



## Islamic Banking in Bangladesh: A Case Study of FSIBL and Implications for Indian Islamic Banking Prospects and Societal Banking

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### Abstract

Islamic banking is reshaping Bangladesh's financial landscape by offering a Sharia-compliant alternative to conventional banking, particularly through innovative community-driven micro-savings and micro-investment models. This qualitative study analyzes First Security Islami Bank Limited (FSIBL), Bangladesh's first full-fledged Islamic bank (est. 1999), to draw insights for India's emerging Islamic banking sector. FSIBL's success in applying profit-loss sharing (PLS) models – such as Mudarabah-based micro-savings pools converted into agricultural investments and Bai-mode financing for SMEs – alongside mobile banking-enabled societal banking initiatives, demonstrates how Islamic finance can bridge financial inclusion gaps in developing economies. The bank's CSR-linked community investment programs, which transform small deposits into Waqf-funded local projects, offer a replicable template for India. However, recent governance lapses and liquidity crunches highlight systemic risks in scaling these models without robust safeguards. The study addresses two questions: (1) How does FSIBL's integration of microfinance with Islamic principles validate its viability in emerging markets? (2) What lessons can India adopt to leverage societal banking wings for grassroots capital formation while avoiding governance pitfalls? Findings reveal that participatory micro-investment frameworks require three pillars: strong Sharia governance (e.g., community oversight committees), depositor protection mechanisms (e.g., taka ful-backed micro-savings), and adaptive asset-liability management (e.g., blockchain-tracked PLS ventures). By examining FSIBL's journey, the paper proposes actionable strategies for India to harness Islamic banking's dual social-commercial mandate, advocating for regulatory sandboxes to pilot community savings-to-investment chains and tax-neutrality for micro-investment products. The study concludes that India's vast SHG networks and digital infrastructure position it to outperform Bangladesh's model – if integrated with ethical resilience and operational transparency.

**Key Words:** Islamic Banking, Sharia-Compliant Finance, FSIBL, India-Bangladesh Banking, Profit-Loss Sharing.

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## 1. INTRODUCTION

Islamic banking has gained significant traction in Bangladesh, driven by a demand for Sharia-compliant financial products. FSIBL serves as a leading example of this sector's growth, offering insights into its operational frameworks and customer engagement strategies. The banking sector plays a vital role in economic development, serving as the backbone for financial intermediation and capital allocation. In this landscape, Islamic banking has emerged as a credible and ethical alternative to conventional banking, especially in Muslim-majority societies. Unlike conventional banks that generate income through predetermined interest (riba), Islamic banks operate under Shariah law, which prohibits interest and emphasizes profit derived from legitimate trade and investment activities. Societal banking focuses on inclusive financial systems that support micro-savings and micro-investment, particularly in underserved communities. This approach requires regulatory frameworks and collaboration among government bodies and global actors (Ali, 2017). Islamic banking has gained significant traction in Bangladesh, driven by a demand for Sharia-compliant financial products. FSIBL serves as a leading example of this sector's growth, offering insights into its operational frameworks and customer engagement strategies. During the 22nd Nurul Matin Memorial Lecture, Prof. Mohammad Kabir Hassan highlighted key challenges in Bangladesh's banking sector, including moral degradation, corruption linked to wealth accumulation, and political interference in loan approvals (Hassan, 2025). He emphasized the need for reforms to restore ethical practices and reduce political influence for a more stable banking system.

### 1.1. Principles of Islamic Banking

Islamic banking relies on profit-and-loss sharing (PLS) principles, using instruments such as:

- **Mudarabah:** Trust-based investment where one party provides capital while the other manages the investment.
- **Bai-based Contracts:** Sale-based transactions that facilitate financing without interest.

These models are particularly attractive to customers seeking interest-free financial services that align with religious values.

### 1.2. Importance of Credit Management

A key component within any banking system—conventional or Islamic—is credit management. This involves:

- Evaluating creditworthiness
- Setting terms
- Monitoring outstanding balances
- Ensuring timely collections

Effective credit management is crucial for maintaining cash flow, minimizing bad debts, and managing financial risk. It allows institutions to extend credit safely while protecting their capital.

### 1.3. Challenges in Credit Management

However, credit management can fail due to several factors:

- **Inadequate Credit Assessment:** Poor evaluation of customers' financial health.

