

ADVANCEMENT OF ISLAMIC BANKING AND FINANCE IN THE SOCIO-ECONOMIC CONTEXT OF BANGLADESH BASED ON IBBL



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ARTICLE INFO

Article History:

Received: 17th September 2022

Accepted: 9th December 2022

Online Publication: 17th December 2022

Keywords:

Islamic Banks, Shariah, Advancement, Principle, Islami Bank Bangladesh Limited (IBBL)

JEL Classification Codes:

G01, G21, G24, E58

ABSTRACT

This study's background is in the context of comparative activities and achievements highlighted by Islami Bank Bangladesh Limited in their Annual Report 2020. The purpose of this study is to present the socio-economic impact and role of Islamic banks in the economic development of Bangladesh. This research has tried to prove how Islami Bank contributes through various tests and methods. Comprehensive profile analysis was conducted by collecting data using a Google survey form from a sample of 100 Islamic bank customers. Firstly, based on the respondents' responses, most of the customers of Islamic banks are between 25-40 years based on age. First, the customers are highly educated and have a stable relationship with the bank. Second, awareness of clients and the current use of deposit instruments is commendable. Third, customers in education and income classes have an important role in using various banking services or products. Fourth, customers are always satisfied with using various products and services. Fifth, within the service delivery system, the employees of Islami Bank deserve immediate attention to improve customer satisfaction. However, as a result, we have yet to get high awareness and usage of any individual products/services through Islami Bank financing and facilities. Finally, the significant finding is the 'Principle of Religion,' which is the key to selecting a bank's criteria for its customers, where the demographics of clients play a more critical role in determining selection criteria than others.

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INTRODUCTION

Since after establishment in the year 1983, the IBBL-Islami Bank Bangladesh Limited has been working to ensure max benefits for Bangladeshi society underpinning the Islamic Shariah-based principles on "The Quran" and "Sunnah." In banking services, the IBBL is the introducer of the welfare of banking in Bangladesh. Accordingly, it tries to take all of its activities, including designing operational policies for the betterment of the clients of IBBL. Since it prohibits Islamic Shariah, payments or acceptances of interest fees for lending, and acceptance of cash, the IBBL has been holding it up as principles since its birth. OIC General Secretariat defines that Islamic Bank in the manner which working as a Financial Institution (FI) by named Islamic Bank. Where its procedures, rules, and statutes must express its words to the clients for following principles of Islamic Shariah. Accordingly, it must ban "receipt and payment" in its operations.

Underpinning the principle, the IBBL in Bangladesh started its journey with TK 500 million as an authorized capital in 1983. The IBBL has progressed sharply since the beginning, and its authorized capital is now TK 20,000 million. The IBBL now has 384 branches in operation spread all over the country. It now has over 18,621 employees. This has been possible because of its unique principles in the operation of banking services. This bank is unique because, on the one hand, it permanently prohibits interest completely.

On the other hand, it takes part in losses according to a stipulated agreement. It treats a client as a partner, and the operation follows a profit-loss system. Besides this, the IBBL has introduced many new schemes such as Green Banking, Small and Medium Enterprise-SME scheme, CSR-Corporate Social responsibility, etc., to serve the people and Bangladesh economy.

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<https://doi.org/10.46281/ijibfr.v10i1.1865>

However, sometimes the IBBL faces questions on what it has done for the people, particularly rural people. These questions mainly evolved from the fact that over 65 percent of the total population in this country lives in rural areas where no Islamic Bank branch has yet been established. Secondly, rural peoples' professions, cultures, and preferences are much more different than city areas.

Considering this situation, it is worth researching IBBL's socio-economic factors' impacts on strengthening the existing facilities extended by the bank and finding out new horizons. This is because the relationship between socio-economic growth and the development of the economy is dependent. Furthermore, it justifies my choice choosing this topic as my MPhil research topic. Economic growth and institutional reform of any country's influenced mainly by its culture, population & socio-economic status of that country. Literature suggests that previous studies were this study for the relationship between socio-economic growth and economic development (Rousseau & Watchel, 2005). The findings of these studies reveal that all sets of these factors are always influenced by other's components (King & Levine, 1993; Todaro, 1995).

