

M. Phil Thesis  
on  
Socio-economic Factors related to faith-based Banking  
Services in Bangladesh : A Case Study on the  
Islami Bank Bangladesh Limited

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## **Declaration**

This thesis entitled “Socio-economic Factors related to faith-based Banking Services in Bangladesh : A Case Study on the Islami Bank Bangladesh Limited” was submitted by me for the Master of Philosophy Degree at The University of Dhaka is based upon my work carried out under the supervision of Professor & Chairman Dr. Md. Shamsul Alam, Department of Islamic Studies, University of Dhaka.

I would like to confirm that neither this thesis nor any part of this has been submitted earlier to any university or institution for awarding the degree or publication.

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## **Abstract**

### Socio-economic Factors related to faith-based Banking Services in Bangladesh: A Case Study on the Islami Bank Bangladesh Limited

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Islami Bank Bangladesh Ltd. (IBBL) is a fasted growing and good performing bank in Bangladesh. The IBBL is playing a leading role in the banking sector for almost a decade in multi-faucets. Specifically, its contributions to socio-economic development may have helped today's progression, particularly in rural areas of Bangladesh. This study presents the roles of the IBBL in the socioeconomic impact and economic development in Bangladesh. By collecting data using Google Survey Form from a sample of 100 customers of IBBL, a comprehensive profile analysis has been conducted. Firstly, based on respondents' responses, most of the IBBL customers are mainly from 25-40 years by age category. Firstly, the clients of IBBL are found highly educated and they have sustainable relationships with the banks. Secondly, clients' high awareness and usages of existing various deposit's mobilization by instruments is praiseworthy. But we found no high awareness and usage of any individual products/services through financing and facilities of IBBL. Third, both education and income categories have significant roles of customers by using various bank services or products of the IBBL. Fourth, it appears that customers are always satisfied by using several services and products of the IBBL. Fifth, within the service delivery system, employees of the IBBL deserve attention for improving customers' satisfaction immediately. Finally, the factor "principle of religion" is the key to selecting bank *criteria* for IBBL customers, whereas the demography of clients plays a more important role by determining selection *criteria* than the others do.

## **Certificate of hon'ble Supervisor**

I am pleased to certify that Mr. Faisal Ahmad, bearing the Registration No. 33 for the session 2018-2019 in the Department of Islamic Studies, University of Dhaka has prepared his M. Phil. thesis entitled “Socio-economic Factors related to faith-based Banking Services in Bangladesh : A Case Study on the Islami Bank Bangladesh Limited” under my supervision.

The thesis is Mr. Faisal's original work. This thesis or any of its parts was not submitted earlier for any degree or publication.

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I am thankful to Mr. Hasna Alam, Ex DMD of Islami Bank, Bangladesh Ltd, DMD of Mercantile Bank Ltd, and Ms. Kamrun Nahar, Joint Secretary of Financial Institutions, Ministry of Finance for sharing with me their self-reliance, curiosity, and a lifelong love of learning.

Finally, yet importantly, thanks go out to my loving all little sisters and brothers. My special thanks go to my younger brothers Saiful Samim (John) and Saadi Islam (Joy) who has helped me in many folds such as printing materials and logistic supports. My grandparents could have been proud today if they were among us. Grandparents had raised me and had taken care of my all needs until I got a full-time job. Thank you both and I will never be ending up thanking you both.

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# Chapter - 1

## Introduction

Since after establishment in year 1983, the IBBL-Islami Bank Bangladesh Limited has been working to ensure max benefits of Bangladeshi-society underpinning the Islamic Shari'ah based principles on “Quran” and “Sunnah”. In banking services, the IBBL is the introducer of welfare of banking in Bangladesh. Accordingly, it tries to take all of its activities including designing operational policies for its betterment for the clients of IBBL. Since prohibits of Islamic Shariah, payments or acceptances of interest-fees for lending and acceptance of cash, the IBBL has been holding it up as principles since its birth. OIC General Secretariat of the defines that, Islamic Bank in the manner which working as a Financial Institution (FI) by named Islamic Bank. By where its procedures, rules and statutes must express its words to the clients for following principles of Islamic Shariah. Accordingly, it must be banning “receipt and payment” in its operations (<https://www.islamibankbd.com>, 2021).

Underpinning the principle, the IBBL in Bangladesh started its journey with TK 500 million as an authorized capital in 1983 (IBBL, 2020). From the very beginning, the IBBL is progressing sharply, and its authorized capital is now TK 20,000 million (IBBL 2020). The IBBL has now 384 branches in operation spread all over the country. It has now over 10,000 employees (IBBL, 2019). This has been possible because of its unique principles in the operation of banking services. This bank is unique because on one hand, it always prohibits interest completely. On the other hand, it takes part in losses according to a stipulated agreement. It treats a client as a partner and the operation follows a profit-loss system. Besides this, the IBBL has introduced a lot of new schemes such as Green Banking, Small

and Medium Enterprise-SME scheme, CSR-Corporate Social responsibility, etc. to serve the people and Bangladesh-economy (IBBL 2020).

However, sometimes the IBBL faces questions on what it has done for the people, particularly rural people. These questions are mainly evolved from the fact that over 65 percent of total population in this country live in rural areas where no Islamic Bank branch has yet been established (BBS, 2015). Secondly, rural peoples' professions, culture, preferences are much more different than that of people in city areas.

Considering this situation, I find it to be worthy researching IBBL's socio-economic factors' impacts for strengthening the existing facilities extended by the bank and finding out the new horizons. This is because the relationship within socio-economic growth and development of economy is dependent. And accordingly, it justifies my choice choosing this topic as my MPhil research topic. Economic growth and institutional reform of any country's largely influenced by its culture, population & socio-economic status of that country. Literature suggests that previous studies were this study for the relationship within socio-economic growth and economic development (Rousseau and Watchel 2005). Findings of these studies reveal that all sets of these factors always influenced by other's components (King and Levine 1993, Todaro 1995).

However, studies, *prior* to undertaking this study, have rarely focused on impact of "socio-economic" factors in financial institutions. In other words, there is an absence of literature about the relationship within socio-economic factors & economic growth through financial institution, *particularly* through the IBBL is most needed in the modern Bangladesh.

Risk sharing is an important property of the Islamic Financial System that provides financial stability and enriched financial inclusion that leads to sustainable development. But the implementation of this risk-sharing-idea depends on the magnitudes of transparency,

accountability, good governance, contract enforcements, effective monitoring, well-structured economic institutions, and effective financial-markets.

However, the current situation on the issue shows that countries under the banner of the Organizations of Islamic Cooperation (OIC) do not meet these pre-requisites (Ng *et al.*, 2015). Thus, it is now increasingly needed for the greater interest of the people who need it most in countries such as Bangladesh.

This study is an attempt to gain knowledge on roles related to faith-based banking particularly the IBBL in socio-economic impact and economic development in Bangladesh. Also, by collecting data statistics from respondents, this study undertakes statistical analysis and examines hypotheses relate to customers' satisfactions on products & services of the IBBL. It further discusses the performance and evaluates the position of IBBL in the progression of socioeconomic development in Bangladesh.

## Chapter - 2

### Literature Review

The aim of study is for examining of the socio-economic impact to development by the IBBL in the Bangladesh economy. In the modern financial age, some studies focus on bank customers' satisfactions with products and services of banking. This is because today researchers in the subject-area are concerned with the study of factors that determine profitability and bank performance. Many studies have done for factors of internal and external examine their impact upon the bank's efficiency based on performance by using different approaches. Some exclusive studies are conducted on a country basis (Sufian and Habibullah 2010), whereas others have focused on countries which are panel-based (Beck *et al.* 2013).

Studies within functioning of conventional banks & Islamic banks which are also being studied. Researchers at the same time used border analysis methods to analyze the effectiveness of Islamic banks (Belanes and Hassiki, 2012), the challenges of governance, control, and regulation (Jobst 2007), the characteristics and benefits of Islamic banks (Abedifar et al. 2013, Beck *et al.* 2013) & whether it's possible for classified within Islamic banks and ordinary banks (Olson and Zoubi 2008). In addition, some researchers have focused on assessing the robustness, stability, and financial strength of Islamic banks in times of fiscal crisis (Bourkhis and Nabi 2013).

But studies on socio-economic development and profitability of banks are still under way with a focus on customer satisfaction surveys in the selection of banking products and services. This field of study began to receive special look in the late 1990's, since after Asian fiscal crisis, the role which in banking sector can be played in avoiding budget crises, alters the researcher's interest in analyzing the relationship between financial and global economic

development (Uddin, A., Chowdhury *et al.*, 2017). Literature also suggests that the use of projected investments and rapid inflation of short-term investments have been a major cause of 1990s budget crisis (Armenta, 2007). It is now well recognized that countries with both strong industry of banking and strong structure of finance can avoid some harmful effects of such crisis (Armenta, 2007).

Theory of financial growth (King and Levine 1993) states that, financial sector's development leads to growth of economic. King and Levine (1993) used variables such as cash debt ratios and claims of private sector in GDP for measuring the level of financial developed country's (Uddin, A. *et al.*, 2017). They showed their analysis on a data set-off from 1960 to 1989 by using models to reduce general statistical growth and identified relationships within the development and financial growth of economic (Uddin, A. *et al.*, 2017).

In 2005, Watchel and Rousseau repeated the King and Levine hypothesis by a data of 43 years (1960-2003) (Uddin, A. *et al.*, 2017). They have seen cash debt and private sector debt as % of GDP that somehow disappear due to rapid financial liberation and globalization in "developing countries" (Uddin, A. *et at.*, 2017). Their findings also suggest that in the absence of a strong financial sector, rapid emancipation could contribute to economic growth. Another study was conducted on a topic entitled: "*Socio-economic Factors Matter for the Financial Development of an Muslim Country: A Study in Bangladesh Banking Sector?*" It gives proper incentives to banks for lending in the wrong way, which can increase lending rates, lead to bankruptcy, bankruptcy, financial collapse, and ultimately collapse the entire financial industry. (Uddin, A. *et al.*, 2017).

From an economic perspective, several studies are arranged to evaluate its impact for socio-economic development on growth of economic. Lot of these studies have mentioned that there are so many useful relationships within the various kinds of stages for growth of

economic freedom and economy (Chinn, M. D., & Ito, H. 2007). However, no important documentation links the social & economic freedom to banking. Sufficient proofness of the influence of bank-related on economic development factors (Chinn, M. D., & Ito, H. 2007) suggests that social and economic independence may affect the banking sector. On the other hand, the lack of interest from researchers in the area has surprising seems.

Several uses of studies in different kinds of freedoms in economics indexed by several aspects of the found and economy that higher levels of freedom for economic can be led to best outcomes of economic (La Porta *et al.*, 2002). Using the traditional indicators of general law, creditors' rights and rule of law. La Porta *et al.* (2002) found the countries with healthy investment protections have large markets of capital (Poua, F. *et al.*, 2007). Sala-e-Martin *et al.* (2007) found the economic involvement with independence on inequality & income is affected by overall efficiency and productivity.

Impact of capital allocation & financial transactions and the effects of corruption have been extensively studied. Previous studies have found that corruption hurts GDP growth rates, firm valuations, and capital investment (Uddin, A. *et al.*, 2017). A lot of economists gave the opinion that, economy can be damaged by corruption (Esidu, 2006). In year 2003, Todaro noted that, the growth of the economy and economic independence has an impact on the profitability and efficiency of commercial banks According to Todaro (2003). "*Influence of government in financial markets such as cap of directed lending, interest rate, and malpractice can prevent financial institutions from performing at their best*" (Uddin, A. *et al.*, 2017). Accordingly, these kind of macroeconomic instability and repressive policies could significantly reduce the amount of savings and indebted money in economy & lead to a "credit crisis". (Uddin, A. *et al.*, 2017).

The literature suggests that an increase in the Corruption Perceptions Index (CPI) reduces bank profits in Nigeria (Aburim, 2008). At the same, Pagano (2008) shows that

government involvement levels and corruption are key factors which can be helpful to the describe to the cross-sectional spread in lending for bank rates in Latin American countries. La Porta *et al.* (2002) have shown that, corruption leads discrepancies in big data and, therefore, supports the notion that the corruption or malpractice can have an ideal effect of adverse to the function of the finance system (Pagano, MS., 2008).

Islamic finance principles of don't permit malpractice and corruption to other misconduct (Uddin, A. *et al.*, 2017). Since Islam seeks to ensure justice for the society of humans, the general view in that any injustice and corruption malpractices may have great outcome on the financing system of Islam. Implementation of Islamic banks' philosophy of risk-sharing commonly depends by the accountability, transparency and honesty of its clients (Askari, Iqbal, *et al.*, 2014). Sooner literature gave its opinion that, these characteristics of Islamic banks are the socio-economic determinants of a country compared to their traditional counterpart (Uddin, A. *et al.*, 2017) are more affected.

In Bangladesh-economy, Islami Bank Bangladesh Ltd (IBBL) started its journey in 1983. As of 2007, the number of branches of Islami Bank Bangladesh Ltd was 6. Compared to other banks, the IBBL has performed relatively better for the areas of debt recovery and other measures of various financial (Ahmed, Rahman, & Ahmed, 2006; Ahmed and Hassan, 2007). IBBL is one of the Islamic banks in our country's economy where it shows random success as a witness to the economy (Ahmed and Hassan, 2007).

Islamic Bank Bangladesh Limited offers products or services like those offered by regular banks. Moreover, the approach of Islamic banks is different from that of other banks (Dusuki and Abdullah, 2007). Therefore, in this study a brief overview of the IBBL's services and products in our country is presented. For every interpretation, services and products are discussed upon 2 broad categories. They are deposit collection i.e., source of funds and financing facilitation i.e., use of funds (IBBL, 2008).

The system of Islamic banking gained rapidly in our country properly, there is very imitated research into the areas of behavior for customer by Islamic banks. In the context of Islamic banking in Bangladesh, most of the research has focused to the financial performance comparatively by banks and on legal facts (Ahmed and Hassan, 2007). The issue of customer behavior is hardly noticed. Little is known about the motivation of consumers to choose Islamic versus traditional banking services not only in Bangladesh but also in the literature (Dusuki *et al.*, 2007) and so far, research is limited. (Alemu, A.M. 2012).

Against the background of the circumstances as of above described, the study examines the banking behavior of IBBL customers where its customers are selected as a sample study of Islamic banking in Bangladesh. In this study, the impact and economic development of Bangladesh's socio-economic factors will be mostly captured.



## Chapter - 3

### History of the IBBL and Its Progression in Bangladesh

#### Islamic banking and its first establishment in Bangladesh-economy:

Islamic banking is no longer a new concept of banking in Bangladesh-economy. It works based on the principles of Quranic norms forbidding lending & transactions like giving credits or loans for charging interest. The logical economy behind abolishing *riba* which is based on the values in multi-facets. These values are particularly (a) justice (b) efficiency (c) stability, and (d) development. It is well recognized that under Islamic banking system, commercial and industrial risks are shared equitably between the owner of capital & to the entrepreneur. *Herer* returns for investments are shared within the investor based on their capitals. Traditional banks are to serve credit for worthy borrowers. However, IBBL is looking for most profitable and productive projects. IBBL approaches to oppose Provides social cohesion among all classes to provide banking services to people of different social strata.

The Islamic banks origin can be found back by practice of Mudarba of Hazrat Muhammad (PBUH). Rasulullah (sm) was a Mudarib (agent) of his wife, who used to give his money or property to his wife for business and shared the loss and profit. The Prophet (sm) got the responsibility of Mudarib as a reward for his work and business. Moreover, he was not responsible for the failure of the business. This type of partnership is called '*Mudarba*'.

