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Ethnographic Approaches to Understanding Client Versus Institutional Priorities for Islamic Microfinance in Bangladesh

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INTRODUCTION: ANTHROPOLOGY AND ISLAMIC MICROFINANCE

During 2010 and 2011, I conducted approximately five months of anthropological field research in urban and rural Bangladesh on the relationship between an Islamic finance industry that has rapidly expanded from small and uncertain beginnings, and the increasing social, political, and economic prominence of Islam.[1] My fieldwork concentrated upon the Islami Bank Bangladesh Limited (IBBL), the country's oldest and largest Islamic bank, established in 1983 with the assistance of the Islamic Development Bank (IDB). The IDB has maintained robust investment in IBBL and several members of the IBBL's board of directors are from the IDB and other Gulf-based institutions. Within the broad range of IBBL's finance and charitable activities, I focused upon its Islamic microfinance program, the Rural Development Scheme (RDS), as a tool for poverty alleviation based on shari'a principles. My qualitative research methods included: (1) Full-time participant-observation among the women of one semi-rural village's RDS collective, whereby I shadowed the collective's leader and assistant leader as they conducted daily activities; (2) Extensive interviews of IBBL bank officials at the Dhaka headquarters and the local branch servicing the village; and (3) The collection of reports, training materials, and contract templates.[2]

In this paper, I first present an overview of RDS as an Islamic microfinance case study. The IDB has paid close attention to the progress of this program as a potential model for its other member countries.[3] Indeed, with the support of the IDB, IBBL has already offered Islamic microfinance trainings to Nigerian and Sri Lankan delegations. Next, I draw upon my

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ethnographic field research to examine challenges and benefits of RDS's current use of *bay-mu'ajjal* (a credit sale utilizing a contract to establish deferred payment terms between a buyer and a seller) and *qard hasan* (an interest-free loan, often disbursed for welfare or charitable purposes), including their potential for replication in different national and cultural contexts.

Finally, I examine slippages and convergences between client versus IBBL understandings of the "Islamic-ness" of RDS. This matters because the way that clients and the IBBL distinguish RDS as an alternative to the widespread non-Islamic conventional microfinance sector in Bangladesh suggests particular advantages and disadvantages to the potential expansion of the program and its ability to provide meaningful assistance to its poor clients.

Dividing my field research between bank officials and RDS clients serves to implicitly question who has the authority to determine what makes Islamic microfinance distinctly Islamic and uniquely suited (or not) to the needs of the poor. Aside from quantitative customer satisfaction surveys, client perspective is generally overlooked in the now-substantial field of economic and theological studies of Islamic finance. This literature tends to focus more on how institutions develop new products and services, rather than on how these products and services come to life in the hands of clients. And yet, the broader future of global Islamic consumer finance is entwined with the question of whether or not Islamic microfinance and small-medium enterprise financing can attend to the financial and development needs of millions of poor, unbanked Muslims. The contributions of an anthropological approach to understanding the broader cultural, religious, and ethical dimensions of Islamic microfinance are most explicit here: rather than delimiting client perspective to "feedback" on a predetermined set of questions in a manner suited for market research or institutional quality control, multi-year, free-form engagement with clients allows for nuanced perspectives on money, poverty, and religion to unfold. This approach allows the client to determine the contours of relevant challenges, successes, and concerns—rather than the bank.

THE RURAL DEVELOPMENT SCHEME (RDS): A CASE STUDY

Bangladesh is a deeply impoverished nation of over 163 million people, approximately 89.5 percent of whom are Muslims. Just over 70 percent of Bangladeshis live in rural or semi-rural areas outside of the three main urban centers and nearly 57 percent of the population over age 15 cannot read or write.[4] Out of Bangladesh's 48 total banks, six are wholly Islamic, with two additional conventional banks attempting full conversion to Islamic banking. Additionally, 15 conventional banks have opened Islamic branches or windows. In 2012, Islamic banking accounted for approximately 18.5

percent of total bank deposits.[5] The IBBL is by far the most prominent, having over 276 branches with about two-thirds located outside the main urban centers—a testament to its mission statement to "encourage the socio-economic development and financial services to the low-income community particularly in the rural areas."[6]

