

# Developments of Islamic Banking in Bangladesh\*

April-June 2019



**Islamic Banking Cell**  
**Research Department**  
**Bangladesh Bank**

---

\* Prepared by Islamic Banking Cell, Research Department, Bangladesh Bank (The Central Bank of Bangladesh). Feedbacks are welcome. Feedbacks may be sent to Md. Golzare Nabi, Deputy General Manager, Research Department, Bangladesh Bank. (E-mail: [golzare.nabi@bb.org.bd](mailto:golzare.nabi@bb.org.bd)), Md. Mokhlesur Rahman, Joint Director (E-mail: [mokhlesur.rahman2@bb.org.bd](mailto:mokhlesur.rahman2@bb.org.bd)) and Subarna Ershad, Assistant Director, Research Department, Bangladesh Bank. (E-mail: [subarna.ershad@bb.org.bd](mailto:subarna.ershad@bb.org.bd)).

# Quarterly Report Preparation Committee

## **Chairman**

**Dr. Md. Akhtaruzzaman**

Executive Director (Research)

## **Coordinator**

**Md. Abdul Awwal Sarker**

General Manager

## **Team Member**

**Md. Golzare Nabi**

Deputy General Manager

**Md. Mokhlesur Rahman**

Joint Director

**Subarna Ershad**

Assistant Director

# Developments of Islamic Banking in Bangladesh

April-June 2019

Islamic financial system has the potentials to promote inclusive growth along with financial stability and build long-term resilience through innovative ways. The statistics of IFSB shows that the total assets of the Islamic banking industry stand to USD 2190.0 billion in 2018 from USD 2052.2 billion in 2017.<sup>1</sup> The total Shariah-compliant financing by Islamic banks from 19 countries reached USD 1,052 billion in 2018Q4 from USD 1,021 billion in 2017Q4.<sup>2</sup> Islamic banking industry of Bangladesh has also been experiencing an impressive growth due to strong public demand and supports from central bank as well as the government. Bangladesh Securities and Exchange Commission has recently issued the Bangladesh Securities and Exchange Commission (Investment Sukuk) Rules, 2019 which will help Islamic banks manage liquidity as well as promote Sukuk based Islamic capital market.

At the end of June 2019, Bangladesh's 8 full-fledged Islamic banks have been operating with 1201 branches out of total 10396 branches of the whole banking industry. In addition, 19 Islamic banking branches of 9 conventional commercial banks and 41 Islamic banking windows of 7 conventional commercial banks are also providing Islamic financial services in Bangladesh. At the end of the April-June 2019 quarter, deposits and investments grew by 4.52% and 3.33% respectively, while remittance and excess liquidity of Islamic banking industry increased by 16.49% and 58.08% respectively compared to the previous quarter. Islamic banking industry holds almost one-fourth share of the entire banking industry in terms of deposits and investments at the end of the quarter under review.

*During the second quarter of 2019, excess liquidity increased compared to the first quarter. Inflow of remittances through the Islamic banks has been increasing significantly over the last few years and this quarter it reached to a share of 25.27% although during the first quarter, it had plummeted to a level that captured only 22.67% share of remittances collected by the entire banking industry.*

---

<sup>1</sup> Islamic Financial Services Stability Report 2018 & 2019

<sup>2</sup> Prudential and Structural Islamic Financial Indicators, Islamic Financial Services Board (IFSB)

## Islamic Banking Sector in Bangladesh, April-June 2019 Highlights

### Total Deposits

Total Deposits in Islamic banking industry reached at BDT 2530586.41 million at the end of April-June 2019 quarter, which increased by BDT 109398.41 million or by 4.52% compared to previous quarter and by BDT 283008.43 million or by 12.59% compared to corresponding quarter of last year.

### Total Investments

Total Investments (Loans in conventional sense) in Islamic banking sector stood at BDT 2451884.24 million at the end of April-June 2019 quarter, which went up by BDT 79092.24 million or by 3.33% and by BDT 283609.90 million or by 13.08% compared to the previous quarter and same quarter of the preceding year respectively.

### Investment-Deposit Ratio

During the current quarter Investment-Deposit Ratio (Credit-Deposit Ratio in conventional sense) stood at 0.97 which was 0.98 at the end of March 2019 and .96 at the end of June 2018.

### Excess Liquidity

Excess Liquidity of Islamic banking industry stood at BDT 59972.52 million at the end of April-June 2019 quarter, which was higher by BDT 22035.13 million (58.08%) and lower by BDT 4686.71 million (7.25%) compared to the previous quarter and corresponding quarter of the previous year respectively.

