

Islamic Banking Activities in Conventional Banks of Bangladesh: Problems and Prospects

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Summary:

Islamic financial system cum Islamic banking system is connected with the life of every Muslim. Because without economic activities A Muslim cannot lead his daily life. The Prophet (S.M.) himself practiced Mudaraba with Khadijah (RA). Most of the working methods of the current Islamic banks were usual during the era of Rasul (S.M.) informally. After the establishment of Islamic Bank, all Muslims and even non-Muslims are vulnerable and interested in its transparency, good systems and procedures. Gradually, seeing the success of this method, conventional banks also started Islamic banking activities. At present 16 conventional banks maintain 646 Islamic banking windows to offer shariah banking. But some problems of their management, some problems of customers and some problems related with Shariah can be observed. As a result, there is a deficiency in the perfection of the great thinking like Islamic banking in the Islamic financial system. In this research, there has been a discussion about the solution of all the issues including the systematic errors of these conventional Islamic banking activities, inconsistencies in management, customers' complaints, views and needs.

Keywords: Conventional Bank, Murabaha, Ba'i salam, Lease, Musharaka, Mudaraba

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I. Introduction

Just as modern civilization has not developed overnight, so too the modern banking system is not a one-day. In the course of time, due to the various needs of the people and for the expansion of trade and commerce the need for keeping money safe has been introduced. First the exchange system was introduced for the convenience of sharing. Later, due to the difficulties of the exchange system, currency was introduced as a medium of exchange. And since the introduction of currency, the banking system has gradually taken an organizational form. So there is a reciprocal order between exchange practices, money and banks. The role of banks in keeping an economy afloat is undeniable. Banks are money traders. So the money and banking system has taken such a shape that one cannot even think of another. Now a days Banks use money as a medium of exchange, issuing notes, so money and banks seem to complement each other. So many experts say "money is the originator of the bank and the bank is the custodian of the money". In ancient times, due to the honesty and devotion of religious personalities and institutions, people used to deposit money there and return it when needed. But gradually honesty, trustworthiness began to fade. As a result, Islamic banks are needed.

II. Research Questions

1. What is the current situation of Islamic banking activities in conventional banks in Bangladesh?
2. Where is the problem of Islamic banking activities in conventional banking?
3. What is the solution to deal with the problem of Islamic banking activities in conventional banking?

III. Literature Review

"Islamic Banking activities In Conventional Banks of Bangladesh: problems and prospects" is fundamental-research. There are numerous researches and books on Islamic banking in Bangladesh and even advanced degrees/ M.phil or Phd degree on the subject. But there has not been much research on Islamic activities in conventional banking. However, there is a research "Shariah in Islamic Banking" by Md. Mahfuzur Rahman and B.M Habibur Rahman. Where the researcher has very nicely discussed the provisions and

guidelines of Shariah in the field of Islamic banking activities and procedures. But they did not discuss the explanation of Islamic operations in conventional banking.

Mufti Allama Taqi Osmani has a research "Islam and Modern Economy" translated by Abdullah Al Farooq. There, the researcher has highlighted the wrong and prohibited aspects of modern economics. Highlighted the differences between Islamic banking and conventional banking. But he did not discuss the problems and solutions of Islamic activities in conventional banking.

Also, Maulana Md. Fazlur Rahman Ashrafi's "Interest and Islamic Banking, Why and How?" There is research. In his research, the need for Islamic banking in the banking system, the role of Islamic banking to the society and various investment and deposit methods of Islamic banking has been discussed. But he did not discuss the Islamic activities of conventional banks in the financial system. So, this article mainly focused on Islamic banking activities in conventional banks in Bangladesh.

IV. Statement Of The Study

Real picture of Islamic banking activities of conventional banks in Bangladesh and suggestions for solving their problems.

V. Objectives Of The Research

The main objective of my research is to find a way to overcome the problems of Islamic operations of conventional banks operating in Bangladesh.

There are also other objectives:

1. Among the conventional banks, some banks conduct Islamic banking activities. To find Which activities are conducting?
2. Presenting the current picture and status of their activities.
3. To present the problems in conducting their activities.
4. To recommend some solutions to solve the problems.

VI. Research Methodology

We have followed several methods in this research. Firstly, it is a qualitative research. Survey method is also followed in this research. Structured questionnaire is prepared and distributed among bankers and clients to know their views. In case of analyzing data found from bankers and clients data analysis method is followed.

