



## Enhancing Sustainable Economic Development through Shariah-Compliant Fintech Innovations: A Jurisprudential Analysis of Mobile Banking in Bangladesh

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**ABSTRACT:** Mobile banking in Bangladesh is an innovative solution to the gap between banks and people. As fintech solutions, especially those involving mobile banking, proliferate in modern times, it becomes necessary to examine the potential of these solutions to help enhance sustainable economic development while adhering to Shariah law. This research examines the compliance of mobile banking innovation with Shariah principles. More specifically, it explores the juristic aspects of Islamic finance. Through the study, Shariah-compliant fintech models can facilitate access to financial services for marginalised communities in Bangladesh. Overall, these financial products can make a significant contribution to Bangladesh's economic development.

After carefully reviewing the laws, the study in the paper examines the compatibility of m-banking with several essential Shariah principles, including fairness, transparency, risk sharing, prohibition of riba (interest), and others. The study highlights the regulatory issues and legal consequences of employing fintech innovation within the framework of Islamic finance, particularly in the social and economic context of Bangladesh. In addition, the agreement focused on the challenges of ensuring Shariah compliance in an era when new financial products and services have emerged that classical scholars never anticipated.

Mobile banking can be a means to promote financial inclusion in Bangladesh for unbanked and underbanked individuals, including rural populations and women, the paper notes. The paper proposes a method to integrate Shariah-compliant mobile banking services that cater to the innovative needs of fintech. Furthermore, it suggests a framework that explores the Islamic ethical and moral requirements that can serve the purposes of the fintech innovations. The final recommendation will be directed to policymakers, regulators, and fintech companies on how to enhance the inclusivity and ethics of the mobile banking ecosystem in Bangladesh. The recommendations include the formulation of robust regulations, enhanced Shariah governance mechanisms, and the development of innovative financial products that align with Shariah principles and the global Sustainable Development Goals.

The objective of this paper is to promote the development of mobile banking through Shariah-compliant fintech innovations, fostering sustainable economic growth in Bangladesh. This will add to the increasing discourse on how Islamic finance can be a force for good.

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## 1. INTRODUCTION

Mobile Financial Services (MFS), commonly known as mobile banking in Bangladesh, have emerged as a transformative force in the country's financial landscape, bridging the gap between traditional banking infrastructure and the vast unbanked population. Platforms such as bKash, Nagad, Rocket, and Upay have revolutionized access to financial transactions, enabling person-to-person transfers, merchant payments, utility bills, remittances, and micro-savings through simple mobile phones.

As of December 2024, Bangladesh boasts approximately 238 million registered mobile money accounts, representing over 11% of the global total, with daily transactions reaching around Tk 5,000 crore. This rapid growth has significantly advanced financial inclusion, particularly among rural populations, women, and marginalized communities, where traditional bank branches remain scarce. Despite these achievements, a substantial portion of the adult population—estimated at around 30-57% depending on measurement criteria—remains unbanked or underbanked, highlighting the ongoing need for inclusive innovations.

The integration of fintech with Islamic finance presents a profound opportunity to enhance sustainable economic development in Bangladesh. In this Muslim-majority nation, Islamic banking assets constitute over 22% of the total banking sector as of 2025. Shariah-compliant models can ensure that fintech innovations adhere to core Islamic principles, including the prohibition of *riba* (interest), avoidance of *gharar* (excessive uncertainty) and *maysir* (gambling), and the promotion of risk-sharing, transparency, and ethical wealth circulation.

The Qur'an emphatically condemns *riba* while encouraging trade and equitable exchange:

" وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا " [البقرة:275] Allah has permitted trade and forbidden *riba* " (Surah al-Baqarah 2:275). Furthermore, Allah (SWT) commands the circulation of wealth to prevent its concentration among the rich: " (حشر:7) كي لا يكون دولةً بين الأغنياء منكم " So that this (wealth) may not circulate solely among the rich from among you" (Surah al-Hashr 59:7).