### Total Remittances

Total Remittances mobilized by the Islamic banking sector stood at BDT 97124.24 million at the end of April-June 2019 quarter, which was higher by BDT 13746.78 million or by 16.49% and lower by BDT 17494.79 million or by 15.26% compared to the first quarter of 2019 and the second quarter of the 2018 year respectively.

### Branches

The number of Branches of Islamic banking sector including Islamic branches/windows of conventional commercial banks reached at 1261 at the end of the quarter under review which was 1252 during the previous quarter and 1178 during the same quarter of the last year.

### Manpower

Total employment in the Islamic banking sector stood at 35341 at the end of June 2019 which was 34128 during March 2019 and 32579 during June 2018.

**Table 1: Islamic Banking Activities Compared To All Banks In Bangladesh**

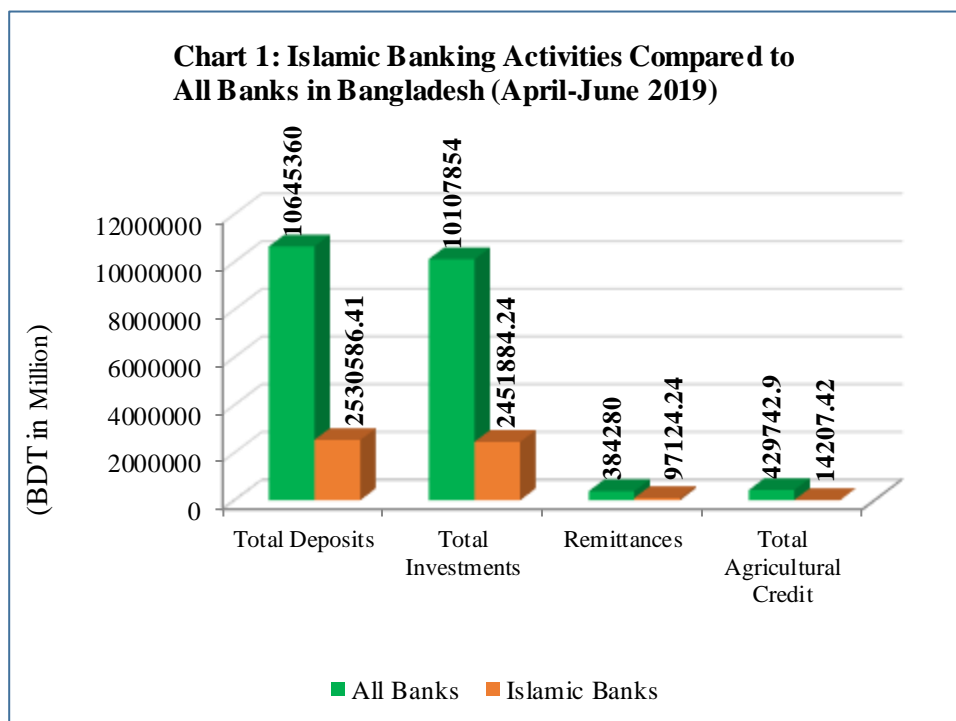
(In Million BDT)

Items	April-June 2019 <sup>@</sup>			January-March 2019
	All Banks	Islamic Banks	Share of Islamic Banks Among All Banks (%)	Share of Islamic Banks Among All Banks (%)
	1	2	3=(2/1*100)	4
Total Deposits	10645360	2530586.41	23.77	23.66
Total Investments	10107854	2451884.24	24.26	24.16
Remittances	384280	97124.24	25.27	22.67
Total Excess Liquidity	605490.7*	59972.52	-	-
Total Number of Bank Branches	10396	1261	12.13	12.05
Total Agricultural Credit	429742.9	14207.42	3.31	9.06

Source: Statistics Department, DOS & BRPD, Bangladesh Bank.

