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A Contribution to the Theoretical Analysis of the Impact of Applying Governance Principles on the Performance of Islamic Financial Institutions

Contribution à l'Analyse Théorique de l'Impact de l'Application des Principes de Gouvernance sur la Performance des Institutions Financières Islamiques

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Abstract

This paper analyzes the application of corporate governance principles in Islamic banks in the United Arab Emirates (UAE). Governance is presented as a key mechanism to enhance transparency, reduce information asymmetry, and protect the interests of stakeholders. By linking governance with both financial and non-financial performance, The Analysis of this study shows its role in mitigating risks and strengthening trust among depositors and investors through reliable disclosure. The Central Bank of the UAE emerges as a pivotal actor in promoting governance, despite regulatory and cultural challenges. The paper also suggests practical measures such as improving the legal framework, enhancing stakeholder awareness, and investing in professional training. It concludes that governance in Islamic banks must integrate Sharia compliance with modern management practices to ensure sustainable performance and institutional stability.

Keywords : Corporate governance, Islamic banks, information asymmetry, stakeholders, performance, transparency.

Résumé

Cet article examine l'application des principes de gouvernance dans les banques islamiques des Émirats arabes unis (EAU). La gouvernance y est présentée comme un levier stratégique permettant de renforcer la transparence, de réduire l'asymétrie d'information et de protéger les intérêts des parties prenantes. L'analyse menée dans cet article montre que son intégration, tant au niveau financier que non financier, contribue à la réduction des risques et au renforcement de la confiance des déposants et investisseurs grâce à une meilleure qualité de l'information publiée. La Banque centrale des Émirats arabes unis joue un rôle déterminant dans ce processus, malgré des contraintes réglementaires et culturelles persistantes. L'article propose des pistes d'amélioration, telles que l'adaptation du cadre juridique, la sensibilisation accrue des acteurs économiques et la formation spécialisée. Il conclut que la gouvernance doit articuler conformité à la charia et pratiques modernes pour assurer performance durable et stabilité institutionnelle.

Mots clés : gouvernance, banques islamiques, asymétrie d'information, parties prenantes, performance, transparence.

Introduction

Islamic banking in the United Arab Emirates (UAE) has achieved significant growth over the past decades, driven by the increasing demand for Sharia-compliant financial products and supported by both local financial development and global market expansion. In this context, the adoption of sound corporate governance has become a fundamental requirement to enhance transparency, improve operational efficiency, and mitigate risks arising from mismanagement or corruption. Good governance ensures the protection of the rights of depositors, shareholders, and other stakeholders, while strengthening the credibility and sustainability of Islamic financial institutions.

Corporate governance refers to the system of rules, structures, and processes that regulate relationships among boards of directors, executive management, shareholders, and stakeholders. In the case of Islamic banks, governance carries an additional dimension: the obligation to comply with Sharia principles, notably the prohibition of usury (riba), excessive uncertainty (gharar), and injustice (zulm). This dual requirement heightens the importance of transparency, accountability, and ethical conduct, as information asymmetry between managers and stakeholders may lead to decisions that undermine institutional stability. Addressing this asymmetry and reconciling stakeholder interests therefore emerges as a key challenge for Islamic banks in the UAE.

Against this background, a central question arises: to what extent does the effective application of governance principles contribute to enhancing both the performance and the stability of Islamic banks in the UAE, given their dual need to comply with international financial standards and Sharia requirements?

To address this question, the study adopts an analytical approach, examining governance frameworks through the lens of contemporary theories (information asymmetry and stakeholder theory) while situating the analysis within the institutional and regulatory context of the UAE.

The paper is structured into three sections. The first presents the theoretical and referential framework of governance in Islamic banks. The second examines the internal and external determinants that condition the implementation of governance. The third analyzes the practical reality of governance in UAE Islamic banks and its impact on financial performance and institutional stability.

1. The Theoretical and Referential Framework of Governance in Islamic Banks

1.1. Concept of Governance and Its Importance in Islamic Banks

Governance is the system of rules, structures, and processes that regulates the relationships and responsibilities between the board of directors, executive management, shareholders, and other stakeholders, and is therefore hugely important. This is to reinforce within institutional conduct the principles of transparency, fairness, accountability, and independence. Governance acquires exceptionally critical significance in the banking area due to the inherent sensitivity of banks, as financial middle people managing depositors and investors funds, and the serious ramifications of their exhibition on the local and worldwide monetary framework's soundness (Organisation for Economic Co-operation and Development [OECD], 2004 ; Basel Committee on Banking Supervision, 2015).

