

One regulator: diversified Shariah governance practices, why?

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Abstract

Purpose – The study aims to investigate the reasons behind the growing diverse practices of Shariah governance (SG) among Islamic banks in Bangladesh.

Design/methodology/approach – Data has been collected through a semi-structured interview process from the concerned authorities (Shariah supervisory board members, Shariah department officers, central bank executives and banking professional experts) related to SG and Islamic banks in Bangladesh. The data has been analyzed by NVivo software.

Findings – The results of the study show that SG mechanisms are different due to the lack of unique comprehensive SG guidelines and the absence of a Centralized Shariah Supervisory Board (CSSB) under the Central Bank. The self-developed practices, the diversified opinions and viewpoints of the Board of Directors (BOD), banks' policies, business motivations and profit intention are also responsible for diversified SG practices. The diverse understandings and explanations of Shariah, Madhab (school of thought) and rulings are also responsible for the different practices of SG in Bangladesh.

Research limitations/implications – The study has unique implications for the regulatory authorities and Islamic banks in Bangladesh. The study explored the diverse reasons for numerous applications of SG guidelines which will be beneficial for the central bank and regulators to resolve the issues by outlying unique SG guidelines.



Originality/value – This study outlines the reasons for dissimilar practices of SG by the Islamic banks in Bangladesh, which will be beneficial for Islamic banks and the central bank of Bangladesh.

Keywords Shariah governance, Central bank, Islamic banks, Qualitative research, Bangladesh

Paper type Research paper

1. Introduction

The practices of Shariah governance (SG) vary in the overall functions of global Islamic Financial Institutions (IFIs) due to diversified legal rules and regulations of associated countries. The governance structures are the written method of practices and guidelines through which a Board of Directors (BOD) prioritizes fairness, accountability and transparency, and equality which have the relationship between the institution with stakeholders (investors, management, customers, society, investor, government and shareholder). [Alam *et al.* \(2021a\)](#) stated that “Shariah governance is a process of confirming Shariah compliance in the overall functions of the Islamic banks, while Shariah denotes some rules, regulations, guidelines, objectives, and directions to enhance accurate functions and activities, which are solely based on Shariah principles”(p. 158). [Islamic Financial Service Board \(IFSB\) \(2009\)](#) described SG systems as “a set of structural procedures where IFIs assure the Shariah compliance throughout its operational activities.”

In Bangladesh, the Islamic banking industry started in 1983 with the combined efforts of people and government. At present, Bangladesh has ten full-fledged Islamic banks, and 19 Islamic banking branches, and 178 banking windows from the conventional banks toward the services of the people ([Bangladesh Bank, 2020](#)). In 2009, Bangladesh Bank, the central bank, outlined a SG guideline ([Bangladesh Bank, 2009](#)). Still, Bangladesh does not have a centralized Shariah governance framework (CSGF) due to the intention of regulators, civil societies, Islamic banks and BOD ([Alam *et al.*, 2020a](#)). As a result, the self-developed governance guidelines and policies are not homogeneous and flexible in practices. In addition, Islamic banks take the advance of the incomprehensive SG guideline of the central bank in Bangladesh. The position of the Shariah Supervisory Board (SSB) and their position are diversified and unstructured in the existing practices ([Alam *et al.*, 2019](#); [Perves, 2015](#)). Concerning the global practices (dual banking practicing countries), governments have direct and indirect support in the development of Islamic banking. In this regard, Malaysia, Indonesia and Pakistan have paid strong attention to the development of Islamic banking guidelines, separate Islamic banking acts, policies, products, services and markets. Even though, non-Islamic countries like the UK also were concerned about the development of Islamic or ethical banking. Some non-Muslim countries are focusing on the development of Islamic banking guidelines, policies and products for a better sustainable economic and banking system. Nonetheless, Islamic banks in Bangladesh still face problems in their policies, guidelines, monitoring, supervision, reporting, controlling, accountability and disclosure due to the absence of unique guidelines from the regulators. As a result, Islamic banks prepared their internal guidelines based on their required demand and necessities.

