

Corporate Social Responsibility (CSR) and Performance of Shariah-Based Banks in Bangladesh: An Anatomy of the Relationship

Muhammad Kamruzzaman ^a, H.T.M. Quader Newaz ^b

^a Associate Professor, and Chairperson, Dept. of Business Administration, ISU

^b Professor, and Treasurer, International Standard University

ABSTRACT

The study investigates the Corporate Social Responsibility (CSR) expenditure vis-à-vis the profitability of Shariah-based banks in Bangladesh from 2023 to 2024, using secondary data from Bangladesh Bank's annual reports. Examining CSR spending patterns across various sectors, including education, health, and disaster relief, the article explores the relationship between CSR activities and bank profitability. The findings reveal an increasing trend in CSR engagement among Shariah-based banks, with a strong emphasis on health, education, and disaster relief. However, the study has found no significant relationship between CSR expenditure and net profit, suggesting that CSR initiatives may not yet be fully integrated into the banks' core financial strategies. Additionally, it has identified considerable variations in CSR practices across different banks, highlighting the need for standardized reporting to enhance transparency and consistency. These insights offer valuable implications for the future development of CSR practices in Shariah-based banks in Bangladesh.

ARTICLE HISTORY

Received: February 08, 2025

1st Revision: April 12, 2025

2nd Revision: June 18, 2025

3rd Revision: Sept. 21, 2025

Accepted: October 22, 2025

Online Publication: 2025

KEYWORDS

Corporate Social Responsibility (CSR), Islamic Banking, CSR Expenditure and Financial Performance.

1. Introduction

Global business operations are influenced by Corporate Social Responsibility (CSR), which has become a crucial part of modern corporate governance (Hassan and Latiff, 2009). The role that banks play in CSR has gained increasing attention in Bangladesh, where the banking industry is vital to the country's socioeconomic progress. In fact, Islamic law provides a unique approach to CSR in the form of Shariah-based banking (Üahin et al., 2007). These banks must follow Islamic ethical principles, which by default advance social justice, equity, and community well-being, in addition to national regulatory frameworks.

a. Corresponding Author: Muhammad Kamruzzaman, Associate Professor and Head, Department of Business Administration, ISU, Civil Engineers Bhaban, 69, Mohakhali C/A, Dhaka 1212 email: kamruzzaman@isu.ac.bd

The Shariah-based banking system follows the principles of Islamic law or Shariah, a system also referred to as Islamic banking. It encourages ethical investments, asset-backed financing, and risk-sharing. The foundation of this system is the Maqasid-al-Shariah, or the higher objectives of Islamic law, which aim to safeguard faith, life, intellect, lineage, and wealth. Islamic banks are supposed to advance social justice, equitable wealth distribution, and sustainable development in order to benefit the stakeholders as well as the society (Nurdyanzah et al., 2023).

Bangladesh has seen a strong growth in Shariah-based banking, with a number of fully established Islamic banks providing Shariah-compliant products, and coexisting with conventional banks (Ahmad, 2025). The first bank in South Asia based on Shariah, the Islami Bank Bangladesh Limited (IBBL), started Islamic banking in 1983 (Khan et al., 2017). Since then, the Islamic banking industry has grown quickly, and more banks have been launching financial products that adhere to Shariah. Islamic banks in Bangladesh accounted for more than 25% of the country's total banking market share by the end of 2022, demonstrating the rising demand for financial services that adhere to Shariah (The Daily Star, 2025).

The guidelines for Islamic banking set forth by the Bangladesh Bank and the Shariah Supervisory Boards (SSBs) of individual banks regulate Shariah-based banking in Bangladesh (guideislamicbnk.pdf, 2025). These banks provide many products that are in line with Islamic ethical standards, such as cost-plus financing, leasing, joint ventures, and profit-sharing, or Murabaha. Apart from guaranteeing compliance to Shariah, these frameworks also promote socially conscious conduct by steering clear of ventures that are considered detrimental to the community (Maghfiroh, 2023).

Shariah-based banks operating in Bangladesh have actively participated in corporate social responsibility (CSR) programs, with particular emphasis on environmental sustainability, disaster relief, healthcare, education, and poverty alleviation (Bhuiyan et al., 2022). A portion of the profits from these banks is directed towards corporate social responsibility initiatives; some banks even go

above and beyond Bangladesh Bank's legal mandates (Hossain, 2012). Furthermore, a lot of Bangladeshi banks with a Shariah foundation place a strong emphasis on environmental sustainability as part of their CSR initiatives. A number of these banks have implemented green banking programs to lessen the environmental effects of their business practices and to support environment-friendly financing options such as renewable energy projects (Julia and Kassim, 2020). These initiatives are in line with Islamic principles as well as international sustainability standards.

