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Conversion of Conventional Banks into Islamic: State Bank of Pakistan (SBP) Rules and AAOIFI Sharī'ah Standards : A Critical Legal Analysis from the Perspective of Islamic Commercial Law

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Abstract

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Islam as complete code of life, among other dimensions of life, gives commercial blueprint, introducing Ribā-free banking unlike the conventional banks. For the conversion of conventional bank AAOIFI put forward standard No. 6, internationally, and, domestically, SBP's 'Guidelines for Conversion of a Conventional Bank into an Islamic Bank' came to light. The current research endeavor tends to see necessity, on one hand, and on the other hand, eligibility criteria and necessary measures given in SBP's aforesaid guideline; it is also critically analysed. While investigating this issue, content analysis of available secondary data has been made as of qualitative research. During analysis, it was known that necessity of conversion was religious, political and commercial in nature. The bank to be called converted must have IBD or IBB, in default, approval be sought. All the requirements must be fulfilled: MCR, CAR etc., including, CAMELS and CAELS rating fair be minimal. The finding was the red tapism be reduced so that less time and energy be consumed on it. In all operational matters, including cut-off dates, along with BODs, operational level officers be also engaged. The six-month time for initiation of conversion may be reduced to fifty days and in default cogent reason must be shown for leniency from SBP. The overall time of conversion should be lessened from three years to twelve months. Akin to that, four weeks' time should be increased to four months for public awareness. All the products will be made Sharī'ah Compliant. The trainer must be well acquainted with Sharī'ah and trainees should qualify the exam, and, exemplary action be taken who earn profit after cut-off dates.

Introduction:

(اليومَ أكْمَلْتُ لَكُمْ دِينَكُمْ وأَتْمَمْتُ علَيْكُم نِعْمَتي ورَضِيتُ لَكُمُ الإسْلامَ دِينًا).[1]

"Today I have perfected your *Dīn* (way of life) for you and accomplished my favour upon you and I am satisfied from Islam as your *Dīn*".

As it is evident from the aforementioned Ayat (verse) of Holy Qur'ān that Islam is a complete code of life, meaning thereby, all the aspects of the life are shrouded by the comprehensive code of Islam.[2] For example, individual, familial, national, regional, universal facets of life, on the similar token, social, cultural, lingual, environmental, religious, spiritual, political, legal, institutional, moral, economic commercial and many other dimensions of human life are exhaustively discussed. In the mentioned aspects, the corporate aspect is of prime significance, as market is predominantly dependent on this. This commercial dimension, among others, is chiefly comprised of banking system of Islam around the world that keeps, protects and invest the money for profit.[3]

Maṣraf al-Islāmī (Islamic banking), unlike conventional banking, is emerging concept of modern banking system, which is gaining momentum and public acceptance, as studies suggest.[4] This system is in line with both injunctions of *Sharīʻah* and incumbent needs of a man, living in twenty first century. This novel system, commenced in 1960's in Egypt,[5] flourished in past few decades, and is developing rapidly, and proliferating horizontally and vertically across the comity of Muslim nations. It has been witnessed that the market share of *Maṣraf al-Islāmī* has gone up, for instance, in Malaysia[6]; similarly, in the latest bulletin (April to June 2021) of State Bank of Pakistan (SBP) that market share of Islamic Banking Industry (IBI) has increased by 17%, while assets of IBI surged by 32% and deposits by 29.7%.[7]

Pakistan, being over-whelming majority of Muslims with 96.28%,[8] with rich Islamic history and culture, has predilection for Islamic Banking that is apparent from the increasing market share of it. In this connection, the IBI has announced that by 2025, the target of slightly more than one-third branch network and 30% share in assets and deposits of whole banking industry of the country will be achieved.[9] Since, the people are sensitive concerning Islam and its pragmatic teachings; therefore, conventional system of banking entwined with *Ribā* (interest and usury)[10] is being rejected to replace it with pure Islamic Banking. Hence, few banks, to exemplify, Meezan Bank (started in 2002), Bank Dubai al-Islāmī, and Bank Islāmī (both started operations in 2006), al-Baraka (commenced in 2010) were established; the success stories and increase in their market share attracted the conventional banks to inaugurate the Islamic Banking branches and windows. Some 17 conventional banks have opened Islamic banking branches as of June 2021. Recently United Bank Limited (UBL) has converted most of its existing branches of conventional banking to Islamic banking in Malakand division.[11]

As stated earlier that the process of conversion is ramping up, many skeptics are of the misconception that conversion is merely bringing cosmetic changes and altering the nomenclature; however, it is a complex process, which involves series of alteration, modification, updating previous procedures and introduction of new regulations. Before everything, identifying the branches to be converted, followed by rationale of conversion, assessment of business potential and three years business plan to be submitted.[12] First and foremost is apprising of customers and account holders of proposed changes and thereby written consent is taken; in case the customer wishes to carry on with conventional banking, his account will be transferred to the nearby branch. After receiving their written consent, the internal and external appearance of branch is changed and an Islamic look is given; internal appearance includes: changing suspended sign grids, banner rails and such other quick advertising posters, Shariah Board's *fatwa*[13] and anticipated profit of the month is posted on the notice board. On the flip side, external marketing policy, which includes boards, sign boards, bill boards etc. ought not to have anything that is against the spirit of *Shariah.* Moreover, all the accounts: current, saving etc. will be also converted to Islamic mood and all the products will be made *Shariah* compliant as per the policy of State Bank of Pakistan coupled with *Shariah Standards*, propounded by AAOIFI[14]. In addition to that, staff training will be made sure during conversion and also capacity building trainings will be further conducted periodically.[15]

During the technical and hectic task of conversion, the board members are confronted with multitude of issues as it is not a simple effort. In the course of conversion, regulatory and governance issues, on one hand and on the other hand Sharī'ah governance issues are faced.[16] the principal problem is the training of the staff, as in the beginning, forty days training was offered; nevertheless, it would leave the newly converted branch vacant. Afterwards, it was reduced to three days so that they could work in the branch as well as they could receive their training; this, again, used to leave the branch less efficient and malfunctioned. Further, they brought the training to online classes, which was robustly decried by the scholars and experts of Shariah in banking sector. Another problem was altering account and convincing the account holder to accept the new setup. There also occurs the mushroom growth of problems in complying with the standards of Shariah and the policy of conversion of State Bank of Pakistan.[17]

The topic of conversion is partially or wholly discussed by so many scholars. Their literature has elaborately discussed the subject under probe; however, most of them have covered the theoretical aspect of it. This work tends to surround the matter of conversion from practical side, as the process is done with case study. It also painstakingly discusses the technical issues, which was practically faced by those who are responsible for conversion. These problems will be systematically gathered by inquiring form the Shariah board through an comprehensively prepared questionnaire.

The scope and objective of the study is to know what conversion really is and why the society has felt its need. This essay will further dig into the question that how the conversion is carried out in Pakistan and what standard of procedures are applied to it during the course of conversion. This research will also look into the major issues that are confronted and what are the rational, realistic and viable solutions for those rising issues.

Literature Review:

In a broader picture, issue of conversion is discussed, both verbally and in words, everywhere, for instance, in academic circles, among scholars of *Sharī'ah,* between the unalike emerging students and learners of it, no matter they are Muslims or non-Muslims. It is contemplated that conversion is as plain, effortless, one-dimensional and shallow process, which can be carried out in haphazard. On the flip side, it is also thought that the classical *fuqahā'*[18] have never tapped this novel subject; however, only contemporary *fuqahā'* are acquainted with the subject of banking and concept of conversion.

