

SHAPING THE FUTURE OF ISLAMIC BANKING IN BANGLADESH: INSIGHTS FROM BANKING LEADERS

Syed Waseque Md. Ali
Managing Director,
First Security Islami Bank Ltd.



In the pursuit of providing modern technology and Islamic Shariah-based banking services to the masses in Bangladesh, First Security Islami Bank Ltd. offers a range of deposit accounts and schemes tailored to meet the needs of people from various walks of life. These include Al Wadiyah current account, Mudaraba savings account, Ankur and Alo for school-going students, Projonmo and Uddipon for college and university students, Mehonoti for working people, Shadesh for expatriates, Mahiyasi for women, Grihini for housewives, and deposit schemes Murobbi and Probin for senior citizens.

Although the Islamic banking industry in Bangladesh has achieved over 20% annual growth, there is still immense potential for further business expansion. Bangladesh, being a Muslim-majority country with a vibrant economy experiencing 6% real economic growth over the last decade, provides favorable conditions for the industry to thrive.

Incorporating the benefits of Islamic banking into our national educational curriculum can ensure its expansion to future generations. The concept of Islamic banking can also be promoted through financial inclusion initiatives set by the government and Bangladesh Bank.

Mosleh Uddin Ahmed
Managing Director & CEO,
Shahjalal Islami Bank Ltd.



Shahjalal Islami Bank Limited (SJIBL) offers a range of deposit and investment products based on various Shariah principles and mechanisms such as Mudarabah, Musharakah, Murabahah, Bai Muajjal, Ijarah, HPSM, and Bai-Salam.

Due to the absence of an Islamic money market in Bangladesh, Islamic banks face challenges in investing their surplus funds to generate income since government treasury bills, approved securities, and Bangladesh Bank Bills in the country are interest-bearing.

The establishment of a regulatory authority with a robust legal framework is necessary, including separate laws for Islamic banks, appropriate licensing requirements, prudential regulations, minimum capital and liquidity standards, and methods for risk-weighted asset classifications.

Islamic banks in Bangladesh also face the issue of organizing their relationships with foreign banks and conducting international operations, which requires creating financial instruments that are consistent with Islamic principles and acceptable to interest-based banks, including foreign banks.

Md. Habibur Rahman
Managing Director & CEO,
Standard Bank Ltd.



Islamic banking activities have made significant progress in Bangladesh over the past few decades. However, there are still obstacles that hinder its growth and wider acceptance. Many people in Bangladesh lack awareness of the principles and benefits of Islamic banking. Extensive awareness campaigns and educational programs are needed to help individuals understand the concepts and advantages of Islamic banking.

The limited diversity in Islamic banking products poses challenges in attracting a broader customer base, especially those seeking specialized financial solutions. To address this, a comprehensive regulatory framework is essential to build trust and confidence among customers and investors.

Developing specialized training programs and attracting skilled professionals to work in Islamic banking institutions are crucial in overcoming these challenges. Islamic banks should seamlessly integrate with the existing conventional banking infrastructure to offer seamless services to customers. Ensuring interoperability and compatibility between Islamic and conventional banking systems is vital for effective promotion of Islamic banking in Bangladesh.

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