Global Review of Islamic Economics and Business, Vol. 7, No. 2 (2019) 091-104
Faculty of Islamic Economics and Business-State Islamic University Sunan Kalijaga Yogyakarta
ISSN 2338-7920 (O) / 2338-2619 (P)

Islamization of Monetary Policy of 27 OIC Muslim Countries in Asia: The Successes, The Barriers and The Future Directions

Basharat Hossain

Assistant Professor of Economics, Department of Business Administration, International Islamic University Chittagong, Chittagong, Bangladesh
Email: basharatdu@gmail.com

Abstract: The Islamization of banking, monetary policy, and the financial system began in 1975 after the setup of the Islamic development bank (IDB). Firstly, this paper discusses a concise framework of Islamic monetary policy. Then it presents the success and obstacles of the Islamization process of the monetary policy among the 27 OIC member Muslim countries in Asia and provides future directions to enhance the Islamization process. This paper employed secondary data and used the three criteria to measure the Islamization process: 1) Islamization of commercial banking; 2) making Islamic banking guidelines & regulations; 3) innovation and starting the Islamic monetary policy instruments. This paper finds that more than 154 Islamic commercial banks are operating under the Conventional monetary policy in 23 countries with very few Islamic monetary tools. On the contrary, Iran follows full-pledged Islamic monetary policy with 30 Islamic commercial banks. More precisely, in these countries, only 17% of total banks are Islamic bank, whereas 83% are still interest-based banks. Regrettably, two countries (Turkmenistan and Uzbekistan) do not have any tools of Islamic monetary policy. This paper also finds that though 64% of Islamic banks were established during 1970-2000 periods in 27 countries, only 25% of countries prepared Islamic banking regulation at this period. On the other hand, 75% of Islamic banking regulations were made during 2000-2015 periods. Most common Islamic monetary instruments are project-based Sukuk, project-based debt instruments, etc. Finally, this paper recommends six steps to enhance the Islamization process.

Keywords: Islamization, Islamic Monetary Policy, Islamic Banking, Islamic Banking Regulation, Asia, OIC Muslim Countries.

Introduction

The Islamization of the financial system and monetary policy began after1975 by the effort of the Islamic development bank. The two steps of operations enhanced Islamization. The first step was to start Islamic financial services associated with conventional banking and founding Islamic financial institutions. As the consequences, two kinds of financial organizations were developed: Islamic banks in Muslim majority countries, and Islamic non-bank financial institutions in many Muslim and non-Muslim countries (IBBL, 2017). It should be mentioned that the bank is the leading intermediary to circulate money in the economy. Thus Islamic banking will make ensure the functions of Islamic monetary policy. The success of the Islamization of banking and monetary policy was visible immediately after the efforts of IDB.

Moreover, to implement the Islamic monetary system, several Islamic giant finance companies started their financial operations in the many Muslims and non-Muslim countries. Table 1 exposes the list of top seven giant Islamic financial institutions of the world. They establish several Islamic financial institutions worldwide in two ways. They directly founded IFI in its home country by its sole financing, secondly, set up the IFI in other countries with joint ventures of local financial institutions. Consequently, Islamic Shariah-based banks, investment & finance companies, cooperatives, Takaful companies were established worldwide. Besides, numerous countries started Islamic index in stock exchanges. Finally, central banks of these countries innovate and introduced several Islamic monetary instruments to regulate and operate the Islamic financial institutions smoothly.

Table 1. List of Top Seven Giant Islamic Financial Institutions of The World

No.	Name	Country of Origin	Year of Establishment
1.	Al-Rajhi bank	Saudi Arabia	1957
2.	Islamic Development Bank	Saudi Arabia	1975
3.	Dubai Islamic Bank	UAE	1975
4.	Kuwait Finance House	Kuwait	1977
5.	Al-Baraka banking Group	Bahrain	1978
6.	Qatar Islamic Bank	Qatar	1982
7.	Abu Dhabi Islamic Bank	UAE	1997

Source: Compiled by the author from: Al-Rajhi (2019), KFH (2019), Al Baraka (2019), DIB (2019), QIB (2019)

However, this paper aims to inspect the Islamization process of monetary policy of the 27 OIC Muslim countries. This paper uses the three criteria to measure the Islamization process of monetary policy. Firstly, Islamization of commercial banking, secondly, Making the Islamic banking guidelines & regulations and finally, Innovation and starting the uses of the Islamic monetary policy instruments in these countries. The success story, the barriers, and the future direction will be discussed in the following sections.

The prime objective of this article is to inspect the Islamization process of monetary policy among Muslim countries. More precisely, the motive of this paper is to focus the success of Islamizing monetary policy, find out the obstacles that interrupt stop and slow the Islamization process, and finally, suggest some solvents to overcome or remove the impediments to rapid the Islamizing the monetary policy among the Muslim countries.

Literature Review

Several types of research have been done on the Islamic monetary policy. It should be mentioned that Chapra (1983) proposes a framework of Islamic monetary policy by discussing its role and strategy. He claimed that the discount rate and open market operation is not permissible in Islamic monetary policy because of having a relationship with interest.

Khan and Mirakhor (1989) present a model of Islamic monetary policy through the IS-LM framework. They show how the changes in the money supply influence the macroeconomic indicators of the Islamic *Shariah-based* economy. Hathaway and Lee (2004) scrutinize the Islamization process of the financial system in the Pakistan economy. They expose that Islamization started in Pakistan with the initiating of the Islamic banking at the rural areas in the 1950s. Hasan (2011) raises the issues of money creation in the Islamic economy. He describes the money creation process by the fiscal policy and bank's credit. He also inspects the role of the gold standard and central bank. Tahir (2013) analyzes the framework of the Islamic fiscal and monetary policy. He summarizes the *shariah-compliant* responsibilities of the institutional body, such as the government. The combined application of these policies may be effective if the government maintain economic and distributive justice rather than a sole Governor. Awad (2015) reveals the recent improvement of the Islamic monetary instruments under full-pledged Islamic financial system as a reference to Sudan. He also highlights the significant role of these instruments in attaining the purpose of monetary management. Uddin and Halim (2015) disclose several alternative monetary tools for Islamic monetary instruments concerning the money management of the period of Islamic rulers. They propose the inflation-adjusted GDP growth as an alternative tool of monetary policy. Bidabad (2015) recommends the many devices for Islamic monetary policy to replace the conventional monetary policy. He proposes the equity-based instrument to replace the open market operation. Al Harbi (2015) described the historical evolution of Islamic Banking in a different region of the world. Yasin and Khan (2016), delineates the Banking and Monetary Policy in the Islamic Context. Khatat (2016) discusses the conventional & an Islamic monetary framework working under both traditional and Islamic banking system. Sarker (2016) explains the features of Islamic monetary instruments of Bangladesh, Bahrain, Malaysia, Iran, and Sudan. Ahmad (2018) explores the framework of the Islamic central bank & monetary policy instruments.