Internationally, the primary work and the point of reference on the matter of conversion for all Islamic Banks is the work of AAOIFI, *Sharī'ah* Standard No.6, which is elaborate and to the larger degree, self-sufficient in nature.[19] This work covers giving time frame and necessary measures for conversion; it, beside showing how to deal with banks, also ensures banking services in permissible way. Furthermore, it discusses effects of conversion on various matters, such as, interest-based receivables and their *Sharī'ah* substitute as well as on investments. It, for good measure, deliberates how to deal with the existing receivable and liabilities that are not permissible before conversion, either it is internal or external. Lastly, when conversion is not taken place yet, *Zakāh* obligation on the bank will be cogitated. Nevertheless, all these are mere guideline and do not concern about the practical matters and problems, institution face on ground.

Another eminent and practical work on conversion is done in Libya by MAA El Brassi and et all, which tests the practicability of the AAOIFI. This work tends to unveil the issues and challenges that confront during the conversion, arising out of the inadequacy of their domestic law of Libya, i.e. Law No. 1 of 2013.[20] This work from Malaysian scholars does not focus on Pakistani system of conversion and its challenges during conversion. On the similar token, the work of M Asif and et all is comprehensive on the subject in probe; it attempts to extrapolate the matter that what are the major motives behind conversion of conventional banks into Islamic banks. In spite of detailing on the conversion, it sheds light on the reason why conversions are done.[21] One more study conducted in Saudi Arabia by Ahmad Al-Harbi, concerning the effects of conversion of conventional banks to Islamic banks. This probe revolves around the five banks, using BankScope database's information in Gulf Cooperation Council (GCC). The aforementioned essay, comprising 35 pages, talks about positive impacts, for instance, betterment in financial status, increment in assets etc. as well as negative effects, for example, profitability and efficiency etc. could not improve in principal. The abovementioned study's scope is limited to territorial bounds of not beyond GCC; on the similar fashion, the technical issues, in the course of conversion, are not explicated.[22] In Bangladesh an essay endeavored to shroud the conversion of two conventional banks to Islamic banks; it explains causes and effects of conversion, that is, prominent alterations in activities after it is completed.[23] This research paper, despite discussing the significant aspect of converting the bank, has the least applicability in Pakistan; it also has the constraint, like previously discussed ones, of territory and, additionally, it is a case study of two banks in Bangladesh. In Pakistan, there are also blue prints from SBP for the conventional banks to turn them into Islamic set-up, which is titled as SBP, CRITERIA FOR CONVERSION OF CONVENTIONAL BANKING BARNCHES INTO ISLAMIC BANKING BRANCHES (Annexure to IBD Circular No. 2 of 2010).[24] These guidelines seem to be prepared in the light of AAOIFI's standard No. 6. As usual and apparent, it lags behind in the discussion of applied issues. In this regard, final study, among scores of research articles, from Pakistan discusses the frequency of conversion in previous decade; it further talks about Bank of Punjab's (BOP) opening of *Taqwā* Islamic Banking and largest conversion of year 2014, i.e., 24 branches. Most significantly, BOP's conversion procedure, issues confronted during conversion is explicated, and furnishes explicit view of its method of conversion. Another crucial aspect of this paper is its guidance to institutions to be adopted for conversion. This research endeavor covers most of the aspect but yet again it devotes most of its part to BOP's case study and conversion. No first-hand experience of *Sharī'ah* Board's member, in form of interviews, as they play key role in converting a conventional bank to Islamic one, is included in the study.[25]

Methodology:

In order to remove ambiguities from discourse and debates, the methodology of 'discourse analysis' has been employed in conducting the present humble research. This endeavor tends to take the context into contemplation and do the literal interpretation of words in sentences. Being typical qualitative research of social science, secondary data has been profoundly and critically analyzed. Rational faculties have been intensely utilized in case on non-availability of such data. For the purpose to prove an opinion or elaborate it, primary sources such as Qur'ān and *Sunnah* and, the work of numerous classic and contemporary jurists, standards of AAOIFI, have been used from *Sharī'ah*; correspondingly, circulars, bulletins, annexures, rules, policies and such other materials from State Bank of Pakistan and all the necessary pieces of legislation and relevant precedents have been meticulously consulted. Secondary data, apart from printed, online sources, such as, pertinent journals, newspapers, government reports and periodicals were fastidiously picked to ensure the authenticity. To further materialize and realize the concept and underlying technical problems, some people, both researchers and members of *Sharī'ah* board, were interviewed. During the discourse and argumentation, due care has been taken to remain disinterested in the preferring opinions and remain unprejudiced, not taking side of any particular group.

Conversion and its Necessity:

Conversion, according to Oxford English Dictionary (OED), means a process or an act of changing from one system or form to another.[26] The word Conversion has Arabic connotation of *Al-Taḥawwul*, which means metamorphism, complete transformation of something or something that undergo a complete transfer or change.[27] The word *Ḥiwalā* has been used in Qur'ān in the meaning of 'transfer' in the following *'Āyah* (verse): (خٰلِدِيْنَ فِيْهَا لَا يَبْغُوْنَ عَنْهَا حِوَلًا), meaning thereby, "they will reside in it for good and will never crave for the transfer".[28] Conversion, in its technical sense, means the process of undergoing metamorphism, profound and radical alterations, of a conventional bank into Islamic bank, avoiding *Ḥarām* transactions and moving towards recommended method: *Ribā*-free. Some scholars, metaphorically, equate the *Sharī'ah* non-compliant banking as *Ẓulumāt* (darkness) and *Sharī'ah* compliant as *Nūr* (light); hence, conversion is a process of coming out of *Ẓulumāt* and moving towards a new system: *Nūr*.[29] MAA El-Brassi et all devotes significant section of their research in discussion of terminology of conversion, whether it is correct or to what extent it is correct; it is concluded, after detailed account, that 'transformation', 'switching', are also used by multiple scholars, however, majority of them have used term 'Conversion' in plentitude.[30]

"وَأَحَلَّ اللّٰهُ الْبَيْعَ وَحَرَّمَ الرِّبَا" means " 'Allah has made *Bay'* permissible and *Ribā* impermissible".[31] As per this *'Āyah*, *Ribā* in any form is impermissible. Since, Pakistanis are sensitive about religious matters; therefore, usury and interest was just like fighting with Allah and his last Messenger.[32] On the similar token, *Mo'minīn* (practicing Muslims) are warned with grave consequences of it; henceforth, a great deal of restlessness in masses stirred, and they backed the growing chorus of Islamic Financial Institutions.[33] The abovementioned *'Āyah* (verses) and many other *'Āyāt* (plural of *'Āyah*)[34] along with *'Aḥādīth* (traditions) of Holy Prophet (PBUH),[35] expressly depict, on the religious ground, the need of conversion from conventional banking to Islamic one was felt dearly.

