



## **The Role of Islamic Microfinance in Strengthening Social Resilience Post-Pandemic**

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**Abstract :** This study examines the role of Islamic microfinance in strengthening social resilience among vulnerable communities in the post-pandemic period. Using a mixed qualitative secondary analysis of institutional reports, academic literature, and regulatory documents, the research investigates how Sharia-compliant financing instruments such as qard hasan, profit-sharing schemes, and integrated microenterprise support contribute to income recovery, livelihood stabilization, and community adaptability after COVID-19 disruptions. The findings reveal that Islamic microfinance institutions enhance social resilience by providing accessible capital, flexible repayment structures, and embedded non-financial services, including mentoring, market facilitation, and financial literacy training. These features help micro-entrepreneurs rebuild productive capacity, reduce dependence on high-risk informal lenders, and strengthen household coping mechanisms. The study also identifies governance quality and digital service delivery as key enablers of resilience outcomes. Overall, the results highlight the strategic role of Islamic microfinance as a socio-economic buffer that supports post-crisis recovery and promotes long-term resilience among marginalized groups.

**Keywords:** Role of Islamic Microfinance, Strengthening Social Resilience, Post-Pandemic

### **INTRODUCTION**

The COVID-19 pandemic exposed deep structural vulnerabilities among low-income households and micro-entrepreneurs, especially in developing economies where social protection systems are limited. As communities transitioned into the post-pandemic phase, economic shocks, disrupted markets, and reduced income streams revealed the urgent need for mechanisms that support social resilience and livelihood recovery. Islamic microfinance institutions (IMFIs) emerged as key actors in this landscape, offering Sharia-compliant



financing models that combine financial assistance with ethical principles, risk-sharing mechanisms, and non-financial services. Unlike conventional microfinance, Islamic microfinance emphasizes social justice, solidarity, and community empowerment values that align closely with resilience-building efforts. In many contexts, IMFIs provided flexible repayment schemes, emergency qard hasan loans, and business mentoring that helped households withstand economic instability. Yet despite the growing recognition of their role, empirical understanding of how Islamic microfinance contributes specifically to post-pandemic social resilience remains limited, underscoring the need for systematic academic investigation.

Two theoretical perspectives underpin this study. The first is Social Resilience Theory, which conceptualizes resilience as the capacity of individuals and communities to adapt, recover, and reorganize following crises (Folke, 2016). In this framework, access to financial resources, social networks, and institutional support are critical determinants of resilience. Islamic microfinance contributes to these determinants through Sharia-based financing and relational support systems grounded in trust and mutual responsibility. The second theoretical lens is Islamic Economic Welfare Theory, which posits that financial instruments aligned with Sharia such as qard hasan, mudarabah, and murabahah promote equitable wealth distribution and reduce socio-economic vulnerability (Chapra, 2016). Together, these theories explain why Islamic microfinance may strengthen resilience not only by providing capital but also by fostering socio-economic stability, ethical engagement, and community-level coping capacity. These perspectives establish a conceptual foundation for analysing the post-pandemic contributions of IMFIs.

Although studies on Islamic microfinance are increasing, critical gaps remain concerning its role in strengthening post-pandemic social resilience. For example, Rahman et al. (2022) examine Islamic microfinance during the pandemic but focus on short-term emergency financing rather than long-term resilience outcomes. Abdullah & Abubakar (2021) explore Sharia microfinancing for MSMEs but do not analyse household-level resilience or community adaptability. Amin, Chong, & Dar (2023) investigate the performance of IMFIs after COVID-19 but emphasize institutional sustainability rather than the social resilience of borrowers. Conversely, Alam et al. (2021) provide evidence that Islamic microfinance enhances business recovery but do not measure resilience indicators such as coping strategies, adaptive capacity, or socio-economic stability. Collectively, these four Scopus studies show that existing scholarship remains fragmented: some focus on institutional performance, others on MSME productivity, and others on emergency



interventions. However, none provide a systematic, resilience-focused analysis of how Islamic microfinance supports post-pandemic recovery at the household and community levels. This constitutes a clear, identifiable academic gap and establishes the rationale for the present study.

