



**ESTABLISHING ISLAMIC BANKING AND FINANCING (IBF) IN GHANA: ISSUES
CHALLENGES AND PROSPECTS**

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Abstract

The Republic of Ghana's financial system and banking reform decided the adoption and establishment of a new banking system known as Islamic Banking & Finance in 2013 as another banking strategy. However, the issues of the implementation of this new banking which is interest - free banking has brought many issues and debates because Ghana is not an Islamic state and the foundations of IBF are based on Islamic principles and laws- "sharia". This article briefly reviews the introduction, concepts, issues, challenges, and prospects of IBF practiced in other countries. It relied on secondary sources by reviewing and analyzing works on the subject matter. The Islamic Banking is for all and looking at the populations of people who are not banking in the country, there exist more prospects for IBF and Ghana can be another center for Islamic financing in Africa. Notwithstanding, several challenges and issues are surrounding the introduction and development of IBF in the country. Among the potential challenges are lack of knowledge, legal and regulatory framework, policies, lack of awareness about IBF. Furthermore, the prospects of IBF include worldwide growth, corporate social responsibility, mainstreaming the unbanked, promotion of financial inclusion, attracting foreign & local investors. The researchers recommend that there should be awareness creation to the public and proper education on the terminologies and benefits of IBF. Conclusively, the introduction of a new banking system in Ghana will bring a lot of development and transformation to all sectors of the economy through employment creation.

Keywords: *Islamic Banking System, Islamic Finance, Non-Interest Banking, Ghana.*

1.0 Introduction

Islamic banking and financing (non-interest banking) are now globally recognized due to its significance to economic development and are taking a path through the world's financial system. This is a type of banking that does not charge interest nor issue interest on deposit and investment and this is what makes it very special and different from the conventional form of banking. Islamic banking and financing are based on the Sharia principle and the accrued profit and losses in the businesses and contracts are shared among the financiers and the beneficiaries. Unlike traditional commercial banking which is based on interest taking and charging through Saving and deposits on which interest is paid and issuing of credits to which the banks earn interest income. In the major religions such as Islam, Christianity Judaism interest taking nor giving is prohibited. These religions have condemned interest taking of all kinds. In the 1970s and 1980s, Islamic banking and financing were introduced and develop in places like Malaysia and Pakistan and this brought greater interest in the interest-free banking over the conventional banking in those countries. Again, the global financial crisis in the conventional banks has now made financial institutions, stakeholders to analyze and reassess the opportunities that Islamic banking and finance have. According to Shafique, Faheem, and Abdullah (2012) concluded that the developed nations were forced to lower their interest rate due to the global financial crises and adopt the IBF system which is interest-free and based on the Islamic principles and laws in the financial system. Islamic banking players argued that the IBF has the capability of curbing the high-interest rates that are been charged by the conventional and private banking sectors and it is emerging as one of the sectors that are fast-growing in the global financial system. Some British financial institutions have started issuing products/services that are Muslims tailored through the banks and all are non-Islamic banks. For instance, an Islamic "Sharia" law products like compliant pension, home loan scheme, and stock brokerage services are already being issued by HSBC. Internationally, the value of Islamic banking estimates ranges from USD 200billion to USD 500billion. HSBC (2012) stated that Islamic banking and financing has the potential of raising its total assets to 4.4 trillion US Dollars by the year 2020 because the growth rate is increasing and is over 10 percent annually.