On this subject, in cross-border trade, Caliph Umar said to have invested in orphans between Medina and Iraq. In the eleventh century a kind of cooperation practiced between Egypt and Jeddah in the north and south trade known as *Musharaka*. There is another form of partnership called mushrik, where mushrik (agent) contributes capitalization and can ask

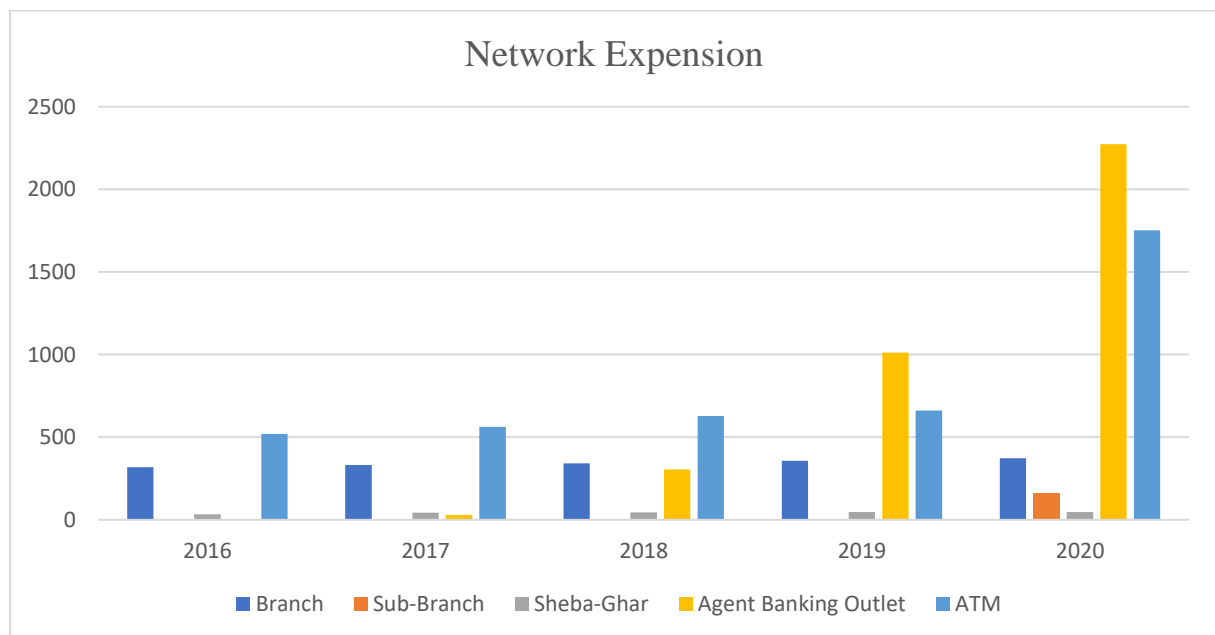
higher profit by percentage. In the beginning of the 7th century, revenues by tax from Iraq were sent to Medina across the desert by coins. In the 17th century, 32 Mudraba contracts were practiced in the city of Basra, Turkey. Mudraba was practiced in Tunisia, Indonesia, the Arabian Peninsula and India.

The 1st sub-branch of IBBL was opened in 2020. In addition, the rest of the issues have increased proportionally from 2016 to 2020, which are shown in table-1 and figure-1.

**Table – 1:** Network Progress of IBBL

Year	2016	2017	2018	2019	2020
Branch	318	332	342	357	373
Sub-Branch					162
Sheba-Ghar	33	44	45	47	47
Agent Banking Outlet		30	305	1012	2273
ATM	520	562	629	661	1752

Source: IBBL Annual Report 2020



**Figure – 1:** Network Progress of IBBL

Source: IBBL Annual Report 2020

Islamic banking modern ideas derive from the historical practice of idea is based on 'three-tier currency'. The first level is Rab-al-Mal, meaning the person who wants to go for investment. Second level is that *Mudaraba*, meaning the agent who pays his capital as Rabb al-Maal through contract. The third level is Entrepreneur by whom *Mudaraba* signed with a

contract and to whom the Mudarib invested initially from which the *Rab-al-Mal* assigned him.

To establish Islamic finance the first action occurred in Pakistan in the late 1950s. Here banks' borrowers not paying any interest on the advance loan. First, bank deposits have to be kept for a long time and depositors, who mostly owned land, find that with the growing number of borrowers, there has been a wide gap between the amount of their capital and the loan. They paid a little fee to make over the bank's operating cost. Again, the experience is encouraged by two main factors were identified of its failure. Second, the employees did not have complete autonomy in the activities of the bank as a result depositors were less interested in paying them. So, these banks have not always been able to satisfy the customers

In Egypt by 1963, an experiment with Islamic banking was conducted, and another experiment was conducted in 1967 with the Meat Gamer Savings Bank's establishment in rural area of Nile Delta. Unlike in the case of Pakistan, the borrowers deposit in the bank to avail the loan facility. These activities of the bank were established on the basis of similar Islamic principles. Based on the success of the test, a network of local banks was spread across different parts of Egypt. The project was pushed for political instability in the country. Again, it was revived in 1971 by founding Nasser Social Bank, was the primary Islamic bank in a Cairo-based urban environment.

Islamic banking emerged in Malaysia and in Dubai in 1975 by following Egypt in 1963. This bank was founded by a company of 50-year-old Al-Razi with more than 5 billion assets. An important development in Islamic Banking was licensed by an Islamic bank in Saudi Arabia. In 1985 under the name of Al-Razi Banking Investment Corporation, this bank started its operations. Al-Razi's success in lucrative operations around the world in 1975 helped the Saudi government move towards full-fledged Islamic banking. Subsequently, it developed relationships by activeness in Europe with major trading companies and so many

American corporations. Muslim countries set up a multinational corporation called Islamic Development Bank to work for social and economic development through the Islamic Framework (IBBL 2020). Our country is a member of this Islamic Development Bank (IDB). Through the establishment of IBBL in our country, the beginner interest free bank of Southeast Asia started its operations.

### **IBBL's Progress in Bangladesh-Economy:**

Islamic Bank was organized for the first time in our country as a public limited company under the Companies Act 1913 on 13 March 1983. In this journey of IBBL till December 2020, 237 branches have been opened with authorized capital of TK1000 million and its current paid-up capital is TK640 million (IBBL, 2020). Al Baraka Bank Limited is mentioned as a second Islamic bank of our country which began its business of banking on 20th May of 1997. Currently, this bank operates under the name “ICB Islamic Bank Limited”. It's a joint venture company made by Al-Baraka Investment & Development Company between jointly. Its well-known financial organization in Saudi Arabia.

The IDB which is a group of companies of prominent industrialists of our country. This bank now has 35 branches across the country. It provides its customers with traditional commercial banking facilities and provides financial supports for real estate projects implementation.

The asset, deposits, and income have been increasing gradually. In addition, the rest of the issues have increased proportionally from year 2016 to 2020, which are shown in Table-2, 3, and Figure-2, 3.

**Table – 2:** Financial Progress of IBBL

Description	Amount in Million TK				
	2016	2017	2018	2019	2020
Asset	936945.69	1069709.07	1170422.26	1315169.23	1624916.66
Investment	676747.8	748672.54	847370.71	953150.85	1109395.31
Deposit	681352.25	755022.25	822573.12	946216.97	1179476.48

**Source:** IBBL Annual Report 2020

Table - 2 and Figure – 2, both clearly show that IBBL asses, investment, and the amount of deposits that have been growing since the year 2016. These assets, investments, and amounts of deposit were at the highest level in the year 2020.

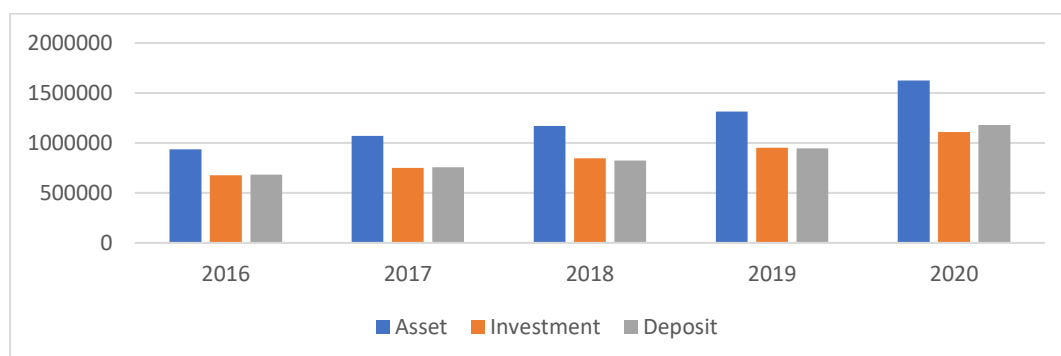
**Table – 3: Financial Progress of IBBL**

	Amount in Million TK				
	2016	2017	2018	2019	2020
Fixed Asset	15586.91	15475.41	15346.42	16186.65	17809.90
Reserve Fund	31029.05	32619.08	37186.41	40941.79	43902.99
Income	61557.45	66939.35	77596.09	88131.12	84493.38
Net Profit	10299.15	12113.32	13701.05	14099.75	10689.09

**Source:** IBBL Annual Report 2020

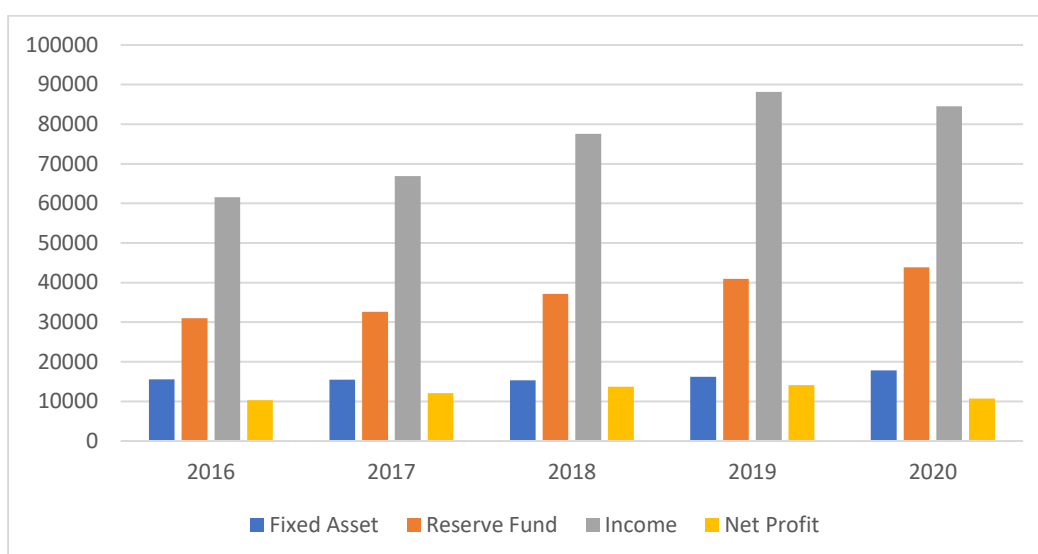
Table – 3 and Figure – 3, clearly show that the income level of the IBBL was growing significantly faster than that of fixed assets, reserve funds, and income. In this Table & Figure, the income level was the highest in the year 2019 and it was lowest in the year 2016 and year 2020.

There are another two Islamic banks that were approved in 1996 to operate by the policy of Islamic banking. These are “Al-Arafa Bank Limited” & “Social Investment Bank Limited”. “Shahjalal Islami Bank Limited” is the fifth Islamic bank in our country which started in 2001 as a scheduled bank and run its operations on May 10 at the same year. It has a total of 52 branches with a current authorized capital of TK 600 million and a paid-up capital of TK 3425 million.



**Figure – 2: Financial Progress of IBBL**  
Amount in Million TK

**Source:** IBBL Annual Report 2020



**Figure – 3: Financial Progress of IBBL**  
Amount in Million TK  
**Source: IBBL Annual Report 2020**

Shahjalal Islami Bank’s performance in operation is very satisfactory. In this case, the two traditional banks, First Security Bank limited & Export-Import Bank Limited, have become fully Islamic banks. The Exim Bank started its operational activities in 1996. It starts its program as Islamic Bank by July 2004. Exim Bank At present a total of 56 branches and their authorized capital is TK 3500 million and paid-up capital is TK 2677 million. Both these banks are working well for interest-free businesses as financial institutions.

Those seven Islamic banks are now operating in our country, with a total of 532 branches in both urban and rural areas across the country. The activities and services of these banks are gradually expanding. IBBL has 238 branches. This is the highest number of branches of any Islamic bank in Bangladesh. This has created a new feeling in banking arena in our country. Influential scheduled commercial banks have given place to Islamic banking in its daily activities. Twelve scheduled commercial banks and other three major foreign banks namely “HSBC”, “Standard Chartered Bank” and “Bank Al-Falah Limited” with 25 branches in line with banking policy. Considering this value as a result, the number of such

branches is increasing. And the state-owned commercial banks have applied for approval to Bangladesh Bank to open such kind of Islamic banking wing or branches.

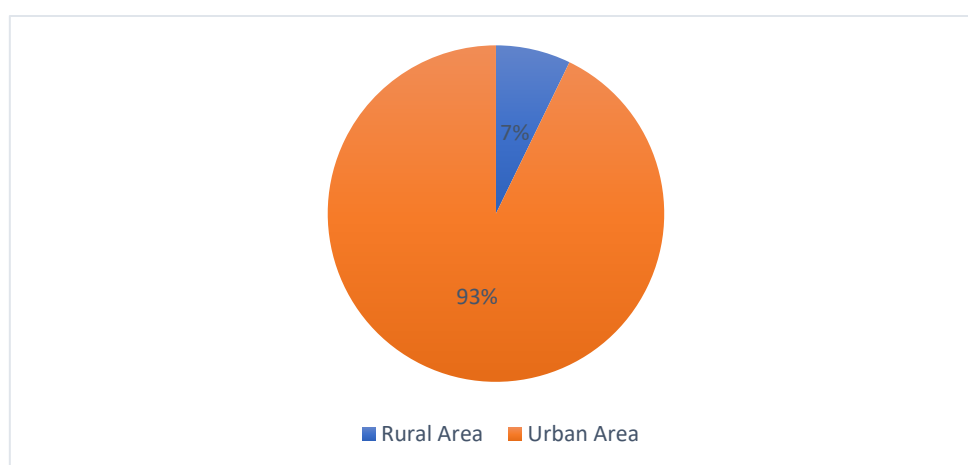
Accordingly, the area-wise investment, division-wise investment, and sector-wise investment have been increasing gradually. In addition, the rest of the issues have been increased proportionally in year 2020 with percentages, which are shown in tables 4, 5, 6, and figure 4, 5, 6.

According to the report of Bangladesh Bank, “The combined deposits of all Islamic banks are 26.05% of the total deposits of private banks and 17.98% of public commercial banks”. Similarly, “The total investment of Islami Bank is 29.27% and 22.15% of public and private commercial banks respectively” (IBBL, 2020). By comparative of this analysis shows that out of 49 commercial banks in the country, only seven Islamic banks control 20% of the national economy. Presently all Islamic banks have Tk 442,750 million deposits (IBBL, 2020).

**Table – 4:** Area wise Investment

Area wise Investment		Million TK
Rural Area	7.18%	76451.17
Urban Area	92.62%	958836.71

**Source:** IBBL Annual Report 2020



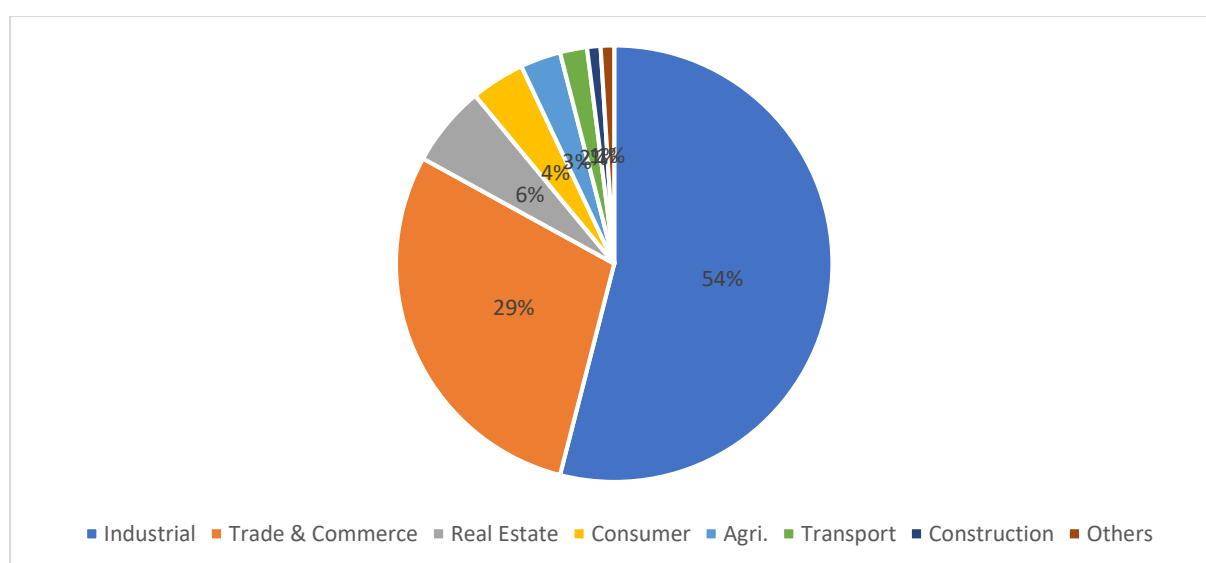
**Figure – 4:** Area wise Investment  
**Source:** IBBL Annual Report 2020

**Table – 5: Sector-wise Investment**

Division wise Investment		Million TK
Dhaka	51%	530950.68
Chittagong	28%	290457.82
Khulna	8%	59951.75
Rajshahi	6%	81647.00
Barisal	3%	13892.77
Sylhet	2%	15299.91
Rangpur	1%	11092.33
Mymensingh	1%	11995.62

Source: IBBL Annual Report 2020

Among these, IBBL is at the forefront of investment and deposits in terms of growth. These banks are playing an important role to collect remittance transactions from non-resident Bangladeshis. The work of Islamic banks is very commendable for this. IBBL has been at the forefront of this service for several years. All Islamic banks are enlisted to Dhaka and Chittagong Stock Exchanges which are raising capital from public through the issuance of initial shares or initial public offering (IPO). Islamic Bank also offers latest banking services such as ATM service and internet banking facilities. “All of these steps of Islamic banks prove their activities in the expansion of banking and investment services are programmatic” (Mujahidul Islam, 2017).