In many ways, Bangladesh's Shariah-based banks have succeeded in their CSR efforts. These banks have been contributing and helping the country to achieve its objectives of reducing poverty and promoting socioeconomic development, especially in rural areas (Hassan and Latiff, 2009). Shariah-based banks have tackled important development issues like financial inclusion, lack of access to healthcare and education, and the need for sustainable agricultural practices through various initiatives and so on (Zulkhibri, 2016).

Even with successful results, there are still difficulties in integrating CSR into Shariah-compliant banking. The absence of a standardized framework for assessing and disclosing CSR performance is a major problem that causes disparities in the industry (Rehman et al., 2020). It can also be challenging to strike a balance between social goals and profit motives because banks have to maintain their competitiveness while honouring their ethical obligations. Innovative models that produce financial returns while providing social value are needed to achieve this balance (Gangi et al., 2018). Considering this backdrop, this study aims to investigate the relationship between CSR and the performance of Shariah-based banks of Bangladesh.

2. Significance of the Study

The people of Bangladesh are very religious. The majority of the country's population are Muslim. Most people here prioritize Islamic Shariah-based rules and regulations when conducting their daily lives, including financial transactions. They view the conventional interest-based banking system as

sinful. For nearly four decades, Islamic banks have been serving the banking needs of this large segment of the population. The CSR activities are currently playing a very effective role in building relationships with the public, increasing everyone's involvement in their operations, strengthening those relationships further, and ultimately creating new avenues for banking services with all segments of society. The CSR activities are now very important for any bank, not just for social responsibility but also for solidifying its business position in society. In recent years, CSR has emerged as a vital strategic tool in the banking sector, especially in contexts where ethical and social considerations play a central role. For Shariah-based banks, which are grounded in Islamic ethical principles, CSR is not merely an optional practice but an inherent part of their operational philosophy. In Bangladesh, the growing prominence of Islamic banking presents a unique opportunity to examine how CSR initiatives influence financial and non-financial performance in this sector. Therefore, this study has been conducted to understand the nature of CSR activities and compare the same among Islamic banks in the study period, their expenditure categories, and examine the relationship between the CSR expenditure and the banks' income. The study is deemed to be both timely and relevant, as it aligns with national development goals and global trends toward ethical and sustainable finance. Understanding the dynamics between CSR and performance in Shariah-based banks can lead to more effective practices and better outcomes for all stakeholders involved.

2.1 Literature Review

A number of selected literature were closely reviewed to construct the framework of the study. The review findings are presented below in brief. The banking industry in Bangladesh shows high CSR disclosure efficiency. Uddin et al observe that profitability and marketability positively impact CSR disclosure efficiency (Uddin et al., 2022). Several researchers find a deep relation between CSR activities and financial performance. A study (Nandiroh, 2023) found that there is a positive relationship between CSR and financial performance of Shariah-based banks (Alam et al., 2023). Chowdhury et al. claims that CSR

activities have a positive impact on financial performance whereas Vilantika and Handayani suggests that Islamic Social Responsibility (ISR) and Islamic Corporate Governance (ICG) positively affect financial performance (Vilantika and Handayani, 2023). Furthermore, Shariah-based banks are also efficient in preserving faith, intellect, and wealth circulation (Julia and Kassim, 2020), (Dewi et al., 2023). CSR based on Shariah Enterprise Theory (SET) improves Islamic banks' corporate reputation, and enhances stakeholder trust and positive image (Amaliah et al., 2023). CSR positively influences customer loyalty in Shariah-based banks (Dewi et al., 2023). Respondents express strong agreement and satisfaction with the CSR activities of Islamic banks (Bhuiyan et al., 2022). Islamic banks are marginally more efficient at disclosing corporate social responsibility (CSR) than conventional banks. On average, Islamic banks report CSR at a rate of 46.27%, while conventional banks report at a rate of 43.44%; on the other hand, CSR disclosure was found to be 25.89% with 5.49% deviation (Hossain and Neogy, 2019). Most Shariah -based banks in Bangladesh are committed to CSR practice. As a result, CSR expenditures and engagements by these banks are increasing (Ahmed and Rahman, 2019). These banks are growing 170% faster than traditional banks (Chowdhury et al., 2023). One of the reasons behind this is that Shariah-based Islamic banks spend significantly more on CSR areas than conventional banks (Alam, 2020). However, a recent study found some conflicting results, revealing that CSR disclosures have a significant and negative relation with the financial performance of Islamic banks (Mahmuda and Muktadir, 2023). Moreover, there is a significant variation in the performance of Islamic Sharia-based banking in Bangladesh (Hossain and Neogy, 2019). A strong legislative framework is essential for the sustainable development of the Islamic banking industry, as highlighted in a study that provided guidelines for Shariah-based banks (Uddin et al., 2024).

The analysis of the above literature clearly shows that no detailed study on the financial impact of CSR activities on Shariah-based banks' performance has been conducted so far. This is the research gap that needs special attention. From this context, the study has been taken by the researcher.

