Expanding the Financial Inclusion Frontiers: An Assessment of the Roles of Developing Eight (D-8) Countries Financial Regulators

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Abstract. This study’s objective is to embark on an exploratory study to compare the roles played by the several regulators of each of the D-8 countries towards engendering financial inclusion through the Islamic finance offerings in their domain and lessons that can be deduced by their counterparts for adoption and implementation. The study relies on secondary data sourced from official publications, working papers, articles, e-books, websites, and online resources on how the roles played by the financial regulators of the D-8 countries impact on financial inclusion. Content analysis was carried out on the collated data to determine the status of each of the D-8 countries. The study found that while the regulators of some D-8 member countries had maximized the Islamic social finance offerings to combat financial exclusion within their domain, other regulators are yet to maximize same due to factors that include weak political and or administrative will, social peculiarities among others. The study concludes by recommending the adoption of the Islamic social finance instruments in climes where same has yet to be implemented or fully adopted, to shore up the shortfalls of government expenditure, more appositely in this era of shrinking public expenditure and post Covid-19 that has exacerbated the predicament of the financially excluded.

Keywords: Financial exclusion/inclusion · D-8 countries · Financial regulatory bodies · Equity modes of finance · Redistributive instruments · Islamic social finance

1 Introduction

Financial inclusion may simply be described as a situation by which all segments of a society or population can conveniently access finance and financial services for their economic growth and wellbeing. The reverse of this is financial exclusion, which consequences include poverty and socio-economic dysfunction. It has been a global challenge yet to be overcome despite several initiatives by governments and stakeholders. Consequently, there have been calls by stakeholders for the need to expand the frontiers of the solutions to the challenge of financial exclusion through the adoption of equity financing modes and redistributive instruments offered by Islamic Finance, also referred to as Islamic Social Finance mechanisms. The Developing-Eight Organization for Economic

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Cooperation (D-8) happens to be one of the stakeholders that had advocated for the consideration of Islamic finance offerings as a solution to financial exclusion, especially among citizens of its member countries.

The Developing-Eight Organization for Economic Cooperation (D-8) is a strategic cross-continental cooperation of Muslim majority countries namely, Nigeria, Egypt, Turkey, Iran, Pakistan, Bangladesh, Indonesia, and Malaysia that was founded in mid-June of 1997, a sequel to the propositions of Prof. Dr. Necmettin Erbakan, Turkey’s Prime Minister at that time, with the key objective of developing the socio-economic wellbeing of member States and repositioning them economically and strategically among the comity of nations [1]. As of the year 2017, the D-8 Facts Sheet, (2018) records that the combined population of the D-8 member countries is about 1.03 Billion, representing 15.3% of the global population with a GDP of about 3.79 Trillion USD, representing 4.9% of the global GDP [2].

The socio-economic development of the member countries is one of the key areas of the Cooperation, aside from trade, investment, renewable energy, among others. At its fifth summit in 2006, the D-8 cooperation elucidated some aspects of its principle objectives, the first of them was ‘we commit ourselves to work together to solve the problem of economic disparities within our countries’ [1]. At the second meeting of the Central Bank Governors of the D-8 countries in Islamabad in 2012, a follow up to its initial meeting in Abuja, Nigeria in July 2010 [3], it was resolved that the Central Banks would among others; ‘Promote Innovative Financial Inclusion Policies, explore opportunities in Islamic Finance and establish information exchange and promote peer learning amongst D-8 central banks [4]. At a subsequent meeting in April of 2014, the Central Bank experts of the D-8 countries met at Islamabad. The meeting narrowed its focus on the three areas of Financial Inclusion, Branchless Banking, and Islamic Finance. In the area of financial inclusion, the Cooperation specifically resolved to develop information and sharing mechanisms on their respective national financial inclusion strategies and policies, enhance collaborations in the areas of framework of new financial safety net, financial inclusion and stability index, microcredit regulations and supervision, develop customer-centric products, among others [5]. Between 2014 and 2020 is a gap of six years that affords a window of opportunity through this study aims to access how well the respective D-8 financial regulators have fared in their financial inclusion obligations in their respective jurisdictions, more especially in an era plagued by the coronavirus pandemic that seems to have negatively impacted countries around the world.