This study offers several novel contributions. It is among the first to conceptualize and empirically analyse Islamic microfinance through a social resilience framework rather than traditional performance or poverty-related metrics. It integrates financial, social, and behavioral dimensions of resilience an approach not previously explored in the literature. Furthermore, it synthesizes multiple financing models (qard hasan, profit-sharing, and asset-based contracts) and evaluates their combined effects on adaptive capacity, livelihood security, and community-level stability in the post-pandemic period. By bridging resilience theory and Islamic economic principles, the study advances a new analytical lens and addresses a major gap in contemporary Islamic finance research.

The objective of this study is to assess the contribution of Islamic microfinance to strengthening social resilience among vulnerable communities in the post-pandemic environment. Specifically, the study aims to: (1) identify the mechanisms through which Sharia-compliant financial products support household coping and recovery strategies; (2) examine how non-financial services such as mentoring, literacy training, and community engagement enhance adaptive capacity; and (3) evaluate the institutional features of IMFIs that enable sustained resilience outcomes. Through this approach, the study seeks to generate evidence-based insights to inform policymakers, Islamic finance practitioners, and development organizations seeking to build resilient socio-economic systems aligned with Islamic ethical principles.

## **RESEARCH METHOD**

This study employs a qualitative research design using secondary data analysis to investigate the role of Islamic microfinance in strengthening social resilience in the post-pandemic context. Secondary qualitative analysis is appropriate when the goal is to examine patterns, institutional responses, and socio-economic mechanisms using already existing documents, scholarly publications, and organizational records rather than primary field data (Johnston, 2017). The dataset includes peer-reviewed journal articles, Islamic microfinance institutional reports, pandemic recovery policy documents, development agency publications, and regulatory guidelines related to Islamic social finance. All documents were selected using explicit criteria of credibility, authenticity, representativeness, and meaning,

52

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following the established procedures of qualitative document analysis (Bowen, 2009).

Data were analyzed using thematic analysis, which allows researchers to identify recurring concepts, interpret underlying patterns, and synthesize findings across diverse textual sources (Braun & Clarke, 2019). The analysis proceeded in three stages: (1) open coding, in which initial concepts related to resilience, Islamic microfinance operations, and post-pandemic recovery were identified; (2) axial categorization, where codes were grouped into higher-order themes; and (3) interpretive synthesis, which integrated themes into a coherent narrative explaining the mechanisms through which Islamic microfinance contributes to resilience. To enhance research rigor, the study applied methodological triangulation by cross-verifying insights across academic, institutional, and policy documents, minimizing bias and improving analytical validity (Flick, 2018). This methodological approach enables a rich, comprehensive understanding of resilience-building processes without requiring primary interviews, while maintaining high standards of transparency, replicability, and scholarly precision.

## **RESULTS AND DISCUSSION**

### **The Role Of Islamic Microfinance In Strengthening Social Resilience Post-Pandemic**

#### **1. Islamic Microfinance Facilitates Household Livelihood Stabilization Post-Pandemic**

The secondary data analysis shows that Islamic microfinance institutions played a pivotal role in stabilizing household livelihoods during the post-pandemic recovery period. Reports from development agencies and IMFIs highlight that access to Sharia-compliant financing particularly *qard hasan* and trade-based microcredit allowed vulnerable households to rebuild disrupted income streams without incurring high-interest burdens commonly associated with informal lenders. Institutional documents also indicate that flexible repayment arrangements and temporary moratoriums significantly reduced financial stress, enabling borrowers to reallocate resources toward essential consumption and business rehabilitation. Scholarly evidence further shows that embedded non-financial services, including business mentoring and financial literacy training, strengthened the adaptive capacity of micro-entrepreneurs by improving cash-flow management, market navigation, and strategic decision-making. Collectively, these factors contributed to increased livelihood security and reduced vulnerability among households transitioning out of pandemic-induced economic shocks.

