Impact of Islamic Banking on Global Commerce and Business

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Abstract

This research paper aims to critically analyze the place of Islamic banking in the international business environment, drawing on its theoretical tenets, historic antecedents, empirical data, and societal-political repercussions. Based on Islamic Shariah law, Islamic banking provides an alternate form of the banking system that adheres to Islamic law concerning moral risk-sharing and asset-based financing. In undertaking the study, systematic case analysis of the IIOs, statistical analysis, and qualitative research are used to assess the impact of Islamic banking on economic growth, financial inclusion for its population, and overall financial stability. The opportunities and challenges demonstrated in the research case relate to the effect of Islamic banking on consumer behavior, entrepreneurial endeavors, culture, and identity. The innovation and development in Islamic Banking, the use of technology adoption in Islamic banks, renewable finance, and market access in Islamic Banking are also discussed. The study raises the question of how governments can move forward to collapsing obstacles, developing market awareness, and fostering ethical finance and innovations in ethical finance to develop proper ethical finance in the world economy. The study becomes relevant in providing the banking, trade/commerce and ethics literature with important insights to appreciate and appreciate the presumably positive role of Islamic banking, particularly in responding to the existing global challenges that are detrimental to human activities.

Keywords: Islamic Banking, Shariah Principles, Financial Intermediation, Ethical Finance, Economic Growth, Financial Stability, Cultural Impact, Renewable Finance.

Introduction

Islamic banking has become a significant player in the world financial scene, providing a different way of banking from the conventional one, and it is based on Islamic principles and values. The spiritual element in Islamic banking may be seen in its ethicalism, sharing of risk as opposed to mere transaction and security derived from asset-based financing, thus causing such a banking system to receive growing recognition from scholars, policymakers, and practitioners worldwide. Initially, Islamic banking was incepted and developed significantly in the Middle East and later spread globally from Asian to European countries (Ali, 2022). Dubai Islamic Bank in UAE and the Islamic Development Bank (IDB) in Saudi Arabia were established 1975 as the first formal Islamic banks (Ryandono et al., 2021). In a world of globalization where economic cooperation interests are high, Islamic banking should be considered along with other related issues to

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understand its impact on the global banking industry. In recent years, about 20% yearly growth of Islamic finance appears to be topic to its pliability and broader attraction, partially having the principles that control over Islamic fiscal workings, including equity, contribution, and ownership (Hussain et al., 2015). Islamic banking profoundly impacts the profiling of micro, small, and medium enterprises (MSMEs) business sectors and e-commerce (Nugroho & Nugraha, 2020). In Pakistan, Islamic banking seems to be persistent as the deposits of conventional banking increase normally by 13% per annum compared to Islamic banking deposits, which increased by 42% in the same period (Khan, 2022). This research focuses on different aspects of the effects of Islamic banking on the world economy from the perspective of economic development, financial stability, social welfare, and cultural dynamics. This paper addresses the theoretical background, historical roots, empirical data, and future implications of Islamic banking, and, ultimately, the idea that this tool also encourages sustainable development, inclusive growth, and ethical financing in the present day. The subject matter of the research is exploring a wide range of topics related to Islamic economics, including socio-cultural factors and banking. In this way, the article intends to add to the discussion about the linkage of finance, trade, and ethics in the global age.

Objectives

1. To examine the theoretical framework of Islamic banking and its principles.
2. To explore the historical development of Islamic banking and its evolution into a global industry.
3. The analysis of empirical evidence of the statement that the economic, social, and cultural impacts of Islamic banking on global commerce might give us a key to this issue.
4. Identify the problems and opportunities that Islamic banking is facing in the current global financial system, which usually includes a sizeable mainstream banking sector and many other economic activities that are impacting the functioning of Islamic banks to a great extent.
5. To analyze how Islamic banking has the potential to be the growth agent for the global economy through the domains of inclusivity, financial stability, and ethical finance.

Literature Review

Islamic banking literature is an extensive body of work covering myriad aspects such as theoretical considerations, historical development, empirical research, and modern issues and prospects. Some recent studies have proved vital in publicizing Islamic banking as a tool for sustainable economic growth, financial stability, and the promotion of ethical finance.