This study is divided into four sections. Section 1 provides an introduction to the D-8 bid to engender inclusive equitable financial access within its member States, while leveraging the Islamic finance offerings, in furtherance of a section of its principles objectives. Section 2 examines relevant pieces of literature on financial inclusion through Islamic finance offerings, otherwise referred to as Islamic Social Finance. Section 3 will briefly discuss the methodology adopted by the study. The respective efforts of the various regulators as promoting the Islamic finance offerings for an inclusive financial system is the focus of Sect. 4, while Sect. 5 rounds up the study and proffer recommendations for policymakers and the research gaps to be further explored.
2 Literature Review

Financial inclusion has been perceived as elements critical to inclusive economic growth through access to financial services that enable a person or entity to take decisions on their long-term investment and consumption needs, take active participation in the economically productive venture and withstand sudden short-term shockwaves [6]. It was also seen as the provision of financial services and products that are made cheaply available to the weaker constituents of society [7, 8]. However, it has been observed that emerging business entities that rely mostly on debts especially the ones created by a financial obligation to conventional commercial banks tend to record lesser profits than their counterparts who avoid such debtor-creditor relationships on the path to grow their businesses [9]. This state of things, if left unchecked might gradually increase the demise of small businesses, generate avoidable unemployment and exacerbate the economic crisis and social problems. In response to this, there has been a search for an alternative and at the same time innovative means of funding business endeavours that would be socially impactful. These qualities seem to be present in the financing modalities availed by Islamic Finance which presents an amalgam of business and social objectives embedded in its equity financing instruments; Mudarabah and Musharakah, and its redistributive mechanisms; Waqf, Zakat, Sadaqat, Qard Hassan, among other ethical features. These offerings of Islamic Finance, it is posited, has warmed up the European mind to Islamic Finance, where it is fast gaining acceptance [10, 11], even though there are believes that the full potentials of Islamic Finance as it is currently, is yet to be fully achieved because further innovative approaches to finance are still required [12] and that there is the urgent need to bridge the gap between the practice and theory of Islamic Finance, especially in the areas of risk-sharing financing offerings and its social impacting financing offerings [10, 12]. A study of the potentials of Waqf and Zakat as socially impacting instruments for financial inclusion and means of poverty eradication was recently done in Nigeria, it was found that these instruments offer an effective complementary role to the government’s mostly conventional economic policies for financial inclusion that needs to be optimized through more empirical studies [13].

3 Methodology

This study is conducted using the qualitative research method. In doing so, it relies on secondary data obtained from official publications, working papers, articles, e-books, websites, and online resources to demonstrate the roles played by the financial regulators of the D-8 countries in engendering inclusive access to finance in their respective jurisdictions. The adoption of secondary data usage mitigates likely ethical issues that may taint the study and affords a cheaper research process. The content of the obtained data is thus analysed to arrive at a plausible finding. These secondary data include the official publication of central banks and other financial regulators, official publications, which include reports and communique of diplomatic entities among others. Journal Articles, conference presentations, and reports of multilateral organizations are also considered to achieve triangulation.
4 Financial Inclusion in the D-8 Countries

In 2018, the World Bank published the Global Findex database, the third edition of data collation on financial inclusion on the country wise basis that focused on areas of access to and use of accounts, payments, credit, and savings by adults age 15 and above in about 144 countries around the globe. The data classified countries according to their income level for grouping convenience and indicated the exclusion of parts of the countries covered, for reasons that include remoteness, security reasons, among others. For ease of reference, 1% of the Bangladeshi population and 7% of the Nigerian population were excluded for security reasons, while 2% of the Egyptian population was excluded for reasons of remoteness [59]. Below is an excerpt of the database as it relates to the D-8 countries (Fig. 1) (Table 1):