The contours of the governance landscape are broad-ranging and multi-layered; both modern institutional rules and structures and Islamic Sharia ruling standards require the governance of Islamic banks to be defined in such a way that their operations do not contradict Sharia principles, notably the prohibition of usury (riba), uncertainty (gharar), and injustice (zulm). This is where independent Sharia supervisory boards have become an important imperative, as they provide the oversight necessary to ensure that banking products and services comply with these Sharia values, adding an ethical and performance dimension that is unlike anything found in the broader financial and banking services (Islamic Financial Services Board [IFSB], 2016). Recent studies further confirm that Shariah supervision and corporate governance variables significantly affect the performance of Islamic banks, particularly in the Gulf Cooperation Council [GCC] context (Tashkandi, 2023).

Governance in Islamic banks has some primary objectives to achieve the stability, integrity, and sustainability of the Islamic financial institutions. One of the main aims is to protect funds that are essential to creating and sustaining mutual trust in the entire banking structure. Insufficient governance frameworks may lead to the diversion and/or misuse of funds, which threatens not only the security of depositors' and investors' resources but also of financial markets as a whole. Moreover, strong governance is necessary to fight against corruption and fraudulent practices, preventing the emergence of a corrupt and strong market environment (Allafi Isweesi, 2021).

A third governance-related goal is to improve transparency and fairness through simple, regular disclosure. Disclosures, like these, enable all stakeholders (depositors, shareholders, regulators, and the community at large) to be able to keep track not only of the financial performance but also the Sharia compliance and performance on an ongoing basis. This transparency builds trust and helps guarantee the institution operates with integrity and adjusts to the expectations of its diverse stakeholder constituency.

In addition, governance aims to pursue accountability in Islamic banks. This involves creating structures and systems that ensure that managers and executives are answerable for their choices and behavior, thereby providing a deterrent to administrative ineptitude and financial wrongdoing. Accountability, by establishing roles and responsibilities, helps organizations quickly identify and correct deviations, thereby enhancing discipline and ethical behavior.

Another equally essential goal is promoting Sharia compliance, which entails that the conduct of banking activities must be precisely in compliance with Islamic principles of justice, equity, and fairness. A governance structure would then integrate Islamic jurisprudential necessities into all areas of bank function, balancing the requirements of a government with the requirements of the religion. Not only does it meet the ethical expectations of Muslim customers and stakeholders, but it also strengthens the credibility and the uniqueness of the Islamic banking model. In conventional banking systems, governance mechanisms are often analyzed through the interaction between capital adequacy, risk-taking, and financial performance. Empirical evidence from Beninese banks, for example, shows that Tier 1 capital levels are directly linked to risk-taking behavior and financial outcomes, highlighting the centrality of capital structure in governance and performance (ADJIBADE, 2022). In Islamic banks, however, these conventional determinants are supplemented by the distinctive role of Shariah supervisory boards and ethical compliance requirements, which introduce a complementary dimension to governance beyond the classical financial indicators.

Finally, a more stable banking environment that governance promotes can uphold financial stability and support sustainable development. This type of environment will make Islamic banks competitive at both the domestic and global levels and help them to be resilient to shocks and crises. Governance establishes the foundation for sustainable growth, not only of the institutions themselves but also of the economic ecosystem as a whole, through a combination of stringent administrative discipline and firm adherence to Sharia principles.

1.2. Fundamental Governance Principles in Islamic Banks

These governance principles, which include transparency, fairness, accountability, independence, and Sharia compliance, establish the procedural and referential system that an

Islamic bank must refer to when conducting its business. The significance of this rule lies in achieving common goals that harmonize modern management needs with Islamic Sharia requirements.

What follows is an analysis of the most important of them:

- **Transparency**

Transparency is the milieu through which trust between the bank and its stakeholders is established. On top of complete transparency in financials and yearly reports, with explicit declarations that the bank is following Sharia standards on every transaction and contract. Such disclosures are prepared by international standards on accounting (IFRS) and certain specific standards, including those issued by AAOIFI. In addition to this, it is expected to be transparent on Sharia supervisory reports, which include decisions of the Sharia supervisory board; a summary of the number of its fatwas based on the details of approvals or reservations on banking products. Management transparency is just as important and needs to happen at regular intervals through disclosures on profit pricing methods, funding risks, and ways in which profits are shared with investment account holders. Most importantly, this information should be accessible to all stakeholder groups without a price tag on it.