The post-pandemic economic landscape revealed significant vulnerabilities among low-income households, whose livelihoods were severely disrupted by prolonged mobility

53

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restrictions, market closures, and declining purchasing power; within this fragile environment, Islamic microfinance emerged as a critical mechanism supporting household livelihood stabilization by providing accessible, ethical, and flexible financial services. Evidence from secondary reports indicates that Sharia-compliant instruments particularly *qard hasan*, *murabahah*-based microcredit, and profit-sharing schemes offered vulnerable households a buffer against income shocks without exposing them to the exploitative interest structures typically associated with informal moneylenders (Rahman et al., 2022). Because Islamic microfinance prohibits *riba* and emphasizes risk-sharing, borrowers facing pandemic-induced income fluctuations benefited from repayment leniency, temporary moratoriums, and refinancing schemes tailored to unstable post-crisis conditions (Amin et al., 2023). This financial flexibility reduced acute liquidity pressures and allowed households to redirect limited resources toward essential consumption, education expenses, and the reactivation of microenterprises. Meanwhile, qualitative evaluations from IMFI and development agencies highlight that access to capital alone was insufficient for recovery; instead, stabilization occurred through a combination of financial and non-financial interventions. Many Islamic microfinance institutions integrated business mentoring, financial literacy training, and supply-chain facilitation into their programs, enabling households to navigate volatile markets, rebuild customer networks, and adopt more resilient business strategies (Alam et al., 2021). Such support increased adaptive capacity by improving skills in budgeting, inventory management, and market analysis, which are essential for surviving post-pandemic uncertainty.

Furthermore, the ethical foundations of Islamic microfinance—including principles of social justice, solidarity, and mutual cooperation—reinforced household coping mechanisms by fostering trust-based relationships between institutions and clients (Chapra, 2016). Institutional documents reviewed in this study show that borrowers perceived Islamic microfinance not merely as a financial service provider but as a partner in recovery, which strengthened motivation, psychological resilience, and long-term commitment to enterprise rebuilding. This trust-based engagement contrasts sharply with the adversarial dynamics often reported in conventional microfinance contexts, where coercive collection practices exacerbate borrower distress during crises. During the post-pandemic period, Islamic microfinance institutions adopted supportive measures such as counseling sessions, grace periods, and livelihood mapping to ensure clients retained economic continuity even when revenue streams fluctuated dramatically. These practices contributed to stabilizing household cash flows, protecting microenterprises from collapse, and preventing the



downward spiral into chronic indebtedness that often follows disasters or economic shocks.

Another crucial dimension observed in the secondary data relates to the role of Islamic microfinance in reducing dependency on high-risk informal lenders. Many households, particularly in rural and peri-urban areas, resort to informal credit sources characterized by exorbitant interest rates and punitive repayment terms. Post-pandemic inflationary pressures increased household reliance on such lenders; however, institutions offering accessible Sharia financing effectively displaced this dependency by providing small but essential loans under fair and transparent terms (Abdullah & Abubakar, 2021). By offering structured repayment schedules, risk-sharing arrangements, and lower financial barriers to entry, Islamic microfinance reduced economic exploitation and supported healthier financial behaviors. This shift contributed directly to livelihood stabilization by lowering debt burdens and enabling households to accumulate small surpluses, which could then be reinvested into enterprise recovery or precautionary savings.

Digitalization also played an important role in facilitating stabilization, as many Islamic microfinance institutions adopted digital payment systems, mobile applications, and remote monitoring mechanisms to maintain service continuity during and after the pandemic. These technologies reduced transaction costs, improved loan disbursement efficiency, and expanded outreach to households unable to access physical branches due to mobility restrictions (Aman & Rahman, 2023). Digital tools also enhanced transparency by enabling clients to track repayment schedules, receive timely reminders, and access financial education materials online. Such innovations not only protected households from economic exclusion but also accelerated microenterprise recovery through faster capital circulation and more predictable financial planning.

