

Corporate Social Responsibility of Islamic Banks in Malaysia: Arising Issues

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Abstract

Corporate social responsibility (CSR) term has rapidly developed and is no longer a strange concept among business communities. As part of business entities and concurrently guided by Sharī'ah principles, Islamic banks face even more expectations in performing CSR as Islamic financial institutions. On top of that, although Malaysia is at the vanguard in the development of Islamic finance especially in Islamic banking industry, there is a lack of discussion on issues pertaining CSR applications of Islamic banks. Using interview data with top management executives and supported by observations and document reviews, this study attempts to disclose arising issues regarding CSR applications of Islamic banks in Malaysia. It was found that there are significant issues that need to be addressed in order to ensure the efficiency of Islamic banks CSR applications especially regarding corporate social responsibility disclosure (CSR D), CSR department and CSR fund.

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1. Introduction

Undeniably, many contemporary discussions of corporate social responsibility (CSR) have largely been based on a Western direction (Di Bella & Al-Fayoumi, 2016). CSR idea was originally introduced by an American economist in 1950s and until recently has evolved as a comprehensive term that refers to anything good which is done by a corporation in order to have a positive and productive impact on its various stakeholders. Generally, CSR focuses on what an organization does that affects the society in which it exists (Stoner, Freeman, & Gilbert, 1995). It is important to recognize that all types of business apply CSR initiatives to further their relationships with their customers, their employees and their community at large (McAlister, Ferrel, & Ferrel, 2005). In this light, fundamentally, all of the world's top multinationals engage in CSR in some form and there is almost no country in which business have not taken up the challenge of CSR in some way (Matten, 2006), since social responsibility of corporate institutions and how they respond to the welfare expectations of society are important concerns in modern business (Aribi & Arun, 2015).

CSR also is not alien to Islamic banks. In fact, the majority of Islamic banks worldwide are sensitive to CSR, and this is parallel with the goal of their establishment as institutions with moral and profit making motives (Haron & Wan Azmi, 2009). Unsurprisingly, there are significant number of studies on the CSR of Islamic banks are found in past literature (see Adnan, 2012, 2015; Aribi, 2009; Aribi & Arun, 2015; Dusuki, 2005, 2008; Dusuki & Dar, 2005, 2007; Farook, 2007, 2008; Hassan & Abdul Latiff, 2009; Yusuf & Bahari, 2011). However, none of them disclosed any arising issues regarding CSR applications of Islamic banks especially in Malaysia. It is imperative to disclose the issues in order to understand the hurdles faced by Islamic banks in implementing CSR and further find solutions for that. Thus, the purpose of this study is to uncover arising issues pertaining CSR applications of Islamic banks in Malaysia.

The rest of this paper is organized as follows: Section 2 reviews of previous studies, Section 3 explains on research methodology. The findings are discussed in Section 4. Section 5 concludes the paper.

2. Literature Review

Many Islamic banking scholars claim that although Islamic banks execute mostly the same functions as conventional banks, they do this in clearly different ways (Ahmad, 2000; Iqbal & Molyneux, 2005; Marvyn K. Lewis & Algoud, 2001;

Warde, 2000). The most important features of Islamic banking and finance which makes it different and unique from its conventional counterpart are, firstly, Islamic banking strives for a just, fair and balanced society as envisioned by the Islamic economics. Secondly, Islamic banking is constructed upon the principle of brotherhood and cooperation which stands for a system of equity-sharing, risk-sharing and stake-taking. Thirdly, as a system grounded on ethical and moral framework of the Sharī'ah, Islamic banking is also characterised by ethical norms and social (Dusuki, 2006). Fourthly, Islamic banking is community oriented and entrepreneur-friendly, emphasising productivity and the physical expansion of economic production and services. Finally, Islamic banking operates within limits that ensure stability in the value of money and that reduce destabilizing speculations (Dusuki, 2011).

These characteristics somehow imply the relevance and significance of CSR as a globally accepted practice to Islamic banks. Islamic banking system has an intrinsic dimension that promotes social responsibility, as it resides within a financial trajectory underpinned by the forces of Sharī'ah injunctions. These Sharī'ah injunctions intertwine Islamic financial transactions with genuine concern for ethically and socially responsible activities and at the same time prohibiting involvement in illegal activities or those which are detrimental to social and environmental well-being (Dusuki, 2006).