The current situation shows that countries under the banner of the Organizations of Islamic Cooperation (OIC) do not meet these prerequisites (Ng et al., 2015). Thus, it is increasingly needed for the greater interest of the people who need it most in countries such as Bangladesh.

This study attempts to gain knowledge on roles related to faith-based banking, particularly the IBBL, in Bangladesh's socio-economic impact and economic development. Also, by collecting data statistics from respondents, this study undertakes statistical analysis and examines hypotheses relate to customers' satisfaction with products & services of the IBBL. It further discusses the performance and evaluates the position of IBBL in the progression of socio-economic development in Bangladesh.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The study aims to examine the socio-economic impact of development by the IBBL on the Bangladesh economy. In the modern financial age, some studies focus on bank customers' satisfaction with the products and services of banking. This is because researchers in the subject area are today concerned with studying factors that determine profitability and bank performance. Many studies have been done for factors of internal and external factors to examine their impact on the bank's efficiency based on performance by using different approaches. Some exclusive studies are conducted on a country basis (Sufian & Habibullah, 2010), whereas others have focused on panel-based countries (Beck et al., 2013).

Studies within the functioning of conventional banks & Islamic banks which also being studied. Researchers at the same time used border analysis methods to analyze the effectiveness of Islamic banks (Belanes & Hassiki, 2012), the challenges of governance, control, and regulation (Jobst, 2007), the characteristics and benefits of Islamic banks (Abedifar et al., 2013; Beck et al., 2013) & whether it is possible for classified within Islamic banks and ordinary banks (Olson & Zoubi, 2008). In addition, some researchers have focused on assessing Islamic banks' robustness, stability, and financial strength in times of fiscal crisis (Bourkhis & Nabi, 2013).

However, studies on banks' socio-economic development and profitability are still underway, focusing on customer satisfaction surveys in the selection of banking products and services. This field of study began to receive a unique look in the late 1990s since, after the Asian fiscal crisis, the role which banking sector can be played in avoiding budget crises alters the researcher's interest in analyzing the relationship between financial and global economic development (Uddin et al., 2017). Literature also suggests that the use of projected investments and rapid inflation of short-term investments have been significant causes of the 1990s budget crisis (Armenta, 2007). It is now well recognized that countries with a strong banking industry and a strong finance structure can avoid some harmful effects of such a crisis (Armenta, 2007).

The theory of financial growth (King & Levine, 1993) states that the financial sector's development leads to economic growth. King and Levine (1993) used variables such as cash debt ratios and claims of the private sector in GDP to measure the level of financially developed countries (Uddin et al., 2017). They showed their analysis on a data set-off from 1960 to 1989 using models to reduce general statistical growth. They identified relationships within the development and financial growth of the economy (Uddin et al., 2017).

Rousseau and Watchel (2005) and repeated the King and Levine hypothesis with data from 43 years (1960-2003) (Uddin et al., 2017, p-61). They have seen cash debt and private sector debt as % of GDP that somehow disappear due to rapid financial liberation and globalization in "developing countries" (Uddin et al., 2017). Their findings also suggest that rapid emancipation could contribute to economic growth without a robust financial sector. Another study was conducted on the topic: "*Socio-economic Factors Matter for the Financial Development of a Muslim Country: A Study in Bangladesh Banking Sector?*" It gives proper incentives to banks for lending incorrectly, which can increase lending rates, lead to bankruptcy, financial collapse, and ultimately collapse the entire financial industry (Uddin et al., 2017).

The literature suggests that an increase in the Corruption Perceptions Index (CPI) reduces bank profits in Nigeria (Aburime, 2008). At the same, Pagano (2008) shows that government involvement levels and corruption are vital factors that can help describe the cross-sectional spread in lending for bank rates in Latin American countries. La Porta et al. (2002) have shown that corruption leads to discrepancies in big data and, therefore, supports the notion that corruption or malpractice can have an ideal effect of adverse to the function of the finance system (Pagano, 2008).

