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Khairunnisa Musari

The Concept of Patah Titi: The Problem of Inheritance and Its Solution in Aceh Tengah

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Khairunnisa Musari

Promoting *Qarḍ al-Ḥasan* in Nanofinance to Counter The Moneylender in Southeast Asia

Abstract: *Moneylending is a real humanitarian problem in Asian countries, including in Southeast Asia. This study examines moneylending activities in this region, where poor people become a target. An emergency need forces them to seek out a moneylender. This paper argues that nanofinance may address the microfinance gap to counter the moneylender. Despite the existence of nanofinance, it has not obtained as much attention as microfinance. However, nanofinance activities have run in some Asian countries to help the poor. By interviewing some informants in Indonesia, Vietnam, and Cambodia, and then reviewing the empirical study and context in Malaysia, Thailand and Brunei, this paper intends to: (1) Describe the practice of moneylending in Indonesia, Vietnam, Cambodia, Malaysia, Thailand and Brunei; (2) Describe the nanofinance practice in Indonesia and Thailand; (3) Promote* qarḍ al-ḥasan *as the philanthropy contract of (Islamic) nanofinance.*

Keywords: Philanthropy, Islamic Finance, Nanofinance, Moneylending, *Qarḍ al-Ḥasan*.

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Abstrak: *Peminjaman uang berbunga tinggi adalah masalah kemanusiaan yang nyata di negara-negara Asia, termasuk di Asia Tenggara. Studi ini menemukan aktivitas demikian di wilayah tersebut. Orang miskin menjadi target. Kebutuhan darurat memaksa mereka untuk terlibat dengan rentenir. Kajian ini meyakini* nanofinance *dapat mengatasi kelemahan* microfinance *untuk melawan rentenir. Meskipun keberadaan* nanofinance *belum mendapat perhatian sebanyak* microfinance*, tetapi kegiatan* nanofinance *telah berjalan di beberapa negara Asia untuk membantu orang miskin. Dengan mewawancarai beberapa informan di Indonesia, Vietnam, Kamboja, kemudian mempelajari studi empirik dan konteks terkait di Malaysia, Thailand dan Brunei, kajian ini bermaksud untuk: (1) Menggambarkan praktik para rentenir di Indonesia, Vietnam, Kamboja, Malaysia, Thailand dan Brunei; (2) Menggambarkan praktik* nanofinance *di Indonesia dan Thailand; (3) Mempromosikan* qarḍ al-ḥasan *sebagai kontrak filantropi untuk nanofinance (syariah).*

Kata kunci: Filantropi, Keuangan Syariah, Nanofinance, Peminjaman Uang, *Qarḍ al-Ḥasan*.

ملخص: يمثل إقراض الأموال مرتفعة الفوائد مشكلة إنسانية حقيقية في البلدان الآسيوية، بما في ذلك جنوب شرقي آسيا. وتناولت هذه الدراسة أنشطة إقراض الأموال في هذه المنطقة، حيث يصبح الفقراء مستهدفين. وذلك بسبب حاجاتهم الملحة التي تجبرهم على البحث عن المقرضين. وتؤكد الدراسة أن التمويل متناهي الصغر يمكنه التغلب على نقاط الضعف الموجودة في التمويل الأصغر ضد المقرضين. وعلى الرغم من أن وجود التمويل متناهي الصغر لم يحظ بنفس القدر من الاهتمام الذي يحظى به التمويل الأصغر، فإن أنشطة التمويل متناهي الصغر تم تطبيقها في العديد من البلدان الآسيوية، والتي تهدف إلى مساعدة الفقراء. ومن خلال إجراء مقابلات مع العديد من المخبرين في إندونيسيا وفيتنام وكمبوديا، ثم مراجعة الدراسات التجريبية والسياقات ذات الصلة في ماليزيا وتايلاند وبروناي، تهدف الدراسة إلى: (١) وصف ممارسات المقرضين في إندونيسيا وفيتنام وكمبوديا وماليزيا وتايلاند وبروناي؛ و(٢) وصف ممارسات التمويل متناهي الصغر في إندونيسيا وتايلاند؛ و(٣) ترويج القرض الحسن كعقد خيري للتمويل الأصغر الإسلامي.

الكلمات المفتاحية: الأعمال الخيرية، التمويل الإسلامي، التمويل الأصغر، إقراض الأموال، القرض الحسن.

Poverty alleviation is still a global issue, particular in developing nations. The Banking with the Poor (2011, 10) estimates about one billion people living in contemptible poverty, including some 800 million in the Asia and Pacific region. Bruton, Ahlstrom, and Si (2015, 2) claim 1.7 billion people in Asia live in poverty. Asian Development Bank (2000, 1) adds that in the Asia and Pacific region, approximately 95% of 180 million poor households still have slight access to formal financial services. Cook and Pincus (2014, 4, 12) remind that Southeast Asian countries can be an example of the poverty-reducing effects of economic growth and market-friendly economic reforms. An important common challenge in Southeast Asia is rapid urbanization and protecting rural to urban migrants from risks to their health, safety, and economic well-being.

Today, microfinance initiatives are still widely acclaimed as an innovative instrument for poverty alleviation. Asian Development Bank (2000, 1), Robinson (2001, 37), Morduch and Haley (2002, 5), Ahmed (2002, 30), Segrado (2005, 12), Dusuki (2006, 2), Obaidullah (2008, 1), Obaidullah and Khan (2008, 1), Hossain and Knight (2008, 2), Mitra (2009, 87), Mohammed and Hasan (2009), Leikem (2012, 7), Levin (2012, 111), Mazumder and Wencong (2013, 403), Bhuiyan, Siwar, Ismail, Hossain and Rashid (2013, 19) confirm that microfinance is a useful tool for making significant contributions toward fighting poverty and uplifting the livelihoods of vulnerable communities by providing a small credit to people who otherwise does not have any access to financial services to become self sufficient to establish an income-generating activity. However, microfinance faces some serious challenges, especially for helping the very poor or very low income. Most poor microentrepreneurs have no access to the formal sources and instead use informal loans with an exorbitant interest rate.

Poverty alleviation through microfinance initiatives is actually aligned to the mission of Islamic economics and finance. Unfortunately, although microfinance through microfinance institutions (MFIs) has a mission to counter moneylenders, targeting the poor or low income people, and the interest charged is relatively low, but from an Islamic economics and finance perspective, these practices are still not shari'a compliant because of the interest ratecharged. Moreover, although most MFIs charge lower interest rates than local moneylenders, many MFIs and microfinance banks' interest rates are higher than bank interest

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rates. Musari and Simanjuntak (2015, 4), Levin (2012, 112), Askari, Iqbal, and Mirakhor (2009, 198) find MFIs charge high interest rates to the poor although it seems cheap and it is not considered to charge the borrower. They see the lending rates of MFIs becoming a polemic. Should microfinance apply interest to the poor? Can microfinance be a sustainable tool for empowering the poor?