1.1 Background of Islamic Banking and Finance in Ghana

The recent increment in insolvency and collapse of many of Ghanaian banks and microfinance institutions has made the bank of Ghana to increase the minimum capital requirement for most financial institutions and also initiated the acquisition of those institutions who could not afford the stated capital and some of the institutions were ordered to merge due to the inability to raise the amount individually. This has paved the way for the country and the bank of Ghana to seek another banking alternative that would be sustainable. The IBF is one of the best alternative sources of banking the country can have since it is interest-free and the collapse rate is lower. Islamic banking and finance have a lot of ethical restrictions which are from sharia law or principle in Islam. The restrictions include Gambling, dealing in alcoholic beverages, dealing in porks, and other related products. The funds from Islamic banking would not be invested in any of the above businesses because it is "haram". Wajdi Dusuki & Irwani Abdullah (2007) said, for the past three decades, IBF in the world is considered as one of the fastest industries in terms of growth. Though IBF is very small in size as compared to the global banking industry, yet still the sector has grown in total assets more than 1.8 trillion US dollars (Ernst & Young, 2012). The IBF customers need not be only Muslims but all participants must abide by the ethical restrictions or prohibitions stated under the Islamic principles and values. Countries such as the United Kingdom and Japan are making much progress with the Islamic banking system though Muslims are not dominant in those countries. In the Bible, it is stated that the taking of "interest" is forbidden. Exodus (22:25) says: "If you lend money to any of my people who are poor among you, you shall not be like a moneylender to him: you shall not charge him interest". Leviticus (25:35-37) states: "If one of your brethren becomes poor, and falls into poverty among you, then you shall help him, like a stranger or a sojourner that he may live with you. Take no usury or interest from him, but fear God, that your brother may live with you. You shall not lend him your money for usury, nor lend him your food at a profit. The Hebrew Bible also regulates interest taking as in Deuteronomy (23:19) says: "Thou shalt not lend upon usury to thy brother; usury of money, usury of victuals, usury of anything that is lent upon usury". The term Usury is used in the same sense of any amount claimed by a creditor over and above the principal advanced by him to the debtor. It is very important to examine the issues, challenges, and prospects of

establishing IBF in Ghana because it will help provide potential IBF practitioners, government, policymakers, regulators and potential customers with the knowledge and understanding of what the introduction will be like for successful establishment and adoption in the country by all stakeholders.

1.2 Objectives of Islamic Banking and Finance in Ghana

The objective of Islamic Banking across the world is similar and not very different from that of the objective of Ghana since all operated under Islamic principles. These objectives were classified into primary objective and specific objectives. The definition sometimes differs according to the country's perspective. An Islamic Bank is established with the main or primary objective of promoting, developing and fostering applications of the Islamic Shariah of businesses thus the principles, laws, rules and the transactions of financial and other related businesses affairs to promote other acceptable investments companies, enterprises, and businesses which are inconsistency with the Islamic principles and laws.

Specifically, the objectives of IBF in the country involves the following:

- ✚ To offer a variety of financial services following the Islamic Sharia/principle
- ✚ To contribute to the economic development of a country and sustainability within the principles of Islamic law and justice.
- ✚ To facilitate effective and efficient allocation of national resources.
- ✚ To help in achieving financial stability and soundness within the economy.
- ✚ To involve Non-Muslims in the Islamic Banking Sector and understanding of the principles

2.0 Related Literature Review

2.1 Definition of Terminologies

2.1.1 Riba: Also known as Usury or Interest is an increment in savings, borrowing, or lending money which is paid in cash or kind as a condition imposed by the borrower or lender of that money.

2.1.2 Gharar: This means uncertainty, hazard, chance, or risk. Uncertainty, gambling (Maysir), is prohibited in Islam. The trading in derivatives is also forbidden in Islam because it is full of

uncertainty and it is also used to hedge against risk or transfer risk. Islam accepts only the sharing of risk and not a transfer of risk.

2.1.3 Shariah: This also known as the Shari'ah law or the Islamic only law. It is the religious law forming part of the Islamic tradition. This Islamic law is derived from the Holy Quran of God Almighty and the Hadiths of the Prophet Muhammed Peace and Blessing Be Upon Him (PBUH)

2.1.4 Halal: Is any savings, investment, transaction, business activity, contract, product and services that are not "haram", which are permissible, lawful and accepted in Islam. They go strictly with the Shari'ah law and are all permitted. The Holy Quran and Sunnah do not prohibit this kind of activity. The Islamic law and principle spelled out the kind of products and services we should engage in.

2.1.5 Haram: This is the vice versa of "Halal". It is not permissible, then it is prohibited

2.1.6 Islamic Banking: Is a financial institution that deals explicitly with the Islamic Shari'ah. The operations, activities, rules, procedures, and processes of the institution are based on the Islamic law with the abolishing of payment and receipt of interest as indicated in the Holy Quran and the Sunnah of "Nabi Mohammed S.A.W" (General Secretariat of the OIC).