Numerous studies have paid attention to SG practices, SG problems, corporate governance, SG challenges, the formation of a central Shariah regulatory authority for Islamic banks, the impact of management and BOD in SG guidelines, regulatory and legal matters, Shariah disclosure and compliance ([Alam *et al.*, 2020a](#); [Abdullah and Rahman, 2017](#); [Perves, 2015](#); [Ahmad *et al.*, 2014](#); [Hoque *et al.*, 2013](#)). Still, little concern has been given to the issue of diversified practices of SG among the Islamic banks in Bangladesh context as the base of the Shariah is the same. As a result, questions are raised about the diversified practices because Shariah principles are similar and all of the Islamic banks continue operations in a similar banking atmosphere. These diversified practices create confusion among regulators, bankers and stakeholders ([Alam *et al.*, 2020b](#); [Alam *et al.*, 2019](#); [Abdullah and Rahman, 2017](#)). Thus, the study aims to investigate the reasons for the diversified

practices of SG among Islamic banks in Bangladesh. This paper intends to explore the answers to “what are the reasons behind the differences in the mechanisms of Shariah governance framework practices of Islamic banks in Bangladesh?”

This study selects Bangladesh as Bangladesh is the first South Asian country where Islamic banking started in 1993 (Hassan *et al.*, 2017). Second, Bangladesh does not have any comprehensive guidelines from the central bank and Islamic banks formulated their own guidelines which are diversified. Third, Bangladesh has a private central Shariah authority that does not have any power over the Islamic banks (Alam *et al.*, 2020a). In addition, Islamic banks are covered more than 25% assets of the overall banking industry (Bangladesh Bank, 2020). Finally, a growing number of new bank approval of conventional and Islamic, nonbank financial institutions, mutual funds and insurance companies have a sound competition to operate Islamic banking business.

This research contributes to the prevailing literature of Islamic banking and SG concerning Bangladesh which can be beneficial for policymakers, practitioners to improve the SG functions. At first, this research outlines the reasons for dissimilar practices of SG of Islamic banks in Bangladesh, which will add to the existing literature of SG. Second, this study highlights that Bangladesh requires homogenous SG guidelines and a CSSB under the central bank. Third, this study also provides a theoretical contribution to the institutional theory which requires to have comprehensive guidelines and policies for the industry. Finally, we have contributed to the national regulatory authorities and Islamic banks by outlining the reasons for diversified practices of SG which can be easily solved by the regulators and banks’ association.

The paper is structured in the following sections. Starting with introduction, section two provides the review of literature in line with the SGF of Bangladesh. Section three narrates the methodology for this research. The findings and discussion part have been discussed in section four. The final section delivers the conclusions along with the limitations and future instructions for research.

2. Literature review

SG consists of various bodies such as Management, BOD, SSB and Shariah executives of the Islamic bank. Moreover, Islamic banks need to include extra departments such as Shariah audit review, SSB and Shariah research unit to apply the Shariah compliance in their overall firm function and transactions for keeping safe unique and Islamic images. In the SGF, the application of SSB has a difference from the corporate governance systems. All parties have the responsibility to apply the appropriate quality of Shariah compliance. BOD, for instance, has responsibility with all managerial functions, Shariah issues and the suggestions of SSB to complete and keep the demand of concerned stakeholders (BNM, 2019; AAOIFI, 2010). The BOD appoints SSB members to monitor all Shariah issues in the business functions, operational activities of firms (BNM, 2019). Moreover, BOD constitutes a space for framing Shariah perception about any contemporary issues by providing a yearly report on the general operations (BNM, 2019). As a result, the well-organized procedure of an organization might develop the confidence and credibility level of stakeholders which concerns this industry (Chapra and Ahmed, 2002; Karbhari *et al.*, 2020). In addition, Rashid *et al.* (2020) outlined that the productivity of the Bangladeshi banks is significantly influenced by financial performance, ownership structure and board characteristics as a result of sound corporate governance which is absent for Islamic banks. Molla *et al.* (2021) outlined that board size has a positive impact on banks’ accounting performance but it does not have an influence on market performance in Bangladesh.