Very clearly, microfinance has a mission to help poor people. Unfortunately, people in need usually pay off the loans at very high interest rates from year to year to sustain their life. Rosenberg (2002, 10), Rosenberg, Gonzalez, and Narain (2009, 1), Rosenberg, Gaul, Ford, and Tomilova (2013, 1) clarify that the high interest rates of microcredit by MFIs have received criticism since the late 1970s at the beginning of the modern microcredit movement. Rahman (1999, 79), found during his fieldwork that Grameen Bank charges annual interest rates of 20% on most microcredit to the poor. As the pioneer of microcredit, the interest rates of Grameen Bank were 8% larger in comparison to commercial market rates.

Today, nanofinance is a new paradigm of microfinance. Musari (2016b, 2, 10–11; 2017, 171–72) claims that some countries in Asia have implemented nanofinance for the very poor. Nanofinance can be expected to shield the lack of microfinance, including Islamic microfinance. Nanofinance is in accordance with the mission of Islamic economics as it represents a humanitarian mission to help the very poor, particularly to avoid the loan shark by using a *qarḍ al-ḥasan* contract to meet the emergency needs (for food, healthcare, education, death, wedding, daily livelihood) or *mushārakah/muḍārabah* (for small trading or very micro enterprises). Nevertheless, Iqbal and Mirakhor (2011, 58), Obaidullah and Khan (2008, 20), Khan (2008, 20) regret that scholars rarely discuss the subject of *qarḍ al-ḥasan*. In fact, *qarḍ al-ḥasan* has a stronger tone in Islam than other *ḥalāl'* contracts, which are directly stated by the Quran and Hadith.

Moneylending, A Social Ill in Asian Countries

From an Islamic economics perspective, a moneylending business can be categorized as *'aṣabīyah jāhilīyah.* Citing Dusuki (2006, 4), *'aṣabīyah jāhilīyah* can be interpreted as deplorable, [having] a tendency to promote injustice, inequality, conflict and mutual hatred. The Prophet (p.b.u.h) made a clear distinction about this type of *'aṣabīyah* in a Hadith. It was reported by Ibn Majah from the father of Fusaylah, that the Prophet (p.b.u.h) was asked whether the love for one's own *qawm* (group, tribe or nation) constituted under the meaning of *ʿaṣabīyah.* He replied: "No! *ʿAṣabīyah* is rather the helping of one's *qawm* in *ẓulm* (injustice)."

Musari (2017, 173) argues that moneylending is also a humanitarian problem. Any humanitarian mission should make it a target too. The moneylender will trap people in a spiral of debt and resort to the most extreme bullying strategies to enforce repayment. What is a moneylender? Madestam (2014, 158, 160) defines moneylenders as those offering informal credit to meet borrowers' financing needs. They actually often get the money from bank funds. Mallick (2012, 3) considers moneylending an informal credit market that charges exorbitantly higher interest rate on loans. This paper tends to frame moneylenders as the people, individual or collective, who lend funds, mainly through cash transactions, to finance the emergency needs of the customer and take profit from lending in some way.

Empirically, in South Asia, before the institutional credit for poor people was introduced, Rahman (1998, 5) describes the two sources of credit in rural areas in Bangladesh, i.e. commercial banks and moneylenders. The poor have no guarantees so they can not get loans from commercial banks, but they can get loans from a moneylender with an extremely high interest rate. At the village level, Mostafa (1982, 51) explains that the agricultural credit requirement is met by only 15-20% of institutional sources. A large portion of the credit requirement is met by local moneylenders who charge a very high interest rate on the loans. Actually, loans are made to the farmers by the cooperative banks. Unfortunately, the loans are not properly utilized. It is estimated that 75% of families borrowed only for meeting family expenses.

In Pakistan**,** Irfan, Arif, Ali, and Nazli (1999, 54) elucidate that moneylenders loaning with high interest rates has occurred during the last 8 to 10 years. In some urban areas, Qadir (2005, i, iii, 8) narrates that most moneylenders lend the credits of goods to people. The annual interest rates for loans vary depending on the borrower's financial position and their previous track record. In rural areas, moneylenders have been an integral part of rural economy. Historically, they played a significant role in serving village transactions for consumption and financing.

In India, loans by moneylenders also play a significant role. The most common reaction to the economic crisis was to take out loans with moneylenders by transferring them to women workers' forums (Asian Development Bank 1997, 8). However, some medias reported about the suicide cases due to debt burden, loans from banks, and also from moneylenders. As a densely populated country, more than 70% of the people live in villages. Meeta and Rajivlochan (2006, 133) state that almost 50% of farmers had taken informal loans, either from a moneylender, the local agriculture supply shop or from a relative. A few families reported clear-cut harassment by moneylenders. In addition, the local agriculture supply shop also pressured the victims to repay the loans. These villainous loan sharks become a scourge so that happened the epidemic of suicides. Furthermore, Maity (2016, 71) claims that farmers committing suicide in India is no secret and everyone has knowledge of which suicides happen because of the debt. Most of the farmers are illiterate and don't understand what the moneylender is actually doing to them. The farmers give fingerprint on the papers made by the moneylenders. The moneylenders say that the interest rate is small, but in reality, it used to be very high. This high interest rate leads to higher debt. Despites higher food production, the farmer is unable to repay the money. Finally, the farmer decides to commit suicide.

In East Asia, in Japan, the moneylenders were generally sake brewers as well (Butler 2004, 153). Like usury law in the West, these efforts provide an opportunity to examine an evolution in legal norms geverning a basic transaction that remains fundamentally unchanged: lending money at interest (Pardieck 2008, 531–32). The lenders take advantage through gray zone loan rates between two legal rate limits to increase profit. The Interest Rate Restriction Act allows the loan interest rate to be approximately 15-20%, in accordance the loan amount, without a penalty to creditors imposing tariffs more than the limit. Contrarily, the Investment Deposit and Interest Rates Act stipulates a 29.2% peak interest rate, and penalizes higher tariffs. The registered monelylenders are permitted to charge the gray zone loan rate between two types of legal restrictions and raise substantial profit (Sakai 2008, 50).

