

Islamic Finance towards a Community Economic Resiliency amidst Covid-19 Pandemic in Lanao Del Sur, Philippines

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ABSTRACT - *This study was undertaken primarily to highlight the views of the different respondents on how Islamic finance in any way can affect community economic resiliency amidst Covid-19 Pandemic in the case of Lanao del Sur, Philippines. The respondents who participated in the wide ranging survey were sampled from the population by multistage sampling (first, by cluster sampling then by purposive sampling, by proportionate sampling and simple random). Data collection was done in Lanao del Sur Philippines, and to gather data on the respondents' socioeconomic profile for profiling purposes and the respondents' perception on how Islamic finance can affect community economic resiliency amidst Covid-19 Pandemic Lanao del Sur, Philippines the researcher used questionnaire, interview, focus group discussion, and observation.*

It was found that generally, Islamic finance can affect community economic resiliency amidst Covid-19 Pandemic. It can also help in the prohibition of Usury (Riba) which burdens the businessmen. Islamic finance can also help in the financial needs relative to how traditional finance help in the financial needs.

According to the findings of this study, the following can be concluded. Respondents strongly agree on the first four (4) indicators about Islamic finance and its role on how it can help business owners from the losses of the Covid-19 pandemic.

Respondents agree on the second four (4) indicators on Islamic finance's purpose of eradicating Usury (Riba) that challenges the business owners. Respondents strongly agree on the third four (4) indicators regarding the perception of the respondents on how Islamic finance can contribute in the rehabilitation of businesses in Lanao del Sur post-Covid-19. Respondents, overall, agree in the 4th four (4) indicators regarding the perception of the respondents on how Islamic finance can help business owners in their financial needs. Overall, they agree on every indicators.

In light of the findings, some recommendations are offered, among which are stepping up concerted efforts at educating the public about the Islamic Finance through a sustained massive information drive, symposia/seminars, integrating Islamic Finance into the curricula for the edification of the young, more vigorous use of various forms of media, and consultation or colloquy among religious leaders and Shari'ah experts for a more critical and thorough review of the controversial provisions of the law.

Keywords: *Islamic finance, traditional finance, community, resilience, Covid-19*

1. INTRODUCTION

When the Pandemic struck, businesses faced challenges as the new normal brings them minimal to no sales. The case is the same in the businesses of Meranaw people in Lanao del Sur. AbrihamEngidaw claims that Covid-19 is causing the global economy to tremble and that it is a pandemic that is seriously interfering with people's lives, livelihoods, and social and economic systems worldwide. According to several assessments, this is the worst worldwide disaster since World War II. Small businesses are the foundation of any economy, and since COVID-19

has had an impact on economies all around the world, it is more crucial than ever to defend them. One way of overcoming these challenges is with the help of Islamic Finance.

Marc Ross defines Islamic finance as the process through which organizations and people raise capital in conformity with Sharia, or Islamic law. It also describes the kinds of investments that fall within the purview of this system of law. Islamic finance is a distinct type of socially conscious investment. This area of finance is developing rapidly. In contrast to conventional finance, Hela Mzoughi emphasized that Islamic finance is relatively new. In fact, the first reflections on what will later be referred to as Islamic finance emerge only since the end of the Second World War and the beginning of the independence movements of the countries of Islamic tradition. For several decades, Islamic finance remained a purely intellectual exercise.

In order to assist the stakeholders in a way that they will use Islamic finance for their benefit, the study's goal is to highlight the opinions of the various respondents on how Islamic finance, in any way, can affect community economic resilience in the face of the COVID-19 Pandemic in the case of Lanao del Sur. The purpose of this study is also to shed light to this discipline as it is not conventional. A Muslim must deal with transactions the halal way, so it is our obligation that we should be aware and knowledgeable about Islamic finance.

2. MATERIALS AND METHODS

In this study, the researcher employed the descriptive methodology to collect both quantitative and qualitative data. The respondents' socio-demographic information, level of knowledge and grasp of Islamic finance, and opinions on how Islamic finance influences community economic resiliency in the midst of Covid-19 in Lanao del Sur were all acquired from them for this study.

