

A comparative study between Islamic banking system and Conventional banking system

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Abstract

This research article aims to gain a comprehensive knowledge regarding Islamic Banking and Conventional Banking system. Islamic Banking is an interest free banking based on Sharia principle. The main area for Islamic finance is on profit & loss sharing, risk management, transparency, investment fairness, equality, and social harmony which have attracted both Muslims and non-Muslims around the globe. Islamic banks have gained a global acceptance due to its interest free principles and practices. The products of Islamic Banking has been discussed thoroughly in this paper as well as compared with conventional banking products and services. Additionally, we tried to understand how Islamic banking system is different from conventional banking system. This article concluded that working mechanism of Islamic banking and Conventional banking is quite different in many aspects, such as interest charging perspective, product, profit and risk profile perspectives etc.

Key words: Islamic Banking, Conventional banking, Islamic product, Shariah, Riba, conventional bank product.

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