It can be summed up on the above discussion that these studies did not initiate the issue of Islamization of Islamic banking and monetary policy in the 27 OIC Muslim countries from Asia. It is the research gap of the earlier studies and the unique characteristics of this paper. It scrutinizes the

latest scenario of current monetary policy of 27 OIC Muslim countries from Asia. Besides, it presents the success and obstacles of Islamization among the 27 OIC member Muslim countries in Asia. Finally, it provides future directions to enhance the Islamization process.

A Brief Overview of The Islamic Monetary Policy

Monetary policy is synonymously used as a money management tool. It can be delineated as the management of demand and supply of currency to achieve economic growth (Samuelson & Nordhaus 2010). McConnell et al. (2018) defined it as the management of money supply to attain full employment by helping the economy. The Monetary policy is classified into two categories. Expansionary Monetary policy: increasing of the money supply to get rid of recession. Contractionary or tight monetary policy: Decreasing the money supply to control or manage inflation. A brief overview of the Islamic monetary policy will be discussed below:

Money Demand and Islamic Monetary policy: Islamic monetary policy checks several tools, areas of money demand, and means of the money supply to design its monetary policy. It is formed by filtering the tools of conventional monetary policy and adding several new instruments in Islamic perspective. However, along with the goal of the traditional monetary policy, the target of the Islamic monetary policy is to attain the socio-economic well-being and justice (Chapra, 1983).

Moreover, Islam always discourages to accumulate money among a few people by imposing *Zakah* at a rate of 2.5% yearly on idle cash (Al-Quran, 9:60; 2: 43). In contrast, it encourages the smooth circulation or flow of money among mass people to reduce income inequality and thus stabilize the economy. Since the speculation is severely affecting the money market in the form of demand as well as a supply shock of money and market volatility, it is not allowed in Islamic monetary policy (Chapra 1985, Ahmad 1997, Hamid 2009). So, the accumulation of money is not possible in Islamic economy to further stabilize the money value and inflation. Table 2 highlights the money demand in the conventional and Islamic monetary policy.

Table 2. Demand for Money in Conventional and Islamic Monetary Policy

Conventional Demand for Money	Islamic Demand for Money
Transaction	Transaction
Precautionary	Precautionary
Speculative	Not suitable

Source: Taslim and Chowdhury (1995); Hamid (2009)

Money Supply and Monetary Instruments in Islamic Monetary policy: Monetary policy aims to stabilize the money value and thereby stabilize the economy. Excess or unnecessary money supply reduces the purchasing power of money. Hence, Islamic monetary policy impedes the additional sources of money supply at its origin, such as luxurious consumption expenditures, illegal Businesses, smuggling, black money creations, idle cash, etc. Besides, it introduces the safe and secure investment climate to mobilize money without fluctuations of its value. Table 3 discloses the monetary instruments of conventional and Islamic monetary policy.

Table 3. Monetary Instruments of Conventional and Islamic Monetary Policy

Conventional Monetary Policy	Islamic Monetary Policy
Interest rate	Dues on Idle cash
Reserve Requirement	Reserve Requirement
Open market operation	*Sukuk* (project based)
Credit Ceilings	Credit Ceilings
Bank Rate	*Qard al-hasan*/Profit Loss sharing System
Selective Credit Control	Selective Credit Control
Lender of Last resort	Special reserve funds at central bank that will be operated by the Profit Loss sharing System
Moral Suasion	Moral Suasion

Source: Compiled by the author from Ahmad (2018), Tahir (2013)

Methodology

This is a conceptual research paper based on the secondary information of the 27 OIC Muslim countries of Asia. The secondary data were collected on the present monetary policy of the Muslim countries, conventional and Islamic monetary policy tools employed in the Muslim countries, starting year of Islamic banking and Islamic central banking/ Islamic central banking division and number of Islamic banks in the Muslim countries. Moreover, the secondary data were mainly collected from the central banks' websites of the Muslim countries. The Microsoft Excel software is used to summarize the data and preparing the diagrams.

Result and Discussion

Islamization of Monetary Policy: The Successes

This section presents the progress scenario of Islamization through three sub-sections. The subsection-A exposes the scenario of the success of Islamization in the commercial banking sector. Subsection-B discusses the success of Islamization in making Islamic commercial banking regulation by the central bank. And finally, subsection-C reveals the scenario of the usage of Islamic Monetary Instrument among these countries. The whole discussion is given below:

A. The Success of Islamization of The Commercial Banking Sector

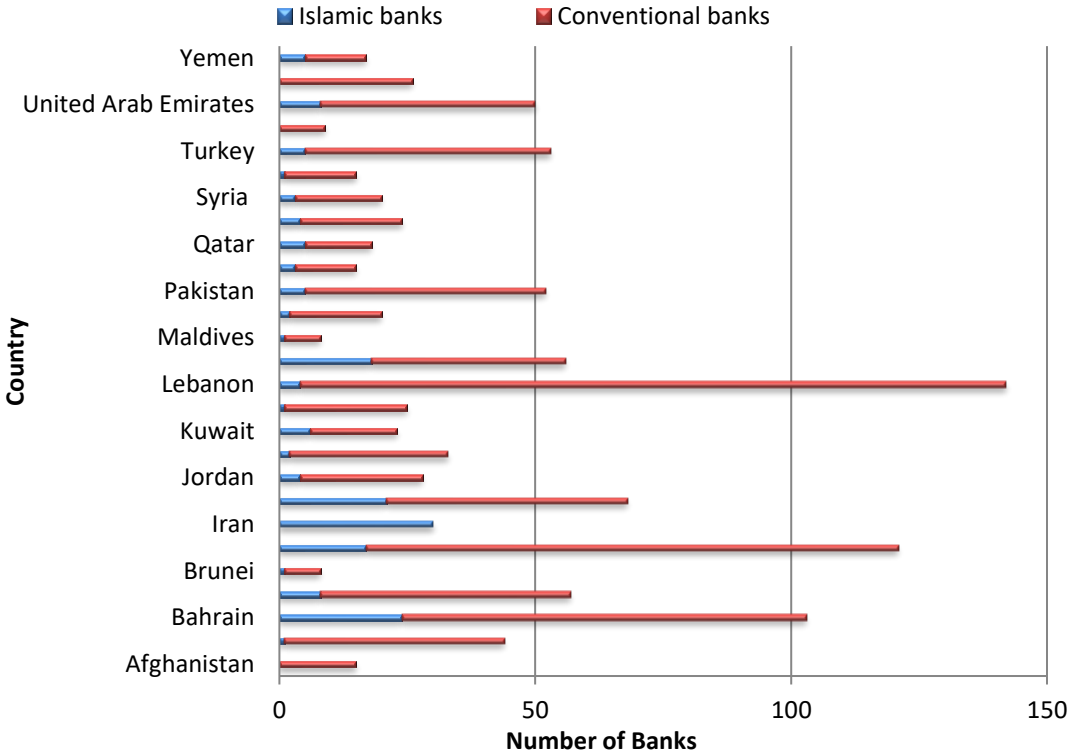

Figure 1. Scenario of Islamization of Islamic Banking in 27 OIC Members from Asia

