

Exploring the Possibility of Islamic Banking as a Viable Alternative to the Conventional Banking Model

Authors : Lavan Vickneson

Abstract : In today's modern economy, the conventional banking model is the primary banking system used around the world. A significant problem faced by the conventional banking model is the recurring nature of banking crises. History's record of the various banking crises, ranging from the Great Depression to the 2008 subprime mortgage crisis, is testament to the fact that banking crises continue to strike despite the preventive measures in place, such as bank's minimum capital requirements and deposit guarantee schemes. If banking crises continue to occur despite these preventive measures, it necessarily follows that there are inherent flaws with the conventional banking model itself. In light of this, a possible alternative banking model to the conventional banking model is Islamic banking. To date, Islamic banking has been a niche market, predominantly serving Muslim investors. This paper seeks to explore the possibility of Islamic banking being more than just a niche market and playing a greater role in banking sectors around the world, by being a viable alternative to the conventional banking model.

Keywords : bank crises, conventional banking model, Islamic banking, niche market

Conference Title : ICIBFBC 2017 : International Conference on Islamic Banking, Finance, Business and Commerce

Conference Location : London, United Kingdom

Conference Dates : August 21-22, 2017