who were aware of micro financing concept which considered it's as noble cause. In additions, the respondents who felt neutral were probably unaware of micro financing was kind of noble cause.

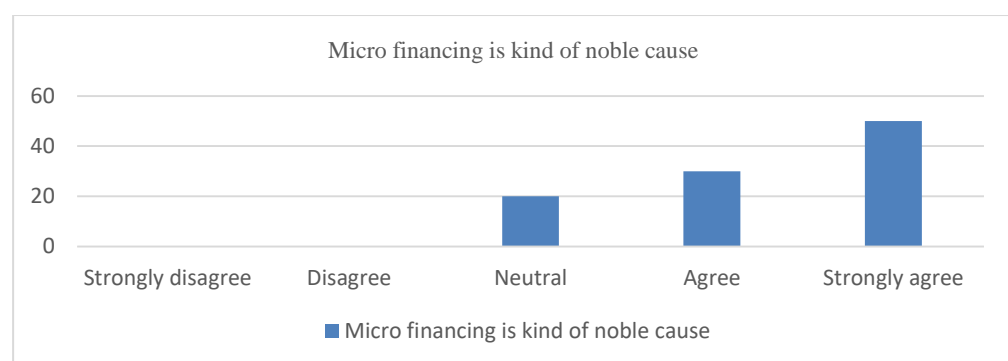


Figure 1. Micro Financing Is Kind Of Noble Cause.

Meanwhile, there were 50% respondents strongly agreed and 40% respondents were agreed on the primary purpose of micro financing was to help unfortunate individuals or families.

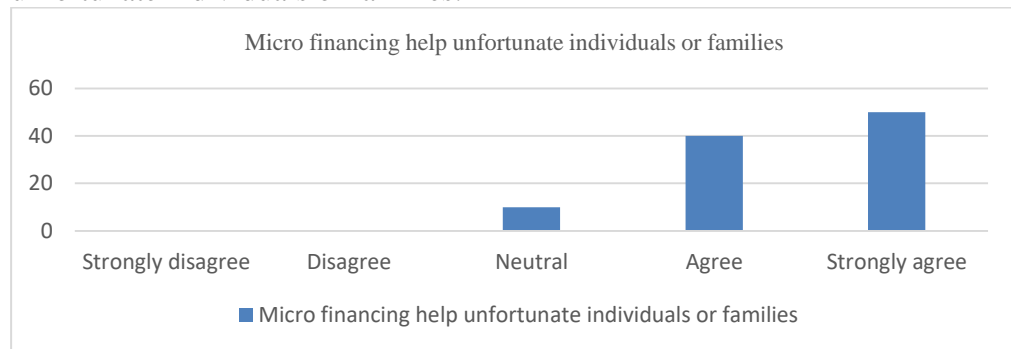


Figure 2. Micro Financing Is Helped Unfortunate Individuals And Families.

Furthermore, 60% respondents strongly agreed and 40% respondents were agreed toward awareness was needed in developing countries.

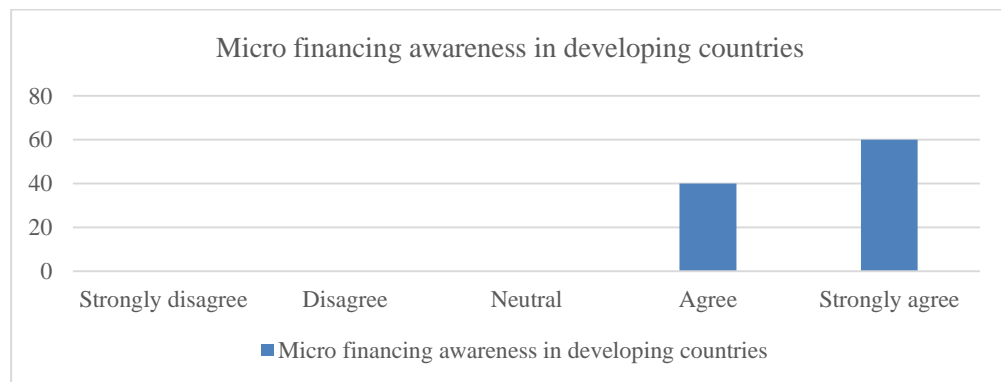


Figure 3. Micro Financing Awareness In Developing Countries.