As the consequences of the effort of IDB, currently, more than 1500 Islamic Financial Institutions (IFIs) including more than 300 Islamic banks are functioning in the world (GIFR 2017, Mughal 2017, Hossain 2019). The Figure 5 presents the Islamization scenario of Islamic banking in the 27 OIC countries from Asia. The Figure 1 exposes that, only Iran has full-pledged Islamic banking system while the remaining 26 states have partial Islamic banking along with conventional banking. Also, among the remaining 26 countries, the number of Islamic banks varies from 1 to 8 for 20 countries, 17 to 24 for four countries. Disappointingly, the two counties have no Islamic banking- these are Turkmenistan and Uzbekistan. But the founding of Islamic banking is the ongoing process in Turkmenistan.

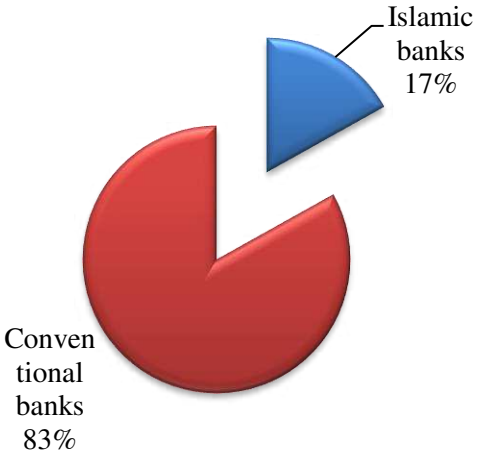

Figure 2. Percentage of Islamic Banking in 27 OIC Members from Asia

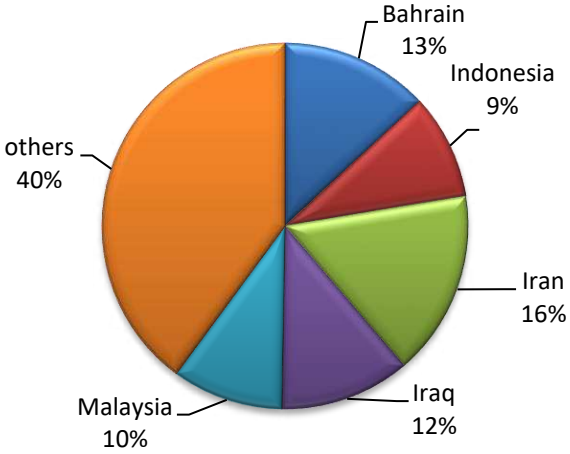

Figure 3. Break-Down of Islamization of Banking in 27 OIC Members from Asia

More specifically, the Figure 2 explores the collective scenario of Islamization of Islamic banking among the 27 OIC countries in Asia. In these countries, only 17% are Islamic, whereas 83% are still interest-based banks in the commercial banking sector. Besides, among the 27 countries, the most substantial portions (60%) of Islamic banks are situated in the five countries (see Fig-3). Table 6 in the Appendix illustrates the latest scenario of Islamic banking industry of the world.

B. The Success of Making The Guidelines & Regulation for Islamic Commercial Banking

The central bank of a country is responsible for making the monetary policy and banking regulations. Among the 27 OIC countries in Asia, only Iran has full-pledged Islamic central bank while another 24 countries have Islamic banking regulations only. Besides, the two countries have no Islamic banking regulations because of not having any Islamic banks. This section reveals the Islamizing process of central banking. The indicators of Islamization of central banking are introducing the Islamic monetary instruments, Islamic baking regulation, Islamic banking cell or divisions, etc., by the central bank. Figure 4 shows the gap between the preparation of Islamic banking regulation and the starting year of Islamic banks. This figure reveals that there is a massive gap between the starting year of the Islamic bank and starting Islamic banking rules. It is the sign of the slowness of the Islamization process of monetary policy among the 27 OIC countries of Asia. Table 5 in Appendix depicts the data on the establishment of Islamic banks and the making of its regulation.

However, the Figure 5 and Figure 6 displays the comparative scenario of the starting year of Islamic bank and beginning year of Islamic banking rules by the central bank of the 27 OIC countries. In the 20% countries, Islamic banks were established in the 1970s, while none of the formal Islamic banking regulation was formed in this decade. In this process, the formation of Islamic banking regulation was initiated in the 1980s. Consequently, among the most significant portion (50%) countries, Islamic banking regulation was formed by the central bank in the last decade (the 2000s). Besides, during the half of the current decade (the 2010s), the central bank makes the Islamic banking rules in 25% countries in Asia. Moreover, though 64% of Islamic banks were established during 1970-2000 periods in these countries, only 25% of countries prepared Islamic banking regulation at this period. On the other hand, 75% of Islamic banking regulations were made during 2000-2015 periods.

These guidelines include a complete framework for the Islamic commercial bank. For example, some contents of Islamic commercial banking guideline made by the central bank of Bangladesh are presented here. It includes, introduction to Islamic Banking, terminologies of Islamic Banking, licensing criteria to establish a full-fledged Islamic Bank, pre-requisites and conditions for the interest-based Banks to get license for converting into Islamic bank or introducing the Islamic Banking Branch, formation of an Islamic Banking division in conventional bank, control and segregation of Islamic Banking fund in traditional bank, the management of receivables from interest-based instruments, haram, and suspicious incomes, debt, and their *Shariah* rulings. The *Zakah* payment Obligation, responsibility for *Shariah* Compliance, Principles of Deposit, Investment &

Investment Products, details of Islamic modes of Investment, Islamic *Shariah-compliant* Investment Scheme for import/export operations , pricing and profit related Accounting system, Fixation of liability in case of loss, Remittance or Money Transfer, maintain Reserve Ratio (RR) and Statutory Liquidity Ratio (SLR), Preparation of Financial Statements and Framework of Rate of Return etc. (BB, 2017).

