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The corporate social responsibility initiatives of the private commercial banking sector with special reference to Islamic banking in Bangladesh: An evaluation

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Abstract

The globally-booming Islamic banking is making strides and gaining popularity in Bangladesh, with experts predicting that the Shariah compliant industry will continue in steady steps to become the mainstream banking system in Muslim South Asian nation. The evolution of Shariah based profit-loss sharing centered Islamic banking, worldwide has changed the thought of financial institutions even of the developed countries in the west. On the other hand the recognition of the importance of corporate social activities in the business organizations as well as in financial institutions has accelerated the significance of Islamic banks as in Islam these CSR practice have been emphasized in different ways. Likewise the Islamic financial institutions all over the world, Islamic banks in Bangladesh are also being engaged in various social activities as a part of their responsibilities. In this study it has been tried to find out whether the Islamic Banks of Bangladesh are adhering to the prescribed forms of the CSR activities or not. This paper is mainly designed based on the CSR forms to be followed by Islamic banks under the light of Islamic Shariah. The research found compliance to the mandatory forms by the 8 full-fledged sample Islamic banks in Bangladesh whereas variety in involvement in recommended forms of CSR activities by considering the scenario of banks from 2009 to 2013. The study also finds a strong positive correlation between CSR expenditure and sample banks' deposit, loan and profitability.

Keywords: Corporate social responsibility, Islamic banking, Commercial banking, financial institutions.

1. Introduction

The practice of Corporate Social Responsibilities in the corporate world as well as financial institutions has brought a new shape to the social economic scenario of the world around. According to Dusuki & Dar (2005) [7] Corporate Social Responsibilities outlines the standard of behavior to which a firm must subscribe to impact society in a positive and a productive manner at the same time as abiding by the values which exclude profit seeking at any cost. Corporate Social Responsibilities is a set of management practices that ensures the company maximizes the positive impacts of its operation on society or "operating in a manner that meets and even exceeds the legal, ethical, commercial and public expectations that society has of business" (BSR, 2001). Jamali & Mirshak (2007) states CSR is therefore founded on a stronger recognition of the role of business as an active partner in a world of scarCity and dwindling resources. Factors like social awareness, regulatory requirements, pressure from social activists, nongovernment organization have driven banks to go for social activities. Banks all over the world, in developed as well as in developing countries, are adopting various social activities for social sustainable developments.

In line with the normative principle of "sharing and caring society" in the Islamic code of life, it becomes a social responsibility on the part of Islamic banks to shoulder social responsibility along with personal interest (Sadeq, 2007). Dusuki & Dar (2005) [7] observed that the merging of ethical banking and finance along with the propagated doctrine of CSR in the west is really a phenomenon that requires an instructive examination from the Islamic perspective. Wilson (2001) has identified the topic of social responsibility as being more enduring since they are ultimately based on divine revelation, whereas ethics derived from secularist morality are inevitably transitory. As Islam is based on the principles of equal right of individual as well as ensuring maximum benefits to social people, banks that follow the Islamic principles, it becomes an utmost duty for them to be involved in social activities. This paper focuses on the perception of CSR of Islamic banks from Shariah perspective.

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And the paper gives a light to the adherence of Islamic Banks in Bangladesh to the basic requirements of CSR in the view of Islam. Up to now research has been done on CSR practice of different manufacturing companies as well as commercial banks in Bangladesh, but highlight on Islamic Banks' CSR practice in Bangladesh is a new dimension which is the main focus point of this paper. The remainder of the paper proceeds as- Section 2 includes the literature review, section 3 states the objective of the study, section 4 describes the methodology used for this study, section 5 gives light on CSR practice in Islamic Banks, section 6 describes the Islamic banking culture in Bangladesh, section 7 discusses the CSR practice by Islamic banks in Bangladesh and section 8 measures correlation between CSR expenditure and banks' deposit amount, loan amount and profitability and lastly section 9 gives the conclusion part.

2. Literature Review

Though the practice of CSR has been exercised in the business communities for a long time, formal research on this issue has been generated in the 20th century. Carroll (1999)^[6] states that although it is possible to see footprints of CSR thought throughout the world (mostly in developed countries), formal writing have been most evident in the United States, where a sizeable body of literature has accumulated. Bowen (1953) set forth an initial definition of the social responsibility of businessmen as "It refers to the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objective and values of our society."

