

HALAL ECOSYSTEM: PROSPECT FOR GROWTH IN BANGLADESH

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ABSTRACT

The purpose of this paper is to draw special attention to Bangladesh as one of the potential markets where the concept of Halal ecosystem can be developed. An overview of this dynamic concept, followed by the current stance, challenges and future outlook of Bangladesh regarding Halal ecosystem is thereby described. This study applies content analysis to identify general trends and research results of Halal ecosystem in a descriptive form. Using secondary sources, it also provides future directions for both Bangladesh and the global context. Government support and regulatory frameworks are crucial at this stage to strengthen confidence amongst consumers, industry players and investors regarding Halal ecosystem in Bangladesh. Moreover, regional and global arrangements for Halal certifications are necessary to fully embrace this concept in Bangladesh and beyond. However, lack of empirical data and research on Halal ecosystem limits the intensity of arguments in this study. Besides, absence of proper information regarding Halal certifications, database of companies involved in this dynamic process and initiatives of government and regulatory bodies in Bangladesh further hinder the presentation of a wholesome picture of Halal ecosystem.

Keywords: Halal Ecosystem; Islamic Finance; Halal Industry; Islamic Economy; Muslim Consumers; Bangladesh.

1. INTRODUCTION

In today's increasingly globalized world, the Islamic economy has been continuously evolving and requiring companies to provide products and services that meet their faith-based needs. The core two sectors that are structurally affected by this requirement of Muslim consumers are the Halal industry, which mainly comprises of food, lifestyle and travel, and the Islamic finance industry (Thomas and Selimovic, 2015). According to the State of the Global Islamic Economy Report 2016/17, produced by Thomson Reuters in collaboration with DinarStandard, global Muslims spend in the Halal industry at over US\$1.9 trillion in 2015, while the Islamic finance sector has around US\$2 trillion in assets (Thomson Reuters, 2016). This shows that Islamic finance is developing at a remarkable

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pace and the consumption of Halal-certified products and services has become a powerful market force across global markets.

A common factor between these two pillars of Islamic economy is that they both draw legitimacy from Islam and are complementary economic partners. However, they are far from fulfilling their combined potential for a holistic Islamic economy since that can only be achieved if religious compliance prevails in the entire product/service supply chain of an organization (Antara et al., 2016). This implies that religious or Shari'ah compliance (as per Islam) needs to be ensured not only in delivering the end-products to consumers, but also in the provision of funding options (The WiEF Chronicles, 2015).

As such, an integration between the world Halal industry and the global Islamic finance system can tremendously enhance the huge developmental potential for growth and expansion of Islamic economies in world markets. This notion has recently led to the development of a new Halal market economic paradigm - the Halal ecosystem.

2. BACKGROUND

Halal ecosystem has garnered a lot of interests in the global world and this can be attributed to four major global market drivers and four major Islamic market-based drivers.

First, one of the strongest drivers is the fast growing, young, and large Muslim population worldwide. According to Pew Research Center's Forum on Religion & Public Life, the global Muslim population is expected to rise from 1.7 billion in 2014 to 2.2 billion by 2030 (as shown in Table 1) and this sheer size of demography has created universal appeal for the development of Halal ecosystem (PRC, 2016).

Table 1: Estimated Growth of Muslim Population

Year	2014	2030	2050
Estimated Growth (% of world population)	1.7 billion	2.2 billion (26%)	2.6 billion (30%)

Source: MIFC, 2015

Second, the Islamic economies are growing at a faster rate than the entire global economy. Based on the latest IMF growth projections (April 2016), the 57 mostly Muslim-majority member countries of the OIC (Organization of Islamic Cooperation) reported a GDP in 2015 of US\$17 trillion and is expected to have an average projected growth of 4.19 percent compared to the rest of the world's GDP growth between 2015-21 (Thomson Reuters, 2016). This creates a huge market for the enhancement of the Halal ecosystem.

Third, the recent trend of Muslim consumers' renewed motivation to apply Islamic teachings in their life is increasingly driving lifestyle and business practices (Muhamad et al., 2016). As a result, consumer appetite for Halal products and services has seen a rapid development in both consumer goods and retail services sector, ultimately fueling the need for a Halal ecosystem.

Fourth, Intra-OIC trade growth is also considered to be a key driver in facilitating the development of a Halal ecosystem. Initiated by the Islamic Development Bank (IDB), member countries are served as a multilateral financing group leading to a trade growth of around 20 percent in 2015 (MIFC, 2015). A Halal ecosystem herein can provide further support in the form of regulatory initiatives, economic incentives, and marketing programs across most OIC member countries.