Islamic finance principles do not permit malpractice and corruption to other misconduct (Uddin et al., 2017). Since Islam seeks to ensure justice for the society of humans, the general view is that any injustice and corruption malpractices may have a great outcome on the financing system of Islam. Implementing Islamic banks' risk-sharing philosophy commonly depends on their clients' accountability, transparency, and honesty (Askari et al., 2014). Sooner literature gave its opinion that these characteristics of Islamic banks are the socio-economic determinants of a country compared to their traditional

counterpart (Uddin et al., 2017) are more affected. Faisal Ahmad also tried to compare Islamic Banks vs. Conventional Banks in Bangladesh Based on their Efficiency in Operation (Ahmad, 2020).

In Bangladesh's economy, Islami Bank Bangladesh Ltd (IBBL) started its journey in 1983. As of 2007, the number of branches of Islami Bank Bangladesh Ltd was 6. Compared to other banks, the IBBL has performed relatively better in debt recovery and other measures of various financial (Ahmed & Hassan, 2007). IBBL is one of the Islamic banks in our country's economy, showing unexpected success as a witness to the economy (Ahmed & Hassan, 2007).

Islamic Bank Bangladesh Limited offers products or services like regular banks. Moreover, the approach of Islamic banks is different from that of other banks (Dusuki & Abdullah, 2007). Therefore, this study presents a brief overview of IBBL's services and products in our country. For every interpretation, services and products are discussed in two broad categories. They are deposit collection, i.e., source of funds, and financing facilitation, i.e., use of funds.

The Islamic banking system gained rapidly in our country correctly; there is much-imitated research into customers' behavior by Islamic banks. In the context of Islamic banking in Bangladesh, most research has focused on the financial performance comparatively by banks and on legal facts (Ahmed & Hassan, 2007). The issue of customer behavior needs to be noticed. Little is known about the motivation of consumers to choose Islamic versus traditional banking services not only in Bangladesh but also in the literature (Dusuki & Abdullah, 2007). So far, research has been limited (Alemu, 2012).

Against the background of the circumstances described above, the study examines the banking behavior of IBBL customers, where its customers are selected as a sample study of Islamic banking in Bangladesh. This study will mainly capture Bangladesh's socio-economic factors' impact and economic development.

Hypothesis

Based on the data collected and findings of its descriptive statistical analysis, it is noted that all have a maximum value except for the Domestic Document Purchased Bill, External Document Bill, Bai-Salam, Credit Cards, and ATM cash services of more than 3.0 points. The Quad has been rated because of the maximum gratifying product for the users. Now, to find out whether products and services have above-average satisfaction, the following hypothesis is tested for each service and product of the IBBL.

Null Hypothesis

IBBL clients have an average gratifying with each of the products and services of the IBBL (i.e., $H_0=3.0$).

Alternative Hypothesis

IBBL clients have an above-average gratifying with each of the products and services of the IBBL (i.e., $H_A>3.0$).

Client's Satisfaction with the Product and Services of the IBBL

Table - 6 shows the detailed satisfaction statistics for IBBL clients with its services and products. It is observed that except for Foreign Documentary, Local Documentary, Bill Purchased, Credit Cards, Bai-Salam & services by ATM, all have a valid score upon the average score of 3. The Quad has been rated as a satisfying product for users. The reason may be that the Quad is a term lending without any loss and profit-sharing contract. This hypothesis is tested for every service and product to determine whether the products and services have an upper average satisfaction level.

Null Hypothesis

IBBL clients have an average level of satisfaction with every service and product of IBBL (i.e., $H_0=3$).

Alternative Hypothesis

IBBL clients have an average level of satisfaction with every service and product of IBBL (i.e., $H_A>3$).

Satisfaction by Primary Products of the Service Delivery System of IBBL

The IBBL has four service delivery systems. There are 1) physical facilities of the bank, 2) employees, 3) evening (late) banking hours, 4) location, and as for the average score, the satisfaction of highest came by the evening banking moment as shown in Table - 7. Here, banks are not open for more than an hour in the evening. Clients are happy with the need for evening banking services of ATMs. All essential components of the service delivery system had an average score above 3.0, which indicates above-average satisfaction.

However, the standard deviation is even higher for the variables, particularly employees, visual benefits of the bank & available location. To better understand the level of satisfaction with the service delivery system, the following hypothesis is tested for every product.