2.2 Objectives of the Study

The main objective of this study is to find out the relationship between CSR activities and Shariah-based banks' performance in Bangladesh. However, the specific objectives include the following:

- To find out quantitative comparisons of CSR expenditure patterns among different Shariah-based banks in Bangladesh.
- To examine the role of CSR activities in this field/area covered by the study.
- To assess the financial impact of CSR activities on Shariah-based banks' profitability and market performance.
- To analyze the contribution of Shariah-based banks in social development through CSR initiatives.

3. Methodology of the Study

3.1 Data Collection

This study investigates and evaluates the Corporate Social Responsibility (CSR) expenditures of Islamic Shariah-based banks in Bangladesh for the years 2023 and 2024. As exploratory research, the study relies on secondary data extracted from the annual financial reports of Bangladesh Bank, focusing specifically on CSR-related disclosures. The dataset includes information from 10 Islamic banks categorized into half-yearly periods: January–June and July–December. This approach allows for a comparative analysis of CSR spending over time and across different financial institutions.

3.2 Variables of Interest

The study aims to assess the distribution and allocation of CSR expenditure across various categories. The key variables of interest include total CSR expenditure, sources of CSR funds, net profit after tax, and expenditure from other financial sources. Additionally, the study examines the sector-wise allocation of CSR funds, categorizing them into different areas such as education, health, environment, disaster relief, financial inclusion, infrastructure development, sports and culture, and other social initiatives. These variables

provide insight into how Islamic banks prioritize their CSR activities and contribute to social and economic development.

3.3 Statistical Analysis

Descriptive statistical methods have been employed to analyze the CSR spending patterns among Islamic banks. The analysis focuses on identifying trends in total CSR expenditure over time and across different banks, as well as evaluating the proportion of CSR funds sourced from net profit compared to other financial sources. Furthermore, the study examines the sector-wise distribution of CSR funds to highlight the areas of priority for Islamic banks. To determine whether there is a significant relationship between CSR activities and net profit, a panel data analysis is conducted. This analysis assesses the impact of CSR expenditure on the financial performance of Islamic banks over time, controlling for variations across institutions. The findings are presented in tables that illustrate year-on-year and bank-wise variations in CSR spending. Additionally, the percentage distribution of CSR expenditure across various sectors is calculated to provide a clearer understanding of how Islamic banks allocate their CSR budgets. This structured approach ensures a comprehensive assessment of CSR practices and offers a comparative perspective on the role of Islamic banks in fostering social and economic development.

4. Results and Findings of the Study

4.1 CSR Expenditure and Sources

An attempt has been made first to find out the quantity of CSR expenditure vis-à-vis the sources of funds. Table 1 in the appendix shows the CSR expenditure of Islamic Shariah-based banks in Bangladesh for the respective periods of January–June 2023, July–December 2023, and January–June 2024. According to the table, it is seen that Islami Bank Bangladesh has always been at the forefront of the CSR spending in Bangladesh, with a total CSR expenditure of over Tk. 46 crore in the first half of 2023 and a significant amount in subsequent periods. However, Social Islami Bank, Shahjalal Islami Bank, and First Security Islami Bank participated slightly to moderately in CSR activities.

The table further reveals that the proportion of CSR expenditure appropriation directly from net profit is still relatively small: 20.79% in early 2023, 26.85% in late 2023, and 27.08% in early 2024, while the share of CSR expenditure appropriation from non-profit sources still stands at 79.21%, 73.15% and 72.92%, respectively. This position indicates the very narrow financial perspective on CSR's sustainability, and its integration into the core financial framework of these banks, which suggests, at least from these trends, that further progress is needed to formalize CSR contributions from profits. Furthermore, there is still a need to be more institutionally committed to foster CSR practices at an appropriate level in line with Islamic ethical values, transparency, and accountability. This is particularly important in terms of assessing whether the sample banking institutions in this study are fulfilling their social responsibility according to Shariah. In this context, Chart 1 in the appendix has been drawn to show the quantity of CSR expenditure of sample banks at a glance.

4.2 Heads of CSR Expenditure

Data in Table 2 in the appendix indicates that Islami Bank Bangladesh spent the highest amount of CSR expenditure of Tk. 46.71 crore (25.23%) of the sample banks in Bangladesh, of which expenditure on health and disaster relief are Tk. 25.03 crore and Tk. 11.20 crore respectively. Al-Arafah Islami Bank follows closely behind with Tk. 42.45 crore (22.93%) for CSR spending. According to BB, health spending for the bank was Tk. 24.11 crore and disaster relief expenditure of Tk. 10.58 crore. Shahjalal Islami Bank and Exim Bank have made significant CSR spending of Tk. 38.75 crore and Tk. 28.98 crore respectively. Union and Global Islami Bank had low CSR spending, revealing that their CSR expenses were very poor. The findings show that the Shariah banks have a strong commitment to health and disaster relief expenditure, with little or no CSR expenditure in other areas.

