

State-of-the-Art Challenges in the Islamic Banking System of Bangladesh: The Way Forward

**Abdullah Al Faruque¹, Dr. Ashurov Sharofiddin²,
Dr. Mohammad Habibullah³, Fawzia Abdullah⁴, Rounak Afrose⁵,
Farah Abdullah⁶**

1. Abdullah Al Faruque (ifdc.bd@gmail.com), PhD candidate, IIUM Institute of Islamic Banking and Finance (IIiBF), International Islamic University Malaysia, Kuala Lumpur, Malaysia
2. Dr. Ashurov Sharofiddin, Associate Professor, IIUM Institute of Islamic Banking and Finance (IIiBF), International Islamic University Malaysia, Kuala Lumpur, Malaysia
3. Dr. Mohammad Habibullah, Academic Fellow, IIUM Institute of Islamic Banking and Finance (IIiBF), International Islamic University Malaysia, Kuala Lumpur, Malaysia
4. Fawzia Abdullah, Bachelor Student, Bachelor of Engineering in Artificial Intelligence, Xiamen University, Malaysia
5. Rounak Afrose, Teacher, Halimpur High School, Bangladesh
6. Farah Abdullah, Cadet (Cadet no. 782), HSC Candidate, Feni Girls' Cadet College, Bangladesh

Abstract:

One of the service sectors in Muslim nations with the quickest rate of growth is Islamic banking. This banking system is profit-and-loss sharing-based and does not charge interest on financing. Islamic banks often provide their clients with services in accordance with Islamic Shariah, which forbids receiving interest. Although Islamic banks' market share is increasing quickly in Bangladesh, the system's development is not up to par. Therefore, the purpose of this study is to investigate the present obstacles facing Islamic banking in Bangladesh and the most effective strategies for overcoming them. This study has adopted a qualitative approach, and the information is taken from a variety of reputed journals and conference proceedings using a systematic literature review (SLR) approach. The study's conclusions highlight the regulatory, Shariah, and governance issues that Bangladesh's Islamic banks are now dealing with. This analysis also identifies the most effective strategies that Bangladeshi Islamic banks can use to successfully address these issues.

Keywords: Islamic Banks, Bangladesh, Challenges.

1. INTRODUCTION

In Muslim nations, one of the service sectors with the fastest rate of growth is Islamic banking. This banking system operates on a profit-and-loss sharing basis rather than charging interest on loans. In general, Islamic banks provide services to clients in accordance with Shariah laws, which forbid collecting interest. Despite having a 1.5% market share in comparison to global banking assets, Islamic banking has shown phenomenal development in recent years (Ahmed et al., 2021). From USD 1.3 trillion in 2012 to USD 3.24 trillion by the end of 2022, the assets of the world's Islamic banks grew rapidly, according to the most recent ICD-LSEG Islamic Finance Development Report 2023 (Hasan & Mohamed, 2024). In 2022, there were 36% more fully-fledged Islamic banks than there were conventional banks offering Islamic windows or services, which increased by 84% to 274 (Hasan & Mohamed, 2024). With assets predicted to reach US\$4.5 trillion by 2027, Islamic banking is anticipated to continue expanding (Hasan & Mohamed, 2024).

According to the Islamic perspective, money can generate money if it is utilised in a marketable transaction that entails providing a basic service. The holy book of the Quran forbids interest-based financial transactions,

or Riba. In addition to forbidding interest, Islamic banking also forbids its members from gambling, speculating, drinking, and other immoral practices (Rahman et al., 2023). Most Islamic banking products are Shariah-compliant and are created by eliminating any prohibited components from existing mainstream financial goods. Therefore, Islamic banks must verify that their clients are happy with their offerings and that they have faith in how clients view Islamic banking services. Globally, Islamic banks have been striving to improve their banking offerings in order to meet the needs and desires of potential clients (Alam et al., 2022; Rahman et al., 2023).

