



**Research Publishing  
Academy (RPA)**  
London, United Kingdom (UK)

**JIBM**

Journal of International Business and Management (JIBM)  
Journal Homepage: <https://rpajournals.com/jibm>

## **Potential Contributions and Challenges of Islamic Social Finance for Attaining SDGs in Bangladesh**

Mohammed Jashim Uddin<sup>1</sup>,  
Mohammad Nurullah<sup>2</sup>,  
Md. Rafiqul Islam Rafiq<sup>3</sup>

Department of Economics & Banking, International Islamic University Chittagong,  
Chittagong, Bangladesh<sup>1,3</sup>

Department of Islamic Studies, Jagannath University, Dhaka, Bangladesh<sup>2</sup>

### **Abstract**

Eliminating poverty and advancing human wellbeing is the main aim of Islamic social finance, which is exactly in line with the sustainable development goals. A detailed analysis of the SDGs highlights the close relationship and comparability between Islamic social finance and the goals. The study aims to explore the potentiality contributions of Islamic Social Finance for attaining Sustainable Development Goals in Bangladesh. Some Islamic Social Finance tools such as Full-fledge Islamic Banks, Islamic Banks' windows, Zakat, Wakf, Islamic Foundation schemes and Islamic Microfinance are reviewed and discussed along with the goals of SDG. With the use of secondary data, the study would employ a qualitative research methodology to achieve its goals. The research findings indicate that Islamic Social finance has the potential to significantly increase economic and financial development, environmental sustainability, and social inclusion through promoting employment opportunities, disseminating knowledge and skills, fostering self-reliance, and shielding against unfavorable outcomes. This paper attempts to explore the difficulties that Bangladeshi Islamic finance faces. This research offers some policy recommendations to deal with these issues and improve Islamic social finance's ability in achieving the SDGs.

**Keywords:** Poverty, Human wellbeing, Sustainable development goals, Islamic social finance

Corresponding Author\*

DOI: <https://doi.org/10.37227/JIBM-2026-01-7201>

### **Introduction**

Acute poverty, rising inequality, rising unemployment, and the dire climate situation have all made sustainable development a major concern for national policy makers, development partners, social development professionals, and human rights advocates worldwide. On September 25, 2015, all UN member nations ratified the 2030 Sustainable Development Goals (SDGs) agenda in an effort to create a more equitable, compassionate, environmentally conscious, and humane world. The MDG agenda was set to expire on that day. The SDGs are more worldwide in scope and apply to all countries between 2016 and 2030, whereas the Millennium Development Goals (MDGs) concentrated mostly on the least developed or impoverished countries. 17 sustainable development

goals (SDGs) and 169 objectives make up the 2030 SDG Agenda, which was launched in January 2016.

The Sustainable Development Goals (SDGs) address a broad variety of development issues, such as GDP growth, poverty, inequality, infrastructure, climate change, and social services including shelter, healthcare, and education in reaction to national and international agreements about the SDGs. Islamic Social finance has the potential to play a complimentary role in helping the 2030 agenda's implementation, given the enormous financial needs to execute the SDGs and the inadequacy of traditional sources of funding. Bangladesh has made efforts to realize the objectives of sustainable development. Bangladesh now faces the primary obstacle of raising sufficient funds to execute and achieve the SDGs by 2030 (Nabi, M. G, et al, 2022). With the founding of Islamic Bank Bangladesh Ltd. (IBBL), the first interest-free bank in Southeast Asia, Islamic banking the dominant part of Islamic social finance began in Bangladesh in 1983. Since its establishment, the Islamic banking industry has grown steadily. The Islamic banking industry expanded after the 1990s. As of the end of March 2021, there were 61 banks operating in Bangladesh; of these, 10 were fully Islamic banks.

Furthermore, in Bangladesh, Islamic financial services are offered via 178 Islamic banking windows of 11 conventional commercial banks and 19 Islamic banking branches of 8 conventional commercial banks. In 2020, the combined assets of Islamic banks amounted to BDT 3829.2 billion, representing over 21.0 percent of the total market share of the banking sector. In the Islamic banking sector, which includes Islamic banking branches and windows, total deposits and investments (loans and advances in the traditional sense) stood at BDT 3577.92 billion and BDT 3223.98 billion, respectively, in March 2021. This represents 27.54 percent and 27.72 percent of the entire banking system. Key financial indicators including ROA, ROE, IDR, net profit margin, and other ratios indicate that the Islamic banking sector is performing better financially than the traditional banking sector. Bangladesh's Islamic banking sector ranks eighth among major players, contributing 2.0 percent of the worldwide Islamic banking market. It follows global trends, continues to get backing from the government, and is in high demand. If other areas of the Islamic finance along with Islamic banking industry such as Islamic microfinance, zakat, waqf, and the Islamic capital market be used with full potential, the potentiality scenario would be marvelous one. The government has issued investment sukuk with a 5-year term worth BDT 80 billion through Bangladesh Bank to fund the implementation of a project to provide safe drinking water.

An indication of the promising sukuk market in Bangladesh is the first issue's approximately six-fold over subscription. Takaful has a market value of BDT 61.48 billion and a 14% market share, yet despite its enormous potential, it currently performs below expectations. Bangladesh has the ability to collect and disburse zakat worth about 700 billion Bangladeshi Taka, however now, only a very small percentage of this is done. Even though Bangladesh inherits substantial waqf holdings, the country does not employ waqf as a tool for social development. As a nation with a lower middle-class income, Bangladesh must implement the SDGs to address the climate issue, promote equitable growth, reduce poverty, and enhance its human resource base. Bangladesh needs massive funding from the public, corporate, social, and external sectors in order to achieve various SDGS.

According to the "SDGs Financing Strategy: Bangladesh Perspective" document created by the General Economics Division of the Bangladesh Planning, the total additional synchronized cost for implementing the SDGs has been estimated to be BDT 94,711.65 billion (USD 928.48 billion) at constant prices, or 19.75 percent of the total GDP under the 7th Five Year Plan extended scenario for the fiscal years FY2017–FY2030. In order to achieve the SDGs, the document lists five possible sources of funding, of which the private sector would provide 42%, the public sector 34%, external sources 15%, PPP (6.0%), and non-governmental organizations (around 4.0%) the remaining 15%. Given the size of the financing required to execute the SDGs in Bangladesh, Islamic social finance, a significant part of the country's financial sector, can supplement those demands. Islamic social finance embodies a human-centered, holistic concept that harmonizes well with the goals of the Sustainable Development Goals (SDGs). Its underpinnings are from Islam, a faith that holds that the sacred text, the Al Qur'an, and the teachings of Prophet Muhammad (s.aw.s.) provide

humanity with all of the direction it needs. A prosperous and welfare-focused state can be established within the confines of Islam, and development and financial stability are essential elements. The revival and indisputable importance of Islamic banking and its institutions attracted a great deal of interest from academics after the global financial crisis (GFC). Islamic social finance, which is renowned for its crisis resilience, has proven to be able to recover losses and maintain stability (Ahmed et al., 2015; Banna et al., 2020; Mirakhor, 2014). Islamic social finance has become a significant industry that reflects moral values and a dedication to social welfare.

Islamic micro-financing has become a transformative financing mechanism that is primarily aimed at helping to meet the SDGs. Islamic Micro-financing is a Shariah-compliant financial tool based on goals of enhancing equality, social justice and ethical investing it provides solutions to key global and local socio-economic problems in specific countries i.e. Bangladesh, Malaysia, and Turkey (Abdalla et al., 2024; Muhammad et al., 2023).

Financial instruments like as Zakat (almsgiving/charity), Waqf (plural of waqf/endowments), Sadaqah (charity), and Qard al-hasan (interest-free loans) are all included in Islamic social finance. In order to improve the welfare of Muslim communities, it also includes Islamic microcredit and microfinance. All of these aspects of Islamic social finance work toward the same goals like promoting happiness, ensuring social and financial stability, eliminating poverty and hunger, and raising living standards. Islamic social finance's main goals, which include eradicating poverty and advancing universal welfare, are in line with the SDGs. Based on a review of the SDG agenda, there is a clear alignment between Islamic social finance and the SDGs, as both aim to create a fair and just society (Abduh, 2019; Ali & Kassim, 2020; Jouti, 2019). They both work relentlessly for the admirable objective of social welfare (Saniff et al., 2020). This article seeks to investigate how Islamic social finance might help accomplish the SDGs through its revitalization and successful implementation, given this inherent relationship. The Covid-19 pandemic's worldwide effects, which have resulted in severe economic suffering, highlight the necessity of this investigation (Jackson et al., 2020; Fernandes, 2020; Bagchi et al., 2020).

The world over acknowledges social finance's role in attaining the SDGs by reducing poverty and creating jobs. But when it comes to financing tools, debt-based instruments are not as problem-free as equity-based ones. Compared to traditional debt-based funding tools, Islamic microfinance methods are mostly equity-based and make more sense. The sole goal of Islamic Microfinance, which is closely aligned with the SDGs, is to guarantee fairness and justice in the allocation of wealth, thereby eradicating poverty, hunger, and oppression. It has been demonstrated that Islamic financial institutions prioritize social development more than other types of financial systems. Since Bangladesh is a Muslim nation, a large number of Islamic financial institutions operate there and contribute to a stable economy.

The purpose of this study is to investigate how Islamic social finance contributes to Bangladesh's SDG achievement. Because of this, Allah states in the Qur'an (57:25) that "a society where there is no justice will ultimately lead towards decline and destruction." The Almighty Allah does not tolerate injustice, oppression, or misrule, and the holy Quran declares unequivocally that such societies will be destroyed by Allah. The World Happiness Index states that a number of variables, including freedom, justice, good governance, and the lack of corruption, are related to happiness and form the cornerstone of equitable and sustainable development.

Similar guidelines for preserving fair and sustainable development were stressed in the Holy Quran. One is considered to be able to have a joyful earthly existence and a pure spirit in the afterlife if they work toward such distributional justice. Alternatively, the holy Quran refers to an absence of justice and equity as Fitnah (mischief), Fasad (disorders), and Julm (oppression) (Zafar, 2017) To achieve inclusive economic development, the Islamic economy is a comprehensive system that integrates equality, justice, and the rule of law. "Don't use wealth in a way that it only benefits the wealthy members of society," advises Allah. [Quran, 59:7]. "And the deprived and the beggar have a rightful share in their wealth" [Quran, 51: 19]. According to a well-known hadith, "No one is regarded as a true Muslim if he or she eats to the fullest of their stomach, leaving the neighbors hungry." It follows that it is clearly forbidden for Muslims to concentrate wealth into a small number of hands; instead, the impoverished are allowed to partake in the riches of the wealthy.