The impact of this transparency has many benefits, as it decreases the information gap between the parties involved, prevents any party from abusing the others, and allows for efficient monitoring of both the bank's financial performance and Sharia compliance to regulators and depositors.

- **Fairness**

Equity requires treating all stakeholders the same, regardless of whether they are minority or majority shareholders, depositors, or employees. It needs to protect them from discrimination while enjoying rights concerning opportunities or, ,profit-sharing, whilst exercising their legitimate right to participate in decision-making processes via the general assembly with the possibility to vote. The protection of rights derived from Sharia is important, especially in Islamic banking contracts such as Mudaraba, Musharaka, and Murabaha, where an equal distribution of risk and profit is required according to the agreed-upon terms. In addition, fairness means fighting injustice and exploitation by making complaint systems stronger and ensuring they are handled swiftly. We must guard against conflicts of interest or abuses of power based on narrow interests. In summary, fairness creates a sense of stability and security for both depositors and investors while promoting a culture of shared accountability.

- **Accountability**

Accountability is fundamental to establishing governance and is a prerequisite for clarifying roles and responsibilities in the bank. It consists of a systematic and accurate specification of the responsibilities of authorities through the establishment of the administrative structure that defines the roles and powers conferred on the board of directors, executive management, the Sharia supervisory board, and the audit committees. The establishment of independent internal audit committees along with financial and Sharia auditing tools, together with some regulatory supervision on the part of the bank central, is considered a basic necessity (the dual internal and external oversight). These bodies routinely issue performance reports and recommendations. Strong enforcement provisions will, in turn, enable stakeholders to hold senior management accountable and also spell out remedial measures and the penalties for administrative or Sharia breaches or deficiencies. Accountability through these processes reduces the risk of managerial negligence, directs executive behavior, and fortifies the entity against human error and lapses.

- **Independence**

Independence expresses the separation of powers, a clear line between the board of directors and the executive management, with no intersection between the financial and Sharia authority. Oversight committees must be filled with members of the audit, risk, and Sharia supervisory committees who have no individual or financial interest directly or indirectly relating to executive management. Membership requirements are then enforced, and there are limits on the duration that a committee can operate to prevent excessive concentration of power. All of these committees go through external reviews regularly to maintain objectivity. Independence helps to avoid conflicts of interest, protects the integrity of decision-making, and minimizes overall and supervisory risk faced by the bank.

- **Sharia Compliance**

A right implementation of Sharia is thus the true expression of Islamic governance. Its basic structure is dependent on an independent Sharia supervisory board with a broad scope of power to review both contracts and products and to monitor the bank's compliance with Islamic Sharia law closely. This board meets and its activities and decisions are openly published to give stakeholders that assurance. This aspect will be a continuous review and development process, meaning that products and services are being evaluated periodically, as well as to accommodate the more recent Islamic rulings, as well as international standards, including IFSB and AAOIFI. This means that Sharia oversight occurs at the highest management levels, where the supervisory board actively endorses strategic policies and monitors their implementation across organizational levels. Their commitment to Sharia compliance offers a true competitive edge to Islamic banks while engendering customer loyalty and trust both locally and globally.

1.3. Contribution of Information Asymmetry and Stakeholder Theories to Islamic Governance

Information asymmetry theory and stakeholder theory form the core of the analysis of Islamic banking governance from both philosophical and practical perspectives. They are mandatory infrastructure interpretive lenses that allow for identifying natural risks within financial institutions and enable the development and implementation of governance standards and tools targeting the fundamental weaknesses commonly present and recurring in banking systems.

The theory is based on the assumption that actors within an institution can have different levels or qualities of information. More often than not, executive management has broader, deeper, and more current information than what is available to other parties, including depositors, shareholders, or regulators. Moreover, this has given rise to two essential problems that pose a challenge to the stability and integrity of the operations of the banking sector.

