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Financial Inclusion: Islamic Finance Role in Accomplishing The Global Goals

Dr Ramatu Ussif

Anadolu University, Graduate School of Social Sciences, Department of Business Administration (Finance), Eskişehir, Turkey
ramatussif@gmail.com / ramatuussif@anadolu.edu.tr

Abstract: *Financial inclusion is a great catalyst for economic development across the world. Islamic finance which is an alternative form of conventional finance as indicated by the world economies that was pronounced after the global crisis when Islamic Finance was able to survive the shocks as compared with conventional finance-system. This research examines financial inclusion: the role of Islamic Finance in achieving the Sustainable Development Goals. Relevant literature was reviewed and conclusions made. The study reveals financial inclusion as a significant instrument to poverty reduction, employment creation, and income-generating activities. The study also demonstrated that Islamic Finance through their issued social re-distributive instruments like the Zakat, Waqf, Sadaqah, will have a positive effect on the economy and will lead toward the achievement of SDGs. Also, the Islamic finance instruments such as Sukuk, Takaful, Mudharaba, Murabaha, and Musharakah, will have a positive impact on the sectors of the economy which invariably can help in leading to achieving the objective of Sustainable Development Goals by 2030. It is concluded that financial inclusion, through the adaptation of Islamic financing will go a very long way to help solve the challenges of funding that affected the success of the MDGs and help achieve the SDGs.*

Keywords— *Sustainable Development Goals, Financial Inclusion, Islamic Finance, Inclusive Development.*

1. INTRODUCTION

Financial inclusion is a catalyst or tool for the achievement of sustainable development. This research attempts to investigate Financial Inclusion: the role of Islamic Finance in achieving Sustainable Development Goals. For Sustainable Development Goals (SDGs) to be successful, different stakeholders need to be involved. One of the key stakeholders in Islamic finance which applies Islamic law/sharia in dealing with businesses. Islamic finance has a potential role in supporting SDGs implementation because, it has untapped prospects of financing needs for the set goals, as a vital source that is non-traditional. Islamic finance across the world has emerged to be an effective instrument for development financing and it may prove to be a crucial contributor to realizing the SDGs. This article aims to build financial inclusion through Islamic finance towards achieving sustainable development goals. With proper management and accountability, the financial sector can play a crucial role in building a viable, sound, stable economy. This can be done through redirecting savings and investment to economic activities that will provide a good balance between the economic, social, and environmental objectives to help promote human welfare/wellbeing, living standard and to mitigate global challenges like inequalities, poverty, hunger, climate change, or unemployment. Researcher and analyst now give much attention to a "green economy" because it helps promote economic growth and development and at the same time help in achieving the objective of sustainable development goals. The Sustainable Development Goals or global agenda objective of 2030 and the green finance agreements or projects were major points towards advancing global action to help in promoting a transition to a green economy to solve SDGs issues. There exist more than 500 Financial Institution in over 75 countries worldwide which is practising some kind of Islamic finance and the industry is growing at a faster rate of more than 15 percent annually with the signs of future consistent growth. The Islamic financial industry has an estimated asset to be USD1.87 Trillion worth in early 2014 having grown from USD1.79 Trillion as compared to the end of 2013. Yet still, the sector represents 1 percent world's total asset (Economist, 2014) and is highly concentrated in Asia and the Middle East countries (Kammer et al, 2015). The countries in Gulf Corporation region accounts for the biggest proportion asset of Islamic finance as the sector is set to gain a mainstream relevance in its jurisdiction and it represents 37.6 percent total financial asset of global Islamic. The main objectives of this article are to help examine the role of Islamic Finance towards achieving Sustainable Development Goals and the specific objectives are: to investigate the relationship between Financial Inclusion and Islamic Finance, to discuss the initiatives Islamic finance is undertaking to achieve SDGs in communities, to examine the various Islamic finance Instruments, and to access the contribution of financial inclusion and Islamic finance. Secondary data was used for this article through literature review, related books, journals/articles, dissertations, conferences and seminars, and so on. A structured financial system helps in poverty reduction, distributing income equally. Including the excluded people or population into the financial system by helping and protecting them from economic shocks (World Bank, 2008). The Sustainable Development Goals were created from the Millennium Development Goals as a result of challenges encountered by some countries towards achieving the MDGs. Due to the problems encountered, with the MDGs achievement, the Sustainable Development Goals was brought in to replace the Millennium Development Goals. The SDGs have 17 goals aimed to be achieved by 2030. The idea of some Development economists is that improving accessibility and making available the basic financial services to all society members to build an inclusive financial system as the main goal (Sain, Rahman, & Khanam, 2016). The enhancement of accessibility to qualitative financial services like credit, savings mobilization, risk management, and insurance can help facilitate sustainable growth & more productivity, particularly for SMEs. In 2017, the world's first green Sukuk was issued by the Malaysian-based Tadau Energy for a solar power financing in Malaysia. From then the market has been developed significantly with many Islamic bond (green Sukuk) issuance reaching $5.38 billion 2019 ending representing fifty-eight (58) issues, purposely led by Malaysian and GCC Corporates. Regulations and policies contributed immensely to financial sector development via, financial inclusion, training, building capacity, customers & depositor's protection, financial soundness, checks and balances (Ussif and Ertugrul, 2020). With effective regulations and policies for Islamic financing, the sector will contribute greatly towards achieving sustainable development goals.