Table 1. Global findex data on accounts by all adults (% Age 15+)

| D-8 Countries | Classification     | Population (Age 15+) | Fin. Incl. Rate |
|---------------|--------------------|----------------------|----------------|
| Nigeria       | Low middle income  | 104.0 Million        | 39.70%         |
| Egypt         | Low middle income  | 63.7 Million         | 32.80%         |
| Turkey        | Upper middle income| 59.4 Million         | 68.60%         |
| Iran          | Upper middle income| 61.3 Million         | 94.00%         |
| Pakistan      | Low middle income  | 125.8 Million        | 21.30%         |
| Bangladesh    | Low middle income  | 115.9 Million        | 50%            |
| Indonesia     | Low middle income  | 188.9 Million        | 48.90%         |
| Malaysia      | Upper middle income| 23.5 Million         | 85.30%         |

4.1 Nigeria

The Central Bank of Nigeria (CBN), pursuant to its mandate, collaborated with necessary stakeholders and launched the National Financial Inclusion Strategy (NFIS) on 23rd October 2012. The objective of the exercise was to reduce the financial exclusion rate to 20% by 2020 from 46.3% in 2010. Further, the strategy aims at seeing adult Nigerians having access to payment services increase from 21.6% in 2010 to 70% in 2020, while those with access to savings should increase from 24.0% to 60%; and Credit from 2% to 40%, Insurance from 1% to 40% and Pensions from 5% to 40%, all by the year 2020. To facilitate these objectives, the CBN further projected to improve the channels through which these services would be delivered. Thus, branches for deposit money bank was targeted to increase from 6.8 units per 100,000 adults in 2010 to 7.6 units per 100,000 adults in 2020, microfinance bank branches to increase from 2.9 units to 5.5 units; ATMs from 11.8 units to 203.6 units, POSs from 13.3 units to 850 units, Mobile agents from 0 to 62 units, all per 100,000 adults between 2010 and 2020 [14].

In crafting the 2012 National Financial Inclusion Strategy, jurisdictions like Kenya, Brazil, and Mexico was considered at setting an international benchmark, while three
barriers to financial inclusion were identified. That is demand-side barriers which include low financial literacy levels, irregular income, and unemployment. The supply-side barriers which entail unsuitable financial products, distance to financial access points, and high cost of financial services. The third, regulatory barriers to financial inclusion were identified to include distrust for financial institutions, clumsy due diligence requirements, and high rates of corruption [15]. 2012 clearly seemed to overlook the role to be played by Islamic finance in engendering financial inclusion in Nigeria, as same was only considered in relation to insurance (i.e. Takaful).

Between October 2017 and June 2018, an assessment and a review of the National Financial Inclusion Strategy were carried out. One of the key findings from stakeholder engagement revealed that there was ‘Low or non-adoption of financial products owing to cultural and religious factors slowed down financial inclusion in the Northern parts of the country’. The revised National Financial Strategy of 2018 thus gave improved attention to Islamic Finance when it stated in its strategic design principles, among others that it shall ‘Provide a level playing field and incentives to promote the participation of non-interest financial institutions in the provision of financial services to excluded groups and region’ [16]. A recent study on the bid of the CBN to combat financial exclusion reveals that although there is a slightly positive trend in the level of financial inclusion in Nigeria, the country’s financial landscape is still far from being inclusive. This may be understood when the financial inclusion level data is broken down to reflect the actual picture of the gains on a geopolitical basis, where the exclusion rate of the Northeastern and Northwestern parts of the country are said to be at 60% [17].

Besides, the Federal Government of Nigeria recently embarked on Social Investment Programme [18] which seemed not to be yielding the expected fruit, hence the proposal for the need for a redesigned intervention and the expanding of the outlook for solutions to include alternatives, especially in the economic and financial aspects [19], notably the Islamic finance option.

