

## **The Role of Microfinance on Sustainable Livelihoods of Refugee Communities: A Systematic Literature Review**

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### **Abstract**

Microfinance (MF) has emerged as a potential tool for financial inclusion (FI) and the foundation for economic development and sustainability of refugees, amidst the increasing number of forcibly displaced persons and reduction in funding aids from international communities through innovative and sustainable approaches (savings and investments, credit and loans, cash transfers and remittances, and insurance facilities). This paper examines the role of MF in fostering economic empowerment, gender equity, poverty reduction, social resilience, and peaceful coexistence within the refugee context. By synthesizing existing literature, the study highlights the challenges and opportunities faced by MF in providing financial services among the refugees, including scarce and limited resources and accessibility, emphasizing the need for innovative and tailored programs, including scaling and digitalization of MF services, finance/digital literacy training, and stakeholders' collaboration to maximize the benefits of MF in such a unique context. By considering the intersection between 'Financial Inclusion Theory' (FIT) and the concept of 'Sustainable Livelihood', the study provides valuable insights for integration and collaborative opportunities between policymakers, international organizations, development actors, private sectors, and service providers, including microfinance institutions (MFIs) working with the refugees to support long-term sustainability.

### **Keywords**

Financial inclusion, microfinance, refugee communities, sustainability, sustainable livelihoods.