Hence, while the virtues of Islam have always advocated social responsibility, the challenge to Islamic banking communities lies in its application. For Islamic banks, good CSR practises should have already been embedded in all aspects of their operations. Indeed, Islamic banking should endeavour to be the epicentre in the financial galaxy of promoting good CSR practises (Dusuki & Dar, 2007).

While Islamic banking industry has progressed to become an increasingly considerable segment within the global financial market, it has been renowned as a viable and competitive form of financial intermediation not only in Muslim countries but also outside the Muslim region and offers an extensive range of financial products and services (Dusuki, 2008). The basic differences between Islamic banking and conventional banking, is not only in the ways they perform their businesses, but also in terms of all the values which guide Islamic banking whole operations and outlook (Dusuki, 2008).

These values which prevail within the scope of Sharī'ah (Islamic law) are expressed not only in the details of its transactions, but also in the width of its role in society. This requires the internalisation of principles of Islamic financial

transactions, in its form, spirit and substance. By doing so, it symbolizes the objectives of Sharī'ah in promoting both economic and social welfare. In other words, as a Sharī'ah-based firm, Islamic banks need to fulfil social obligations that go beyond the conventional capitalist worldview aimed at only maximising profits (Dusuki, 2008). Clearly, Islamic banks operations are based on Sharī'ah and must depart further from conventional banks that are intensely profit motivated. Thus, the concept of brotherhood, social obligations, justice and fairness would be the goals of Islamic banks (Masruki, Ibrahim, & Azizan, 2010).

Nevertheless, there are reasons to believe that the demand for Islamic banks to consider social objectives may indeed prove to be an illusion. This is because a mass of literature in Islamic banking only focuses on commercial and economic aspects of Islamic banking while social issues with respect to its practices normally occupies a back seat in the discussion (Dusuki, 2008). This is particularly true when some literature even go further to assert that Islamic banks are no different from other commercial banks except in complying with Sharī'ah legal prescriptions pertaining to product offering (El-Gamal, El-Komi, Karlan, & Osman, 2014; Ismail, 2002). This view posits that Islamic banks are a typical commercial entity which has a sole responsibility of carrying out business in a manner consistent with Islamic law while social welfare objectives are to be fulfilled by other bodies such as the government (Marvyn K. Lewis & Algoud, 2001).

Supposedly, Islamic banks should play an active role in executing their social responsibilities because of their status as financial institutions fulfilling a collective religious obligation and their exemplary position as financial intermediaries (Farook, 2007) and simultaneously are considered as acknowledged legal entities in Islam which consequently, are accountable for CSR (Wan Jusoh, Ibrahim, & Mohd. Napiyah, 2015). Moreover, the CSR practices in Islamic banks should not only be based on collective religious obligation (*farḍ kifāyah*) and obtain a positive corporate image, but can be considered as a method to alleviate poverty and achieve the true economic goals of Islam (Yusuf & Bahari, 2011). Usmani (2002) asserts that the philosophy behind Islamic banking was "aimed at establishing distributive justice free from all sorts of exploitation". Moreover, the notion of social responsibility and justice has been part and parcel of Islamic society for more than 14 centuries and according to Islamic principles, business transactions can never be separated from the moral objectives of the society.

Dusuki (2005) stresses that Islamic banks should adopt CSR policies in their operations and decision-making in order to reap comparative advantage in competing with conventional banks, especially in dual-systems co-existing together

like the case of Malaysia. He further explicates that by effectively and efficiently being involved in CSR activities, Islamic banks may inevitably generate valuable resources in terms of reputation, long term standing, and loyalty from various stakeholders (Dusuki, 2005). In addition, Islamic banks are expected to show a higher level of social responsibility than their conventional counterparts do since they are ultimately based on Shari'ah. Therefore, the need for Islamic banks to be seriously engaged with CSR activities is crucial by carefully strategizing CSR initiatives and incorporating them into their corporate strategy, planning and marketing (Dusuki, 2005). However, none of previous studies really discusses any arising issues on CSR applications of Islamic banks especially in Malaysia thus far. Hence, disclosing arising issues on CSR applications is significant to ensure effective and efficient CSR implementation by Islamic banks.

3. Research Methodology

Research methodology is a crucial aspect of any research work and is vital for the success of research. The choice of an inappropriate method will have serious implications for a research project, regardless how good the objectives of the study might be. The research design of this study will cover a few matters namely, selection of research instruments, design of research instrument, selection of Islamic banks, research participants, data collection and data analysis techniques.