Fifth, participation of global multinationals has further spurred the development of the Halal ecosystem and has given Halal offerings a global credibility. In fact, top global brands in food, finance, fashion, travel, pharmaceuticals and cosmetic sectors engage in religious compliance and continue to ensure a complete cycle of Shari'ah-compliant products and services (Ab Talib et al., 2015).

Sixth, developed economies too provide a strong opportunity for Halal market growth and are some of the key source markets for Halal products to OIC member countries (Thomson Reuters, 2016). As such, Halal ecosystem has a promising and largely untapped market to grow.

Seven, Halal products and services are becoming synonymous with other universal values such as health; hygiene; non-animal cruelty, and likewise (Lancaster, 2011). Accordingly, global sentiment and other socially-conscious businesses continues to grow. Therefore, development of a Halal ecosystem can benefit such global conscious consumerism trends.

Finally, continuous technology developments of mobile internet, secure ecommerce and digital media has given a big boost to develop the globally-distributed and fragmented market for Halal products and services. This is a major driving force for the development of Halal ecosystem in the global world.

Based on the above discussions, it is clearly evident that increasing the synergy between the global Halal industry and the Islamic finance industry to initiate the Halal ecosystem will spur the creation of new Halal businesses and the expansion of Halal trade into the global markets. Although Halal ecosystem is going mainstream, it is the region of Southeast Asia that ultimately has the potential to become a hub for such a dynamic system.

Southeast Asian countries are well-known for its large population of Muslim community and the concept of 'Halal' or permissible (as per Islamic principles) forms an important element of the identity of the Muslims. As a result, Halal certification is well-developed in this region and Halal symbols can be commonly seen upon most consumer goods (Iqbal and Nisha, 2016). In fact, ensuring the use of Halal products and services is a central part of the cultural identity of the Southeast Asian Muslims.

Among the leading Southeast Asian countries, Bangladesh represents a strong potential as a prospective market of Muslim consumers for the world economy. This is because the current Muslim population of Bangladesh is around 148.6 million - representing 90.4% of the country's total population (The Daily Star, 2016). Bangladesh has also been declared as fourth largest Muslim population in the world after Indonesia, Pakistan and India (Iqbal and Nisha, 2016). As such, Bangladesh has a high level of awareness and

understanding of the concept of Halal as an economy in its own right. In fact, Bangladesh has all the attributes to be one of those emerging economies where the concept of Halal ecosystem is going to be a trailblazer and to develop into a powerful global economic force over the next decade. Hence, this paper tries to describe the phenomena and the future outlook to integrate Islamic finance and Halal industries to strengthen the notion of Halal ecosystem in Bangladesh and its subsequent impact on the socio-economic development of the country.

The aim of this study is to fill the knowledge gap in current literature regarding the emerging concept of Halal ecosystem and its implications on developing economies and Muslim markets. This study will be significant to all stakeholders related to both the Halal industry and the Islamic finance sector, since it will help them to understand the overall phenomenon of integrating these different sectors in an ecosystem and to foster economic growth of their countries in the process. Governments and central banks will also benefit from this study as this research can provide guidelines to strengthen the framework of this integration on the local and global front, respectively. Theoretically, academicians will benefit too since it will be able to add new knowledge in the field of Halal ecosystem.

3. METHODOLOGY

This study is a critical review of the entire concept of Halal ecosystem, with a glimpse upon the integration and interdependence of both Islamic finance and Halal industries. Since past studies related to the integration of these two sectors is empirically and conceptually in infancy in terms of both Bangladesh and the global context, this study applies content analysis as a methodology. According to Calik and Sozbilir (2014), content analysis is a systematic review that aims to identify the general trends and research results in a descriptive form and also provides a further outlook of future research, policy, practices and public perception. Secondary sources of information additionally used for this study includes journal articles, conference proceedings, online reports, and other relevant documents.

4. LITERATURE REVIEW

4.1. Halal Industries

Global Halal industry largely comprises of food products, processed food, meat, beverages, restaurants, cosmetics, pharmaceuticals, chemicals, healthcare, media, fashion, logistics, hospitality and tourism (Rafiki and Wahab, 2016). With nearly 1.8 billion Muslims around the world, it is this Halal industry which is driving business and consumers today. According to MIFC (2015), average global expenditure of Muslim consumers on food and lifestyle sectors recorded in 2013 is US\$2 trillion and is expected to increase to US\$3.7 trillion by 2019 at a compound annual growth rate of 10.8%; while, the travel sector reported US\$140 billion in 2013 and is expected to reach US\$238 billion by 2019. These statistics, as shown in Table 2, are clearly evident of huge market potential and a rapid development of the global Halal industry.