VII. Area And Source Of Data

In our research, the research program was conducted in Dhaka city. Data has been collected from primary and secondary sources. Interviews with bankers and customers is used as primary sources and secondary sources were collected from books, journals, magazines, newspapers, e-books, Google, internet.

VIII. Rationality And Significance Of The Study

Banking activities were conducted directly or indirectly from ancient age. Islamic banking activities have been going on since the advent of Islam. But with the passage of time it has started extensive operations nationally and globally and the success of Islami Bank has also skyrocketed. Aiming at the success of Islamic banking, various conventional banks have started Islamic banking activities. This is where the problem begins. Since Islamic banks start all their operations completely in the light of Islamic economics and the board of directors has extensive knowledge of Islamic economics, they are managed through them so they have less problems. On the other hand, the conventional banks suddenly started Islamic banking activities, so various problems started. Many problems are created due to the continuation of two banking systems in the same institution, the lack of Islamic experts in the Board of Directors and the lack of strong shariah supervisory boards. So we think there is a need for extensive research in this regard. Our small research is just the beginning. We hope that more researchers will come and do extensive research on this topic in the future.

IX. Case Studies For Data Presentation

We have conducted a survey in various conventional banks of Dhaka city, specially in such branches where Islamic banking activities are conducted. We have distributed almost same questionnaire to the bankers and clients taken their answers. Among them were Sonali Bank, Pubali Bank, Prime Bank, Jamuna Bank, Bank

Asia and Trust Bank.¹ Now their views are presented, Answer 1 from clients and Answer 2 from bankers,

1. Why did you start or choose Islamic banking?

Answer1: According to the survey, clients believe that usury is haram. So they started Islamic banking. They also think it is more safe and reliable.

Answer2. By thinking about customer needs, as well as It Businesses.

2. As there are many full Islamic banks in Bangladesh. Why you have started Islamic banking?

Answer 2: As Islamic banking is a dynamic system, its customers are increasing day by day. So we started Islamic banking based on customer demand.

3. What results did you get after starting Islamic banking?

Answer 2: Since the inception of Islamic banking operations, it works very good. Customer's demand is increasing day by day.

4. What additional benefits are you offering? That's why people will come to you to leave Islamic independent banks.

Answer 2: Accuracy, transparency and best service is what our customer's trust in us.

5. How do you feel about going in Islamic banking?

Answer1: It feels very good. As a Muslim we should practice Islam in all our activities.

Answer 2: The new potential and bright future of the conventional banking sector in Bangladesh.

6. General banking and Islamic banking are two streams that how can go together?

Answer1: Two financial systems are in same place seems not good. There should be separate branches and separate stuffs also.

Answer2. Two types of business goals Objectives, procedures, plans, and policies are guided by two completely separate principles.

7. What problems are you facing in Islamic banking?

Answer1. The main problem in our Islamic banking was the profit distribution system. Lack of Islamic environment is also seen in branches.

Answer2. Recently various news has been published about many Islamic banks. So doubts and fear have been created in the mind of the customers about Islamic banking as a whole. Another problem is many directors of Islamic banks are not conscious in Islamic Shari'ah as well as many clients.

8. What are the feelings of customers in Islamic banking activities in conventional banks?

Answer 2: With the widespread introduction of Islamic banking, Islamic sentiments, customers are being happy and attracted towards it. Many customers' demand is conflicted with the Islamic way of thinking.

9. Do you think you are lacking in any areas or need updating?

Answer2. Many of the bankers think there should have more training on Islamic Banking to make Islamic Banking more dynamic.

X. Theoretical Framework And Analysis

Islamic banking activities are currently being conducted in Bangladesh:

Islamic banking system have finally started in Bangladesh after multi-dimensional activities and long efforts. It was registered on March 13, 1983 and obtained a banking license on March 26, 1983. Islamic Bank Bangladesh Limited (IBBL) started as the first interest free bank in Southeast Asia on March 30, 1983. Following the success of Islamic Bank Bangladesh Limited, 'ICB Islamic Bank Limited' (established name Al Barakah Bank Limited) was established on May 20, 1987. Later, Al-Arafah Islami Bank Limited was established on September 27, 1995, Social Investment Bank Limited on November 22, 1995, Shahjalal Islami

¹ Questions Answered with Bank Officials in charge of Islamic Wing of various branches of Sonali Bank, Pubali Bank, Prime Bank, Jamuna Bank, Bank Asia and Trust Bank. Names are not disclosed due to objections and restrictions.