At the community level, household stabilization was further reinforced through group-based Islamic microfinance models that fostered mutual accountability and collective learning. Programs built on group lending, solidarity circles, or community cooperatives created environments in which borrowers shared experiences, exchanged market information, and coordinated recovery strategies. These social structures enhanced resilience by enabling households to pool risks, leverage collective problem-solving, and maintain economic activity even when individual enterprises struggled. Group cohesion was particularly important in the post-pandemic context, where uncertainty and market volatility increased psychological and operational burdens on micro-entrepreneurs. Islamic microfinance, through its emphasis on cooperation and ethical conduct, strengthened these community-based safety nets and helped sustain social resilience during the recovery phase.





Overall, the synthesized evidence from institutional reports, policy documents, and peer-reviewed literature indicates that Islamic microfinance contributed to household livelihood stabilization through an integrated mechanism that combined ethical financing, flexible repayment structures, digital service delivery, and embedded non-financial empowerment programs. These mechanisms did not function in isolation; rather, they collectively restored income-generating capacity, reduced financial vulnerability, and enhanced the ability of households to adapt to the long-term social and economic changes triggered by the pandemic. The results demonstrate that Islamic microfinance acts not only as a financial intervention but also as a resilience-building ecosystem that supports vulnerable households through multidimensional pathways. In doing so, the sector has proven to be an essential socio-economic buffer in the post-pandemic landscape, offering a sustainable, ethical, and contextually relevant model for strengthening household resilience in the face of future crises.

## **2. Integrated Islamic Microfinance Services Strengthen Community-Level Social Resilience**

The analysis further reveals that Islamic microfinance contributes to social resilience not only through financial access but also by reinforcing collective capacities at the community level. Policy documents and field evaluations show that IMFIs operating with integrated service models combining financing, group-based training, and community support networks were more effective in restoring socio-economic stability among affected populations. Group-based financing structures fostered peer support, mutual accountability, and shared learning, which helped communities coordinate recovery strategies and disseminate information about market opportunities and risk mitigation practices. In addition, the ethical and solidarity-driven principles embedded in Islamic financing encouraged cooperative behavior, trust-building, and social cohesion, all of which are essential components of resilience. The combined impact of financial and social interventions enabled communities to develop stronger coping mechanisms, diversify income sources, and maintain economic continuity in the post-pandemic environment.

Integrated Islamic microfinance services play a transformative role in strengthening community-level social resilience in the post-pandemic landscape by combining financial access, social support structures, and ethical principles that collectively enhance communities' adaptive capacity, recovery speed, and long-term socio-economic stability. The secondary data indicate that Islamic microfinance institutions (IMFIs) operating with integrated service models—linking Sharia-compliant financing, group-based empowerment



programs, and non-financial services—were significantly more effective in rebuilding community resilience than institutions offering stand-alone financial products. Evidence from policy reports demonstrates that group-lending mechanisms foster strong peer networks in which borrowers share knowledge, coordinate market strategies, and collectively manage financial risk, thereby reinforcing community cohesion (Amin et al., 2023). These peer-support structures create what resilience theorists describe as “social capital buffers,” enabling communities to mobilize collective resources, disseminate timely information, and provide mutual protection during economic shocks (Folke, 2016). Integrated Islamic microfinance also strengthens resilience by embedding mentoring, skills development, and financial literacy programs within financing schemes, ensuring that communities do not merely access capital but also acquire the competencies necessary to navigate post-pandemic market volatility. Reports from IMFIs show that business coaching enhanced community members’ ability to reorganize supply chains, diversify income sources, and adjust production patterns in response to shifting consumer demand (Alam et al., 2021). These adaptive behaviors align with the concept of “transformative resilience,” in which communities evolve and innovate rather than simply reverting to pre-crisis conditions.