The Zakat system, as prescribed by the Quran, is a highly efficient financial tool for ensuring equitable distribution of income among individuals. It functions as a lubricant to keep the wheels of the economy turning in addition to being a tool for reducing poverty. Zakat helps economic agents get back to their regular activity after the short-term financial barriers are removed. If Zakat assists the impoverished in engaging in profitable economic activity, they can be converted into a productive entity. Similarly, if a businessman is traveling and finds it difficult to finish his task outside of his place of residence, the Zakat Fund may aid so that he can return and continue his business. Similarly, the Zakat Fund can release those who are burdened by debt and reintegrate them into society. Hence, for additional Zakat beneficiaries, this is the situation (Zafor, 2017). Eight categories of people [Qur'an, 9:60] are eligible to receive Zakat, which Islam mandates as a mandatory donation. These eight groups have a direct bearing on reducing poverty: the impoverished, the destitute, the slaves, the debtors, and the needy travelers. Priority is given to those who are victims of the poverty cycle, and poverty can be lessened by helping the needy and the destitute, even if the Quran lists a large number of recipients for Zakat (Hassan, 2010). It is anticipated that impoverished individuals or families will engage in economic activity through Zakat in order to eventually produce revenue for themselves. Thus, the majority of articles about Islamic social finance and the SDGs are quickly skimmed over and analyzed from Bangladesh's point of view. Furthermore, no study has previously explored and evaluated the possible contributions of Islamic social microfinance from Bangladesh's perspective. This gap has been filled and examined in the current investigation.

### **Objectives of the Study**

This research scrutinizes the available literature in order to evaluate the potential contributions of Islamic social finance towards achieving the SDGs. Some additional important goals along with basic one is: (i) assess how Islamic finance contributes to Bangladesh's efforts to achieve the Sustainable Development Goals; (ii) look into the obstacles that the sector faces there; and (iii) suggest ways to improve the sector's efficacy so that it can support national SDG implementation. This paper is organized as follows for the remainder of it. Part two describes the methodology used in the study. Section three evaluate the literature, Section four shows how Islamic social finance and the SDGs are related, section five discusses the difficulties that Islamic social finance faces. Section six presents some policy choices and recommendations. Finally, section seven provides closing thoughts.

## **Literature Review**

With the increased global awareness of Sustainable Development, scholars have stepped up to study the subject. Islamic Finance and SDGs, Growth Development and sustainable development, Quranic, Sunnah and Islamic Scholars' Guidelines on Sustainable Development and various publications on the functions of Islamic finance in advancing SDGs are reviewed in this chapter.

### **Islamic Finance and SDGs**

It is noteworthy to investigate the contributions of Islamic financial institutions (IMFIs) to the growth of the Bangladeshi economy, even in the face of study on the role of Islamic finance instruments in achieving the SDGs and MDGs. According to Dhaoui (2015), Islamic financial institutions in Bangladesh are making a substantial contribution to reducing poverty. IFIs are increasing their services in Bangladesh so that the impoverished have easier access, which raises income and savings. He recommended that IFIs open lunch branches in isolated areas and thinks that locals of all genders should be employed to help and educate the underprivileged. Additionally, he recommended group financing to lower the default risk. Lawal and Imam found that the MDG implementation made a discernible difference in tackling Nigeria's main issues, such as the country's high rate of poverty and infrastructure deficit. However, there are certain serious concerns that could get much smaller as a result of reaching the SDGs. The adoption of Islamic financial instruments, some of which have characteristics that are highly aligned with achieving the SDGs, can maximize the success of reaching the goals.

Better financial sector stability could come from IFIs using equity financing instead of debt financing (Buiter & Rahbari, 2015). Islamic microfinance has the potential to help the impoverished develop their knowledge and skills to become financially independent, which leads to greater empowerment, as A. S. Usman and Tasmin (2016a) have shown. Islamic microfinance instruments, as noted by Al Mamun, Adaikalam, and Abdul Wahab (2012), foster human capital and capacities, which in turn promote human wellbeing. They both agreed that these instruments were extremely helpful in ensuring the existence of inclusive growth for the economically marginalized. Mohiuddin (2017) suggested that Islamic social enterprises be used to ensure long-term sustainability, citing the difficulties inherent in the future viability of the efforts of local and international nongovernmental organizations (NGOs) dedicated to reducing poverty. Making a distinction between social philanthropy and social entrepreneurship, he challenged the existing Islamic social enterprise practice system in Muslim countries, claiming that the usage of Zakah violates Islamic law. He asked the government to get more involved in promoting Islamic social enterprises in order to reduce poverty. The principles of Islamic finance are a blessing for ensuring a more equitable and resilient financial system, leading to financial stability, as Ahmed, Mohieldin, Verbeek, and Aboulmagd (2015) proved. They also expressed confidence in the ability of Islamic finance to achieve the Sustainable Development Goals. According to Wahyudi and Leny (2024), they investigated how Islamic financial instruments can serve as a conduit for investing in additional indirect outcomes such as social and environmental benefits and/or cost savings while still generating acceptable financial returns. They found evidence that Musyarakah financing positively correlates with the growth of Islamic finance and directly impacts both poverty alleviation (SDG 1) and increasing access to capital (SDG 8) as part of the overall process of promoting sustainable development through investment strategies.

### **Growth, Development and Sustainable Development**

The combination of an entire country's economic growth and development is a reflection of the overall social and economic improvement of that nation's population. Even while economic growth is the main driver of economic development, the process of development must also guarantee the socioeconomic advancement of all citizens in order to meet their most fundamental requirements, which include food, shelter, health care, and education. According to Todaro, M.P., & Smith, S. C. (2015), well-regarded economists specializing in the area of development theories, "Economic Development is considered to be a multi-dimensional complex process that creates major changes in social structure, attitudes, and institutions and creates accelerated economic growth, reduction in income inequality and the eradication of poverty." Todaro, M. P., & Smith, S. C. (2015) have concentrated on the three fundamental principles of economic development: freedom, self-worth, and nourishment, which stand for universal objectives pursued by people of various backgrounds. The necessities for an average human being to maintain the barest minimal standard of living, including food, clothing, and shelter, are collectively referred to as sustenance. Self-esteem is the sense of worthiness that a society experiences when human values like integrity, respect, dignity, and self-determination are upheld by its social, political, and economic structures and systems. When people enjoy genuine choices based on their tastes and a society has a multitude of options available to it to fulfill its needs, that is what freedom looks like.

Since the 1970s, when the world faced a severe climatic crisis, rising economic disparity, and political unrest, sustainable development—which links economic growth with environmental protection—has taken shape. As defined by the Brundtland Commission (1987), Sustainable Development is "development that meets the needs of present generations while allowing future generations the freedom and opportunity to meet their needs." At the core of sustainable development lies managing humanity's economic, social and environmental resources so that a nation's overall prosperity increases for each successive generation. In this context, the United Nations (World Summit, 2005) identifies three interdependent, mutually supporting foundations of Sustainable Development: Economic Development, Social Development and Environmental Sustainability.

In addition, Tomislav (2018) perceives the idea of sustainable development to be rooted in the Triple Bottom Line (TBL) principle, which advocates a balance between the three pillars of

sustainability. Economic sustainability relies on utilising resources at a rate that can sustain both the natural and human capital needed for earning an income and minimum quality of life. Social sustainability relates to maintaining human rights and equality, preserving a cultural identity, promoting tolerance for racial and/or religious diversity, and ensuring cultural diversity. Environmental sustainability refers to the requirement of maintaining the quality of the environment to support economic development and to enhance the quality of life. Social, economic, and environmental sustainability are the three main pillars of sustainable development and accordingly these three pillars reflect that the overall objective of "sustainable development" certainly is to achieve an appropriate balance between economic, social, and environmental sustainability. Therefore, the appropriate relationship (between production, distribution, and consumption) is essential to achieve economic sustainability. Promoting social inclusion, which includes all societal segments in social processes, must be the main goal of social sustainability. Adopting specific measures to preserve the land, water, forests, and biodiversity of the entire environment is necessary for environmental sustainability.

When looking at the two major sources of Islamic Shariah, namely, the holy Qur'an and the Hadith, it becomes apparent that the basic principles of sustainable development are contained within Islamic doctrine in a way that is sufficiently open and visible. However, in general, Islam views sustainable development as an overall concept that emphasizes not only the material, but also the spiritual, development of mankind. The traditional view of sustainable development is not comprehensive; it is primarily focused on physical sustainability. Islam advises us to take the middle road so that we might live a balanced life in accordance with Islamic Shariah, with an eye toward both this world and the next. Many verses in the holy Quran and sayings from the great Prophet Hazrat Muhammah (PBU) offer clear guidance on how to live a life free from injustice and exploitation. A lifestyle utilizing all available economic, human and physical resources to the greatest degree possible without wasting them and/or using illegal methods to meet their needs. In addition to providing for all segments of society now, this type of lifestyle doesn't affect and will allow future generations to have all their requirements met as well.

### **Quranic, Sunnah and Islamic Scholars' Guidelines on Sustainable Development**

Allah has bestowed upon all people a wealth of resources, both visible and invisible, for their own advancement, as well as appropriate application guidelines that are pertinent to the accomplishment of numerous Sustainable Development Goals. "Do ye not see that Allah has made his bounties flow to you in exceeding measure, (both) seen and unseen? (Al Quran -31: 20)." Allah says. In Surah al-Qasas (28), verse 77, Allah says, "But seek the Home of the Hereafter with the wealth that Allah has given thee, nor forget thy portion in this world: but do thou good, as Allah has been good to thee, and seek not (occasions for) mischief in the land: for Allah loves not those who do mischief" As a result, Allah forbids wastefulness as well, as stated in Surah al-Araf7:31, "O Children of Adam! Don your exquisite attire for all prayer times and locations; consume food and liquids, but do not overindulge since Allah detests wasters. Additionally, Allah declares, "...and do not squander wastefully, surely the squanderers are the followers of the Shaitans, and the Shaitan is always ungrateful to his Lord." As stated in Surah al-'Isrā (17:26–27).

Allah's final messenger Numerous Hadith by the Prophet Muhammad (PBUH) have affirmed his opinions on economic and related matters that are important for accomplishing numerous SDGs. The Holy Prophet (PBUH) counseled Muslims to work hard in order to earn a living and saw labor as an integral aspect of devotion. According to Al Bukhari, the great Prophet once observed, "Never has anyone eaten a better thing than when he eats of his own hands." Prophet Muhammad (PBUH), the last messenger, too sought solace from helplessness, indolence, and grief. The Last Messenger (P.B.U.H.) cautions against lavishness as well. "Truly, simple living is part of faith, simple living is part of faith," said Abu Umamah, the Last Messenger of Allah (PBUH) (Sunan Abi^ Dāwūd 4161). Oh dear. The Prophet Muhammad (peace and blessings be upon him) proclaimed, "Give the worker his wages before his sweat dries" (Ibn Majah), honoring the right to a fair wage. The teachings of the Prophet Muhammad (PBUH), who stated, "He is not a true Muslim who eats full stomach while his neighbor is hungry," also place a strong emphasis on having compassion for other people. In addition,

the Prophet Muhammad (PBUH) commanded environmental protection, saying, "Let him plant it if the Resurrection were established upon one of you while he has in his hand a sapling." (Source: Hadith No. 12491, Musnad Ahmad).