In China**,** Barboza (2011, B1) mentions that as China's economy has begun to slow slightly, more and more entrepreneurs are finding themselves unable to meet debt payments on which interest rates often run as high as 70% in this nation's thriving, unregulated and underground loan system. Such illegal lending amounts to about $630 billion a year, or the equivalent of about 10% of China's gross domestic product (GDP). Hornby and Zhang (2017) write that, in times of fast economic growth, China's entrepreneurs relied heavily on high-interest loans to expand. Today, faced with defaults after several years of slowing growth and rampant overcapacity, loan sharks are turning to local thugs to collect. Now, Hall (2011) warns, China the global creditor is becoming China the global loan shark.

In Kazakhstan, the largest of the Central Asian republics geographically, has a wealth of natural resources. Asian Development Bank (2011, 3) highlights that moneylenders are relied upon by small and medium-sized enterprises (SMEs) for seed money to start or fund their businesses. SMEs also depended on their own savings and those of family and friends. Banks were viewed as an unreliable funding source. Arzayeva and Dochshanova (2016, 1) argue that moneylenders were actually involved in the robbery of their fellow citizens, and that this leads to the impoverishment of the people, which in turn causes a drop in demand for manufactured goods and services, inhibiting development of national economy. In some urban regions, where public and private donors have generously provided subsidies to overcome micro and small entrepreneurs (MSEs)' lack of access to finance by founding and promoting MFIs, Schaefer, Siliverstovs, and Terberger (2010, 1) mention that financial institutions also targeted at MSEs compete with informal money-lenders.

Nanofinance, Adressing the Lack of (Islamic) Microfinance

Access to financial services for the poor is indeed important for the success of sustainable poverty alleviation programs. In this regard, microfinance has been recognized worldwide as an important policy instrument. Most literature discusses microfinance but not much discusses nanofinance. The coexistence of nanofinance has not received as much attention as microfinance in the theoretical work. However, Musari and Simanjuntak (2016, 457–59), Musari (2016b, 3–6), Chonlaworn and Pongpirodom (2015), Parpart (2014), Mahanti (2008), and Pathak and Sriram (2004, 2) show that nanofinance is practiced in some Asian countries. There are MFIs, nanofinance institutions (NFIs) and/or local/rural banks providing nanofinance to serve the poor, especially the poorest of poor.

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Referring to Deb, Sengupta, and Ray (Eds.) (2008, 33–35), nanofinance is another concept, distinct from microfinance, addressing the serious problems associated with extreme poverty within the community. In nanofinance, tiny grants, credit, savings and other welfare services are offered to the poorest and most deprived section of the society. Through subsidized funding, nanofinance is addressing extreme poverty by integrating non government organizations (NGOs), social security funds, grants, interest-free loans, etc., with special government investment in health, education and infrastructure development that can help raise the level of the extremely poor. Musari (2016b, 2–8; 2017, 171–72) describes nanofinance as a new paradigm of microfinance, namely a small financing model that operates with simple processing systems for the very poor for their emergency needs (for food, healthcare, education, death, wedding, daily livelihood, small start-up business or trading or very micro enterprises). Its missions are: to prevent the very poor from going to the moneylender; to fill the (Islamic) microfinance gap; to encourage the very poor to be independent and have the minimum necessities to live a decent life; to build sufficient internal financial and human resources and to use them to leverage resources from external sources; and to reduce the humanitarian impacts of extreme poverty and moneylending. The target market are: the poor people, including the most impoverished; micro enterprises that may not have a constant income, monthly, paycheck, or have limited financial history; and the very low income groups/individuals that do not meet financial institutions' borrowing criteria.

In India, there are officially nanofinance institutions (NFIs). As small interest free loans, Mahanti (2008) explains nanofinance could be given to women for their emergency needs. NFIs in India are established to help the most impoverished women in society. She argues the condition of the most impoverished in India has not changed in spite of all the progress. Women who fall into this category constantly struggle for their daily livelihood. One of the root causes of their helpless situation is the emergency need for small amounts of money. They cannot go to the government, commercial banks or MFIs for their emergency needs. The procedures in those institutions are impractical and unhelpful to the most impoverished. The only choice they have is going to the moneylender. Most of the time, they cannot pay back the entire principal amount in a lump sum, which is required by the moneylender, and therefore continue to pay interest for the rest of their lives. Sometimes, the condition forces them to take loan from another moneylender to pay back their previous loan or take another emergency loan.

Moneylending in Southeast Asia

Poverty is a dynamic phenomenon. It has a lot of dimensions with respect to time and region. Study of Imtiaz, Mehmood, Akram, and Irfan (2014, 64) provide policy recommendations to distribute more loans at lower interest rates to alleviate the poverty and allow sufficient steps to recover the borrowed amount so that in the future better borrowing can occur. Referring to study of Irfan, Arif, Ali, and Nazli (1999, 26), a good deal of interlinkages exist between formal and informal credit institutions. It appears that, as in the formal financial market, lenders in informal markets also follow credit worthiness as the major criteria to lend.

In Indonesia, in order to meet the needs for funds that might not accomodated by MFIs, the very poor and/or low-income people come to the moneylender. Why do people always come to the moneylender to solve their financial problems? Why not Islamic MFIs? Study of Rozalinda (2013, 522–25) in Padang, finds the following reasons: (1) emergency need for business assistance; (2) a fast process, simple procedure and short-term payback period; (3) lack of bank/non-bank access; (4) lack of information for the existing Islamic MFIs or *bayt al-māl wa al-tamwīl* (BMT); (5) low awareness of religious orders to leave usury. It was also found that MFIs had not yet provided significant financial assistance for vendors.

Awirya, Rahmayani, and Prirayani (2012, 5) explain that commercial moneylenders are still working in rural areas and catering to the short-term needs of the poorest, although they are not flourishing as in the past. Some moneylenders are disguising their activities under the name of cooperatives. Characteristics of moneylenders in Indonesia are similar to other informal MFIs. The easiness of lending to the borrower remains the main reason for this activity still existing. Musari (2016b, 11) mentions the practices of moneylending in Indonesia typically set a 10-30% interest rate per month. Those who are moneylenders or become accomplices of moneylenders are not only individuals, but

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also groups, and even corporations. The business needs the attention of government because the majority of its customers are marginalized people. They are pushed by emergency needs to seek loans. The main feature of loans from this sector are no collateral, a fast process, and a very high interest rate. The state has actually been attentive to the economic activities of moneylenders through Law of the Police of the Republic of Indonesia Act 2002. In Chapter 3 Tasks and Authorities, it is mentioned in Article 15 that the police have the authority to prevent and cope with public ills. One of the public ills is the exploitation/practices of moneylenders.