Carroll (1999)^[6] has designated Bowen as the father of CSR". Following to Bowen many researches were done on the definition of CSR, its dimension and importance. In Harold Johnson's (1971) paper titled as Business in Contemporary Society: Framework & Issues, the author presented a variety of definition in view of CSR and then proceeded to critique and analyze them. Steiner (1971) extended the meaning and circumstances under which CSR might be interpreted and applied.

Cochran and Wood (1984) surveyed the various ways in which social performance and financial performance had been operationalized in the past and decided to use a reputation index as their measure of CSR. Hoffman, Frederick and Schwartz (2001) tried to address whether a corporation has a conscience and how ethical governance and managed care can coexist. They stressed the need for corporate morality. Musonera (2010) depicted that whenever organizations, companies, businesses contribute to the community they are giving back to the people. Dusuki & Dar (2005)^[7] identifies several driving forces behind the growing trend towards CSR initiatives like growing market pressure on social and ethical issues, regulatory pressure, increased power of communication etc. On the other hand, the practice of Islamic banking has expanded remarkably. Salma (2005)^[12] states that, the practice of Islamic banking and finance has been institutionalized and has experienced impressive growth over the recent decades. Iqbal and Molyneux (2005) quote as of 2004, the prevalence of 70 Islamic banks (excluding those in Iran and Sudan), 40 conventional banks offering Islamic banking windows, 200 Islamic investment funds and 70 Islamic insurance companies, with a total market operation exceeding US\$ 150 billion. Dusuki & Dar (2005)^[7] finds that the areas and dimensions of CSR as proposed by many Western theoreticians and international bodies may well be applied to Islamic banking since most of them are consistent with the spirit and the

teachings of Islam. Al Omar and Abdel-Haq (1996) indicate the duty of Islamic banks towards the society in which they operate by providing a clear expression outlined in the public statement of the International Association of Islamic Banks. Farook (2007)^[17] recognizes the dimensions of Islamic social responsibilities for Islamic Financial Institutions. Hasan (2005) and Tag el-Din (2005) voiced out the need to evaluate the performance of IFIs with reference to their contribution in meeting their social responsibilities. Hasan & Latiff (2009)^[3, 10] states that as per Islamic business ethics, CSR of the business organization and Islamic Financial Institutions should be seen as a benefit rather than a cost. Metwally (1992), Aggarwal & Youssef (2000)^[20], Maali *et al.* (2003) found that Islamic banks are not completely fulfilling their role in accordance with the prescription of Islam. The same sort of result was found by Usmani (2002). He found that very few Islamic banks and financial institutions have paid attention to the social aspects. He further highlights that in a number of Islamic banks, other permitted forms of financing are not affected, according to the procedures required by the Shariah. Now it is the time to evaluate the scenario in context of Islamic Banks of Bangladesh. In Bangladesh Alam (2000)^[4] undertakes a case study on an interest-free financial institution in Bangladesh known as Islamic Bank Bangladesh Limited. Sarker (1999)^[13] in his study analyzes the performance, problems and prospects of Islamic Banking in Bangladesh. Islam, Hossain and Haque (2005) found that a significant statistical difference in sales revenue and in employee size between companies having environmental disclosure and companies not having environmental disclosure prevails in Bangladesh through using Wilcoxon rank sum test and Mann-Whitney U Test. Wise & Mahboob Ali (2009)^[18] determines the nature and extent of CSR reporting in the conventional banking sector in Bangladesh and to assess the need to improve CSR by such firms.

Wise & Mahboob Ali (2010)^[18] further extends their work by concentrating to the nature and extent of corporate social responsibility disclosure in the banking sector in Bangladesh. But up to now no research has been done on the CSR activities of Islamic banks in Bangladesh. So this paper focuses light to the concept of CSR from the perspective of Islamic Shariah and the practice of CSR specifically by the Islamic banks in Bangladesh. Basically, this paper tries to see the extent to which Islamic banks in Bangladesh are engaged to CSR activities. In this case we follow the guidelines set by Farook (2007)^[17] regarding the CSR of Islamic banks according to Islamic Shariah.

3. Objectives of the Study

The overall objective of this paper is to achieve this objective; specific objectives have been set as:

- i. To know about the perception of CSR according to Islamic Shariah
- ii. To know about the practice of Islamic Banking in Bangladesh
- iii. To know about the areas of CSR exercised by Islamic Banks in Bangladesh.