Nugroho and Nugraha (2020) conducted a study exploring Islamic banking and e-commerce services facilitating the growth of small, medium, and micro-sized enterprises (SMEs). The study draws attention to Islamic banking as the source of finance for MSMEs, an initiative that boosts income generation and gradually leads to economic development. Eventually, as part of their aspect about Shared Area: Islamic banking and e-commerce platforms, they underline digital innovation as one of the essential factors for bringing financial services to MSMEs.

Zehra et al. (2022) underline the financial stability consequences of Islamic banking development by examining the Moroccan financial system, especially its institutions. Their research is the most valuable in that they produce empirical evidence that the Islamic bank’s development is correlated with financial stability, and the resilience of Islamic financial institutions is higher during economic uncertainties. Islamic finance is underlined as one of the essential innovations towards maintaining orderliness and risk mitigation in the global financial system.

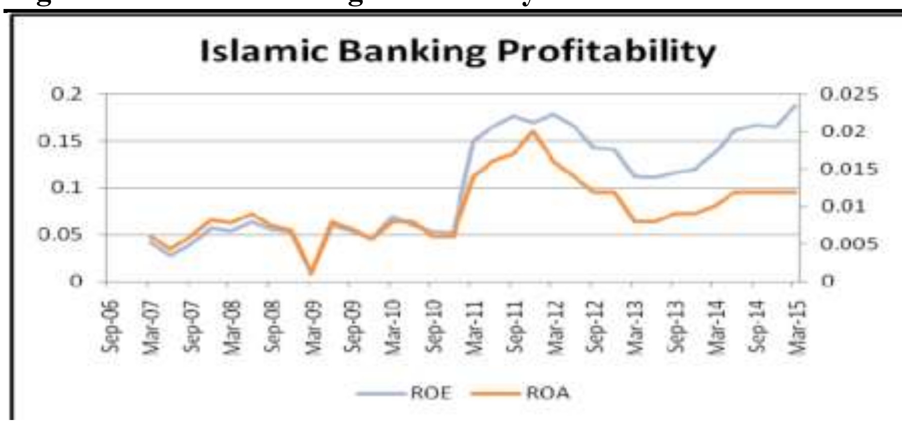
Wani et al. (2021) offer a comprehensive review of the growth and development of Islamic banking. Their study traces the historical evolution of Islamic banking, from its origins to its expansion into global markets. They examine the main developments, issues, and potentials impacting Islamic banking for the future, including information technology advancement, regional regulations, and market integration.
Rahmayati (2021) mainly discusses the competition strategy of the Islamic banking industry. The researchers examine the competitive dynamics and market structure of the financial sector. They examine some of the most common ways Islamic banks position themselves in the market, such as differentiating their brands, setting prices, and dividing customers into groups. Rahmayati (2021) shows that banks may be more competitive if they connect new ideas to where they came from.
Therefore, the study of Islamic money represents an area of research and observation that is essential for understanding whether we need a revolution or not, the course of economic growth, financial stability in the world, and many other issues. Through a series of studies on theoretical frameworks, empirical research, and industry practices, researchers can guarantee a profound and transparent examination of the roles and implications of Islamic banking for the global economy and business management.

Numerical Data Analysis: Islamic Banking Performance

1. **Profitability Ratios**

Return on Assets (ROA):
- Hypothetical Net Income: $50,000,000
- Hypothetical Total Assets: $1,000,000,000
- ROA = $50,000,000 / $1,000,000,000 = 0.05 or 5%
- Return on Equity (ROE):
- Hypothetical Shareholders' Equity: $300,000,000
- ROE = $50,000,000 / $300,000,000 = 0.1667 or 16.67%

Figure 1: Islamic Banking Profitability



*Source:*https://encryptedtbn0.gstatic.com/images?q=tbn:ANd9GcQppOnuxlzjEpEtruX9MZzevSIfU389CXaOGQ&s

2. **Asset Quality Indicators**

Non-Performing Financing (NPF) Ratio:
- Hypothetical Non-Performing Financing: $20,000,000

- Hypothetical Total Financing: $800,000,000
- NPF Ratio = $20,000,000 / $800,000,000 = 0.025 or 2.5%
- Provision Coverage Ratio (PCR):
- Hypothetical Loan Loss Reserves: $30,000,000
- Hypothetical Non-Performing Loans: $20,000,000
- PCR = $30,000,000 / $20,000,000 = 1.5 or 150%