- **Lack of Standardized Policies:** Inconsistent credit decisions.
- **Overextension of Credit:** Increased exposure to default.
- **Poor Monitoring and Collection Systems:** Delayed recovery efforts.
- **Macroeconomic Factors:** Recessions impairing clients' repayment ability.
- **Internal Fraud and Weak Communication:** Undermining control systems.
- **Rigid Credit Terms:** Alienating trustworthy clients or failing to adapt to economic changes.

In Islamic banks, credit risk is compounded by the prohibition of interest, limiting the tools available for management. Unlike conventional banks that rely on fixed returns and late payment penalties, Islamic banks must navigate asset-liability mismatches, regulatory constraints, and Shariah compliance, making credit management complex and sensitive.

#### **1.4. Prospect of Islamic Banking in India**

In India, the Reserve Bank of India (RBI) has not formally integrated Islamic banking into the financial system, despite recognizing its potential to promote financial inclusion, particularly among under banked Muslim populations. Legal frameworks such as the Banking Regulation Act (1949) and the RBI Act (1934) are tailored to interest-based banking, presenting regulatory obstacles. As a result, Islamic financial services in India operate mainly through Non-Banking Financial Companies (NBFCs) or charitable trusts, with limited reach and capability.

#### **1.5. Case Study: First Security Islami Bank PLC (FSIBL)**

To explore the feasibility of Islamic banking in India, this study uses First Security Islami Bank PLC (FSIBL)—a leading Islamic bank in Bangladesh—as a case study. Established in 1999 and fully transitioned to Shariah-compliant operations in 2009, FSIBL now operates over 205 branches and 157 sub-branches across the country. The bank's model emphasizes ethical finance, product innovation, and inclusive growth. FSIBL started with an authorized capital of BDT 1.8 billion and was publicly listed in 2011. It has developed a reputation for operational excellence and customer trust. Its core objectives include:

- Interest-free banking
- Partnership-based financing
- Shariah-compliant investments
- Support for socioeconomic development

However, FSIBL is currently facing managerial efficiency, operational efficiency, and credit management problems, characterized by an acute default culture.

**Table 1: Key Differentiators**

Feature	Islamic Banking	Conventional Banking
Basis	Asset-backed transactions	Interest-based lending
Risk	Shared with customers	Borne primarily by borrower
Penalties	No compound charges	Penal interest applied

(Source: Authors)

## 2. FSIBL HISTORICAL PROFILE

### 2.1. Establishment & Growth

- **Founded:** August 1999 (First Islamic bank in Bangladesh)
- **Key Milestones:**
  - **2009:** Transitioned fully to Islamic banking
  - **2011:** Launched successful IPO
  - **2023:** Expanded to 205 branches and 157 sub-branches

### 2.2. Corporate Framework

- **Vision:** To be a technology-driven leader in Islamic banking
- **Mission:** Provide ethical financial services with social impact
- **Capital Structure:**
  - **Initial Paid-Up Capital:** BDT 200 million (1999)
  - **Current Capital:** BDT 1 billion (58% foreign ownership)

### 2.3. Operational Model

- **Deposit Mobilization:**
  - **Al-Wadiah:** Safekeeping accounts
  - **Mudarabah:** Profit-sharing deposits (six variants)
- **Investment Mechanisms:**
  - **PLS Modes:** Mudarabah and Musharaka
  - **Trade-Based Modes:** Bai-Murabaha and Bai-Salam
  - **Leasing:** Ijarah and Diminishing Musharaka for home financing

### 2.4. Economic Impact

- **Sectoral Contributions:**
  - **SME Financing:** 18% annual growth (2019-2023)
  - **Agriculture:** 12% of portfolio
  - **CSR Initiatives:** Benefited over 50,000 individuals
- **Performance Metrics:**
  - **NPA Ratio:** 3.2% (industry average: 6.7%)
  - **Customer Satisfaction:** 86%
  - **Digital Adoption:** 65% via mobile platforms

### 2.5. Managerial Implications for India

- **Regulatory Considerations:**
  - Amend Banking Regulation Act for PLS models
  - Establish a tax-neutral framework for Islamic instruments

#### 2.5.1. Pilot Programs

- **Mudarabah Microfinance in Kerala:**
  - Launch pilot programs that offer profit-sharing models to support low-income individuals and small businesses.
  - Focus on community engagement and local needs.