These injunctions align seamlessly with *maqasid al-Shariah*—preservation of wealth (*hifz al-mal*), removal of hardship (*raf' al-haraj*), and promotion of public interest (*maslaha mursalah*)—making Shariah-compliant mobile banking a vehicle for poverty alleviation, women's empowerment, SME growth, and alignment with Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty), SDG 5 (Gender Equality), and SDG 8 (Decent Work and Economic Growth).

This paper undertakes a jurisprudential analysis of mobile banking in Bangladesh, examining its operational models through the lens of classical and contemporary *Usul al-Fiqh*. It identifies Shariah-compliant structures (e.g., *wakalah*, *hawalah*, *qard hasan*, and restricted *mudarabah*) while addressing potential concerns such as idle fund management and commingling.

The study proposes a robust framework for regulators, fintech providers, and Islamic financial institutions to develop ethical, inclusive mobile banking services under strengthened Shariah governance. By harnessing fintech in the service of *maqasid al-Shariah*, Bangladesh can foster sustainable economic growth rooted in justice (*adl*) and mercy (*rahmah*).

## 2. MOBILE BANKING IN BANGLADESH: CURRENT LANDSCAPE AND SOCIO-ECONOMIC IMPACT

**Mobile Financial Services (MFS)**, widely referred to as mobile banking in Bangladesh, has evolved into one of the most successful models of digital financial inclusion globally. Initiated in 2011 with the launch of services like Dutch-Bangla Bank's "Rocket" and BRAC Bank's "bKash", the sector has grown exponentially under the regulatory framework of the Bangladesh Bank.

Key players include bKash (dominant with significant market leadership), Nagad (operated by the Bangladesh Post Office), Rocket, and others such as Upay and bank-led services. As of late 2024 and early 2025, there are over 238 million registered MFS accounts, representing more than 11% of the global total, supported by approximately 1.83 million agents nationwide. Average daily transactions hover around Tk 4,800–5,300 crore, with annual totals exceeding Tk 17–20 lakh crore in recent years.

This growth reflects a shift from cash-based to digital transactions, facilitated by widespread mobile phone penetration and the expansion of agent networks into remote areas.

### 2.1 Contribution to Financial Inclusion

MFS has had a profound impact on financial inclusion, particularly for rural, unbanked, and marginalized communities. Despite progress, around 30–57% of the adult population remains unbanked or underbanked, often due to limited access to traditional bank branches.

Mobile banking bridges this gap by enabling cash-in/cash-out, remittances, bill payments, and micro-transactions via simple feature phones. Rural users benefit immensely, with agents providing doorstep services.

Women, historically underrepresented in formal finance, have seen increased participation, narrowing gender gaps through convenient, private transactions. This empowerment allows women to manage household finances, receive remittances directly, and engage in small-scale entrepreneurship.

### 2.2 Link to Sustainable Economic Development

The socio-economic benefits of mobile banking align closely with *maqasid al-Shariah*, particularly *hifz al-mal* (preservation of wealth) and promotion of equitable circulation as enjoined in the Qur'an: " (حشر:7) كي لا يكون دولةً بين الأغنياء منكم " So that this (wealth) may not circulate solely among the rich from among you" (Surah al-Hashr 59:7).

By facilitating remittances, salary disbursements, and government social safety nets digitally, MFS helps reduce poverty and enhance consumption among low-income households.

Studies indicate that increased MFS transactions correlate with poverty reduction, employment generation, and women's economic empowerment.

For small and medium-sized enterprises (SMEs), mobile platforms enable quick payments and access to micro-credit, fostering entrepreneurship and decent work.

These outcomes directly support the United Nations Sustainable Development Goals (SDGs):

- **SDG 1** (No Poverty) through poverty alleviation,
- **SDG 5** (Gender Equality) via women's empowerment,
- **SDG 8** (Decent Work and Economic Growth) by SME financing,
- **SDG 10** (Reduced Inequalities) by inclusive access.