Bank Limited on May 10, 2001, and on July 1, 2004 Exporter-Import Bank Bangladesh Limited was transformed from a conventional bank to Islami Bank, First Security Islami Bank Limited was transformed into Islami Bank on January 1, 2009 and Union Bank was established on April 7, 2013.

At present, there are 59 scheduled banks in the country in total. Of these, ten are fully Islamic banks. And 16 banks have Islamic banking branches or windows. Full-fledged Islamic banks include Islami Bank Bangladesh, Al-Arafah, Shahjalal Islami, Exim, SIBL, First Security, ICB Islamic, Global Islami, Standard and Union Bank. Besides, there is an Islamic banking window in Govt. banks: Sonali and Agrani Bank. The list includes private banks such as Pubali, AB, The City, Mutual Trust, Prime, Southeast, Dhaka, Standard, Premier, Bank Asia, Trust and Jamuna Bank. And lastly in September last year, Mercantile Bank, Midland Bank got permission for Islamic Banking Window. In addition, there is Islamic banking in foreign-banks Standard Chartered, Al-Falah and HSBC Bank. According to the latest Bangladesh Bank Quarterly Report on this, the number of Islamic bank branches, including the Islamic windows of conventional commercial banks, increased to 1,703 at the end of March 2024, compared to 1,700 in December 2023 and 1,684 in March 2023. Similarly, the number of Islamic banking windows rose to 646 by March 2024, up from 624 in December 2023 and 550 in March 2023.²

BANKS HAVING ISLAMIC BANKING WINDOWS		
Name of Banks	No of Branches	No. of Windows
Agrani Bank PLC (ABPLC)	---	60
Rajshahi Bank PLC	---	1
Sonali Bank (SBPLC)	---	58
Standard Chartered Bank (SCB)	---	1
Mutual Trust Bank (MTBPLC)	---	15
Bank Asia Limited (BASL)	---	5
Trust Bank Limited (TBL)	---	30
NBC Bank PLC (NBCBPLC)	---	332
South Bangla Agriculture and Commerce Bank (SBACBPLC)	---	10
Meghna Bank (MEGBPLC)	---	10
Midland Bank Limited (MIDL)	---	1
Sub Total	---	523

Source: The Daily Star, 31 October, 2024

BANKS HAVING ISLAMIC BANKING BRANCHES		
Name of Banks	No of Branches	No. of Windows
AB Bank (ABBPLC)	1	
The City Bank (CBPLC)	1	
United Commercial Bank (UCBPLC)	1	10
Pubali Bank PLC (PUBBPLC)	1	19
National Credit and Commerce Bank (NCCBPLC)	1	
Prime Bank (PBPLC)	5	
Southeast Bank (SEBPLC)	5	
Dhaka Bank (DBPLC)	2	
Mercantile Bank PLC (MBCBPLC)	2	45
One Bank (OBPLC)	2	14
Bangladesh Commerce Bank Limited	2	
The Premier Bank PLC (PBBPLC)	2	25
Jamuna Bank PLC (JBBPLC)	2	
Bank Atahab Limited (BATL)	1	
SWB Bank Limited (SWBL)	1	
Bengal Commercial Bank Limited (BCBL)	1	
Sub Total	31	113

Source: The Daily Star, 31 October, 2024

Murabaha

Murabaha is one of the Islamic banking investment methods. In this method the bank buys the product according to the customer's demand and sells the product to the customer in cash or at a mutually agreed rate for a fixed period. The bank cannot collect more than the prescribed profit. However, product processing costs and carrying costs may be added. Murabaha is the transfer of ownership of the thing acquired through the first contract at the first price with additional profit. Since Murabaha is a Shariah-compliant system, all Islamic banking makes a profit by selling products through the Murabaha system. However, in the interest of ensuring recovery of the value of the goods, the Bank may retain possession of the goods as security and transfer the goods to the buyer at a proportionate rate or subject to recovery of value.