In both Islamic and non-Islamic countries, particularly Bangladesh, Islamic banking has grown rapidly during the last few decades. According to Suzuki et al. (2020), several conventional banks have implemented Islamic banking, typically by maintaining separate branches and windows but occasionally by adopting a full conversion method. "The Islamic banks have continued to show strong growth since its inception, as reflected by the increasing market share of Islamic banking in terms of assets, financing, and deposits of the total banking system," the Bangladesh Bank said in a statement (Chowdhury et al., 2023, p. 12). Islami Bank Bangladesh Ltd. (IBBL), the nation's first Islamic bank to operate in compliance with Islamic law, was established in 1983. In recent years, it has been the leading Islamic bank based on its annual performance. At the moment, ten Islamic banks are fully operational (Bangladesh Bank, 2024). In response to the expansion of the Islamic banking sector, nine conventional banks have opened 41 branches to offer Islamic banking, and 13 conventional banks currently offer Islamic banking through 434 windows (Chowdhury et al., 2023). Nevertheless, a number of issues that Bangladesh's Islamic banks are dealing with are impeding the sector's anticipated expansion in the nation.

2. METHODOLOGY

Using a qualitative research methodology, this explanatory study collected the data it needed from secondary sources. The necessary data was gathered from 17 peer-reviewed studies that were published in various indexed journals and conference proceedings throughout the previous seven years. Mendeley and Google Scholar were among the databases used to look for the papers. "Islamic Banking," "Islamic Banking in Bangladesh," and "Difficulties in Islamic Banking in Bangladesh" were among the search terms used. The following table lists the inclusion and exclusion criteria used in the selection of research papers:

Table 1: Inclusion and Exclusion Criteria

Included	Excluded
Published between 2015-2024	Not within the specific time span
Full Text	Full text not available
Written in English	Written in other languages
Topics covering Islamic Banking in Bangladesh and the challenges	Topics avoiding Islamic banking in Bangladesh

3. RESULTS AND DISCUSSION

3.1 Islamic Banking System in Bangladesh: The Current Status

Rasel et al. (2018) aimed to assess the present situation, opportunities, and challenges facing Bangladesh's Islamic banking and finance sector. In addition to consulting secondary data sources such as books, periodicals, journal articles, newspaper articles, and the websites of other commercial banks and the Central Bank of Bangladesh, the writers used a comprehensive literature review methodology. The researchers claim that because Islamic banking promotes justice and equity in Bangladesh's economy and uses welfare-oriented banking methods, it has made considerable strides in recent decades. As evidenced by their growing market share and capacity to mobilise deposits and finance significant economic sectors in Bangladesh, interest-free Islamic banking systems have proven their worth in the country's money market since their founding in 1983. This money market has grown steadily in tandem with economic expansion (Rasel et al., 2018).

Many traditional banks in Bangladesh have implemented Islamic banking, usually by keeping distinct branches and windows and sometimes by pursuing a full conversion approach. Given that Islamic banks have lower reserve requirements, it is clear that greater reserve requirements for regular banks encourage conversion. This, along with a few other banking and religious factors, is why Bangladesh is seeing a steady rise in the number of Islamic banks (Suzuki et al., 2020).

By the end of March 2024, the Islamic banking sector's total deposits stood at BDT 4,394.65 billion, up BDT 278.34 billion (11.71%) from the previous quarter and BDT 65.68 billion (6.76%) from the same quarter in 2023 (Bangladesh Bank, 2024). The total deposits of Islamic banks accounted for 26.23% of the overall deposits of the banking sector during the reporting period. The total investment (loans & advances) of the Islamic banking sector at the end of March 2024 was BDT 4,569.94 billion, up BDT 120.20 billion, or 2.70%, from the end of December 2023 and the same quarter of the previous year (Bangladesh Bank, 2024). The total investment made by Islamic banks accounted for 28.24% of all loans and innovations made by the banking sector overall (Bangladesh Bank, 2024).

The Islamic banking industry mobilised BDT 258.97 billion in remittances between January and March 2022, up from BDT 242.66 billion in the previous quarter of 2023 (Bangladesh Bank, 2024b). By the end of March 2024, there were 51,272 people working in the Islamic banking industry, up from 50,306 at the end of December 2023 and 50,143 at the end of March 2023 (Bangladesh Bank, 2024). This demonstrates how the Islamic banking industry has been significantly boosting Bangladesh's economy.

