

**Effect of Islamic Banking on Financial Deepening among the Pakistani
Muslim**

By

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DECLARATION

I hereby declare that no portion of the work that appears in this study has been used in support of an application for another degree or qualification of this or any other University or institution of learning.

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DEDICATION

To

All Muslims;Brothers&Sisters

To

My Friends

To

All Participants

To

My Loving Family

ACKNOWLEDGEMENTS

The long and challenging journey that has led to the successful completion of this MS program would not have been without the incredible support and encouragement of many people I interacted with.

My teachers for supporting and encouraging me to go through the program, my friends for challenging and pushing me to take up the program, my family for giving me words of wisdom and encouragement to enroll into the program. My mother for taking great care of this project with me to enable me concentrate on my studies, Your professional guidance and wisdom throughout this project made it possible for me to successfully undertake the study.

ABSTRACT

To investigate the influence of financial deepening and Islamic banking system is the main determination of this research among the Pakistani Muslim societies. For better imperial result we selective descriptive research design for this project. Muslim community is selected target population for getting back the result of respondent. Because this research is associated with the religion that why the respondent of the study are Muslim community. For data collection approximately two hundred survey questionnaires distributed. Survey questionnaire is used for data collection and firstly apply descriptive analysis, beside this regression and Content analysis applied for investigating the associated between variables of the research. The finding of the research explore deficiency information about financial prospective which is associated with development of Islamic banking system. Success of Islamic banking also depends on the training and exposure of the mangers but this study show the deficiency of mangers training and experience. Furthermore, small and medium financial institution is badly influence from the lack of managerial training and experience.

Another investigation of the research is medium and small institute of influenced from the regulation bodies and policies of our government. The rapidly change in technology is also reason of less development in financial institution. The customers of Islamic bank still facing the issue of cash inflow and cash outflow. The suggestion of the research is training of the managers and need of experience mangers for implementation of interest free banking system, for this purpose government of Pakistan take stand for the implementation of Islamic banking system. Government of the Pakistan would create the trend of training among the owners of the business and as well to train the managers as well.

It is very difficult for small and medium financial institution to developed technological environment of interest free banking because for this purpose financial institution need huge capital so government should help the financial institution with providing subsidy. The determination on vibrant policies, terms and condition about the Islamic and its usage toward their customers about the responsibility and facilities.

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CHAPTER ONE

Introduction of the study

1.1 Research background of the study

Islamic banks are growing at between 10% to 15% per annum with global asset in excess of one trillion dollars and operating within more than sixty countries across the world especially in the Middle Eastern and Asian region countries (El-Gamal, 2006). Not even in Muslim community or state of Muslim while the minority and non-Muslim states gradually increase in the popularity and appreciation of Islamic banking. With the passage of time demand and popularity of Islamic financial institution gradually increase not even in Muslim community while also increase demand of financial Islamic product in developing and under develop economy and also increase in demand in middle eastern countries (Yudistira 2003).