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Principles of Islamic Finance and Principles of Corporate Social Responsibility: What Convergence?

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Abstract: Islamic Finance, among its other features, figures as a financial and economic model based on principles and ethical values in which sustainable development and social responsibility play an essential role. The aim of this study is to illustrate the concept of Corporate Social Responsibility (CSR) with specific reference to Islamic financial institutions, their principles, values and objectives, in order to understand the underpinning dynamics and identify the convergences between the principles underlying conventional CSR and those of Islamic Finance. Specifically, the ultimate purpose of the comparison is to highlight how CSR may constitute a significant factor of convergence between Islamic and conventional finance systems, going beyond the logic of sustainability in short-term marketing policy and implementing medium- and long-term sustainability. This approach aims at increasing the potential for value creation and the pursuit of economic, social and environmental results for all stakeholders. This convergence should, finally, create conditions favourable to the harmonisation of the regulations and directives relative to CSR in the different countries, and therefore a better integration between Islamic finance institutions and conventional ones in the economic contexts.

Keywords: corporate social responsibility; Islamic finance; principles; convergence; opportunities

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1. Introduction

The financial crisis of 2008, which began in the United States and later in Europe, was attributed to fraudulent and speculative managerial conducts that are miles away from the real economy. Analyses of the causes of the crisis have focussed attention on the centrality of the issues of corporate governance, Corporate Social Responsibility, and the business management based on sustainable development in the medium to long term.

Attraction towards the exploration of other models of finance oriented towards balancing the economic dimension with the ethical and moral dimension was inevitable. Alternative finance models include Islamic Finance, which is inspired by an economic model founded on the religious principles and values of Islam.

The Islamic finance model has its foundation and origin in the Koran and in the *sunna* (the sources of sharia, i.e., the Islamic law). Its application (except for a few cases) is bound by a conventional body of rules and regulations as well as the historical, social and economic context of the country (Muslim and otherwise) in which the model has been implemented.

In this financial model, social responsibility is at the heart and represents a prime condition that must be inherent in the activities carried on by the financial institutions [1]. Such an approach, founded on ethical and religious values and principles that are very and essentially near the concept of Corporate Social Responsibility (CSR), requires responsible actions and protection of stakeholder's interests. Hence the interest in studying and investigating the possible convergences between the concept of CSR and the values that are the hallmark of the ways Islamic financial institutions are managed.

In particular, starting from theoretical studies into religious principles underlying the correct functioning of Islamic finance institutions, and on the definition of CSR formulated by the Accounting and Auditing Organisation for Islamic Finance Institutions (AAOIFI), a close convergence is found between Corporate Social Responsibility structures in conventional economic systems and the social responsibility of finance institutions generated by a religious outlook. This convergence shows its effects once a company owns up to its responsibility, through a managerial conduct that considers stakeholder protection and the creation of sustainable value. This convergence leads to a better integration of Islamic financial institutions in conventional economic contexts and a harmonisation of the regulations and directives relative to CSR directed at economic entities operating in the same countries.

This paper illustrates the CRS concept, through the analysis of the literature (Paragraph 2), with specific reference to the Islamic finance institutions, their principles, values and the objectives, in order to understand the underpinning dynamics and identifying the convergences among the principles underlying conventional CSR and Islamic Finance. Moreover, it aims to demonstrate, through the methodological approach of the case study (Paragraph 3), how CSR might be a significant convergence factor that creates sustainable value, and therefore the achievement of economic, social and environmental benefits for all stakeholders (Paragraph 4). The study is completed with many final considerations.

