

ADVENT OF ISLAMIC BANKS AND THE EMERGING BANKING LANDSCAPE IN SULTANATE OF OMAN

VIBHA BHANDARI

Assistant Professor, Department of International Business Administration,
College of Applied Sciences, Nizwa, Oman

ABSTRACT

Islamic banking can be defined as a banking system which is in consonance with the spirit, ethos and value system of Islam and its operations are governed by the rules and principles laid down by Shari'a which means 'the way to the source of life'. Islamic banks do business just like their counterparts on the conventional side, with the difference that all their operations and businesses are conducted in accordance with the rules and principles prescribed by the Shari'a and the code of behavior called for, by the Holy Quran.

Islamic banking has been gaining tremendous popularity over the years, and not just in the Middle East and South East Asia, but even in the UK. Nearly non-existent 30 years ago, the global Islamic finance industry had assets forecast to cross \$1.8 trillion in 2013, up from \$1.3 trillion in 2011, according to Ernst & Young's World Islamic Banking Competitiveness Report 2013.

Though a late entrant in the field of Islamic banking, the Sultanate's banking sector is poised to grow. Since, the announcement to open the Islamic Banks in 2011, the banking sphere in Oman has witnessed positive activity with the launch of separate full-fledged Islamic banks as well as new Islamic outlets of the conventional - reputed banks.

Today, with the advent of Islamic Banks, the banking landscape of Oman is changing. The operation of Islamic banks along with the conventional commercial banks and specialized financial institutions is set to provide better services which are religiously appropriate to the customers and boost financial inclusion in the country.

The paper shall briefly describe the banking landscape emerging with the advent of Islamic banks along with the conventional commercial banks.

KEYWORDS: Banking Landscape, Commercial Banks, Islamic Banks, Sultanate of Oman