Ten fully operational Islamic banks currently have 1605 branches out of the 10974 branches in the overall banking sector (Bangladesh Bank, 2024). Additionally, there are 23 Islamic banking branches of 11 conventional commercial banks and 511 Islamic banking windows of 14 conventional commercial banks in Bangladesh that provide Islamic financial services. In Table 2, these are highlighted:

Table 2: List of Islamic Banks, Windows, and Branches

Bank Name Branches	Full-fledged Islamic Banks	Islamic Banking Branches in Conventional Banks	Islamic Banking Windows in Conventional Banks
1.	Islami Bank Bangladesh Limited (389)	The City Bank Limited (1)	Sonali Bank Limited (58)
2.	ICB Islamic Bank Limited (33)	AB Bank Limited (1)	Janata Bank Limited*
3.	Social Islami Bank Limited (172)	Dhaka Bank Limited (2)	Agrani Bank Limited (48)
4.	Al-Arafah Islami Bank Limited (204)	Premier Bank Limited (2)	Pubali Bank Limited (17)
5.	EXIM Bank Limited (141)	Prime Bank Limited (5)	Trust Bank Limited (15)
6.	Shahjalal Islami Bank Limited (133)	Southeast Bank Limited (5)	Bank Asia Limited (5)
7.	First Security Islami Bank Limited (197)	Jamuna Bank Limited (2)	Standard Chartered Bank (1)
8.	Union Bank Limited (105)	Bank Alfalah Limited (1)	Mercantile Bank Limited (45)
9.	Standard Bank Limited (138)	NRB Bank Limited (1)	Midland Bank Limited (1)
10.	Global Islami Bank Limited (93)	One Bank Limited (2)	NRBC Bank Limited (268)
11.		United Commercial Bank (1)	United Commercial Bank (10)
12.			Meghna Bank Limited (3)
13.			Mutual Trust Bank Limited (15)
14.			Premier Bank Limited (25)

Source: (Bangladesh Bank, 2024, p. 2)

Ahmed et al. (2021) looked at how customer satisfaction and Islamic Shariah conformity were mediated by service quality in Islamic banking services. 334 genuine and completed surveys from Islamic bank clients in Bangladesh were used to evaluate the hypotheses. The data was evaluated using SmartPLS 3. According to

this study, Islamic banks offer comprehensive financial services, including trade financing, development financing, and investment banking. This expansion has led to heightened competition between Islamic and mainstream banks. The public's expectations for improved service and Shariah compliance have also increased as a result of Islamic banks' increasing popularity and expansion. For the latter, many clients move from interest-based banking to profit-and-loss-sharing Islamic banking services (Ahmed et al., 2021).

Islami Bank Bangladesh Ltd. (IBBL), now known as Islami Bank Bangladesh PLC, was the first Islamic bank to open for business in Bangladesh. Ahmad (2022) conducted a study to illustrate the socioeconomic impact and contribution of Islamic banks to Bangladesh's economic expansion. Using a statistically descriptive study design, he observed that from its establishment in 1983, the IBBL has worked to ensure the maximum benefits for Bangladeshi society, grounded in Islamic Shariah principles derived from "The Quran" and "Sunnah." Regarding banking services, Bangladesh was introduced to banking welfare services by the IBBL. For the benefit of IBBL's clients, it thus tries to enhance every aspect of its business, including developing operational policies. Since its founding, the IBBL has adhered to Islamic Shariah as a set of principles, which prohibits both the acceptance of cash and the payment or acceptance of interest fees for lending (Ahmad, 2022). Since its founding, the IBBL has made great strides, and as of currently now, its authorised capital stands at TK 20,000 million (Ahmad, 2022). Over 18,000 individuals are employed by the 384 IBBL branches that are presently operating throughout the country (Ahmad, 2022).

The goal of Sen et al. (2020) was to identify the factors that affect Bangladeshis' choices to open accounts with Islamic banks. To collect the quantitative data, they employed a factor analysis and descriptive methodology together with a verified structured questionnaire. This study was based on a survey of 300 Bangladeshi consumers who have at least one account with any Islamic bank in the nation. According to Sen et al. (2020), the primary factors that encourage people to open an account in Islamic banks are the following: the availability of ATMs, the SMS confirmation of the transaction, the lower cost of financing (loan), the availability of branch services in multiple locations, the low initial deposit fee for opening an account, the prompt service and behaviour of employees, etc. Furthermore, Islamic banks form free financial partnerships with non-Muslim religious groups.