Halal food is one of the few global food product categories that is in the fast-growth stage, with more than half of the demand coming from the Asian region. Halal food is important in order to satisfy the Islamic principles of health, hygiene and quality. While global Muslims embrace Halal food due to their religious obligations, non-Muslims are also shifting towards Halal food due to the rising concerns about unhygienic and unhealthy food (Zailani et al., 2015). As of now, Brazil and Australia are known to be the largest supplier of Halal poultry and Halal beef to Middle East, while Thailand is the largest producer of Halal processed food in the global Halal food sector (HDC, 2016).

Over time, the Halal industry expanded beyond the food sector and gave rise to a growing demand of non-food products that conform to Islamic laws. For instance, Halal label is given to cosmetic and personal care products that meet Islamic religious rules and does not contain alcoholic substances or products derived from animals forbidden by Islam. Similarly, Halal pharmaceuticals and healthcare products are in demand since they contain ingredients that do not harm the body in the long-term. In this regard, the Halal label is particularly gaining popularity in Asian countries like Malaysia, Indonesia, Pakistan, India and Bangladesh. Moreover, Thailand is currently operating a world-class Halal Science Centre, which focuses in developing standard and methods for detecting prohibited ingredients for both personal care and healthcare products. In contrast, fashion industries are noticing the commercial potential for Muslim women's clothing that respects religious sentiments and are also adhering to Halal fashion while designing clothes for the global Muslim population.

Recently gaining popularity is Halal tourism - a fast growing tourism segment that refers to hospitality services and products in accordance with Islamic practices. Halal tourism is commonly associated with Umrah, Hajj and Pilgrimage (different Islamic practices) and provides travel destinations and tour packages that are particularly designed to cater for Muslim religious considerations and address global Muslim needs (Battour and Ismail, 2015). This sector continues to broaden its reach with tremendous growth in Halal beach resorts, the launch of several dedicated airlines and the launch of the Muslim answer to Airbnb, Bookhalalhomes, TripAdvisor and Tripfez (Reuters, 2016). Additionally, events like Halal Tourism Conference is being hosted to promote the Halal concept in the travel sector of the global Halal industry.

Table 2: Sectoral Development of Halal Ecosystem

Food and Lifestyle	Travel	Islamic Finance
2013 – USD 2 trillion	2013 – USD 140 billion	2013 – USD 1.66 trillion
2019 – USD 3.7 trillion	2019 – USD 238 billion	2019 – USD 2.5 trillion

Source: MIFC, 2015.

4.2. Islamic Finance

Shari'ah-compliant Islamic finance is now a US\$2 trillion industry (Thomson Reuters, 2016). The fundamental principle of Islamic finance includes the prohibition of Riba (Interest), Gharar (Uncertainty) and Maysir (gambling) (Salisu et al., 2008). Besides, using and dealing in certain forbidden commodities, and sharing of profits and risks are also prohibited in business and insurance under this notion.

Islamic finance offers several types of financing including equity, debt and derivative along with four main components such as Islamic banking, Takaful and Retakaful, Islamic capital market and Islamic interbank money market (HDC, 2016). Currently, Islamic finance encompasses banking, leasing, Sukuk (securities) and equity markets, investment funds, insurance (Takaful) and microfinance (IMF, 2015).

Based on 2015's disclosed assets by all global Islamic Finance institutions, Islamic banking assets and Sukuk continue to dominate this industry (Antara et al., 2016). The global Sukuk issuance in Halal sectors which include food and beverages, healthcare, travel and leisure, is estimated to be around US\$2.7 billion in 2015 (Thomson Reuters, 2016). However, Islamic banking is the most common and widely used services under Islamic financing. It is a banking system based on Shari'ah (Islamic law) and Fiqh Muamalat (Islamic rules on transactions), which has been gathered from the Qur'an and the Sunnah (Thomas and Selimovic, 2015).

The Islamic Finance sector continues to be dominated by Malaysia, the UAE and Bahrain, since they have set up leading ecosystems to ensure that the industry prospers (Thomson Reuters, 2016). In fact, there is considerable opportunity in this sector due to the emergence of Crowdfunding platforms – as a result of which, Islamic finance is expected to reach US\$3.5 trillion by 2021 (Thomson Reuters, 2016). Moreover, economic growth within OIC countries is creating more need for bank services, creating more wealth to protect through Takaful and more need to fund investment in infrastructure and other developments through Sukuk. This is therefore increasing the need for Islamic finance on the global front, as represented above in Table 2.

4.3. *Nexus of Halal Industries and Islamic Finance*

The symbiotic relationship between Islamic finance and Halal industry is a huge developmental potential for the growth and expansion of Islamic economies in world markets.