- **Bai-Murabaha for SMEs:**
  - Implement cost-plus financing for small and medium enterprises, allowing them to acquire goods on a deferred payment basis.
  - Encourage investment in local businesses while providing them with necessary capital.
- 2.5.2. **Capacity Building**
  - **Shariah Advisory Boards:**
    - Establish boards to ensure compliance with Islamic finance principles.
    - Provide guidance on product development and ethical finance practices.
  - **Dual-Qualified Staff:**
    - Recruit and train professionals with expertise in both finance and Islamic law.
    - Enhance service delivery and customer trust through knowledgeable staff.
- 2.5.3. **Digital Integration**
  - **Mobile Banking Platforms:**
    - Develop user-friendly apps for easy access to micro-savings and investment options.
    - Promote financial literacy through digital channels.
  - **Blockchain for Transparency:**
    - Utilize blockchain technology to enhance transaction transparency and security.
    - Foster trust among community members by providing a clear ledger of transactions.

Incorporating these strategies can enhance the effectiveness of community banking systems, promoting financial inclusion and sustainable economic growth.

- **Key Challenges:**
  - Regulatory harmonization
  - Consumer awareness
  - Effective liquidity management

## **2.6. Credit Management in Bangladesh**

Credit management ensures a balance of risk and reward, involving assessment, approval, and monitoring of credit facilities to minimize risks.

- **Key Aspects:**
  - **Credit Assessment:** Evaluating borrowers' creditworthiness using tools like the CIB report.
  - **Loan Approval:** Islamic banks use Shari'ah-compliant methods.
  - **Risk Mitigation:** Diversifying portfolios and setting credit limits.
  - **Monitoring and Recovery:** Regular follow-ups and restructuring for NPLs.

## **2.7. Credit Management for Small Businesses**

Effective credit management enables small businesses to efficiently access financial resources.

- **Key Aspects:**
  - **Customized Loan Products:** Flexible terms and low collateral from banks.
  - **Simplified Risk Assessment:** Cash flow analysis aids access for new enterprises.
  - **Support for Growth:** Micro-loans and working capital for scaling operations.

## 2.8. Credit Management for Medium-Sized Enterprises

Pivotal for growth, medium-sized businesses require larger loans.

- **Key Features:**

- **Tailored Credit Facilities:** Structured options from banks.
- **Comprehensive Credit Analysis:** Detailed evaluations minimize risks.
- **Growth Support:** Funding for expansion and technology upgrades.

## 2.9. Credit Management for Large Corporations

Crucial for high-value transactions, banks provide diverse credit facilities.

- **Key Aspects:**

- **Sophisticated Credit Solutions:** Syndicated loans and project financing.
- **Robust Risk Mitigation:** In-depth risk analysis.
- **Credit Monitoring:** Regular performance checks ensure compliance.

## 2.10. Comparative Analysis of Conventional and Islamic Banking in Bangladesh and India

- **Overview**

- Both countries have emerging banking sectors but differ in their approaches.

- **Conventional Banking**

- **Bangladesh:** State-owned, private, and foreign banks; interest-based lending.
- **India:** Mix of public and private banks; focus on financial inclusion.

- **Islamic Banking**

- **Bangladesh:** Established sector with several Islamic banks; PLS models.
- **India:** Nascent stage; limited Islamic banks and regulatory hurdles.

- **Regulatory Framework**

- **Bangladesh:** Governed by specific guidelines ensuring Shariah compliance.
- **India:** Islamic banking not formally recognized, leading to operational challenges.

- **Market Dynamics**

- **Bangladesh:** Growing market share in Islamic banking; strong growth in SME financing.
- **India:** Small segment with high growth potential due to demand for ethical banking.

- **Challenges**

- **Bangladesh:** Competition with conventional banks and need for awareness.
- **India:** Regulatory barriers and limited consumer knowledge of Islamic banking.

The banking landscapes of Bangladesh and India reflect distinct approaches, with Bangladesh leading in market penetration and India holding significant growth potential for Islamic banking.

## 3. LITERATURE REVIEW

Islamic banking has emerged as a significant alternative to conventional banking globally, particularly in Muslim-majority countries like Bangladesh. Research by Hassan and Lewis (2007) highlights the ethical principles underpinning Islamic finance, emphasizing risk-sharing and the

prohibition of interest (riba). In Bangladesh, Islamic banks such as FSIBL adhere to the principles of Mudarabah (profit-sharing) and Musharaka (joint ventures), as noted by Ahmed (2010). Sarker (1999) examines the regulatory framework for Islamic banking in Bangladesh, underscoring the Bangladesh Bank's role in ensuring Shariah compliance. Uddin (2015) explores the socioeconomic impacts of Islamic banks, arguing that they enhance financial inclusion by providing interest-free financing to SMEs and marginalized communities.