Null Hypothesis

IBBL clients have average satisfaction with each product in the service delivery systems (i.e., $H_0=3$).

Alternate Hypothesis

IBBL clients have above-average satisfaction with each product in the service delivery systems (i.e., $H_A>3$).

MATERIALS AND METHODS

To achieve the objectives, this study produces a statistically descriptive research design. Here the population consisted of IBBL customers. However, in practice, no such kind of accumulated list of clients is found for some reason. Such a detailed list of clients requires a list of IBBL customers with contact details. In this study, a step was taken to sample the methodology instead of sampling the possibilities to overcome such limitations.

Here data were collected from 100 IBBL customers using a Google survey form. The survey tool for data collection was a questionnaire consisting of open and closed-ended questions. From a previous study, the questionnaires were mainly adapted from the literature. The question paper had five sections. Part - A asked customers for information on their demographic factors, *particularly* age, monthly income level, and education level. Part - B asked two close-ended questions: "Did you have any association with conventional banks of IBBL previously?" and the IBBL "What was your relationship's length?".

Three types of questions were asked in Part - C. Firstly, a 'yes' or 'no' reaction to the notice of every of the 17 IBBL's services and products presented with the aid of using IBBL. Second, a 'yes' or 'no' solution becomes requested whether or not clients have used every one of the 21 services and products. Third, clients rated their stage of pleasure with services and products on a 5-factor Likert scale ranging from '1' to '5'. Here '1' means 'enormously dissatisfied,' and '5' means 'enormously satisfied' become requested to indicate. Part - D sought remarks on pleasure with the fundamental factors of the provider shipping machine of the IBBL.

The fundamental factors are (a) personnel, (b) area, (c) bodily centers of the financial institution, and d) evening banking (late) hours. Participants have been sought on a five-factor Likert scale ranging from '1' to '5'. Here '1' means 'relatively dissatisfied,' and '5' means 'relatively satisfied.' In Part - E, participants have been requested to signify their settlement stage with the subsequent 4 particular statements, in which everyone suggests the IBBL choice criteria.

- I prefer IBBL because it follows Islamic principles.
- I have chosen the IBBL because of my friend's and family's recommendation.
- I have chosen IBBL for its available location.
- I have chosen the IBBL because of its higher return and rates.

The participants have been sought on a five-factor Likert scale ranging from '1' to '5' ('1' stands for 'strongly disagree' and '5' stands for 'strongly agree'). Accordingly, using descriptive statistics and hypotheses testing, the data analyses were done using t-distribution and chi-square tests as appropriate.

RESULTS

After completion of data collection, relevant data analysis was performed to use details of statistics techniques and hypothesis of testing using t-distribution & *Chi-square* tests. Then the interpretations and findings are summarized as follows:

Table 1. Detail Results for Tests of Hypotheses on Satisfaction with Product/services of the BBL

Products and Services	It-value with population mean=3	Results
Current Account	4.92***	HA is established; H0 is rejected.
Savings Account	6.41***	HA is established; H0 is rejected.
Term Deposit	3.33***	HA is established; H0 is rejected.
Savings Bonds	1.90	Not enough evidence to reject the null hypothesis.
Bai- Muajjal	4.75***	HA is established; H0 is rejected.
Bai- Murabaha	6.06***	HA is established; H0 is rejected.
Hire-S. Meek	0.79	Not enough evidence to reject the null hypothesis.
Musharaka	2.12	Not enough evidence to reject the null hypothesis.
Izara Bill Baia	1.00	Not enough evidence to reject the null hypothesis.
Guard	11.44***	HA is established; H0 is rejected.
Local D. Bill Purchased	-1.00	Not enough evidence to reject the null hypothesis.
Foreign D. Bill Purchased	-1.00	Not enough evidence to reject the null hypothesis
Bai-Salam	-1.73	Not enough evidence to reject the null hypothesis
Letter of credit	2.23	Not enough evidence to reject the null hypothesis
ATM Services	-7.71***	HA is established; H0 is rejected
SWIFT	7.83	Not enough evidence to reject the null hypothesis
Locker Service	4.30***	HA is established; H0 is rejected
Deposit	2.15	Not enough evidence to reject the null hypothesis
Debit Card	7.14	HA is established; H0 is rejected
Credit Card	6.3	HA is established; H0 is rejected