Table 3 in the appendix reflects the total CSR expenditure of Shariah-based banks in Bangladesh for July-December 2023. Islami Bank Bangladesh showed a total of Tk. 53.07 crore (36.62%), with relief of disasters as its first priority, being Tk. 49.38 crore, and the rest for others under CSR in this period. Union

Bank and Social Islami Bank came in second and third with Tk. 24.80 crore (17.12%) and Tk. 21.74 crore (15.01%) respectively as relief from health and disasters. Exim Bank and Al Arafah Islami Bank have spent Tk. 14.95 crore (10.32%) and Tk. 8.87 crore (6.12%) respectively, their spending being mostly on health and disasters. It seems that most of the expenditure related to disaster relief dominated over the period, recording 67.51% of total CSR expenditure.

Table 4 in the appendix shows the January to June 2024 CSR expenditure for Shariah-based banks in Bangladesh. Islami Bank Bangladesh continues to lead with the largest share of spending amounting to Tk. 52.23 crore (25.86%), which was mostly used for disaster relief (Tk. 26.05 crore). Exim Bank was not far behind with Tk. 35.32 crore (17.49%) with prominent spending on disaster relief (Tk. 3.77 crore) and health (Tk. 12.41 crore). Al-Arafah Islami Bank donated Tk. 22.47 (11.12%), which was mostly spent on health care (Tk. 13.88 crore) and education (Tk. 4.44 crore); whereas the Social Islami Bank spent Tk. 24.78 crore, (12.17%) and Shahjalal Islami Bank Tk. 27.77 crore (13.75%), which were relevant to social improvements and disaster relief. The picture as shown above reveals that disaster relief remains the largest share taken of CSR, which accounts for 27.20% of total spending, revealing an attention towards philanthropic efforts.

5. Relationship between CSR and Profit

At this stage, an attempt has been made to examine the relationship between CSR and profit performance. Table 5 in the appendix presents the results of the panel data analysis, examining the relationship between CSR expenditure and net profit for Shariah-based banks in Bangladesh. The coefficients for CSR expenditure are small and statistically insignificant in both the fixed effects (FE) and random effects (RE) models, with p-values of 0.1919 (FE) and 0.0968 (RE). The R-squared values are very low, indicating CSR expenditure has minimal explanatory power for net profit. The F-Test (FE) and Wald Chi2 (RE) also show no significant effect ($p = 0.817$ and $p = 0.926$, respectively). These results

suggest that CSR expenditures have almost no relationship with profit, and CSR is independent in relation to the banks' net profits.

6. Discussion

Bangladeshi Islamic Shariah-based banks have shown remarkable performance in their financial engagement along with social responsibility for the years 2023-2024. According to the data, the total spending by Islami Bank Bangladesh is found to be the largest compared to the share of industry CSR as a whole, having expenditure running upwards at Tk. 46.71 crore in the first half of 2023 and thereafter continuing to spend beyond Tk. 46.71 crore, which is indicative of rather large expenditure during other periods. This assertion goes hand in hand with the bank's history, where historically, Islamic Banks' Bangladesh branches have dominated in spending over socially responsible expenditure, like Turkey, which has always ensured that Shariah-based banks have sufficient funds for the welfare of their country and far beyond for the country's international spending within the Islamic world.

The data also shows that the CSR expenditures on net profit are still relatively small. For instance, in the first semester of 2023, only 20.79% of CSR expenditures were financed from net profit, but they have gradually increased to 27.08% by the beginning of 2024. Although this signifies advancement, most of the CSR funding is still sourced from outside profit centers. This indicates that while the banks undertake CSR activities, there is further scope for deeper commitment to restructure CSR within their organizational practices towards a more integrated, enduring, and clear approach.

As the banks under consideration operate on Shariah principles, the ethical aspect of the CSR activities ought to be more responsive. The concentration on health and disaster relief is, indeed, under the Islamic principles of charity and community service. The striking fact is the relatively limited investment in other sectors such as education, infrastructure, and even environmental conservation, which indicates that there is a need for a more comprehensive approach to CSR in line with Shariah law. Islam promotes the holistic development of society

through its values, and for this reason, the banks are encouraged to diversify their CSR programs.

As for CSR, the case of Islami Bank Bangladesh is rather impressive, considering the amount spent on CSR activities. In contrast, ICB Islamic Bank and Global Islamic Bank appear to have CSR expenditure well below the average amount.