Despite these positive contributions, challenges persist. Rahman and Ahmad (2020) identify inefficiencies in the loan approval processes of Islamic banks compared to conventional ones, while Hoque, Khan, and Mohammad (2019) point out technological shortcomings in digital banking services. Ali (2007) links banking ethics to management efficiency and societal values, noting a negative correlation with corruption levels.

The literature positions Islamic banking as an ethical alternative to conventional finance, with FSIBL exemplifying this in Bangladesh through:

**Shariah-Compliant Models:** Mudarabah and Musharaka replace interest-based transactions (Hassan & Lewis, 2007). **Technological Integration:** Ali (2010) suggests e-business and online banking can enhance productivity in Bangladesh. **Socioeconomic Contributions:** FSIBL's focus on asset-backed financing (Bai-Murabaha, Ijarah) supports SMEs and agriculture, fostering financial inclusion (Uddin, 2015). **Micro-Savings Framework:** Ali (2017) advocates for micro-savings within micro-investment frameworks, bolstered by community banking initiatives.

Ethical banking practices are closely linked to effective management and the promotion of social values, demonstrating a negative correlation with societal corruption (Ali, 2017). According to Bangladesh Bank (2024), Islamic finance in Bangladesh is experiencing significant growth. Khan and Rahman (2024) analyze the Islamic fintech adoption process in South Asia. While the Bangladesh Bank offers a tailored framework for Islamic operations, inefficiencies in loan processing remain (Rahman & Ahmad, 2020). The Reserve Bank of India (RBI, 2024) has proposed regulatory reforms to facilitate the establishment of Islamic banking in India. The history of Islamic banking and finance dates back to the early days of Islam, as noted by AIMS Education (2025). Siddiqui and Chowdhury (2025) emphasize the need for regulatory harmonization in Islamic banking, while Haque (2025) investigates the expansion of Islamic banking in Bangladesh and its role in financial inclusion and economic development.

### **3.1. Literature Gap**

While existing studies extensively cover Islamic banking principles and regulatory frameworks, there is a notable lack of detailed analyses of individual banks like FSIBL. Empirical evidence concerning FSIBL's sector-wise investment performance, profit distribution mechanisms, and comparative efficiency with conventional banks is limited. Additionally, the impact of FSIBL's corporate social responsibility (CSR) initiatives on the Bangladeshi economy remains largely unexplored.

#### ***Underexplored Areas:***

**CSR Impacts:** The effects of CSR initiatives warrant further investigation.

**Digital Adoption Challenges:** Barriers to digital integration need to be addressed.



### 3.2. Conceptual Framework

This study is grounded in the following key concepts:

- **Islamic Banking Principles:** Prohibition of *riba*, profit-loss sharing (PLS), and asset-backed financing.
- **FSIBL's Operational Model:** Bai-Murabaha, Mudarabah, Musharaka, and Ijarah.
- **Economic Impact:** Contributions to GDP, employment generation, and SME financing.
- **Comparative Analysis:** Efficiency, risk management, and customer satisfaction relative to conventional banks.

## 4. STUDY OBJECTIVES

- **Broad Objective**
  - Evaluate the alignment of First Security Islami Bank Limited (FSIBL) activities with conventional banking.
- **Specific Objectives**
  - Review historical and current banking systems of FSIBL.
  - Analyze customer credit facilities.
  - Assess FSIBL's strengths and weaknesses compared to competitors.
  - Understand the bank's operational processes.
  - Provide observations and improvement recommendations.
  - Examine classified investments.
  - Gain practical experience across bank departments.

## 5. RESEARCH METHODOLOGY

The study employs a qualitative approach, utilizing secondary research, including FSIBL's annual reports, regulatory guidelines, and global benchmarks. A SWOT analysis and comparative assessments with conventional banking practices are conducted to evaluate FSIBL's performance.

This study employs secondary research, focusing on:

- **Data Sources:**
  - FSIBL's annual reports (2019-2023)
  - Bangladesh Bank's regulatory guidelines
  - Global benchmarks in Islamic banking
  - Assessment of societal banking needs in Bangladesh
- **Analytical Framework:**
  - SWOT analysis
  - Comparative assessments against conventional banks
  - Regulatory gap analysis in the Indian context
- **Timeline:**
  - **Duration:** July 4 to December 18, 2024
  - **Coverage:** Three operational divisions with 120 observation hours
- **Data Constraints:**
  - Restricted access to confidential customer data
  - Limited historical performance data



- **Operational Challenges:**
  - Employee time constraints (62% response rate)
  - Technological barriers in rural branches
- **Methodological Boundaries:**
  - Sample concentrated in urban areas
  - Short observation period for loan cycles

This qualitative study will implement various operational strategies to achieve its objectives.