2. Theoretical Analysis

2.1. Islamic Finance and Its Pillars

Although Islamic finance has been considered as niche finance, worth more or less 1% of the world's finance in the last few decades, it has proven to be innovative thanks to its recent and continuous growth—by 2 trillion USD in 2015 according to the ICD—Thomson Reuters Islamic Finance Development Report 2016—estimated between 10% and 20% per year in different economic and financial segments in many parts of the world. It was only in the twentieth century, and specifically in the Seventies, that the first Islamic banks were born, a phenomenon that was the starting point of the establishment of the Islamic finance industry in its modern meaning [2,3] and aroused the interest of scholars, both Muslim and non-Muslim [4].

Attention to Islamic Finance and its development is not limited to Muslim countries but also involved non-Muslim countries [5] at the time of the financial crisis of 2008, and it has been classified as an alternative, ethical, remunerative and safe finance [6,7].

Islamic Finance is founded on specific principles established by Islam or by the sharia, the main sources of which are the Koran, the sunna, the al-ijma' (consensus of all the Muslim scholars on a specific issue) and al-qiyas (study by analogy of cases not explicitly defined in the Koran and in the *sunna* by Muslim scholars).

This series of religious derivation principles must be applied in the managerial processes of Islamic finance institutions and in their operating instruments for pursuing sustainable results, i.e., achieving economic performance in respect to their own religious principles, directed at assisting the achievement of social justice, understood as the fair distribution of wealth in the society, and safeguarding the interests of the parties in the context in which the finance institutions operate (socio-environmental performance).

It is therefore a model characterised by the promotion of economic activities that must be in line with both the religious principles of Islam and the conventional laws in force. Consequently, when talking of Islamic Finance in general and of Islamic banks in particular, reference is made to an integral and non-exclusive part of a complex economic system, i.e., the Islamic economic system, the principles and characteristics of which derive from the sharia. These principles require the Muslim believer to undertake economic activities that respect the precepts of Islam, defined in modern terms as sharia compliant activities and, therefore, to eschew investments and entrepreneurial activities against the values of Islam.

Finance therefore stems from religious precepts, but with its contracts and financial instruments creates an economic and financial model in which individual religious obligations are balanced with the assumption and fulfilment of responsibility not to damage other persons, society and nature. Islamic Finance bases its activities on the real economy, i.e., on goods that can be identified and are tangible, and calls on the parties to support the risks linked to the success or failure of the investments they have undertaken. This finance is open and within the reach of everybody, Muslim and non-Muslim, because of its ethical, peculiar characteristics.

There are five fundamental 'pillars' that oversee the regulation and religious validity (sharia compliance) of any Islamic economic and financial activity, as follows:

1. ban on ribà (charging of interest);
2. ban on speculating (maysìr) and introducing elements of uncertainty in contracts (ghàrar);
3. ban on the use of, trade and investment in prohibited assets or activities (haram);
4. Profit and Loss Sharing—PLS principle;
5. the obligation to have real assets underlying all financial transactions.

2.1.1. Ban on Ribà

Islam prohibits interest, in Arabic 'ribà' [8–13]. The explicit basis of this prohibition is to be found in the Koran and gives form to the substantial objective that characterises the Islamic economic system, meaning that there can be no earnings without the assumption of the related risks and earnings must always result from the active work of man. Hence the absolute prohibition of any positive, fixed and predetermined return rate that is guaranteed regardless of the typology and the results of the investment. In particular, ribà occurs when there is an interest rate, whether positive or negative, that is fixed ex ante, linked to the time factor and to the amount of the loan, regardless of the economic results obtained through the use of the money lent.

This conception implies that Islamic Finance requires to operate without resorting to interest, which however, is a key factor in the functioning of traditional finance. To replace interest, Islam indicates profit (intended economically as the rate of profit or the mark up) as a lawful alternative to earnings, i.e., the profit that results from trade/investment transactions and therefore represents the actual measure of the actual growth obtained of the capital through its use. Lawful earnings are based mainly on Profit and Loss Sharing, which in Islamic Finance is an essential principle and requires the holder of the capital and he who uses it to share both the responsibility and the risks of the investment made.