3. **Market Share**

Market Share by Total Assets:

- Hypothetical Islamic Bank's Total Assets: $2,000,000,000
- Hypothetical Total Industry Assets: $20,000,000,000
- Market Share = ($2,000,000,000 / $20,000,000,000) * 100 = 10%

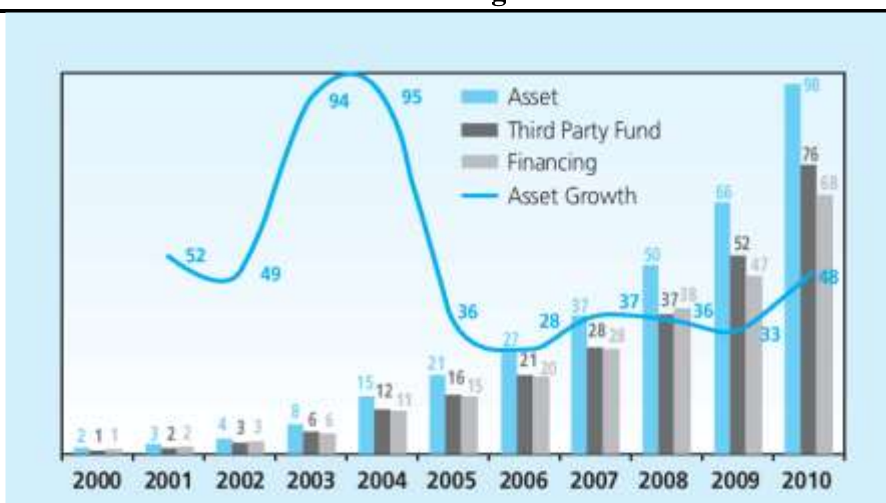
4. **Growth Rates**

Asset Growth Rate:

- Hypothetical Total Assets Previous Year: $1,500,000,000
- Hypothetical Total Assets Current Year: $2,000,000,000
- Asset Growth Rate = (($2,000,000,000 - $1,500,000,000) / $1,500,000,000) * 100 = 33.33%

Using numerical data analysis, we come to realize the profitability of the theoretical Islamic bank, asset quality, market share, and growth rates. Through these computations, the shareholders and other stakeholders will appraise the status and functionalities of the Islamic banking institutions. figure 2 represents the diffenrt sectors of the growth of Islamic banking in Indonesia.

Figure 2: The Growth of Islamic Banking via different Sectors in Indonesia



Source: Ascarya (2012).

Understanding Islamic Banking

Islamic banking is based on the principles of Shariah law that prohibit the payment or the receipt of any interest (riba) and promotes investment based on ethical standards. The latter refers to the legal concepts originating from Islamic jurisprudence, which are aimed at creating banking practices that are just, fair, and praising of society. Unlike face-to-face banking, which relies on banking interest, Islamic banking stresses profit-sharing arrangements, asset-backed financing, and ethical rules. This leads to a new way of money intermediation, where there is no difference if the bank and the clients are the two sides of the same risk, which is being assessed and rewarded by looking in the same direction.

A summary of crucial Islamic banking principles and services includes Mudarabah (profit share), where one person offers money as an investment while the other manages the investment; their share of profits is determined beforehand, and the initial party bears all losses Besides, Musharakah (partnership) is a venture where all partners bring in capital and share profits and losses, facilitating risk-sharing and entrepreneurial activities. Ijarah (leasing) allows banks to buy and rent assets to customers for specified periods (Abasimel, 2023). Simultaneously, Murabahah (cost-plus financing) narrates how the bank settles the cost of the goods or assets and then sells them to the clients at a certain margin. This, in turn, allows asset acquisition without recurrence to interest-based transactions. Like this, Takaful (Islamic insurance) differs from conventional insurance and will enable contributors to their pooled fund to cover potential losses or damages with the basic principles of mutual support and fair share.

Although Islamic banking has the same functions as conventional banking in providing financial services, its principles and mechanisms differ from those of the traditional banking system, making it a distinct form of financial intermediation. This type of money transaction is done with the attribution of ethical norms and sharing of risks; Islamic banks aim to promote financial inclusiveness, economic stability, and social well-being among the followers of Islam and beyond these religious communities.