### 2.3 Challenges in the Current Landscape

Despite successes, several challenges persist. Regulatory gaps include evolving oversight for interoperability, cybersecurity, and fair competition among providers.

The digital divide—stemming from low digital literacy, limited access to smartphones and the internet in rural areas, and infrastructure limitations—hinders full adoption.

In conventional models, potential Shariah issues arise, such as the investment of idle "float" funds in interest-bearing instruments, the commingling of funds, or a lack of asset backing, which may involve riba or gharar.

These concerns underscore the need for Shariah-compliant alternatives to ensure ethical and inclusive growth.

## 3. CORE SHARIAH PRINCIPLES RELEVANT TO FINTECH AND MOBILE BANKING

Islamic fintech, including mobile banking, must adhere to foundational Shariah principles derived from the Qur'an, Sunnah, ijma, and qiyas. These principles ensure that financial innovations promote justice, equity, and societal welfare while prohibiting exploitation.

Classical scholars such as Imam al-Ghazali, Imam al-Shatibi, and Ibn Qudamah, alongside contemporary bodies like AAOIFI and IFSB, interpret them to guide modern applications.

### 3.1 Prohibition of Riba

The Qur'an unequivocally prohibits riba (usury or interest):

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَٰلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلَ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا "

Those who consume interest cannot stand [on the Day of Resurrection] except as one stands who Satan is beating into insanity... Allah has permitted trade and has forbidden interest" (Surah al-Baqarah 2:275).

Further, " يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ O you who have believed, fear Allah and give up what remains [due to you] of interest, if you should be believers" (Surah al-Baqarah 2:278). The Prophet (peace and blessings be upon him) cursed the receiver, giver, witness, and scribe of riba (reported in Sahih Muslim).

لَعَنَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ أَكِلَ الرِّبَا، وَمُؤَكِّلَهُ، وَكَاتِبَهُ، وَشَاهِدِيَهُ، وَقَالَ: هُمْ سَوَاءٌ

المصدر: [صحيح مسلم: المحدث: مسلم | الراوي: جابر بن عبد الله. خلاصة حكم المحدث [صحيح] الصفحة أو الرقم-1598.

Classical scholars define riba as any predetermined excess in exchange for homogeneous commodities or loans. Contemporary interpretations extend this to interest-based float investments in conventional MFS, where idle funds earn ribawi returns.

Shariah-compliant models must avoid such practices, investing funds ethically or returning profits justly.

### 3.2 Prohibition of Gharar (Excessive Uncertainty) and Maysir (Gambling)

Gharar refers to excessive uncertainty that leads to deception, as prohibited by the hadith:

نَهَى رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ عَنْ بَيْعِ الْخَصَاةِ، وَعَنْ بَيْعِ الْعَرْرِ.

الراوي: أبو هريرة | المحدث: مسلم | المصدر: صحيح مسلم

الصفحة أو الرقم | 1513: خلاصة حكم المحدث [صحيح]

"The Prophet (peace and blessings be upon him) forbade sales involving gharar" (Sahih Muslim).

Maysir, akin to gambling, is condemned:

يَا أَيُّهَا الَّذِينَ آمَنُوا إِنَّمَا الْخَمْرُ وَالْمَيْسِرُ وَالْأَنْصَابُ وَالْأَزْلَامُ رِجْسٌ مِّنْ

عَمَلِ الشَّيْطَانِ فَاجْتَنِبُوهُ لَعَلَّكُمْ تُفْلِحُونَ

O you who have believed, indeed, intoxicants, gambling, [sacrificing on] stone altars [to other than Allah], and divining arrows are but defilement from the handiwork of Satan" (Surah al-Ma'idah 5:90).

In mobile banking, gharar may arise from unclear terms in digital contracts or hidden fees, while maysir could manifest in speculative features.

Compliant fintech requires clear, bilateral agreements that minimize the transfer of undue risk.

### 3.3 Emphasis on Risk-Sharing and Asset-Backing

Islam promotes partnerships: "And [it is] that they may share in the profit if there is profit, or bear the loss if there is loss" (based on mudarabah and musharakah principles).

