



The Perspectives of Islamic Finance, Banking, Economic Practices, Development Opportunities, and Consumer Happiness

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Abstract –The adherence to Islamic law, which prohibits the payment or charging of interest, forms the basis of Islamic finance. This paper aims to present a comprehensive analysis of the operating procedures of the Islamic finance industry in the 21st century. Furthermore, the study explores the wide range of Islamic financial practices and products that are already accessible. The primary aim of this study is to examine individuals' perspectives on Islamic finance practices, its potential for growth, and its impact on consumer happiness and economic development in the United Kingdom. The research employed a sequential explanatory (mixed methods) research design to achieve its objectives. The data was collected by a survey questionnaire utilizing a five-point Likert scale, as well as an interview conducted using a protocol questionnaire. The population for the study was selected using purposive sampling. The paper focusses solely on qualitative data and a portion of the research since it is a component of the researcher's final thesis project. Phase two of the research's explanatory sequential component is based on the replies of the participants gathered through the protocol questionnaire and interviews with a focus group. Coding and thematic analysis were used to systematically analyze the data. The results of the recent poll suggest that the citizens of the United Kingdom and Pakistan possess a strong awareness and understanding of Islamic financing. The data analysis results indicate a significant beneficial influence of Islamic financial practices, development potential, and various possibilities of Islamic finance on consumer satisfaction. Simultaneously, there is a substantial need for the formation of further Islamic financial institutions in the United Kingdom and Pakistan.

Index Terms – Islamic Finance Practices, Development Opportunities, Possibilities, Consumer Satisfaction, United Kingdom and Pakistan.

I. INTRODUCTION

Throughout the past thirty years, there has been a widely held belief that Islamic finance has experienced substantial growth as an industry on a global scale. A multitude of Islamic financial institutions are now developing the concept to attract clients and financial intermediaries to the Islamic financial market. The agreement affirms and ensures the adherence

to Islamic law (Shariah) and promotes the banking industry by using the most effective methods from throughout the globe. Since the onset of the 21st century, the Islamic finance business has witnessed substantial expansion and advancements, leading to favorable and satisfactory outcomes. The significance of Islamic banking and finance has experienced substantial growth in Arab and Islamic regions during the past thirty years, particularly in Europe, North America, and Australia. In Islam, it is forbidden to charge or receive interest on financial transactions, and it is also prohibited to share opportunities and benefits in economic operations that go against the ethical and moral ideals of the faith. Islamic finance, as a term, pertains to a banking system that adheres to Islamic law, also known as Shari'ah law. It is based on the principles of mutual risk and benefit-sharing, ensuring fairness and transparency among all parties involved, and limiting speculation.

Islamic finance is currently seeing significant growth and advancement in global economies. The adoption of Islamic finance has attracted significant global attention and admiration. According to Awan and Azhar [1], the main factors that appeal to consumers in the business sector are the services and products provided by Islamic finance. This is not solely due to the fact that religion is a subject that people find intriguing in the context of Islamic finance. A study [2] argue that the profit-sharing principle is the sole concept that can replace the interest component in the financial system.

Islamic finance encompasses the complete organization of banking operations in alignment with Islamic principles. As per the different excerpts from the literature, Islamic banks are described as a comprehensive framework that relies on Islamic financing methods. The studies have also offered an alternative explanation of the structure, asserting that the Islamic financial framework involves the primacy of banking operations in accordance with Islamic teachings. In addition to this, Islamic banking refers to the management and use of financial services and products that comply with Islamic religious practices and laws. Presented here are the definitions of the operating

rules, norms, and features that make up an Islamic financial system. The Islamic financial system is distinguished by its unique objectives. These enable the full potential for achieving advantages while adhering to the limitations imposed by Islamic laws on ethics, economics, society, and governance. Sharia, also referred to as Islamic law, forms the foundation for the ideas employed in Islamic banking. To establish Islamic finance, it is imperative to adhere to Sharia law by categorically rejecting any form of interest, regardless of interest rates and repayment periods. Therefore, it has been found that it is advantageous for nations that are keen on preserving or depositing their wealth in line with the principles, standards, and evaluations of Islamic law. The study [3] elucidate that the Islamic monetary system operates similarly to non-Islamic banks, whereby an Islamic bank serves as an intermediary and custodian for the funds of others, aiming to maximize the level of profit acquired. Furthermore, according to [4] the primary goal of a financial institution, regardless of its Islamic nature, is to utilize financial resources and allocate them to various investment projects in order to maximize both the benefits and the risks associated with these ventures.