The second need was mostly political, as Article No. 38 (f) of the Constitution of Pakistan, 1973 pledges to eliminate *Ribā,* in all of its kinds,[36] as early as possible, not to mention 1956 and 1962 constitutions.[37] Since independence, the process of sensitization of the masses, regarding Islamization of laws and institutions had initiated. All the main political parties, with exception of few, especially, religiopolitical parties and erstwhile President of Islamic Republic of Pakistan: General Zia ul Haq, in the days of Islamization of laws, also stressed and, time and again made adult franchise aware. Politically, therefore, necessity was felt to move towards conversion from conventional banking to Islamic one.

Thirdly, many banks' primary reason for conversion is that they are keenly concerned to entice those customers and traders, who have more predilection towards Islamic teachings beside other customers. On the similar token, they desire to attract Islamic banking market as its market-share has been surging up around the globe, especially in Pakistan. Not to mention the rapid growth and competency of Islamic banking industry has brought Islamic banking to the front and in few years Islamic banks will surpass the other banks in net worth of assets and their in their income. Henceforth, need was direly felt by financial institutions, for example, banks, to convert their branches and themselves gradually to Islamic system of finance, i.e., Islamic Banking.[38]

A Review of Guideline for Conversion of Conventional Banks into Islamic Banks in Pakistan:

For any bank to be called 'converted Islamic Bank', it is utmost of significance that that financial institution will already have either Islamic Banking Division (IBD) or Islamic Banking Branch (IBB). In case of absence of IBD, the institution will be liable to obtain approval from SBP to open such division beforehand. Moreover, on the on-site and offsite inspections the CAMELS[39] and CAELS rating fair ought to be minimal respectively. On the similar token, the applying bank must be in conformity with requisites, such as, Minimum Capital Requirement (MCR),[40] Capital Adequacy Ratio (CAR) and such other requirements which the SBP, time to time, will deem fit.[41] The process involved in eligibility is predominantly time and energy consuming; the procedure is ought to be shortened or made instant, and red-tapism must be avoided while following the regulation duly.

After completion of eligibility criteria, some necessary measures will have to be taken by bank. A profound conversion strategy with crystal clear tentative cut-off dates, approved by Board of Directors (BOD), will be developed.[42] While devising strategy, the branch, for instance, branch manager or operational manager etc., which is being converted, should be involved. Once in-principle approval is given, the converting bank, within span of six months shall have to start conversion, or the mentioned approval will be cancelled. The six-month period is ample time to do the necessary preparation and commence the business of conversion as fifty days will be adequate to do the needful; the SBP, however, if provided with any reasonable ground or a cogent reason, must show some leniency, for example, extension in time, in revocation of approval if conversion do not embark on in the mentioned time. The guideline further states that the conversion must finish within three years, otherwise, the justification along with causes and evidences is sought. Factually, three-year is excessive period of time, hampering the process of Islamization of Laws, specifically, financial laws, in Pakistan and against the *Sharī'ah* Standard of AAOIFI;[43] moreover, it is also against the apex law of the land: Constitution. The historic judgement of *Sharī'ah* Appellate Bench of Supreme Court of Pakistan, against *Ribā*, stresses to speed up the conversion.[44] The foundation of the said judgement is bringing lives of people in line with the teachings of Qur'ān and Sunnah, as stated by Objective Resolution[45] and in Article 31 of the Constitution of Islamic Republic of Pakistan, 1973; analogously, Article 38 (f) explicitly reads as the elimination of *Ribā* will be made as early as possible.[46] Speeding up the process of the conversion, therefore, is constitutional requisite and giving one year time will be plentiful. Moreover, the guideline further says that the public will be apprised one month prior to the procedure of conversion. The ground reality is that four weeks is very short time because a large section of population is illiterate[47] and account holders or customers cannot be informed in such a limited time. The customers mandatorily apprised almost four months before through advertisement in public places, for instance, bill boards and sign boards and it must be displayed on the notice board of the branch. Akin to that, customer relation officer must inform either directly: letting each and every customer know in converting branch, or indirectly: through letters, both in hard and soft, and finally it should also be propagated via print, electronic and social media profoundly. The guideline, furthermore, states that bank shall establish required procedures, necessary tools and research the *Sharī'ah* compliant products and services, abolishing non-permissible transactions, except without prior approval of *Sharī'ah* Board for the time being.[48] The role of *Sharī'ah* Compliance Department (SCD) is praise-worthy as it has tackled plethora of conversions beforehand, consequently, as a usual course, the generic procedure will be handled by SCD themselves. The specific procedure, however, will have to be adopted, abolishing *Ribā*-based loans and investment instruments: the conventional bank's current account will be converted into *Qarḍ al-Ḥasanah*,[49] the saving account will transform into *Mudārabah*[50] base account, the fix deposit account will metamorphose in *Mushārakah*[51] based account, the leasing will move to Islamic leasing.[52] The guideline also lays down principle to do the capacity building in order to run the process of conversion and later operate the Islamic bank smoothly. The first question arises that who will give this training and to whom it will be given. Two issues are involved in this: the qualification of trainers and quality, coupled with content, of training. The quality, in terms of content and delivery, has been deteriorated since the COVID-19 broke out. It has been reported in several studies that in online training the trainers feedback is not on time, monotonous instructional methods, unavailable technical backing from trainers, poorly designed contents and absence of self-regulation and self-motivation.[53] The suggestion is that mechanism should be crystal clear, physical classes with maximal participation of trainees, comprehensive exam, rather than nominal, should be taken; the trainers should have profound knowledge of Arabic language, *Ma'khaz al Sharī'ah* (Sources of Islamic Law) Islamic finance and its terminologies, Islamic banking and its laws, Auditing and comprehends the country's rule and regulation.[54] A cut-off date[55] shall be quantified, making it deadline for prohibiting non-*Sharī'ah* compliant activities. The bank will not be allowed to earn profit, *stricto senso*, once the cut-off date becomes mature and if earns, it will fall in prohibited income[56]; henceforth, no non-compliant with *Sharī'ah* activity will be carried out both on asset and liability side.

Implications of the incumbent Essay:

The incumbent essay, indubitably, discusses the 'eligibility criteria and necessary measure' from SBP's 'Guidelines for Conversion of Conventional Bank into an Islamic Bank' and has been critically analyzed. This guideline has been a primary instrument to convert a conventional bank into an Islamic bank within the territory of Pakistan. It is for this reason that the aforesaid guidelines can be improved and necessary suggestions may be incorporated to it, to make it more viable, practicable, in the country (Pakistan) and make it epitome for the rest of Islamic world.

Social Implication:

Beside general masses, this humble piece of work, without doubt, will implicate the researcher savants. If the recommendations, in the current study, are applied in the process of conversion in letter and spirit the people of the country, being overwhelming majority of Muslim and nostalgic about glorious Islamic past and Islamic history of thirteen hundred years in the region (sub-continent), will have wide choice of Islamic financial institutions: banks. Due to the connection with Islam, as well as, Islamic history, and, ease in conversion means ease in operation, would be more acceptable to the public at large. In the same way, this endeavour would be also lucrative for those who are researching the process of conversion and what tactics are applied to postpone it, both at home and abroad. This work will also open avenues for *Sharī'ah* students to study guidelines of conversion from the lense of Islamic law.

Institutional Implications:

Incorporation, in the first place, and implementation of suggestions of this essay would prove to be fruitful for the institutions as well. The process of conversion would becomes smooth, swift and convenient for financial institution. It would also avoid red tapism and would, hence, unburden those who carry out the process of conve[57]rsion and that very financial institution as well. These recommendations, only if implemented, would cap the lacunas and loop-holes in the guidelines for these institutions; therefore, making them efficient, purpose-oriented and ready to serve.

