

Are Islamic Windows of Conventional Banks Still Relevant in the Landscape of Islamic Banking?

Mohammad Hudaib¹

ABSTRACT

This study explores the factors contributing to the rise of Islamic windows and their consequences on the Islamic banking sector by utilizing the literature on Islamic windows. The study identifies four main factors viz. legal, economic, strategic and organizational capability that motivate conventional banks to operate Islamic windows. The growth of Islamic windows has driven competition, encouraging both Islamic banks and Islamic windows to innovate and improve service offerings that led to the development of hybrid financial products and new investment solutions.

Keywords: Islamic windows, full-fledged Islamic banks, Islamic subsidiaries of conventional banks, riba, usury.

JEL Classification: F39; G1; G2; G20; G21

¹ Saudi Arabia, prof.mhudaib@gmail.com