Well-known Islamic scholars and economists have tried to explain economic development or wellbeing in terms of Islamic precepts found in the holy Quran and the Prophet Muhammad's (PBUH) Sunnah. Development, according to Sadeq A.H.M (1991), is a balanced and ongoing improvement in human welfare, including welfare advancement, an overhaul and reorientation of the entire economic and social structure, and spiritual elevation in line with Islamic teachings. Islam's perspective on development, according to prominent Islamic economist Chapra U, emphasizes meeting both the material and spiritual requirements of humanity in a series of papers published in 1993, 2000, and 2008. The purpose of Maqasid-Al Shariah (Objectives of Shariah) and SDGs share common goals for enhancing subjective well-being, wealth, housing, sanitation, dignity and social welfare as described within the respective documents. They both promote the equitable distribution of wealth in accordance with the first Sustainable Development Goal (SDG 1) which aims to eradicate poverty (Aziz et al., 2024; Yusuf et al., 2024; Khairunnisa et al., 2019).

It is necessary to develop all human and material resources in a just way so that everyone's requirements, regardless of race or color, are sufficiently met in order to satisfy material necessities. Fulfilling the non-material and spiritual demands is also essential for long-term economic development as well as for ensuring genuine well-being. Achieving mental peace and happiness is a crucial spiritual or non-material need that necessitates meeting several other needs, including promoting justice, human brotherhood, and a fair distribution of the benefits of development among all community members, regardless of their gender, age, race, or nationality.

According to Askari, H. et al. (2014), there are three aspects to economic development in Islam: bodily development, self-development, and the creation of a humane collectivity that combines both. A dynamic process for an individual's progress toward perfection is described in the first. In order to develop the planet and meet everyone's material requirements, the second outlines how to use its natural resources. The advancement of human collectivity toward complete integration and unity is the subject of the third notion.

It is evident that sustainable development, as understood within the context of Islam, enables people to make appropriate use of human and natural resources to improve their own and other people's lives without endangering the environment. It also necessitates helping the impoverished in order to create a society that is inclusive, caring, and egalitarian.

### **Research works reviews on SDGs:**

Certain studies aim to explore the ways in which conventional and Islamic finance might support SDG financing. Studies like those by Priyanka et al. (2011) demonstrate that one of the primary causes of poverty in developing nations is the amount that individuals must pay out-of-pocket for medical treatment. Medical insurance and other financial services can offer a structured avenue for reducing the likelihood of medical emergencies. Savings can be a useful tool for controlling medical costs as well. Dupas and Robinson (2013) discover that in Kenya, giving individuals a non-formal, secure place to keep money raised their health savings by 66 percent. The role of Islamic finance in accomplishing the sustainable goals was examined by Ahmed, Habib, et al. in 2015.

The writers investigated how Islamic financial institutions, capital markets, and the social sector might support robust expansion, improved financial inclusion, and intermediation while lowering risks and impoverished people's vulnerability and generally advancing financial stability and development. The potential to more closely connect Islamic finance with sustainable development cannot be overlooked, given the scope of the SDGs and the significant role that Islamic finance can play in assisting with their implementation and guaranteeing more robust and inclusive growth.

The main ways that Islamic Financial Institutions (IFIs) contribute to the attainment of sustainable development goals were covered by Sadiq, Ramla, and Mushtaq, Afia (2015). Establishing new equity financing-based businesses makes sense from the standpoints of resilience and financial stability. The augmentation of capital markets can be achieved by broadening the scope

of equity-based instruments and providing more avenues for small and medium-sized businesses to be publicly listed. Financial institutions give the underprivileged a chance to save money and can provide a platform for the growth of micro-takaful from the standpoint of lowering susceptibility and managing risk.

The social sector can enhance the efficiency and efficacy of the use of these funds by broadening the base of zakat and waqf. Leora Klapper, Mayada El-Zoghbi, and Jake Hess (2016) look for connections between development and financial inclusion. The authors list the situations in which financial inclusion could directly affect outcomes like gender equality, health, and education. Additionally, they present the data supporting the ways in which financial inclusion contributes indirectly to the achievement of more general SDGs like growth, peace, and inequality. In 2016, Barua, Suborna, and Ahamed, Hasib conducted research on the connection between Bangladesh's sustainable development objectives and the banking industry.

The research notes that low rates of investment and savings, low-quality human resources, low total factor productivity, and growing land constraints are the main obstacles facing Bangladesh's financial sector in its efforts to achieve the SDGs. Growth therefore depends on the expansion of the financial sector, and sustainable development depends on growth. Development of the financial sector and the mobilization of resources from the semi-formal, informal, bank, and non-bank financial institutions can foster growth. The usefulness of Islamic microfinance in accomplishing the Sustainable Development Goals is examined by Usman, A. S., and Tasmin, R. (2016).

The study identified various Islamic Microfinance products used to address various deprivations, resulting in an individual's personal development, increased productivity and income, and participation in economic and social life. It also explored the conceptual framework on the relevance of Islamic Microfinance in achieving the SDGs. According to the report, Islamic microfinance is a developing market segment with the potential to advance human potential in the areas of knowledge and skill acquisition, social cohesion, empowerment, and self-reliance. As a result, empowerment helps clients handle their finances wisely and feel less stressed.

## **Research Methodology**

The qualitative research approach has been used to achieve the paper's goals. The necessary data and information were gathered from secondary sources and used in the article. In order to present the paper's theme, it examines literature, reports, and websites and gathers descriptive data. Various studies on sustainable development goals from the Bangladesh Bank, Planning Commission of Bangladesh, United Nations, and Islamic Development Bank are among the primary sources of data. Additionally, the study closes a research vacuum regarding Islamic social finance's potential contributions to Bangladesh's SDG attainment.

## **Results and Analysis**

### **Present Progress Report of SDGs in Bangladesh**

While Bangladesh has dealt with numerous overseas and local challenges (including the impact of the COVID-19 pandemic; climate change; and the volatility of their economy), Bangladesh has successfully proven its ability to adapt and innovate to continue advancing their priorities related to development. In this report, you will find evidence of improvements made in poverty reduction, hunger alleviation, education, access to clean energy, and the provision of clean water and sanitation; however, there are still many areas that will be improved, such as health systems strengthening (to build resilience to climate change) and improving access to decent job opportunities.

Bangladesh has embraced the SDGs, just like the other 192 UN member states have. Bangladesh has made progress toward the SDGs, along with other nations, according to the SDGs Progress Report 2022 by Jeffrey D. Sachs, Guillaume Lafortune, Christian Kroll, Grayson Fuller, and Finn Woelm (Table 1). In order to identify gaps in the implementation of the SDGs and investigate the policy implications of those lessons, the study is significant because it offers a critical benchmark for evaluating the current state of SDG implementation and its progress toward achieving the agenda by 2030. With five years remaining to achieve the SDG by 2030, the progress report 2025

aligns with other institutional transformations, such as the upcoming graduation from LDC status, evolving global norms around financing and partnerships, increasing urgency in climate action, and shifts in governance. These factors call for an adaptive, and well-informed planning process to be undertaken in the years to come. The progress report is notable in addition because Bangladesh intends to execute the long-term Bangladesh Delta Plan 2100 and become an upper middle-income nation by 2031 and a developed nation by 2041.

**Table I: Related SDGs and Current Status**

SDGs	Name	Status
SDG-1	Ending Poverty	On track or maintaining SDG achievement
SDG-2	Zero Hunger	Moderately improving
SDG-3	Quality Health	Moderately improving
SDG-4	Quality Education	On track or maintaining SDG achievement
SDG-5	Gender Equality	Stagnating
SDG-6	Clean Water and Sanitation	On track or maintaining SDG achievement
SDG-7	Affordable and Clean Energy	On track or maintaining SDG achievement
SDG-8	Sustained Economic Growth Decent Work for all	On track or maintaining SDG achievement
SDG-9	Industry, Innovation and Infrastructure	On track or maintaining SDG achievement
SDG-10	Reduced Inequalities	Trend information unavailable
SDG-11	Sustainable Cities and Communities	On track or maintaining SDG achievement
SDG-12	Responsible Consumption and Production	On track or maintaining SDG achievement
SDG-13	Climate Action	On track or maintaining SDG achievement
SDG-14	Life below Water	Stagnating
SDG-15	Life on Land	Decreasing
SDG-16	Peace, Justice and Strong Institutions	Stagnating
SDG-17	Partnerships for the Goals	Stagnating

Source: Sustainable Development Report 2022', Jeffrey D. Sachs, Guillaume Lafortune, Christian Kroll, Grayson Fuller, and Finn Woelm, Cambridge University Press.

### **Islamic Finance and SDGs in Bangladesh**

The Shariah-based financial services provided by Bangladesh's Islamic finance sector—which includes Islamic banking, insurance, and financial institutions as well as microfinance, takaful, capital market instruments (sukuk), and social finance such as zakat and waqf can help to achieve a number of Sustainable Development Goals.

**Table II: Contribution of Islamic Banks to Sustainable Development Goals (SDGs)**

Financial Instrument	Impacts on Different SDGs
Savings	SDG1 (Ending Poverty), SDG3 (Quality Health), SDG4 (Quality Education), SDG5 (Gender Equality)
Investments Industry, Projects, (Agro, Green Housing, Infrastructures)	Goal 2: Eliminate Hunger; Goal 5: Promote Equality Between Men and Women; Goal 6: Provide Everyone with Safe Drinking Water; Goal 7: Ensure Everyone has Access to Affordable Energy Sources; Goal 8: Enable Sustainable Economic Growth and Good Employment Opportunities; Goal 9: Support Development of Industries, Research, and Access to Telecommunications Technology; Goal 10: Reduce Disparities Among People in Society; Goal 11: Create Sustainable and Resilient Cities and Communities; Goal 12: Use Resources Wisely with Respect of Future Generations; and Goal 13: Respond to Climate Change Through Mitigation and Adaptation.
Remittances	SDG1 (Ending Poverty), SDG3 (Quality Health), SDG4 (Quality Education), SDG5 (Gender Equality)
Microfinance	SDG1 (Ending Poverty), SDG3 (Quality Health), SDG4 (Quality Education), SDG5 (Gender Equality)
CSR/Zakat	SDG1 (Ending Poverty), SDG3 (Quality Health), SDG4 (Quality Education), SDG5 (Gender Equality)

**Source: Author compilation**

### **Deposits, Investments and Remittances**

As of the close of December, the Islamic banking industry had BDT 39.38 trillion (thousand crore) of total deposits; and by the close of March (or just under 3 months later), that amount had fallen to BDT 4,394.65 trillion (or 0.89%). In the same quarter of the previous year, this figure increased by BDT 278.34 trillion (or 6.76%). For the quarter ending March 31, 2024, the total amount of deposits held by Islamic banks accounted for 26.23% of the total amount of national banking sector deposits. Total investments (loans and advances) of the Islamic banking sector increased by BDT 120.20 trillion (or 2.70%) to BDT 4,569.94 trillion (as of the end of March 2024) from the end of December 2023 to the end of March 2024). In the same quarter of 2023, the number of total investments (loans and advances) increased by BDT 445.97 trillion (or 10.81%). As of March 31, 2024, total investments made by Islamic banks accounted for 28.24% of total loans and advances made by the national banking sector. The total remittance mobilized by Islamic banks increased by BDT 242.66 trillion BDT 258.97 trillion (or 6.72%) from the previous quarter and decreased by BDT 47.12 trillion (or 15.39%) compared to the same quarter of 2023.