4. Methodology

4.1 Sample Size

Our concern for this paper is to identify the participation of Islamic Banks of Bangladesh in CSR activities. Though there are several conventional banks in Bangladesh who perform the Islamic banking by opening Islamic banking branches along with their conventional practice, but the involvement of these

banks in CSR activities are not reported differently for the two windows. For this, in this paper concentration has been drawn only upon the CSR of 8 full-fledged Islamic banks in Bangladesh. But one of these seven banks is a multinational company whose data for the part of operation in Bangladesh is not available. As a result, our sample size becomes the six privately owned local banks that follow fully the Islamic Shariah based interest free banking mechanism. The lists of these eight banks are given below in Table No: 01.

Table 1: List of Sample Banks

Serial No.	Name of Banks	Established
1.	Islami Bank Bangladesh Limited	March 13, 1983
2.	EXIM Bank Limited	August 3, 1999
3.	Shahjalal Islami Bank Limited	May 10, 2001
4.	Al Arafa Islami Bank Limited	September 27, 1995
5.	Social Islami Bank Limited	May 12, 1995
6.	First Security Islami Bank Limited	October 25, 1999
7.	ICB Islamic Bank Limited	May 20, 1987
8.	Union Bank Limited	April 29, 2013

Source: Website of respective bank.

4.2 Sources of Data

As our intention is to get a picture of the social activities performed by Islamic Banks in Bangladesh, we mainly focused for secondary data. The following secondary data sources have been used:

- Informal contact with the relevant person/ parties.
- Annual Report: Banks have to disclose information regarding their participation in CSR on the annual report so that investors and all other related parties can know about the banking decisions. So we looked at the annual report to learn about banks' activities as a part of their CSR.
- Web-site: As a part of promotion tool, banks disclose all related information of its business products, services and most of all CSR activities. So by visiting sample banks' website, we gathered some important data.
- Newsletter: Newsletter issued by banks also content important information regarding social activities.
- News Paper & Magazine
- Publication of Bangladesh Bank

4.3 Methods Used

The CSR of financial institutions can be divided into two groups as- 1. Mandatory & 2. Recommended. Our main concentration is to observe the sample banks' involvement in recommended CSR activities. So we made a list of all recommended items of CSR in the light of Shariah and tried to find in each of these activities, how many of the sample banks do participate. Then we counted the percentage involvement of sample banks in each category of recommended CSR. So as a statistical tool percentage, average have been used.

The paper also tries to find out whether the extent of banks' involvement in CSR activities has any impact over sample banks' deposit, investment and profitability. But as our sample size is only six banks, so the correlation analysis has been done to judge the correlation. Hereby we formulate the following hypothesis;

Ho: There is no correlation between CSR expenditure and Islami Banks' deposit collection, investment made and profitability.

H1: There is correlation between CSR expenditure and Islami Banks' deposit collection, investment made and profitability.

5. CSR in Islamic Bank

Islamic banking inherent the principle of equity based investment. That means under Islamic banking profit and loss earned by the bank is distributed among the depositors and also investment is done based on profit/loss sharing basis. Alam (2000) ^[4] states that the introduction of interest free and equity based financing by the Islamic banking is based on the principle of Islamic economics. Mella *et al.* (1988) observes that the aim of Islamic economics is not only the elimination of interest based transaction and the introduction of the Zakah system, but also the establishment of just and balanced social order free from all kinds of exploitation. The intense commitment of Islam to justice and brotherhood demands that Islamic banks should follow their responsibility towards society.

Also, as per Islamic Shariah, all Islamic banks should be aware and involved in social responsibilities. According to Sadeq (2007) the prime objectives and functions of Islamic banks are the achievement of general human being; bringing about social and economic benefits to the Islamic world; making brotherhood, social equality and equitable distribution a reality in Muslim societies; establishment of distributive justice; development and support of small scale enterprises; discharging of corporate social responsibility, including its disclosure. Farook (2007) ^[17] identifies vicegerency of mankind on earth, divine accountability and the duty on mankind to enjoin good and forbid evil as the three major foundational principles for Islamic Corporate Social Responsibility. He further states that Islamic financial institutions have a responsibility to comply with the form and substance of Islamic Law in all aspects of their operations. This is because they are in a representative and exemplary religious position, whereby they represent the interests of their stakeholders and at the same time are exemplars to their stakeholders. Farook (2007) ^[17] divides the corporate responsibilities of Islamic financial institutions into two groups as- mandatory and recommended. He defines the terms as-

Mandatory: This form of social responsibility refers to conduct that must be carried out or conduct that must be avoided. This form of social responsibility does not involve a significant amount to be invested rather they are within the reach of every bank.