7. Conclusion

This study offers valuable insights into the Corporate Social Responsibility (CSR) activities of Shariah-based banks in Bangladesh, addressing the scope, trends, and financial foundation of these practices. Results indicate that health and disaster relief receive the major CSR spending, which reflects banks' attention to pressing community needs. Further, it is to be noted that the major CSR funding comes from outside sources rather than profits, which indicates that CSR needs to be more thoroughly incorporated into financial plans. Significant variation in CSR engagement across banks is revealed by the study, which may be caused by variations in their Shariah-based compliance and institutional priorities. Furthermore, by ensuring compliance with Islamic ethical principles, Shariah-based banks can enhance their commitment to corporate social responsibility.

References

Ahmad A. U. F. and Rahman, S. (2019). Corporate Social Responsibility in Islamic Banks' Practice: Evidence from Bangladesh, in *Research in Corporate and Shari'ah Governance in the Muslim World: Theory and Practice*, Emerald Publishing Limited, pp. 305–314. doi: 10.1108/978-1-78973-007-420191032.

Ahmad, F. (2025). Acceptance Sharia Law in Banking System of Bangladesh and Its Impact on Economy. | EBSCOhost.” Accessed: [Online]. Available: <https://openurl.ebsco.com/contentitem/gcd:164883085?sid=ebsco:plink:crawler&id=ebsco:gcd:164883085>

Alam, Md. K., Ahmad, A. U. F., Ahmed, M. U. and Uddin, Md. S. (2023). Shariah audit of Islamic Banks in Bangladesh: the present practice and the way forward, *JAAR*, vol. 24, no. 5, pp. 986–1003, doi: 10.1108/JAAR-02-2022-0044.

Alam, M. T. (2020). A Comparative Study of CSR Practices of Islami Shariah Based PCBs and Conventional PCBs in Bangladesh, *European Journal of Islamic Finance*, p. First Special Issue for EJIF Workshop, doi: 10.13135/2421-2172/3831.

Amaliah L. N., Haliah, H. and Nirwana, N. (2023). Implementation of Corporate Social Responsibility (CSR) In Improving the Reputation of Islamic Banking: A Perspective of Shariah Enterprise Theory,” *DIJEFIA*, vol. 4, no. 4, pp. 592–602, doi: 10.38035/dijefa.v4i4.2044.

Bhuiyan, Md. A. H., Darda, Md. A. and Hossain, Md. B. (2022). Corporate social responsibility (CSR) practices in Islamic banks of Bangladesh, *SRJ*, vol. 18, no. 5, pp. 968–983, doi: 10.1108/SRJ-07-2020-0280.

Chowdhury, A. H. M. Y. and Nehal, Md. N. (2020). Effect of Corporate Social Responsibility Expenditures on Financial Performance in Banking Sector of Bangladesh, *JOEBM*, Faculty of Business Studies, Bangladesh University of Professionals, Bangladesh, vol. 8, no. 1, pp. 44–49, doi: 10.18178/joebm.2020.8.1.610.

Chowdhury, O., Amin Rishat, M. A. S., Al-Amin, Md. and Azam, Md. H. Bin. (2023). The Decentralized Shariah-Based Banking System in Bangladesh Using Block-chain Technology, *IJIEEB*, American International University-Bangladesh (AIUB), Dhaka, Bangladesh, vol. 15, no. 3, pp. 12–28, doi: 10.5815/ijieeb.2023.03.02.

Dewi, S., Yaswirman, Y., Febriamansyah, R. and Henmaidi, H. (2023). The Role of Social Responsibility of Sharia Financial Institution on Customer Loyalty, *JIMK*, vol. 11, no. 2, doi: 10.56457/jimk.v11i2.486.

Gangi, F., Mustilli, M., Varrone, N. and Daniele, L. M. (2018). Corporate Social Responsibility and Banks' Financial Performance," *IBR*, vol. 11, no. 10, p. 42, doi: 10.5539/ibr.v11n10p42.

guideislamicbnk.pdf. (2025). Accessed: [Online]. Available: <https://www.bb.org.bd/aboutus/regulationguideline/islamicbanking/guideislamicbnk.pdf>

Hassan, A. and Latiff, H. S. B. A. (2009). Corporate social responsibility of Islamic financial institutions and businesses: Optimizing charity value, *International Journal of Ethics and Systems*, vol. 25, no. 3, pp. 177–188, doi: 10.1108/08288660910986900.

Hossain Md. S. and Neogy, T. K. (2019). The Current Status of Corporate Social Responsibility Disclosure of Islamic Sharia-based Banking Companies in Bangladesh, *American Journal of Trade and Policy*, vol. 6, no. 2.

Hossain, S. F. (2012). Corporate Social Responsibility of Private Banks in Bangladesh: Expectations, Achievements and Challenges, *jpag*, vol. 2, no. 1, p. 176, doi: 10.5296/jpag.v2i1.1583.

