SHARIA SUPERVISORY BOARD: ITS CONSTITUTION AND FUNCTIONING IN ISLAMIC BANKS

[1]BHARTESH RAMPRAKASH KASI, [2]NAJDAT MAHMOOD

[1,2] Royal University for Women, Kingdom of Bahrain
E-mail: [1]bkasi@ruw.edu.bh

Abstract - The global Islamic finance industry has grown rapidly in the last ten years and is expected to touch USD 3 trillion by 2020. The Gulf Cooperation Council Countries, Iran and Malaysia; have been central to the growth story of the global Islamic finance industry accounting for 83% of the market size. Even though Islamic finance covers a wide range of financial service segments, 75% of the global Islamic financial assets are held by Islamic banks. Islamic banking refers to a system of banking, which is consistent and in compliance with Islamic law, also known as Sharia. It is seen as an alternative to conventional banking in Islamic countries. Even though many Islamic countries have in place a Sharia supervisory and governance framework for Islamic banks, it has often been commented that these frameworks are inadequate when it comes to addressing the issues and challenges confronting Islamic banks today. Previous researchers have specifically identified issues concerning the membership and workings of the Sharia Boards as one of the major challenges confronting growth of Islamic banks. The purpose of this paper is to examine and comment on the constitution and functioning of Sharia Boards within Islamic banks based in the Kingdom of Bahrain.

Keyword - Islamic banks, Sharia board, Bahrain