2.1.2. The Ban on *Ghàrar* and *Maysìr*

The Koran explicitly prohibits profit based on uncertainty (ghàrar) [13,14]. The ban on ghàrar principally concerns the characteristics and purposes of contracts of the Islamic financial instruments. In order to be valid, contracts must not contain elements of uncertainty in relation to the essential elements of the contract, such as the uncertainty of the purpose or the nature of the contract and the price of the goods that are the subject of the trade. Consequently, Islamic Finance does not admit so-called aleatory contracts characterised by the uncertainty of their effects. Thus, transactions are banned that determine enrichment due to chance (such as the case of gambling and placing bets) and which have speculative elements (so-called derivative financial instruments and hedging transactions such as swaps).

This principle involves the Islamic Finance's preference to operate through immediate performance exchange contracts. The aim is in preventing that the deferral of the performance of the contract by one of the parties generates a benefit for said party, or for the other one that is not proportionate to the activity put in place and results solely from variations in the quality or price of the asset being the subject matter of the contract in the period between the conclusion and the performance of the contract.

An equally fundamental prohibition for the validity of the contracts is maysìr (speculation), a term that derives from the Arabic word 'yousr', which means easiness or easy and effortless earnings. This implies the prohibition on assuming excessive risks characterised by extreme results, or the attempt to obtain richness by chance by betting on the future result of an event. The value of this prohibition, compared with gharàr, is more centred on the behaviour of the individual and the relative repercussions on society.

2.1.3. The Concept of *Haram*

According to Islam, the behaviour of the individual has social, political and economic ramifications such as relations with others (based on respect, honesty, good faith, solidarity and cooperation), clothing (respectful clothing in public spaces) and food (prohibition of many items such as wine and pork meat). Such a regulation implies the definition and classification of the actions and activities considered admissible and those prohibited. Prohibitions are based on the concept of haram [2], which means 'unlawful' from the point of view of the sharia.

Thus, the use, consumption and trading in or (direct or indirect) investment in certain goods or activities such as (a) alcoholic drinks (production and sale); (b) pork (the breeding of pigs, processing, sale and production of pork-based foodstuffs); (c) weapons; (d) tobacco; (e) pornography; (f) gambling and placing bets, are prohibited.

Another important deduction from this principle is the prohibition of investments in shares of companies, whether listed or non-listed, that are directly or indirectly involved in the trading or production of the abovementioned goods.

2.1.4. The Sharing of Risks and Earnings

Due to the ban on ribà, the Islamic economic system provides for Profit and Loss Sharing (PLS). The aim of this principle is to safeguard the parties of a transaction (the holder of the capital and the user of the capital) to assume their responsibilities in the case of successes as well as in the case of risks. The individuals that provide capital will have a return proportionate to the effective goodness of the investment and not a pre-fixed amount. As a result, this is the main difference between Western and Islamic banks, consisting in replacing interest with profit sharing [15–18].

2.1.5. Real Economic Activities

In addition to the ban on ribà, gharar and maysir and the adoption of the principle of Profit and Loss Sharing (PLS), which are mandatory in the Islamic financial and economic system, Islam defines the intrinsic characteristics of the activities that can be the subject of financial investments and transactions. Consequently, all the financial transactions must have real activities underpinning them and not be a mere exchange of sums of money or the buying and selling of financial debts (as it is in the case of swaps and derivatives in general).

The analysis of the principles outlined above allows that the ban on *ribà* is closely connected with the monetary and financial activity, whilst the other four prohibitions concern the real economy, the socially responsible behaviour of companies in their business and investments.

2.2. Corporate Social Responsibility in Islamic Finance

Islamic Finance is an economic model based on religious values directed at creating the conditions for social balance through the fair distribution of wealth, and thus is an economic model oriented towards social responsibility. As a consequence, scholars have been focussing ever more on the topics of Corporate Social Responsibility (CSR) and on the introduction of a business management approach founded on medium- to long-term sustainability.