2.17 Islam

Islam literally means, the total surrender to God. That is whole / totally submitting to Allah's will in peace. The word Islam is built from the Noble Qur'an and the Hadiths (the teachings and sayings of the Prophet Muhammad PBUH) which preaches patience, tolerance, peace & love, and understanding to all humanities and not violence (Salifu and Ussif, 2019).

2.1.8 Islamic Finance: Is a type of financing recommended in Islam and that goes explicitly with the Sharia (Islamic law). It is how financial institutions in the Muslim world and another non-Muslim world including other lending institutions, raise funds/capital by the Islamic Sharia.

2.1.9 Islamic Economics: This is the study of economics in the light of Islamic principles, or bringing economics in consonance with the sharia.

2.2 Empirical Review of Literature

Articles that are related to this subject under discussion is critically and empirically reviewed for these sectors to help the readers with easy understanding. Ghauri et al. (2012) and Akram et al. (2011) studied the prospects and determinants of growth of IBF in Pakistan. In their study, they found out that factors such as good bank spread, customers' perspective of good returns on deposits, and better services are key determinants to IBF growth. Furthermore, Karbhari et al (2004) also investigated the main problems, challenges, and opportunities facing Islamic banking in the United Kingdom using interviews that were undertaken with senior officials of several key financial institutions. The study revealed that, although by strict definition Islamic banks do not currently exist in the UK, London is one of the major centers for IBF.

3.0 Methodology

This article briefly reviews the introduction, concepts, issues, challenges, and prospects of IBF practiced in other countries. It relied on secondary sources by reviewing and analyzing works on the subject matter. Summary, conclusions, and recommendations were made based on the reviewed essays, books, internet, and writings concerning the topic.

4.0 Ghana Islamic Banking and GIIBIC

Mr. Saeed Abdul-Muumin the Director-General of the Global Institute of Islamic Banking, Insurance, and Consultancy (GIIBIC) has called on the government and the bank of Ghana to regularize the Islamic banking system in Ghana because he believes that when that is done, it would bring more of the non-banking population to the banking sector and it would also help in the stabilization of the Ghanaian economy. These he made mention of at the workshop organized in Accra on IBF issues in the country that about 40 percent of Ghana's population do not have access to banking and not also transacting any businesses with banks due to the higher interest rate charged by those banks. It was a two-day workshop organized by GIIBIC in collaboration with Al Huda Centre for Islamic Banking and Economics (CIBE) that brought together all stakeholders including representatives from some of the banking industries and policymakers. The CIBE is a training institute which is based in Pakistan. The director-general Mr. Abdul Muumin explained that the IBF is based on interest-free as compared to the conventional banks that charge interest in their operations. The Islamic banking systems operated based on profit and loss sharing where the parties involve or the loan beneficiaries from the IBF banks share the profit of their businesses with the bank that offered them the loans and shares the losses too

instead of paying interest that is higher on the loans collected from the conventional banks. He, therefore, described the interest charging rate of the conventional banking system as a problem to some families, individuals and corporate bodies and the nation at large and concluding that the IBF prevents interest charges and deals only with the issue of profit sharing and loss sharing. He further cleared the doubt in the minds of the public that, IBF is not meant for only Muslims as thought by some individuals. That is only based on Islamic commercial law principles and the application of the principles to businesses and finances. He said, "The principle could be any one's principle but it is the Islamic principle which has proven viable for any economy". Discussing the starting/penetration of Islamic Banking in Ghana, Mr. Abdul-Muumin said some financial institutions in the country have already started practicing it but did it silently and in smaller quantities since the Bank of Ghana had not come out with a regulatory guideline for IBF yet. Some of the Banks practicing IBF according to him are Access Bank which has some form of Islamic banking services, Salam Capital, which has an Islamic micro-finance product, the Wenchi Rural Bank among others, but they do this to see the interest and looking at the demand from potential customers and the market as a whole" he cited. A member of the Shariah Compliance Department of Al Huda CIBE, Mr. Qazi Abdul Samad, who made a presentation at the workshop, introduced the participants to the Islamic banking modes of transactions, the important Sharia principle about Islamic finance and the global overview of the Islamic financial industry. The IBF in Ghana offers the following products to its customers: Mudarabah, Musharaka, Murabaha, Ijarah, Istisna, Sukuk, Salam, etc.