1.1 Research Problem

Across the world, people are suffering from poverty, hunger, unemployment, lack of food, shelter, and clothing, lack of good drinking water, poor health care system, high women and child mortality rate, and much more especially in underdeveloped countries. To resolve this matter world developmental institutions and the world leaders met and came up with a blueprint in the year 2000 signed tagged the MDGs with 8 point agenda with its declaration and with a fixed deadline of 2015. The MDGs ended in 2015 and progresses was made to some of the goals. To consolidate the gains of the MDGs by achieving more result, the sustainable Development Goals in September 2015 was launched. The gap in the study was identified as the lack of studies on how to translate the sustainable development theory into a practical measure and financial inclusion into solving SDGs problems. Again, the neglect of the role that Islamic finance can play in the achievement of Sustainable Development Goals. Not knowing Islamic Financing is part of Financial Inclusion policy, the Mistreatment of Financial Inclusion as one of the main goals of achieving Sustainable Development Goals. It is anticipated that an investigation of the following superseding objectives and questions will assist in accomplishing the tasks set out in this study.

1.2 Research Objective and Research Question

1.2.1 Research Objective

- To examine the role of Islamic Finance towards Sustainable Development Goals
- To investigate the relationship between Financial Inclusion and Islamic Finance
- To discuss the initiatives Islamic finance is undertaking to achieve SDGs in communities
- To examine the various Islamic finance Instruments
- To expatiate Islamic finance challenges in achieving the SDGs
- To access the contribution of financial inclusion and Islamic finance

1.2.2 Research Questions

- What is the role of Islamic Finance towards Sustainable Development Goals?
- What is the relationship between Financial Inclusion and Islamic Finance?
- What initiatives are Islamic finance undertaking to achieve SDGs in communities?
- What are the various Islamic finance Instruments?
- What are the Islamic finance challenges in achieving the SDGs?
- What is the contribution of financial inclusion and Islamic finance?

2 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Islamic Finance

Islamic Finance is defined as a type of financing which is recommended in Islam and goes explicitly or strictly by the Sharia (Islamic law). It is how financial institutions in the world for both Muslim and non-Muslim including other institutions that are lending raise their funds/capital through the Islamic law "Sharia" (Ussif and Yussif 2020). The Islamic finance is regarded as a "Sharia", ethical, socially and inclusive responsible finance as it connects financial sector/industry with the real economy and it helps promotes sharing of risk, profit, partnership-style financing, losses, social responsibility, and it has emerged as an effective and efficient instrument for the financing of development worldwide. This explains and clarifies the sectors increasing importance as a different instrument in infrastructure financing. Also, the principles of solidarity, mutuality, and social justice, are promoted & encouraged and investments that are considered unethical are forbidden in the sector. Islamic financing has the possibility of bridging the finance gap essential to achieving the sustainable development Goal agenda and the evolution or change to a green economy. This was justified the identification of participants of the third (3rd) International Conference July 2015 at Addis Ababa in Financing for Development as a promising alternative or a substitute to the traditional sources of finance and the approval for the sector's utilization to realizing the sustainable development goals.