**Figure – 5: Sector-wise Investment**  
Source: IBBL Annual Report 2020

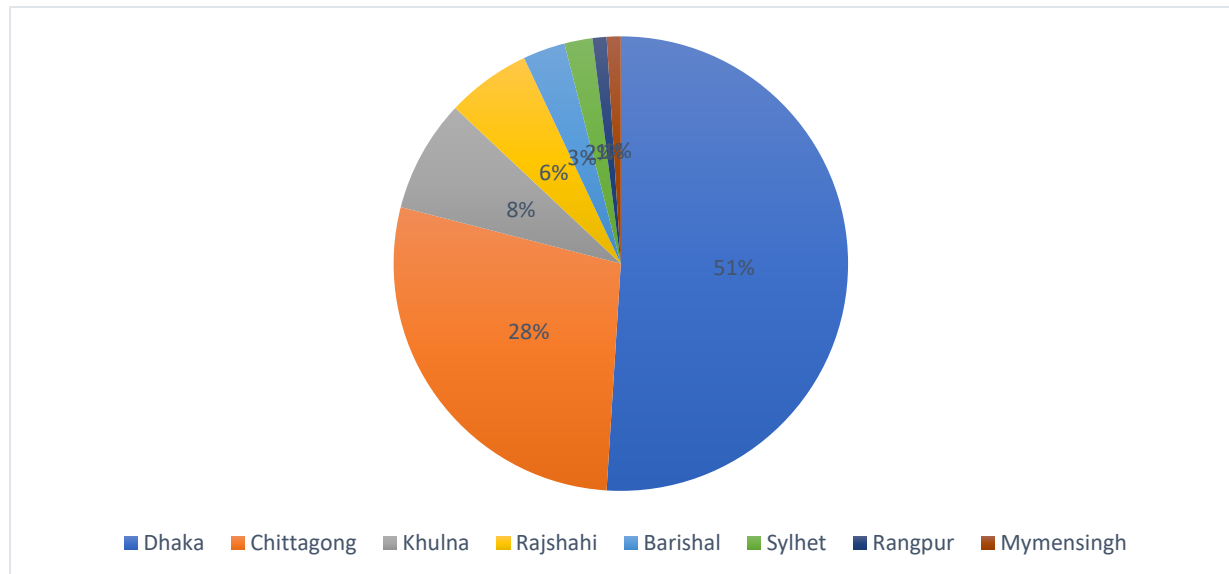


**Table – 6:** Division wise Investment Sector-wise Investment Percentage

Industrial	54%
Trade & Commerce	29%
Real Estate	6%
Consumer	4%
Agri.	3%
Transport	2%
Construction	1%
Others	1%

**Source:** IBBL Annual Report 2020

Table – 6 and Figure – 6, clearly show the percentage of division-wise investments of the IBBL where investment level was 54 %, which was the highest in the year 2020. Investment in the construction area and others was 1%, which is the lowest in year 2020 (IBBL, 2020).



**Figure – 6:** Division wise Investment  
**Source:** IBBL Annual Report 2020

The data statistics further reveals that the consumer's use of the following products depends on the level of education: Savings Deposits (at 10% importance level), Savings Bonds (at 10% importance level), Bai-muazzal (at 10% importance level) level)) and hire purchase (at 5% importance level) under Shirktul Milk.

## Chapter - 4

### Objectives, Hypothesis, and Methodology of the Study

#### I. The Objectives

Islamic Banking Services in Bangladesh have been enjoying a giant progression in multi-faucets for almost four decades. Now estimation shows that, mainly global Islamic banking services grew by 10% -15% from 1990 - 2016 (IBBL, 2018). The principal institution in Islamic Financial Services (IFSI) is the global thought of Islamic banks in the world economy where Bangladesh is no exception. Studies show that the clients choose Islamic banks primarily on grounds of religion. But it is well recognized that Islamic banking has taken hold in non-Muslim consumers as well as in non-Muslim countries (Kotler, 1988). It is well recognized in the literature that understanding and adopting customers' motivations and behaviors are not a substitute but an absolute necessity for competitive survival in today's world economy (Owusu-Frimpong, 1999). Furthermore, the need for a better understanding of clients' behavior has become more acute as competition in the banking industry is stronger ever than before (Rose & Marquis, 2006).

With this *motto* in banking services, the IBBL has been growing rapidly in the economy of Bangladesh (IBBL, 2018). IBBL is one of the sixty-six banks in banking services in Bangladesh-economy. It works with eight branches. It performs similar functions under the IFSI like any other Islamic banking where it performs such functions by Islamic principles. It has emerged to meet the needs of particularly Muslims in Bangladesh where customers enjoy the IBBL services and products in line based on the Holy Quran and Hadith with Islamic principles. It is now located in both rural and urban areas in Bangladesh.

While the popularity of Islamic banking is gaining in Bangladesh, the areas of customers' behaviors of Islamic banking have rarely seen scientific studies in the literature. Studies in the sub context in Bangladesh for Islamic banking have focused on a comparative study of performance in line with financial of IBBL banks and on its legal matters corresponding to banking services (Ahmed and Hassan, 2007). However, issues of customers' behaviors and satisfaction are hardly noticed. *"According to the literature not only in Bangladesh, knowledge of consumer motivation to choose Islamic functions within versus conventional banking-services is modest and for research to date is very much limited"* (Dusuki and Abdullah, 2007).

Thus, in aim to fill the gap in the literature, this kind of study examines the banking behaviors of customers of Islamic Bank where IBBL clients are selected as a case study for Islamic banking in Bangladesh. In this undertaking, the impacts and economic development of Bangladesh's socio-economic factors will be mainly captured. Particularly, this study examines the behavior of banking for the customers of IBBL. The vital objectives of this study are as follows:

- i. To reveal the demographic profile of the IBBL.
- ii. To study the awareness and uses of and services and products of the IBBL.
- iii. To ascertain whether the relationship length has no role in awareness about Islamic Banking evolves from services or products among the clients of IBBL.
- iv. To identify the satisfaction level of customers with products/services offered by the IBBL.
- v. To ascertain whether there is any relation between bank selection *criterion* and the demographics of the customers.

## **II. Hypothesis on Customers' Satisfactions with Products & Services of the IBBL**

Based on data collected and findings of its descriptive statistical analysis, it is noted that with the exception of the Domestic Document Purchased Bill, External Document Bill, Bai-Salam, Credit Cards, and ATM cash services, all have a maximum value of more than

3.0 points. The Quard has been rated because of the maximum gratifying product for the users.

Now, for finding out whether products and services have above average satisfaction, the following hypothesis is tested for each service and product of the IBBL.

**Null hypothesis:**

IBBL clients have an average gratifying with each of products and service of the IBBL (i.e.,  $H_0=3.0$ ).

**Alternative hypothesis:**

IBBL clients have an above-average gratifying with each of products and service of the IBBL (i.e.,  $H_A>3.0$ ).

**III. The Methodology**

To achieve the objectives, this study produces a statistically descriptive research design. Here the population consisted of IBBL customers. However, in practice, no such kind of accumulated list of clients is found for some reason. Such kind of detailed list of clients requires a list of IBBL customers with contact details. In this study, a step was taken to sample the methodology instead of sampling the possibilities to overcome such limitations.

Here data was collected from a total of 100 IBBL customers using a Google survey form. The survey tool for data collection was a questionnaire consisting of open and closed-ended questions. From a previous study, the questionnaires were mainly adapted in the literature (Metwa and Alamosawi, 1998). The question paper had five sections. Part - A asked customers for information on their demographic factors, *particularly* age, monthly income level, and education level. Part - B asked two close-ended questions: “Did you have any association with conventional banks of IBBL previously?” and with the IBBL “What was your relationship’s length?”. Three types of questions were asked in Part - C. Firstly, a ‘yes’ or ‘no’ reaction to the notice of every of the 17 IBBL’s services and products presented with the aid of using IBBL. Second, a ‘yes’ or ‘no’ solution becomes requested whether or not

clients had used every one of the 21 services and products. Third, clients rated their stage of pleasure with services and products on a 5-factor Likert scale ranging from '1' to '5'. Here '1' means 'enormously dissatisfied' and '5' means 'enormously satisfied' become requested to indicate. Part D sought remarks on pleasure with the fundamental factors of the provider shipping machine of the IBBL. The fundamental factors are a) personnel b) area c) bodily centers of the financial institution and d) evening banking (late) hours. Participants have been sought on a five-factor Likert scale range from '1' - '5'. Here '1' means 'relatively dissatisfied' and '5' means 'relatively satisfied'. In Part - E, participants have been requested to signify their stage of settlement with the subsequent 4 particular statements, in which everyone suggests the IBBL choice criteria.

- i. I prefer IBBL because it follows Islamic principles.
- ii. I have chosen the IBBL coz of the recommendation of my friends and family members.
- iii. I have chosen IBBL for its available location.
- iv. I have chosen the IBBL coz of its higher return and rates.

The participants right here have been sought on a five-factor Likert scale range from '1' - '5' ('1' stands for 'strongly disagree' and '5' stands for 'strongly agree').

Accordingly, by using descriptive statistics and hypotheses testing the data analyses were done using t-distribution and chi-square tests as is appropriate.

## Chapter - 5

### Products and Services of the IBBL

Like any other traditional banks, the IBBL offers products and services in banking operation. However, the IBBL has different approaches in banking operation (Dusuki and Abdullah, 2007). With this reality in practice, described overview of the services and products of IBBL are highlighted here. In case of better understanding, services and products are disclosed under two categories. They are i) Deposit Collection – Sources of Funds and ii) Financing Facilities – Use of Funds (IBBL, 2008).

#### Deposit Collection

In IBBL, deposits are raised through current accounts, savings accounts, and savings deposits (IBBL, 2008). For better understanding, they are elaborated as follows

*Current Account* - Like any other banks including traditional one, the IBBL accepts deposits on current accounts from customers. Here the IBBL operates the current accounts under the principle of Al-Wadia. As per the theory, banks usually receive the deposits from customers with a commitment on demand the bank repay them. Banks are using such kind of funds with the consent of the clients for any risk of the banks. *“Thus, the deposit provider of IBBL is not entitled to pay any share by the profits of the bank”* (Ali & Sarkar, 1996; IBBL, 2008).

*Savings Account* - Like any other banks including the traditional one, the IBBL accepts savings deposit from its clients under the principles of Al-Wadia and Al-Mudarba Sharia. The IBBL is given by its authorization of the depositors to access the funds at own risk of bank under the principles. Al-Wadia Savings Deposit is mostly like a ‘demand deposit’ or ‘current account’. The customer is guaranteed by the banks full refund of the money which is deposited along with any social benefits. “Murbaha Savings” deposit gives exclusive

authority to the banks to manage the deposits. From the use of such deposits profit or loss arising is shared between the depositors and the banks on a pre-agreed ratio (IBBL, 2008).

*Fixed deposits* – IBBL also sources funds through fixed deposits like traditional banks. However, IBBL applies the al-Mudarba principle (IBBL, 2008).

*Savings Bonds* – It is a savings-scheme, which is offered by the IBBL to the savers in the IBBL. Here IBBL follows the principle of Al-Mudarba by offering its product (IBBL, 2008).

### **Financial facilities**

The IBBL is Islamic Sharia based financial institutions. According to the IBBL explanations, the instruments with the Islamic Shari'a manner can be described accordingly (IBBL, 2008). For better understanding, the facility or equipment is detailed as follows

*Musharka* - The word musharka stands for partnership. It indicates sharing both the profits and the losses. Under MUSHARKA, the IBBL and its customers jointly contribute capital as well as managerial expertise. It further jointly contributes required services in an agreed proportion. Here profits or losses are shared as agreed in the contract (IBBL, 2008).

*Mudaraba* - It refers to an agreement within minimum two parties. These parties are the IBBL & its customers, as investors, providing the business with entire capital. This kind of relationship formed where the IBBL acts as suppliers of the capital (IBBL, 2008).

*Bai-Murabaha* – By the term ‘Murabaha’ it means the settlement of profit by cost-plus. In this system, the IBBL agrees to make purchases for the interest of the customer. “*Under the mode of Bai-Murabaha financing, the IBBL makes benefit without any sort of risk*” (Ahmad, Rahman, & Ahmed, 2006; IBBL, 2008).

*Bye-salaam* – In case of Bye-salaam, for later delivery advance payment is made. In case of the seller, it can be an individual for business purposes by the IBBL. Bye-salaam benefits both IBBL and vendors (IBBL, 2008).

*Bai-muazzal* - Bye-muazzal refers to an agreement, for example, the sale of credit. Under this agreement, the seller sells a certain specified good to the buyer in a lump sum or in fixed installments at a fixed price at a certain fixed price. These products must be permitted by Sharia and by the law of the land (IBBL, 2008).

*Ijrah* - Ijrah means leasing in Islamic finance where it is like leasing in case of traditional banks. Here based on profit sharing IBBL's leasing agreement is completed. Here the bank buys the immovable or movable asset and invest for its clients as per the contract (IBBL, 2008).

*Hire Purchase under Shirkatul Milk* - Here IBBL shares equity with the customer in buying certain assets. Accordingly, both IBBL and the customer share the ownership and profit and loss share in asset operation (IBBL, 2008).

*Qard* - It refers to the interest free loan provided by IBBL to its clients. The main objective of this loan for help the poor people in society. By such kind of investment, it becomes self-reliant and increases their income and standard of living (IBBL, 2008).

*Letter of LC* - Letter of credit is a letter issued by the IBBL confirming that the buyer (customer) concerned will receive his payment in the correct amount on time. If the buyer is unable to pay the money on purchase, the IBBL will make cover for the entire or balance amount of the purchase.

*ATM Services* - ATM stands for "Automated Teller Machine". It is an electronic outlet which allows the clients to fulfill regular transactions without help of the bank personnel.

*SWIFT* - SWIFT stands for "Society for Worldwide Interbank Financial Telecommunications". It is a member-owned cooperative society that provides secure financial transactions for safety to its members.



*Locker Services* - Locker service is the service provided by the bank which provides complete security to the customer to keep the customer's valuables, confidential documents, and other valuables safe against any untoward incident.

*Loan* - Loan refers to a type of credit vehicle where another party lent the money by exchange of future payment with the value of principal amount. In general, the lender adds interest to financial charges for the principal value which the borrower must pay in addition to the principal balance.

*Deposit* - It is a financial term which means to keep in bank. It is a process that transfers money to another party to keep it safe. Moreover, it may refer to a part of the money that is used as collateral or security for the delivery of service or product.

*Debit Card* – It is a plastic payment card, which deducts money directly when it is used from owning customer's checking account. It is also known "check cards" or "bank cards", which can use purchasing services and goods.

*Credit Card* - It is a thin plastic card issued through bank or financial institution. It allows clients to borrow the money by accepting cards from merchants to pay for goods and services. Credit cards require clients to repay the bill, along with any applicable interest, as well as any extra charges agreed-upon, either in full within due time or the billing date.

## Chapter - 6

### Survey Results and Discussion

After completion of data collection, relevant data analysis was performed to use details of statistics techniques, hypothesis of testing by use t-distribution & *Chi-square* tests. Then the interpretations and findings are summarized as follows:

#### **Client profile aspects**

The summary on the client's profile with 3 variables which are average monthly income (level of income), education and age following Table-1. Reasons to use monthly income that, salaried workers of our country are assigned on basis of payment for month. Therefore, we think of monthly salary. Accordingly, it is convenient for the participants to answer during filling out survey form or in an interview.

It is found that about 58% of IBBL clients are in age group from 25 to 35 yr. Coz for high thinking of age group of year category 25 - 35 can attribute from brief background of the IBBL operation in Bangladesh. Half of the participants have monthly income within TK 20,000 to TK 30,000. A higher thinking is that income group can be well described to find on the age variable which is predominant concentration within age of 25 to 35. There are 30% of the participants who fall down under this threshold and 20% of the participants who fall upon this kind of income limit. It is worth noting that such age categories in our country naturally entry & mid-level officers in both private & public sectors. While there is no current compensation survey to justify of this argument, anyone can argue with the observation is too widely considered. This because our country has now many entries in the public and private sectors and mid-level occupants, most likely they receive monthly basic salary TK 15,000 to 25,000 per month.

Participants were found to have an elevated level of education where only 18% of participants have education below the level of high school and 29% with bachelor's degree & 49% with masters or higher degrees (BBS, 2018). Moreover, the thinking of participants within this matter wears the 'high school' & 'college/undergraduate' categories.