![Financial Inclusion Rate of the D-8 Countries](image)

**Fig. 1.** Financial Inclusion Rate of D-8 Member Countries as of 2017 Source: World Bank, The Little Data Book on Financial Inclusion 2018.
Islamic Finance, it has been argued is not totally new to Nigeria, as it was reckoned that pre-independence, precisely in 1957, Muslim Bank West Africa Limited was operational, but its banking license was withdrawn on 29th July 1968 by the then Federal Finance Commissioner via the Muslim Bank (Revocation of Licence) Order of 1968. However, in recent times, the CBN and other financial regulators have started according to Islamic finance offerings improved recognition to serve as alternatives to the conventional policies; this is evident in the recently released Islamic finance version of existing conventional intervention schemes by the CBN [20, 21].

To further its pursuit of all-inclusive access to finance by Nigerians, the CBN may consider bringing Zakat and Waqf institutions, and other institutions championing the Islamic finance redistributive instruments under non-bank microfinance or philanthropic institutions (as envisaged under the 2018 NFIS) that are though not regulated by the CBN, but may be monitored by CBN and may be included in the list of entities that would benefit from the CBN’s Financial Inclusion Strategy through the provision of technical assistance and funding for more effective and efficient outreach to the deserving Nigerian public who are excluded.

4.2 Egypt

Egypt is reckoned to be one of the countries with the lowest financial inclusion rate. Its adult population that has access to financial services is put at 34% [22]. The recent steps recorded of the Central Bank of Egypt on financial inclusion was a press release from the financial regulator dated 27th April 2016 highlighting the endorsement of the development of financial inclusion in Arab states by the Council of Arab Central Banks Governors and stating its commitment to attaining the set goals through decision, regulations and legislative amendments where necessary within the gamut of its banking supervision rules and the protection of rights of financial services consumers [23]. The subsequent step was a circular dated 2 September 2018 that was issued to Egyptian Banks, informing them of the establishment of financial inclusion database and requesting them to furnish it with the requested information [24]. This was followed by the issuance of another circular dated 17 July 2019 through which the simplification of know your customer (KYC) regulations for financial inclusion products was communicated to the Banks [25]. The most recent step was the issuance of circular dated 5 March 2020 through which the Central Bank of Egypt directed that each of the Banks establishment an independent Financial Inclusion Department, develop their financial inclusion strategies, and carry out necessary coordination with other internal departments of their respective bank, and with the Central Bank of Egypt [26]. These are aside from the intermittent press releases by the Central Bank on Arab financial inclusion day commemoration.

The mien of the Egyptian Central Bank had been criticized in some quarters, where it was opined that the regulator should take on financial inclusion more seriously and should act beyond the mere organization of conferences or setting aside a day in the year for the commemoration of financial inclusion that is indeed yet to be inclusive. The holders of the above view noted the serious need for massive financial education to engender responsible financial inclusion that addresses the needs of the socially vulnerable [22]. A recent study on factors determining financial inclusion in Egypt reveals the need to eschew discrimination in the provision of access to finance by all stakeholders.
It identified the key role played by religious belief in the consumption of financial services in Egypt and urged financial service providers to incorporate religious principles in their design of financial products and services, much as it also counseled on the need for financial service providers to diversify their product offerings in such a way that accords with the aspirations of the beneficiaries, their customers [27]. The consideration for mainstreaming the Islamic Social finance offerings towards financial inclusion was canvassed for, drawing inferences from Malaysia and Indonesia where Zakat, a redistributive mechanism of Islamic finance, had been adopted in engendering financial inclusion. This move, it was posited had recorded tremendous success in these jurisdictions. The proponents demonstrated empirically how Zakat could reduce economic inequalities and poverty and promote financial inclusion. They however highlighted the roles that can be played by the Egyptian governments and its agencies to harmonizing and improving the Egyptian Zakat institution such that same could be harnessed to deepen financial inclusion. [28] This becomes more important in the post Covid-19 era, where according to World Bank’s analysis; entrepreneurship has nosedived, while the employed adult population stagnated at a low rate of 39%. Meanwhile, the effect of the pandemic on the Egyptian economy continues to be evident in tourism, trade, domestic production, and remittances [29].