However, the facts show that moneylending continues. The study by Hamka and Danarti (2012, 59) in Batu, Qodarini (2013, 64), and Kamil (2015, 6, 96–97) in Yogyakarta, Arief and Sutrisni (2013, 65–66) in Sumenep, Saputri (2014, 93) in Blora, Sirait (2015, 2) in Bintan, Saepudin and Cahyani (2016, 64) in Purwokerto indicate that moneylenders have never run out of customers. Their presence is under the guise of savings and loan cooperatives. Some include *Bank Thitil, Bank Keliling, Bank Harian, Bank Plecit, Bank Kredit, Batak Kredit (Bakri)*, etc. The participants are housewives, small traders, street vendors, and other micro communities who are mostly low in savings and assets and thus have to seek external loans to meet emergency needs. The moneylenders resemble sugar surrounded by ants because they do not limit the value of the loan and the money can be received that day. The high loan amounts sometimes bring the consequences for the borrower because unable to pay. Some even prefer committing suicide. This is considering the interest rate that is widely applied by the moneylender. Their actions become anxious for people when they include debt collectors like bodyguards to collect or seize goods. We can see both the moneylender and the borrower may become victims in the end.

In Vietnam, Asian Development Bank (1997, 138) claims female-headed households tend to depend on moneylenders as their informal financial source. Vuong (2014, 11, 15) elucidates the impact of the economic crisis and the tightening of banking credit rules lead to the increase of bad debts, and the banking sector suffered as about 50% of credit had been extended to real estate speculations and developments. It facilitated the thriving of informal credit and moneylending activities. The government became worried about the social unrest caused by harebrained financial failures in households. This underground credit was estimated to be equivalent to 30% of total formal credit. The moneylenders caused financial fraud that could spark serious economic effects. These frauds are generally appeared in transitioning societies, wherever many households and individuals learned to act as rent-seekers.

By surveying 932 households in rural areas to find out how the credit market in this area operates, the study by Barslund and Tarp (2008, 501) concluded that the existing credit market is active and growing. Formal credit is also expanding its working area. Simultaneously, a large informal sector operates, constituting almost one-third of all loans, and demonstrates that poor households in rural areas still depend on informal networks and relatives. Distinct segments of the loan market service distinct needs. The formal sector is concerned practically with offering loans and asset accumulation. The informal sector focuses on older and better educated households that need less credit. In contrast, a larger number of households with a poor credit history tends to escalate the demand for informal credit.

Further, as a country with people who believe in good and evil spirits, or animism, particulary in the rural areas and in the highlands, moneylending activities in Vietnam is not prohibited, but also not recommended. Moneylending is regarded merely as a business activity. There is no prohibition of any religion on usury. Therefore, moneylending can be done openly and the information is advertised freely in front of houses and shops. If there is a problem with a moneylender's business activities, the victim can report them to a law enforcement officer.

In Cambodia, microcredit has been expanding rapidly, and has become a highly contested issue for poverty alleviation. Ovensen and Trankell (2014, 179) found there is a growing demand for loans from private moneylenders at the same time, many of whom assume the role of patrons in their local societies. But widespread access to credit among the Cambodian population as a whole, from both microbanks and private lenders, often has pernicious consequences for the most economically vulnerable, many of whom experience a gradual exclusion from their local societies and customary occupations. Vathana, Dalis, Bopharath, and Dorina (2016, 2, 12) mention that there is competition among formal credit operators and between informal lenders, whose operations are still common in urban and rural areas of developing countries. In 2014, 47.5% of loan sources came from MFIs and NGOs compared to 38% from informal channels, mainly moneylenders and relatives/friends. Then, Musari and Simanjuntak (2016, 457), Musari (2016b, 5) find the fishermen at Tonle Sap Lake prefer to use finance from institutions like the cooperative. They finance their working capital without the involvement of the bank. They avoid the interest rate of local banks at 1.8% per month.

In Malaysia, referring to Arif (2009, 1), moneylending is a longstanding industry that has served consumers from diverse backgrounds. The industry is governed by the Moneylenders Act 1951, which underwent major amendments in 2003. Suppiah (2014, 850), Suppiah and Raja (2013, 64–66) explain that moneylending in Malaysia has occurred since the British era, with the advent of *Chettiars* as professional moneylenders. Pressure from the British to *Chettiar* in South India made them migrate to Southeast Asia and then expand to Malaya. Nadaraja (2016, 54) also mentions that one of the important sources of money for Malay farmers in the past were *Chettiar.* The farmers could obtain loans easily and quickly from them. However, borrowing money from *Chettiars* requires a guarantee, for example a land grant. The Malay reserve land grant had even become a form of collateral for Malay farmers.

Further, a study by Abdullah and Hanafi (2007, 257–58) found that illegal financial institutions, otherwise known as *Ah Long*, are also widespread in Malaysian society. *Ah Long* is another type of credit facility, which offers loan services, especially to those who are in dire need. They are viewed as illegal moneylenders because have no licence or authorization. There is no Malay law authorizing *Ah Long* and *Chettiars*. If a moneylender is not authorized, they might be categorized as a loan shark.

In Thailand, the government has addressed the issues caused by loan sharks. Since 1932, Thailand's has had an Interest Overcharging Law. The government has forbidden moneylending that charges interest which exceeds the rate prescribed by the law. Today, according to Armart (2017), the Thai government has declared a new law, 'The Act Prohibiting the Collection of Interest at an Excessive Rate B.E. 2560 (2017)' on January 15, 2017. The law was made effective the next day and repealed the 1932 version. The law is aimed to prevent and suppress the debt of moneylenders and usury loan problems, whereby the moneylender charges the borrower with exorbitant interest rates. These cases mostly occur between individual lenders and individual borrowers which may cause social and criminal problems within society later.

According to Sakai (2008, 51), lending fees used to be limitless, even though lending rates were capped at 15%. In 2005, however, lending rates including fees were limited to a maximum of 28%. Meyer (2002, 21) mentions the results of study which showed that membership of village banks had an insignificant impact on household physical assets, production, sales, expenses, labor time, or expenditures on health care and education. Paradoxically, the membership of a village bank emerged to add to a women's high interest debt. Several women reportedly fell into a cruel circle of debt, where they borrowed from moneylenders at a 3% interest rate per day to repay their loans to the village bank. Then, they used their next loans with the village bank to repay moneylenders by leaving a little money to invest. Many women were reported as affiliates to the bank for social reasons, without having any specific investment plan. Some others borrowed from the bank at low rates and lent out to other at higher rates. There was no evidence that the loans of village banks were directly invested in productive activities with a profit.