Hoque et al. (2022) claim that ethical quality and Islamic financial literacy may have an impact on consumer perceptions of behavioural intents to utilise Islamic banking services. In terms of ethics, a non-Muslim consumer seeks out ethical services, while a Muslim client typically seeks out financial services that follow Shariah. This understanding of ethical banking services has become crucial when selecting a banking provider. Islamic banks have also embraced social and ethical issues in an attempt to present a positive image. The desire of the majority of Muslim customers in Bangladesh to use Islamic banking services is greatly influenced by Islamic values, ethical business conduct, and the reputation of Islamic banks. The Islamic banking sector in Bangladesh is steadily expanding as a result of these religiously motivated factors.

Even though Islamic banking has grown recently in Bangladesh, as of the end of March 2024, just 26.23% of the nation's savings and 28.24% of its investments were held by Islamic banks (Bangladesh Bank, 2024). However, considering that 90% of Bangladesh's population is Muslim and that Islamic banks' performance in this country needs to be rapidly improved, this asset amount is negligible. Therefore, these Islamic banks need to implement certain measures immediately in order to increase their market share and appeal among the general population in Bangladesh.

3.2 Challenges Being Faced by Bangladeshi Islamic Banks in Bangladesh

3.2.1 Legal Challenges

The Islamic banking industry is supervised and controlled by Bangladesh Bank (BB), the country's central bank. However, Bangladesh lacks a formal Islamic banking law that would govern, guide, and supervise Islamic banks' operations. Some Islamic banking requirements are currently being added to Act No. 14 of 1991, the Banking Companies Act of 1991 (Moniruzzaman, 2018). In compliance with the regulations set forth for conventional banks, Bangladesh Bank oversees and monitors the operations of Islamic banks. The Shariah councils of individual banks, who are in charge of upholding Shariah compliance inside their

particular establishments, submit reports to Bangladesh Bank. BB examines the reports in accordance with the requirements. If discrepancies are found, the appropriate banks are informed. However, the lack of a precise and stringent regulatory framework for the administration of Bangladesh's Islamic banks presents a number of challenges. Because of this, these Islamic banks in Bangladesh are unable to carry out their responsibilities in a way that perfectly complies with Shariah regulations (Moniruzzaman, 2018). The primary cause of these legal issues was the carelessness of the Bangladeshi governments. Although Bangladesh is a Muslim country, the government does not support the establishment of an Islamic economic system there, according to Ahmed and Mohamad (2019). In particular, government support is needed for the introduction and execution of an Islamic Banking Act. The economy and, more importantly, the size and scope of bank operations both clearly increased after independence in 1971. However, the government of Bangladesh has not actively supported Islamic banking (Ahmed & Mohamad, 2019).

3.2.2 Shariah Challenges

The following issues with the appropriate application of Shariah in Bangladesh's Islamic banking system have been noted by Alam et al. (2020). These consist of the following:

- Lack of pure intention on the part of regulators, Shariah experts, Islamic bank boards, and other Islamic banking practitioners and customers in general regarding the correct application of Shariah;
- Unqualified Shariah supervisory board members, and executives in the Central Bank and Islamic banks.

Similar findings were made by Ahmed and Mohamad (2019), who conducted empirical research and found that Bangladesh lacks Shariah scholars who can comprehend and adhere to the core tenets of Shariah administration. It is quite difficult to hire Shariah experts in compliance with the selection criteria for Shariah scholars that the Bangladeshi central bank has made public. These prerequisites include having a master's degree in Islamic studies, being fluent in Arabic, and having taught or researched Islamic finance for at least three years. To be eligible for membership in a Shariah supervisory committee, a candidate must also have served on any fatwa board that produces Shariah resolutions for Islamic financial affairs for at least three years. This criterion, of course, excludes scholars who have never been nominated to a Shariah committee (Ahmed & Mohamad, 2019).

Furthermore, Bangladesh lacks suitable institutional frameworks for the education of Shariah experts (Ahmed & Mohamad, 2019). This nation offers very few Islamic banking and finance courses. Except for distance learning organisations, no university in Bangladesh now provides a degree in Islamic banking and finance. An Islamic finance course is offered in Bangladesh by the Chartered Institute of Management Accountants (CIMA), a professional association having its main office in the United Kingdom. Ahmed and Mohamad (2019) and Ullah (2014), however, found that many Bangladeshi Shariah experts and Islamic bank administrators lacked sufficient training in Islamic finance.