Conclusion:

Islam, being a complete code of life, is panacea, indubitably, to all the worldly problems: individual, social, regional, environmental, economic, commercial and others. The conventional banks made the people fight with Allah, dealing in *Ribā*; henceforth, conversion of these banks was crucial into *Sharī'ah* compliant banking, thus, *Sharī'ah* Standard No. 6, internationally, and, State Bank of Pakistan's 'Guidelines for Conversion of a Conventional Bank into an Islamic Bank', domestically, are the torch-bearing instructions to convert a bank into an Islamic bank. The current paper, primarily, has a discourse on SBP's aforementioned guidelines, exclusively, 'Eligibility Criteria and Necessary Measures', and, thereby, applying method of qualitative research, critically analyze the secondary data in the spotlight of rational faculties and ground realities, so that, lacunas may be identified and, thereupon, they could be improved. The finding of the essay proved that three factors, indeed, gave rise to the necessity of conversion: firstly, religious, plethora of literature from Qur'ān as well as *Sunnah* warns the Muslims about grave consequences of dealing in *Ribā*; secondly, political, the constitution resolves to abolish *Ribā* in its Article 38 (f), and so do the political parties in the country; lastly, commercial, in the recent years, the market share of Islamic banking has skyrocketed and, on the other hand, conventional banks also want to attract religious customers. The guideline, especially, eligibility criteria, says, converted bank shall have IBD or IBB, in absence of that, approval from SBP must be obtained for opening that. In inspection CAMELS and CAELS rating fair ought to be minimum. The converting bank shall fulfil all the prerequisites: MCR, CAR and others. It was found that these processes are abound with formalities, exhausting resources: time and energy; instead, the time should be reduced and process should be simplified. Further, in necessary measures, extensive plan with cutoff dates of conversion is to be ratified by BOD; however, to make it effective, it was suggested that branch level relevant officer may be involved. After in-principle approval six months' time is given to initiate the conversion, the approval may be revoked afterwards, which should be cut down to fifty days only, nevertheless, leniency should be given if cogent reason is shown for default. Moreover, three years to complete the conversion is inordinate time, it shall be impediment in the Islamization of legal regime; consequently, twelve months will do the needful. Guidelines adds that four-weeks is ample time for public awareness concerning conversion; factually, general masses, specifically, account holders are most often illiterate, hence, they should be intimated four months prior, through media, both electronic and print including social networking outlets, or, and, in person. The *Sharī'ah* Compliant products shall be introduced, abolishing *Riba* based services: *Qarḍ al-Ḥasanah* will replace current account; the saving account will transform in *Mudārabah*-based accound, while, fix deposit may be converted into *Mushāraka*-based account and Islamic lease will replace conventional lease. The quality of training, both physical and online, is also feeble; the trainers must be well-versed in Qur'ān, Sunnah, Arabic and relevant Islamic commercial law and relevant law of the country, and, the physical classes shall be maximized. Similarly, proper exams, both periodical and final, of trainees may be conducted to assess the effectiveness of the content delivery. Exemplary action should be initiated if any gains are made through conventional mechanism after cut-off dates.

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[1] Qur'ān, 5:03; the exegetes elaborate this as: "أي: أكملت لكم ما تحتاجون إليه في تكليفكم من تعليم الحلال والحرام، والتوقيف على شرائع الإسلام وقوانين القياس، وكما أكمل في البيان، فقد أكمل بالقدوة العليا بمحمد صلّى الله عليه وسلّم وصحبه. وَأَتْمَمْتُ عَلَيْكُمْ نِعْمَتِي بظهوركم أمّة مسلمة مستكملة كلّ كمال، مهمتها هدم كيان الجاهلية في كلّ مكان. وَرَضِيتُ لَكُمُ الْإِسْلامَ دِيناً. أي: واخترت الإسلام لكم من بين الأديان، وآذنتكم بأنه هو الدين المرضيّ وحده، وقد ذكر نعمة الإكمال للدين في سياق تحريم هذه المحرّمات، لأنّ تحريم هذه الخبائث. من جملة الدين الكامل، والنعمة التامّة، والإسلام المنعوت بالرضا دون غيره"., meaning thereby, "that means: I have completed whatever you needed in your accountability narration is perfect, akin to that Moḥammad (SAW) was made an epitome; and, I have accomplished my blessing unto you by appearing you as Muslim nation that has completed all perfections and its mission is to abolish the structure from age of ignorance everywhere. I chose Islam means that he selected Islam amongst all other religions and I told you that is only acceptable religion; he, further, mentioned '*Ekmāl li al-dīn*' perfection of religion in the context of prohibitions because they are forbidden. From the 'completion of Islam' and 'perfect blessing' phrases, Islam and not other (religion) is characterized with satisfaction (from God). … Sa'īd Ḥawwa, *al-'Asās fī al-tafsīr*, (Cairo, Dār al-Salām, 2003/4 CE or 1424 AH) P.1315-16, 1328-29, 1332-33, 1473 vol.3 and 5799. vol.10, Sixth edition.

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[9] Government of Pakistan, State Bank of Pakistan, *Strategic Plan for Islamic Banking Industry 2021 - 2025* [Internet]; download available from https://www.sbp.org.pk/departments/pdf/StrategicPlanPDF/Strategic-Plan-2021-25.pdf ; pp.8-9, accessed October 26, 2021.

[10] "الربا: كل زيادة مشروطة في العقد خالية عن عوض مشروع", Riba: any excess incorporated in contract without legal consideration … https://www.almaany.com/ar/dict/ar-ar/%D8%A7%D9%84%D8%B1%D8%A8%D8%A7/ accessed on February 19, 2022. Similarly, Imām Sarakhsī in his work defines it as: "وَفِي الشَّرِيعَةِ: الرِّبَا: هُوَ الْفَضْلُ الْخَالِي عَنْ الْعِوَضِ الْمَشْرُوطِ فِي الْبَيْعِ؛ لِمَا بَيَّنَّا: أَنَّ الْبَيْعَ الْحَلَالَ مُقَابَلَةُ مَالٍ مُتَقَوِّمٍ بِمَالٍ مُتَقَوِّمٍ فَالْفَضْلُ الْخَالِي عَنْ الْعِوَضِ إذَا دَخَلَ فِي الْبَيْعِ كَانَ ضِدَّ مَا يَقْتَضِيهِ الْبَيْعُ فَكَانَ حَرَامًا شَرْعًا،" , which can be translated as: In *Sharī'ah*, It is extra written in contracted, for no consideration against it; as discussed, legitimate sale is legitimate subject matter against legitimate consideration, and the extra is without consideration in contract, it is against the conditionalities of sale, therefore, it is Ḥarām in Islamic law. … al-Sarakhsī, *al-Mabsūṭ*, (Beirut, Dārul Ma'rifa, 1993CE/1414AH) P.109, Vol.12. See also: Moḥammad bin Aḥmad bin Abī Aḥmad Abū Bakr 'Alā' al-dīn al-Thamarqandī, *Tuḥfat al-fuqahā'*, (Beirut, Dār al-Kutub al-'elmiyyah, 1994 CE/ 1414 AH) P.25 Vol.2. Analogously: 'Alā' al-dīn Abū Bakr bin Mas'ūd bin Aḥmad Al-Kāsānī, *Badāe' al-Ṣanā'e' fī Tartīb al-Sharāe'* (Beirut, Dārul Kutub-ul-'ilmiyyah, 1986 CE/1406 AH) P395, P. 192 Vol.5 Second edition.
In the same way: 'Ali bin Abī Bakr bin 'Abd al-Jalīl al-Farghānī al- Marghīnānī Abu Al-Ḥassan Al Burhan, *Al-Hidāyah Fi Sharḥ Bidāyat al-Mubtadī,* (Beirut, Dar 'Eḥyā' al-Turāth al-'Arbī, year not available) P.60 Vol.3.