The study by Coleman (2006, 1613) finds the Bank for Agriculture and Agricultural Cooperatives (BAAC) services more than 80% of rural households. Therefore, it is reasonable to expect that the poor in rural areas do not find it difficult to access credit. However, the BAAC's extent in the Northeast, the poorest region in Thailand, is smaller than the rest of country. At the time of study, BAAC's interest rate p.a. varied from 3% to 12%, and the moneylenders charged between 60% to 120% p.a. The results of the study indicated that microcredit had a significant effect on further indebting female borrowers. Many women were falling into a malignant cycle of accruing debt with local moneylenders to repay their loans with the village bank. Interestingly, the study found a significantly positive relationship between microcredit intervention and women's interest lending out, since some members took microcredit from village banks at low interest rates.

In Brunei, Hassan (2010, 202) finds that sine the limitation to credit introduced in 2010, consumers have been driven to despair and

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pushed toward moneylenders who charge extreme interest rates. In recent developments related to increased consumer debt, Consumers International Kuala Lumpur (CIKL) Office (2011, 36) explains credit card policy that came into effect 1st January 2010, which was implemented and imposed by the authority to regulate the debt of credit card, which requires: (1) The applicant of a new credit card must have a fixed deposit account containing an equivalent amount to the maximum limit of the credit card or have a bank account where the monthly payroll is actively credited into the account of the card-issuing bank; (2) Monthly minimum payments of 8% from the total outstanding balance on the monthly statement.

With regards to moneylending activities, the Laws of Brunei (Revised Edition 1984) has the Moneylenders Act in Chapter 62 to provide for the enrollment of moneylenders and to curb their practice in charging prohibitive interest rates. In this Act, moneylender refers to any person who habitually lends money at interest, or a person who is proved to have lent money at interest on one occasion shall until the contrary be proved to be deemed to have habitually lent money at interest. No person shall carry on the business of a moneylender unless they are registered as such and obtained a licence from the State Secretary. The register shall contain the place of residence of the moneylender. Licences shall be granted annually and a fee of $500 shall be charged for every licence. An acknowledgement in writing shall be made for every loan, and for every payment made, an account of principal or interest, and such a document shall be stamped with the value provided in the Stamp Act for the time being. The interest rate of loans will not surpass 15% p.a. if secured, and 24% p.a. on note of hand only. Consumers International Kuala Lumpur (CIKL) Office (2011, 7) clarify that there is no report of consumers having loans from unlicensed moneylenders in Brunei Darussalam.

As another option for financing living expenses for consumer needs, Kambara (2014, 174, 176) promotes *Ar-Rahnu* as Islamic pawnbroking, which can provide a safe alternative to borrowing money from loan sharks. *Ar-Rahnu* products offer the best option as it conforms to Islamic principles and meets the customer's needs with reasonable lending rates. Thus, the *Ar-Rahnu* products institution is able to reduce and help combat the illegal activities of *Ah Long,* the moneylender that has similar terms to the moneylender in Malaysia.

The Practice of Nanofinance in Indonesia and Thailand

In Indonesia, one of the MFIs providing nanofinance for the poor is MFI for Society, which was initiated by the Department of Cooperative and Micro Small Medium Enterprises (MSMEs) in 2005 and has deployed to various sub-districts in Indonesia. Studies by Musari and Simanjuntak (2015, 4–6, 2016, 457), Musari (2016a, 76–78) found that in Jember Regency, East Java Province, these institutions consisted of a maximum of 200 people, with 90% of women becoming administrators, 46% with an elementary school graduation and 5% having never undergone a formal school education. In Jember, the term MFI for Society is usually called the Bank for Poor Families or *Bank Keluarga Miskin (Gakin).* The term *'Bank Gakin'* is used by the poor who become its members. *Bank Gakin* has received positive reactions from the poor because it has made it easier to gain a super micro loan for emergency needs.

Bank Gakin is a good financing alternative for the very poor, very low income, and micro enterprises, in place of formal banks or moneylender. Inspired by Grameen Bank from Bangladesh, *Bank Gakin* in Jember works like the self-help groups (SHGs) from India. A group of 5-10 people can apply for business loans between Rp50 thousand to Rp1 million. People who apply for credit do not have to submit business proposals, especially through a convoluted survey. Proposals can be submitted orally. Funds can be directly disbursed after a survey conducted at a glance toward the business. With a credit disbursement period of 10 weeks paid in installments every week with a rate 0.5%. This mechanism is very helpful for the group of microenterprises. At the end 2014, the number of *Bank Gakin* reached 454 branches, consisting of 6,424 community groups and a total membership 29,410 people. Total fee and administration income reached US$2,165 million, and current earnings collected were Rp1,060 million. This institution with its own funds even contributes to the government through the establishment of integrated health programs.

Another lesson from nanofinance in Indonesia is *Kredit Melati (Melawan Rentenir)* by the Government of Bandung City. Musari (2016a, 78–79, 2016b, 7) affirms that to dissuade Bandung's residents from using a moneylender, the local government asked the Rural Bank (BPR) to release nanofinance with the name *Kredit Melati.* Through this program, Bandung residents obtain credit with 0% interest. However, the BPR cuts 8% of total funds as an administration fee. For residents who are late in paying the loan installments, the BPR also imposes interest of 0.2% of the total installments per day. Further, the loan base of *Kredit Melati* is approximately Rp500 thousand-Rp30 million over a period of 12 months. The loan can be given for Bandung's residents as individuals or as a group. The membership of each group is 5-10 people, with target markets for business groups by region, type of business, gender, and profession. During two years, as many as 12,000 people have benefited from *Kredit Melati.* Most of them are microenterprises. *Kredit Melati* can provide hope for countering moneylenders in Bandung, who circulate under the guise of *Koperasi Simpan Pinjam* (KSP). They usually take advantage of people with economic problems, providing ease in borrowing funds but with high interest. This is not in accordance with cooperative principles.

In 2017, the central government, through the Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop and UKM), released *Kredit Ultra Mikro* (UMI). *Kredit* UMI is a hope for the realization of financial inclusion for all parties, especially for people who have limited access to banking facilities. Previously, the low-cost credit that became the mainstay of the government was *Kredit Usaha Rakyat* (KUR), at about Rp10-25 million. Now, *Kredit* UMI brings the mission to serve the business sector with a ceiling below Rp 10 million and also without collateral. Starting the Kredit UMI program, Kemenkop UKM and Ministry of Finance (MoF) allocated Rp1.5 trillion for 44.2 million micro small medium enterprises (SMEs) who have not previously had the opportunity to access KUR and want a smaller financing ceiling. The presence of *Kredit* UMI is in line with the spirit of nanofinance. *Kredit* UMI is a hope for micro groups to access financing that matches their capacity and capability. This small credit value is rational enough to be reached by them. Cooperating with cooperatives and the non-bank financial industry (IKNB) is a government breakthrough that should be appreciated because the existence of this program is also more populist.