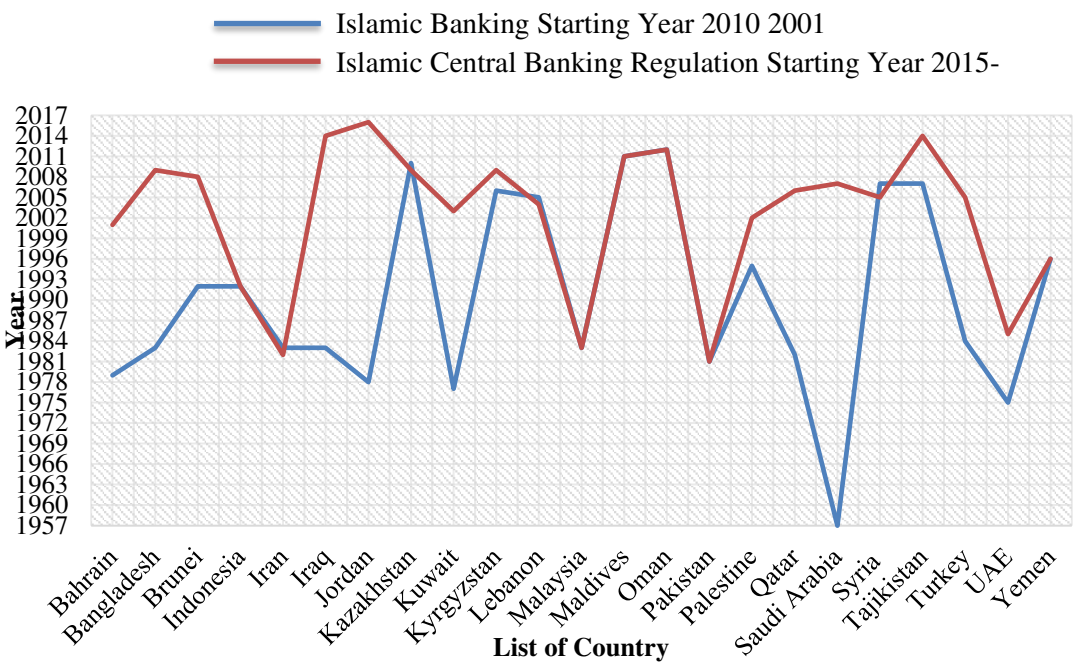

Figure 4. Starting Year of Islamization of Banking and Islamic Banking Regulation

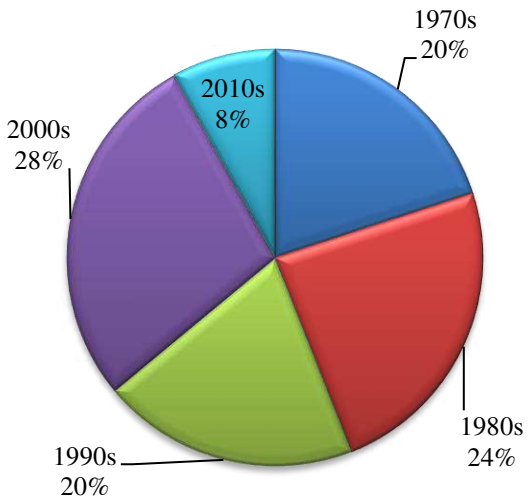

Figure 5. Starting Year of Islamic Banking

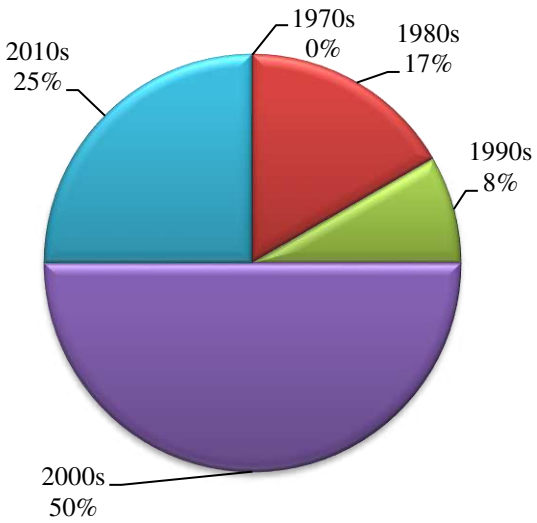

Figure 6. Starting Year of Islamic Central Banking Regulation

C. The Usages of Islamic Monetary Instruments among The Muslim Countries

The data on the current monetary policy were collected from the websites of the central banks of Muslim countries and compiled by the author. The data in Table 4 reveal that only one country (Iran) has full-pledged Islamic monetary policy. Whereas 26 Countries follow the interest-based monetary system, of which 13 countries have some instruments of Islamic monetary policy for Islamic banking. The data on the Islamic monetary instrument was not found in the central bank websites of

the remaining countries. Regrettably, two countries (Turkmenistan and Uzbekistan) do not have any tools of Islamic monetary policy because; there are no Islamic banks in these countries.

However, the data expose that the most used instruments of conventional monetary policy is the open market operation, reserve ratio (RR), interest rate, currency peg, credit auction, refinance facilities, repo operations, etc. Besides, some countries also implement Islamic monetary policy tools along with conventional monetary policy tools. These are *Sukuk*, Islamic money market instruments, repo, reserve requirement, Islamic debt instruments, Islamic acceptance certificate, *Quard al-Hasan*, etc., Moreover, Iran central bank employs the provisional maximum or minimum rate of return (instead of interest) to determine the money supply (Ms). The most common tools are provisional profit rate, Central Bank participation Papers, reserve ratio, credit ceiling, and open deposit account.

Table 4. The Current Monetary Policy of The 27 OIC Member Muslim Countries in Asia

Country	Monetary Policy		Islamic Monetary Instruments	Instrument of Monetary Policy
Asia	**CMP**	**Some tools of IMP**	-	-
Afghanistan	✓	-	-	Auction Sale of Currency, Capital Note Auction* Reserve Requirements (RR) (DAB, 2018)
Azerbaijan	✓	-	-	Open market operations (OMO), RR, interest rate (IR), Refinancing the credit organizations, Deposit operations: Restricting banking operations (CBA, 2017), Aliyev and Gasimov, (2014)
Bahrain	✓	✓	*Ṣukūk Al-Salam* and *Ṣukūk Al-Ijārah* (Sarker, 2016)	*Currency peg, OMO,RR
Bangladesh	✓	✓	Government Islamic Investment Bond (GIIB), (Sarker, 2016)	*OMO,RR
Brunei	✓	-	-	The real exchange rate inter-bank funds system (Ambd , 2017c), Ambd (2017d)
Indonesia	✓	✓	Bank Indonesia sharia certificate (SBIS)(BI, 2018)	RR
Iran	-	✓	Central Bank Participation Papers, (CBI, 2018a)	Minimum and Maximum Profit range
Iraq	✓	-	-	RR
Jordan	✓	✓	-	Overnight interbank rates. The overnight deposit interest rate , fixed exchange rate with the US Dollar is the nominal pillar of the monetary policy,Certificates of Deposit , Re-Discount Rate, Repurchase Agreements (CBJ 2017a)
Kazakhstan	✓	-	-	*OMO, Base rate, RR , Standing Facilities
Kuwait	✓	-	*Sukuk (Sukuk*, 2018)	Currency peg*, bank credit, (CBK 2017b)
Kyrgyzstan	✓	-	-	OMO, Auctions of notes of the National Bank ,Refinancing operations; Intraday lending facility (ILF), Overnight lending facility, Repo, Policy rate, RR, Swap operations of the National Bank, Foreign exchange operations (NBKR 2017b)

