



ISLAMIC BANKING: ON ITS WAY TO GLOBALIZATION

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ABSTRACT

This paper aims to highlight the growth of Islamic banking, which is growing more rapidly than the average banking sector in most of the countries. Beside this the study also constitutes a general review that bears special features, facts and figures over the recent development of Islamic Banking across the globe. Islamic Banking system is well known for its free banking system as it's based on shariah which disallows the acceptance of Riba or interest on deposits and loans. Islamic Banking helps to gain profits to small investors also who are, generally, unable to trade due to the low budget or insufficient time. People having significant levels of capital could increase their value of sum by investing in the Islamic Banks which act as Managing Companies. However, these profits would only be reaped and blessed if the Islamic Banks bind to all the Sharia'h's prescriptions and proscriptions that are related to Finance and to related ethical considerations. Islamic banks have increased their presence and position around the globe via Islamic windows and/or offering specific Islamic financial products by acting as full-fledged Islamic licensed banks. These banks are not only enjoying the moral and material support from the Muslim governments but also from the public, western market players and regulations. Islamic banks due to their dynamic features, capture the advancements of Islamic banking and financial industries across the markets, sectors, systems, tools, and over more than 75 countries from Asia, Africa, Europe and North America. Islamic finance comprises of the banking system, Islamic insurance, capital market products and services to society all over the globe. Since the inception of Islamic Finance the development is said to be phenomenal with a double digit annual growth. Islamic finance is comprised of instruments, infrastructure, institutions, and markets that apply Sharia rules and principles. To promote the welfare of the people the purpose of sharia lies on safeguarding their faith, life, wealth, posterity and intellect. In short Islamic banks broadly refer to a financial market transactions, operations and services that comply with Islamic rules, principles and codes of practices. As per the laws and rules of the Muslim religion, it requires certain types of activities, risks or rewards to be either prohibited or promoted.

Keywords: Islamic Banking, Islamic Finance, Islam, Government, Sharia, Globalisation.