Established in 1995, RDS requires members to open *mudaraba* savings accounts, and most commonly offers small business investment through *bay-mu'ajjal,* hire purchase *shirkatul milk,* and less frequently *musharaka* and *bay-salam*. *Qard hasan* is offered less frequently and on a more contingent basis, and will be discussed later in this paper. According to IBBL's 2012 Annual Report, out of IBBL's 276 total branches, 197 operate RDS programs in surrounding districts, dispensing services to 733,520 members in 15,507 villages—a 21 percent growth in membership from 2011. Cumulative disbursement stood at nearly USD 730 million, with nearly USD 134 million in outstanding investment.[7] The IBBL has listed its loan rate of recovery as 99 percent for several years, and continues to publish this rate on its website. IBBL collects a 10 percent flat annual rate of return, although this can be reduced by 2.5 percent for long-term members who consistently pay on time. This can be more attractive to poor clients than the 11 percent flat interest rate charged by Bangladesh's most well-known microfinance provider, the Nobel Peace Prize–winning Grameen Bank.[8]

According to my interlocutors at the IBBL, RDS will not open new collectives in areas serviced by other microfinance groups, which removes RDS from direct competition with other microfinance programs, which are abundant in Bangladesh. Additionally, RDS collectives must be located within 10 kilometers of an IBBL branch office, which disadvantages potential clients in remote areas located far from a branch. RDS clients are taught to sign their names if they cannot read or write, and are required to occasionally visit the branch office, helping familiarize them with mainstream banking. Each collective is comprised of 10–40 clients subdivided into two to eight groups of five members each. Clients are visited in their village by field officers collecting weekly repayments. Akin to the Grameen Bank, members of a group bear liability for each other's weekly repayments. Unlike Grameen, however, RDS bases its group liability model upon a Qur'anic injunction to engage in "mutual consultation."[9] Also unlike Grameen, RDS does not currently provide access to microfinance for the poorest Bangladeshis. Rather, a steady stream of income or land ownership up to 0.5 acres is a baseline requirement for membership. The decision to limit RDS clientele to a more financially solvent poor demographic supports a key goal of the program: client transition into the separate small medium enterprise investment program. RDS also emphasizes the spiritual education and social development of its clientele. During weekly collective meetings, field officers lecture for 10–15 minutes on topics ranging from sanitation and maternal health, to the importance of fasting during Ramadan, to proper ways to perform *salah*, or prayer, and *Wudhu*, or ritual ablutions before prayer (although I observed that in practice, these lectures occur sporadically, due largely to time constraints upon over-stretched field officers).

I spent my time in a semi-rural coastal village serviced by RDS, studying how the leader and assistant leader of one collective conceptualized money management, poverty alleviation, and religious practice, and how Islamic criteria might enter into monetary calculations and flows. I shadowed these women in their daily lives, tracking how money and Islam were discussed. Notably, the district possesses a high population of Hindus and Buddhists, and the local IBBL branch counts numerous non-Muslims among its clientele. IBBL frequently comes under the current, secular government's scrutiny for perceived ties to Jamaat-I-Islami, rendering IBBL's decision to encourage Islamic banking among the poor and to target women as recipients of weekly spiritual lessons a deeply politicizing project. No doubt, IBBL is the only bank in Bangladesh required to have an observer from the central bank sitting in on board of directors meetings.[10]

FLEXIBILITY IN MICROFINANCE AND THE LIMITATIONS OF *BAY-MU'AJJAL* AND *QARD HASAN*

RDS currently offers *qard hasan*, or interest-free loans, for constructing latrines or tube wells for the collection of underground water. According to IBBL's 2012 Annual Report, over USD 100,000 was disbursed to 1,543 RDS clients. Individual members can also apply for *qard hasan* in times of economic distress, although according to both RDS field officers and program administrators, this happens infrequently. According to these interlocutors, this is likely due to the fact that *qard hasan* in this instance is offered on an *ad hoc* basis; it is neither widely advertised nor are members encouraged to partake of these loans.