However, the essential principles that govern an Islamic financial system differ significantly from those of non-Islamic finance. The reason for this is that the profit is not the main or decisive aspect for Islamic financial institutions and, consequently, Islamic banks.

Islamic finance has significantly impacted the economy by properly managing and consolidating cash for assets and financial activities. Several politicians have expressed their desire to promote the development of Islamic finance in their country. Several of these officials have openly stated their enthusiasm for replacing their current banking system with a completely Islamic one. The rise of the financial sector has been significantly influenced by Islamic finance through its abundant resources, increasing market shares, and active participation in the financial industry. This requirement is particularly crucial considering the potential of Islamic finance to significantly contribute to the economy, specifically within a significant portion of the financial industry in the United Kingdom.

In the present day, characterized by rapid progress, there is intense rivalry among financial institutions worldwide, encompassing both Islamic and conventional establishments? Islamic finance banking is gaining popularity in Islamic countries due to its attractive returns, wide range of products, and adherence to Islamic law in providing financial solutions. It is observed that individuals from non-Islamic nations are still unable to fully utilize and benefit from the opportunities provided by the Islamic financial system in non-Islamic countries, especially in countries where Islamic financing has not yet been created. A significant number of Muslims and non-Muslims migrate from their home areas to various parts of the world and establish themselves in the United Kingdom

with the intention of engaging in business, pursuing education, and working in different professions. The United Kingdom is a secular country. Given their extensive experience across diverse industries and domains, it is imperative for them to attain a secure financial standing. Having a strong financial position is crucial at all stages of life in order to make investments for personal growth and success in all aspects of life. Given the global growth of the Islamic financial system, which adheres to Islamic law, the banking sector is the ideal solution to meet individuals' monetary needs. Therefore, these states require a substantial Islamic financial system or Islamic banking system to enhance their financial practices, investments, development, and well-being, while also ensuring the prosperity of their consumers. The aim of this research is to examine individuals' knowledge and attitudes towards Islamic financial practices, as well as the potential for growth and opportunities in both Islamic and non-Islamic countries. Additionally, it seeks to explore the impact of these factors on consumer satisfaction levels.

This study aims to examine the potential effects of Islamic finance on both Islamic and non-Islamic countries. The study also examines the perception of Islamic finance as a means of achieving economic prosperity and well-being, as well as the motivations for individuals' preference for Islamic banking, especially in a non-Islamic country like the United Kingdom.

II. LITERATURE REVIEW

The study focusses on the practices, development prospects, and future potential of Islamic finance. As per the literature the Mith Ghamr Local Saving Banks, regarded as the primary Islamic bank, was founded in 1963 in Mith Ghamr, Egypt. Its main objective was to tackle the challenges faced by the real estate sector and offer innovative financial tools to a wider Muslim population. The Sharia regulations, which are supported by Islamic finance, are contingent upon the principles that regulate the allocation of profits and losses. Initially, Islamic Finance primarily concentrated on delivering banking services to the Muslim community. The essence of Islamic finance can be succinctly stated as a core principle. The PLS standard is the key determinant of the operational practices of Islamic financial institutions. An Islamic bank does not levy a premium; instead, it earns a return on the yield created by the utilization of assets. Similarly, the contributors are entitled to a proportionate share of the benefits offered by the bank, based on a predetermined ratio. There is a link between the Islamic bank and its investors, as well as between the bank and its venture clients. The bank acts as a supervisor of contributors' funds, ensuring they are used in a positive way [5].

There is a correlation between the two entities. The publication of writings on Islamic funds during the mid-twentieth century has facilitated more pragmatic discussions on the matter, prompting the inquiry of whether conventional approaches to financial transactions

should be substituted with alternatives that align with Islamic law. Shariah is a phrase that encompasses the comprehensive set of Islamic legal rules that regulate all aspects of a Muslim's life. The teachings are derived from the Quran and the Sunnah, which are the authentic sources of guidance provided by Prophet Mohammed (peace be upon him), the revered figure who is regarded as the founder of Islam.