Country	Monetary Policy		Islamic Monetary Instruments	Instrument of Monetary Policy
Asia	**CMP**	**Some tools of IMP**	-	-
Lebanon	✓	-	-	Foreign exchange, discount rates, open market, Reserve Requirement*
Malaysia	✓	✓	Central Bank *Wadī'ah* Certificates (*Wadī'ah Yad Dhamanah*), *Ṣukūk* Bank Negara Malaysia *Murābaḥah*, Government Investment Issues (GII) , Bank Negara Monetary Notes *Murābaḥah, Ṣukūk* Bank Negara Malaysia *Ijārah (Ṣukūk* BNM *Ijārah*) (Sarker, 2016)	RR, Islamic instrument (BNM 2018; 2018a; Zakariah, 2017)
Maldives	✓	-	-	Currency peg*, OMO,RR, MMA Standing Facilities, Foreign Exchange Swap Facility
Oman	✓	-	-	Bond, certificate of deposit, treasury bill*
Pakistan	✓	✓	Lower rate of reserve requirements (SBP, 2018a), GOP *Ijara Sukuk*, (SBP, 2018b),	RR,OMO Repo (SBP, 2018a)
Palestine			-	RR
Qatar	✓	✓	Required reserve ratio (Al-Thani, 2003), *Sukuk* (QCB 2018)	RR ,Discount Window, Treasury bill, bond, QCB rate, Qatar Money Rates, OMO, Repo
Saudi Arabia	✓	✓	*Sukuk* (MOF-SA , 2017)	RR, Repo, interest rate,
Syria	✓	-	-	RR
Tajikistan	✓	-	-	*OMO, Standing facilities, RR, Foreign exchange operations
Turkey	✓	✓	*Sukuk* (Whitecase, 2016)	*OMO,RR, Auction, interest rate (TCMB, 2018)
Turkmenistan	✓	-	-	* Deposit operations, Refinance rate, RR, Currency intervention, Credit auctions, Interbank operations (CBT 2017)
United Arab Emirates	✓	✓	Sovereign AED *Sukuk* (Islamic finance, 2017),	*OMO, Standing facilities, RR, Foreign exchange operations
Uzbekistan	✓	-	-	Refinance rate, RR (CBU 2017)
Yemen	✓	-	-	* discount rate, RR, OMO, controlling foreign currency, Repo, certificates of deposits, interest rate

Source: Compiled by author from different sources of central bank website

It can be decided that the central banking regulation for commercial Islamic bank and usage of some tools of Islamic monetary policy may open the door for Islamizing the monetary policy as well as the central bank completely. So, these frameworks will rapid the Islamization process. Hopefully, the central bank and the monetary policy of the Muslim countries would be Islamic within the next 15-20 years, if the competent authority takes the effective plan.

The Barriers

Internal:

a) Lack of motivation by Local Islamic Financial Institutions: Lack of motivation or coordination or sponsorship by local Islamic Financial Institutions is another hindrance to Islamize this sector. For example, the coordination failure among the Islamic banks of a country, no ATM facilities among the Islamic banks in a country, lack of patronization the project, Quiz, competition related to Islamic economics, banking and finance, no coordination among the Islamic banks to create pressure on the central bank to implement Islamic monetary policy, inactive Islamic banking association. Finally, the intention of the owner and the management of the bank is to maximize profit instead of satisfying profit.
b) Inadequate Education, research, and development: It is one of the primary impediments to make slow the Islamization of banking and monetary policy. For example, Bangladesh is the 3rd largest Muslim country in the world. Among the 100 universities, only 5-6 universities offer courses on Islamic economics and finance. There is no subject on Islamic economics in Dhaka university-the largest and the top public university in Bangladesh. Unfortunately, there are no collaboration and sponsorship among the universities and Islamic banking industry. Consequently, no pro-Islamic scholars are generated. So who will run the Islamization program in the central bank?
c) Propaganda or misconception about Islamic economics, finance, and banking: Due to having no proper education or knowledge on Islamic economics, finance, and banking, or in some cases for ideological reasons, the media, the intellectuals' even academicians also misguide the people about the practice of Islamic banking. The common misconceptions are the concept of profit and interest is the same; Islamic banks offer loss, while conventional banks always offer profit etc.
d) No Complete and applicable framework of Islamic Monetary policy: No transparent and appropriate framework of Islamic Monetary policy is presented to the academician, the Government, and the central bank of the traditional economy.
e) No Active lobby: Most of the Islamic banking associations are inactive. As a result, the Islamization process became slow.
f) Internal conflicts: Islamic economic man is the precondition to establish an Islamic financial system. But the recent trend shows that the owner, management, and the employees are highly concentrated to achieve the worldly gain compared to the hereafter goal. So the internal conflict originated for salary, home finance, and thus more reasons. That hampered the Islamization process.
g) Employment: although the Islamic banking sector creates some job opportunity, these are very limited compared to the conventional banking industry. Unfortunately, there is a minimal job on Islamic banking and finance research, such as research assistant, research associate, and research fellow. So how the Islamic expert will be generated?
h) Unwillingness and reluctance of the Government: Government unwillingness is one of the main obstacles to make slow the Islamization of banking and monetary policy.
i) Political and ideological reason: a political party has its vision and ideology. The most common ideologies are secularism, followed by communism. So it creates impediments for Islamization of banking, monetary policy.

External:

a) Though IDB sponsors Islamic banking, it has some structural problem such as it has no individual country office and independent country director.
b) Lack of collaboration or MOU (memorandum of understanding) among IFIs, Islamic research Institutions, and the domestic universities of the respective countries. For example, IRTI with Dhaka University, IDB with Dhaka University in Bangladesh.
c) Not sharing the practical experience of the full pledge Islamic central banking, monetary policy, financial system from Muslim majority country that applied the full-pledged Islamic financial system likes as Iran and Sudan.
d) Inadequate research grants. IRTI and many institutions provide some grants, but these are not adequate.

e) No or inadequate scholarship by IFIs, but arrange the expensive conference. Scholarship is at least 100 times more powerful than the expensive conference.
f) There is no role of non-resident international Islamic economic expert for his country. For example, Islamic economic expert of a Muslim country lives in another country.