Contracts like mudarabah (profit-sharing investment) and musharakah (joint venture) require shared risk and real asset backing, unlike debt-based conventional finance.

Mobile banking should facilitate such structures—e.g., profit-sharing savings or asset-backed digital wallets—ensuring transactions are tied to tangible economic activity.

### 3.4 Principles of Transparency, Fairness, and Amanah

- **Bay' al-safa** (transparent sale) mandates full disclosure.
- **Adl wa ihsan** (justice and excellence) enjoins fairness:

نَ اللَّهُ يَأْمُرُكُمْ أَنْ تُؤَدُّوا الْأَمَانَاتِ إِلَىٰ أَهْلِهَا وَإِذَا حَكَمْتُمْ بَيْنَ النَّاسِ أَنْ تَحْكُمُوا بِالْعَدْلِ ۚ إِنَّ اللَّهَ نِعِمَّا يَعِظُكُمْ بِهِ ۗ إِنَّ اللَّهَ كَانَ سَمِيعًا بَصِيرًا

"Indeed, Allah commands you to render trusts to whom they are due and when you judge between people to judge with justice" (Surah al-Nisa 4:58).

- **Amanah** (trustworthiness) requires safeguarding deposits and honoring commitments.

These ensure users are not exploited through opaque fees or unfair terms in digital platforms.

### 3.5 Maqasid al-Shariah Perspective

From the maqasid framework of Imam al-Shatibi, Shariah-compliant fintech serves higher objectives:

- **Circulation of wealth:** "What Allah has bestowed on His Messenger from the people of the towns belongs to Allah... [so it is distributed] lest it circulate solely among the wealthy from among you" (Surah al-Hashr 59:7).
- **Removal of hardship (raf' al-haraj):** Facilitating easy, halal access to finance for the unbanked.
- **Promotion of public interest (maslaha mursalah):** Advancing financial inclusion, poverty alleviation, and equitable growth.

By aligning mobile banking with these principles, fintech becomes a tool for promoting ethical and sustainable development.

## 4. JURISPRUDENTIAL ANALYSIS OF MOBILE BANKING OPERATIONS

Mobile banking in Bangladesh encompasses a variety of operational models that facilitate digital financial services. This section analyzes these models through a fiqhi lens, drawing on classical sources and contemporary fatwas from bodies such as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Islamic Financial Services Board (IFSB), and the Central Shariah Board for Islamic Banks of Bangladesh (CSBIB). The analysis highlights Shariah-compliant aspects while addressing potential concerns, ensuring alignment with the principles of Usul al-Fiqh.

### 4.1 Common Models in Bangladesh

The predominant models include:

- **Cash-in/Cash-out:** Users deposit or withdraw cash via agents, converting physical money to digital balances and vice versa.
- **Person-to-Person (P2P) Transfers:** Instant transfers between users, often for remittances or personal payments.
- **Merchant Payments:** Digital payments to retailers or service providers, reducing cash handling.
- **Micro-Savings:** Low-balance digital savings accounts with minimal fees, promoting financial discipline.
- **Micro-Credit via Mobile:** Short-term loans disbursed and repaid digitally, targeting SMEs and individuals.

These models, operated by providers such as bKash and Nagad, utilize agent networks and mobile apps to serve over 238 million accounts as of 2025.

### 4.2 Shariah-Compliant Aspects

When structured appropriately, mobile banking facilitates halal transactions in line with Shariah.