The Islamic financial industry comprises four key sections: Islamic funds, Islamic insurance (Takaful), Islamic banking, and the bond (Sukuk) market. While these four sections can contribute towards the financing of SDGs, the bond-Sukuk section recently attracted more attention to the development of green finance and SRI Sukuk. The bond (Sukuk) also enables the reaching of a wider, global client/investor base encompassing both the conventional investors and Islamic investors.

2.1.2 Islamic Micro Financial (Products and Services)

Microfinance is a financial institution that provides products/services which are micro and small-scale like the savings, loans, investment, and insurance that are offered to individuals who are engaged in micro and small businesses, such as farmers, traders (Ussif and Ertugrul, 2020). The Islamic microfinance product/service is the services that are been rendered to the low-income people by the institutions which include micro-financing, emergency financing, micro-insurance (Takaful), transfers, micro-savings, micro pension fund, and Bill Payments. Some of the Islamic financial instrument/product include Sukuk, Takaful, Wakf, Sadaqa, İjarah, Sukuk, Salam, Sukuk, Istisna, Sukuk, Murabahah Sukuk, Mudarabah, Musharakah, and wakalah. According to Ussif (2018) microfinance is very important for poverty reduction, employment creation and economic development in most of the world. Islamic microfinance is not an exception for it is an effective tool for poverty and unemployment reduction and the development of the world economies.

2.1.4 Islamic Financial Products

2.1.4.1 Sukuk (Islamic Bond)

Sukuk is defined as a certificate of an equal value signifying undivided shares in the ownership of tangible assets, products, and services or the ownership of assets of particular special investment activity or projects. The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Among the fastest-growing segment in the Islamic Financial sector is the Sukuk market with about 24.2 percent of total Islamic financial assets globally and the new issuances amounting to ninety-three (93) Billion in 2018 indicated by the IFSB-Islamic Financial Services Board. The Sukuk represents an innovative instrument for green finance projects. Also, the Sukuk can be organized in different kinds using single or combined (hybrid) Islamic contracts like partnership, leasing, and agency.

2.1.4.2 Waqf (Islamic Endowment Funds)

Waqf is an Islamic endowment fund of a property that is to be held in trust and to be used for a religious purpose or charitable purposes. The literal meaning of Waqf is 'detention'. Legally, waqf means the 'detention' of a property or asset that produces income and may be available always for religious/charitable purposes. Muslims donate their assets or property wholeheartedly for the charitable purpose for the sake of Allah and under religious faith for the upliftment and benefit of the poor, and society at large. This is called waqf. There exist only two kinds of waqf: the public Waqf and the private Waqf.

2.1.4.3 Takaful (Islamic Insurance)

Takaful known as Islamic insurance is a form of insurance that is based on mutuality, and co-operation principle, incorporating the essential features of a responsibility shared, joint indemnity, solidarity, and common interest.

Difference between Takaful and Conventional Insurance

- Takaful is based strictly on cooperation and understanding but conventional insurance is based on only commercial factors.
- Takaful is a shariah compliment backed by Islamic laws and government laws while conventional insurance is subject to only government law.
- Takaful is interest-free (Riba), uncertainty free (Gharar), and free of Gambling (Maysir) but conventional insurance has the elements of gambling, uncertainty, and interest.
- In Takaful, risk, Profit, and loss are shared or distributed among takaful participants based on the agreed terms and conditions but in conventional insurance, the risk is transferred from individual to insurance provider.

2.2 Empirical Review

Relevant literature related to the study were reviewed for better understanding of the topic.