In Thailand, referring to Karaivanov and Kessler (2018, 6), households are more likely to come to moneylenders or to the BAAC, a state-owned bank established to lend primarily to agricultural infrastructure. Parpart (2014) mentions that the smallest form of microfinance can be offered with an interest rate of 28%, while the nanofinance offers smaller loans than microfinance, but with interest charged at 30-36%. In this country, an increasing number of bank and non-bank businesses are now moving into nanofinance, which provides small scale loans without any collateral requirements. Although concerns remain about the high interest rates charged for some micro and nano loans, these programmes retain significant potential for both domestic and regional expansion, in addition to reducing "off-the-books" lenders, who charge even higher rates. The government believes nanofinance will prevent people who have already experienced the formal financial system to come to the informal financers, especially when the financial institutions constrain spending on loans. Nanofinance also might provide added protection and fairness for consumers through explication and transparency. This is because nanofinance may drive people to get loans from the formal system.

Therefore, Bank of Thailand (BOT, 2014) has been authorized to issue nanofinance regulations. An appropriate credit limit and interest rate ceiling has been set for very small customers with higher-level risks, to help increase their chances in accessing formal financial services. To remedy many small entrepreneurs or people at the grassroots who have no access to capital, thus requiring them to use out of system debt services known as loan sharks, the Thai Government implemented the Nanofinance Project at the beginning of 2015. Chonlaworn and Pongpirodom (2015) mention that the MoF launched the Nanofinance Project and assigned the BOT as regulator. On January 26th, 2015, the BOT approved the nanofinance scheme to counter the moneylender and open the entrance of capital access, which broadens the job opportunities available to the borrowers. Nanofinance is a flexible loan process, which is designed to meet the financial needs of people. Each person may borrow not more than Bt100,000, with an interest rate of up to 36% p.a., with no collateral. For business operators who need the permit as a nanofinance lender, they require a minimum of Bt50 million as registered capital, with a debt-to-equity ratio not to surpass seven times. To provide the incentive for the private sector to participate in the project, half of the income from the interests of nanofinancing can be a tax incentive. Moreover, the lower interest rates of nanofinance, when compared to moneylenders, also becomes an incentive to small entrepreneurs to get loans from the project.

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Parpart (2014) mentions that the smallest loans currently offered by financial institutions through microfinance have a maximum value of Bt200,000, with an interest rate of 28%. While the nanofinance will proffer Bt100,000-120,000 with an interest rate of 30-36%. Chonlaworn and Pongpirodom (2015) explain that nanofinance is different from personal and informal loans. In nanofinance, the effective interest rate does not exceed 36% p.a. without the required collateral. The amount of loan issuance per person is a maximum Bt100,000. The loan targets are to boost better entrance to capital, increase job opportunities, and reduce illegal lending. Target groups include new business owners who might not have a fixed income, monthly payroll or have limited financial history, and low-income groups/individuals that do not meet the criteria of borrowers in financial institutions. The requirements for the borrower are to be an individual capable of repaying debt. For the mechanism of debt collection, the lender issues an invoice to notify the borrower about the amount and due date of the repayment, or directly credits the monthly payments from a bank account according to the agreement terms between the lender and the borrower. The mechanism must comply with BOT regulations and related legislations. However, nanofinance also has disadvantages, i.e. the interest rates reach 36% p.a., and credit rank as reported by the Credit Bureau can be affected if no repayment is made.

Overall, the practices of nanofinance in Indonesia and Thailand have some differences. In Indonesia, the concept of financial institutions is cooperative or as microfinance institutions under the Department of Cooperative and MSMEs. In Thailand, the concept of the institution is non-bank, limited company or public company, with the BOT as regulator. In Indonesia, the target market is women with micro businesses who have no access to capital from formal financial institutions because they have no collateral or guarantee. In Thailand, the target market is current borrowers of informal loans; bank borrowers that are classed as a special mention group; new business owners that may not have a constant income, monthly paycheck, or have limited financial history; and low-income groups/individuals that do not meet financial institutions' borrowing criteria.

Based on the loan size, interest rate, and repayment periods, the nanofinance in Indonesia is Rp50 thousand-1 million with rate 0.5% per week or 0% with administration fees of 8% for 10 weeks.

In Thailand, the amount of nanofinance is up to Bt100,000 with the interest rate not exceeding 36% p.a. for 2-3 years. The similarity of nanofinance in these two countries is that there is no collateral required.

The practice of nanofinance must avoid the usury. This is not only in order to comply with shari'a principles, but also in the name of humanity, because the recipients of nanofinance are the poor, particulary the most impoverished. Musari (2016b, 9), Musari (2017, 172, 176 178) emphasizes that for an emergency behalf, the loans must be refunded according to the amount borrowed through the *qarḍ al-ḥasan* contract. It means nanofinance (and/or picofinance) must keep *qarḍ al-ḥasan*.

Qarḍ al-Ḥasan as the Philanthropy Contract of (Islamic) Nanofinance

Alleviating poverty requires many tools. Microfinance and/or nanofinance and/or picofinance are some of the tools. As a new paradigm of microfinance, nanofinance is using a poverty lending approach. Nanofinance, even though it is without the 'Islamic' label, should not be subject to interest. Nanofinance can provide hope for countering the moneylender and bringing Islamic values to conventional MFIs. In nanofinance, the extremely poor should be a target of MFIs through the nanofinance concept. Islamic financial institutions (IFIs) should be existed for them by bridging the financial and real sector, distribute the wealth, and manage the lack and excess of liquidity in order to establish financial inclusion for all, as the key to creating distributive justice, as Islam obliges the circulation of wealth to all members of society, and to prevent the circulation of wealth only among "The Haves."

Further, people in poverty demonstrate many anomalies. The treatment for them should be distinguished in the planning and implementation of effective financial inclusion strategies. Implementing usury for the poor is fighting humanity and hurting the poor. Arzayeva and Dochshanova (2016, 1–2) believe that one of the major causes of crises is the existent financial system, which is based on usury. In spite of good intentions, Duval (2004, 1) argues that the upper limit of interest rates mostly harms the poor by making it hard for the new MFIs to rise and defend in business. In countries with interest rates, MFIs frequently retire from the market, arise little by little, are insufficiently transparent about lending costs, and/or bring down their activities in

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rural and other expensive markets. The upper limit of interest rates in financial institutions usually drive the poor back to the informal market, which has negligible protection and security.