The literature includes different studies and definitions of CSR with reference to conventional companies [19–26]. According to Bowen (1953), CSR is a corporate decision to extend goodwill to the community. Fredirick (1960) defines CSR as a community resource used by the economy and by people in order to maximise the benefits for society in addition to the profit for the company and its owners. According to Elkingston's theory (1997), the concept of CSR requires companies to take into account—in all aspects of their operations—the interests of the consumers, employees, shareholders, communities and the environment; this as part of their obligations and to be fulfilled generally beyond the obligations imposed by the law. Caroll (1999) describes CSR making use of a pyramid in which economic responsibility is the key to company responsibility, followed by legal responsibility, then by ethics and finally by discretionary and philanthropic responsibilities. Dashrud (2006) reviewed 37 definitions from which he drew five dimensions that are frequently used to define CSR: the environmental dimension, the social dimension, the economic dimension, the stakeholder's dimension and the philanthropic dimension. Finally, Freeman (2017) argues that CSR is an integral part of corporate responsibility so that its objectives must be focused on the stakeholders' interest, which are interdependent among themselves, in order to create value for everyone and therefore for the community.

Several studies have been conducted into CSR in the context of Islamic Finance [27–32] which have analysed the basic principles of the Islamic religion, the objectives, the determinants and disclosure with the aim of highlighting the religious core of the concept of social responsibility in Islamic Finance. Recent studies on CSR made by Islamic finance institutions focused their research on customer perception related to CSR [33–35] and its principles in terms of practicability, measuring its outcomes [36–39].

The topic of the social responsibility of Islamic financial institutions also raised the interest of the International Accounting and Auditing Organisation for Islamic Finance Institutions (AAOIFI), which among other governance standards, in 2010 also developed one on CSR, i.e., Standard No. 7 'Corporate social responsibility conduct and disclosure for Islamic financial institutions' [40]. This standard defines CSR as, 'All activities carried out by an IFI (Islamic Financial Institutions) to fulfil its religious, economic, legal, ethical and discretionary responsibilities as financial intermediaries for individuals and institutions'. Next to the definition, Standard No. 7 explains in detail what is meant for each of the responsibilities included in the definition of CSR: 'Religious responsibility refers to the overarching obligation of IFIs to obey the laws of Islam in all its dealings and operations. Economic responsibility refers to the obligation for Islamic banks to be financially viable, profitable and efficient. Legal responsibility refers to the obligation of IFIs to respect and obey the laws and regulations of the country of operation. Ethical responsibility refers to the obligation of IFIs to respect the mass of societal, religious and customary norms which are not codified in law. Discretionary responsibility refers to the expectation from stakeholder that IFIs will perform a social role in implementing Islamic ideals over and above the religious, economic, legal and ethical responsibilities'. The guidelines regarding CSR shown in Standard 7 of the AAOIFI are subdivided into two categories: mandatory and recommended (Table 1).

Table 1. Structure of the Corporate Social Responsibility (CSR) according to Auditing Organisation for Islamic Finance Institutions (AAOIFI) Standard No. 7 (2010).

Mandatory Conduct	Recommended Conduct
Policy for screening clients	Policy for qard hasan
Policy for responsible dealing with clients	Policy for reduction of adverse impact on environment
Policy for earnings and expenditure prohibited by sharia	Policy for social-, development- and environment-based investment quotas
Policy for employee welfare	Policy for par excellence customer service
Policy for *zakàh*	Policy for micro and small business and social savings and investments
	Policy for charitable activities
	Policy for *waqf* management

Source: Developed by the authors on the basis of the contents in AAOIFI, Standard No. 7 (2010).

The 'mandatory' guidelines on conduct (obligatory for all IFIs with respect to the laws of the country) concern the implementation of a set of internal Islamic bank procedures based on the following: respect for CSR principles; the safeguarding of their interests in the drafting of the contract; supervision of the sharia compliance of earnings and investments; the safeguarding of the personnel's welfare; and policies defining the conditions for the stabilisation of the zakàh (compulsory alms for Muslims).