There were 40% respondents strongly agreed and 20% respondents were neutral that micro financing was according to Islamic Shariah law concept.

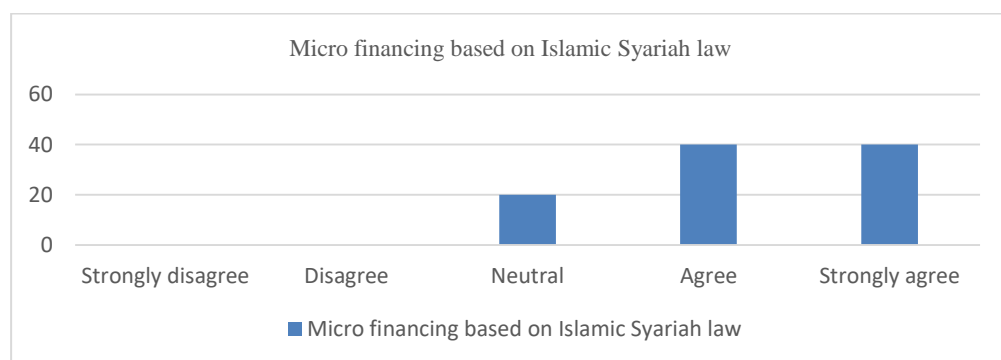


Figure 4. Micro Financing Based On Islamic Syariah Law.

In additions, 30% respondents were neutral and 30% respondents were agreed that micro financing was generated from Islamic Shariah law.

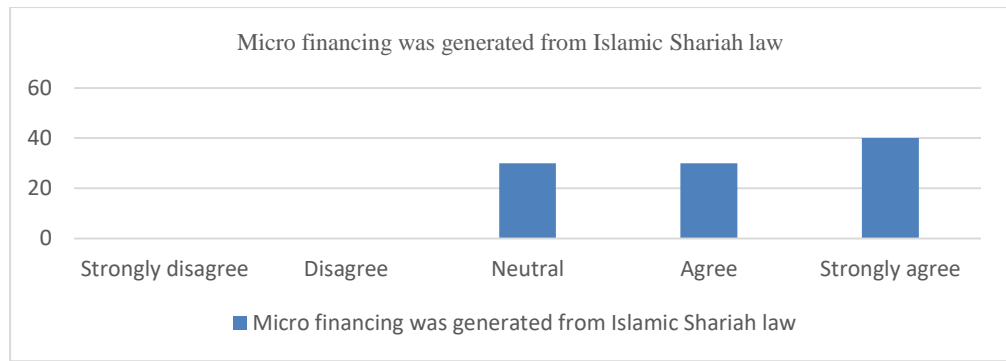


Figure 5. Micro Financing Was Generated From Islamic Shariah Law.

In additions, 70% respondents agreed that micro financing was positive for developing countries and 20% respondents toward this statement. The programs were necessary for long term success particularly in developing countries.

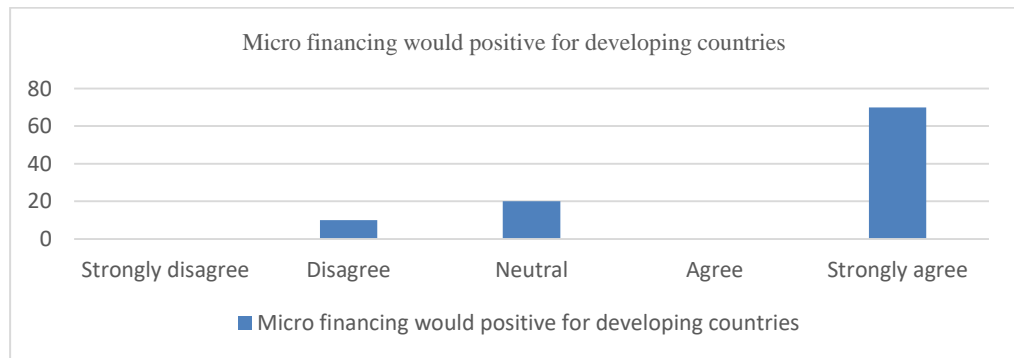


Figure 6. Micro Financing Was Positive In Developing Countries.