Having access to financial products and services can help improve the productivity and capacity of people and also increase the net savings and investment of a country (Aportela, 1999; Ashraf, Karlan, & Yin, 2010). Hunger reduction and food security promotion is also another key objective of SDGs. Farmers having access to financial services at a moderate or lower cost can determine the farmers' productivity. The farmers who have accessible credit at an affordable cost and are operating savings account will have a tendency of engaging in investment that is large. World Bank, (2015) concluded that majority of the women are not employed and they are not also ready for work which leads to loss of income due to gender gap between women and men that was estimated to be 15 percent in OECD countries, 38 percent in both North Africa and the Middle East. Better financial products & services accessibility will enable several women to be independent or self-employed compared to their men counterparts in developing countries (Demirguc-Kunt, Klapper, & Singer, 2013). Due to the lack of collateral security and poor credit history women's interest rate payment on loans are high as compared to men (IFC, 2011). Another purpose of the sustainable development goal is the promotion of innovation & sustainable industrialization. The easy accessibility to credit facilities is key in promoting innovation & sustainable industrialization which help increase investment levels in the country. The limited access to financial services is another key challenge experienced by most of the small & medium enterprises. Accessibility to credit/loan will improve the establishment of new businesses and will enable the expansion of the existing ones. The expansion and start-up will help create jobs/employment for unemployed individuals (Klapper et al., 2016). Nevertheless, the financial market weaknesses were figured out via a recent global financial crisis that was a result of a poor appraisal of credit, poor management of risk, and many more. Economic growth mostly occurred through savings mobilization and capital formation which translates into the efficient and effective financial sector. Financial inclusion can help in preventing the ill-functioning of the market mechanism through extending or providing the poor and the disadvantaged or underprivileged group in the society with formal financial service (Ussif 2020). According to Allen, Demirgüç-Kunt, Klapper, & Martinez Peria, 2012) financial inclusion support increasing the resources of the financial system by improving the rural people's savings culture and plays an important role in the economic development process. Again, financial inclusion helps in preventing the poor people from the manipulation and corruption or misuse of the financier/moneylenders by ensuring easy access to formal credits. It also ensures the involvement of the population that is excluded into the financial system, therefore financial inclusion ensures the accessibility to the financial system at a moderate or affordable cost (Shankar, 2013).

3 METHODOLOGY

Secondary data was used for this article through literature review, related books, journals/articles, dissertations, and so on. Currently, the Islamic Finance role in achieving the Sustainable development Goals set is still at the initial stage and needs more work, projects/researches, collaboration, and discussions.

Other Sources of Data for this article include:

- Islamic Banking and Finance Banks Websites
- Islamic Economics Books
- The Holy Quran/Hadiths
- Islamic Development Bank
- The World Bank Group,
- Islamic Development Bank (IDB)
- International Center for Education in Islamic Finance (INCEIF)
- Guidance Financial Group
- United Nations Development Program (UNDP)
- United Nations Websites (UN)

4. SUSTAINABLE DEVELOPMENT GOALS FINANCIAL INCLUSION AND ISLAMIC FINANCE

4.1 Sustainable Development Goals (SDGs)

The Sustainable Development Goals which is also called the Global Goals, adopted by all the member states or countries of United Nations in 2015 as a worldwide call for action to end the challenges of the countries like poverty, hunger, unemployment, planet protection, and ensuring that every individual is enjoying peace & prosperity by the year 2030. These goals are 17 in number and they are integrated thus the actions and inactions of one area will be affecting the results or outcome of the other and there should be balance economically, socially, politically and environmental sustainability. Below are the seventeen (17) Sustainable Development Goals.