3.1. Selection of Research Instrument

Interview method is a useful data collection method to obtain information on the issues of interest to the researcher when qualitative data is required (Sekaran, 1992). Since the research objective is to disclose arising issues regarding CSR applications of Islamic banks in Malaysia, this study employed the semi-structured face-to-face interview, which contained both qualitative and quantitative data. Face-to-face interview gives advantages to the researchers in getting higher response rate and data that are more accurate. Furthermore, the interviewer can note specific reactions by participants during interview and people will usually respond with good gesture and provide accurate responses when approached in person (Awang, 2010).

On the other hand, semi-structured interview¹ technique is chosen for this research because it allows the researcher enough flexibility to re-word the question to fit into the interview (Denscombe, 2010). Other advantages of doing semi-

¹ "Semi-structured interview" which is also known as semi-standardized interview refers to one that contains structured and unstructured sections with standardized and open-ended questions (see Walliman, 2006).

structured interviews are that questions may be reordered during the interview and the interviewer may add or delete probes to interview between subsequent subjects (Berg, 2007). These enable the interviewer to capture unexpected issues and information (Barbour & Schostak, 2005). This technique suits the nature of this study, which is exploratory in nature and is a prelude to a larger and more comprehensive investigation. An interview script containing a list of questions was prepared prior to the interview process, with four major sections: participant's background, CSR concept, main CSR applications and common CSR applications.

Since CSR applications in this study cover almost all spectrums of Islamic banks activities and initiatives, data collected from interviews alone sometimes is not really enough to represent the comprehensive CSR applications of an Islamic bank. Hence, data collected from observations and document review are also employed to support the data given by the research participants whenever necessary. Furthermore, the data from both observation and document review can be used for qualitative research (Flick, 2006).

This data triangulation method was employed in order to enhance the rigorousness and robustness of the study. "Triangulation" which is also known as "multiple methods" means gathering and analysing data from more than one source to gain a fuller perspective on the investigated situation. Triangulation is one of the most popular validation strategies and able to enhance the rigorousness of findings as it converge upon a particular finding by using different sorts of data and data-gathering strategies. Each set of data or each strategic finding on its own might not be strong enough to support the finding. However, when these different "strands" are taken together, there is stronger evidence for the finding (see Creswell, 2007; Daymon & Holloway, 2002; Flick, 2006; Lacey & Luff, 2001; Richards, 2005; Shank, 2006; Silverman, 2005).

3.2. Selection of Islamic Banks

All 16 Islamic banks in Malaysia has been selected in this study based on "corporate culture" justification as it is found from previous studies that corporate culture does affect CSR activities of an organization significantly (see Ali, Frynas, & Mahmood, 2017; James, 2011; Katamba, 2010; Übius & Alas, 2009). They are Bank Islam Malaysia Berhad (BIMB) (2014), Bank Muamalat Malaysia Berhad (BMMB) (2014), CIMB Islamic Bank Berhad (CIMB Islamic) (2014), Maybank Islamic Berhad (Maybank Islamic) (2014), RHB Islamic Bank Berhad (RHB Islamic) (2014), Public Islamic Bank Berhad (Public Islamic) (2014), Hong Leong Islamic Bank Berhad (Hong Leong Islamic) (2014), Alliance Islamic Bank Berhad

(Alliance Islamic) (2014), AmIslamic Bank Berhad (AmIslamic) (2014), Affin Islamic Bank Berhad (Affin Islamic) (2014), Al-Rajhi Banking and Investment Corporation (Malaysia) Berhad (Al Rajhi) (2014), Kuwait Finance House (Malaysia) Berhad (KFH) (2014), Asian Finance Bank Berhad (Asian Finance) (2014), HSBC Amanah Malaysia Berhad (HSBC Amanah) (2014), OCBC Al-Amin Bank Berhad (OCBC Al-Amin) (2014), and Standard Chartered Saadiq Berhad (Standard Chartered Saadiq) (2014). Fundamentally, the 16 Islamic banks existed in Malaysia can be divided into four types. There are standalone local Islamic banks,² local Islamic subsidiaries,³ standalone foreign Islamic banks,⁴ and foreign Islamic subsidiaries.⁵ Indisputably, each of them has its own corporate culture that is different from one and another that possibly affect their understanding and implementation of CSR differently. Based on that consideration, all 16 Islamic banks has been selected in this study.