[11] The notification can be downloaded from this link… https://www.ubldirect.com/corporate/pdf/Ameen/QuickLinks/PublicAdBranchConversion.pdf ; accessed October 26, 2021.

[12] GUIDELINES & CRITERIA FOR I. OPENING OF STAND ALONE ISLAMIC BANKING BRANCHES (IBBs) BY A CONVENTIONAL BANK. II. COMMENCEMENT OF SHARIAH COMPLIANT BUSINESS AND OPERATIONS BY A DEVELOPMENT FINANCE INSTITUTION (DFI): Criteria for Conversion of Existing Shariah Non Compliant Business & Operations / Branches of DFIs[Internet]; download is available on https://www.sbp.org.pk/ibd/2020/C4-Annex-III.pdf ; p.7, accessed on October 27, 2021.

[13] Fatwa is a ruling in Islamic law, about a particular matter in a given situation, issued by competent authority with certain qualification, commonly known as *Muftī*. *Ibn Ṣalāḥ* defines it as: "ما أفتى به الفقيه ... الاستفتاء في اللغة يعني السؤال عن أمر أو عن حكم مسألة، وهذا السائل يسمى المستفتي، والمسئول الذي يجيب: هو المفتي، وقيامه بالجواب هو الإفتاء، وما يجيب به هو الفتوى، فالإفتاء يتضمن وجود المستفتي والمفتي والإفتاء نفسه والفتوى", means, "it is that which a jurist issues… *'Istiftā'* literally means a question concerning a matter or issue, the person asking this question is *Mustaftī*, the one who answers is *Muftī* and its answering is *'Iftā*, and the specific answer is *Fatwa*. *Iftā'* includes the presence of the one who asks and *Muftī* and *'Iftā* and *fatwa*. … 'Uthmān bin 'Abd al-Raḥmān Abū 'Amar Taqiy al dīn al-ma'rūf (alias) Ibn Ṣalāḥ, *'Adab al-Muftī wa al-Mustaftī*, (Medina, Maktaba al-'ulūm wa al-Ḥikam, 2002 CE / 1423 AH) P. 24, Vol. 1, Second Edition.

Alfāsī, a *Mālikī* jurist, defines it as: "الْفَتْوَى هِيَ الْإِخْبَارُ بِالْحُكْمِ الشَّرْعِيِّ مِنْ غَيْرِ إِلْزَامٍ", its English meaning is, "Its apprising of ruling of Islamic law that is not obligation. … Abū 'Abd Allah Moḥammad bin Aḥmad bin Moḥammad Alfāsī, *Al-'Itqān wa Al-'Ihkām fī Sharh Tuḥfat al-Ḥukkām al-ma'rūf Bi-Sharḥ Meyārah,* (Beirut, Dār al-Ma'rifa) P.7, Vol.1.
While contemporary document, *Sharī'ah* Standard, has devouted a complete standard, in which *fatwa* is defined as: "الفتوى: تبيين الحكم الشرعي لمن سأل عنه في واقعة نزلت فعلا (نازلة الفتوى) أو يتوقع حصولها، لا على سبيل الافتراض"", it can be translated as: " Fatwa is *Sharī'ah* ruling on a (practical) matter (not hypothetical) given to one who asks it." … https://aaoifi.com/download/24203/ accessed on 22/02/2022.
[14] The Accounting and Auditing Organization for Islamic Financial Institutions is a trans-national organization without profit, aiming at to prepare auditing, accounting, ethics and standard of Sharī'ah. For further information … https://aaoifi.com/?lang=en accessed on October 26, 2021.
[15] SBP, *CRITERIA FOR CONVERSION OF CONVENTIONAL BANKING BARNCHES INTO ISLAMIC BANKING BRANCHES (Annexure to IBD Circular No. 2 of 2010)*, pdf file can be traced from the following link… https://www.sbp.org.pk/ibd/2010/C2-Anexx.pdf ; accessed on October 26, 2021.
[16] Arshad, Muhammad Usman, Mohammed Effandi Yusoff, and Muhammad Sohail Tahir. "Issues in transformation from conventional banking to Islamic banking." International Journal of Economics and Financial Issues 6, no. 3 (2016): pp.222-223.
[17] These practical problems were unveiled as 'Askari Bank *Sharī'ah* board member Dr. Lutfullah Thāqib was exhaustively interviewed.
[18] It is plural of *faqīh*, which means jurists of *Sharī'ah*. "وَقَالَ الْحَسَنُ الْبَصْرِيُّ - رَحِمَهُ اللَّهُ تَعَالَى -: الْفَقِيهُ هُوَ الزَّاهِدُ فِي الدُّنْيَا الرَّاغِبُ فِي الْآخِرَةِ الْبَصِيرُ بِأَمْرِ دِينِهِ الْمُدَاوِمُ عَلَى عِبَادَةِ رَبِّهِ", which can be translated as, *faqīh* is one who worships in this world and has inclination towards hereafter, he knows about *Sharī'ah* and he worship his God for good. … 'Aḥmad Salāmat al-qulyūbī wa 'Umayra, *Ḥāshyitā qulyūbī wa 'Umayra*, (Beirut, Dār al-Fikar, 1995 CE/1415 AH) P.6, vol.1.
[19] Standard issued on May 16, 2002 corresponding to *Rabi' al Awwal,* 1424. Download available from the official website of AAOIFI, the detail reading is in the link… http://aaoifi.com/wp-content/uploads/2020/08/SS-6-Conversion-of-a-Conventional-Bank-to-an-Islamic-Bank.pdf accessed on October 28, 2021.
[20] El-Brassi, M. A. A., Nabil Bello, and Syed Musa Alhabshi. "Conversion of conventional banks to islamic banks in Libya: issues and challenges." *International Journal of Accounting* 3, no. 15 (2018): 25-39.
[21] Asif, Muhammad, Umair Ahmed, Muhammad Zahid, and Aamir Khan. "Motives Behind the Transfer of a Bank From Conventional Banking to Islamic Banking in Pakistan." *Journal of Business and Tourism* 3, no. 2 (2017): 225-234.
[22] Al-Harbi, Ahmad. "The effect of conversion of conventional banks to Islamic banks: Evidence from GCC Countries." *International Journal* 5, no. 1 (2020): 1-35. Download available from, https://www.researchgate.net/profile/Ahmad-Al-Harbi/publication/342596314_THE_EFFECT_OF_CONVERSION_OF_CONVENTIONAL_BANKS_TO_ISLAMIC_BANKS_EVIDENCE_FROM_GCC_COUNTRIES/links/5efc80caa6fdcc4ca440a4e6/THE-EFFECT-OF-CONVERSION-OF-CONVENTIONAL-BANKS-TO-ISLAMIC-BANKS-EVIDENCE-FROM-GCC-COUNTRIES.pdf accessed on October 28, 2021.
[23] Hasan, Zulfiqar. "Conversion of conventional banks into Islamic banks: The case of Bangladesh." *International Journal of Ethics in Social Sciences* 4, no. 1 (2016): 63-78. For elaborate reading, visit the website through the link … http://www.crimbbd.org/wp-content/uploads/2016/11/06.-Zulfiqar-Hasan.pdf ; accessed on October 28, 2021.
[24] The detailed content is available on the official website of State Bank of Pakistan (SBP) https://www.sbp.org.pk/ibd/2010/C2-Anexx.pdf ; accessed on October 28, 2021.
[25] Mushtaq, Muhammad, Javed Khan, and F. Haq. "Paradigm Shift from Conventional to Islamic Banking System: A Case of the Conversion of Taqwa Islamic Banking in Pakistan." *Global Regional Review, III* (2018).
[26] "Conversion," conversion noun - Definition, pictures, pronunciation and usage notes | Oxford Advanced Learner's Dictionary at OxfordLearnersDictionaries.com, accessed November 7, 2021, https://www.oxfordlearnersdictionaries.com/definition/english/conversion?q=Conversion.
[27] Complete meaning can be traced here … https://www.almaany.com/en/dict/ar-en/%D8%A7%D9%84%D8%AA%D8%AD%D9%88%D9%84/