The impact of integrated Islamic microfinance extends further through its ethical foundation, which promotes solidarity, trust, and collective responsibility. Sharia-based contracts—such as *qard hasan*, *mudarabah*, and *murabahah*—embed principles of fairness, mutual benefit, and shared risk, reinforcing relationships among community members and reducing transactional stress (Chapra, 2016). Unlike conventional microfinance, where high interest rates often intensify financial pressures, the ethical financing model encourages borrowers to support each other’s businesses rather than compete aggressively for limited resources. This fosters an environment of interdependence that strengthens community resilience. In addition, flexible repayment schemes and temporary deferments provided during the post-pandemic period cushioned borrowers against abrupt income losses, enabling them to retain essential consumption levels without turning to predatory lenders (Rahman et al., 2022). Such flexibility reflects the Islamic principle of *taysir* (ease), which, when operationalized, enhances both economic and psychological resilience by reducing fear of default and promoting financial stability.

Integrated Islamic microfinance also contributes to resilience through community-based financial structures such as joint-liability groups and cooperative financing schemes. These mechanisms encourage borrowers to work together to maintain repayment discipline, monitor group performance, and ensure that all members benefit collectively from





institutional support. Research has shown that joint-liability structures increase accountability and foster stronger community ties, as borrowers are socially motivated to support struggling peers, thereby preventing household-level crises from escalating into community-wide instability (Abdullah & Abubakar, 2021). Additionally, these group structures serve as platforms for collective learning, giving communities opportunities to discuss market opportunities, share innovative business practices, and distribute information regarding government stimulus programs or NGO recovery initiatives. This information flow increases the community's ability to identify emerging risks and coordinate adaptive strategies, strengthening overall resilience capacity.

Digitalization further amplifies the community-level impact of integrated Islamic microfinance. Several IMFIs adopted digital training tools, mobile advisory platforms, and online market access systems during the recovery phase, enabling communities to stay connected, continue learning, and maintain business operations despite mobility restrictions (Amin et al., 2023). Digital channels allowed group members to coordinate procurement, access virtual mentoring, and participate in online financial literacy sessions, thereby sustaining social resilience even when face-to-face interactions were limited. This fusion of digital tools with Sharia-oriented microfinance demonstrates how modern technology can enhance traditional Islamic economic values, improving both economic and social dimensions of resilience.

The empowerment framework of integrated Islamic microfinance also strengthens psychological resilience, an often-overlooked dimension of community well-being. Borrowers reported feeling more confident, hopeful, and motivated when supported by both financial instruments and structured community engagement programs. The presence of group solidarity and institutional support reduces uncertainty and reinforces a sense of belonging—an important psychological asset in post-crisis recovery. This aligns with the argument that social resilience is not only about resource availability but also about perception, motivation, and collective morale (Folke, 2016).

At a structural level, integrated Islamic microfinance enhances community resilience by bridging gaps between households, local markets, and institutional actors. IMFIs often collaborate with local cooperatives, religious leaders, and municipal authorities to coordinate recovery activities, aligning grassroots initiatives with broader economic recovery plans. These partnerships help communities leverage multiple support channels simultaneously, reducing dependency on any single institution. Such multi-actor coordination enhances systemic resilience, enabling communities to withstand future shocks more effectively.



Taken together, the evidence underscores that integrated Islamic microfinance does not simply provide capital—it produces a multidimensional support ecosystem that enhances financial, social, psychological, and institutional resilience at the community level. By combining ethical financing, structured group mechanisms, non-financial services, and digital tools, IMFIs cultivate an environment where community members can reorganize livelihoods, develop adaptive skills, and maintain socio-economic stability in the face of persistent post-pandemic challenges. Therefore, integrated Islamic microfinance represents a robust model for community-centered recovery and long-term resilience strengthening, offering insights for policymakers and development practitioners seeking sustainable approaches to post-crisis socio-economic rebuilding.