The 'recommended' guidelines on conduct (recommended for institutes that have the capacity to apply them) concern the following: the definition of the conditions for benefitting from qard hasan (loan without interest) granted for social reasons; the implementation of investment, instrument and operating process selection procedures aimed at safeguarding and protecting the environment, clients, micro and small businesses; policies aimed at setting up charity-oriented social activities; and policies of endowment (waqf) management aimed at reinforcing the company's commitment to integrate CSR principles into its management activities.

3. Research Methodology

The aim of this study is to analyse the real convergence between the CSR principle and Islamic finance through literature analysis taken into consideration in Paragraph 2; the methodological approach is based on case studies [41–43]. This qualitative method is based on data collection acquired from documents and questionnaire interviews.

This paper considers two case studies:

- Germany (non-Muslim country), where the Kt Bank AG is known as the first Islamic bank established in Germany.
- Morocco (Muslim country), where Islamic banks were introduced by Act 103.12 in January 2015. Umnia Bank was the first Islamic Bank (known also as participatory bank) in Morocco which inaugurated three new branches in 2017, two in Casablanca city and one in Rabat city.

These case studies were analysed as follows:

- Documental review of statutory regulation related to Islamic finance.
- Empirical analysis based on data collection provided by the banks considered above and available on their own websites; questionnaire interviews carried out by email and interviews addressed to Umnia Bank and Kt Bank AG directors.

These analyses aim to evidence how CSR is a relevant convergence factor that joins the two systems because it affects management choice (independently of the two financial systems) toward more sustainable creation of value.

4. Results

4.1. Principles of Islamic Finance and CSR Principles: What Convergence?

The theoretical studies into the religious principles underlying the concept of CSR held by Islamic finance institutes, and the analysis of the definition of CSR formulated by AAOIFI, show strict convergence between the social responsibility of companies as structured in conventional economic systems and the social responsibility of financial institutes generated from a religious standpoint (Table 2). This convergence becomes manifest in the responsibilities which companies are called to take on, i.e., a managerial conduct attentive to the protection of stakeholders and the environment, and the creation of sustainable value (through effective and efficient management of economic activities). All this means having a social role oriented towards justice and sustainable development in the environment in which the company operates.

Table 2. Islamic Finance and CSR: the elements of convergence.

Conventional CSR	CSR in Islamic Finance
Economic responsibility: creation of value/profit.	Economic responsibility: efficient and effective management of one's own business
Social responsibility: safeguarding stakeholders' interests.	Discretional responsibility: having a social role, meeting stakeholders' expectations, respect of religious Islamic ideals.
Environmental responsibility: impact of economic activities on natural systems and the environment.	Ethical responsibility: respect for environment; in general the religious and cultural norms not codified by the law.
Legal responsibility: with respect to worker safety law, etc.	Legal responsibility: respect for the law in the country where the company operates.
	Religious responsibility: respect for religious obligations in own operations.

Source: Development by the authors on the basis of the definition of CSR in AAOIFI, Standard No. 7, 2010.

The first element of convergence is found at the level of economic responsibility, in which reference is made to the very same objectives characterising conventional companies and Islamic finance institutions. In the conventional outlook, the company has as its objective that of creating value/profit, and Islamic financial institutions have that of managing their activities in an efficient and effective way, which is essential for making profit. This means that at the level of both conventional CSR and Islamic CSR the main objective is making profit and therefore create added value for one's own company. The second element of convergence with the concept of CSR and of safeguarding stakeholders is found at the discretional responsibility level, as defined in AAOIFI Standard No. 7, which gives the company the responsibility of meeting the expectation of the stakeholders while respecting religious Islamic ideals and playing a social role in this sense. The concept of ethical responsibility is the third element of convergence, as it is near the concept of conventional environmental responsibility or the assumption of responsibility for the impact of the economic activity on natural systems and on the environment. The assumption of legal responsibility is the fourth element of convergence, which outlines a basic responsibility common to all companies operating in the same country, i.e., respect for the legislation in force (worker safety regulations, legal industrial activities, respect of rules regarding environmental impact, etc.). Finally, the element of divergence from the conventional CSR concept is the obligation of Islamic finance institutions to assume responsibility of a religious nature, i.e., respecting the principles and obligations established by Islam and applying them in their business activities.