Types and provisions of Shariah violation in Bai'-E- Murabaha: ³

1. Providing cash benefits to the customer in various ways instead of purchasing the product. It will be treated as interest. The excess of assets received by one party without any exchange during the mutual transaction of similar goods is called 'interest'.⁴
2. Adjusting old investments without buying products with investment money. It is beyond the Murabaha system.
3. Establishment of bank ownership and sale to customers without ownership of goods sold under the Murabaha system. It is not lawful to buy and sell goods without possession or control. Because Prophet (S.M) said, "When you buy a product, don't sell it elsewhere before taking possession of it".⁵

² Bangladesh Bank Monthly Islamic Banking and Finance Statistics January 2024; The Daily Star, 31 October, 2024

³ N.B. Nazzar, Dr. Ahmad, *Al-Murabaha Aswau Uslobi li-Amalil Bunukil Islamiah*, Mazallatus Sariah, Oman:, 1984 (March), vol. 339 Pp. 87-120

⁴ Awaz, Abdur Rahman Bin, *Kitabul Fiqh A'lal Madhahibul Arba'a*: Dharul Kutubul Al-Mahiya, Bairut, Lebanon, 2003, p. 221

⁵ Musnad Ahmad; Hadith No. 15316

4. Taking cash memos in the name of the customer instead of the bank. This proves that the bank has not purchased the goods, hence the sale is not possible.
5. A contract of Murabaha void, incomplete and unwitnessed shall be deemed invalid.
6. In case the customer is made a purchasing agent in Murabaha Investment, in that case, the customer will not be informed about the product inspection by the bank. The products must be inspected by the bank before being used by the customer.
7. It is not valid to issue a cash memo of purchase of goods without purchasing the goods with the investment money even after a long time of transfer of investment money to the account of the customer by the bank appointing the purchasing representative and fixing the profit as usual.
8. Agree to sell the goods before they become the property of the bank. Such an agreement is not valid. It is absolutely impermissible to sell its goods, whether food or other things, movable or immovable, before it is seized.⁶
9. Absence of the bank's role in the purchase of goods means that the customer himself has purchased the goods instead of the bank. Such investment shall be deemed to have provided cash benefits to the customer and the income earned on such investment shall include interest.
10. Payment for goods purchased by the customer for himself. It will not be valid for banks to invest in Murabaha by paying the price of the product. Because the customer becomes indebted to the seller by purchasing the goods and the bank will be deemed to have given him a loan to repay the loan. Income earned from such purchases and sales will include interest.
11. Income earned from allotment of profit of full investment by the purchase of a product with partial money instead of the purchase of a product with full investment money shall include interest.
12. In the case of import investment under the Buy-e-Murabaha method, the bank's ownership and possession of the goods is not established unless the customer gives the bank power of purchase i.e. power of attorney to buy or import the goods. And without possession, buying and selling is not pure.

Ba'i salam

In the Bai Salam method, the bank buys salable goods in advance and pays the seller its price before receiving the goods. The bank can then take delivery of the product after the scheduled time, and sell it to a third party at a profit. In this case, the bank may enter into a sales contract with a third party specifying the quantity and sample of the product to be sold before purchasing the product, and the seller of the product may also assist the bank in finding a buyer to help sell the product or enter into a sales contract. In this system, farmers are generally paid the price for producing agricultural products, industrial owners are paid by purchasing the goods in advance for the production of industrial products. Thus, an advance price is paid for the purchase of product produced by any production farm or industrial establishment, that producers, especially owners of export-oriented industries, can speed up production by selling their produce in advance.⁷

Types and provisions of Shariah violation in Bai-e- Salam:

1. If the contract does not specify the name, type, quantity, quality, time and place of payment etc. of the goods, the sale shall be considered Fasad or void. Allah Said: "O believers! When you exchange a loan with each other for a specified period, record it."⁸
2. If the price is not paid at the time of execution of the contract, the salam contract shall be deemed void. Because such contracts involve the purchase and sale of debt.
3. If the customer fails to produce the product, the bank may refund the price of the product from him or grant time until the product reaches the customer. But the bank cannot accept anything more than the value. Anything extra will be treated as interest.
4. One of the conditions of Bai-e-Salam is the availability of goods at the time of delivery. If the goods are not delivered on time and correctly / if the conditions are violated, the sale will be cancelled.
5. Bai-i-salam contract stipulates the sale of the fruit of a particular tree or the crop of a specific land. It is not valid to enter into a contract with such uncertainty.⁹