**Table 1:** Profile of the Participants of the Clients of IBBL

Variable	Category(s)	In %
Age	Less than 25 yrs of age	14
	25 - 35 yrs of age	58
	36 - 50 yrs of age	13
	More than 50 years of age	15
Income Level	Lower than TK 10,000	15
	TK10,000 - 20,000	12
	TK20,000 - 30,000	45
	TK30,000 - 40,000	10
	TK40,000 - 50,000	8
	TK50,000 - 60,000	8
	More than TK 60,000	2
Education Level	Below high school graduation	8
High school graduate		9
College graduate/holding bachelor's degree		29
Above bachelor's degree i.e., Master or Ph.D.		44

**Source:** Author - Field survey data, 2020

### Client tracking relationship aspects

They are a) clients' previous relationships with conventional banks and b) clients' relationship with the IBBL as shown in Table 2. The client tracking of bank-service relationship has presented on those two variables.

**Table 2:** Client's Tracking Relationship with the IBBL

Variables	Categories	In %
Past relationship with conventional banks	Yes	67.35
	No	32.65
Relationship with the IBBL	< 3-year time-period	22
	3 years to < 4-year time-period	30
	5 years to < 7-year time-period	14
	7 years and above	34

**Source:** Author – Survey data 2020

We found that around 75% of clients had primary relationships with the banks than IBBL. That's kind of relationship can explain by two facts. 1st, IBBL has not been in our country for long time. 2nd, above four-fifths of participants are over the age of 25. Of these, almost a third fall in the age group of over 35 years. Hence, before the IBBL was in operation in Bangladesh, people were needed to depend on other banks is to meet their needs.

Tracking of the clients' bank-services relations can explained appropriately by the ways of: First, the IBBL has satisfactory progress of capturing clients from other banks as most clients used to do banking with another kind of banks. Secondly, almost half of participants have above 5 years to banking relations. This type of long tenured relations reflects to the capacity of banks to serve the clients with the loyalty of the clients towards the services and products of the banks.

#### **Client awareness and IBBL product & service usage aspects**

Table - 3 shows the details of participants who are knowledgeable of using various products and services of the IBBL. An elevated level of client awareness has been observed particularly for Current Account and Savings Account. The findings also show that 72% of the participants are using Savings Account and % of 90% of Current Account. Participants are highly acknowledged for using of the other investment of fixed deposits where 57% are awarded & 40% are for users. In case of Savings Bond, 45% of the clients are knowledge and 25.5% of the participants are users.

For various lending products such as Bai-Muazzal, Bai-Murabaha, Shirkatul Meelk, Musharka, Izara Bill Biya and Hire Purchase under Bai-Salaam, there is high awareness among clients. However, there is no client awareness for products namely Bai-Muazzal; 30% for Bai-Murabaha; 35% is for hire purchase upon Shirkatul Meelk; 30% for Musharaka; 15% for Izara Bill Biya; 17% for bye-salaam. Furthermore, those products alone have substantial proportion to clients using it where only 15% for Bai-Muazzal; 14% for Bai-Murabaha; 7%

for Hire Purchase under Shirkatul Meelk; Musharka's 7.1% for Izara Bill Baya, 3.5% for Bye-Salaam 4.5%. The reasons for such low awareness and use of personal lending products could be few reasons. First, the borrowing needs the clients to be diverse. Hence, a variety of products are offered to meet such needs. Therefore, the only high usage is not any personal lending product. Secondly, the IBBL products, especially borrowing ones, are called in Arabic words. Bley and Kuehn (2004) suggest that use of Arabic terms of naming IBBL services and products may hinder for understanding Non-Arabic Muslims. 3rd, most lending products apply exclusively to corporate clients, however, this study only focused on individual clients rather than corporate treasuries.

**Table – 3:** Awareness and Usages of Products and Services with the IBBL

<b>Product and Service Type</b>	<b>awareness in %</b>	<b>using in %</b>
Al-Wadia (Current Account)	90	71.5
Mudaraba (Savings Account)	91	84.5
Short Term Deposit Account	57	40.0
Savings Bond	45	25.5
Bai-Muazzal	29.5	15.0
Bai-Murabaha	35	14.0
Hire purchase by Shirkatul Meelk	30	7.0
Musharaka-	15	8.1
Izara Bil Baia-	17	2.5
Quard-	65.5	14.1
Local-Documentary Bill Purchased	10.5	2.0
Foreign-Documentary Bill Purchased	10.5	2.0
Bai - Salam	10.5	4.5
Letter of credit(L/C)	34.5	6.1
Services by ATM	45.5	26.5
SWIFT	46.9	31.3
Services of Locker	22.8	11.1
Deposit	55	15.2
Debit Card	43	12.5
Credit Card	31	16.2

**Source:** Author – Survey data 2020

In IBBL operation, only Quad has a remarkably high awareness, which is at 66% level where 14.1% of the clients. Reasons for high knowledge but lowest use of the cord can have very few reasons. 1st, Quad is an incredibly unparalleled IBBL short-term lending

product that is also offered out by borrowers except any obligation of profit & loss sharing. Secondly, Short Term Loan-QWARD is approved for trustworthy and valued clients. Thus, all other clients shouldn't use it.

The services of IBBL offered such as SWIFT & ATM services deposits, Debit cards, Credit cards and international fund transfers, purchase of local documentary bills, purchase of foreign documentary bills, letters of credit, locker services are like those offered by traditional banks. This approach excludes the implication of interest. If anything among this service, the usage of awareness for SWIFT is highest. There may have many reasons for this. Bangladesh is a Muslim majority country and the largest share of remittances of its expatriates comes from Muslim countries like UAE, KSA, Oman, Qatar, Kuwait, Bahrain, Iran, Libya, etc. In the period by 1998 - 2005, about total of 70% remittances to our country came from those Muslim countries. Those remittances may one of the good reasons for why clients of IBBL have highest knowledge and use of the service of SWIFT (CIA, 2008; Shamim, 2006).

The high level of knowledge and use service of ATM can motivate popularity to increase ATMs service for liquidity among the clients of all types of banks in city. Incredibly low knowledge and the use of purchased foreign and local documentary bills are too logical. These tools are for those corporate clients solely. For this, among the clients who are knowledgeable and claim to use that tool, they may be done so for their institutions and the knowledge of L/C-Letter of Credit can show details in a comparable way.

#### **Clients' awareness for services and products: Is the tenure of relationship a matter?**

In Table – 4, p-value obtained from the *Chi-square* test are presented. Table – 4 disclosed that the aspect of Savings-Account, Current Account, Fixed Deposit-FD, Musharka, Izara Bill Biya, Quad, Bill Purchased, Local Documentary, Foreign Documentary, By-Salam, Locker Service, SWIFT, Deposit, Debit Card and Credit Card do not depend on the tenure of

client relationship with IBBL for awareness of the availability of products and services to the clients. There can have 2 explanations. 1st, clients can generally have knowledge of various generic products like savings and current accounts (SB & CD). Retail clients typically initiate relationships with banks by habituating with current or savings accounts. Secondly, in the case of many other services and products, the tenure of the client relationship may not be important. This is for what the products and services are usually not for retail clients. In the case of few products and services, client awareness depends on the tenure of s relationship for client with the IBBL.

**Table – 4:** Results of *Chi-square* Test relates to awareness & relationship tenure with IBBL

Products and Services	Relationship tenure with the IBBL		
	$\chi^2$	DF	p-value
Al-Wadia (Current Account)	3.93	3	0.40
Mudaraba (Savings Account)	2.08	3	0.78
Short Term Deposit Account	6.88	3	0.12
Savings Bond	16.09	3	0.03
Bai-Muazzal	10.02	3	0.05
Bai-Murabaha	11.67	3	0.02
Hire purchase by Shirkatul Meelk	8.15	3	0.06
Musharaka-	3.69	3	0.44
Izara Bil Baia-	3.09	3	0.55
Quard-	1.60	3	0.91
Local-Documentary Bill Purchased	1.42	3	0.49
Foreign-Documentary Bill Purchased	3.45	3	0.48
Bai - Salam	4.38	3	0.33
Letter of credit(L/C)	13.20	3	0.02
Services by ATM	22.60	3	0.03
SWIFT	1.25	3	0.97
Services of Locker	5.48	3	0.22
Deposit	9.29	3	0.43
Debit Card	8.92	3	0.27
Credit Card	7.27	3	0.19

**Source:** Author – Survey data 2020

These products & services are i) savings bonds (at the 1% level of significance) ii) Bai-Mu'azzal (at 5.5% level of significance) iii) Bai-Murabaha (at 5.2% level of significance) iv) 5.2% level of significance) v) hire purchase by Shirkatul Meelk (at 10.2% level of significance) vi) letter of credit (at 1.3% level of significance) and vii) services by ATM (at 1.2% level of significance).

Inquiries of purchase for rent under savings certificates, Bai-Muzal, Bai-Murabaha, and Shiraktul Meelk can be defined to the long-term (L/T) nature of material. Next 3 are borrowing products to the clients and those loans aren't frequent. Clients are knowledgeable over time based on the demand for substantial invest.

### **Role of Demographic Factors for Clients' Usage of Products and Services of IBBL**

In Table – 5, the *Chi-square* test results on the relationship within clients' "usage of IBBL products" and "demographics" are presented. The Table - 5 shows that client usage depends on age of CD (at the 5% level of significance), savings deposits (5% at the level of significance), fixed deposits (at the 1% level of significance), savings bonds (at the 1% level of significance) and bye-saluts (at the 1% level of significance). Current and savings deposits, fixed deposits & savings bonds are much known in age group of 25-35 yrs. Only 4 clients report by using Bye-Salaam where 3 of them were under the age of 25 years. Table – 5, shows the picture that clients' use of products depend on the income level of the clients where Bai-Mu'azzal (at the 10% level of significance), Hire Purchase by Shirkatul Meelk (at the 1% level of significance), Musharka (at 1% level of significance), Quard (at the 5% level of significance), local documentary bills purchased (at the 1% level of significance), bye-salaams (at the 1% level of significance), letters of credit (at the 1% level of significance), and ATM services (at the 1% level of significance). ). It is clear from the findings that clients with high-reported income borrow for a variety of long-term business and personal purposes. Thus, the income level is related to the use of Musharqa, hire purchase, bai-Muazzal, L/C etc. Also, high-income clients may invest lot and demand for access cash through ATM services. Moreover, it is interesting to ensure here that lot of the concentration have fallen from TK 10,000 to TK 20,000 as 45.2% of the participants belonged to this kind of category.

The survey also reveals that consumers' use of the following products depends on the level of customer education. It shows that Savings Deposits (at the 10% importance level),



Savings Bonds (at the 10% importance level), Bai-Mu'azzal (at the 10% importance level) and hire purchase (at 5.2% level of significance) under Shirkatul Meelk. By seen from the rapid distribution, those products can be said to be most popular with highly qualified or higher education level clients.

**Table-5:** Result of *Chi-square* Test on Relationship within Usage of Product/services and Clients' Demography

Product & Service	Age Group			Income Level			Education Level		
	$\chi^2$	DF	P-value	$\chi^2$	DF	P-value	$\chi^2$	DF	P-value
Current Account	8.88	3	0.03	3.38	6	0.74	4.56	3	0.20
Savings Account	10.40	3	0.01	3.38	6	0.01	0.89	3	0.08
Term Deposit	12.86	3	0.01	2.26	6	0.00	0.25	3	0.21
Savings Bonds	11.68	3	0.00	7.73	6	0.01	0.03	3	0.09
Bai- Muajjal	4.01	3	0.20	13.70	6	0.21	0.07	3	0.08
Bai- Murabaha	1.52	3	0.67	11.35	6	0.66	0.47	3	0.26
Hire-S. Meelk	2.61	3	0.45	5.54	6	0.44	0.00	3	0.04
Musharaka	6.31	3	0.09	30.14	6	0.08	0.01	3	0.33
Izara Bill Baia	2.39	3	0.49	15.82	6	0.48	0.18	3	0.82
Quard	4.10	3	0.25	8.75	6	0.24	0.11	3	0.35
Local D. Bill Purchased	1.40	3	0.70	10.32	6	0.70	0.00	3	0.16
Foreign D. Bill Purchased	2.66	3	0.44	22.96	6	0.43	0.85	3	0.82
Bai-Salam	13.95	3	0.01	2.64	6	0.00	0.00	3	0.59
Letter of credit	2.35	3	0.50	20.64	6	0.51	0.00	3	0.46
ATM Services	5.13	3	0.16	19.54	6	0.15	0.00	3	0.10
SWIFT	1.21	3	0.75	26.06	6	0.74	0.08	3	0.31
Locker Service	5.11	3	0.16	11.20	6	0.15	0.00	3	0.06
Deposit	3.25	3	0.79	17.30	6	0.36	0.89	3	0.59
Debit Card	4.67	3	0.89	24.39	6	0.69	0.83	3	0.62
Credit Card	8.58	3	0.90	27.90	6	0.89	0.78	3	0.73

**Source:** Author – Survey data 2020

### **Client's satisfaction with product and services of the IBBL**

Table - 6 shows the detailed statistics of satisfaction for IBBL clients with its services and products. It is observed that except for Foreign Documentary, Local Documentary, Bill Purchased, Credit Cards, Bai-Salam & services by ATM, all have a true score upon the average score of 3. The Quad has been rated as a satisfying product for the users most.

Reasons may be that the Quard is a term lending without any loss and profit-sharing contract. For this finding out whether the products and services have upper average satisfaction level, this hypothesis is tested for every service and product.

**Null hypothesis:**

IBBL clients have average level of satisfaction with every service and product of the IBBL (i.e.,  $H_0=3$ ).

**Alternative hypothesis:**

IBBL clients have average level of satisfaction with every service and product of the IBBL (i.e.,  $H_A>3$ ).

**Discussion**

Result obtained after testing to mention hypothesis for every service and product are shown in Table – 7 which shows that Shirkatul Meelk, Musharka, Izara Bill Baya, Foreign Documentary Bill Bought, Local Documentary Bill Bought, Bai-Salam, L/C under Hire Purchase, and SWIFT requires urgent attention as client satisfaction with none of these products and services is above average level. It can be summarized that there are above average satisfactions in all investment products and services for the clients of the IBBL.

Client satisfaction results with IBBL products and services bear some resemblance to the results presented in the literature (Metva and Alamosawi, 1998). Also, the survey of this study found average client satisfaction with various financial benefits and average satisfaction with 'current account' and 'savings account'. It also found above average on credit card and services by ATM, whereas in the present study, ATM enjoyed level of average below satisfaction.

**Table 6:** Details Statistics for Satisfaction with Product/services of the IBBL

<b>Products and Services</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Mean score-based Rank</b>
Al-Wadia (Current Account)	4.57	0.51	1
Mudaraba (Savings Account)	4.07	0.64	2
Short Term Deposit Account	3.91	0.66	3
Savings Bond	3.90	0.70	3

Products and Services	Mean	Standard Deviation	Mean score-based Rank
Bai-Muazzal	3.87	0.61	4
Bai-Murabaha	3.62	0.90	5
Hire purchase by Shirkatul Meelk	3.54	0.93	6
Musharaka-	3.54	0.93	7
Izara Bil Baia-	3.52	0.70	8
Quard-	3.53	0.54	9
Local-Documentary Bill Purchased	3.42	0.53	10
Foreign-Documentary Bill Purchased	3.33	1.03	11
Bai - Salam	3.29	0.75	12
Letter of credit(L/C)	2.52	0.70	13
Services by ATM	2.54	0.70	14
SWIFT	2.52	0.57	15
Services of Locker	1.88	0.72	16
Deposit	2.35	0.98	17
Debit Card	3.79	0.83	15
Credit Card	4.37	0.70	16

Source: Author – Survey Data, 2021

Table – 7: Detail Results for Tests of Hypotheses on Satisfaction with Product/services of the BBL

Products and Services	t-value with population mean=3	Results
Current Account	4.92***	HA is established; H0 is rejected.
Savings Account	6.41***	HA is established; H0 is rejected.
Term Deposit	3.33***	HA is established; H0 is rejected.
Savings Bonds	1.90	Not enough evidence to reject the null hypothesis.
Bai- Muajjal	4.75***	HA is established; H0 is rejected.
Bai- Murabaha	6.06***	HA is established; H0 is rejected.
Hire-S. Meelk	0.79	Not enough evidence to reject the null hypothesis.
Musharaka	2.12	Not enough evidence to reject the null hypothesis.
Izara Bill Baia	1.00	Not enough evidence to reject the null hypothesis.
Quard	11.44***	HA is established; H0 is rejected.
Local D. Bill Purchased	-1.00	Not enough evidence to reject the null hypothesis.
Foreign D. Bill Purchased	-1.00	Not enough evidence to reject the null Hypothesis
Bai-Salam	-1.73	Not enough evidence to reject the null hypothesis
Letter of credit	2.23	Not enough evidence to reject the null hypothesis
ATM Services	-7.71***	HA is established; H0 is rejected

<b>Products and Services</b>	<b>t-value with population mean=3</b>	<b>Results</b>
SWIFT	7.83	Not enough evidence to reject the null hypothesis
Locker Service	4.30***	HA is established; H0 is rejected
Deposit	2.15	Not enough evidence to reject the null hypothesis
Debit Card	7.14	HA is established; H0 is rejected
Credit Card	6.3	HA is established; H0 is rejected

**Source:** Author – Survey Data, 2021

### **Satisfaction by basic products of the service delivery system of IBBL**

The IBBL has four service delivery systems. There are 1) physical facilities of the bank 2) employees 3) evening (late) banking hours 4) location and as for the average score, the satisfaction of highest came by the evening banking moment as shown in Table - 8. Here, it can be said that for more than an hour in the evening banks are not open. Clients are happy for needs of evening banking with services of ATM. All basic components of the service delivery system had an average score above 3.0, which indicates above-average satisfaction.