4.1 Regulations of Islamic Banking and Finance in Ghana

The Bank of Ghana, for now, regulates the activities of the Islamic Banking and Finance in the country. A full regulatory body is yet to be constituted by the Bank of Ghana to handle the regulations of the IBF since it deals strictly with the sharia law. The IBF is a non-interest taking institution and though there are other non-interest taking associations and non-governmental organizations in the same direction which are regulated under one body, the issues of Islamic Banking and Finance are special since it deals with the Islamic Sharia laws. IBF needs people with sharia knowledge to design appropriate guidelines.

5.0 Issues on Islamic Banking and Finance in Ghana

So many issues in Ghana hampers the establishment of Islamic Banking and Finance. These issues are both internal and external. Some of the issues to be faced by IBF in Ghana are explained below:

5.1 Regulatory Framework Issues

The potential laws, rules, regulations, monitoring, and supervision by the financial regulators and policymakers in the country are undeniable reasons why most potential IBF operators, shareholders, donors, and entrepreneurs escape from establishing IBF in Ghana. Mr. Saeed Abdul-Muumin director of (GIIBIC) made a call for Islamic Banking system regularization in the country. He said this would bring the more non-banking population to bank with the sector and also help in stabilizing the Ghanaian economy. The government of Ghana is yet to come up with a regulation for Islamic banking in the country yet still most stakeholders are thinking the regulatory framework, guidelines, and principles could hamper the interest of most of them and thinking if it could be in line with the Islamic "sharia" principle.

5.2 Profit sharing Issue

Every institution aims to maximize shareholder's wealth. Customers, investors, depositors all have the interest of making more profit in the businesses and transactions they do with financial institutions. Profit-Sharing in the Islamic banking business in Ghana is going to be a serious and challenging issue for both the Muslim customers and the non-Muslim customers of IBF. Islamic banking is interest-free banking and profit that is earned is supposed to be shared on an agreed contractor basis. With investments, the profit accrued is shared based on agreed terms and conditions of the contract before the actual investment. Yet still, most of the managers want to cheat the customers or the customers want to be given more than the contract as agreed. There is always a challenge when it comes to the profit-sharing motive of the Bank and this is going to be an issue unless the parties involve all agree and have a compromise.

5.3 Accounting Standards and Financial Reporting Issues

The Accounting and Financial reporting standards of Islamic Banking and Financing differ from the conventional banks. Because IBF is based on the principle of Islam and from the Sharia law, all the entries and financial transactions and reporting's should be based on the laws and

principles. Accountants and Auditors need to be trained on the accounting and reporting standards of IBF before they function since it differs from the traditional ways of banking.

5.4 Islamic Sharia Principle Issues

The Sharia law which is strictly principle from the Islamic point of view will prevent most non-Muslims from patronizing the products and services. Some Muslims also have some issues with Islamic Banking and finance since it is strictly by the Sharia principle and law. They wish is any other name or title but not Islamic.

6.0 Challenges of Islamic Banking and Finance in Ghana

Before the establishment of Islamic banking and finance in a country, there is the need to analyze and evaluate the potential challenges that the institution is likely to face and the appropriate remedies that can be put in place to help reduce those likely challenges. Some of the identified challenges of IBF in the country and their possible remedies are listed and explained below:

6.1 Misrepresentation of the Islamic Banking System

There is a challenge that, Islamic banking would be given religious affiliations and links since the name Islam is attached to it. The non-Muslims who may be interested will be brainwashed that the bank is for only Muslims since it is working with Islamic principles and laws. Since IBF is existing in non-Muslim countries like Germany, the UK, and the US, then it can equally exist and operate well in Ghana which is also a secular state. Misrepresentation of the banking system with religious sentiments and connotations is likely to prevent or deter most of the potential customers and investors from banking with Islamic IBF in Ghana.