Recommended: This includes conduct that the Islamic financial institutions should engage in if it has the ability or capacity.

6. Islamic Banking in Bangladesh

After liberation, the economy of Bangladesh started its journey with the existing commercial banks of before West Pakistan. But all those banks followed the interest based banking system. After the foundation of Islamic Development Bank (IDB) during the seventies and some successful practice of Islamic banks in the Islamic world, Islamic groups in Bangladesh felt motivated to establish Islamic banking here. Two professional bodies "Islamic Economics Research Bureau" (IERB) and "Bangladesh Islamic Bankers

Association” (BIBA) were taking practical steps, for imparting training on Islamic Economics and Banking to a group of bankers and arranging some national and international seminars/ workshops to mobilize local and foreign people and attract investors to come forward to establish Islamic banks in Bangladesh (Sarker 1999) ^[13]. Being inspired a number of the Muslim entrepreneurs working under the aegis of Muslim Businessman Society (MBS) with the active support from government establish the first Islamic bank in the name of the Islami Bank Bangladesh Limited in 1983. Followed to it, now there are seven banks (including one foreign bank) operating based on Islamic Shariah. Besides, a number of conventional banks have entered into the interest free Islamic banking by opening Islamic banking branch like Prime Bank Limited, The City Bank Limited, Bank Asia Limited etc. The trend of stepping into Islamic banking by the conventional banks is evidence towards the popularity and success of Islamic banks in Bangladesh. As a Muslim dominated country, people feel more comfortable and relaxed here transacting through Islamic banks. Patwary (2008), Chairman of the executive committee of Islamic Bank Bangladesh Limited (IBBL) told that IBBL has gained the first position in the all private banks in terms of deposit, export and import and remittance collection. According to Bangladesh Bank (2009), the central bank of Bangladesh, the deposits of the Islamic banking system are now 25% of all private banks deposits and its investments are 30%.

7. CSR Practice by Islamic Banks in Bangladesh

This paper discusses the practice of CSR by Islami banks in Bangladesh in the light of the article written by Farook (2007) ^[17] titled as “On Corporate Social Responsibilities of Islamic Financial Institutions”. According to Farook (2007) ^[17], the CSR of an Islamic financial institution should be accomplished in two categories. So this paper also discusses the CSR of Islami Banks in Bangladesh from these two aspects.

7.1 Mandatory Forms of CSR

7.1.1 Screening of Investment

Islamic banks should not invest money in enterprises that engage themselves in impermissible activities of Islam. They should have a clear policy outlining their method of investment screening and the depth of their screening. All the six sample Islamic banks in Bangladesh involve themselves in the permissible activities and try to restrict their involvement from impermissible ones. This scenario is reflected from the investment portfolio of the sample banks.

7.1.2 Earning Prohibited by Shariah

Earning from impermissible activities is impermissible to be utilized for the operation of the bank. As the sample banks engage in permissible acts, so they can protect themselves from earnings prohibited by Shariah and this is imitate from the different earning sources as reported in the income statement of the banks.

7.1.3 Responsible Dealing with Clients

Islamic banks need to ensure that they substantially follow Islamic prescriptions on how to deal with debtors. In this aspect, the sample banks try to follow as much softness as possible. But in some cases, it becomes difficult for them because they do business with people money and need to protect depositors’ interest.

7.1.4 Employees

It is the responsibility of the Islamic bank that they deal with all employees equally and should treat with them with justice. It is better if they maintain a policy on the fair treatment of employees. It is difficult to judge on this issue without having a direct survey from the employees, however, all the sample banks maintain a service policy for their employees.

7.1.5 Zakah

In Islam Zakah has been given importance in every case. It has been set as one of the five basic moralities of Islam. So every Islamic bank should have a Zakah fund for collection and payment of Zakah. All the sample banks of this study maintains Zakah fund to accomply with the Shariah requirements. So from the above discussion, it is apparent that the sample banks are fully involved in the mandatory forms of CSR as prescribed by Farook (2007) ^[17].

7.2 Recommended Forms

The recommended forms of CSR practice of Islamic financial institutions as been denoted by Farook (2007) ^[17] are as below:

Qard Hasan: Gratuitous loan given to needy people for a fixed period without requiring the payment of interest or profit.

Reduction of impact on the environment: To ensure that investment which are harmful for the environment be avoided by the banks as well as their clients.

Screening clients and contractors: Islamic banks should screen and negotiate terms with customers to ensure their activities comply with Islamic principles.