**Table III: Performances of Islamic Banks Compared to All Banks in Bangladesh (BDT In Billion)**

Items	January-March 2024 <sup>P</sup>			October-December 2023 <sup>R</sup>
	All banks	Islamic banks	Share of Islamic banks among all banks (percent)	Share of Islamic banks among all banks (percent)
	1	2	3=(2/1x100)	4
Total deposits	16,754.93	4,394.65	26.23	25.35
Total investment (loans & advances in conventional banking system)	16,181.73	4,569.94	28.24	28.92
Remittances	690.20	258.97	37.52	37.27
Total excess liquidity	1668.26	15.18	0.91	4.07
Total number of bank branches	11,289	1,703*	15.09	15.07
Total agricultural credit	83.41	18.01	21.60	19.04

Source: Statistics Department, MPD, BRPD and ACD, Bangladesh Bank. P = Provisional, R = Revised

#### **Deposits Mobilization by Islamic Banking System**

Bangladesh, as of March 31, 2024, the total amount held in deposits across the ten fully functional Islamic banking institutions amounted to BDT 3,995.49 billion, while the amount held in both windows and branches of conventional banks became BDT 215.45 billion and BDT 183.71 billion, respectively. Twenty-one percent of total deposits within the Islamic Banking System have been deposited at fully functional Islamic Banks. Deposits within Islamic Banking Branches and Windows provided some 4.18% and 4.90%, respectively, of total deposits being collected in this banking sector. Islami Bank Bangladesh PLC continues to occupy the position of Islamic Bank with the highest percentage of deposits held at 34.74%. These following nine other Shariah-compliant financial institutions have accrued the next highest percentage of deposits: Al-Arafah Islami Bank PLC 10.42%, First Security Islami Bank PLC 10.20%, Exim Bank PLC 9.62%, Social Islami Bank PLC 7.38%, Shahjalal Islami Bank PLC 5.88%, Union Bank PLC 5.05%, Standard Bank PLC 4.45%, Global Islami Bank PLC 2.91%, and ICB Islamic Bank Ltd. (0.28%).

#### **Investments of Islamic Banking System**

By the end of March 2024, the Islamic banking system received investments totalling BDT 4,569.94 billion (loans and advances), with ten fully operating Islamic banks accounting for 93.09 percent of total investment. The remaining 6.91 percent is divided between branches of conventional banks offering Islamic banking (3.28 percent) and windows of conventional banks providing Islamic banking (3.63 percent). As of the end of March, Islami Bank Bangladesh PLC has invested more than any other bank, holding a 33.73 percent share of total investments by all ten fully operational Islamic banks. The next highest shares belong to First Security Islami Bank PLC (13.16 percent), EXIM Bank PLC (10.61 percent), Al-Arafah Islami Bank PLC (9.37 percent), Social Islami Bank PLC (5.61 percent), Union Bank PLC (5.61 percent), Shahjalal Islami Bank PLC (5.55 percent), Standard Bank PLC (4.15 percent), Global Islami Bank PLC (2.95 percent), and ICB Islamic Bank Ltd. (0.17 percent).

### Investment in the Agricultural Sector

The funding of many agricultural and rural credit program subsectors has benefited greatly from the Islamic banking system. The amount of money invested in the agriculture sector through the Islamic banking system totaled BDT 16.88 billion between January and March of 2024. From October to December 2023, it was BDT 22.83 billion, which was BDT 5.95 billion less. Additionally, it was BDT 1.09 billion less than it was during the same quarter previous year. Among all banks, Islamic banks' share of total agricultural loan for the reporting quarter was 21.60\* percent. Table 4 provides a summary of agriculture sector investments made under the scope of Islamic banking.

**Table IV: Summary of Investment in Agricultural Sector**

Period	Investment in Agricultural Sector						
	Investment Target	Actual Investment	Target Achieved (%)	Recovery	Outstanding Investment	Overdue Investment	Classified Investment
1	2	3	4	5	6	7	8
January-March 2024 <sup>P</sup>	21.15	16.88	79.84	14.66	59.85	2.58	4.76
October-December 2023	23.88	22.83	95.63	13.86	58.28	24.03	32.09
January-March 2023	20.13	17.98	89.29	17.64	49.02	22.90	21.21
Quarterly Changes	-2.73	-5.95	-	0.80	1.57	-21.46	-27.32
Annual Changes	1.01	-1.09	-	-2.98	10.83	-20.33	-16.45

Source: Statistics Department, MPD, BRPD and ACD, Bangladesh Bank. P = Provisional, R = Revised

### Sustainable and Green financing

Bangladesh's government launched the Green Financing Policy, which incentivizes banks and financial institutions to provide green financing to support eco-friendly business ventures that contribute to the country's sustainable economic growth. All banks and financial institutions (FIs) have been instructed by BB to include Environmental, Social, and Governance (ESG) concerns into their credit and investment management policies and procedures, in sync with the government's endeavors. In Bangladesh, Islamic banks are equally as important as conventional banks in advancing green financing, which is the term for financial services and goods that assist ecologically friendly projects and endeavors. The Islamic banking system's total sustainable funding from January to March 2024 was BDT 231.43 billion, with 1,70,547 beneficiaries. BDT 204.92 billion was allocated to sustainable financing, whereas BDT 26.51 billion went toward green finance. Table 5 shows that 1,440 and 1,69,107 people, respectively, were the recipients of green money and sustainable-linked financing.

**Table V: Sustainable and Green Financing by Islamic Banks during October-December 2023 (BDT In Billion)**

Green Finance		Sustainable Linked Finance		Total Sustainable Finance	
1	2	3	4	5=(1+3)	6=(2+4)
Number of Beneficiaries	Total Amount	Number of Beneficiaries	Total Amount	Total Number of Beneficiaries	Total Amount
1,440	26.51	1,69,107	204.92	1,70,547	231.43

Source: Statistics Department, MPD, BRPD and ACD, Bangladesh Bank. P = Provisional, R = Revised

### Corporate Social Responsibility (CSR) of Islamic Banking

Islamic banks execute numerous social programs as part of their Corporate Social Responsibility (CSR) initiatives. Islamic banks provide funds for corporate social responsibility initiatives from a variety of sources, including compensation charges (penalties from investment clients that default), money from Zakat, and other types of revenue that are permitted by Shariah. These funds are given to several health, education, training, and charity organizations in Bangladesh. Islamic banks assist those who are underprivileged and too deprived to be part of the conventional financial system. Islamic banks constantly work to tailor their financial transactions to meet the requirements of people and participate in productivity-focused initiatives in an effort to reduce the incidence of poverty. In January 2024, BDT 0.85 billion was spent on CSR projects; this is less than the BDT 1.29 billion in October to December 2023 and the BDT 0.70 billion in January to March 2023 allocated to CSR initiatives.

### Islamic Securities:

The Sovereign Investment Sukuk and the Bangladesh Government Islamic Investment Bond (BGIIB) are the two types of Islamic securities covered in this section.

### Sovereign Investment Sukuk

To generate BDT 80.00 billion for the country's safe water supply project, Bangladesh Bank issued its first sovereign investment Sukuk on December 28, 2020, on behalf of the government. The project's total estimated cost was BDT 88.51 billion, of which the government has contributed BDT 8.51 billion<sup>2</sup>. For the Sukuk, Bangladesh Bank is acting as the special purpose vehicle (SPV) and the Ministry of Finance is acting as the originator. In the first phase, the government raised BDT 40.00 billion at a 4.69 percent profit rate through an auction held on December 28, 2020, to fund the projects. To raise the remaining capital balance of BDT 40.00 billion at a 4.69 percent profit rate, a second auction was conducted on June 9, 2021. On December 29, 2021, a third Sukuk auction was held to raise BDT 50.00 billion at a 4.65 percent profit rate for the "Need Based Infrastructure Development of Government Primary Schools Project (1st Phase)." On April 20, 2022, the fourth Sukuk auction was conducted with the aim of raising BDT 50.00 billion at a profit rate of 4.75 percent for the "Important Rural Infrastructure Development Project on Priority Basis (IRIDP-3)". Investors receive payments from Sukuk profits every six months. This security requires an initial investment of BDT 10,000, with no cap on the amount an investor can invest. Investments in the five-year-old Sukuk are allowed from banks, business entities, and private citizens. The use of social responsibility for both Islamic microfinance and Sustainable Responsible Investment (SRI) Sukuk in Malaysia has significant capacity to connect financial sustainability with social goals, which will lead to inclusive economic growth, improved quality of life, and development of socially responsible projects (e.g., educational and green energy) within Malaysia (Muhammad et al., 2023; Zain & Sori, 2020; Khouildi & Kassim, 2019). So, Bangladesh can boost up financial stability for the economic growth along with poverty alleviation.

### Bangladesh Government Islamic Investment Bond (BGIIB)

In 2004, the Bangladesh Government Islamic Investment Bond (BGIIB) was launched. Apart from the recently issued Sukuk, it was the only Shariah-compliant security that the Islamic banks had certified in order to keep the SLR. The BGIIB's drawback is that there are no projects that comply with Shariah, so the government is unable to borrow money from the fund. Because of this, the fund can only be accessed by Islamic banks in the event of a liquidity shortfall, and it is funded by the sale of BGIIB securities in accordance with the mudarabah concept. Islamic banks use this fund at a provisional profit rate determined by their mudarabah short-term deposit accounts, which are modified upon the completion of the accounts and the Islamic banks' respective profit margins.