Global SG practices are diversified into three clusters such as centralized, laissez-faire and hybrid structure (Noordin and Kassim, 2019). In the centralized structure, a CSSB is formed at

the central bank and empowered to provide *fatwas*, outline SG guidelines, appoint institutional SSB and revise the central bank on Shariah matters (Alam *et al.*, 2021c; AAOIFI, 2017; Noordin and Kassim, 2019). This CSGF is considered more accurate, broad and sound compared to other guidelines. This CSGF is practiced in Malaysia, Brunei, Sudan, Indonesia and Iran. Besides, the laissez-faire or decentralized or self-regulated model is developed by the respective SSB of Islamic banks and financial institutions which is more flexible and less influential (Alam *et al.*, 2021c). However, such self-developed procedures are being applied due to the absence of a CSSB which raises questions about the quality compliance of Shariah, *fatwas*, audit and review functions (Alam *et al.*, 2021c). This practice is also followed by the Gulf countries (Kuwait, Saudi Arabia and Qatar) and non-Islamic nations (France, Germany, Hong Kong, Japan, the UK and South Korea). Islamic banks in Bangladesh are also following this self-regulated approach from its beginning rather than being regulated by the central bank. Lastly, the hybrid model is followed by the United Arab Emirates and Pakistan. In this model, the institutions need to ensure Shariah principles and shall report to “UAE’s National Council of the Shariah Supervisory Committees of IFIs” (Noordin and Kassim, 2019). The central bank of Pakistan outlined a “fit and proper” criterion for Islamic banks and SSB need to follow that guideline. The SSB shall report to CSSB as based on prescribed guidelines.

In Bangladesh, the central bank has issued some rules and set policy guidelines to ensure Shariah compliance and the particular bank needs to comply with Shariah principles (Bangladesh Bank, 2009). Till now, the central bank has not established any Islamic banking department or division for monitoring Islamic banks. It was only in 2002 a private centralized Shariah authority was established without having any legal power by the initiative of the Islamic banks and bankers to assist in Shariah and governance issues. Islamic banks, Islamic banking branches and windows of conventional banks have formed their particular SSB to monitor the Shariah issues and functions. SSB members evaluate the bank’s functions, Shariah issues and inspect audit reports to ensure Shariah principles (Alamgir, 2016; Alam *et al.*, 2021c). Islamic banks conduct Shariah review and audit functions to confirm Shariah compliance which is directly related to the SSB members’ guidance and directions (Abdullah and Rahman, 2017). In the existing practices, the compliance of Shariah quality is very low, and it requires an external Shariah audit and compliance by a third party or central bank (Alam *et al.*, 2020c).

2.1 Theoretical underpinning

Institutional theory is applied to find the appropriate SG strategies, rules and policies (Karbhari *et al.*, 2020; Alam *et al.*, 2020b). Moreover, this theory highlights the composition and structure of organizations. It suggests that the formal structure of organizations does not rest on the forces of the institution or keeping rational myths, but it is technical demand, a product of resource dependencies and knowledge legitimated by public opinion, the professions, the rules and regulation and through the education system (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Meyer and Scott, 1983). Initiatives of organizations and arrangements are considered as responses to rule, conventions and beliefs vaccinated into the broader atmosphere. Indeed, these allow for long time system of organizational practices and social ideas which are mentioned as institutions (Powell, 2007). Thus, any institutional setting is introduced to the society through politics, religion, laws, work, and it affects all of these areas via a process of continuity (Scott, 1987).