However, the standard deviation is even higher for the variables particularly employees, visual benefits of bank & available location. For better understanding the level of satisfaction with the service delivery system, the following hypothesis is tested for every product.

#### **Null hypothesis:**

IBBL clients have average satisfaction with each product in the service delivery systems (i.e.  $H_0=3$ ).

#### **Alternate hypothesis:**

IBBL clients have an above average satisfaction with each product in the service delivery systems (i.e.,  $H_A>3$ ).

## Discussion

In Table – 9, it shows the hypothesis tested results. It suggests that satisfaction with the bank’s physical facilities and location satisfaction are upon average (at a 1% level of significance). Employee satisfaction is needed by serious attention because it was not found to be average significantly for above matter.

**Table – 8:** Details Analysis for Satisfaction level with Basic of Products of IBBL Services

Basic Service Delivery Systems	Mean	Std.	Mean Score-based Rank
Employees	4.12	2.13	4
Physical facilities of the bank	4.10	2.13	4
Location	4.34	2.01	3
Evening (late) banking hours	5.20	2.69	2

**Source:** Author – Survey Data, 2021

In service industry, IBBL can’t afford to have lower average of client satisfaction. Thus, there is no need to mention that employee satisfaction is upon average so that the IBBL which can be applicable for improvement of client satisfaction by their officials. So that clients’ satisfaction can be higher sooner or later.

**Table - 9:** Hypothesis for above average Satisfaction with Service Delivery Systems

Products and Services	t-value with pop mean=3	Conclusion
Employees	1.06	Not enough evidence to reject the null hypothesis.
Physical facilities of IBBL	3.34***	HA is established; H0 is rejected.
Location	17.23***	HA is established; H0 is rejected.
Evening banking hours	-4.03***	HA is established; H0 is rejected.

**Source:** Author – Survey Data, 2021

## Chapter - 7

### **Socio-economic Factors and Socio-economic Impacts to Bangladesh-economy by the IBBL**

Islamic banks located in many countries are facing many challenges in multi-faucets where the Islami Bank Bangladesh Limited (IBBL) based in Bangladesh is no exception (Alemu, 2012; Halimuzzaman *et al.*, 2014). The IBBL has a total of 384 bank branches in banking operations. It operates under eight branches. However, since its birth, its progress underpinning Islamic-sharia-themes has been struggling in multifaceted banking services, which justifies our choice of the IBBL as a case study here.

Firstly, like any other Islamic bank, IBBL is working to create a process of the interest-free system for retaining funds on basis of short-term. In financing on consumer debt and government deficit, it faces the same problem. Also, profit-sharing approaches, which involve risks, appear to be unfavorable to its customers. Accordingly, there are criticisms that the IBBL has not yet been able to abolish its interest in the operation. But it has made changes in the nomenclature in its bank-transaction systems (Khan, 1989). Finally, The IBBL does not have the required skills to monitor, evaluate, evaluate and evaluate projects, which requires financing in banking activities. Finding the result, it may not increase its money flow or money transactions despite having a financial liquidity crisis.

Thus, the success of the IBBL in the future hangs on its capacity to find available alternatives for charges of interest in all types of loans. The IBBL must acknowledge its success in liquidating the interest partially. It has a long way to go in finding satisfactory alternatives to the “interest option”. Furthermore, the future of the IBBL depends on developing and implementing accounting standards. This is because it can provide timely and reliable information, which is mostly needed for profit sharing, rent sharing, or cost overrunning finances in banking operations. This has not yet been created or established in

IBBL's banking operation. To accept these standards, IBBL must work harder to push its customers for establishing a credible information base (Khan, 1994; Halimuzzaman *et al.*, 2014).

### **Issues & problems that relate to IBBL are as follows**

Interest-free banking application in practice raises many questions and potential problems when they are viewed from the micro and macro-operational point. Partial issues listed facing by the IBBL are as bellow:

#### **A. Issues relate to macro-operation**

- i. Capital formation & liquidity accumulation
- ii. Valuation of banking assets
- iii. Monetary Policy and credit building of the bank
- iv. Stability of financial conditions
- v. Bank's ownership
- vi. Lack of financial instruments and then the capital market
- vii. Legal protection is not sufficient in operation
- viii. Profit and losses determination

#### **B. Micro-operation-related issues**

- i. Mark-up financing approaches
- ii. Control over the cost of funds availability
- iii. Upsurged information cost
- iv. Strict opinion to Murabaha Mode
- v. Using of interest rate-determining profit margin in Murabaha sale
- vi. Limitation on financing the social concerns
- vii. Slow or no response at all for government funding

Some of the problems which are involved on policymakers and regulators of IBBL have been facing since the beginning of their journey in the Bangladesh economy. There is no doubt that these issues are at an early stage in their discussion. However, much work is needed to develop & implement and then mature the methods, infrastructure, and a new structure for the success of the IBBL in operation (IBBL, 2020).

## **1. Detailed on issues relate to Macro and Micro Operations**

### **A. Macro Aspects**

#### Capital formation & liquidity accumulation

Like any other banking service, the IBBL refers to using currency as an exchange medium when it elaborates on liquidity issues. However, traditional banking shows the need to maintain liquidity and feel the need for reserves. The fundamental principle of the IBBL is financing by PLS-based and thus being increased the risk which requires high liquidity and reserves.

#### Valuation of banking assets

It is well recognized that by the absence of certain returns rated positively, IBBL may lose the value of its assets. Accordingly, without insurance provision, IBBL may face trouble in stabilizing its systems and avoiding liquidity crises. The market for PTC in experimental countries such as Bangladesh is not fully developed. Theoretically, IBBL may face a double risk: They are

- (a) 'Moral' risk caused by lack of integrity and honesty on part borrowers of the money in case of declaring the loss; and
- (b) 'Trading' risk raised from the behavior of market which is unexpected.

#### Monetary Policy and credit building of the bank

A lot of general policies of the Bangladesh Bank (Central Bank) are mainly unaffected by the IBBL. The policies include cash reserve requirements, liquidity requirements and credit limits on lending, mandatory targets for disbursement in certain



sectors, and ethical constraints. In the case of the IBBL, it would not be appropriate to equate monetary policy goals with those of free-market economies. This is because there is a difference between the systems that emphasize socio-economic justice and economic values. However, monetary policy under the IBBL provides a passive role for money where the Bangladesh Bank must adjust currency stocks to keep the growth of production.

#### Stability of financial conditions

Western economists such as Hayek (1933) and Friedman (1957) have shown that there is an inherent instability in the traditional banking system based on a fractional reserve system. According to these economists, lack of coordination within the decision of the commercial bank and Bangladesh bank leads to instability which in turn leads to instability of forces. Modern banking has a fixed price liability for depositors based on interest issues. Absence of deposit insurance, the value of the asset may be less than its specified liability, which may result in bankruptcy. In the worst case, each depositor's welfare depends on the other depositor's action (Kaufman 1986, pp.69-77). Let us take an example to understand the scenario. Suppose one of the banks' prime borrowers begins to default. This can create financial panic where every investor will try to raise their funds as early as possible. This type of depositor's negative attitude can harm the banking system. Depositing the insurance's provision can reduce the problems of the panic of finance, but at that time it may create an inefficient process by arbitration.

For this reason, the problem is found for the lack of insurance coverage in the IBBL. It is assumed that the depositors of the IBBL will not have reasonable capital and profit losses in IBBL if there is no insurance coverage. Muslim economists argue that since there are no specific obligations under the IBBL, depositors are encouraged to remain in the bank when the values of assets decrease. Thus, the provision of depositors' insurance is not required. In addition, the IBBL will require some insurance provisions against fraud and theft.

### Bank's ownership

The issue of ownership of IBBL is mainly related to the distributional impact on society. In particular, the ability of commercial banks to generate credit, including fractional reserve ratios, has been the subject of controversy for many years. This raises the question of whether the owner should be a government or a private entity. It appears that this issue is still unresolved (IBBL, 2020). For reference, commercial banks in the country of Pakistan have to maintain a fractional reserve in the private sector. Besides this, all commercial banks in Iran have been nationalized. Thus, more research on this topic is needed to conclude.

### Lack of financial instruments and investment in the capital market

The IBBL operates its business under the traditional banking framework in various countries where it does not have capital markets and the means to invest its surplus liquidity. The availability of the IBBL in the capital market & its equipment helps in the growth of these banks. Following this method, the development of Islamic capital markets and financial instruments can help to create an environment for government funding.

### Legal protection is not sufficient in operation

A comprehensive & effective system of IBBL requires sufficient protection in the legal issue. This means that there is a need for a thorough review of all relevant laws affecting the banking business. There is a need for review & reform of legal procedures by company, business, investment, and court laws and the need for efficient operation of the IBBL. It is not helpful that the company law talks about interest and bonds but ignores partnership work and profits. Investment promotion laws must comply with regulations that allow IBBL by applying the method of profit and loss sharing so in partnership businesses they can invest by Musharka or direct investment.

### Profits and losses determination

Another problem is the determination of profits or losses is distributed to clients of the IBBL. This is related to the valuation periodically of its assets in case of investments for a long time, such as Mudarba or Musharka. In Participation Term Certificate (PTC), cases, market value can be seen if there exists market in the instruments (<https://www.islamibankbd.com>). PTC market is not developed fully in Bangladesh by experiment with the system of interest-free banking (<https://www.islamibankbd.com>). In these cases, the value of a long-term investment fluctuates with expected cash flow and with opportunity cost.

### **B. Micro Aspects**

#### Mark-up financing approaches

There is a widespread concern that there may be slight differences in the mark-ups practiced by Islamic banks and traditional banks. Although according to many Muslim scholars, it is not considered an interest-free bank by this mark-up tool. However, it is a simple system to transfer to Islamic banking. From the outset, the goal of Islamic banking has been investment-based long-term financing, with a large spread between banks and their depositors' return rates as a reason to transform it from mark-up to equity finance.

According to some well-known writers, the best alternative to Islamic finance is *Karja Hasana*, which is a way of sharing profit/loss. Where other strategies such as *Murabaha*, *Bai-Muajjal*, *Ijara* and *Ijara wa Iqtina* may not give the same importance to the purpose of socio-economic factors (Ahmad 1994). Here the argument for employment is as like as: Islam always rejects that kind of practice of usury cause it's inherently discriminatory highly. What distinguishes the system of interest-based banking is the capital fund provider with a guaranteed return, whereas a user of this capital fund bears all the risk. It is demanded by the justification that capital funders need to share business risk with investors if they want to

make a profit. Financial techniques such as *Murabaha*, *bai-Muajjal*, *Ijara*, and *Ijara wa Iqtina*, which are associated with pre-determined return on capital, cannot be considered a viable alternative to interest and should be used only when needed.

#### Control over the cost of funds

Banks based on interest can enhance their profits over the fund's cost, because they know in advance, with reasonable certainty, how much profit they can make in the short term. Using hedges, it can also think about the level of long-term profit. On the other hand, there is no chance of knowing the cost of funds in the PLS system in advance. Depositors paid the portion of the profit of the bank, the amount of which is highly uncertain. In this situation, Islamic banks may face further uncertainty in terms of their profits if they do not realize the expected rate of return by depositors.

Ideally, from time-to-time Islamic banks expect to formulate the return rate on the deposit of PLS. It is the general practice that deposits are weighted for reflection by the difference by the maturity of funds. Summary account by the six-monthly statement is created by the bank for their activities and provided to the Bangladesh bank, by which they determine the individual PLS rate is charged by each bank. Despite allowing individual banks to deviate slightly from the offered rate of return. In short, Islamic banks have not any control over the expenditure of deposits, but it may be reasonable.

#### Upsurged information cost

Relevant scholars agree that generally the cost of monitoring, the writing cost and contract enforcement will be higher in IBBL than systems of interest based. For this reason, in order to finance the fund as capital, the bank tries to implement *Musharaka* as a legal business medium which takes a semi-equity position in our country's economy. In the case of financing, the management agencies are created, by which they provide security through negotiation. Alternatively, the bank can only do project finance into the scope of its charter.

In addition, the implementation of the Islamic banking system in our economy is mainly characterized by market and data deficit, increasing data costs is needed to make such problems more stable. This kind of cost can identify blow to implement Sharia-based banking effectively:

#### Strict option to *Murabaha* mode

There have been repeated criticisms against Islamic Bank, which in many cases has led to excessive use of *Murabaha* mode to finance legitimate investments. However, if the *Murabaha* settlement is real from the point of view of *Shariah* and is loose from nominal or intentional deception, then it isn't always a contravention of *Shariah*.

There have been objections from both parties. Here the first party tries to consider *Murabaha* as equivalent to a predetermined return like interest rate. But it's not true. The product of *Murabaha* differs from interest-based markup because the former must meet the following requirements. First, the profit margin (or markup) set by the bank should be determined between the parties concerned by mutual agreement. Second, the transaction among the financial institution and the consumer needs to be extraordinary from the transaction among the financial institution and the seller. Transactions should be separated in both cases. Third, the product under consideration must be with the bank before it can be sold to the customer. This is why Islamic bank uses two different contract forms to influence *Murabaha's* transactions in two stages. The first shape is a request to the financial institution via which the patron informs the financial institution approximately the reason for his transaction (<https://www.islamibankbd.com>). Through this agreement, customers get the promise to buy convertible products from their bank. We should also remember that such kinds of promises have no legal validity. So, in this case, the customer has the right to change his mind and despite all these considerations, the bank contains the chance of dropping the cash invested withinside the field, in particular the transaction. The second agreement deals

mainly with the bank's transactions and sales of goods to the customer through late payment and the terms of such agreement are specified. Unfortunately, the financial institution violates the situation that the goods added to the client need to be within the bodily ownership of the financial institution.

#### Using interest rate-determining profit margins in *Murabaha* sale

Islamic banks have been criticized for using interest rates as a criterion for determining the amount of profit they can make by selling *Mudraba*. To put it bluntly, if Islamic banks coexist with traditional banks, there is no way to avoid the so-called link-up. Nevertheless, Islamic banks should avoid traditional interest rates or exploit customers through the accounting practices employed by some banks (Homoud, 1994).

#### Limitation on financing in the social concerns

In the case of Islamic banks, there have been allegations of following a similar approach to social financing adopted by traditional banks. These banks are typically inquisitive about lending to well-installed business entities, which frequently borrow from each conventional and Islamic banks to stay free from money laundering without any real commitment or effort. Thus, Islamic banks have generally become a statistic associated with traditional banks doing business in the respective countries. So far, the following prescriptions have been found for the role of Islamic Bank in promoting new projects necessary for society:

- (a) Who do not have resources empower those and give opportunities of employment to all people with different classes?
- (b) Solving the problem of unemployment by showing the impact of Islamic investment; and
- (c) Helping the state deal with these growing problems. In addition, Islamic banks are rare except for a few incidents, it is paying less attention to the desired development of social banking services. The entire area of management for estates, trusts, orphanages, etc. was outside the purview of Islamic Bank, although since the sixties some western banks have started setting up special divisions for estates and trusts.

### Slow or no response at all for government funding

It is an everlasting fact that money and resources are always needed to implement the necessary projects of the modern state such as schools, roads, electricity, water systems and telecommunication services. Typically, the government uses the form used by traditional banks to issue treasury bills with interest. Islamic banks need to enter this field to prove their capability by playing a major role in financing important projects by issuing *Musharaka*, *Advance-Sale*, *Salam* and other such forms for the Islamic banking system. There are some similarities between these sectors which benefit from their idle liquid surplus investment and at the same time meet the demand for state funding.

### The failure of Islamic banks to cooperate with each other

While the reasons are good, Islamic banks are blamed for a loss of open-mindedness in the direction of every other, a scenario that hinders cooperation and fulfilment among them. The Islamic Development Bank has been working tirelessly to bring them closer together and consolidate their position. The following examples are sufficient to prove this point:

- (a) The idea of Islamic banks to set up a bank is still a mere idea, although its establishment is urgently needed (<https://www.islamibankbd.com>). In its absence, Islamic banks have lost a lot of money due to misuse of proper Islamic banking system.
- (b) Very few Islamic banks are members of this Islamic Development Bank (<https://www.assignmentpoint.com>). The association has not been able to consolidate its rules or build bridges of trust between them.
- (c) Expatriate funds from Islamic countries cannot find a way to contribute to the development of the country of origin by using them in their own country.
- (d) Business is going on in the west with Islamic funds and such investments are hidden in the houses, when the Muslim world is thirsty for investment resources.
- (e) As the Islamic economy follows the traditional pattern of importing goods from abroad without giving any priority to the products of the Muslim world, the trade system between the countries of the Muslim world has come to a complete standstill. However, on this case, handiest the Islamic Development Bank is paying due interest to the want for preferential remedy for merchandise from Muslim countries.