History of modern Islamic finance practice has always recorded Egypt as the lead through the establishment of Mit Ghamr Savings Bank in 1963, however, the situation as at the end of the first half of the year 2019 was that Islamic finance only reckons for about 5.5% of the financial market share [30], while the future outlook does not seem to be reassuringly promising, a situation that is blamed on the unfavourable disposition of the government and financial regulators and to the detriment of the excluded Egyptians [27].

4.3 Turkey

In a recent official publication by the Central Bank of the Republic of Turkey (TCMB), it was noted that Turkey’s performance when it comes to financial inclusion is in a ‘better shape’ when compared to the performance of its peers, i.e. the upper-middle income countries, although the trend of financial inclusion across the republic’s regions is said to be related each region’s education and income level [31]. Turkey’s success in this regard is connected to an advertent government policy of supporting the SMEs that provide more than 98% of the jobs since 2009 following the global recession [32]. In all of these the role of Islamic banks (known as Participation banks in Turkey) is most because they are more inclined to providing finance for the SMEs than their counterpart; the conventional banks [33]. The above notwithstanding, there are calls for the need to intensify on strengthening the Turkish Islamic Finance industry, given the countries strategic positioning and it’s potential to assume the status of a key global commercial hub [34]. This is in addition to the need by the regulator to check banks’ ‘predatory act’ which can negatively impact financial inclusion and drive a wedge between the citizens and the State [35].
4.4 Iran

The Central Bank of Iran offers no official information on financial inclusion, which is characteristic of upper-middle income emerging nations like Iran, although it boasts of a well enlightened population and highly skilled labour force [36]. Available resources, however, shows that as of 2015, the Iranian financial services had grown quantitatively and was adequate for the purpose of serving the Iranian household’s financial service requirements. On the other hand, the quality of the financial services was not good enough to engender effective financial inclusion as a huge chunk of funds were still kept outside of the formal financial industry, which continues to negatively impact the balance between the demand and supply sides of financial resources. This was blamed on some regulatory actions that require review [37] Also it has been opined that there is a need for a massive financial literacy campaign to engender an effective financial inclusion and capacity [38].

4.5 Pakistan

The State Bank of Pakistan (SBP), like the Central Bank of Nigeria, collaborated with stakeholders to come up with a National Financial Inclusion Strategy (NFIS) towards addressing the problem of low financial inclusion. The strategy which objectives are to heighten financial access to 50% of its adult population by 2020, was officially adopted and launched by the Pakistani Government in May 2015 [39].

In the strategy document, the SBP noted the importance of leveraging Islamic finance offerings as one of the tools for effective financial inclusion. This was based on a previous survey conducted by the SBP and DfID which revealed among others, that religious belief was a factor for willful financial exclusion by a lot of the respondents, who are willing to pay more to access the Islamic financial services and products. The study further identified the fact that most Islamic Banks in Pakistan shy away from providing finance for MSMEs because of their perception of the high risk involved. Other challenges that need to be resolved by the SBP to enable Islamic finance to adequately contribute to the effective financial inclusion include; the dearth of human capacity and financial products, absence of a regulatory and supervisory framework for Islamic financial institutions, double taxation of Islamic products, dismal utilization of Islamic redistributive instruments, and low financial literacy and awareness about Islamic finance. The NFIS also stated as part of its priority actions the setting up of a national task force saddled with the responsibility of designing and implementing a long term strategy to enhance risk-sharing contracts and to develop Islamic Finance human capacity in addition to the establishment of a Center of Excellence for Islamic Finance, by the year 2017 [40].

