International Journal for Research in Engineering Application & Management (IJREAM)
ISSN : 2454-9150 Vol-07, Issue-02, MAY 2021

A Review of Growth Measuring of Islamic Banking

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Abstract: The measuring techniques that are used to evaluate the growth of Islamic banking depend on availability of data and the capability of the researcher to manipulate them in order to get reasonable and logical results. Secondary data of Islamic banks such as annual reports, financial statements, banking industry statistics, government publications, journals and so on are suitable to help a researcher to show comparative and advanced level of analysis. Moreover, when the result in terms of figures and ratios, then this helps to extract the subsequences and draft a rationale conclusion. This paper aims to classify the measuring of Islamic banking's growth. This systematic review article covered the literature during period of 1999 to 2019. The findings of this paper hold that Islamic banking growth as a field of study is wide and prolific for researchers to study its growth quantitatively and qualitatively. Also, to study this growth in internal and external (micro & macro) environment. Using the variables that are correlated to the growth of Islamic banking which facilitate the process of evaluating the trend of growth; thus, quantitative techniques reflect a suitable picture about the growth in the form of numbers and ratios. The insight of this article will open the door in front of scholars and interested researchers to look at the growth of Islamic banking from different angles.

Keywords — Business Environment, Growth, Islamic Banking, Quantitative and Qualitative Techniques.

I. INTRODUCTION

The system of Islamic banking is consistent with Islamic law (Shariah) rules and guided by Islamic economics. Mainly, Islamic law prohibits the collection and payment of interest (usury). Generally, it also bans trading in financial risk as a form of gambling. It also prohibits investing in businesses considered forbidden such as those selling alcohol or pork. Furthermore, in Islamic banking, the interest rate is zero. Zero interest rate does not mean zero profit for capital. Instead, it means that there is no predetermined interest rate for capital. The main principle in Islamic banking is profit-loss sharing (participation principle). The early 1960s appearance in rural Egyptian village of micro lending saving bank following Islamic banking principles verified the feasibility of Islamic banking (Mohomed, 2016)[1]. And the top-down support following the 1975 establishment of the Islamic Development Bank (IDB) in Jeddah, Saudi Arabia, these two reasons supported further action toward establishing Islamic banking (Jimale, 2012)[2].

Islamic banking is a part of Islamic finance and at the same time it belongs to banking sector. Islamic banks provide financial products and services which are accordance with Islamic doctrine. This harmony gives Islamic banks the advantages to be free-interest banks and to be asset-backed banks. The best-known coherent attributes of Islamic banks are the prohibition of interest. Mainly the growth of Islamic banking starts from understanding the principles of Islamic law (Shariah). This can be applied by spreading knowledge and awareness of Islamic banking not only among Muslim nation also amongst non-Muslim nations. There is an urgent need to increase the level of knowledge and awareness of the society especially the bankers. In the context of banking, it is hard to offer financial products and services that conform with the spirit of Islamic law (Shariah), when there is no profound understanding of the principles of Islamic banking. When the individuals and corporates are aware about the direction and objectives of Islamic banking, then they can put their wealth in term of money in the hand of Islamic bankers in order to maximize the wealth and welfare of a community simultaneously with the wealth and welfare of individuals. By circulation of wealth within the society the wide gap between rich and poor will be narrower, but this circulation must be away from interest (usury) to move the economic cycle toward equitable distribution of wealth among all segments of the society. According to (Alam, Butt, & Iqbal, 2001)[3] Islamic banks are fairly more stable, and in Islam, banks as all look for a maximum profit.