## **Discussion**

The findings of this study demonstrate that Islamic microfinance plays a substantive role in strengthening post-pandemic social resilience, with evidence showing that Sharia-compliant financial mechanisms, flexible repayment structures, and integrated non-financial services collectively promote livelihood stability and enhance adaptive capacity among vulnerable households. Interpreting these outcomes through Social Resilience Theory suggests that the ability of individuals to reorganize and adapt after crises is significantly improved when they have access to supportive financial ecosystems that combine economic assistance with social and institutional backing (Folke, 2016). Islamic microfinance, by integrating ethical financing with community-oriented practices, directly contributes to these resilience dimensions. When compared with prior literature, the findings partially align and partially diverge. For instance, Alam et al. (2021) report that Islamic microfinance accelerates microenterprise recovery after COVID-19, consistent with this study's observation that access to Sharia-based capital supports income stabilization and business reactivation. Similarly, Abdullah and Abubakar (2021) argue that Islamic microfinance fosters MSME continuity through ethical lending and structured guidance, which resonates with the current analysis showing that mentoring and literacy programs strengthen household-level adaptive skills. However, other studies present more cautious perspectives. Amin et al. (2023) emphasize that post-pandemic IMFIs face sustainability risks, including liquidity shortages and operational disruptions, implying that the effectiveness of microfinance in supporting resilience may be uneven across institutions. Likewise, Rahman et al. (2022) found that Islamic microfinance provided essential short-term relief during the pandemic but did not extensively address long-term resilience indicators such as coping



strategies or adaptive capacity. These contrasting findings highlight that while Islamic microfinance has considerable potential for resilience-building, its impact varies depending on institutional capability, governance quality, and the comprehensiveness of its service model.

The novelty of this study lies in its explicit framing of Islamic microfinance within a resilience-based analytical lens, moving beyond traditional metrics of financial inclusion or poverty alleviation. The results indicate that the resilience-enhancing effects of Islamic microfinance stem not solely from capital provision but from a multidimensional mechanism that reinforces economic, psychological, and social stability simultaneously. This mechanism operates through several pathways. First, flexible financing and repayment moratoriums reduce financial stress during unstable recovery periods, enabling households to reallocate resources toward essential needs and business reconstruction. Second, embedded non-financial services such as mentoring, literacy training, and community networking help clients navigate market volatility and make informed decisions. Third, ethical and solidarity-based principles enhance trust between institutions and clients, which translates into stronger engagement, lower default tendencies, and improved long-term stability. Fourth, digital delivery channels adopted by many IMFIs post-pandemic improve efficiency, reduce transaction costs, and help maintain service continuity when mobility is limited (Aman & Rahman, 2023). Together, these mechanisms situate Islamic microfinance as a hybrid financial–social institution capable of supporting multi-layered resilience outcomes.

The findings also carry important implications for practice and policy. At the institutional level, the results underscore that Islamic microfinance must integrate financial and non-financial interventions to maximize resilience outcomes. Programs focusing only on capital are insufficient; resilience emerges when households receive capacity-building, market guidance, and ongoing administrative support. Policymakers should therefore encourage regulatory frameworks that promote integrated microfinance models and incentivize digital transformation to expand outreach and minimize operational disruptions. Development agencies can adopt Islamic microfinance principles to design ethical and culturally grounded resilience programs, especially in Muslim-majority contexts where financial behavior is strongly shaped by religious norms. This study further contributes theoretically by extending Social Resilience Theory into the domain of Islamic social finance and demonstrating that resilience is co-produced by institutional ethics, governance structures, and relational dynamics rather than merely financial inputs. Additionally, the

60

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findings refine Islamic Economic Welfare Theory by illustrating how Sharia-based financial instruments enhance welfare not only materially but behaviorally, through the cultivation of responsible financial practices, cooperative behavior, and social solidarity (Chapra, 2016).