- **Facilitation of Halal Transactions:** P2P transfers and merchant payments can operate as **hawalah** (transfer of debt), permissible per classical rulings. Imam Ibn Qudamah in *Al-Mughni* affirms hawalah as valid when it is free of riba, thereby enabling debt assignment without interest.
- **Hawalah-Based Transfers:** Many MFS transfers mirror hawalah, where the provider acts as an intermediary. AAOIFI Shariah Standard No. 38 (Online Financial Platforms) permits such mechanisms if they are transparent and fee-based, thereby avoiding usury.
- **Wakalah Fees:** Service charges can be structured as **wakalah** (agency) fees for facilitation, as endorsed by IFSB guidelines on risk management (IFSB-1). The Prophet (peace and blessings be upon him) approved agency contracts (hadith in Sahih al-Bukhari on wakalah in trade). CSBIB opinions, as per Bangladesh Bank's 2025 Shariah governance directive, support wakalah-based fees in digital services, ensuring they are reasonable and disclosed.

These aspects promote maslaha by enabling the efficient and halal circulation of wealth.

### 4.3 Potential Shariah Concerns

Despite benefits, conventional models raise fiqhi issues:

- **Interest-Based Float Management or Investment of Idle Funds:** "Float" (user deposits held by providers) often earns interest in conventional systems, constituting riba. The Qur'an warns: **يَمْحَقُ اللَّهُ الرِّبَا وَيُرْبِي الصَّدَقَاتِ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَتِيمٍ**
- "Allah destroys interest and gives increase for charities" (Surah al-Baqarah 2:276). Classical scholars, such as Imam al-Ghazali in *Ihya Ulum al-Din*, deem any excess on loans as riba. AAOIFI standards prohibit ribawi investment; IFSB's 2023 Working Paper on Digital Islamic Banking recommends ethical investment of floats via mudarabah. In Bangladesh, CSBIB emphasizes non-ribawi fund management in its coordination role, with Bangladesh Bank's September 2025 directive mandating Shariah audits to prevent this.
- **Excessive Gharar in Certain Products:** Micro-credit via mobile may involve unclear terms or hidden fees, introducing gharar. The Prophet (peace and blessings be upon him) forbade sales with gharar (Sahih Muslim). IFSB's Technical Note on Financial Inclusion (2023) advises clear digital contracts to mitigate uncertainty.
- **Lack of Asset-Backing in Digital Wallets:** Balances without tangible backing resemble unbacked fiat, risking illusory value. AAOIFI requires asset backing in financial products; classical qiyas from Ibn al-Qayyim in *I'lam al-Muwaqqi'in* mandates real economic ties.
- **Commingling of Funds:** Mixing user funds without segregation can lead to unjust enrichment. Shariah demands amanah; IFSB-10 on governance requires separate accounting. CSBIB, as per its 2025 guidelines, requires segregated funds in Islamic windows to avoid haram commingling.

Contemporary fatwas align with AAOIFI's standards on repurchase and syndicated financing (2025 updates), which extend to fintech, prohibiting riba in digital assets. IFSB's digital platform emphasizes the development of tailored regulations for Islamic fintech. In Bangladesh, CSBIB's opinions, as reflected in the Bangladesh Bank's new Shariah advisory board formation (October 2025), call for SSC oversight in MFS to ensure compliance and resolve disputes through unified interpretations.

## 5. SHARIAH-COMPLIANT FINTECH MODELS FOR MOBILE BANKING

Shariah-compliant fintech models transform mobile banking into an ethical tool for sustainable economic development, aligning digital convenience with Islamic principles of justice, risk-sharing, and societal welfare. These models address concerns identified earlier—such as RIBA in float management and a lack of asset backing—by employing classical contracts adapted to modern platforms.

Contemporary fatwas from AAOIFI and IFSB endorse such innovations when they preserve the maqasid al-Shariah, including equitable wealth distribution and the removal of hardship.