\*As of end May 2019

<sup>@</sup> Provisional



**Table 2: Islamic Banking Activities in Bangladesh, April-June 2019**

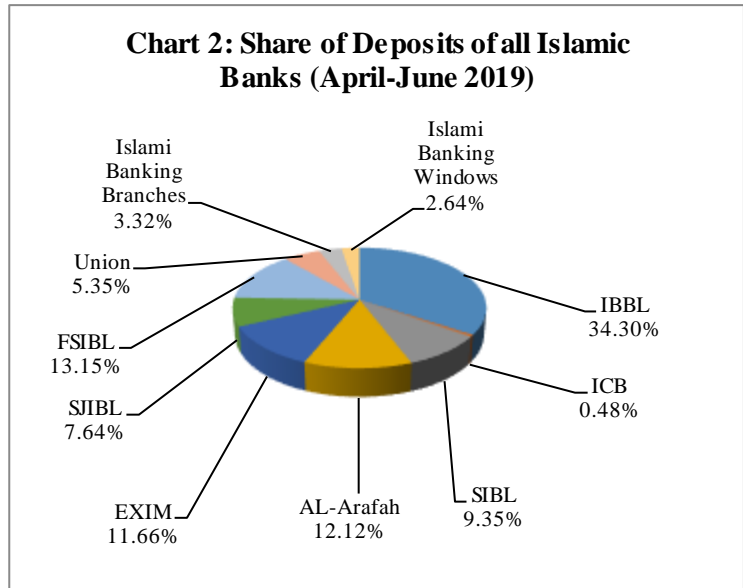
Statistics of Islamic Banking Industry	June -19# Quarter	March -19# Quarter	June -18# Quarter	Changes		% Changes	
				Quarterly	Annual	Quarterly	Annual
<b>Total Deposits* (Outstanding)</b>	<b>2530586.41</b>	<b>2421188.01</b>	<b>2247577.98</b>	<b>109398.41</b>	<b>283008.43</b>	<b>4.52</b>	<b>12.59</b>
a) Full-fledged Islamic Banks	2379722.60	2273818.49	2128591.23	105904.11	251131.36	4.66	11.80
b) Conventional banks having Islamic banking branches	84116.52	82209.38	65399.37	1907.14	18717.15	2.32	28.62
c) Islamic banking windows	66747.29	65160.14	53587.38	1587.16	13159.92	2.44	24.56
<b>Total Investments* (Outstanding)</b>	<b>2451884.24</b>	<b>2372792.00</b>	<b>2168274.35</b>	<b>79092.24</b>	<b>283609.90</b>	<b>3.33</b>	<b>13.08</b>
a) Full-fledged Islamic Banks	2323422.83	2247931.66	2063932.71	75491.17	259490.12	3.36	12.57
b) Conventional banks having Islamic banking branches	72519.80	70914.28	58073.55	1605.52	14446.25	2.26	24.876
c) Islamic banking windows	55941.61	53946.06	46268.08	1995.55	9673.53	3.70	20.91
<b>Investment/Deposit Ratio</b>	<b>0.97</b>	<b>0.98</b>	<b>0.96</b>	<b>-0.01</b>	<b>0.00</b>	<b>-1.13</b>	<b>0.43</b>
a) Full-fledged Islamic Banks	0.98	0.99	0.97	-0.01	0.01	-1.24	0.69
b) Conventional banks having Islamic banking branches	0.86	0.86	0.89	0.00	-0.03	-0.05	-2.91
c) Islamic banking windows	0.84	0.83	0.86	0.01	-0.03	1.23	-2.93
<b>Liquidity Excess(+)/Shortfall(-)</b>	<b>59972.52</b>	<b>37937.39</b>	<b>64659.23</b>	<b>22035.13</b>	<b>-4686.71</b>	<b>58.08</b>	<b>-7.25</b>
a) Full-fledged Islamic Banks	53287.64	26373.24	56777.21	26914.40	-3489.57	102.05	-6.15
b) Conventional banks having Islamic banking branches	165.48	3973.55	1145.36	-3808.07	-979.88	-95.84	-85.55
c) Islamic banking windows	6519.39	7590.60	6736.65	-1071.20	-217.26	-14.11	-3.23
<b>Total Remittances</b>	<b>97124.24</b>	<b>83377.46</b>	<b>114619.02</b>	<b>13746.78</b>	<b>-17494.79</b>	<b>16.49</b>	<b>-15.26</b>
a) Full-fledged Islamic Banks	96431.42	82907.30	113986.10	13524.12	-17554.68	16.31	-15.40
b) Conventional banks having Islamic banking branches	516.16	377.06	538.18	139.10	-22.02	36.89	-4.09
c) Islamic banking windows	176.66	93.09	94.75	83.56	81.91	89.76	86.46
<b>Total Number of Branches</b>	<b>1261</b>	<b>1252</b>	<b>1178</b>	<b>9</b>	<b>83</b>	<b>0.72</b>	<b>7.05</b>
a) Full-fledged Islamic Banks	1201	1198	1134	3	67	0.25	5.91
b) Conventional banks having Islamic banking branches	19	19	19	0	0	0.00	0.00
c) Islamic banking windows	41	35	25	6	16	17.14	64.00
<b>Total Number of Manpower</b>	<b>35341</b>	<b>34128</b>	<b>32579</b>	<b>1213</b>	<b>2762</b>	<b>3.55</b>	<b>8.48</b>
a) Full-fledged Islamic Banks	34751	33540	32007	1211	2744	3.61	8.57
b) Conventional banks having Islamic banking branches	391	387	392	4	-1	1.03	-0.26
c) Islamic banking windows	199	201	180	-2	19	-1.00	10.56

\* = Excluding Inter-Bank Items

# Provisional

## Mobilization of Deposits

Total Deposits in Islamic banking industry reached at BDT 2530586.41 million at the end of April-June 2019 quarter, which increased by BDT 109398.41 million or by 4.52% compared to previous quarter and by BDT 283008.43 million or by 12.59% compared to corresponding quarter of last year. Among total deposits, demand deposit was BDT 292948.50 million and time deposit was BDT 2237637.92 million. The share of total deposits of Islamic banks accounted for 23.77% among all banks during the period under review.

