

Toward Green Islamic Finance: A Case Study from an Emirati Islamic Bank

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Abstract : Islamic Finance is not a new term that emerging in the global market, but it is still under scope by many countries. Its characteristics and regulation are not widely clear and implemented. In 2015, The United Nation announced a plan about potential benefits of using Islamic Finance as a sustainable development approach. Enhancing its application in financial markets could protect from unexpected crisis that might be created from the traditional tools of finance. This paper focuses on this area to test if Islamic finance could be used for maintaining sustainable development and if the term of 'Green Islamic Finance' could be implemented to minimize the deficiencies and 'pollution' generated from traditional techniques and tools of finance. This paper intends to measure the impact on financial performance and sustainability when financial institutions use Islamic finance or better practice it. The objective of this explanatory research is to measure the performance of Islamic Finance with using a case study of an Islamic bank. The paper would analyze and compare the behavior of financial institutions that used traditional financing tools and converted to Islamic banking system. The methodology used is based on a case study of an Islamic bank in Dubai with comparing its performance before implementing Islamic Finance and after. The selected case study represents the first national bank in Emirates Arab Unis who adopt the Islamic finance approach. Based on a time series analysis, a quantitative analysis would be also used through looking at various set of ratios that are routinely used to measure bank performance.

Keywords : Islamic finance, financial stability, green finance, Islamic finance practices, financial ratios

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