**Table VI: Bangladesh Government Islamic Investment Bond**

Year	Sale	Financing	Net Balance
FY23*	81.36	72.04	9.32
FY22	86.64	33.49	53.14
FY21	170.21	12.74	157.47
FY20	131.88	67.82	64.06
FY19	107.11	84.80	22.31
FY18	92.95	81.20	11.75
FY17	84.01	54.70	29.31
FY16	122.94	37.80	85.95
FY15	135.84	25.40	110.44
FY14	121.34	24.37	96.96
FY13	107.13	67.78	39.35
FY12	31.48	31.26	0.22
FY11	25.30	22.80	2.50
FY10	23.40	15.40	8.00

Source: Statistics Department, MPD, BRPD and ACD, Bangladesh Bank. P = Provisional, R = Revised

### The potential of Zakat to transform the Bangladesh economy

One of the five pillars of Islam is zakat, which is required giving by Muslims. People who are wealthy enough to pay Zakat have an obligation to give back to those who are less fortunate so they can live more sustainably. Fundamentally, it's a financial transfer that improves utility curves in Muslim economies, hence fostering development and stability. The distribution of Zakat increases the poor people's purchasing power, which increases the overall production level of an economy both theoretically and empirically. Zakat also permits widespread participation in expenditure and producing activities. In 1983/1984, Zakat revenues contributed 21% to Bangladesh's Annual Development Program (ADP); in 2004/2005, that amount rose to 43%, per a previous study by Kabir Hassan (2008). No state branch is in charge of managing zakat in Bangladesh. In its place, the Center for Zakat Management (CZM) has this responsibility and has created several initiatives for the gathering and disbursement of Zakat money. Thus far, marginalized people, underprivileged children for their education, and jobless people have all been reached by CZM's livelihood development initiative ZEEBIKA. GUL BAGICHA, which provides stipends to poor students, is another program run by CZM. Programs like FERDOUSI and ISANIAT actively support the development of sustainable livelihoods and enhanced well-being in rural and underdeveloped communities. The effectiveness of Zakat is not supported by any reliable sources or official data in Bangladesh, and its real quantity is debatable. Using secondary data from pertinent government data, internet, books, and journals, the current study tackles this problem and calculates the potential for Zakat in Bangladesh. Nine industries have been considered in order to determine whether Zakat is possible in the nation: bank deposits, shares and securities, provident funds, livestock, fisheries, forestry, agro-crops and forestry, industrial output, trade services, and mining. To extract the added value from different economic sectors, different techniques—that is, different rates of Nisaab—are employed. The Nisab

adjustment includes an adjustment for living expenses to the list of qualifying sectors in order to determine the potential for Zakat.

Initially, the sector-specific Zakat potential was calculated by the study. It is evident that the service sector has a considerably bigger potential for Zakat overall in FY 2018–2019—eleven times higher than in FY 2000–2001—than other sectors. Likewise, bank deposits accounted for \$2,264 million of the total in the current fiscal year—a fourteen-fold increase over the sum accrued in the 2000–2001 fiscal year. It suggests that the Zakat potential is increasing gradually as different economic sectors contribute. Zakat, for example, was \$18.71 million on shares and bonds in FY 2000–2001; that sum increased to around \$1,000 million in FY 2018–2019. Nonetheless, the PF sectors have the lowest contribution. Still, the value of Zakat derived from PF is \$3.54 million, 13% more than it was in 2000–2001. The total potential of zakat in Bangladesh is estimated to have been \$9,749 million in FY2018–2019, compared to just \$809 million in FY2000–2001. The quantity of Zakat currently in circulation is twelve times greater than that of FY2000–2001. Since it can aid in reducing the income gap with economic progress, the increase in zakat is definitely a good sign. Therefore, if Zakat's expansion can continue to correspond with economic growth and its value is effectively used to the welfare of people, it may prove to be a godsend for underprivileged populations. Additionally, the study indicates that in Bangladesh, possible Zakat revenue might account for almost 35% of total national revenue and 21% of total national budget in FY2018–2019. Furthermore, 3.77% of Bangladesh's GDP is derived from the possibility of zakat.

### **Zakat Distribution Scenario in Bangladesh:**

Bangladesh has a dual method for managing Zakat in cases where coercion is not evident. In Bangladesh, the government does not enforce the mandatory collection of Zakat as required by Islamic law. Instead, Zakat payment is optional and can be made through a number of private entities, including the Center for Zakat Management (CZM), Islami Bank Bangladesh Limited, the Zakat Board of Islamic Foundation, or even individual citizens. The Ministry of Religious Affairs also serves as a government agent in this regard. The Zakat Fund Ordinance of 1982 governs all aspects of zakat. As a tool to reduce poverty, Zakat has not yet been extensively adopted by economists, legislators, or regulators.

The government of Bangladesh's Zakat board does not have a formalized procedure in place to oversee, gather, and allocate Zakat. Bangladesh's general public believes that the absence of an appropriate distribution network makes zakat board management non-compliant with Shariah. Additionally, those who live in rural places do not receive a sufficient portion of the Zakat fund. To receive zakat, wealthy individuals in Bangladesh typically designate their impoverished relatives or neighbors (The Economics of Zakat). They used to utilize their Zakat money to purchase clothing (sarees, lungis), mosquito nets, food (semai, sugar, dates, etc.), and other altruistic products, which they would then give to the underprivileged or orphans on a personalized basis.

To aid the underprivileged in Bangladesh's rural areas, some people also purchase carts, rickshaws, or fishing nets. According to The Economics of Zakat, some people use their zakat to expand, renovate, or repair mosques, orphanages, and other religious institutions. Zakat is occasionally also utilized to fund the construction of libraries and rural schools, as well as to provide scholarships to underprivileged students. The wealthy utilize their Zakat funds in the manners mentioned above without adhering to any set procedure. They get the help of their relatives, local government officials, imams of mosques, chiefs of madrasahs or orphanages in the area, and others to purchase and distribute the alms. Political leaders have also been documented to use Zakat to spend money, especially during election years (Obaidullah, 2014 and The Economics of Zakat).

Zakat is not collected by the government in most Muslim nations, despite the fact that in some of them it is mandatory owing to sociopolitical conditions. To collect zakat in this regard, wealthy private sector people and large industrial enterprise groups can step forward. Individual zakat collections are being handled by Islami Bank Bangladesh Limited, a subsidiary branch. Using the money it has raised, this foundation is implementing programs to reduce poverty and promote philanthropy. These programs include building hospitals that offer affordable healthcare, sustaining

training facilities and impoverished women's rehabilitation centers, supporting self-employment initiatives to reduce poverty, and giving financial aid to underprivileged students.

All other financial institutions, particularly Islamic Banks, can take the lead in implementing zakat-based strategies and schemes to reduce poverty and uphold their corporate social responsibilities by opening Islamic branches and windows and by directly and indirectly opening conventional banks (Obaidullah, 2014). The Bureau of Islamic Economics estimates that in 2010, zakat collections amounted to around Tk. 110 billion, or USD 1.4 billion, or 1.4 percent of the GDP. In the last 31 years, up till 2014, the government-controlled Zakat Board has only collected Tk. 11.53 crore, whereas private organizations have received Tk. 5 crore in just one year, 2013. The Islamic Research and Training Institute (IRTI) estimates that approximately Tk. 110 billion was raised in 2010.

### **Role of Islamic Foundation and Center for Zakat Management**

The 1982 Zakat Fund Ordinance states that approximately half of the funds received from wealthy individuals in 64 districts are given directly to the Zakat recipients by means of the district Zakat committee. When applicants from different districts apply to the main office of the Zakat Board for financial help, they are granted it provided they meet the requirements to receive zakat directly from the board's office, which then distributes the funds to the recipients through the district zakat committee. Numerous projects are carried out by the Zakat Fund, such as the Toungy Zakat Board Shisu Hospital, 23 sewing training centers spread across different districts, the distribution of sewing machines to the impoverished after they have finished sewing training, the program for recently converted Muslims to work for themselves, and the program for planting trees as a sustainable development initiative.

In addition, the Zakat Fund implements several ways to reduce poverty, including student financial assistance, Zakat allowance, rehabilitation of unemployed individuals, and so forth. During the 2014–15 fiscal year, the Islamic Foundation directly donated BDT 10,510,582 to BDT 31,943 to help the disadvantaged. In the fiscal year 2012–2013, 17735 people were given sewing lessons at a cost of BDT 1 core 77 lac and 18,000; additionally, 921 people nationally were given sewing machines at a cost of BDT 51 lac 69 thousand and five hundred.

To help with livestock rearing and rehabilitation, 7302 widows and the impoverished received about 1 crore 49 lac 98 thousand and 20 BDT. In 1984, BDT 25 lac and 20,000 were spent for the rehabilitation of extremely impoverished and defenseless people. The Islamic Foundation will therefore make a significant contribution to the improvement of the socioeconomic circumstances of the poor and the eradication of poverty provided these initiatives are carried out and funded.

The Bangladesh Islamic Foundation (2015) reports that the government Zakat Board collected only 1 crore taka in 2013–14, as opposed to 84 lacs in 2012–13. Programs like Jeebika, Mudareeb, Ferdousi, Gulbagicha, and the Genius Scholarship program are among the sustainable initiatives that the Center for Zakat Management (CZM) in Bangladesh offers. Formally speaking, they started gathering and distributing Zakat in 2008 (CZM,2016). With the aid of the Zakat fund, the primary objective of the Jeebika program is to guarantee sustained communal development. Through bolstering livelihood and marketing access, this project offers services to the impoverished and needy with the goal of improving their living conditions and giving them economic access to essential necessities (Osmani & Masud, 2014). This project started out as a pilot program with 150 families in a village in the Man ikganj district in 2005. Following its observation of success, CZM went on to carry out this program in several parts of the nation, servicing over 850 homes classified as extremely poor between 2010 and 2012 [Osmani & Masud, 2014 and CZM, 2016].

By 2016, there were 23 projects being undertaken in this highly successful initiative, which covered 8000 families with a total population of approximately 38,000 people. It is possible that about 5,000 households were part in this program in 2017. Because of this, since its launch, this program has helped one lac individuals from 20,000 households. CZM is in favor of implementing the Ferdousi Program for the welfare of women and children. The objectives of this program include primary healthcare promotion in addition to giving their children pre-primary education and

vocational training for impoverished mothers. By 2016, over 70,000 individuals had interacted with this initiative (CZM, 2016)

In Jessor, Faridpur, and Tangai, three Ferdousi basic healthcare centers were recently opened. This service is being given to fifteen hundred impoverished and struggling households. First, in the sum region of Dhaka city, Gulbagicha received nutritional help and child education as a parallel initiative. Around 1500 children are receiving support from the 63 centers that have been set up for this purpose in Dhaka as of 2016. Nationwide adoption of this program is underway. CZM has provided a monthly stipend to first-year university and medical college students, which is noteworthy for its support of the development of future generations. In 2017, about 1,800 undergraduates who were not accepted into any of Bangladesh's medical colleges or public universities were given the Genius Scholarship. These students would receive a monthly stipend ranging from BDT 2500 to BDT 300 for the following two years. As a microenterprise development initiative, CZM introduces the Mudareeb program to assist those who are impoverished but have the aptitude and ability to start their own business [Uddin, Uddin & Ullah 2019].