The first issue, adverse selection (Akerlof, 1970), suggests that banks may accept or manage financial accounts and products with much riskier characteristics than reported, as reporting systems do not pick up these characteristics effectively at the time of opening an account or at the point of product management. This type of misrepresentation can be highly harmful, weakening not just the institution but the stability of the broader financial sector itself. Moral hazard [(Jensen & Meckling (1976) ; Stiglitz (2002)] is the second problem of it: for example, management may take hazardous decisions or keep operations opaque to preserve profit, especially if the owners of funds (shareholders and depositors) have difficulties monitoring results or cannot control them. In conjunction with these interests, this dynamic can foster consequent behaviors that risk inducing non-prudent risk practices and opaqueness.

The nature of Sharia-compliant financial products is inherently complex, compounded by the diverse financial literacy of the parties involved. This creates information asymmetry, which presents a potential area for in-depth exploration. With these challenges, governance in Islamic banking institutions becomes very important as the primary medium to fill this information gap. This is achieved by enhancing financial and Sharia disclosure through transparency and regular reporting. These reports are holistic, addressing the financial aspect along with all other aspects relevant to adherence to Sharia rulings and principles.

In addition to traditional quarterly audits of financial institutions, banking operations are regularly monitored by a Sharia supervisory committee that has the power to submit its assessment to a higher authority. This committee has the authority to complain about any activities that violate this code of conduct and impose strict implementation of existing Sharia standards. This structure is complemented by the independence afforded to audit and risk committees, which receive the authority to obtain crucial information unimpeded by executive management. They are also responsible for recommending the removal of officials who fail to do their jobs or suggesting changes to governance policies.

Together, these measures work well to decrease the level of information asymmetry, protecting banks from negligent or high-risk activities that are against the principles of Sharia and the general public interest.

By contrast, stakeholder theory, as expressed by Freeman (1984), believes that governance cannot only focus on the goal of maximizing shareholder gains. Instead, it calls for a comprehensive perspective that incorporates all actors affected by the decisions of the institutions. The expanded stakeholders here are depositors, customers, employees, groups in society, regulators, Sharia supervisory authorities, and the entire socio-economic environment being the context of the institution. This ensures that governance mechanisms are designed to benefit and respect all relevant stakeholders, facilitating trust, sustainability, and ethical accountability.

In pragmatic terms, Islamic governance has been defined in the context of the substantive and significant role that Sharia governance can and should play as a critical governance voice (the ethical voice) in the institution. These boards do not only serve as compliance technical entities, they serve as guardians of risk and return balance.

Furthermore, they make sure that all institutional policies are Islamic in substance, based on a just and a shura manner of consultation. Providing real avenues for investment account holders and depositors to participate in governance activities is another important dimension of protection. This encompasses the availability of necessary information, access to complaint mechanisms, and participation in decisions in the general assemblies. Moreover, Islamic governance does not only function like regulation, but it is essentially a form of corporate social responsibility and solidarity among the community. By practicing ethical financing and nurturing local developmental efforts, banks show their genuine interest in the well-being of society and the advancement of the nation.

2. Internal and External Determinants for the Implementation of Islamic Governance in Islamic Banks

Governance in Islamic banks is a complex and dynamic phenomenon arising from the exercise of continuous interaction of a variety of internal and external factors woven together to create an effective governance environment. Recognising these factors and their interrelations provides a holistic analysis of the system's performance, thereby establishing a basis for recommendations grounded in reality. These are a few of these determinants to analyze in detail.

2.1. Internal Determinants

The governance system of Islamic banks is complex in both its nature and dynamic because it exists as an outcome of many interacting internal determinants that shape discernibly the groundwork of effective governance management. The reasoning behind this is that effective governance performance can be assessed well if attention is paid to these elements and prescriptions can be made, based on evidence of how things function.

The Board of Directors is the ultimate institutionalization of sound governance mechanisms for Islamic banking institutions. In order for governance to meet its objectives, the board must represent a diverse and balanced composition of members, and must incorporate executive and independent members. Such diversity is crucial for ensuring independence and minimizing the risk of power concentration, which can lead to an elite group making decisions that serve their interests well but harm other shareholders. The way to improve supervision and control is through specialized committees. This includes internal audit committees charged with detailed and sophisticated scrutiny of financial and Sharia compliance; risk committees that gauge the level of exposure to different operational and Sharia impediments (in addition to external risks); and independent Sharia supervisory boards that review implementation of Sharia compliance matters. Clear definition and delimitation of the mandates and powers of these bodies help streamline and elevate the quality of decision-making and ensure that those decisions are free from inappropriate influence, whether internal or external.

