

Survival of Islamic Banking Services in Tanzania: A Quick Survey on Conflicting Legal Framework

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Abstract : "The success and sustainability of an Islamic finance system depends on the ability to establish a comprehensive legal and regulatory framework that supports synergy amongst the components in the system". Numbers of banks have introduced Islamic banking windows claiming that their products follow Islamic banking values without any compromise. National Bank of Commerce Limited, Stanbic Bank Limited, Kenya Commercial Bank, The Peoples Bank of Zanzibar and Amana Bank Limited are some of the banks which offer Islamic banking products in Tanzania. To date, there is no single provision in Tanzanian laws that speak of Islamic banking activities in the country. Despite the fact that consultancy commissioned to International Monetary Fund (IMF) to research on the best laws to govern Islamic banking industry in the country, the speed is not encouraging in making sure that the same is introduced as soon as possible. This paper highlights the trend of the banking services in Tanzania and examines the application of Islamic banking system in the Tanzanian conventional banking environment. In particular the paper considers whether the Islamic banking services in Tanzania can survive without an appropriate legal framework that accommodates it.

Keywords : islamic banks, interest, islamic windows, Tanzania

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