

The Implication of Islamic Finance and Banking for the Sustainable Development in Bangladesh

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Abstract : Bangladesh has already seen significant growth in Islamic banking and finance, contributing to the rapid expansion of this sector in the global banking and finance industry. The objective of this study is to analyse the Islamic finance and banking industry's ability to contribute to sustainable development in Bangladesh. It aims to assess the current state, potential, and limitations of Islamic banking and finance in the country. Bangladesh has significant growth potential for Islamic banking and finance. However, addressing several challenges is imperative. These challenges include the absence of a well-developed infrastructure for Islamic banking and finance, a lack of a solid legal framework, limited attention from the central bank, the absence of an Islamic capital market, and a shortage of experts in Sharia law as well as public awareness. Bangladesh, a nation characterized by a primarily Muslim populace, has acknowledged the importance of Islamic finance and banking in promoting sustainable development. Islamic banking principles advocate for ethical practices, risk sharing, and the avoidance of interest-based transactions. This article examines the impact of Islamic finance and banking on promoting sustainable development in Bangladesh and emphasizes its capacity to tackle socio-economic difficulties. The Islamic banking sector, as a trailblazer in funding sustainable development, has the potential to play a significant role in facilitating the shift toward a circular economy. According to Shari'ah rules and the Sustainable Development Goals (SDGs), Islamic finance principles will help change the linear economy into a circular one. They will also provide a strong framework and a lot of funding sources. This study aims to offer crucial recommendations and techniques for the successful implementation of Islamic finance institutions in Bangladesh. The study will use quantitative research methodology, collecting data from secondary sources. This research offers a thorough understanding of the reasoning for the payment of Zakat and its socio-economic importance. Furthermore, the study provides significant insights that could assist Bangladeshi policymakers and governments in implementing Islamic financing systems.

Keywords : sustainable development, Islamic fintech, Islamic banking, Bangladesh

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