Julia, T. and Kassim, S. (2020). Exploring green banking performance of Islamic banks vs conventional banks in Bangladesh based on *Maqasid Shariah* framework, *JIMA*, vol. 11, no. 3, pp. 729–744, doi: 10.1108/JIMA-10-2017-0105.

Khan, T. and Mohamed, A. B. R. N. (2017). Ethical Banking and Islamic Banking: A Comparison of Triodos Bank and Islami Bank Bangladesh Limited, *Social Science Research Network*, Rochester, NY: 3149542.

Accessed: Jan. 11, 2025. [Online]. Available: <https://papers.ssrn.com/abstract=3149542>

Maghfiroh, S. L. (2023). Money Lending System According to Islamic Views. Accessed: Available: https://www.researchgate.net/publication/376855753_Money_Lending_System_According_to_Islamic_Views

Mahmuda N. A. and Muktadir, M. A. D. (2023). Corporate social responsibility disclosures and profitability of Islamic banks: an empirical study, *SRJ*, vol. 19, no. 6, pp. 1142–1160, doi: 10.1108/SRJ-10-2020-0401.

Nandiroh, U. U. (2023). Corporate Social Responsibility and Financial Performance in Shariah Banks: A Review, *JIEI*, vol. 9, no. 3, p. 4671, doi: 10.29040/jiei.v9i3.10670.

Nurdyanzah, M., Junaidi, J. and Sultan, S. (2023). The Role of Islamic Banks' Financial Performance on Corporate Social Responsibility (CSR)," *JESI*, vol. 13, no. 1, p. 14, doi: 10.21927/jesi.2023.13(1).14-23.

Rehman et al., (2020). Do Corporate Social Responsibility Disclosures Improve Financial Performance? A Perspective of the Islamic Banking Industry in Pakistan, *Sustainability*, vol. 12, no. 8, p. 3302, doi: 10.3390/su12083302.

Rouf, Md. A., Hossan, Md. A. and Kabir, A. N. M. J. (2024). CSR reporting practices of Islamic and conventional banks based on ownership differences, *JIABR*, doi: 10.1108/JIABR-03-2023-0081.

The Daily Star. (2025). Islamic Banking in Bangladesh, Accessed: [Online]. Available: <https://www.thedailystar.net/supplements/islamic-banking-bangladesh/news/islamic-banking-bangladesh-3741051>

Üahin, B. et al., (2007). International Institute of Islamic Thought (IIIT), *American Journal of Social Sciences*, 24:1.

Uddin M. N. et al., (2024). Guidelines for developing the shari'ah-compliant products and shari'ah governance for sustainable banks in Bangladesh, *Bus Strat Dev*, vol. 7, no. 1, p. e309, doi: 10.1002/bsd2.309.

Uddin, M. N., Rashid, Md. H. U. and Rahman, Md. T. (2022). Profitability, marketability, and CSR disclosure efficiency of the banking industry in Bangladesh, *Helijon*, vol. 8, no. 11, p. e11904, doi: 10.1016/j.helijon.2022.e11904.

Vilantika, E. and Handayani, A. (2023). Islamic Social Responsibility and Islamic Corporate Governance in Influencing Financial Performance Using Sharia Conformity and Profitability, *lamaisyir*, pp. 155–171, doi: 10.24252/lamaisyir.v10i2.43731.

Zulkhibri, M. (2016). Financial inclusion, financial inclusion policy and Islamic finance, *Macroeconomics and Finance in Emerging Market Economies*, vol. 9, no. 3, pp. 303–320, doi: 10.1080/17520843.2016.1173716.

Declaration of Interests

We, the authors of this research manuscript, declare that we have no financial interest. We have provided written consent to publish the paper in this journal.

Appendix:
Annex Table 1: Quantity and Sources of CSR expenses of Islamic Shariah-based Banks: 2023-2024

of Islamic Banks	CSR Expenditure (Crore Taka)		CSR Expenditure from Net Profit After Tax (Crore Tk.)			CSR Expenditure from Other Sources (Crore Taka)			
	2023	2024	2023	2024	2023	2024	2023	2024	
	Jan.-June	July-Dec.	Jan.-June	Jan.-June	July-Dec.	Jan.-June	July-Dec.	Jan.-June	
Islami Bank Bangladesh	46.71	50.08	26.32	0	0	0	46.71	50.08	26.32
ICB Islamic Bank	0.03	0.036	0.03	0	0	0	0.03	0.04	0.03
Al-Arafah Islami Bank	8.82	8.84	0.06	0	0.03	0	8.82	8.81	0.06
Social Islami Bank	21.48	21.49	9.06	0	0	0	21.48	21.49	9.06
Standard Bank	2.88	2.88	3	1.02	1.02	0	1.86	1.86	3
Exim Bank	9.87	9.87	9.00	9.87	9.87	9.00	0	0	0
First Security Islami Bank	11.32	14.85	2.9	11.32	9.85	0	0	5	2.9
Shahjalal Islami Bank	14.52	14.87	12.41	0	0	12.41	14.52	14.87	0
Union Bank	2.48	24.80	14.58	2.48	24.81	0	0	0	14.58
Global Islami Bank	1.91	1.62	1.68	0	0	0	1.91	1.62	1.68
Total	118.81	148.74	79.04	24.69	45.59	21.411	94.12	103.15	57.63
(%)	100%	100%	100%	20.79%	26.85%	27.08%	79.21%	73.15%	72.92%