Recent research in Bangladesh on the financial habits of the poor suggests that in times of need, small, readily available interest-free loans are often sought from relatives and neighbors. However, this can create negative social and financial entanglements. Collins et al. (2009) found that these loans fill temporarily gaps in income flow for critical needs, such as food for the day, and are repaid quickly. These informal, interest-free loans are the most frequently used borrowing instrument in Bangladesh, constituting 88–92 percent of all borrowing. An expansion of *qard hasan* could reduce reliance upon family and neighbors, thereby expanding the options of the poor in times of need, and institutionalizing an informal process that, according to the authors of this study, can leave borrowers vulnerable to humiliation, harassment, anxiety, and unclear expectations.[11]

Among the members of the rural microfinance collective with whom I conducted fieldwork, I spent the most time with the collective's elected leader and assistant leader—two sisters, raising children with absentee husbands. Short-term interest-free loans were constantly being given and repaid between the two, for expenses ranging from the quotidian and small (groceries) to the more rarely occurring and substantive (motorized rickshaw fare and the services of a *kobiraj*, or traditional healer). One critical gap in existing research is qualitative and quantitative explorations into the relationships engendered and obligations wrought by different kinds of interest-free loans, e.g., regularly occurring and quotidian loans, versus more anomalous loans. Loans for different purposes, such as food, medicine, business development, education, or festival/ritual expenses, might also carry different resonances. A further question is how to schematize the place of *qard hasan*, the interest-free loan, against IBBL fee-bearing investment products, and IBBL's *zakat*-financed charitable initiatives organized by its philanthropic arm, the IBBL Foundation. As Banerjee and Duflo (2011) note in *Poor Economics*, the amount that the poor must financially contribute to particular development initiatives or products can impact their use, efficacy, and sustainability.[12] Potential relationships between the success of products and services designed to promote financial stability or poverty alleviation and the amounts that clients pay into such products and services can be quantitatively assessed.

Collins et al. (2009: 25) further explain that understanding how the poor manage their money and increase net worth comes from tracking borrowing and lending cash flows, rather than measuring or analyzing limited balances or assets. The lack of consistent income streams sufficient to meet critical needs renders the poor uniquely susceptible to emergency. Conventional probabilistic models of risk and uncertainty do not capture the unique risk and uncertainty of poverty. Without solidly built homes, for example, assets are uniquely vulnerable to weather that would not otherwise cause harm, or theft that could not otherwise occur. What remains similarly unclear is how to conceptualize "moral hazard" for the poor as potential clients of Islamic finance. This is particularly salient given that RDS program officers prided themselves on their willingness to accommodate late weekly payments due to unforeseen events. This *ad hoc* approach certainly makes RDS highly sensitive and responsive to the immediate needs of its clients, but any attendant moral hazards this might engender have not been adequately theorized.

In their multi-year, multi-country study, Collins et al. (2009: 59) emphasize that "the demand for microcredit extends well beyond the need for just *microenterprise* credit. The poor . . . seek loans for a multitude of uses besides business investment." This represents one crucial shortcoming of RDS: the emphasis upon the development of businesses and the purchase of assets does not assist the poor in amassing funds for medical emergencies, education, or wedding expenses. Meeting these expenses constituted some of the most pressing financial emergencies of my informants. Equally critically, the fact that the poor meet expenses by compiling sums from multiple sources imperils the shari‘a compliance of funds obtained from Islamic microfinance: money is not fungible in Islamic finance. If a *bay-mu'ajjal* contract provides money for the purchase of a cow on Thursday, those funds cannot be diverted on Tuesday toward the payment for a doctor's visit and purchase of medicine. Nor can a temporary loan from an uncle on Wednesday be used to replace the *bay-mu'ajjal* funds and purchase the cow. Money in this context is not fungible, otherwise the potential for *riba* can exist. In this sense, Islamic microfinance places more constraints on the daily economic decision-making of the poor, who often "[show] creativity in devising arrangements to fit their circumstances, taking a standard product. . . . but bending it to make it work for other ends."[13] Thus, one central challenge for Islamic microfinance is development of an all-purpose investment fund not tied to the purchase of an asset, akin to how the Grameen Bank, for example, has already taken this step to respond to the needs of its poor borrowers.

This still presupposes that the funds obtained would be used to purchase a good or service, even if it is outside the *bay-mu'ajjal* contract. However, microfinance loans are often used to pay down other loans in Bangladesh—an oft-levied critique of conventional microfinance. Moreover, Collins et al. (2009: 109) found that "where lump sums can be raised cheaply relative to other means it makes sense to arbitrage . . . borrowers quickly lend their capital to others who not only repay and service the loan but pay additional interest." While I did not encounter this during my fieldwork, it remains an issue of unique concern for Islamic microfinance. Such a profit-making opportunity for a poor microfinance client would, of course, constitute *riba*.