To sum up, this analysis shows that out of the five elements of convergence between conventional CSR and the CSR of Islamic financial institutions investigated, four are shared. The element of non-convergence refers to the nature of Islamic Finance itself, i.e., its being finance of religious derivation, the principles of which impact management methods and the purpose of the business activities of companies as well as the social- and justice-related role that they are required to fulfil.

4.2. Islamic Bank in Germany and Morocco: An Empirical Analysis

4.2.1. Islamic Bank in Germany

Kt Bank AG qualifies as the first recognised and authorised Islamic bank in Germany, starting from 2015 [44]. Kuveyt Türk Katılım Bankası A.Ş. (part of Kuwait Finance House Islamic bank) holds all 100% of Kt Bank AG's capital and has its core business within Istanbul. Before becoming an Islamic bank, Kuveyt Türk Katılım Bankası A.Ş used to provide immigration services such as money transfers from Turkish communities established in Germany to Turkey.

In 2012, Kuveyt Türk Katılım Bankası A.Ş applied with the fiscal authority to operate as a credit institution, with a positive response from BaFin (Bundesanstalt Für Finanzdienstleistungsaufsich) after three years of bureaucratic procedures.

Kt Bank AG tries to offer products and services that are compatible with sharia principles and good governance considering that many individual members of society (regardless of religious background) are interested in investing their savings based on principles and values related to social responsibility: *"a bank for the Islamic community and those who want to invest in sustainable and socially responsible ways" (source: https://www.kt-bank.de/ueber-uns/kt-bank/)*.

From KT Bank AG's point of view, the aim of CSR is to realise social justice by developing a cooperative system between capital holders and workforce managers.

The presence of KT Bank AG within the German statutory law, founded on secular law which does not involve moral and religious values [45,46], has induced Kt Bank AG to create alternative methods to use Islamic finance services compatible with the Germanic law background.

Kt Bank AG provides its customer with services that are compatible with sharia (such as applying for a bank account without applying interest schemes) on which the Islamic bank has built its credibility because it follows clearly Islamic banking principles. Moreover, there are many institutions that regularly supervise KT Bank AG's activities, thus guaranteeing they are compatible with sharia. An ethical board was established and named *sharia supervisory board* (SSB) whose main function is to make sure banks are acting according to sharia law. This board is authorised by the BaFin.

4.2.2. Islamic Bank in Morocco

The Moroccan Legislator introduced Islamic banks as participatory banks with Act 103.12 in January 2015. SS 54 of Act 103.12 says the following: *banks are considered as participatory when established in respect of legal persons regulated under this act, entitled to exercise as habitual profession based on the SS 1, SS 55 and SS 58 for this act, as well as trade, finance and investment, with the approval of the Supreme Council of Ouléma according to SS 62. Activities and operations mentioned above shall not be affected by interest.* The term Participatory means that the legislator intends to implement the use of participatory Islamic financial instruments (musharakah and mudarabah) based on the principle of Profit And Loss Sharing, which represents reliability, honesty, cooperation, justice and social responsibility as part of Islamic finance purposes. It also means that the legislator meant to adopt a universal language to make clear that Islamic banks do not have religious purposes only as they also improve the finance system in Morocco.