Source: Author – Survey Data, 2021

It is found that about 58% of IBBL clients are in the age group of 25 to 35 yr. Because for high thinking of the age group of year category 25 - 35 can attribute to a brief background of the IBBL operation in Bangladesh. Half of the participants have a monthly income from TK 20,000 to TK 30,000. Higher thinking is that the income group can be well described on the age variable, which is a predominant concentration within the age of 25 to 35.

Table 2. Hypothesis for above average Satisfaction with Service Delivery Systems

Products and Services	It-value with pop mean=3	Conclusion
Employees	1.06	Not enough evidence to reject the null hypothesis.
Physical facilities of IBBL	3.34***	HA is established; H0 is rejected.
Location	17.23***	HA is established; H0 is rejected.
Evening banking hours	-4.03***	HA is established; H0 is rejected.

Source: Author – Survey Data, 2021

Client Profile Aspects

The summary of the client's profile with 3 variables: average monthly income (level of income), education, and age following Table 1. The reason to use monthly income is that salaried workers in our country are assigned based on monthly payments. Therefore, we think of monthly salary. Accordingly, it is convenient for the participants to answer during filling out the survey form or in an interview.

30% of the participants fall under this threshold, and 20% fall under this income limit. It is worth noting that such age categories in our country naturally enter & mid-level officers in both private & public sectors. While no current compensation survey justifies this argument, anyone can argue that the observation is too widely considered. This is because our country now has many entries in the public and private sectors, and mid-level occupants most likely receive a basic monthly salary of TK 15,000 to 25,000 per month.

Participants were found to have an elevated level of education; only 18% of participants have education below the level of high school, 29% with bachelor's degrees & 49% with master's or higher degrees (BBS, 2018). Moreover, participants' thinking in this matter wears the 'high school' & 'college/undergraduate' categories.

Table 3. Details Analysis for Satisfaction level with Basic of Products of IBBL Services

Basic Service Delivery Systems	Mean	Std.	Mean Score-based Rank
Employees	4.12	2.13	4
Physical facilities of the bank	4.10	2.13	4
Location	4.34	2.01	3
Evening (late) banking hours	5.20	2.69	2

Source: Author – Survey Data, 2021

In the service industry, IBBL needs to afford a lower average of client satisfaction. Thus, there is no need to mention that employee satisfaction is on average so that the IBBL can be applicable for improving client satisfaction by their officials. So that clients' satisfaction can be higher sooner or later.

Table 4. Profile of the Participants of the Clients of IBBL

Variable	Category(s)	In %
Age	Less than 25 years of age	14
	25 - 35 years of age	58
	36 - 50 years of age	13
	More than 50 years of age	15
Income Level	Lower than TK 10,000	15
	TK10,000 - 20,000	12
	TK20,000 - 30,000	45
	TK30,000 - 40,000	10
	TK40,000 - 50,000	8
	TK50,000 - 60,000	8
Education Level	More than TK 60,000	2
	Below is my high school graduation	8
	High school graduate	9
	College graduate/holding bachelor's degree	29
	Above bachelor's degree, i.e., Master's or Ph.D.	44

Source: Author - Field survey data, 2021

Client Tracking Relationship Aspects

They are (a) clients' previous relationships with conventional banks and (b) clients' relationships with the IBBL, as shown in Table 2. The client tracking of the bank-service relationship has presented those two variables.

We found that around 75% of clients had primary relationships with the banks than IBBL. That kind of relationship can explain by two facts. 1st, IBBL has not been in our country for a long time. 2nd, above four-fifths of participants, are over the age of 25. Of these, almost a third fall in the age group of over 35 years. Hence, before the IBBL was in operation in Bangladesh, people needed to depend on other banks to meet their needs.