I asked RDS field officers as well as officials at the Dhaka headquarters how the IBBL mitigates the unique risks of *bay-mu'ajjal* in the context of Islamic microfinance. All uniformly cited frequent and substantive monitoring and evaluation as key. However, all also acknowledged that an extremely high ratio of field officers to clients makes this impossible. Most recently, one field officer attends to an average of 359 clients.[14] Despite continuing to lower even higher ratios following an internal report's recommendation, RDS officers still face the nearly impossible task of gaining individual client trust and possessing a working knowledge of the financial needs and situation of hundreds of clients. The RDS budget is already stretched thin: RDS does not garner much profit for the IBBL. RDS is separate from IBBL's philanthropic Islami Bank Foundation, and does not receive funds from IBBL's *zakat* spending.[15] The fact that the program has endured and continued to expand over the past 18 years despite its lack of high profitability was an obvious point of pride both for local branch officers and high-ranking officials in Dhaka. It indicates, I was repeatedly told, the depth of the IBBL's commitment to Islam and to social justice—even when this commitment is not profitable.

The current RDS model of the IBBL thus holds three competing claims in tension: the need to attempt to not operate at a loss or an untenably low rate of profit; the need to offer services to as many people as possible to enact its mission statement of poverty alleviation; and the need to prioritize shari'a compliance, given the unique risks inherent in the economic precariousness of poverty. Current evaluation and monitoring efforts focus upon client repayments to ensure loan recovery. If robust shari'a compliance is a priority, enhanced monitoring capacity must be factored into the cost of the program—whether the cost is borne by the bank or passed down to clients as a higher service fee. For the poor, the line between high "service fees" and usury can seem blurry. Microfinance will never "solve" poverty, but at best can be a valuable part of a poor client's portfolio, which is comprised of particular lenders and products to suit different economic needs. As Collins et al. (2009: 22) note, it is in this sense that the extremely high interest rates of moneylender loans, for example, can be conceptualized as fees for the immediacy of the service, rather than an annualized interest rate, since the loans are meant to be repaid quickly. Accordingly, it is inaccurate to compare the annualized interest rates of longer-duration microfinance loans against moneylender loans. In the case of Bangladesh, this rethinking of interest rates versus fees along the axis of loan duration raises possibilities for enhanced shari'a compliance of microfinance *bay-mu'ajjal* contracts.

During my fieldwork, I observed that RDS provided one innovative, although informal and perhaps accidental, way to help reconcile the inflexibility or non-fungibility of money disbursed through Islamic microfinance with the irregular and uncertain cash flow of the poor. Field officers and the local branch director of RDS told me that individuals who can't meet their weekly repayments are excused without penalty. This non-standardized approach requires trust and intimacy between field officers and clients. It does not compromise the overall integrity of the repayment schedule, perhaps because it is a contingent accommodation, rather than a firm policy. However, the field officers and program administrators stressed that this willingness to forgive delay in loan repayment is precisely what distinguishes RDS from other microfinance institutions. To paraphrase a sentiment repeated on numerous occasions: RDS has heart and loves its clients. Islam was also frequently invoked when explaining why these exceptions are made: the poor must be afforded this generosity and extra consideration. This is what distinguishes the IBBL from non-Islamic banks.

CLIENT PERCEPTIONS OF ISLAMIC-NESS IN ISLAMIC MICROFINANCE

IBBL is perhaps unique among Islamic banks for its explicit dual emphasis upon devotion to shari'a compliance and poverty alleviation.[16] In conversations with village RDS clients as well as townspeople unaffiliated with IBBL, two sentiments were consistently expressed: first, the IBBL is a popular institution because it is perceived as uniquely friendly to the poor, rural, and/or those with minimal literacy. Indeed, beyond RDS, the 2012 Annual Report notes that over 46 percent of total IBBL investment is in its small medium enterprise (SME) scheme. This unusually high SME investment places the IBBL on the crest of a wave of research regarding SME investment as a critical but underutilized tool to strengthen developing economies.[17] The second commonly expressed sentiment was that Bangladeshis are deeply religious and prefer Islamic institutions when the option is available.