Islamic finance includes Islamic banking, Islamic Insurance (Takaful), Islamic Bonds (Sukuk), and Islamic funds (Shariah Capital Market). In 2018, the share of Islamic banking assets was 6% from total global banking assets in 45 countries. Islamic banking is the largest sector in Islamic finance which contributing to 70% of Islamic finance. Total

 DOI : 10.35291/2454-9150.2021.0286

Islamic banking assets is USD 1.76 trillion. There are 520 Islamic banks over the world; number of full-fledged Islamic banks are 301 Islamic banks and number of Islamic banking windows are 219 within conventional banks. Number of listed Islamic banks in the financial market are 90 Islamic banks, Islamic banking return on assets is 0.79% (ICD Refinitiv Islamic Finance Development Indicator, 2020)[4]. The growth rate of Islamic banking during the current three decades has reached 11%. And over 8 to 10 years ago, the savings of half of the Islamic wealth were collected in these banks (Tajgardoon, Behname, & Noormohamadi, 2013)[5].

In this article, the researcher is looking for an answer to the question, "Which way is suitable to measure the growth of Islamic banking?" Hence, Islamic banking is growing in figures and size all over the world, this growth should be under study from different aspects. The relation between economic growth and Islamic banking growth is in a parallel line. As the development in banking sector is significant, the growth of Islamic banking should be measured from different angles by various scales. This growth can be evaluated quantitatively and qualitatively. Moreover, it is possible to be assessed internally and externally (micro & macro) within business environment of Islamic banking, which means in the context of Islamic banking, there is a scope to perform researches and studies in this field. Nevertheless, when the result is in the form of figures and ratios, it gives a complete picture of Islamic banking progress.

II. REVIEW OF LITERATURE

The literature on the growth of Islamic banking is conveniently classified here into quantitative and qualitative methodology based on the nature of studies.

2.1 QUANTITATIVE STUDIES

The previous quantitative studies covered the aspects of economic growth associated to Islamic banking, industry growth, efficiency of loans and deposits as well as knowledge and awareness of Islamic banking.

2.1.1 Economic Growth

The studies which examined the relationship between the growth of Islamic banking and economic growth on a level of a country such as (Abduh & Omar, 2012)[6] in case of Indonesia, (Al-Oqool, Okab, & Bashayreh, 2014)[7] in case of Jordon, (Furqani & Mulyany, 2009)[8] in case of Malaysia, (Tabash & Dhankar, 2014)[9] in case of Qatar; these studies demonstrated a significant relationship between Islamic banking and economic growth on the country level in short-run and long-run periods. From the other side, the study that has been done by (Azouzi & Echchabi, 2013)[10] showed a negative and insignificant long-run relationship between Islamic banking and economic growth in Kuwait. These studies have used the techniques such as stationary test, cointegration test, granger causality test, correlation matrix, regression analysis, vector error correction model, Analytical Hierarchy Process (AHP) and Multicriteria Decision Making (MCDM) tool.

From the other side, the studies which assessed the relationship between the growth of Islamic banking and economic growth for a group of countries such as (Boukhatem & Moussa, 2018)[11] in case of Middle East and North Africa (MENA) region, (Caporale & Helmi, 2018)[12] that covered 14 countries with and without Islamic banks, (Daly & Frikha, 2016)[13] that covered 10 different developing countries, (ISIK, 2018)[14] which reviewed 5 Gulf Arab states, (Lebdaoui & Wild, 2016)[15] in some select Southeast Asia countries, (Tajgardoon, Behname, & Noormohamadi, 2013)[5] in Asian continent, finally (Yusof & Bahlous, 2013)[16] which covered the Gulf Cooperation Council and East Asia countries. These studies revealed that there was a direct and significant relationship between Islamic banking and economic growth in the select samples for each study. Thereafter, the study of (Tajgardoon, Behname, & Noormohamadi, 2013)[5] found that there was a bidirectional relationship between Islamic banking and economic growth. On the other hand, the studies which have been done by (Cham, 2018)[17] that covered 14 countries around the world, (Gheeraert & Weill, 2015)[18] which covered the development of Islamic banking around the world and (Goaied & Sassi, 2010)[19] that covered 16 MENA countries; these studies opined that there was insignificant relationship between Islamic banking and economic growth in their select samples. These studies have used survey-based indicators, Generalized Linear Model (GLM), regression analysis, ordinary least-square regression, panel unit root test, auto-correlation test, Hausman test, one-step stochastic frontier model, non-linear relation, Generalized Method of Moments (GMM) estimator, Fisher panel unit root test, panel cointegration test, granger causality estimation, sensitivity analysis, Variance Decompositions (VDCs) analysis, Impulse Response Functions (IRF).