The Future Directions and Recommendations

a) The combined efforts of national and international Islamic academic and financial institutions can enhance and rapid the Islamization process. For example, OIC, Islamic Research and Training Institute (IRTI), and IDB agreement with the institutions of Muslim countries. IRTI can expand its branch among the Muslim countries or may supervise to establish such an institution in Muslim countries.
b) IDB, as a mother institution may propose and help the Muslim country to prepare long run (e.g., 20-30 years) perspective plan for implementation of Islamic finance. The recent trend shows that, with the change of the government of a Muslim country, the economic and financial policy also changes. As a result, Islamization policy also changes. In contrast, this scenario is not visible among the western countries to implement the economic system.
c) Funding is not the problem to initiate the Islamic monetary and banking system. But it needs the efficient method of the distribution of funds. Adequate investment is required in Islamic economics, finance, and banking education.
d) Publication of full pledge Islamic monetary and financial system framework practiced in Iran and Sudan.
e) A Conference needs a huge budget. So instead of increasing the number of conferences, the target wise conference should be arranged by the Islamic financial institutions (IFIs). Such as conference for the governor of the Central Bank, chief economist of the Central Bank, finance minister, prime minister, professor of top universities, economic adviser, chief of the Islamic research institution, undergraduate, and graduate students, assistant professor, a young researcher and so more. Finally, all selected paper must be published online.
f) Islamic economics scholarship is needed to make Islamic economics expert. A Scholarship is at least 100 times more powerful than the expensive conference.

Conclusion

This paper discussed the latest scenario of the Islamization of the current monetary policy of the 27 OIC Muslim countries from Asia. It employs the secondary data, but the information on the Islamic monetary policy is not available in the websites of the central banks of these countries. The finding reveals that, among the 27 countries, one country has full pledge Islamic banking and monetary policy. In contrast, 24 countries have partial monetary tools for Islamic banking. Unfortunately, the Islamization process slowed down or stopped in many countries for some internal and external reasons. Finally, this paper suggests six instructions for rapid the Islamization process.

References

Abdullayeva, L. (2012). Azerbaijan Develops Islamic Financing [Blog Post]. Retrieved from https://www.eurodialogue.eu/azerbaijan-develops-islamic-financing

Almaari, A. A. A. (2014). *Scientific Vision for the Development of Islamic Banking Law in Yemen in light of the Developments of Financial Globalization*. Paper presented at The 3rd National Forum: Islamic Financial Instruments as a Strategic Choice for Commercial Banks in light of the Financial Globalization, University of Abbas Laghrour, Algeria.

Ahmad, A. (1997). *Monetary Policy in Islamic Perspective* (Lectures Note). The Islamic Foundation, Leicester, United Kingdom.

Ahmad, A. (2018). Central Bank, Monetary Control, and Monetary Policy in Islamic Framework [Blog Post]. Retrieved from https://zulkiflihasan.files.wordpress.com/2009/11/monetary-policy-in-islamic.ppt

Al-Baraka. (2019). Introduction. Retrieved from https://www.albaraka.com/default.asp?action=category&id=16

Al-Baraka Turk. (2018). Retrieved from http://en.albarakaturk.com.tr/about_us/detail.aspx?SectionID=CUoUobY47EyYSgRZHgVo6w%3d%3d&ContentID=ia91z8yAdl0Y1NNH2EtlYA%3d%3d

Al Harbi, A. (2015). Development of the Islamic Banking System. *Journal of Islamic Banking and Finance, 3*(1), 12-25. doi: 10.15640/jibf.v3n1a2

Al-Rajhi (2019), About Us. Retrieved from https://www.alrajhibank.com.sa/en/investor-relations/about-us/pages/about-us.aspx

Al Sayegh, H. (2012). Oman's First Islamic Bank A Hit [Blog Post]. Retrieved on from https://www.thenational.ae/business/oman-s-first-islamic-bank-a-hit-1.385220

Al-Thani, F. F. (2003). *Monetary Policy in Qatar and Qatar's Attitude towards The Proposed Single Currency for The Gulf Cooperation Council* (BIS Paper No. 17). Retrieved from Bank for International Settlements, website: https://www.bis.org/publ/bppdf/bispap17j.pdf

Autoriti Monetary Brunei Darussalam. (2018). Overview. Retrieved from https://www.ambd.gov.bn/SitePages/ISLAMIC%20FINANCIAL%20SERVICES%20UNIT.aspx

Autoriti Monetary Brunei Darussalam. (2018a). Banking and Specialized Market Supervision: Overview. Retrieved from http://www.ambd.gov.bn/regulatory/banking-specialized-markets

Autoriti Monetary Brunei Darussalam. (2018b). Financial Institutions Directory. Retrieved from https://www.ambd.gov.bn/SitePages/Financial%20Institutions%20Directory.aspx

Autoriti Monetary Brunei Darussalam. (2018c). Brunnei Darussalam Monetary Policy. Retrieved from: https://www.ambd.gov.bn/monetary-policy

Autoriti Monetary Brunei Darussalam. (2018d). Treasury and Investment Management Unit and Payment & Settlement System. Retrieved from http://www.ambd.gov.bn/monetary-operations/treasury-and-investment-management-unit-and-payment-settlement-system

Awad, I. (2015). Conducting Monetary Policy under A Fully-Fledged Islamic Financial System. *Journal of Islamic Economics, Banking and Finance, 11*(1), 23-45.

Bangladesh Bank. (2009). Guidelines for Conducting Islamic Banking: November 2009. Retrieved from https://www.bb.org.bd/aboutus/regulationguideline/islamicbanking/islamicguide.php

Bangladesh Bank. (2018). *Developments of Islamic Banking Industry in Bangladesh* (Quarterly Report Preparation Committee). Retrieved from Islamic Banking Cell, Research Department, Bangladesh Bank, website: https://www.bb.org.bd/pub/quaterly/islamic_banking/apr_jun_2017.pdf

Bangladesh Bank. (2018a). Banks & FIs. Retrieved from https://www.bb.org.bd/fnansys/bankfi.php

Banque Du Liban. (2018). Banks. Retrieved from http://www.bdl.gov.lb/downloads/index/4/248/Banks.html

Banque Du Liban. (2018a). LAW No 575 Establishing Islamic banks in Lebanon. Retrieved from www.bdl.gov.lb/laws/download/52/en

Banque Du Liban. (2018b). Banque Du Liban-Role & Function. Retrieved from http://www.bdl.gov.lb/pages/index/1/137/Role-and-Functions.html

Bank Indonesia. (2018). Payment System Statistics. Retrieved from https://www.bi.go.id/en/statistik/sistem-pembayaran/bi-ssss/sbis/Contents/Default.aspx

Bidabad, B. (2015). Islamic Monetary Policy. Retrieved from http://www.bidabad.com/doc/islamic-monetary-policy-en.pdf

Bank Negara Malaysia. (2018). List of Licensed Financial Institutions. Retrieved from http://www.bnm.gov.my/index.php?ch=fs&pg=fs_mfs_list&ac=118&lang=en

Bank Negara Malaysia. (2018a). Islamic Banking & Takaful. Retrieved from http://www.bnm.gov.my/index.php?ch=fs_mfs&pg=fs_mfs_bank

Central Bank of The Islamic Republic of Iran. (2018). Financial Institution. Retrieved from http://cbi01.hosting.runbox.com/index.php?pid=IraqFinancialInst