What is interesting is the infrequency with which the particularities of the IBBL's Islamic-ness were of concern to clients. If clients are inconsistently concerned with *how* Islamic and/or shari'a-compliant the IBBL might be, this suggests that the onus for shari'a compliance rests on the bank. For example, in my village field site, one RDS client described the program to me in the following terms: "they give us *takaful*,[18] we get income." The transformation that occurs is not of "secular" money into money-with-religious-benefit, but of money-as-investment into money-as-profit. Islam is absent as this client describes what IBBL provides. The absence of interest and the low rate of return collected by IBBL is valuable from an economic rather than a religious standpoint. In other words, Islamic banking is desirable because it extracts less money from the client. As one woman explained, "Islam is free from interest—this is Islamic finance. Other banks must take a lot of money, but Islamic banks do not have this kind of interest. We love our Islamic bank."[19]

According to another client, obtaining Islamically permissible income ("*halal labh*") is the main reason for banking ("*prodhan karun'ta*"). When asked what constitutes Islamically permissible income, this client and others either deferred to the bank to make this determination, or mentioned the absence of interest. In a neighboring village, I was told that profit acquired through RDS is not meant to be stockpiled, but should go toward the purchase of commodities. The point, I am told, is to increase savings accounts such that a client can invest in more, or more valuable capital, enabling a shift from, for example, vegetable to mango cultivation.[20] Again, the absence of Islam is notable here: the client presents this as a sensible business strategy rather than an Islamic guideline for appropriate money use. In other words, the practicality of Islamic banking strategies is emphasized by clients, rather than adherence to textual Qur'anic guidelines.

One key slippage is thus that what the IBBL understands as Islamic principles of banking and finance might not necessarily be known by or shared with clients. The religious value of Islamic finance for the RDS clients with whom I worked was generally present only nominally (the fact that IBBL was an Islamic bank was sufficient proof of its Islamic-ness), or was attributed to the idea that extracting less money—whether as interest or as fees—was as an Islamically sanctioned concession for the poor.

Where Islam was present for these RDS clients was in the religious lessons delivered by field officers during the weekly collective meetings.

According to one RDS administrator with whom I spoke, these religious pedagogical lessons occur because "we want to try to give an idea about Islamic modes of investment. Most of the people are illiterate, so we try to provide some education on various issues [and] some basic information on issues in Islam. RDS motivates them to follow the right way and Islam." Villagers consistently praised the Qur'anic discussions ("*Qur'an allochona*") as balanced and fair ("*sharbik*") and instructive in the correct ways to pray, for example. While this educative component could be adapted to local contexts, it places high importance on the field officer, thereby rendering the utility or effectiveness of these lessons highly contingent. For example, in my village, the collective's leader and her assistant were vocally displeased with their current field officer, and did not pay attention to his lectures. However, they frequently referred to the words and pleasant demeanor of the previous field officer, who was to them a better representative of the IBBL. This limitation was also pointed out in an Islamic Development Bank (IDB) report comparing Islamic microfinance projects in IDB member countries.[21]

Finally, both Islamic and conventional microloans in Bangladesh are overwhelmingly disbursed to women. As of 2013, 88 percent of RDS clients are women. Decades of scholarship have explored microfinance as a signature women's empowerment initiative, and contemporary critical accounts are complicating notions regarding women's ostensible access to and control over money.[22] However, according to multiple RDS officials over numerous interviews, RDS is committed to the economic uplift of families, as opposed to women. Officials cited this perspective as more in accordance with Islam. However, the absence or delinquency of men in the female-headed families I observed challenged IBBL's notion of the "family" as an intact, bounded, and mutually supportive unit.[23] Female RDS clients whose husbands had taken other wives without their consent, or were deserted by husbands who would sporadically return home to take money, were unable to protect and maintain control of their money, and unsure about how they might do so in the future.

CONCLUSION

Islamic finance is often presented as the religious alternative to what Tripp (2006: 5–6) describes as the capitalist "model of rationality [that] colonizes the ethical world" by insisting upon a "circle of capital-market-exchange-profit-capital."[24] My interlocutors at the IBBL and other Islamic financial institutions in Bangladesh consistently echoed this view. However, setting Islamic and conventional finance up as religious and non-religious opposites subjects Islamic finance to lines of inquiry more concerned with whether it is quantifiably Islamic, or whether its products and services are marketing "tricks" seeking to capitalize on a potential market base of one billion Muslims globally. Such suspicions help explain why the forays of conventional financial institutions into Islamic finance through Islamic windows, indexes, and other semi-autonomous operations remain contentious and subject to scrutiny.[25]