Among the fastest growing and top 30 emerging markets globally, it is Malaysia which has pioneered the integration of these two sectors of the Islamic economy. According to MIFC (2015), Malaysia has a comprehensive Halal ecosystem, with its thriving development of the four Halal economy components: Islamic finance, Halal food, Halal travel and Halal cosmetics and pharmaceuticals. This recognition has been bestowed based on certain criteria such as the market size, demand/supply drivers, governance, awareness and social considerations.

Recently, a composite weighted index of the Global Islamic Economy Indicator (GIEI) measured the performance of 73 core countries across six sector level under the Halal ecosystem, namely Halal Food, Islamic Finance, Halal Travel, Modest Fashion, Halal Media and Recreation, and Halal Pharmaceuticals and Cosmetics (Thomson Reuters, 2016). Table 3 provides a comprehensive review of the existing and potential market size of these six sectors identified for Halal ecosystem.

Statistics for top 15 countries, as given in Table 4, state that Malaysia leads the development of Halal ecosystem, followed closely by United Arab Emirates (UAE) and

Bahrain (Thomson Reuters, 2015). While Malaysia topped the list in terms of performance in Islamic finance, UAE took the first position in all the other five indicators.

Table 3: Existing and potential market size for Halal Ecosystem

Sectors	Existing Muslim Population	Projected Growth 2015-2021 (rate)	Total Global Population
Islamic Banking & Finance	USD 1,451 billion - banking USD 2,004 billion - finance	USD 2,716 billion – banking (11%) USD 3,461 billion –finance (9.5%)	USD 162,000 billion
Halal Food	USD 1,173 billion	USD 1,914 billion (8.5%)	USD 7,049 billion
Halal Travel	USD 151 billion	USD 243 billion (8.2%)	USD 1,347 billion
Modest Fashion	USD 243 billion	USD 368 billion (7.2%)	USD 2,213 billion
Halal Media & Recreation	USD 189 billion	USD 262 billion (5.6%)	USD 3,690 billion
Halal Pharmaceuticals & Cosmetics	USD 78 billion - pharmaceuticals USD 56 billion - cosmetics	USD 132 billion – pharmaceuticals (9.3%) USD 81 billion – cosmetics (6.5%)	USD 1,922 billion

Source: Thomson Reuters, 2015.

Table 4: Top 15 Global Islamic Economy Indicator Score

Country	Score
Malaysia	121
UAE	86
Bahrain	66
Saudi Arabia	63
Oman	48
Pakistan	45
Kuwait	44
Qatar	43
Jordan	37
Indonesia	36
Singapore	32
Brunei	32
Sudan	28
Iran	28
Bangladesh	26

Source: Thomson Reuters, 2015.

Malaysia has this strong performance in Islamic Finance indicator due to its large asset base, advanced governance and high awareness scores about Halal beliefs. In contrast, UAE has a strong Government-led Islamic Economy development initiative, which has given the country a strong platform for the development of all its Islamic Economy

sectors. In the third position on the index is Bahrain, followed by countries like Saudi Arabia, Oman, Pakistan, Kuwait, Qatar, Jordan, Indonesia, Singapore, and Brunei (Thomson Reuters, 2015).

Among the top 15 countries on the index in Table 4, Sudan, Iran and Bangladesh is at the bottom of the performance list. While Sudan and Iran are struggling in areas of modest fashion, Bangladesh has been facing challenges in Halal travel and Halal media and recreation. Reports also suggest that China is another emerging key player in the Halal food industry with the concern of developing a Halal ecosystem with the establishment of the Wuzhong Industrial Zone and Housing Halal companies (Thomson Reuters, 2016). Table 5 provides an overview of sectoral scores for the top 15 countries of the index.

Table 5: Top 15 Sectoral Indicator Score

Country	Islamic Finance	Halal Food	Halal Travel	Modest Fashion	Halal Media & Recreation	Halal Pharmaceuticals & Cosmetics
Malaysia	189	55	70	25	38	61
UAE	92	75	81	67	137	78
Bahrain	90	45	30	26	58	36
Saudi Arabia	83	50	35	17	33	48
Oman	51	54	36	16	40	40
Pakistan	47	56	11	19	8	52
Kuwait	51	43	29	13	45	29
Qatar	47	45	35	15	46	32
Jordan	35	45	39	19	31	49
Indonesia	38	40	35	21	9	41
Singapore	22	39	44	26	75	56
Brunei	27	45	22	12	30	39
Sudan	30	33	23	5	17	23
Iran	30	29	36	10	20	27
Bangladesh	31	26	10	25	3	25

Source: Thomson Reuters, 2015.

In line with these developments, global events like World Halal Summit and World Halal Conference has been organized to promote the adoption of Halal ecosystem in the region of Southeast Asia. In fact, Malaysia is working with Indonesia and Thailand to harmonize the Halal standards as well. Even developed economies like United Kingdom, France and Germany are moving towards the very promising Halal market and Halal ecosystem.