2.1.2 Industry Growth

The studies which focused on industry growth of Islamic banking indicated that the development of Islamic banking in Islamic countries have led to a critical development in banking sector to cater the customers' needs (Gheeraert, 2014)[20]. Furthermore, Islamic banks seemed to be complemented to, rather than substituted for, conventional banks (Imam & Kpodar, 2013)[21]. As a result, Islamic banks were well capitalized, profitable and stable (Iqbal M. , 2001)[22]. Consequently, the higher rate of return of Islamic banking increased the growth of industry, while the higher interest rate of conventional banking hindered its growth

 DOI : 10.35291/2454-9150.2021.0286

(Kasri, 2010)[23]. Thus, the market share of Islamic banks mutually influenced the growth of the value of Islamic banking assets (Setyawati & Suroso, 2016)[24]. These studies have implemented the correlation analysis, regression analysis, Tobit model, descriptive statistics, trend analysis, unit root test, cointegration test, Vector Auto Regressive (VAR) analysis, Impulse Response Functions (IRF), Variance Decompositions (VDCs) analysis.

2.1.3 Efficiency of Loans and Deposits

These kinds of studies found that Islamic banks which worked within a dual banking structure maybe subjected to interest rate risk (Bacha, 2004)[25]. According to (Bahrini, 2017)[26] Islamic banks in Gulf Cooperation Council (GCC) countries had steady and efficiency score during the global financial crisis (2007-2008) and in the early on post-crisis (2009-2010). By examining the practice of Islamic banking, the prediction of interest loans could highly increase unexpected financial crises (Benhayoun, Chairi, Gonnouni, & Lyhyaoui, 2014)[27]. Evaluating the performance of Islamic banks by (Moussawi & Obeid, 2010)[28] revealed that the technical inefficiency and allocation inefficiency have increased bank costs. The Islamic banks could strengthen their financial health by promoting of self-employment opportunities and poverty reduction (Ramzan, et al., 2012)[29]. Focusing on short-term investment, the growth of Islamic banks was obvious in credit facilities and profitability (Saleh & Zeitun, 2006)[30]. As the percentage of Islamic banks was low in Turkey, there was insignificant effect on the improvement of economy and banking industry (Yuksel & Canoz, 2017)[31]. Practically, there were significant and positive relationships amongst Islamic deposit, Islamic size, and Islamic investment (Zirek, Celebi, & Hassan, 2016)[32]. These studies have applied Pearson correlation, regression analysis, granger causality test, Data Envelopment Analysis (DEA), technical efficiency, Support Vector Machine Model (SVM), linear programming, unit root test, error correction model, performance evaluation and panel Vector Auto Regression (VAR) analysis.

2.1.4 Knowledge and Awareness

These studies discussed the variables which influenced the customers' behavior e.g., trust, familiarity, cost of finance, accessibility and quality of services. Islamic banks should go beyond traditional clients and offer banking services to all market segments (Bizri, 2014)[33]. Generally, the major benefits from Islamic banking would be poverty alleviation and job creation, while the shortage of awareness and client's preferences were the key challenges facing the growth of Islamic banking (Dabor & Aggreh, 2017)[34]. Apparently, the challenges that impeded the growth of Islamic banking such as regulatory environment, the shortage of Islamic experts and scholars, the absence of awareness for Islamic banking instruments, the lack of standardization and the dearth of cooperation and coordination among Islamic banking authorities (Tabash M. I., 2017)[35]. These studies used cluster analysis, discernment analysis, factor analysis, regression analysis, Z test, chi-square test, Analytical Hierarchy Process (AHP) and Multicriteria Decision Making (MCDM) tool.