The nations that have made the greatest contributions to the development of Islamic banks include Pakistan, Saudi Arabia, Malaysia, Bahrain, Qatar, Turkey, and the United Arab Emirates. These countries are in the forefront of Islamic history in terms of establishing Islamic financial institutions. According to literature networks were created to carry out Islamic financial audits of international universities and Islamic financial institutions. At the start of this century, the use of Islamic finance in the current financial markets was acknowledged and started to represent a substantial share of the world economic activity. There is a growing interest in Islamic currency among individuals in major global financial hubs, including London, New York, and Hong Kong. Over time, Western investors are increasingly contemplating the prospect of investing in Islamic financial instruments. In an Islamic economy, the establishment of guidelines for Islamic money is dependent on trade, where real resources are exchanged for other real resources. A study [6] argue that Islam promotes risk sharing through the importance it places on the sale and exchange of goods and resources. Consequently, this helps to the advancement of social cohesion. Islamic finance practices and developments are particularly notable in the western world, especially in the United Kingdom.

Over the past thirty years, many Western countries have implemented Islamic funding. However, the incidence of it remains reduced compared to Islamic countries. Conversely, the United Kingdom has started to attract and engage investors due to its substantial Muslim population. Moreover, the United Kingdom has a vast market with the capacity to flourish and advance in the Islamic banking industry. In recent years, there has been a rise in the number of organizations' offering client's services that are compliant with shariah principles. Among the top twenty nations, the United Kingdom stands out significantly as a non-Muslim country in terms of its Islamic budgetary resources. A report by Dubai Islamic Bank [7] states that currently, Islamic investors do not seem to have confidence in and show interest in the United States of America and European nations, excluding the United Kingdom. To enhance understanding of the phenomenon of Islamic finance in the present environment and to investigate it, we have formulated the following hypothesis.

III. METHODOLOGY

The aim of this study was to gain a more comprehensive understanding of the viewpoints of individuals living in Pakistan and the United Kingdom

regarding the prospects of Islamic financial practices and the possibility for the expansion of Islamic finance in both nations. This research aimed to analyze people's perspectives on Islamic finance and its products in both Islamic and non-Islamic countries. The study sought to determine how individuals perceive the potential and necessity of Islamic finance, as well as the opportunities it presents in these countries. In order to carry out this study, a survey approach was employed as a component of a mixed methods research design. Due to the same objective of collecting data to explain a specific event, many enquiries seem immediately appropriate for addressing through the utilization of mixed techniques and sequential explanatory research. The survey respondents were selected using purposive sampling. The tool utilized in this specific inquiry was altered in the work conducted by Ullah et al. [8]. The questionnaire form for the survey study utilizes a five-point Likert scale, with a range from 1 (indicating severe disagreement) to 5 (indicating strong agreement). The scale consists of thirty items and incorporates five demographic characteristics. It is composed of five components: KIFP, IFDO, IFDP, CS, and NIB. The reliability and validity of the survey questionnaire were assessed using a pilot study. This final thesis paper uses just qualitative data and focusses on part of the investigation. A targeted group was interviewed and protocol questionnaire responses were collected in the second phase of the explanatory sequential section of the investigation. Data were analyzed using coding and theme analysis.

TABLE I RELIABILITY STATISTICS OF THE SURVEY INSTRUMENT

Sr	Variables	α	Cr	Ove
			f	rall
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			ba	Cro
			h's	nba
			Alp	ch's
			ha	Alp
				ha
				(30
				item
				s)
1	Knowledge of Islamic Finance Practices (KIFP)	05	0.79	
2	Islamic Finance Development Opportunities (IFDO)	07	0.77	0.93
3	Islamic Finance Development Possibilities (IFDP)	07	0.83	
4	Consumer Satisfaction (CS)	06	0.86	
5	Need of Islamic Banking (NIB)	05	0.77	

The table above presents the Cronbach alpha results for each domain of the study, which are used to assess reliability. As per the study [9] the Cronbach alpha is the most often used test for assessing dependability. In another studies [10] and [11] it has been suggested that a Cronbach alpha value greater than 0.70 is deemed to be the appropriate level for internal consistency reliability. All of the constructs exhibited alpha values exceeding 0.7, indicating a high level of internal reliability and sufficient accuracy for the scale.