Industry wise investment quotas: Islamic banks should direct their investment to the most beneficial industry for economic development and are aligned to Islamic Principles.

Social impact based investment quotas: Should invest in industries that produce social, cultural or religious development.

Environmental impact based investment quotas: Should invest in projects that will benefit the environment.

Par excellence customer service: Banks should provide the best service possible to the clients.

Micro & small size business and social savings and investment: To provide assistance for poor and weak units in the economy.

Employee welfare: Islamic banks should try to improve the socio-economic condition of employees.

Charitable activities: Islamic banks should give charity to the fullest extent of their capacity.

Waqf management: Securing revenues from awqaf and distributing it to the specific charitable causes.

This paper focuses on the above mentioned recommended forms of CSR except for “par excellence customer service” as direct survey is required again to get the excellence of banks in customer service. The sample banks involvement in the recommended forms of CSR is given in Table: 2

Table 2: Involvement of Sample Banks in Recommended CSR

Sample Banks	Qard Hasan	Reducing impact on environment	Screening clients	Industry wise investment quotas	Social impact based Investment quotas	Environment impact based investment quotas	Micro & small business	Employee welfare	Charitable activities	Waqf Management
Islami Bank Bangladesh Limited	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Al Arafa Islami Bank	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
EXIM Bank	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes
Social Islami Bank	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
First Security Islami Bank	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No
Shahjalal Islami Bank	No	No	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
ICB Islamic Bank	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No
Union Bank	No	Yes	Yes	Yes	No	No	Yes	Yes	Yes	No
Average Involvement	75%	75%	100%	100%	63%	50%	100%	100%	100%	63%

Source: Annual Report of respective bank.

From the above Table it is found that all the sample banks involve themselves in screening clients, industry wise investment quotas, micro and small business service, employee welfare and charitable activities as a part of the recommended CSR activities. Six out of eight sample banks, that means 75% sample banks are involved in providing loan under Qard Hasan and Reducing impact on the environment. 63% of the sample banks follow social impact based investment quota and Waqf Management. Only 50% of the sample banks maintain environment impact based investment quotas. Now we would look at the individual sample bank statistics which is given in Table- 3

Table 3: % Involvement of Banks in Recommended CSR Table 1: List of Sample Banks

Serial No.	Sample Banks	% Involvement
1.	Islami Bank Bangladesh Limited	100%
2.	EXIM Bank Limited	80%
3.	Shahjalal Islami Bank Limited	70%
4.	Al Arafa Islami Bank Limited	100%
5.	Social Islami Bank Limited	80%
6.	First Security Islami Bank Limited	70%
7.	ICB Islamic Bank	80%
8.	Union Bank	60%
Average Involvement		80%

Source: Annual Report of respective bank.

It is observed that Islami Bank Bangladesh Limited and Al Arafa Islami Bank Limited engage in all the recommended form of CSR activities. EXIM Bank Limited ICB Islamic

Bank& Social Islami Bank Limited get engage in 80% of the recommended CSR activities. The involvement of Shahjalal Islami Bank Limited and First Security Islami Bank limited is 70%. The least involvement of Union bank is 60% only. So it is established that the entire sample Islamic Banks do not engage in the recommended forms of CSR activities to the same extent. There is variation in their CSR practice. Now if we look towards the overall scenario, it is found that the sample banks on an average accomplish 80% of the recommended form of CSR activities in Bangladesh.

8. CSR Expenditure and Bank Profitability and Product Selling

This has been proved from the extant literature that the commitment towards CSR will in turn lead to better performance in terms of profit, competitiveness and risk management (Waddock & Graves 1997; O'Brien 2001, Porter & Kramer 2002; Brinkman 2003; Johnson 2003; Snider Hill *et al.* 2003). So in this paper it is tried to see whether investment in CSR activities can lead profitability and growth in deposit and loan amount of the sample banks in Bangladesh. To achieve this objective, we took the data of CSR expenditure of sample banks from the review report of Bangladesh Bank (2013) on CSR initiatives of all banks in Bangladesh. In the report data was given for the year 2007-09. So an average has been calculated of the CSR expenditure. In the same way average deposit, investment and profit earned by sample banks have been calculated over the year 2009-13. In case of profit, profit before provision and tax has been utilized. Table: 4 show the average values.