2.2 QUALITATIVE STUDIES

The previous qualitative studies covered the aspects of principles of Islamic banking, regulators & government support for Islamic banking, economic growth associated to Islamic banking, knowledge and awareness of Islamic banking and microfinance. The whole studies have used conceptual, theoretical and historical data.

2.2.1 Principles of Islamic Banking

These studies illustrated the principles and ethics of Islamic banking that affected the growth of it. (Iqbal & Mirakhor, 1999)[36] opined that the financial system based on ethical principles had the potential to be more efficient and stable than a fixed interest-based system. This was supported by (Khan F., 2010)[37] who described that Islamic banking and finance have involved broader ethical and moral issues which basically interest-free financial transactions. As the concept of Islamic banking was relatively new and quite different from the concept of conventional banking, then this should be taken as a challenge for the countries to embrace it (Sadoveanu, 2011)[38]. The efficiency level of Islamic banks could not be operated effectively under the structure of conventional banks, but it could survive up to a limited scale (Sarker, 1999)[39]. Implicitly, Islamic banking should not be religion-based banking business, but it could be profitably used to resolve the issues relating to economy (Srivastava, Singh, & Sharma, 2013)[40]. The educational process should come up with disseminating the profit-loss-sharing mode among the society to promote the other principles of Islamic banking (Waemustafa, 2013)[41].

2.2.2 Regulators and Government Support

These studies viewed the aspects which were related to regulators and government support to the growth of Islamic banking. Widely, issuing laws to govern Islamic financial institutions pushed the regulators to react to this boom (Alharbi, 2015)[42]. At the national level, Islamic banking has made a crucial improvement to become feasible and competitive alternative to traditional system (Khan & Bhatti, 2008)[43]. To the European side, the western market environment especially the UK has turned up more conducive for Islamic banking and financial practices (Malik, Malik, & Shah, 2011)[44]. Likewise, there was a need for introducing of new products and instruments for banking system in line with innovations and modern banking (Parveen, Zadeh, & MuzakkirSyed, 2015)[45]. To the Australian side, the government of Australia had shown strong support towards the development of Islamic finance (Sain, Rahman, & Khanam, 2013)[46]. Operationally, the challenges which have faced the Islamic banking included

 DOI : 10.35291/2454-9150.2021.0286

offering the financial products and services at a competitive price, in lowering transaction costs and in less risk (Uppal & Mangla, 2014)[47].

2.2.3 Economic Growth

Here the investigation of Islamic banking growth which related to economic growth from theoretical aspects. By reviewing literately previous studies; the study which has been done by (El-Galfy & Khiyar, 2012)[48] showed that Islamic banking positively contributed to the macroeconomic stability. Islamic banking had the potential to raise the helpless groups such as farmers as well as Small and Medium Enterprises (SMEs) which sequentially could enhance overall economic growth (Fasih, 2012)[49]. The financial systems in the large countries have tended to grow faster because Islamic banks used to perform fundamental economic role as financial intermediaries and facilitators of payments (Jimale, 2012)[2]. Therefore, Islamic banking and finance as a concept would survive and continue to grow in 21st century with or without the Islamic banks (Kahf, 1999)[50]. Controversially, the growth rate of Islamic banks assets in the Middle East were influenced by the price increasing of crude oil (Khan F., 2010)[37]. Seemingly, the relation of entrepreneurs to Islamic banks was either of partner or investor, whereas for conventional banks the relation was more of credit-debtor (Memon, 2007)[51].

2.2.4 Knowledge and Awareness

The factors of knowledge and awareness played a critical role in the process of Islamic banking growth. For instance, in Malaysia the small domestic market and lack of public awareness did not offer strong growth potential for Islamic finance industry within the Republic (Khan & Bashar, 2008)[52]. In the same context, Islamic banking in Malaysia was growing progressively and rapidly despite some other countries were wishing to be ahead of Malaysia such as Singapore and the UK (Nasser & Muhammed, 2013)[53]. From the African side, there has been a potential for Morocco to become the Islamic finance hub in the north and western Africa. And the model should be created with diversification and key innovations in terms of products which were required to meet the market demand (Rhanoui & Belkhoutout, 2017)[54].

