

Islamic Banking in Ghana: Prospects and Challenges

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Abstract : Purpose: Islamic banking and finance is one of the most rapidly growing segments of the global finance industry. Starting with the Dubai Islamic Bank in 1975, the number of Islamic financial institutions worldwide has shot up astronomically, to over three hundred, with operations in seventy-five countries and assets in excess of US\$400 billion. The purpose of this study is to explore the prospects and challenges of Islamic banking introduction in a non-Islamic country like Ghana. Design/Methodology: Data for the study was collected via an expert opinion of three Islamic scholars on Islamic banking from Ghana. Findings: Findings from this study indicates some of the benefits of Islamic banking includes connecting financial markets and economic activity, promoting the principle of financial justice, greater stability, avoiding economic bubbles (and bursts) and reducing the impact of harmful products and practices. The study also identified lack of experts in various fields of Islamic banking, product innovation, moral hazard, and need for experienced staff in Islamic banking as some of the challenges to Islamic banking system's introduction. Contribution: The study contributes to literature on Islamic banking from a non-Islamic country like Ghana.

Keywords : Islamic banking, Shari'ah, Riba, conventional banking

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