4.4 Related Studies

The multi-dimensional phenomenon of Halal ecosystem remains largely under-researched, despite its growing importance in global markets. In terms of both conceptual and empirical studies, there are limited research on the integration of Islamic finance and Halal industries even though both these two sectors can be positioned under the same Islamic principles and values.

A review of literature reveals that most of the studies were conducted in the realms of consumer behavior, producer perception and practitioners' experiences in both Halal industry and Islamic finance but not crossing the paths of both industries. For instance, empirical evidences like Ger (2013), Jamshidi et al. (2014), Ali et al. (2015) and such others claim that psychological factors like attitude, subjective norms and perceived behavioral control can influence consumers' intention to accept financial services based on Halal beliefs. In addition, other constructs such as religiosity and knowledge can further affect consumers' attitude towards Islamic banking services (Iqbal and Nisha, 2016).

Besides the banking industry, studies based on Halal beliefs also branches out to include food choices and eating habits of consumers. Specific studies conducted by Jamal (2003) and Pettinger et al. (2004) state religion to be a deterministic factor in shaping food choices among Muslim consumers. In recent times, studies by Phuah et al. (2013), Baldassarre and Campo (2015) and Iqbal and Nisha (2016) support the claim of religion being an important construct in influencing Muslim consumer attitude and behavior as well as food purchasing decisions and eating habits. It can thus be argued that the impact of religion on food consumption depends on the religion itself and on the extent to which individuals interpret and follow the teachings of their religion.

In terms of integrated research between these two sectors, few researchers like Jaffar and Musa (2013) stated that due to a low penetration of Islamic finance among Halal industry players, the concept of Halal ecosystem is still underutilized. The main reasons outlining this low penetration can be the low level of awareness and ambiguous perception of Islamic finance and Islamic capital market among consumers and investors in global markets. Mohd Noor and Mohd Shafiai (2014) further reckons that the utilization of Islamic finance is not maximized in the Halal industries, since the Halal product producers are mostly dominated by non-Muslim producers who are less concerned about Halal compliance. Irfan et al. (2013) has done a significant research trying to merge these two industries in three main areas - research and training; law, regulation and standards; and, promotion and development. Findings indicate that Halal industries and Islamic finance have different bodies and authorities in governing the industries, but similarities are found in the area of research and training. Muhamed et al. (2014) too affirmed that there are still rooms for adjustment of integration between Islamic finance and Halal industries and urges stakeholders from both industries to synergize the commonalities to unlock the great potential that has yet to be realized from these industries.

Understanding the dynamics and workings of Halal ecosystem is therefore paramount in contributing to the establishment of a country as a Halal hub. In this regard, the paper now critically reviews the stance of Bangladesh in the development of this dynamic Halal ecosystem.

5. BANGLADESH AS A HALAL HUB

5.1. Current Scenario

In recent times, Bangladesh has seen a rising demand for Halal products and services as its Muslim population has become more aware of their religious mandate and more

sensitive to non-Halal products and services (Rahman et al., 2014). Even non-Muslims living in the country are also averse to taking non-Halal food or using products that has a non-Halal component. However, being a multi-cultural nation, a significant percentage of food is manufactured by non-Muslim countries to Bangladesh. As a result, Bangladesh has currently embarked upon obtaining Halal certification for manufacturers, facilities and food outlets of the country.

In this regard, the core of Bangladesh's strength lies in the operations of Halal Bangladesh Services Limited, a private Halal certification agency. This is the first Halal certification company in the country which is registered under the Joint Stock Companies & Firms of Bangladesh and has been accredited by most of the global Halal certification authorities (Halal Bangladesh Services Limited, 2016).

Major services offered by this company comprise of Halal certifications for food and beverage, pharmaceuticals, cosmetics, leather, clothing, cleaning, storage, distribution and logistics, manufacturing premises, and such others. It also provides services for food hygienic process, permitted food training and awareness, international consulting services, Halal friendly medical treatments, tourism and living, Islamic banking, finance and other related services. Besides, it promotes Bangladesh food products in global markets and facilitates a B2B trade between manufacturers and distributors around the world. Recent reports state that Halal Bangladesh Services Limited have more than fifty prominent clients of the Halal food industry (Halal Bangladesh Services Limited, 2016). All these organizations have been issued a Halal compliance certificate following an independent auditing, testing and surveying of the food products in accordance with Islamic Shari'ah Law.

