

# All banking products should be SHARIAH-BASED

In conversation with Mohammad Ali, Managing Director & CEO, Pubali Bank

**Money supply in Islamic banking will always sustain itself in Bangladesh, due to demand. Some Islamic nations do not even have conventional banking, with Islamic banking being the preferred method.**

**The Daily Star (TDS):** What is the current state of Islamic banking in Bangladesh?

**Mohammad Ali (MA):** Most Bangladeshis are religious, with older generations generally showing a stronger inclination towards Islam. Those who are over 40 usually possess savings. In this context, the combination of financial capacity and ideological factors expands our customer base. Thus, Shariah law is important here.

Pubali Bank is performing well in conventional banking, so it did not necessarily need to launch an Islamic window. However, leading stakeholders within our organization decided to adopt the initiative to adhere to Shariah law and government regulations. For Islamic banking to be successful, there has to be consensus regarding rules and policies.

Matters such as name-lending undermine related processes. Islamic banking need not be conducted solely for the realization of Islamic products. However, what is essential are moral and idealistic values, as such principles may eventually improve the overall state of Islamic banking in Bangladesh.

Islamic banking must be conducted within the confines of nationally recognized legislation. Our Parliament has yet to enact laws dedicated exclusively to this sector. This must be done immediately to provide guidance to believers



in the system (e.g., customers and institutions). Musharakah and Murabaha are financial procedures that will then find renewed meaning in an otherwise fast-paced, interconnected business world.

I would like to mention three recommendations: (1) All products should be Shariah-based; (2) leaders of Shariah-based institutions should be ideal examples; (3) nationally valued Shariah laws must be enacted for Islamic banking.

**TDS: What types of Shariah-compliant services does your bank offer?**

**MA:** We offer all types of services. Naturally, this is a requirement of modern times. Programs for retired

persons, options for senior citizens, pension schemes, Mudaraba Term Deposit, Mudaraba Savings, and Murabaha Savings are some of the pathways we offer. These are deposit-related. When it comes to making investments, we have Bai' Muajjal, Musharakah, Murabaha, and Post Shipment Import Finance.

**TDS: What challenges does Islamic banking currently face that need to be addressed?**

**MA:** Shariah boards exist in many banks. The Central Shariah Board for Islamic Banks of Bangladesh (CSBIB) must not function without a degree of influence from the Bangladesh Bank. Here, regulatory processes need to match those of the Bangladesh

Institute of Bank Management (BIBM). Thus, coordination must be done in a hierarchical manner to avoid disruptions of any sort. There is a need for the CSBIB, due to its expertise in Shariah law, to be authoritative regarding inspections (when and where required). In case of non-compliance issues, the CSBIB may then provide guidelines and suggestions for improvements in the future. Examples include both "false loan" and "false deal," which highlight the importance of due diligence and regulatory oversight in banking and finance to prevent fraud and maintain the integrity of financial systems.

**TDS: Do you have any plans to add more features to the Islamic banking channel in your bank to enhance customer service?**

**MA:** We are currently trying to reach people from all parts of the country with branches available everywhere. Through such locations, we are attempting to raise awareness about Islamic products. Some of our locations have been converted to meet the demands of faith-oriented customers. Our year-on-year growth indicates that large groups of Bangladeshis long for financial transactions that are backed by Islamic principles. A 97% profit only adds to this narrative.

**TDS: What are the prospects for the overall growth of Islamic banking in the country?**

**MA:** The future of Islamic banking in the country is positive. From a demand-based outlook, about 90 percent of Bangladeshis follow Islam. A large percentage of elderly persons who have retired, possess deposits, are landowners, or have sold their properties view Islamic banking as the correct financial pathway. The truth is that many are forced to rely on conventional banking, even if they do not necessarily want to. I believe that the money supply in Islamic banking will always sustain itself in Bangladesh, due to demand. Some Islamic nations do not even have conventional banking, with Islamic banking being the preferred method.

We are also part of the Muslim community. The Islamic banking customer base is expanding today, and sermons at mosques definitely play their part. This is a reality that can be related to Islamic banking's market reach. As it has happened, many customers are looking to sacrifice their profits for the sake of moral values.

Banks around the nation need to be made aware of the changes taking place in consumer tastes, and if required, policies must support causes such as the fusion of both conventional and Islamic banking. This will only benefit the people, our economy, and the financial world within our borders.

## LAUNCHING YEAR February, 2010

### YEAR-WISE GROWTH OVERVIEW [TAKA IN CRORE]

	As on 30.09.23	As on 31.12.23	As on 30.09.24	Year to Year growth compare to 30.09.2023	TARGET 2024
Deposit	1967.18	2451.55	3417.06	74%	3000.00
Investment	2023.60	2340.36	3253.06	61%	2700.00
Profit	37.21	53.70	72.39	95%	70.00
Export	948.69	1,343.94	1592.48	68%	1715.00
Import	1392.09	1936.08	2392.71	72%	2120.00
Foreign Remittance	33.11	40.49	26.33	-20%	72.00
Classification	-	-	37.35	-	Nil



## CURRENT PORTFOLIO as of September 30, 2024

- Deposit : BDT 3,417.06 crore
- Investment : BDT 3,253.06 crore
- Profit : BDT 72.39 crore
- Import : BDT 2,392.71 crore
- Export : BDT 1,592.48 crore
- Remittance : BDT 26.33 crore

