

Significance and Potential Role of the Islamic Banking and Finance Services in Bangsamoro Autonomous region in Muslim Mindanao

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ABSTRACT - *The purpose of this study was to promote and introduce the significance and potential role of the fundamental principles and concepts of Islamic banking and finance services to the people of the Bangsamoro Autonomous Region in Muslim Mindanao in order to enhance their understanding of utilizing Islamic banking and finance services. This study employed a quantitative research approach, and the findings were based on data collected using a twelve-page structured questionnaire. There were 500 questionnaires issued, and a total of 436 were returned with responses. In addition weighted mean and frequency and percentage distributions were used to evaluate and analyze the obtained data. As a result, the majority of respondents strongly agreed that Islamic banking and finance services are advantageous for individuals of all religions and beliefs. Islamic banking and finance services assist in resolving economic backwardness, attracting additional aid and finances for economic progress, attracting and promoting productive investment, and contributing to economic growth and attracting constructive investment. According to the study, the government of the Bangsamoro Autonomous Region in Muslim Mindanao should organize an annual conference with the participation of various sectors and the collaboration of select ASEAN universities and banks with expertise in Islamic banking and finance services in order to increase the Bangsamoro people's knowledge of existing Islamic banking and finance services.*

KEYWORDS: *Islamic Banking and Finance Services, Bangsamoro Autonomous Region in Muslim Mindanao, Bangsamoro People and ASEAN Universities and Banks*

1. RATIONALE

Banking and finance based on Islamic principles are increasingly common among all types of people. Those who are interested in gaining knowledge about what constitutes a lawful and an unlawful transaction in Islam will find that this is one of the most contentious topics to discuss. In particular, government employees who identify as Muslims in the Philippines are expected to have a thorough understanding of the system, its components, and the universality of Shariah. It has been a long time since more Muslims in the Philippines saved money in conventional banking since they are more familiar with that banking system than saving money in the Philippines' only Islamic bank, Amanah Islamic bank. In this regard, the theme of the research investigates aspects of daily living as well as religious practice among Filipino Muslims. Because the vast majority of Filipino Muslims are unfamiliar regarding this topic, they do not place any implication on it. As a direct consequence of this, they favor the idea of becoming customers of conventional banks over Islamic financial institutions. For example, professionals among the Meranaw prefer to withdraw or deposit their money in Land Bank or Philippine National Bank rather than Amanah Islamic Bank.

For the purpose of organizing a society that is founded on justice and allowing all members of that society to benefit from the equitable benefits it may provide, Islam provides the guidelines on banking and

financial activity. Financial practices that are in accordance with Shariah law are referred to as Islamic banking. Often, the phrases Islamic finance and Shariah-compliant finance are used interchangeably (Islamic law). Sharing profits and losses and forbidding lenders and investors from collecting and paying interest are the two main tenets of Islamic banking. Islamic banks don't pay interest; instead, they make money through equity participation, which requires borrowers to give the bank a percentage of their income.

Islamic banking is based on the precepts of Islam as they relate to financial dealings. The Qur'an, the central text of Islam, is the source of Islamic banking doctrines. All transactions in Islamic banking must adhere to Shari'ah, or Islamic law. The regulations that regulate business dealings in Islamic banking are known as Fiqh al-muamalat.

According to a 2020 study by the Islamic Corporation for the Development of the Private Sector (ICD) and Retinitis, Islamic financial assets climbed from \$1.7 trillion to \$2.8 trillion between 2012 and 2019, and are expected to reach around \$3.7 trillion by 2024. A portion of this increase can be attributed to the developing economy of Muslim nations.

This issue was chosen by the researchers because it is congruent with Islamic law, which Islamic students and the Filipino Muslim community as a whole must pursue and understand. The researchers hoped that the study would assist promote the significance and potential of Islamic banking and finance in the Bangsamoro Autonomous Region of Muslim Mindanao and the Philippines as a whole, as well as educating everyone about the benefits that Islamic banking and finance may bring.

The study's major goals were to introduce the significance and vital role of Islamic banking in all aspects of life and in a healthy economy. Respondents were selected from among Muslim-Filipino government personnel working in the Bangsamoro Autonomous Region of Muslim Mindanao. This was conducted to ascertain the percentage of Muslim-Filipino government employees in the Bangsamoro Autonomous Region in Muslim Mindanao that are knowledgeable in Islamic Banking and Finance.

2. METHODOLOGY

In this study, primary data was obtained from respondents through the use of a quantitative research strategy and a self-structured, validated questionnaire. Additionally, a descriptive survey methodology was utilized. The questionnaire for the study was given out to a total of 500 Muslim Filipino government employees working in the Bangsamoro Autonomous Region in Muslim Mindanao as a respondent; however, only 436 of those questionnaires were handed back utilizing quota sampling. The researcher remained patient while they awaited the completion of the questionnaire from further responders.