The researcher suggests that there is the need for collaborative efforts among the key stakeholders that include regulators, government, policymakers, potential IBF practitioners, financial institutions, and scholars to help educate the populace to have an understanding of the key concepts, principle, benefits, aims, and objective of IBF. Again there should be proper awareness creation on Islamic banking models in the country.

6.2 Lack of Skilled and Trained Human Resource

The conventional banking system in Ghana that existed for decades still faces the challenges of skilled and trained human resources. The Islamic Banking system to be established in the country will face more challenges in the area of human resources and skilled labor. These are because the operations, dealings, and activities of IBF differ from other banks to some extent. There is going to be a lack of knowledge in the area of financial reporting, accounting reporting, and auditing standards that apply to IBF. Most of the entries of Islamic Banking & Finance is different from conventional banks like the balance sheet, income statement, trial balance, etc.

These issues can be addressed by training the IBF personnel, and it can be done in collaboration and among the support institutions of IBF in the country such as the policy-making institution, regulatory institutions, Islamic financial institutions, Islamic scholars, professionals including Professional bodies like the Association of Chartered Accountants in Ghana, Association of Chartered Bankers, Association of Chartered Auditors, chartered institute of Taxation of Ghana and the Association of Financial Analyst needs to organize training for Accountant and Auditors in the country on proper financial reporting standards of Islamic banking and finance and insurance.

6.3 Lack of Adequate Knowledge

Knowledge is very important in every establishment that one finds himself. Inadequate knowledge of the operations of the Islamic banking model will hamper the growth and development of the sector in a country. The potential IBF practitioners, IBF investors, customers, and the general public all lack the appropriate knowledge of IBF and so there is the need for appropriate education of the masses to clear the doubts and wrong perceptions about Islamic banking/finance in the country before the actual establishment. The customers of Islamic Banking in the country lack adequate knowledge and most of the staff are not having the requisite knowledge and skills in dealing with the customers and the operations of the Bank. Many years ago Islamic banking and economic and Islamic banking and finance started in other countries and now, majority of the people in those countries like Bangladesh, Nigeria, Bahrain, etc. are specialized in the business of IBF, unlike Ghana that is still at the introduction stage and again not having the Islamic background. Some of the wrong perceptions of the public that needs to be cleared include the concerns that: IBF is only for Muslims, and it should only be established in Islamic Countries. The IBF is a non-profit making because interest is not charged

nor pay. To clear these doubts in the minds of the public, there is a need for education of the public on what IBF is and the need to have it in Ghana.

We recommend that knowledge about IBF should be imparted into the minds of the citizens to have a greater understanding of the whole concept of Islamic banking and financing. Programs and seminars should be organized to help in the education of IBF in the country.

6.4 Corruption and Fraud

Corruption is another likely challenges of Islamic banking and Financing in the country. Most customers will engage in IBF to run away with the monies of the financiers. They neither agree to share the profit nor the losses shared with them. They may agree in the contract but will never understand or agree to implement it. This can also lead to a collapse of an institution since failure to comply with agreed terms can seriously hamper the operations of the institution. Corruption and fraud are some of the issues that cannot be dealt with in the history of Ghana. From the top management to the down customers of every institution corruption is common. So far as corruption and fraud are concerned, IBF would not be an exception in Ghana.

Proper investigations must be done on potential IBF operators, IBF customers, and some of the staff. There should also be collateral security before any business takes place so that in case of default of the customers or bad behavior of the staff, the collateral can cover the losses.

6.5 Legal and regulatory system

A financial institution cannot function well if there is no legal infrastructural and regulatory backing. Islamic Baking when introduced will need a strong legal framework to support the activities and operations of the institution. The legal framework in the country must be flexible with the operations of IBF and should be designed to suit the Islamic Sharia principle or law regarding IBF. There should also be a regulatory framework purposely for IBF in the country. The Bank of Ghana which is the regulator, supervisor, monitor and mother of all the banking industry in the country is expected to come up with full-fledged regulations, rules, and law for the operations of the Islamic Banking in the country since the IBF goes strictly by the Islamic sharia laws and principles but this is taking much time. The legal framework of the Islamic

Banking should be designed to confirm the Sharia in the Holy Quran and the Hadiths of the Holy Prophet Muhammed Peace and Blessing of Allah be Upon Him. When the Islamic banking system is fully practiced in Ghana, most of the traditional bank's customers will switch to Islamic banking especially the Muslims who believe and understand the rulings of interest on transactions and businesses and to those who are willing to learn and practice it. It will be a welcomed idea to most customers and potential customers in the country. The legal and regulatory framework serves as a protector to the customers and the institution at large, hence the need for appropriate implementation of them for the effective functioning of IBF in the country.