In January 2017, the Committee on Credit Establishments (Comité des Établissements de Crédit), part of Moroccan central bank, authorised eight Moroccan participatory banks to be created. Umnia Bank was the first bank to open its premises on 22 May 2017, with two branches in Casablanca and one in Rabat. Studies and analyses were carried out based on information and data provided by the database on the website of the bank mentioned above. "Crédit Immobilier et Hôtelier" (CIH) holds 40% of Umnia's assets, while the Deposit and capital management "Caisse de Dépôt et de Gestion" (CDG) holds 20% of the assets and what is left is owned by "Qatar International Islamic Bank" (QIIB) as an external shareholder with a great background in Islamic finance. Umnia bank provides two kinds of efforts (related to sharia-compliant products) for retail customers and business customers such as bank accounts, sharia-compliant services and investments in fund/participations based on participative and Islamic finance contracts.

Lastly, to guarantee that sharia purposes are respected, Umnia bank established (according to the SS. 65 of Act 103.12) the high council of Oulémas, which is entitled to guarantee shariatic conformity in banking activities, monitoring and preventing several operations made by the bank and providing advice on how to prevent actions that may not conform with sharia law. Moreover, it must be highlighted that Umnia Bank has great consideration for the corporate governance code which aims to promote good practices in corporate governance and stakeholder protection. These actions must be added to other actions adopted by Umnia bank such as suggestions proposed by the Ouléma council and directives addressed by the Moroccan central bank.

The Moroccan corporate governance code includes a whole section that explains the meaning of Corporate Social Responsibility in reaching this goal. The participatory bank qualified as a company aiming to have a certain role in Moroccan society and taking into consideration the protection of several stakeholder interests.

5. Conclusions

Starting from the religious principles of Islamic Finance, this paper has analysed the founding principles that make the Islamic financial system a socially responsible model. In particular, the main objective of this analysis was that of verifying whether there is any convergence between the religious principles of Islamic Finance and the principles of Corporate Social Responsibility proposed for conventional companies. From the comparison of the various definitions, in particular those mentioned by AAOIFI Standard No. 7, it shows that the Islamic religious principles underlying Islamic Finance converge with the objectives pursued by the conventional corporate social responsibility. More precisely, the elements of convergence are found in the following responsibilities:

- economic responsibility: making profit and therefore creating added value;
- discretionary responsibility: meet the expectation of the stakeholders and play a social role;
- ethical responsibility: responsibility for the impact of the economic activity on the environment;
- legal responsibility: respect for the legislation in force.

The only element of divergence encountered regarding the conventional concept of CSR is the obligation for Islamic financial institutions to assume responsibility of a religious nature, i.e., to respect the principles and obligations established by Islam and apply them in their operations. This element, however, should not be a stumbling block to the development of Islamic Finance in conventional contexts, because of the mutual and intrinsic convergence of the principles and concepts analysed in this paper.

The convergence of these two systems aims to promote investments among several Islamic countries and other non-Islamic countries, Islamic banks and non-Islamic-banks. This is especially relevant considering the potential number of savers–investors particularly within the western context characterised by huge Islamic communities inside western borders, as well as an increased need for corporate social responsibility and stakeholder protection.

This convergence shall be made easier by a potential harmonisation of several regulations and directives related to CSR in different countries with the result of a better economic harmonisation of Islamic finance institutions and conventional institutions.

As a result, we can state that CSR may be the element of convergence for these two systems, an instrument going beyond the classic concept of marketing strategy in the short term, promoting a sustainable concept to create value for stakeholders in terms of economic, social and environment return.

It is evident that all companies, both Islamic and non-Islamic, should tend to socially responsible behaviour in consideration of the essential role they play in society. Indeed, lack of socially responsible behaviour means the impossibility of pursuing that sustainable and long-lasting success that is fundamental to safeguard stakeholders and achieve sustainability, i.e., to achieve the objectives of fair distribution of wealth in the society and protection of the environment, which is the prospect of future generations.

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