[28] Qur'ān 18:108

[29] Actually, they refer to the *'Āyah* of Qur'ān, (الر ۚ كِتَابٌ أَنزَلْنَاهُ إِلَيْكَ لِتُخْرِجَ النَّاسَ مِنَ الظُّلُمَاتِ إِلَى النُّورِ بِإِذْنِ رَبِّهِمْ إِلَىٰ صِرَاطِ الْعَزِيزِ الْحَمِيدِ), *'Alif lām Rā,* (this) book is revealed unto you, so that, you could, with the permission of 'Allah, bring mankind out of darkness unto light. … Qur'ān 14:01.

[30] Brassi, MAA, Bello, and Alhabshi. "Conversion of conventional banks," 27.

[31] Qur'ān 2:275

[32] As Qur'ān says," فَإِن لَّمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِّنَ اللَّهِ وَرَسُولِهِ", meaning thereby, "if you do not do so (do not leave the *Ribā*), then be certain about fight with Allah and His Messenger. Qur'ān 2:279

[33] The original text of *Āyah* goes as under, "الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ۚ ذَٰلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا", means, "he who eats Ribā, will not rise (in hereafter) but like a man who gets mad by the tap of Satan, it is because, they used to say *Bay'* and *Ribā* is same. …*Qur'ān* 2:275.

[34] Some other *'Āyāt* are noted herein: "وَمَا آتَيْتُم مِّن رِّبًا لِّيَرْبُوَ فِي أَمْوَالِ النَّاسِ فَلَا يَرْبُو عِندَ اللَّهِ ۖ وَمَا آتَيْتُم مِّن زَكَاةٍ تُرِيدُونَ وَجْهَ اللَّهِ فَأُولَٰئِكَ هُمُ الْمُضْعِفُونَ", means, "they give loans so that they could increase their wealth; nonetheless, it does not multiply in the eyes of Allah, they pay *Ṣadqah* (optional charity) or *Zakāh* (poor charity ordained by Qur'ān) to please Allah, and he shall increase manifold. … Qur'ān 30:39.

In *Sūrah Baqarah* (Cow) it is asserted: "يَمْحَقُ اللَّهُ الرِّبَا وَيُرْبِي الصَّدَقَاتِ ۗ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ", it can be translated into English as, "Allah depletes *Ribā* and aggrandizes *Ṣadqah*, and Allah does not like persistent sinner." … Qur'ān 2:276.

Allah, moreover, commands the believers to leave what is left of *Ribā* in the following *Āyah*: "يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنتُم مُّؤْمِنِينَ". … Qur'ān 2:278.

In other place Allah tells the recipe of success: "يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُّضَاعَفَةً ۖ وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ", meaning thereby, "O believers, do not gorge *Ribā*, increasing it many times, and fear Allah so that you could succeed." … Qur'ān 3:130.

In *Sūrah Nisā* (the women) Allah states: "وَأَخْذِهِمُ الرِّبَا وَقَدْ نُهُوا عَنْهُ وَأَكْلِهِمْ أَمْوَالَ النَّاسِ بِالْبَاطِلِ ۚ وَأَعْتَدْنَا لِلْكَافِرِينَ مِنْهُمْ عَذَابًا أَلِيمًا", it can be simply translated as, "and their taking of *Ribā* and other's property and articles (illegitimately) from which they were barred, a painful torment has been prepared for them. … Qur'ān 4:161.

[35] One of the prominent tradition is as under: "حَدَّثَنَا عُثْمَانُ بْنُ أَبِي شَيْبَةَ، وَإِسْحَاقُ بْنُ إِبْرَاهِيمَ، وَاللَّفْظُ لِعُثْمَانَ، قَالَ إِسْحَاقُ: أَخْبَرَنَا، وَقَالَ عُثْمَانُ: حَدَّثَنَا جَرِيرٌ، عَنْ مُغِيرَةَ، قَالَ: سَأَلَ شِبَاكٌ إِبْرَاهِيمَ، فَحَدَّثَنَا عَنْ عَلْقَمَةَ، عَنْ عَبْدِ اللهِ، قَالَ: «لَعَنَ رَسُولُ اللهِ صَلَّى اللهُ عَلَيْهِ وَسَلَّمَ آكِلَ الرِّبَا وَمُؤْكِلَهُ»، قَالَ: قُلْتُ: وَكَاتِبَهُ، وَشَاهِدَيْهِ؟ قَالَ: «إِنَّمَا نُحَدِّثُ بِمَا سَمِعْنَا»", means, "Prophet (PBUH) damned the eater and the client of *Ribā*, and then it was asked that what will be the fate of inscriber and witnesses, narrator responded that he narrates (only) what he hears. … Muslim bin Al-Ḥajjāj, *Ṣaḥīḥ Muslim*, *ḥādīth* No. 105 – (1597), Bāb: La'ana Ākil al-Ribā wa Mu'akkiluhū.