### 5.1 Proposed Islamic Structures

- **Wakalah bi al-Istithmar (Investment Agency):** The MFS provider acts as wakeel (agent) on behalf of users, investing idle funds in Shariah-approved ventures with a fixed agency fee. This avoids Riba by ensuring returns stem from actual investment performance rather than predetermined interest. Classical scholars permit wakalah with investment authority when transparent and free of prohibited conditions, as noted in works on Usul al-Fiqh.
- **Restricted Mudarabah for Fund Management:** Users become rabb-ul-mal (capital providers), while the provider serves as mudarib (manager) in a restricted mudarabah pool limited to halal assets (e.g., trade financing or sukuk). Profits are shared proportionally, with losses borne by capital unless due to negligence. This promotes true risk-sharing, echoing the Prophet's (peace and blessings be upon him) approval of mudarabah partnerships. Restrictions prevent commingling with ribawi funds.
- **Qard Hasan-Based Services:** Benevolent loans for micro-credit or emergency transfers, repaid without excess. Fees cover administration only, facilitating maslaha for the underbanked while embodying Islamic mercy.

These structures ensure asset-backing and transparency, mitigating gharar through clear digital contracts.

### 5.2 Successful Examples: Islamic Mobile Banking Windows and Fully Compliant MFS Models

Local precedents in Bangladesh demonstrate feasibility:

- **Al-Arafah Islami Bank's Mobile App and Islamic Wallet:** A fully Shariah-based MFS platform allowing digital opening of Mudaraba Term Deposits and Islamic schemes, with rapid adoption among rural and young users.
- **Islami Bank Bangladesh's mCash:** A dedicated Shariah-compliant service for transactions, emphasizing ethical fund management.
- **Emerging Islamic digital bank initiatives,** supported by Bangladesh Bank's 2025 revised Guidelines for Digital Banks, include applications for fully branchless Shariah-compliant entities offering inclusive services.

Globally, models inspire:

- Platforms using Mambu or Tuum cores for mudarabah/murabaha modules, as seen in GCC and Southeast Asian fintechs.
- Apps like ila Bank (Bahrain) and Sohar Islamic (Oman) for corporate and retail Shariah-compliant mobile banking.

These examples illustrate how Islamic windows or dedicated apps integrate with existing MFS ecosystems while maintaining compliance under CSBIB oversight.

### 5.3 Integration of Profit-Sharing and Ethical Investment of Float Funds

In compliant models, float funds are pooled under restricted mudarabah or wakalah bi al-istithmar, invested in tangible assets (e.g., trade, sukuk, or halal SMEs). Profits are distributed proportionally, fostering ethical returns and aligning with the Quranic injunction against wealth concentration (Surah al-Hashr 59:7). This replaces ribawi investments, ensuring amanah and adl.

### 5.4 Role in Promoting Zakat/Sadaqah Distribution and Waqf-Based Microfinance

Mobile platforms extend Islamic social finance:

- Seamless zakat calculation, collection, and distribution modules, with transparent tracking to recipients.
- Waqf crowdfunding for productive assets (e.g., wells, schools), enabling microfinance via perpetual endowments.
- Integration of sadaqah for immediate aid, enhancing maslaha, and poverty alleviation.

Global platforms, such as Global Sadaqah, exemplify this, managing zakat, sadaqah, and waqf digitally. In Bangladesh, such features could empower marginalized communities, aligning with SDGs and maqasid.

By adopting these models, mobile banking becomes a catalyst for ethical, inclusive growth rooted in Shariah.

## 6. PROPOSED FRAMEWORK FOR SHARIAH-COMPLIANT MOBILE BANKING IN BANGLADESH

To realize the full potential of mobile banking as a tool for sustainable economic development while ensuring unwavering adherence to Shariah principles, a comprehensive framework is essential. This proposal builds upon the Bangladesh Bank's existing regulatory structure, including the Bangladesh Mobile Financial Services (MFS) Regulations, 2022, and the revised Guidelines to Establish Digital Banks (August 2025), as well as the coordinating role of the Central Shariah Board for Islamic Banks of Bangladesh (CSBIB).

Recent statements from the Bangladesh Bank leadership affirm that digital banking can be fully Shariah-compliant, and initiatives such as Islamic banking apps (e.g., Al-Arafah Islami Bank's Islamic Wallet and Islami Bank's mCash) demonstrate the practical feasibility.