Approaching Islamic finance as either "true" or "false" forecloses the possibility of clients' participation in Islamic finance as a novel way of constituting, reflecting, or shaping individual Islamic piety, subjectivity, or selfhood—which several recent cultural anthropologists have demonstrated to be dynamic processes.[26] To finance practitioners, this might seem like an overly academic or theoretical concern. But the stakes become high when the clients under discussion are deeply poor. Bringing the unbanked poor into the fold of formal finance gives financial institutions, developed markets, and wealthy countries opportunities for engagement with the poor, newly reconfigured into market opportunities. As a result, the rise of microfinance as an answer to global wealth and opportunity disparities raises urgent questions about how to prevent the creation of a formal, stratified geography of (valuable) finance participants versus (marginal) microfinance participants. Such stratification would keep underlying inequalities firmly intact. Qualitative, sustained inquiry into the experiences, needs, and challenges of poor Islamic microfinance clients is a first step toward taking the subjectivity and knowledge of the poor seriously, rather than just superimposing new institutions and products upon them. This in turn is a first challenge to norms privileging the experiences, desires, and knowledge of the wealthy.

Perhaps most importantly, insisting on the primary site of difference between Islamic and conventional finance as religion risks diminishing the importance of social justice in distinguishing the two systems from each other. The key tenets of Islamic finance (particularly the prohibition of *riba*, encouragement of risk sharing, mutual assistance, and asset-backed over equity-backed transactions) exist to promote what numerous scholars describe as "social justice."[27] Products and services are structured to encourage repudiation of self-interest in favor of a more equitable distribution of God-given resources. For this reason, the Qur'an, *hadith* (collected sayings and acts of the Prophet Muhammad), and juridical interpretations of shari'a offer extensive guidance regarding economic activities and distributions of wealth, meant to mitigate the most egregious differences in economic status. The individual is only a temporary trustee of his assets; all wealth ultimately belongs to God.[28] Beyond just providing the poor with access to credit or immediate liquidity, or reconfiguring the poor as a domain of untapped growth for banks, the inherent emphasis in Islamic microfinance on social justice signals the nascent industry's potential to be more attentive to undoing broader, pernicious structures of economic inequity than conventional microfinance—a critical area for further inquiry and exploration.

Endnotes

1. This research was conducted with grants from the National Science Foundation's Graduate Research Fellowship Program; the American Institute for Bangladesh Studies; the Johns Hopkins Institute for Global Studies; and the Johns Hopkins Program for Women, Gender, and Sexuality.
2. Unless otherwise cited, all information in this paper is derived from firsthand observation and interviews conducted during this fieldwork.
3. Mohammed Obaidullah, *Role of Microfinance in Poverty Alleviation* (Jeddah: Islamic Research and Training Institute [Member of the Islamic Development Bank Group], 2008).
4. "South Asia-Bangladesh," in *The World Factbook 2009*, Washington, DC: Central Intelligence Agency, page updated July 13, 2013, available at https://www.cia.gov/library/publications/the-world-factbook/geos/bg.html.
5. Jebun Nesa Alo, "Conventional banks looking for a piece of the Islamic banking pie," Dhaka Tribune, June 27, 2013, available at http://www.dhakatribune.com/business/2013/jun/27/conventional-banks-looking-piece-islamic-banking-pie.
6. Islami Bank Bangladesh Limited, *Annual Report 2012* (Dhaka: Islami Bank Bangladesh Limited, 2012).
7. These statistics take into account the particulars of the Rural Development Scheme as well as the Urban Poor Development Scheme, a new program launched in 2012 that offers the same Islamic financing and savings facilities as RDS, but to an urban clientele.
8. The 99 percent repayment rate was listed as occurring from 2006–10 in: *Annual Report 2010* (Dhaka: Islami Bank Bangladesh Limited, 2010,) 105. Currently, this rate is published on the website "Rural Development Scheme," (Dhaka: Islami Bank Bangladesh Limited), accessed August 2, 2013, available at http://www.islamibankbd.com/prodServices/rdsScheme.php. Regarding IBBL service fees, see *Rural Development Scheme: An Islamic Microfinance Model,* (Dhaka: Islami Bank Bangladesh Limited, 2006), 12, available at http://www.islamibankbd.com/rds/. Grameen Bank possesses four flat interest rate levels: eight percent for housing loans, five percent for student loans, and interest-free loans for "Struggling Members," or beggars. See: Grameen Bank,"Grameen Bank At A Glance," accessed August 2011, available at http://www.grameen-info.org/index.php?option=com_content&task=view&id=26&Itemid=0.
9. According to a 2006 IBBL pamphlet on RDS, "The cardinal principle of the Scheme shall be the 'Group Approach.' Allah loves those 'who conduct their affairs by mutual consultation' (Al-Quran 42:38)." *Rural Development Scheme* (Dhaka: Islami Bank Bangladesh Limited Public Relations Department, October 2006), 8–9.
10. Daily Star Business Report, "BB warns Islamic Banks," Dhaka: *The Daily Star* (Business Section), July 22, 2011. The presence of Islam in institutional, corporate, and political spheres exists in relation to, and yet distinct from, the myriad ways that individuals are creatively manifesting and/or engaging with their faith. For more on this topic, see Samia Huq, "Women's Religious Discussion Circles in Urban Bangladesh: Enacting, Negotiating and Contesting Piety," Dissertation, Brandeis University, Waltham, Massachusetts, 2011; and Elora Shehabuddin, *Reshaping the Holy: Democracy, Development, and Muslim Women in Bangladesh* (New York: Columbia University Press, 2008).