Beyond the food industry, Halal certification is also extended to promote Halal tourism in Bangladesh. Most of the hotels and hospitality services of the country are already Muslim-friendly, serving Halal food and alcohol-free beverages. However, since Bangladesh hosts the Bishwa Ijtema (second largest Islamic congregation after the Hajj) each year, it ensures that Halal options are widely available to satisfy the needs of the large number of Muslim tourists that gather from all around the world in Bangladesh (Lemos, 2016). This includes the availability of prayer rooms in hotels and airports, along with no alcohol or pork-related food in five star hotels.

The Islamic finance sector is also ballooning in Bangladesh. With Islam as the state religion and a large Muslim population, Bangladesh today is an attractive country to practice Islamic banking. The people of this country share a good sensitivity towards Islamic values and ideals, enough to be loyal with Islamic Shari'ah-based banks (Mamun, 2011). As such, Islamic banks such as Islami Bank Bangladesh Limited, Shahjalal Islami Bank Limited, Al-Arafah Islami Bank Limited, First Security Islami Bank Limited, ICB Islamic Bank Limited and Export Import (EXIM) Bank of Bangladesh Limited is gaining a strong position in the banking industry of Bangladesh with the active cooperation and participation of government bodies and eminent personalities of the Middle East and the Gulf countries (Rahman and Barua, 2016). Table 6 presents a list of Islamic banking branches currently operating in the country.

Table 6: Islamic Banking Branches

Name of the Bank	Urban	Rural	Total
<i>Full-fledged Branches</i>	601	397	998
Islami Bank Bangladesh Limited	217	87	304
ICB Islamic Bank Limited	28	5	33
Al-Arafah Islami Bank Limited	70	63	133
EXIM Bank Limited	59	46	105
Shahjalal Islami Bank Limited	59	34	93
First Security Islami Bank Limited	77	73	150
Union Bank Limited	26	23	49
Social Islami Bank Limited	65	66	131
<i>Conventional Bank Branches</i>	18	3	21
The City Bank Limited	1	0	1
AB Bank Limited	1	0	1
Dhaka Bank Limited	2	0	2
Premier Bank Limited	2	2	4
Prime Bank Limited	5	0	5
Southeast Bank Limited	4	1	5
Jamuna Bank Limited	2	0	2
Bank Alfalah Limited	1	0	1
HSBC Limited	-	0	0
<i>Conventional Bank Windows</i>	25	0	25
Sonali Bank Limited	5	0	5
Janata Bank Limited	0	0	0
Agrani Bank Limited	5	0	5
Pubali Bank Limited	2	0	2
Trust Bank Limited	5	0	5
Standard Bank Limited	2	0	2
Bank Asia Limited	5	0	5
Standard Chartered Bank	1	0	1
Total	644	400	1044

Source: Bangladesh Bank, 2016.

The role of Islamic banks in Bangladesh now extends beyond being a component of a financial system, since it is also a part of a total value-based social system that is driven by the principles of public interest (Hussin and Kunjuraman, 2015). Moreover, environmental protection, sustainability and interest-free banking are part of these banks' agenda that ensures the fulfillment and establishments of the spirit of Islamic tenets (Masukujjaman et al., 2016). For instance, to promote environmental protection the central bank of Bangladesh - Bangladesh Bank - has targeted the banking sector to adopt a comprehensive green banking policy. This is because the objectives of green banking and Islamic banking are perceived to be compatible and interlinked, as like green banking the religion of Islam supports resource savings, cleanliness, ethics and social responsibility (Rifat et al., 2016). Bangladesh Bank also issued the "Guidelines for Conducting Islamic Banking" for the banking sector which includes the principles of Shari'ah-compliant deposits, investment principles and products in general for import and export. In addition to this, Bangladesh Bank launched the "Islami Interbank Fund Market"

(IIFM) to enhance the liquidity management tools of Islamic banks along with the issuance of Sukuk for infrastructure financing (Perves, 2015). Furthermore, Bangladesh Bank is developing an Islamic refinancing mechanism to increase Islamic bank lending to small and medium-sized businesses, and will encourage greater use of risk-sharing modes of finance as per Islamic values and beliefs (Vizcaino, 2014). Thus, regulations by Bangladesh Bank carries strong significance in developing the Islamic finance sector, thereby promoting the emergence of Halal ecosystem in Bangladesh.

Furthermore, a number of foreign companies can be observed to leverage upon the country's comprehensive Halal industry that has been built over the years. Today, there are a number of franchises of multinational restaurant chains like KFC, Pizza Hut, Gloria Jean's Coffees, The Coffee Bean & Tea Leaf, Fish & Co., Cold Stone Creamery, The Manhattan Fish Market, Sbarro, Butlers Chocolate, Burger King etc. that operate in Bangladesh. However, in order to establish themselves, these giant food chains modified their service offerings. They have particularly ensured Halal markings on their packages of food served and restaurant banners, along with avoiding the use of non-Halal food components like pork in their food items (Rafiki and Wahab, 2016). Thus, religious sentiments and compliance to Islamic beliefs and viewpoints have been considered while offering such global products and services to the Muslim population of Bangladesh.