Table 5. Client’s Tracking Relationship with the IBBL

Variables	Categories	In %
Past relationship with conventional banks	Yes	67.35
	No	32.65
Relationship with the IBBL	< 3-year time-period	22
	3 years to < 4-year time-period	30
	5 years to < 7-year time-period	14
	7 years and above	34

Source: Author – Survey data 2020

The high level of knowledge and use service of ATMs can motivate popularity to increase ATMs service for liquidity among the clients of all types of banks in the city. Deficient knowledge and the use of purchased foreign and local documentary bills are too logical. For this, among the clients who are knowledgeable and claim to use that tool, they may be done so for their institutions, and the knowledge of L/C-Letter of Credit can comparably show details. Finding the result, it may not increase its money flow or transactions despite having a financial liquidity crisis.

DISCUSSIONS

Results obtained after testing to mention hypothesis for every service and product are shown in Table – 1, which shows that Shirkatul Meelk, Musharka, Izara Bill Baya, Foreign Documentary Bill Bought, Local Documentary Bill Bought, Bai-Salam, L/C under Hire Purchase, and SWIFT requires urgent attention as client satisfaction with none of these products and services is above average level. It can be summarized that there is above-average satisfaction with all investment products and services for the clients of the IBBL.

Client satisfaction results with IBBL products and services bear some resemblance to the results presented in the literature. Also, the survey of this study found average client satisfaction with various financial benefits and average satisfaction with 'current account' and 'savings account'. It also found above average on credit cards and services by ATM, whereas in the present study, ATMs enjoyed a level of average below satisfaction.

Table 6. Awareness and Usage of Products and Services with the IBBL

Product and Service Type	awareness in %	using in %
Al-Wadia (Current Account)	90	71.5
Mudaraba (Savings Account)	91	84.5
Short-Term Deposit Account	57	40.0
Savings Bond	45	25.5
Bai-Muazzal	29.5	15.0
Bai-Murabaha	35	14.0
Hire purchase by Shirkatul Meek	30	7.0
Musharaka-	15	8.1
Izara Bil Baia-	17	2.5
Guard-	65.5	14.1
Local-Documentary Bill Purchased	10.5	2.0
Foreign-Documentary Bill Purchased	10.5	2.0
Bai - Salam	10.5	4.5
Letter of credit(L/C)	34.5	6.1
Services by ATM	45.5	26.5
SWIFT	46.9	31.3
Services of Locker	22.8	11.1
Deposit	55	15.2
Debit Card	43	12.5
Credit Card	31	16.2

Source: Author – Survey data 2020

Table - 6 shows the details of participants who are knowledgeable about using various products and services of the IBBL. An elevated level of client awareness has been observed, particularly for the Current Account and Savings Account. The findings also show that 72% of the participants use a Savings Account and % of 90% of the Current Account. Participants are highly acknowledged for using the other investment of fixed deposits, where 57% are awarded & 40% are for users. In the case of Savings Bonds, 45% of the clients are knowledgeable, and 25.5% of the participants are users.

In IBBL operation, only Quad has a remarkably high awareness, at 66% level where 14.1% of the clients. Reasons for high knowledge but lowest use of the cord can have very few reasons. 1st, Quad is an incredibly unparalleled IBBL short-term lending product that borrowers offer except for any obligation of profit & loss sharing. Secondly, Short Term Loan-QWARD is approved for trustworthy and valued clients. Thus, all other clients should not use it.

Table 7. Details Statistics for Satisfaction with Product/services of the IBBL

Products and Services	Mean	Standard Deviation	Mean score-based Rank
Al-Wadia (Current Account)	4.57	0.51	1
Mudaraba (Savings Account)	4.07	0.64	2
Short-Term Deposit Account	3.91	0.66	3

Products and Services	Mean	Standard Deviation	Mean score-based Rank
Savings Bond	3.90	0.70	3
Bai-Muazzal	3.87	0.61	4
Bai-Murabaha	3.62	0.90	5
Hire purchase by Shirkatul Meek	3.54	0.93	6
Musharaka-	3.54	0.93	7
Izara Bil Baia-	3.52	0.70	8
Guard-	3.53	0.54	9
Local-Documentary Bill Purchased	3.42	0.53	10
Foreign-Documentary Bill Purchased	3.33	1.03	11
Bai - Salam	3.29	0.75	12
Letter of credit(L/C)	2.52	0.70	13
Services by ATM	2.54	0.70	14
SWIFT	2.52	0.57	15
Services of Locker	1.88	0.72	16
Deposit	2.35	0.98	17
Debit Card	3.79	0.83	15
Credit Card	4.37	0.70	16

Source: Author – Survey Data, 2021

Table 7 shows the hypothesis-tested results. It suggests that satisfaction with the bank's physical facilities and location satisfaction are on average (at a 1% level of significance). For the above matter, employee satisfaction is needed by strict attention because it was not found to be average significantly.