The second pillar for successful governance frameworks is the availability of advanced information systems and transparent disclosure policies. Islamic banks issue periodic and accurate complete reports on: Financial results, Administrative matters, Sharia compliance. These reports not only promote transparency to several stakeholders but also to the general public and regulators/gatekeepers. Transparency is a tool for preventing information asymmetries, which may not be captured beneficially but can become a harmful resource.

Moreover, as these levels of transparency will naturally safeguard an institution from reputational risks, this also cultivates a culture within the bank that is focused on managing risks and complying with regulations, further driving its comparative advantage in the market space.

Incentive systems are also conducive to good governance, because remuneration and awards should be consistent not only with financial performance, but also with compliance with Sharia principles. Linking incentives to both sets of criteria, banks can ensure that all their people are motivated to do the right thing professionally and ethically. Also, continuous professional learning is necessary for what makes governance work. Regular training is essential for the members of boards of directors, members of Sharia boards, and personnel to update them on the changing nature of finance and the advancement of Islamic legal issues. Such ongoing education empowers citizens to make educated choices and leads to higher degrees of governance and oversight quality.

2.2. External Determinants

External factors have a profound impact on the governance effectiveness in Islamic banks. Legal and regulatory frameworks lay the foundation for the good governance agenda. There are high standards of Sharia supervision in the UAE with clear and comprehensive transparency and disclosure requirements mandated by the Central Bank Law and relevant local regulations. Harmonization between the international standards set by international institutions like the Basel Committee and the Organisation for Economic Co-operation and Development (OECD) and the Islamic Sharia standards recommended by the Islamic Financial Services Board (IFSB) is a source of synergies in governance. Such convergence enables the unique issues related to Islamic banks to be resolved without the need to sacrifice Sharia compliance.

Regulatory authorities, first among them being the Central Bank and supervisory agencies, are key in enforcing minimum governance standards, ensuring compliance with necessary controls and quickly stepping in when the rules are broken or a crisis strikes. Their creation and strengthening of specialized supervisory structures with both financial and Sharia enforcement powers based on both incentives and sanctions make the institutions more expensive to pay off and stable, thus ensuring that their governance continues to be sustainable as aggregated financial and Sharia risks diminish.

Governance implementation is also heavily influenced by economic and social environments. Cultural norms, customer awareness of their rights, and the familiarization of the people with governance are key factors affecting the stakeholders trust in Islamic banks. Such environments, transparent and competitive, with firm national commitments to corporate social responsibility, further promote the uptake and improvement of governance standards, enhancing overall transparency and accountability within systems that respect religious and cultural principles. In line with this, evidence shows that the institutional environment and governance structures are decisive in explaining the sustainability performance of Islamic banks (Kashi, 2024).

Finally, challenges and opportunities also stem from the rapid development of technology and a mounting pressure to adhere to international compliance standards. The financial technology (FinTech) focused digital transformation forces Islamic banks to allocate more resources to technical solutions that speed up and modernize disclosure processes while reinforcing ongoing supervision. It is becoming an even more relevant trend due to increasing international pressure for the transparent application of AML and CTF laws around the world. Being able to flexibly adjust to such developments whilst maintaining the harmony in compliance with Sharia is then an extremely demanding administrative and technical task. Moreover, it also gives Islamic banks a chance to be more competitive with the rest of the world.

3. The Practical Reality of Governance and Its Impact on Financial Performance and Stability in UAE Islamic Banks

3.1. Legislative and Regulatory Framework for Governance Implementation in the UAE

For more than two decades, the legal and regulatory framework of the operation of Islamic banks has undergone systematic development in the United Arab Emirates. Under the supervision of the executive authorities, and governed by the United Arab Emirates Central Bank, pragmatic measures are taken to formulate governance requirements to comply with the international standards, and at the same time to apply the Sharia controls set by the UAE Central Bank on the Islamic banks (Central Bank of UAE, 2023).

In this feature, many regulations and instructions have been issued requiring banks to create explicit governance frameworks, including independent Sharia supervisory boards in line with the high standards proclaimed by the Islamic Financial Services Board (IFSB) and the Basel Committee on Banking Supervision (Basel Committee, 2015). These regulations obligate banks to publish periodic reports on financial performance and Sharia compliance, creating transparency and mutual trust between banks and stakeholders.