IV. DATA ANALYSIS

In recognition of the fact that this research paper is a component of the researcher's final thesis project, the report focusses solely on qualitative data and a portion of the investigation. The second phase of the study project is the explanatory sequential element, and it is comprised of responses from each of the participants that were gathered through the protocol questionnaire and interviews with a focused group. A systematic procedure of coding and theme analysis was employed in order to conduct the study of the data.

Thematic Analysis

Theme 1

Knowledge of the Practices of Islamic Finance

Respondent 1

Indeed, Islamic finance is a banking system that does not involve interest. Yes; there is room for advancement. It is necessary for Islamic banking, which adheres to the principles of Shariah, to broaden the availability of its products to persons with modest incomes to encourage continued expansion. There should be no connection with Kibor; it should be on Real Musharka. Regarding Islamic banking, the Mudarabah and Musharakah models are perfect for wealth distribution since they enable bespoke solutions to meet the specific financial requirements of individual clients. Assist young people in starting their businesses. Yes, without a doubt. These days, banking is an essential activity. Our use of Musharka Mudarbah is possible. Islamic finance offers honest solutions by Shariah, thereby fostering financial inclusion and stability for both Muslims and non-Muslims alike in nations that are Islamic as well as countries that are not Islamic.

Theme 2

Development Opportunities Available In Islamic Finance

Respondent 2

In a word, yes, it exists. That is precisely how it is due to the asset-based financing offered by Islamic banking. To develop an effective process and system, the answer is yes; Islamic banking makes it simple for users to access their retail banking. On the other hand, there is room for additional enhancement. In addition to this, it is supportive of capitalism. Based on the principles of Zakat and

Sadaqah, Islamic banking has the potential to alleviate inequality through the provision of social welfare. This can be accomplished by increasing financial inclusion, inexpensive financing, and wealth transfer. This will help eliminate poverty and income disparities and expand IB's market share. Expanding Islamic banking will create employment opportunities for individuals across the entire population.

Theme 3

Emerging Opportunities for Islamic Financial Development

Respondent 3

Yes, because interest is forbidden in every religion. "Yes, the interest-free banking system of Islamic banking may develop confidence by being a Mudarib to the Arbab ul Amwal, regardless of their faith, by providing transparent and ethical financial services that align with their principles. With the government's backing, it is possible due to corporate structuring. There are three fundamental models. The business model is based on trade. Based on rent and ijarah. This business strategy is the most viable alternative to the traditional lease. The third. In the same vein as the Mudaraba and Musharakah partnerships. Indeed, it can be better. Indeed, because of the process of profit sharing.

Theme 4

Customer and client satisfaction

Respondent 4

Because it is not based on interest but rather assets, by fostering financial inclusion, transparency, and ethical practices that benefit customers and society, Islamic Banking Finance is, without a doubt, a step in the right direction towards improving customer welfare. Islamic banking offers customers safety and security by adhering to Shariah-compliant, ethical and transparent methods.

Theme 5

The need for Islamic banking

Respondent 4

Islamic banking satisfies customers' demand for financial services by Shariah in that it offers loans that do not incur interest." Regrettably, it is inaccurate and primarily put forward as an alternative.

V. FINDINGS

Understanding Islamic Financial Practices

Islamic finance is a form of banking that does away with interest altogether. Yes, there is an opportunity for growth. In order to sustain its growth, Islamic banking—based on Shariah principles—must make its products accessible to people with lower incomes. Instead of focusing on Kibor, it should focus on Real Musharka. Because they allow for customised solutions to match the

unique financial needs of each client, the Mudarabah and Musharakah models of Islamic banking are ideal for wealth distribution. Help the next generation launch their own companies. It can be utilized Musharka Mudarbah. To promote financial inclusion and stability for all people, Muslims and non-Muslims alike, in both Islamic and non-Islamic nations, Islamic finance provides honest solutions in line with Shariah.