2.2.5 Microfinance

The growth of Islamic banking has been covered in the microfinance level. Islamic banking had the ability for directing funds to people who have not access to financial services without compromising with institutional viability, competitiveness and sustainability (Dusuki, 2008)[55]. Fairly, Islamic banks could provide liquidity and aid in the money creation, process the contributing transactions accounts with remuneration for inflation to avoid the risk related to depositors (Ghannadian & Goswami, 2004)[56]. Dimly, the financial transaction within Islamic banks indeed involved use of fixed percentage of profit/loss that was nothing, but interest rate under different name (Zaman & Movassaghi, 2001)[57].

III. METHODOLOGY

This study is descriptive in nature. So, it doesn't describe what is the cause of Islamic banking growth; it only classifies the measurement techniques which have been applied to measure the growth of Islamic banking. The study generates the question that compare between the quantitative and qualitative tools that are suitable and applicable to measure the growth of Islamic banking. Merely, this growth might be measured from internal or external (micro & macro) environment. This study focuses on the literature and previous studies which studied the growth of Islamic banks either from a country level or a group of countries level during the last two decades (1999-2019). The study involves the full-fledged Islamic banks and Islamic banking windows within conventional banks. Solely, secondary data are used in the study. Secondary sources of data include books, journals, articles, annual reports and websites.

IV. FINDINGS, CONCLUSIONS AND SUGGESTIONS

4.1 FINDINGS

Growth of any business can be measured by evaluating the effect of internal and external environment on the business. In case of Islamic banking the internal environment is represented by vision, mission, objectives, management structure, internal power relationship, brand quality, physical assets, R&D and potential technology, human resources and marketing capabilities. In other side, the external environment is divided into two sub-environments, firstly, micro (task\ operating) environment which includes depositors, borrowers, competitors, public, financiers, and marketing intermediaries. Secondly, macro (general\ remote) environment which consists of economic factors, socio-cultural factors, demographic factors, political factors, natural factors, technological factors and global factors (A, 2020)[58].

Most of the previous studies which have been covered in this research either used quantitative or qualitative analysis to measure the growth of Islamic banking, but if the growth of business was explained and interpreted in term of numbers and ratios, then the outcomes would be near to the fact. According to the areas or countries which have been under study in the previous studies of this paper, the quantitative analysis has measured the growth of Islamic banking within a country level such as, Malaysia, Indonesia, Turkey, Pakistan, Lebanon, Jordon, Qatar, Kuwait and Nigeria. From the same level (country level), the qualitative analysis has assessed the growth of Islamic banking in some countries for example, Singapore, United Kingdom, Iran,

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Morocco, Australia, Bangladesh and India. In other hand, from a group of countries level some studies selected a sample from Gulf Cooperation Council (GCC) countries, the Middle East countries, Middle East and North Africa (MENA) region, Organization of Islamic Cooperation (OIC) countries and Southeast Asian countries. For instance, studies have been conducted by (Caporale & Helmi, 2018)[12] covered 14 countries with and without Islamic banks, (Gheeraert & Weill, 2015)[18] covered some Islamic commercial banks worldwide, (Goaied & Sassi, 2010)[19] covered 16 MENA countries and (Imam & Kpodar, 2013)[21] covered country-level data for 117 countries.

Regarding the period of previous studies from the country level, the longest period was selected by (Al-Oqool, Okab, & Bashayreh, 2014)[7] from 1980-2012 in Jordan. Additionally, the shortest period was selected by (Bizri, 2014)[33] in 2013 in Lebanon and (Dabor & Aggreh, 2017)[34] in 2017 in Nigeria. Furthermore, the average period of previous studies was 10 years. With relation to the period of previous studies from a world level, the longest period of studies was selected by (Goaied & Sassi, 2010)[19] during 1962-2006 for 16 MENA countries. Moreover, the shortest period was selected by (Boukhatem & Moussa, 2018)[11] and (Setyawati & Suroso, 2016)[24] for 5 years (2000-2014) and (Jan-2011 to Dec-2015) respectively. In addition, the average period of previous studies was 12 years.