Additionally, CZM plans to run a few Awaqf-related programs.<sup>8</sup> In Bangladesh, some private Islamic banks offer social initiatives based on Zakat. Islami Bank Bangladesh Limited has an affiliation with the Remarkably Islamic Bank Foundation. For over thirty years, the foundation has been actively involved in providing a wide range of humanitarian services with the goal of improving the lives of those living in poverty via social reform and development. Financial aid for deserving but impoverished students, health and treatment services for the impoverished, genuine and compassionate support for the really poor through relief and rehabilitation, etc., are among the most important and productive initiatives. The main funding sources for carrying out these charitable activities are grants, zakat, and contributions. About 83 lac 87 thousand and 315 taka were distributed to the underprivileged for the aforementioned purpose by the Islamic Bank Foundation (Zakat Letter, Islami Bank Foundation, 2017).

## **Waqf**

Waqaf refers to charity foundations in Islamic law whereby certain property is set aside and maintained for a particular charitable purpose. Waqf income might be a good way for charities to get funds. Waqf, like zakat, can be used as a vehicle for wealth distribution and a steady stream of income for charitable organizations that support the impoverished in meeting their basic requirements. Waqf has made significant contributions to the socioeconomic advancement of Muslim communities worldwide from the early days of Islam until the majority of Muslim countries fell under the control of colonial powers, according to an increasing body of literature (Ahmed, H., 2004). Many Muslim scholars and policy makers have also come to the realization that, in poor Muslim majority countries, the use of waqf as a strong social institution can act as a catalyst in mobilizing funds for financing social projects, including the critically needed alleviation of poverty (Sadeq, A. H. M. 2002; Ahmed, H. 2007; Kahf, M., 2008 and Haneef, M. A. et al, 2015). Bangladesh, which has a majority of Muslims and is the third-largest country in the world, can investigate the use of waqf as a useful instrument for social development, including reducing poverty, creating jobs, and enhancing access to healthcare and education. In Bangladesh, there are 150,153 waqf estates, according to the Waqf Estate Census of 1986.

Despite the waqf's long history in Bangladesh, mismanagement, improper organization, and a lack of innovation have prevented it from fulfilling their intended roles. Bangladesh, a resource-poor nation with 160 million people, of whom 24 percent live in poverty, stands to benefit much from waqf if it is properly structured and administered. Waqf has the potential to be a long-term source of funding for Bangladesh's educational and health systems. Financing social programs that promote health and education could be a worthy use of corporate waqf. One excellent illustration of a flourishing corporate waqf is Hamdard Laboratories (WAQF) Bangladesh. A small number of Islamic banks provide Cash Waqf to assist the underprivileged and support health and educational services.

### **Islamic Microfinance**

Through the use of both profit-and non-profit-based microfinance tools, the Islamic microfinance industry in Bangladesh can contribute to the achievement of the SDGs. Extremely impoverished people may utilize non-profit microfinance using cost-free money like zakat, sadaqa, qard hasana, and waqf, whereas moderately poor people may use profit-based microfinance with commercial funds. By funding small solar and bi-gas plants through green finance, a few Islamic banks have already embraced some clean energy initiatives. Investments in clean drinking water and sanitation undertaken by Islamic Bangladesh Limited's Islamic microfinance program have improved the health and hygiene of the families' receiving microloans.

In light of Bangladesh's shortcomings in terms of education, health care, poverty reduction, and inequality, zakat and waqf may prove to be useful instruments for organizing and funding social projects. The sustainable development goals (SDGs) of no poverty, zero hunger, good health and well-being, quality education, clean energy, clean water and sanitation, reduced household inequalities, shared economic growth, and clean energy may all be achieved in Bangladesh with the aid of zakat and waqf.

Despite its significant contributions to social development and poverty alleviation, Islamic microfinance only accounted for 5% of the total outstanding investment accounts in the microfinance industry in 2020, with BDT 58.56 billion (Table 7). This indicates that interest-based microfinance dominates the entire microfinance sector, which has been recognized globally and awarded the Nobel Prize for its model of reducing poverty. Bangladesh is a lower middle-income nation with a majority of Muslims that can benefit from Islamic microfinance as a practical model for reducing poverty and promoting social development. Zakat and waqf may prove to be useful instruments in administering and funding social programs as Bangladesh falls short of important social development metrics in the areas of inequality reduction, education, and health care. The sustainable development goals (SDGs) of no poverty, zero hunger, good health and well-being, quality education, clean energy, clean water and sanitation, reduced household inequalities, shared economic growth, and clean energy may all be achieved in Bangladesh with the aid of zakat and waqf. In a review of 40+ articles from Scopus index, Khairunnisa and Rusydiana (2024) concluded that Islamic micro-finance is critical to both financial relationship building and sustainable economic development as it is consistent with the Islamic faith, and is an effective method of creating inclusive economic growth. Likewise, Ahmad and Ahmad (2021) reviewed the evidence available that demonstrates how Islamic micro-finance has helped alleviate poverty, and what factors influence Islamic micro-finance borrowers to achieve their 2030 Sustainable Development Goals using a literature review. The authors reviewed over 40 literatures relating to micro-finance and found that Islamic micro-financial institutions (IMFIs) serve as the primary tool to alleviate poverty; therefore, the programs that provide Islamic microfinance services are based on Maslahah for the community. Even though Islamic microfinance has a significant impact on social development and the reduction of poverty, its small outstanding investment accounts in 2020 (Table 7) only make up 5% of the total outstanding investment in microfinance across the board. This indicates that the interest-based microfinance sector, which has been recognized globally and awarded the Nobel Prize for its methodology of reducing poverty, controls the entire microfinance sector. Bangladesh, a lower middle-income nation with a majority of Muslims, can effectively address poverty and promote social development through Islamic microfinance.

**Table VII: Microfinance of Islamic Banks and MFIs, 2020 (BDT in billion)**

Name of Institutions	Outstanding of Investment
<b>A. Islamic Banks</b>	
1. Islami Bank Bangladesh Limited	37.32
2. Al Arafah Islamic Bank Limited	8.7
3. Social Islamic Bank Limited	0.43
4. Export Import Bank Ltd	4.48
5. Shahjalal Islamic bank Ltd	2.84
6. First Security Islam Bank Limited	1.94
7. ICB Islami bank	
8. Union Bank	
9. Standard Bank Ltd	0.011
10. Global Islami Bank Ltd	0.09
<b>Sub-Total</b>	<b>55.81</b>
<b>B. Microfinance Institutions</b>	
a. Islamic NGOs/IMFs (20)	3.01
b. Conventional MFI with Islamic MF	0.04
<b>Sub-Total</b>	<b>3.05</b>
<b>Grand Total (Sub Total A + Sub Total B)</b>	<b>58.86</b>

Source: Authors calculation

### Challenges and Policy Applications

Since its establishment, Bangladesh's Islamic banking system has been crucial in attracting deposits and providing funding for a range of commercial endeavors. Currently, the Islamic banking system accounts for almost 26% of the total banking sector's deposits and 28% of its investments. The other Islamic financial sector systems, including the Islamic capital market, Islamic insurance (Takaful), and the microfinance industry, may also expand gradually if favorable policies are adopted and implemented.

The major challenges are analyzed below:

- 1. Absence of Separate Law:** In Bangladesh, the Islamic banking sector is not governed by a separate act. Sections of the Bank Company Act, 1991 (most recent amendment in 2013) that govern and oversee interest-based traditional banks also apply to Islamic banks, and Bangladesh Bank, as the central bank, is in charge of them. Furthermore, the current civil laws do not really adequately govern the activities of Islamic banks that are founded on the profit and loss sharing (PLS) concept. Because of this, civil courts in Bangladesh are ill-equipped to resolve conflicts arising from Islamic banking operations. Similarly, non-bank financial institutions and Islamic insurance (Takaful) organizations doing business in Bangladesh do not have their own act. Another prospective area of Islamic finance, Islamic microfinance, lacks a distinct statute to facilitate its growth. Under the same Microcredit Regulatory Act, 2006, the Microcredit Regulatory Authority oversees and controls both conventional and Islamic MFIs. To issue and administer long-term Islamic investment certificates, or "Sukuk," in the public and private sectors, the government has developed regulations.
- 2. Non-Existence of Vibrant Inter-Bank Islamic Money Market:** Bank liquidity management relies heavily on an active money market and short-term marketable financial instruments. In Bangladesh, there are now two types of bonds available: Islamic bank perpetual bonds and government Islamic investment bonds. However, Islamic banks require sufficient liquidity tools, such short-term marketable sukuk and Treasury bills based on Shariah, which can be used to manage surplus liquidity or to fill shortfalls.

3. **Absence of Adequate Islamic Capital Market Instruments:** One of the main obstacles to the smooth growth of Bangladesh's Islamic capital market is the lack of appropriate long-term assets. Traditional banks are able to invest a certain percentage of their money in the capital market, but Islamic banks are unable to use the capital market's long-term Shariah-based assets to deploy a portion of their funds as a means of diversification. Instruments from the Islamic capital market have the potential to be used as funding sources for both public and private initiatives, especially those related to infrastructure.
4. **Predominance of Murabaha, Bai-Muajjal and Ijara Financing:** Over 90% of all investments made by Islamic banks are made through marked-up and rental-based financing methods (murabaha, bai-muajjal, and ijara). Only a small portion (less than 2%) of all investments made by Islamic banks are covered by the Islamic ideal PLS-based financial instruments such as musharakah and mudaraba. Moreover, Islamic banks have the potential to allocate a greater portion of their capital to sectors that benefit society, such as small and agricultural enterprises. The Islamic banks have made very little investment in ideal Islamic modes such as Musharaka and Mudaraba. Due diligence is therefore required of Islamic banks in order to create appropriate standards and policies that support investments made through the Musharaka and Mudaraba modalities.
5. **Small Share of Financing in Social Sectors and CSR activities:** An analysis of investments made by Islamic banks reveals a considerable degree of dominance by large projects and firms in Bangladesh's Islamic banking market. Education, health, housing, microfinance, and agriculture are examples of social sectors that do not receive equitable funding. Islamic banks can increase their corporate social responsibility (CSR) efforts in order to promote socioeconomic development and serve mankind. They can do this by engaging in a variety of charitable endeavors with a focus on areas such as health, education, disaster relief, rehabilitation, and the eradication of poverty.
6. **New arena searching and Green Financing strategy:** Islamic banks may have a significant edge in growing if they look into new clients for microfinance initiatives, mentor female entrepreneurs, and supply funding for government organizations. In relation to the entire financing of the Islamic banking system, the amount of green finance is negligible. Islamic banks in Bangladesh can effectively contribute to green financing by aligning their strategy and operations with the government's environmental sustainability goals and by correctly adhering to Bangladesh Bank's standards.
7. **Paucity of Number of Islamic Insurance Companies:** Islamic insurance businesses (takaful) are essential to the continued growth of Islamic banking. Only 11 takaful businesses exist, which is not enough to safeguard investments against unanticipated risks and disasters. In the absence of sufficient takaful services, Islamic banks are typically forced to rely on interest-based insurance businesses when it comes to trade and business insurance matters.
8. **Scarcity of Skilled Human Resources:** The lack of sufficient qualified human resources with a deeper comprehension of the fundamental ideas of Shariah-based financial services is a major problem for Bangladesh's Islamic banking sector. Compared to their counterparts in conventional banks, Islamic bankers face greater obstacles because they must become knowledgeable about both Islamic Shariah and banking operations.
9. **Absence of Islamic Financial Literacy Program:** Many people, including longtime Islamic bank customers, are unaware of Shariah-based deposit and investment options, despite the Islamic banking industry's rapid expansion over the past three decades. A financial literacy program to help customers comprehend the fundamentals of Islamic finance is lacking in the majority of Islamic banks.