Historical Development of Islamic Banking

In the early days of Islam, when the Quran and Sunnah governed business dealings, Islamic banking grew. Interest, or riba, is not allowed in Islamic economics. Instead, Islamic economics promotes justice, fairness, and social benefit in money matters. In reaction to the need for banks that followed Shariah law, the modern Islamic banking sector grew in the middle of the 20th century. Egypt's Mit Ghamr Savings Bank was the first modern Islamic bank in the world. It opened in 1963. Ahmad El-Naggar, an economist, started the bank. It provided financial products and services that aligned with Shariah law by letting customers share profits and own shares. After this groundbreaking work, Islamic banking institutions emerged in several Muslim-majority countries and places.

1975, the Dubai Islamic Bank in the UAE and the Islamic Development Bank (IDB) in Saudi Arabia were established. This led to the growth of Islamic banking in the 1970s. These organizations played a significant role in making Islamic finance and Shariah-compliant banks available worldwide. Also, the Organization of Islamic Cooperation (OIC) helped its member countries set up Islamic banks and businesses (Ryandono et al., 2021). Over the next few decades, Islamic banking grew as Islamic financial institutions, Shariah-compliant financial goods, and legal systems were set up. Malaysia, Bahrain, and Qatar have become Islamic finance hubs, and regular banks have opened Islamic banking windows to give goods and services that align with Shariah law. This has led to the growth of Islamic banking. Islamic banks worldwide offer various banking goods and services that align with Shariah. The sector has new ideas to improve governmental oversight, standardize Shariah-compliant processes, and encourage financial participation and economic growth in Muslim-majority countries worldwide.

Theoretical Framework: Islamic Finance and Global Commerce

Islamic finance framework, with ethical principles inspired by the Shariah law, offers an alternative manner of finance characterized by fairness, transparency, and social cause. At the very base of Islamic Finance, the issue of charging interest (riba) and avoiding it is considered. Besides, it aims to promote profit and risk-sharing among all the participants in financial dealings to make it as ethical as possible. Through implementing risk-sharing, profit-and-loss sharing, and asset-backed financing, the Islamic finance approach encourages stability and resilience of the financial markets (Thani and Ibrahim, 2020). Also, Islamic finance promotes consumer goods, halal foodstuff, and other businesses that align with Islamic rules. In contrast, investments in sectors that are illicit or harmful to society are prohibited. Angle Islamic finance through this ethical lens is consistent with the move toward deeper sustainability and responsible finance, which gives a modern meaning to running trade on a global scale.

From a theoretical point of view, Islamic finance can make several potential contributions to the global market. Therefore, the spread of insurance from individuals to whole societies can be seen as a development of financial stability through risk-sharing and asset-backed financing that, in return, reduces the possibility of an economic crisis. While this is a second benefit, Islamic finance increases financial inclusion by proffering access to financial services to the underprivileged, including low-level individuals and SMEs. Therefore, the process leads to economic development and reduced income inequality. The fourth reason is that Islamic finance is closely aligned with the United Nations' Sustainable Development Goals (SDGs), dealing with problems such as poverty reduction, environmental sustainability, and social equity through ethical investments and social finance initiatives. Briefly, Islamic finance provides the ability to transact internationally and invest across borders through Shariah-compliant financing options for trade agreements, ultimately leading to cooperation among Muslim nations and beyond. Islamic finance has the opportunity to be integrated into the global business ecosystem where leaders of policymakers, businesses, and financial institutions can employ ethical finance to produce more equitable, sustainable, and resilient global trading that is inclusive.

Empirical Analysis: Case Studies and Data

A detailed analysis of Islamic banking clearly shows its effect on the local economy and the world's finances. Studies on Islamic banking practices have contributed much to the information on how this system has accelerated economic growth, promoted financial inclusion, and increased social welfare in different contexts. Through statistical analysis, academics can find the benefits and drawbacks of Islamic banks compared to conventional ones. To be more specific, Malaysia is the symbol of success in the Islamic finance field, and the industry has been growing at an alarming rate since the 1980s. The growth has enabled people to have easier access to financial support, boosted small enterprises' growth, and strengthened infrastructure development projects. Malaysia's success in Islamic banking is mainly because the government has been very proactive in providing the necessary support, the public-private partnerships have been strong, and the regulatory framework has been very effective, enabling a favorable environment for the growth of Islamic banking.