There were 60% respondents strongly agreed that micro financing had started on urgent basis in developing countries due to intense poverty while 20% respondents agreed and 20% respondents remain neutral toward this statement.

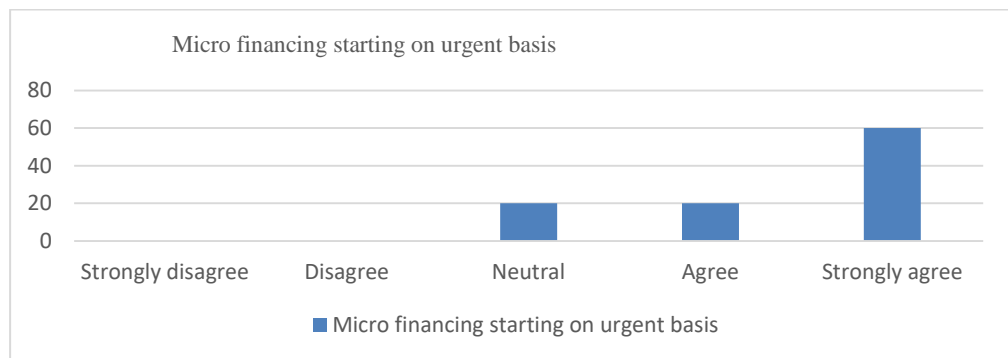


Figure 7. Micro Financing Started On Urgent Basis.

Furthermore, 50% respondents remained strongly agreed and other half had agreed that micro financing was good cause for unfortunate individual.

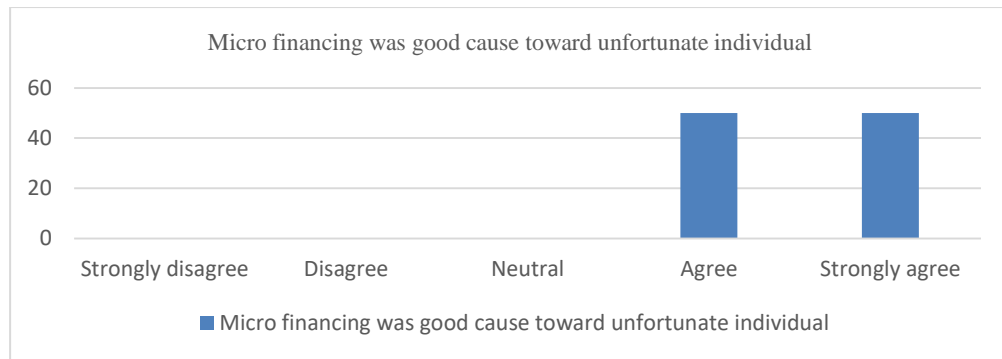


Figure 8. Micro Financing Was Good Cause Toward Unfortunate Individual.

Besides, 50% respondents strongly agreed that micro financing was positive and fruitful for unfortunate individual and entrepreneurs which 50% remained disagree to this statement. The respondents who disagreed to this statement were not considered as fruitful for everyone due to lack of awareness toward micro financing concept.