⁶ Awaz, Abdur Rahman Bin, *Takmilaye Fathul Mulhim*, Dharul Kutubul Al-Mahiya, Bairut, Lebanon, 2003, 1/338; Ibn Qudama Al-Maqdissi, *Al-Mughni*, Egypt, Darul Alamiya 4/113

⁷ N.B. Mannan, Muhammad Abdul, *Islami Bank babostha*, Central Shariah Board for Islamic Banks of Bangladesh, Dhaka, 2010, Pp. 147-148

⁸ Surah Baqarah: 282

⁹ Al-Qasami, Abu Bakr Muhammad, *Badayyus Sanayfi Tartibish Sharaye* (Beirut: Darul Ma'arif, 2000 AD), b. 4, p. 38

Lease:

One of the sources of income of Islami Bank is to purchase or procure fixed assets and rent them out. Among the various leasing methods, the most widely used method in Islamic banks is the declining partnership system. In this way, banks usually purchase, acquire or build fixed national assets in partnership with the customer, including heavy industrial machinery, transportation, housing, etc. The bank then earns income by renting and selling to the customer in return for the prescribed installment. The customer acquires absolute ownership of the property after paying the full price in installments and the bank no longer has to pay rent. The bank is owned until the full payment is made and the customer pays rent to the bank for the use of such assets.¹⁰

Types of violation of Shariah policy in lease system:

1. Holiday rentals are not valid. Since it is not in use at the time, the tenant cannot benefit from it.
2. Renting of HPSM rented assets or equipment is not valid if they are unfit for use. In this case, the rent collected will be treated as interest.
3. Participation of both parties in the purchase of property, the proportion of shares in the ownership, description of the property, etc. should be mentioned in the contract. Therefore, it is not valid to keep the contract unfinished.
4. Includes rental interest on assets other than those owned by the bank.
5. Rent on rent. Such rent shall be treated as interest. Because rent can be determined only on usable assets and not on money.
6. Execution of lease and sale agreement before the purchase of an asset. Such a contract is not enforceable. Because it is not legal to enter into an agreement for the purchase or sale of non-existent assets. Such agreement shall be deemed void.
7. It is not valid to convert investments paid in Baie Murabaha and Baie Muazzal to the HPSM system.
8. Non-assurance of property risk and liability in proportion to ownership during rental. The bank has to participate in all liabilities including compulsory insurance. Otherwise, it will be profit without incurring liability, which is clear/open interest.

Musharaka:

Musharaka or partnership business is one of the investment methods that started the Islamic banking system. Business on a partnership basis is a fully Islamic approved method. There are two types of partnerships. Ownership-based partnerships and contract-based partnerships. Ownership is the acquisition of ownership by jointly purchasing or otherwise acquiring a property. On the other hand, the partnership that is decided on the basis of the contract is the contract-based partnership. The condition for completion of contractual partnership is offer and acceptance. That is, one will offer to be a partner and the other will accept his offer.¹¹ There are four types of contract-based partnerships:

1. Mufawada (equivalence).
2. Shirkatuch Chanaye (Professional Partnership).
3. Shirkatul Ujub (identity-based partnership).
4. Shirkatul Annan (avoidance of liability).

Types of violation of Sharia policy in Musharaka investment:

1. The amount of capital, the rate of profit and loss are not clearly mentioned in the contract, the contract is kept unfinished and the date is not mentioned.
2. Using capital in any other organization without using capital in the contracted sector. Prophet (S.M.) Said, "I am the third person in joint business between two partners, until one betrays his partner. I leave them when they betray."¹²
3. Unilaterally changing any terms of the agreement without the consent of both parties.
4. Both parties do not bear the loss of the business in proportion to the capital.
5. If the agreement stipulates that both parties should participate in the conduct of the business, then one party should conduct the business alone and the other party should not be allowed to participate in it.
6. The profits of the business between the two parties are not distributed according to the agreement but according to a certain amount.