Goal 1: End poverty of all kind in all member countries.
Goal 2: End hunger, achieving food security, improving nutrition, and the promotion of sustainable agriculture everywhere
Goal 3: Ensuring healthy lives and the promotion of well-being for all ages
Goal 4: Ensure inclusive quality education, equitable quality education, and the promotion of lifetime learning opportunities among all members
Goal 5: Achieving gender equality, women, and girls empowerment
Goal 6: Ensuring the availability and management of sustainable sanitation and water for all
Goal 7: Ensuring accessibility to very sustainable, reliable, modern, and affordable energy for all countries
Goal 8: Promoting sustainable, full and productive employment, decent work, inclusive & sustainable economic growth among all member countries
Goal 9: Building resilient infrastructure, promoting sustainable and inclusive industrialization and fostering innovation for all
Goal 10: Reduction of inequality both within and among member countries
Goal 11: Making the human settlements and cities safe, inclusive, resilient and sustainable for all
Goal 12: Ensuring sustainable production and consumption patterns for all members
Goal 13: Taking an urgent action in combating climate change and its effects/impacts on all members
Goal 14: Conserve and using sustainably the seas, oceans, and marine resources for sustainable development for all countries
Goal 15: Protecting, restoring, and promoting sustainable use of earthly/terrestrial ecosystems for all members
Goal 16: Promote a peaceful & inclusive society for very sustainable development among all
Goal 17: Strengthening the implementation means and the revitalization of the Global Partnership meant for Sustainable Development for all

4.2 Financial Inclusion

Financial inclusion as to do with having access to financial products and services offered by formal financial institutions at a reasonable or affordable price which includes the poor, the rich, and the lower-income individuals in the economy. Financial inclusion is defined as the provision of varieties of financial services and products which are very necessary for all adults which include the poor, low-income earners, the underprivileged group in the society. Internationally, financial inclusion is described as the right of all individuals to social inclusion, social development, better living standards, and an instrument for the empowering of the poor in a country (Banco Central do Brasil, 2010). Financial inclusion includes development programs, financing programs, social programs, and Islamic microfinance services using micro small and medium-sized enterprises and commercial funds and

MSEs. The social inclusion comprises the development and social programs provided to low-income people using Islamic social tools, like the zakat, infaq, and waqf funds.

4.2.1 Contribution of Financial Inclusion

There have been efforts by different stakeholders to bring financial products and services to the poor population in rural areas. In Bangladesh, two financial technology companies (CloudWell and Green Delta Insurance) have collaborated to offer payment and insurance services to farmers in rural areas. Governments in developing countries such as Zimbabwe have enacted laws that allow farmers to use their livestock as collateral to obtain credit. Despite the efforts, issues of trust and transparency have prevented such projects from achieving their full potential. Some of the contributions of Financial Inclusion are:

- It helps in credit accessibility
- Income-generating activities
- Creates employment
- Help in reducing poverty
- Helps in making daily payments available
- Improves the accessibility to insurance products/services
- Helps the poor to make savings

4.3 The Green and Blended Finance

The blended finance is defined by OECD as a strategic use development finance in mobilizing extra or supplementary finance in developing countries toward Sustainable development. This requires the reconsideration of other sources of finance while leveraging the development of finance funds and limited public funds. For instance, we can consider Islamic social finance. Islamic social finance sector generally includes the traditional Islamic institutions like zakat (almsgiving), waqf (endowments), and Islamic microfinance. These traditional Islamic institutional sector mostly target the people with the lowest populations, those who lack access to basic essential needs like food, shelter, education, proper health systems, and other basic needs.

The Zakat & Waqf are at the core of Islamic finance and economic system since they promote the principles of brotherhood, social justice, mutuality, and solidarity, whereas the Islamic microfinance enables SMEs and small businesses which cannot usually access traditional financing methods, to access some financing for their small projects which help generate income and then reduces the poor reliance on charity. The Zakat and waqf play a crucial role in Muslim religious life, socio-economic, and cultural life for centuries. Currently, a lot more scholars are calling for the institutions' revival to address current developmental challenges that include environmental issues. Using the zakat and waqf in green blended finance can help in addressing many SDGs and help to develop inclusive green solutions for peasant farmers, access of the rural people to cooking solutions, clean energy, sanitation solution, water treatment and many more.

Conclusively, therefore, the widespread change to a green economy has required ultimately much-sustained emphasis and attention on the growth of continued green finance market globally, and the further development of key financial instruments as best alternatives to the traditional sources of financing.