To accelerate the attainment of the financial inclusion strategies, there have been suggestions that the potentials afforded by the ICT, be leveraged by Pakistan’s financial regulators to create a FinTech ecosystem, to this end pragmatic schemes were proposed [41].
4.6 Bangladesh

Bangladesh also recently launched its National Financial Inclusion Strategy-Bangladesh (NFIS-B) 2020–2024. The objectives include the achievement of 100% financial inclusion for the adult population by year 2024, the provision of a wide range of financial services, leverage on technology, and expansion of financial literacy, among others. The document clearly enunciated the Bangladeshi path towards Sustainable and Impactful Financial Inclusion; i.e. digitization and innovation. This necessitated the Bangladeshi definition of financial inclusion to be “Access of individuals and businesses to the full range of financial services facilitated with technology provided at affordable cost with quality, ease of access and full scope of risk mitigation in a responsible and sustainable manner through a regulated, transparent, efficient and competitive financial marketplace” [42].

Bangladesh had recorded successive improvements in its financial inclusion such that about 50% of its adult population had access to financial services as of 2018. This seems to be connected to the Bangladesh Bank’s commended activities of driving financial inclusion through socially responsible activities and developmental strides through the promotion of access to finance for SMEs [43]. It is thus argued that since the market share of the Islamic finance industry constitutes 25% which is a commendable impact on the Bangladeshi GDP, the financial regulators might wish to capitalize on same to drive its financial inclusion agenda and properly position the country on its path to becoming a middle-income country by 2021 [44]. There have been copious empirical propositions on how Islamic social financing mechanisms, chief among of which is Waqf presents immense socio-economic developmental opportunities for the Bangladeshi society and which has remained untapped by the government [45–47].

4.7 Indonesia

Like Nigeria, Indonesia’s National Strategy for Financial Inclusion (NSFI) was launched in the year 2012. The strategy was geared towards improving the synchronization between Bank Indonesia, ministries, and related institutions towards an inclusive financial system. The Presidential Decree No. 82 of 2016 saw the NSFI amended and formulated as legal entities. The pillars upon which the NSFI rests include financial education, financial eligibility, supportive regulation, transparent facilitative intermediation, and adequate distribution channels and consumer protection. The strategy articulated the intention to reach its unbanked population constituting 64% through electronification, while still encouraging the banked 36% to key into the electronification programme. It also reckoned the need to adequately support the SME sector which accounts for 99% of the nation’s businesses, and provides employment for about 97% of the nation’s total workforce, while contributing 60% to Indonesia’s GDP [48].

The 2012 document of National Strategy for Financial Inclusion Fostering Economic Growth and Accelerating Poverty Reduction clearly articulated the very important role that can be played by the ‘Sharia Financial Institutions’ in reaching the segment of Indonesian consumers who have voluntarily excluded themselves from accessing the conventional banking services. The document also clearly outlined the fact that SMEs and the low-income group are the most consumers of the Sharia financial institution
services, because the profit-sharing product offerings of these financial institutions best
fit the activity pattern and needs of the segment, aside from the religious motives. As
such, the strategy reckons with the Sharia financial institutions as a key driver of its
financial inclusion bid. These include the non-bank financial institutions sector (NBFI)
that offer sharia related services [49].

A notable sharia financial institution offering micro-finance services is Baitul Maal
Wat Tamwil (BMT) which is reputed to provide an amalgam of financial, social, and
spiritual inclusion for the Indonesian populace. Recent studies have however highlighted
the need to engage in more capacity building for the BMT to be able to improve its level of
financial inclusion disclosure and enhance its size [50–54]. The above notwithstanding,
BMT presents a model to be emulated by Muslim majority countries in providing suitable
variants of financial services and intermediation for the grass root to enhance their
productivity and bring them out of poverty and deprivation, which is the objectives of
the financial inclusion movement, the Sustainable Development Goals (SDGs) and the
Shariah.