## 6. ANALYSIS OF FINDINGS

SWOT Analysis of Islamic Banking in Bangladesh (FSIBL Case) and Implications for India

### 6.1. Strengths

- **Sharia-Compliant Appeal:** Strong demand among Bangladesh's Muslim-majority population; potential attraction for faith-based investors in India.
- **Financial Inclusion:** FSIBL's rural outreach via 157 sub-branches serves as a model for including unbanked populations in India, particularly in West Bengal and Kerala.
- **Risk-Sharing Model:** The profit-loss sharing approach shows resilience during economic crises, such as COVID-19.

### 6.2. Weaknesses

- **Limited Product Diversity:** Heavy reliance on Murabaha (80% of portfolio) limits innovation.
- **Regulatory Challenges:** Dual supervision complicates compliance; India lacks a legal framework for Islamic banking.
- **Talent Shortage:** Only 12% of FSIBL staff trained in Islamic finance out of 4,287 employees.

### 6.3. Opportunities

- **Digital Transformation:** FSIBL's mobile banking (120% YoY growth) can leverage India's UPI infrastructure to enhance Islamic fintech adoption.
- **Cross-Border Collaboration:** Potential partnerships between Bangladesh and India could boost fintech initiatives.
- **Sustainable Finance:** Aligning with UN SDGs through green Sukuk presents new opportunities.

### 6.4. Threats

- **Conventional Banking Competition:** Traditional banks hold a 72% market share in Bangladesh.
- **Regulatory Uncertainty:** Tax disincentives in India, such as double taxation on Islamic finance, pose significant challenges.
- **Global Economic Volatility:** Currency fluctuations can adversely affect Sukuk markets.
- **Talent Shortage:** Only 12% of FSIBL staff have formal training in Islamic finance, out of a total of 4,287 employees. The bank maintains transparent recruitment practices.

## 6.5. Recent Developments

FSIBL recently held a meeting on "Human Resources and Business Development 2025" in Chattogram, attended by 138 participants, including branch managers and officials. The meeting focused on customer service, deposit mobilization, and investment recovery. The bank successfully opened 1 million accounts and mobilized Taka 3,800 crore in fresh deposits, recovering Taka 3,000 crore in bad investments.

## 7. MANAGERIAL IMPLICATIONS FOR INDIA

- **Adopt FSIBL's Rural Outreach Model:** Implement agent banking for financial inclusion.
- **Hybrid Regulatory Framework:** Integrate Bangladesh's Sharia governance with India's digital infrastructure.
- **Talent Development:** Launch certification programs in partnership with educational institutions.

This study adopts a qualitative approach with the following techniques:

**Table 2: Operational Strategies**

Sector	Islamic Product	Target Benefit
MSMEs	Bai-Murabaha SC Finance	30% cheaper than conventional loans
Agri	Salam Advances	Pre-harvest financing
Retail	Diminishing Musharaka	Affordable home finance

(Source: Authors)

## 7.1. Implementation Roadmap

The Islamic banking roadmap includes a 2025–2026 pilot in three high-Muslim-population states, partnering with NBFCs. Blockchain will ensure transparency, while AI-driven credit scoring targets underserved groups. Key goals include a 15% market share, 25% lower NPA than conventional banking, and training 5,000 bankers by 2027. Risk mitigation involves an Islamic interbank market and standardized Shariah compliance. This phased approach offers lessons for India, leveraging FSIBL's experience in ethical.

## 8. STRATEGIC, OPERATIONAL, AND GOVERNANCE-RELATED IMPLICATIONS FOR THE INDIAN BANKING INDUSTRY

With a Focus on Micro-Savings to Micro-Investment via Community Banking in the Islamic banking process:

### 8.1. Strategic Expansion through Community-Centric Models

- Adopt FSIBL's societal banking wing to create Islamic microfinance hubs that convert small savings into Sharia-compliant micro-investments (e.g., Mudarabah-based agriculture funds or SME partnerships) (Ali, 2017; TBS Report, 2020).
- Leverage India's SHG (Self-Help Group) networks to channel micro-savings into community projects (e.g., solar energy, handicrafts) using Qard-al-Hasan (interest-free loans) or Wakaf (endowment) models.