Table 4: Sample Banks' Summary of CSR Expense, Deposit, Investment & Profit

S/N	Sample Banks	CSR Expenses	Deposit	Investment	Net Profit before Provision & Tax
1.	Islami Bank Bangladesh Limited	116270000	203653614819	179863579001	6807225596
2.	EXIM Bank Limited	19300000	57656666667	54147666667	253613333
3.	Shahjalal Islami Bank Limited	14869000	35570553333	32497913333	1721990937
4.	Al Arafa Islami Bank Limited	10265000	29946425816	27946455945	1628964204
5.	Social Islami Bank Limited	-	25112311277	20990715793	777484486
6.	First Security Islami Bank Limited	700000	30593883321	27478920000	356324077
7.	ICB Islamic Bank Limited	850000	10593693322	7823760550	17653550
8.	Union Bank Limited	450000	8593693434	6756693234	276564066

Source: Annual Report of respective bank.

To observe whether CSR expenditure has any relationship with deposit, loan and profit of banks, we run the Pearson correlation analysis and the result is shown in Table: 5.

Table 5: Correlations

		CSREXP	DEPOSIT	INVESTMENT	NETPRF
CSREXP	Pearson Correlation	1.000	.995	.994	.962
	Sig.(2-tailed)	.	.000	.001	.009
	N	5	5	5	5
DEPOSIT	Pearson Correlation	.995	1.000	1.000	.938
	Sig.(2-tailed)	.000	.	.000	.006
	N	5	6	6	6
INVESTMENT	Pearson Correlation	.994	1.000	1.000	.934
	Sig.(2-tailed)	.001	.000	.	.006
	N	5	6	6	6
NETPRF	Pearson Correlation	.962	.938	.934	1.000
	Sig.(2-tailed)	.009	.006	.006	.
	N	5	6	6	6

** Correlation is significant at the 0.01 level (2-tailed).

The values of correlation show that there is a strong positive correlation between CSR expenditures and deposit collection of sample banks and the correlation is statistically significant. This is logical because when a bank gets involved in CSR activities that creates a good image of the bank in the market and can attract more deposits.

The correlation between CSR expenditure and investment amount again has a strong positive correlation which is also statistically significant.

This indicates, banks which get engage in CSR activities, people prefer to take a loan from them.

CSR expenditure also has a strong positive correlation with net profit (statistically significant). As with CSR activities, deposit and loan amount is increasing, the bank can achieve more profit out of their operation. Finally we can say that the results of correlation are showing that our Ho is rejected and H1 is accepted. That means there is positive relationship between CSR expenditure and profitability as well as product selling of the sample Islamic Banks in Bangladesh.

9. Conclusion

Islam is a religion of human life. The divine rules of Islam is established to make human life easy and peaceful and at the same time to have development of economy and environment. As being founded on Islamic Shariah, Islamic banks by nature get the responsibility of protecting the interest of its clients and employees as well as protecting the society and the environment from any harm out of any of its actions. Besides, it is the utmost duty of Islamic banks to do some welfare for the society. As a realization of this responsibility, Islamic banks all over the world are being engaged in various corporate social responsibilities. In Bangladesh also the Islamic banks from their inception have been engaging

themselves in different CSR activities. It is found that the total CSR expenditure of the 8 full fledged Islamic banks (except one foreign owned Islamic bank) is 24.29% of the total CSR expenditure of all commercial banks in 2009 (Bangladesh Bank Report on CSR, 2010). Besides, the central of Bangladesh has given much emphasis on CSR activities of banks here. However, this paper considers the guidelines for CSR of Islamic financial institutions as has been prescribed by Farook (2007) ^[17] in the light of Islamic Shariah. In his paper titled as "On Corporate Social Responsibility of Islamic Financial Institutions", Farook (2007) ^[17] has shown two categories of CSR for Islamic financial institutions- mandatory & recommended. In this study it is found that almost all the sample Islamic banks in Bangladesh do follow the mandatory forms of CSR but the extant of participation in the recommended forms of CSR activities vary among the sample banks. Besides, the study found a strong positive correlation between the amount CSR expenditure and the sample Islamic banks' deposit and investment amount and the profit. This is obvious because banks, who invest more in CSR activities, can create a good reputation and image in society and can successfully attract more customers for their deposit and loan products. And with the increase sell of deposit and investment products, profit of the banks will also increase. Still, there are some limitations of this study. As it concentrates towards the full fledge Islamic banks only where there are many private banks practicing Islamic banking as a separate window with their regular conventional banking, this paper does not consider their CSR activities. However, from this paper, we came to know about some new dimension of CSR activities of Islamic banks in Bangladesh which will help us to do further research on this issue.

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