11. Daryl Collins, Jonathan Morduch, Stuart Rutherford, and Orlanda Ruthven, *Portfolios of the Poor: How the World's Poor Live on $2 a Day* (Princeton, NJ: Princeton University Press, 2009), 46–49.
12. Abhijit Banerjee and Ester Duflo, *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty* (New York: PublicAffairs, 2011).
13. Collins et al., page 59.
14. "Rural Development Scheme," Dhaka: Islami Bank Bangladesh Limited, accessed August 2, 2013, available at http://www.islamibankbd.com/prodServices/rds Scheme.php.
15. According to the IBBL's 2012 Annual Report (page 218), *zakat* is "paid at a rate of 2.58 percent . . . and calculated on the closing balances of Share Premium, Statutory Reserve, General Reserve and Dividend Equalization Accounts."
16. The IBBL's mission, as stated in its 2012 Annual Report, is "To establish Islamic Banking through the introduction of a welfare oriented banking system and also ensure equity and justice in all economic activities, achieve balanced growth and equitable development through diversified investment operations particularly in the priority sectors and less development areas of the country. To encourage socio-economic uplift and financial services to the low income community particularly in the rural areas."
17. Mansoor Durrani and Grahame Boocock, *Venture Capital, Islamic Finance, and SMEs: Valuation, Structuring and Monitoring Practices in India* (New York: Palgrave MacMillan, 2006).
18. The *taka* is the Bangladeshi currency.
19. In Bengali: "*Islam shudh mukhto—sheta Islamic finance. Onno banks'ke onek taka dorkar—Islamic bank'e ei rokom'er shudh nai. Amadair Islami bank'ke bhalobashi*."
20. In Bengali: "*Capital establish korte chai. Torkari kash kore, pore aam*."
21. (M. Obaidullah, 2008).
22. Beatriz Armendáriz and Jonathan Morduch, *The Economics of Microfinance*, 2nd edition (Cambridge, MA: MIT Press, 2010); Beatriz Armendáriz and Nigel Roome, "Gender Empowerment in Microfinance," in *Microfinance: Emerging Trends and Challenges*, edited by Suresh M. Sundaresan (Cheltenham, UK: Edward Elgar, 2008); Lamia Karim, *Microfinance and Its Discontents: Women in Debt in Bangladesh* (Minneapolis, MN: University of Minnesota Press, 2011); Aminur Rahman, *Women and Microcredit in Rural Bangladesh: Anthropological Study of the Rhetoric and Realities of Grameen Bank Lending* (Boulder, CO: Westview Press, 1999). For information about the gender of RDS clients, see "Rural Development Scheme," (Dhaka: Islami Bank Bangladesh Limited), accessed August 2, 2013, available at http://www.islamibankbd.com/prodServices/rdsScheme.php.
23. This is also at odds with an orientation common in conventional microfinance as well, despite the rhetoric of "female empowerment" frequently employed in that sector. Armendariz and Morduch (2010: 220) and Banerjee and Duflo (2011: 124) explain that microfinance tends to rely on the "efficient household" model of financial management championed by economist Gary Becker in 1981, whereby family members are not in economic competition with each other, but seek to maximize collective financial gains and are tied together for the long term.
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