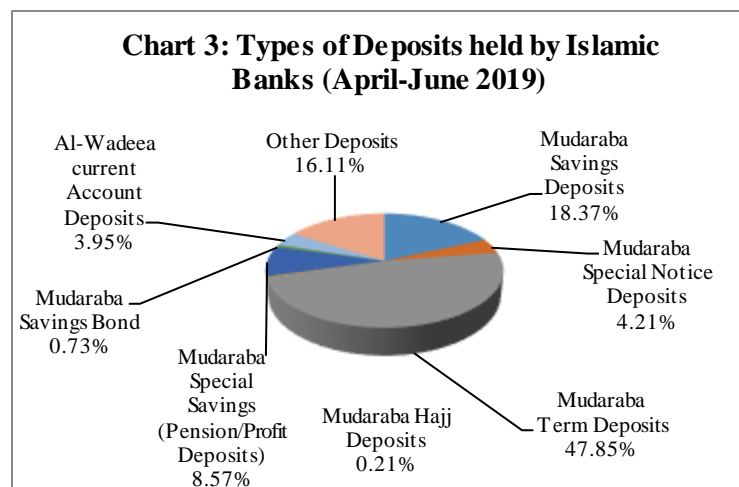


Total deposits of the eight full-fledged Islamic banks accounted for 94.04% of deposits of the Islamic banking industry. Deposits of 8 full-fledged Islamic banks stood at BDT 2379722.60 million at the end of June 2019.

Among all Islamic banks, Islami Bank Bangladesh Limited accounted for the highest share of deposits (34.30%) followed by First Security Islami Bank Ltd. (13.15%), Al-Arafah Islami Bank Ltd. (12.12%), EXIM Bank Ltd. (11.66%), Social Islami Bank Ltd. (9.35%), Shahjalal Islami Bank Ltd. (7.64%), Union Bank Limited (5.35%), Islamic banking branches (3.32%), Islamic banking windows (2.64%) and ICB Islamic Bank Limited (0.48%),[Chart-2].

## Types of Deposits

Among different types of deposits of the Islamic banking industry, Mudaraba Term Deposits secured the highest position (47.85%) followed by Mudaraba Savings Deposits (MSD) (18.37%), Other Deposits (16.11%), Mudaraba Special Savings (pension/profit) Deposits (8.57%), Al-Wadeeah Current Account Deposits (3.95%), Mudaraba Special Notice Deposits (4.21%), Mudaraba Savings Bond (0.73%) and Mudaraba Hajj Deposits (0.21%) etc., [Chart-3].



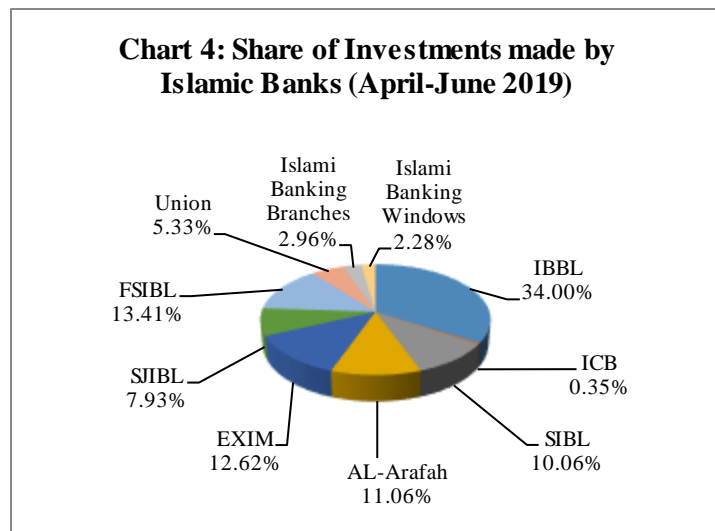
## Investments

Total Investments (Loans in conventional sense) in Islamic banking sector stood at BDT 2451884.24 million at the end of April-June 2019 quarter, which went up by BDT 79092.24 million or by 3.33% and by BDT 283609.90 million or by 13.08% compared to previous quarter and same quarter of the preceding year respectively. The share of total Investment of Islamic banks accounted for 24.26% among all banks.