¹⁰ N.B Ad-Dawseri, Ahmad Abdul Latif, *Al-Bu'd at-Tanmi lil Ijarah*, Islamic Papers presented at the Seminar on Financial Institutions Management; Kuwait, 2001(May) AD, Pp. 5-6

¹¹ N.B. Mannan, Muhammad Abdul, *Islami Bank babostha*, Central Shariah Board for Islamic Banks of Bangladesh, Dhaka, 2010, Pp. 137-138

¹² Al-Assijistani, Abu Dawud Sulayman ibn al-Ash'as, *As-Sunan*, (Riyadh: Darus Salam, 1430 AH/2009 AD), Kitabul Buyu, Babun Fish Sharikah, Vol. 1 p. 686, Hadith No: 3383

7. Selling a share to another partner with a profit without converting its share into a product.
8. Selling it to someone else without a partner being the legal occupier of his share.
9. Participants in running a business receive a fixed amount of remuneration instead of a profit rate.
10. The absence of capital from both parties at the beginning of the Musharaka business. Described from Prophet (S.M.), "Bara Ibn Azib and Zayd Ibn Arkam (Ra.) were business partners. They buy some silver in cash and kept the rest. At their news of Karbab Prophet. The news reached the Prophet (S.M) and he asked them about it."¹³
11. Participate in profit without investing capital or labor or carrying any responsibility.

Mudaraba method:

One of the main conditions for the legitimacy of the Mudaraba system is that the business of Mudaraba is legal and lawful. The main criterion for the legitimacy of the Mudaraba system is that the business management policy of the Mudarib or business entrepreneur is valid and lawful. Mudaraba is not a business name, it is the name of a business pre-contract method. The central business policy is in the hands of Mudarib. He can conduct business based on Baiye Salam, Bai-e- Muqayyazah, Bai-e- Murabaha, Bai-e- Musawama, Bai-e- Muazzal, Bai-e- Muzayada, Bai-e-Tawliya,, Bai-e- Wazia and even Bai-e- Batel or Bai-e- Fasid with the money received based on Mudaraba Agreement. These are the basic categories of buying and selling. So if the main business of Mudarib is valid and Shariah-compliant then it will also be valid subject to the observance of Mudarib policy. If there is a problem from the Shariah point of view in the main business, there will also be a problem in the Mudaraba system; however, in this case, all the conditions of Mudaraba are protected. Summary: The validity of the Mudaraba method depends on the validity of the original business of Mudaraba.¹⁴

Types of Shariah Rule Disobedience in Mudaraba Banking:

1. Not all aspects of the Mudaraba Agreement are written and clear.
2. Mudarib does business by mixing his wealth with the wealth of Sahibul Maal but does not keep any separate accounts.
3. Although the Mudaraba Agreement does not mention the cost of running the business from the money of the business, Mudarab accepts all costs from the business.
4. Rejection of re-investment by the bank from Rabbul Maal.
5. Unilateral breach of contract without the consent of both parties.
6. To pay the salary allowance of the officers and employees from the money allotted from the Mudaraba Fund.
7. Involvement in interest business.

Nature of the interest-free banking system: ¹⁵

Islamic economy is an economic system free from exploitation. The modern banking system is a fancy strategy of exploitation. It is very difficult to reconcile these two issues. At present, Islamic banks are trying to keep pace with conventional banks. As a result, although the interest-free process has been introduced in many cases, the level of exploitation is not less than that of conventional banks; rather, it is increasing. As a result, although the Islamic banking system can be made interest-free as much as possible, it is not possible to prevent exploitation to a large extent through this banking system. At the same time, due to state adversity, it is not possible to implement a full interest-free banking system in all countries. Because the country's central bank does not run in the light of an interest-free finance system; It is also not possible to completely exempt the scheduled banks of that country. Scheduled Banks are required to deposit a quarter of their total capital or any similar portion as prescribed by the Central Bank as a reserve fund. The central bank takes the money as security for the security of the capital given by the people. No scheduled bank is allowed without paying the money to the central bank. However, in return for this reserve fund, the central bank pays interest to the scheduled banks at a fixed rate. If the interest money is not added to the profit, the profit of Islamic banks will be less than that of interest banks. As a result, it is not possible to hold depositors in a competitive market with the profit margins. It is not possible to deduct interest by adding part of interest. If this interest money is spent

¹³ Ahmad, Imam Ahmad Ibn Hanbal. 1999. *Musnad Imam Ahmad*, Annotated by: Shu'aib al arn'ut et. all. Beirut: Muassasatu al Risalah. 1420H, 32/60, 19307