Socio-economic Impact on Bangladesh-economy by the IBBL

Islamic banks in many countries face many challenges in multi-faucets, and the Islami Bank Bangladesh Limited (IBBL) based in Bangladesh is no exception (Alemu, 2012; Halimuzzaman et al., 2014). The IBBL has a total of 384 bank branches in banking operations. It operates under eight branches. However, since its birth, its progress underpinning Islamic-sharia-themes has been struggling in multifaceted banking services, which justifies our choice of the IBBL as a case study here.

Firstly, like any other Islamic bank, IBBL is working to create an interest-free system for retaining funds based on short-term. In financing consumer debt and government deficit, it faces the same problem. Also, profit-sharing approaches, which involve risks, appear unfavorable to its customers. Accordingly, there are criticisms that the IBBL still needs to be able to abolish its interest in the operation. However, it has changed the nomenclature of its bank-transaction systems (Khan, 1994). Finally, The IBBL needs to gain the skills to monitor, evaluate, evaluate and evaluate projects that require financing in banking activities.

Thus, the success of the IBBL in the future hangs on its capacity to find alternatives for charges of interest in all types of loans. The IBBL must acknowledge its success in liquidating the interest partially. It has a long way to go in finding satisfactory alternatives to the "interest option ."Furthermore, the future of the IBBL depends on developing and implementing accounting standards. This is because it can provide timely and reliable information, mainly needed for profit sharing, rent sharing, or cost-overrunning finances in banking operations. This still needs to be created or established in IBBL's banking operation. To accept these standards, IBBL must work harder to push its customers to establish a credible information base (Khan, 1994; Halimuzzaman et al., 2014).

Issues & Problems Related To IBBL

Interest-free banking application raises many questions and potential problems when viewed from the micro and macro-operational point. Partial issues listed facing by the IBBL are as bellow:

A. Issues Relate To Macro-Operation

- Capital formation & liquidity accumulation
- Valuation of banking assets
- Monetary policy and credit building of the bank
- Stability of financial conditions
- Bank's ownership
- Lack of financial instruments and then the capital market
- Legal protection is not sufficient in operation
- Profit and losses determination

B. Micro-Operation-Related Issues

- Mark-up financing approaches
- Control over the cost of funds availability
- Upsurged information cost
- Strict opinion of Murabaha Mode
- Using interest rate-determining profit margin in Murabaha sale
- Limitations on financing the social concerns
- Slow or no response at all for government funding

Some of the problems involved policymakers and regulators of IBBL have been facing since the beginning of their journey in the Bangladesh economy. There is no doubt that these issues are at an early stage in their discussion.

However, much work is needed to develop & implement and then mature the methods, infrastructure, and a new structure for the success of the IBBL in operation (IBBL, 2020).

CONCLUSIONS

Islamic Bank Bangladesh Limited (IBBL) is one of the fast-growing and well-performing Banks in Bangladesh. IBBL has been playing a leading role in the banking sector for almost a decade. In particular, its contribution to socio-economic development is helping progress today, especially in rural Bangladesh. This study presents the socio-economic impact and roles of IBBL on economic development in Bangladesh. A comprehensive profile analysis has been carried out by collecting data using a Google survey form from a sample of 100 customers of IBBL. Based on the respondents' responses, most IBBL clients are between the ages of 25-40. The customers here are highly educated and maintain a lasting relationship with the bank. Second, there is high customer awareness and use for various deposit collection materials. However, IBBL no longer has excessive cognizance and use of any non-public financing facility. Third, the profits group and the extent of education collectively play an essential function in the use of services or products of various banks of IBBL with the aid of using the customers. Fourth, statistical evaluation based on mixture records indicates that clients are glad about some of IBBL's merchandise or services. Fifth, regarding the various factors of service delivery, 'employees' must, without delay, be conscious of enhancing consumer satisfaction. After all, 'religious policy' is the primary financial institution choice standard for IBBL clients in which the consumer population performs a critical position in figuring out which election standards are greater critical than others. Statistical analysis also shows that IBBL plays an essential role in Bangladesh's green banking sector.