Among total investments of Islamic banks, 94.76% were made by 8 full-fledged Islamic banks, 2.96% by the conventional banks’

Islamic banking branches and the rest 2.28% by the conventional banks’ Islamic banking windows. Among the 8 full-fledged Islamic banks, Islami Bank Bangladesh Ltd. made the highest investments (34.00%) at the end of the quarter April-June 2019, (Chart-4) followed by First Security Islami Bank Ltd. (13.41%), EXIM Bank Ltd. (12.62%), Al-Arafah Islami Bank Ltd. (11.06%), Social Islami Bank Ltd. (10.06%), Shahjalal Islami Bank Ltd. (7.93%), Union Bank Ltd. (5.33%) and ICB Islamic Bank Ltd. (0.35%).

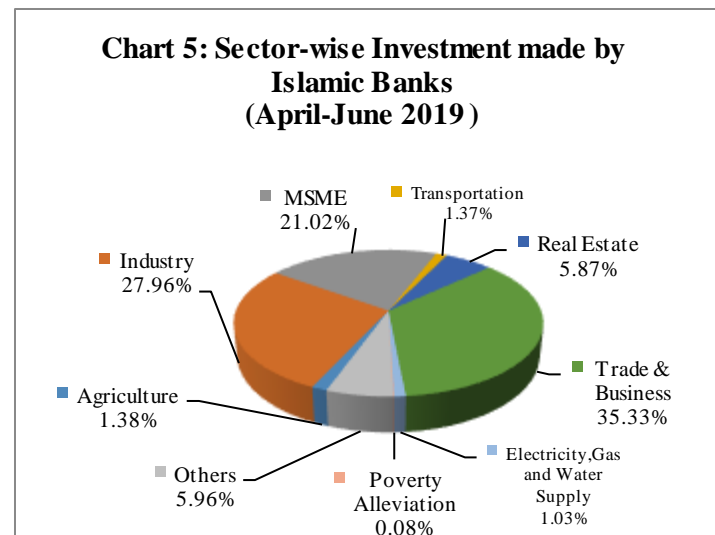
**Chart 4: Share of Investments made by Islamic Banks (April-June 2019)**



## Sector-wise Investments

Analyzing the sector-wise investment, investment in the Trade and Business sector (35.33%) was found to be the highest among all sectors (Chart-5) at the end of the April-June 2019 quarter. The next position was occupied by Industry sector which stood at 27.96% followed by MSME (Micro, Small and Medium Enterprises, 21.02%), Others (5.96%), Real Estate (5.87%), Agriculture (1.38%), Transportation (1.37%), Electricity, Gas and Water supply (1.03%) and Poverty Alleviation (0.08%).

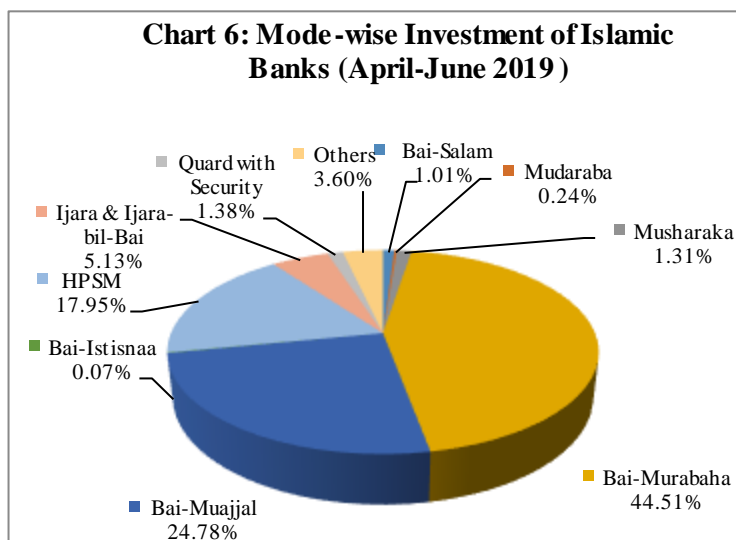
**Chart 5: Sector-wise Investment made by Islamic Banks (April-June 2019)**





## Mode-wise Investments

The analysis of mode-wise investment revealed that the highest investments was made through Bai-Murabaha mode (44.51%) at the end of April-June 2019, [Chart-6] followed by Bai-Muajjal (24.78%), HPSM (17.95%), Ijara & Ijara-bil-Bai (5.13%), Others (3.60%), Musharaka (1.31%), Quard with Security (1.38%), Bai-Salam (1.01%), Mudaraba (0.24%) and Bai-Istisna (0.07%).