(Source: Bangladesh Bank)

Annex Table 2: CSR Activities Performed by Islamic Shariah-based Banks in 2023 (Jan-June)

Bank Name	Education (Cr)	Health (Cr)	Environment (Cr)	Financial Inclusion (Cr)	Disaster Relief (Cr)	Infrastructure Development (Cr)	Sports & Culture (Cr)	Other social improvement (Cr)	Others (Cr)	Total (Cr)	%
Islami Bank Bangladesh	5.01	25.03	4.01	0.00	11.20	0.04	1.00	0.42	12.66	46.71	25.23
ICB Islamic Bank	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.02
Al-Arafah Islami Bank	3.75	24.11	4.01	0.00	10.58	0.00	0.00	0.00	10.58	42.45	22.93
Social Islami Bank	2.93	1.90	0.00	0.00	0.38	0.00	1.00	0.03	1.40	6.23	3.36
Standard Bank	0.54	0.24	0.01	0.00	0.02	0.00	1.25	4.40	5.67	6.46	3.49
Exim Bank	9.28	11.15	4.00	0.00	0.42	0.00	3.45	0.68	4.55	28.98	15.65
First Security Islami Bank	0.60	0.58	4.02	0.00	5.17	0.00	1.25	0.00	6.42	11.62	6.28
Shahjalal Islami Bank	12.29	13.88	4.26	0.41	6.27	0.00	1.60	0.04	8.32	38.75	20.93
Union Bank	0.10	1.03	0.00	0.00	0.00	1.00	0.50	0.11	1.61	2.74	1.48
Global Islami Bank	0.03	0.02	0.00	0.00	1.09	0.00	0.01	0.00	1.11	1.16	0.63
Total	34.56	77.94	20.31	0.41	35.13	1.04	10.06	5.68	52.32	185.13	100
%	18.67	42.10	10.97	0.22	18.98	0.56	5.44	3.07	28.26	100.00	

(Source: Bangladesh Bank)

Annex Table 3: CSR Activities Performed by Islamic Shariah-based Banks in 2023 (July-December)

Bank Name	Edu catio n (Cr)	Heal th (Cr)	En vir on me nt (Cr)	Fin anc ial Incl usi on (Cr)	Disa ster Reli ef (Cr)	Infr astr uct ure De vel op me nt	Spo rts & Cul ture (Cr)	Oth er soc ial im prov em ent	Other s (Cr)	Total (Cr)	%
Islami Bank Bangladesh	1.27	0.26	0.0 3	0.0 0	49.3 8	0.0 0	2.0 0	0.1 4	51.52	53.07	36.62
ICB Islamic Bank	0.01	0.02	0.0 0	0.0 0	0.00	0.0 0	0.0 0	0.0 1	0.01	0.04	0.02
Al-Arafah Islami Bank	2.16	4.56	0.1 0	0.0 0	1.81	0.2 0	0.0 4	0.0 0	2.05	8.87	6.12
Social Islami Bank	3.70	2.03	4.5 0	0.0 0	7.36	0.0 0	1.0 0	3.1 5	11.51	21.74	15.01
Standard Bank	0.02	0.01	0.0 0	0.0 0	2.42	0.0 0	1.0 1	0.0 0	3.43	3.46	2.39
Exim Bank	2.84	4.05	0.0 0	0.0 2	5.00	0.0 0	2.0 0	1.0 4	8.06	14.95	10.32
First Security Islami Bank	0.56	0.21	0.0 8	0.0 0	0.00	0.0 0	0.0 0	0.0 8	0.08	0.93	0.64
Shahjalal Islami Bank	4.25	0.84	0.4 6	0.0 0	7.26	0.0 0	2.0 4	0.0 2	9.32	14.87	10.26
Union Bank	1.41	0.03	0.0 0	0.0 0	23.2 3	0.0 0	0.0 0	0.1 3	23.36	24.80	17.12
Global Islami Bank	0.76	0.02	0.0 0	0.0 0	1.36	0.0 0	0.0 1	0.0 2	1.39	2.17	1.50
Total	16.9 7	12.0 2	5.1 8	0.0 2	97.8 3	0.2 0	8.1 1	4.5 8	110.7 4	144.9 1	100.0 0
%	11.7 1	8.30	3.5 8	0.0 1	67.5 1	0.1 4	5.6 0	3.1 6	76.42	100.0 0	