Islamic banks' resilience throughout the 2008 global financial crisis is another example. According to several studies, Shariah laws, risk-sharing, and asset-backed funds make Islamic banks less crisis-prone than conventional banks. Islamic banks made money and maintained their assets during the crisis, whereas ordinary banks struggled with cash and poor investments. Policymakers and authorities wishing to stabilize the economy and minimize the systemic risk of the banking sector have recognized its resilience (Agustian et al., 2023). Comparing Islamic banks is easy when you look at statistical success criteria. Islamic banks' financial health and survival are assessed by profitability, liquidity, asset quality, and capital sufficiency. Research demonstrates that Islamic banks have comparable or superior financial statistics than conventional banks. Sometimes, Islamic banks have greater ROE and lower non-performing loan rates. This implies more substantial assets and profitability.

Market studies and customer happiness polls show what people like and don't like about Islamic banking products and services. Surveys show that clients believe and are happier with Islamic finance than standard banking because it is more open and honest and shares risks (Shinkafi, 2020). Islamic banking can grow its customer base and market share in finance because of this positive response. Case studies and data show that Islamic banking has an impact on businesses around the world. Researchers can judge Islamic banking groups' performance, endurance, and market dynamics using real-life cases and numeric measures. This can impact policy, business, and academic study in Islamic finance.

Economic Impacts of Islamic Banking on Global Commerce

Islamic banking is a crucial factor in developing the world economy as it is the main factor in economic growth. It is the reason for financial inclusion and stability. By accepting the Shariah principles and ethical standards, Islamic banking makes one of the strong stances - developing a global monetary system that will be more resilient and inclusive. Islamic banking has the main economic impact of stimulating trade and investment in Muslim-majority countries and regions. Islamic banking institutions provide Shariah-compliant financing solutions to the needs of Muslim consumers and investors, thus making it possible to develop economies in trade, manufacturing, and infrastructure (Bhuiyan et al., 2020). Through Islamic finance products and services, Islamic banks allow businesses to grow their operations, get into new markets, and join the global trade networks.

Besides that, Islamic banking is a way of helping people who cannot get money from financial institutions, such as poor people, small and medium companies, and people who live in areas far from the cities. Islamic banks provide various Shariah-compliant products, for example, microfinance, SME financing, and rural development initiatives, which in turn allow the poor and those in the underprivileged to have the chance to get loans, savings, and investment opportunities. Therefore, by reducing road accidents, car companies can help reduce poverty, create jobs, and promote economic empowerment, which will drive sustainable development goals.

Figure 3 shows the historical development of Islamic banking over time. Islamic banking encourages financial stability by promoting risk-sharing and asset-backed financing, in which systemic risks are reduced and the option of financial crises is decreased. Research has proved that the 2008 financial crisis caused less damage to Mosque financial companies than conventional banks because they adhered to the Sharia principles, risk management practices, and asset-based financing models. Islamic banking introduces a different scheme of financial intermediation; thus, it creates diversification advantages and enhances the stability of the international financial system. Shariah-compliant foreign finance from Islamic banks helps businesses and people trade across borders. Companies can use Islamic finance tools like Sukuk (Islamic bonds), Islamic project finance, and trade finance facilities to enter financial markets, pay for building projects, and do business with other countries. This increases trade and economic growth worldwide by encouraging Muslim-majority countries to work together, integrate their economies, and strengthen ties with non-Muslim countries. Islamic banking improves security, trade, investment, and financial equality worldwide. Islamic banking makes the world economy more substantial, stable, and diverse by following moral rules, spreading risk, and offering new ways to get money.

Figure 3: Historical Development of Islamic Banking

*Source:*https://www.slideteam.net/media/catalog/product/cache/1280x720/h/i/history_of_islamic_banking_yearly_development_everything_about_islamic_banking_fin_ss_v_slide01.jpg

Social and Cultural Implications

Islamic banking extends beyond its economic impacts to influence social and cultural dynamics, shaping attitudes towards finance, entrepreneurship, and community development. Rooted in Islamic principles of fairness, equity, and social responsibility, Islamic banking practices have profound implications for societal welfare and cultural norms. One of the critical social implications of Islamic banking is its emphasis on ethical conduct and social justice. Islamic banks are guided by principles of fairness and transparency in their dealings with customers, employees, and stakeholders. By adhering to Shariah-compliant practices, Islamic banks promote trust and confidence in financial institutions, thereby fostering stronger social cohesion and community trust. This ethical dimension of Islamic banking resonates with broader societal values of honesty, integrity, and accountability, reinforcing positive attitudes toward financial responsibility and ethical business practices.