Most of the reviewed studies in this article focused on macro (general\ remote) environment specially on economic factors as variables e.g., gross domestic product (GDP), inflation, investment, deposits, loans, income, trade etc. The investigation about micro (task\ operating) environments such as clients, creditors, debtors, competitors have not been highlighted enough. From the internal environment, the growth of Islamic banking can be analyzed qualitatively, but also the financial ratios can take a place here and might be used as indicators for the growth trend of Islamic banking i. e., liquidity ratio, turnover ratio, operating profitability ratios, business risk ratios, financial risk ratios, stability ratios, coverage financial ratios and control ratios. Which means there is a scope to study and analyze the growth of Islamic banking from Internal environment using the financial ratios as financial indicators.

In connection with reviewed literature in this paper, the authors have adopted quantitative or qualitative techniques alike. Most of the analytical techniques have been used by quantitative analysis such as stationary test, co-integration test and granger causality test. Furthermore, some researchers added correlation and regression analysis which have been used to analyze the external macro environment as mentioned before.

Although the general findings of the previous studies focused on the positive relationship between the economic growth and growth of Islamic banking except the research that has been conducted by (Azouzi & Echchabi, 2013)[10] in Kuwait showed that there was no long run relationship between Islamic financing and economic growth. And the study of (Yuksel & Canoz, 2017)[31] in Turkey which determined that the low percentage of Islamic banking in Turkish banking sector caused to absence of a causality relationship among Islamic bank loans and economic growth. Nevertheless, the Islamic banking sector needs to be investigated internally by using the financial ratios in order to display the growth of Islamic banking separately as a significant part in banking industry and to reveal the potential growth in the form of numbers and ratios as well as to pave the way in front of interested scholars and researchers to conduct a comparative study between Islamic banking and conventional banking in term of figures and ratios. From other side, the growth of financial products and services of Islamic banking have been neglected, for example Mudarabah (profit sharing), Musharakah (joint venture), Murabahah (cost plus financing), Ijarah (leasing), Istisna (manufacturing contract), Bai salam (agricultural contract), Hawala (an international fund transfer system) and so on. These financial products and services should be presented in figures and ratios in order to know firstly, which products and services were contributed largely to the growth of Islamic banking, secondly, which products and services would be suitable for the clients either Muslim or non-Muslim and finally, which products and services could be competed with other financial products and services of conventional banks.

Qualitative studies focused on the growth of Islamic banking from legislative regulations, government support, growth of Muslim population which facilitate the spread of Islamic banking's principles. The main point related to accepting some financial products of Islamic banking was the unanimity among scholars of Shariah (Islamic law) about those products which must be conform with Shariah principles. Previous researches also highlighted on the viability of Islamic banking among developed and developing countries (Ghannadian & Goswami, 2004)[56] as well as believers and non-believers (Memon, 2007)[51]. Results of some previous studies have disclosed the ambition of some countries like Malaysia, Bahrain and Morocco to be an Islamic hub in their regions. Moreover, accepting of Islamic banking in some provinces like Europe, America and Australia revealed the intention of some countries to attract the surplus oil capital from the Middle East countries for the resident countries. For example, research has provided an empirical evidence for the impact of oil prices on investment banks (commercial and Islamic banks) to the same extent (Hesse & Poghosyan, 2016)[59]. Regarding the financial crisis, it was good to

 DOI : 10.35291/2454-9150.2021.0286

measure the growth of Islamic banking during the financial crisis 2007 which has been conducted by (Bahrini, 2017)[26] to know the trend of growth. This study should be supported by more researches from different regions with several variables. With reference to the risk, as the current scenario, Islamic banking is having relationship with all types of risk as much as conventional banks, but more quantitative and deep studies are required to explain the significance of this relations for each type of risks, as the risk factors could be studied from growth perspective. Beside of that, studies should be conducted between Islamic banks (full-fledged Islamic banks & Islamic windows) and conventional banks, to test this relationship quantitatively.