Prospects for Growth in Islamic Finance

Islamic banking provides asset-based financing, creating an efficient system and procedure. Customers can easily access their retail banking accounts with Islamic banking. Conversely, further improvement is possible. On top of that, it bolsters capitalism. Islamic banking can help reduce inequality by providing social assistance in line with the principles of Sadaqah and Zakat. More affordable financing, wealth transfer, and expanded access to financial services can all help achieve this goal. As a result, income inequality and poverty will be lessened. To increase IB's foothold in the market, due to the spread of Islamic banking, employment opportunities will be created for persons across the entire population.

New Rooms for Growth in Islamic Financing

Indeed, interest is strictly forbidden in all religions. The interest-free Islamic banking system has the potential to gain trust by serving as an example to the Arbab ul Amwal, irrespective of their religious beliefs, through the provision of honest, ethical, and principle-based financial services. Because of how corporations are structured, it is feasible with the government's support. The trade-based business model is one of three basic types. It is calculated using ijarah and rent. Compared to the conventional lease, this company plan has the best chance of success. The tertiary. Similar to the partnerships between Mudaraba and Musharakah. It could be even better, because we share in the profits.

Satisfaction of Customers and Clients

Because it is not interest-based but asset-based, Islamic Banking Finance is undeniably a positive development toward bettering customer welfare. It promotes openness, honesty, and ethical standards in the financial sector, benefiting consumers and society. Customers can feel safe with Islamic banking since it follows ethical and transparent processes that align with Shariah.

Islamic banking is essential

Islamic banking satisfies customers' demand for financial services by Shariah by offering loans that do not incur interest.

Summary of the findings

The main objective of this study was to assess individuals' attitudes towards Islamic financial practices, the potential for the growth of Islamic finance, the opportunities associated with Islamic finance, and the

influence of these beliefs on consumer satisfaction levels. The research findings indicated a significant level of perception among the individuals about all constructs, these findings suggest that the implementation of Islamic financial practices, the exploration of Islamic finance development potential, and the consideration of Islamic finance possibilities have a favorable and substantial influence on the level of satisfaction perceived by customers.

VI. CONCLUSION

Islamic finance is a significant pillar of the global financial industry, growing in parallel with traditional banks and engaging in competition with them. This sector is likewise growing with other financial organizations. Given its global reach and dynamic financial intermediation, it is crucial to analyze the role of Islamic Banking Developmental Factors in contributing to a well-functioning economy. The investigation investigated the influence of people's understanding of Islamic finance practices, opportunities for implementation, and potential. The main aim of this analysis was to assess the influence of each of these Islamic financial characteristics on the level of satisfaction experienced by customers in relation to their economic success and general well-being. Conversely, individuals hold strong opinions about the potential, growth, and future of Islamic finance in a non-Islamic country. This suggests that individuals

possess adequate knowledge and comprehension across all areas of the subject. Furthermore, it was revealed that there is a substantial demand for Islamic financial institutions throughout the entire United Kingdom and Pakistan.

VII. RECOMMENDATIONS

The research findings have uncovered new areas of interest for studying Islamic finance in non-Islamic nations. The findings of this study have not only made a substantial contribution to the existing knowledge, but they have also addressed important research gaps. The results indicated that all three parameters exerted a favorable and substantial impact on the degree of consumer satisfaction. However, it is crucial to highlight the necessity for further comprehensive research, as relying solely on quantitative research may not be sufficient to thoroughly examine and understand the topic of Islamic financing in non-Islamic countries. This study examined the influence of three distinct sectors of Islamic financing, yielding valuable insights for future research. The KIFP, the IFDO, and the IFDP are the abbreviations for the Key International Financial Performance, the International Financial Data Organization, and the International Financial Development Program, respectively. Only data related to customer satisfaction from Muslims was collected for the aim of Islamic financing. There seems to be a notion that Muslims inherently possess strong inclinations towards Islamic finance due to their religious beliefs. Henceforth, research

should be undertaken encompassing many religious, ethnic, and other contextual factors. Ultimately, the most significant obstacle lies in the lack of Islamic financial institutions in countries that do not follow the Islamic faith. Hence, it is imperative to thoroughly explore this topic due to the substantial global demand for Islamic financial institutions, which extends beyond the Muslim population. This requirement arises from the significant practices, varied products, and additional opportunities for growth that Islamic banking provides.

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