5. ROLE OF ISLAMIC FINANCE TOWARDS ACHIEVING SUSTAINABLE DEVELOPMENT GOALS (SDGs 1-17)

Globally, the countries that accepted Islamic finance fully as a financial system are now gaining benefits because it reflects all sides of their economy. Islamic Finance role cannot be undervalued in supporting economies towards achieving its desired aims and objectives of SDGs and so the Islamic finance role cannot be overemphasized.

SDG 1- No Poverty, SDG 2- Zero Hunger

The goal of SDG1 is to end the poverty of all kinds in all member countries across the world by 2030. According to UNDP (2015), more than eight hundred million (800M) people worldwide lived by less than $1.25 per day. Most people in the less developed countries are not an exception. The objective of SDGs 2 is to end hunger, achieving food security, improving nutrition, and the promotion of sustainable agriculture everywhere around the world. Hunger is prevalent in most of the countries and more endemic in developing countries. (MDG End-Point Report, 2015). This indicates that most of the countries do not meet the MDG target for this indicator.

To the issue of SDG 1 AND SDG2 by closing the gap, Islamic finance adoption is vital because it possessed certain inherent qualities or potentials that help to address the goals. For example, with the help of Zakat, Sadaqat, Waqf shared with the poor households, the welfare and living standards of the poor will be improved. The zakat is the charity where most corporate organizations are made to deduct 2.5 percent of profit and capital annually to the charitable fund to be distributed to the poor. The waqf that is the endowment fund, the Sadaqa which is a charity giving to them willingly, the Qard al Hassan loan thus the benevolent loan where the client does not pat interest. These Islamic products will help and save the poor household from shame and disgrace. (Chudhury and Malike, 1992). Also, it has the role of curbing financial exclusion through assisting the unbanked populace to have access to financial services that will help empower the vulnerable to some extent. These above instruments will play a significant role in income redistribution and social protection which will help in reducing poverty and hunger if not end it completely.

SDG 3-Good Health &Wellbeing, SDG 4-Quality Education, SDG 6-Clean Water & Sanitation, and SDG 7 – Affordable & Clean Energy.

Goal 3 of the SDG is ensuring healthy lives and the promotion of well-being for all ages and Goal 4 of the SDG objective is to ensure inclusive quality education, equitable quality education, and the promotion of lifetime learning opportunities among all members. Furthermore, the purpose of Goal 6 of the SDG is to ensure the availability and management of sustainable sanitation and water for all. While the objective of SDG Goal 7 is ensuring accessibility to very sustainable, reliable, modern, and affordable energy for all countries across the world.

Financial inclusion via Islamic Finance will help serve as a special purpose vehicle towards achieving the above-stated objectives (3-7) through Islamic financial instruments by name Sukuk. According to AAOIFI (2008), Sukuk refers to a certificate or document of the same value of shares/bonds representing the ownership of a firm's tangible asset. Other instruments include Istisnah, Musharakah, Mudababah, Salam, ijarah, etc. this can be issued in both foreign currency and local currency. Globally, IMF (2015). Infrastructural investment is estimated as USD100Trillion for over the next two decades as indicated through an available report that Sukuk the issuance of Sukuk is estimated to be USD 80 Billion in 2014. Never the less, countries like Malaysia, Qatar, and others used this financial instrument to achieve a lot and try to close their infrastructure gap. Also, the issuance of sovereign Sukuk in countries will help to finance the deficit in the budget and it will go a long way to attract substantial amounts of capital affordable from different countries and Islamic markets established across the world. Thus, if all countries can adopt the above instrument as a financing option it will assist in the country's infrastructural deficit solving which averagely will lead to achieving these stated goals.

SDG 5 -Achieve Gender Equality & Empower all Women and Girls

Islamic financing does not leave women and girls behind. To prove the Islamic Financial system commitment, numerous organizations were set up. Some of the organizations include Women in Islamic, Women Banking Forum, Women in Islam & Ethical Finance Forum (WIEFF) to inspire, boost, and encourage the involvement of Women/females in Islamic banking and practices. The Association of the Women Banking Forum was in MENA and GCC region More so, several products and services have been launched for the women segment example since the year 2000 Dubai Islamic Bank issued Johara, the ADIB issued Dana, and the Al Hilal Bank issued Laha, etc, all the stated above aims at empowering women.

