

Islamic Microfinance and the Empowerment of Women: Female Borrowers Use of Funds Directly Vs. Through Husband: A Case Study of Akhuwat Foundation by **Humaira Zulfiqar**

This study initially looks at the various banking systems and the role that Islamic Microfinance has played in empowering women. Microfinance is a well recognized tool for poverty alleviation in third world countries. There have been many studies on microfinance and its effect on women's empowerment. But there is still no conclusive evidence on how it has positively influenced women's decision making in their multiple roles. Also very little is known about the impact of Islamic Microfinance, as a new and emerging credit product for the poor. The present research explores the differences between conventional Microfinance and Islamic Microfinance through the work of Akhuwat Foundation, in a subset of its borrowers in one of its branches in Rawalpindi, Pakistan. One hundred women borrowers residing in a low income part of Rawalpindi were interviewed over a period of three months in 2012. This research also undertakes a comparative analysis of the female borrowers, who invested the loan in an income generating activity and those who gave the funds to their husband to start an income generating activity. The research questions were what, if any is the difference between the material condition of female borrowers who use the loan themselves, and female borrowers who give the loan to their husbands, and finally how access to credit contributes to the empowerment of female borrowers. The findings indicated that women who used the loan themselves were more empowered as compared to women who were not using the loan themselves, in terms of spending money on household expenditure, on health and education of their children. It was observed that microfinance did not have any impact on the mobility, and level of awareness of women. Age is an important factor for women's mobility. Women who were younger were restricted to their homes whether they generated an income or not. But the women who were older were more independent to go out of their homes from time to time. Access to credit cannot be assumed to lead towards empowerment for women, unless it is accompanied by a process of conscientization which involves the creation of awareness of legal and social rights among the borrowers. While this study is limited to a small proportion of borrowers, it does highlight some of the issues for policy makers such as the purpose of credit and whether it is only to improve the material condition of women and the poor, or also to improve their position and status in society.