This research was carried out in Lanao del Sur. Located in Muslim Mindanao's Bangsamoro Autonomous Region lies the Philippine province of Lanao del Sur. The nation's capital is the city of Marawi, which is bordered to the north by Lanao del Norte, to the east by Bukidnon, and to the south by Maguindanao del Norte and Cotabato. Its total land area is 3, 873 km². Rich, fertile land in Lanao del Sur produces a bountiful crop for their agriculture sector. They mostly grow rice, then corn, coconut, abaca, bananas, and durian. Some of their cottage industries include the production of brass and malong weaving.

There are also many businessmen in Lanao del Sur. They are the respondents of this study. From small business owners to franchise-owners. The respondents that is included in this study were 250 purposively selected from different municipalities of Lanao del Sur which serves as the clusters of this study.

This study's primary data was collected utilizing survey questionnaires that were adequately validated. The researcher provided authorization letters to the identified respondents who are business owners after the study tools had been validated. The survey questionnaires were provided to respondents as soon as the researcher received approval.

The surveys were gathered after it was over. The data were analyzed by the researcher after that. Frequency, Percentage, and Weighted Mean were used as statistical techniques to examine the information received from the respondents via questionnaire. It sought to distill respondents' replies into an easily readable tabular presentation for readers. These data were then evaluated to produce the findings, which formed the foundation for developing the study's conclusion and recommendations.

3. RESULTS and DISCUSSIONS

In order to understand the data, the study used a descriptive research methodology that combined a qualitative and quantitative approach. Verifiable self-made questionnaires were used to collect the data, along with other techniques including focus group discussions (FGD).

The findings showed in the frequency distribution table (FDT), that age range 31 – 34 have a frequency of 16 and a percentage of 6.4%, age range 35 – 38 have a frequency of 21 and a percentage of 8.4%, age range 39 – 42 have a frequency of 46 and a percentage of 18.40%, age range 43 – 46 have a frequency of 38 and a percentage of

15.20%, age range 47 – 50 have a frequency of 24 and a percentage of 9.60%, age range 51 – 54 have a frequency of 11 and a percentage of 4.40%, age range 55 – 58 have a frequency of 11 and a percentage of 4.40%, age range 59 – 62 have a frequency of 43 and a percentage of 17.20%, and age range 63 – 66 have a frequency of 30 and a percentage of 12.00%. Majority of the respondents were male which has a frequency of 180 and a percentage of 72%, female has a percentage of 28% which is a frequency of 70. Majority of the respondents have High school as their highest educational attainment, which is 52%, 12% have a degree in Madrasah, the rest 36% are College graduates (aggregated bachelor degree, Masters, and PhD). Included also in the study is the monthly income of the respondents. Respondents earning not greater than P20000.00 has a frequency of 47 and a percentage of 18.80%, respondents earning P20000.00 - P40000.00 has a frequency of 78 and a percentage of 31.20%, respondents earning P40000.00 - P60000.00 has a frequency of 65 and a percentage of 26.00%, respondents earning P60000.00 - P80000.00 has a frequency of 48 and a percentage of 19.20%, and respondents earning P80000.00 - P90000.00 has a frequency of 12 and a percentage of 4.80%

The following indicators display respondents' replies with respect to rankings and means for the first four (4) indicators of respondents' degree of knowledge on Islamic financing and its role in protecting company owners from the losses caused by the Covid-19 epidemic. Ranked 1st with a 4.90 mean is statement indicator "Islamic finance offers solutions that can help business owners from the losses caused by the pandemic" which means they strongly agree on this indicator. Ranked 2nd with a 4.82 mean is statement indicator "Islamic finance strengthens the business framework" which means they strongly agree on this indicator. Ranked 3rd with a 4.10 mean is statement indicator "Islamic finance can help business owners in recovering" which means they strongly agree on this indicator. Ranked 4th with a 4.05 mean is statement indicator "Islamic finance can minimize losses business owners suffered from the pandemic" which means they strongly agree on this indicator. Overall, they strongly agree on the first four (4) indicators.

The following indicators show their responses with the appropriate ranks and means for the second four (4) indicators of the respondents' level of knowledge regarding Islamic finance and its goal of eradicating the problem of riba (Usury) that affects business owners. Ranked 1st with a 3.89 mean is statement indicator "Islamic finance can eradicate Usury" which means they agree on this indicator. Ranked 2nd with a 3.83 mean is statement indicator "Islamic finance can minimize the challenges brought by Riba" which means they agree on this indicator. Ranked 3rd with a 3.80 mean is statement indicator "Islamic finance can offer alternative financing schemes" which means they agree on this indicator. Ranked 4th with a 3.79 mean is statement indicator "Islamic finance can strengthen the business relations" which means they agree on this indicator. Overall, respondents agree on the second four (4) indicators.