The framework emphasizes strengthening governance, regulatory measures, technological safeguards, and stakeholder collaboration to align with maqasid al-Shariah, which include equitable wealth circulation, the removal of hardship, and the promotion of public interest.

### 6.1 Strengthening Shariah Governance

- **Dedicated Shariah Boards for MFS Providers:** Require all MFS providers offering Islamic services (or Islamic windows) to establish independent Shariah Supervisory Committees (SSCs) comprising qualified fuqaha, mirroring requirements for Islamic banks under Bangladesh Bank's 2025 directives.
- **National Guidelines Under Bangladesh Bank and CSBIB:** Empower CSBIB—as the national coordinating body for Islamic banking—to issue unified Shariah guidelines for fintech and MFS, in collaboration with Bangladesh Bank. This could include recognizing CSBIB's role in approving digital products, resolving disputes, and ensuring uniformity, building on its existing advisory functions.

### 6.2 Regulatory Recommendations

- **Mandatory Shariah Audit:** Institute annual independent Shariah audits for Islamic MFS operations, reporting directly to Bangladesh Bank and CSBIB, similar to audits for Islamic banking windows.
- **Disclosure of Fund Investment:** Mandate complete transparency on "float" fund management, requiring disclosure in annual reports and apps (e.g., investment modes, profit distribution). Prohibit ribawi income by restricting investments to Shariah-approved instruments (e.g., mudarabah pools or government sukuk).
- **Prohibition of Ribawi Income:** Explicitly ban interest-based returns on idle funds, aligning with AAOIFI standards and enforcing ethical alternatives like restricted mudarabah.

### 6.3 Technological and Ethical Safeguards

- **Blockchain for Transparency:** Encourage adoption of blockchain for immutable transaction records, contract enforcement, and zakat/waqf tracking, enhancing amanah and reducing gharar.
- **AI-Assisted Compliance (with Human Oversight):** Permit AI for preliminary screening (e.g., flagging potential riba or gharar) under strict human-mufti supervision, akin to the "human-in-the-loop" model, ensuring spiritual discernment remains with qualified scholars.

### 6.4 Policy Suggestions for Stakeholders

- **Incentives for Shariah-Compliant Fintech:** Offer tax benefits, priority licensing for digital banks, or subsidized infrastructure to providers developing fully compliant models, encouraging expansion of services like MTB-upay Islamic DPS.

- **Capacity Building for Scholars:** Organize regular training programs (jointly by CSBIB and Bangladesh Bank) on fintech literacy for Shariah advisors, preserving their ijtihad capacity while familiarizing them with digital tools.
- **Public Awareness on Islamic Digital Finance:** Launch nationwide campaigns to educate users on Shariah-compliant options, promoting trust and adoption among rural and marginalized communities.

The implementation of this framework—through amendments to MFS regulations and enhanced empowerment of CSBIB—would position Bangladesh as a global leader in ethical fintech, fostering inclusive growth rooted in Islamic values.

## 7. CONCLUSION

This study has illuminated the transformative potential of Shariah-compliant mobile banking in advancing sustainable economic development in Bangladesh. Grounded in core principles—such as the prohibition of riba and gharar, an emphasis on risk-sharing, transparency, and maqasid al-Shariah—mobile fintech can promote financial inclusion, poverty alleviation, women's empowerment, and equitable wealth distribution, as enjoined in the Qur'an (Surah al-Hashr, 59:7).

While conventional models present challenges, jurisprudential analysis confirms that structures like wakalah bi al-istithmar, restricted mudarabah, and qard hasan render operations permissible and beneficial. Successful precedents, such as Al-Arafah's Islamic Wallet and emerging digital Islamic initiatives, affirm practicality.

By adopting the proposed framework, regulators (Bangladesh Bank), coordinators (CSBIB), fintech providers, and scholars can harness innovation in the service of justice (adl) and mercy (rahmah). Stakeholders are urged to collaborate urgently, ensuring ethical digital finance serves all segments of society.

Future research may evaluate the empirical impacts of compliant models or comparative studies with other Muslim-majority nations.

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