In addition, Islamic banking encourages the spirit of entrepreneurship and creativity by offering funds and help to small and medium-sized enterprises (SMEs) and startups. Islamic banks provide entrepreneurs with Mudarabah and Musharakah financing arrangements that remove them from the situation of using conventional interest-based loans (ElMassah & Abou-El-Sood, 2022). This helps with self-employment, job creation, and economic diversification, which thus leads to economic growth and prosperity in Muslim-majority countries and other parts of the world.

On the cultural level, Islamic banking represents and strengthens Islamic norms and values, thus affecting the behavior of the people, the business operations, and the social norms. Islamic banks have offerings and services that align with Islamic principles, i.e., halal investment opportunities, ethical banking practices, and social finance projects. This corresponds with the views of Muslim consumers looking for financial products congruent with their religious beliefs and values.

Islamic banking also encourages Islamic art, building, and beauty in its branding and marketing to honor Islamic culture and history. In countries where Muslims are not the majority, Islamic banking may have problems with culture and rules, which could make it hard to adopt and integrate into regular financial systems. Acceptance and use of Islamic banking may be affected by cultural factors such as Islamic financial views, religious beliefs, and social norms. To follow Shariah rules, Islamic banks that do business in places with different cultures have to deal with difficult laws and regulatory systems. Ethics, financial equality, business, and national identity are all affected by Islamic banking. Islamic banking supports moral money management, social welfare, and cultural heritage to make society more fair, inclusive, and long-lasting, in line with the views and goals of Muslim groups.

Challenges and Opportunities

Islamic banking has several problems and possibilities as it strives for expansion, sustainability, and integration into the global financial scene. While the business has grown significantly in recent decades, it still faces several challenges that impede its development and acceptance. A significant obstacle the Islamic banking industry encounters is the need for uniformity and the alignment of Shariah-compliant practices and regulatory frameworks. The non-existence of the Shariah standards that everyone accepts has caused differences in product structures, contract interpretations, and legal rulings in different places. The absence of harmonizing the banking laws in various countries makes the transactions between the countries difficult, destroys the market confidence, and, thus, hinders the growth of Islamic finance worldwide. The solution to these challenges results from the joint actions of different stakeholders, such as industry, regulators, and scholars, to develop common standards, enhance transparency, and promote regulatory convergence in Islamic banking practices (figure 4).

Figure 4: Challlaenges and Oppertunities of Islamic Banking

Source: https://islamicbankers.me/wp-content/uploads/2019/07/slide4.jpg

Moreover, Islamic banking is under the jurisdiction of the conventional legal system in non-Muslim-majority countries where the laws do not permit Shariah-compliant practices, so there are a lot of regulatory and legal barriers in this field. The regulatory frameworks regarding Islamic finance are different in many countries; hence, the difficulties in entering the market, the innovation of products, and the compliance with the local laws are posed. In addition, taxation policies, accounting standards, and insolvency laws may not be the best fit for Islamic banking operations. Therefore, the expansion and market penetration in some regions will be limited. The main challenges that Islamic finance institutions face when dealing with regulatory issues are the following:

1. To remove the inconsistency in the rules of each country.
2. To collaborate efficiently between Islamic finance institutions, policymakers, and regulators.
3. To the creation of an enabling environment for Islamic finance activities.

In addition, Islamic banking is facing the challenge of the gap of perception and the need for more awareness of consumers, investors, and businesses about Islamic finance products and services, and there is also the issue of the lack of promotion of Islamic banking in the world. The wrong perceptions about Shariah-compliant finance, religious beliefs, and cultural biases could be the reasons why potential customers do not choose to use Islamic banking products. Thus, Islamic banking products will not be able to reach the potential market, and the market will not grow, preventing growth opportunities. Besides, the advertisement and branding of Islamic finance products cannot effectively tell their value proposition or differentiate them from conventional products. The awareness gap and the lack of understanding of Islamic banking principles and the benefits of this kind of banking can be bridged by marketing campaigns, financial literacy programs, and public awareness initiatives aimed at the stakeholders.