Thus, the data in this study was collected from the whole population of Islamic banks without using the sampling technique. The method used in this study can be considered as “census” where all of the cases in a population have been surveyed (see Walliman, 2006). Although a census is a very costly and time-consuming project, it has been done in order to enhance the applicability of the findings. Moreover, all the 16 Islamic banks have fulfilled the most essential criteria of studied organizations i.e. relevant to the research problem and could be accessed by the researcher (Rubin & Rubin, 2012).

3.3. Research Participants

There were three groups of personnel selected as research participants in this study i.e. Chief Executive Officer (CEO)/Managing Director (MD), Head of Sharī‘ah (HOS), and Head of Corporate Communications (HCC). Since CSR involves all kind of activities, programmes or initiatives of Islamic banks, the selection of CEO/MD as research participants is significant, as they normally know everything from top to bottom of their institutions. Whereas, the selection of HOS was done based on their essential role in ensuring all activities within their institutions is Sharī‘ah-compliant. The selection of HCC on the other hand was made because there are the one who are directly involved in performing CSR activities or programmes of their organizations.

² The standalone local Islamic banks are BIMB and BMMB.

³ The local Islamic subsidiaries are CIMB Islamic, Maybank Islamic, RHB Islamic, Public Islamic, Hong Leong Islamic, Alliance Islamic, AmIslamic, and Affin Islamic.

⁴ The standalone foreign Islamic banks are Al-Rajhi, KFH, and Asian Finance.

⁵ The foreign Islamic subsidiaries are HSBC Amanah, OCBC Al-Amin, and Standard Chartered Saadiq.

The total number of research participants in this study is 34. The researcher interviewed 32 participants individually face-to-face. However, the remaining two participants were just able to give written feedback due to their time constraints. The research participants comprised of six CEOs/MDs, 14 HOS, six HCC, and 8 from other positions. All research participants were from the central region, i.e. Kuala Lumpur because all headquarters of Islamic banks are located in this region.

Overall, good responses were received from the interviews. Useful and valuable comments, suggestions, and recommendations were obtained. The interviews ranged from 30 to 90 minutes. The conversations during face-to-face interviews were recorded using an audio recorder except only one participant reluctant to be recorded because of personal reason. Table 1 provides a breakdown of research participants by position, institution, and working experience.

On the other hand, the observation work was carried out since 13th April 2012 when the pilot study started until the last day of interview on 10th September 2014. Among Islamic banks' CSR activities that have been observed for this research were community activity,⁶ employee activity,⁷ and environmental activity.⁸ In terms of document review, other than annual reports and websites, any media used to disclose the Islamic banks CSR activities such as media release, internal and external bulletin were utilized to support the interview data. This is because, document review could be used as a complementary technique as a means of triangulating the data collection technique (Mohd Tobi, 2012) which in this case is the interview technique.

⁶ Among the activities were religious Talk by Imam Muda Hassan titled "Dunia di Tanganku, Syurgadi Hatiku" to Universiti Teknologi MARA (Terengganu) staff on 5 September 2013, and "Islamic Property – Islamic Financial Management Workshop" to Universiti Teknologi MARA (Terengganu) staff and students on 21 August 2014. All those CSR activities were done by Bank Islam Malaysia Berhad.

⁷ Among the activities were *Zuhr* congregational prayer with Muslim staff performed by Bank Muamalat Malaysia Berhad, Menara Bumiputra, Kuala Lumpur on 3 July 2014 and religious talk to Muslim staff during *Ramaién* which was performed by Kuwait Finance House, Menara Prestige, Kuala Lumpur on 10 July 2014.

⁸ Among the activities or initiatives were beach cleaning at Pantai Teluk Gadung, Dungun, Terengganu on 13 April 2012 which was initiated by Bank Islam Malaysia Berhad, saving electricity notice initiated by CIMB, Menara Bumiputra-Commerce, Kuala Lumpur observed on 20 June 2014, "Go Green Program – Toner Recycle Bin" which is a joined programme between RHB and HP observed on 10 September 2014.