On the other hand, in the large corporation, research and theory have considerably increased attention after 2000 in the areas of CG policies based on diversification of strategies, rules, the development of the European Union, strategies of public transaction in US firms and human right which is spread globally (Powell, 2005). This has resulted in a change of perception from concentrating completely on the rational individual in isolation to a highly significant thought where a high number of individuals focus heavily impacts on the SG system (Karbhari *et al.*, 2020; Alam *et al.*, 2021b). The perception from institutional theory on

SG focuses on the dependence on the institutional and legal framework by which the respective stakeholders and organizations are entrenched (Karbhari *et al.*, 2020; Alam *et al.*, 2021b).

Despite the uniqueness of regularity policies and guidelines of Shariah in Bangladesh, the SG practices of Islamic banks are not the same (Alam *et al.*, 2021d). The policy and pressures come from the regulators, state, people, professionals, similar organizations, and cultures and they all contribute to better efficiency. Thus, institutions sometimes are unable to take risk by proposing new guidelines or innovations, and they resort to adaptation of prior guidelines. As a result, similar values and principles have been developed for sustainable performance and accreditation (DiMaggio and Powell, 1983).

3. Methodology

A qualitative case study was applied to fulfill the study objective. In qualitative research, a researcher can realize the way of interpreting peoples’ experiences, the method of constructing their words and the meaning they attribute to their experiences (Merriam, 2009). In addition, qualitative research can produce precise details which will help to get broad understanding of the respondents’ perceptions of the operational procedures of the Islamic banks. In this case, the study aims to explore the inherent reasons for the absence of comprehensive SG guidelines in the context of Bangladesh. Moreover, concise responses to structured questions may not be able to cover the essential information to passably evaluate the research issue (Weischedel *et al.*, 2005). In addition, quantitative research has limitations since it cannot provide more comprehensive and proper clarifications of social and human attitudes (Alam, 2021). Thus, we applied a qualitative case study method to examine the actual scenario.

This study applied a semi-structured interview to explore the research content and privilege of respondents in explaining answers (Sekaran and Bougie, 2010; Berg and Lune, 2007). In this tactic, respondents have better independence in responding to their experiences (Saunders *et al.*, 2007). The interviews can collect through face-to-face, mobile calls and online, and we collected data through face-to-face interviews. This one-to-one interview protects the independence and personality of the participants in a qualitative study (Gillham, 2000). The researchers used the data triangulation process.

A potential list of interviewees was formed, covering the SSB members, regulators and expert professionals suitable for the study. Thus, semi-structured interviews were conducted with 17 respondents comprised of SSB members, Shariah executive officers, Islamic banking experts and regulators from the Islamic banks and central bank in the particular research area followed by previous studies (Alam, 2021; Alam, 2022; Tabash *et al.*, 2022; Alam *et al.*, 2022a). The respondents are symbolically coded, for instance, “RA” (Regulatory Aspects) for regulators, “SP” (Shariah Practitioners) for SSB members, and Shariah department executives and “E” (Experts) for field experts to protect their privacy and non-identical features. The respondents were experienced with practical banking and SG knowledge which helped them to quickly understand the research question and provide their detailed responses. Table 1 provides the background of the respondents.

Table 1.
Background of the
respondents

SL.	Participants cluster	Number
1	Regulators	3
2	SSB members and Shariah Department Executives	9
3	Experts in Islamic Banking and SG	5
	Total	17
Source(s): Developed by authors		

Before taking the interviews, an official interview request letter was sent, and/or calls were given to each of the respondents of the Islamic banks. The overall interview sessions were arranged over one-and-a-half months. Sandelowski (1995) opined that it is adequate to have 10 samples in a qualitative study of homogeneous people. A researcher can get saturation after taking 10 samples in a homogeneous group of respondents (Guest *et al.*, 2006). Similarly, 5–8 respondents are adequate for a homogenous study, while 12–20 respondents are sufficient for a non-homogenous group (Crabtree and Miller, 1999). The study saturated with 17 respondents as followed prior research (Alam, 2021; Alam, 2022; Alam *et al.*, 2022a, b; Tabash *et al.*, 2022).

