

Islamic Banking: An Ultimate Source of Financial Inclusion

Authors : Tasawar Nawaz

Abstract : Promotion of socioeconomic justice through redistribution of wealth is one of the most salient features of Islamic economic system. Islamic financial institutions known as Islamic banks are used to implement this in practice under the guidelines of Islamic *Shariah* law. Islamic banking systems strive to promote and achieve financial inclusion among the society by offering interest-free banking and risk-sharing financing solutions. *Shariah*-compliant micro finance is one of the most popular financial instruments used by Islamic banks to enhance access to finance. Benevolent loan (or *Qard-al-Hassanah*) is one of the popular financial tools used by the Islamic banks to promote financial inclusion. This aspect of Islamic banking is empirically examined in this paper with specific reference to firm's resources, largely defined here as intellectual capital. The paper finds that Islamic banks promote financial inclusion by exploiting available resources especially, the human intellectual capital.

Keywords : financial inclusion, intellectual capital, *Qard-al-Hassanah*, Islamic banking

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