Central Bank of The Islamic Republic of Iran. (2018). Banking Profit Rates. Retrieved from https://www.cbi.ir/simplelist/1493.aspx

Central Bank of The Islamic Republic of Iran. (2018a). Monetary Policy Instruments in Iran. Retrieved from https://www.cbi.ir/section/1370.aspx

Central Bank of The Islamic Republic of Iran. (2018b). The Law for the Issuance of Participation Papers. Retrieved from https://www.cbi.ir/page/2560.aspx

Central Bank of Jordan. (2018). Amended Instructions of Corporate Governance for Islamic (Sharia Compliant) Banks No. (64/ 2016) Dated 25/9/2016. Retrieved from

http://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/73d01ff5-aea5-4fee-a0f5-8baab6bd1d08.pdf

Central Bank of Jordan. (2018a). Operational Framework, Monetary Policy Interest Rates. Retrieved from http://www.cbj.gov.jo/Pages/viewpage.aspx?pageID=260, http://www.cbj.gov.jo/Pages/viewpage.aspx?pageID=230

Central Bank of Kuwait. (2018). CBK Instructions for Islamic Bank. Retrieved from http://www.cbk.gov.kw/en/supervision/cbk-regulations-and-instructions/instructions-for-islamic-banks.jsp

Central Bank of Kuwait. (2018a). Kuwaiti Banks. Retrieved from http://www.cbk.gov.kw/en/supervision/financial-units/kuwaiti-banks.jsp

Central Bank of Kuwait. (2018b). Exchange Rate Policy. Retrieved from http://www.cbk.gov.kw/en/monetary-policy/exchange-rate-policy.jsp

Central Bank of Syria. (2018). Banking Institutions. Retrieved from http://mail.banquecentrale.gov.sy/main-eg.htm

Central Bank of Syria. (2018a). Islamic banks Establishment in Syria. Retrieved from http://mail.banquecentrale.gov.sy/eg-laws/Islamic%20banks%20Establishment.pdf

Central Bank of Turkmenistan. (2018). Monetary Policy. Retrieved from http://www.cbt.tm/en/ulgam/bankara_bazar.html

Central Bank of Turkmenistan. (2018a). Turkmenistan's Banks. Retrieved from http://www.cbt.tm/en/banklar.html

Central Bank of The Republik of Uzbekistan. (2014). List of Commercial Banks Operating in The Republic of Uzbekistan. Retrieved from http://old.cbu.uz/sites/default/files/2014/11/com_banks_en.pdf

Central Bank of The Republik of Uzbekistan. (2018). Monetary Policy. Retrieved from http://www.cbu.uz/en/monetarnaya-politika/doklad-o-monetarnoy-politike

Central Bank of Yemen. (2018). Islamic Banks. Retrieved from http://www.centralbank.gov.ye/CBY.aspx?keyid=54&pid=52&lang=1&cattype=1

Central Bank of Yemen. (2018a). Monetary Policy. Retrieved from http://www.centralbank.gov.ye/CBY.aspx?keyid=6&pid=2&lang=1&cattype=1

Chapra, M. U. (1983). Monetary Policy In An Islamic Economy In Ziauddin Ahmed et. al. (Eds.), *Money and Banking in Islam*. Jeddah: International Centre for Research in Islamic Economics, Retrieved from http://ierc.sbu.ac.ir/File/Article/MONETARY%20POLICY%20IN%20AN%20ISLAMIC%20ECONOMY_94008.pdf

Chapra, M. U. (1985). *Towards Just A Monetary System*. Leicester: The Islamic Foundation.

Da Afghanistan Bank. (2018). Licensed Financial Institutions: Banks. Retrieved from http://dab.gov.af/en/page/financial-supervision/licensed-financial-institutions/banks

Da Afghanistan Bank. (2018b). Monetary Policy Tool. Retrieved from http://dab.gov.af/en/page/monetary-policy/inflation-rate-outlook

Dubai Islamic Bank. (2019). Our History. Retrieved from https://www.dib.ae/about-us/our-history

The Global Islamic Finance Report. (2017). Global Islamic Finance Report (GIFR 2017). Retrieved from http://www.gifr.net/publications/gifr2017/intro.pdf

Hamid, M.A (2009). *Islamic Economics: An Introductory Analysis Money*, *First* Edition. Bangladesh: Md. Iqbal Aziz Khan, CSE, Rajshahi University.

Hammoud, J. (2017). The Challenges and Opportunities of Islamic Banking in Lebanon In Benlamri R. & Sparer M. (Eds), *Leadership, Innovation and Entrepreneurship as Driving Forces of the Global Economy* (pp. 809-815). Switzerland AG: Springer Proceedings in Business and Economics.

Hasan, Z. (2011). *Money Creation and Control from Islamic Perspective* (MPRA Paper No. 28366). Retrieved from Munich Personal RePEc Archive, website: https://mpra.ub.uni-muenchen.de/28366/

Hathaway, R. M. & Lee, W. (2004). *Islamization and The Pakistani Economy*. Washington: The Woodrow Wilson International Center for Scholars.

Hossain, B. (2019). Islamic Microfinance and Rehabilitation Model for The Slum and Floating Population by Waqf Funds, The Case of Bangladesh: A Proposal for Muslim Countries. *JKAU: Islamic Economics, 32*(2), 139-160. doi:10.4197/Islec. 32-2.11

Islami Bank Bangladesh Limited. (2018). Evolution of Islamic Banking. Retrieved from http://islamibankbd.com/abtIBBL/cis_evolution_of_islamic_banking.php

Islamic Finance News. (2018). Islamic Finance News. Retrieved from https://www.islamicfinancenews.com/positive-year-ahead-for-islamic-finance-in-afghanistan.html

Islamic Finance News. (2017). IMF Highlights Islamic Finance Instrument Development in UAE. Retrieved from https://www.islamicfinance.com/2017/07/imf-highlights-islamic-finance-instrument-development-uae

Kuwait Finance House. (2019). About Us. Retrieved from https://www.kfh.com/en/home/Personal/aboutus.html

Khatat, M. E. (2016). *Monetary Policy in the Presence of Islamic Banking* (IMF Working Paper No. 1672). Retrieved from International Monetary Fund, website: https://www.imf.org/external/pubs/ft/wp/2016/wp1672.pdf

Khan, M. & Mirakhor, A. (1989). The Financial System and Monetary Policy in an Islamic Economy. *JKAU: Islamic Economics*, *1*, 39-57

Marhaba. (2018). Islamic Banking in Qatar. Retrieved from https://marhaba.qa/qatarlinks/news-update-from-banking

McConnell, C. R., Brue, S. L., & Flynn S. M. (2018). *Macroeconomics: Principles, Problems, and Policies*, *Twenty-First Edition.* Dubuque: McGraw-Hill Education.