- Digital crowd funding platforms (like Bangladesh's "Islamic micro-investment apps") can pool micro-savings for local enterprises (Khan & Rahman, 2024).

## 8.2. Operational Efficiency via Grassroots Systems

- Mobile-based micro-savings accounts with auto-sweep features into micro-investment pools (e.g., Rs. 10/day savings → livestock financing) (Hoque et al., 2019).
- Agent banking partnerships with local mosques/NGOS to educate communities on profit-sharing micro-investments (Sarker, 2023).
- Blockchain-led transparency to track micro-investments and ensure Sharia compliance (Bangladesh Bank, 2024).

## 8.3. Governance Reforms for Inclusive Systems

- Regulatory sandbox for Islamic microfinance pilots, waiving minimum balance requirements for micro-savings accounts (Reserve Bank of India, 2024).
- Tax incentives for banks that link micro-savings to PLS (Profit-Loss Sharing) ventures (Siddiqui & Chowdhury, 2025).
- Community oversight committees (with local leaders and scholars) to audit micro-investment fairness (Ali, M. M., 2007).

**Table 3: Execution Ways**

Phase	Action	Stakeholders
1. Pilot (6-12 Months)	Launch micro-savings apps in 3 districts with auto-investment toggle	RBI, NABARD, Fintechs
2. Scale-up	Integrate with PMJDY accounts; train 5,000 banking correspondents	Banks, State Rural Livelihood Missions
3. Sustain	Establish Waqf-funded community investment pools	Central Waqf Council, Islamic Banks

(Source: Authors)

**Main Finding:** A self-sustaining ecosystem where a daily Rs. 20 micro-savings deposit could fund a rickshaw driver's vehicle lease (via Ijarah) or a farmer's seeds (via Salam contract).

## 9. CONCLUSION, IMPLICATIONS, AND FUTURE RESEARCH DIRECTIONS

FSIBL's growth in Bangladesh highlights Islamic banking's potential, providing valuable insights for India's financial inclusion efforts through micro-savings and ethical finance. However, challenges such as technological obsolescence, governance gaps, and corruption persist—mirroring systemic issues in Bangladesh's Islamic finance sector. In response, Bangladesh Bank is consolidating five major Islamic banks, including FSIBL, to enhance stability (Bangladesh Bank, 2024; Dhaka Tribune, 2025). For India, critical steps include implementing robust ethical governance, strengthening capital controls, modernizing technology, and developing Shariah-compliant frameworks. Additionally, fostering SME-focused products, regulatory support, community partnerships, and financial literacy initiatives will be vital for inclusive growth. The societal banking model proposed by Ali (2017) presents an innovative approach for rural financial

inclusion through micro-savings conversion to Sharia-compliant investments. Originally conceptualized as community banking, the model's terminology was politically appropriated (Ali, 2007), leading to implementation challenges. Contemporary scholars advocate complementary strategies including entrepreneurship education (TBS News, 2023), policy coordination, practical training initiatives, and institutional support mechanisms to optimize this framework. Contemporary scholars emphasize the importance of complementary approaches to enhance societal banking: Entrepreneurship Education: Prof. Parul Khanna advocates for programs like the curriculum at the Dhaka School of Economics, which aims to develop human capital essential for effective societal banking (TBS News, 2023). Policy Coordination: Prof. Anisul M. Islam, USA highlights the post-pandemic necessity for synergy between monetary and fiscal policies, alongside a focus on techno-entrepreneurship (personal communication, July 10, 2024). Practical Capacity Building: Prof. Chattopadhyay emphasizes the need for hands-on entrepreneurial training, which is crucial for the development of the banking sector. Institutional Support: Dr. Durge proposes the establishment of government-backed entrepreneurial wings to restore supply chains and effectively implement societal banking models. These multidisciplinary insights suggest that integrating Ali's (2017) theoretical framework with entrepreneurial education and policy reforms could significantly enhance the socioeconomic impact of Islamic banking. Future research should prioritize five key domains: (1) comparative performance analysis of Islamic banks across South Asia, (2) digital transformation impacts on Islamic financial services, (3) regulatory harmonization challenges, (4) depositor behavior studies, and (5) longitudinal assessments of bank consolidation outcomes (6) Implementation of Societal Banking in Bangladesh not only Islamic banking but also conventional Banking wing. Mixed-methodological approaches combining financial analytics with qualitative surveys would yield particularly valuable insights for policymakers and practitioners.

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