## Investment Situation in the Agricultural Sector

Islamic banking industry has made significant contributions in different sub-sectors of agricultural and rural investment programs. During April-June 2019 quarter, investments in agricultural sector made by Islamic banking industry reached at BDT 14207.42 million which was lower by BDT 22855.61 million than the previous quarter but higher by BDT 5479.42 million compared to the same quarter of the preceding year. The share of total agricultural investment of Islamic banks accounted for 3.31% among all banks during the quarter under review (Table-1). Summary of investments in agricultural sector under the Islamic banking framework is provided in Table-3:

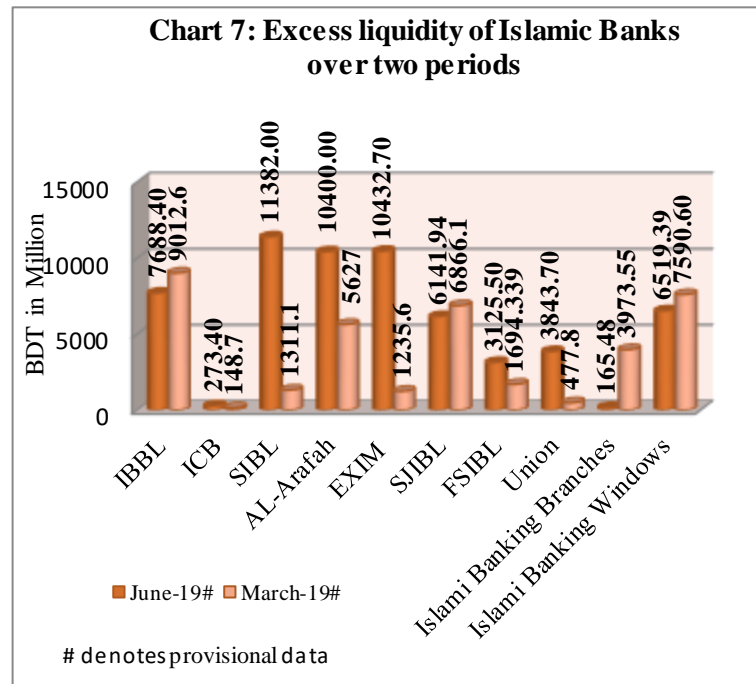
**Table-3: Summary of Investments in Agricultural Sector (BDT In Million)**

Details	Total Investment		Investment in Agricultural Sector during the quarter						
	Target	Actual Investment	Investment Target	Actual Investment/ Disbursement	Target Achieved (%)	Recovery	Outstanding Investment	Overdue Investment	Classified Investment
1	2	3	4	5	6	7	8	9	10
June-19#	374704.90	617065.32	7161.90	14207.42	198.38	14746.71	35761.05	4770.37	19459.23
March-19#	374927.71	578358.38	6776.91	37063.03	546.90	35650.54	35558.51	12781.50	20739.02
June-18#	334443.60	547246.88	6476.41	8728.01	134.77	11154.64	32584.72	7639.86	14552.26
Quarterly Changes	-222.81	38706.94	384.99	-22855.61	14199.80	110.51	-30788.14	6677.73	-1279.79
Annual Changes	40261.30	69818.44	685.49	5479.42	14611.94	24606.41	-27814.35	11819.37	4906.97

# Provisional

## Liquidity Situation

Excess Liquidity of Islamic banking industry stood at BDT 59972.52 million at the end of April-June 2019 quarter, which was higher by BDT 22035.13 million (58.08%) and lower by BDT 4686.71 million (7.25%) compared to the previous quarter and corresponding quarter of the previous year respectively. The excess liquidity of 8 Islamic banks, Islamic banking branches of conventional banks and Islamic windows of conventional banks stood at BDT 53287.64 million, BDT 165.48 million, and BDT 6519.39 million respectively. Summary of liquidity situation in the Islamic Banking sector is shown in Chart-7.

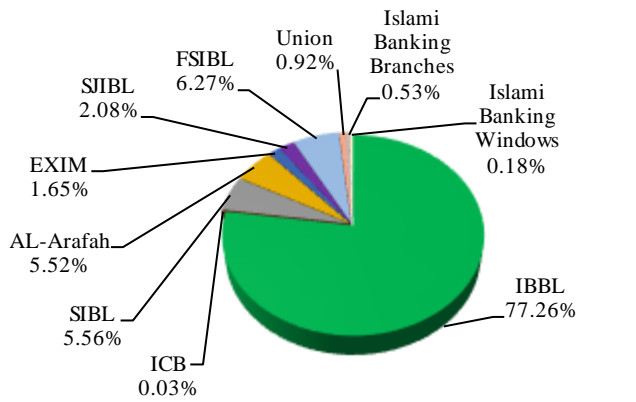


During the second quarter of 2019, excess liquidity increased compared to the first quarter. Social Islami Bank, EXIM Bank, Bank Asia- these banks are mainly responsible for current intensifying pressure on liquidity situation.