Table-1
List of Research Participants

Research Participant (RP) No.	Group	Islamic Bank (IB)	Years in Banking Sector	Years in Current Position
RP1	Chief Executive Officer/Managing Director	IB5	15 years and above	6-10 years
RP2		IB7	5 - less than 10 years	1-5 years
RP3		IB8	15 years and above	6-10 years
RP4		IB9	15 years and above	1-5 years
RP5		IB16	15 years and above	1-5 years
RP6		IB15	15 years and above	1-5 years
RP7	Head of Shari'ah	IB1	5 - less than 10 years	1-5 years
RP8		IB2	10 - less than 15 years	Less than 1 year
RP9		IB3	5 - less than 10 years	1-5 years
RP10		IB4	10 - less than 15 years	6 -10 years
RP11		IB6	10 - less than 15 years	1-5 years
RP12		IB8	15 years and above	6 - 10 years
RP13		IB9	5 - less than 10 years	1 - 5 years
RP14		IB10	5 - less than 10 years	Less than 1 year
RP15		IB11	15 years and above	1-5 years
RP16		IB12	5 - less than 10 years	1-5 years
RP17		IB13	15 years and above	1 - 5 years
RP18		IB14	15 years and above	1 - 5 years
RP19		IB15	15 years and above	More than 10 years
RP20		IB16	5 - less than 10 years	1 - 5 years
RP21	Head of Corporate Communications	IB2	15 years and above	1 - 5 years
RP22		IB7	5 - less than 10 years	Less than 1 year
RP23		IB8	15 years and above	1 - 5 years
RP24		IB11	10 - less than 15 years	1 -5 years
RP25		IB13	15 years and above	6 - 10 years
RP26		IB16	15 years and above	1 - 5 years
	Others			
RP27	Chief Operating Officer	IB2	15 years and above	6 - 10 years
RP28	Group CSR Manager	IB4	15 years and above	1 - 5 years
RP29	Shari'ah Executive	IB5	5 - less than 10 years	1 - 5 years
RP30	Deputy Manager, Corporate Responsibility	IB6	5 - less than 10 years	6 - 10 years
RP31	Head of Section, Wakaf Management & Secretariat	IB7	15 years and above	1 - 5 years
RP32	Group Head of Corporate Affairs	IB9	5 - less than 10 years	1 - 5 years
RP33	Senior Manager	IB14	15 years and above	1 - 5 years
RP34	Senior Manager, Corporate Communications (Group)	IB14	15 years and above	More than 10 years

4. Findings and Discussion

After conducting interview sessions with the research participants and analyzing the Islamic banks CSRD, it was found that there are various ways of disclosing their CSR programmes. BIMB, BMMB, Affin Islamic, and Hong Leong Islamic have their independent annual reports to disclose their CSR programmes. Whereas, Maybank Islamic, CIMB Islamic, Public Islamic, Alliance Islamic, AmIslamic, RHB Islamic, Al Rajhi, Asian Finance, KFH, HSBC Amanah, Standard Chartered Saadiq, and OCBC Al-Amin just have independent financial statement. Their CSR programmes are disclosed, either through their “Group Annual Reports” and/or “Sustainability Reports”⁹ or official websites.

It is understandable that the primary reasons behind the consolidated reports are cost efficiency and avoiding redundancy, since everything is leveraged by the Group (RP3). Nevertheless, for many foreign Islamic banks and local Islamic subsidiaries that consolidate their annual reports with their group annual reports, their existence is almost invisible. Normally, the conventional entities are predominant in what has been highlighted in the consolidated reports and sometimes the CSR explanation is very general in nature. In fact, there is one Islamic bank that does not have any annual report, except financial statements. The CSR activities of that bank could only be retrieved via its “Media Centre” website link. These new discoveries in agreement with Farook’s et al. (2011) finding which showed that the majority of Islamic banks disclose significantly less than expected, with apparent differences in the levels of disclosure. These scenarios directly or indirectly give an unhealthy impression to the stakeholders involved. Thus, it is recommended that all Islamic banks disclose their CSR programmes regularly especially their social activities in their annual reports.