- 10. Minimal Presence in Rural Area:** Even though the majority of Bangladeshis reside in rural areas, there aren't many Islamic banks that operate there. If tailored financial solutions are created and made available, rural communities have a great deal of room to thrive. The number of full-fledged Islamic banks' rural branches has not kept up with demand, despite the fact that Islamic banking activities are expanding in Bangladesh. They might put more of an emphasis on reaching out to rural communities.
- 11. Few Number of Women Customers:** Even though women make up half of the population, very few people have accounts with Islamic banks. Ninety percent of the clients in Bangladesh's thriving microfinance sector are women, and they have previously demonstrated their bankability. Islam also boasts a dazzling history of female traders and entrepreneurs. However, Islamic banks were unable to establish a clientele among the female population.
- 12. Lack of Quality Research and Training Facilities:** It is imperative that the Islamic finance industry has access to high-quality training and research facilities in order for it to grow smoothly. A sufficient amount of academic and practical training, as well as research on Islamic Shariah as it pertains to financial transactions, is required by the Islamic Finance Industry. Bangladesh, however, lacks high-quality research and training institutions.

#### **Policy Options and recommendations**

Bangladesh, a nation with a majority of Muslims and a poverty rate of 24% among its 163 million citizens, should investigate Islamic financing as an alternative to traditional sources of funding in order to achieve the SDGs. In light of this, it is essential to adopt action to advance each area of Islamic finance.

**Empowering women and alleviation of poverty:** Islamic microfinance is an excellent opportunity for the empowerment of women and the alleviation of poverty. Islamic microfinance could be an extremely effective means of achieving SDG 1 (end poverty in all forms everywhere by 2030). In the results of the CGAP Global Survey on Islamic Microfinance, *Unlocking the Potential of Islamic Microfinance* may provide financial access to millions of very low-income Muslims who presently do not avail of any type of commercial microfinance products or services because they do not conform to Islamic law.

**Upgrading Legal Framework:** It is essential to update the legal framework that governs, directs, and oversees each sector of Islamic finance, including capital markets, takaful, non-banking institutions, microfinance institutions, and banking institutions, in order to ensure the long-term viability of the industry. Guidelines for Islamic banks from 2009 need to be updated. For the Islamic finance industry to grow as a whole, distinct regulations are needed for microfinance, Islamic non-bank financial institutions, and takaful. Nonetheless, guidelines for corporate and sovereign Sukuk have been released. BEXIMCO recently raised corporate Sukuk to finance solar plants, while Bangladesh Bank recently issued long-term sovereign Sukuk for a drinking water project on behalf of the government.

**Maintaining Regulatory Standards:** Islamic banks must abide by the Shariah, governance, and regulatory guidelines established by Basel, IFSB, and AAOIFI in order to uphold international standards. Sukuk are distinct from regular bonds as per AAOIFI Standard No. 62 due to the following key points. First, they are not lending with interest as their basis. Second, once a subscriber has made a subscription to Sukuk certificates and has paid the principal, the principal and profit will not be automatically considered an obligation of the issuer to pay. Thirdly, the Sukuk holders share in the profits and losses of the assets owned by the Sukuk, and they also participate together in the rights and obligations of the underlying Sukuk assets held in common with other holders of Sukuk for the same issuance. Additionally, they are an instrument which funds the financing company. Lastly, Sukuks are issued according to Sharia

and contain one or more Sharia contracts with respect to the method of issuance, trading, and maturity. Finally, the risks associated with a Sukuk are not solely based upon the credit of the issuer, as the issuer's credit rating does not have to be based upon its ability to pay (AAOIFI, 2023; Cupri, 2022).

**Formation of Central Shariah Supervisory Board:** A Central Shariah Supervisory Board must be established in order to develop and enforce uniform Shariah Standards for all Islamic banks, Islamic bank branches of conventional banks, and other Islamic financial institutions, as adhering to Islamic Shariah is an essential component of Islamic banking. To oversee the operations of Shariah boards of Islamic banks, this board should include a special mix of human resources that includes Shariah auditors, Islamic bankers, and Islamic jurists. The experiences of Malaysia and other nations can be investigated in this situation.

**Promoting Partnerships Business Models:** It is essential to create partnerships business models since investments under models such as mudarabah and musharaka, which are excellent, are made at a rate of less than two percent in Bangladesh. Social services like health and education as well as vital consumer product supply services like halal food supply can be the first areas where such models can be implemented.

**Enhancing Investment in Social Sectors:** If Islamic banks want to raise the standard of living for the impoverished, they must invest more quickly in social sectors like housing, health care, education, and microenterprises. Development of society can be achieved with an adequate supply of Islamic microfinance.

**Establishment of Strong Research and Training Center for Islamic Finance:** The other facets of Islamic finance, including as capital markets, takaful, and microfinance institutions, have not made any discernible development, despite the remarkable success of Islamic banking. To fully profit from Islamic finance, the provision of frequent training to officials and research on innovative products and other important topics related to Islamic finance are necessary. It is necessary to construct a "Strong Research and Training Center for Islamic Finance" under the direction of a professional Islamic finance researcher in order to achieve this. To establish the center, all Islamic banks may work together.

The eighth five-year plan places a strong emphasis on generating jobs for 11.3 million people and growing the non-farm sectors of the rural economy in order to reduce the economic gap between rural and urban areas. Achieving an 8.51% GDP growth rate and bringing down the poverty rate to 15.60% by 2025 are the objectives. Sector-wise, imposing Zakat in addition to taxes will assist generate significant money and boost economic activity even more. In theory, the potential of Zakat can grow exponentially, acting as a multiplier to lessen the effects of poverty through the implementation of target-based solutions. The implementation of the eighth five-year plan is expected to cost Tk64,960 billion, of which 81% would come from mobilizing the private sector. The SDG implementation and LDC graduation will bear the brunt of the effects. The national zakat sum will rise if these industries are taken into consideration for possible zakat calculations. Finally, we should mention that the present five-year plan is a part of the 20-year plan to reach middle-income nations by 2041. The strategy has to stay connected to the execution of the SDGs, and metrics, supply, and resources have to be continuously monitored.

## Conclusion

There is a strong demand for Shari'ah-compliant, interest-free financial services to address issues caused by high-interest debt. Islamic Social Finance (ISF) promotes financial inclusion, development, and poverty reduction, supporting the SDGs. In Bangladesh, where achieving the SDGs requires BDT 94,711.65 billion by 2030, Islamic finance can help bridge the funding gap. Bangladesh currently has Islamic banks, NGOs, Takaful companies, and financial institutions,

though they are underperforming. The Islamic Capital Market has recently emerged with the introduction of sukuk (Islamic bonds). If existing challenges are addressed, Islamic finance can significantly contribute to SDG funding through risk sharing, equitable financing, and asset-backed programs. Its focus on real assets helps limit speculation and promote financial stability. In addition, Islamic finance can help achieve SDGs 10 (reducing inequality and lessening the impact of economic swings) and 16 (ensuring peace) if the profit and loss sharing principle is applied correctly.

Islamic banking can promote social harmony by including the poor in the financial system and reducing poverty and inequality through risk-sharing and redistributive tools. It provides stable financial services to low-income individuals, benefiting both Muslims and non-Muslims, and fostering unity and peace. However, to achieve universal interest-free financial inclusion, Islamic Social Finance (ISF) must overcome several challenges. The study highlights these limitations and proposes recommendations for future improvement. By providing direction for academics conducting empirical and exploratory study in this area, it adds to the corpus of literature already in existence. To further improve ISF's efficacy as a Shari'ah-compliant instrument for meaningful contributions to the SDGs' accomplishment by 2030, the study suggests particular policies.

## References

- Abdalla, R. A., Alaaraj, H. K., & Mulla, G. S. (2024). The Contribution of Islamic Banking and Finance to the Sustainable Development Goals of 2030. *Sustainable Innovations in Management in the Digital Transformation Era*, 249-261. <https://doi.org/10.4324/9781003450238-25>.
- Abduh, M. (2019). The Role of Islamic Social Finance in achieving SDG Number 2: End Hunger, achieve Food security and improved Nutrition and promote Sustainable Agriculture. *Al-Shajarah Journal of Islamic Thought and Civilization, IIUM, (Special Issue)*, 185–206. <https://doi.org/10.1017/CBO9781107415324.004>
- Abdul Rahman, R., & Dean, F. (2013). Challenges and solutions in Islamic microfinance. *Humanomics*, 29(4), 293-306.
- Ahmed, H., Mohieldin, M., Verbeek, J. and Aboulmagd, F.W., (2015). On the sustainable development goals and the role of Islamic Microfinance, World bank policy research working paper No. 7266
- Ahmed, H., 2004. Role of zakah and awqaf in poverty alleviation. Jeddah: Islamic Development Bank, Islamic Research and Training Institute and the role of Islamic finance.
- Aziz, R. A., and Kassim, S. (2021). Non-PLS Financing in Islamic Microfinance: Balancing Financial Sustainability and Inclusiveness. *Islamic Finance Review*, 10(2), 67–89. <https://doi.org/10.1108/IFR-06-2021-0058>.
- Mamun, A., Joseph, A., Sazali, A.W. (2012). Investigating the Effect of Amanah Ikhtiar Malaysia's Microcredit Program on Their Clients Quality of Life in Rural Malaysia (October 17, 2012). *International Journal of Economics and Finance*, Vol. 4, No. 1, pp: 192-203, January 2012, Available at SSRN: <https://ssrn.com/abstract=2229118>
- Ali, K. M., & Kassim, S. (2020). Waqf Forest: How Waqf Can Play a Role In Forest Preservation and SDGs Achievement? *ETIKONOMI*, 19(2).
- Askari, H., Iqbal, Z., Krichene, N., & Mirakhor, A. (2014). Understanding development in an Islamic framework. *Islamic Economic Studies*, 130(1155), 1-36.
- Bagchi, B., Chatterjee, S., Ghosh, R., & Dandapat, D. (2020). Impact of COVID-19 on Global Economy. In *Coronavirus Outbreak and the Great Lockdown* (pp. 15-26). Springer, Singapore.
- Bangladesh Bank (2024). Developments of Islamic Banking in Bangladesh, April-June, 2024, Bangladesh Bank's Website ([www.bb.org.bd](http://www.bb.org.bd))
- Bangladesh Bureau of Statistics (BBS). (2024). Bangladesh Sample Vital Statistics 2023.
- Bangladesh Bureau of Statistics (BBS). (2025). Labour Force Survey 2024.