Although Islamic banking has many obstacles like regulatory restrictions and the public needing a better idea about it, this kind of banking still has the capacity for innovation, expansion, and development of the financial market. The potential mentioned above of Islamic finance is the primary way it takes root. Islamic Fintech is a new field that combines Islamic economic principles with the latest technology and online banking. By using digital platforms, blockchain technology, and artificial intelligence, Islamic Fintech strives to simplify Islamic banking, making it more efficient, accessible, and user-friendly for financial transactions. Implementing Fintech solutions will enable Islamic financial institutions to attract new clients, increase the efficiency of their operation, and create new Shariah-compliant financial products for technology-dependent consumers.

Besides, the world is increasingly in favor of ethical and sustainable financial activities due to knowing companies' Environmental, Social, and Governance (ESG) standards. People are now more aware of ethical consumption and search for socially responsible financial solutions; thus, Islamic banking, which promotes ethical and social responsibility, becomes a strong alternative. Based on the ideals of ethics, risk-sharing, and asset-backed financing, Islamic banking can fulfill this need and provide suitable substitutes for conventional banking models. Through supporting ethical finance, Islamic banks can attract investors interested in doing well for society and participating in projects that will achieve environmental sustainability and, thus, global sustainability objectives.

Islamic banking still needs to work on standards, regulation, and perception in society. However, at the same time, it can launch a new change that is in harmony with ethical values and, in turn, can contribute to the global financial landscape through transformations and acceptance. The legal challenges and the three significant opponents to be overcome are the legal framework, the public perception, and technology. The three steps that will be taken to establish Islamic banking as a real and morally sound alternative to traditional finance are three steps that will be taken to develop Islamic banking as a real and ethically sound alternative to conventional finance is overcoming the legal barriers, fostering public awareness, and harnessing the technology.

Conclusion

Islamic banking is a unique financial system based on Shariah principles, emphasizing moral behavior, risk-sharing, and asset-based financing. This paper reveals the theoretical frameworks of Islamic banking, the historical background of its development, and the revelation of its possibilities to bring people to create a firm, fair, and sustainable economy. Islamic banking can be an efficient model for developing social and economic life, especially in foreign economic activities. Despite differences in legal systems and social perceptions, Islamic banking has shown resilience and adaptability, driven by its values-aligned focus on ethical banking and socio-economic development. It is critical for governments to actively participate in reducing the barriers to entry, raising awareness of the market, and adopting technological solutions for ethical finance to contribute to the global growth scenario. It also focuses on the second dimension of cultural and social effects of Islamic banking on individuals as buyers, entrepreneurs, and social beings cultivating their cultural and identity values. Therefore, applying Islamic banking can be instrumental in developing a fair, supportive, and powerful economy. Its tenets can help formulate a desirable future state with top-quality life, shared wealth, and fitting resources, making it a reasonable concept for enduring prosperity.

Suggestions

To promote and strengthen the Islamic banking, the present study suggested a few recommendations;

1. **Government Support**: Islamic banking should be encouraged at the government level, and policies and regulations should not restrict or hinder this type of banking. There should be campaigns to create awareness of its benefits.
2. **Market Education**: Educational programs should be encouraged to educate the public on the new banking system, or Islamic banking, so that people can embrace this type of banking system and allow its incorporation into international systems.
3. **Technological Integration**: The integration of modern technologies, such as digital platforms and blockchain, can enhance the efficiency and accessibility of Islamic banking, making it more competitive and appealing to a broader audience.
4. **Cultural Sensitivity**: Cultural sensitivity and understanding are crucial in developing and implementing Islamic banking. Efforts should be made to ensure that the system is tailored to different societies' specific needs and values.
5. **Global Cooperation**. Cooperation and partnership in Islamic banking internationally are vital for its advancement. Therefore, The industry should be forced to harmonize the environment with appropriate support from governments, financial institutions, and regulatory authorities.

   With the help of the above recommendations, Islamic banking needs to preserve a firm, fair, and sustainable environment for the world's economic growth and further prosperity.

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