It seems that without some form of regulatory intervention, reliance on voluntary disclosure alone is unlikely to result in either a high quality disclosure or sufficient levels of disclosure. The result of the current study is consistent with that of Mallin’s et al. (2014) who found that Islamic banks pay less attention to the voluntary CSR disclosure. Therefore, it is suggested that all Islamic banks need to ensure that their existence is acknowledged and their contributions are counted by disclosing whatever CSR programmes involved or initiated in whatever medium they have especially in the annual report. This finding supports Nik Ahmad’s et al. (2003) contention that making CSR disclosures mandatory would force companies to report on their CSR performance. They would also benefit stakeholders by making annual

⁹ There are six Islamic subsidiaries in which their Groups have dedicated “Corporate Sustainability Report” or “Corporate Responsibility Report” to disclose their CSR programmes. They are Maybank Islamic, CIMB Islamic, RHB Islamic, KFH, HSBC Amanah, and Standard Chartered Saadiq.

reports more consistent and comparable (Nik Ahmad et al., 2003), and would enable them to significantly assess the non-financial impacts of CSR activities (see Ackers & Eccles, 2015).

Furthermore, the principle of full disclosure is closely related to the concept of CSR in Islam (see Lewis, 2001). Full disclosure does not mean that Islamic banks need to disclose everything, which of course is impractical. It means disclosing any information deemed relevant and that should be rightfully given to the stakeholders to facilitate their economic and religious decision-making. The implication of this position is that Islamic banks should disclose all information necessary to advise the stakeholders about their operations, even if such information would work against the institution itself (see Muwazir, Muhamad, & Noordin, 2006). It is because, as representative organizations, Islamic financial institutions are responsible to disclose their compliance with the principles and laws of Islam to stakeholders (Farook, 2007).

Another important finding from the analysis is not all Islamic banks in Malaysia have their own CSR division or department. There are nine Islamic banks that have their own CSR division i.e. BIMB, BMMB, Maybank Islamic, CIMB Islamic, RHB Islamic, Al Rajhi Bank, KFH, OCBC Al-Amin, and Asian Finance. On the other hand, the CSR matters of the other seven banks are managed under their Group Corporate Affairs or Corporate Communications Department. The absence of independent CSR division in an Islamic bank implies the absence of autonomy for the bank to conduct its CSR programmes. Thus, it is suggested that all Islamic banks need to have their own CSR department. Other than giving them more freedom, the existence of independent the CSR department will also encourage Islamic banks to initiate their own CSR programme rather than follow whatever CSR programmes initiated by their Group. Simultaneously, this development will give more advantages to the Islamic banks themselves.

In terms of CSR funding, it was found from the interviews conducted that generally charitable activities are funded from two types of fund i.e. *zakāh* fund¹⁰ and CSR fund.¹¹ However, not all Islamic banks have both funds. In fact, there are Islamic banks which have none. In the case of *zakāh* fund, not all Islamic banks pay *zakāh* (RP1; RP3; RP6; RP8; RP12; RP14; RP15; RP19; RP23; RP24; RP27; RP29) and not all Islamic banks that pay *zakāh* retain certain portions or get back certain

¹⁰ *Zakāh* fund normally is a fund consisted of certain portions of corporate *zakāh* that are retained by the bank for self *zakāh* distribution and/or certain portions that are given back by certain State Religious Council which is normally not more than 3/8 of the total *zakāh* amount.

¹¹ CSR fund is a special fund allocated by the bank or by the bank's Group for its CSR activities.

portions from State Religious Councils for their self-*zakāh* distribution (RP13; RP20; RP25). Similarly, in the case of CSR fund, not all Islamic banks allocate a special budget for their CSR programmes annually especially for certain local Islamic subsidiaries or foreign Islamic banks that need to apply for their CSR budget from their Groups annually or on an ad-hoc basis (RP1; RP21; RP27; RP14). Therefore, in order to ensure all Islamic banks are able to perform their charitable activities annually, CSR fund should be established in all Islamic banks.

5. Conclusion and Recommendation

This study attempts to disclose arising issues on CSR applications of Islamic banks in Malaysia through interviews, observations and document reviews. The findings of the study revealed that firstly, all Islamic banks in Malaysia are aware of the importance of CSR. However, the majority of them have not properly disclosed it in their annual reports. Secondly, the absence of independent CSR division in an Islamic bank implies the absence of autonomy for the bank to conduct its CSR programmes. Thirdly, all Islamic banks should establish CSR fund to ensure the continuity of their charitable activities. It seems that without some form of regulatory intervention, reliance on voluntary action alone is unlikely to result in efficient and effective CSR applications. Thus, a special CSR framework for Islamic banks in Malaysia would be a practical suggestion to resolve the issues by including them in that framework.

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