[36] Types of Ribā: *Ribā al-Jāhiliyyah*: It is that loan in which a person cannot settle the loan on a specified date; therefore, the date is extended in the lieu of some additional amount to that of loan. Its name is for the reason that it had prevailing practice amongst Arabs in the days of *Jāhiliyyah* (ignorance) and it is also known as Ribā al-Nasī'ah (deferred) or *Ribā al-Jalī* (whacking). Encyclopedia of *Fiqh* by Kuwait discusses with reference of Tafsīr al-Nīsābūrī, Tafsīr al-Rāzī, Fatḥ al-Qadīr of Shauwkānī and E'lām al-Muqi'īn of Ibn al-Qayyim; original text flows as under: " وَسُمِّيَ رِبَا الْجَاهِلِيَّةِ ، لِأَنَّ تَعَامُل أَهْل الْجَاهِلِيَّةِ بِالرِّبَا لَمْ يَكُنْ إِلاَّ بِهِ كَمَا قَال الْجَصَّاصُ .وَالرِّبَا الَّذِي كَانَتِ الْعَرَبُ تَعْرِفُهُ وَتَفْعَلُهُ إِنَّمَا كَانَ قَرْضَ الدَّرَاهِمِ وَالدَّنَانِيرِ إِلَى أَجَلٍ بِزِيَادَةٍ عَلَى مِقْدَارِ مَا اسْتَقْرَضَ عَلَى مَا يَتَرَاضَوْنَ بِهِ .وَسُمِّيَ أَيْضًا الرِّبَا الْجَلِيَّ ، قَال ابْنُ الْقَيِّمِ : الْجَلِيُّ : رِبَا النَّسِيئَةِ ، وَهُوَ الَّذِي كَانُوا يَفْعَلُونَهُ فِي الْجَاهِلِيَّةِ ، مِثْل أَنْ يُؤَخِّرَ دَيْنَهُ وَيَزِيدَهُ فِي الْمَال ، وَكُلَّمَا أَخَّرَهُ زَادَهُ فِي الْمَال حَتَّى تَصِيرَ الْمِائَةُ عِنْدَهُ آلاَفًا مُؤَلَّفَةً".

Ribā al-Faḍl: It is transaction of the same commodity in which excess is given from either party in shape of quality or quantity; it is also called *Ribā al-Naqd* (prompt) and *Ribā al-Khafī* (light because it is not great sin itself rather it is a sin, according to Ibn al-Qayyim). The original text is as under: وَرِبَا الْفَضْل يَكُونُ بِالتَّفَاضُل فِي الْجِنْسِ الْوَاحِدِ مِنْ أَمْوَال الرِّبَا إِذَا بِيعَ بَعْضُهُ بِبَعْضٍ ، كَبَيْعِ دِرْهَمٍ بِدِرْهَمَيْنِ نَقْدًا ، أَوْ بَيْعِ صَاعِ قَمْحٍ بِصَاعَيْنِ مِنَ الْقَمْحِ ، وَنَحْوِ ذَلِكَ .وَيُسَمَّى رِبَا الْفَضْل لِفَضْل أَحَدِ الْعِوَضَيْنِ عَلَى الآخَرِ ، وَإِطْلاَقُ التَّفَاضُل عَلَى الْفَضْل مِنْ بَابِ الْمَجَازِ ، فَإِنَّ الْفَضْل فِي أَحَدِ الْجَانِبَيْنِ دُونَ الآخَرِ .وَيُسَمَّى رِبَا النَّقْدِ فِي مُقَابَلَةِ رِبَا النَّسِيئَةِ .وَيُسَمَّى الرِّبَا الْخَفِيَّ ، قَال ابْنُ الْقَيِّمِ : الرِّبَا نَوْعَانِ : جَلِيٌّ وَخَفِيٌّ ، فَالْجَلِيُّ حُرِّمَ ، لِمَا فِيهِ مِنَ الضَّرَرِ الْعَظِيمِ ، وَالْخَفِيُّ حُرِّمَ ، لأَِنَّهُ ذَرِيعَةٌ إِلَى الْجَلِيِّ ، فَتَحْرِيمُ الأَْوَّل قَصْدًا. … Wizārat al Auwqāf wa al-Shu'ūn al-Islāmiyyah, *Al-Mousū'atul Fiqhiyyatul Kuwaitiyyah*, 2nd Ed., (Kuwait, Dār ul Salāsil, 1984-2007/ 1404-1427 AH), P.57-59, Vol. 22.

[37] Updated copy of Constitution can be found on official website of Government of Pakistan here … http://www.na.gov.pk/uploads/documents/1333523681_951.pdf accessed on October 29, 2021.

[38] Brassi, MAA, Bello, and Alhabshi. "Conversion of conventional banks," 6.

[39] CAMELS is an abbreviation of few terms: ‘C’ stands for ‘Capital Adequacy’, which delas with nexus between equity and assets that are risk-weighed, assessing ability to keep an eye on loan losses and raising equity comes under it. ‘A’ for ‘Asset Quality’ which refers to the quality of portfolio and it exhibits the resourcefulness of long-term assets. ‘M’ stands for ‘Management’, It evaluates Board of Directors and Human Resource’s performance. ‘E’ stands for “Earning’, it aims at increasing and maintaining the net worth through earnings from operations for this end, it supervises the performance. ‘L’ stands for ‘Liquidity Management’, it meets the credit demand and cash flow management, assessing the fund-availability, similarly, it also does scrutiny of institutional liabilities. ‘S’ stands for ‘Sensitivity’, it evaluates the market risk, for instance, adverse variation in commodity price or foreign exchange etc., and controls it. … Babar, Haseeb Zaman, and Gul Zeb. "CAMELS rating system for banking industry in Pakistan: Does CAMELS system provide similar rating as PACRA system in assessing the performance of banks in Pakistan?." (2011). P.4

[40] It is requirement of bank for facile operation as it is protection according to Regulators, Practitioners as well as Academicians. … Aiyar, Shekhar, Charles W. Calomiris, and Tomasz Wieladek. "How does credit supply respond to monetary policy and bank minimum capital requirements?." *European Economic Review* 82 (2016): 142-165.

[41] Pakistan, State Bank. “Guidelines for Conversion of a Conventional Bank into an ...” SBP, 2017. http://www.sbp.org.pk/ibd/2017/C1-Annex.pdf. Accessed on 22-11-2021.

[42] Al-Harbi, Ahmad. "The effect of conversion of conventional banks to Islamic banks: Evidence from GCC Countries." *International Journal* 5, no. 1 (2020): P1.

[43] The original text of the standard flow as under: In point No.2/1 of the standard No. 6 named as, “Conversion of a Conventional Bank to an Islamic Bank”, "فالأصل التخلص منها فورا ولايجوز التأخير”, that means, “the delay is not allowed and it should be converted immediately”. On the similar token, point No. 2/2 further state that:
" ويجب على مالكي البنك الإسراع فى التحول للتخلص من إثم الاســتمرار فى الأنشطة المحرمة."., which is translated as, the owners of the bank should swiftly convert the bank so that they could relieve themselves from forbidden activities. … “Accounting and Auditing Organization for Islamic Financial Institutions.” AAOIFI, 2022. https://aaoifi.com/?lang=en.

[44] Bench, Sharī‘ah Appellate. "Supreme Court of Pakistan,‘." *Judgment on Riba* (2000).

[45] The original text of Article 2 (a) given in annexure of ‘The Constitution of Pakistan, 1973’ flows as, “Wherein the Muslims shall be enabled to order their lives in the individual and collective spheres in accordance with the teachings and requirements of Islam as set out in the Holy Qur’ān and the Sunnah”

[46] For further reading, see Chapter 2: ‘Principles of Policies’ in Part-II of the Constitution of Islamic Republic of Pakistan, 1973.

[47] According to the official website of ‘Ministry of Federal Education and Professional Training’ approximately sixty million people are illiterate in Pakistan, making literacy rate as 62.3% in the country. For exhaustive reading on the subject log on to … http://mofept.gov.pk/ProjectDetail/NjQ4ZTg2NjItOWM2NC00Y2IxLTkzMDgtMjU2OTFhMjA4NzNh accessed on 06/02/2022.

[48] Pakistan and Gulf Economist (PAGE) “Conversion Process of Conventional Banks to Islamic Banks.” Pakistan & Gulf Economist, February 8, 2020. https://www.pakistangulfeconomist.com/2020/02/10/conversion-process-of-conventional-banks-to-islamic-banks/.