The proposed model of *qarḍ al-ḥasan* as the philanthropy contract of (Islamic) nanofinance can be seen in Figure 1. The financing for poverty alleviation must be divided into (minimal) three levels: Microfinance, Nanofinance, and Picofinance. Each region or country may apply differences in mechanism and policy. But, even without the 'Islamic' label, financing for the poor should not be subject to interest. This is not only in order to comply with the shari'a, but also in the name of humanity, as interest rates hurt the poor.

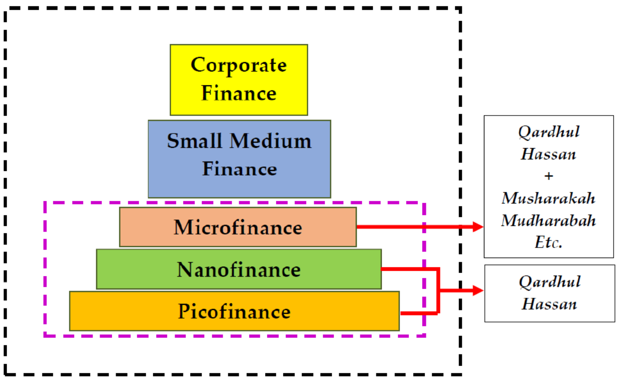

Figure 1. The Proposed Hierarchy of Financing for the Poor Through *Qarḍ al-Ḥasan*

Microfinance, as a finance tool, is not enough to counter the moneylender or loan shark. In the field, as previously described, microfinance in practice also has weaknesses. Microfinance as offered by conventional MFIs collides with the basic prohibition of usury that the Islamic shari'a mandates (Ahmed 2002, 28; Obaidullah and Khan 2008, 11). In addition, the poor are mostly regarded by the 'profit-oriented' banks as high-risk customers because of the inherent trouble in appraising their creditworthiness and also their disability to provide collateral to counter any potential risk (Dusuki 2008, 50–51). This paper argues that *qarḍ al-ḥasan* can be a meeting point between the conventional MFIs and Islamic MFIs, and also between conventional microfinance and Islamic microfinance, for financing the poor. Poverty alleviation is the main goal, so financing for the poor should avoid interest rates.

Nanofinance, (and/or picofinance) as the new paradigm of microfinance, can be also address the (Islamic) microfinance gap in order to alleviate poverty. The attention to financial accessibility for the poor is certainly central to IFIs, which have the responsibility to put forward social welfare in order to achieve Islamic economics objectives, including social justice, income and wealth distribution, and boosting economic development. Musari (2017, 176) believes that nanofinance (and also picofinance) can provide hope for countering the moneylenders and bringing Islamic values to conventional MFIs. In the future, consideration needs to be given to establishing the global Islamic Humanitarian Institution (IHI) to promote nanofinance and picofinance. IHI must synergize with the Islamic Development Bank (IDB) and Organization of Islamic Cooperation (OIC) to develop nanofinance and picofinance programs to deter the very poor in Islamic countries from the moneylenders, poverty, and help them to become self-sufficient. To start, the Muslim countries in Southeast Asia can be pioneers because moneylenders are scattered in this region as well. Besides, Indonesia and Thailand have practiced nanofinance, even though it still does not comply with shari'a principles.

Conclusion and Recommendation

The practice of moneylending is spread through most Asian countries, including in Southeast Asia. In South Asia, there are moneylenders in Bangladesh, Pakistan, and India. In East Asia, there are moneylenders in Japan and China. In Central Asia, Kazakhstan have moneylender activities as well. In Southeast Asia, the moneylenders can be found in Indonesia, Cambodia, Vietnam, Malaysia, Thailand, and Brunei.

Most literature discusses microfinance as an innovative approach for alleviating poverty. Not much discusses nanofinance. The coexistence of nanofinance has not obtained as much attention as microfinance. However, nanofinance activities have run in some Asian countries such as in India, Thailand and Indonesia. In order to counter the moneylender or loan shark, microfinance as a financing tool is not enough. Microfinance in practice also has weaknesses. This paper argues that nanofinance, as the new paradigm of microfinance, can also be addressed by the (Islamic) microfinance gap in order to alleviate poverty.

The last, *qarḍ al-ḥasan* is recommended as the contract for nanofinance. *Qarḍ al-ḥasan* can be a meeting point between

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conventional microfinance and Islamic microfinance for financing the poor. Poverty alleviation is the primary aim, so financing for the poor should obviate the interest rate. IFIs have responsibility to pave the way for the poor to access financial facilities. This is because IFIs have responsibility to prioritize social welfare in order to achieve the Islamic economics objectives, including social justice, income and wealth distribution, and boosting economic development.