These findings are particularly relevant for developing countries where informal credit markets dominate and social protection policies remain limited. In such environments, Islamic microfinance functions as a community-rooted financial buffer that compensates for institutional weaknesses and supports households through culturally accepted, non-exploitative financing. The emphasis on ethical principles and mutual support aligns well with local values, making Islamic microfinance an effective tool for navigating socio-economic disruptions. Nonetheless, the analysis also reveals that disparities exist in institutional capacity, digital readiness, and governance quality across IMFIs, suggesting that the resilience-building potential of Islamic microfinance is contingent upon institutional strengthening. These insights open pathways for further exploration, including quantitative validation of resilience indicators, comparative performance analysis across different IMFIs, and investigation into digital microfinance's long-term effects. Such avenues are elaborated in the next section addressing future research directions.

The findings reveal meaningful contributions of Islamic microfinance to post-pandemic social resilience, yet several critical issues emerge that complicate the narrative of its effectiveness. Although microfinance institutions succeeded in expanding access to capital for vulnerable households, the scale and depth of support varied significantly across regions, often reflecting disparities in institutional capacity, governance quality, and financial sustainability. Many programs emphasized short-term liquidity relief rather than long-term resilience building, raising concerns about whether these interventions merely alleviated temporary distress without addressing structural vulnerabilities. Furthermore, the pandemic exposed operational fragilities within Islamic microfinance institutions themselves, particularly the overreliance on informal networks, limited adoption of digital financial infrastructure, and inconsistent Sharia governance mechanisms that affected both credibility and outreach. Critically, while profit-sharing models such as musharakah and mudarabah were theoretically positioned to distribute risk more equitably, many institutions continued to prefer murabahah due to its administrative simplicity and lower risk profile, thereby undermining the transformative potential of equity-based financing in enhancing community resilience. The overemphasis on debt-like instruments risks trapping low-income clients in cycles of repayment obligations that, although Sharia-compliant, may not fully align with the maqasid al-shariah aspiration of socio-economic upliftment. Moreover, the



pandemic highlighted gaps in the integration between Islamic microfinance programs and broader social protection systems. Limited coordination with government welfare schemes and humanitarian organizations often resulted in fragmented support that failed to provide a holistic resilience framework combining financial, social, and psychological stability. In addition, gender disparities persisted: despite women being disproportionately affected by pandemic-driven economic shocks, their access to microfinance remained uneven due to cultural norms, collateral requirements, and mobility constraints. The shift toward digital service delivery further introduced a digital divide, where clients lacking technological literacy or stable internet access found themselves excluded from assistance. Another critical concern relates to the monitoring and evaluation mechanisms used to assess the impact of microfinance interventions.

Many institutions relied heavily on repayment rates as indicators of success, neglecting multidimensional measures of resilience such as income diversification, household stability, community empowerment, and long-term vulnerability reduction. This narrow evaluation framework risks overstating effectiveness while overlooking deeper socio-economic challenges. Finally, while Islamic microfinance demonstrated strong ethical foundations through its emphasis on solidarity and shared responsibility, the sector still struggles to balance commercial viability with social justice objectives. As competition intensifies and operational costs rise, some institutions increasingly prioritize financial sustainability over transformative development outcomes, raising questions about mission drift. Collectively, these critiques suggest that although Islamic microfinance plays an important role in supporting communities during post-pandemic recovery, its impact remains constrained by structural, operational, and conceptual limitations. Strengthening its contribution to social resilience requires reorienting financing models toward equity-based partnerships, expanding digital inclusivity, improving institutional integration with national safety nets, and adopting measurement tools that capture resilience in its full social and economic complexity.

## **CONCLUSION**

This study concludes that Islamic microfinance plays a vital role in strengthening post-pandemic social resilience by combining ethical financial services with supportive non-financial interventions. Sharia-compliant financing, flexible repayment schemes, and integrated mentoring programs collectively enhance household recovery, stabilize livelihoods, and reduce reliance on high-risk informal lenders. The findings demonstrate that

62

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resilience emerges not only from capital access but also from the relational trust, community cohesion, and adaptive capabilities fostered by Islamic microfinance institutions. Overall, the sector provides a multidimensional support system that enables vulnerable households to rebuild economic security and navigate long-term uncertainties in the post-pandemic landscape.

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