We recommend that the legal and regulatory framework of other countries that practice Islamic banking and finance for a long time like Malaysia, Bahrain, Pakistan, and others should be followed to design the Ghana one for the effective and efficient application of the Sharia laws.

7.0 Prospects of Islamic Banking and Finance in Ghana

The following opportunities/prospects await IBF when established in Ghana:

7.1 Worldwide Growth

The increasing rate of the number of Islamic Banking in the world especially in countries such as Malaysia, Pakistan, Indonesia, Bangladesh, Bahrain, Saudi Arabia, Egypt, Sudan, Qatar, Kuwait, Iran, and Turkey shows that Islamic banking will flourish in Ghana. Due to the help of globalization, IBF spread across the world and most non-Muslim countries adopted it. Countries such as Canada, Germany, Luxembourg, United Kingdom, United States, Russia, and Spain are all practicing IBF and this is an indication that Ghana can equally operate well if regulations and policies in the county are effective and efficient.

7.2 Role in Corporate Social Responsibility

The IBF when established in Ghana, has the potential of contributing to the social and economic development of the country through corporate social responsibilities. The cities, regions, districts, villages in the country where IBF is established would gain from the philanthropy activities of the industry like provision of free services, organization of events, the building of clinics/chip compounds, schools, needy students sponsoring, and football parks. Again the IBF has the potential of helping SMEs, Women, youth, children, the disabled in the communities

through their corporate social responsibilities. Training and capacity buildings of the youth and other interested institutions are one of the areas that cannot be left out from the likely benefit of IBF in the country.

7.3 Mainstreaming the Unbanked/Large Market Size

There is a lot of un-banking population in Ghana especially the three Northern Region of Ghana where Muslims are dominant. IBF when introduced and extended to these regions, it has a potential of mainstreaming most of the unbanked citizens. Most people who are not banking may be attracted by this type of banking which will provide them with interest-free banking, profit, and loss sharing opportunities. The non-Muslims in the communities may also be potential customers of IBF and may be attracted to most of the products/services since it is on the sharing of profit and losses mechanism rather than interest charging.

Also, a large market size awaits IBF in Ghana. The unbanked population is far more than the banking populace. Over 80 percent of potential customers are still not banking with Conventional Banks due to collateral and other related factors. The IBF introduction would attract more customers into the banking sector and this will boost development in the country.

7.4 Promotion of Financial Inclusion

Islamic Banking and Finance have a greater potential for promoting financial inclusion in Ghana. This can be done through the industry's capability of issuing a variety of financial products and services to different customers according to their needs and wants. Low-income individuals are likely to be supplied with different financial products that would meet their demands at the exact time. One of the important goals of the Bank of Ghana is to provide great financial inclusion and stability in the financial system of the country and these can be achieved properly through IBF adaptation in Ghana. The unbanked population in the country would benefit from IBF to be part of the mainstream banking system. According to the Ghana Statistical Service report (GLSS 5), the majority of Ghana's population does not have access to formal financial services. With IBF in the country, this greater number would be minimized. The financial Inclusion role of the IBF can be achieved through the financial intermediation process and would help both the nation and the populace through employment creation, empowering the vulnerable and economic growth.