## **2. Islamic Banks are Operating under Conventional Banking System**

In addition to the macro and micro issues, a current have a look at recognized the issues confronted via way of means of Islamic banks working under conventional banking systems as follows:

### The failure of Islamic banks to finance high-profit projects

Project owners prefer to borrow from traditional banks where the cost of borrowing is relatively low. As a result, Islamic banks failed to generate high returns from high-return projects. This means that only those projects where the rate of return is equal to the market interest rate remain with Islamic banks. Under this circumstance, Islamic banks are unable to invest in projects whose returns are lower than current interest rates. As a result, their ability to access investment opportunities at the level of traditional rivals is limited. This limits the software of profit-loss-sharing modes which includes *Mudarbha* and *Musharaka*. In different words, Islamic Bank is going for different techniques of financing like *Mudarabha*, hire purchase, rent etc.

### The sacrifice of allocation efficiency

The allocation performance of an Islamic bank, if it's far certainly a profit-loss sharing financial institution, is embedded in its financing system. But it's far failing to finance the excessive go back venture in a scenario in which marketers flow from Islamic Bank to a conventional financial institution to keep away from the extra fee of borrowing. Profitability of projects does not apply to the Islamic banking system, in this situation, being the ideal tool of efficient resource allocation, such as resorting to methods other than profit-loss-sharing, given the rational behavior of the borrower. This situation will remain if Islamic banks work with traditional banks. Experts are highly concerned about the state of Islamic banking. So far, Islamic banks have no effective policy to rectify the situation.



### Loss of delivery efficiency

It has also been found that when an Islamic bank starts operating under the conventional banking structure, its delivery power is lost. Any change from profit-loss sharing mode breaks the direct link between the income of entrepreneurs, banks and depositors. The inefficiency of conventional banking concerning distribution isn't affected or modified through the advent of Islamic banking withinside the economy.

### **3. Constraints faced by the IBBL in Bangladesh-economy**

The hurdle confronted with the aid of using Islamic banks in Bangladesh are analyzed below:

#### The Problem with the Legal Reserve Requirement

Islamic banks in Bangladesh must preserve 10% in their overall deposits as liquidity. Of this, 5% must save in coins in Bangladesh Bank and the final 5% must be saved in legal securities or coins (in case of trouble with securities) with Bangladesh Bank (<https://www.assignmentpoint.com>). Conventional banks require a legal reserve of 20%. They should hold 5% cash in Bangladesh Bank and make investments the closing 15% in Bangladesh Bank authorized securities. Islamic banks do now no longer price hobby on their deposits in Bangladesh Bank like traditional banks due to the fact they can't receive hobby as income. Islamic banks are in a disadvantageous position in this respect as compared to interest-based traditional banking. However, IBBL has been incomes hobby on its deposits in Bangladesh Bank and has been depositing in Sadaka Fund given that 1993. Noted that hobby income isn't dealt with as financial institution profits and are introduced to profits. The proceeds are spent on welfare activities ([www.islamibankbd.com](http://www.islamibankbd.com)).

#### Lack of opportunities for profitable use of surplus funds

Traditional banks can make investments their extra liquid finances in accredited securities and/or every other financial institution in distress. Islamic Banks cannot take gain

of this possibility because of the life of fascinated factors withinside the transaction process ([www.scribd.com](http://www.scribd.com)).

#### Anticipation of liquidity crisis and possibility of liquidity surplus

Islamic banks should be more careful and cautious in managing their funds as they cannot provide funds in times of scarcity or crisis. (<https://www.scribd.com>). As a result, Islamic banks can continuously maintain massive quantities of coins as liquid surplus. Traditional banks also can borrow withinside the shape of name cash at greater hobby rates.

#### Problems in Capital market investment

Traditional banks can make investments as much as 30% in their general deposits in stocks and securities. In the case of Islamic Bank, they've trouble as they keep away from any transaction primarily based totally on interest. For example, the subsequent examples may be cited:

- (a) Islamic banks do now no longer purchase stocks of businesses wearing on interest-primarily based on total business.
- (b) The stocks of businesses that have taken loans on hobby from business banks are no longer offered with the aid of using Islamic banks; and
- (c) May now no longer purchase stocks of agencies engaged in agencies accredited through Islamic Bank Shari'a (<https://www.academia.edu>).

The above limited environment is creating significantly limited investment opportunities for Islamic banks in the capital market of Bangladesh and has the potential to generate legitimate earnings. But Islamic banks cannot take money from the capital market in times of need due to lack of investment in money and capital markets.

#### Lack of inter-bank money market

Even after the launch of five Islamic banks in Bangladesh, the interbank money market has not yet found a place among Islamic banks. However, except for Islamic Bank Bangladesh Limited and Al-Baraka Bank Bangladesh Limited, the rest of the Islamic banks

have now no longer begun operations with extra branches lately for extra than years. Even after that, those banks can take initiative to create a cash marketplace amongst themselves. This can particularly assist in overcoming the decision cash hassle that they have got been affected by the beginning.

#### The predominance of *Murabaha* financing

Murabaha financing is a hotly debated timetable withinside the modern portfolio control of Islamic banks in Bangladesh. A look at indicates that IBBL, Al Arafa Bank and Social Investment Bank Ltd. have applied 54%, 76% and 65% in their investments, respectively, with the aid of using resorting to the Murabaha mode (Hoque, M. Azizul (1996). Although *Murabaha* is considered a Sharia-approved mode, Islamic economists have traditionally determined its application to be limited. Due to the lack of proper legal protections and the quality of accounting practices in business, it has become extremely difficult for Islamic banks in Bangladesh to implement appropriate financing such as *Mudarabha* and *Musharaka* as a legacy of traditional banking.

#### Depression of profit

Traditional banks can cover the loss caused by delayed repayment by customers by charging compound interest and it's impossible for Islamic banks that they cannot do like this. Its try to understand how to mean the rate of profit. But the profit thus earned is not added to the income for compensation but is credited to the Sadaka account which is shown as an investment in social welfare activities. As a result, the profit of Islamic banks decreases, and it is more profitable than the traditional banks can move to a relatively weak position. Also, Islamic banks are compulsorily levying a fee equal to 2.5% of their annual profits and depositing it in *Sadaka* accounts, which is one of the reasons for the decline in banks' profits. This is unlikely to happen in the case of traditional banks.

### Lack of legal framework

The promulgation of new laws and amendments to old laws can lead to the healthy development of Islamic banks. Countries that are introducing Islamic banking systems should amend and implement existing regulations and laws. (<https://www.islamibankbd.com>). To create an enabling environment for Islamic banks they have legal backing to Islamic banks in Iran and Pakistan. Pakistan on June 26, 1980, replaced the “Legal Framework of the Financial and Co-operative System of Pakistan” by providing legal assistance for issuing partnerships and conducting *Mudaraba* transactions for term certificates. In 1985, the Tribunal Ordinance of Banking and Financial Services (Amendment) Ordinance passed seven laws such as Partnership Act, Banking Companies Ordinance, Asset Tax Act, Federal Bank Cooperation Act, Income Tax Ordinance, Registration Act, and Capital Issue in 1974.

### Absence of Islamic insurance company

Banking and insurance must go hand in hand with business and commerce to protect Islamic Bank investments from unforeseen risks and disasters. Unfortunately, Islamic banks have to rely on interest-based insurance companies due to the absence of Islamic insurers.

## **4. What Can be Done: Future Policy Directions?**

From the effects of the study (Akkas, 1996) it's far clear that Islamic banking may be the only system if it's far allowed to characteristic because of the simplest system withinside the economy. Moreover, most of its capabilities are lost when it starts operating within the traditional banking framework. The have a look at indicates that this isn't an inherent flaw withinside the Islamic banking device this is liable for its relative inefficiency. Rather, it threatens the functioning, activities and effectiveness of the Islamic Bank in the country's economy in continuation of the legacy of the traditional banking system. The policy states that Islamic banks must constantly be saved out of the traditional banking framework. This is because it is outside the traditional banking system whose operating system needs to be

reviewed to consider the subsequent beneficial effects on the economy of the PLS system. However, if Islamic banks need to perform inside the traditional banking framework, the subsequent headings of suggestions may be considered:

*Banking Philosophy:*

There appears to be an opening among the norms and practices of Islamic banks. In that case, of their reports, pamphlets, announcements and posters, those banks pledged to combat for a simple society unfastened from exploitation. The gift examine suggests that very little development has been made on this regard so far. However, the extent and impact of the traditional banking system has been largely blamed for this failure. Errors must be recognized. In particular, it remains to be seen whether there is an opportunity to open up alternative avenues to prevent the deterioration of efficiency. A thorough assessment of the rules followed through those banks have to be achieved for nearly a decade and factors of departure have to be diagnosed to redecorate their operations. It's a completely crucial difficulty due to the fact the overall public unearths surprisingly small variations among the banking sports of Islamic banks and their conventional affiliates. Islamic banks may soon lose the credibility they have gained without rapid policy change through explicit action.

The first step that demands immediate attention is Islamic Bank, PLS-Bank. At the same time, strategies need to be carefully crafted to portray the Islamic character and image of prosperity as a bank. The following strategies are recommended for immediate application of this method:

- (a) Pilot schemes have to be brought in decided on regions to check modern ideas such as profit-loss sharing mode as a key aspect of Islamic banking. This form of plan may be utilized in each rural and concrete region. This method will function an equipped reference that Islamic banks are withinside the technique of remodeling themselves into PLS banks. At the equal time, they'll benefit revel in from the real state of affairs of the trouble that arises whilst making use of the profit-loss sharing mode on a trial-and-blunders basis.

- (b) The activities of Islamic banks want to be continuously monitored and disseminated thru diverse means. The effect in their sports relies upon especially the distribution of earnings among the financial institution and the alternative parties, relying on the depositors, marketers and in the long run the unique earnings organizations of the society. Based on these, it's miles essential to set up a full-fledged studies academy in each Islamic financial institution.
- (c) Islamic banks must show through their activities that their banking practices are governed by profitability criteria. Islamic banking practices establish the efficient allocation of resources only to establish these and to provide accurate market signals through PLS mode.

#### *Stepping up for Distributional Efficiency*

This type of work is even extra tough for Islamic banks, as they must grow their distribution performance in any respect stages with their profits. Islamic banks will have to gradually increase their stake in investment financing through PLS-mode and convert it into a profit-sharing bank. In order to do this, Islamic banks can make customer choices for financing under the PLS model.

Islamic Bank should ensure a direct and effective relationship between the income of depositors and the income of the bank and the income of entrepreneurs. Relationships enhance with the aid of using growing the proportion of financial institution financing below the PLS model. Islamic banks have to take instantaneous measures to opposite the fashion of useful resource switch from low-profit corporations to high-profit corporations and from rural to city areas. This is of extreme significance for his or her technique to banking philosophy in addition to their tacit dedication to distributive equity. Efforts should be made to continuously improve the equity position by establishing a monitoring mechanism to ensure the distributional impact of their banking activities and to formulate necessary policies. In the current survey, the banking inequality index developed can be helpful for this purpose in case of intergroup transfers of income especially.

Given the current socio-economic situation in Bangladesh, rural capacity utilization should be actively considered in terms of both efficiency and efficiency of Islamic banks. The

best way to do this is to move forward with a strong commitment and experimentation and implementation of innovative ideas.

### *Boost of Allocative Efficiency*

Islamic Banks can develop their allocation performance and efficiency by fulfilling the conditions in the following ways for social welfare:

- (a) Profitability of the project should have a criterion for the allocation of loanable funds before determining the percentage of investment fund allocation. If enhanced projects are financed under PLS mode, then the criteria will be satisfied at best.
- (b) A fair portion of their funds for investment should be allocated for social priorities such as poultry and fisheries including agriculture as well as small and cottage industries and export-oriented industries such as textiles, shrimp farming etc.

It was once a myth to open an Islamic bank and help the bank survive the competition with interest-based luxurious local banks like United, Habib, National, etc. More than 277 Islamic banks have been established in 70 countries of the world after the establishment of Dubai Islamic Bank in 1975. Nowadays the dream has come true. In South Asia, Islamic Bank Bangladesh Limited (IBBL) started its activities with authorized capital. 500 million in 1983. IBBL has been growing very rapidly since its inception, and its authorized capital is now around Tk. 20,000 million. IBBL has opened 251 branches all over the country and has a staff strength of 1 0,068 (IBBL, 2011). This has been possible because of its unique principles enacted by the Sharia Council, originating from Islamic jurisprudence. This bank is unique because on the one hand it always forbids interest completely, on the other hand, participates in losses as per the stipulated agreement. It treats a customer as a partner and the operation follows a profit-and-loss system. Hence, essentially IBBL has gained the immense trust of its customer and has become one of the top thousand banks in the world. Apart from this, IBBL has launched many new schemes like Green Banking, Small and Medium Enterprises (SME) Scheme, Corporate Social Responsibility (CSR) to serve the economy as well as the people. Keeping in view the overall situation, it may be appropriate to research the

socio-economic impact of IBBL to strengthen the existing facilities extended by the Bank and explore new horizons.

#### *Roles of IBBL in addressing socio-economic progress in Bangladesh*

Since its inception, IBBL has been dedicated to "socio-economic progress" to generate employment, generate foreign remittances, strengthen the rural economy, promote industrialization, develop and facilitate Small and Medium Enterprises (SMEs). The theme is expanding its role in Bangladesh. Foreign trade (import-export), etc. In addition, IBBL is playing a role in the development of the housing sector in Bangladesh, paying to the national exchequer and undertaking Corporate Social Responsibility (CSR).

It is well known that currencies play an important role as a medium of exchange of goods and commodities along with services. In ancient times people used to exchange goods by following the system of exchange. Modern money has eschewed the barter system and replaced it as a medium of exchange. Nowadays people are ready not to keep their money but to deposit it in banks. Commercial banks' main objective is to achieve high profits by maintaining a smooth and efficient flow of money deposited by investors and customers. Interest-based traditional banks claim that they are not only performing their duty as a bank but also doing welfare of the society, although there is a significant dispute against their claim. Traditional banks are charging interest to avoid the situation of the borrower considering only a particular period as a fixed percentage of his investment. Interest-based banks do not care about the ability or status of the borrower as to whether the debtor can repay the loan. Islamic banking, on the other hand, is guided through the sharing of profits and losses of investments. IBBL, the pioneer of Islamic banking in Bangladesh, has attracted a lot of attention from the people of Bangladesh in the form of welfare banking. It is the introducer of Islamic banking in Bangladesh and has served as welfare banking since its



inception in 1985. The main objective of this study is to see what kind of role the IBBL is playing in socioeconomic development in Bangladesh.

## Chapter - 8

### **Policies and Performances: A Cross-Examination of the IBBL**

Central Bank country-wise has the authority issuing cash. It has also obligation to change the banking devices to stabilize the price of cash. It works like a medium of exchange. Accordingly, it is accepted as the way of paying and measuring value. Fluctuations by extreme in the money value lead the economic distortion and inequality of society. Inflation is harmful to the wealthy and businesspeople. But reduces the purchasing power of the stable and low-income group. To make matters worse, inflation often deprives the latter of their means of livelihood and employment. Financial systems based on inflation and interest-bearing institutions are forbidden in religion, Islam.

#### **Monetary policy objectives of the IBBL**

Monetary policy in Islam driven economy has three main objectives. They are consistent with Islamic ideas of fairness, social-justice, balance, and equality, which exclude interest where Islamic Bank Bangladesh Limited (IBBL) is no exception. The goal here is to stabilize the value of money and provide economic well-being with full employment. Also, to provide optimal rate of economic growth and justice. For better understanding these objectives and how they can be implemented, they are elaborated as follows

#### **Stabilizing the value of money of the IBBL**

In Islamic economy, money-value is important for the Central Bank country-wise. Thus, Central Bank's financing should facilitate and extend policies so it can be justified by important contributions increasing the actual balances. Because of negative impacts of inflations to socio-economic justice and to welfare of the society, stability money-value must give priority. Islam clearly emphasizes honesty and fairness in all human transactions. But instead, this objective can be referred for relative stability at common price level. It is

obvious that absolute price stability is not possible. This is due to the fact it may conflict with the aim of monetary boom and complete employment within the country's economy.

### **IBBL's roles in economic growth and employment**

Although inflation is not one of the goals of Islamic economics, unemployment, chronic recession and human suffering are not acceptable. Thus, monetary, or financial policy aims at full employment and productive resources for higher economic growth. However, with any cost, maximizing economic growth is not the only purpose of monetary policy in Islamic economics. Prosperity particularly material aspects must be achieved underpinning the framework of Islamic values where IBBL is no different. It should be obtained through valid production of necessary and ethical products and services. It should not use excessively God-given resources, so that it can be preserved for future generations. Erosion and degradation of land, water and forest resources and environmental degradation with severe air and water pollution is already a major concern worldwide. Therefore, the concept of 'sustainable development' does not compromise with the needs of the future generations but with the needs of the present generation. Economic development and sound environmental management complement the same agenda. The development will be hampered if adequate environmental protection is not provided. Without having effective policies for development, the efforts for environmental protection can fail eventually.