¹⁴ N.B. Mannan, Muhammad Abdul, *Islami Bank babostha*, Central Shariah Board for Islamic Banks of Bangladesh, Dhaka, 2010, Pp. 134-135

¹⁵ N.B. Usmani, *Islami Banking o Orthawon Paddhoti somossha o samadhan* (Onubad: Mufti Mohammad Jaber Hossen), Maktabatul Ashraf, Dhaka, 2005 (June) Pp. 21-28

on social development and public welfare the capital of the banks will be interest-free, then the level of exploitation on borrowers has to be increased to attract depositors.¹⁶

The following variables can be considered for quality verification of Islamic Banking:¹⁷

1. Who are the members of Shariah Board and how strict are they regarding the observance of Shariah.
2. How many of the employees of the bank are practicing Muslims. Whether they pray regularly, whether female employees follow the veil, whether men and women have free and unnecessary intercourse, and most importantly, whether they realize the horrors of the sin of usury! Hatred of interest should be an essential feature of an Islamic banker.
3. Whether the employees of the bank are fully aware of the uniqueness and nuances of Islamic economics and whether they consider it as the best method.
4. Whether there is a proper training system for the employees of the bank.

XI. Some Recommendations

Below are some brief recommendations for the Islamization of conventional banks. We feel that it is the responsibility of banks to increase their Shariah compliance index and do what they need to do now and take practical steps to protect Muslims from the scourge of usury and illegal business.

1. The willingness and sincerity of the owners and the directors is the first requirement to ensure Shariah compliance and Islamization in banking sector. It will never succeed if they are not uncompromisingly sincere and devoted to the Shariah.
2. It is necessary to provide long-term training on 'Shariah Activities in Banking' to the concerned officers and employees. We know that many of the bankers are very sincere towards the Islamic Shariah. But it is not possible to teach them Islamic banking through 2/4 days a week or a few hour workshops as they have studied or worked in the capitalist system so long.
3. A Shariah Council with maximum powers is required to ensure Shariah compliance of banks, which will be a supervisory council rather than an advisory council. However, a member of the board must be a qualified scholar who can understand and analyze the Qur'an-Hadith from the original (not from the translation). He must be one who has studied the basics of Fiqh, and has practical knowledge of 'Fiqhul Muamalat.' Moreover, he must be sincere, diligent and courageous.
4. Only bankers should not understand Islamic banking activities; rather there should be a counseling cell for explaining Islamic banking activities to the customers and encouraging them for practicing Shariah in daily life.
5. In addition to a strong and qualified Shariah Council, it is necessary to ensure the appointment of one or more qualified and trained Ulama Shariah Council representatives in each branch, who will help the branch people to comply with Shariah and listen the suggestions and complaints of clients and others regarding Shariah.
6. Conventional banks may conduct open Islamic conferences in various regions/zones, where marginalized customers will have an opportunity to share their views and opinions regarding Shariah.
7. Mutual co-operative audit can be made by Shariah experienced people among different banks.
8. Conventional banks may request Bangladesh Bank to form a central Shariah Council, who will monitor all banking activities centrally.
9. Moreover, there should be Shariah complaint cells in the district towns, where Shariah experts will listen to the complaints and take necessary actions.
10. The government should enact Islamic banking act, without act shariah compliance cannot be implemented.

We believe that the Islamization of banks and financial institutions will be permissible only if the above recommendations and other such conditions are properly implemented.

¹⁶ N.B. Ibit, Usmani, *Islami Banking o Orthawon Paddhoti somossha o samadhan*; Pp. 21-28
<https://www.banglanews24.com/national/news/bd>

¹⁷ N.B. Ibit, Usmani, *Islami Banking o Orthawon Paddhoti somossha o samadhan*; Pp. 21-28
<https://alaponblog.com>

XII. Conclusion

The bottom line is that Islamic banks should form a separate culture. Clearly, Islamic banking activities is not limited to the agreement, but Islam is a religion of principles and rules that encompass the entire life of the people. Therefore, in order to be Islamic, it is not only necessary to design agreements based on Islamic principles, but it is also necessary that the customs of the organization and the signs of Islamic identity should be followed its official employees. As a result, they will be more prominent and famous than the conventional organizations. For this, change in the overall activities of the organization.

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