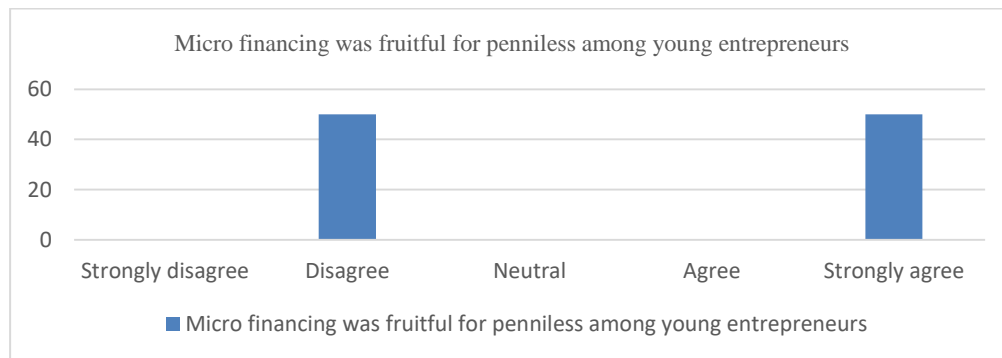


Figure 9. Micro Financing Was Fruitful For Penniless Among Young Entrepreneurs.

There were 40% respondents strongly agreed and 40% respondents were agreed on micro financing helped society became more stable and healthier.

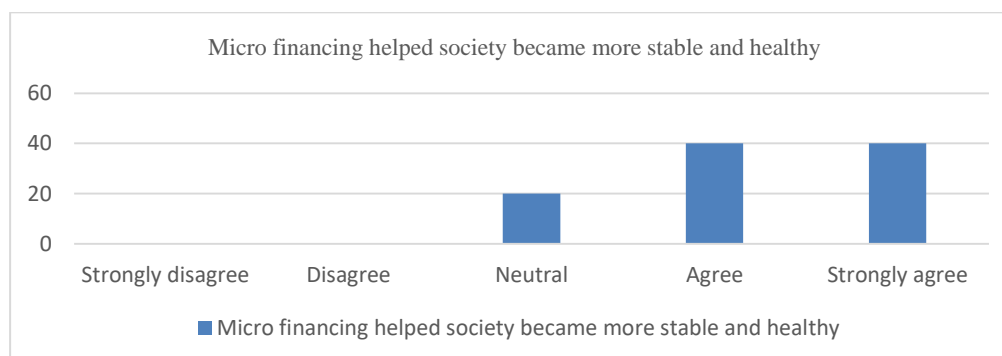


Figure 10. Micro Financing Helped Society Became More Stable And Healthier.

DISCUSSION

Based on the result, the respondents were unaware of micro financing concept. Moreover, the micro financing was correlated with Islamic Shariah law and helped unfortunate individual and entrepreneurs. In additions, most respondents did not provide an appropriate response and remain neutral which indicated respondents were unaware micro financing and its concept. Many financial programs had been proposed and proved to be success while some programs were failed. Moreover, firm maintenance and stable in individual society empowerment was important. The micro financing concept encouraged individual and work for society improvement.

In additions, penniless and unfortunate individual were in majority in developing countries which impede country development. The unfortunate and penniless families were unable to live on their own with help of micro financing such as abled to start any small business and their conditions became stable.

CONCLUSION

The study “awareness of micro finance” highlighted the aspect due to which banks started to consider it as a crucial element in today’s society. Moreover, particularly in the developing countries, the concept of micro financing has been seen was observed approved that micro financing was similar to Shariah law and did not violate Islamic rules and regulations. Its allowed loans to Muslim individuals regarding the establishment of better life style within Islam circle.

The micro financing enables individuals with a loan for starting a small business. Its helped in eliminating poverty in society and contributed a better place to live. Along with this, Hence, are willing to improve their lives. It is evident that there are talented individuals who want to work on their own, but their unfortunate conditions do not let them this opportunity. Therefore, from micro financing, such individuals can also take advantage. Besides this, microfinance also allows a loan to women who are a widow or single mothers in order to eliminate hurdles from their lives.

The study also agreed with the viewpoint that micro financing must start there on urgent basis. Additionally, the data from questionnaire determines the exact response. Besides, there were individuals who were unaware of concept.

There were individuals who were unaware of micro financing need to understand. Hence, the seminars and lecturers must be held in universities. However, the individuals who are aware and agreed that the idea of microfinance must be implemented in developing countries on an urgent basis to the life conditions of penniless individuals can improve and a stable society can promote.

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