SDG 8-Decent Work and Economic Growth), SDG 12-Responsible Consumption, and Production.

SDG-8 is vital to every economy. The entire world economy aims to achieve this before it became part of the SDGs goal and now all government is earning towards realizing this goal. The role of Islamic Finance in economic development can never be downplayed. Many works of literature reveal this. Among the literature include Umar and Ramatu (2018), Furqan, and Mulyany (2009).

Due to the interest-free Islamic finance provides to its customers and the cheap source of capital. Interest charged on issued loans to clients makes the borrowing cost expensive and this discourages borrowers. Islamic financial system or Islamic banking operates on a sharing of profit and loss basis Umar & Ramatu (2018) and it less or no emphasis on collateral security as they consider the business viability as the primary criterion. A lot of SMEs and entrepreneurs have benefitted from this type of finance since many of these businesses do not have access to credit facilities from the traditional/conventional banks due to collateral issues, which serve as constraints or limitations in expanding the operations of the business. Islamic finance is done through the following instruments: mudarabah, Sukuk, Murabaha, takaful musharaakah, Istisnah, ijarah, bai salam, etc. This, when successfully done, will go a very long way to promote production by increasing output and will have an impact on unemployment and consumption.

SDG 13-Climate Change, SDG 14-Live Below Water, SDG 15 - Life On Land Sustainable Cities and Communities:

The objective of Goal 13 is taking urgent action in combating climate change and its effects/impacts on all members while Goal 14 aims to conserve and use sustainably the seas, oceans, and marine resources for sustainable development for all countries and the Goal 15: the purpose is protecting, restoring, and promoting sustainable use of earthly/terrestrial ecosystems for all members. Islamic finance takes into consideration the above goals since the mode of operations of Islamic Finance is shariah based. Due to the ethical, environment, and social part of Islamic financing it is appropriate for financing unlike conventional finance with the motive of profit maximization. On 20th January 2016, the United Nation Environmental Program and the Islamic Development Bank signed an agreement on the conservation of the environment towards supporting the SDGs. And the fighting the climate change. These were trying to prove the highest commitment of Islamic Finance through the Apex Islamic Institution regulating all other Islamic finance.

To develop a sector that is environmentally friendly and which is been financed by Islamic banks through Green Sukuk. Through the effective use of these, the above goals will be realized.

SDG 16 - Peace, Justice and Strong Institution, SDG 17- Partnership for Goals

Goal 16 is to promote a peaceful & inclusive society for very sustainable development among all

While Goal 17: Strengthening the implementation means and the revitalization of the Global Partnership meant for Sustainable Development for all across the world.

The SDG 16 has a strong link with Islamic Financing in the sense that Islam in itself means Peace. In Islam, it is stated in the Holy Quran and the Hadiths of the Holy Prophet (PBUH) that Muslims should treat one another justice and peace should be maintained.

The main objective of this is that Muslims should ensure justice and universal brotherhood (Chapra, 1979). Islam has warned or frowned against the injustice of the other in whatever form whether economically, socially, or politically. As the Islamic financial system is part and parcel of Islam, it adheres to such objectives while dealing with customers and all. In the Holy Quran (Quran 5: Verse2) Allah (S.W.T.) spoke about peace and regarding justice Allah in (Quran 5: Verse 8) and other verses alike (Quran 6: verse 152, Quran 4: Verse 135, Quran 26: Verse 183). So, therefore, the elements of the above goals are already integral or inbuilt in the Islamic financial system.

6. CHALLENGES OF ISLAMIC FINANCE TOWARDS ACHIEVING SDGs

Islamic Finance is not without challenges and these challenges could hinder the sector from being able to succeed in achieving the Sustainable Development Goals. Some of the challenges are;

- Inadequate Legal Framework
- Absence of Organized Islamic Market
- Inadequate financial products and services
- Urbanization of the Banking Services
- Low Islamic Insurance (Takaful)
- Lack of Public Awareness

For financial inclusion via Islamic finance to be successful towards achieving the Sustainable Development Goals, the above challenges must be taken into consideration and addressed to help in achieving the SDGs goals worldwide by 2030.