Maldives Islamic Bank. (2018). About Us: Introduction. Retrieved from http://www.mib.com.mv/pages/view/about-us-introduction

Maldives Monetary Authority. (2018). The Banking Sector, Banks' Regulatory Framework, Monetary Policy. Retrieved from http://www.mma.gov.mv/#/financialstability/bankingsector/regulatoryframework

Ministry of Finance Saudi Arabia. (2017). Sukuk Issuance Programme in Saudi Riyal. Retrieved from https://www.mof.gov.sa/en/DebtManagementOffice/IssuancePrograms/Sukuk_Issuance_Program_in_Saudi_Riyal/Pages/default.aspx

Mughal, M. Z. (2017). Islamic Agri & Rural Finance [Powerpoint Slides]. Retrieved from https://bit.ly/2Ju0afM

National Bank of Kazakhstan. (2014). Chronicle of The Development of Islamic Finance in Kazakhstan. Retrieved from http://www.nationalbank.kz/document/?docid=4708&switch=eng

National Bank of Kazakhstan. (2018). Monetary Policy. Retrieved from http://www.nationalbank.kz/?docid=3326&switch=english

National Bank of Kazakhstan. (20178). Second Tier Banks. Retrieved from http://www.nationalbank.kz/?docid=3009&switch=english

National Bank of the Kyrgyz Republic. (2018b). List of Commercial Banks of The Kyrgyz Republic and Number of Their Branches as of 30 August 2017. Retrieved from http://www.nbkr.kg/index1.jsp?item=69&lang=ENG

National Bank of The Kyrgyz Republic. (2018c). Law on Implementation of The Law on National Bank of The Kyrgyz Republic, Banks and Banking Activity. Retrieved from http://www.nbkr.kg/index1.jsp?item=40&lang=eng

National Bank of the Kyrgyz Republic. (2018d). Monetary Policy Instruments. Retrieved from http://www.nbkr.kg/index1.jsp?item=63&lang=ENG

National Bank of Tajikistan. (2014). Law of The Republic of Tajikistan on Islamic Banking Activities. Retrieved from http://www.nbt.tj/upload/iblock/7c4/Law%20on%20Islamic%20Banking%20Activities.pdf

National Bank of Tajikistan. (2018). Monetary Policy Instruments. Retrieved from http://www.nbt.tj/en/monetary_policy/fishang.php

Palestine Monetary Authority. (2018). Bank's Directory. Retrieved from http://www.pma.ps/Default.aspx?tabid=379&language=en-US

Qasim, Y. R., Mohamad, Y., & Ibrahim, N. (2017). Measuring the Performance of Jordanian Islamic Banks. *Journal of Public Administration and Governance, 7*(1), 25-47. doi: 10.5296/jpag.v7i1.10575

Qatar Central Bank. (2018). List of Bank. Retrieved from http://www.qcb.gov.qa/English/Pages/Default.aspx

Qatar Central Bank. (2018). Sukuk. Retrieved from http://www.qcb.gov.qa/English/PublicDebtTools/Pages/Sukuk.aspx

Qatar Islamic Bank. (2018). Qatar Islamic Bank. Retrieved from https://www.qib.com.qa/en/about-us/our-profile.aspx

Qatar Islamic Bank. (2019). About Us. Retrieved from https://www.qib.com.qa/en/about-us/our-profile.aspx

Sarker, A. A. (2012). Regulation and Supervision of Islamic Banks and Financial Institutions: Bangladesh Perspective. *Thoughts on Economics, 22*(3), 59-97.

Saudi Arabian Monetary Authority. (2017). Monetary and Banking Developments. Retrieved from http://www.sama.gov.sa/en-US/EconomicReports/DevelopmentReports/Monetary%20and%20Banking%20Development%20Q1%202017.pdf

Samuelson, P. A. & Nordhaus, W. D. (2010). *Economics*. New York: The McGraw-Hill Companies, Inc.

Sarker, M. A. A. (2016). An Evaluation of Islamic Monetary Policy Instruments Introduced in Some Selected OIC Member Countries. *Islamic Economic Studies. 24*(1), 1-47.

State Bank of Pakistan. (2018). Q3: What is the history of Islamic Banking in Pakistan? Retrieved from http://www.sbp.org.pk/ibd/faqs.asp#q3

State Bank of Pakistan. (2018a). Monetary Policy Instruments. Retrieved from http://www.sbp.org.pk/m_policy/mpf-03.asp

State Bank of Pakistan. (2018b). GOP Ijara Sukuk. Retrieved from http://www.sbp.org.pk/dmmd/Guidelines/Sukuk.pdf

Sukuk. (2018). Sukuk. Retrieved from https://www.sukuk.com/whos-who/kuwait-finance-house-430

Tahir, S. (2013). Fiscal and Monetary Policies in Islamic Economics: Contours of an Institutional Framework, *Islamic Economic Studies, 21*(2), 1-22.

Turkiye Cumhuriyet Merkez Bankasi. (2018). Monetary Policy. Retrieved from http://www.tcmb.gov.tr/wps/wcm/connect/EN/TCMB+EN/Main+Menu/Core+Functions/Monetary+Policy

The Daily Outlook Afghanistan. (2011). Practical Aspects of Islamic Banking in Afghanistan. Retrieved from http://www.outlookafghanistan.net/topics.php?post_id=326

The Nation. (2010). Islamic banking in Afghanistan. Retrieved from http://nation.com.pk/business/25-Apr-2010/islamic-banking-in-afghanistan

Taslim, M. A. & Chowdhury, A. (1995). *Macroeconomic Analysis for Australian Students*. Sydney: Prentice Hall.

Uddin, M. A. & Asyraf, H. (2015). *Islamic Monetary Policy: Is there an Alternative of Interest Rate* (MPRA Paper No. 67697). Retrieved from Munich Personal RePEc Archive, website: https://mpra.ub.uni-muenchen.de/67697

White Case. (2016). The Sukuk Experience in Turkey. Retrieved from https://www.whitecase.com/publications/insight/sukuk-experience-turkey

Wikipedia. (2018). List of Banks in Azerbaijan. Retrieved from https://en.wikipedia.org/wiki/List_of_banks_in_Azerbaijan

Wikipedia. (2018a). List of Banks in Jordan. Retrieved from https://en.wikipedia.org/wiki/List_of_banks_in_Jordan

World Finance. (2014). Jordan Islamic Bank Spurs Growth in The Kingdom. Retrieved from https://www.worldfinance.com/markets/jordan-islamic-bank-spurs-growth-in-the-kingdom

Yasin, H. M. & Atiq-uz-Zafar, K. (2016). *Fundamentals of Islamic Economics and Finance*. Jeddah: KSA Islamic Research and Training Institute.

Zakariah, Z. (2017). Market Share of Islamic Banks up to 28pct in 2016, New Straits Times. Retrieved from https://www.nst.com.my/business/2017/07/259228/market-share-islamic-banks-28pct-2016