The duration of the interviews lasted for 45–90 min, and they were recorded on mobile devices for analysis and evaluation. The successful interviews taken for the study were transcribed very carefully line-by-line and reviewed further for maintaining accuracy. Later, NVivo (version 10) software was used for analyzing the transcribed data, as it was used in previous studies based on the analysis of large textual data (e.g. Alam, 2021; Gibbs, 2002). By using this software, a researcher can analyze interview transcripts by constructing codes based on various themes (Zamawe, 2015). To strengthen the validity and reliability of research outcomes, this software can produce premium coding out of the research data (Patton, 2015). It is possible by conducting a line-by-line coding analysis to bring themes and patterns which are hindered in a data set. Many researchers used this software for coding, categorizing and theme development in their qualitative studies (Strauss, 1987; Joffe and Yardley, 2004). A node (codes) usually reflects the concepts extracted from the data set, and certain materials are gathered from the transcribed data accumulated in the nodes as well. Repeating themes formed new nodes containing several codes of similarity and relevance. In this process, the nodes may be amended, added and reclassified if it is necessary. Primarily this software may become very useful to open nodes, codes and themes based on the data of research (Alam, 2021; Tabash *et al.*, 2022). After generating the codes, categories and themes, one of the NVivo professionals has been contacted for further checking of the overall data analysis.

4. Findings and discussions

In terms of the current practices of SGF, the NVivo data analysis shows different reasons for the diversified SG practices of Islamic banks in Bangladesh. From NVivo analysis, a theme has been generated namely reasons for diversified Shariah governance practices. In addition, the study identified five categories for these diversified practices of Shariah governance which are given in Figure 1. The results of the study also reveal that SG mechanisms are diversified due to the diversified opinions and viewpoints of the BOD, banks' policy, business motivations and profit intention. The diverse understandings of Shariah, *Madhab* and rulings are also responsible for the distinct practices of SG.

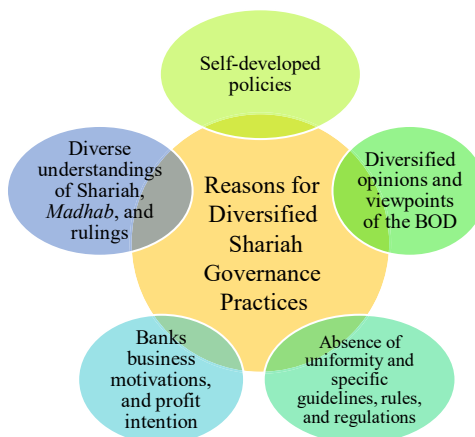
4.1 Self-developed policies

In Bangladesh, Islamic banks developed their Shariah governance guidelines and policies individually rather than instructed by the central bank. The functions of Islamic banks are monitored by the internal system of Bangladesh Bank through the guideline of the Banking Regulations and Policy Department (BRPD).

The issue is that Islamic banks are working individually having their particular governance guidelines and rules. All of their functions are monitored by the central bank through Banking Regulations and Policy Department (BRPD) circular 15. [RA#3]

Islamic banks' internal policies are diversified due to self-developed policies and practices. Islamic banks in Bangladesh have particular BOD, SSB, management and Shariah

Figure 1.
Theme of reasons for
diversified Shariah
governance practices



Source(s): Developed by Authors

executives. Islamic banks have internal Shariah manuals, *fatwas*, training center, Shariah audit system, monitoring system, the audit team and Shariah compliance system which are developed from a different understanding of the Shariah principles (Alam *et al.*, 2021d). Thus, it is supposed to have similar practices of SG, but it is dissimilar and diversified which contradicts the institutional theory perceptions. The institutional theory requires to have proper guidelines and policies (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). In addition, Islamic banks do not have coercive pressure from the regulators in making or changing their policies and guidelines.