(Source: Bangladesh Bank)

Annex Table 4: CSR Activities Performed by Islamic Shariah-based Banks in 2024 (Jan-June)

Bank Name	Edu catio n (Cr)	Heal th (Cr)	En vir on me nt (Cr)	Fin anc ial Incl usi on (Cr)	Disa ster Reli ef (Cr)	Infr astr uct ure De vel op me nt	Spo rts & Cul ture (Cr)	Oth er soc ial imp rov em ent	Other s (Cr)	Total (Cr)	%
Islami Bank Bangladesh	0.01	0.01	0.0 0	0.0 0	26.0 5	0.0 4	0.0 1	0.0 1	26.1 0	52.23	25.8 6
ICB Islamic Bank	0.01	0.02	0.0 0	0.0 0	0.00	0.0 0	0.0 0	0.0 0	0.00	0.03	0.01 5
Al-Arafah Islami Bank	4.44	13.8 8	0.3 3	0.0 0	1.91	0.0 0	0.0 0	0.0 0	1.91	22.47	11.1 2
Social Islami Bank	1.64	1.38	0.0 0	0.0 0	7.09	0.0 0	0.0 0	3.7 9	10.8 8	24.78	12.2 7
Standard Bank	0.03	0.17	0.0 0	0.0 0	0.01	0.0 4	0.0 1	1.0 0	1.06	2.32	1.15
Exim Bank	8.09	12.4 1	0.0 0	0.0 0	3.77	0.0 0	2.9 5	0.6 9	7.41	35.32	17.4 9
First Security	0.21	10.1 1	0.0 0	0.0 0	6.98	0.0 0	0.0 0	1.7 7	8.75	27.82	13.7 7

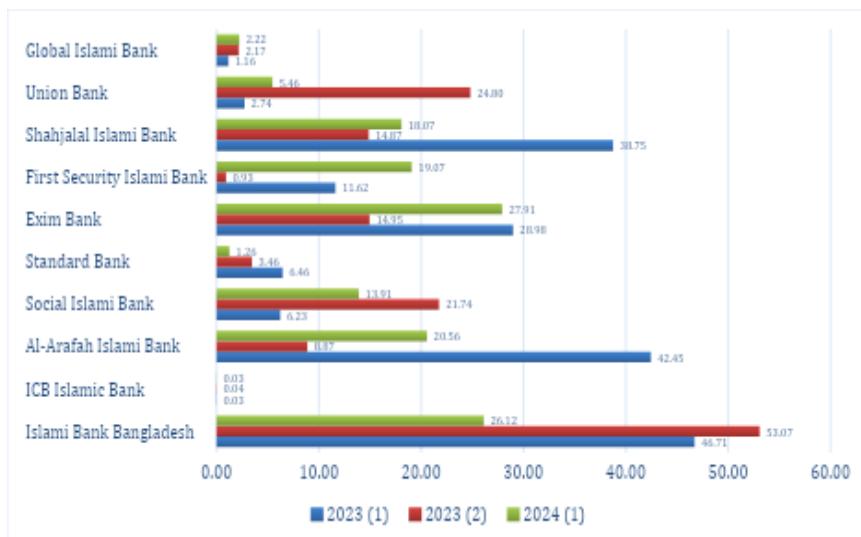
Islami Bank											
Shahjalal Islami Bank	5.85	1.74	0.78	0.00	8.42	0.01	1.25	0.02	9.70	27.77	13.75
Union Bank	1.02	4.06	0.00	0.00	0.04	0.00	0.00	0.35	0.39	5.86	2.90
Global Islami Bank	0.06	0.01	1.00	0.00	0.67	0.04	0.01	0.44	1.15	3.38	1.67
Total	21.36	43.79	2.11	0.04	54.94	0.13	4.23	8.07	67.35	201.98	100
%	10.58	21.68	1.04	0	27.20	0.06	2.09	4.00	33.34	100	

(Source: Bangladesh Bank)

Annex Table 5: Impact of CSR Expenditure on Net Profit: Panel Data Analysis of Shariah-Based Banks in Bangladesh

Variable	Fixed Effects (FE)	Random Effects (RE)
CSR Expenditure	0.0457 (0.1919)	0.0090 (0.0968)
Constant	1.8498 (2.1097)	2.2158 (1.4862)
R-squared (Within)	0.0063	0.0063
R-squared (Between)	0.0002	0.0002
R-squared (Overall)	0.0001	0.0001
rho (variance due to ui)	0.4345	0.2562
F-Test (FE) / Wald Chi2 (RE)	F(1,9) = 0.06 (p = 0.817)	Chi2(1) = 0.01 (p = 0.926)

Annex Chart 1. CSR Expenditure by Shariah-based Banks in Bangladesh



(Taka in Crore)