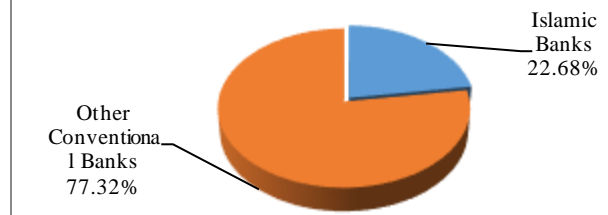
## Remittances Mobilized by the Islamic Banking Sector

Islamic banking industry of the country is playing a vital role in collecting foreign remittances and disbursing it among beneficiaries across the country. Total Remittances mobilized by the Islamic banking sector stood at BDT 97124.24 million at the end of April-June 2019 quarter, which was higher by BDT 13746.78 million or by 16.49% and lower by BDT 17494.79 million or by 15.26% compared to the previous quarter and the same quarter of the previous year respectively. Among the Islamic banks, Islami Bank Bangladesh Ltd. occupied the top position (77.26%) in respect of remittance collection at the end of April-June 2019. The other Islamic banks and their shares of collected remittances were First Security Islami Bank Ltd (6.27%), Social Islami Bank Ltd (5.56%), Al-Arafah Islami Bank Ltd. (5.52%), Shahjalal Islami Bank (2.08%), EXIM Bank Ltd. (1.65%), Union Bank Ltd (0.92%), Islamic banking branches of conventional banks (0.53%), Islamic banking windows (0.18%) and ICB Islamic Bank (0.03%) [Chart-9].

**Chart 9: Share of Remittances made by Islami Banks (April-June 2019)**



**Chart 10: Share of remittances by conventional and Islamic banks (April-June 2019)**



The Islamic banking industry accounted for 25.27% share of remittances collected by the entire banking industry at the end of the quarter under review. Remittance collections of all scheduled banks, all Islamic banks including Islamic banking branches/windows of conventional banks are provided in Chart-10.

Inflow of remittances through the Islamic banks has been increasing significantly over the last few years and this quarter it reached to a share of 25.27% although during the first quarter, it had plummeted to a level that captured only 22.67% share of remittances collected by the entire banking industry.

### Corporate Social Responsibility

Islamic banks undertake and implement various types of social programs under Corporate Social Responsibility (CSR) activities. Sources of funds of Islamic banks available for CSR activities include *Zakat*, compensation charges (penal charges from defaulting investment clients), and Shariah-permitted other sources of earnings. These funds are spent among different types of education, training, health, and charity-based organizations in Bangladesh. Islamic banks serve the deprived and disadvantaged segments of people, who, because of extreme poverty, remain outside the purview of the conventional banking system; the banks make financial transactions based on human necessities and embark upon productivity-oriented projects or activities to reduce the incidence of poverty. Expenditure on CSR activities during April-June 2019 quarter had been recorded BDT 371.44 million which was BDT 401.13 million in January-March quarter of 2019 and BDT 2385.3 million in April-June quarter of 2018.

## Expansion of Branches

The number of Branches of Islamic banking sector including Islamic branches/windows of conventional commercial banks reached at 1261 at the end of the quarter under review which was 1252 during the previous quarter and 1178 during the same quarter of the last year. At the end of April-June 2019 quarter, 8 full-fledged Islamic banks had 1201 branches, 9 conventional commercial banks had 19 Islamic banking branches and 7 conventional banks had 41 Islamic banking windows. The share of total bank branches of Islamic banks among all scheduled banks accounted for 12.13% at the end of the quarter under review.

**Table 4: Number of Bank Branches of Islamic Banks (April-June 2019)**

	Name of the Banks	Urban	Rural *	Total
	1	2	3	4=(2+3)
<b>A)</b>	<b>Full-fledged Islamic Banks</b>	<b>688</b>	<b>513</b>	<b>1201</b>
1	Islami Bank Bangladesh Limited *	218	124	342
2	ICB Islamic Bank Limited	28	5	33
3	Social Islami Bank Limited *	84	73	157
4	Al-Arafah Islami Bank Limited	88	80	168
5	EXIM Bank Limited	69	55	124
6	Shahjalal Islami Bank Limited	71	52	123
7	First Security Islami Bank Limited	91	86	177
8	Union Bank Limited	39	38	77
<b>B)</b>	<b>Islamic Banking Branches of Conventional Banks</b>	<b>18</b>	<b>1</b>	<b>19</b>
1	The City bank Limited	1	0	1
2	AB Bank Limited	1	0	1
3	Dhaka Bank Limited	2	0	2
4	Premier Bank Limited	2	0	2
5	Prime Bank Limited	5	0	5
6	Southeast Bank Limited	4	1	5
7	Jamuna Bank Limited	2	0	2
8	Bank Alfalah Limited	1	0	1
9	HSBC Limited			0
<b>C)</b>	<b>Islamic Banking Windows of Conventional Banks</b>	<b>41</b>	<b>0</b>	<b>41</b>
1	Sonali Bank Limited	11	0	11
2	Janata Bank Limited**			
3	Agrani Bank Limited	5	0	5
4	Pubali Bank Limited	2	0	2
5	Trust Bank Limited	15	0	15
6	Standard Bank Limited	2	0	2
7	Bank Asia Limited	5	0	5
8	Standard Chartered Bank	1	0	1
<b>D)</b>	<b>Total=A+B+C</b>	<b>747</b>	<b>514</b>	<b>1261</b>