Suggestions

Future Policy Directions

From the study's effects, Islamic banking may be the only system if it is not considered characteristic because of the most straightforward system inside the economy. Moreover, most of its capabilities are lost when it starts operating within the traditional banking framework. The look indicates this is not an inherent flaw in the Islamic banking device. This is liable for its relative inefficiency. Instead, it threatens the functioning, activities, and effectiveness of the Islamic Bank in the country's economy in continuation of the legacy of the traditional banking system. The policy states that Islamic banks must constantly be saved out of the traditional banking framework. This is because it is outside the traditional banking system, whose operating system needs to be reviewed to consider the subsequent beneficial effects on the economy of the PLS system. However, if Islamic banks need to perform inside the traditional banking framework, the subsequent headings of suggestions may be considered:

Banking Philosophy

There appears to be an opening among the norms and practices of Islamic banks. In that case, of their reports, pamphlets, announcements, and posters, those banks pledged to combat a simple society unfastened from exploitation. The gift examination suggests that more development needs to be made in this regard so far. However, the extent and impact of the traditional banking system have been largely blamed for this failure. Errors must be recognized. In particular, it remains to be seen whether there is an opportunity to open up alternative avenues to prevent efficiency deterioration. A thorough assessment of the rules followed by those banks has to be achieved for nearly a decade, and factors of departure have to be diagnosed to redecorate their operations. It is a crucial difficulty because the general public unearths surprisingly tiny variations among the banking sports of Islamic banks and their conventional affiliates. Islamic banks may soon lose the credibility they have gained without rapid policy change through explicit action.

The first step that demands immediate attention is Islamic Bank, PLS-Bank. At the same time, strategies must be carefully crafted to portray the Islamic character and image of prosperity as a bank. The following strategies are recommended for the immediate application of this method:

- (a) Pilot schemes must be brought in decided-on regions to check modern ideas such as profit-loss sharing mode as a critical aspect of Islamic banking. This form of plan may be utilized in each rural and concrete region. This method will be an equipped reference that Islamic banks use inside the remodeling technique into PLS banks. At the same time, they will benefit from the actual state of affairs of the trouble that arises while using the profit-loss sharing mode on a trial-and-blunders basis.
- (b) The activities of Islamic banks want to be continuously monitored and disseminated thru various means. The effect in their sports relies upon especially the distribution of earnings among the financial institution and the alternative parties, relying on the depositors, marketers, and in the long run, the unique earnings organizations of the society.

Based on these, it miles essential to set up a full-fledged studies academy in each Islamic financial institution.

Islamic banks must show that profitability criteria govern their banking practices through their activities. Islamic banking practices establish the efficient allocation of resources only to establish these and to provide accurate market signals through PLS mode.

Author Contributions: Conceptualization, A.S.A.; Data Curation, A.S.A., Methodology, A.S.A.; Validation, A.S.A. and S.M.H.; Visualization, A.S.A.; Formal Analysis, A.S.A.; Investigation, A.S.A.; Resources, A.S.A.; Writing – Original Draft, A.S.A.; Writing – Review & Editing, A.S.A.; Supervision, S.M.H.; Software, A.S.A.; Project Administration, A.S.A.. Authors have read and agreed to the published version of the manuscript.

Institutional Review Board Statement: Ethical review and approval were waived for this study, due to that the research does not deal with vulnerable groups or sensitive issues.

Funding: The authors received no direct funding for this research.

Acknowledgments: Not applicable.

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study.

Data Availability Statement: The data presented in this study are available on request from the corresponding author. The data are not publicly available due to restrictions.

Conflicts of Interest: The authors declare no conflict of interest.

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