Rahman and Choudhury (2024) aimed to investigate the potential for istijrar financing in Bangladesh's Islamic banking industry. They employed a qualitative methodology, gathering the primary data mostly through semi-structured interviews. Thirteen one-on-one interviews with top Islamic banking authorities in the nation, including Shari'ah scholars, Islamic bankers, and regulators, were undertaken for the study. The study's findings demonstrated that adhering to Islamic Shariah is a major challenge for Bangladeshi Islamic banks. For example, in Bangladesh, Islamic banks' loan agreements are dominated by murabahah financing. However, the practice of murabahah in Bangladesh is frequently questioned for possible violations of Shari'ah. Furthermore, more paperwork is needed for every Murabahah procedure, which eventually raises costs (Rahman & Choudhury, 2024).

3.2.3 Governance Challenges

The absence of skilled human resources with a deeper understanding of the principles of Shariah-based financial services is a major problem for Bangladesh's Islamic banking industry. Islamic bankers encounter

more challenges than their counterparts in conventional banks since they need to be knowledgeable and skilled in both banking operations and Islamic Shariah as it pertains to financial transactions (Nabi et al., 2015). Furthermore, despite the fact that Islamic banks have expanded over the past three decades, even long-time customers are not aware with Shariah-based deposit and investing possibilities. The reason for these clients' ignorance is that most Islamic banks do not provide financial literacy programs to help them understand the principles of Islamic financing (Nabi et al., 2015).

According to Islam et al. (2021), Bangladesh's present Islamic banks confront the following difficulties:

- The discrepancy between theory and reality, particularly with regard to risk-sharing tools
- Lack of competent Shariah experts in all fields
- Absence of a money market based on Shariah
- Absence of advances and financial engineering
- Absence of a strong supervisory structure
- New Rules for Banking
- Lack of a globally accepted legal, regulatory, and oversight framework for Islamic finance and banking
- Capital size and small assets
- Absence of suitable legislation and enabling regulations
- Political situation and economic slowdown
- Insufficient Islamic interbank market
- Absence of Consistent Shariah Decisions
- The educational system does not offer any courses on Islamic banking and finance.
- Diverse perspectives on different items held by Shariah scholars
- There are not enough Shariah specialists at the central bank to oversee the operations of Islamic banks.
- Bangladesh's central bank's lack of legal assistance
- Offering fixed return structures (Murabahah, Ijarah, etc.) as opposed to a profit-sharing plan
- The issue facing the Islamic financial market is a lack of adequate risk mitigation and diversification.
- Absence of effective secondary markets, risk-sharing, and liquidity-enhancing products
- Absence of Islamic Bank Training Institutions
- Absence of proactive enterprise-level risk control
- Absence of a friendly atmosphere and substantial non-banking financial assistance

3.3 Effective Steps to Overcome these Challenges

To address the issues listed above, certain actions must be taken. The Islamic banking sector, for instance, need to focus on Shariah-compliant financial operations. For the entire Islamic financial sector in Bangladesh to be sustainable, the creation of an appropriate legal framework is also required for the monitoring, direction, and supervision of Islamic banking. To eliminate uncertainty, Islamic banking institutions are required to adhere to worldwide regulatory standards established by the AAOIFI and IFSB. Developing and implementing a cohesive approach to investments and fund-raising is also essential. Since Islamic banks' investments in Musharaka and Mudaraba, which are regarded as the ideal Islamic modes, are too small (less than 2 percent), Bangladesh Bank may give Islamic banks and Islamic branches/windows of conventional banks the necessary guidance to invest at least 10% of investable funds. Bangladesh Bank should take extra care to clear the obstructions in Islamic Bank Branches and Windows of Conventional Banks in order to improve Islamic financing (Moniruzzaman, 2018).