### **Distributive justice: How does it work in case of IBBL?**

Distributional justice is associated with expertise and equitable distribution of benefits, so social cooperation among special human beings primarily based totally on needs. It needs to set up an account for political equity through specifying the burden assigned on the idea of applicable considerations. With this theme, in case of IBBL services, financial coverage should be used advancing legitimate reasons of distributive justice and for stopping the awareness of wealth and electricity of monetary underpinning Islamic principles.

Furthermore, extra issues approximately distributive justice withinside the system and implementation of financial coverage can also additionally adversely have an effect on its typical performance and effectiveness in attaining different financial coverage desires withinside the multi-faucets. For example, the principal areas are growth, development, and employment. Reducing profits inequality and redistribution have to be vital as a coverage goal for the Islamic State or in this example IBBL. Thus, the domain should cover primarily by its financial or monetary policy. Therefore, the monetary policy of the IBBL can play a key role in contributing to this goal.

### **Central Bank's functions in Islamic banking system**

The important central bank must be the primary medium of the Islamic banking system. Because it is most effective through its prudent and positive efforts and regular vigilance, the Islamic economic and banking system can work in parallel with its objectives. It must be a self-sustaining authority's organization chargeable for imposing socio-financial dreams primarily based totally on the topic of Islamic economics in finance and banking services.

### **Currency issue in Islamic banking cases**

In an Islamic economy, the Central bank must be held accountable for its internal and external stability, subject to currency problems and coordination with the government. On expectation, it should act as a banker to member banks and to the government institutions. It ought to set up for the correspondence and agreement of the take a look at after which hand it over and act because the final resort. It ought to manipulate and adjust the commercial enterprise system, non-banks and a few businesses without spotting the improvement of the self-sustaining system. Unlike traditional central banks, financial institutions should be responsible for preventing concentration of money and power.

### **Money value stabilization**

The Central Bank should emphasize realizing the real money value for ensuring a healthy and sustainable development of an Islamic economy and for ensuring socio-economic justices within the nation. Accordingly, it needs a close observation on money supply, for ensuring that actual output does not go to the growth stage. Obviously, it does not mean money supply alone can affect variable prices. This means that the issue of money supply is important and, if not properly controlled, will become a valuable tool in achieving Islam's economic goals.

### **Monetary policy implementation**

Central Bank must be the number one group implementing monetary policy of the country. For this purpose, he must use tools and methods that do not contradict the teachings of Islamic Shari'a. Also, it's miles properly identified that the Central Bank can't acquire its aim of economic balance without the help of the government. Thus, coherent revenue-budgeting policies are required.

### **Controlling, supervising and promotional efforts**

Central Bank must put efforts in a form of positive role promoting, controlling, and supervising all financial institutions and helping to keep them strong and healthy. For this role, it should overview the present regulation and amend it thinking about Islamic teachings. Reformed banking legal guidelines ought to seize the specific needs of the Islamic economic system.

### **Assurance of developing public interest and health**

The Central Bank is, of course, associated with industrial banks, however it does now no longer restriction its regulatory role. Its observation and support system must extend for ensuring health and development of all other financial institutions for protecting public interest. In case other regulatory agencies are engaged promoting and regulating non-bank

financial and subsidiaries, an appropriate coordination between Central Bank and regulatory agencies should be there. So that promotional and regulatory functions can be done effectively.

### **Islamic Central Bank: Lender of Last Resort**

Like any conventional banking service, the Central Bank have to act as a closing resort to make sure good enough liquidity and hold the bank branches afloat withinside the occasion of a liquidity crisis. Without granting alleviation to bank control and protective the hobby of depositors and equity-holders, the bank's performance has to be contemplated in such manner that it isn't part of the control. Short term housing-borrower from Central Bank can give the bank a short break and it enables to survive until remedial measures takes effect. In aim to maintain trust in banking system, it is necessary

### **Financial assistance through Islamic Central Banks**

In aim to assist Islamic banks dealing with its temporary liquidity problems, the Central bank may arrange for a normal stay in the form of Mudaraba deposits. In this case, Islamic Central bank may charge interest on such deposits at a declared rate.

It may refinance Islamic banks with the help of using key financial institution for a wide range of purposes, projects, or sectors. These refinancing approaches can be submitted under Mudarba, Musharqa, or any other Islamic financial system.

### **IBBL's current account and clearing house facility**

Islamic banks can be considered holding modern money with a Central bank and participate in the financial institution's clearinghouse operations. In case of current-account overdue, Islamic Central bank can provide said facility without charges. As an alternatively, such benefits can be increased because of sharing profits of the bank.

## **Supervision of Islamic banks based on regulations**

Like any other banks, IBBL is subject to the regulation and control of the Central bank in many ways. The specific ways are (a) in case of permission for establishment of bank and beginning of latest branch; (b) minimal proportion capital; (c) price lists for banking services; (d) the composition of the Board of Directors and the situations for the appointment of the Chief Executive and the Auditor; (e) Compliance with running hours; (f) Submission of periodic statements and operational facts to the Central Bank and (g) measures to govern forex transactions.

## **Inspection of Islamic Banks**

Islamic banks can be beneathneath periodic supervision via way of means of the central bank to make certain its operational status. Central Bank personnel may be knowledgeable in Islamic Bank's Sharia-primarily based totally activities. Thus, special suggestions for the supervision of Islamic banks need to be organized and dispatched via way of means of the central bank. So that it may behavior studies and schooling of staff.

Supervision and overlooking those banks must be critical in Islamic economic system. Unlike conventional bank testing, it could be vital to make sure that, similarly to right documentation, the financing of tasks seems bold. It may be hard to have a take a observe all of the projects financed thru banks. However, it ought to be viable to study a random pattern of financed initiatives to make sure that banks do now no longer have interaction in speculative or unnecessarily unstable ventures. Supervision ought to now no longer be executed simplest with banks. It should be taken seriously, and effective measures should be taken to promote political stability and not interfere in the direction of political power, take effective measures, and promote overall stability. In addition, supervision consists of good enough disclosure of correct facts and suitable audits. For this purpose, the central bank has to play a first-rate function in figuring out the requirements. Efforts need to be made to

bolster its inner controls, trouble coverage pointers and reveal the nice of sources and activities. Audit concepts and methods should be improved to ensure accuracy and integrity.

### **Sources of monetary expansion**

To make certain that the growth of cash deliver is enough and now no longer excessive, the 3 fundamental reasserts of economic enlargement want to be cautiously monitored. The inner reasserts are (a) Expansion of Deposits via Commercial Bank Loans. The 1/3 supply of financial growth is the monetization of outside and financing surpluses and (b) financing of presidency revenue/price range deficit through borrowing from the central bank.

**1. Revenue Deficit:** This may be a sizable supply of immoderate sales expansion. At the strong fee level, the government's efforts to deactivate actual assets at a quicker charge than sustainable items have brought about endured income deficits and a pointy upward thrust in cash supply, as a consequence contributing to an inflation spiral. This has shifted the unbalanced burden of fighting inflation to monetary policy. According to a major study, "*the greater the dependence of the public sector on the banking system, the more difficult it is for the central bank to pursue a coherent monetary policy.*" Thus, there ought to be coordination among economic and monetary coverage to gain the national target, together with the implementation of economic coverage. It emphasizes the want for a realistic and non-inflationary economic coverage in Muslim countries. It does now no longer always cover the sales deficit, however, instead imposes such limits via way of means of permitting long-time period growth inside a strong fee structure and the deficit had to gain broad-primarily based totally welfare.

Avoiding unproductive and wasteful is a spiritual responsibility for all Muslims. This is mainly essential for governments due to the fact they use the assets provided via way of means of the human beings as trusts and use them in a wasteful or unproductive way is a



contravention of this belief. With a robust experience of obligation to God, restricted assets should be used effectively and effectively. This calls for a cautious evaluate of the complete expenditure program withinside the light of Islamic teachings.

After all, waste and needless expenditure had been eliminated, the stability of presidency expenditure may be divided into 3 parts:

- a) general recurring expenditure
- b) project expenditure
- c) emergency expenses

All general, ordinary authorities' expenditures, inclusive of the price of suitable initiatives for a profit-loss sharing system, should be financed via way of means of tax revenue. The unavailability of mortgage financing for such functions need to show to be a secret blessing and need to assist in introducing important field in authorities' expenditure. The authorities may also be given tasks which can be appropriate for equity financing in which it's far vital withinside the public interest however ought to be financed via way of means of promoting stocks to monetary institutions and the public. A business primarily based totally pricing measure have to be taken without a popular subsidy. All subsidies required for poor and lower-middle class households need to be paid from zakat revenue, charity or karz-i-hasna. Equity financing and business pricing will assist dispose of a number of the needless and unproductive or first-rate initiatives that the government occasionally takes to satisfy vested interests. Emergency costs or unavoidable deficits, which can't be financed in ways, may be financed inside a non-inflationary structure and with a restricted quantity of credit score from the banking system.

**2. Commercial Bank Credit Creation:** Commercial banks make up a significant part of deposits. For analysis, those deposits may be divided into 'number one deposits', which offer the middle of the banking system (cash-in-tile plus central bank deposits); And the

'Derivative Deposit', which withinside the proportional reserve system, represents the cash raised with the aid of using business banks withinside the method of credit score enlargement and constitutes a major supply of economic enlargement.

Since by-product deposits increased cash deliver withinside the identical manner as foreign money issued via way of means of the government or the central bank, and when you consider that this expansion, just like the government deficit, can lead to inflation in the absence of offsetting output growth, so will derivatives. This can be done by controlling the availability of principal in commercial banks.

**3. Balance of Payments Surplus:** In current years, few Muslim international locations have enjoyed a stability of bills surplus, with maximum going through deficits. Of the few who had surpluses, the excess did now no longer originate withinside the non-public zone and did now no longer routinely extend into funding. What it has performed is that the government has monetized the excess with the aid of using spending it internally and has now no longer been capable of nicely stability the bills withinside the non-public zone. The unhealthy sales enlargement of Muslim countries at the side of the balance of payments deficit and big increase in expenditure in public and private sectors has created a current account deficit and a disproportionate balance of payments through underground capital outflows. These can't be removed without deep socio-economic reforms and sound monetary and monetary coverage withinside the light of Islamic teachings.

### **Monetary policy tools**

To realize the desires of financial coverage withinside the Islamic framework, the central bank might also additionally together or in my view use the subsequent equipment for money and debt control withinside the Islamic economy:

Increase cash supply targets: The central bank needs to decide annual growth (M) of money supply withinside the light of country wide financial goals, which includes sustainable

rates of economic growth and price stability. In light of performance, economic trends and significant changes in MA should be reviewed quarterly or as needed to increase this target. However, goals should not be changed frequently, but only when it is appropriate to face both internal and external economic shocks.

Statutory Reserve Requirements: The statutory reserve requirements for commercial bank deposit liabilities generally include components: (a) the liquidity ratio (LR) and (b) the required currency reserve ratio (CRR). Commercial banks can also additionally deposit coins withinside the central bank withinside the shape of CRR in a sure proportion, along with 5-10 per cent in their total deposits from the public. Besides, banks will soon have to hold mature liquid assets of 10-15 per cent of their deposits. These reserves serve the dual purpose of protecting and controlling the bank's power for credit creation. Reserve requirements may be higher than demand deposits, while savings and fixed (MUDRABA) deposits may have lower requirements for bank investments, due to their equity nature, and should not be withdrawn frequently. Statutory reserve requirements can also additionally change as directed via way of means of the central bank monetary policy.

Credit Ceiling: It can be recommended to repair the credit score ceiling of a commercial bank in order that the whole credit score generated is constant with the economic goals. In the case of this most allocation among individual business banks, due care needs to be taken to ensure that it does now no longer damage wholesome competition among banks.

Allocation of Credit: Since bank credit comes from public funds, it should be allocated in such a way that it helps in realizing general social welfare. Like other resources given by Allah, its allocation must be measured, first, to achieve the goals of Islamic society and, second, to maximize personal benefits. This may be performed via way of means of making sure that (a) the credit facilities visit the best number of businesses withinside the

society and (b) the credit allocation results in ideal production and distribution of essential items and services in most of the society.

Selective Credit Control: In addition to typical first-rate manage, the central bank can also additionally use first-rate or selective credit control to make certain credit flows withinside the preferred purpose, direction and quantity. For example, central bank exchange financing can't be made available without a particular purpose. To realize the objective of distributing the financing of commercial banks to the best number of businesses to produce goods and services, the central bank may adopt a relatively low profit-sharing ratio, which is most needed when it is needed.

Moral Persuasion: Ethical persuasion must occupy an important place in Islamic central banking. The central bank can inform itself about its strengths and problems through its agreements, consultations and conferences with all the banks and make recommendations for overcoming their problems and achieving the desired goals.

Other Means: The central bank may control interest rates in the event of subsequent contraception by changing the bank rate or discount rate and by securing and imposing the proper functioning of the economic and credit system and its objectives. Determining the minimal and / or maximum profit ratio of the joint assignment and enterprise activities of Islami Bank. Ratios may also vary for individual types of activity. Naming extraordinary sectors for funding and partnership and placing minimum viable rate of return for extraordinary funding and partnership projects in the framework of permitted monetary policy. The minimum viable price of return can also additionally vary for extraordinary branches of activity.

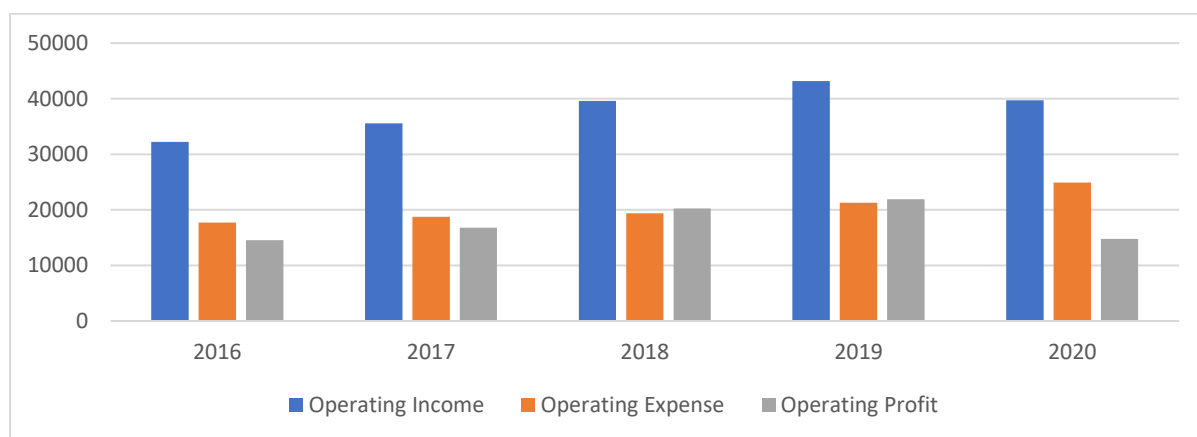
Determining the minimum and maximum margin of profit in proportion to the price of goods traded with the bank in installment and rent-purchase transactions. Determining the type of commission and minimum to maximum accounts for banking services. Setting type,

amount, minimum and maximum bonuses and putting suggestions for advertising by banks. Determining minimum and maximum ratios in a joint venture, Mudaraba investment, rent purchase, installment transaction, credit purchase or sale, in addition transactions associated with one-of-a-kind areas of activity; And, to decide the maximum benefit that may be offered to every customer.

**Table – 1:** Profitability of IBBL

Amount in Million TK					
Profitability	2016	2017	2018	2019	2020
Operating Income	32212	35556	39597	43190	39706
Operating Expense	17687	18751	19357	21276	24908
Operating Profit	14525	16805	20240	21914	14798

**Source:** IBBL Annual Report 2020



**Figure – 1:** Profitability of IBBL (Amount in Million TK)

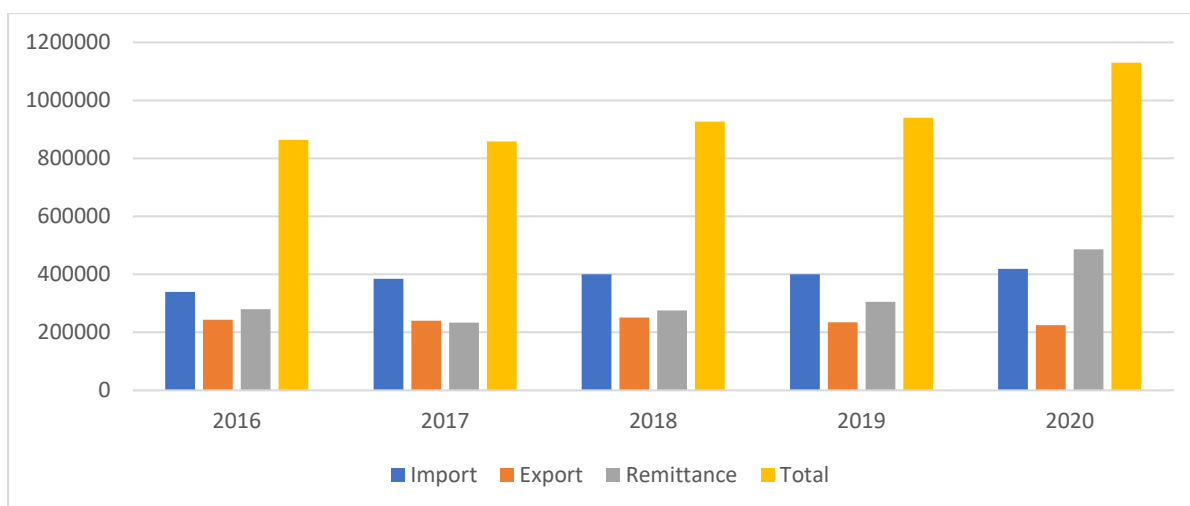
**Source:** IBBL Annual Report 2020

Figure 1 and Table -1 clearly show that the operating income of the IBBL has been continuously growing with a very minor exception. However, the operating expense of the IBBL has been declining with exception of the year 2020. Operating profits of the IBBL have also been fluctuating where the operating profit in 2020 was the lowest in the trends.