7. IMPACT OF THE STUDY

The literature used in the study and several others suggests that fewer researches were done over the years on how Islamic finance translates towards achieving sustainable development goals. It is as a result of the low study in this area that this study becomes important and relevant. The impact of this research on the existing literature/body of knowledge is, most previous works assessed the effects of financial inclusion to the economic growth and development but this article differs from the previous studies because its main objective is to examine Islamic Finance's role in achieving sustainable development goals. Based on the literature reviewed, it was revealed that the Islamic financial institutions' branch or banks branch in the rural community, the demand deposits of the rural area, and the loan to the entrepreneurs (SMEs, petty traders) all have a positive impact on sustainable development goals. This implies, the more entrepreneurs receive loans, the more savings, investments, and deposits, and if there are more branches in a country, the better the living standards and conditions of the people. Efforts should be made towards providing sufficient credit for the rural dwellers as this will contribute to the sustainable development of the economy.

8. SUMMARY

- Islamic finance has an essential role in Sustainable Development Goals. In the past two decades, Islamic finance has grown rapidly and is now viewed as a potential and possible contributor towards supporting the Sustainable Development Goals. It has the ability and potential to play a vital role in supporting Sustainable Development Goals implementation.
- Is high time Islamic finance is position as a sustainability development leader
- Islamic Micro financial institutions have a great role to play in the process offer fund required for new projects or new investments. Countries with strong Islamic financial institutions are in advance in reaching the Sustainable development Goals.
- Islamic finance also aims to achieve economic, social, and environmental support via products and services such as wakf, sadaqat, takaful, mudharabahah, murabahah, etc
- Islamic Finance appears to be more ethical than other (non-Islamic) forms of finance, so, therefore, it can be assumed to play an important role in helping to achieve SDGs.
- It was discovered that Malaysia is today the largest market of Islamic finance for sustainable investing in Asia.
- In the aspect of important financing needs for the Sustainable Development Goals, Islamic finance has available opportunities as considerable and non-conventional financing for the Sustainable Development Goal.
- All the above can help to explore the possible contributions that can be made by Islamic Finance towards achieving the Global Agenda.

9. CONCLUSION

Islamic financing can surely play an important role in SDGs especially in SDG number 8 (as proposed by the UN). It says that "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" and Islamic banking is a great 'fit' for this Sustainable Development Goals. The traditional banks should ensure that the poor or rural dwellers have been provided with Islamic banks or microfinance branches, example, in those areas or communities where access to the bank is not available or less and it is offered to the customers at an affordable price because that will help increase financial inclusion level and reduce exclusion in all countries for sustainable development in each country to be improved. This research empirically tried to discuss Financial Inclusion: the role of Islamic Finance in achieving Sustainable Development Goals. The results recommend that the government and regulators should continue their efforts in increasing financial inclusion through Islamic financing by introducing more Islamic financial products and services at an affordable price because it will help in poverty alleviation and provide for the underprivileged groups or disadvantaged in the society.

10. RECOMMENDATIONS

- This research recommends that Islamic banking and financing institutions, regulators, policymakers and the monetary authorities should help develop new products & services which will attract savings and investments from the poor or rural dwellers because of their deposits as some level of significance towards the development of an economy and a nation at large.
- The regulators of the institutions should ensure that the regulations and policies made in every country cater to the disadvantaged groups for the financial exclusion level to be minimized.
- For Islamic finance to fulfil its potential and provide effective support to the SDGs, there is a need to establish an enabling environment.
- At the country level, regulatory and supervisory frameworks should be strengthened, legal underpinnings of Islamic financing instruments need to be more robust, and instruments for liquidity management need to be developed.
- At the global level, the standardization of contracts and sharī'ah (Islamic law) rulings is critical, in addition to promoting the adoption of international standards issued by bodies such as the Islamic Financial Services Board (IFSB) and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Conflicts of Interest

We declared no conflicts of interest in this research

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