I think the basics are there. They are BOD, SSB, and then there are inspectors. [SP#1] In Bangladesh, the Shariah secretary works part-time in general. [RA#2] Based on my opinion, Islamic banks have sufficient rules and regulations but there have been some lapses in implementations. [SP#5]

Therefore, a SG policy expert with his ten years of practicing experience notes the motivations of Islamic banks are to be controlled by the regulators rather than formulating their policy, and that is why they do not update or revise their policies.

We do not want to formulate policy from our own. We do not want to be sustainable from our own rather; we may prefer to be compliant as instructed by the regulator or the super authority. [E#1]

4.2 Diversified opinions and viewpoints of the BOD

In the current practices, respondents (SP#1, 8; RA#3) from their experience highlight SG structure in each bank is different due to its BOD diverse viewpoints, outlooks and banks' policy. Sometimes, SSB members or the Shariah department officers have to implement the compulsory instructions of BOD. Therefore, it is essential to clarify the role of SSB and BOD in SGF.

"I must say that Shariah has a different interpretation in detail." [SP#1] "Another reason is the madhab." [SP# 8] "Bank has own instructions for their governing body or the BOD." [RA#3]

The respondents (SP#7; RA#1, 3) also state that the absence of communication between BOD and SSB members as well as the independent governing guideline within the Islamic banks has resulted in the different practices of SG in Bangladesh. Besides, the presence of external

members of BOD among the board members creates differences in the practices. This progress and development reflect a normative influence of culture on the development of SG guidelines (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). They share experiences to develop a better SG culture in the context of Bangladesh.

“Every institution is governed independently, and there’s no coordination among the Islamic banks’ BOD and SSB committees. That is why we are seeing that all of these are working in their pattern.” [SP#7] “Another difference with the Islamic banks’ BOD, they have external members.” [RA#1]

4.3 Absence of uniformity and specific guidelines, rules and regulations

Along with the above arguments, respondents (E#5; SP#6, 8) from their banking and Shariah department experience indicate the absence of uniformity and specific guidelines, rules and regulations, separate Islamic banking act, and absence of CSSB in the central bank or the recognition of CSBIB through the regulators are also responsible for diversified SG practices. Moreover, CSBIB is created without power; therefore, it cannot take any initiatives in terms of Shariah violations (Alam *et al.*, 2020c). Thus, the absence of guidelines contradicts the perceptions of institutional theory as it stipulates the responsibilities of the regulators to deliver adequate policies (Karbhari *et al.*, 2020; Alam *et al.*, 2020b). Similarly, the Islamic banks are decoupling the guidelines of the pioneering Islamic bank, namely Islami Bank Bangladesh Limited, in developing their governance guidelines and policies (Meyer and Rowan, 1977; DiMaggio and Powell, 1983).

“The absence of the uniform rule from the regulators. The CSBIB does not take any initiatives against Shariah violations like the regulatory authority. Legal power of CSBIB is absent”. [SP#6] “The main reason is the absence of the Islamic banking act. Another reason is the absence of CSSB either in Bangladesh Bank or other places, but there must be recognized one by the regulator.” [E#5]

4.4 Banks business motivations, and profit intention

The application of SG is diversified due to the business motivations, and profit intention of Islamic banks. As a result, some Islamic banks follow Shariah principles and guidelines moderately and some Islamic banks follow strictly. Islamic banks and management are guided by the BOD to earn more profit which impacts the application of Shariah principles. The below opinion from one of the regulators shows the reflections.

Bank has its instructions from its governing body or the BOD. They have some instructions other than the Shariah banking; they have the instructions to earn a high profit or other operations of activities. [RA#3]

In addition, every bank has its business motivations and profit intentions which are also responsible for diversified SG practices. The businesses or investment procedures of the particular bank are different due to profit earning which impact on diversified practices of SG.