Endnotes

1. Why are the interest rates of MFIs or microcredit of banks higher than the interest rates of other bank credit types? Uneconomical operations can make the cost higher than necessary. But Groen (2002, 1) explains that the producing costs of a small loan are of a higher percentage than the producing costs of a larger loan. The financial institutions should assign the interest rates that encompass all administrative costs, capital costs, inflation cost, loan losses, and provisions to increase equity. Rosenberg (2002, 1) confirms this, particularly as it inevitably costs more to lend and accumulate a certain amount through thousands of small loans than lend and accumulate the same amount in several large loans. The higher administrative costs should be covered by an increase in the interest rates. Meyer (2002, 4–5) affirms that transaction costs hold a large fixed cost portion, so that unit costs for smaller savings and loans become greater than the larger financial transactions. Thus, MFIs can survive when serving the poor, with high interest rates to achieve high efficiency.
2. Dusuki (2006, 3) explains that *'aṣabīyah* is a part of al-Muqaddimah postulates of Ibn Khaldun. *'Aṣabīyah* is very important to establish a strong civilisation. *'Aṣabīyah* is a term to mention social solidarity, which can be defined as a state of mind that makes individuals recognize themselves within groups and put first the interests of the group against their personal interests. This type of *'aṣabīyah* is a blessing because it promotes people to cooperate with others for common goals, refrain their personal interests, and meet their responsibility to others as QS. Al-Mā'idah [5]: 2, *"…And cooperate in righteousness and piety, but do not cooperate in sin and aggression. And fear Allah; indeed, Allah is severe in penalty."* Then, the opponent of this *'asabiyah* is *'aṣabīyah jāhilīyah.*
3. Deshpande and Arora (Eds.) (2010, xvii) illustrate that two-thirds of India's population derives sustenance from agriculture, which is dominated by small and marginal farmers. The sector thus reflects the lives of the bottom 60% of the country. Indian farmers confronted with severely distressing circumstances found themselves unable to cope up with changes in the economic environment. The outbreak of farmers' suicide during the last decade indicated this upheaval within the agriculture sector.
4. The credit market in Vietnam's rural areas is divided into three different segments. First, the formal segment, which includes all formal institutions. Second, the informal sector consists of private lending with interest charged by unrelated individuals and friends. Third, the informal sector consisting of lending from families, relatives and friends, with zero interest. The friends who lend and burden interest usually charge on average only slightly less than private moneylenders (which are not characterized as friends). See Barslund and Tarp (2008, 488).
5. Hinton, Tran, Tran, and Hinton (2008, 140) explains that folk religion is the oldest of Vietnam's religious systems, encompassing beliefs in a supernatural realm that is inhabited by deities and spirits through the stones, the mountains, the trees, the streams, and the rivers, etc. In popular Vietnamese culture, the animistic folk religions were melded with, rather than supplanted by, religions and spiritual traditions introduced at later times.
6. Poverty in Cambodia is mainly a rural phenomenon; the poor are mostly peasant farmers, who make up about 70% of the population. But according to a microfinance impact survey commissioned by the Cambodia Microfinance Association, only 29% of all microfinance borrowers list farming as their main source of income, while 32% are doing small (non-farm) business, and 28% are salaried employees. Moreover, the survey found that only 23% of all microfinance borrowers in the country are classified as poor. See Kang and Liv (2011, 4, 16).
7. *Chettiars* is derived from the Cantonese phrase. Suppiah (2014, 850), illustrating that

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Chettiars were the main moneylenders during the British era from the late 19th century until the Independence of the Federation of Malaya in 1957. The local and Asian capitalists depend on loans from *Chettiar* for their investment to open up forest land for rubber planting and tin mining. A large capital loan method by *Chettiars* led to them becoming known as the reputable moneylenders in Malay countries. After the Moneylenders Act 1951, the first and the only Malaysian legislation specially addressing moneylending, greatly disappointed the *Chettiar* and led to them ending their moneylending activities in Malaya.

8. *Ah Long* is also derived from the Cantonese phrase. It is an informal term for illegal moneylenders in Malaysia and Singapore.
9. This statement shall not include the Government or a banker who is licensed as such under the provisions of the Banking Act.
10. MSMEs have played a significant role in the economy of Indonesia. More than 56 million enterprises, 99.99% is MSMEs. According to data from the Ministry of Cooperatives and MSMEs (2014), micro enterprises during 2011-2012 had a 98.8% share of the total 56.54 million business units and absorbed up to 90.12% of the total 110.81 million labor forces. Whilst, the large enterprises only had a 0.01% share of all business units and absorbed 2.8% of the labor force.
11. The SHGs initiative was adopted by India several decades ago in order to alleviate poverty, and improve the ability of women to achieve rights and well-being. SHG is an autonomous financial organisation in its own right. Harper (2015, 2) explains that the SHG provides similar functions as those required by the Grameen system, but SHG run on their own behalf due to the fact that a SHG is a micro-bank, which carries out all the responsibilities of intermediation through savings and lending activities. The members of a SHG have accounts, not with the MFI or bank, and the MFI or bank does not have any direct interaction with the members, but may assist the SHG in record-keeping.
12. Equal to US$3.460-US$69.185 (US$1 ≈ Rp14,454) on 23 July 2018.
13. *Kredit Melati* is a nanofinance and also microfinance initiative. It is provided where most banks, and also rural banks, almost never distribute microfinance less than Rp 1 million. Kredit Melati also provide loans for the very micro society by the plafond for less than Rp 1 million.
14. In Islamic finance terms, what is done by *Kredit Melati* refers to the practice of *qarḍ al-ḥasan*. In *qarḍ al-ḥasan,* it is a loan in which the debtor is only required to repay the amount borrowed. *Qarḍ al-ḥasan* can be categorized as a help-loan based on the *taʿāwun* contract, which avoids interest or any compensation to the borrowers. The lender merely hopes for a reward from Allah, and helps without asking for advantages. The borrower must return the money according to the amount borrowed at the time mutually agreed. The lender may receive the merits, but it should not be required under the agreement. The lender may receive the rewards, but it should not be required under the contract. The lender may receive the rewards, but it should not be required under the treaty. With regard to the excision of 8% of total loans, Sumitro (1996) affirms that *qarḍ al-ḥasan*, as a soft loan given solely on the intention of social obligations, the borrower is not required to repay anything but principal and administrative costs.
15. Equal to Rp42,863,570 ≈ US$2,966 (Bt1 ≈ Rp428.6357; US$1 ≈ Rp14,454) on 23 July 2018.
16. The term of picofinance in Thailand has been introduced to the public. It is viewed as a final solution for the longstanding problem of moneylending, in addition to the earlier suggested nanofinance. The Thai government employs picofinance and nanofinance to handle loans at rural level. Picofinance will handle smaller funds, with loans not exceeding Bt50,000, whereas nanofinance handles larger loans of up to Bt100,000. The

practice of picofinance carried out by the Thai government is similar to the practice of nanofinance in Indonesia discussed in this paper. The value of picofinance funds in Thailand is equivalent to the value of nanofinance in Indonesia described in this paper.

17. See Robinson (2001, 22): There are two leading views for offering microfinance, viz the poverty lending approach and the financial systems approach. The poverty lending approach concentrates on reducing poverty through credit to the impoverished borrowers, particularly at below market interest rates. The aim is to provide the poor, especially the very poor or the most impoverished, with credit to cope with poverty and to become empowered. In nanofinance, through *qarḍ al-ḥasan,* the credit must be free of interest.

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The journal invites scholars and experts working in all disciplines in the humanities and social sciences pertaining to Islam or Muslim societies. Articles should be original, research-based, unpublished and not under review for possible publication in other journals. All submitted papers are subject to review of the editors, editorial board, and blind reviewers. Submissions that violate our guidelines on formatting or length will be rejected without review.

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5. Utriza, Ayang. 2008. "Mencari Model Kerukunan Antaragama." *Kompas*. March 19: 59.
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دور المرأة في أسرة السلفية الجهادية في فرض الانضباط على جسم الأبناء

أم ناحجة فكريتي ومحمد نجيب أزكى

اليهود في مؤلفات المسلمين بإندونيسيا: دراسة أولية

عصمة الرفيع