5.2. Challenges

Although Bangladesh has a very interesting market-potential for embracing Halal ecosystem, this market segment has been largely untapped and overlooked by global companies due to many challenges.

First, several anti-Islamic incidents have occurred creating an atmosphere of discouragement and negativity regarding Halal belief in Bangladesh. In July 2016, the country encountered their first terrorist attack that occurred in the heart of the diplomatic zone of Bangladesh (Hashmi, 2016). Alongside, there has been a continued global negative brand connotation with Islam due to the numerous terrorist attacks around the world in the years 2015-16. Recent research by the University of Cambridge has shown that mainstream media reporting about Muslim communities is also contributing to an atmosphere of rising hostility towards Muslims in UK and Europe (Thomson Reuters, 2016). As a result, the local and international reaction has been far more intensive than the collective reaction to all the previous terror attacks in Bangladesh since 1999. Moreover, these string of terror attacks resulted in a drop in tourism too in Bangladesh (Bhuiyan, 2016).

Second, it is a truism that consumers of Bangladesh adopt or consume products and services based on strong belief that the country has decent Islamic platform which makes it irrelevant to label 'Halal'. Due to this notion, food and beverage products offered in restaurants or retail shops are believed to be Halal even if there is no specific marking. A similar concept applies for Halal tourism in Bangladesh, wherein Halal hotels, transportations, food premises, logistics, Islamic finance, and Islamic tour packages are widely available but not clearly labeled Halal. This poses a challenge for the country since the lack of Halal labels or markings can largely discourage global Muslim tourists.

Third, lack of certification has hindered companies of Bangladesh in exporting Halal food for which they have already received orders from abroad. Stressing on Halal certification, Bangladesh-Malaysia Chamber of Commerce and Industry (BMCCI) claim that the country is missing enormous prospects of Halal market due to lack of certification and supervision of the government (Khan, 2010). Moreover, the absence of standard Halal certification has created legal barriers that has made exports of Halal meat processors to UAE and Kuwait a bigger challenge.

Fourth, government of Bangladesh has not yet provided sufficient resources and skills to ensure the country's participation in the global Halal market. Top officials from Bangladesh Accreditation Board (BAB) under the Ministry of Industries (MoI) state that despite repeated appeals to government, no significant initiative has been taken in this regard (Jahan, 2014).

Lastly, there have been cases in Bangladesh where shopkeepers still manipulate prices of products, especially during religious holidays or events, or sell commodities with long expired dates to customers who are either illiterate or are unaware of the significance of buying products with valid dates (Ali and Al-Aali, 2015). This is yet another challenge that businesses have to encounter to embrace Halal ecosystem in the country, since the above mentioned activities are clearly against Islamic Shari'ah principles and Halal beliefs.

5.3. Way Forward

Beyond challenges, the landscape is changing for Bangladesh. By ensuring Islamic values and beliefs in financial activities, the Islamic banks of the country have made it possible to synergize economic development with social development. In fact, the overall Islamic finance sector have been an excellent platform for ensuring socio-economic development by fostering a sense of mutual obligation and a sense of compassion for the disadvantaged section of the community.

To meet the basic financial needs of down-trodden people and to create employment opportunities, Islamic banks typically make financial transactions based on human necessities and embark upon productivity-oriented projects or activities to reduce poverty in Bangladesh (Rahman and McDonald, 2015). Thus, empowerment of the deprived and poor through financial inclusion is an important strategy of Islamic banks. Even the involvement of women in development activities is a part of the regular agenda of the Islamic banks in the country. Moreover, Islamic banks do not participate in any grey investments like tobacco, drugs, vulgarism or any other harmful sector (Mannan, 2015). Rather, they consider environment protection process a moral obligation in their every investment. In line with the fundamental philosophy of welfare, these banks also regularly contribute to sectors like education, health, disaster management, sports, cultural development, city's beautification, etc.

As a result of these Islamic banking activities, the Bangladesh government are currently making larger allocations in the Annual Development Programme (ADP) for "social safety net" addressing the poor, disadvantaged women, elderly and disadvantaged groups like the physically handicapped, beggars and others (Nekmahmud et al., 2016).

Furthermore, there has been noteworthy improvement in the status of women in this country owing to the Islamic banking sector that has fueled strong women empowerment and increased access of women to micro-finances and trading, and consequently income earning activities (Mannan, 2015). On one hand, while these social transformations are truly positive, the economic development of the country addressed mainly by the Islamic banking activities today provide a solid platform on which Bangladesh can achieve the middle income nation status by the year 2021.