[49] It is a concept of Islamic Law, where a person borrows a thing which the similar of which can be returned. Imām Kāsāni says: "الْقَرْضَ هُوَ الْقَطْعُ فِي اللُّغَةِ، سُمِّيَ هَذَا الْعَقْدُ قَرْضًا لِمَا فِيهِ مِنْ قَطْعِ طَائِفَةٍ مِنْ مَالِهِ”, meaning thereby, “Denotatively, it means ‘cut’, this contract is called ‘cut’ for the reason that a person cuts valuable from his property etc. … ‘Alāudin abu bakr bin Mas’ūd bin Aḥmad al-Kāsānī, *Badā’e’ al-Sanāi’ Fi Tartīb al-Sharāi’*, (Beirut, Dārul Kutub-ul-‘ilmiyyah, 1986) P395, v.7 Second edition.

Similarly, author of *Radd al- Muhtār* writes: "وَشَرْعًا: مَا تُعْطِيهِ مِنْ مِثْلِيٍّ لِتَتَقَاضَاهُ وَهُوَ أَخْصَرُ مِنْ قَوْلِهِ (عَقْدٌ مَخْصُوصٌ) أَيْ بِلَفْظِ الْقَرْضِ وَنَحْوِهِ (يَرِدُ عَلَى دَفْعِ مَالٍ) بِمَنْزِلَةِ الْجِنْسِ (مِثْلِيٍّ) خَرَجَ الْقِيَمِيُّ (لِآخَرَ لِيَرُدَّ مِثْلَهُ) خَرَجَ نَحْوُ وَدِيعَةٍ وَهِبَةٍ"., means, It is given to receive back, in the briefest words, it is a special contract, where word *Qarḍ* or such other word is used to give away the property which has similar kind, and dissimilar of kind, trust and gifts are excluded.”
… Mohammad Amīn bin ‘Amar bin ‘Abdul ‘Azīz ‘Ābidīn al-Dimashqi, *Raddul-Muhtār ‘Alā Durrul Mukhtār,* (Beirut, dār-ul fikar, 1992) p.544, Vol.5, Second edition.)

[50] *Ibn Hummām* defines it as: "عِبَارَةٌ عَنْ عَقْدٍ عَلَى الشَّرِكَةِ بِمَالٍ مِنْ أَحَدِ الْجَانِبَيْنِ وَعَمَلٍ مِنَ الْآخَرِ، كَمَا سَيَأْتِي فِي الْكِتَابِ."

"وَقَالَ صَاحِبُ النِّهَايَةِ: وَمَنْ يَحْذُو: هِيَ حَذْوهُ فِي الشَّرِيعَةِ عِبَارَةٌ عَنْ دَفْعِ الْمَالِ إِلَى غَيْرِهِ لِيَتَصَرَّفَ فِيهِ وَيَكُونُ الرِّبْحُ بَيْنَهُمَا عَلَى مَا شَرَطَا"., meaning thereby, "A contract in which a party invests and other uses skill, the gains will be as per their agreement". … Kamāl al-dīn Moḥammad bin 'Abd al-Wāḥid al-Siwāsi al-ma'rūf bi-ebn al- Hummām, *Fath al-Qadīr*, (Beirut, dār-ul fikar, without year mentioned) p.445, Vol.8.

Almost all classic and contemporary *fuqahā* and *'A'imma* have thoroughly written on this perennial subject; however, few readings are cited of renown jurists, having devouted drastic part of their work hereunder:

Imām Shaybāni: Abū 'Abd Allah Moḥammad bin al-Ḥussayn bin Farqad al-Shaybāni, *Al-Aṣl,* (Beirut, dār Ibn Ḥazm, 2012 CE/1433 AH) p.119, Vol.4, First edition.)

Imām Shāfi'ī: Al- Shāfi'ī Abū 'Abd Allah Moḥammad bin 'Idrīs bin al-'Abbās bin 'Uthmān bin Shāfi' bin 'Abd al-Muṭṭalib bin 'Abd Manāf al-Maṭlabī al-Qarshī al-Makkī, *Al-'Umm,* (Beirut, Dārul Ma'rifa, 1990 CE/1410AH) p.124, v.9.

Imām Sarakhsi: Moḥammad bin Aḥmad bin abi-Sahl al-Sarakhsi (also known as Shams al-'Aimma means 'Sun among leading jurists'), al-Mabsūṭ, (Beirut, Dārul Ma'rifa, 1993).

[51] In the words of Encyclopedia of *Fiqh* of Kuwait, "شَارَكَ فُلاَنٌ فُلاَنًا مُشَارَكَةً ، وَفِعْلُهُ الثُّلاَثِيُّ : شَرِكَ ، يُقَال : شَرِكَ فُلاَنًا فِي الأَمْرِ شِرْكًا وَشَرِكَةً : كَانَ لِكُل مِنْهُمَا نَصِيبٌ مِنْهُ ، فَهُوَ شَرِيكٌ. وَلاَ يَخْرُجُ الْمَعْنَى الاِصْطِلاَحِيُّ عَنِ الْمَعْنَى اللُّغَوِيِّ", means, a person became partner with other, it is said in 'Arab world, he partnered with someone else means both the parties have shares in it, therefore, they are partners. The literal meaning is utilized in *Sharī'ah.* This concept in similar words can be found in Miṣbāḥ al Munīr by Aḥmad bin Moḥammad bin 'Alī al-fuyūmī thumma (then) al-Ḥamawī, similarly, Nāsir al dīn al-Muṭrazī's book Al-Maghrib fī Tartīb al-Mu'rab … Mohammad bin Ibrahim bin Abdullah al-toujiri, Mausū'atul Fiqhtul Islamiyya, (Riyadh, Baitul Afkār al-Duwaliyya, 2009) P.326, Vol.38, First edition.

[52] Point number 7/1, 7/2 & 7/3 of *Sharī'ah* Standard on Conversion sheds light on removal of *Ribā* from various services of potential Islamic bank. *"Conversion of a Conventional Bank to an Islamic Bank"*, "Accounting and Auditing Organization for Islamic Financial Institutions." AAOIFI, 2022. Download is available here: https://aaoifi.com/?lang=en. Accessed on 12-02-2022.

[53] Yang, Yi, and Linda F. Cornelius. "Students' perceptions towards the quality of online education: A qualitative approach." *Association for Educational Communications and Technology* (2004).

[54] Most of the time, it has been witnessed that banks hire those instructors, who have studied rudiments of Islamic law through translations and do not have deep knowledge of relevant subjects as discussed above. The SBP must not turn the blind eye towards this crucial matter.

[55] Cut off date means a specific date which marks the ending of period of account, after that no transaction will be recorded in formal accounts …Farlex Financial Dictionary. S.v. "cut-off date." Retrieved February 16 2022 from https://financial-dictionary.thefreedictionary.com/cut-off+date. See also Collins Dictionary of Business, 3rd ed.. S.v. "cut-off date." Retrieved February 16 2022 from https://financial-dictionary.thefreedictionary.com/cut-off+date

[56] Prohibited income means that income or gains which come from forbidden transactions, such as, *Ribā*, or such other impure contracts, services and products, which brings money to the bank and is not in line with the injunctions of Qur'ān and Sunnah.