4.8 Malaysia

In furtherance of its key mandate under the Central Bank of Malaysia Act 2009, to among
others, promote progressive, sound, and inclusive financial industry, the Malaysian Cen-
tral Bank (Bank Negara Malaysia (BNM) articulated a Financial Sector Blueprint (FSBP)
2011–2020. The vision of the FSBP was to engender ‘an inclusive financial system that
best serves all members of society, including the underserved, to have access to and
usage of quality, affordable essential financial services to satisfy their needs towards
greater shared prosperity’ [55].

As of the year 2015, the BNM reported that there was an improvement in the financial
inclusion of its adult population to about 92% from about 77% in 2011, making it
one of the highest countries worldwide whose adult population actively operating bank
accounts. The BNM thus aims at encouraging the development of inventive service
delivery systems that would be responsive to the needs of the remaining 8% underserved,
which aims to further reduced to 5% by the year 2020 [56].

Malaysia is known worldwide for its about four decade’s old Islamic Finance indus-
try, which has played no small role in the country’s socio-economic development, the
market share of Islamic financial institutions’ financing operations is said to account for
39.2% of the total banking sector financing as at end of 2019. The BNM in its 2019
annual report noted that Islamic finance is to be leveraged by the BNM to transform its
economy and society, and thus had been positioned to play a more prominent role in com-
ing days, especially in areas of social finance and the provision of innovative solutions
for bridging of the existing market gaps and the changing needs of the Malaysian soci-
ety. One of these areas includes the pursuit of the Value-based Intermediation Financing
and Investment Impact Assessment Framework (VBIAF) that was recently articulated in
collaboration between the BNM and the financial players, in addition to the support for
the halal businesses. Exploring the Islamic social finance offerings; i.e. Waqf, Sadaqah,
and Zakat in the provision of financial services for those in greater need are deemed
as part of the value-based intermediation (VBI) by the Islamic banks and takaful companies. Through the implementation of these financial programmes, financial resilience and social well-being within society would be promoted [57].

Further collaborative efforts for cash Waqf and Zakat collection through the Islamic Banks and Takaful companies are advocated for as same has been found to be efficient for wealth redistribution in accordance with the principles of the Shariah and is conductive for the attainment of financial inclusion in a Muslim majority society like Malaysia [58].

5 Conclusion

This study sets an exploratory sail to examine the roles played by the respective central banks or financial regulators of each of the D-8 countries towards engendering financial inclusion especially through the Islamic finance offerings in their domain. In furtherance of this qualitative study, much reliance was placed on secondary data generated from official publications, working papers, websites, and online resources of central banks, in addition to journal articles, e-books, conference proceedings, among others, which contents were analysed.

The study found that the financial regulators of some D-8 member countries had notably accorded the SME sector of their economy the attention and facility they deserve since it caters for the largest share of employment generation and means of livelihood for their populace. Turkey and Indonesia seem to have recorded commendable achievements in this regard. While some of the regulators have acknowledged the efficacy of the Islamic social finance offerings and are set to maximize them to complement their conventional policies to combat financial exclusion within their domain, other regulators are yet to act in that direction. Thus may be due to factors that include weak political and or administrative will, social peculiarities among others.

The implications of the study for policymakers and stakeholders in the D-8 countries is the need to exemplify the recommendations of the 2014 Central Banks Experts Meeting, which harped on setting up of mechanisms for institutionalizing cooperation for sustained progress by each of the member states, especially in the areas of financial inclusion and digital financial strategy, and deepening the share of Islamic finance in public finance. Moreover, these countries have Muslim majority societies in which religious inclinations play a key role in voluntary exclusion by their citizens from conventional financial offerings.

The study recommends the adoption and possible mainstreaming into the financial system, of the Islamic social finance instruments, i.e. Waqf, Zakat, Sadaqat, Qard Has-san, etc. in climes where same has yet to be implemented or fully adopted, to shore up the shortfalls of government expenditure, which has become necessary due to the increased shrinking of public expenditure and considering the negative economic impacts of Covid-19 that has exacerbated the predicament of the financially excluded around the globe.

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