A distinct 'Islamic finance department' ought to be established within Bangladesh Bank to handle the creation and execution of policies for all Islamic banks as well as Islamic bank branches and windows of conventional banks. Furthermore, with additional study and committed work, the majority of the issues with the establishment of Islamic banks can be resolved. Bangladesh Bank may create a "Islamic Finance Research Unit" under the Research Department, led by a professional Islamic finance researcher, in order to fulfil this goal. The Department can carry out a number of tasks, such as (i) gathering information on Islamic finance

and creating monthly, quarterly, and annual reports; (ii) carrying out in-depth research in a range of Islamic banking, finance, and economics topics; and (iii) conducting field surveys on various Islamic banking and finance topics and creating papers and reports based on the data and surveys gathered. To fully explore the potential of Islamic finance, a contemporary Islamic Finance Academy built on IT may be constructed. Officials working in the Islamic banking sector, such as supervisors, regulators, and ordinary Islamic bankers, can receive both theoretical and practical training from the academy. The Academy can offer both short-term and long-term training programs, including graduate, doctoral, diploma, and certificate courses. The Academy can also carry out research and survey programs on various issues and opportunities pertaining to Islamic banking both domestically and internationally. It has the ability to regularly publish journals, bulletins, and newsletters. The Academy can run a nationwide "Islamic Financial Literacy Program" to dispel myths and build clear notions about Islamic finance. Additionally, some actions must be taken to create a sufficient number of supplementary and supporting institutions for the Islamic finance sector. These organisations may be financial broking houses, credit rating agencies, or accountancy and auditing firms (Moniruzzaman, 2018). The Central Shariah Board for Islamic Banks of Bangladesh (CSBIB) has additional options for industry-wide activities beyond merely offering advisory services to Bangladeshi IFIs. By offering Islamic banking training classes, administering tests to gauge their proficiency, and granting accreditation upon successful completion, CSBIB might empower managers and prospective Shariah committee members. In order to ensure Shariah compliance, CSBIB may also provide external audits for IFIs; if no Shariah violations are discovered, the IFIs will be certified. A type of quality control that also acts as a safeguard for Shariah compliance is accreditation and certification (Ahmed & Mohamad, 2019).

The internal control system and organisational policy are the first and most important line of defence for Shariah compliance. An Islamic bank should consult with and obtain clearance from reputable Shariah scholars prior to launching a new Islamic financial product on the Bangladeshi market. In turn, academics ought to thoroughly investigate the product's adherence to Shariah. In order to recognise the possible hazards of Shariah non-compliance incidents and find ways to reduce them, a Shariah risk management unit should also be established. To ensure that all operations comply with Shariah law, it is equally crucial to have an internal audit unit that conducts routine assessments of operations (Ahmed & Mohamad, 2019).

In order to alleviate the scarcity of Shariah specialists, the required education and training must be made available. Given that the country has a majority of Muslims, more emphasis should be placed on the academic program pertaining to Islamic banking and finance. This is not only to train the next generation of Shariah scholars, but also to support the ongoing professional development of current Shariah scholars (Ahmed & Mohamad, 2019).

Islamic banks should also try to enhance its ability to introduce new products and services to compete effectively in the financial market. Innovations like technological advancement, advanced features, and new ideas in products and services attract customers and differentiate the product from existing offerings in the market. By developing a unique value proposition, creating a comprehensive marketing plan, and leveraging influencers, Islamic banks can differentiate itself from competitors and drive growth (Mehmood et al., 2020).

CONCLUSION

The main reasons for Bangladesh's Islamic banks' persistent poor performance and incapacity to attract the majority of the population have been highlighted in this study. This research also highlights the best practices for providing innovative Islamic banking products and services to satisfy customers. Future researchers, legislators, and Islamic banking professionals might find the study's findings significant and beneficial.

Additionally, the advice and ideas presented in this study will ultimately help Bangladeshi Islamic banking professionals enhance their offerings and client happiness. Additionally, they will receive some helpful suggestions for incorporating technology into Islamic banking services and products. The entire market share of Islamic banking in Bangladesh will rise as a result of this as well. This study is expected to provide Bangladeshi scholars, researchers, and policymakers with a comprehensive understanding of the challenges and opportunities related to the nation's implementation of Islamic banking. Future training programs and

curriculum development will be significantly impacted by the findings of this study, which will further academic knowledge of Islamic banking. Scholars in the future will be able to master many helpful concepts before studying Islamic banking, and this research will ultimately be a turning point in this particular field of study.

The results of the study will also provide the country's financial professionals with detailed guidelines on how to increase the acceptance of this Islamic banking system. The difficulties in completely adhering to Shariah in this country's banking initiatives will also be clarified by this study. Furthermore, if properly implemented, the study's recommendations are expected to significantly contribute to the socioeconomic advancement and poverty alleviation of this country.