On the third four (4) indicators regarding the perception of the respondents on how Islamic finance can contribute in the rehabilitation of businesses in Lanao del Sur postCovid-19, the following indicators show their responses with respective ranks and means.

Ranked 1st with a 4.81 mean is statement indicator "Islamic finance can help rehabilitate a business" which means they strongly agree on this indicator. Ranked 2nd with a 4.78 mean is statement indicator "Islamic finance can help in economic development" which means they strongly agree on this indicator. Ranked 3rd with a 2.73 mean is statement indicator "Islamic finance can help in the community of businesses" which means they strongly agree on this indicator. Ranked 4th with a 4.72 mean is statement indicator "Islamic finance can offer remedies post-Covid-19" which means they strongly agree on this indicator.

Overall, they strongly agree on the third four (4) indicators.

On the last four (4) indicators regarding the perception of the respondents on how Islamic finance can help business owners in their financial needs, the following indicators show their responses with respective ranks and means. Ranked 1st with a 3.95 mean is statement indicator "Islamic finance can offer financing schemes that are halal" which means they agree on this indicator. Ranked 2nd with a 3.91 mean is statement indicator "Islamic finance can offer relatively better financing" which means they agree on this indicator. Ranked 3rd with a 2.89 mean is statement indicator "Islamic finance can minimize haram transactions" which means they agree on this indicator.

Ranked 4th with a 2.85 mean is statement indicator “Islamic finance can offer solutions to financial problems faced by business owners” which means they agree on this indicator. Respondents, overall, agree in the 4th four (4) indicators.

There are many advantages of Islamic finance, Islamic finance ensures financial inclusion. The meaning of it is that businesses can access affordable and useful financial services and products to help meet their demands. It delivers many things such as payments, transactions, credit, insurance, and savings sustainably and responsibly. Also, Islamic finance reduces the effects resulting from harmful products and practices. We must note that Sharia law does not allow any transaction that promotes activities and industries that Islam teachings prohibits. Islamic finance ensures justice through its principle of sharing loss and profits like the Amanah Bank, including any other risk that comes up. So, the law makes sure that Islamic finance products are Sharia-regulated, where it ensures that profits, losses, and threats are proportionally shared, so it doesn't fall to Haraam. Islamic finance helps in the development of the economy. Note that Islamic financial institutions have objectives of ensuring that they develop and grow and, at the same time, generate a profit. So, the choice of investing in a particular business will fall on the success and potential growth of these businesses.

4. CONCLUSION AND RECOMMENDATION

We all know based on the afore-mentioned the advantages of Islamic finance, such as ensuring financial inclusion. It is also mentioned that by Islamic finance, businesses can access affordable and useful financial services and products to help meet their demands. Also, Islamic finance reduces the effects resulting from harmful products and practices. Also, Islamic finance ensures justice through its principle of sharing loss and profits. Ultimately, Islamic finance helps in the development of the economy.

Furthermore, according to the findings of this study, the following can be concluded. Respondents strongly agree on the first four (4) indicators about Islamic finance and its role on how it can help business owners from the losses of the Covid-19 pandemic.

Respondents agree on the second four (4) indicators on Islamic finance's purpose of eradicating Usury (Riba) that challenges the business owners. Respondents strongly agree on the third four (4) indicators regarding the perception of the respondents on how Islamic finance can contribute in the rehabilitation of businesses in Lanao del Sur post-Covid-19. Respondents, overall, agree in the 4th four (4) indicators regarding the perception of the respondents on how Islamic finance can help business owners in their financial needs. Overall, they agree on every indicators.

Thus, it is hereby recommended the full implementation of Islamic finance, it can help in every way possible. It can help in rehabilitating businesses. Islamic finance can help business owners from the losses of the Covid-19 pandemic. Islamic finance can eradicate Usury (Riba) that challenges the business owners. Islamic finance can help in the financial needs of the business owners of Lanao del Sur.

In light of the findings, some recommendations are offered, among which are stepping up concerted efforts at educating the public about the Islamic Finance through a sustained massive information drive, symposia/seminars, integrating Islamic Finance into the curricula for the edification of the young, more vigorous use of various forms of media, and consultation or colloquy among religious leaders and Shari'ah experts for a more critical and thorough review of the controversial provisions of the law.

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