The reasons are behind that we have full-fledged Islamic banks, branches Islamic banks and window based Islamic banking and each bank has their policy, business motivations, policies, and profit intention but the goal is same. [SP#8]

4.5 Diverse understandings of Shariah, Madhab and rulings

Respondents from regulatory Shariah practitioners’ side suggest that the diverse understandings of Shariah, *Madhab* and rulings are also responsible for the distinct practices of SG.

I must say that Shariah has a different interpretation in detail. [SP#1] Another reason is the madhab. [SP# 8]

Conversely, one of the SSB members opines that there is no fundamental difference in the SG mechanisms rather than the diversified implementations among the Islamic banks because the basic of Shariah is only one. Moreover, he also indicates that the products and functions are different due to the diversifications of *Madhab* and personal interpretations. Each bank has an individual policy, and they do not have any problems with the current policy. They are free in performing the work. The Islamic banks are not much behind in the systems, but the problem is the relaxation in Shariah compliance and diversification as indicated by the respondent below.

Based on my experiences, there are no basic differences in the mechanisms of SG. These are the variation or dimensions in the works but not the basic differences in the Shariah because the basic is the same, the Quran and Sunnah. So, there is no basic difference in the principles and Shariah, the philosophical aspects; there may have differences because one may follow the one madhab or school of thought in performing their activities. The difference is due to the diversification of school of thoughts or the different thoughts of an individual. [SP#9]

Consequently, respondents from the policy experts and Shariah perspectives (E#1; SP#6) explain that Bangladesh has SG materials. The only problem is lacking in terms of applications of the banking policy. Sometimes, Islamic banks fail to implement that policy. The failure of inaugurating Shariah compliance stimulates the reputational risk as well as instability of Islamic banks (Abdullah and Rahman, 2017), and this is confirmed by one of the respondents.

Some deficiency maybe there regarding the implementation of the policy. There is no such lacking regarding the policies but the problem is the implementation. They are failed to implement the policy. [E#1]

The prevailing Shariah governance system needs to be improvised for proper applications of Shariah principles and SG guidelines. There should have a proper combination and communication process among the BOD and SSB. The lack of homogeneous comprehensive SG guidelines from the central bank, self-developed SG manual diversified views of BOD and SSB, absence of CSSB, and individual business policy are responsible for the diversified SG practices of Islamic banks.

5. Conclusion

The study finds different viewpoints regarding the diversified practices of SG among Islamic banks in Bangladesh. These viewpoints are closely related to the perception of the BOD, self-developed SG policy, understanding and interpretations of Shariah ruling, business and profit intention. The results of the study indicate that Islamic banks are not following all Shariah rules in ascertaining their functions and activities and violating more or less though they have all SG guidelines. The central bank has not taken serious action regarding the improper practices of SG. Hence, it is recommended to provide a comprehensive SG guideline for ensuring a homogeneous practice in Bangladesh.

This research has implications for the regulatory authorities and Islamic banks in Bangladesh. Firstly, the findings of this investigation will be helpful to solve the problems to improve the existing SG practices of Islamic banks in Bangladesh. Secondly, the study explored the diverse reasons for numerous applications of SG guidelines which will be beneficial for the central bank and regulators to enhance the present SG practices. Thirdly, the Islamic banks, BOD and management should focus on Shariah's proper application in the overall functions than currently. Finally, the regulators should outline a unique

comprehensive guideline for similar practices and enact a separate Islamic Banking Act for the overall development of this industry and SG.

This research has certain limitations, confined to Islamic banks in Bangladesh instead of other jurisdictions for example Malaysia, Indonesia and Gulf countries (Saudi Arabia, Qatar and Iran). In addition, the study did not include the Takaful companies and non-bank financial institutions in Bangladesh. The outcomes of this research can differ with other nationalities and jurisdictions. Further studies can investigate the SG practices of Islamic cooperative institutions, real-estate companies, micro-finance and halal industries working in Bangladesh. The outcomes of this research can be evaluated by executing a quantitative methodology in Bangladesh and other contexts.

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