4.2 CONCLUSIONS

Knowledge and awareness of Islamic banking's principles as well as financial products and services are important factors to promote the growth of Islamic banking anywhere and anytime. Consequently, the growth of the concept of Islamic banking needs to be faster than the growing of its assets. Thus, the potential customers who have the knowledge and awareness about Islamic banking will inculcate the responsibility within themselves to work with Islamic banking side by side to maximize the profit of their wealth and to expand the welfare of the society. By the way, Islamic banking is as apart from banking industry; it is exceedingly a prolific field for research. The growth of Islamic banking can be evaluated from any direction either horizontally (within the banking industry) or vertically (with other related sectors). From the internal environment, when the products and services of Islamic banks subject to quantitative study, the analysts can disclose the performance and the efficiency of each product and service. Furthermore, it enables the bankers to know which products and services of Islamic banks can compete with the products and services of conventional banks. Moreover, it helps the scholars and practitioners to know which products and services are convenient for both Muslim and non-Muslim. And above all, it supports the making decision process of regulators to choose the product and service which largely contribute to the welfare of society. However, development of Islamic banking is still open realm for researchers and practitioners to study the growth either from internal environment or external environment (Micro & macro). Unbiasedly, this growth can be studied quantitatively better than qualitatively to show the facts and truths in form of figures and ratios.

4.3 SUGGESTIONS

The previous quantitative studies focused on the growth of Islamic banking in developing countries, but the growth of Islamic banking in developed countries should be argued deeper either from internal or external environment. Also, the relationship between the development of Islamic banking and microfinance practices is fertile due to the containment of same objectives. They are working side by side to reduce unemployment, to alleviate poverty and to relocate resources as well as to provide job opportunities for youngs. There were studies focused on the knowledge and awareness of Islamic banking as well as other studies emphasized on the concepts of ethics, equality, human rights, justice and Islamic moral values. These studies investigated factors which influence the preference of clients, loyalty of customers and trust of people. Hence, the indicators such as knowledge, governance, corporate social responsibility (CSR) and awareness can be subjected to quantitative analysis through using primary data. In the same vein, these indicators play a role behind the growth of Islamic banking. They can be used to measure the micro (task\ operating) environment of Islamic banking. Whereas, banking industry look at Islamic banking as a business based on principles, ethics and moral values. So, future studies should examine these variables in term of figures. Technically, financial technology (FinTech) has influenced the banking sector as a whole, so the innovation in information technology (IT) sector should be evaluated to measure its influence on the process of offering the financial products and services of Islamic banking. Likewise, either the relationship between Islamic banks and conventional banks complementary or competitive, researchers are advised to put this relationship under study in the form of numbers and ratios. Although, the global financial crisis in mid-2007 and early 2009 was a crucial milestone to assess the viability of Islamic banking; the COVID-19 recession in 2020 onwards puts the performance of Islamic banking on the edge. In this context, Islamic banking should be subjected to study in order to measure the growth accurately. Lastly, financial ratios such as capital adequacy, asset quality, management efficiency, earnings, liquidity and sensitivity can be used to measure the performance of Islamic banking from growth point of view.

V. LIMITATIONS OS THE STUDY

This study covered only the growth measuring of Islamic banking; thus, the results could not be generalized on Islamic finance. This paper literally surveyed the related previous studies which have been used as secondary sources of data. The further researches maybe conducted through different kind of research design such as exploratory research when primary data can be collected through interview, questionnaire and so on. Therefore, as the exploratory research design is flexible, then the scope of the study will be broad and more details will be investigated.

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