7.5 Attraction of Foreign Direct Investment and Local Investors

The introduction of IBF can promote foreign direct investment in the country. This can be done through more potential investors coming into the country to invest and to do different financial transactions. The growth and development of IBF will foster free flow and development funds into the country. This development funds will come from different countries across the world that practice IBF. One of the likely funds would be from the Islamic Development Bank which is in charge of providing development funds for member countries for infrastructural projects and development in those countries. The Ghana Government developed and corporate organizations can have access to Islamic Development Funds from the IBF communities that is the international communities to finance development and projects in the country when IBF is adopted. These developments and project resources will come from the local Islamic banking and financing system to the IBF beneficiaries. Sanusi (2011) indicated that the introduction of IBF in a country would create a favorable and enabling environment for the country to benefit from new foreign investors from advanced institutions such as the Islamic Development Banks and also to attract a multi-billion dollars globally from Islamic financial industry and also, benefit from Islamic sharia-compliant products/services.

Aside from the FDI, local investors within Ghana would be having an interest in the IBF to invest their capital and resources into. Though it is interest-free it comes with many advantages in the sense that profits from the contracts and investments engaged in will be shared with the beneficiaries based on the agreed terms and conditions of the contract and vice versa.

8.0 Findings from the Reviews

The findings from the studies indicated that the potential challenges of establishing Islamic banking and finance in the country are: Misrepresentation of the Islamic banking system, lack of skilled and trained human resources, lack of adequate knowledge, corruption and fraud, legal and regulatory system.

The issues in the adaptation/establishment of Islamic banking and finance, on the other hand, was revealed to include: Regulatory framework issues, profit sharing issue, legal framework issue, Accounting standards, and financial reporting issues, and "Sharia" principle issues.

Finally, the article revealed the following as the potential prospects of the IBF introduction into the country as worldwide growth, role in corporate social responsibility, mainstreaming the unbanked/unserved population / large market size, promotion of financial inclusion, the attraction of foreign direct investment and local investors.

9.0 Remedies to Problems of IBF Establishment

Below are the remedies/strategies that, the researcher proposed to the stakeholders based on the above-reviewed challenges, issues, and prospects of IBF in Ghana.

- ✚ There should be prudential and effective regulations for IBF in the country to protect the clients and help make the institution sound and stable.
- ✚ Academicians, scholars, Islamic scholars, should be brought on board to educate the practitioners and the public on IBF and its principles.
- ✚ The sharia management team should be composed of talented individuals to help come up with the necessary laws, rules, and principles regarding IBF from the Quran and Hadiths for implementation into the regulatory framework.
- ✚ Effective and vibrant corporate governance structures and institutions should be adopted by the Bank of Ghana to help in the effective management of the IBF institutions.
- ✚ All stakeholders must be educated and trained on the basic principles, accounting, and financial reporting standards regarding IBF to build their capacity and develop their human resources to meet IBF requirements.
- ✚ There should be continuous research within and outside the country to improve the knowledge, understanding, and effective implementation of IBF.

10. Recommendations

The researcher recommends that there should be an Islamic banking and finance awareness creation and sensitization programs to educate the public on the terminologies, concepts, benefits, and also the creation of sound and an enabling environment for the practice, functioning, working and sustaining of Islamic financial system in the country.

The government can work with other key stakeholders such as donor agencies, other banks, investors, Islamic scholars to help in the introduction of Islamic banking since it will be beneficial to the nation at large.

Also, Islamic banking when introduced in the country should be integrated with other conventional banks in the country and also all conventional banks can be made to have the products and services of the IBF in their institutions.

The researcher further recommends that the support institution collaborates with strategic partners and regulatory authorities to give proper training and education to the bankers to help them appreciate the mechanics of Islamic banking products or financial contracts.

Islamic banking and finance course should be incorporated into the university syllabus especially those learning degrees in banking/finance, accounting and administration related courses to learn practical knowledge on the operations of IBF in the country.

Sponsorship can also be given by the government to the interested and intelligent student to study abroad in countries where Islamic banking and Finance is practice.

11. Conclusions

The article concludes that the introduction of Islamic banking and financial system in the country will bring development and transformation to all sectors of the economy through poverty reduction, employment creation and financing Small businesses through, Musharaka, Mudharaba, Murabaha, Sukuk, Istisna and Iijara products. Furthermore, it also analyzes and evaluates that, when IBF is established in Ghana, it will be sustainable and viable, and finally, looking at the alarming rate of financial institutions collapsing in the country, IBF would be the best alternative for Ghana to solve these issues. With proper management and training, IBF will be one of the best financial institutions in the country years to come.

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