REFERENCES:

1. Ahmad, F. (2022). Advancement of Islamic Banking and Finance in the Socio-Economic Context of Bangladesh Based on IBBL. *International Journal of Islamic Banking and Finance Research*, 10(1), 1-10.
2. Ahmed, R., & Mohamad, M. S. (2019). The practice of shariah governance in islamic banking and finance: A study of Islamic banks in Bangladesh. *International Journal of Management and Applied Research*, 6(4), 271-284.
3. Ahmed, S., Mohiuddin, M., Rahman, M., Tarique, K. M., & Azim, M. (2021). The impact of Islamic Shariah compliance on customer satisfaction in Islamic banking services: mediating role of service quality. *Journal of Islamic Marketing*, 13(9), 1829-1842.
4. Alam M. K., Ahmad A. U., & Muneza A. (2022). External Sharī 'ah audit and review committee vis-à-vis sharī 'ah compliance quality and accountability: A case of Islamic banks in Bangladesh. *Journal of Public Affairs*, 22(1), e2364.
5. Bangladesh Bank. (2024). *Monthly Islamic Banking and Finance Statistics (IBFS), February 2024*. Bangladesh Bank Official Website (https://www.bb.org.bd/pub/monthly/ibfs/ibfs_jan2024pdf.pdf).
6. Chowdhury, M. A. M., Al Masud, M. A., Atiullah, M., & Tanvir, J. I. (2023). Contemporary responses to the criticism of Islamic Banks in Malaysia. *European Journal of Islamic Finance*, (15).
7. Hasan, S., & Mohamed, S. (2024). Navigating uncertainty: Global Islamic finance assets expected to exceed \$6.7 trillion by 2027. *LSEG Official Website*. [Online] Available from <https://www.lseg.com/en/insights/data-analytics/navigating-uncertainty-global-islamic-finance-assets-expected-to-exceed-67-trillion-by-2027#> (Retrieved June 14, 2025).
8. Hoque M. N., Rahman M. K., Said J., Begum F., & Hossain M. M. (2022). What Factors Influence Customer Attitudes and Mindsets towards the Use of Services and Products of Islamic Banks in Bangladesh?. *Sustainability*, 14(8), 4703.
9. Islam, S., Mamun, A., Islam, K. A., Uddin, M. R., & Sultana, T. (2021). Issues and Challenges of Financial Management Practices in Islamic Financial Institutions: Empirical Evidence From Bangladesh. *Indian Journal of Finance and Banking*, 5(1), 38-55.
10. Mehmood, K., Lace, N., & Danilevičienė, I. (2020). Comparative efficiency analysis of conventional banks and Islamic banks: in evidence of Pakistan. In *Proceedings of The 15th International Multi-Conference on Complexity, Informatics and Cybernetics: IMCIC 2024*
11. Moniruzzaman, M. (2018). Growth and prospect of Islamic finance in Bangladesh. *IOSR Journal of Business and Management (IOSR-JBM) e-ISSN*, 10-20.
12. Nabi, M. G., Islam, M. A., Bakar, R., & Akter, A. (2015). Islamic banking in Bangladesh: current status, challenges and policy options. *The Quarterly Journal of Islamic Economics Research Bureau*, 25(1/2), 1-24.
13. Rahman, M. H., & Chowdhury, N. S. I. (2024). The prospects of istijrar financing in Islamic banking: An exploratory study in Bangladesh. *Qualitative Research in Financial Markets*, 16(1), 135-158.

14. Rahman, M. K., Hoque, M. N., Yusuf, S. N. S., Yusoff, M. N. H. B., & Begum, F. (2023). Do customers' perceptions of Islamic banking services predict satisfaction and word of mouth? Evidence from Islamic banks in Bangladesh. *PLoS One*, 18(1), e0280108.
15. Rasel, M., Anusara, J., Chanthamith, B., Sultana, A., & Sultana, A. (2018). Islamic banking and finance in Bangladesh: Potential, challenges and future development. *American Journal of Business, Economics and Management*, 6(4), 119-126.
16. Sen, S., Antara, N., & Sen, S. (2020). The determinants of opening account with Islamic banks. *Journal of Islamic Marketing*, 12(9), 1709-1733.
17. Suzuki, Y., Uddin, S. S., & Islam, A. R. (2020). Incentives for conventional banks for the conversion into Islamic banks: evidence from Bangladesh. *Journal of Islamic Accounting and Business Research*, 11(2), 273-287.