\* Including SME branch for IBBL (30) & SIBL (12), \*\*Janata Bank Limited has obtained permission for starting Islamic Banking window from Bangladesh Bank, but not yet started.

## Events organized by the Islamic banks during the quarter

The leading Islamic banks' Shariah Supervisory Boards had inspected 243 branches and 26 meetings were held during the quarter. Total numbers of publications by the Islamic banks as well as other conventional banks running Islamic banking branches or windows were 05, of which the Islami Bank Bangladesh Ltd. had 03, EXIM Bank, Dhaka Bank and ICB Islamic Bank Ltd. had 01 publication each during the quarter under review. Bangladesh Bank, Bangladesh Bank Training Academy (BBTA), Bangladesh Institute of Bank Management (BIBM), Islamic Bank's Consultative Forum (IBCF) and some commercial banks arranged a number of training courses and workshops during the second quarter of 2019. Among various seminars, workshops and trainings 'Uniform Sahriah Manual on Islamic Banking', 'Welfare Banking and Cash Waqf', 'SME, Agriculture, Rural Credit Policy and Charging of Securities & Preparation of Charge Documents as per IRM Guidelines of BB & Shariah Principle', 'Islamic Banking Operations of Banks', 'Plastic Card Management and Security Issues', 'Trade Finance and Best Practice in Demand Guarantees', 'International Trade Payment and Finance'- these were noteworthy. Participants from different banks were present in those sessions.

## Concluding Remarks and Recommendations

Through impact investing, Islamic finance and banking might ensure inclusive growth along with financial stability and address the other development challenges effectively. Islamic banks may explore new Shariah based financial instruments for better liquidity management; introducing *Sukuk* or Islamic bond could be an alternative in upcoming years. Bangladesh Securities and Exchange Commission has already issued the Bangladesh Securities and Exchange Commission (Investment Sukuk) Rules, 2019 which may promote Islamic capital market in the country. As Islam prohibits usury, Islamic banks cannot invest in interest-bearing investment bonds existing in the market. So, introduction of Sukuk as a new liquidity management instrument is expected to be a better solution when government and corporations would want to raise capital from the Islamic banks. This Investment Sukuk Rule would therefore be the first initiative to pioneer the brand new investment instrument in the Islamic financial market of Bangladesh. As Mr. Fazle Kabir, the Governor of Bangladesh Bank, has taken over the Chairmanship of the IFSB for 2019, Islamic financial sectors are expected to receive more attention than before. It is expected that the Islamic capital market and the Islamic insurance sector-the other two components of Islamic financial industry will get sufficient boost up for their overall growth.

Among different segments of Bangladesh's Islamic finance industry, Islamic banking industry dominates. The Islamic banking segment continued to show rapid expansion in terms of growth of assets, deposits, investments, and number of account holders. Now the share of Islamic banking sector can be reckoned close to 25% of the entire banking sector and it plays a significant role in mobilizing deposits and financing different sectors of the economy.

During the quarter under review it is observed that, total investment increased mainly in the sectors like, Trade & Business, Industry, MSME. Islamic banking sector of the country may conduct some empirical research and surveys to redesign their investment policies because the investments made by these banks

in ideal Islamic modes like Mudaraba and Musharaka are at a minimal level (only 1.55% of total investments). They should pay more attention in Research and Development (R&D) to develop proper guidelines and policies to adopt Islamic fintech and promote investments under Mudaraba and Musharaka modes.

As Shariah is the backbone of the Islamic banking industry, a comprehensive legal framework may be enacted for proper streamlining and supervision of this rapidly growing sector. To address the critical and challenging issues of this sector, adoption of more Shariah standards from Shariah supervisory and auditing organizations will be useful. In this direction, the Islamic banks and conventional banks having Islamic banking branches and windows may take necessary action to be the member of AAOIFI.