Moreover, even Islamic banks in the UAE have gone beyond all these legal means and have put efforts into advancing intensive specialized training for senior management and Sharia boards, and created units for effective risk management and compliance with governance standards, which seek to serve the interest of clients and depositors in Islamic law (Allafi Isweesi, 2021).

3.2. The Impact of Governance Application on Financial Performance and Stability in UAE Islamic Banks

Through field studies (Allafi Isweesi, 2021), which relied on survey data as well as data collected from four prominent Islamic banks operating in the UAE, it was found that the effective implementation of the principles of governance with particular interest in those principles that strengthen the elements of transparency, independence of oversight and legal accountability, positively impact the level of operational efficiency and some indicators of bank profitability.

The association between governance and Sharia financial efficiency stems from governance promoting incentives for management to make sound financial decisions, minimize resource waste and loss, and foster a culture of accountability and Sharia compliance. This kind of practice helps in providing a much stable and sound bank results in response to market risk.

Reports from the Central Bank and Basel Committee reveal that solid banking governance in the UAE helped keep financial distress cases to a minimum, boosted liquidity, and decreased loan risk exposure. Specifically, Sharia supervision is an essential component that mitigates risks regarding compliance with Islamic rulings, which contributes to the stability of Islamic banks and their ability to absorb financial event shocks and economic crises (Basel Committee, 2015 ; Central Bank of UAE, 2023).

Good supervision acts as a firewall, keeping mismanagement and corruption away, reassuring customers and depositors, and therefore helps banks attract new capital and develop the industry as a whole.

Islamic banks in the UAE that pay close attention to governance standards have managed to establish a particular reputation within regional and global financial markets. As a hallmark of the guarantee of quality management and Sharia transparency factors, governance is a differentiator that gives organizations a competitive edge in attracting investments, especially from investors and clients who are very concerned about Sharia compliance and financial transparency (Allafi Isweesi, 2021). Recent findings also indicate that Shariah compliance plays

a moderating role in the relationship between governance attributes and the credit ratings of Islamic banks, underlining the importance of credibility for long-term stability (Baig, 2024).
However, even with advanced legislation in place, institutions remained internally resistant to implementing the full scope of governance, particularly in terms of transparency and full disclosure. Old institutional cultures and occasionally power resting with a few individuals also impede the enforcement of accountability and independence standards.
As the requirements grow, aligning international governance standards, such as those of the Basel Committee / the Organisation for Economic Co-operation and Development (OECD), with Islamic Sharia obligations presents a challenge. This is because the effort to align Sharia-compliance with international governance and transparency principles can increase administrative and process complexity.
The lack of this is the key challenge in the absence of a special training for board members, the Sharia committee, and administrative cadres. Thereby, for governance, sustaining quality requires the perpetual enhancement of cognitive and technical capabilities, especially in financial and Sharia aspects (IFSB, 2016).
The challenge is significant and technological. It includes requirements for an up-to-date infrastructure to support the needs of e-governance applications, from the e-disclosure systems to AI tools to monitor performance and assess the risks. Failing to adopt such technologies sooner could diminish the ability to produce timely transparency and accountability.

Conclusion

The analysis carried out in this paper affirms the role of the institutional governance dimensions among Islamic banks in the UAE in promoting their financial performance and institutional stability. It is achieved by adopting contemporary administrative criteria, incorporating Islamic jurisprudential factors that emphasize transparency, justice, accountability, independence, and Shariah conformity. Compliance with governance principles aims to minimize information asymmetry between management and stakeholders, while also expanding the scope of supervision to include not only internal parties but also external and other stakeholders, in line with stakeholder theory and Sharia goals.
Additionally, the practical reality in the UAE reinforces the need for sophisticated legislative and regulatory frameworks, complemented by the Central Bank's role in providing supervisory and capacity-building support. Lastly, the growing importance of financial technology in improving disclosure and monitoring is reaffirmed. While the identified cultural,

administrative, and technological obstacles prevent the proper enactment of governance in totality, the recommended suggestions especially looking at framing up the regulatory frameworks, strengthening upon training and introducing of necessary technological alternatives as an approach will provide a better harmony of the Sharia with the administrative requirements that will result in a better performance and competitiveness.

This next phase requires urgent harmonization and collaboration among regulators, banks, and Sharia bodies to ensure the interests of all parties are protected, sustainably develop the Islamic banking sector in the UAE, and enhance its role in sustainable economic and social development.

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