**Table- 2:** Foreign Business

Amount in Million TK					
Foreign Business Matrix	2016	2017	2018	2019	2020
Import	339954	385194	399816	399884	419046
Export	243647	240026	251592	234443	224970
Remittance	279980	233052	275212	305514	486274
Total	863581	858272	926620	939841	1130290

**Source:** IBBL Annual Report 2020



**Figure- 2:** Foreign Business (Amount in Million TK)

Source: IBBL Annual Report 2020

Figure-2 and corresponding data statistics clearly show that the total foreign business of the IBBL has been growing where it was the highest in the year 2020. Foreign business of the IBBL is comprised of three arenas namely Import, Export, and Remittance. In this development, remittance has played a significant role, particularly in the year 2020. However, the export arena has been steady in this progression.

**Table- 3:** Automation towards Green Banking

Amount in Million TK					
No. of accounts	No. of internet Banking account	No. of mobile / SMS banking accounts	No. of smartphone app-based banking account	No. of online branches	Total number of MFS accounts
<b>14,288,077</b>	<b>562,548</b>	<b>7,527,961</b>	<b>333,720</b>	<b>373</b>	<b>487,024</b>

Source: IBBL Annual Report 2020

On the green banking aspect, the number of users of the IBBL has been growing in a fast phase. Table -3 clearly shows that as of 2020, the IBBL has 14,288,077 accounts holders where 3.937% do internet banking, 52.687% do mobile banking and 2.335% of account holders use smart-phone app-based banking. With this enormous progress in Green Banking, the BBL has 373 online branches located in cities and rural areas in Bangladesh.

## **Chapter - 9**

### **Summary and Conclusion**

Islamic Bank Bangladesh Limited (IBBL) is one of the fast growing and well performing Banks in Bangladesh. IBBL has been playing a leading role in the banking sector for almost a decade. In particular, its contribution to socio-economic development appears to be helping progress today, especially in rural areas of Bangladesh. This study presents the socioeconomic impact and roles of IBBL on economic development in Bangladesh. A comprehensive profile analysis has been carried out, by collecting data using a Google survey form, from a sample of 100 customers of IBBL. Based on the responses of the respondents, most IBBL clients are between the ages of 25-40. The customers here are relatively highly educated and maintain a lasting relationship with the bank. Second, there is high customer awareness and use for a variety of deposit collection materials. But IBBL does not have excessive cognizance and use of any non-public financing facility. Third, the profits group and the extent of education collectively play an essential function within the use of services or products of various banks of IBBL with the aid of using the customers. Fourth, statistical evaluation primarily based totally on mixture records indicates that clients are glad with some of IBBL merchandise or services. Fifth, the various factors of service delivery, 'employees' must without delay consciousness on enhancing consumer satisfaction. After all, 'religious policy' is the primary financial institution choice standards for IBBL clients in which the consumer population performs an critical position in figuring out which election standards are greater critical than others. Statistical analysis also shows that IBBL is playing an important role in the green banking sector in Bangladesh-economy.

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# Appendix

## Survey on Socio-economic Factors Related to Faith-based Banking Services

Timestamp	Do you have Islamic Bank?	Gender?	Occupation?	Job Type	Bank Type	Account Type	Transaction Type	Payment Method	How do you Grade of Isla	Residence
10/26/2020 12:04:51	Yes	Male	Job	Government	Gov. Bank	Salary Account	Digital Banking	Electronic (ATM, POS, M	4-Agree	City
10/26/2020 20:53:47	Yes	Female	Other	Private	Private Bank	Personal Account	General Banking	Manuel	4-Agree	City
10/26/2020 21:13:25	Yes	Male	Job	Private	Private Bank	Personal Account	Digital Banking	Electronic (ATM, POS, M	4-Agree	City
10/26/2020 21:31:00	No	Male	Business	Private	Private Bank	Business Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/26/2020 21:49:47	No	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Manuel	3-Moderate	City
10/26/2020 22:03:50	Yes	Male	Business	Self Employee	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/26/2020 22:06:46	No	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Manuel	3-Moderate	City
10/26/2020 22:32:09	Yes	Male	Job	Government	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	5-Strongly Agree	City
10/26/2020 23:10:31	Yes	Male	Job	Private	Private Bank	Salary Account	General Banking	Electronic (ATM, POS, M	5-Strongly Agree	City
10/27/2020 0:15:27	Yes	Male	Business	Self Employee	Private Bank	Personal Account	General Banking	Manuel	3-Moderate	City
10/27/2020 0:33:29	Yes	Male	Job	Private	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	1-Strongly Disagree	Urban
10/27/2020 1:18:49	Yes	Male	Job	Private	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	3-Moderate	City
10/27/2020 8:28:13	No	Male	Job	Government	Private Bank	Salary Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 8:59:17	Yes	Male	Job	Private	Private Bank	Personal Account	General Banking	Manuel	3-Moderate	City
10/27/2020 20:00:57	No	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Manuel	3-Moderate	City
10/27/2020 20:39:17	Yes	Female	Job	Private	Private Bank	Personal Account	General Banking	Manuel	3-Moderate	City
10/27/2020 20:48:39	Yes	Male	Job	Private	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 20:50:12	Yes	Male	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	3-Moderate	City
10/27/2020 20:50:13	Yes	Female	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 20:50:49	Yes	Male	Job	Government	Gov. Bank	Personal Account	General Banking	Manuel	4-Agree	City
10/27/2020 20:51:15	Yes	Female	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 20:52:00	Yes	Female	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 20:52:31	Yes	Male	Job	Government	Gov. Bank	Salary Account	Digital Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 20:52:37	Yes	Female	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 20:53:03	Yes	Male	Job	Government	Gov. Bank	Personal Account	General Banking	Manuel	5-Strongly Agree	City
10/27/2020 20:53:13	Yes	Female	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 20:54:17	Yes	Female	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 20:55:00	Yes	Female	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 20:55:38	Yes	Female	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 20:56:14	Yes	Female	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 20:57:20	Yes	Female	Job	Government	Gov. Bank	Personal Account	Digital Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 20:58:04	Yes	Female	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 21:01:35	Yes	Female	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 21:07:51	Yes	Female	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	3-Moderate	City
10/27/2020 21:13:17	Yes	Male	Job	Government	Gov. Bank	Salary Account	Digital Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 21:28:28	No	Male	Job	Private	Private Bank	Salary Account	Digital Banking	Electronic (ATM, POS, M	1-Strongly Disagree	City
10/27/2020 21:39:57	Yes	Male	Job	Private	Private Bank	Personal Account	Digital Banking	Electronic (ATM, POS, M	3-Moderate	City
10/27/2020 21:42:43	Yes	Male	Job	Government	Private Bank	Personal Account	Digital Banking	Electronic (ATM, POS, M	5-Strongly Agree	City

Timestamp	Do you have Islamic Bank?	Gender?	Occupation?	Job Type	Bank Type	Account Type	Transaction Type	Payment Method	How do you Grade of Isla	Residence
10/27/2020 21:45:56	Yes	Male	Business	Self Employee	Gov. Bank	Personal Account	Digital Banking	Manuel	3-Moderate	City
10/27/2020 21:47:04	Yes	Male	Job	Government	Gov. Bank	Personal Account	Digital Banking	Electronic (ATM, POS, M	3-Moderate	City
10/27/2020 21:47:20	Yes	Male	Job		Gov. Bank	Salary Account	General Banking	Manuel	3-Moderate	City
10/27/2020 21:48:21	Yes	Male	Job	Government	Gov. Bank	Personal Account	General Banking	Manuel	5-Strongly Agree	City
10/27/2020 21:49:24	Yes	Male	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 21:55:00	Yes	Male	Job	Private	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 21:57:50	Yes	Male	Business	Self Employee	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 22:07:42	Yes	Male	Job	Government	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 22:48:28	No	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Electronic (ATM, POS, M	3-Moderate	City
10/27/2020 23:11:23	No	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/27/2020 23:38:12	No	Male	Job	Government	Gov. Bank	Salary Account	Digital Banking	Electronic (ATM, POS, M	3-Moderate	City
10/27/2020 23:39:13	No	Male	Job	Government	Gov. Bank	Salary Account	Digital Banking	Electronic (ATM, POS, M	3-Moderate	City
10/28/2020 0:02:26	Yes	Male	Business	Private	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/28/2020 8:39:38	Yes	Male	Job	Government	Gov. Bank	Personal Account	General Banking	Manuel	5-Strongly Agree	City
10/28/2020 8:57:57	Yes	Male	Job	Government	Gov. Bank	Salary Account	Digital Banking	Electronic (ATM, POS, M	3-Moderate	City
10/28/2020 8:59:20	Yes	Male	Other	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/28/2020 9:24:10	No	Male	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	5-Strongly Agree	City
10/28/2020 9:58:56	Yes	Male	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	5-Strongly Agree	City
10/28/2020 10:38:44	Yes	Male	Business	Self Employee	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	5-Strongly Agree	City
10/28/2020 16:07:24	Yes	Male	Job	Private	Private Bank	Salary Account	General Banking	Electronic (ATM, POS, M	3-Moderate	Urban
10/28/2020 16:26:11	No	Male	Job		Gov. Bank	Salary Account	General Banking	Manuel	3-Moderate	City
10/28/2020 16:30:03	No	Male	Job	Government	Private Bank	Personal Account	General Banking	Manuel	5-Strongly Agree	City
10/28/2020 16:35:28	Yes	Male	Job	Government	Gov. Bank	Personal Account	Digital Banking	Electronic (ATM, POS, M	3-Moderate	City
10/28/2020 16:43:46	No	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Manuel	3-Moderate	City
10/28/2020 16:53:20	Yes	Male	Job	Government	Gov. Bank	Personal Account	General Banking	Manuel	4-Agree	City
10/28/2020 17:00:00	Yes	Male	Job	Government	Gov. Bank	Personal Account	Digital Banking	Electronic (ATM, POS, M	5-Strongly Agree	City
10/28/2020 17:08:10	Yes	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Manuel	5-Strongly Agree	City
10/28/2020 17:16:05	Yes	Male	Job		Private Bank	Personal Account	General Banking	Manuel	5-Strongly Agree	City
10/28/2020 17:37:23	No	Female	Job	Government	Gov. Bank	Salary Account	General Banking	Manuel	3-Moderate	City
10/28/2020 19:54:28	Yes	Male	Job	Private	Private Bank	Personal Account	General Banking	Manuel	4-Agree	City
10/28/2020 20:17:07	No	Male	Job	Government	Private Bank	Personal Account	Digital Banking	Manuel	1-Strongly Disagree	City
10/28/2020 20:19:02	No	Male	Job	Private	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/28/2020 20:30:13	No	Male	Job	Government	Gov. Bank	Salary Account	Digital Banking	Manuel	3-Moderate	City
10/28/2020 21:54:23	Yes	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Electronic (ATM, POS, M	5-Strongly Agree	Urban
10/28/2020 22:07:53	Yes	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Electronic (ATM, POS, M	3-Moderate	City
10/28/2020 23:01:10	Yes	Male	Job	Government	Gov. Bank	Salary Account	Digital Banking	Electronic (ATM, POS, M	5-Strongly Agree	City
10/28/2020 23:17:29	No	Male	Job	Government	Gov. Bank	Personal Account	Digital Banking	Electronic (ATM, POS, M	3-Moderate	City
10/28/2020 23:52:55	Yes	Male	Other	Self Employee	Private Bank	Personal Account	Digital Banking	Electronic (ATM, POS, M	4-Agree	City
10/29/2020 9:18:23	No	Male	Job	Government	Private Bank	Salary Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/29/2020 9:28:25	No	Male	Job	Government	Private Bank	Salary Account	Digital Banking	Electronic (ATM, POS, M	4-Agree	Urban
10/29/2020 10:12:39	No	Male	Job	Government	Private Bank	Salary Account	Digital Banking	Electronic (ATM, POS, M	3-Moderate	City
10/29/2020 11:23:14	No	Female	Job	Government	Private Bank	Salary Account	General Banking	Electronic (ATM, POS, M	3-Moderate	City
10/29/2020 14:34:13	No	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Manuel	4-Agree	City
10/29/2020 14:54:53	Yes	Male	Job	Private	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	5-Strongly Agree	City
10/29/2020 14:55:09	Yes	Male	Job	Private	Private Bank	Personal Account	General Banking	Manuel	5-Strongly Agree	City
10/29/2020 15:44:07	Yes	Male	Job	Private	Private Bank	Personal Account	General Banking	Manuel	4-Agree	City
10/30/2020 1:39:30	No	Male	Job	Private	Private Bank	Personal Account	Digital Banking	Electronic (ATM, POS, M	1-Strongly Disagree	City

Timestamp	Do you have Islamic Bank?	Gender?	Occupation?	Job Type	Bank Type	Account Type	Transaction Type	Payment Method	How do you Grade of Isla	Residence
10/30/2020 6:14:37	Yes	Male	Job	Private	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/30/2020 22:08:45	No	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/30/2020 22:57:12	Yes	Male	Job	Government	Private Bank	Personal Account	General Banking	Manuel	5-Strongly Agree	City
10/30/2020 22:58:46	No	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Manuel	3-Moderate	City
10/30/2020 23:00:01	No	Male	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
10/30/2020 23:01:17	No	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Manuel	4-Agree	City
10/30/2020 23:21:43	No	Male	Job	Government	Private Bank	Personal Account	Digital Banking	Electronic (ATM, POS, M	2-Disagree	City
10/30/2020 23:27:55	No	Male	Job		Gov. Bank	Personal Account	Digital Banking	Electronic (ATM, POS, M	3-Moderate	Urban
10/30/2020 23:31:04	Yes	Female	Job	Government	Gov. Bank	Personal Account	General Banking	Electronic (ATM, POS, M	5-Strongly Agree	City
10/30/2020 23:34:51	No	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Manuel	5-Strongly Agree	City
10/30/2020 23:44:10	No	Male	Job	Private	Private Bank	Salary Account	Digital Banking	Electronic (ATM, POS, M	3-Moderate	City
10/31/2020 0:51:53	Yes	Female	Job	Government	Gov. Bank	Personal Account	General Banking	Manuel	5-Strongly Agree	City
10/31/2020 0:56:07	No	Male	Job	Government	Gov. Bank	Salary Account	Digital Banking	Electronic (ATM, POS, M	2-Disagree	City
10/31/2020 1:44:33	No	Male	Job	Government	Gov. Bank	Salary Account	Digital Banking	Electronic (ATM, POS, M	3-Moderate	City
10/31/2020 7:45:44	Yes	Male	Job	Private	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	5-Strongly Agree	City
10/31/2020 7:46:12	Yes	Male	Job	Private	Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	5-Strongly Agree	City
10/31/2020 22:02:39	No	Male	Business	Self Employee	Private Bank	Personal Account	Digital Banking	Electronic (ATM, POS, M	4-Agree	City
11/01/2020 0:01:03	No	Female	Business	Self Employee	Private Bank	Personal Account	Digital Banking	Electronic (ATM, POS, M	5-Strongly Agree	City
11/01/2020 0:29:55	No	Female	Business	Self Employee	Private Bank	Business Account	Digital Banking	Electronic (ATM, POS, M	3-Moderate	City
11/01/2020 12:48:36	No	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
11/01/2020 15:26:01	Yes	Male	Job		Private Bank	Personal Account	General Banking	Electronic (ATM, POS, M	4-Agree	City
11/02/2020 10:52:36	No	Male	Job	Government	Gov. Bank	Salary Account	General Banking	Manuel	2-Disagree	City
11/02/2020 11:06:09	No	Male	Job	Government	Gov. Bank	Personal Account	Digital Banking	Manuel	3-Moderate	Urban
11/02/2020 19:59:46	No	Male	Job	Government	Private Bank	Salary Account	General Banking	Manuel	1-Strongly Disagree	Urban
11/03/2020 10:13:00	Yes	Male	Job	Government	Private Bank	Salary Account	General Banking	Electronic (ATM, POS, M	4-Agree	City