The establishment of Halal ecosystem in Bangladesh can further provide a major opportunity for producers and marketers to develop the socio-economic stance of Bangladesh, as the country's Muslim population ensures truism. The Halal ecosystem mechanism can help companies and financial service providers to avoid getting involved into any hoarding, adulterating or other forms of exploitation in Bangladesh. It can also help to curb manipulation, deception or other kinds of malpractice to exist in all kinds of businesses in the country.

A huge gap observed in terms of the relative strength of Bangladesh in sectors like Halal media and recreation and Halal tourism needs attention as well. The country needs to promote its Halal food and services widely in print, broadcast and electronic media in order to create its image as an Islamic economy on the global front. Bangladesh can also follow the leaders of GIEI index in this sector, namely UAE, Singapore and Bahrain to understand Islamic norms and values and consequently gain insights in the religious consumer habits and practices.

In contrast, although the country has already expressed support for Halal tourism by planning to host the next 'OIC Tourism Minister's Conference' in 2017, it can create a network with their UAE and Malaysian counterparts to further develop the Halal tourism sector. For this, Bangladesh may offer tour packages that comply with Islamic requirements. These tour packages may include visiting to the historic mosques and Islamic monuments of the country, arranging events and festivals during the Ramadan month, Eid-ul-Fitr and Eid-ul-Adha (Islamic festivities), promoting Halal food stalls, focusing on Halal hotel buffets and arranging exhibition with Halal products and services (Bhuiyan, 2016). Even the national airline of Bangladesh – Bangladesh Biman – can play a significant role in providing Halal friendly services in flights such as Halal food and beverages, prayer facilities and cleaning in their food operation.

According to Bangladesh-Malaysia Chamber of Commerce and Industry and Bangladesh Export Promotion Bureau, Bangladesh has huge potential to earn foreign currencies from Halal food exports (Thomson Reuters, 2011). As such, it is imperative that operating companies in the country obtain Halal certification which convinces the customers about compliance with religious obligations. This is going to serve as a strategy for Bangladesh and will bring a competitive advantage to the firms to grow across global markets. Following repeated appeals from processed food exporters, the government has formed a high-profile committee to recommend ways for establishing a board for certification for the Halal food industry of Bangladesh. However, the government also needs to provide aid in terms of substantial financial resources with sizeable marketing budgets in order for Bangladesh to compete with global manufacturers and obtain Halal certification.

Besides the government, regulating bodies too need to play a significant role in the development of Halal ecosystem in Bangladesh. It will be a good move if the Halal certification fees for businesses that use Islamic financing can be waived. This may promote awareness of the firms to use Islamic finance products and services. Authoritative bodies can also provide education through constant promotional tours around Bangladesh and world for encouraging Muslims to choose and use only Halal-certified products. Moreover, to promote the concept of Halal ecosystem as an economically viable tool, product manufacturers and service providers can be induced to ensure that their products are Halal-certified along with facilitating the marketing and sourcing of Halal-certified products and services in Bangladesh and beyond. Furthermore, use of Islamic practice in industries and financial services can eventually influence the religious perception of consumers and make them loyal towards any brands, products and services.

Businesses in this country are often referred to as unethical since they give rise to high prices, deceptive practices, unsafe products, planned obsolescence, false promises and misconceptions, undue competitions, environmental degradation, etc (Iqbal and Nisha, 2016). However, Halal ecosystem can resolve these issues through the presence of religious framework while integrating Halal industries with Islamic finance, since this concept mostly calls for accountability in all aspects. Proper implementation of Halal ecosystem can therefore bring efficiency and welfare to the consumers, promote environmental-friendly products and services and establish fair transactions in all economic activities of the businesses in Bangladesh.

5.4. Future Research Directions

Lack of research on Halal ecosystem limits the intensity of arguments in this paper. As such, there are many future research opportunities stemming from this study. Empirical research may be conducted to study the factors that overall influence the development of Halal ecosystem in Islamic economies across the world. For instance, how Islamic ethics and principles motivate the acquisition of Halal certifications, change consumer perceptions and thereby influence the development of Halal industries and consequently Halal ecosystem can be a potential research idea. On the other hand, how factors like regulatory bodies (government and bank) and risk management and electronic commerce activities (firms and banks) can promote the development of Halal ecosystem can be another avenue for study. Other study areas may include exploring the factors that can influence non-Muslim consumers to select products and services based on Islamic ethics, thereby moving towards the Halal ecosystem. Additionally, the components of Islamic banking, Takaful and Retakaful, Islamic capital market and Islamic interbank money market can be studied to understand their influence on the growth and performance of Halal industries and development of Halal ecosystem.

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