The researcher conducted lawful communication with the participants in order to tell them about the project before the data collection phase began. The researcher handed out paper copies of the questionnaires to each participant, and they were given the opportunity to respond to the research inquiry in an honest manner throughout the allotted amount of time. With the assistance of statistical techniques such as frequency and percentage, the responses of the respondents to the questionnaire were tabulated, analyzed, and handled in a manner appropriate for their presentation. For the purpose of conducting an analysis of the data in light of the responses provided by the respondents, both the Corresponding Mean and the Weighted Mean were utilized, with the choice of which method to use depending on whether or not it was thought that it was acceptable. The findings offered extremely helpful new perspectives on the research. The responses were the basis upon which the conclusion and suggestions were constructed.

3. RESULT AND DISCUSSION

The large majority of those who responded strongly agreed that Islamic banking and finance services have important rules that they should follow in their daily lives based on the reasons that are given below; Individuals are protected from engaging in immoral business activities thanks to Islamic banking and finance; Banking and finance services in accordance with the Law of Islam while maintaining one's identity as a Muslim; Individuals are able to escape poverty with the help of Islamic banking and finance; The application of Islamic banking and finance, which makes a substantial contribution to the growth of an individual's spirituality; Islamic Banking and finance services are beneficial to society as a whole and can be practiced now; The use of Islamic banking and finance methods can be beneficial for societies that are both Muslim and non-Muslim; Islamic banking and finance services are more efficient than Western financial services processes; Banking and finance according to Islamic principles spares politicians the trouble of addressing "the grievances of Riba; and the implementation of Islamic banking and finance services shields the general public against dishonest officials in positions of public authority, while also providing opportunities for advancement for Muslim professionals.

According to the information presented, it appears that using banking and finance that adheres to Islamic principles can help a person grow in life and shield them from sliding into any form of poverty. Because of this, Islamic banking and finance contribute to the entire well-being of individuals, notwithstanding the conditions in which they may find themselves. Islamic banking does not permit usury or speculation as a type of financial transaction, which is another important distinction between it and traditional banking systems. One of the most significant distinctions among the two forms of banking is this. In addition, Shariah law forbids the charging of interest on loans. Additionally, it is strictly forbidden to engage in any type of investment that involves goods or activities that the Quran forbids, such as gambling, alcohol, or pork. These investments include, for instance, wagering on sports or engaging in adultery. This holds true for all varieties of investments. From this perspective, Islamic banking can be seen as a type of ethical investing that is different from the kinds of investing that are typical in other cultures.

The majority of respondents firmly agreed that Islamic banking and finance play the following key roles in economic growth: Islamic banking and finance are applicable everywhere; Islamic banking and finance is a competitive alternative to conventional banking.

Banking System; The Islamic Banking and Finance industry provides trustworthy goods and services; Islamic Banking and Finance is centered on serving the public interest; The principles of Islamic finance and banking help minimize some of the dangers associated with the financial markets; Banking and finance based on Islamic principles offer the greatest potential for societal economic development; There is never a circumstance in which Islamic banking and finance cannot be applied; Islamic banking and finance totally abolish the practice of riba; and The use of Islamic banking and finance increases investor and consumer satisfaction levels. Muslims are very lucky to be able to use Islamic banking and finance as a part of their religion. Earning halal revenue and many blessings is possible via the use of Islamic banking and financial services. As a result, society as a whole benefits and the Muslim community is able to cleanse their hearts of greed. And it fosters genuine, spiritual solidarity among its adherents by bringing them closer together. Additionally, one's faith in Allah is strengthened and one's relationship with Allah is deepened via the practice of Islamic banking and finance

4. CONCLUSIONS AND RECOMMENDATIONS

In the regions of the Philippines that have a significant Muslim population, Islamic banking and finance services can function as a competitive financial institution. The presence of a Muslim population in the Philippines is the single most important factor that determines the country's accessibility to Islamic banking and finance services. In addition, there is a demand to enlighten the Filipino - Muslim people especially the Bangsamoro people on the advantages of using Islamic banking and financial services as a workable alternative source of funding.

In order for the respondents to have sufficient knowledge that will be to their benefit as well as the benefit of others, the researchers would like to recommend to the respondents that they extend their academic research, understanding, and learning to this subject matter, which is the significance and potential role of Islamic banking and financial services.

The researchers would also like to recommend that in order for Muslim-Filipinos, particularly the Moro people, to be more informed and mindful on the existing of Islamic Banking and Finance. It is encouraged that the Philippine government, with the collaboration of the BARMM government, organize a conferences, symposium, seminars or conventions in each provinces or municipalities for the purpose of making citizens aware of the significance of Islamic banking and finance, and that the government make this topic a part of the curriculum that is taught in both public and private schools so that students will have an understanding of it.

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