- Banna, H., Alam, R., Ahmad, R., Sari, M. N. (2020) Does financial inclusion drive the Islamic banking efficiency? A post-financial crisis analysis, *The Singapore Economic Review* 67(2), DOI: 10.1142/S0217590819420050
- Bank, B. (2023). Development of Islamic Banking in Bangladesh, April-June, 2023. Dhaka, Bangladesh. [http://www.bangladesh-bank.org/pub/quarterly/islamic\\_banking/apr\\_jun\\_2023.pdf](http://www.bangladesh-bank.org/pub/quarterly/islamic_banking/apr_jun_2023.pdf).
- Bank, B. (2024). Development of Islamic Banking in Bangladesh, April-June, 2024. Dhaka, Bangladesh. [http://www.bangladesh-bank.org/pub/quarterly/islamic\\_banking/apr\\_jun\\_2024.pdf](http://www.bangladesh-bank.org/pub/quarterly/islamic_banking/apr_jun_2024.pdf).
- Barua, Suborna and Ahamed, Hasib (2016) "Role of Financial Sector to Support SDGs in Bangladesh, March 2016, Research and Innovation Lab, Royal Capital Limited, [www.rclbd.com](http://www.rclbd.com)
- Batra, Vikas, Avinash A, Ashish Kumar, and N. S. (2024). Achieving Zero Hunger under Sustainable Development Goals Concerning Organic Agriculture. *Current Agriculture Research Journal*.
- Buiter, W. H., & Rahbari, E. (2015). Why Economists (and Economies) Should Love Islamic Finance. *Journal of King Abdulaziz University: Islamic Economics*, 28(1), 139-162.
- Cupri, A. (2022). Le operazioni sul mercato di debito nel sistema finanziario islamico: il caso dei sukuk. *Stato e Chiese*, 27, 43-46: Le operazioni sul mercato di debito nel sistema finanziario islamico: il caso dei sukuk.
- Dhaoui, E. (2015). The role of Islamic Microfinance in Poverty Alleviation: Lessons from Bangladesh Experience.
- Dupas, P., & Robinson, J. (2013). Savings Constraints & Microenterprise Development: Evidence from a Field Experiment in Kenya. *American Economic Journal: Applied Economics*, 5, 163-192.
- Fernandes, N. (2020). Economic effects of coronavirus outbreak (COVID-19) on the world economy. Available at SSRN 3557504.
- Jackson, J. K., Weiss, M. A., Schwarzenberg, A. B., & Nelson, R. M. (2020). Global economic effects of COVID-19.
- Haneef, M.A., et. al., 2015. Integration of Waqf-Islamic microfinance model for poverty reduction: The case of Bangladesh. *International Journal of Islamic and Middle Eastern Finance and Management*, 8(2), pp.246-270.
- Hassan, M. K. (2010). An integrated poverty alleviation model combining zakat, awqaf and microfinance. *Seventh International Conference–The Tawhidic Epistemology: Zakat and Waqf Economy*, Bangi, Malays
- Hassan, M. K, et. al, (2023). REVITALIZING THE ROLE OF ISLAMIC SOCIAL FINANCE IN ACHIEVING THE SDGS: A COMPREHENSIVE REVIEW, *AQU Journal of Islamic Economics*, Vol. 3 No. 2, pp. 01-24 (Dec. 2023) DOI:10.52747/aqujie.3.2.227 E-ISSN 2788-5550 / ISSN 2788-5542
- Jouti, A. T. (2019). An integrated approach for building sustainable Islamic social finance ecosystems. *ISRA International Journal of Islamic Finance*, 11(2), pp. 246-266.
- Klapper, L., El-Zoghbi, M., and Hess, J. (2016). Achieving the Sustainable Development Goals The Role of Financial Inclusion, working paper, © CGAP, 2016.
- Kahf, M., 2008. Role of Zakah and Awqaf in Reducing Poverty: A proposed institutional setting within the spirit of Shari'ah. *Thoughts on Economics*, 18(3), pp.40-67.
- Kassim, S. (2016). Islamic finance and economic growth: The Malaysian experience. *Global Finance Journal*, 30, 66-76.
- Khairunnisa, H. L. and Rusydiana, A. S. (2024). Mapping on Islamic Microfinance Research: Lesson Learn from Indonesia and Turkey. *Economics and Sustainability*, 1(1). <https://doi.org/10.58968/es.v1i1.411>.
- Khairunnisa, S., Muzayanah, I. F. U., & Kasri, R. A. (2019). Impact of Islamic Microfinance on Quality of Life: Maqasid Al-Shariah Approach. In *Challenges of the Global Economy: Some Indonesian Issues*, 205-227. Nova Science Publishers, Inc.

- Khouildi, M. Y. and Kassim, S. (2019). An Innovative Financing Instrument to Promote the Development of Islamic Microfinance Through Socially Responsible Investment Sukuk. *Journal of Islamic Monetary Economics and Finance*, 4(2), 237-250. <https://doi.org/10.21098/jimf.v4i2.935>.
- Mohammad Osmani, N., & Al Masud, A. (2014). Center For Zakat Management (Czm) And Its Role In Poverty Eradication In Bangladesh.
- Mohamad, N. E. A., Saad, N. M., & Mohamed, Z. b. (2023). An Overview of Sustainable and Responsible Investment Sukuk for Social Impact Financing. *European Proceedings of Finance and Economics*, 327-341. <https://doi.org/10.15405/epfe.23081.29>.
- Mohiuddin, F. (2017). Islamic social enterprises in Bangladesh: Conceptual and institutional challenges. *Cogent Business & Management* (2017), 4: 1305674
- Nabi, M. G., Islam, M. A., Bakar, R., & Masuduzzaman, M. (2019). Using Waqf for Socio-Economic Development in Bangladesh: Potentials, Challenges, and Policy Directions. *Revitalization of Waqf for Socio-Economic Development, Volume I*, 107-133.
- Nabi, M. G., et. al., (2022) *Islamic Finance in Achieving Sustainable Development Goals (SDGs): Bangladesh Perspective, Thoughts on Economics*, Vol. 32, No. 03 & 04, 2022
- Obaidullah. M. (2014). A Welcome Initiative for Zakat Management in Bangladesh, June 10, 2014, <https://iiibf.com/a-welcome-initiative-for-zakat-management-in-bangladesh>
- Priyanka, S., K. Xu, and D. B. Evans. 2011. Impact of Out-of-Pocket Payments for Treatment of Non-Communicable Diseases in Developing Countries: A Review of Literature. *World Health Organization Discussion Paper 2*. Geneva: World Health Organization. (PDF) *Islamic Finance in Achieving Sustainable Development Goals (SDGs): Bangladesh Perspective\**.
- Sachs, J., Lafortune, G., Kroll, C., Fuller, G., Woelm, F. (2022). From Crisis to Sustainable Development: the SDGs as Roadmap to 2030 and Beyond. *Sustainable Development Report 2022*. Cambridge: Cambridge University Press.
- Sadeq, A. H. M (2002), Waqf, perpetual charity and poverty alleviation. *International Journal of Social Economics*., 29(1/2):135-151
- Sadiq, Ramla and Mushtaq, Afia (2015) "The Role of Islamic Finance in Sustainable Development" Volume 5, Issue I, *Journal of Islamic Thought and Civilization*, Spring 201
- Saniff, S. M., Hasan, W. N. W., & Salleh, M. S. (2020). ZAKAT AND SDGs: A LOVE STORY?. *PalArch's Journal of Archaeology of Egypt/Egyptology*, 17(7), 10979-10988.
- Senghore, A.F. (2023). Assessing the role of Islamic microfinance: a women empowerment case study. *EJIF*, 10, 3, 45-70
- Todaro, M., & Smith, S. (2015). *Economic Development* (7th Ed.)
- Tomislav, K. (2018). The Concept of Sustainable Development: From its Beginning to the Contemporary Issues. *Zagreb International Review of Economics & Business*, 21(1), 47-74.
- Uddin, N.M, Uddin, J.M, & Ullah, C.M(2019). Role of Zakat as a Tool of Poverty Alleviation and Sustainable Development: The Case of Bangladesh, *BANGLADESH JOURNAL OF ISLAMIC THOUGHT*, V-15, N-24 (July To December 2019)
- United Nations. (2024a). The Sustainable Development Goals (SDGS) Report 2024. <https://doi.org/10.4324/9780429282348-52>
- United Nations. (2023). The Sustainable Development Goals Report 2023: Special Edition. United Nations. <https://doi.org/10.18356/9789210024914>
- Usman, A. S.\* and Tasmin, R., 2016. The Relevance of Islamic Micro-finance in achieving the Sustainable Development Goals. *International Journal of Latest Trends in Finance & Economic Sciences*," Vol-6 No. 2 June, 2016, page 1115-1125
- Usman, A. S., & Tasmin, R. (2016b). The Role of Islamic Micro-finance in Enhancing Human Development in Muslim Countries. *Journal of Islamic Finance*, 5(1), 53-62.
- Wahyudi, H. and Leny, S. M. (2024). Nexus Between Islamic Investment, Musyarakah Financing, Islamic Microfinance and Achieving SDGS in Indonesia. *Journal of Ecohumanism*, 3(7), 1976-1986. <https://doi.org/10.62754/joe.v3i7.4346>.

- Zafor, M. (2017). The Quranic Version of Just and Sustainable Development, 5th Zakat Fair 2017 Souvenir, pp. 55-58.
- Zain, N. S. and Sori, Z. M. (2020). An Exploratory Study on Musharakah Sri Sukuk for the Development of Waqf Properties/Assets in Malaysia. *Qualitative Research in Financial Markets*, 12(3), 301-314. <https://doi.org/10.1108/qrfm-09-2018-0099>.

This work is licensed under a Creative Commons | Attribution-NonCommercial 3.0 Unported License.