### MAJOR DEPOSIT PRODUCTS

- Al-Wadeah Current Account
- Mudaraba Savings Account
- Mudaraba Special Notice Deposit
- Mudaraba Term Deposit Account
- Mudaraba Monthly Profit based Term Deposit
- Mudarabah Shwapna Puran Deposit Scheme
- Mudarabah Shadhin Sanchaya Deposit Scheme
- Mudarabah Shikha Sanchaya Scheme
- Mudaraba Hajj Savings Account
- Mudaraba Cash Waqf Deposit Account

### STRENGTH

- Shari'ah compliance and independent Shari'ah Supervisory Committee
- AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions, Bahrain) certified Shari'ah Audit Team
- Prioritize investment in sectors related to basic needs
- Avoid harmful and prohibited business sectors
- Avoid deposits from impermissible sources

### DEPOSIT PROFIT RATE

NAME OF THE MUDARABA DEPOSIT PRODUCTS	PROVISIONAL / INDICATIVE PROFIT RATES FOR MUDARABA DEPOSITORS (% W.E.F. 01.09.2024)
Mudaraba Savings A/C (MSA)	3.00
Mudaraba Short Notice Deposit (MSND)	
Less than Tk. 1.00 Crore	4.00
Tk. 1.00 Crore or above but less than Tk. 25.00 Crore	4.25
Tk. 25.00 Crore or above but less than Tk. 50.00 Crore	4.50
Tk. 50.00 Crore or above but less than Tk. 100 Crore	4.80
Tk. 100 Crore or above	6.00
Mudaraba Term Deposit Receipt (MTDR)	
For 1 Month	6.00
For 3 Months	9.00
For 6 Months	9.25
For 12 Months and above	9.50
Mudaraba Monthly Profit Based Term Deposit	7.75
Mudaraba Swapno Puran Deposit A/C	6.75
Mudaraba Swadhin Sanchay Deposit A/C	6.75
Mudaraba Shikha Sanchay Deposit A/C	7.75
Mudaraba Hajj Savings A/C (MHSA)	8.50
Mudaraba Cash Waqf Deposit A/C	8.50
Mudaraba Deposit Pension A/C for 05 Years	7.75
Mudaraba Deposit Pension A/C for 10 Years	8.00

### SPECIAL PRODUCTS

#### FOR WOMEN WELFARE

Mudaraba Marriage/Muhur Deposit Account

#### FOR SELF-EMPLOYED YOUTH HAVING MINIMUM 2 (TWO) YEARS OF SUCCESSFUL EXPERIENCE

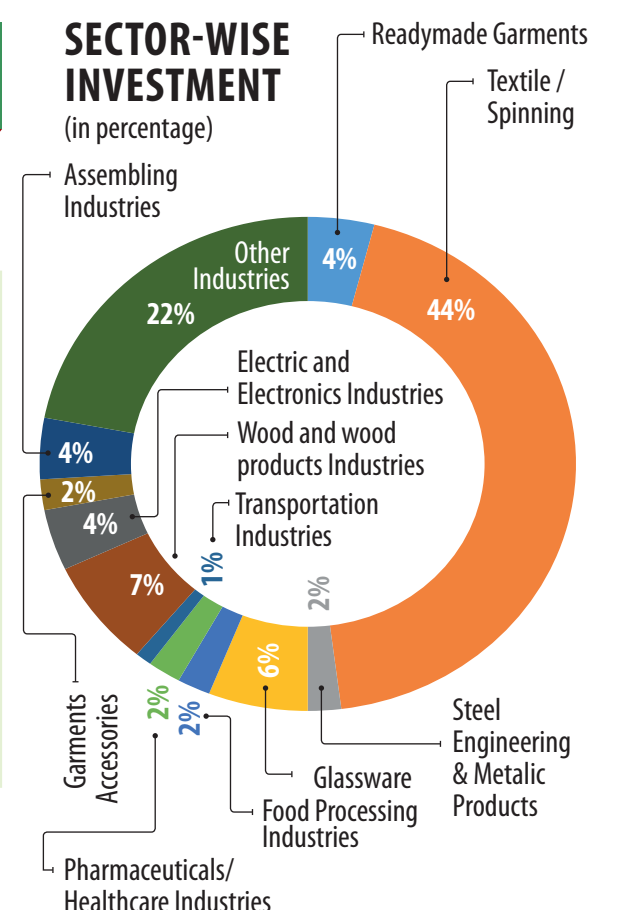
Pubali Star (Islamic), a microcredit program. Under this product, the young people of the country can easily get finance of Tk. 1.00 lac - 20.00 lac for minimum 12 (twelve) months & maximum 60 (sixty) months.

#### FOR SENIOR CITIZENS

Mudaraba Senior Citizen Pubali Deposit Scheme.

### SECTOR-WISE INVESTMENT

(in percentage)



### INVESTMENT PRODUCTS

- Bai'-Muajjal
- Bai'-Murabaha
- HPSM-Car/Vehicle for individuals
- HPSM-Car/Vehicle for Organizations
- HPSM- Probashree Nibash
- HPSM- Agri Investment
- Bai'-Muajjal- Term
- HPSM- housing
- (Commercial/ Residential)
- HPSM- Construction/ Project/Capital Machinery
- HPSM-Flat Purchase/ Renovation/ Construction for Individuals

### SERVICE COVERAGE

- Banking Branches 3
- Sub-branch 1
- Islamic Banking Windows 22

### UNIQUE FEATURES

- No hidden charges.
- Under Withdrawal Facility from Mudarabah Deposits (WFMD) a customer can withdraw a portion of his/her fixed or recurring deposit to meet his/her instant need and can deposit back in the account without incurring a loss.